**THE PROPOSALS OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES OF NEXSTIM PLC TO THE ANNUAL SHAREHOLDER’S MEETING**

**THE PROPOSAL OF THE NOMINATION COMMITTEE FOR THE ANNUAL SHAREHOLDER’S MEETING**

The Nomination Committee of Nexstim Plc, which has the representation from the largest shareholders, proposes to the Annual Shareholder’s Meeting which will be held on 28th March 2017 that the number of members of the Board of Directors be confirmed as five (5) members.

The Nomination Committee proposes that the following four (4) Board members, in accordance with their consents Ken Charhut, Rohan J. Hoare, Martin Jamieson and Juliet Thompson, are re-elected as members of the Board of Directors and that the fifth Board member, a candidate currently being interviewed and who will be identified in the Annual Shareholder’s Meeting is elected in accordance with his/her consent as the new member of the Board of Director’s. The candidate is independent from Nexstim Plc. Martin Jamieson will be elected as the chairman and one of the Board members, to be determined in the Annual General Meeting, as the deputy chairman. Charhut, Hoare, and Thompson are independent from the company. Jamieson is the CEO of the company.

The curricula vitae of the proposed members of the Board of Directors will be available on the Internet at www.nexstim.com.

Johan Christenson, Juha Vapaavuori and Katya Smirnyagina were not available as Board members. Nexstim Plc wishes to thank them for their outstanding contribution to the development of the company.

The Nomination Committee proposes that the Board members are remunerated as follows: for a member who is based in the United States EUR 36,000 and for a member who is based in in Europe EUR 27,000. The Nomination Committee proposes that the Board members invest half of their board fees into the company shares. For avoidance of doubt, the Chairman will not receive any board remuneration while he is also the CEO of the company.

The company has three board committees, nomination, audit and remuneration. The members of the board committees shall be paid as follows; EUR 10,000 for the chairman of a committee per year and EUR 5,000 for the members of the Committee.

In addition, the Nomination Committee proposes that reasonable travel expenses are reimbursed for the members of the Board.

Ken Charhut, Juliet Thompson and Rohan J. Hoare are also entitled to a a restricted share unit plan (RSU) as decided in the AGM in 2016. Martin Jamieson will not receive shares based on the RSU in 2016.

The Board members are elected to serve for a term ending at the end of the next Annual General Meeting.

**Restricted share unit plan**

The Nomination Committee proposed to the Annual General Meeting of Shareholders 2016 that a restricted share unit plan be implemented to selected members of the Board of Directors of Nexstim Plc, on the terms and conditions attached hereto. 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, align the objectives of shareholders and participants thereby increasing the value of the company and to offer the participants a reward plan based on receiving and accumulating the company’s shares.

The Nomination Committee proposes that the target group of the plan will be those members of the Board of Director’s who are independent of the company. The Nomination Committee proposes that the reward allocations in 2017 will be determined in a Euro value.

**Allocation for Board Members for the Vesting Period 2017—2018**

The Nomination Committee proposes that for each Board member, 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 Annual General Meetings of Shareholders 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 in 2017. 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 Nomination Committee proposes that rewards from the plan will be paid to the Board Members in the company´s shares within four weeks of the Annual General Meeting of Shareholders 2018, 2019 and 2020. The allocated reward for the vesting period 2017—2018 will be paid within four weeks of the Annual General Meeting of Shareholders 2018. The company will withhold taxes and employment related expenses from the cash proportion of the reward as per the law in force. Should a Board Member cease to be a member of the Board before the end of a vesting period, no reward will be paid to him on that basis.

**Ownership Recommendation**

The Nomination Committee 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.

**THE PROPOSAL OF THE AUDIT COMMITTEE FOR THE ANNUAL SHAREHOLDER’S MEETING**

The Audit Committee of the Board of Directors proposes that the firm of authorized public accountants PricewaterhouseCoopers Oy, which has appointed Martin Grandell as responsible auditor, to be appointed as Auditor to serve for a term ending at the end of the next Annual General Meeting of Shareholders. The Auditor proposed herein has given its consent for the election.

The Audit Committee of the Board of Directors proposes that the Auditors be paid reasonable remuneration in accordance with the invoice approved by the company.

**THE PROPOSALS OF THE BOARD OF DIRECTOR’S FOR THE ANNUAL SHAREHOLDER’S MEETING**

**Dividend**

The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year 1 January – 31 December 2016 and that the loss of the financial year be recorded to the loss account.

**Authorization of the board of directors to decide on share issue, as well as option rights and other special rights entitling to shares**

The Board of Directors proposes that the Annual General Meeting of Shareholders authorizes 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 as follows:

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, which corresponds to approximately ten point nine (10,9) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares or other special rights entitling to shares can be issued in one or more tranches.

The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders’ pre-emptive right, provided that there is a weighty financial reason for the Company to do so.

The proposed 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.

**Proposal by the board of directors to authorize the board of directors to decide on the issue of shares and other special rights entitling to shares**

The Board of Directors proposes that the Annual General Meeting of Shareholders authorizes 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 as follows:

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. This number corresponds to approximately ten point nine (10,9) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares or other special rights entitling to shares can be issued in one or more tranches.

The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders’ pre-emptive right, provided that there is a weighty financial reason for the Company to do so. The authorization can also be used for incentive arrangements and payment of the Board fees.

The proposed 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.