

Nexstim

NEXSTIM PLC HALF-YEAR REPORT JANUARY 1 – JUNE 30, 2024 (UNAUDITED)

Company announcement, Helsinki, August 16, 2024 at 9 am (EEST)

NEXSTIM CONTINUED TO GROW AND IMPROVED ITS PROFITABILITY IN THE FIRST HALF OF THE YEAR

The figures in parentheses refer to the previous year's comparative period, unless otherwise stated.

January–June 2024 in brief

- The company's net sales were EUR 3.2 million (2.5), with an increase of 26.9 %
- Net sales growth adjusted for currency exchange rates was 26.8 %
- System sales were EUR 1.2 million (1.1), with an increase of 11.4 %. Recurring net sales accounted for EUR 1.9 million (1.4), with an increase of 39.1 %
- The net sales of the Diagnostics Business were EUR 1.6 million (1.3) with an increase of 16.3 %
- The net sales of the Therapy Business were EUR 1.6 million (1.2) with an increase of 39.0 %
- EBITDA was EUR -0.5 million (-1.1)
- The operating result was EUR -0.9 million (-1.4)
- The result for the period was EUR -0.9 million (-1.4)
- The company strengthened its cash position by agreeing with Finnvera to finance the further development of the NBS 6 system with a loan of 1.5 million euros and by issuing a convertible bond, which was subscribed for 0.7 million euros

Business overview

Nexstim is a Finnish medical technology company operating in international markets. Its proprietary navigated Transcranial Magnetic Stimulation (nTMS) technology allows for personalized treatment and diagnostics for patients with challenging brain diseases and disorders. Nexstim provides solutions for non-invasive brain stimulation through diagnostic and therapy applications.

Key performance indicators

EUR thousand	1-6/2024 6 months	1-6/2023 6 months	Change, %	1-12/2023 12 months
Net sales	3,176.9	2,503.7	26.9%	7,426.3
Gross margin	2,603.0	1,992.7	30.6%	5,645.3
Gross margin, %	81.9%	79.6%	-	77.9%
Adjusted comparable gross margin	2,603.0	1,992.7	30.6%	5,645.3
Adjusted comparable gross margin, %	81.9%	79.6%	-	77.9%
Personnel expenses	-2,282.1	-2,265.6	0.7%	-4,429.4
Other operating expenses	-1,562.6	-1,483.8	5.3%	-3,091.9
Operating result	-864.2	-1,387.2	-37.7%	-1,227.9
Profit/loss for the period	-948.1	-1,442.5	-34.3%	-1,327.5
Earnings per share	-0.14	-0.21	-33.3%	-0.20
Diluted earnings per share (EUR)	-0.12	-0.19	-38.3%	-0.17
Cash flow from operating activities	699.6	-1,355.0	-	-2,269.0
Cash in hand and at bank	3,032.1	2,128.1	42.5%	1,454.6
Total equity	1,867.7	2,711.3	-31.1%	2,836.3
Equity ratio (%)	28.7%	39.0%	-	31.5%



Future outlook

Based on business forecasts, the company expects its comparable net sales to grow and operating result to improve in 2024.

CEO Mikko Karvinen comments on the development during the period:

The first half of 2024 was in line with our expectations for Nexstim in terms of net sales growth and result improvement. In the first half of 2024 we achieved total net sale of EUR 3.2 (2.5) million with a 26.9% increase. The sales margin increased to EUR 2.6 (2.0) million driven by the favorable development of our sales prices and the successful procurement of key hardware components in the current inflationary environment. With the growth in net sales and sales margin we also achieved positive development in operating result which was EUR -0.9 (-1.4) million, and a result of EUR -0.9 (-1.4) million for the period. The favorable development also resulted in a positive operating cash flow of EUR 0.7 (-1.4) million. I would like to thank Nexstim's customers, personnel, partners and investors for the continuation of this positive development.

In line with our main strategic objective, we have continued to focus on profitable net sales growth. The sales forecast looks promising also for the full year 2024. Based on the strong first half and full-year business forecasts, we reiterate the guidance published in the annual report and estimate an improvement in the company's comparable net sales and operating result for the full year 2024. Our current growth is supported by our strong distributor partner network which we benefited from in the first half of the year particularly in European system sales. Especially in the Diagnostics Business it is crucial that we continuously develop and train our distributor partner network. This enables us to deliver our sales and marketing messages effectively and comprehensively to all markets. We have also made effective use of our global team structure to ensure positive development in profitable growth. This is reflected in a modest 3 % increase in operating expenses in the first half of the year, while serving Nexstim's customers better and more efficiently. In our chosen therapeutic application areas (MDD, major depression and chronic pain), our unique technology is already achieving clear clinical results and contributing to the profitability of our customers' operations. We are also continuing discussions on new strategic partnerships to further scale the use of our technology in care.

Diagnostics and Therapeutics business update

We have continued to grow our Diagnostics (NBS, Navigated Brain Stimulation) and Therapy (NBT[®], Navigated Brain Therapy and NBS 6) Businesses through the sale of new systems in our key markets in the US and Europe. This growing portfolio of systems is generating a steady stream of income, adding stability and predictability to our operations.

The Diagnostics Business grew in the first half of 2024 with net sales of EUR 1.6 (1.3) million, an increase of 16.3%. We delivered a total of 4 new diagnostics systems in the first half of 2024. More than 230 diagnostics systems have been sold so far to research universities and leading hospitals worldwide. We are pleased that more and more of our customers are choosing to use Nexstim systems for both diagnostic and therapeutic purposes. The NBS System 5 configuration, NBS 5+, has enabled diagnostic and therapeutic applications on the same system. This offering allows the US market to have all FDA 510(k) indications available on the same system. All diagnostics systems delivered in the first half of 2024 have both diagnostic and therapeutic applications. We see the combination platform as a clear competitive advantage and we want to enable the launch of the NBS 6 combination system, the latest product generation, in key markets in late 2024.

Net sales from the Therapy business increased by 39.0% in H1 2024 to EUR 1.6 (1.2) million. The growth was particularly driven by recurring revenue in the Therapy Business, which consists of increased service and maintenance contracts, sales of consumables and system leases due to the growth in the installed base. In total, we delivered 1 new NBT[®] system and 5 new NBS 6 therapy systems in the first half of 2024; 5 in North America and 1 in Europe and the rest of the world. On the Therapy side, at the end of the first half of 2024, a total of 94 Nexstim systems with therapy applications installed (35 in the US and 59 in Europe and the rest of the world) were in use worldwide for the treatment of depression and chronic neuropathic pain. This number includes both NBT[®] and NBS 6 systems and NBS systems with optional additional NBT software installed.

Nexstim's cash and cash equivalents as of 30 June 2024 totaled EUR 3.0 (2.1) million. The company strengthened its cash

Nexstim

position at the end of the first half of the year by issuing a EUR 0.7 million convertible bond, which also enabled it to raise a EUR 1.5 million digitalization and innovation loan from Finnvera.

Strategic focus on growth and profitability

In line with our strategy to the end of 2024, Nexstim will continue to provide patients with personalized and effective treatment and diagnostics for severe brain diseases and disorders. We are updating our strategy and preparing to share more about this as the renewal work progresses. Based on the work already done so far, I believe that our strategy will continue to build on strong growth in both diagnostics and therapy. The growth and profitability performance of both our Diagnostics and Therapy businesses will play a key role in our efforts to minimize our future capital needs on our journey towards continued profitability.

In June 2024 we announced a dispute relating to the licensing of our technology to medical technology company Magnus Medical, Inc. ("Magnus Medical") of the United States. The licensed technology relates to the NBT[®] system developed by the Company, subject to certain limitations, and patents related to that technology, which are licensed for use in the limited treatment of neuropsychiatric disorders. Nexstim's software applications and stimulating electric field modelling were excluded from the license. The total value of the agreement was estimated at approximately 17 million euros, including a five-year royalty period. Magnus Medical provided Nexstim with additional information on the launch of its first commercial product which, based on further analysis by the Company and an external party, led to a disagreement regarding the use of the licensed technology. Nexstim continues to gather additional information regarding Magnus Medical's commercial product and plans to take the following steps to defend its financial interests and intellectual property rights under the long-term agreement. We reiterate our assessment in our February financial statements release and our June company announcement that the Company does not currently expect to receive royalty income from Magnus Medical during 2024 in its business forecasts. Nexstim does not currently provide an estimate of the total value or financial expectations for the royalty period due to ongoing discussions regarding the dispute.

Our second key strategic objective for 2024 is the launch of our new NBS 6 diagnostics system, enabling easy-to-use hardware and future add-on modules in the same system. The development and launch of the new product generation has been an essential part of Nexstim's strategy for the 2020-2024 period. NBS 6 is a new combination system built on Nexstim's unique, clinically established technology and its modular system concept makes it easy to add new features to existing systems. The new solution creates long-term value for Nexstim's customers and investors alike. The first launch in April-May 2023 concerned therapy applications. Nexstim's NBS 6 system has FDA marketing and distribution approval for the treatment of major depression in the US and is CE-approved in Europe for use in the treatment of major depression and chronic neuropathic pain. The first NBS 6 systems were successfully delivered to customers in the US in late 2023 and we have successfully continued delivering systems to the highly competitive US therapy market during 2024. We will continue the development of the system during the remainder of 2024, with the aim of launching diagnostic applications as part of the new NBS 6 system in line with our strategic objective.

Our third main strategic objective for 2024 is to expand the network of Nexstim partners and clinics primarily in the US and Europe. As evidence of the positive development of our strategic partnerships we announced in May that our US subsidiary Nexstim, Inc. has signed a strategic alliance agreement with Inomed Inc. to strengthen marketing, sales and application support collaboration between the two companies in the US. We believe the strategic agreement will strengthen the long-term growth prospects for our diagnostics business in the important US market.

With the expansion of the network of partner clinics, Nexstim systems would be installed in neuroscience clinics and possible investments would be made in clinic management service organizations in the vast US market. Our first joint venture PNC Management Services, LLC operates with our partner Dr. Kuluva and his clinic in California. In the first half of 2024 we have been working with another strategic partner to launch a services business in the US with Dr. Nadkarni's clinic in New Jersey. The partnerships mentioned above will allow us to work even closer to patients and collect accurate data from the patient interface to help our future development efforts. This data can lead to further development in our clinic business model or the advancement of new indications. Nexstim's venture capital firm Nexstim Investments LLC's purpose is to expand Nexstim's network of partner clinics in the United States in collaboration with carefully selected top experts in the field. We will continue to develop the collaborative model with Dr. Kuluva, Dr. Nadkarni and other experts, enabling Nexstim's TMS technology to treat more and more patients in the US. We are

Nexstim

currently negotiating with new potential partner clinics in the US to grow our network of partner clinics in the important therapy market.

Building future growth paths

Our systems are clearly differentiated from other TMS equipment on the market today that do not have navigation capabilities. In the future the need for navigation functionality is likely to become even more important in technologies that are used to treat brain diseases in an increasingly diverse range of ways. This could open a new market for TMS treatments for Nexstim distinct from the current treatment of patients suffering from severe depression or chronic neuropathic pain.

In the first half of 2024, we announced a planned collaboration with Sinaptica Therapeutics, Inc. for the treatment of Alzheimer's disease. As part of the planned collaboration, Nexstim will develop, manufacture and deliver Sinaptica's patented precision neuromodulation system based on the Nexstim NBS 6 medical TMS and neuronavigation systems and associated software including integrated EEG software. Under the letter of intent Sinaptica's hardware modifications would include a patented workflow that would be integrated with a third-party EEG device and Sinaptica's proprietary cloud-based personalization engine (MAINTAIN™). The envisaged partnership would be a global 10-year exclusive arrangement, renewable for three-year periods at a time. In the first phase of the envisaged partnership Nexstim would provide its product development resources to develop an integrated system for Sinaptica's Phase III clinical trials which are expected to start in 2025. Nexstim would manufacture and deliver at least 20 Sinaptica precision neuromodulation systems and provide maintenance and support services for the clinical trials. The total estimated value of the first phase of the collaboration is approximately EUR 6 million for the first two years after the signature of the definitive agreements. The financial structure of the agreement consists of an exclusive royalty payment upon signature, a milestone-based product development project and system sales. The systems supplied for the clinical trial would also generate recurring income for Nexstim during the trial period, based on maintenance and support of the hardware and software, as well as disposable parts. The letter of intent is non-binding and subject to finalization and approval.

The collaboration would enable the tailored use of our new NBS 6 therapy system and our unique EEG visualization software in Sinaptica's breakthrough treatment for Alzheimer's patients. Demand for our navigated TMS technology has been steady and growing in the field of TMS-EEG research, and we are excited to see our systems being used in unprecedented therapy solutions for new clinical indications. Nexstim's technology is leading the way in neuroscience research, collecting accurate diagnostic data and delivering reliable, precise and accurate treatment. We look forward to the opportunity to support Sinaptica, first with a development project and research systems and later on the way to a commercial future meeting the great need for safe and effective treatments for Alzheimer's disease.

Nexstim has also successfully expanded its global distribution partner network in recent years, and we believe that further significant growth can be achieved in the future, particularly in the Diagnostics business through increasingly broad marketing and distribution partnerships. Through such strategic distribution partnerships, it is possible to cost-effectively reach an increasing number of customers with information about Nexstim's system and services, as well as potential representation in markets where it would not be as quickly and economically feasible to build on its own. The technological leadership of our products, their ease of use, and the scalability of additional modules create an attractive platform for growth through partnerships.

Building owner value in exceptional circumstances

Despite the tightening global political situation our expectations for the rest of 2024 are in many ways positive. Our current business is heavily focused on the EU and the US, and we will continue to refrain from doing business in the Russian market. Nexstim will continue its determined efforts to develop personalized and effective methods for the treatment and diagnosis of severe brain diseases and disorders. We strongly believe that our work will support shareholder value growth over the long term through increasingly strong competitive advantages, rapid growth and improved financial results. We remain optimistic about the future but will continue to monitor developments in the global political landscape while advancing our own business.

Nexstim

Nexstim's business areas

Diagnostics Business

- Nexstim's NBS 5 system is the only CE-marked and FDA-cleared non-invasive solution for pre-surgical mapping of the motor cortex in brain cancer. Clinical data has been generated demonstrating the value of Nexstim's unique navigation system for pre-surgical mapping with regard to patient outcomes.
- The system allows surgeons to be better prepared and more aggressive with tumor resection, due to their confidence in the location of the motor and speech cortex because of pre-surgical mapping.
- More than 230 diagnostic systems have been sold to research universities and leading hospitals across the world.

Therapy Business

- Nexstim's NBT[®] and NBS 6 systems are based on its unique navigated Transcranial Magnetic Stimulation (nTMS) technology, which allows for personalized, accurate, reproducible, and non-invasive brain stimulation.
- In May 2018, Nexstim launched its Navigated Brain Therapy (NBT[®]) system in the United States for the treatment of MDD, following FDA clearance in November 2017.
- Nexstim launched the NBS 6 system for therapy use in 2023. The NBS 6 is a new generation Nexstim system with a modular system concept that makes it easy to add new features to existing systems.
- Both NBT[®] and NBS 6 systems are CE marked for the treatment of major depression and chronic pain, and have FDA approval for the treatment of major depressive disorder (MDD).
- Active commercial installed base of 94 therapy systems across four continents (including both NBT[®] and NBS 6 systems and NBS systems with optional NBT[®] add-on software installed).

Financial review January 1 to June 30, 2024

Operating result

EUR thousand	1-6/2024 6 months	1-6/2023 6 months	Change, %	1-12/2023 12 months
Net sales	3,176.9	2,503.7	26.9 %	7,246.3
<i>Net sales adjusted for currency exchange rates</i>	<i>3,174.7</i>	<i>2,490.8</i>	<i>27.5 %</i>	<i>7,335.1</i>
<i>Comparable net sales adjusted for non-recurring items</i>	<i>3,176.9</i>	<i>2,503.7</i>	<i>26.9 %</i>	<i>7,246.3</i>
<i>Diagnostics</i>	<i>1,559.4</i>	<i>1,340.4</i>	<i>16.3 %</i>	<i>4,291.7</i>
System sales	942.2	828.0	13.8 %	3,111.4
Recurring net sales	617.2	512.3	20.5 %	1,180.2
<i>Therapy</i>	<i>1,617.5</i>	<i>1,163.3</i>	<i>39.0 %</i>	<i>2,954.6</i>
System sales	287.5	276.2	4.1 %	972.6
Recurring net sales	1,330.0	887.1	49.9 %	1,982.0

Significant items in the operating result

Work performed for Nexstim's own purposes amounted to EUR 774.4 thousand (667.8) and consisted of capitalized development costs. The development costs capitalized during the review period are mainly related to the further development of the company's commercialized products.

Expenses related to materials and services totaled EUR -573.8 thousand (-511.0). The gross margin was 81.9% (79.6),

Nexstim

and the adjusted comparable gross margin was 81.9% (79.6).

The company's operating expenses by function were as follows:

EUR thousand	1-6/2024 6 months	1-6/2023 6 months	Change, %	1-12/2023 12 months
Research & Development*	984.5	995.8	-1 %	2 257.9
Sales & Marketing**	1 739.2	1 702.6	2 %	3 197.5
Administration***	1 120.9	1 051.0	7 %	2 065.9
Operating expenses total	3 844.7	3 749.4	3 %	7 521.3

* Includes personnel and other business expenses for product development and clinical support

** Includes personnel and other business expenses for sales, marketing, customer support and logistics

*** Includes personnel and other business expenses for administration, quality support and regulatory affairs

Operating result

The operating result was EUR -864.2 thousand (-1,387.2). The improvement of operating result was mainly due to the growth of net sales and sales margin.

Financial income and expenses

Net financial income and expenses amounted to EUR -79.1 thousand (-52.1). Financial expenses (-144.6) mainly consisted of financing arrangement costs, interest payments on loans and payment transaction expenses. Financial income (65.6) mainly consisted of exchange rate gains.

Result for the period

The result for the period was EUR -948.1 thousand (-1,442.5).

Financial position

Non-current assets

The company's non-current assets were EUR 4,519.4 thousand (3,475.6). Intangible assets amounted to EUR 3,420.1 thousand (2,626.1), consisting mainly of capitalized development costs and intellectual property rights. Tangible assets amounted to EUR 403.8 thousand (400.7) and consisted mainly of NBT® systems used for business operations. Investments totaled EUR 695.5 thousand (448.7), consisting of strategic investments in the management service companies of US based partnership clinics.

Current assets

The company's current assets amounted to EUR 6,668.4 thousand (4,661.4). The change in current assets was mainly due to an increase in cash and accounts receivable.

Total equity

Consolidated shareholders' equity totaled EUR 1,867.7 thousand (2,711.3). The equity ratio decreased to 28.7 % (39.0).

Liabilities

Non-current liabilities

The company's non-current liabilities totaled EUR 4,857.2 thousand (2,447.9). Its non-current liabilities consist of interest-bearing long-term product development loans from Business Finland, a loan from Nordea and a loan from Finnvera. The loans do not include covenants.

Nexstim

Current liabilities

The company's current liabilities totaled EUR 4,462.9 thousand (2,977.8). Its current liabilities mainly consist of product development loans from Business Finland, a loan from Nordea, a convertible bond, prepayments received, trade payables, and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at bank, totaled EUR 3,032.1 thousand (2,128.1).

The company's net cash flow from operating activities during the review period was EUR 699.6 thousand (-1,355.0). The growth was mainly due to increased sales margin and decrease of trade receivables from the beginning of the review period.

Cash flow from investing activities in the review period was EUR -944.4 thousand (-868.2). The growth mainly consisted of capitalized development costs.

Cash flow from financing activities was EUR 1,813.5 thousand (-83.5) in the review period and mainly consisted of a loan from Finnvera and the issuance of a convertible bond.

Organization and personnel

Nexstim's strategy is to recruit only employees who the company believes have the core competence and expertise to enable the company to operate efficiently. In line with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organized into the following global key processes:

- Growth: sales, marketing, customer support and operations;
- Enablers: research and development (R&D), clinical, quality approvals and regulatory clearances
- Support: administration, including Finance, Legal Affairs, IT and HR.

At the end of the review period on 30 June 2024, the Nexstim Group had 39 permanent employees. Nexstim Plc (the parent company) had 30 permanent employees on 30 June 2024. Between 1 January and 30 June 2024, the Nexstim Group had an average of 37 permanent employees (2023: 38).

Strategy

Our mission

We enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. Our innovations create a possibility for a better life.

Our vision

Through our technological know-how and superior services, we:

- Ensure the best possible treatments for our patients,
- deliver the greatest value for our customer hospitals, clinics and business partners,
- and long-term growth in shareholder value for our investors.

Our values

- Science and clinical evidence
- Financial success
- Passion and commitment
- Ethics and responsibility

Nexstim

Key strategic goals for 2024

- Profitable growth: to increase comparable net sales and improve operating result for the financial year, while minimizing future capital needs
- Technology leadership: launch of the new NBS 6 diagnostics product, enabling easy-to-use systems and future add-on modules in the same hardware
- Strategic partnerships: expanding Nexstim's network of partners and clinics, primarily in the US and Europe

More information about the company's strategy is available on our website at <https://www.nexstim.com/about-nexstim/values-and-strategy>

Significant events from the review period

Decisions of the General Meeting

31 January 2024 the company announced that the Shareholders' Nomination Board had, at its meeting on 30 January 2024, adopted a resolution on its proposal to the Annual General Meeting of Shareholders to be held on Thursday, 28 March 2024. The Nomination Board proposed to the Annual General Meeting that:

- that the General Meeting of Shareholders confirms the number of members of the Board of Directors as four (4), and
- that Martin Forss, Leena Niemistö, Tero Weckroth and Timo Hildén be re-elected as members of the Board of Directors, subject to their consent.
- that Ms Leena Niemistö be elected Chairman of the Board of Directors.

28 March 2024 the Annual General Meeting of the Company was held, after which the Company announced the following decisions taken by the Annual General Meeting:

- The AGM approved the Company's financial statements and consolidated financial statements for the year 2023 and decided that no dividend will be paid for the financial period 1 January - 31 December 2023 and that the profit for the financial period 1 January - 31 December 2023 will be recorded in the retained earnings account. The AGM decided to grant discharge to the members of the Board of Directors and the President and CEO for the financial year 1 January -31 December 2023.
- The AGM resolved as proposed by the Nomination Board that: the number of Board members is confirmed as (4); Tero Weckroth, Timo Hildén, Martin Forss and Leena Niemistö are re-elected as members of the Board. With her consent, Ms Leena Niemistö is elected Chairman of the Board of Directors.
- In accordance with the proposal of the Shareholders' Nomination Board, the AGM resolved that the members of the Board of Directors elected at the AGM will be remunerated for the period until the end of the AGM 2025 as follows: EUR 24,000 and 12,000 options for the Chairman of the Board of Directors; EUR 12,000 and 8,500 options for the members of the Board of Directors; No member of the Board of Directors serving on the Shareholders' Nomination Board will receive any remuneration for his/her service on the Shareholders' Nomination Board. A Board member is only entitled to a fee for the period during which he or she serves on the Board. The Company's practice is to pay the cash bonus in four instalments. The Company will establish a stock option plan for Board members, which will be priced 20 trading days after the date of the Annual General Meeting on the VWAP Helsinki stock exchange, with a subscription period from 1 July 2025 to 15 December 2030. The purpose of the stock option plan to be established is to engage the participants in the company, to align the objectives of the shareholders and the participants and thereby increase the value of the company. The target group of the Incentive Stock Option Plan is the members of the Board of Directors who are independent of the company. However, the target group need not be independent of the company's shareholders. Participants are encouraged to hold the options paid as a reward for as long as they serve on the Board. It was also decided that reasonable travel expenses will be reimbursed to Board members against receipts in accordance with the company's travel policy. This applies both to Board members and, mutatis mutandis, to Board members serving as members of the Shareholders' Nomination Board.

Nexstim

- The AGM resolved that PricewaterhouseCoopers Oy, which has appointed Tiina Puukkoniemi, KHT, as the principal auditor, be elected as the company's auditor for the period until the end of the next AGM. The proposed auditor has consented to the election. The AGM resolved that the auditor will be paid a reasonable fee according to a reasonable invoice approved by the company.
- It was resolved to renew the Board of Directors' previous authorization, which was extended at the 2023 Annual General Meeting, and the Board of Directors was authorized to decide on (i) the issue of new shares and/or (ii) the disposal of treasury shares held by the Company and/or (iii) the issue of special rights within the meaning of Chapter 10, Section 1 of the Companies Act.
- The General Meeting resolved to authorize the Board of Directors to decide on (i) the issue of new shares and/or (ii) the transfer of own shares held by the company and/or (iii) the issue of special rights within the meaning of Chapter 10, Section 1 of the Companies Act.

Business

2 January 2024 based on updated business forecasts, the company revised that in 2023 the company's comparable turnover will increase and that the EBITDA (operating result before depreciation and amortization) for the financial year will be negative. For the full year 2023, the full-year revenue and comparable revenue were expected to be around EUR 7 million and the EBITDA for the financial year between EUR -0.6 million and EUR -0.3 million.

7 June 2024 The Company announced that it has successfully negotiated and signed a letter of intent for an exclusive collaboration with Sinaptica Therapeutics, Inc. in the field of Alzheimer's disease treatment. As part of the planned collaboration, Nexstim will develop, manufacture and supply Sinaptica's patented precision neuromodulation device based on the Nexstim NBS 6 medical TMS and neuronavigation systems and related software, including integrated EEG software. Under the letter of intent, Sinaptica's hardware modifications would include a patented workflow that would be integrated with a third-party EEG device and Sinaptica's proprietary cloud-based personalization engine (MAINTAIN™).

12 June 2024 The Company announced that it is in disagreement regarding the licensing of the technology it has developed to the US-based medical technology company Magnus Medical, Inc. The licensed technology relates to the NBT® device developed by the Company, subject to certain limitations, and patents related to that technology, which are licensed for use in the limited treatment of neuropsychiatric disorders. Nexstim's software applications and stimulating electric field modelling were excluded from the license. In February 2022, Nexstim announced the sale of the license for the technology related to Nexstim's NBT® device to Magnus Medical, Inc. The total value of the agreement was estimated at approximately EUR 17 million, including a five-year royalty period. Magnus Medical has now provided Nexstim with additional information regarding the launch of its first commercial product, which, based on the Company's own analysis and further analysis by an external party, gives rise to a disagreement regarding the use of the licensed technology. Nexstim continues to gather additional information regarding Magnus Medical's commercial product and plans to take the following steps to defend its financial interests and intellectual property rights under a long-term agreement. Nexstim reiterates its assessment made in its February 2024 financial results announcement that the Company does not currently expect to receive royalty revenue from Magnus Medical during 2024 in its business forecasts. Furthermore, Magnus Medical itself has informed Nexstim that it uses a third party solution in its product, which would not be covered by the agreement at all. Nexstim does not currently provide an estimate of the total value or financial expectations for the royalty period due to the ongoing dispute.

Employee stock options and other compensation plans

12 April 2024 The Company announced that the Board of Directors decided on 12 April 2024 to establish a new stock option plan 2024H for the members of the Board of Directors of the Company based on the authorization granted by the Annual General Meeting of Shareholders on 28 March 2024 and in accordance with the resolutions of the Annual General Meeting. There is a compelling financial reason for the Company to grant the stock options, as the stock options are intended to be part of an incentive and commitment program. The stock options will encourage the members of the Board of Directors to work for the long term and to cooperate in order to increase shareholder value. They also aim at engaging Board members in the Company. The maximum number of warrants to be issued under the 2024H programme is 37,500, entitling the holder to subscribe for a maximum of 37,500 new or existing shares in the company.

Nexstim

25 April 2024, the Company announced the following transactions made by the management during the reporting period: Leena Niemistö received 12,000 options, Tero Weckroth 8,500 options, Martin Forss 8,500 options and Timo Hildén 8,500 options in the Company as part of the new 2024H stock option plan.

Other material events

6 March 2024 The company published its Annual Report for 2023, which included the Report of the Board of Directors, the consolidated and parent company financial statements and the auditor's report.

25 June 2024, the Company announced that its Board of Directors has decided to raise a loan in such a way that the Company will grant to the lenders special rights entitling to shares under Chapter 10 of the Companies Act, so that the lenders will be entitled to subscribe for shares in the Company on the basis of the corresponding special rights and the lenders will be entitled to pay the subscription price for the Shares by offsetting it against the loan proceeds referred to in this document. The Company will make the loan referred to in the terms and conditions of the Convertible Loan and will simultaneously issue up to 288,669 Special Rights in exchange for the loan. Notwithstanding the shareholders' pre-emptive subscription rights, the Convertible Bond will be issued to entities specifically approved by the Board of Directors. The minimum subscription amount of the Convertible Bond is EUR 100,000, which may be converted into 35,971 new shares (or an adjusted number of shares in accordance with the terms and conditions) of the Company in accordance with the terms and conditions of this Convertible Bond. The Special Rights are issued to secure the financing required to strengthen the Company's working capital and capital structure in a cost-effective manner and to ensure the existence of the equity participation required for the EUR 1,500,000 digitalization and innovation loan applied for by Finnvera.

25 June 2024 The Company announced that the convertible bond announced earlier the same day was subscribed for a total of EUR 650,000 by the following subscribers: Leena Niemistö through her company Kaikarhenni Oy, Ossi Haapaniemi through his company Kalksten Finance Oy, Kyösti Kakkonen through his company Joensuun Kauppa ja Kone Oy and Tero Weckroth through his company WRCC Invest Oy.

27 June 2024 The company announced that it has agreed a total of EUR 1.5 million digitalization and innovation loan with Finnvera. The loan has been implemented in cooperation with the European Investment Fund. The company intends to use the loan to finance the product development of the NBS 6. The loan has a duration of six years and the terms are in line with the Digitalization and Innovation Loan Program.

For more information on material events during the reporting period, please visit the company's website: <https://www.nexstim.com/investors/regulatory-news>

Significant events after the review period

The company has not had any major events after the review period.

Nexstim

LARGEST SHAREHOLDERS

According to the register of shareholders maintained by Euroclear Finland Ltd, the holdings of Nexstim Plc's 20 largest shareholders on June 30, 2024 were as follows:

	Shareholder	Shares	Holding %
1.	Kaikarhenni Oy	1,022,416	15.11
2.	Haapaniemi Ossi Antero	497,997	7.36
3.	Joensuun Kauppa Ja Kone Oy	439,906	6.50
4.	Citibank Europe Plc*	235,543	3.48
5.	Kalksten Properties Koy	154,124	2.28
6.	Syrjänen Eva Annika Elisabeth	148,537	2.20
7.	K22 Finance Oy	126,287	1.87
8.	Danske Bank A/S Helsinki Branch*	119,599	1.77
9.	Wrcc Invest Oy	115,000	1.70
10.	Ollikainen Pekka Antero	102,200	1.51
11.	Schengen Investment Oy	84,771	1.25
12.	Raiski Matti Juhani	77,777	1.15
13.	Kakkonen Kari Heikki Ilmari	69,649	1.03
14.	Kalksten Finance Oy	68,121	1.01
15.	Niukkanen Pentti Juhani	65,000	0.96
16.	Salmela Veijo Ensio	50,100	0.74
17.	Skandinaviska Enskilda Banken Ab (Publ) Helsingin Sivukonttori*	40,576	0.60
18.	Filén Harri Johannes	38,551	0.57
19.	Kaukoranta Eero Onni	38,000	0.56
20.	Nordnet Bank Ab*	37,201	0.55

* Nominee registered shareholders

Publication of financial information

The financial statements bulletin for the financial year that will end on December 31, 2024, will be published on or around February 27, 2025.

Results briefing on August 16, 2024

The company will hold two live webinars for the media, investors, and analysts on Friday, August 16, 2024. Mikko Karvinen, CEO, and Joonas Juokslahti, CFO, will present the company's financial and operational results, and will answer questions.

The first webinar will be held in Finnish at 10.30 am (EEST). The second webinar will be held in English at 3 pm (EEST).

Webinar details:

To attend the webinars, please register via the links below. Registered participants will receive more information via email.

Webinar in Finnish on August 16, 2024, at 10:30 am (EEST): [Sign up here >>](#)

Webinar in English on August 16, 2024, at 3 pm (EEST): [Sign up here >>](#)

Nexstim

Basis of preparation of the half-year report

Nexstim Plc's half-year report has been prepared in accordance with the Finnish Accounting Standards and presented in accordance with the rules of the First North marketplace. The financial information presented in the half-year report is unaudited. The figures presented have been subject to rounding adjustments.

Nexstim

CONSOLIDATED INCOME STATEMENT

Thousand euro	1 Jan. 2024 - 30 June 2024	1 Jan. 2023 - 30 June 2023	1 Jan. 2023 - 31 Dec. 2023
NET SALES	3,176.9	2,503.7	7,246.3
Capitalised fixed assets	774.4	667.8	1,338.6
Other operating income	0.7	10.8	10.8
Materials and services			
Materials			
Purchases during the review period	-640.3	-580.3	-1,749.1
Increase (+) or decrease (-) in inventories	69.8	72.7	151.4
External services	-3.3	-3.3	-3.3
Total	-573.8	-511.0	-1,601.0
Personnel expenses			
Wages and salaries	-1,942.5	-1,842.1	-3,787.1
Social security expenses			
Pension expenses	-242.2	-231.5	-451.8
Other social security expenses	-97.4	-191.9	-190.4
Total	-2,282.1	-2,265.6	-4,429.4
Depreciation and amortization			
Depreciation and amortization according to plan	-397.7	-309.2	-701.3
Total	-397.7	-309.2	-701.3
Other operating expenses	-1,562.6	-1,483.8	-3,091.9
OPERATING RESULT	-864.2	-1,387.2	-1,227.9
Financial income and expenses	-79.1	-52.1	-94.7
RESULT BEFORE TAXES	-943.3	-1,439.3	-1,322.7
Income taxes	-4.8	-3.2	-4.8
RESULT FOR THE PERIOD	-948.1	-1,442.5	-1,327.5

Nexstim

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2024	30 June 2023	31 Dec. 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	3,121.7	2,306.1	2,630.2
Intangible rights	291.4	312.2	286.8
Other intangible assets	7.1	7.9	7.1
Total	3,420.1	2,626.1	2,924.1
Tangible assets			
Machinery and equipment	403.8	400.7	347.3
Total	403.8	400.7	347.3
Investments			
Interests in associated companies	695.5	448.7	676.6
Total	695.5	448.7	676.6
NON-CURRENT ASSETS TOTAL	4,519.4	3,475.6	3,948.0
CURRENT ASSETS			
Inventories			
Raw materials and consumables	1,114.4	853.5	1,044.6
Total	1,114.4	853.5	1,044.6
Receivables			
Trade receivables	1,920.1	1,078.6	2,807.5
Prepayments and accrued income	417.7	361.7	354.6
Other receivables	184.1	239.5	273.9
Total	2,521.9	1,679.8	3,436.0
Cash in hand and at banks	3,032.1	2,128.1	1,454.6
CURRENT ASSETS TOTAL	6,668.4	4,661.4	5,935.2
ASSETS TOTAL	11,187.8	8,137.0	9,883.1

Nexstim

Thousand euro	30 June 2024	30 June 2023	31 Dec. 2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	55,042.3	55,040.3	55,042.3
Retained earnings	-52,306.5	-50,966.5	-50,958.4
Result for the period	-948.1	-1,442.5	-1,327.5
TOTAL EQUITY	1,867.7	2,711.3	2,836.3
LIABILITIES			
NON-CURRENT LIABILITIES			
Other interest-bearing loans	4,857.2	2,447.9	3,604.1
Total	4,857.2	2,447.9	3,604.1
CURRENT LIABILITIES			
Loans from financial institutions	1,453.8	878.1	831.6
Prepayments received	1,275.5	1,040.2	879.2
Trade payables	591.6	243.3	650.3
Other liabilities	223.8	159.2	193.5
Accrued expenses	918.3	657.1	888.2
Total	4,462.9	2,977.8	3,442.7
TOTAL LIABILITIES	9,320.1	5,425.7	7,046.8
EQUITY AND LIABILITIES TOTAL	11,187.8	8,137.0	9,883.1

Nexstim

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

Thousand euro	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
Equity at 31 December 2023	80.0	55,042.3	-52,286.0	2,836.3
Issue of shares				0.0
Result for the period			-948.1	-948.1
Translation difference			-20.5	-20.5
Equity at 30 June 2024	80.0	55,042.3	-53,254.6	1,867.7

Thousand euro	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
Equity at 31 December 2022	80.0	54,960.3	-50,971.5	4,068.8
Issue of shares		82.0		82.0
Result for the period			-1,327.5	-1,327.5
Translation difference			13.0	13.0
Equity at 31 December 2023	80.0	55,042.3	-52,286.0	2,836.3

Thousand euro	Share capital	Reserve for invested unrestricted equity	Retained earnings (losses)	Total equity
Equity at 31 December 2022	80.0	54,960.3	-50,971.5	4,068.8
Issue of shares		80.0		80.0
Result for the period			-1,442.5	-1,442.5
Translation difference			6.0	6.0
Equity at 30 June 2023	80.0	55,040.3	-52,409.0	2,711.3

Nexstim

CONSOLIDATED CASH FLOW STATEMENT

Thousand euro	1 Jan. 2024 - 30 June 2024	1 Jan. 2023 - 30 June 2023	1 Jan. 2023 - 31 Dec. 2023
Cash flow from operating activities			
Result for the period	-943.3	-1,442.5	-1,322.7
Adjustments:			
Depreciation and amortization according to plan	397.7	309.2	666.8
Other income and expenses not related to payment	0.0	18.1	34.5
Share of the profit of associates	2.9	6.0	11.5
Other adjustments (income -/ expense +)	-90.2	1.3	79.9
Financial income and expenses	76.1	15.0	83.2
Cash flow before change in working capital	-556.8	-1,092.9	-446.7
Change in working capital:			
Increase (-) or decrease (+) in current receivables	950.0	236.1	-1,543.5
Increase (-) or decrease (+) in inventories	-46.5	29.7	-176.6
Increase (-) or decrease (+) in long-term receivables	0.0	0.0	0.0
Increase (+) or decrease (-) in current interest-free payables	371.9	-512.9	-14.0
Cash flows from operations before financial items and taxes	718.7	-1,340.0	-2,180.9
Interest and other financial expenses paid	-82.8	-20.2	-144.6
Interest received on operating activities	68.5	5.2	61.4
Direct taxes paid	-4.8	-3.2	-4.8
Cash flow from operating activities (A)	699.6	-1,355.0	-2,269.0
Cash flow from investing activities			
Investments in intangible and tangible assets	-944.4	-868.2	-1,489.2
Investoinnit muihin sijoituksiin	0.0	0.0	-246.2
Cash flow from investing activities (B)	-944.4	-868.2	-1,735.4
Cash flow from financing activities			
Share issue	0.0	80.0	82.0
Drawing (+) or repayment of short-term loans (-)	622.2	0.0	0.0
Drawing (+) or repayment of long-term loans (-)	1,253.1	-163.5	946.2
Maksetut korot ja maksut rahoituskuluista	-61.8	0.0	0.0
Cash flow from financing activities (C)	1,813.5	-83.5	1,028.2
Change in cash in hand and at banks	1,568.7	-2,306.7	-2,976.1
Cash in hand and at bank at the beginning of the period	1,454.6	4,441.3	4,441.3
Valuuttakurssimuutosten vaikutus	8.9	-6.5	-10.6
Cash in hand and at bank at the end of the period	3,032.1	2,128.1	1,454.6

Nexstim

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Nexstim's related parties include its subsidiaries, the members of its Board of Directors, the CEO, and the members of its Management Team, as well as shareholders who exercise considerable influence in the company. The company's related parties also include close family members of such persons, as well as entities in which such persons have a controlling interest. The company did not have any material transactions with related parties during the review period.

CONTINGENT LIABILITIES

Thousand euro	30/6/2024	30/6/2023	31/12/2023
Rental guarantees			
Rental deposit account	16.3	16.3	16.3
Leasing liabilities			
Due within the next financial year	74.1	70.8	74.1
Due later	4.2	20.5	12.5
Leasing liabilities			
Due within the next financial year	2.6	2.1	2.4
Due later	-	2.7	1.6

CALCULATION OF KEY FIGURES

Gross margin	Net sales - Materials and services
Gross margin-%	Gross margin / Net sales
Adjusted comparable gross margin	(Net sales - extraordinary items) - Materials and services
Adjusted comparable gross margin-%	Adjusted comparable gross margin / Net sales
EBITDA	Operating result + Depreciation and amortization
Earnings per share	Result for the review period / Average number of shares
Diluted earnings per share	Result for the review period / Diluted average number of shares
Equity ratio (%)	100 * (Equity + Voluntary reserves) / (Adjusted balance sheet total - Advance payments based on work performed)

Helsinki, August 16, 2024

Nexstim Plc
Board of Directors

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

Mikko Karvinen, CEO
+358 50 326 4101
mikko.karvinen@nexstim.com

The Company's Certified Advisor is Carnegie Investment Bank AB (publ).

Nexstim

Distribution:
Nasdaq Helsinki
Key media outlets

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 5 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 NBS System 6 which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBS 6 system is CE marked for the treatment of major depression and chronic neuropathic pain.

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

For more information, please visit www.nexstim.com