

Nexstim

NEXSTIM PLC HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2018 (UNAUDITED)

Company announcement, Helsinki, 16 August 2018 at 9:00 am

Highlights, January – June 2018

- Nexstim delivered its first Navigated Brain Therapy (NBT[®]) system in the US for the treatment of Major Depressive Disorder (MDD) following Nexstim's successful launch of the SmartFocus[™] TMS technology at the Clinical TMS (transcranial magnetic stimulation) Society Annual Meeting in New York in May 2018
- Completed enrolment in a supplementary 60 patient Phase III E-FIT trial that is ongoing in the US for use of the NBT[®] system in rehabilitation of upper limb mobility following stroke. Trial results are expected within three weeks from publishing this H1 2018 report
- Cash balance of EUR 10.3 million at end of June 2018, including new equity financing of EUR 1 million via a directed issue of new shares to Capricorn Health-tech Fund and EUR 4 million loan drawn from Kreos Capital V (UK) Limited
- Revenues amounted to EUR 1.1 million (2017: EUR 1.1 million)

Business Overview

Nexstim is a personalised neuromodulation company developing and marketing pioneering precisely navigated non-invasive brain stimulation systems for both therapeutic (NBT[®] system) and diagnostic (NBS system) applications.

Commercialisation of the NBT[®] system for therapeutic applications such as stroke rehabilitation, depression and pain is the key strategic focus for Nexstim.

The Company developed its NBT[®] system based on its NBS technology platform which has demonstrated a 46% increase in progression free survival in patients undergoing surgery for low grade gliomas versus the current gold standard used to map the brain.

NBT[®]

- Nexstim's NBT[®] platform is based on its unique SmartFocus[™] navigated Transcranial Magnetic Stimulation (nTMS) technology which allows for personalised, accurate, reproducible and non-invasive brain stimulation to treat a range of indications with significant unmet clinical need
- In November 2017, Nexstim received FDA clearance for the commercialisation of its NBT[®] system in the US for the treatment of MDD. The NBT[®] system was launched in the US in May 2018 and the first systems have been delivered to the first clinics. Currently only an estimated c.30 thousand patients receive TMS depression treatment in the US p.a. (c.2% penetration), but there is c.1.9 million addressable MDD patients in the US representing a total treatment value of addressable market of USD 17 billion
- In January 2018, Nexstim announced that patient enrolment had been completed in the supplementary 60 patient Phase III E-FIT trial. This ongoing US trial is assessing the use of the NBT[®] system in the rehabilitation of upper limb mobility following stroke. Trial completion is expected within three weeks from publishing this H1 2018 report. Positive results, when the data from the E-FIT trial are combined with data from the earlier Phase III NICHE study, will allow Nexstim to file for FDA clearance to market the device for this indication in the US. Estimated EU and US total annual volume of addressable patients for upper limb mobility rehabilitation post-stroke is about 0.8 million patients

NBS

- The NBS system continues to grow sales and it is now used in approximately 150 research universities and leading hospitals around the world



CEO Martin Jamieson's review

I am happy to report the important progress that Nexstim has made during the first half of 2018.

The Company began the US commercialisation of its NBT[®] system for the treatment of MDD, with the first deliveries of the device already being made following its launch in May 2018. The FDA cleared Nexstim's 510(k) for its NBT system to be used for MDD in November 2017. MDD is a recurrent and frequently chronic disorder with significant unmet clinical need that affects 2-5% of the population in developed countries. Stimulation of the brain through repetitive Transcranial Magnetic Stimulation (TMS) has been demonstrated to be effective in the treatment of MDD in patients who have failed pharmacologic treatment.

We are confident that by highlighting the personalised treatment that the unique navigational capabilities of our SmartFocus[™] NBT[®] system delivers, we will be able to differentiate it from the non-navigational TMS devices currently on the market. The US sales pipeline for the depression indication is progressing well and we are accelerating our efforts to drive revenues by continuing to strengthen our US commercial organization.

In January 2018, Nexstim announced completion of patient enrolment in its E-FIT trial (Electric Field Navigated 1Hz rTMS for Post-Stroke Motor Recovery Trial) for stroke rehabilitation, an important milestone in the clinical development of NBT system for this indication. The trial recruited its planned total of 60 patients.

The E-FIT trial uses a new sham comparator and has been designed to provide data to supplement the completed Phase III NICHE trial, an approach which is in line with a recommendation from FDA. The earlier NICHE study demonstrated positive results in the active group, treated with the NBT system, with 2/3 patients showing a clinically meaningful response. However, the control group, treated using a sham coil also demonstrated a positive treatment effect which the Company believes was due to the sham coil providing therapy. The new sham coil that is being used in the E-FIT trial was deemed appropriate for use by the FDA.

Nexstim is in the process of formally closing the trial sites and expects to announce data from the E-FIT trial within three weeks from publishing this H1 2018 report. Positive data, based on combining the results from the E-FIT and NICHE studies, would support Nexstim's planned novo 510(k) filing for stroke rehabilitation. FDA clearance of this de novo 510(k) would allow Nexstim to market and sell its NBT system for stroke rehabilitation in the US, the largest and most lucrative market for this device.

Net sales grew by 2.0% in H1 2018 and amounted to EUR 1.1 million, compared to EUR 1.1 million in H1 2017. The growth was driven by NBS system sales in the US which had its strongest start to the year in the Company's history.

We have been building sales of the NBT[®] system in larger EU markets and launching the device for depression in the US, as well as working towards FDA de novo 510(k) filing for stroke. Operating cash burn amounted to EUR -3.1 million in H1 2018 compared to EUR -2.8 million in H1 2017 as we have continued to build our commercial sales, marketing and clinical organization.

Going forward, we believe that there is significant global potential for our NBT[®] systems, not only across the US and Europe, but also in the untapped and extensive Asian market.

We still feel that the revenue potential of NBS system, for brain mapping, both growth in the US and other geographical market areas has not yet been achieved. We continue to search for a strong long-term partner to support our commercialisation efforts in this area.

We were very pleased to receive EUR 1.0 million in new funds from our long-term investor Capricorn Health-tech Fund via a directed share issue in June 2018. This financing was followed by drawing a EUR 4 million senior secured term loan from Kreos Capital. We believe that this is the right time to draw down our loan from Kreos, as we focus on commercialisation of our NBT[®] system in the US and Europe.

As of 30 June 2018, Nexstim had a cash position of EUR 10.3 million, which compares favourably to the cash position of EUR 9.2 million at the end of June 2017. The current cash balance and cash generated from sales will finance the

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Company until the end of Q2 2019.

The Company is actively evaluating the possibility for a new fund raising during H2 2018 to prepare for the potential commercial launch of its NBT[®] system for use in stroke rehabilitation in the US in H1 2019 and to fund an expanded therapy clinical trial programme and the development of a patient treatment data registry.

Key performance indicators

EUR in thousands	1-6/2018 6 months	1-6/2017 6 months	1-12/2017 12 months
Net sales	1,079.3	1,058.4	2,645.3
Personnel expenses	-1,523.8	-1,475.3	-3,334.7
Depreciation and amortisation	-154.4	-165.1	-341.3
Other operating expenses	-1,801.3	-1,759.0	-4,118.1
Profit/ -Loss for the period	-2,440.6	-3,433.9	-7,327.9
Earnings per share (EUR)	-0.03	-0.05	-0.09
Cash flows from operating activities	-3,123.0	-2,791.2	-5,402.9
Cash in hand and at banks	10,305.6	9,239.3	8,473.6
Total equity	3,680.8	7,089.2	5,520.8
Equity ratio (%)	31.23	65.19	52.77
Number of shares in the end of the period (pcs)	97,531,529	86,053,694	93,173,604
Average number of shares during the period (pcs)	93,661,249	70,330,185	79,476,965
Diluted number of shares in the end of the period (pcs)	141,024,519	118,903,768	132,947,261
Diluted average number of shares during the period (pcs)	133,547,163	105,089,658	114,676,433

Future Outlook

Based on its business forecast, the Company expects financial year 2018 to be a year of multiple investments and a larger loss than in financial year 2017 is expected for the period.

Financial review

The figures in parenthesis (EUR thousand) represent the amount in the previous year's comparative period, unless otherwise stated.

Operating results

Net sales

Net sales from January 1 – June 30, 2018 were EUR 1,079.3 thousand (1,058.4), an increase of 2.0 percent.

Work performed for own purpose and capitalised

Work performed for own purpose and capitalised on January 1 – June 30, 2018 was EUR 19.2 thousand (24.3) and consisted of capitalised development costs.

Other operating income

Other operating income from January 1 – June 30, 2018 was EUR 10.2 thousand (66.6). Other operating income consists mainly of grants from Tekes.

Materials and services

Materials and services expenses during the period January 1 – June 30, 2018 totalled EUR -364.2 thousand (-233.6).

Personnel expenses

Personnel expenses on January 1 – June 30, 2018 totalled EUR -1,523.8 thousand (-1,475.3). The increase in expenses

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was mainly due to the recruitment of new personnel.

Depreciation and amortisation

Depreciation and amortisation during January 1 – June 30, 2018 amounted to EUR -154.4 thousand (-165.1).

Other operating expenses

Other operating expenses between January 1 – June 30, 2018 totalled EUR -1,801.3 thousand (-1,759.0). Of this amount, EUR 279.9 thousand was due to expenses directly related to the supplementary E-FIT Phase III Trial.

Operating profit (loss)

Operating loss for the period from January 1 – June 30, 2018 was EUR -2,734.9 thousand (-2,483.7).

Financial income and expenses

Net financial income and expenses from January 1 – June 30, 2018 amounted to an income of EUR 295.6 thousand (-947.9). The net financial income was mainly due to exchange rate gains.

Profit (loss) before taxes

Loss before taxes between January 1 – June 30, 2018 was EUR -2,439.2 thousand (-3,431.6).

Income taxes

Income taxes between January 1 – June 30, 2018 was EUR -1.4 thousand (-2.3).

Profit/loss for the financial period

The loss for the period January 1 – June 30, 2018 was EUR -2,440.6 thousand (-3,433.9).

Financial position

Non-current assets

The Company's non-current assets were EUR 805.8 thousand (831.0). Intangible assets amounting to EUR 482.0 thousand on 30 June 2018 consist mainly of intangible assets related to capitalised development expenses and intellectual property rights. The tangible assets amounting to EUR 313.8 thousand on 30 June 2018 consist mainly of capitalized NBT[®] systems used for trial, demo and business operations.

Current assets

The Company's current assets amounted to EUR 11,782.0 thousand (10,593.0). The increase in current assets was mainly due to the increase in cash in hand and at banks.

Equity

Consolidated shareholders' equity totalled EUR 3,680.8 thousand (7,089.2).

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 7,510.2 thousand (3,528.3). The non-current liabilities of the Company consist of capital loans, other interest-bearing loans and deferred income. The increase in non-current liabilities was mainly due us drawing down the loan from Kreos Capital.

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Current Liabilities

The Company's current liabilities totalled EUR 1,396.9 thousand (806.5). The current liabilities mainly consist of trade payables, other current liabilities and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at banks, totalled EUR 10,305.6 thousand (9,239.3). The current cash balance and cash generated from sales will finance the Company until the end of Q2 2019.

The Company's net cash outflow from operating activities during the reporting period was EUR -3,123.0 thousand (-2,791.2).

Net cash flow from investments was EUR -242.4 thousand during the reporting period (-84.8).

Net cash flow from financing activities was EUR 5,197.5 thousand during the reporting period (3,959.0). This was the result of a directed share issue to Capricorn Health-tech Fund and the drawdown of long-term loans from Kreos Capital and Business Finland.

Organisation and Personnel

Nexstim's strategy is to recruit employees that the Company believes have core competences and know how needed to support the Company achieving its operating objectives efficiently. As a result of this strategy, Nexstim has outsourced most of its operations such as the production.

The Company is organised into five operating functions:

- Clinical;
- Research & Development (R&D);
- Operations;
- Sales & Marketing including After Sales and Service;
- Administration, including Finance, Legal Affairs, Quality and Regulatory Affairs support functions.

At the end of the reporting period June 30, 2018, the Nexstim group employed 28 full-time employees (FTEs). Nexstim Plc (parent company) employed 21 FTEs at the same point of time. During January 1 – June 30, 2018 Nexstim group employed on average 26 FTEs (2017: 23 FTEs).

Strategy

Our mission

By making the transcranial magnetic stimulation (TMS) electric field visible and reproducible, we enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders.

Our vision

To be the new standard of care for treating a host of currently intractable brain diseases and disorders. Personalised TMS is giving back patients – and their families – the life they feared they had lost.

Our strategy

Nexstim is focused on validating and commercialising its personalised SmartFocus™ TMS brain stimulation technology in large therapeutic indications with sub-optimal treatment options, namely stroke, depression and chronic pain.

We are investing in commercial sales, marketing and clinical resources and will continue to raise funding to support our growth ambitions. Our aim is to build sales in the US and large EU markets in currently approved indications, as well as to generate clinical data to obtain regulatory approvals for new important, large markets, for example, stroke in the US.

We also recognise that there is a significant untapped market opportunity in Asia and continue to evaluate opportunities in this area on an ongoing basis.

Nexstim also aims to fulfil the commercial potential of the SmartFocus™ TMS technology in presurgical mapping through the Navigated Brain Stimulation (NBS) system.

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We remain predominantly focused on the potential of our differentiated technology in therapy (NBT[®]), as this represents a much larger market opportunity, with more flexible revenue models for sales growth including the ability to generate larger volumes of consumable sales.

Major Events in the Reporting Period

On 6 January 2018, the Company announced that Nexstim had enrolled the last patient in the supplementary Phase III E-FIT trial

On 23 January 2018, the Company announced that Business Finland had granted the Company an R&D loan amounting to approximately EUR 1 million for the development of a next-generation user interface (GUI) for the Navigated Brain Therapy (NBT[®]) System indicated for the treatment of Major Depressive Disorder (MDD) and chronic neuropathic pain.

On 26 January 2018, the Company announced the subscription of 148,160 new shares in Nexstim Plc based on stock options 2013A. Trading in the new shares commenced on Nasdaq First North Finland and Nasdaq First North Sweden on 31 January 2018.

On 16 March 2018, the Company announced that it had ended its on-going negotiations with a potential Chinese partner for the assembly and distribution of its products in China.

The following resolutions were adopted at its annual general meeting (AGM) of shareholders held on 28 March 2018:

- The AGM of shareholders of Nexstim Plc adopted the Company's financial statements, including the consolidated financial statements for the year 2017, and discharged the members of the board of directors and the chief executive officer from liability. The AGM resolved that no dividend would be paid for the financial year 1 January - 31 December 2017 and that the loss of the financial year be added to the loss account.
- The AGM resolved on the number of the members of the board of directors at five. Martin Jamieson, Ken Charhut, Rohan J. Hoare, Juliet Thompson and Tomas Holmberg were elected to the board. Martin Jamieson was elected as the chairman and Juliet Thompson as the deputy chairman.
- The remuneration of the members of the board of directors was resolved as follows: €36,000 for the members of the board domiciled in the USA, and €27,000 for the members domiciled in Europe. The AGM recommended that the members of the board invest half of the above-mentioned remuneration in the Company's shares.
- Further, the AGM resolved that the members of the board committees shall be paid as follows; €10,000 for the chairman of a committee per year and €5,000 for the members of the committee. It was decided that reasonable travel expenses be compensated to the board members.
- The AGM resolved that the target group of the restricted share unit (RSU) plan will be those members of the board of director's who are independent of the Company. The reward allocations in 2018 will be determined in cash. The AGM decided that for each board member who is independent from the Company the grant gross value of the reward for the vesting period 2018-2019 will be EUR 12,500. The aim is to propose equal allocations for the board members also to the annual general meeting of shareholders in 2019.
- PricewaterhouseCoopers Oy, an authorized Public Accountants was re-elected as the auditor with Martin Grandell acting as the auditor-in-charge. The auditor will be paid a reasonable fee.

The annual general meeting of shareholders also resolved to approve the Financing Arrangement and the Loan Agreement, Security Agreements and the Warrant Agreement with Kreos Capital V (UK) Limited ("Kreos").

In the Financing Arrangement, Kreos will grant the Company a senior secured term loan facility of EUR 4 million. Loans drawn down under the Loan Agreement will carry interest at the rate of 10.75% per annum. The proceeds of the Financing Arrangement would primarily be used in drive the commercialisation of Nexstim's NBT[®] and NBS products in Europe and in particular in the United States.

In addition to the interest, Nexstim will be liable for the following fees and expenses under the Loan Agreement: a EUR 40,000 transaction fee; a fee calculated as 1.75% of the amounts drawn down under the Loan Agreement; and if the Loan Agreement is not fully drawn, a fee calculated as 1.00% of the undrawn loan amount.

The Financing Arrangement also includes issuing warrants over new shares in Nexstim. An agreement governing the issuance of the Warrants would be entered into by and between Nexstim and Kreos Capital V (Expert Fund) LP. The maximum number of new shares to which the warrants entitle will be 1,739,761 (being 480,000 divided by the 90-day volume-weighted average price of the Nexstim share, as further specified in the Warrant Agreement).

On 28 March 2018, the Company announced the following decisions made by its Board of Directors. The Board of Directors resolved to elect the following persons to the Company's Board Committees: The chairman of the Audit Committee shall be Juliet Thompson and its members shall be Rohan Hoare and Tomas Holmberg; The chairman of the Remuneration Committee shall be Ken Charhut and its members shall be Rohan Hoare and Tomas Holmberg; and The

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chairman of the Nomination Committee shall be Sami Tuhkanen and its members shall be Juliet Thompson, Martin Jamieson and Risto Ilmoniemi.

Following the approval of the Financing Arrangement by the AGM, Nexstim's Board of Directors resolved to give effect to the Kreos Financing Arrangement and enter into the remaining agreements thereunder. Any loan amounts to be drawn down under the Financing Arrangement and the issuance of related warrants are subject to further resolutions by Nexstim's Board of Directors.

Pursuant to the authorisation received from the Company's AGM and the restricted share unit reward plan approved by the Annual General Meeting on 28 March 2017, the Board of Directors of the Company resolved on issuing altogether 209,765 new shares without payment to four members of the Board of Directors. The members of the Board of Directors participating in the plan are Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson. Ken Charhut, Rohan Hoare and Juliet Thompson will each receive 50,781 shares and Tomas Holmberg will receive 57,422 shares based on the amount of the gross reward for the vesting period 2017-2018 determined by the Annual General Meeting on 28 March 2017.

On 23 April 2018, the Company announced that it had appointed Sisu Partners Oy as its new Certified Adviser for Nasdaq First North Finland and Nasdaq First North Sweden.

On 22 May 2018, the Company announced that it had agreed to deliver its first Navigated Brain Therapy (NBT[®]) system in the US to Island Psychiatry, a private practice that provides accessible, high quality comprehensive mental healthcare on Long Island, New York.

On 18 June 2018, the Company announced that it raised new equity financing of the gross amount EUR 0.96 million via a directed issue of new shares to a Belgium-based Capricorn Health-tech Fund. The Company's Board of Directors resolved to issue up to 4,000,000 new shares at a subscription price of EUR 0.24 per share, resulting in an aggregate subscription price of EUR 960,000.

On 19 June 2018, the Company announced that the board of directors of Nexstim resolved to draw the full loan facility of EUR 4 million as agreed with Kreos Capital V (UK) Limited, and to issue the related special rights entitling to shares (the "Warrants").

On 19 June 2018, Nexstim Plc resolved on a new stock option plan 2018, amendments of the stock options 2016 and cancellation of stock options 2013 held by the company. The maximum total number of stock options 2018 to be issued is 2,200,000 and they entitle their owners to subscribe for a maximum total of 2,200,000 new shares in the company or existing shares held by the company. Of the stock options, 1,100,000 are part of stock options 2018A and 1,100,000 stock options 2018B. As consequence of the change resolved, of the stock options 2016 in aggregate 2,859,086 are marked with B and those option rights are all allocated to the management and personnel whereas in total 3,662,362 stock options are marked with symbol C out of which 1,650,914 are allocated to the management and personnel and 2,011,448 remain in the possession of the company. The Board of Directors resolved on the allocation of in total 1,850,000 stock options to certain key personnel of the Company (including also to the managing director). The Board of Directors further resolved to definitely and irrevocably cancel 72,268 stock options 2013A held by the company.

Major Events after the Reporting Period

Nexstim Plc has no major events to report after the end of the reporting period.

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 annual report of the Board of Directors. The half-yearly reports only present the changes in short-term risks.

There have not been any major changes in the Company's short-term risks since the publishing of the full year 2017 financial statements.

Share and Shareowners

As at June 30, 2018, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 97,531,529 shares. The shares have no nominal value. Nexstim has one class of shares, which have an ISIN code of FI4000102678. As at the end of the reporting period, Nexstim did not hold any treasury shares. Each share entitles its holder to one vote at the general meetings of shareholders of Nexstim Plc. The shares are issued under Finnish law.

Nexstim Plc shares are listed on the Helsinki Stock Exchange, First North Finland and on the Stockholm Stock Exchange, First North Sweden. Share price information from First North Finland in euro (EUR) and share price information from

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First North Sweden is in Swedish krona (SEK) are presented below.

Between January 1–June 30, 2018, the highest price of the Company's shares was EUR 0.31 (2017: EUR 0.31) and SEK 2.98 (2017: SEK 3.01), the lowest price was EUR 0.18 (2017: EUR 0.14) and SEK 1.82 (2017: SEK 1.32), and the average price was EUR 0.24 (2017: EUR 0.22) and SEK 2.39 (2017: SEK 2.18). The closing price on June 29, 2018, was EUR 0.23 (2017: EUR 0.26) and SEK 2.40 (2017: SEK 2.58).

During public trading between January 1–June 30, 2018, a total of 41,398,915 shares were traded, which corresponds to 44.2 percent of the average number of shares during the said period. During January 1–June 30, 2018, there were on average 93,661,249 shares.

The market value of the share capital at the closing price of EUR 0.23 and SEK 2.40 on June 29, 2018, was EUR 22,237 thousand (2017: 22,546) and SEK 233,881 thousand (2017: 222,019).

At June 30, 2018 the total number of outstanding warrants was 33,541,358 with exercise price per Nexstim Plc share ranging between EUR 0.2773 and EUR 0.8539. In addition, stock option rights amounted to a total of 9,951,632 shares with exercise price per share ranging between EUR 0.01 and EUR 0.20. More detailed information of outstanding warrants and stock option plans are available at company website www.nexstim.com/investors/share-information/

Nexstim Plc Board of Directors had on June 30, 2018 the following authorizations granted.

The 31 March 2016 AGM decided to authorize the Board of Directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The authorisation is valid for five (5) years from the decision of the AGM. The company intends to use the authorisation to the implementation of the restricted share unit plan or the members of the Board of Director's and for the long-term incentive plans for the management and the personnel of the company. On May 25, 2016, the Board of Directors resolved on a new stock option plan on the basis of the authorisation granted by the company's AGM held on March 31, 2016. The authorisation left is for a maximum of 240,090 shares.

The 28 March 2018 AGM resolved to authorize the board of directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. Under the authorization, a maximum of 20,000,000 shares can be issued. The authorization is valid for one (1) year from the decision of the annual general meeting of shareholders. The Company intends to use this authorization for the future financing needs as well as possible mergers and acquisitions and other corporate purposes. On 18 June 2018 the Company's Board of Directors resolved to issue up to 4,000,000 new shares. The authorisation left is for a maximum of 16,000,000 shares.

The 28 March 2018 AGM resolved to authorize the board of directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. Under the authorization, a maximum of 3,000,000 shares may be issued. The authorization is valid for five (5) years from the decision of the annual general meeting of shareholders. The Company intends to use the authorization to the implementation of the RSU plan for the members of the board of director's and for the long-term incentive plans for the management and the personnel of the Company. Pursuant to the authorisation received from the Company's Annual General Meeting and the restricted share unit reward plan approved by the Annual General Meeting on 28 March 2017, the Board of Directors of the Company resolved on issuing altogether 209,765 new shares without payment to four members of the Board of Directors. The Board of Directors of Nexstim resolved on 19 June 2018, to launch a new stock option plan aimed to the management and the personnel of Nexstim Plc and its subsidiaries. The maximum total number of stock options 2018 to be issued is 2,200,000. The authorisation left is for a maximum of 590,235 shares.

Helsinki 16 August 2018

Nexstim Plc
Board of Directors

For further information please visit www.nexstim.com or contact:

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Publication of financial information

A conference call for media, investors and analysts will take place at 4:00 pm Finnish time on Wednesday 16 August 2018. Martin Jamieson, Chairman and CEO, and Mikko Karvinen, CFO, will present the financial and operational results followed by a Q&A session.

The dial-in numbers for the conference call are:

Finland: +358 (0) 800 914672

Sweden: +46 (0) 20 089 6377

UK: +44 (0) 20 3003 2666

US: + 1 866 966 5335

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The call Password is Nexstim.

Financial statements release for the year ending 31 December 2018 will be published on or about 28 February 2019.

Basis of preparation of the half-yearly report

Nexstim Plc's half-yearly report has been prepared in accordance with the Finnish Accounting Regulation and presented in accordance with the rules First North marketplace. The financial information presented in the half-yearly report is unaudited. The figures presented have been subject to rounding adjustments.

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CONSOLIDATED INCOME STATEMENT

Thousand euro	1 January- 30 June 2018	1 January- 30 June 2017	1 January-31 December 2017
NET SALES	1,079.3	1,058.4	2,645.3
Work performed for own purpose and capitalised	19.2	24.3	38.8
Other operating income	10.2	66.6	70.2
Materials and services			
Materials			
Purchases during the financial year	-329.7	-282.1	-617.2
Variation in inventories additions (+) /disposal (-)	-34.5	55.8	94.8
Services	0.0	-7.3	-29.8
Total	-364.2	-233.6	-522.1
Personnel expenses			
Wages and salaries	-1,290.1	-1,273.3	-2,903.3
Social security expenses			
Pension expenses	-139.2	-117.7	-277.2
Other social security expenses	-94.4	-84.4	-154.2
Total	-1,523.8	-1,475.3	-3,334.7
Depreciation and amortisation			
Depreciation and amortisation according to plan	-154.4	-165.1	-341.3
Total	-154.4	-165.1	-341.3
Other operating expenses	-1,801.3	-1,759.0	-4,118.1
OPERATING PROFIT / -LOSS	-2,734.9	-2,483.7	-5,591.9
Financial income and expenses			
Other interest income and other financial income	860.3	0.1	0.4
Interest and other financial expenses	-564.6	-948.0	-1,733.6
Total	295.6	-947.9	-1,733.2
PROFIT / -LOSS BEFORE TAXES	-2,439.2	-3,431.6	-7,325.1
Income taxes	-1.4	-2.3	-2.8
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-2,440.6	-3,433.9	-7,327.9

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CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2018	30 June 2017	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	73.9	74.7	70.5
Intangible rights	408.1	528.9	470.0
Total	482.0	603.6	540.5
Tangible assets			
Machinery and equipment	313.8	217.4	167.3
Total	313.8	217.4	167.3
Investments			
Other shares and similar rights of ownership	10.0	10.0	10.0
Total	10.0	10.0	10.0
NON-CURRENT ASSETS TOTAL	805.8	831.0	717.8
CURRENT ASSETS			
Inventories			
Raw materials and consumables	347.7	348.1	387.1
Total	347.7	348.1	387.1
Receivables			
Trade receivables	661.9	656.5	1,152.5
Prepayments and accrued income	264.4	149.8	117.2
Other receivables	202.5	199.3	195.5
Total	1,128.8	1,005.7	1,465.2
Cash in hand and at banks	10,305.6	9,239.3	8,473.6
CURRENT ASSETS TOTAL	11,782.0	10,593.0	10,325.8
ASSETS TOTAL	12,587.9	11,424.0	11,043.7

Nexstim

Thousand euro

	30 June 2018	30 June 2017	31 December 2017
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	39,480.6	36,768.0	38,519.1
Retained earnings / -loss	-33,439.2	-26,324.9	-25,750.4
Profit / -loss for the financial year	-2,440.6	-3,433.9	-7,327.9
TOTAL EQUITY	3,680.8	7,089.2	5,520.8
LIABILITIES			
NON-CURRENT			
Capital loans	150.0	350.0	300.0
Other interest-bearing loans	7,360.2	3,166.5	3,423.8
Deferred income	0.0	11.8	13.4
Total	7,510.2	3,528.3	3,737.2
CURRENT			
Trade payables	506.9	405.5	961.5
Other liabilities	571.6	79.0	113.0
Accrued expenses	318.5	322.0	711.1
Total	1,396.9	806.5	1,785.6
TOTAL LIABILITIES	8,907.1	4,334.8	5,522.9
EQUITY AND LIABILITIES TOTAL	12,587.9	11,424.0	11,043.7

Nexstim

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2016	80.0	0.0	0.0	31,692.6	-27,294.1	4,478.5
Issue of shares				5,075.4		5,075.4
Profit / -loss for the period					-3,433.9	-3,433.9
Translation difference					969.2	969.2
Equity on 30 June, 2017	80.0	0.0	0.0	36,768.0	-29,758.8	7,089.2
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2016	80.0	0.0	0.0	31,692.6	-27,294.1	4,478.5
Issue of shares				6,826.5		6,826.5
Profit / -loss for the period					-7,327.9	-7,327.9
Translation difference					1,543.7	1,543.7
Equity on 31 December, 2017	80.0	0.0	0.0	38,519.1	-33,078.3	5,520.8
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2017	80.0	0.0	0.0	38,519.1	-33,078.3	5,520.8
Issue of shares				961.5		961.5
Profit / -loss for the period					-2,440.6	-2,440.6
Translation difference					-360.9	-360.9
Equity on 30 June, 2018	80.0	0.0	0.0	39,480.6	-35,879.8	3,680.8

Nexstim

CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 30 June 2018	1 January – 30 June 2017	1 January - 31 December 2017
Cash flows from operating activities			
Profit / -Loss before extraordinary items	-2,440.6	-3,433.9	-7,327.9
Adjustments:			
Depreciation and amortisation according to plan	154.4	165.1	341.3
Other adjustments (income -/ expense +)	-360.9	969.2	1,532.7
Financial income and expenses	-295.7	947.9	1,733.2
Cash flows before change in working capital	-2,942.7	-1,351.7	-3,709.7
Change in working capital:			
Increase (-) or decrease (+) in current receivables	721.7	-804.9	-1,941.7
Increase (-) or decrease (+) in inventories	39.4	-55.8	-94.8
Increase (+) or decrease (-) in current interest-free payables	-851.8	-487.6	-481.4
Cash flows from operations before financial items and taxes	-3,033.4	-2,700.0	-5,265.1
Interest and other financial expenses paid	-89.6	-91.3	-137.8
Direct taxes			
Cash flows from operating activities (A)	-3,123.0	-2,791.2	-5,402.9
Cash flows from investing activities			
Investments in intangible and tangible assets	-242.4	-84.8	-147.8
Cash flows from investments (B)	-242.4	-84.8	-147.8
Cash flows from financing activities			
Share issue	961.5	5,075.4*	6,765.3
Drawing of long-term loans (+)	4,286.0	0.0	0.0
Repayment of long-term loans (-)	-50.0	-1,116.5*	-897.3
Cash flows from financing activities (C)	5,197.5	3,959.0	5,868.0
Change in cash in hand and at banks	1,832.0	1,082.9	317.2
Cash in hand and at banks in the beginning of the period	8,473.6	8,156.4	8,156.4
Cash in hand and at banks at end of the period	10,305.6	9,239.3	8,473.6

* includes EUR 850.0 thousand of conversion of convertible bonds

Nexstim

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Nexstim's related parties include Nexstim's subsidiaries, the members of Nexstim's Board of Directors, the managing director, the members of Nexstim's management team and shareholders having significant influence over the Company. The Company's related parties further include close family members of such persons and entities in which such persons have a controlling interest.

The Company did not have any material transactions with related parties during the reporting period.

CONTINGENT LIABILITIES

EUR in thousands	30 June 2018	30 June 2017	31 December 2017
Guarantees	54.9	55.0	54.9
Leasing liabilities	57.4	65.1	52.6

The following assets will be pledged, by Nexstim and its respective subsidiaries, pursuant to security agreements as security for the amounts payable under the EUR 4 million Kreos loan agreement: Nexstim's bank accounts, promissory notes establishing a business mortgage over Nexstim's assets, intra-group loan receivables, the Nex 10 and Nex 15 patent families and trademarks as specified in the relevant agreement and the shares in Nexstim's UK subsidiary Nexstim Ltd and shares in Nexstim's German subsidiary Nexstim Germany GmbH; the shares in Nexstim's US subsidiary Nexstim, Inc. as well as its assets capable of being pledged; and the bank accounts and receivables of Nexstim's German subsidiary Nexstim Germany GmbH. The Security Agreements also include Nexstim's US subsidiary Nexstim, Inc.'s guaranty agreement.

The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 96.0 thousand at 30 June 2018 and it has been recognised as an expense in income statement and as a liability on the balance sheet.

LARGEST SHAREHOLDERS

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at June 30, 2018 was as follows.

	Shareholder	No. of shares	Holding %
1.	Nordea Bank Ab (Publ), Finnish Branch*	46,221,480	47.39
2.	The Finnish Innovation Fund, Sitra	9,741,876	9.99
3.	Clearstream Banking S.A.*	8,506,986	8.72
4.	Skandinaviska Enskilda Banken AB*	7,269,050	7.45
5.	Svenska Handelsbanken AB (publ), Branch Operation in Finland*	2,341,124	2.40
6.	Haapaniemi Ossi	735,470	0.75
7.	Haapaniemi O.Law Oy	400,365	0.41
8.	Danske Bank AS Helsinki Branch*	363,499	0.37
9.	Paasivirta Esa Juhani	327,943	0.34
10.	Lago Kapital Oy	323,042	0.33
11.	Ilmarinen Mutual Pension Insurance Company	319,643	0.33
12.	Amra Oy	280,000	0.29
13.	Wikberg Ilkka Sakari	232,757	0.24
14.	Holtinen Tarja Inkeri	215,250	0.22
15.	Huhtala Janne	212,528	0.22
16.	Puttonen Vesa	210,314	0.22
17.	Rämänen Esu-Pekka	200,000	0.21
18.	Räsänen Mika Tapani	200,000	0.21
19.	OP-Finland Value Fund	198,987	0.20
20.	Nordnet Bank AB*	175,658	0.18

*Nominee registered shareholders