



NEXSTIM PLC'S FINANCIAL STATEMENTS BULLETIN 2023

Company announcement, Helsinki 27 February 2024 at 9 am (EET)

NEXSTIM CONTINUED TO GROW COMPARABLE NET SALES WITH A RECORD YEAR-END

July–December 2023

- The company's net sales were EUR 4.7 million (2.7), with an increase of 73.5%
- Comparable net sales increased by 73.5%, to EUR 4.7 million (2.7)
- EBITDA was EUR 0.6 million (-1.2)
- The operating result was EUR 0.2 million (-1.5)
- The profit for the period was EUR 0.1 million (-1.9)
- Cash flow from operating activities was EUR -0.9 million (-1.4)
- System sales were EUR 3.0 million (1.3), with an increase of 127.5%. Recurring net sales were EUR 1.8 million (1.4), with an increase of 23.8%

January–December 2023

- The company's net sales decreased by 23.9% to EUR 7.2 million (9.5). A one-off license fee of EUR 3.5 million was recorded in the comparative period.
- The company's comparable net sales increased by 20.9%, to EUR 7.2 million (6.0).
- EBITDA was EUR -0.5 million (1.3)
- The operating result was EUR -1.2 million (0.8)
- The profit for the period was EUR -1.3 million (1.3)
- Cash flow from operating activities was EUR -2.3 million (1.0)
- System sales were EUR 4.1 million (3.1), with an increase of 32.9%. Recurring net sales were EUR 3.2 million (2.9), with an increase of 8.3%
- The net sales of the Therapy Business decreased by 51.6%, to EUR 3.0 million (6.1). A one-off license fee of EUR 3.5 million was recorded in the comparative period.
- The net sales of the Diagnostics Business increased by 25.5%, to EUR 4.3 million (3.4).

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.

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Key performance indicators

(EUR thousand)	7–12/2023 6 months	7–12/2022 6 months	Change, %	1–12/2023 12 months	1–12/2022 12 months	Change, %
Net sales	4,742.6	2,733.7	73.5%	7,246.3	9,526.7	-23.9%
Gross margin	3,652.6	2,145.7	70.2%	5,645.3	8,285.9	-31.9%
Gross margin, %	77.0%	78.5%	-	77.9%	87.0%	-
Adjusted comparable gross margin*	3,652.6	2,145.7	70.2%	5,645.3	4,751.1	18.8%
Adjusted comparable gross margin, %	77.0%	78.5%	-	77.9%	79.3%	-
Personnel expenses	-2,163.8	-2,333.4	-7.3%	-4,429.4	-4,828.8	-8.3%
Other operating expenses	-1,608.2	-1,601.4	0.4%	-3,091.9	-3,389.0	-8.8%
Operating result	159.3	-1,493.1	-	-1,227.9	840.3	-
Profit for the period	115.0	-1,902.6	-	-1,327.5	1,306.8	-
Earnings per share**	0.02	-0.28	-	-0.20	0.20	-
Diluted earnings per share (EUR)**	0.01	-0.26	-	-0.17	0.18	-
Cash flow from operating activities	-914.0	-1,411.9	-35.3%	-2,269.0	1,002.2	-
Cash in hand and at bank	1,454.6	4,441.3	-67.2%	1,454.6	4,441.3	-67.2%
Total equity	2,836.3	4,068.9	-30.3%	2,836.3	4,068.9	-30.3%
Equity ratio (%)	31.5%	45.4%	-	31.5%	45.4%	-

* The gross margin for the period 2022 has been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical.

Future outlook

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

Mikko Karvinen, CEO of Nexstim:

The end of 2023 was record-breaking for Nexstim in terms of net sales and operating result. In the second half of 2023, we achieved total net sales of EUR 4.7 (2.7) million with an increase of 73.5%. This growth was driven especially by system sales of EUR 2.3 (0.7) million in the Diagnostics business, with a staggering 230.7% growth year-on-year. With this strong growth, we also achieved an operating profitable second half for the first time, with an operating result of EUR 0.2 (-1.5) million and a net profit of EUR 0.1 (-1.9) million. During the second half of 2023, we continued to focus on projects important to the company's strategic competitive advantage, such as enabling the company's future growth and improving cost efficiency through our new global team structures. We also received the first system orders and deliveries for our new NBS 6 system in the US market, demonstrating the strong competitiveness of our system in the world's largest market. I would like to thank Nexstim's customers, employees, partners, and investors for making this record-breaking year possible.

In line with our main strategic objective, we have continued to focus on profitable net sales growth, and we were right on track for the full year. To our disappointment we did not achieve our target of a positive EBITDA for the full fiscal year 2023, with a loss of EUR -0.5 (1.3) million. To ensure a positive profitability trend, during H1 2023 we conducted change negotiations in the company as part of the transition to a global team organization, which will in future serve Nexstim's customers better and more efficiently and deliver long-term shareholder value growth. The therapeutic application areas we have chosen (MDD, major depressive disorder and chronic pain) are indications where our unique technology is already delivering 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.

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For the full year 2023, the company's net sales decreased by 23.9% to EUR 7.2 million (9.5). The decrease in net sales was due to a one-off license fee of EUR 3.5 million for a technology license agreement included in the net sales for the comparative year. In addition, net sales for the comparative year 2022 also included system orders of approximately EUR 1.0 million received in the Diagnostics and Therapeutics business in the previous year 2021. Despite the decline in full-year net sales, we are pleased with the 20.9% year-on-year increase in comparable net sales and the high level of our comparable sales margin of EUR 5.6 (4.8) million, reflecting the favorable development of our selling prices and the success of key hardware component purchases in the current inflationary environment. We can also be pleased with the savings in operating expenses, which achieved savings of around EUR 0.7 million, or 8%, compared to the previous year.

Diagnostics and Therapeutics business update

We have continued to grow our Diagnostics (NBS) and Therapy (NBT[®] and NBS 6) businesses with new system sales in our key markets in the US and Europe. This portfolio of system is generating a steady stream of recurring net sales, adding stability and predictability to our operations.

The Diagnostics business grew particularly strongly in H2 2023, with net sales of EUR 3.0 (1.3) million, up 122.3%, and for the full year 2023, with net sales of EUR 4.3 (3.4) million, up 25.5%. For the full year 2023, we delivered a total of 15 new diagnostic systems. On the diagnostics side, more than 230 NBS systems have been sold so far to research universities and leading hospitals around the world. We are pleased that more and more of our customers want to use Nexstim systems for both diagnostic and therapeutic purposes. The NBS System 5 configuration, NBS5+, has enabled diagnostic and therapeutic applications on the same platform. This offering allows the US market to have all FDA 510(k) indications available on the same system. Of the 15 diagnostics systems delivered in 2023, all will have both diagnostic and therapeutic applications. We see the combination platform as a clear competitive advantage and now, in 2024, we want to expand the offering of this platform in the form of the latest generation NBS 6 combination system to key markets worldwide.

Net sales for the Therapy business increased by 27.4% in H2 2023 to EUR 1.8 (1.4) million. For the full year 2023, net sales for the Therapy business decreased by 51.6% to EUR 3.0 (6.1) million. The decrease was due to a license sale of approximately EUR 3.5 million to Magnus Medical, Inc. which was recognized in the comparative period. During the full year 2023, we sold a total of 1 new NBT[®] system and 6 new NBS 6 therapy systems: 6 in North America and 1 in Europe and the rest of the world for use in the treatment of major depressive disorder. On the therapy side, at the end of the first half of 2023, there were a total of 84 Nexstim systems with therapy software installed worldwide (29 in the US and 55 in Europe and the rest of the world) for the treatment of depression and chronic neuropathic pain. This number includes both NBT[®] and NBS 6 systems and NBS systems with optional NBT add-on software installed.

Nexstim's cash and cash equivalents as of 31 December 2023 totaled EUR 1.5 million. In addition, thanks to strong sales for the remainder of the year, the Company had current trade receivables of EUR 2.7 million at the end of 2023. With the profitable growth development, we aim to minimize our potential new equity needs.

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 have already started the process of updating our strategy and we will share more about this as we move forward, but I believe that our strategy will continue to build on strong growth in both diagnostics and therapeutics. 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 requirements on our journey towards continued profitability.

In February 2022, we announced the sale of a license for our technology related to Nexstim's NBT[®] system 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 recently provided Nexstim with additional information regarding its first commercial product, which the Company believes creates uncertainty regarding potential 2024 royalty payments. We will continue to monitor the status of the commercialization of Magnus Medical's product and do not currently estimate to receive any royalty revenue from Magnus Medical during 2024 in our business forecasts.

Our second main strategic objective for 2023 was the launch of the new NBS 6 system, enabling easy-to-use systems and

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future add-on modules in the same hardware. The development and launch of the new product generation is 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 the modular system concept makes it easy to add new features to existing systems. The new system creates long-term value for Nexstim's customers and investors alike. The first launch in April-May 2023 was for the therapy applications. Nexstim's Therapy business markets and sells the NBS System 6, which has FDA marketing and distribution approval for the treatment of MDD in the US. The NBS System 6 is also 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 will continue to develop the product during 2024, with the strategic goal of also launching diagnostic applications as part of the new NBS 6 system.

Our third main strategic objective for 2023 was to expand the network of Nexstim exclusive partner clinics, primarily in the US and Europe. This would involve installing Nexstim systems in neuroscience clinics, following our renewed strategy and working primarily with our partners. The new partnerships will focus on strategic investments in service organizations, particularly in the broad US market.

We are very pleased with the continued collaboration with Dr. Kuluva and his clinic in California. Our joint venture PNC Management Services LLC was the first strategic partnership agreement and for Nexstim, a minority stake in the company was the first practical step in this important strategic development path. We were pleased to announce a second strategic partnership late in the year with Dr. Nadkarni's clinic in New Jersey, USA. These partnerships will allow us to work even closer to our patients and collect accurate data on the patient population to assist our future development efforts. This data can lead to further development of our clinic business model or the promotion of new indications. The private equity firm set up by Nexstim aims to further expand Nexstim's network of partner clinics in the US. We look forward to continuing to develop our collaboration with Dr. Kuluva and Dr. Nadkarni's expert teams, which will allow Nexstim's TMS technology to treat more patients in the US. We are currently in several collaborative discussions with potential partner clinics in the US and are working hard to attract new partner clinics to grow our network.

Building future growth paths

Our system is clearly differentiated from other TMS systems on the market today that do not have navigation capabilities. In the future, the need for navigation capabilities is likely to become even more important in technologies that could 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 with severe depression or chronic neuropathic pain.

Nexstim has successfully expanded its global distribution partner network over the past few years, and we believe that further significant growth, particularly in the Diagnostics business, can be achieved 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 our 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 shareholder value in exceptional circumstances

Despite the tightening global political situation, our expectations for 2024 are in many ways positive. Nexstim will continue its determined efforts to enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders. We strongly believe that our work will support long-term shareholder value growth through stronger 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.

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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 Nexstim 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).
- We have an active commercial installed base of 84 therapy systems across four continents (includes both NBT[®] and NBS 6 systems and NBS systems with optional NBT[®] add-on software installed).

Financial review 1 July to 31 December 2023 and 1 January to 31 December 2023

Operating results

Net sales

EUR thousand	7–12/2023 6 months	7–12/2022 6 months	Change, %	1–12/2023 12 months	1–12/2022 12 months	Change, %
Net sales	4,742.6	2,733.7	73.5%	7,246.3	9,526.7	-23.9%
<i>Net sales adjusted for currency exchange rates</i>	<i>4,844.3</i>	<i>2,621.8</i>	<i>84.8%</i>	<i>7,335.1</i>	<i>8,825.1</i>	<i>-16.9%</i>
<i>Comparable net sales adjusted for non-recurring items*</i>	<i>4,742.6</i>	<i>2,733.7</i>	<i>73.5%</i>	<i>7,246.3</i>	<i>5,991.9</i>	<i>20.9%</i>
<i>Diagnostics</i>	<i>2,951.3</i>	<i>1,327.5</i>	<i>122.3%</i>	<i>4,291.7</i>	<i>3,420.5</i>	<i>25.5%</i>
System sales	2,283.4	690.5	230.7%	3,111.4	2,246.4	38.5%
Recurring net sales	667.9	637.0	4.9%	1,180.2	1,174.1	0.5%
<i>Therapy</i>	<i>1,791.3</i>	<i>1,406.1</i>	<i>27.4%</i>	<i>2,954.6</i>	<i>6,106.2</i>	<i>-51.6%</i>
System sales	696.4	619.2	12.5%	972.6	826.4	17.7%
Recurring net sales	1,094.9	786.9	39.1%	1,982.0	1,745.0	13.6%
Licensing	0.0	0.0	-	0.0	3,534.8	-100.0%

Total net sales consist of system sales in the Diagnostics and Therapy Businesses, recurring net sales and licensing. Net sales adjusted for non-recurring items have been calculated by adjusting total net sales for the net sales from licensing

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recognised in 2022.

Significant items in the operating result

Work performed for Nexstim's own purposes was EUR 670.8 thousand (543.8) between 1 July and 31 December 2023, and EUR 1,338.6 thousand (1,235.7) between 1 January and 31 December 2023. These amounts mainly consist of capitalised development costs. The development costs capitalised during the financial year are mainly related to the further development of the company's commercialised products.

Materials and services expenses totalled EUR -1,090.1 thousand (-588.0) between 1 July and 31 December 2023, and EUR -1,601.0 thousand (-1,240.8) between 1 January and 31 December 2023. The gross margin was 77.0% (78.5) between 1 July and 31 December 2023, and the adjusted comparable gross margin was 77.0% (78.5). The gross margin was 77.9% (87.0) between 1 January and 31 December 2023, and the adjusted comparable gross margin was 77.9% (79.3).

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

thousand euro	2023	2022	Change, %
Research & Development*	2,257.9	2,438.7	-7%
Sales & Marketing**	3,197.5	3,557.0	-10%
Administration***	2,065.9	2,222.2	-7%
Operating expenses total	7,521.3	8,217.8	-8%

*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.

Personnel expenses were EUR -2,163.8 thousand (-2,333.4) between 1 July and 31 December 2023, and EUR -4,429.4 thousand (-4,828.8) between 1 January and 31 December 2023, with a decrease of 8.3%. The decrease in expenses was mainly due to changes in personnel and the savings effects of the change negotiations carried out in the early part of the year.

Other operating expenses were EUR -1,608.2 thousand (-1,601.4) between 1 July and 31 December 2023, and EUR -3,091.9 thousand (-3,389.0) between 1 January and 31 December 2023, with a decrease of 8.8%. The decrease in costs was due to the savings measures agreed in the change negotiations at the beginning of the year. The savings measures were mainly targeted at areas other than customer interface and product development.

Operating result

The operating result was EUR 159.3 thousand (-1,493.1) between 1 July and 31 December 2023. The operating result was EUR -1,227.9 thousand (840.3) between 1 January and 31 December 2023. For the full year, the result for the comparative period was affected by a one-off license fee of EUR 3.5 million.

Financial income and expenses

Net financial income and expenses amounted to EUR -42.7 thousand (-409.3) between 1 July and 31 December 2023, and to EUR -94.7 thousand (471.1) between 1 January and 31 December 2023. Financial expenses consisted mainly of exchange rate losses, interest payments on loans and monetary transaction costs. Financial income consisted mainly of interest income on fixed-term deposits of the company's liquid assets.

Profit for the period

The profit for the period was EUR 115.0 thousand (-1,902.6) between 1 July and 31 December 2023, and EUR -1,327.5 thousand (1,306,8) between 1 January and 31 December 2023. For the full year, the result for the comparative period was affected by a one-off license fee of EUR 3.5 million.

Financial position

Non-current assets

The company's non-current assets were EUR 3,948.0 thousand (2,952.7). Intangible assets amounted to EUR 2,924.1 thousand (2,112.5), consisting mainly of capitalised development costs and intellectual property rights. Tangible assets amounted to EUR 347.3 thousand (376.9) and consisted mainly of NBT® systems used for business operations. Investments totalled EUR 676.6 thousand (463.3), consisting of strategic investments in the management service companies of US based partnership clinics.

Current assets

The company's current assets amounted to EUR 5,935.2 thousand (7,262.0). The change in current assets was mainly due to changes in stock, cash assets and trade receivables.

Total equity

Consolidated shareholders' equity totalled EUR 2,836.3 thousand (4,068.9). The equity ratio decreased to 31.5% (45.4)

Liabilities

Non-current liabilities

The company's non-current liabilities totalled EUR 3,604.1 thousand (2,611.4). Its non-current liabilities consist of interest-bearing long-term product development loans from Business Finland and loan from Nordea. The loan from Nordea does not include any covenants.

Current liabilities

The company's current liabilities totalled EUR 3,442.7 thousand (3,534.4). Its current liabilities mainly consist of product development loans from Business Finland, loan from Nordea, prepayments received, trade payables and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at bank, totalled EUR 1,454.6 thousand (4,441.3). The company's system sales were heavily weighted towards the end of the year, resulting in trade receivables of EUR 2,807.6 thousand (1,163.3) at the end of the year.

The company's net cash flow from operating activities during the review period was EUR -2,269.0 thousand (1,002.2).

Cash flow from investing activities in the review period was EUR -1,735.4 thousand (-1,440.3). The increase mainly consisted of capitalised development costs and investment in an associate company.

The cash flow from financing activities in the review period was EUR 1,028.2 thousand (-361.6) and consisted mainly of a loan withdrawal from Nordea.

Organisation 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 compliance with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organised into the following global key teams:

- 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.

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At the end of the review period on 31/12/2023, the Nexstim Group had 37 permanent employees. Nexstim Plc (the parent company) had 27 permanent employees on 31 December 2023. Between 1 July and 31 December 2023, the Nexstim Group had an average of 37 permanent employees (2022: 39).

Strategy

Our mission

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

Our vision

Through our technology expertise and first-class services, we:

- Ensure the best possible treatment for our patients
- Create maximum value for our hospital and clinic customers and business partners
- and long-term growth in shareholder value for our investors

Our values

- Science and clinical evidence
- Financial success
- Passion and commitment
- High ethical standards and sustainability

Main strategic objectives 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>

Major events during the financial year

Decisions of the General Meeting

30.1.2023 The Shareholders' Nomination Board decided at its meeting on 26 January 2023 on its proposal to the Annual General Meeting of Shareholders to be held on Friday 31 March 2023.

6.3.2023 The Company published its Annual Report for 2022, which includes the Report of the Board of Directors, the financial statements of the parent company and the Group and the Auditor's Report.

31.3.2023 the Annual General Meeting of the Company was held, after which the Company announced the following resolutions to be adopted by the Annual General Meeting:

- The AGM approved the Company's financial statements and consolidated financial statements for the year 2022 and decided that the profit for the financial year 1 January - 31 December 2022 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 1.1.-31.12.2022.

- The AGM decided in accordance with the proposal of the Nomination Committee. Martin Forss, Leena Niemistö, Tero Weckroth and Timo Hildén were re-elected as members of the Board of Directors. Leena Niemistö is elected Chairman of the Board.
- In accordance with the proposal of the Shareholders' Nomination Board, the AGM resolved that the remuneration of the members of the Board of Directors elected at the AGM for the period until the end of the AGM 2024 shall be paid 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 Board member serving on the Shareholders' Nomination Board will receive any compensation for his or her service on the Shareholders' Nomination Board. A Board member will only be entitled to remuneration for the period during which he or she serves on the Board. The Company will establish an option plan for the members of the Board of Directors, which will be priced 20 trading days after the date of the Annual General Meeting on the VWAP Helsinki List, with a subscription period from 1 July 2024 to 15 December 2029. The purpose of the 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. In addition, 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, where applicable, to Board members serving as members of the Shareholders' Nomination Board.
- PricewaterhouseCoopers Oy, a firm of chartered accountants, was appointed as the auditor and Tiina Puukkonen, a chartered accountant, was appointed as the company's auditor for the period until the end of the next Annual General Meeting. The auditor will be paid a reasonable fee according to a reasonable invoice approved by the company.
- It was decided to extend the current authorisation of the Board of Directors, which was decided at last year's Annual General Meeting and extended at the Annual General Meeting of 2022, and the Board of Directors was authorised to decide on the issue of new shares, the transfer of treasury shares held by the company and the issue of special rights within the meaning of Chapter 10, Section 1 of the Companies Act. The authorisation entitles the Board of Directors to decide on the issue of new shares and/or the transfer of own shares held by the company up to a maximum total of 1,300,000 shares, which corresponds to the number of remaining authorisations under the authorisation decided at the last Annual General Meeting of 2022. The authorisations will be valid until the next Annual General Meeting following the decision of this Annual General Meeting. The authorization cancels the authorization granted previously at the Annual General Meeting of 2022 to decide on the issue of shares and the granting of special rights entitling to shares, but no other authorizations, for an amount corresponding to this resolution.
- The AGM resolved that an addition be made to the Articles of Association regarding participation in the AGM by remote access or entirely without a physical meeting place in accordance with Chapter 5, Section 16 of the Companies Act (21.7.2006/624) and that in future only Helsinki could serve as the physical meeting place for the AGM.

Employee stock options and other reward schemes

18.4.2023 The Company announces that a total of 40,003 new shares of the Company have been subscribed for under the warrants 2020A from 1 October 2022 to 31 March 2023. The subscription price of EUR 80,006.00 for the subscriptions made with warrants 2020A will be entered in full in the reserve of invested unrestricted equity (These shares subscribed for on the basis of warrants were registered with the Trade Register on 24 April 2023).

16.5.2023 the Company announced that the Board of Directors of the Company decided on 15 May 2023 to establish a new stock option plan 2023A-C for the personnel, management and other stakeholders of Nexstim Plc and its subsidiaries, based on the authorisation granted by the Annual General Meeting on 31 March 2023, and a new stock option plan 2023H for the members of the Board of Directors, based on the authorisation granted by the Annual General Meeting and in accordance with the resolutions of the Annual General Meeting. The maximum number of stock options to be issued under the 2023A-C plan is 740,460. 246,820 of the warrants are subscribed to the 2023A series (2023A subscription period is 1 July 2025-15 December 2030), 246,820 to the 2023B series (2023B subscription period is 1 July 2026-15 December 2031) and 246,820 to the 2023C series (2023C subscription period is 1 July 2026-15 December 2031). The

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maximum number of warrants to be issued under the 2023H scheme is 37,500 and the subscription period for the 2023H shares subscribed for by warrants is 1 July 2027 to 15 December 2032). The members of the Board of Directors received a total of 37,500 2023H options, the CEO Mikko Karvinen received a total of 139,207 2023A-C options and the rest of the Management Team received a total of 186,596 2023A-C options.

The company reported the following transactions made by the management during the financial period: Leena Niemistö subscribed 2,661 shares, Timo Hildén 2,138 shares, Tero Weckroth 2,448 shares, Martin Forss 2,293 shares, Mikko Karvinen 17,500 shares and Hanna Kotola 10,080 shares. For more information on management transactions, please visit the company's website www.nexstim.com/investors/regulatory-news

3.11.2023 The Company announced that a total of 1,000 new shares have been subscribed for under warrants 2020A from 1 April to 2 October 2023. The subscription price of EUR 2,000 for the subscriptions made with warrants will be recorded in full in the reserve of invested unrestricted equity. These shares subscribed for on the basis of warrants have been registered with the Trade Register on 8 November 2023. The new shares will confer shareholder rights on their holders from the date of registration. After the entry in the Commercial Register, the total number of Nexstim Plc shares will be 6 765 562 shares. The shares will be traded on the First North Growth Market Finland, operated by Nasdaq Helsinki Oy, together with the old shares from 9 November 2023.

Other material events

9.1.2023 The company announced that it will start change negotiations for all its staff in Finland and all staff groups as part of the Nexstim Group's global adjustment program, which aims to achieve annual savings of up to EUR 0.6 million from its global operations for the financial year 2023.

8.2.2023 the company announced the end of the change negotiations. The outcome of the negotiations enabled the transition to a global process organisation that will serve Nexstim's customers better and more efficiently and deliver long-term shareholder value growth. Layoffs were avoided. The company expects to achieve savings of approximately EUR 0.6 million for the financial year 2023. The implementation of the savings programme started immediately.

8.2.2023 The Company announced that it will apply for delisting of its shares from the Nasdaq First North Growth Market Sweden. On 9 February 2023, Nasdaq Stockholm AB approved the application and decided to delist Nexstim's shares from Nasdaq FN GM Sweden. The last day of trading on Nasdaq FN GM Sweden was 14 April 2023.

10.8.2023, the company announced that it had agreed a loan of EUR 1.5 million with Nordea Bank. The company intends to use the loan to finance strategic investments, growth and working capital needs. The term of the loan is five years, and the other terms and conditions are standard.

24.10.2023 The Company announced the composition of the Shareholders' Nomination Board. Leena Niemistö will continue to chair the Nomination Board. Ossi Haapaniemi and Kyösti Kakkonen will continue as members of the Nomination Board. The Nomination Board took up its duties during 2023.

30.11.2023 The Company announces the change of the approved advisor from Erik Penser Bank AB to Carnegie Investment Bank AB (publ). Carnegie Investment Bank AB (publ) will be the Company's approved advisor from 30 November 2023. Erik Penser Bank AB will continue as approved advisor until that date.

22.12.2023 The Company announces the timetable for the 2024 financial statements as follows. 2023 financial statements and half-yearly report July-December 2023 (H2) on Tuesday 27 February 2024. Half-yearly report January-June 2024 (H1) on Friday 16 August 2024. Nexstim's Annual Report 2023 will be published and available on the company's website on Tuesday 6 March 2024. The Annual General Meeting is tentatively scheduled for Thursday 28 March 2024 at 10.00 a.m. The company also announces that due to the delisting of the company's shares from the Nasdaq First North Growth Market Sweden effective 15 April 2023, the company has introduced an updated disclosure policy as of 1 January 2024. As a result of the updated disclosure policy, the company's disclosure languages will be Finnish and English.

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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. Comprehensive information about the company's risks is published in the financial statements and the Board of Directors' report. The half-year reports only present the changes in short-term risks.

There have not been any major changes in the company's short-term risks since the release of its 2022 financial statements.

Shares and shareholders

The fully paid-up share capital of Nexstim Plc on 31 December 2023 was EUR 80,000.00, divided into 6,765,562 shares (2022: 6,715,019). The diluted number of shares at the end of the reporting period was 8,065,596 (2022: 7,278,096). The company had 7,638 shareholders at the end of the reporting period. The shares have no nominal value. Nexstim has one series of shares with ISIN FI4000506811. At the end of the reporting period Nexstim held no treasury shares. Each share entitles the holder to one vote at general meetings of Nexstim Plc. The shares have been issued in accordance with Finnish law. Nexstim Plc's shares are listed on the Helsinki Stock Exchange, First North GM Finland and until 14 April 2023 on the Stockholm Stock Exchange, First North GM Sweden. Nasdaq Stockholm AB approved the company's application for delisting on 9 February 2023 and decided to delist Nexstim's shares from Nasdaq FN GM Sweden.

From 1 January to 31 December 2023, the company's share had a high of EUR 4.44 (2022: EUR 5.90), a low of EUR 2.03 (2022: EUR 3.62) and an average price of EUR 3.26 (2022: EUR 4.62). The closing price on 31 December 2023 was EUR 2.94 (2022: EUR 4.11).

On 31 December 2023, Nexstim Plc had a total of 1,300,034 stock options with a subscription price per share ranging from EUR 1.00 to EUR 23.00. More detailed information on the share and the stock options is available on the company's website <https://www.nexstim.com/investors/share-information>

Board of Directors' authorisations

On 31 December 2023, the Board of Directors' authorisations totalled 1,301,861 shares.

Granted by	Scope of the authorisation	Remaining authorisation	Validity
2021 Annual General Meeting	1,300,000	1,300,000	18 months (extended until 28 March 2024*)
2022 Annual General Meeting	55,000	1,861	5 years

* The 2023 Annual General Meeting decided to extend the existing authorisation concerning 1,300,000 shares until the next Annual General Meeting.

More information about the Board of Directors' authorisations and the resolutions of General Meetings is available on the company's website at <https://www.nexstim.com/investors/share-information>

Major shareholders

According to the register of shareholders maintained by Euroclear Finland Ltd, the holdings of Nexstim Plc's 20 largest shareholders on 31/12/2023 were as follows:

	Shareholder	Quantity of shares	Holding %
1.	Kaikarhenni Oy	1,022,416	15.11

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2.	Haapaniemi Ossi	497,997	7.36
3.	Citibank Europe PLC*	439,121	6.49
4.	Joensuun Kauppa Ja Kone Oy	430,906	6.37
5.	Kalksten Properties Koy	154,124	2.28
6.	Syrjänen Eva Annika Elisabet	147,737	2.18
7.	Danske Bank AS Helsinki Branch*	144,236	2.13
8.	K22 Finance Oy	123,287	1.82
9.	Wetrock Capital & Consulting Oy	115,000	1.70
10.	Schengen investment Oy	81,845	1.21
11.	Kakkonen Kari Heikki Ilmari	69,649	1.03
12.	Kalksten Finance Oy	68,121	1.01
13.	Ollikainen Pekka	67,330	1.00
14.	Niukkanen Pentti Juhani	65,000	0.96
15.	Salmela Veijo Ensio	52,550	0.78
16.	Skandinaviska Enskilda Banken AB*	44,502	0.66
17.	Svenska Handelsbanken Ab*	43,190	0.64
18.	Valjakka Juha Matti	40,630	0.60
19.	Jokinen Jukka	40,000	0.59
20.	Kaukoranta Eero Omni	39,662	0.59

*Nominee registered shareholders

Publication of financial information

The annual report for the financial year that ended on 31 December 2023 will be published on 6th March 2024. The company's half-year report January-June 2024 (H1) will be published on Friday 16th August 2024.

Results briefing on 27 February 2024

The company will hold two webinars for the media, analysts, and investors on Tuesday 27 February 2024. Mikko Karvinen, CEO, and Joonas Juoksolahti, CFO, will present the company's financial and operational results, and will answer questions.

The first live webinar will be in Finnish, starting at 10.30 am (EET). The second webinar will be held in English at 3 pm (EET).

Webinar details:

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

Webinar in Finnish on Tuesday February 27, 2024 at 10:30 am (EET): [Sign up here >>](#)

Webinar in English on Tuesday February 27, 2024 at 3:00 pm (EET): [Sign up here >>](#)

Accounting principles

Nexstim Plc's financial statements have been prepared in accordance with the Finnish Accounting Standards, and are presented in accordance with the rules of the First North marketplace. The figures presented in the financial statements bulleting are audited. The figures presented have been subject to rounding adjustments.

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CONSOLIDATED INCOME STATEMENT

Thousand euro	1 July to 31 December 2023	1 July to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2022
NET SALES	4,742.6	2,733.7	7,246.3	9,526.7
Work performed for own purpose and capitalised	670.8	543.8	1,338.6	1,235.7
Other operating income	0.0	30.5	10.8	34.0
Materials and services				
Materials				
Purchases during the financial year	-1,168.8	-492.4	-1,749.1	-1,143.9
Increase (+) or decrease (-) in inventories	78.7	-90.4	151.4	-91.7
External services	0.0	-5.2	-3.3	-5.2
Total	-1,090.1	-588.0	-1,601.0	-1,240.8
Personnel expenses				
Wages and salaries	-1,944.9	-1,903.9	-3,787.1	-3,958.7
Social security expenses				
Pension expenses	-220.3	-214.7	-451.8	-455.0
Other social security expenses	1.5	-214.9	-190.4	-415.1
Total	-2,163.8	-2,333.4	-4,429.4	-4,828.8
Depreciation and amortisation				
Depreciation and amortisation according to plan	-392.1	-278.1	-701.3	-497.5
Total	-392.1	-278.1	-701.3	-497.5
Other operating expenses	-1,608.2	-1,601.4	-3,091.9	-3,389.0
OPERATING PROFIT (LOSS)	159.3	-1,493.1	-1,227.9	840.3
Financial income and expenses	-42.7	-409.3	-94.7	471.1
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	116.6	-1,902.4	-1,322.7	1,311.4
Income taxes	-1.7	-0.2	-4.8	-4.5
PROFIT/LOSS FOR THE PERIOD	115.0	-1,902.6	-1,327.5	1,306.8

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CONSOLIDATED BALANCE SHEET

EUR thousand	31/12/2023	31/12/2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	2,630.2	1,832.3
Intangible rights	286.8	280.2
Other intangible assets	7.1	0.0
Total	2,924.1	2,112.5
Tangible assets		
Machinery and equipment	347.3	376.9
Total	347.3	376.9
Investments		
Interests in associated companies	676.6	463.3
Total	676.6	463.3
NON-CURRENT ASSETS TOTAL	3,948.0	2,952.7
CURRENT ASSETS		
Inventories		
Raw materials and consumables	1,044.6	893.2
Total	1,044.6	893.2
Receivables		
Non-current receivables		
Trade receivables	115.3	217.3
Total non-current receivables	115.3	217.3
Current receivables		
Trade receivables	2,692.3	1,163.3
Prepayments and accrued income	354.6	363.8
Other receivables	273.9	183.1
Total current receivables	3,320.7	1,710.3
Total receivables	3,436.0	1,927.6
Cash in hand and at bank	1,454.6	4,441.3
CURRENT ASSETS TOTAL	5,935.2	7,262.0
ASSETS TOTAL	9,883.1	10,214.7

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EUR thousand	31/12/2023	31/12/2022
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	55,042.3	54,960.3
Retained earnings	-50,958.4	-52,278.2
Profit/loss for the period	-1,327.5	1,306.8
TOTAL EQUITY	2,836.3	4,068.9
LIABILITIES		
NON-CURRENT LIABILITIES		
Loans from financial institutions	3,604.1	2,611.4
Total	3,604.1	2,611.4
CURRENT LIABILITIES		
Loans from financial institutions	831.6	878.1
Received prepayments	879.2	1,248.1
Trade payables	650.3	316.4
Other liabilities	193.5	194.9
Accrued expenses	888.2	897.0
Total	3,442.7	3,534.4
TOTAL LIABILITIES	7,046.8	6,145.8
EQUITY AND LIABILITIES TOTAL	9,883.1	10,214.7

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

EUR thousand	2023	2022
Share capital 1 January	80.0	80.0
Share capital 31 December	80.0	80.0
Total restricted equity	80.0	80.0
Reserve for invested unrestricted equity 1 January	54,960.3	54,917.8
Increase	82.0	42.5
Decrease	-	-
Reserve for invested unrestricted equity 31 December	55,042.3	54,960.3
Retained earnings/losses 1 January	-52,278.2	-50,962.9
Profit/loss for the previous period	1,306.8	-832.1
Translation difference	13.0	-483.2
Retained earnings/losses 31 December	-50,958.4	-52,278.2
Profit/loss for the period	-1,327.5	1,306.8
Total unrestricted equity	2,756.3	3,988.9
Total equity	2,836.3	4,068.9

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CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	1 July to 31 December 2023	1 July to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2022
Cash flow from operating activities				
Profit/loss for the period	116.6	-1,902.4	-1,322.7	1,311.4
Adjustments:				
Depreciation and amortisation according to plan	357.6	278.1	666.8	497.5
Other income and expenses not related to payment	16.4	30.7	34.5	30.7
Financial income and expenses	68.2	24.7	83.2	44.5
Share of the profit of associates	5.5	19.8	11.5	19.8
Other adjustments	78.6	370.5	79.9	-575.4
Cash flow before change in working capital	643.0	-1,178.5	-446.7	1,328.4
Change in working capital:				
Increase (-) or decrease (+) in current receivables	-1,779.6	-578.8	-1,543.5	-24.8
Increase (-) or decrease (+) in inventories	-206.3	84.7	-176.6	116.0
Increase (-) or decrease (+) in long-term receivables	-	-	-	-
Increase (+) or decrease (-) in current interest-free payables	-498.9	285.7	-14.0	-353.3
Cash flow from operating activities before financial items and taxes	-844.1	-1,387.0	-2,180.9	1,066.3
Interest and other financial expenses paid	-124.4	-35.0	-144.6	-70.0
Interest received on operating activities	56.2	10.3	61.4	10.4
Direct taxes paid	-1.6	-0.2	-4.8	-4.5
Cash flow from operating activities (A)	-914.0	-1,411.9	-2,269.0	1,002.2
Cash flow from investing activities				
Investments in intangible and tangible assets	-621.0	-691.6	-1,489.2	-1,440.3
Other investments	-246.2	-	-246.2	-
Cash flow from investing activities (B)	-867.2	-691.6	-1,735.4	-1,440.3
Cash flow from financing activities				
Share issue	2.0	42.5	82.0	42.5
Drawing (+) or repayment of short-term loans (-)	-	660.9	-	258.7
Drawing (+) or repayment of long-term loans (-)	1,109.7	-716.7	946.2	-662.8
Cash flow from financing activities (C)	1,111.7	-13.2	1,028.2	-361.6

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Change in cash in hand and at banks	-669.4	-2,116.7	-2,976.1	-799.7
Cash in hand and at bank in the beginning of the period	2,128.1	6,511.6	4,441.3	5,194.7
Impact of exchange rate changes	-4.1	46.3	-10.6	46.3
Cash in hand and at bank at end of the period	1,454.6	4,441.3	1,454.6	4,441.3

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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.

CONTINGENT LIABILITIES

EUR in thousands	2023	2022
Rental guarantees		
Rental deposit account	16.3	16.3
Leasing liabilities		
Due within the next financial year	74.1	72.1
Due later	12.5	29.5
Leasing liabilities		
Due within the next financial year	2.4	2.7
Due later	1.6	3.5

Helsinki 27/02/2024

Nexstim Plc
Board of Directors

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

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

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.

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For more information, please visit www.nexstim.com