

Nexstim

NEXSTIM PLC HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2019 (UNAUDITED)

Company announcement, Helsinki, 16 August 2019 at 9:00 am

Highlights, January – June 2019

- Focused on executing our depression-led therapy strategy. Good progress with a total of eight new NBT[®] systems installed in clinics in the US and Europe, across multiple sites, for the treatment of Major Depressive Disorder (MDD)
- Therapy business net sales grew strongly (170%) in H1 amounting to EUR 0.6 million (2018 H1: EUR 0.2 million)
- In April 2019, Nexstim arranged a share offering, which was supported by new major anchor investors, that raised EUR 3.5 million of new capital
- H1 net sales total amounted to EUR 1.2 million (2018 H1: EUR 1.1 million)

Business Overview

Nexstim is a personalised neuromodulation company developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic (NBT[®] system) and diagnostic (NBS system) applications.

The Company developed its NBT[®] device based on its NBS technology platform; commercialisation of the NBT[®] system for MDD is currently Nexstim's key strategic focus.

NBT[®]

- Nexstim's Navigated Brain Therapy (NBT[®]) system is based on its unique navigated Transcranial Magnetic Stimulation (nTMS) technology which allows for personalised, accurate, reproducible and non-invasive brain stimulation
- In May 2018, Nexstim launched its NBT[®] system in the US for the treatment of MDD following FDA clearance in November 2017
- MDD affects more than 300 million people worldwide with 20-40% of patients not responding to current treatment options. As a result, MDD is the focus for Nexstim's sales and marketing activities for its NBT[®] system
- The NBT[®] system is CE marked for the treatment of depression and chronic pain
- A total of 18 NBT[®] systems installed globally for the treatment of depression

NBS

- Nexstim's Navigated Brain Stimulation (NBS) 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 NBS 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 as a result of pre-surgical mapping. The non-invasive device has demonstrated a 46% increase in progression free survival in low grade gliomas versus the current gold standard

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- The NBS system has been sold to approximately 160 research universities and leading hospitals across the world

CEO Martin Jamieson's review

I am happy to report the important progress that Nexstim has made in the first half of 2019 executing its strategy, which is focused on driving the sales of its NBT[®] system for the treatment of MDD.

During the period, we have delivered and installed a total of eight new NBT[®] systems - four in the US and four in Europe (Germany, Austria, Sweden and Finland) - for the treatment of MDD. As a result, there are now a total of eighteen NBT[®] Systems installed for the treatment of depression, globally.

We are confident that by continuing to highlight the NBT[®] system's unique navigational capabilities, we will be able to gain further market share, by clearly differentiating it from the non-navigational TMS devices currently on the market. We now have a promising NBT[®] system sales pipeline in both the US and EU and will focus our efforts into converting these into orders during the second half of 2019.

The therapy business net sales for H1 2019 grew strongly by 170 percent to EUR 0.6 million, compared to EUR 0.2 million in H1 2018. Sales of the NBS system were lower during the first half of 2019 due to some system sales being postponed into H2 2019. This led to the Company's net sales total increasing 13 percent from EUR 1.2 million in H1 2019, compared to EUR 1.1 million in H1 2018. In addition to the progress with our NBT[®] system, we are continuing to see an improvement in our sales mix with a growing contribution from high margin after sales, including revenue from services, support, spare parts and consumable head trackers.

H1 2019 has been a time of investment to support our growth, particularly in our US commercial team as well as in Europe. As a result of this investment, operating cash burn amounted to EUR -3.7 million in H1 2019 compared to EUR -3.1 million in H1 2018.

In order to finance our growth strategy, we raised a total of EUR 3.5 million of new capital in a share offering which closed in April 2019.

I wish to thank our investors for supporting our share offer and I am delighted that we were able to attract new major anchor investors. This support reflects their confidence and strong commitment to Nexstim's success.

With these new funds and potential further investments based on the offer warrants and cost saving efforts, Nexstim is now focused on continuing to drive the sales of its NBT[®] systems globally. This clear therapy focused strategy means that we continue seeking a partner for our pre-surgical mapping business.

During H2 2019, we will focus on growing the active installed base of NBT[®] Systems used for treatment of MDD with the emphasis on the large US market. It is our priority to raise market awareness of our NBT[®] System. We are looking to achieve this by increasing the number of MDD patients treated with our NBT[®] System which will allow us to collect more clinical data showing the benefits that our unique system is able to deliver to the large number of patients with depression. This data will be used to support our marketing efforts which we are confident will increase the adoption of our NBT[®] system across the US.

We also plan to leverage our strong Key Opinion Leader network in the US and to utilize the patient registry data we are generating to publish a series of White Papers highlighting the advantages that our NBT[®] System delivers when used to treat MDD. We believe that these efforts will allow us to generate higher therapy sales as we leverage our continuing investments in commercial sales, marketing, and clinical resources.

As of 30 June 2019, Nexstim had a cash position of EUR 6.4 million, which includes the Kreos loan.

We are continuing to evaluate a number of different funding options and strategic alternatives for our businesses. A key potential source of funding during October-November 2019 is via the exercise of a large number of the warrants that were issued as part of the April 2019 share offering.

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Key performance indicators

EUR in thousands	1-6/2019 6 months	1-6/2018 6 months	1-12/2018 12 months
Net sales	1,217.4	1,079.3	2,672.1
Personnel expenses	-2,079.1	-1,523.8	-3,937.5
Depreciation and amortization	-205.3	-154.4	-424.0
Other operating expenses	-1,968.2	-1,801.3	-3,985.9
Profit/ -Loss for the period	-3,664.9	-2,440.6	-6,154.3
Earnings per share (EUR)*	-0.29	-0.78	-1.93
Cash flows from operating activities	-3,679.0	-3,123.0	-6,192.5
Cash in hand and at banks	6,378.6	10,305.6	7,175.2
Total equity	-495.2	3,680.8	-294.3
Equity ratio (%)	-3.94	31.23	-0.98
Number of shares in the end of the period (pcs)*	35,400,873	3,251,050	3,253,751
Average number of shares during the period (pcs)*	12,835,277	3,122,041	3,187,487
Diluted number of shares in the end of the period (pcs)*	52,450,118	4,700,817	4,703,495
Diluted average number of shares during the period (pcs)*	17,817,551	4,451,572	4,577,627

*The number of shares has been adjusted to take account the effect of the reverse share split on 26 November 2018, where the number of shares was decreased 30-fold.

Future Outlook

Based on its business forecast, the Company expects therapy business revenue to grow during year 2019 and a loss for the period is expected for the financial year 2019.

Financial review

The figures in parenthesis (EUR thousand) represent the amount in the previous year's comparative period, unless otherwise stated.

Operating results

Net sales

Net sales from January 1 – June 30, 2019 were EUR 1,217.4 thousand (1,079.3), an increase of 12.8 percent. Therapy business net sales during the same reporting period was EUR 610.0 thousand (EUR 226.3 thousand), an increase of 169.5 percent.

Work performed for own purpose and capitalised

Work performed for own purpose and capitalised on January 1 – June 30, 2019 was EUR 18.7 thousand (19.2) and consisted of capitalised development costs.

Other operating income

Other operating income from January 1 – June 30, 2019 was EUR 6.6 thousand (10.2).

Materials and services

Materials and services expenses during the period January 1 – June 30, 2019 totalled EUR -352.1 thousand (-364.2).

Personnel expenses

Personnel expenses on January 1 – June 30, 2019 totalled EUR -2,079.1 thousand (-1,523.8). The increase in expenses was mainly due to the recruitment of new personnel to the US commercial team.

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Depreciation and amortisation

Depreciation and amortisation during January 1 – June 30, 2019 amounted to EUR -205.3 thousand (-154.4). The increase is mainly due to depreciation of new NBT® systems capitalized as fixed assets.

Other operating expenses

Other operating expenses between January 1 – June 30, 2019 totalled EUR -1,968.2 thousand (-1,801.3). Out of these expenses, the spring 2019 share offering expenses amounted to a total of EUR -270.6 thousand.

Operating profit (loss)

Operating loss for the period from January 1 – June 30, 2019 was EUR -3,362.0 thousand (-2,734.9).

Financial income and expenses

Net financial income and expenses from January 1 – June 30, 2019 amounted to an expense of EUR -297.4 thousand (295.6). The financial expenses were mainly due to spring 2019 share offering fees and bank loan interest payments.

Profit (loss) before taxes

Loss before taxes between January 1 – June 30, 2019 was EUR -3,659.4 thousand (-2,439.2).

Income taxes

Income taxes between January 1 – June 30, 2019 was EUR -5.5 thousand (-1.4).

Profit/loss for the financial period

The loss for the period January 1 – June 30, 2019 was EUR -3,664.9 thousand (-2,440.6).

Financial position

Non-current assets

The Company's non-current assets were EUR 1,080.9 thousand (805.8). Intangible assets amounting to EUR 411.6 thousand on 30 June 2019 consist mainly of intangible assets related to capitalised development expenses and intellectual property rights. The tangible assets amounting to EUR 659.3 thousand on 30 June 2019 consist mainly of capitalized NBT® systems used for business operations.

Current assets

The Company's current assets amounted to EUR 7,757.0 thousand (11,782.0). The change in current assets was mainly due to the change in cash in hand and at banks.

Equity

Consolidated shareholders' equity totalled EUR -495.2 thousand (3,680.8).

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 6,537.0 thousand (7,510.2). The non-current liabilities of the Company consist of capital loans and other interest-bearing loans.

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Current Liabilities

The Company's current liabilities totalled EUR 2,796.1 thousand (1,396.9). The current liabilities mainly consist of bank loans, trade payables and accrued expenses. The increase in current liabilities is mainly due to repayments scheduled to be paid during the next 12-months to Kreos Capital.

Financing and liquidity

Liquid assets, consisting of cash in hand and at banks, totalled EUR 6,378.6 thousand (10,305.6).

The Company's net cash outflow from operating activities during the reporting period was EUR -3,679.0 thousand (-3,123.0).

Net cash flow from investments was EUR -382.0 thousand during the reporting period (242.4).

Net cash flow from financing activities was EUR 3,264.4 thousand during the reporting period (5,197.5). This was the result of the spring 2019 share offering and drawdown and repayment of loans.

The Company estimates that the current working capital suffices until end of Q1 2020. This estimate is based on a conservative revenue forecast and expense estimate and considering the cash at bank of the Company has at 30 June 2019. This estimate also assumes that the Company will be able to comply with the agreed terms of its EUR 4 million loan agreement entered into with Kreos Capital V (UK) Limited ("Kreos") and no event of default or material adverse change does not occur which would entitle Kreos to prematurely call back its loan.

In the event the preconditions regarding Kreos are not fulfilled, and Kreos calls back its loan in full, with outstanding interests and fees, the Company estimates that the current working capital would then run out during November 2019.

The Company continues to carry out evaluation of different funding options and strategic alternatives for its businesses. Out of these, in addition to the above-mentioned working capital estimates, the primary route for seeking additional funding is to secure a large amount of subscriptions of the warrants issued as part of the spring 2019 share offering. If different funding options or strategic partnerships are not completed at all or completed only partially or if actual revenues are less than forecasted, the Company aims to seek additional debt or equity financing or adjust its cost structure, primarily by decreasing its fixed expenses, such as personnel expenses, and, if necessary, costs planned to build and improve of its own sales and marketing organization. As stated above the Company's liquidity and its effect on the Company's financial performance as well as the success of any financing options are affected by factors with significant uncertainty, which the management has taken into account when assessing the Company's ability to continue as a going concern. If additional financing is not obtained, the Company may meet serious financial difficulties.

Organisation and Personnel

Nexstim's strategy is to recruit only employees that the Company believes have core competence and know how in order to support the Company operating efficiently. In compliance with this strategy, Nexstim has outsourced most of its operations such as the production.

The Company is organised in five operative functions:

- Clinical;
- Research & Development (R&D);
- Operations;
- Sales & Marketing including After Sales and Service;
- Administration, including Finance, Legal Affairs, Quality and Regulatory Affairs support functions.

At the end of the reporting period on June 30, 2019, the Nexstim group employed 34 full-time employees (FTEs). Nexstim Plc (parent company) employed 22 FTEs at the same point of time. During January 1 – June 30, 2019 Nexstim group employed on average 35 FTEs (2018: 26 FTEs).

Strategy

Our mission

By making the transcranial magnetic stimulation (TMS) electric field visible and reproducible, we enable personalized



and effective therapies and diagnostics for challenging brain diseases and disorders.

Our vision

To be the new standard of care for treating a host of currently intractable brain diseases and disorders. Personalised TMS is giving back patients – and their families – the life they feared they had lost.

Our strategy

Nexstim is focused on validating and commercialising its personalised SmartFocus™ TMS brain stimulation technology in large therapeutic indications with sub-optimal treatment options, namely depression and chronic pain.

We are investing in commercial sales, marketing and clinical resources and continue to raise funding accordingly. Our aim is to build sales in the US and large EU markets in currently approved indications, as well as to generate clinical patient registry data to further support our commercial efforts. We also recognise that there is a significant untapped market opportunity in Asia and continue to evaluate opportunities in this area on an ongoing basis.

Nexstim also aims to fulfil the commercial potential of the SmartFocus™ TMS technology in pre-surgical mapping through the Navigated Brain Stimulation (NBS) system. Pre-surgical mapping will be supported and developed through partnerships.

We remain predominantly focused on the potential of our differentiated technology in therapy (NBT®), as this represents a larger market opportunity, with a better model for sales growth in terms of consumables.

Major Events in the Reporting Period

On 14 January 2019 the Company announced that had shifted its resources and focus during year 2018 to generating Navigated Brain Therapy (NBT®) system sales for the treatment of MDD and that this strategy had delivered good results in the US, Europe and rest of the world. In order to fund the further commercialisation of Nexstim's therapy business the Company informed that it is evaluating a potential funding round.

On 25 January 2019, Nexstim Plc announced that pursuant to the reduction of the quantity of shares in the Company and due to an error in the calculation of the shares held by nominee shareholders by a certain custodial nominee account holder and respective correction of such error, in total 5 treasury shares remained in the possession of the Company of the total amount of 9,000 treasury shares which were issued to the Company without consideration on 21 November 2018 of which amount in total 7,724 treasury shares were already annulled by a resolution of the Board of Directors on 30 November 2018. It was hereby resolved to also annul such 5 treasury shares.

Furthermore, the Board of Directors resolved on annulment of in total 33,300 option rights 2016B and 16,700 option rights 2016C which are in the possession of the Company (employments terminated, and the option rights returned to the Company prior to arrangements regarding the reduction of the quantity of shares). Pursuant to the annulment, no option rights 2016B or 2016C remain in the possession of the Company.

Pursuant to the reduction of the quantity of shares, the Board of Directors resolved on 23 November 2018 to amend the terms of the outstanding option rights under options schemes 2013A, 2016A-C, 2017 and 2018A-B in such way that the number of option rights received by each holder of option rights is divided by 30, and simultaneously the subscription price for one share against an option right is multiplied by 30, and that the possible rounding up in the number of option rights is be made downwards. Regarding the above-mentioned, the amended terms of the above-mentioned option rights have now been accepted.

On 12 March 2019 the Company announced that its Board of Directors was planning for an issue of new ordinary shares in which the current shareholders of the company would have the right to subscribe for new shares in proportion to their existing shareholdings in the Company.

On 25 March 2019 Nexstim announced that its NBT® system had received FDA clearance for a new much shorter treatment protocol, Theta Burst Stimulation (TBS), for the treatment of MDD.

The following resolutions were adopted at its annual general meeting (AGM) of shareholders held on 25 March 2019:

- The AGM of shareholders of Nexstim Plc adopted the Company's financial statements, including the consolidated financial statements for the year 2018, and discharged the members of the board of directors and the chief executive officer from liability. The AGM resolved that no dividend would be paid for the financial year 1 January - 31 December 2018 and that the loss of the financial year be added to the loss account.
- The AGM resolved on the number of the members of the board of directors at five. Martin Jamieson, Ken Charhut, Rohan J. Hoare, Juliet Thompson and Tomas Holmberg were elected to the board. Martin Jamieson

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was elected as the chairman and Juliet Thompson as the deputy chairman.

- The remuneration of the members of the board of directors was resolved as follows: €36,000 for the members of the board domiciled in the USA, and €27,000 for the members domiciled in Europe. The AGM recommended that the members of the board invest half of the above-mentioned remuneration in the Company's shares.
- Further, the AGM resolved that the members of the board committees shall be paid as follows; €10,000 for the chairman of a committee per year and €5,000 for the members of the committee. It was decided that reasonable travel expenses be compensated to the board members.
- The AGM resolved that the target group of the restricted share unit (RSU) plan will be those members of the board of director's who are independent of the Company. The reward allocations in 2018 will be determined in cash. The AGM decided that for each board member who is independent from the Company the grant gross value of the reward for the vesting period 2019-2020 will be EUR 12,500. 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 20 trading days following the release date of the Company's Financial Statements from 2018. In the plan, one restricted share unit corresponds to one Company share.
- PricewaterhouseCoopers Oy, an authorized Public Accountants was re-elected as the auditor with Martin Grandell acting as the auditor-in-charge. The auditor will be paid a reasonable fee.

On 25 March 2019, the Company announced the following decisions made by its Board of Directors. The Board of Directors resolved to elect the following persons to the Company's Board Committees: The chairman of the Audit Committee shall be Juliet Thompson and its members shall be Rohan Hoare and Tomas Holmberg; The chairman of the Remuneration Committee shall be Ken Charhut and its members shall be Rohan Hoare and Tomas Holmberg; and The chairman of the Nomination Committee shall be Sami Tuhkanen and its members shall be Juliet Thompson, Martin Jamieson and Risto Ilmoniemi.

Pursuant to the authorisation received from the Company's AGM and the restricted share unit reward plan approved by the Annual General Meeting on 26 March 2016, the Board of Directors of the Company resolved on issuing altogether 5,759 new shares without payment to four members of the Board of Directors. The members of the Board of Directors participating in the plan are Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson. Ken Charhut, Rohan Hoare and Juliet Thompson will each receive 1,354 shares and Tomas Holmberg will receive 1,697 shares based on the amount of the gross reward for the vesting period 2018-2019 determined by the Annual General Meeting on 28 March 2018.

On 26 March 2019, Nexstim announced that in accordance with the authorisation granted by the annual general meeting of the Company on 25 March 2019, the Board of Directors of Nexstim Oyj had decided to arrange a rights issue of approximately EUR 5.2 million with additional warrants enabling the Company to raise up to a maximum of approximately EUR 2.6 million. The Offering is expected to support the growth and operational strategy of the Company. Nexstim expects to use the net proceeds from the Offering and Offer Warrants mainly to fund the marketing and similar commercialization efforts for increasing the sales of the Company's NBT[®] System in the depression treatment, and with current cash in bank and at hand to finance repayment of its existing loans.

On 29 March 2019, the Company announced that its NBS system and NexSpeech[®] had received a medical device license from Health Canada. The medical device license allows Nexstim to start marketing and selling the NBS system and NexSpeech[®] in Canada.

On 2 May 2019, Nexstim announced completion of the rights issue which ended on 24 April 2019 in Sweden and on 26 April 2019 in Finland. A total of 31,202,364 shares were subscribed to, corresponding to 68.5 per cent of the total amount of the shares offered for subscription in the Offering. Subscriptions made in the Offering represent approximately 100.3 per cent of the Company's market capital on 25 March 2019, the last trading day before announcement of the terms of the Offering.

On 2 May 2019, the Board of Directors of the Company approved the subscriptions made in the Offering and allocation of the Offer Warrants. The resolution of allocation was made in accordance with the principles set forth in the prospectus prepared for the Offering. The proceeds of the Offering amount to approximately EUR 3.6 million, excluding fees and expenses of the Offering After deduction of such fees and expenses, excluding the subscription underwriting fees payable in shares, the net proceeds amount to EUR 3.1 million.

On 6 May 2019, Nexstim announced of the subscription underwriting commitments provided for the Company in connection with such subscription rights issue. Underwriting commitments were given in a way that the amount of the underwriting commitments corresponded to approximately 20.6 percent of the shares offered in the subscription rights issue, which means that the underwriting commitments amounted to about EUR 1.1 million. It had been agreed with the underwriters that the underwriting fee payable to them may be paid against shares of the Company instead of cash payment

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at the discretion of the Company. In accordance with the terms of such underwriting commitments and the Company's prospectus, the Board of Directors of Nexstim resolved to pay the underwriting fees by issuing in total 939,004 shares to the respective investors with terms that the subscription price of such shares - EUR 0.115 per share and in aggregate EUR 107,985.46 - is paid by setting off the subscribers' underwriting fee receivables against the Company. The new shares were issued based on an authorization received at the Company's Annual General Meeting on 21 November 2018. The subscription price was recorded in its entirety into invested unrestricted equity fund.

On 20 May 2019, the Company announced that the Offer Warrants were delivered to the subscribers and the trading of such Offer Warrants began on First North Finland and First North Sweden. The Offer Warrants entitle to subscribe to a maximum of 15,601,167 shares of the Company. Offer Warrant may be used for subscription of one (1) share of the Company in accordance with the applicable terms of the Offer Warrants. The share subscription price is determined by the volume weighted average price of the Company's share on First North Finland between 7 October 2019 and 18 October 2019, with an applied discount of 25 per cent, the subscription price being, however, at least EUR 0.115 per share. The subscription period for shares subscribed against the Offer Warrants is 22 October - 4 November 2019.

On 23 May 2019, Nexstim announced that pursuant to subscription the 2019 rights issue and terms of the existing warrant agreements of the Company, the Board of Directors resolved to amend the terms of such outstanding warrants (i.e. special rights to shares) in such way that the subscription price for one share (the exercise price) has been lowered in accordance with information available on the Company's website www.nexstim.com/investors/share-information. The amendment does not concern the Offer Warrants which were issued as part of the subscription rights issue.

On 10 June 2019, Nexstim announced that pursuant to the 2019 subscription rights issue the Board of Directors resolved to amend the share subscription prices of the Company's stock option programs 2016B-C and 2017 according to clause II.6 of the terms, so that the share subscription price of such stock option programs is comparable to the price prior the subscription rights issue. With respect to the stock option program 2018, the subscription right cut-off date of rights issue in question took place during the pricing period of option rights 2018A and the pricing of option rights 2018A has been calculated based on the Nasdaq Helsinki post-rights-issue adjusted historical share prices of Nexstim Plc (NXTMH). Therefore, the share subscription price for option rights 2018A is EUR 0.26. The amended terms of the option rights are available on the company's website www.nexstim.com/investors/share-information. For the sake of clarity, the share unit price 2019 for Company's RSU program shall be calculated using the Nasdaq Helsinki post-rights-issue adjusted historical NXTMH share prices. Therefore, the share unit price for RSU 2019 share shall be EUR 0.26.

Major Events after the Reporting Period

On 25 July 2019, Nexstim announced that the Board of Directors had decided that the chairman of the Nomination Committee shall be Leena Niemistö and the members shall be Ossi Haapaniemi, Katya Smirnyagina and Risto Ilmoniemi. Nexstim Plc has no other major events to report after the end of the reporting period.

Major Risks and Uncertainties

Nexstim's operations, finances and shares involve risks that may be significant for the Company and its share value. These risks are assessed by the Board of Directors twice a year as part of the strategy and business planning process. The risks are published fully in the financial statement and in the annual report of the Board of Directors. The half-yearly reports only present the changes in short-term risks.

The Company has updated its estimates on working capital and going concern. More information about the updated estimate is available in this report under section "Financing and Liquidity".

There have not been any other major changes in the Company's short-term risks since the publishing of the full year 2018 financial statements.

Share and Shareowners

As at June 30, 2019, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 35,400,873 shares. The shares have no nominal value. Nexstim has one class of shares, which have an ISIN code of FI4000354162. As at the end of the reporting period, Nexstim did not hold any treasury shares. Each share entitles its holder to one vote at the general meetings of shareholders of Nexstim Plc. The shares are issued under Finnish law.

Nexstim Plc shares are listed on the Helsinki Stock Exchange, First North Finland and on the Stockholm Stock Exchange, First North Sweden. Share price information from First North Finland in euro (EUR) and share price information from First North Sweden is in Swedish krona (SEK) are presented below.

Between January 1–June 30, 2019, the highest price of the Company's shares was EUR 0.90 (2018: EUR 0.31) and SEK 8.60 (2018: SEK 2.98), the lowest price was EUR 0.07 (2018: EUR 0.18) and SEK 0.81 (2018: SEK 1.82), and the



average price was EUR 0.17 (2018: EUR 0.24) and SEK 1.73 (2018: SEK 2.39). The closing price on June 28, 2019, was EUR 0.14 (2018: EUR 0.23) and SEK 1.40 (2018: SEK 2.40).

During public trading between January 1–June 30, 2019, a total of 26,554,883 shares were traded, which corresponds to 206.9 percent of the average number of shares during the said period. During January 1–June 30, 2019, there were on average 12,835,277 shares.

The market value of the share capital at the closing price of EUR 0.14 and SEK 1.40 on June 28, 2019, was EUR 4,779 thousand (2018: 22,237) and SEK 49,561 thousand (2018: 233,881).

At June 30, 2019 the total number of outstanding warrants was 16,719,205 with exercise price per Nexstim Plc share ranging between EUR 0.115 and EUR 4.94. In addition, stock option rights amounted to a total of 330,040 shares with exercise price per share ranging between EUR 0.26 and EUR 1.16. More detailed information of outstanding warrants and stock option plans are available at company website www.nexstim.com/investors/share-information/

Nexstim Plc Board of Directors had on June 30, 2019 the following authorizations granted.

The 21 November 2018 Extraordinary General Meeting (EGM) authorised the Board of Directors to decide to issue 7,000,000 new shares either against payment or without consideration.

The new shares may be issued to the Company's shareholders in proportion to their current shareholdings in the Company or deviating from the shareholders' pre-emptive right through one or more directed share issue, if the Company has a weighty financial reason to do so, such as developing the Company's equity structure, implementing mergers and acquisitions or other restructuring measures aimed at developing the Company's business, financing of investments and operations or using the shares as a part of the Company's remuneration and compensation system. The Board of Directors would decide upon terms and scope related to share issues.

Based on the authorisation, the Board of Directors can pursuant to chapter 10, section 1, of the Companies Act also decide on issuing option rights or other special rights entitling to new shares of the Company. The subscription price of the new shares can be recorded partly or fully to the invested unrestricted equity reserve or to share capital according to the decision of the Board of Directors. The Board of Directors is entitled to decide on conditions regarding the issuance of shares as well as the issuance of option rights or other special rights entitling to shares. The authorisation is valid for one year from the EGM. Remaining amount of the authorized amount: 6,060,996 shares.

The 25 March 2019 Annual general meeting of shareholders resolved to authorize 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 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. 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. Remaining amount of the authorized amount: 16,196,469 shares.

Helsinki 16 August 2019

Nexstim Plc
Board of Directors

For further information please visit www.nexstim.com or contact:

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Publication of financial information

A conference call for media, investors and analysts will take place at 4:00 pm Finnish time on Friday 16 August 2019. Martin Jamieson, Chairman and CEO, and Mikko Karvinen, CFO, will present the financial and operational results followed by a Q&A session.

The dial-in numbers for the conference call are:

Finland: +358 (0) 800 914672

Sweden: +46 (0) 20 089 6377

UK: +44 (0) 808 109 0700

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The call Password is Nexstim.

Financial statements release for the year ending 31 December 2019 will be published on or about 28 February 2020.

Basis of preparation of the half-yearly report

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

Nexstim

CONSOLIDATED INCOME STATEMENT

Thousand euro	1 January- 30 June 2019	1 January- 30 June 2018	1 January-31 December 2018
NET SALES	1,217.4	1,079.3	2,672.5
Work performed for own purpose and capitalised	18.7	19.2	36.3
Other operating income	6.6	10.2	33.7
Materials and services			
Materials			
Purchases during the financial year	-320.4	-329.7	-628.2
Variation in inventories additions (+) /disposal (-)	-31.6	-34.5	-82.1
Total	-352.0	-364.2	-710.3
Personnel expenses			
Wages and salaries	-1,733.5	-1,290.1	-3,353.0
Social security expenses			
Pension expenses	-141.6	-139.2	-336.5
Other social security expenses	-204.0	-94.4	-248.0
Total	-2,079.1	-1,523.8	-3,937.5
Depreciation and amortisation			
Depreciation and amortisation according to plan	-205.3	-154.4	-424.0
Total	-205.3	-154.4	-424.0
Other operating expenses	-1,968.2	-1,801.3	-3,985.9
OPERATING PROFIT / -LOSS	-3,362.0	-2,734.9	-6,315.6
Financial income and expenses			
Other interest income and other financial income	395.5	860.3	858.1
Interest and other financial expenses	-692.9	-564.6	-695.1
Total	-297.4	295.7	163.0
PROFIT / -LOSS BEFORE TAXES	-3,659.4	-2,439.2	-6,152.6
Income taxes	-5.5	-1.4	-1.7
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-3,664.9	-2,440.6	-6,154.3

Nexstim

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2019	30 June 2018	31 December 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	73.9	73.9	71.6
Intangible rights	337.7	408.1	358.2
Total	411.6	482.0	429.9
Tangible assets			
Machinery and equipment	659.3	313.8	464.7
Total	659.3	313.8	464.7
Investments			
Other shares and similar rights of ownership	10.0	10.0	10.0
Total	10.0	10.0	10.0
NON-CURRENT ASSETS TOTAL	1,080.9	805.8	904.6
CURRENT ASSETS			
Inventories			
Raw materials and consumables	227.2	347.7	258.8
Total	227.2	347.7	258.8
Receivables			
Trade receivables	609.7	661.9	888.9
Prepayments and accrued income	310.9	264.4	307.7
Other receivables	230.5	202.5	126.9
Total	1,151.2	1,128.8	1,323.5
Cash in hand and at banks	6,378.6	10,305.6	7,175.2
CURRENT ASSETS TOTAL	7,757.0	11,782.0	8,757.4
ASSETS TOTAL	8,837.9	12,587.9	9,662.1

Nexstim

Thousand euro

	30 June 2019	30 June 2018	31 December 2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	43,019.0	39,480.6	39,480.6
Retained earnings / -loss	-39,929.3	-33,439.2	-33,700.5
Profit / -loss for the financial year	-3,664.9	-2,440.6	-6,154.3
TOTAL EQUITY	-495.2	3,680.8	-294.3
LIABILITIES			
NON-CURRENT			
Capital loans	50.0	150.0	100.0
Other interest-bearing loans	6,487.0	7,360.2	7,063.4
Total	6,537.0	7,510.2	7,163.4
CURRENT			
Bank loans	1,456.2	0.0	1,103.8
Trade payables	669.3	506.9	597.1
Other liabilities	267.2	571.6	290.6
Accrued expenses	403.3	318.5	801.4
Total	2,796.1	1,396.9	2,792.9
TOTAL LIABILITIES	9,283.1	8,907.1	9,956.3
EQUITY AND LIABILITIES TOTAL	8,837.9	12,587.9	9,662.1

Nexstim

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2017	80.0	38,519.1	-33,078.3	5,520.8
Issue of shares		961.5		961.5
Profit / -loss for the period			-2,440.6	-2,440.6
Translation difference			-360.9	-360.9
Equity on 30 June, 2018	80.0	39,480.6	-35,879.8	3,680.8

	Share capital	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2017	80.0	38,519.1	-33,078.3	5,520.8
Issue of shares		961.5		961.5
Profit / -loss for the period			-6,154.3	-6,154.3
Translation difference			-622.2	-622.2
Equity on 31 December, 2018	80.0	39,480.6	-39,854.9	-294.3

	Share capital	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2018	80.0	39,480.6	-39,854.9	-294.3
Issue of shares		3,538.4		3,538.4
Profit / -loss for the period			-3,664.9	-3,664.9
Translation difference			-74.5	-74.5
Equity on 30 June, 2019	80.0	43,019.0	-43,594.3	-495.2

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CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 30 June 2019	1 January – 30 June 2018	1 January - 31 December 2018
Cash flows from operating activities			
Profit / -Loss before extraordinary items	-3,664.9	-2,440.6	-6,154.3
Adjustments:			
Depreciation and amortisation according to plan	205.7	154.4	424.1
Other adjustments (income -/ expense +)	-74.5	-360.9	-622.2
Financial income and expenses	298.1	-295.7	-163.0
Cash flows before change in working capital	-3,235.6	-2,942.7	-6,515.5
Change in working capital:			
Increase (-) or decrease (+) in current receivables	276.4	721.7	703.0
Increase (-) or decrease (+) in inventories	31.6	39.4	128.3
Increase (+) or decrease (-) in current interest-free payables	-349.3	-851.8	-109.9
Cash flows from operations before financial items and taxes	-3,276.8	-3,033.4	-5,794.2
Interest and other financial expenses paid	-402.2	-89.6	-398.3
Cash flows from operating activities (A)	-3,679.0	-3,123.0	-6,192.5
Cash flows from investing activities			
Investments in intangible and tangible assets	-382.0	-242.4	-610.8
Cash flows from investments (B)	-382.0	-242.4	-610.8
Cash flows from financing activities			
Share issue	3,538.4	961.5	961.5
Drawing (+) or repayment (-) of long-term loans	-274.0	4,236.0	4,543.4
Cash flows from financing activities (C)	3 264,4	5,197.5	5,504.8
Change in cash in hand and at banks	-796,5	1,832.0	-1,298.4
Cash in hand and at banks in the beginning of the period	7 175,2	8,473.6	8,473.6
Cash in hand and at banks at end of the period	6 378,6	10,305.6	7,175.2

Nexstim

MATERIAL TRANSACTIONS WITH RELATED PARTIES

Nexstim's related parties include Nexstim's subsidiaries, the members of Nexstim's Board of Directors, the managing director, the members of Nexstim's management team and shareholders having significant influence over the Company. The Company's related parties further include close family members of such persons and entities in which such persons have a controlling interest.

The Company did not have any material transactions with related parties during the reporting period.

CONTINGENT LIABILITIES

EUR in thousands	30 June 2019	30 June 2018	31 December 2018
Guarantees	55.0	54.9	55.0
Leasing liabilities	58.2	57.4	51.8

The following assets will be pledged, by Nexstim and its respective subsidiaries, pursuant to security agreements as security for the amounts payable under the EUR 4 million Kreos loan agreement: Nexstim's bank accounts, promissory notes establishing a business mortgage over Nexstim's assets, intra-group loan receivables, the Nex 10 and Nex 15 patent families and trademarks as specified in the relevant agreement and the shares in Nexstim's UK subsidiary Nexstim Ltd and shares in Nexstim's German subsidiary Nexstim Germany GmbH; the shares in Nexstim's US subsidiary Nexstim, Inc. as well as its assets capable of being pledged; and the bank accounts and receivables of Nexstim's German subsidiary Nexstim Germany GmbH. The Security Agreements also include Nexstim's US subsidiary Nexstim, Inc.'s guaranty agreement.

The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 112.2 thousand at 30 June 2019 and it has been recognised as an expense in income statement and as a liability on the balance sheet.

LARGEST SHAREHOLDERS

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at June 30, 2019 was as follows.

	Shareholder	No. of shares	Holding %
1.	Nordea Bank ABP*	13,582,569	38.37
2.	Kaikarhenni Oy	4,782,608	13.51
3.	Haapaniemi Ossi	2,826,701	7.98
4.	Kalksten Properties Koy	858,675	2.43
5.	Clearstream Banking S.A.*	801,509	2.26
6.	Danske Bank AS Helsinki Branch*	423,995	1.20
7.	Niukkanen Pentti Juhani	330,015	0.93
8.	Pyökönen Riku Tapani	245,116	0.69
9.	Filen Harri Johannes	206,945	0.58
10.	Nurkkala Aaro Pellervo	200,000	0.56
11.	Partanen Juha Veikko	194,388	0.55
12.	Salmela Veijo Ensio	180,937	0.51
13.	Kivi Esko	163,371	0.46
14.	Tuorila Sampo	163,015	0.46
15.	Hilmola Olli-Pekka Kristian	150,000	0.42
16.	Nordnet Bank AB*	149,243	0.42
17.	Himanka Reijo Juhani	128,688	0.36
18.	Lassila Markus Kalervo	111,600	0.32
19.	Hallika Urmas	109,900	0.31
20.	Ruonen Esa Juhani	105,000	0.30

*Nominee registered shareholders