



NEXSTIM PLC HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2017 (UNAUDITED)

Company announcement, Helsinki, 16 August 2017 at 9:00 am

Company Highlights, January – June 2017

- Patient enrolment for Nexstim's supplementary Phase III Trial in Stroke Rehabilitation (E-FIT) using its NBT[®] system is progressing well. The data, expected in Q2 2018, will be used for a *de novo* 510(k) filing with the FDA
- Nexstim filed a 510(k) submission for its NBT[®] system for the treatment of depression with the US FDA in June
- Fast progress in the long-term financing arrangement with Bracknor Investment and Sitra has resulted in a total of EUR 12.8 million in cash from share issues to date
- NBS revenues amounted to EUR 1.1 million (2016: EUR 0.9 million)
- Implementation of Nexstim's new U.S. distribution model is progressing; five new independent selling representatives

Business Overview

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

NBT

- Nexstim's Navigated Brain Therapy (NBT[®]) system is the only Transcranial Magnetic Stimulation (TMS) system focusing on rehabilitation of hand and arm movement (upper limb motor disability).
- Upper limb motor disability affects approximately 50% of stroke victims, with an estimated EU and US annual market size of USD 1.8 billion.
- The NBT[®] system is CE marked for stroke rehabilitation. We anticipate that the E-FIT trial in the US will be completed in Q2 2018, allowing us to submit a *de novo* 510k to the FDA.
- The NBT[®] system is also CE marked for major depression and chronic neuropathic pain. Nexstim has filed a 510(k) submission with the FDA for the NBT[®] system in the treatment of Major Depressive Disorder (MDD).

NBS

- Nexstim's NBS system is the only CE-marked and FDA-cleared non-invasive solution for pre-surgical mapping of the motor cortex in brain cancer.
- The non-invasive device has demonstrated a 46% increase in progression free survival in low grade gliomas versus the current invasive gold standard.
- The NBS system has been sold to approximately 140 research universities and leading hospitals across the world.

CEO Martin Jamieson's review

I am delighted to report the important progress that Nexstim has made on multiple fronts during the first half of the year.

During the summer of 2016, Nexstim negotiated a long-term financing arrangement in the form of a joint deal with Bracknor Investment and The Finnish Innovation Fund, Sitra. The convertible bond and stand-by equity facility elements of this financing are now complete; the Company has raised a total of EUR 12.8 million in cash from share issues to date, including the first exercises of EUR 1.0 million in related warrants. As a result, at the end of H1 2017, Nexstim had a cash position of EUR 9.2 million. This compares very favourably to the cash position of EUR 1.8 million at the end of



first H1 2016. The current cash balance, plus cash generated from sales, finance the Company until Q4 2018.

In March 2017, Nexstim began patient enrolment in the new 60patient E-FIT trial with its NBT[®] system in post-acute stroke therapy and after a slower than anticipated start to the study, we are encouraged by the recent rate of patient enrolment. The FDA has performed a full review of the technological and safety elements of the submission and we expect the E-FIT trial to be completed in Q2 2018, allowing us to file the clinical data needed for our *de novo* 510(k) filing. Clearance of this *de novo* 510(k) would be a significant milestone for Nexstim, as it would allow us to start marketing and selling the NBT[®] system for stroke rehabilitation in the US, the largest and most lucrative market for this device.

In late June, we announced the filing of a 510(k) submission with the US FDA for the NBT[®] system in the treatment of MDD. MDD is a recurrent and frequently chronic disorder that affects 2-5% of the population in developed countries, with current treatment options that are sub-optimal. Neuro-stimulation, by repetitive TMS has been shown to be effective in treating depression in patients who have failed pharmacologic treatment. This 510(k) submission is a major milestone for Nexstim in execution of our strategy, which is centred on building a significant business for our NBT[®] system in the US. We are looking forward to being in a position to market our NBT[®] system for depression, starting early in 2018.

Turning to the NBS system, we have been working on shifting to a distributor model for US sales to drive its use in pre-surgical mapping (PSM). This has resulted in changes to the current business organisation in both the US and Finland. We have signed five new independent sales representative agreements in the US covering key states. Importantly, we have now completed training the distributors' representatives, providing them with the knowledge and skills to sell the NBS system.

NBS net sales grew by 18.6% in H1 2017 to EUR 1.1 million, compared to EUR 0.9 million in H1 2016. We are also pleased that operating cash burn amounted to only EUR -2.8 million in H1 2017, mainly as a result of the implementation of organizational changes.

We estimate that the global sales pipeline will remain strong for the full financial year of 2017 and expect to see growth in sales of the NBS system, particularly in the US. In addition to our progress in the US, we continue to focus on building sales of the NBT[®] system in the larger EU markets.

Going forward, we believe that there is significant global sales growth potential for both our NBS and NBT[®] systems, particularly in the untapped and extensive Asian market, and we continue to look for new partnering opportunities there, as well as across Europe and the US.

Status of clinical development

In March 2017, Nexstim started patient enrolment in its 60 patient E-FIT trial (Electric Field Navigated 1Hz rTMS for Post-Stroke Motor Recovery Trial). In line with the FDA recommendation, data from this limited size trial will be combined with data from NICHE, the previous Phase III trial. The NICHE study showed a positive treatment effect for the NBT[®] system, however, there was also a positive treatment effect in the control group, who were treated using a sham coil. Nexstim has designed a new sham coil to address the active effect that was seen in the NICHE control group. The new sham coil has been deemed appropriate by the FDA for use in the E-FIT trial.

Throughout the trial, Nexstim will continue to communicate with the FDA to ensure efficient review of the submission, designed to supplement the existing *de novo* 510(k) submission. The *de novo* process provides a 120-day pathway to 510(k) clearance for novel Class II medical devices for which there is no legally marketed predicate device. The FDA has indicated that the *de novo* pathway is appropriate for Nexstim's NBT[®] system to receive marketing and sales clearance in the US.

Nexstim expects the E-FIT trial to be completed in Q2 2018, generating data which we anticipate will support our *de novo* 510(k) filing. *De novo* 510(k) clearance would allow Nexstim to market and sell the NBT system for stroke rehabilitation in the US.

Key performance indicators

EUR in thousands	1-6/2017 6 months	1-6/2016 6 months	1-12/2016 12 months
Net sales	1,058.4	892.5	2,482.6
Personnel expenses	-1,475.3	-2,214.6	-4,253.2
Depreciation and amortisation	-165.1	-168.8	-372.3
Other operating expenses	-1,759.0	-2,410.8	-3,907.6
Profit/ -Loss for the period	-3,433.9	-4,226.5	-6,732.7
Earnings per share (EUR)	-0.05	-0.53	-0.56
Cash flows from operating activities	-2,791.2	-5,240.7	-7,225.3
Cash in hand and at banks	9,239.3	1,815.6	8,156.4
Total equity	7,089.2	-588.1	4,478.5
Equity ratio (%)	65.19	-3.24	55.12
Number of shares in the end of the period (pcs)	86,053,694	8,116,833	47,087,749
Average number of shares during the period (pcs)	70,330,185	8,031,740	11,950,664
Diluted number of shares in the end of the period (pcs)	118,903,768	9,497,698	78,830,446
Diluted average number of shares during the period (pcs)	105,089,658	8,936,160	15,762,543

Future Outlook

Based on its business forecast the Company estimates its net sales to grow during financial year 2017 and a loss is expected for the financial year.

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, 2017 were EUR 1,058.4 thousand (892.5), an increase of 18.6 percent mainly due to growth in sales of services and consumables.

Work performed for own purpose and capitalised

Work performed for own purpose and capitalised between January 1 – June 30, 2017 was EUR 24.3 thousand (15.3) and consisted of capitalised development costs.

Other operating income

Other operating income from January 1 – June 30, 2017 was EUR 66.6 thousand (13.1). Other operating income consists mainly of grants from Tekes.

Materials and services

Materials and services expenses during the period January 1 – June 30, 2017 totalled EUR -233.6 thousand (-239.0).

Personnel expenses

Personnel expenses between January 1 – June 30, 2017 totalled EUR -1,475.3 thousand (-2,214.6). The decrease in expenses was due to a reduction in headcount following execution of the cost savings plan initiated in the fall of 2016.

Depreciation and amortisation

Depreciation and amortisation during January 1 – June 30, 2017 amounted to EUR -165.1 thousand (-168.8).

Nexstim

Other operating expenses

Other operating expenses between January 1 – June 30, 2017 totalled EUR -1,759.0 thousand (-2,410.8). Of this amount, EUR 406.0 thousand was due to expenses directly related to the supplementary E-FIT Phase III Trial.

Operating profit (loss)

Operating loss on January 1 – June 30, 2017 was EUR -2,483.7 thousand (-4,112.2).

Financial income and expenses

Net financial income and expenses between January 1 – June 30, 2017 amounted to an expense of EUR -947.9 thousand (-112.4). The net financial expense was mainly due to exchange rate losses.

Profit (loss) before taxes

Loss before taxes between January 1 – June 30, 2017 was EUR -3,431.6 thousand (-4,224.7).

Income taxes

Income taxes between January 1 – June 30, 2017 was EUR -2.3 thousand (-1.9).

Profit/loss for the financial period

The loss for the period January 1 – June 30, 2017 was EUR -3,433.9 thousand (-4,226.5).

Financial position

Non-current assets

The Company's non-current assets were EUR 831.0 thousand (941.0). Intangible assets, which amounted to EUR 603.6 thousand on 30 June 2017, consisted mainly of intangible assets related to capitalised development expenses and intellectual property rights. Tangible assets, which amounted to EUR 217.4 thousand on 30 June 2017, consisted mainly of trial equipment.

Current assets

The Company's current assets amounted to EUR 10,593.0 thousand (3,359.7). The increase in current assets was mainly due to the increase in cash in hand and at banks.

Equity

Consolidated shareholders' equity totalled EUR 7,089.2 thousand (-588.1).

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 3,528.3 thousand (3,549.6). The non-current liabilities of the Company consist of capital loans, other interest-bearing loans and deferred income.

Current Liabilities

The Company's current liabilities totalled EUR 806.5 thousand (1,339.2). The current liabilities mainly consist of trade payables, other current liabilities and accrued expenses.

Financing and liquidity

Nexstim

Liquid assets, consisting of cash in hand and at banks, totalled EUR 9,239.3 thousand (1,815.6).

The Company's net cash outflow from operating activities during the reporting period was EUR -2,791.2 thousand (-5,240.7).

Net cash flow from investments was EUR -84.8 thousand during the reporting period (-136.2).

Net cash flow from financing activities was EUR 3,959.0 thousand during the reporting period (317.8) which consists of shares issues, conversion of convertible bonds and repayment of long-term loans.

Organisation and Personnel

Nexstim's strategy is to recruit employees that the Company believes have core competence and know how to support the efficient operation of the Company. In line with this strategy, Nexstim has outsourced most of its operations, including production.

The Company has five operating units:

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

At the end of the reporting period June 30, 2017, the Nexstim group employed 23 full-time employees (FTEs). Nexstim Plc (parent company) employed 18 FTEs at the same point of time. During January 1 – June 30, 2017 the Nexstim group employed on average 23 FTEs (2016: 33 FTEs).

Strategy

The Company is focused on preparing for the commercialisation of its navigated transcranial magnetic stimulation (nTMS) technology in the major therapeutic applications of post-acute stroke, depression and chronic pain, following US regulatory approval. We are also considering partner agreements to deliver growth in the major geographic territories of Europe, the US and Asia. The Pre-surgical mapping (PSM) business is moving to a distributor model to deliver further growth.

Major Events in the Reporting Period

On 11 January 2017, the Company announced that Nexstim had signed independent selling representative agreements in the US. According to the agreements, SurgicalOne, Inc., NeuroTec Inc., and Medical Excellence Southwest represent the Nexstim Brain Mapping NBS system in the US

On 16 January 2017, the company announced the subscription of 256,035 new shares in Nexstim Plc based on stock options 2013A.

An extraordinary general meeting (EGM) was held in Helsinki on 20 February 2017. The EGM approved the unauthorised directed issuances of 15,602,127 shares in Nexstim to Bracknor and Sitra. In addition, the EGM approved the unauthorised issuances to Bracknor and Sitra of special rights entitling to 31,167,761 shares in Nexstim. The EGM also authorised the Board of Directors to resolve on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Companies Act as follows: The shares issued under the authorisation are new or those in Nexstim's possession. Under the authorisation, a maximum number of 29,412,792 shares could be issued.

On 7 March 2017, the Company announced that it had enrolled the first patients in its supplemental Phase III clinical trial in stroke rehabilitation, known as E-FIT.

On 9 March 2017, the Company announced that Petriina Puolakka will be stepping down from her role as Vice President, Legal Affairs and as a member of the Management Team as of 7 April 2017 and will pursue opportunities outside the company.

The annual general meeting (AGM) was held in Helsinki on 28 March 2017. The following resolutions were adopted at the AGM:

The AGM of Nexstim Plc adopted the company's financial statements, including the consolidated financial statements for

the year 2016, and discharged the members of the Board of Directors and the Chief Executive Officer from liability.

The AGM decided that no dividend would be paid for the financial year 1 January - 31 December 2016 and that the loss of the financial year be added to the loss account.

The AGM resolved the number of the members of the Board of Directors at five. Martin Jamieson, Ken Charhut, Rohan 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 Committee be paid as follows; €10,000 for the chairman of a committee per year and €5,000 for members of the Committee. It was decided that reasonable travel expenses be compensated to the board members.

The AGM decided that a restricted share unit plan be implemented for selected members of the Board of Directors of Nexstim Plc, on the terms and conditions attached to the proposals of the Board of Director's and its Committees to the AGM, which is available on the company's web site www.nexstim.com. The plan includes four vesting periods, corresponding to the terms of office 2016-2017, 2017-2018, 2018-2019 and 2019-2020 of the member of the Board. 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 Director's who are independent of the company. The reward allocations in 2017 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 2017-2018 will be EUR 12,500. The aim is to propose equal allocations for the Board Members also to the AGM in 2018 and 2019. The granted reward will be converted into restricted share units at the beginning of the vesting period, in 2017. The conversion of the granted reward into restricted share units will be based on the trade volume weighted average quotation of the company's share on Nasdaq Helsinki Ltd during 20 trading days following the release date of the company's Financial Statements from 2016. In the plan, one restricted share unit corresponds to one company's 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 AGM decided that rewards from the plan will be paid to the Board Members in the company's shares within four weeks of the AGM in 2018, 2019 and 2020. The allocated reward for the vesting period 2017-2018 will be paid within four weeks of the AGM in 2018. The company will withhold taxes and employment related expenses from the cash proportion of the reward according to 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 or her on the basis of such vesting period. The AGM proposes that the participants will be strongly recommended to hold shares paid as reward as long as their mandate as a member of the Board continues.

PricewaterhouseCoopers Oy, 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.

In addition, the AGM authorised the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares. These authorisations are listed in more detail further in this report in section "Share and Shareowners".

On 28 March 2017, the Company announced that the Board of Directors convened after the AGM, and elected the members of the Board Committees as follows; The chairman of the Audit Committee to be Juliet Thompson and its members to be Rohan Hoare and Tomas Holmberg. The chairman of the Remuneration Committee to be Ken Charhut and the members to be Rohan Hoare and Martin Jamieson. The chairman of the Nomination Committee to be Sami Tuhkanen.

On 24 April 2017, the Company announced the appointment of Hanna Kotola as Vice President, Legal Affairs effective from 1 June 2017. Mrs. Kotola joined the Nexstim Management Team and reports to its CEO, Martin Jamieson.

On 8 May 2017, the Company announced that it had decided to terminate its market making agreement with Pareto Securities AB in Nasdaq First North Sweden market. Termination was effective on 1 July 2017.

On 19 May 2017, the Company provided a timeline update for its supplemental Phase III clinical trial in stroke rehabilitation (E-FIT).

On 2 June 2017, the Company announced that it had agreed with the Finnish Funding Agency for Innovation (Tekes) to a three-year extension to the annual loan repayments on two R&D project loans. As a result of this agreement, cash repayments up to a maximum of EUR 1.8 million which were due to be paid from 2017-2019, will now be repaid between 2020 and 2022. The full repayment of these two R&D loans needs to be made to Tekes by the end of 2023.

On 5 June 2017, the Company announced that the Board of Directors of Nexstim Plc had decided that Tomas Holmberg shall replace Martin Jamieson on the Remuneration Committee. Risto Ilmoniemi and Juliet Thompson were elected as new members of the Nomination committee. After these changes mentioned above, the Nexstim Plc Board Committee members are as follows. The chairman of the Audit Committee is to be Juliet Thompson and the members are to be Rohan Hoare and Tomas Holmberg. The chairman of the Remuneration committee is to be Ken Charhut and the members are to be Rohan Hoare and Tomas Holmberg. The chairman of the Nomination Committee is to be Sami Tuhkanen and the members are to be Risto Ilmoniemi and Juliet Thompson.

On 27 June 2017, the Company announced filing a 510(k) submission for its NBT[®] system for the treatment of Major Depressive Disorder (MDD) with the US FDA on 26 June 2017.

In addition to the above announcements, between 9 January 2017 and 6 June 2017, the Company published a total of eight regulatory releases about share issues as part of the Bracknor Investement and Sitra financing arrangement. According to the releases during this period, a total of 38 909 587 shares were transferred to these investors.

Post the 6 June 2017 share issue, the authorisation granted by the 20 February 2017 EGM has been used in full. Save for the exercising of the warrants issued in connection with the arrangement announced on 21 July 2016, the said financing arrangement has now been completed. A maximum of 31,801,597 shares in the Company may be subscribed for based on the unexercised warrants with the subscription price ranging from EUR 0.2773-0.8539 per share. Exercising all the unexercised warrants in accordance with the subscription prices of the warrants' terms and conditions would amount to an aggregate value of approximately EUR 14.3 million.

Major Events after the Reporting Period

On 3 August 2017, the Company announced that Rainer Harjunpää has resigned from his role as Vice President, Quality Assurance & Regulatory Affairs, After Sales and Services, and as a member of the Management Team, effective as of 31 August 2017.

Nexstim Plc has no other 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 2016 financial statements.

Share and Shareowners

As at June 30, 2017, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 86,053,694 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 First North Sweden is in Swedish krona (SEK) are presented below.

Between January 1–June 30, 2016, the highest price of the Company's shares was EUR 0.31 (2016: EUR 6.60) and SEK 3.01 (2016: SEK 60.00), the lowest price was EUR 0.14 (2016: EUR 0.60) and SEK 1.32 (2016: SEK 6.05), and the average price was EUR 0.22 (2016: EUR 1.64) and SEK 2.18 (2016: SEK 13.68). The closing price on June 30, 2017, was EUR 0.26 (2016: EUR 0.95) and SEK 2.58 (2016: SEK 8.35).

During public trading between January 1–June 30, 2017, a total of 590,435,804 shares were traded, which corresponds to 839.5 % of the average number of shares during the said period. During January 1–June 30, 2017, there were on average 70,330,185 shares.

The market value of the share capital at the closing price of EUR 0.26 and SEK 2.58 on June 30, 2017, was EUR 22,546 thousand (2016: 7,711) and SEK 222,019 thousand (2016: 67,776).

Nexstim Plc Board of Directors had on June 30, 2017 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 shares issued under the authorisation are new or those in the Company's possession. Under the authorisation, a maximum of 950,000 shares can be issued. The authorisation is valid for five (5) years from the decision of the AGM. The company intends to use the authorisation for the implementation of the restricted share unit plan to 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 maximum total number of stock options issued is 700,000 and as such at the end of the reporting period the authorisation left is for a maximum of 250,000 shares.

The 28 March 2017 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 shares issued under the authorization are new or those in the company's possession. Under the authorization, a maximum of seven million (7,000,000) shares can be issued. The authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares. 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 and possible mergers and acquisitions.

The 28 March 2017 AGM further 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 Companies Act. The shares issued under the authorization are new or those in the company's possession. Under the authorization, a maximum of seven million (7,000,000) shares can be issued. The authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares. 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.

Helsinki 16 August 2017

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 2017. 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



Standard International: +44 (0) 20 3003 2666

The call Password is Nexstim.

Financial statements release for the year ending 31 December 2017 will be published on or about 28 February 2018.

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.

Nexstim

CONSOLIDATED INCOME STATEMENT

Thousand euro	1 January- 30 June 2017	1 January- 30 June 2016	1 January-31 December 2016
NET SALES	1,058.4	892.5	2,482.6
Work performed for own purpose and capitalised	24.3	15.3	26.0
Other operating income	66.6	13.1	17.2
Materials and services			
Materials			
Purchases during the financial year	-282.1	-196.6	-560.5
Variation in inventories additions (+) /disposal (-)	55.8	-42.3	-128.1
Services	-7.3	-0.1	-0.1
Total	-233.6	-239.0	-688.6
Personnel expenses			
Wages and salaries	-1,273.3	-1,829.1	-3,602.3
Social security expenses			
Pension expenses	-117.7	-185.0	-349.0
Other social security expenses	-84.4	-200.4	-302.0
Total	-1,475.3	-2,214.6	-4,253.2
Depreciation and amortisation			
Depreciation and amortisation according to plan	-165.1	-168.8	-372.3
Total	-165.1	-168.8	-372.3
Other operating expenses	-1,759.0	-2,410.8	-3,907.7
OPERATING PROFIT / -LOSS	-2,483.7	-4,112.2	-6,696.1
Financial income and expenses			
Other interest income and other financial income	0.1	0.1	0.1
Interest and other financial expenses	-948.0	-112.6	-34.5
Total	-947.9	-112.4	-34.3
PROFIT / -LOSS BEFORE TAXES	-3,431.6	-4,224.7	-6,730.4
Income taxes	-2.3	-1.9	-2.3
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-3,433.9	-4,226.5	-6,732.7

Nexstim

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2017	30 June 2016	31 December 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	74.7	74.9	66.3
Intangible rights	528.9	565.2	586.0
Total	603.6	640.1	652.2
Tangible assets			
Machinery and equipment	217.4	290.9	249.1
Total	217.4	290.9	249.1
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	831.0	941.0	911.3
CURRENT ASSETS			
Inventories			
Raw materials and consumables	348.1	379.2	292.3
Total	348.1	379.2	292.3
Receivables			
Trade receivables	656.5	824.9	789.4
Loan receivables	0.0	0.2	0.0
Prepayments and accrued income	149.8	218.5	161.0
Other receivables	199.3	121.3	107.0
Total	1,005.7	1,165.0	1,057.4
Cash in hand and at banks	9,239.3	1,815.6	8,156.4
CURRENT ASSETS TOTAL	10,593.0	3,359.7	9,506.0
ASSETS TOTAL	11,424.0	4,300.7	10,417.3

Nexstim

Thousand euro

	30 June 2017	30 June 2016	31 December 2016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	36,768.0	23,583.4	31,692.6
Retained earnings / -loss	-26,324.9	-20,024.9	-20,561.4
Profit / -loss for the financial year	-3,433.9	-4,226.5	-6,732.7
TOTAL EQUITY	7,089.2	-588.1	4,478.5
LIABILITIES			
NON-CURRENT			
Capital loans	350.0	450.0	1,250.0
Other interest-bearing loans	3,166.5	3,064.2	2,528.3
Deferred income	11.8	35.4	23.6
Total	3,528.3	3,549.6	3,801.9
CURRENT			
Trade payables	405.5	445.9	397.3
Other liabilities	79.0	437.9	1,012.0
Accrued expenses	322.0	455.4	727.6
Total	806.5	1,339.2	2,136.9
TOTAL LIABILITIES	4,334.8	4,888.8	5,938.8
EQUITY AND LIABILITIES TOTAL	11,424.0	4,300.7	10,417.3

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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, 2015	80.0	0.0	0.0	23,582.3	-20,117.2	3,545.1
Issue of shares				1,1		
Profit / -loss for the period					-4,226.5	
Translation difference					92.3	
Equity on 30 June, 2016	80.0	0.0	0.0	23,583.4	-24,251.5	-588.1
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2015	80.0	0.0	0.0	23,582.3	-20,117.2	3,545.1
Issue of shares				8,110.3		
Profit / -loss for the period					-6,732.7	
Translation difference					-444.1	
Equity on 31 December, 2016	80.0	0.0	0.0	31,692.6	-27,294.1	4,478.5
	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		
Profit / -loss for the period					-3,433.9	
Translation difference					969.2	
Equity on 30 June, 2017	80.0	0.0	0.0	36,768.0	-29,758.8	7,089.2

CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 30 June 2017	1 January - 30 June 2016	1 January - 31 December 2016
Cash flows from operating activities			
Profit / -Loss before extraordinary items	-3,433.9	-4,224.7	-6,732.7
Adjustments:			
Depreciation and amortisation according to plan	165.1	168.8	372.3
Other adjustments (income -/ expense +)	969.2	92.3	-444.2
Financial income and expenses	947.9	-112.4	-34.3
Cash flows before change in working capital	-1,351.7	-4,076.0	-6,838.9
Change in working capital:			
Increase (-) or decrease (+) in current receivables	-804.9	-228.4	298.8
Increase (-) or decrease (+) in inventories	-55.8	42.3	129.2
Increase (+) or decrease (-) in current interest-free payables	-487.6	-1,089.1	-839.2
Cash flows from operations before financial items and taxes	-2,700.0	-5,351.2	-7,250.1
Interest and other financial expenses paid	-91.3	112.4	24.8
Direct taxes		-1.9	0.0
Cash flows from operating activities (A)	-2,791.2	-5,240.7	-7,225.3
Cash flows from investing activities			
Investments in intangible and tangible assets	-84.8	-136.2	-310.1
Cash flows from investments (B)	-84.8	-136.2	-310.1
Cash flows from financing activities			
Share issue	5,075.4*	1.1	7,700.3
Repayment of long-term loans (-)	-1,116.5*	0.0	-100.0
Drawing of long-term loans (+)	0.0	316.7	1,216.7
Cash flows from financing activities (C)	3,959.0	317.8	8,817.0
Change in cash in hand and at banks	1,082.9	-5,059.1	1,281.6
Cash in hand and at banks in the beginning of the period	8,156.4	6,874.7	6,874.7
Cash in hand and at banks at end of the period	9,239.3	1,815.6	8,156.4

* includes EUR 850.0 thousand of conversion of convertible bonds

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 2017	30 June 2016	31 December 2016
Guarantees	55.0	62.2	55.0
Leasing liabilities	65.1	74.9	76.7

The accumulated accrued unpaid interest on the capital loans of the Company amounted to EUR 72.2 thousand at 30 June 2017 and it has not been recognised as an expense in income statement or 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, 2017 was as follows.

	Shareholder	No. of shares	Holding %
1.	Nordea Bank Ab (Publ), Finnish Branch*	61,997,394	72.05
2.	The Finnish Innovation Fund, Sitra	9,741,876	11.32
3.	Svenska Handelsbanken AB (publ), Branch Operation in Finland*	2,164,474	2.52
4.	Haapaniemi Ossi	735,470	0.85
5.	Clearstream Banking S.A.*	718,224	0.83
6.	Haapaniemi O.Law Oy	400,365	0.47
7.	Lago Kapital Oy	323,663	0.38
8.	Ilmarinen Mutual Pension Insurance Company	319,643	0.37
9.	Amra Oy	291,650	0.34
10.	Danske Bank Plc*	260,301	0.30
11.	Wikberg Ilkka Sakari	225,457	0.26
12.	Kekäläinen Jari Tapani	200,000	0.23
13.	OP-Delta Fund	198,987	0.23
14.	Skandinaviska Enskilda Banken AB*	186,290	0.22
15.	Ihantola Markku Wilhelm	165,000	0.19
16.	Mustonen Juha-Pekka Johannes	120,000	0.14
17.	Tukiainen Hannu Tapani	120,000	0.14
18.	Ilmoniemi Risto Juhani	119,541	0.14
19.	Järnefelt Anders Gustaf	109,731	0.13
20.	Kaukoranta Eero Onni	100,200	0.12

*Nominee registered shareholders