



Nexstim Plc Business and Clinical Update Q1 2022

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Nexstim Plc (NXTMH:HEX, NXTMS:STO) ("Nexstim" or "Company") announces the key highlights of the Company's business and clinical operations during Q1 2022.

CEO Mikko Karvinen's Business and Clinical Update

I'm very happy to say that following the strongest year in the history of the company, our business has continued to show unprecedented positive progress during the first quarter of 2022. In line with our main strategic goal, we continue profitable net sales growth, leading to our first operational profit-making financial year while also minimizing future equity needs.

In February, we announced the sale of our technology license related to the NBT[®] system to Magnus Medical, Inc. The total value of the agreement is approximately EUR 17 million. We will continue as normal and focus on implementing our strategy until the five-year royalty period of the license agreement starts. The license agreement places Nexstim in a unique place to gain financial benefits, extend the use of our technology in patient care and allocate our resources to other business areas during the royalty period.

We have continued to grow our Diagnostics Business (NBS) and Therapy Business (NBT[®]) with new system sales in our key markets in the United States and Europe. The year is off to a good start, driven by the supply of the numerous systems in the order backlog at the end of 2021. The growth of our system base has led into steadily growing recurring revenue levels, which creates more stability and predictability for us. We want to develop and evolve.

While investing on growth, we actively monitor the world political situation changed due to the war in Ukraine. We unequivocally condemn Russia's military action in Ukraine and hope for a quick, peaceful resolution to the conflict. COVID-19 still has some effect on our business environment, but we have continued our strong efforts in increasing the numbers of both NBS systems used for pre-surgical mapping of the brain and NBT[®] systems installed mainly for use in the treatment of major depressive disorder (MDD). Between January and March 2022, we had delivered a total of 7 new NBS systems and a total of 2 new NBT[®] systems. With these deliveries, at the end of Q1 2022, we managed to deliver all systems that were undelivered on the date of the financial statement 2021.

In the Diagnostics Business, the NBS system has been sold to more than 210 research universities and leading hospitals across the world to date. We are happy to see that more and more of our customers seek to use the Nexstim system in both diagnostic and therapeutic applications. The new NBS System 5 configuration (NBS5+) is now also available in the United States, enabling the use of diagnostic and therapeutic applications in the same system. All the FDA 510(k) indications are now available in the same system in the US market, which is important. As an example of this progress, all of the seven NBS systems delivered during January–March 2022 had both diagnostics and therapy treatment applications. We are also pleased to say that during the beginning of the year, we have already

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delivered the second NBS5+ system to the first hospital chain in the United States. We see this combined system as a clear competitive advantage and look forward to expanding with this platform approach to other key markets globally.

In the Therapy Business, at the end of Q1 2022 there were a total of 56 Nexstim systems with therapy capabilities installed worldwide (21 in the U.S. and 35 in Europe and the rest of the world) for the treatment of depression and chronic neuropathic pain. This number includes both NBT[®] systems as well as NBS systems with additional NBT software option installed. Nexstim's NBS System with SmartFocus[®] nTMS is highly differentiated from other currently available TMS products due to its unique and highly sophisticated 3D navigation that uses its proprietary E-field algorithm to visualize the exact location, orientation, and magnitude of the stimulation.

In 2022, another one of our strategic main goals is the expansion of Nexstim's network of exclusive partner clinics, especially in the United States. This would mean installing more NBT[®] systems to treat severe depression, in line with our revised strategy, mainly in co-operation with our partners. Our new partnerships focus on strategic investments in service organizations, especially on the vast U.S. market, but partnerships are also possible to make targeted investments in European and Asian markets. The agreement on strategic co-operation and a minority interest in PNC Management Services, LLC signed at the end of 2021 is our first concrete step on this important strategic development path. This partnership allows us to work close to the patients and collect accurate information at the patient interface. We are eagerly looking forward to cooperation with Dr. Kuluva and his clinic, because we believe that our co-operation creates excellent conditions for future growth. Through our co-operation with Dr Kuluva's expert team, Nexstim's TMS technology can be used to treat a growing number of patients in California. In addition, the parties have signed a Term Sheet in March under the terms of which Nexstim has established a private equity company. The purpose of the private equity company is to further expand the network of Nexstim neuroscience centers in the U.S. The parties continue the negotiations regarding co-operation within the private equity company, where Dr. Joshua Kuluva will have a minority interest.

In February, we reported clinical outcomes of the first 311 patients who had completed Nexstim SmartFocus[®] rTMS treatment with Nexstim NBT[®] system for major depressive disorder (MDD). Nexstim NBT[®] system is indicated for the treatment of MDD in adult patients who have failed to achieve satisfactory improvement from prior antidepressant medication in the current episode. Treatment outcomes of these 311 patients were excellent: approximately 50% were in remission at the end of the treatment and 77% had obtained a clinical response. These outcomes are clearly higher than what is usually reported for MDD with TMS-systems: In a well-conducted multisite study, remission rates were 26.5–28.7% and the patient-reported response rates were 41.5–56.4%¹. The patient-reported remission and response rates are also higher than those reported in a large sample of more than 3,800 patients who completed clinical rTMS treatment (remission 29.7–36.2%, response 62.7–70.4%)². We will continue to collect this invaluable data during 2022.

The pilot study at Kuopio University Hospital continues. It examines the use of accelerated iTBS protocol in treatment of severe depression with Nexstim NBT[®] system. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times per day for one week whereas in conventional TMS therapy, stimulation is given once a day during several weeks.

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In the continuation of the previously reported pilot study, the effectiveness of the accelerated iTBS protocol will be tested in an additional 20 patients. The patient treatments in the continued pilot were estimated to be completed in mid-2022 but the nurses' strike in the spring temporarily discontinued the pilot, and the treatments may be delayed. Nexstim is actively monitoring the continuation of treatment, and the results will be announced as soon as possible after their completion.

Our system clearly differentiates from the TMS systems currently on the market that do not have navigation capabilities. In the future, the need for a navigation function is likely to be further emphasized in technology that could treat patients in hospital for severe, treatment-resistant depression (TRD) and possible suicidal ideation. This could potentially open a new TMS treatment market for Nexstim that is separate from the current treatment of patients with MDD. Getting more data on the patient treatment outcomes with the intensified accelerated treatment protocols is important for the strategic development path of our business.

Despite the international tension, we continue to have positive outlook for 2022. At Nexstim, we purposefully continue our work to enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. We strongly believe that our work supports the growth of shareholder value over the long term, in the form of stronger competitive advantages, rapid growth, and better financial performance. While again being optimistic about the future, we will closely continue to monitor both the development of the situation in Ukraine and the COVID-19 pandemic as we boost our business.

1) Carpenter L. et al. Transcranial magnetic stimulation (TMS) for major depression: a multisite, naturalistic, observational study of acute treatment outcomes in clinical practice. *Depress Anxiety*. 2012 Jul;29(7):587-96. Epub 2012 Jun 11.

2) Sackheim, H. et al. Clinical outcomes in a large registry of patients with major depressive disorder treated with Transcranial Magnetic Stimulation. *Journal of Affective Disorders* 277 (2020) 65–74

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

Mikko Karvinen, CEO

+ 358 50 326 4101

mikko.karvinen@nexstim.com

About Nexstim Plc

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

Nexstim has developed a pioneering non-invasive brain stimulation technology for extracranial simulation (transcranial magnetic stimulation, TMS) with 3D navigation. This unique technology allows the required area of the brain to be stimulated accurately and individually.

Nexstim's Diagnostics Business focuses on the commercialisation of the NBS (Navigated Brain Stimulation) system. The NBS system is the only FDA-cleared and CE-marked navigated TMS system for

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the pre-surgical mapping of the motor cortex and the speech areas of the brain.

Nexstim's Therapy Business markets and sells the NBT[®] (Navigated Brain Therapy) 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