

Nexstim

**ANNUAL REPORT
AND ACCOUNTS
2022**





WE ENABLE PERSONALIZED AND
EFFECTIVE DIAGNOSTICS AND THERAPIES FOR
CHALLENGING BRAIN DISEASES AND DISORDERS.

OUR INNOVATIONS

create a possibility
for a better life.

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General Description of the Company

Nexstim is a Finnish, growth-oriented medical technology company operating in the international market, whose neuronavigation TMS (transcranial magnetic stimulation) technology platform enables individual treatment and diagnosis of patients with severe brain diseases and disorders. Nexstim offers solutions for non-invasive brain stimulation in diagnostic (NBS system) and therapy applications (NBT® system). Nexstim has subsidiaries in the United States (Nexstim, Inc.) and in Germany (Nexstim Germany GmbH).

Key Figures of 2022

Net Sales Growth

48.9 %

Net Sales

EUR 9.5 m

Operating Result

EUR 1.3 m

first positive financial year

Diagnostics Business Revenue

EUR 3.4 m

(2021: EUR 3.7 m)*

* Revenue of the comparison period includes revenue from two system prototypes

Therapy Business Revenue*

EUR 6.1 m

(2021: EUR 2.7m)

* Including the signing fee of a technology license agreement recognized during the year

Our mission →

We enable personalized and effective diagnostics and therapies for challenging brain diseases and disorders. Our innovations create a possibility for a better life.

Our vision →

With our technological know-how and superior services

- > we ensure the best treatments for our patients,
- > deliver the greatest value for our customer hospitals, clinics and business partners,
- > and long-term growth in shareholder value for our investors.

Our values →

- > Science and clinical evidence
- > Financial success
- > Passion and commitment
- > Ethics and Responsibility



Chief Executive's Statement

Mikko Karvinen
Chief Executive, Officer



Creating Growth Paths with a Positive Mindset

The year 2022 was record-breaking for Nexstim in terms of net sales, the operating profit and the profit for the period. This also meant achieving a first profitable financial year.

The year 2022 stands out especially due to the licensing of technology related to our NBT® system to Magnus Medical, Inc. The sale was announced in February 2022, and an EUR 3.5 million signing fee was recognized during the first half of 2022. The agreement is worth approximately 17 million euros. The signing fee accelerated our growth rate, also improving our financial solidity and our cash resources.

DIAGNOSTICS BUSINESS CONTINUES AS THE FOUNDATION OF OUR OPERATIONS

The Diagnostics Business was a significant source of income for Nexstim during 2022. We are happy to see that our customers are increasingly seeking to use the Nexstim system in both diagnostic and therapeutic applications. As an example of this progress, all of the 14 NBS systems delivered during 2022 had both diagnostics and therapy treatment applications. We see this combined system as a clear competitive advantage and look forward to expanding with this platform approach to other key markets globally.

Our strategy, expanding to the year 2024, relies on strong growth in both diagnostics and therapy. Growth and profitability development in our diagnostics and therapy business play a key role in our efforts to minimize future equity needs on our journey towards sustained profitability.

CREATING FUTURE GROWTH PATHS

In the Therapy Business in 2022, we saw progress with the technology licensing agreement and in our network of Nexstim exclusive partner clinics. In January we announced having closed a strategic investment into a management services organization of Piedmont Neuroscience Center, a clinic based in California. In March, it was announced that Nexstim had established a private equity company to expand our network of partner clinics in the United States. In May, we released an announcement about having agreed on a minority interest with Dr. Joshua Kuluva in the private equity company established previously. We are looking forward to continuing our cooperation with Dr. Kuluva's team of experts. Through our cooperation, Nexstim's TMS technology

“Our strategy, expanding to the year 2024, relies on strong growth in both diagnostics and therapy. Growth and profitability development in our diagnostics and therapy business play a key role in our efforts to minimize future equity needs on our journey towards sustained profitability.”

Mikko Karvinen
Chief Executive Officer

can be used to treat a growing number of patients in the United States. We are currently involved in negotiations with several potential partner clinics in the United States and Europe, and we are working hard to grow our network.

In October 2022, we reported the clinical outcomes of the first 403 patients who had completed treatment with Nexstim's NBT® system for major depressive disorder (MDD). Nexstim's NBT system is indicated for the treatment of MDD in adult patients who have failed to achieve satisfactory improvement from prior antidepressant medication in the current episode. The treatment outcomes of these 403 patients were excellent: around 50% were in remission at the end of the treatment, and 76% had obtained a clinical response. We will continue to collect this invaluable data during 2023.

Our system clearly differentiates from the TMS systems currently on the market that do not have navigation capabilities. In the future, the need for a navigation function is likely to be further emphasized in technology that could treat patients in hospital for severe, treatment-resistant depression (TRD) and possible suicidal ideation. This could potentially open a new TMS treatment market for Nexstim that is separate from the current treatment of patients with MDD. Getting more data on

the patient treatment outcomes with the intensified accelerated treatment protocols is important for the strategic development path of our business.

CONSIDERABLE STEPS FORWARD IN RESEARCH AND DEVELOPMENT

In 2022, our most significant product development project was the development of a new system generation. To be launched in 2023, NBS 6 is Nexstim's newest system generation. It makes Nexstim's leading e-field-navigated TMS technology more user-friendly than ever before. This new generation of products includes a workflow-driven user interface and modular product configuration, which enables the features of the system to be tailored to the customer's needs, and additional features can be included in response to future research and healthcare needs.

CREATING SHAREHOLDER VALUE IN EXCEPTIONAL CIRCUMSTANCES

While investing in business growth, we actively monitor the global political situation, which has changed because of the war in Ukraine. We continue to unequivocally condemn Russia's military action in Ukraine and hope for a quick, peaceful resolution to the conflict. Despite the international tension,

we continue to have positive outlook for 2023. At Nexstim, we purposefully continue our work to enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. We strongly believe that our work supports the growth of shareholder value over the long term, in the form of stronger competitive advantages, rapid growth, and better financial performance. While being optimistic about the future, we will continue to monitor the situation in Ukraine closely as we grow our business.

Committed Value Creation

Letter from the Chair

“We are going into 2023 with even greater self-confidence, enjoying our work. Nexstim’s Board of Directors continues its work with a committed composition, ready to continue creating value together with Nexstim’s professional expert team.”

Dr. Leena Niemistö
Chair of the Board of Directors

Dr. Leena Niemistö has been Nexstim’s Chair of the Board of Directors since November 2019. With extensive experience of the healthcare industry and corporate management, her personal mission is to help Finnish healthtech companies to develop precise and cost-effective diagnostic and treatment methods for patients suffering from chronic disorders.

Year 2022 was unprecedented in Nexstim’s history. The announcement of the technology licensing agreement with Magnus Medical, Inc. at the beginning of the year brought a new kind of certainty to both the company and its owners.

First profitable year is a great accomplishment for Nexstim as a company. It is also the result of years’ worth of hard work. Operating in the medical technology industry requires patience. At the same time, it is a demanding field where talent, diligence and hard work are rewarded at the end. The reward is seeing great demand for your technology and talent, as well as an increasing number of people that receive help thanks to your work.

As we come closer to the end of Nexstim’s current strategy period, the launch of the new software generation brings continuity to Nexstim’s position as the leading nTMS provider. Goal-oriented research and development work is the heart of technology companies and enables the achievement of long-term goals. TMS is a promising form of treatment for a wide range of brain diseases and disorders, and countless paths are open for Nexstim to develop an integrated technology platform and expand to new indications of use.

We are going into 2023 with even greater self-confidence, enjoying our work. Nexstim’s Board of Directors continues its work with a committed composition, ready to continue creating value together with Nexstim’s professional expert team.



NEXSTIM 2018-2023 →

2018

NET SALES EUR 2.7 M

- > Building a Therapy Business along the existing Diagnostics Business. NBT® system is launched for the treatment of Major Depressive Disorder (MDD) in the United States in May 2018.

2019

NET SALES EUR 3.3 M

- > First publication on the use of the NBT® system in the treatment of MDD with excellent results.
- > The Extraordinary General Meeting appoints Leena Niemistö as the new Chair of the Board of Directors.

2020

NET SALES EUR 4.1 M

- > The COVID-19 pandemic brought uncertainty especially to the Therapy Business at the beginning of the year. Despite this, Nexstim succeeded at growing and developing its operations and business.
- > First year of execution of the new strategy for 2020-2024.

2021

NET SALES EUR 6.4 M

- > The strategic goal of developing a deeper profitable partnership business model was accomplished. In December 2021 Nexstim announced making a strategic investment of about 0.5 million euros into a management services organization of a California based clinic.
- > A year of strong growth with a 56% net sales growth, in addition to acquiring new customers, recurring revenue played a part in growing net sales
- > First ever positive Result for the Period in H2 2021

2022

NET SALES EUR 9.5 M

- > First profitable result of the financial year in the history of the company
- > Business has continued to grow rapidly despite the tense global political situation caused by the war in Ukraine
- > More than 400 patients had completed treatment as reported in Nexstim's anonymized MDD patient registry.

2022

YEAR OF PARTNERSHIPS:

- > The growth rate was especially fast due to the licensing of technology related to the NBT® system to Magnus Medical, Inc. and a signing fee worth approximately 3.5 million euros that was recognized in the first half of 2022
- > Nexstim established a private equity company in the United States. The purpose of the new company is to further expand Nexstim's network of exclusive partner clinics in the United States.



KEY STRATEGIC GOALS FOR 2023

- > 1. Profitable comparable net sales growth, leading to a positive EBITDA for the financial period (operating profit before depreciation), while minimizing future capital needs
- > 2. The launch of the new NBS 6 product, enabling easy-to-use systems and the use of future additional modules in the same system
- > 3. Expanding the network of Nexstim exclusive collaboration clinics primarily in the USA and Europe

Business and Products in 2022

Technology →

Transcranial magnetic stimulation (TMS) is a non-invasive neuromodulation technique whereby pulses of electromagnetic fields target and interact with specific brain regions from outside the head.

Nexstim's SmartFocus®:nTMS technology uses sophisticated navigation tools and 3D which enables it to consider the unique shape and conductivity of each patient's brain. It uses this information to determine the location and orientation of the maximum induced E-field in the brain. Based on this, the system user can give the stimulation to the intended spot with accuracy in the millimeter range.

In addition, the advanced algorithms of SmartFocus®:nTMS enable the stimulation dose to be quickly and accurately determined for each patient using their own neurophysiological readings.

Diagnostics Business (NBS) →

One of the most crucial pieces of information needed for neurosurgery is the tumor's or other brain lesion's location in relation to the essential functions and their connections in the patient's brain. SmartFocus® nTMS mapping with Nexstim's NBS (Navigated Brain Stimulation) system is used when the tumor is thought to be close to important motor and language areas in the patient's brain. SmartFocus® brain maps are useful when deciding the treatment option.

Key authority approvals:

- FDA approved for presurgical mapping of the speech and motor cortices of the brain.
- CE marked for presurgical mapping of the speech and motor cortices of the brain.

Therapy Business (NBT®) →

If pharmaceuticals are not working or a non-drug option is wanted, SmartFocus® nTMS conducted with Nexstim's NBT® (Navigated Brain Therapy) system might be the answer for treatment of major depressive disorder or for chronic neuropathic pain.

Key authority approvals:

- FDA approved for the treatment of major depressive disorder
- CE marked for the treatment of major depressive disorder and chronic neuropathic pain.

“ Customers have the possibility of acquiring a system that has the functionalities of either an NBS or NBT® system, or a system combination that enables the delivery of both diagnostic and therapeutic applications in the same system.

“ Over 210 NBS systems and over 60 systems that include the therapy functionalities of an NBT® system have been delivered to facilities worldwide for neurosurgical planning, multiple therapies, and research.



Move the cursor over the hot spots

Future of the Nexstim System

The launch of a new product generation is an essential part of the end of Nexstim's current strategy period that extends to 2024. On this page, we will introduce the Nexstim system and the new NBS 6 software.

The new combined system NBS 6 makes Nexstim's clinically established TMS technology even more intuitive and easy to use. The modular product design allows for an expansion of system capabilities over time. The new solution creates long-term value for Nexstim's customers and investors.



Relief to Pain from TMS Treatment

Interview of a patient and doctor →

Nexstim's mission is to create possibilities for a better life. The end customers of our technological know-how and first-class service are patients in Finland and abroad. Jarno from Finland got into a traffic accident in 2008 and has received relief to years of pain from treatment with Nexstim's system.

WHAT WAS YOUR BACKGROUND BEFORE STARTING TMS TREATMENTS?

- Due to the traffic accident my shinbone broke. The fractures and other injuries healed little by little, but this whole time a residual pain remained and then it turned out to be nerve damage.

The pain affected my daily life; I did not have the energy to even go to work or do anything after work. The pain also affected my sleep. Various medications were prescribed for the symptoms, but they did not work for me.

HOW DID TMS TREATMENT AFFECT YOUR SYMPTOMS AND STATE OF BEING?

- After a week already, I started to feel better, and now I would not go back to medication for anything. My life has changed almost 100%. Now I have the energy to work for a full day and

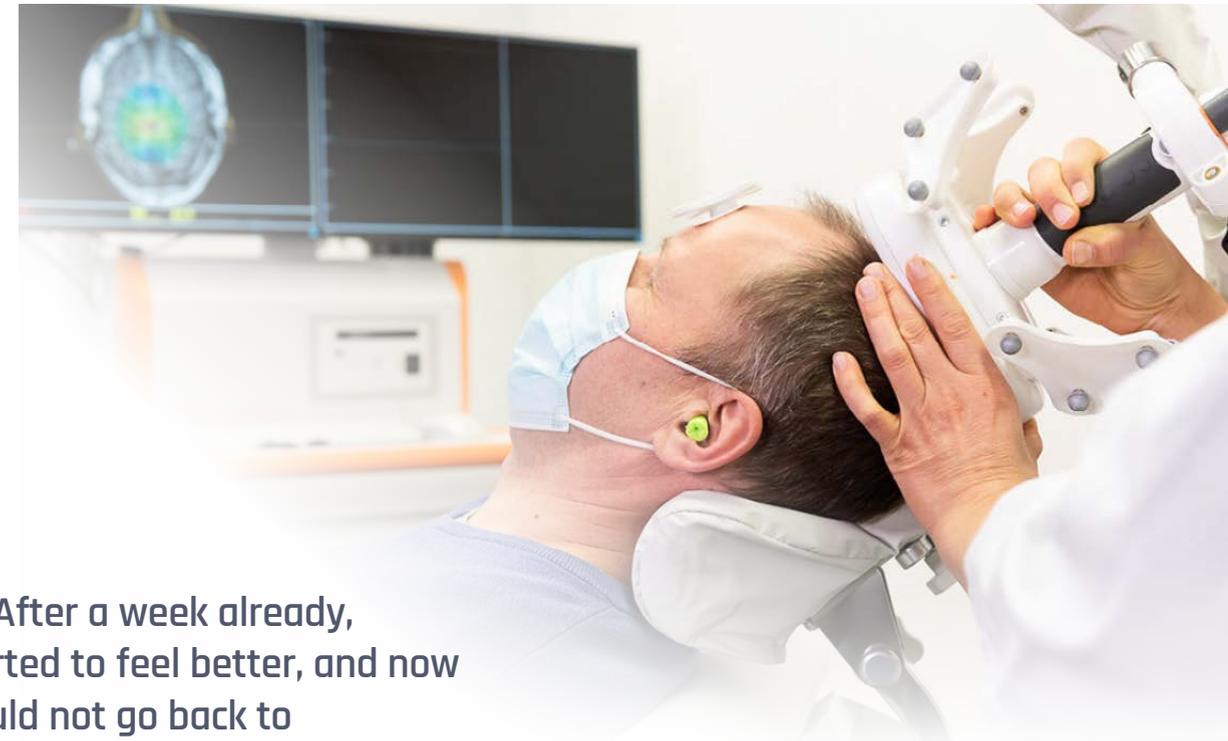
still do something after work. My mood is back to normal, and it feels like everything is fine again even though the pain cannot ever be completely removed.

SELJA VAALTO, MD, SPECIALIST IN CLINICAL NEUROPHYSIOLOGY, SAYS:

- The actual treatment consists of an intensive phase, which lasts two weeks. In this case, treatments lasting about 15 minutes are given every weekday. Based on the results, whether the patient benefits from the treatment or not, the intensive phase is then followed by a maintenance phase if the patient has benefited from treatment.

- About half of the patients entering treatment benefit from it. The patient can expect pain relief, so that at least part of the pain subsides. That it subsides completely is rare, but not unheard of. For us, a good treatment response is if the pain intensity is reduced by half or a third.

Nexstim's NBT® system is CE approved in Europe for use in the treatment of chronic neuropathic pain. Selja Vaalto and Jarno were interviewed at the end of 2021.



“After a week already, I started to feel better, and now I would not go back to medication for anything.”

Why Invest in Nexstim?

Nexstim's growth is supported by the unique technology used in two business areas. The company's experienced team of professionals focuses on setting a new standard for the treatment of challenging brain diseases and disorders.

- > Internationally operating medical technology growth company in a defensive industry
- > Unique technology platform scales to a variety of applications where accuracy and repeatability are required
- > Commercial product portfolio in a strongly regulated industry
- > Growth is supported by megatrends such as brain diseases becoming more common as populations age, and technological developments

- > Increased operational efficiency and improved economy: focus on the long-term shareholder value
- > Recurring revenue supports our growth, creating stability and offering a new kind of predictability
- > Strong organization and committed team of experts

“ Read more about Nexstim as an investment opportunity on our website.



Trends

1. AS POPULATIONS AGE, BRAIN DISEASES BECOME MORE COMMON

On several continents, an advanced stage of demographic change has been reached in which the proportion of the working-age population in the total population remains unchanged or decreases¹. In for example Europe, North America and East Asia, the proportion of the population aged 65 or over is estimated to increase significantly in the coming decades.

As a result of the ageing of the population, effective solutions are needed in healthcare due to cost and workforce pressures. Advanced age is the main risk factor for brain tumors², chronic pain³ and brain diseases in general.

At Nexstim, we are committed to offering solutions that help improve treatment results of severe brain diseases and disorders. Our products enable the diagnostics and treatment of some of the health conditions that become more common in societies as populations age.

2. ADVANCEMENTS IN MEDICAL TECHNOLOGY

Technological developments and active research enable wider and new applications in the treatment of challenging brain diseases and disorders. Health technology will continue to significantly affect the nature of healthcare⁴, and Nexstim is

excited to be one of the actors in medical technology bringing innovations available, creating chances for a better life for many patients.

Future possibilities include new indications, researching treatment protocols through pilot studies, and developing different areas of Nexstim's integrated technology platform for future diagnostic and therapeutic needs. Research provides important information on how technology should develop: research data on the potential of individualized treatments based on functional neuroimaging of brain networks as an example⁵.

3. HEALTHCARE COST AND EFFICIENCY PRESSURES

Both depression and chronic pain are public health problems and common in the working-age population^{6,7}. TMS treatment with Nexstim's therapy system provides an opportunity to treat both major depression and chronic neuropathic pain more effectively.

Of those that seek treatment for Major Depressive Disorder (MDD), 39 million do not respond to standard therapy⁸. Nexstim's management estimates that approximately 1.9 million people are eligible for TMS treatment in the US and 4 million in the EU⁹.

“An advanced stage of demographic change has been reached in which the proportion of the working-age population in the total population remains unchanged or decreases.”

When it comes to chronic neuropathic pain, the response to pharmacological therapies is often suboptimal with only 30-40% patients experiencing satisfactory pain relief¹⁰. Additional therapeutic modalities are therefore needed.

> 1. United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022: Summary of results (UN DESA/POP/2021/TR/NO. 3). https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/wpp2022_summary_of_results.pdf > 2. Cancer Research UK, <https://www.cancerresearchuk.org/about-cancer/brain-tumours/risks-causes>, accessed in February 2023. > 3. Mills, S. et al. Chronic pain: a review of its epidemiology and associated factors in population-based studies. *British Journal of Anaesthesia*. Volume 123, ISSUE 2, e273-e283, August 01, 2019. > 4. Thimbleby H. Technology and the future of healthcare. *J Public Health Res*. 2013;2(3):e28. Published 2013 Dec 1. doi: 10.4081/jphr.2013.e28 > 5. Fox MD. Mapping Symptoms to Brain Networks with the Human Connectome. *N Engl J Med*. 2018;379(23):2237-2245. doi:10.1056/NEJMra1706158. > 6. World Health Organization, <https://www.who.int/news-room/fact-sheets/detail/depression>, accessed in February 2023 > 7. Breivik, H. et al. Survey of chronic pain in Europe: Prevalence, impact on daily life, and treatment. *European Journal of Pain* Volume 10, Issue 4, May 2006, Pages 287-333. > 8. Do not seek treatment: 51.6% of 12-month cases received healthcare treatment for MDD (Kessler RC, Berglund P, Demler O, et al. The Epidemiology of Major Depressive Disorder Results From the National Comorbidity Survey Replication (NCS-R). *JAMA*. 2003;289(23):3095-3105. About 30% of all people with depression don't respond adequately to the available treatments <http://time.com/4876098/new-hope-for-depression/>. > 9. Nexstim market research, by Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018. > 10. Attal N, et al. EFNS guidelines on pharmacological treatment of neuropathic pain. *Eur J Neurol* 2006;13:1153-69.

NEXSTIM PLC BOARD OF DIRECTORS' REPORT 2022

Nexstim Group

Nexstim is a Finnish, globally operating and growth-oriented medical technology company. Our mission is to enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders.

Nexstim has developed a pioneering non-invasive brain stimulation technology for extracranial simulation (transcranial magnetic stimulation, TMS) with 3D navigation. This unique technology allows the required area of the brain to be stimulated accurately and individually.

Nexstim's Diagnostics Business focuses on the commercialisation of the NBS (Navigated Brain Stimulation) system. The NBS system is the only FDA-cleared and CE-marked navigated TMS system for the pre-surgical mapping of the motor cortex and the speech areas of the brain.

Nexstim's Therapy Business markets and sells the NBT® (Navigated Brain Therapy) system, which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBT® system is CE marked for the treatment of severe depression and chronic neuropathic pain.

The year 2022 was record-breaking for Nexstim in terms of net sales, the operating profit and the profit for the period. Our total net sales in 2022 were EUR 9.5 (6.4) million, an increase of 48.9%. Thanks to the strong growth, we recorded our first profitable financial year. Our operating profit was EUR 0.8 (-1.5) million, and our profit for the period was EUR 1.3 (-0.8) million.

Nexstim's NBS systems are used for pre-surgical diagnostics in brain surgery. During the financial year, the company sold 14 new NBS systems: 4 to North America and 10 to Europe. The sales and marketing of Nexstim's NBS systems have primarily been targeted at universities and teaching hospitals with a strong KOL presence in the fields of neurosurgery and radiology. By the date of this report, Nexstim had sold a total of more than 210 NBS systems.

During the financial year, the company sold eight new NBT® systems – five to North America and three to Europe and the rest of the world – for the treatment of severe depression. At the end of the financial year, our global installed base in the therapy business was 62 systems: 21 in North America and 41 in Europe and the rest of the world. These are used for the treatment of depression and chronic neuropathic pain, and include both NBT and NBS systems. In the United States, the systems have been delivered to clinics for the treatment of severe depression. In Europe and the rest

of the world, they are used for the treatment of both severe depression and chronic neuropathic pain. In addition to the above-mentioned commercial systems, multiple NBT® systems are used globally in world-renowned universities and other research institutions, as well as for reference and other key opinion leader (KOL) purposes.

Nexstim's devices are manufactured in Finland by a subcontractor.

The registered name of the company is Nexstim Oyj (the "company") (in Swedish Nexstim Abp and in English Nexstim Plc). The company is a public limited company (in Swedish: publikt aktieföretag) incorporated under the laws of Finland. The company is domiciled in Helsinki, Finland. The company is registered with the Finnish Trade Register (Business ID: 1628881-1). Nexstim Plc has two fully owned and operational subsidiaries. Nexstim Inc. has been established under Delaware state laws in the US in 2008. Nexstim Germany GmbH was established under the laws of Germany in 2008. The company does not have permanent offices in Germany.

Nexstim Plc's shares are listed on the Nasdaq First North Growth Market Finland and Sweden.

Key figures of the Group

(EUR thousand)	2022	2021	2020
Net sales	9,526.7	6,397.5	4,114.0
Gross margin	8,285.9	5,262.0	3,139.1
Gross margin, %	87.0%	82.3%	76.3%
Adjusted comparable gross margin*	4,751.1	4,430.0	3,139.1
Adjusted comparable gross margin, %*	79.3%	80.7%	76.3%
Personnel expenses	-4,828.8	-4,347.8	-3,731.5
Other operating expenses	-3,389.0	-3,083.3	-2,429.3
Operating result	840.3	-1,452.2	-3,332.7
Profit/loss for the period	1,306.8	-832.1	-4,121.6
Earnings per share**	0.20	-0.14	-1.54
Diluted earnings per share (EUR)**	0.18	-0.13	-1.42
Cash flow from operating activities	1,002.2	-2,109.0	-2,724.7
Cash in hand and at bank	4,441.3	5,194.7	3,455.80
Total equity	4,068.9	3,202.7	-1,469.1
Equity ratio (%)	45.4%	34.7%	-28.3%

* The gross margin for the period 2022 has been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical. The gross margin for the previous period 2021 has been adjusted for the margin (EUR 0.8 million) from the development of two prototype systems.

** The number of shares in the table has been adjusted by the reduction of shares on May 17, 2021, where the number of shares was divided by 100.

Financial review

Operating results

Net sales

EUR thousand	2022	2021	2020
Net sales	9,526.7	6,397.5	48.9%
Net sales adjusted for currency exchange rates	8,825.1	6,470.5	36.4%
Comparable net sales adjusted for non-recurring items*	5,991.9	5,489.5	9.2%
Diagnostics	3,420.5	3,705.5	-7.7%
Equipment sales	2,246.4	2,800.5	-19.8%
Continuous net sales	1,174.1	905.0	29.7%
Therapy	6,106.2	2,692.0	126.8%
Equipment sales	826.4	920.8	-10.3%
Continuous net sales	1,745.0	1,771.2	-1.5%
Licensing	3,534.8	0.0	100.0%

Total net sales consist of equipment sales in the diagnostics and therapy businesses, continuous net sales and licensing. Net sales adjusted for non-recurring items have been calculated by adjusting total net sales for the net sales of two pieces of prototype equipment developed, delivered and recognised in 2021 and net sales from licensing recognised in 2022.

Significant items in the operating result

Work performed for Nexstim's own purposes and capitalised between 1 January and 31 December 2022 was EUR 1,235.7 thousand (958.5). These amounts mainly consist of capitalised development costs. The development costs capitalised during the financial year are mainly related to the further development of the company's commercialised products.

Costs related to materials and services between 1 January and 31 December 2022 totalled EUR -1,240.8 thousand (-1,135.5). The gross margin was 87.0% (82.3), and the adjusted comparable gross margin was 79.4% (80.7).

Personnel expenses totalled EUR -4,828.8 thousand (-4,347.8) between 1 January and 31 December 2022, with an increase of 11.1%. The increase was mainly due to changes in personnel, salaries and the allocation of fees and other personnel expenses.

Other operating expenses between 1 January and 31 December 2022 totalled EUR -3,389.0 thousand (-3,083.3), with an increase of 9.9%. The increase was mainly due to increased sales and marketing activities and external services related to product development and licensing operations.

Operating result

The operating profit for 1 January to 31 December 2022 was EUR 840.3 thousand (-1,452.2).

Financial income and expenses

Net financial income and expenses between 1 January and 31 December 2022 amounted to an income of EUR 471.1 thousand (718.9). Net financial income and expenses mainly consisted of exchange rate gains and losses related to loans to subsidiaries and interest payments on product development loans. Exchange rate differences arise because the operating currency of Nexstim Inc., a subsidiary of the Group, is the US dollar, and because Nexstim Plc, the parent company, has provided funding to Nexstim Inc. by means of a dollar-denominated loan.

Profit for the period

The profit for the period 1 January to 31 December 2022 was EUR 1,306.8 thousand (-832.1). This was the company's first profitable financial year.

Financial position

Non-current assets

The company's non-current assets were EUR 2,971.4 thousand (2,011.9). Intangible assets amounted to EUR 2,112.5 thousand, consisting mainly of capitalised development costs and intellectual property rights. Tangible assets amounted to EUR 376.9 thousand, and consisted mainly of NBT® systems used for business operations. Investments totalled EUR 482.0 thousand, consisting of a strategic investment in the service company of a Californian partner clinic (PNC Management Services, LLC).

Current assets

The company's current assets amounted to EUR 7,243.3 thousand (8,027.8). The change in current assets was mainly due to a decrease in stock, cash assets and trade receivables.

Total equity

Consolidated shareholders' equity totalled EUR 4,068.9 thousand (3,202.7). The equity ratio increased significantly, to 45.4% (34.7%), following the profitable result and the ensuing increase in equity.

Liabilities

Non-current liabilities

The company's non-current liabilities totalled EUR 2,611.4 thousand (3,274.2). Its non-current liabilities consist of interest-bearing long-term product development loans from Business Finland.

Current liabilities

The company's current liabilities totalled EUR 3,534.4 thousand (3,562.7). Its current liabilities mainly consist of product development loans from Business Finland, prepayments received, trade payables and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at bank, totalled EUR 4,422.5 thousand (5,194.7). A licence fee of around EUR 3.5 million from Magnus Medical in February 2022 improved the company's solvency and cash adequacy. The company is not currently planning any new financing rounds.

The company's net cash flow from operating activities during the financial year was EUR 1,002.2 thousand (-2,109.0).

Cash flow from investing activities in the financial year was EUR -1,440.3 thousand (-1,608.5). The increase mainly consisted of capitalised development costs.

The cash flow from financing activities in the review period was EUR -361.6 thousand (5,456.3) and mainly consisted of the repayment of long-term product development loans.

Organisation and personnel

Nexstim's strategy is to recruit only employees who the company believes have the core competence and expertise to enable the company to operate efficiently. In line with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organised into the following global key processes:

- Growth: sales, marketing, customer support and operations;
- Enablers: research and development (R&D), clinical, quality approvals and regulatory clearances
- Support: administration, including Finance, Legal Affairs, IT and HR.

At the end of the financial year on 31 December 2022, the Nexstim Group had 39 permanent employees. Nexstim Plc (the parent company) had 28 permanent employees on 31 December 2022. Between 1 January and 31 December 2022, the Nexstim Group had an average of 39 permanent employees (2021: 34).

Strategy

Our mission

We enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders. Our innovations create opportunities for a better life.

Our vision

Teknologiaosaamisellamme ja ensiluokkaisilla palveluillamme:

- Ensure the best possible treatment for our patients
- Create maximum value for our hospital and clinic customers and business partners
- and long-term growth in shareholder value for our investors

Our values

- Science and clinical evidence
- Financial success
- Passion and commitment
- High ethical standards and sustainability

Key strategic goals for 2023

- Profitable comparable net sales growth, leading to a positive EBITDA for the financial period (operating profit before depreciation), while minimizing future capital needs
- The launch of the new NBS 6 product, enabling easy-to-use systems and the use of future additional modules in the same system
- Expanding the network of Nexstim exclusive collaboration clinics primarily in the USA and Europe.

More information about the company's strategy is available on our website at <https://www.nexstim.com/about-nexstim/values-and-strategy>

Major events during the financial year

Resolutions of the Annual General Meeting

On March 1, 2022, the company invited its shareholders to an Annual General Meeting to be held on March 31, 2022. The company's Board of Directors decided on an exceptional general meeting procedure based on a temporary law approved by the Finnish Parliament. Shareholders and their proxies were able to participate in the meeting and exercise their rights only by voting in advance and presenting counterproposals and questions in advance in accordance with the invitation and other company guidelines.

On March 8, 2022, the company published its annual report for 2021. The annual report includes the Board of Directors' report, the parent company's and the Group's financial statements, and the auditor's report.

The company's Annual General Meeting (AGM) was held on March 31, 2022. After the AGM, the company announced the following decisions made by the AGM:

- The AGM adopted the company's financial statements, including its consolidated financial statements, for 2021, and decided that no dividend be paid, and that the loss for the financial year (January 1 to December 31, 2021) be recorded in the loss account. The AGM decided to discharge the members of the Board of Directors and the CEO from liability for the 2021 financial year (January 1 to December 31, 2021).
- The following decisions were made concerning the Board of Directors' fees: for the period ending at the close of the 2023 Annual General Meeting, EUR 36,000 will be paid to the Chair of the Board, and EUR 25,200 to the members of the Board. The members of the Shareholders' Nomination Board will not be compensated for serving as members of the Nomination Board. The restricted share plan introduced in 2016 will be extended by one year for a sixth vesting period (2022–2023) for the members elected to the Board of Directors of Nexstim Plc on conditions that are presented at www.nexstim.com.
- In terms of share rewards, the AGM decided, in accordance with the Nomination Board's proposal, that EUR 24,000 will be paid to the Chair of the Board of Directors and EUR 16,800 to each member of the Board of Directors for the 2022–2023 vesting period. The granted reward will be converted into restricted share units at the beginning of the vesting period in 2022. It is strongly recommended that the

participants hold shares paid as reward as long as their mandate as a member of the Board continues.

- The AGM decided that the Board of Directors consists of four members. Martin Forss, Leena Niemistö, Tero Weckroth, and Timo Hildén continued as members of the Board. Leena Niemistö was elected as Chair of the Board.
- PricewaterhouseCoopers Oy, Authorized Public Accountants, was re-elected as the auditor, with Enel Sintonen as the principal auditor. A reasonable fee will be paid to the auditor.
- The AGM decided to extend the Board's authorization granted at the 2021 Annual General Meeting. The authorization concerns decisions on share issues and special rights entitling their holders to shares for a maximum of 1,300,000 shares, corresponding to the number of authorizations remaining under the authorization granted at the 2021 Annual General Meeting. The authorizations are valid until the next Annual General Meeting, starting from the decision made by the 2022 Annual General Meeting.

On April 13, 2022, the company announced that, based on the authorizations granted by the company's Annual General Meeting on March 31, 2022 and the restricted share plan approved by the AGM on March 26, 2016, the company's Board of Directors had decided to issue a total of 7,082 new shares without consideration to the members of the Board of Directors.

Licensing and investments

On January 3, 2022, the company announced that it had completed the arrangement concerning strategic cooperation and a minority interest in PNC Management Services LLC. The arrangement had been announced on November 22, 2021. The value of the investment is around EUR 0.5 million, and it was financed using cash assets.

On February 14, 2022, the company announced that it had signed an agreement on licensing its proprietary technology to Magnus Medical, a medical technology company in the United States. The technology to be licensed is related to the NBT® system developed by the company, with certain restrictions, and the related patents, and the use of the license is restricted to the treatment of neuropsychiatric disorders. Nexstim's software applications and the modelling of stimulating electrical fields were excluded from the license. The total value of the license agreement is estimated at around USD 19 million (around EUR 17 million). During the royalty period, Nexstim is subject to certain competition restrictions concerning the sale of NBT®-based systems in the United States. Nexstim is also subject to a prohibition to apply for a new authorization from the authorities for its technology for the treatment of severe depression using

the SAINT™ protocol (Stanford Accelerated Intelligent Neuromodulation Therapy), for which Magnus Medical has an exclusive license from Stanford University, or to license the technology subject to the license agreement to other operators for the treatment of severe depression using the SAINT protocol.

On March 11, 2022, the company announced that Nexstim Inc., its subsidiary in the United States, had established a private equity company with the aim of further expanding Nexstim's network of partner clinics in the United States. At the same time, the company announced that it would continue negotiations with Dr. Joshua Kuluva on cooperation related to the operations of the private equity company, in which Dr. Kuluva would hold a minority interest.

On May 17, 2022, the company announced that it had reached an agreement in the negotiations with Dr. Joshua Kuluva on his 10% minority interest in the private equity company established by Nexstim Inc., the company's subsidiary.

Changes in the company's management

On September 28, 2022, the company announced a change in the composition of the Shareholders' Nomination Committee. Tero Weckroth representing Wetrock Capital & Consulting Oy has been appointed as a new member of the Nomination Committee. Tero Weckroth is also a member of Nexstim's Board of Directors. Leena Niemistö, Chairperson of the Board of Nexstim and representative of its largest shareholder, continues to chair the Nomination Committee, and Ossi Haapaniemi and Kyösti Kakkonen continue as members of the Committee. The new Nomination Committee will start its work during October.

On December 17, 2022, the company announced changes in the management team. The company announced Steve Beller has decided to leave his position as the Vice President and General Manager, North America. Nexstim's Board of Directors has appointed Henri Hannula as Vice President, Sales and Marketing responsible for these functions globally.

Employee stock options and other reward plans

On October 17, 2022, the company announced that between 1 July and 30 September 2022, a total of 21,264 Nexstim Plc's new shares has been subscribed for with the company's stock options 2020A. For subscriptions made with the stock options 2020A, the entire subscription price of EUR 42,528.00 will be entered in the reserve for invested unrestricted equity. The Company's share capital is EUR 80,000.00 after the subscription. After the trade registration the total amount of shares is 6,715,019. The

new shares represent approximately 0.32 per cent of all the shares in the Company after the registration. The shares subscribed for under the stock options 2020A have been registered in the Trade Register on 17 October 2022, as of which date the new shares will establish shareholder rights. The shares will be traded in the Nasdaq Helsinki Plc's First North Growth Market Finland marketplace as company's old shares as of 18 October 2022.

The company announced about transactions carried out during the financial year by the management as follows:

Leena Niemistö marked 1,867 shares, Martin Forss 8,316 shares, Tero Weckroth 15,412 shares, Timo Hildén 1,512 shares and Mikko Karvinen 8,850 shares. Further information about management transactions can be found on our website:

www.nexstim.com/investors/regulatory-news

Major events after the financial year

On January 9, 2023, the company announced that it would begin change negotiations for the entire Finnish staff and all personnel groups as part of the Nexstim Group's global adjustment program, which aims to achieve annual savings of up to 0.6 million euros from its global operations for the fiscal year 2023. The change negotiations were concluded on February 8, 2023, and the outcome of the negotiations enables the transition to a global process organization, which will serve Nexstim's customers even better and more efficiently in the future, and will generate long-term shareholder value growth for shareholders. Layoffs were avoided. The company considers that with the savings measures it will achieve savings of around 0.6 million euros for the fiscal year 2023. The implementation of the savings program started immediately.

On February 8, 2023, the company announced that it would apply to remove the parallel listing of its shares from the Nasdaq First North Growth Market Sweden marketplace. Nasdaq Stockholm AB accepted the application on February 9, 2023 and decided to stop trading Nexstim shares on the Nasdaq FN GM Sweden marketplace. The last day of trading on the Nasdaq FN GM Sweden marketplace is April 14, 2023.

Future outlook

Based on business forecasts, the company expects that its comparable net sales will grow in 2023 and its EBITDA (operating result before depreciations) for the financial year will be positive.

Major risks and uncertainties

Nexstim's operations, finances and shares involve risks that may be significant for the company and its share value. These risks are assessed by the Board of Directors twice a year as part of the strategy and business planning process. The risks are published fully in the financial statement and in the Board of Directors' report. The half-year reports only present the changes in short-term risks.

The company has updated its estimates on working capital and going concern. More information about the updated estimate is available in this report under section "Financing and investments".

Risks related to the company and its business operations:

- The company has a history of operating losses, and its operations may never become profitable
- Funding received from Business Finland may become repayable prematurely, and additional funding may not be available
- Not all of the company's products have an established market position
- The company's products will require certain authorisations before commercialisation, such as FDA clearance for the sales and marketing of the NBT® system for the treatment of chronic neuropathic pain, and not all the required approvals or permits have yet been granted, so there is no certainty that such approvals and permits will be granted or successfully maintained
- The company may not be able to get the reimbursement codes and reimbursement coverage for new indications
- Healthcare providers and hospitals may not adopt the company's technology and treatment modality in the estimated manner or extent
- The company may divest a part of its business operations (including intellectual property rights and/or R&D personnel) or may be delisted in connection with a transaction but yet there is no certainty that such divestment or other transaction would be completed successfully or completed at all
- The company's operations may be interrupted due to problems associated with its suppliers

- The company may not be able to maintain the required certifications or approvals
- The company may not be able to sufficiently protect or enforce its intellectual property rights
- The company may infringe third party intellectual property rights or claims may be made against the company on such infringements
- Markets do not necessarily develop to the desired direction or extent; the technology and products of the company may not remain competitive
- The expected income from capitalised development costs and intangible rights may prove to be weaker than expected
- Write-down of Group internal receivables or subsidiary shares may weaken the parent company equity or result as parent company equity to become negative
- The company may not be able to utilise all its tax losses.
- There may be changes in reported profitability or financial position due to changes in accounting regulation or possible future decision to start to apply international Financial Reporting Standards
- The company may become subject to product liability claims and other claims
- The company may in the future be involved in litigation and arbitration proceedings
- The company may be adversely affected by financial difficulties or bankruptcy of one or more of its customers, partners, suppliers or other counterparties
- The company is reliant on its information systems
- The company is reliant on its ability to recruit and retain relevant key personnel
- The company is reliant on its ability to find and retain research and cooperation partners
- The company has limited experience in sales, marketing and distribution
- The company must comply with complex legislation and regulations applicable to its business, and any breach of such legislation or regulations may have onerous consequences
- The insurance coverage of the company may not be comprehensive, and the company may not be fully insured against all risks
- The company may be adversely affected by increasing costs in the health technology industry and cost efficiencies in healthcare
- The company could encounter difficulties in refinancing its debt
- The company will need a substantial amount of additional financing in the future in order to continue the commercialisation of its NBT® system

- The prolonged pandemic has affected the availability and price of some components globally. The company is actively monitoring the pandemic situation and official regulations in its countries of operation. The company is seeking to anticipate the impacts of any new restrictions and to ensure favourable conditions for uninterrupted business operations. We are also actively monitoring the global situation, which has changed following the war in Ukraine, and its possible ripple effects on the general cost level through higher energy prices, for example.

Risks related to the shares:

- The company's majority shareholders can influence the governance of the company, and the interests of the company's majority shareholders may differ from the interests of the company's minority shareholders
- The market price is subject to price volatility, possible lack of liquidity and fluctuations in the exchange rates
- Holders of nominee-registered shares in the company may not be able to exercise their voting rights
- The amount of possible future dividends to be distributed to shareholders is uncertain
- Future issues or sales of a substantial number of shares or rights entitling their holders to shares could have a negative impact on the market price of the shares and cause dilution
- Possible negative rumours could have a negative effect on the market price of the shares

Risks related to general economic development:

- The company may be adversely affected by changes in the financial markets and general economic conditions
- The company may be adversely affected by fluctuations in exchange rates
- The company may be adversely affected by fluctuations in interest rates

Shares and shareholders

On 31 December 2022, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 6,715,019 shares (2021: 6,686,673). Adjusted for the dilution effect, the total number of shares at the end of the reporting period was 7,278,096 (2021: 7,271,594). The shares have no nominal value. Nexstim has one series of shares (ISIN code: FI4000506811). Nexstim did not hold any treasury shares at the end of the financial year. Each share entitles its holder to one vote at the General Meetings of Nexstim Plc. The shares are issued under the laws of Finland. The numbers of shares in

the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

The average number of shares between 1 January and 31 December 2022 was 6,696,126 (2021: 6,068,462). Adjusted for the dilution effect, the average number of shares between 1 January and 31 December 2022 was 7,276,406 (2021: 6,603,426). The numbers of shares in the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

Nexstim Plc's shares are listed on the Nasdaq First North Growth Market Finland and Sweden. Share price information from the Nasdaq First North Growth Market Finland (EUR) and the Nasdaq First North Growth Market Sweden (SEK) is presented below. The numbers and prices of shares in the comparison period have been adjusted for the share reduction implemented on 17 May 2021, in which the number of shares was divided by 100.

Between 1 January and 31 December 2022, the highest price of the company's share was EUR 5.90 (2021: EUR 9.63) and SEK 64.40 (2021: SEK 97.90), the lowest price was EUR 3.62 (2021: EUR 3.41) and SEK 38.00 (2021: SEK 32.80), and the average price was EUR 4.62 (2021: EUR 5.84) and SEK 48.45 (2021: SEK 64.84). The closing price on 31 December 2022 was EUR 4.11 (2021: EUR 4.78) and SEK 46.00 (2021: SEK 48.40).

In public trading between 1 January and 31 December 2022, a total of 2,552,154 shares were traded, which corresponds to 38% of the average number of shares during the period.

The market value of the share capital at the closing price on 31 December 2022 (EUR 4.11 and SEK 46.00) was EUR 27,599 thousand (2021: 31,962) and SEK 308,891 thousand (2021: 323,635).

Nexstim Plc's stock option rights amounted to a total of 563,077 shares on 31 December 2022, with a share-specific subscription price of EUR 1.00 to EUR 23.00. More information about outstanding warrants and option rights is available on the company's website www.nexstim.com/investors/share-information/.

Board of Directors' authorisations

On 31 December 2022, the Board of Directors' authorisations totalled 1,301,861 shares.

Granted by	Scope of the authorisation	Remaining authorisation	Validity
2021 Annual General Meeting	1,300,000	1,300,000	18 months (extended until 31 March 2023*)
2021 Annual General Meeting	55,000	1,861	5 years

*The 2022 Annual General Meeting decided to extend the existing authorisation concerning 1,300,000 shares until the next Annual General Meeting.

More information about the Board of Directors' authorisations and the resolutions of General Meetings is available on the company's website at <https://www.nexstim.com/investors/share-information>.

Major shareholders

According to the register of shareholders maintained by Euroclear Finland Ltd, the holdings of Nexstim Plc's 20 largest shareholders on 31 December 2022 were as follows:

	Shareholder	Number of shares	Holding, %
1.	Kaikarhenni Oy	1,022,416	15.23
2.	Euroclear Bank Sa/Nv*	877,505	13.07
3.	Haapaniemi Ossi	589,222	8.77
4.	Joensuun Kauppa ja Kone Oy	416,586	6.20
5.	Syrjänen Eva Annika Elisabeth	126,479	1.88
6.	Wetrock Capital & Consulting Oy	115,000	1.71
7.	Kalksten Properties Koy	114,124	1.7
8.	K22 Finance Oy	109,287	1.63
9.	Valjakka Juha Matti	96,925	1.44
10.	Kakkonen Kari Heikki Ilmari	69,649	1.04
11.	Niukkanen Pentti Juhani	65,000	0.97
12.	Schengen investment oy	58,169	0.87
13.	Salmela Veijo Ensio	42,500	0.63
14.	Jokinen Jukka	40,000	0.60
15.	Filen Harri Johannes	38,551	0.57
16.	Kaukoranta Eero Onni	36,232	0.54
17.	Matril Oy	35,783	0.53
18.	Skandinaviska Enskilda Banken AB*	33,225	0.49
19.	Pettersson Jan Åke	30,300	0.45
20.	Pykönen Riku Tapani	29,400	0.44

* Nominee-registered shareholders

Board of Directors and the Company's management

Board of Directors

Nexstim Plc's Board of Directors consisted of the following members in 2022: Leena Niemistö (Chair), Martin Forss, Timo Hildén and Tero Weckroth. The Board of Directors convened 18 times in 2022.

CEO

Mikko Karvinen served as CEO of Nexstim Plc and the Group during 2022.

Management team

The Nexstim Group's Management Team consisted of the following members in 2022: Mikko Karvinen (CEO), Steve Beller (Vice President and General Manager, North America) until 17 December 2022, Henri Hannula (Vice President, Sales and Marketing), Joonas Juokslahti (CFO), Gustaf Järnefelt (Vice President, R&D), Hanna Kotola (Vice President, Legal Affairs) and Jarmo Laine (Vice President, Medical Affairs).

Board of Directors' proposal on the distribution of profits

Since its establishment, the company's operations have been unprofitable, and no dividend has been distributed. In the forthcoming years, the company will focus on financing the growth and development of its business. The company is committed to a very stringent dividend policy, which is tied to its results and financial standing. The company does not expect to be able to distribute dividends in the near future. In the event that dividends are distributed, all shares will be entitled to equal dividends.

At the end of the 2022 financial year, the distributable assets of the Group's parent company were EUR 14,991,263.39. The Board of Directors proposes that Nexstim Plc should not pay any dividend for the financial period of 2022.

NEXSTIM GROUP

Consolidated income statement

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
NET SALES	2	9,526,696.02	6,397,516.50
Work performed for own purpose and capitalised		1,235,684.88	958,496.00
Other operating income	3	34,004.43	201,904.41
Materials and services			
Raw materials, supplies and goods			
Purchases during the financial year		-1,143,857.73	-1,674,051.03
Increase (+) or decrease (-) in inventories		-91,738.37	538,537.78
External services		-5,246.88	0.00
Total		-1,240,842.98	-1,135,513.25
Personnel expenses			
Wages and salaries		-3,958,683.79	-3,662,637.43
Social security expenses			
Pension expenses		-455,005.87	-407,916.27
Other social security expenses		-415,115.69	-277,244.84
Total		-4,828,805.35	-4,347,798.54
Depreciation and amortisation			
Depreciation and amortisation according to plan		-497,459.30	-443,475.75
Total		-497,459.30	-443,475.75
Other operating expenses	4	-3,388,980.85	-3,083,329.73
OPERATING PROFIT (LOSS)		840,296.85	-1,452,200.36

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
Financial income and expenses			
Share of the profits (losses) of associated companies		-19,823.65	0.00
Other interest income and other financial income			
From others		545,833.18	2,014,400.54
Interest and other financial expenses			
To others		-54,953.43	-1,295,454.72
Total financial income and expenses		471,056.10	718,945.82
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		1,311,352.95	-733,254.54
Income taxes		-4,528.24	-98,851.85
PROFIT/LOSS FOR THE PERIOD		1,306,824.71	-832,106.39

Consolidated balance sheet

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	5	1,832,324.85	845,578.26
Intellectual property rights		280,161.06	276,680.30
Total		2,112,485.91	1,122,258.56
Tangible assets			
Machinery and equipment	6	376,922.22	434,908.32
Total		376,922.22	434,908.32
Investments			
Holdings in associated companies	7	463,255.44	454,705.99
Total		463,255.44	454,705.99
TOTAL NON-CURRENT ASSETS		2,952,663.57	2,011,872.87
CURRENT ASSETS			
Inventories			
Raw materials and consumables		893,223.57	984,961.94
Total		893,223.57	984,961.94
Receivables			
Non-current receivables			
Trade receivables		217,265.14	0.00
Total non-current receivables		217,265.14	0.00
Current receivables			
Trade receivables		1,163,338.33	1,441,924.34
Prepayments and accrued income	8	363,840.87	200,050.84
Other receivables		183,114.35	206,225.36
Total current receivables		1,710,293.55	1,848,200.54
Total receivables		1,927,558.69	1,848,200.54
Cash in hand and at bank		4,441,260.09	5,194,660.46
CURRENT ASSETS TOTAL		7,262,042.35	8,027,822.94
ASSETS TOTAL		10,214,705.92	10,039,695.81

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital		80,000.00	80,000.00
Reserve for invested unrestricted equity		54,960,281.84	54,917,753.84
Retained earnings		-52,278,244.12	-50,962,922.63
Profit/loss for the period		1,306,824.70	-832,106.39
TOTAL EQUITY	9	4,068,862.42	3,202,724.82
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	10	2,611,411.44	3,259,674.44
Other liabilities		0.00	14,549.91
Total		2,611,411.44	3,274,224.35
CURRENT LIABILITIES			
Loans from financial institutions		878,063.00	619,394.00
Received prepayments		1,248,134.92	0.00
Trade payables		316,404.59	255,038.82
Other liabilities		194,857.57	1,870,837.38
Accrued expenses	11	896,971.98	817,476.44
Total		3,534,432.06	3,562,746.64
TOTAL LIABILITIES		6,145,843.50	6,836,970.99
EQUITY AND LIABILITIES TOTAL		10,214,705.92	10,039,695.81

Consolidated income statement

	1 January to 31 December 2022	1 January to 31 December 2021
Cash flow from operating activities		
Profit/loss for the period	1,311,352.95	-832,106.39
Adjustments:		
Depreciation and amortisation according to plan	497,459.30	443,475.75
Other income and expenses not related to payment	30,665.90	-
Financial income and expenses	44,516.64	-902,767.50
Share of the profit of associates	19,823.65	-
Other adjustments	-575,383.93	-1,106,355.54
Cash flow before change in working capital	1,328,434.51	-2,397,753.68
Change in working capital:		
Increase (-) or decrease (+) in current receivables	-24,806.60	817,864.58
Increase (-) or decrease (+) in inventories	115,997.61	-538,537.78
Increase (-) or decrease (+) in long-term receivables	-	22,519.93
Increase (+) or decrease (-) in current interest-free payables	-353,337.01	287,196.05
Cash flow from operating activities before financial items and taxes	1,066,288.52	-1,808,710.90
Interest and other financial expenses paid	-70,019.50	-300,291.62
Interest received on operating activities	10,436.79	-
Direct taxes paid	-4,528.24	-
Cash flows from operating activities (A)	1,002,177.57	-2,109,002.52
Cash flow from investing activities		
Investments in intangible and tangible assets	-1,440,270.24	-1,608,490.83
Cash flows from investments (B)	-1,440,270.24	-1,608,490.83
Cash flow from financing activities		
Share issue	42,528.00	6,607,022.35
Drawing (+) or repayment of short-term loans (-)	258,669.00	-533,066.44
Drawing (+) or repayment of long-term loans (-)	-662,812.91	-617,634.51
Cash flow from financing activities (C)	-361,615.91	5,456,321.40
Change in cash in hand and at banks	-799,708.58	1,738,828.05
Cash in hand and at bank in the beginning of the period	5,194,660.46	3,455,832.41
Impact of exchange rate changes	46,308.21	-
Cash in hand and at bank at end of the period	4,441,260.09	5,194,660.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

Consolidation

The consolidated financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The consolidated financial statements have been prepared using the acquisition method. All intra-Group business transactions, internal margins, internal holdings and mutual receivables and liabilities have been eliminated when preparing the consolidated financial statements. Group companies' financial statements denominated in foreign currencies have been translated into Finnish currency at the average exchange rate of the financial year, and balance sheets at the exchange rate valid on the balance sheet date. The average exchange rate differences arising from translation, as well as from the translation of the shareholders' equity of foreign subsidiaries, are presented under "Retained losses" in shareholders' equity.

PNC Management Services, an associated of Nexstim, Inc., is included in the consolidated financial statements. The associated company has been consolidated using the equity method. The income statements of the foreign associated company have been translated into Finnish currency at the average exchange rate of the financial year, and balance sheets at the exchange rate valid on the balance sheet date.

Shares of the associated companies consist of a strategic investment in the service company of a Californian partner clinic (PNC Management Services, LLC).

Consolidated subsidiaries and holdings

Subsidiary	Domicile	Holding, %
Nexstim, Inc.	United States of America	100
Nexstim Germany GmbH	Germany	100
Nexstim Investments LLC	United States of America	90

Consolidated associates and holdings

Subsidiary	Domicile	Holding, %
PNC Management Services LLC.	United States of America	30

Measurement principles and methods

Intangible and tangible assets in non-current assets are recognised at acquisition cost on the balance sheet, less depreciation and amortisation according to plan. Capitalised development costs are amortised over a five-year or seven-year period on a straight-line basis. Depreciation and amortisation of intangible and tangible assets are calculated based on their expected economic life. Depreciation and amortisation have been charged against the asset from the month the asset has been taken in use.

Criteria for and changes in depreciation according to plan:

Non-current asset	Useful life	Depreciation/amortisation method
Patents	5	Straight-line
IT software	5	Straight-line
Development expenditures	5–7	Straight-line depreciation
Machinery and equipment		25% depreciation of residual value

Investments and non-current financial assets have been recognised in the balance sheet at the lower of acquisition price and fair value.

Inventories are stated at the lower of cost and net realisable value. The acquisition cost is determined using the first-in, first-out (FIFO) method.

Items denominated in foreign currency

The trade receivables and trade payables denominated in foreign currency are translated into Finnish currency at the rate on the closing day of the financial year.

Revenue recognition principles

Revenue on products sold is recognised upon delivery of the goods. Revenue on service agreements is recognised on an accrual basis over the contract period. Service revenue is recognised on a straight-line basis over the contract period, excluding installation and training. Revenue for installation and training is recognised in the period during which the services are provided.

Development expenditures

Development costs that do not meet the capitalisation criteria are recognised in the period during which they were incurred.

NOTES TO THE INCOME STATEMENT

2. Distribution of net sales

	2022	2021
By sector		
NBS Systems	2,246,353.48	2,800,508.68
NBT Systems	826,418.79	920,833.82
NBS Continuous net sales	1,174,143.50	905,021.83
NBT Continuous net sales	1,744,979.97	1,771,152.16
Licensing	3,534,800.28	0.00
Total	9,526,696.02	6,397,516.50

Net Sales by geographical area

	2022	2021
Finland	1,802,829.35	995,618.62
Rest of Europe	1,370,760.13	2,317,577.71
North America	6,112,766.54	2,841,770.18
Other	240,340.00	242,550.00
Total	9,526,696.02	6,397,516.50

3. Other operating income

	2022	2021
Other income	34,004.43	2,265.57
Government grants	-	199,638.84
Total	34,004.43	201,904.41

4. Other operating expenses

	2022	2021
Travel expenses	-534,917.92	-254,210.90
Administration expenses	-659,588.45	-899,269.63
R&D	-753,525.21	-884,011.77
Legal and consulting services	-389,964.47	-306,328.39
Marketing expenses	-237,661.00	-148,379.40
ICT expenses	-119,918.59	-160,323.26
Facility expenses	-158,783.67	-146,406.34
Voluntary social costs	-121,975.78	-87,256.25
Other	-412,645.76	-197,143.79
Total	-3,388,980.85	-3,083,329.73

NOTES TO ASSETS ON THE BALANCE SHEET

5. Intangible assets

Development expenditures	2022	2021
Book value on 1 January	845,578.26	50,106.95
Increase	1,235,684.88	958,496.00
Depreciation and amortisation according to plan	-248,938.29	-163,024.69
Book value on 31 December	1,832,324.85	845,578.26

Intellectual property rights (patents)	2022	2021
Book value on 1 January	276,680.30	282,033.03
Increase	126,361.03	130,128.89
Depreciation and amortisation according to plan	-122,880.27	-135,481.62
Book value on 31 December	280,161.06	276,680.30

6. Tangible assets

Machinery and equipment	2022	2021
Book value on 1 January	434,908.32	514,717.81
Increase	98,320.55	65,159.95
Decrease	-30,665.90	-
Depreciation and amortisation according to plan	-125,640.74	-144,969.44
Book value on 31 December	376,922.22	434,908.32

7. Interests in associated companies

	2022	2021
Book value on 1 January	454,705.99	-
Increase	-	454,705.99
Translation difference	28,373.00	-
Decrease	-19,823.65	-
Book value on 31 December	463,255.44	454,705.99

Shares of the associated companies consist of a strategic investment in the service company of a Californian partner clinic (PNC Management Services, LLC).

8. Prepayments and accrued income

	2022	2021
Expenses paid in advance	356,837.63	-
Other prepayments and accrued income	7,003.24	200,050.84
Total	363,840.87	200,050.84

NOTES TO EQUITY AND LIABILITIES ON THE BALANCE SHEET

9. Total equity

	2022	2021
Share capital 1 January	80,000.00	80,000.00
Share capital 31 December	80,000.00	80,000.00
Total restricted equity	80,000.00	80,000.00
Reserve for invested unrestricted equity 1 January	54,917,753.84	48,310,731.49
Increase	42,528.00	6,607,022.35
Reserve for invested unrestricted equity 31 December	54,960,281.84	54,917,753.84
Retained earnings/losses 1 January	-50,962,922.63	-45,738,251.56
Profit/loss for the period	-832,106.39	-4,121,615.53
Translation difference	-483,215.10	-1,103,055.54
Retained earnings/losses 31 December	-52,278,244.12	-50,962,922.63
Profit/loss for the period	1,306,824.70	-832,106.39
Total unrestricted equity	3,988,862.42	2,277,146.56
Total equity	4,068,862.42	3,202,724.82

10. Non-current liabilities

	2022	2021
Product development loans from Business Finland	2,611,411.44	3,259,674.44
Other non-current liabilities	-	14,549.91
Total	2,611,411.44	3,274,224.35

Maturity of interest-bearing liabilities	2022	2021
Interest-bearing liabilities total	2,611,411.44	3,259,674.44
Due later than 5 years	227,700.00	242,880.00

11. Accrued expenses

	2022	2021
Accrued salary expenses	142,727.00	-
Holiday pay liabilities, including social costs	396,752.12	317,100.23
Pension contributions	124,659.92	45,184.30
Other mandatory insurance contributions	35,312.23	-
Interest liabilities	-	15,066.07
Other	197,520.71	440,125.78
Total	896,971.98	817,476.44

12. Collateral, contingent liabilities and off-balance sheet arrangements

	2022	2021
Rental guarantees		
Rental deposit account	16,321.08	41,753.61
Leasing liabilities		
Due within the next financial year	72,145.02	66,242.12
Due later	29,533.10	-
Leasing liabilities		
Due within the next financial year	2,666.64	-
Due later	3,492.16	-

13. Auditor's fees

	2022	2021
Audit	34,076.38	37,000.00
Non-audit services	3,000.00	30,497.00
Total	37,076.38	67,497.00

14. Notes related to personnel and members of governing bodies

	2022	2021
Average number of personnel	38	34
Salaries and bonuses of directors		
CEO	337,078.86	288,000.00
Board of Directors	167,131.99	112,950.00
Total	504,210.85	400,950.00

STOCK OPTIONS

On the balance sheet date, the company had seven option programmes: 2016B, 2016C, 2018A, 2018B, 2020A, 2020B and 2020C. On the date of this report, the company held a total of 2,169 2020A option rights, 33,223 2020B option rights, and 33,516 2020C options rights under the respective option programmes. All other option rights have been granted without consideration. The stock options will be offered to the key personnel and management of the company and its subsidiaries for incentive and commitment purposes. The stock options may not be transferred to a third party and may not be given as a pledge without the approval of the Board of Directors of the company.

In connection with the share reverse split on 26 November 2018, where the number of shares was decreased 30-fold, the amounts were decreased and subscription prices of option rights were increased respectively, and the maximum amounts were adjusted. Pursuant to the subscription such rights issue which ended on 24 April 2021 in Sweden and on 26 April 2021 in Finland, the Board of Directors on 10/06/2021 resolved to amend the share subscription prices of the company's stock option programmes 2016B-C and 2017 so that the share subscription price of such stock option programs is comparable to the price prior the subscription rights issue. With respect to the stock option program 2018, the subscription right cut-off date of rights issue in question took

place during the pricing period of option rights 2018A and the pricing of option rights 2018A has been calculated based on the Nasdaq Helsinki post-rights-issue adjusted historical share prices of Nexstim Plc (NXTMH). Pursuant to the subscription such rights issue which ended on 25 May 2021 in Sweden and on 27 May 2021 in Finland, the Board of Directors on 10 June 2021 resolved to amend the share subscription prices of the company's stock option programs 2016B-C and 2020A-B so that the share subscription price of such stock option programs is comparable to the price prior the subscription rights issue. The company has carried out a rights issue, which ended in Sweden on 29 March 2021 and in Finland on 31 March 2021, as well as a directed share issue in accordance with the company release issued on 7 April 2021. With regard to these, the Board of Directors decided on 7 April 2021 to decrease the Company's share-specific subscription prices for option programmes 2016B-C, 2018A-B and 2020A-C. In accordance with the terms and conditions of the option programmes, the share-specific subscription prices will be adjusted so that the relative subscription prices of the option rights held by the holders of these option rights remain unchanged after the share issues in question.

On 17 May 2021, the AGM decided to reduce the number of shares in the company, without reducing the share capital, by issuing new shares and acquiring the company's own shares so that one share corresponded to 100 shares after the share reduction arrangement had been completed. The maximum amounts and subscription prices of the option programmes were adjusted accordingly.

Option scheme	Subscription price/share	Maximum amount of option rights	Subscription period
2016B	18.00 eur	900 shares	1 July 2019 to 15 December 2024
2016C	23.00 eur	556 shares	1 July 2020 to 15 December 2025
2018A	5.00 eur	27 shares	01 July 2022 to 15 December 2027
2018B	1.00 eur	27 shares	1 July 2023 to 15 December 2028
2020A	2.00 eur	141,737 shares	01 July 2022 to 15 December 2027
2020B	7.00 eur	206,011 shares	1 July 2023 to 15 December 2028
2020C	4.87 eur	213,819 shares	1 July 2024 to 15 December 2029

Holdings of the Board of Directors and management team	(%)
Ownership based on proportion of total number of issued shares	17.92
Ownership based on proportion of total number of issued shares and option rights*	22.87
Proportion of votes based on ownership of shares	17.92
Proportion of votes based on ownership of shares and option rights*	22.87

*Assuming that all stock options are exercised

RESTRICTED SHARE UNIT PLANS

The 2016 Annual General Meeting decided that a restricted share unit plan be implemented for selected members of the Board of Directors of Nexstim Plc, the terms and conditions of which can be found at www.nexstim.com. The plan includes four vesting periods, which correspond to the following terms of office of the members of the Board of Directors: 2016–2017, 2017–2018, 2018–2019, 2019–2020 and 2020–2021. By means of decisions issued by Annual General Meetings, these have been extended as follows: 2021–2022 and 2022–2023.

The aim of the plan is to commit the participants to the Company, to align the objectives of the shareholders and the participants in order to increase the value of the Company, and to offer the participants a reward plan based on receiving and accumulating the Company's shares.

The target group of the plan will be those members of the Board of Directors who are independent of the company. However, such members are not required to be independent from the shareholders of the company. The reward allocations in 2022 will be determined as a Euro value.

Allocation for Board Members for the Vesting Period 2022–2023

In accordance with the proposal of the Nomination Board, the Annual General Meeting decided that for a Board member, the gross value of the reward for the vesting period 2022–2023 will be as follows:

Chair: EUR 24,000

Member: EUR 16,800

The granted reward will be converted into restricted share units at the beginning of the vesting period in 2022. The conversion of the reward into restricted share units will be based on the volume-weighted average price of the company's share on the Nasdaq Helsinki during the twenty (20) trading days following the release date of the Company's financial statements for 2021. In the plan, one restricted share unit corresponds to one company share. The value of the payable reward will be determined on the basis of the share price on the book-entry registration date of the paid shares.

The rewards from the plan will be paid to the Board Members in the company's shares within four weeks of the Annual General Meeting of Shareholders in 2023. The company will withhold taxes and employment related expenses from the cash proportion of the reward as per the law in force. Should a Board member cease to be a member of the Board before the end of a vesting period, no reward will be paid to him on that basis.

Reward payment for Board Members for the Vesting Period 2021-2022

Based on the authorisations granted by the Annual General Meeting on 31 March 2022 and the restricted share plan approved by the Annual General Meeting on 26 March 2021, the company's Board of Directors has today decided to issue a total of 7,082 new shares without consideration to the members of the Board of Directors. Leena Niemistö will receive 1,867 shares, Martin Forss will receive 1,718 shares, Timo Hildén will receive 1,512 shares, and Tero Weckroth will receive 1,985 shares based on the gross reward determined by the AGM on 11 May 2021 for the 2021–2022 vesting period.

PARENT COMPANY'S FINANCIAL STATEMENTS

Parent company's income statement

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
NET SALES		7,783,194.36	5,632,336.03
Work performed for own purpose and capitalised		1,235,684.88	958,496.00
Other operating income	2	361,655.17	398,051.00
Materials and services			
Materials			
Purchases during the financial year		-1,047,563.32	-1,711,096.98
Increase (+) or decrease (-) in inventories		-300,535.69	464,080.47
External services		-5,246.88	0.00
Total		-1,353,345.89	-1,247,016.51
Personnel expenses			
Wages and salaries		-2,540,518.95	-2,589,521.57
Social security expenses			
Pension expenses		-428,128.29	-407,916.27
Other social security expenses		-112,852.87	-61,098.90
Total		-3,081,500.11	-3,058,536.74
Depreciation and amortisation			
Depreciation and amortisation according to plan		-427,779.68	-348,134.33
Total		-427,779.68	-348,134.33
Other operating expenses	3	-2,308,131.48	-2,306,449.83
OPERATING PROFIT (LOSS)		2,209,777.25	28,745.62
Financial income and expenses			
Other interest income and other financial income			
From Group companies		1,067,657.79	1,495,455.25
From others		1,158,421.15	2,014,400.54
Impairment on investments in non-current assets		-3,021,613.54	-5,191,783.17
Interest and other financial expenses			
To others		-646,842.86	-1,293,585.17
Total financial income and expenses		1,579,236.08	-2,975,512.55
PROFIT/LOSS FOR THE PERIOD		767,399.79	-2,946,766.93

Parent company's balance sheet

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4		
Development expenditures		1,832,324.85	845,578.26
Intellectual property rights		280,160.06	276,679.30
Total		2,112,484.91	1,122,257.56
Tangible assets			
Machinery and equipment	5	167,885.46	148,884.17
Total		167,885.46	148,884.17
Investments			
Holdings in Group companies	6	11,070,831.43	2,745,921.47
Total		11,070,831.43	2,745,921.47
NON-CURRENT ASSETS TOTAL			
		13,351,201.80	4,017,063.20
CURRENT ASSETS			
Inventories			
Raw materials and supplies		586,631.00	887,166.69
Total		586,631.00	887,166.69
Receivables			
Long-term receivables from group companies	7	300,000.00	10,154,153.75
Trade receivables		697,859.15	605,794.83
Short-term receivables from Group companies	7	2,619,998.79	1,635,930.16
Prepayments and accrued income	8	341,187.39	168,578.20
Other receivables		134,406.50	196,582.30
Total		4,093,451.83	12,761,039.24
Cash in hand and at bank		3,964,561.00	4,042,459.22
CURRENT ASSETS TOTAL		8,644,643.83	17,690,665.15
ASSETS TOTAL		21,995,845.63	21,707,728.35

EURO	Note	1 January to 31 December 2022	1 January to 31 December 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	80,000.00	80,000.00
Reserve for invested unrestricted equity		54,960,281.84	54,917,753.84
Retained earnings		-38,904,093.39	-35,957,326.46
Profit/loss for the period		767,399.79	-2,946,766.93
TOTAL EQUITY		16,903,588.24	16,093,660.45
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	10	2,611,411.44	3,259,674.44
Total		2,611,411.44	3,259,674.44
CURRENT LIABILITIES			
Loans from financial institutions		878,063.00	619,394.00
Prepayments received		340,256.18	422,499.75
Trade payables		377,086.65	421,182.85
Payables to Group companies	11	85,472.87	0.00
Other liabilities		127,894.26	98,913.66
Accrued expenses	12	672,072.99	792,403.20
Total		2,480,845.95	2,354,393.46
TOTAL LIABILITIES		5,092,257.39	5,614,067.90
EQUITY AND LIABILITIES TOTAL		21,995,845.63	21,707,728.35

Parent company's cash flow statement

	1 January to 31 December 2022	1 January to 31 December 2021
Cash flow from operating activities		
Profit/loss for the period	767,399.79	-2,946,766.93
Adjustments:		
Depreciation and amortisation according to plan	427,779.68	348,134.33
Financial income and expenses	2,590,361.82	3,285,264.41
Cash flow before change in working capital	3,785,541.29	686,631.81
Change in working capital:		
Increase (-) or decrease (+) in current receivables	-2,678,936.09	-1,993,529.07
Increase (-) or decrease (+) in inventories	300,535.69	-464,080.47
Increase (+) or decrease (-) in current non-interest-bearing liabilities	-117,150.44	-65,900.09
Cash flow from operating activities before financial items and taxes	1,289,990.45	-1,836,877.82
Interest and other financial expenses paid	-661,908.93	-773,960.35
Interest received on operating activities	1,078,094.58	0.00
Cash flow from operating activities (A)	1,706,176.10	-2,610,838.17
Cash flow from investing activities		
Investments in intangible and tangible assets	-1,437,008.32	-1,115,478.09
Cash flow from investing activities (B)	-1,437,008.32	-1,115,478.09
Cash flow from financing activities		
Share issue	42,528.00	6,607,022.35
Repayment (-) or drawing (+) of short-term loans	258,669.00	-1,152,460.44
Repayment (-) or drawing (+) of long-term loans	-648,263.00	189,800.00
Cash flow from financing activities (C)	-347,066.00	5,644,361.91
Change in cash in hand and at banks	-77,898.22	1,918,045.65
Cash in hand and at bank at the beginning of the period	4,042,459.22	2,124,413.57
Cash in hand and at bank at end of the period	3,964,561.00	4,042,459.22

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounting principles

Principles of the financial statements

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards and the Nexstim Group's accounting principles. Notes to the parent company's financial statements are presented where they differ from the notes of the consolidated financial statements.

NOTES TO THE INCOME STATEMENT

2. Other operating income

	2022	2021
Other income	361 655,17	383 051,00
Government grants	0,00	15 000,00
Total	361 655,17	398 051,00

3. Other operating expenses

	2022	2021
Travel expenses	-117 185,09	-22 575,01
Administration expenses	-572 743,15	-391 091,14
R&D	-753 525,21	-876 638,62
Legal and consulting services	-212 230,31	-290 148,76
Marketing expenses	-90 273,28	-25 454,50
ICT expenses	-119 808,37	-124 358,23
Facility expenses	-130 352,92	-122 807,21
Voluntary social costs	-121 975,78	-89 353,53
Other	-190 037,37	-364 022,83
Total	-2 308 131,48	-2 306 449,83

NOTES TO ASSETS ON THE BALANCE SHEET

4. Intangible assets

Development expenditure	2022	2021
Book value 1 January	845 578,26	50 106,95
Increase	1 235 684,88	958 496,00
Depreciation and amortisation according to plan	-248 938,29	-163 024,69
Book value 31 December	1 832 324,85	845 578,26

Intellectual property rights (patents)	2022	2021
Book value 1 January	276 679,30	282 032,03
Increase	126 361,03	130 128,89
Depreciation and amortisation according to plan	-122 880,27	-135 481,62
Book value 31 December	280 160,06	276 679,30

5. Tangible assets

Machinery and equipment	2022	2021
Book value 1 January	148 884,17	170 398,19
Increase	74 962,41	28 114,00
Depreciation and amortisation according to plan	-55 961,12	-49 628,02
Book value 31 December	167 885,46	148 884,17

6. Investments

Holdings in group companies

Subsidiary	Domicile	Holding %	Book value
Nexstim, Inc.	United States of America	100	25,000.00
Nexstim Germany GmbH	Germany	100	635.72

Other holdings in group companies

Nexstim, Inc. reserve for invested unrestricted equity	2022	2021
Book value 1 January	2,338,285.75	0.00
Additions	11,346,523.50	7,528,808.12
Provision for impairment	-3,021,613.54	-5,190,522.37
Book value 31 December	10,663,195.71	2,338,285.75

Nexstim Germany GmbH reserve for invested unrestricted equity	2022	2021
Book value 1 January	382,000.00	382,000.00
Additions	0.00	0.00
Provision for impairment	0.00	0.00
Book value 31 December	382,000.00	382,000.00

During the accounting period, the parent company made an investment worth EUR 11,346,523.50 in the non-restricted equity invested in Nexstim, Inc., converting the long-term debt loan and the short-term interest it accrued into an equity investment. An impairment provision of EUR 3,021,613.54 was recorded for the financial year 2022 for the investment in question, based on the management's estimate of the relative market value.

7. Receivables from Group companies

Non-current*		
	2022	2021
Loan receivables	300,000.00	10,154,153.75
Total non-current	300,000.00	10,154,153.75
Current		
	2022	2021
Trade receivables	2,277,621.95	1,415,899.25
Prepayments and accrued income	342,376.84	220,030.91
Total current	2,619,998.79	1,635,930.16
Total receivables from Group companies	2,919,998.79	11,790,083.91

*Long-term loan receivables from group companies were presented in the previous year's financial statements in investments. In this financial statement, the corresponding items are presented in receivables, which reflects their nature more precisely than the previous classification.

8. Prepayments and accrued income

	2022	2021
Expenses paid in advance	335,460.66	168,578.20
Other prepayments and accrued income	5,726.73	-
Total	341,187.39	168,578.20

NOTES TO EQUITY AND LIABILITIES ON THE BALANCE SHEET

9. Total equity

	2022	2021
Share capital 1 January	80,000.00	80,000.00
Share capital 31 December	80,000.00	80,000.00
Total restricted equity	80,000.00	80,000.00
Reserve for invested unrestricted equity 1 January	54,917,753.84	48,310,731.49
Increase	42,528.00	6,607,022.35
Reserve for invested unrestricted equity 31 December	54,960,281.84	54,917,753.84
Retained earnings/losses 1 January	-35,957,326.46	-33,817,873.06
Profit/loss for the previous period	-2,946,766.93	-2,139,453.40
Retained earnings/losses 31 December	-38,904,093.39	-35,957,326.46
Profit/loss for the period	767,399.79	-2,946,766.93
Total unrestricted equity	16,823,588.24	15,168,082.19
Total equity	16,903,588.24	16,093,660.45

10. Non-current liabilities

	2022	2021
Product development loan, Business Finland	2,611,411.44	3,259,674.44
Total	2,611,411.44	3,259,674.44
Maturity of interest-bearing liabilities		
	2022	2021
Total interest-bearing liabilities	2,611,411.44	3,259,674.44
Due later than 5 years	227,700.00	242,880.00

11. Payables to Group companies

	2022	2021
Current		
Trade payables	85,472.87	-
Total current	85,472.87	-
Total Group company liabilities	85,472.87	-

12. Accrued expenses

	2022	2021
Accrued salary expenses	53,905.21	-
Holiday pay liabilities, including social costs	376,520.63	317,100.24
Pension contributions	124,659.92	45,184.32
Other mandatory insurance contributions	35,312.23	20,337.37
Interest liabilities	-	15,066.08
Other	81,675.00	394,715.19
Total	672,072.99	792,403.20

13. Collateral, contingent liabilities and off-balance sheet arrangements

	2022	2021
Rental guarantees		
Rental deposit account	14,352.21	39,899.47
Lease liabilities		
Due within the next financial year	54,425.16	3,193.32
Due later	-	6,386.64
Leasing liabilities		
Due within the next financial year	2,666.64	
Due later	3,492.16	

14. Auditor's fees

	2022	2021
Audit	34,076.38	37,000.00
Non-audit services	3,000.00	30,496.50
Total	37,076.38	67,496.50

15. Purchases and sales within the Group

	2022	2021
Sales	1,790,788.83	2,022,678.71
Purchases	-240,063.53	-197,146.04

16. Notes related to personnel and the members of governing bodies

	2022	2021
Average number of personnel	28	26
The management's salaries and bonuses		
CEO	337,078.86	288,000.00
Board of Directors	167,131.99	112,950.00
Total	504,210.85	400,950.00

Nexstim Plc

SIGNATURE OF THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

Helsinki 26 February 2023

Leena Niemistö
Chair of the Board

Timo Hildén
Member of the Board

Martin Forss
Member of the Board

Tero Weckroth
Member of the Board

Mikko Karvinen
CEO

Auditor signature

An auditor's report has been issued today.
Helsinki 27 February 2023

PricewaterhouseCoopers Oy

Authorised Public Accountants

Tiina Puukkoniemi
Authorised Public Accountant (KHT)

Auditor's Report (Translation of the Finnish Original) To the Annual General Meeting of Nexstim Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nexstim Oyj (business identity code 1628881-1) for the financial period 1 January-31 December 2022. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 27 February 2023

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Board of Directors



Leena Niemistö
Chair of the Board

Leena Niemistö has been Chair of the Nexstim Board since November 2019. She is a healthcare professional with over 30 years of clinical and leadership experience. Niemistö holds an M.D. from the University of Helsinki and has specialized in physical and rehabilitation medicine. She also has a doctorate in the treatment of chronic back pain. Leena Niemistö also holds a Dr. Admin. Sc. hc from Vaasa University.

Niemistö worked as CEO of a private healthcare company Dextra (years 2003-2016) and deputy CEO in a social and healthcare company Pihlajalinna (years 2013-2016). Currently she is a member of the Board of Directors in several publicly listed companies. She is also an active investor in several healthtech growth



Martin Forss
Member of the Board

Martin Forss has been a member of the Board since November 2019. He is an entrepreneur, investor and board professional. He is known as an experienced service business executive. His latest operative responsibility was as CEO of the private dentistry company Oral Hammaslääkärit. Martin holds a Master of Science degree (Econ) and has experience working with both listed companies and many private equity owned companies throughout his executive operative career.



Timo Hildén
Member of the Board

Timo Hildén has been a member of the Board since May 2021. He is a medical technology professional with decades of experience from various health technology companies. In the most recent years, Timo has worked as CEO and more recently Advisor for Revenio Group Oyj. Currently Timo serves Koite Health Oy and Hublet Oy as a board member.

Timo spent over 20 years in various leadership positions at Thermo Fisher Scientific. Timo holds a Master of Science degree from the Helsinki School of Economics. He has an impressive track record especially in international sales, product management and conducting profit growth strategies.



Tero Weckroth
Member of the Board

Tero Weckroth has been a member of the Board since May 2021. He is an experienced professional in the fields of finance and the pharmaceutical industry. Currently, he runs his own investment and consultancy company WRCC Invest Oy and serves as a board member in multiple growth companies. Tero has extensive experience of managing international teams in the pharmaceutical and financial industries. Tero's expertise is in solving complex management issues regarding regulatory/legal challenges and business interests.

Tero holds degrees in Business Administration (MBA) and Pharmacy (M.Sc.) plus additional studies in natural sciences and international politics.

Management Team



Mikko Karvinen
CEO

Mikko Karvinen started as Nexstim's CEO in February 2020. He joined Nexstim as CFO in August 2014. He has previously held CFO and deputy CEO positions at two Nasdaq Helsinki listed tech-firms Innofactor Oyj and SSH Communications Security Oyj. Prior experience also includes various international financial management positions in Vaisala Oyj in their offices in both Finland and in the US.

Mikko holds a Master of Science degree with a major in Management Accounting from Helsinki School of Economics in Finland and an Executive MBA from Aalto University, Helsinki Finland.



Henri Hannula
Vice President, Sales and Marketing

Henri Hannula has risen through the ranks holding key leadership positions since joining Nexstim in 2001. He assumed the role of Vice President, Sales Europe in 2013. Henri assumed the position of VP, Sales and Marketing in December 2022, making him responsible for these functions globally following a corresponding role in EU & ROW sales and marketing.

Henri has been vital in the growth of Nexstim and has authored multiple articles on navigated transcranial magnetic stimulation published in peer-reviewed journals. He holds a Master of Science degree from Helsinki University of Technology, Finland.



Joonas Juukslahti
CFO

Joonas Juukslahti started as Nexstim's CFO in February 2020. He joined Nexstim in May 2014 as Business Controller and has been a key part of the Nexstim finance team.

He holds a Master of Science with a major in Accounting and Finance from Turku School of Economics, Finland.



Gustaf Järnefelt
Vice President, R&D

Gustaf Järnefelt has served as the Vice President, R&D since joining Nexstim in 2008. Prior to joining Nexstim, he spent 18 years with Instrumentarium then GE Healthcare serving several Manager, Director and General Manager roles in design, R&D, Engineering and Business Integration. He has spent more than five years abroad on assignment in the United States leading the Configured Patient Monitoring Business unit for Instrumentarium in Louisville Colorado. Järnefelt is alone or with others an inventor in fifteen patent families.

He has an education background from both Karlsruhe Germany Universität TH Karlsruhe (Institut für Werkzeugmaschinen und Betriebstechnik) and Helsinki University of Technology and holds a Master of Science from Helsinki University of Technology, Finland.



Hanna Kotola
Vice President, Legal Affairs

Hanna Kotola joined Nexstim in 2017. She is an experienced international executive having previously held Group Corporate Counsel, Senior Legal Counsel and Legal Counsel roles at Polar Electro Oy, Digita Oy and Nokia Oyj.

She holds a Candidate of Laws degree from University of Helsinki and an International Business Management Master's degree from Arcada - University of Applied Sciences.



Jarmo Laine, MD
Vice President, Medical Affairs

Jarmo Laine, MD, brings an extensive background as a licensed physician, with board certification in pediatrics, and management of R&D and laboratory services. He holds an M.D. and PhD from the University of Helsinki, Finland and an MBA from Helsinki University of Technology. Jarmo worked and trained throughout various hospitals in Finland and completed his post-doctoral research fellowship at Harvard Medical School in Boston, Massachusetts.

Prior to joining Nexstim in 2008, he held several leadership positions with the Finnish Red Cross Blood Service. Dr. Laine has over sixty publications in international journals in the fields of organ/cell transplantation, pediatric nephrology, cell biology and Navigated Brain Stimulation. In addition, he holds seven patents, with additional patents submitted in the field of stem cell therapies and navigated transcranial magnetic stimulation.



Nexstim

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