



Nexstim Plc to license technology to US-based medical technology company Magnus Medical, Inc. for the treatment of neuropsychiatric disorders

Company Announcement, Inside Information, Helsinki, 14 February 2022, at 9 AM (EET)

Nexstim Plc (NXTMH:HEX, NXTMS:STO) ("Nexstim" or "Company") announces it has signed an agreement to license technology it has developed to Magnus Medical, Inc. ("Magnus Medical"), a US-based medical technology company.

The technology to be licensed is related to the NBT[®] system developed by the Company, with certain restrictions, and the related patents, and the use of the license is restricted to the treatment of neuropsychiatric disorders. Nexstim e-field modelling and application software are not included in the license.

The estimated total value of the license agreement is approximately USD 19 million (approximately EUR 17 million). The financial structure of the license agreement consists of an upfront payment of approximately USD 4 million (approximately EUR 3.5 million) and, based on Magnus Medical's projected revenue, technology royalties of approximately USD 15 million (approximately EUR 13 million) for the agreed period of royalty not exceeding 5 years, starting from the commercialization of the technology. The estimated total royalty payments are based on Magnus Medical's business plan which specifies that royalty payments will start within 3 years. According to the agreement, minimum royalty payments amount to approximately USD 1.2 million (approximately EUR 1.0 million) to be paid during the first three royalty years. The license will survive the termination of the agreement with the above restrictions on the scope. The Company estimates it will recognize the license agreement single payment of approximately EUR 3.5 million as revenue in the financial year 2022.

During the period of royalty, Nexstim is subject to certain competitive constraints concerning the sale of NBT[®]-based systems in the United States. The competitive constraints concerning sales of NBT[®] systems do not apply to markets other than the United States and do not constrain the possibilities of the Company to develop and research potential new treatment protocols. Nexstim is also prohibited to apply for a new regulatory clearance concerning the treatment of severe depression using the SAINT[™] protocol (originally known as Stanford Accelerated Intelligent Neuromodulation Therapy), which was licensed exclusively to Magnus Medical by Stanford University, or to license the technology subject to the agreement to other actors to be used for the treatment of severe depression using the SAINT[™] protocol. The above constraints do not apply to Nexstim's Diagnostics Business, do not prevent the Company from making strategic investments into partner clinics, or licensing the technology for other clinical application purposes. The agreement does not affect the Company's existing customers.

Magnus Medical's protocol is based on SAINT[™] technology developed at Stanford University, California, USA, which is licensed exclusively to Magnus Medical for commercialization. The first clinical trials conducted by Stanford University on the individually targeted, accelerated treatment protocol in the treatment of refractory depression have shown excellent results. In a double-blinded randomized controlled trial, participants received treatment 10 times a day for 5 days. Among participants who received active treatment, 79% entered remission after five days of treatment as measured by the MADRS (Montgomery-Åsberg Depression Rating Scale). In the placebo group, the corresponding figure was 13% ($p < 0.001$)¹.

Nexstim

In accordance with the strategy, Nexstim will continue the commercialization of its products in the US with emphasis on expanding the network of partner clinics and Diagnostics Business. Outside the United States, Nexstim will continue focusing on actively expanding its Therapy Business along the Diagnostics Business. In the Licensing business, the Company sees other future prospects for commercial utilization of the technology it has developed and its patents.

Mikko Karvinen, CEO of Nexstim, comments: *“In 2020, accelerated treatment protocols became the center of Nexstim’s strategic development. We are now very happy about taking this important step in our technology cooperation together with Magnus Medical. The license agreement offers both Nexstim and Magnus Medical unique operative opportunities, and we make the announcement about the agreement with great proudness. In addition to financial benefits, we see the license agreement as a remarkable advancement in ensuring the widest possible patient use of our technology and as a chance for us to allocate our resources to other business areas during the royalty period.”*

Brett Wingeier, CEO of Magnus Medical, comments: *“We are very impressed by the quality of the Nexstim technology and by the effort that the Nexstim team has put in over many years to effectively integrate neuronavigation with transcranial magnetic stimulation hardware. We are excited about the possibility to incorporate key elements of this technology in combination with the SAINT™ protocol to yield the best possible solution for patients in need, and we are happy about this becoming a reality as a result of our negotiations with Nexstim.*

As medical device companies, we share a commitment to bring technology based on rigorous scientific research to people suffering from neuropsychiatric disease. We believe that this license agreement will eventually help many people with depression, for whom medications have been ineffective, gain access to life-changing neuromodulation treatment.”

1 Cole EJ, et al., Am J Psychiatry 2021; 00:1–9; doi: 10.1176/appi.ajp.2021.20101429

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

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About Magnus Medical, Inc

Nexstim

Magnus Medical, Inc., of Burlingame, Calif., is a privately held medical device company co-founded by industry veterans Brett Wingeier, Ph.D., and Brandon Bentzley, M.D., Ph.D., and includes global commercial executive Scott Ashworth. The Magnus Neuromodulation System with SAINT™ technology is a novel innovation with the potential to have a significant positive impact on the treatment of severe depression. For the first time, advanced imaging technologies combined with personalized neural targeting and novel stimulation patterns have the potential to yield a new form of individualized, non-invasive neurostimulation for people with treatment-resistant depression. This new approach is designed to be delivered on an accelerated timeline and is precisely tailored to each person's brain connectivity. More information is available at www.magnusmed.com.

The Magnus System is based on the SAINT™ technology, which was licensed exclusively to Magnus Medical from Stanford University for global commercialization.

The Magnus System, currently an investigational device, is expected to require 510(k) clearance from the U.S. FDA and is not yet commercially available.

About Nexstim Plc

Nexstim is a Finnish, globally operating growth-oriented medical technology company. Our mission is to enable personalized and effective diagnostics and therapies for challenging brain diseases and disorders.

Nexstim has developed a world-leading non-invasive brain stimulation technology for navigated transcranial magnetic stimulation (nTMS) with highly sophisticated 3D navigation providing accurate and personalized targeting of the TMS to the specific area of the brain.

Nexstim's Diagnostics Business focuses on commercialization of the Navigated Brain Stimulation (NBS) system. 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's Therapy Business markets and sells the Navigated Brain Therapy (NBT®) system, which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBT® system is CE marked for the treatment of major depression and chronic neuropathic pain.

Nexstim shares are listed on the Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden.

For more information, please visit www.nexstim.com