



# Nexstim

## Targeting a paradigm shift in stroke rehabilitation

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H1 2015 Half-Yearly Report



@NexstimOyj

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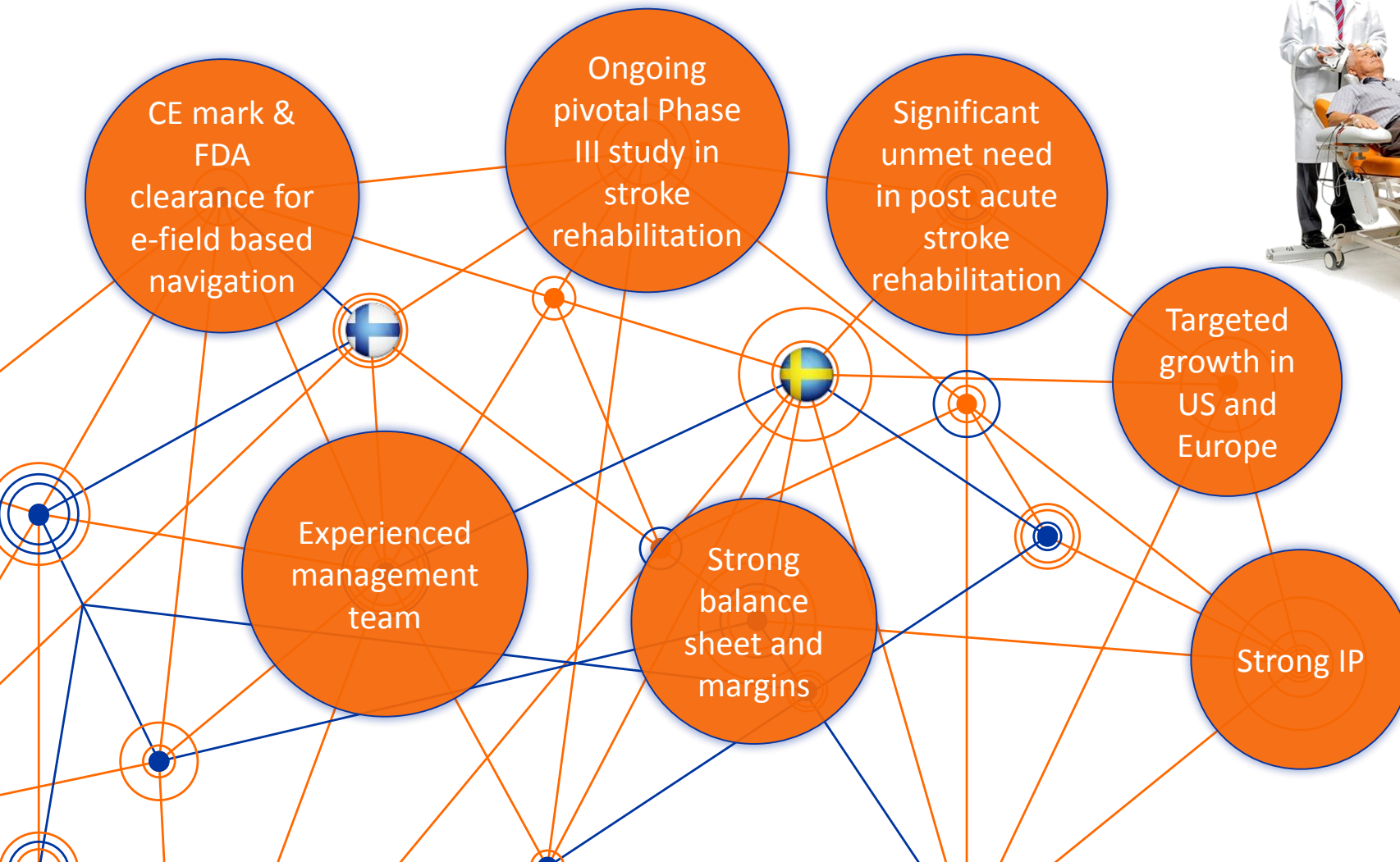
Nexstim's NBS System is cleared by the FDA for assessment of the motor and speech cortices for pre-procedural planning. The NBT System is not cleared for commercial distribution in the United States.

## **FORWARD-LOOKING STATEMENTS**

This document may contain forward-looking statements that reflect the Company’s current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will materialise. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. To the extent that this document contains opinions, estimates, forecasts or other forward looking statements, no guarantees or undertakings that these are correct or complete are given by the Company or any of its respective members, advisors, officers or employees or any other person. Forecasts and assumptions which are subject to economic and competitive uncertainty are outside such person’s control and no guarantee can be given that projected results will be achieved or that outcomes will correspond with forecasts. Information in this document may be changed, added to or corrected without advance notification.

# Introduction to Nexstim

Novel medtech company with strong position in brain navigation technology and software



# Company Highlights, January – June 2015

- Phase III multi-centre trial in the US for stroke therapy progressing according to plans
- Successfully enrolling patients on time with first milestone interim analysis expected in Q3 2015
- 55.4 % revenue growth vs H1 2014
- Board appointments
  - Olli Riikkala as Chairman
  - Juliet Thompson as a new independent NED



## Conducted at 12 top US rehab sites

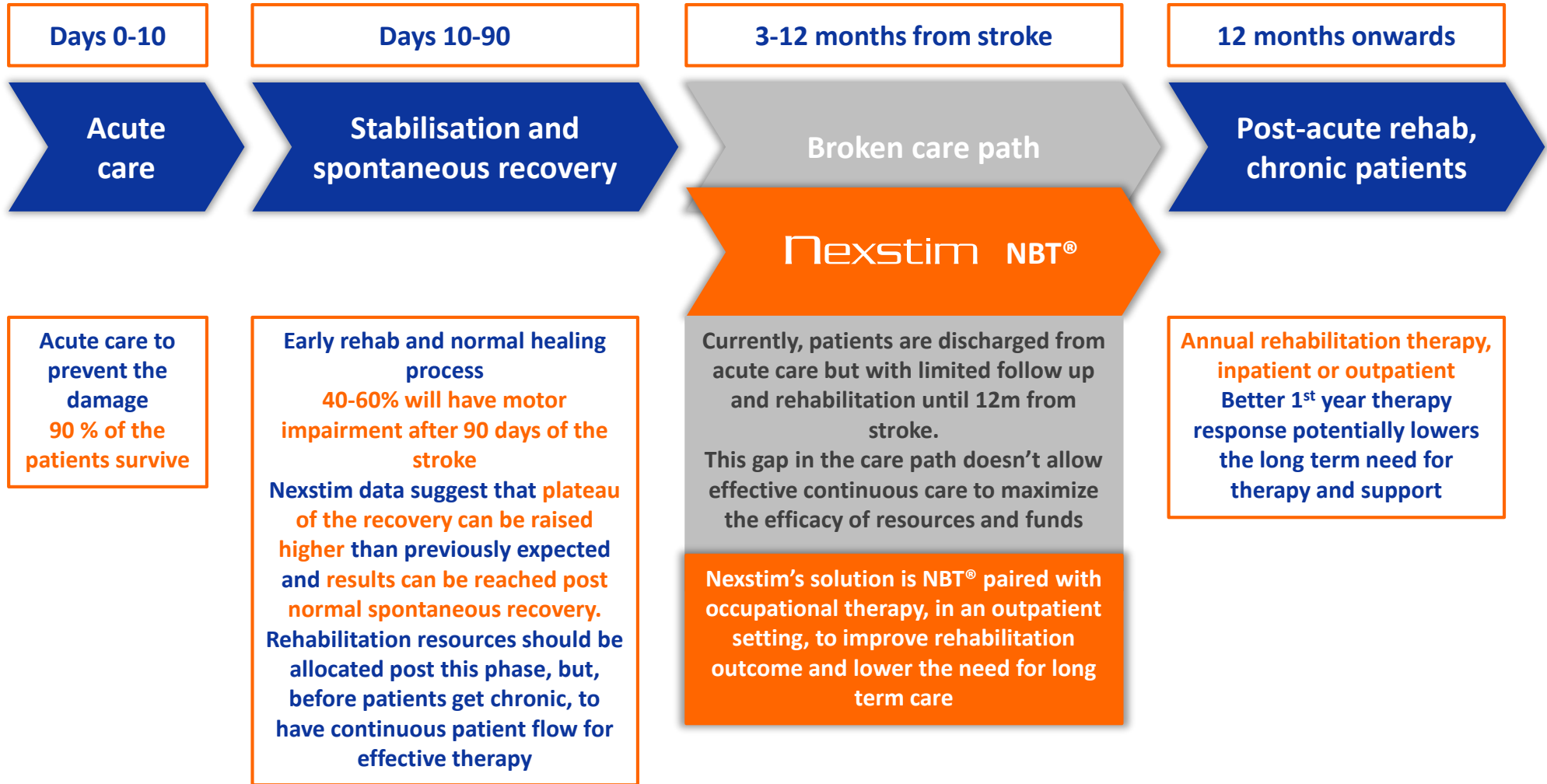
	<b>Rehabilitation Institute of Chicago (central site)</b>
	TIRR Memorial Hermann Hospital (Houston)
	Spaulding Rehabilitation Hospital (Boston)
	Ohio State University (Columbus, OH)
	Rancho Los Amigos National Rehabilitation Center
	Burke Rehabilitation Hospital (White Plains, NY)
	Duke University Medical Center (Durham, NC)
	Columbia Cornell New York Presbyterian Hospital
	Shepherd Center (Atlanta)
	University of Cincinnati
	Indiana University Indianapolis
	Mayo Clinic (Phoenix, AZ)

# Stroke Therapy

Huge unmet need and commercial opportunity



# Positioned within Stroke Care Path



# Targeting a paradigm shift in stroke rehabilitation

## Nexstim's Navigated Brain Therapy® solution for stroke rehabilitation



## Targeting a blockbuster market...

(market for post-acute stroke treatment)

**2.1 million strokes** each year in US and Europe

**712,000 patients** is Nexstim's target # of patients

**\$1.8 billion** market potential for Nexstim

**Few effective alternatives...**

**...still \$8.5bn currently spent on stroke rehab in the US**



**Huge unmet need and commercial opportunity**



## ...with a potential game-changer technology

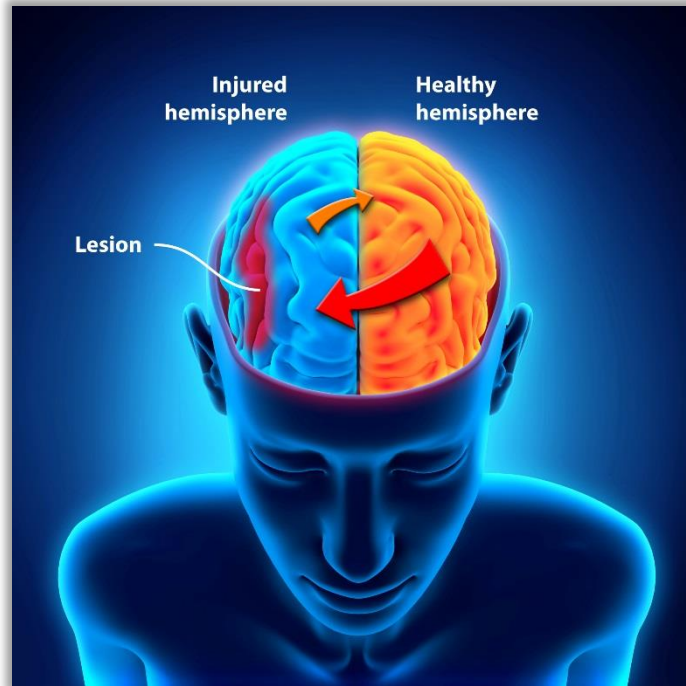
**Promising efficacy** demonstrated in completed Phase II clinical trial

**Technology already validated** – Pioneered the technology to map motor and speech centers, with 120 devices installed worldwide and FDA clearance – same technology now applied in stroke rehabilitation

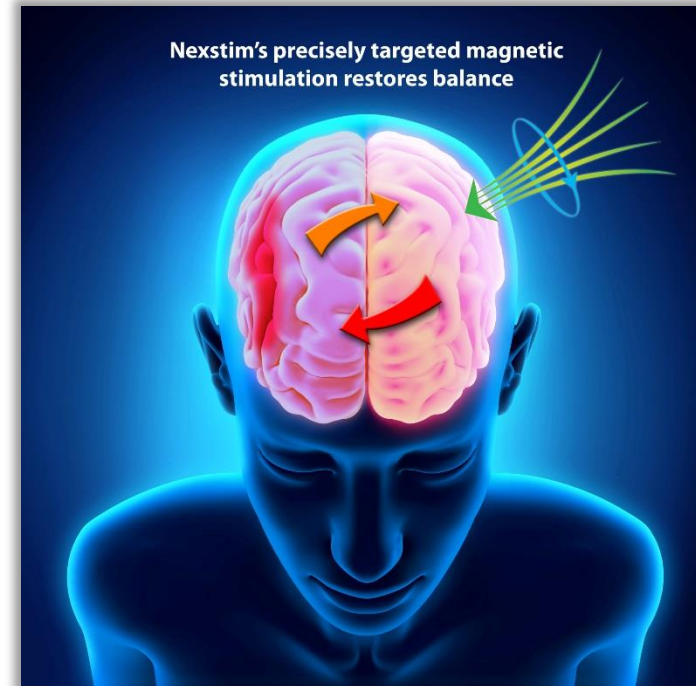


# NBT<sup>®</sup> for stroke rehabilitation – How it works

## Validated e-Field Navigation gives Competitive Edge



Using a patient's own MRI scan as a guide, Nexstim provides precisely targeted, personalized, magnetic stimulation to temporarily inhibit the healthy side of the brain, normalising the balance between the hemispheres.

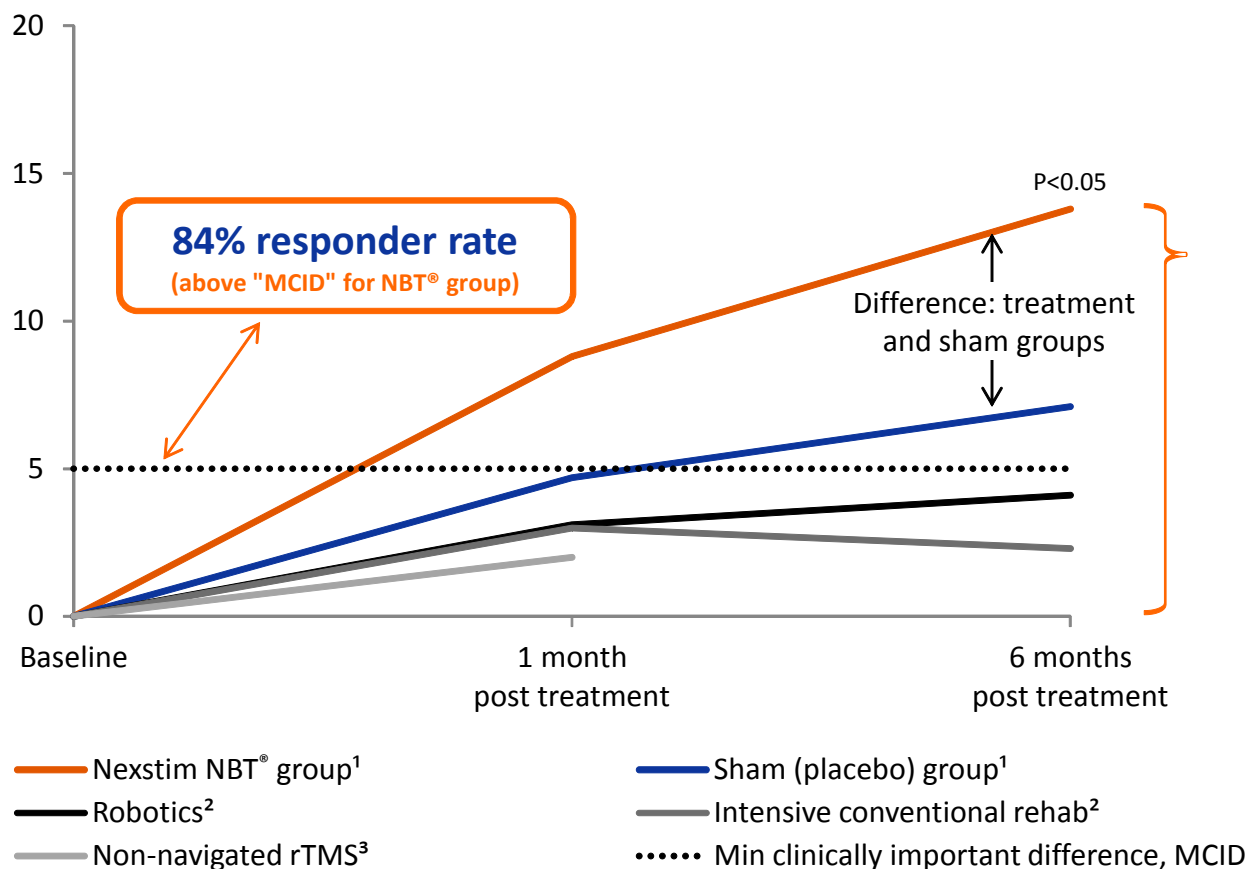


Because the injured side is no longer dominated by the healthy side of the brain, it is more responsive to the physiotherapy. This results in limb movement being potentially restored more quickly to better functionality.

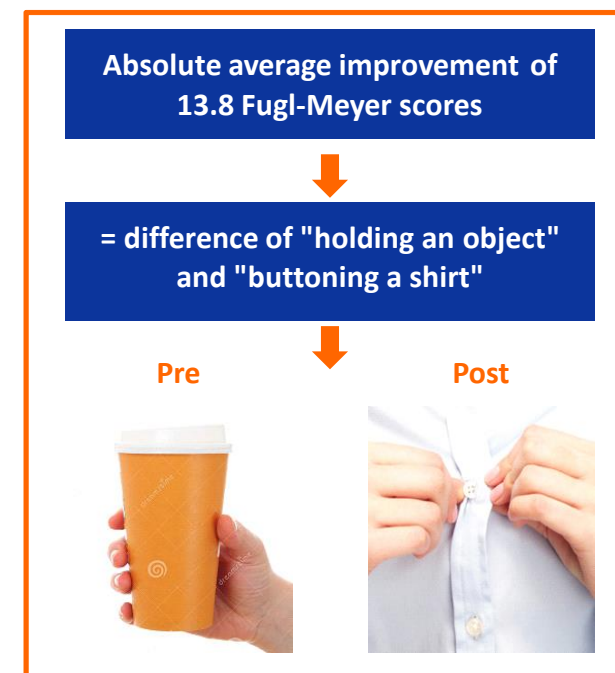


# Efficacy demonstrated in Phase II trial

## Change in upper extremity Fugl-Meyer score from baseline



## Trial outcome:



## The Phase II clinical trial in brief:

- Single centre at Rehabilitation Institute of Chicago (#1 rehabilitation hospital in US for 24 consecutive years)
- 29 patients of which 19 (10) in treatment (sham) group
- End-point = 6 months post treatment

Note: "Robotics", "Intensive conventional rehab" and "Non-navigated rTMS" data come from different studies. While not directly comparable, included in the above chart for illustrative purposes. | (1) Data for "Treatment group" and "Sham group" from Nexstim Phase II clinical trial (Harvey et al, 2013) – per protocol figures. | (2) Data for "Robotics" and "Intensive conventional rehab" from published multi-center trial (Lo et al, NEJM 2010) | (3) Data for "Non-navigated rTMS" from published multi-center trial (Kakuda et al, J Neuroeng Rehab 2012), 6 month follow-up not done. Responder rate = % of group that had improvements above the 5 point minimal clinically important difference threshold.

# Nexstim's unique technology provides distinct benefits

## Integration of TMS and navigation



- TMS-navigation integration
- Navigation is the key differentiator

## Several distinct benefits



- Improved accuracy
- Dosing precision
- Repeatability
- Non-invasive procedure

## Enhanced limb move



- Substantially improved hand movement after treatment demonstrated in Nexstim's Phase II trial

# Highlights in Stroke Rehabilitation (NBT<sup>®</sup>)

## Huge unmet need

- 2.1m strokes each year in the US and Europe
- Stroke is the leading cause of long-term disability in Western world

## Few effective alternatives

- While current standard treatment of physical/occupational therapy is not very effective, \$8.5bn is still currently spent on stroke rehab in the US

## Potential blockbuster market

- \$1.8bn is estimated value of Nexstim's target market (US and Europe)

## Promising, validated technology

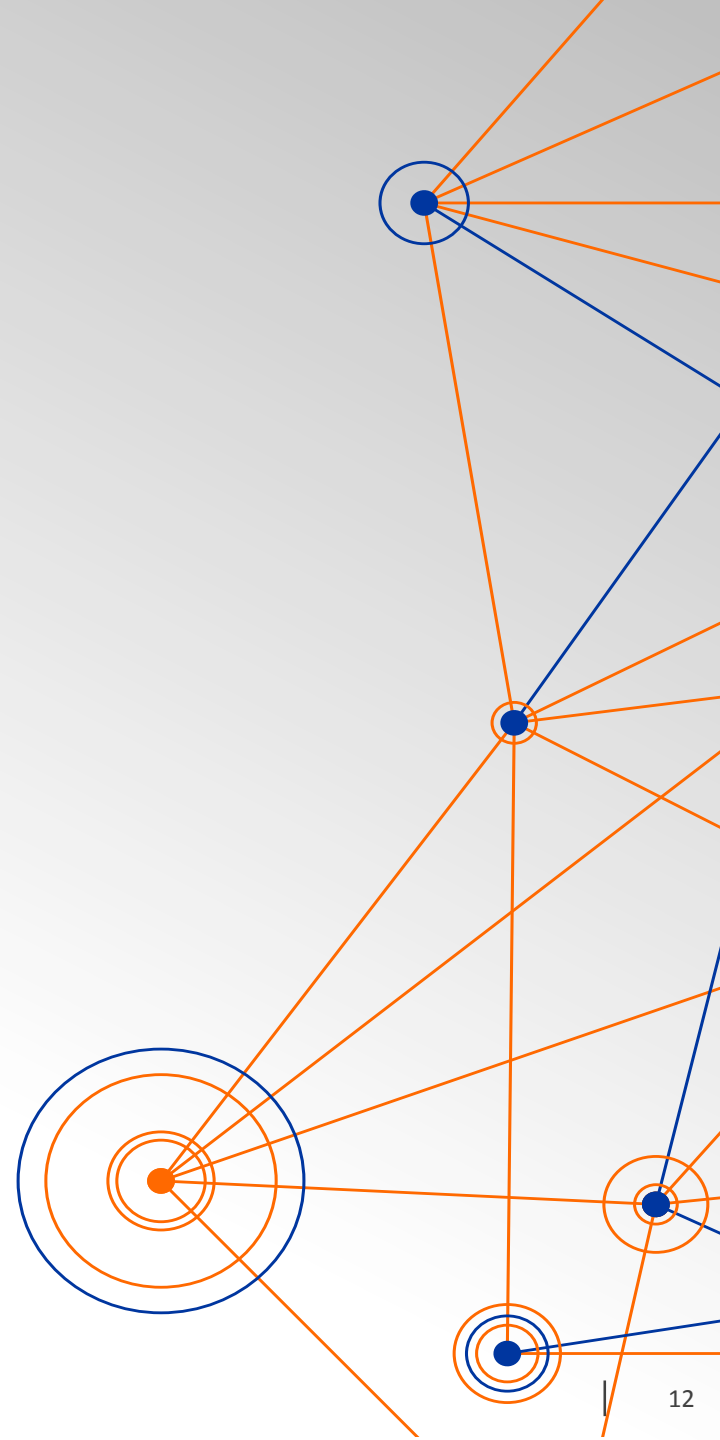
- Statistically significant efficacy in stroke rehabilitation vs. sham treatment (standard therapy)
- Navigation already validated by NBS

## Clear execution strategy

- Phase III trial on track: Establish efficacy in Phase III to obtain FDA clearance and KOL support
- Commercialisation strategy: Convince users of benefits, providers of economic benefits and obtain reimbursement coverage from payers

# Current Status and Outlook

Progressing as planned with milestones



# Phase III trials - Laying the groundwork for commercialisation

## Study in brief

- Establish clinical efficacy of NBT® in upper-limb motor rehabilitation
- Up to 198 patients
- 12 top US rehab sites – RIC is central site (#1 US rehabilitation hospital for 24 years)
- Dr. Richard L. Harvey lead investigator – one of the top experts in the field
- FDA reviewed protocol

## Study goals

### Outcome data

- Document effects/efficacy of NBT on upper-limb motor rehab

### FDA clearance

- Obtain FDA De Novo 510(k) clearance for right to market and sell NBT® in US

### KOL support

- Build support from key opinion leaders (KOLs) to support commercialisation

## Conducted at 12 top US rehab sites



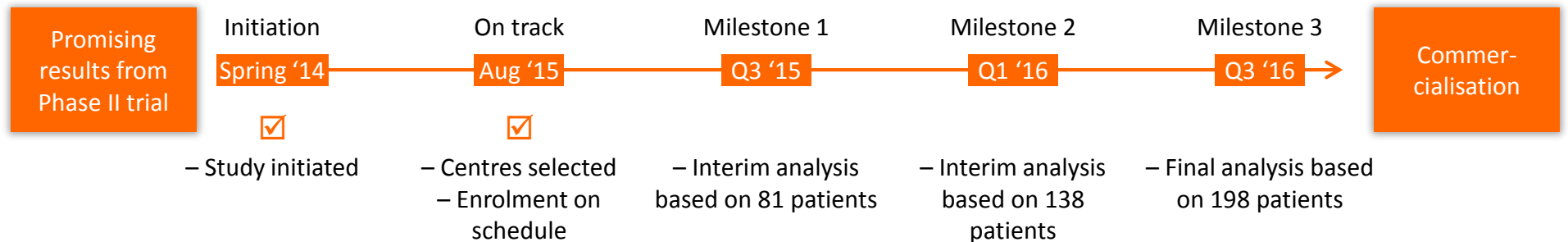
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University of Cincinnati  
Indiana University Indianapolis  
Mayo Clinic (Phoenix, AZ)

# Status of Clinical Development

## Progressing as Planned

- The clinical Phase III multi-center trial is progressing according to plans. The next interim analysis milestones are estimated to be reached Q3 2015 and Q1 2016 and the clinical evidence is assumed to be ready by the end of 2016

### Simplified timeline Phase III multi-centre stroke therapy trial



# IP position

**66 granted patents**

**72 pending patents**

**Right to software:** Nexstim owns rights to its NBT® and NBS Systems' software developed in-house.

**Creating hurdles for competitors:** e.g. by seeking patent protection on different parts of the products and making it more difficult for potential competitors to create competing products

**Core algorithms kept as trade secrets:** Not patenting the core algorithms to avoid publicity and loss of trade secrets





# Key Performance Indicators

EUR in thousands	H1 2015 6 months	H1 2014 6 months	FY 2014 12 months	
Net sales	643.2	413.9	2,210.4	
Personnel expenses	-1,906.1	-1,641.9	-3,660.2	
Depreciation and amortisation	-168.7	-125.3	-377.4	
Other operating expenses	-3,422.9	-1,672.3	-5,498.5	Includes 1,745.4 of Phase III trial expenses
Profit/ -Loss for the period	-4,555.0	-5,127.3	-10,445.4	
Earnings per share (EUR)*	-0.64	-1.44	-2.37	Includes 2,006.2 of one time financial expenses
Diluted earnings per share (EUR)*	-0.58	-1.34	-2.16	
Cash flows from operating activities	-5,275.3	-2,508.1	-7,785.2	
Cash in hand and at banks	6,071.1	1,522.1	11,483.7	
Total equity	3,712.0	-4,077.3	8,589.9	
Equity ratio (%)	50.44	-87.19	65.29	
Number of shares in the end of the period (pcs)*	7,130,758	3,685,290	7,130,758	
Average number of shares during the period (pcs)*	7,130,758	3,561,908	4,406,572	
Diluted number of shares in the end of the period (pcs)*	7,917,698	4,016,936	7,917,698	
Diluted average number of shares during the period (pcs)*	7,917,698	3,836,910	4,826,140	

*\*The number of shares and subscription price have been adjusted to take account the effect of the merging of the share classes and share split on 29 September 2014, where the number of shares was increased 14-fold*

# Summary and Future Outlook

## Targeting a Paradigm Shift in Stroke Rehabilitation

- World-leading medical technology and software with game changing potential in stroke rehabilitation
- Good progress since IPO
- NBT® Phase III study proceeding well with interim data due in Q3 2015 and Q1 2016
- Based on its business forecast and sensitivity analysis the Company expects its net sales from the sale of NBS Systems (Pre-Surgical Mapping, PSM) to grow during FY2015 and operating profit to be positive during second half of the FY2017 at the earliest











# Appendix








Management and owners







# Management team

	Name Nationality	Current position (Nexstim since)	Education	Relevant experience
	Janne Huhtala Finland	CEO 2008	Master in economics at Turku School of Economics (2001)	CFO 2008-2013. Previously manager at financial consultant firm Gutta
	Henri Hannula Finland	VP, Sales Europe 2001	MSc in technology from Helsinki U. of Technology (2001)	Various roles at Nexstim starting 2001 and VP, Sales Europe since 2013. Comes from position as director of sales
	John Hardin US	VP, Global PSM Commercialisation 2014	MBA at William Woods U. (1996)	Previously served as VP, global sales and marketing of Mindframe before joining Nexstim in 2014
	Rainer Harjunpää Finland	VP, Quality Assur. and Regulatory Affairs, After Sales/Services , 2010	MSc in biomedical engineering from Tampere U. of Technology (1993)	Current position since 2013, previously as director and manager of quality and regulatory affairs
	Gustaf Järnefelt Finland	VP, R&D 2008	MSc at Helsinki U. of Technology (1988)	R&D director 2008-2014. Previously held managerial positions at GE Healthcare Finland
	Mikko Karvinen Finland	CFO 2014	MSc in economics at Helsinki School of Economics (2001)	Previously held CFO and deputy CEO positions at two Nasdaq OMX listed tech-firms
	Jarmo Laine Finland	VP, Medical Affairs 2008	MBA at Helsinki U of Technology (2007) and PhD at U.Helsinki (1995)	Director of clinical operations 2008-2013. Held several directorial positions at Finnish Red Cross Blood Service
	Petriina Puolakka Finland	VP, Legal Affairs 2001	Master of Law at U.Lapland (2001)	Previously director of legal affairs and HR and manager of administration and legal affairs

# The Board

	Name Nationality		Education	Relevant experience
	Olli Riikkala, Chairman Finland	2007 Independent	MSc Helsinki U. of Technology (1974), MSc Helsinki School of Economics (1976), MBA at Claremont Graduate U. (1978)	Currently board member of several Finnish medical industry firms. He has served 26 consecutive years in publicly listed company board of directors including Oriola-KD Oyj as chairman.
	Juha Vapaavuori Finland	2006 Sitra	MA at U.Helsinki (1978)	Chairman of the board of directors of KC-Holding 3 and member of the board of FIT Biotech
	Dr Johan Christenson Sweden	2007 HealthCap	4 years of clinical specialist training at Karolinska Institute, PhD at Karolinska Institute (1991) in neuroscience	Partner at HealthCap and positions on several private company boards. Previously supervised health care portfolio at SEB Företagsinvest
	Dr René Kuijten Netherlands	2007 Life Sciences Partners	PhD at U.Penn (1992), PhD at U.Amsterdam (1992), MBA at Insead (1994), MD and MSc at U.Utrecht	Co-owner and GP of Life Sciences Partners. Previously at McKinsey & Company as co-leader of European Health Care and Pharmaceuticals Practice
	Juliet Thompson UK	2015 Independent	Chartered Accountant ACA; Chartered Institute for Securities (ASCI); BSc Economics (Bristol University)	Founding partner of Code Securities. Currently heading the healthcare team at Oriel and previously having been Managing Director of Corporate Finance at Nomura Code
	Ken Charhut US	2013 Independent	BSc at Cornell (1980) and MBA from U.Chicago (1988)	Chairman of the board at two medical industry firms. CEO at Compellon. Previously CEO at other medtech firms
	Dr Ekaterina Smirnyagina France	2013 Capricorn	Postdoctoral fellow at Standford, PhD at U.Wisconsin-Madison (1996), BSc from Moscow State U (1988)	Partner of Health-Tech Fund Venture Fund at Capricorn Venture Partners. Previously partner at Alta Partners, a healthcare focused VC firm

# Value-adding owners with commercial and medtech industry expertise, possessing indispensable networks

Owner	Initial investm.	IPO lock-up	Brief description
 <p>HealthCap VENTURE CAPITAL</p>	2007	1 yr	<ul style="list-style-type: none"> <li>– Among largest specialized VCs in life sciences in Europe</li> <li>– Raised €900m+ since inception in 1996</li> </ul>
 <p>SITRA</p>	2001	1 yr	<ul style="list-style-type: none"> <li>– The Finnish Innovation Fund Sitra is an independent public foundation supervised by the Finnish Parliament</li> <li>– Invests in early-stage companies with commercial potential</li> </ul>
 <p>Capricorn VENTURE PARTNERS</p>	2011	1 yr	<ul style="list-style-type: none"> <li>– Independent European VC/PE investing in i.a. health-tech</li> <li>– Experienced investment managers with deep technology expertise and a broad industrial experience</li> </ul>
 <p>LSP Life Sciences Partners</p>	2007	1 yr	<ul style="list-style-type: none"> <li>– One of the first European PE funds dedicated to providing knowledge-based funding exclusively to human life science firms</li> <li>– Invested in 75+ firms since its inception 25 years ago</li> </ul>
 <p>LUNDBECKFOND VENTURES</p>	2011	1 yr	<ul style="list-style-type: none"> <li>– VC specialising on life science investments investing up to €50m/yr</li> <li>– Focus on later stage drug development and medtech</li> </ul>
 <p>ILMARINEN</p>	2011	1 yr	<ul style="list-style-type: none"> <li>– Finnish mutual pension insurance company</li> <li>– Equity and shares portfolio of €14.3bn</li> </ul>
 <p>Teollisuussijoitus</p>	2007	1 yr	<ul style="list-style-type: none"> <li>– A government-owned investment company that promotes Finnish business and economic growth through VC and PE investments</li> <li>– Has invested €1bn since inception in 1995</li> </ul>



# Nexstim

## Targeting a paradigm shift in stroke rehabilitation

Thank you