

Nexstim

Company announcement, Helsinki, 4 March 2019 at 4.30 PM

Nexstim Plc: Invitation to the Annual General Meeting

Nexstim Plc (NXTMH:HEX, NXTMS:STO), the targeted neuromodulation company developing and marketing pioneering navigated personalised, non-invasive brain stimulation systems for the treatment of Major Depression Disorder (MDD), is pleased to invite shareholders to the Annual General Meeting of the Company on Monday, March 25, 2019 commencing at 10.00 (EET) at the auditorium of Hotel Haven, Unioninkatu 17 Helsinki, Finland. The reception of persons who have registered for the meeting will commence at 9.30.

A. Matters on the agenda of the Annual General Meeting of Shareholders

At the Annual General Meeting of Shareholders, the following matters will be considered:

- 1 OPENING OF THE MEETING
- 2 CALLING THE MEETING TO ORDER
- 3 ELECTION OF PERSONS TO SCRUTINIZE THE MINUTES AND TO SUPERVISE THE COUNTING OF VOTES
- 4 RECORDING THE LEGALITY OF THE MEETING
- 5 RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES
- 6 PRESENTATION OF THE ANNUAL ACCOUNTS, INCLUDING CONSOLIDATED ACCOUNTS, THE REPORT OF THE BOARD OF DIRECTORS AND THE AUDITOR'S REPORT FOR THE YEAR 2018

Review by the CEO
- 7 ADOPTION OF THE ANNUAL ACCOUNTS
- 8 LOSS OF THE FINANCIAL YEAR

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 2018 and that the loss of the financial year be recorded to the loss account.
- 9 RESOLUTION ON THE DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO FROM LIABILITY
- 10 RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF TRAVEL EXPENSES

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The Nomination Committee of the Board of Directors, which has representation from the largest shareholders, proposes that the members of the Board of Directors be remunerated as follows:

The members of the Board of Directors who are elected in the Annual General Meeting shall be paid as follows for the term ending in the Annual General Meeting in 2020:

EUR 36,000 for a member who is based in the United States, and EUR 27,000 for a member who is based in Europe. The Nomination Committee proposes that the Board members invest half of their board fees into Nexstim shares. For avoidance of doubt, the Chairman will not receive any remuneration for board membership whilst 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 a Committee.

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

Ken Charhut, Juliet Thompson, Tomas Holmberg and Rohan Hoare are also entitled to a restricted share unit plan (RSU) as decided in the AGM in 2016. Martin Jamieson will not receive shares based on the RSU due to his position as CEO of the Company but may participate in other share-based incentive schemes on such terms as the Board of Directors may decide.

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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, the terms and conditions of which can be found from 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, 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 Directors who are independent of the Company. The Nomination Committee proposes that the reward allocations in 2019 will be determined as a Euro value.

Allocation for Board Members for the Vesting Period 2019—2020

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The Nomination Committee proposes that for each Board member, the gross value of the reward for the vesting period 2019—2020 will be EUR 12,500. The aim is to propose a substantially similar RSU program with equal allocations for the Board Members also to the Annual General Meetings of Shareholders 2020.

The granted reward will be converted into restricted share units at the beginning of the vesting period in 2019. 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 the 20 trading days following the release date of the Company's Financial Statements in 2019. In the plan, one restricted share unit corresponds to one Company share. The value of the payable reward will be determined on the basis of the share price on the book-entry registration date of the paid shares.

The 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 in 2020. 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 it be strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.

12 RESOLUTION ON THE REMUNERATION OF AUDITORS

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.

13 RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

The Nomination Committee of Nexstim Plc proposes that the number of members of the Board of Directors be confirmed as five (5) members.

14 ELECTION OF THE MEMBERS AND CHAIRMAN AND THE VICE CHAIRMAN OF THE BOARD OF DIRECTORS

The Nomination Committee proposes that, in accordance with their consent Ken Charhut, Tomas Holmberg, Rohan Hoare, Martin Jamieson and Juliet Thompson are re-elected as members of the Board of Directors, with Martin Jamieson as the chairman and Juliet Thompson as the deputy chairman. Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson are independent from the Company. Martin Jamieson is the CEO of the Company.

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

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

15 ELECTION OF AUDITOR

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, 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 his consent for the election.

16 AUTHORISING THE BOARD OF DIRECTORS TO DECIDE ON THE ISSUANCE OF SHARES AS WELL AS THE ISSUANCE OF 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 new share issues as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act (jointly the **“Share Issue”**) as follows:

In issue(s) of new ordinary shares, the shareholders have the right to subscribe for new shares in proportion to their existing holdings of the shares of the Company. The Board of Directors has the right to decide upon the offering to parties determined by the Board of Directors of any shares that may remain unsubscribed for pursuant to the shareholders’ pre-emptive subscription right. In connection with such issue of new ordinary shares, the Board of Directors is authorized to resolve on a directed issue of option rights or 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.

Under the authorization, a maximum of sixty three million 63 000 000 shares may be issued in the Share Issue, which corresponds to approximately 95,09 percent of all the shares in the Company after the Share Issue. The ordinary shares and option rights 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.

The Share Issue authorization of the Board of Directors shall be in force for one (1) year from the decision of the Annual General Meeting of Shareholders and it does not revoke the share issue authorization given by the Extraordinary General Meeting on 21 November 2018.

The Company intends to use this authorization for future financing needs and other corporate purposes.

17 AUTHORIZATION TO BOARD OF DIRECTORS TO CONCLUDE A SALE OF ASSETS
(DIAGNOSTICS/ MAPPING BUSINESS)

The Board of Directors proposes that the Annual General Meeting of Shareholders authorizes the Board of Directors to decide, execute and conclude a sale ("**Transaction**") of the Company's business regarding Navigated Brain Stimulation (NBS) system for diagnostic applications, mainly pre-surgical mapping of the speech and motor cortices of the brain ("**Diagnostics/ Mapping Business**"), at a price accepted by the Board of Directors to a bona fide third party/parties ("**Purchaser**"). The assets to be transferred to the Purchaser in connection with such Transaction would include all intellectual property rights and other assets of the Diagnostics/ Mapping Business, the core technology that is common for the Company's NBS system and its Navigated Brain Therapy (NBT) system and respective therapy business (the "**Core Technology**") and some or all of the R&D personnel of the Company with related liabilities.

The Board of Directors would also procure by mutual (or non-mutual) license agreements and other relevant agreements and arrangements, as resolved by the Board of Directors, that the Core Technology and other intellectual property rights and assets of the Company and R&D personnel contemplated to be transferred to such Purchaser may still be used by the remaining business of the Company (Therapy Business) to the extent which the Board of Directors considers sufficient.

For the sake of clarity it is furthermore noted that the Board of Directors of the Company would approve that final main terms of the Transaction (including main terms for possible related license agreements and other relevant agreements and arrangements), and would authorize the management of the Company to negotiate all final terms of all relevant agreements.

As the contemplated Transaction would constitute a whole, the proposal of the Board of Directors in accordance with this item 17 may only be approved as a whole and not in part.

18 CLOSING OF THE MEETING

B. Documents of the General Meeting of Shareholders

The proposals of the Board of Directors and its committees relating to the agenda of the Annual General Meeting of Shareholders as well as this notice are available on Nexstim Plc's website at www.nexstim.com. The annual report of Nexstim Plc, including the Company's Annual Accounts, the report of the Board of Directors and the Auditor's report, is available on the abovementioned website no later than on March 4, 2019. The proposals for the decisions on the matters on the agenda of the General Meeting of Shareholders and the Annual Accounts are also available at the Meeting. Copies of these documents and of this notice will be sent to shareholders

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upon request. The minutes of the meeting will be available on the above-mentioned website as from April 8, 2019 at the latest.

C. Instructions for the participants in the Annual General Meeting of Shareholders

1. Shareholders registered in the shareholders' register

Each shareholder, who is registered on March 13, 2019 in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting of Shareholders. A shareholder, whose shares are registered on his/her personal book-entry account, is registered in the shareholders' register of the Company.

A shareholder, who wants to participate in the Annual General Meeting of Shareholders, shall register for the meeting no later than March 20, 2019 at 10.00 a.m. by giving a prior notice of participation. Such notice can be given:

- (a) on the Company's website: www.nexstim.com/investors/shareholder-meetings/ ; or
- (b) by mail to address Nexstim Plc, "Annual General Meeting" Elimäenkatu 9B, 00510 Helsinki, Finland

In connection with the registration, a shareholder shall notify his/her name, personal identification number or business ID, address, telephone number and the name of a possible assistant or proxy representative. The personal data given to Nexstim Plc is used only in connection with the General Meeting of Shareholders and with the processing of related registrations.

2. Holders of nominee registered shares

A holder of nominee registered shares has the right to participate in the Annual General Meeting by virtue of such shares, based on which he/she on the record date of the Annual General Meeting, i.e. on March 13, 2019, would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd. The right to participate in the General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest by March 20, 2019 at 10.00 a.m. As regards nominee registered shares this constitutes due registration for the General Meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholders' register of the Company, the issuing of proxy documents and registration for the General Meeting of Shareholders from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants

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to participate in the General Meeting, into the temporary shareholders' register of the Company at the latest by the time stated above.

3. Shares registered in Euroclear Sweden AB

A shareholder with shares registered in Euroclear Sweden AB's Securities System who wishes to attend and vote at the General Meeting must:

- be registered in the shareholders' register maintained by Euroclear Sweden AB no later than on 13 March 2019.
- Shareholders, whose shares are registered in the name of a nominee must, in order to be eligible to request a temporary registration in the shareholders' register of Nexstim Plc maintained by Euroclear Finland, request that their shares are re-registered in their own names in the register of shareholders maintained by Euroclear Sweden AB, and procure that the nominee sends the above mentioned request for temporary registration to Euroclear Sweden AB on their behalf. Such registration must be made at the latest by 13 March 2019 and the nominee should therefore be notified well in advance before said date.
- request temporary registration in the shareholders' register of Nexstim Plc maintained by Euroclear Finland Oy. Such request shall be submitted in writing to Euroclear Sweden AB no later than on 13 March 2019 at 5 p.m. Swedish time.

This temporary registration made through written request to Euroclear Sweden AB is considered a notice of attendance at the General Meeting.

4. Proxy representative and powers of attorney

A shareholder may participate in the Annual General Meeting of Shareholders and exercise his/her rights at the Meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the Annual General Meeting of Shareholders.

When a shareholder participates in the Annual General Meeting of Shareholders by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the Annual General Meeting of Shareholders.

Possible proxy documents should be delivered in originals to Nexstim Plc, "Annual General Meeting" Elimäenkatu 9 B, 00510 Helsinki, Finland before the last date for registration.

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5. Other instructions and information

Pursuant to chapter 5, section 25 of the Companies Act, a shareholder who is present at the General Meeting has the right to request information with respect to the matters to be considered at the Meeting.

The meeting will be conducted in Finnish language. Part of the material presented at the meeting will be in English language.

On the date of this notice to the Annual General Meeting of Shareholders, dated March 4, 2019, the total number of shares and votes in Nexstim Plc is 3,253,746.

Helsinki, March 4, 2019

NEXSTIM PLC

The Board of Directors

Further information is available on the website www.nexstim.com or by telephone:

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About Nexstim Plc

Nexstim is a medical technology company focused on the development and commercialization of its world-leading SmartFocus™ TMS technology, a non-invasive brain stimulation system for the treatment of Major Depressive Disorder (MDD). The Company's proprietary Navigated Brain Therapy (NBT®) system, a highly sophisticated 3D navigation, is the only personalised, navigated transcranial magnetic stimulation (TMS) approach providing accurate targeting of the TMS to the specific area of the brain associated with MDD.

Nexstim's NBT® system has been launched in the US for the treatment of MDD following clearance from the FDA for marketing and commercial distribution for this indication. The NBT® system is CE marked in Europe for the treatment of major depression and chronic neuropathic pain.

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In addition, Nexstim is commercialising its Navigated Brain Stimulation (NBS) system for diagnostic applications, based on the same technology. The NBS system is the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain. Nexstim shares are listed on the Nasdaq First North Finland and Nasdaq First North Sweden.

For more information please visit www.nexstim.com