

Nexstim

NEXSTIM PLC FINANCIAL STATEMENTS RELEASE 2020

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Nexstim Plc (NXTMH:HEX, NXTMS:STO) ("Nexstim" or "Company"), today provides its financial statements for the full year 2020 (1 January–31 December 2020) and H2 2020 (1 July–31 December 2020).

Highlights, July – December 2020

- Continued to minimize the effect of COVID-19 pandemic as well as focusing on generating profitable revenue growth. Considering the difficult business environment, excellent progress with 9 new NBS systems sold, 3 in the US 6 in the EU and rest of the world. Total of 3 new NBT[®] systems installed to clinics in the US and Europe, across multiple sites, for the treatment of Major Depressive Disorder (MDD)
- July 1 – December 31, 2020 was the Company's best reported second half to date when measured by net sales and operating result. The total net sales in the second half was EUR 2.5 million (2019 H2: EUR 2.1 million) and operating result EUR -1.5 million (2019 H2: -3.2 million)
- NBS net sales grew by 4% in H2 to EUR 1.3 million (2019 H2: EUR 1.2 million) and the NBT net sales grew by 35% in H2 amounting to EUR 1.2 million (2019 H2: EUR 0.9 million)
- Started two new pilot studies in treating severe depression (Kuopio University Hospital) and therapy resistant, chronic neuropathic pain patients (Helsinki University Hospital) with accelerated iTBS therapy treatment protocols using NBT system.

Post-period Highlights

- Shareholders were invited to the Extraordinary General Meeting (EGM) of the Company to decide on authorizations for the Board of Directors to decide on share issues and issuances of option rights and special rights to shares. The EGM will be held on Monday, March 1, 2021

Business Overview

Nexstim is a 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 is currently Nexstim's key strategic focus.

NBT[®]

- Nexstim's NBT[®] platform is 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 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 key 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
- Two ongoing pilot studies in treating severe depression and therapy resistant, chronic neuropathic pain patients with accelerated iTBS therapy treatment protocols.

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- Active commercial installed base of 31 therapy treatment systems across three continents

NBS

- Nexstim's 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 because 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
- The NBS system has been sold to approximately 180 research universities and leading hospitals across the world

CEO Mikko Karvinen's review

Year 2020 has been a time for Nexstim to adjust and learn a new way of doing business under the global health and financial crisis caused by the COVID-19 pandemic. At first, we faced the crisis by safeguarding our valuable cash resources in the form of executing necessary adjustments needed and quick implementation of a savings program. We continued by ensuring that the vast number of both NBS and NBT[®] customers could continue to operate their systems in a very difficult business environment. Also new ways of digital sales and marketing were successfully implemented to continue our growth path for the full year 2020. I am proud of our Nexstim teamwork under these extreme conditions, and as a sign of our success we achieved the best year so far measured by several financial metrics, including record revenue level. Fortunately, as we have significantly improved the Company's financial performance, we have also continued to safeguard the well-being of our personnel and doing our best in ensuring that our personnel and family members stay as safe as possible.

This has been the first year of implementing our newly renewed strategy for the years 2020-2024. Nexstim continues to enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders. Our main strategic focus will stay in the therapeutic indications where we will bring the new accelerated therapy protocols to the core development path of our business. We see that this is possibly a game changer in the field of TMS treatments as we will seek for validation of higher efficacy rates and to show the benefits of a faster treatment process through our pilot studies. The selected therapeutic applications (MDD, severe depression and chronic pain) represent indications where our unique technology already demonstrates recognisable clinical outcome and customer profitability and where possibly in more severe cases also more hospital inpatient treatments are required in the future. We will progress in our science-based development path so that Nexstim's navigated TMS device will continue to be at the forefront of delivering new treatments for future indications.

The NBS business was a significant source of income for our Company in the full year 2020, with net sales growing by 19% to EUR 2.2 million (2019: EUR 1.8 million). The systems were sold especially well in the United States, where, despite the COVID-19 environment, 6 new NBS Systems were successfully sold and delivered during the year 2020. As a result, the Company's total net sales increased by 23 percent during the full year of 2020 to new record level of EUR 4.1 million (2019: EUR 3.3 million). We also ensured the continuity of the NBS service business despite the difficult customer environment and we did not lose any service contract customers as hospital neurosurgeries continued almost unchanged despite the health crisis. During 2021, we will continue to invest in the growth of the NBS business, for example, with recruitment of new sales team members to our US organization.

During full year 2020, the NBT business suffered a bit more from the effects of the COVID-19 pandemic. NBT client clinics and hospitals had to somewhat limit therapy treatments locally due to lockdown measures and mobility restrictions, and this slowed down the number of systems and services sold as well as disposable parts delivered, especially to U.S. therapy clinics. We also had to drastically reduce our commercial personnel in our subsidiaries due to the cost saving program, especially in NBT sales, as the short-term effects of the measures taken were necessary to secure our cash balance. Despite these negative effects, the net sales of the NBT business increased by 28 percent during full year 2020

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and amounted to EUR 2.0 million (2019: EUR 1.5 million). During full year 2020, we delivered and installed a total of 8 new NBT[®] Systems - 6 to the U.S. and 2 to Europe and the rest of the world for use in the treatment of MDD. As a result, there were at the end of 2020 a total of 31 NBT[®] Systems installed worldwide (16 in the U.S. and 15 in Europe and the rest of the world) for the treatment of depression and chronic neuropathic pain.

We are confident that by further emphasising the unique navigation capabilities of the NBT[®] System, we can increase our market share. This is accomplished by clearly differentiating our system from the TMS systems currently on the market that do not have navigation capabilities. In the future, the need for a navigation function is likely to be further emphasised in technology that could treat patients in hospital for severe, treatment-resistant depression (TRD) and possible suicidal ideation. This could potentially open a new TMS treatment market for Nexstim that is separate from the current treatment of patients with MDD. To better understand the ability of Nexstim's NBT[®] System to treat patients with accelerated treatment protocols, we launched two new pilot trials in Finland during H2 2020, one for severe depression at Kuopio University Hospital and another for therapy resistant chronic neuropathic pain at Helsinki University Hospital. We are awaiting first results from the severe depression pilot trial soon. As a company, Nexstim wants to be a pioneer in researching and commercialising this new treatment method that could potentially shake the whole TMS industry.

In addition to the commercial advancement of NBT[®] Systems, we also saw continued development in sales, driven by high-margin aftersales products, including revenue from services, support functions, spare parts, and disposables. As the share of NBT[®] business from the total revenue increases, the share of recurring revenue is likely to increase. Recurring revenue (total sales of the therapy business excluding NBT[®] System sales) during full year 2020 covered 86 percent of the therapy business revenue. During the full year 2020, Nexstim achieved an average of EUR 71 thousand in therapy revenue per NBT[®] System.

Nexstim's cash and cash equivalents on December 30, 2020 totalled EUR 3.5 million, including the Kreos loan. During full year 2020, we succeeded in reducing the negative cash flow from operating activities to EUR -2.7 million, compared to EUR -6.7 million in 2019, especially through austerity measures and increased gross margin. The Company loans decreased in April 2020 as innovation funding agency Business Finland decided that a total of EUR 0.9 million from the capital and interest of three loans granted for Nexstim's research and development projects has been settled by debt cancellation. To further finance our business and growth strategy, we raised a total of EUR 2.2 million in new capital in the spring 2020 rights issue.

In terms of operational business, 2021 will be our first full year of executing our renewed strategy. This is a year of focused investments into accelerating our sales growth while continuing to focus on securing the service business of our existing NBS and NBT customer base and increasing the utilisation rate of our current installed base. Parallel to all growth measures we will actively keep monitoring the COVID-19 pandemic environment. We also continue our work to increase the number of NBT[®] Systems installed for use in the treatment of MDD, and we are doing this in line with our renewed strategy, primarily together with valued partners. The focus is particularly on the large U.S. market, but also in a targeted manner in the EU.

At the same time, our goal is to continue to raise awareness of our NBT[®] System in the market. We aim to do this by increasing the number of patients with MDD treated with NBT[®] systems. As the number of patients increases and research data on pilot trials of new accelerated treatment protocols accumulate, we will be able to gather more clinical data to demonstrate the usefulness of our unique equipment to numerous depressed patients. This information is used to support our marketing and we believe it will increase the rollout of NBT[®] Systems in key markets in the U.S. and the EU. There are also plans to continue to leverage our strong network of leading KOL's and patient registry treatment data. In October 2020 we reported the clinical outcomes of the first 108 patients who had completed NBT therapy for treatment of MDD at clinical sites in the U.S. About 42% of the patients completing the treatment achieved clinical remission and 74% obtained a clinical response at the end of treatment. We will continue to collect this valuable patient registry data aiming to collect a patient data registry of over 200 completed treatment sessions of depression patients during year 2021. We also plan to use this patient registry data to publish a series of background papers highlighting the benefits of our NBT[®] system in the treatment of major depression.

Despite we still live in the prolonged COVID-19 pandemic, we eagerly look forward to the year 2021 as the first full year of executing our new strategy. I know that our Nexstim team will work hard to increase shareholder value over the long-term in the form of stronger competitive advantages, faster growth, and better financial results. While again being

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optimistic about the future, we will closely continue to monitor the development of the COVID-19 pandemic as we operate our business.

Key performance indicators

EUR in thousands	7-12/2020 6 months	7-12/2019 6 months	1-12/2020 12 months	1-12/2019 12 months
Net sales	2,499.5	2,130.7	4,114.0	3,348.1
Personnel expenses	-2,134.2	-2,634.0	-3,731.5	-4,713.0
Other operating expenses	-1,065.6	-1,679.3	-2,429.3	-3,647.5
Depreciation and amortisation	-177.7	-319.3	-366.9	-524.6
Operating profit (loss)	-1,496.2	-3,155.5	-3,332.7	-6,517.5
Profit/ -Loss for the period	-2,952.5	-3,117.8	-4,121.6	-6,782.6
Earnings per share (EUR)	-0.01	-0.07	-0.02	-0.25
Cash flows from operating activities	-1,164.1	-3,002.5	-2,724.7	-6,681.5
Cash in hand and at banks	3,455.8	4,266.2	3,455.8	4,266.2
Total equity	-1,469.1	-740.1	-1,469.1	-740.1
Equity ratio (%)	-28.25	-8.49	-28.25	-8.49
Number of shares in the end of the period (pcs)				
	436,622,756	62,789,630	436,622,756	62,786,630
Average number of shares during the period (pcs)				
	439,622,756	42,146,358	267,693,026	27,611,274
Diluted number of shares in the end of the period (pcs)				
	478,834,792	64,080,578	478,834,792	64,080,578
Diluted average number of shares during the period (pcs)				
	479,482,049	54,664,246	290,420,292	36,392,323

Future Outlook

Based on its business forecast, the Company expects its revenue to continue to grow during year 2021 and a loss for the period is expected for the financial year.

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 between July 1 – December 31, 2020 were EUR 2,499.5 thousand (2,130.7) an increase of 17.3 percent to the comparative period in 2019. Net sales between January 1 – December 31, 2020 were EUR 4 114.0 thousand (3 348.1), an increase of 22.9 percent year-on-year. The total net sales consist of NBT and NBS net sales.

NBT net sales between July 1 – December 31, 2020 were EUR 1,232.1 thousand (912.3) an increase of 35.1 percent to the comparative period in 2019. NBT net sales between January 1 – December 31, 2020 were EUR 1,951.8 thousand (1,522.8), an increase of 28.2 percent year-on-year.

NBS net sales between July 1 – December 31, 2020 were EUR 1,267.4 thousand (1,218.4) an increase of 4.0 percent to the comparative period in 2019. NBS net sales between January 1 – December 31, 2020 were EUR 2,162.2 thousand (1,825.2), an increase of 18.5 percent year-on-year.

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Work performed for own purpose and capitalised

Work performed for Nexstim's own purposes and capitalised between July 1 – December 31, 2020 was EUR 3.2 thousand (20.2) and between January 1 – December 31, 2020 was EUR 5.6 thousand (38.9). These amounts mainly consist of capitalised development costs.

Other operating income

Other operating income from July 1 – December 31, 2020 was EUR 11.5 thousand (17.5) and from January 1 – December 31, 2020 was EUR 50.5 thousand (24.1).

Materials and services

Materials and services expenses between July 1 – December 31, 2020 totalled EUR -632.8 thousand (-691.4) and between January 1 – December 31, 2020 totalled EUR -974.9 thousand (-1,043.4).

Personnel expenses

Personnel expenses between July 1 – December 31, 2020 totalled EUR -2,134.2 thousand (-2,634.0) and from January 1 – December 31, 2020 totalled EUR -3,731.5 thousand (-4,713.0). The decrease in expenses was mainly due to the temporary layoffs in parent company in the spring and terminations of employment in foreign subsidiaries.

Depreciation and amortisation

Depreciation and amortisation between July 1 – December 31, 2020 amounted to EUR -177.7 thousand (-319.3). and between January 1 – December 31, 2020 amounted to EUR -366.9 thousand (-524.6).

Other operating expenses

Other operating expenses from July 1 – December 31, 2020 totalled EUR -1,065.6 thousand (-1,679.3) and from January 1 – December 31, 2020 totalled EUR -2,429.3 thousand (-3,647.5). The decrease in expenses was mainly due to the cost saving measures performed during spring as well as the impact of the COVID-19 pandemic on travel and marketing activities.

Operating profit (loss)

The operating loss between July 1 – December 31, 2020 was EUR -1,496.2 thousand (-3,155.5) and from January 1 – December 31, 2020 the operating loss was EUR -3,332.7 thousand (-6,517.5).

Financial income and expenses

Net financial income and expenses during July 1 – December 31, 2020 amounted to an expense of EUR -1,452.0 thousand (-38.0) and between January 1 – December 31, 2020 there was an expense of EUR -783.9 thousand (-259.5). The financial expenses consisted mainly of loan interests and subsidiary loan related exchange rate losses. The income consisted mainly of the partial debt cancellation of Business Finland R&D loans.

Profit (loss) before taxes

Loss before taxes between July 1 – December 31, 2020 was EUR -2,948.3 thousand (-3,117.5) and between January 1 – December 31, 2020 was EUR -4,116.6 thousand (-6,776.9).

Income taxes

Income taxes from July 1 – December 31, 2020 amounted to EUR -4.2 thousand (-0.2) and from January 1 – December 31, 2020 they were EUR -5.0 thousand (-5.7).

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Profit/loss for the financial period

The loss for the period July 1 – December 31, 2020 was EUR -2,952.5 thousand (-3,117.8) and for January 1 – December 31, 2020 it was EUR -4,121.6 thousand (-6,782.6).

Financial Position

Non-current assets

The Company's non-current assets were EUR 846.9 thousand (1,223.3) as of 31 December 2020. Intangible assets amounted to EUR 332.1 thousand (363.9) at 31 December 2020 and consisted mainly of intangible assets related to capitalised development expenses and intellectual property rights. Tangible assets amounted to EUR 514.7 thousand (859.4) on 31 December 2020 and consisted mainly of capitalized NBT[®] systems at customer sites.

Current assets

The Company's current assets amounted to EUR 5,384.5 thousand (6,431.4) as at 31 December 2020.

Equity

Consolidated shareholders' equity totalled EUR -1,469.1 thousand (-740.1) as at 31 December 2020.

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 3,891.9 thousand (5,288.4) as at 31 December 2020. The non-current liabilities of the Company consist of capital loans, other interest-bearing loans, and deferred income. The decrease was mainly due to repayments of the Kreos Capital loan.

Current Liabilities

The Company's current liabilities totalled EUR 3,808.6 thousand (3,106.4) as at 31 December 2020. The current liabilities mainly consist of bank loans, trade payables and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at banks, totalled EUR 3,455.8 thousand (4,266.2) at 31 December 2020.

The Company's net cash outflow from operating activities during 2020 was EUR -2,724.7 thousand (-6,681.5). The negative operating cashflow decreased by -59.2 percent.

Net cash flow from investments was EUR -9.5 thousand during the reporting period (-843.3).

Net cash flow from financing activities was EUR 1,904.9 thousand during 2020 (4,615.8). Financing through share issues amounted to EUR 2,224.1 thousand (6,606.0) in the twelve-month period ended 31 December 2020.

The Parent Company has outstanding long-term and short-term intercompany receivables from its subsidiaries of EUR 14.9 million. Considering the risk factors described in the sections "Going Concern" and "Major Risks and Uncertainties" related to the Company's ability to continue as going concern there is a significant uncertainty relating to the collectability and thus the valuation of the long-term and short-term intercompany receivables. If such receivables are not collected in full there is significant risk that the Parent Company's share capital would be lost.

Going Concern

The financial statements for the 2020 have been prepared on the going concern basis, which assumes that Nexstim will

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be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e., for a period of at least 12 months as of the date of these financial statements. Based on a conservative revenue forecast and expense estimate, and taking into account the cash at bank of the Company as at 31 December 2020 (EUR 3.5 million) the Company believes that an aggregate amount of EUR 3 million is sufficient to cover its working capital deficiency for at least the aforementioned 12 month period.

The Company continues to carry out evaluation of different funding options and strategic alternatives for its businesses. On 8 February 2021, the Company published an invitation to an extraordinary general meeting to be held on 3 March 2021 related to raising additional funding. The shareholders are invited to the EGM to decide on authorizations for the Board of Directors to decide on share issues and issuances of option rights and special rights to shares. 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. As no binding decisions on additional financing have been made by the date of approval of the financial statements, the adequacy of financing represents a material uncertainty factor, which can compromise the Company's ability continue operations. 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 financial period 2020 Nexstim group employed 31 full-time employees (FTEs) (2019: 37). Nexstim Plc employed 24 FTEs at the end of year 2020 (2019: 23). During the financial year 2020 Nexstim group employed on average 33 FTEs (2019: 36 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 Values

We are committed to only offering technology solutions solidly grounded in scientific and clinical research. We closely collaborate with key opinion leaders who, like us, believe TMS can harness the brain's own healing power—neuroplasticity.

Strategic Statement

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Nexstim has a platform TMS technology with multiple applications and position as a premium priced system differentiated by e-field navigation.

Diagnostic Objective: recurring revenue growth through existing strong installed base and new sales development mainly through strategic partnerships.

- Diagnostic Scope: Further develop this technology around motor and speech mapping of the brain in selected diagnostic indications in selected markets (focus in the USA & EU) with the world's leading hospitals:
 1. Preprocedural planning for difficult brain tumour and epilepsy patients
 2. Planning for patients undergoing radiotherapy for brain tumour

Therapy Objective: recurring revenue optimization through existing installed base and profitable new system growth in major depressive disorder (MDD) and chronic neuropathic pain. Launching a new severe depression indication business based on an accelerated therapy protocol.

- Therapy Scope: Leverage this platform technology around selected therapeutic indications in selected markets (focus in the USA & EU) with new and existing TMS service providers:
 1. Treatment of MDD and severe depression
 2. Treatment of chronic neuropathic pain

Diagnostic and Therapy Advantages: These selected diagnostic and therapeutic applications represent indications where:

1. Nexstim technology demonstrates recognisable clinical outcome and customer profitability
2. Hospital inpatient treatments are usually required
3. Integrated and easy to use navigated TMS device enables a future platform in other indications from day one

Key Strategic Objectives for Year 2021

- Focus on achieving profitable revenue growth and strict management of operating expenses
- Report first results from the two new pilot studies in treating severe depression and/or chronic pain patients with accelerated therapy treatment protocols and seek to move towards further trials with increased numbers of patients
- Develop and execute a deeper profitable partnership business model in the key therapy markets together with valued partners
- Patient data registry of over 200 completed treatment sessions of depression patients
- Secure funding to progress towards the company's strategic vision from capital markets and/or through strategic partnerships

Major Events in the Financial Period

On 16 January 2020, the Company announced that the technology licencing discussions with California based academic institution described in a release dated October 2, 2019, have ended.

On 11 February 2020, the Company announced that Martin Jamieson decided to leave his positions as the CEO of the Company and as a member of the Board of Directors of Nexstim. Nexstim's Board of Directors appointed Mikko Karvinen as interim CEO and Joonas Juokslahti as interim CFO of the Company.

On 13 March 2020, the Company announced that it will initiate co-operation negotiations concerning all personnel in Finland. The Company expects the coronavirus situation to have a negative impact on the Company's business environment and that adjustment measures are essential to safeguard the company's productional and economical operating conditions. Nexstim Group aims to reach up to EUR 3 million annual savings from its global operations.

On 26 March 2020, the Company announced that it has completed the co-operation negotiations. As a result, the Company decided to temporarily lay off all its personnel for maximum of 90 days. The layoffs may be executed as full time or part time layoffs. There were no terminations of employment in Finland. The cost savings plan led to termination of employment of total of six persons in the Company's foreign subsidiaries. The Company estimates that with these cost saving measures, it will reach savings of approximately EUR 0.8 million during the next three months, with which when annualized, the Company will reach its target of up to EUR 3 million annual savings.

On 3 April 2020, the Company announced that it will update its future outlook for the full year 2020 and sees that due to

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the coronavirus COVID-19 pandemic having a negative impact on the Company's business environment it's no longer possible to give an accurate net sales estimate for the full year 2020 before the length of the health crisis is better known.

The cost saving measures announced on 26 March 2020 are expected to decrease the full year 2020 operating loss in comparison to year 2019. The Company estimates that with these cost saving measures in place and loan repayments made according to earlier agreed schedules, the current working capital suffices then until end of Q3 2020. Updated Future Outlook: Full year 2020 operating loss is expected to decrease in comparison to year 2019.

On 24 April 2020, the Company announced that innovation funding agency Business Finland has decided that a total of EUR 0.9 million from the capital and interest of three loans granted for Nexstim's research and development projects has been settled by debt cancellation.

On 30 April 2020, the Annual General Meeting was held, after which the company announced the following resolutions:

- The Annual General Meeting of Shareholders adopted the Company's financial statements, including the consolidated financial statements for the year 2019 and resolved that no dividend is paid for the financial year 1 January – 31 December 2019 and that the loss of the financial year is recorded to the retained losses account. The Annual General Meeting discharged the members of the Board of Directors and the Managing Director from liability for the financial year 1 January – 31 December 2019.
- In accordance with the proposal of the Nomination Board, the Annual General Meeting of Shareholders resolved that:
 - The number of members in the Board of Directors is to be four (4);
 - The Board members are elected to serve for a term ending at the end of the next Annual General Meeting;
 - Martin Forss, Tomas Holmberg, Leena Niemistö and Rohan Hoare shall continue as members of the Board of Directors in accordance with their consents;
 - Leena Niemistö shall, in accordance with her consent, be elected as the Chairman of the Board of Directors for the above-mentioned period and Rohan Hoare as the Deputy Chairman.
- In accordance with the proposal of the Nomination Board of Shareholders, the Annual General Meeting resolved that the members of the Board of Directors who are elected in the General Meeting shall be paid as follows for the term ending at the end of the Annual General Meeting in 2021: for the Chairman of the Board of Directors EUR 36,000; for a US member EUR 30,600; for a non-US member EUR 25,200. No Board member acting in the Nomination Board of the Shareholders shall receive any fees based on such membership. Reasonable travel expenses are reimbursed against receipts to the members of the Board, following the principles of the Company's Travel Policy. This applies both to members of the Board of Directors and, to the extent applicable, Board members acting as members of the Nomination Board of Shareholders.

In accordance with the proposal of the Nomination Board it was decided that the new members of the Board of Directors elected by the Extraordinary General Meeting of the Company on November 11, 2019 shall be paid half of the amount stipulated in the restricted share unit plan in Company's shares for their contribution during 2019-2020. As a result, Leena Niemistö and Martin Forss shall each be issued, without payment, shares of the Company at a value of € 6,250, calculated using the formula stated in the restricted share unit plan.

- In accordance with the proposal of the Nomination Board, the Annual General Meeting decided that for a Board member, the gross value of the reward for the vesting period 2020—2021 will be as follows: For Chairman of the Board of Directors: 24 000 €; for a US member: 20 400 €; for a non-US member: 16 800 €. The granted reward will be converted into restricted share units at the beginning of the vesting period in 2020. 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 the 20 trading days following the release date of the Company's Annual Accounts of the year 2019. In the plan, one restricted share unit corresponds to one Company share. The value of the payable reward will be determined on the basis of the share price on the book-entry registration date of the paid shares. It is strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.
- The Annual General Meeting decided that PricewaterhouseCoopers Oy, Authorised Public Accountants, which has appointed APA Martin Grandell as responsible auditor, is appointed as the auditor to serve for a term ending at the end of the next Annual General Meeting of Shareholders. The auditor proposed herein has given its consent for the election. The auditor shall be paid reasonable remuneration in accordance with the invoice approved by the Company.
- In accordance with the proposal of the Nomination Board of Shareholders, the Annual General Meeting resolved that the first paragraph of Section 2 of the Charter for the Nomination Board of Shareholders is amended as

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follows: “The Nomination Board of Shareholders shall consist of 3-4 members, 3 of which shall be appointed by the Company’s three largest shareholders who shall appoint one member each. The Chairman of the Company’s Board of Directors may act as a fourth member of the Nomination Board. If the Chairman of the Company’s Board of Directors is entitled to a membership of Nomination Board based on his/her ownership, or if he is appointed to the Nomination Board by a shareholder, the Nomination Board can consist of three members. The member appointed by the largest shareholder shall be the Chairman of the Nomination Board. Nomination Board’s members shall be elected annually, and their term of office shall end when new members are elected to replace them.”

- Annual General Meeting resolved to approve the following authorisation in accordance with the proposal of the Board of Directors:
 - The Annual General Meeting of Shareholders authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act, as follows: The shares issued under the authorisation are new or those in the Company's possession.

Based and within the limits of this authorisation, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 the Limited Liability Companies Act complementing or replacing issuance(s) of shares. Under the authorisation, a maximum of four hundred twenty million (420,000,000) shares may be issued, which corresponds to approximately 86.99 percent of all the shares in the Company after the share issue, provided that new shares are issued, considering all registered shares of the Company.

In issue 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 any shares which remain unsubscribed in such subscription rights issue, the Board of Directors is authorised to resolve on directed share issues or directed issues of option rights or 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.

The Annual General Meeting of Shareholders authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act as follows:

- The Annual General Meeting of Shareholders authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act as follows: The shares issued under the authorisation are new or those in the Company's possession. Based and within the limits of this authorisation, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 the Limited Liability Companies Act complementing or replacing issuance(s) of shares.

Under the authorisation, a maximum of thirty-nine million (39,000,000) shares may be issued, which corresponds to approximately 38.32 percent of all the shares in the Company after the share issue, provided that new shares are issued, considering all registered shares of the Company.

The Board of Directors is authorised to resolve on all terms for the share issues and the terms for the granting of the option rights and other special rights entitling to shares. The Board of Directors is authorised to resolve on a directed share issue and issue of 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.

On 30 April 2020, the Company announced that that pursuant to the authorisation received from the Company's Extraordinary General Meeting on November 11, 2019 and the restricted share unit reward plan approved by the Annual General Meeting on 26 March 2016, the Board of Directors of the Company has today resolved on issuing altogether 78,606 new shares without payment to two members of the Board of Directors. The members of the Board of Directors participating in the plan are Tomas Holmberg and Rohan Hoare. Rohan Hoare will receive 31,250 shares and Tomas Holmberg will receive 47,356 shares based on the amount of the gross reward for the vesting period 2019-2020 determined by the Annual General Meeting on 25 March 2019.

Pursuant to the authorisation received from the Company's Extraordinary General Meeting on November 11, 2019 and based on the decision made by the Annual General Meeting today, the Board of Directors of the Company has also today decided, that the new members of the Board of Directors elected by the Extraordinary General Meeting of the Company on November 11, 2019 shall be paid half of the amount stipulated in the restricted share unit plan in Company's shares

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for their contribution during 2019-2020. Therefore, Leena Niemistö and Martin Forss will each be issued, without payment, shares of the Company at a value of € 6,250, calculated using the formula stated in the restricted share unit plan. Leena Niemistö will receive 20,673 shares and Martin Forss will receive 17,067 shares.

On 30 April 2020, the Company announced that pursuant to the authorisation granted by the Annual General Meeting of the Company on 30 April 2020, the Board of Directors of the Company has today decided to arrange a rights issue of approximately EUR 2.3 million, summary of the offering:

- Nexstim's EUR 2.3 million issue of new shares ("Offer Shares") is a subscription rights issue, in which current shareholders have a pre-emptive right.
- Each shareholder of Nexstim receives one (1) book-entry subscription right which entitles to subscribe Offer Shares ("Subscription Right") against each of the Company's share held by a shareholder on 6 May 2020 ("Record Date").
- Each one (1) Subscription Right grants a right to subscribe for six (6) Offer Shares at the subscription price of EUR 0.006 per Offer Share ("Subscription Price"). The Subscription Price for the Offer Shares that are registered with Euroclear Sweden and listed on the First North Sweden marketplace which is maintained by Nasdaq Stockholm AB, is 0.06 SEK per Offer Share.
- The subscription period for the Offer Shares begins on 11 May 2020 at 9.30 am Finnish time (8.30 Swedish time) and ends on 27 May 2020 16.30 Finnish time (15.30 Swedish time) in Finland and 25 May 2020 at 16.30 Finnish time (15.30 Swedish time) in Sweden.
- The Subscription Rights are freely transferable and are expected to be traded on the First North Finland marketplace (trading symbol NXTMHU0120) which is maintained by Nasdaq Helsinki Ltd ("First North Finland") and on the First North Sweden marketplace which is maintained by Nasdaq Stockholm AB ("First North Sweden") (trading symbol NXTMS TR) between 11 May 2020 and 20 May 2020.

On 11 May 2020, the Company announced that the Company will host Webinars to Present a Business Update and Information about the Rights Issue 2020.

On 25 May 2020, the Company announced manager's transactions where Kaikarhenni Oy (Leena Niemistö) subscribed for 52,133,756 shares at a unit price of EUR 0.006 as a part of the rights issue 2020.

On 1 June 2020, the Company published the preliminary results of the successful rights issue. The offering was oversubscribed and total of 273% shares were subscribed for of the shares offered.

On 10 June 2020, the Company published the final results of the successful rights issue and according to the final results, the rights issue was oversubscribed, and the number of share subscriptions corresponded to 273% of the offered shares. Of the 376,719,780 new shares offered in the Share Issue ("the Offer Shares") 336,033,654 were subscribed using subscription rights (approximately 89.2% of the Offer Shares), so that the remaining Offer Shares, i.e. 40,686,126 Offer Shares (approximately 10.8% of the Offer Shares) were allocated in compliance with the terms and conditions of the Share Issue to the secondary subscriptions by those having subscribed on the basis of subscription rights. According to the final results of the Share Issue, no Offer Shares were allocated to anyone subscribing Offer Shares without subscription rights.

The final results indicate that the parties making subscription commitments, i.e., Capricorn Healthtech Fund, Kaikarhenni Oy, Ossi Haapaniemi with his related-party companies, as well as members of the Company's management team and some members of its Board of Directors, have subscribed a total of 110,371,150 shares, corresponding to approximately 29.3 per cent of all Offer Shares and approximately EUR 0.66 million.

Due to subscription price in SEK and respective currency difference, Nexstim raised with the Share Issue gross funds of approximately EUR 2.2 million, which, after deduction of the fees and expenses of the Share Issue, amounted to approximately EUR 2.1 million.

On 10 June 2020, the Company announced the amendments of the terms of stock options programs and warrants related to the rights issue 2020. According to the terms and conditions of the stock option programs and the warrant agreements, the share subscription prices shall be amended, so that the share subscription price of such stock option programs, or warrants is comparable to the price prior to the subscription rights issue.

On 10 June 2020, the Company announced that the Board of Directors of Nexstim resolved on June 10, 2020, to launch a new stock option plan aimed at the personnel, management and other interest groups of Nexstim Plc and its subsidiaries, by virtue of an authorisation granted by Annual General Meeting of Shareholders of the Company on April 30, 2020.

The Company has a weighty financial reason for the issue of stock options, since the stock options are intended to form part of the incentive and commitment program for the personnel, management, and other interest groups. The purpose of the stock options is to encourage the personnel, management, and other interest groups to work and co-operate on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the personnel, management,

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and other interest groups to the Company.

The maximum total number of stock options 2020 to be issued is 39,000,000 and they entitle their owners to subscribe for a maximum total of 39,000,000 new or treasury shares in the Company. The Board of Directors will resolve whether new or treasury shares are given to subscribers. The number of shares subscribed by exercising stock options 2020 corresponds to a maximum total of 8.15 per cent of all shares in the Company after the potential share subscription, if 39,000,000 new shares are issued.

Of the stock options, 13,000,000 are part of stock options 2020A; 13,000,000 stock options 2020B; and 13,000,000 stock options 2020C. The share subscription period for stock options 2020A will be July 1, 2022—December 15, 2027; for stock options 2020B: July 1, 2023—December 15, 2028; and for stock options 2020C: July 1, 2024—December 15, 2029.

All stock options will be issued gratuitously. The share subscription price for stock options 2020A is based on the trade volume weighted average price for the Company's share in Nasdaq First North Growth Market Finland during the period of the last 20 days preceding this decision date. The share subscription price for stock options 2020B is the trade volume weighted average quotation of the share on Nasdaq First North Growth Market Finland during twenty (20) trading days following the release date of the Company's Financial Statements of the year 2020; and the share subscription price for stock options 2020C the trade volume weighted average quotation of the share on Nasdaq First North Growth Market Finland during twenty (20) trading days following the release date of the Company's Financial Statements of the year 2021. The share subscription price will be credited to the reserve for the Company's invested unrestricted equity. The shares must be paid upon subscription. The terms of the stock options 2020 are available on the Company's websites.

On 12 June 2020, the Company announced that it has appointed Erik Penser Bank AB as its new Certified Adviser for Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden trading facilities.

On 16 June 2020, the Company announced that the Board of Directors has appointed, effective immediately, the current interim CEO Mikko Karvinen as permanent CEO and the current interim CFO Joonas Juokslahti as permanent CFO.

On 16 June 2020, the Company announced that pursuant to the stock option program 2020 announced on 10 July 2020, the Board of Directors has resolved to grant in total 8 386 667 stock options to its CEO which entitle to subscribe for a maximum of 8 386 667 new shares in Nexstim in accordance with stock option terms approved on 10 June 2020. Accordingly, the Board of Directors has resolved to grant in total 14 280 000 stock options to other members of its management group which entitle to subscribe for a maximum of 14 280 000 new shares in Nexstim in accordance with stock option terms approved on 10 June 2020.

2 590 000 of such stock options granted to the CEO are series 2020A options, 2 836 667 are series 2020B options and 2 960 000 series 2020C options, and 4 410 000 of such stock options granted to the other members of the management group are series 2020A options, 4 830 000 are series 2020B options and 5 040 000 series 2020C options.

On 13 August 2020, the Company announced that following a thorough review of the Company's corporate strategy conducted together with the Board of Directors and the management team, it now provides an update to its strategy covering the years 2020-2024 and also key strategic objectives for the first execution year 2020. Strategy comprehensively in section *Strategy*.

On 14 August 2020, the Company conducted a live webinar for media, investors, and analysts. Mikko Karvinen CEO, and Joonas Juokslahti CFO presented the financial and operational results.

On 14 September 2020, the Company announced a change in the composition of the Shareholders' Nomination Committee. Kyösti Kakkonen representing Joensuun Kauppa ja Kone Oy was appointed as a new member of the Nomination Committee. He is replacing Katya Smirnyagina, representative of Capricorn Health Tech Fund in the Nomination Committee. Leena Niemistö, Chairperson of the Board of Nexstim and representative of its largest shareholder, continues to chair the Nomination Committee, and Ossi Haapaniemi continues as a member of the Committee.

On 22 September 2020, the Company announced that a pilot study on the use of accelerated iTBS protocol in treatment of severe depression with Nexstim NBT® System is starting at Kuopio University Hospital. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times per day for one week whereas in conventional TMS therapy, stimulation is given once a day during several weeks. In the pilot study, the effectiveness of the accelerated iTBS protocol will be tested in 10 patients comparing to 10 patients who participate in conventional TMS therapy. The patient treatments in the study are expected to be completed by the end of 2020. The results of the study will be announced as soon as possible after their completion.

On 25 September 2020, the Company announced that a pilot study on the use of accelerated iTBS protocol in treatment of therapy resistant, chronic neuropathic pain with Nexstim NBT® System is starting at Helsinki University Hospital. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times a day during individual days. In conventional TMS therapy for pain, stimulation is given once a day during several weeks. In the Helsinki University Hospital pilot study, the effectiveness of the accelerated iTBS protocol will be tested in 5-10

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patients. They are suffering from therapy resistant, chronic neuropathic pain and have not benefited from prior 10 Hz rTMS treatment targeted to the motor cortex. Their treatment will begin in the last quarter of this year and all the treatments are estimated to be completed in first half of 2021. The results of the study will be announced as soon as possible after their completion.

On 10 November 2020, the Company announced that it updates its future outlook. The demand for the Company's products and services has remained strong despite the changes in business environment due to Covid-19 epidemic. The company has also successfully implemented new ways of working remotely, which enables sales efforts and customer support despite the global pandemic. Nexstim estimates that the positive business development in the first half of 2020 will continue also in the second half. Updated Future Outlook: Full year 2020 net sales are estimated to increase, and operating loss is expected to decrease in comparison to year 2019. This updated future outlook replaces the previous 2020 financial guidance given on 3 April 2020, in which the Company estimated that based on its business forecast, the operating loss was expected to decrease in comparison to year 2019.

On 18 November 2020, the Company announced that it has received an order and signed a purchase agreement to develop two prototype systems enabling introduction of a novel research tool for probing and diagnosing the brain. The buyer of the prototype systems is a foundation based in the United States. The buyer will donate the equipment to certain designated third-party institutions in the United States and Europe. These institutions will conduct the actual research. The two systems ordered are medical device prototypes based on Nexstim's Navigated Brain Stimulation (NBS) System using SmartFocus® nTMS technology. In the project, Nexstim will develop these two prototype NBS Systems to allow the introduction of novel stimulation paradigms and diagnostics in the future. These two systems are sold only for research use and they are not FDA cleared or CE marked for any clinical indications. The delivery of the two prototype systems and EUR 0.9 million revenue recognition are scheduled to take place in H2 2021.

On 27 November 2020, the Company provided an update on the pilot study on the use of accelerated iTBS protocol in treatment of severe depression with Nexstim NBT® System at Kuopio University Hospital. Nexstim announced on 22 September 2020 that the pilot study is starting and estimated that the patient treatments in the study of ten patients would be completed by the end of 2020, and the results would be made public once available. Nexstim now reports that treatment of study patients has started as planned and several patients have completed the treatment. However, Nexstim currently estimates that the treatment of some patients will continue during Q1 2021. The Company continuously assesses the development of the pandemic, and if the situation would get noticeably worse, that might have an impact on patient recruitments and treatments. As previously announced, the results will be made available once available. Nexstim is pleased with the progress of the pilot study in the present extraordinary circumstances effected by the COVID-19 pandemic.

On 15 December 2020, the Company announced that its Board of Directors has resolved in its meeting on 15.12.2020 on annulment of in total 3,108 option rights 2016B; in total 65,827 option rights 2016C; in total 33,888 option rights 2018A; and in total 33,888 option rights 2018B which are in the possession of the Company or have been returned to the possession of the Company due to ended employments. Pursuant to the annulment, no option rights in those plans remain in the possession of the Company. The Board of Directors of the Company also resolved on annulment of all option rights in the stock option plan 2017 which have been returned to the possession of the Company due to an ended employment and resolved on termination of the stock option plan 2017.

On 21 December 2020, the Company announced that it will publish the following financial information in 2021:

The 2020 Financial Statements Release and Half-Yearly Report July–December 2020 (H2) on Friday, February 26, 2021. Half-Yearly Report January-June 2021 (H1) on Friday, August 13, 2021. Nexstim's Annual Report 2020 will be published and also available on the Company's website on Friday, March 5, 2021. The Annual General Meeting is tentatively scheduled to be held on Thursday, April 29, 2021 at 10:00 am.

Major Events after the Financial Period

On 20 January 2021, the Company announced resolutions of its Shareholder's Nomination Board. Rohan Hoare, who has been a member of Nexstim's Board of Directors since 2016, and Tomas Holmberg, who has been a member of Nexstim's Board of Directors since 2017, have announced that they will no longer be available to the company's Board of Directors for the period 2021-2022. At its meeting, the Nomination Board of the Company has decided to propose to the General Meeting Timo Hildén and Tero Weckroth as new members of the Board.

On 8 February 2021, the Company invited shareholders to the Extraordinary General Meeting of the Company to decide on authorizations for the Board of Directors to decide on share issues and issuances of option rights and special rights to shares. The Extraordinary General Meeting will be held on Monday, March 1, 2021 commencing at 1 PM (EET) at the Nexstim Headquarters.

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Nexstim has no other major events to report after the financial 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".

Risks relating to the Company and its business operations:

- The Company has a history of operating losses and the operations may never become profitable
- Funding received from Kreos or Business Finland may become repayable prematurely and additional funding may not be available
- The Company's working capital is not sufficient to meet the Company's requirements for the coming 12-month period from the date of the report
- Not all of the Company's products have an established market position
- The Company's products will require certain authorisations before commercialisation, such as FDA clearance for the NBT[®] System in connection with use in chronic neuropathic pain before commercialisation, and currently not all required approvals or permits have been granted and there can be no assurance that such approvals and permits will be granted or successfully maintained
- The Company may not be able to get the reimbursement codes and reimbursement coverage for new indications
- Healthcare providers and hospitals may not adopt the Company's technology and treatment modality in the estimated manner or extent
- The Company may divest a part of its business operations (including intellectual property rights and/or R&D personnel) or may be delisted in connection with a transaction but yet there is no certainty that such divestment or other transaction would be completed successfully or completed at all
- The Company's operations may be interrupted due to problems associated with its suppliers
- The Company may not be able to maintain the required certifications or approvals
- The Company may not be able to sufficiently protect or enforce its intellectual property rights
- The Company may infringe third party intellectual property rights or claims may be made against the Company on such infringements
- Markets do not necessarily develop to the desired direction or extent; the technology and products of the Company may not remain competitive
- The expected income from capitalised development costs and intangible rights may prove to be weaker than expected
- Writedown of group internal receivables or subsidiary shares may weaken the parent company equity or result as parent company equity to become negative
- The Company may not be able to utilise all tax losses incurred
- There may be changes in reported profitability or financial position due to changes in accounting regulation or possible future decision to start to apply international Financial Reporting Standards
- The Company may become subject to product liability claims and other claims
- The Company may in the future be involved in litigation and arbitration proceedings
- The Company may be adversely affected by financial difficulties or bankruptcy of one or more of its customers, partners, suppliers or other counterparties
- The Company is reliant on its information systems
- The Company is reliant on its ability to recruit and retain relevant key personnel
- The Company is reliant on its ability to find and retain research and co-operation partners
- The Company has limited experience in sales, marketing and distribution

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- The Company must comply with complex legislation and regulations applicable to its business, and any breach of such legislation or regulations may have onerous consequences
- The insurance coverage of the Company may not be comprehensive, and the Company may not be fully insured against all risks
- The Company may be adversely affected by increasing costs in the health technology industry and cost efficiencies in healthcare
- The Company could encounter difficulties in refinancing its debt
- The Company will need a substantial amount of additional financing in the future in order to continue to commercialise its NBT[®] System
- The ongoing COVID-19 pandemic is a significant health and macro economical risk which can affect the health of Nexstim Group's personnel as well as Nexstim Group's business.

Risks relating to the shares:

- The company's majority shareholders can influence the governance of the company, and the interests of the company's majority shareholders may differ from the interests of the company's minority shareholders
- The market price is subject to price volatility, possible the lack of liquidity and fluctuations in the exchange rates
- Holders of Shares in the company registered in custodial nominee accounts may not be able to exercise their voting rights
- The amount of possible future dividends to be distributed to shareholders is uncertain
- Future issues or sales of a substantial number of shares or rights entitling to shares could have a negative effect on the market price of the shares and cause dilution
- Possible negative rumours could have a negative effect on the market price of the shares

Risks relating to general economic conditions:

- The Company may be adversely affected by changes in the financial markets and economic conditions generally
- The Company may be adversely affected by fluctuations in exchange rates
- The Company may be adversely affected by fluctuations in interest rates

Share and Shareholders

As at December 31, 2020, the fully paid-up share capital of Nexstim Plc amounts to EUR 80,000.00, consisting of 439,622,756 shares. The Shares have no nominal value. Nexstim has one series of shares, which have an ISIN code of FI4000354162. As at the end of financial period 2020, Nexstim had no 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 in Helsinki Stock Exchange, Nasdaq First North Growth Market Finland and at the Stockholm Stock Exchange, Nasdaq First North Growth Market Sweden. Below presented share price information from Nasdaq First North Growth Market Finland is in euro (EUR) and share price information from Nasdaq First North Growth Market Sweden is in Swedish krona (SEK).

On January 1–December 31, 2020, the highest price of the company share was EUR 0.11 (2019: EUR 0.90) and SEK 1.05 (2019: SEK 8.60), the lowest price was EUR 0.005 (2019: EUR 0.07) and SEK 0.07 (2019: SEK 0.81), and the average price was EUR 0.04 (2019: EUR 0.15) and SEK 0.34 (2019: SEK 1.71). The closing price for 2020 on December 30, 2020, was EUR 0.098 (2019: EUR 0.12) and SEK 0.98 (2019: SEK 1.22).

In public trading on January 1–December 31, 2020, a total of 1,095,094,155 shares were traded, which corresponds to 409.1 percent of the average number of shares on the said period. On January 1–December 31, 2020, there were 267,693,026 shares on the average.

The market value of the share capital at the closing price of 2020, EUR 0.098 and SEK 0.98, on December 30, 2020, was EUR 43,083 thousand (2019: EUR 7,220) and SEK 432,589 thousand (2019: 76,286).

On December 31, 2020, the company had 10,110 (2019: 6,044) shareholders including the nominee registers (10 registers). The share of nominee registered ownership was 25.02 percent (2019: 42.9) of the total number of shares.

Nexstim Plc Board of Directors had on December 31, 2020 the following authorizations granted.

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The Annual General Meeting of Shareholders authorized the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act, as follows:

The shares issued under the authorization are new or those in the Company's possession. Based and within the limits of this authorization, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 the Limited Liability Companies Act complementing or replacing issuance(s) of shares.

Under the authorization, a maximum of four hundred twenty million (420,000,000) shares may be issued. In issue 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 any shares which remain unsubscribed in such subscription rights issue, the Board of Directors is authorized to resolve on directed share issues or directed issues of option rights or 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. The shares and option rights or other special rights entitling to shares can hence be issued in one or more tranches.

The authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issues and issuances of option rights and other special rights entitling to shares.

The remaining amount of the authorization granted on the date of this report is 43,280,220 shares and the authorization is valid for one (1) year from the decision of the Annual General Meeting of Shareholders.

The authorization may be used for the future financing needs of the Company, developing the equity structure, minimize or reduce debts and possible mergers and acquisitions and other corporate purposes.

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareholders at the end of year 2020 was as follows.

	Shareholder	No. of shares	Holding %
1.	NORDEA BANK ABP*	99,409,230	22.61
2.	KAIKARHENNI OY	65,352,292	14.87
3.	HAAPANIEMI OSSI	40,873,208	9.30
4.	JOENSUUN KAUPPA JA KONE OY	13,947,182	3.17
5.	SYRJÄNEN EVA ANNIKA ELISABETH	8,682,387	1.97
6.	WETROCK CAPITAL & CONSULTING OY	7,500,000	1.71
7.	KALKSTEN PROPERTIES KOY	7,300,701	1.66
8.	CLEARSTREAM BANKING S.A.*	6,832,382	1.55
9.	K22 FINANCE OY	6,001,000	1.37
10.	NIUKKANEN PENTTI JUHANI	5,000,000	1.14
11.	KAKKONEN KARI HEIKKI ILMARI	3,100,000	0.71
12.	KIVINEN HARRI JUHANI	3,100,000	0.71
13.	JOKINEN JUKKA	3,000,000	0.68
14.	FILÉN HARRI JOHANNES	2,500,000	0.57
15.	NIINISTÖ TIMO JUHANI	2,488,170	0.57
16.	DANSKE BANK A/S HELSINKI BRANCH*	2,169,803	0.49
17.	PETTERSSON JAN ÅKE	2,000,000	0.45
18.	KAUKORANTA EERO ONNI	1,980,000	0.45
19.	HIMANKA REIJO JUHANI	1,820,000	0.41
20.	MERO MATTI ANTERO	1,673,002	0.38

*Nominee registered shareholders

Board of Directors and the Company's Management

Board of Directors

The following were members of the Nexstim Plc's board of directors during 2020: Leena Niemistö (Chairman), Martin Jamieson (Chairman until 11 February 2020), Rohan Hoare (Deputy Chairman since 11 November 2019), Martin Forss and Tomas Holmberg. The Board of Directors convened 19 times during 2020.

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CEO

Mikko Karvinen (since 11 February 2020) and Martin Jamieson (up to 11 February 2020) acted as CEO of Nexstim Plc and group during 2020.

Management team

The following members were part of Nexstim group management team during 2020: Mikko Karvinen (CFO until 11 February 2020 and CEO since 11 February 2020), Martin Jamieson (CEO until 11 February 2020), Steve Beller (Vice President and General Manager, North America), Henri Hannula (Vice President, International Sales and Marketing), Joonas Juokslahti (CFO since 11 February 2020), Gustaf Järnefelt (Vice President, R&D), Hanna Kotola (Vice President, Legal), Jarmo Laine (Vice President, Medical Affairs).

Board of Directors' Proposal on the Dividend

Since it was founded, the Company's operations have been unprofitable, and no dividend has been distributed. In the forthcoming years, the Company will focus on financing the growth and the development of its business and the Company will adhere to a very stringent dividend policy, tied to the Company's results and financial standing. The Company does not expect to be able to distribute dividends in the near future. In the event dividends are distributed, all Shares will be entitled to equal dividends.

At the end of the financial period of 2020, the distributable assets of the group's parent company were EUR 12,353,405.03. The Board of Directors proposes that Nexstim Plc should not pay any dividend for the financial period of 2020.

Helsinki 26 February 2021

Nexstim Plc
Board of Directors

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

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About Nexstim Plc

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

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

SmartFocus® technology is used in Nexstim's proprietary Navigated Brain Therapy (NBT®) system, which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBT® system is CE marked for the treatment of major depression and chronic neuropathic pain.

In addition, Nexstim is commercializing its SmartFocus® based Navigated Brain Stimulation (NBS) system for diagnostic applications. The NBS system is the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain. Nexstim shares are listed on the Nasdaq First North Growth Market Finland and Nasdaq First North Growth Market Sweden.

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For more information, please visit www.nexstim.com

Publication of financial information during year 2021

The company will hold two live webinars for media, investors and analysts on Friday 26 February 2021. Mikko Karvinen CEO, and Joonas Juokslahti CFO, will present the financial and operational results followed by a Q&A session.

The first live webinar will be in Finnish and it takes place at 1 pm EET. The second live webinar will be in English at 3 pm EET.

Webinar details:

To attend the webinars, please register via the links below. Registered participants will receive more information to their e-mail.

Live Webinar in Finnish on 26 February 2021 at 1 pm (EET): [Register here >>>](#)

Live Webinar in English on 26 February 2021 at 3 pm (EET): [Register here >>>](#)

Half-Yearly Report January-June 2021 (H1) will be published on Friday, August 13, 2021 Nexstim Annual Report 2020 (Report of the Board of Directors, the Financial Statements and Consolidated Financial Statements and the Auditor's Report) will be published on company web pages on Friday, March 5, 2020. The Annual General Meeting is tentatively scheduled to be held on Tuesday, April 29, 2020.

Basis of preparation of the financial statement release

Nexstim Plc's financial statements have been prepared in accordance with the Finnish Accounting Regulation and presented in accordance with the rules First North marketplace. The financial statement information presented in the financial statement release is audited. The figures presented have been subject to rounding adjustments.

Nexstim

CONSOLIDATED INCOME STATEMENT

Thousand euro	1 July- 31 December 2020	1 July- 31 December 2019	1 January-31 December 2020	1 January-31 December 2019
NET SALES	2,499.5	2,130.7	4114.0	3,348.1
Work performed for own purpose and capitalised	3.2	20.2	5.6	38.9
Other operating income	11.5	17.5	50.5	24.1
Materials and services				
Materials				
Purchases during the financial year	-487.3	-949.3	-936.2	-1,269.7
Variation in inventories additions (+)/disposal (-)	-145.4	257.9	-38.6	226.3
Total	-632.8	-691.4	-974.9	-1,043.4
Personnel expenses				
Wages and salaries	-1,807.0	-2,264.2	-3,122.0	-3,997.7
Social security expenses				
Pension expenses	-196.0	-188.6	-302.6	-330.1
Other social security expenses	-131.3	-181.2	-307.0	-385.2
Total	-2,134.2	-2,634.0	-3,731.5	-4,713.0
Depreciation and amortisation				
Depreciation and amortisation according to plan	-177.7	-319.3	-366.9	-524.6
Total	-319.3	-319.3	-366.9	-524.6
Other operating expenses	-1,065.6	-1,679.3	-2,429.3	-3,985.9
OPERATING PROFIT / -LOSS	-1,496.2	-3,155.5	-3,332.7	-6,517.4
Financial income and expenses				
Other interest income and other financial income	596.6	890.6	1,936.8	1,286.1
Interest and other financial expenses	-2083.5	-852.6	-2,755.6	-1,545.5
Total	-1452.0	38.0	-783.9	-259.5
PROFIT / -LOSS BEFORE TAXES	-2,948.3	-3,117.5	-4,116.6	-6,776.9
Income taxes	-4.2	-0.2	-5.0	-5.7
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-2,952.5	-3,117.8	-4,121.6	-6,782.6

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CONSOLIDATED BALANCE SHEET

Thousand euro

	31 December 2020	31 December 2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	50.1	73.7
Intangible rights	282.0	290.3
Total	332.1	363.9
Tangible assets		
Machinery and equipment	514.7	859.4
Total	514.7	859.4
Investments		
Other shares and similar rights of ownership	0.0	0.0
Total	0.0	0.0
NON-CURRENT ASSETS TOTAL	846.9	1,223.3
CURRENT ASSETS		
Inventories		
Raw materials and consumables	446.4	485.1
Total	446.4	485.1
Receivables		
Trade receivables	963.0	1,179.6
Prepayments and accrued income	250.0	257.5
Other receivables	269.3	243.0
Total	1,482.2	1,680.1
Cash in hand and at banks	3,455.8	4,266.2
CURRENT ASSETS TOTAL	5,384.5	6,431.4
ASSETS TOTAL	6,231.3	7,654.7

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Thousand euro

	31 December 2020	31 December 2019
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	48,310.7	46,086.6
Retained earnings / -loss	-45,738.3	-40,124.1
Profit / -loss for the financial year	-4,121.6	-6,782.6
TOTAL EQUITY	-1,469.1	-740.1
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital loans	0.0	0.0
Other interest-bearing loans	3,891.9	5,288.4
Deferred income	0.0	0.0
Total	3,891.9	5,288.4
CURRENT LIABILITIES		
Bank loans	1,152.5	988.6
Trade payables	198.1	739.7
Other liabilities	1,592.4	517.4
Accrued expenses	865.7	860.7
Total	3,808.6	3,106.4
TOTAL LIABILITIES	7,700.5	8,394.8
EQUITY AND LIABILITIES TOTAL	6,231.3	7,654.7

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CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2019	80.0	0.0	0.0	46,086.6	-46,906.7	-740.1
Issue of shares				2,224.1		2,224.1
Profit / -loss for the period					-4,121.6	-4,121.6
Translation difference					1,168.5	1,168.5
Equity on 31 December, 2020	80.0	0.0	0.0	48,310.7	-49,859.9	-1,469.1

	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2018	80.0	0.0	0.0	39,480.6	-39,854.9	-294.3
Issue of shares				6,606.0		6,606.0
Profit / -loss for the period					-6,782.6	-6,782.6
Translation difference					-269.2	-269.2
Equity on 31 December, 2019	80.0	0.0	0.0	46,086.6	-46,906.7	-740.1

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CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January – 31 December 2020	1 January – 31 December 2019
Cash flows from operating activities		
Profit / -Loss for the financial period	-4,121.6	-6,782.6
Adjustments:		
Depreciation and amortisation according to plan	366.9	524.6
Other adjustments (income -/ expense +)	255.0	-269.2
Financial income and expenses	783.9	259.5
Cash flows before change in working capital	-2,715.7	-6,267.7
Change in working capital:		
Increase (-) or decrease (+) in current receivables	-300.9	65.5
Increase (-) or decrease (+) in inventories	38.7	-226.3
Increase (-) or decrease (+) in long-term receivables	-147.2	0,0
Increase (+) or decrease (-) in current interest-free payables	538.4	428.7
Cash flows from operations before financial items and taxes	-2,586.8	-5,999.9
Interest and other financial expenses paid	-137.9	-681.6
Cash flows from operating activities (A)	-2,724.7	-6,681.5
Cash flows from investing activities		
Investments in intangible and tangible assets	9.5	-843.3
Cash flows from investments (B)	9.5	-843.3
Cash flows from financing activities		
Share issue	2,224.1	6,606.0
Drawing (+) or repayment of short-term loans (-)	163.9	0,0
Drawing (+) or repayment of long-term loans (-)	-483.1	-1 990,2
Cash flows from financing activities (C)	1,904.9	4,615.8
Change in cash in hand and at banks	-810.3	-2,909.0
Cash in hand and at banks in the beginning of the period	4,266.2	7,175.2
Cash in hand and at banks at end of the period	3,455.8	4,266.2

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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 material transactions with related parties during the reporting period.

CONTINGENT LIABILITIES

EUR in thousands	31 December 2020	31 December 2019
Guarantees	41.6	41.2
Leasing liabilities	63.7	52.3

The following assets are 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 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 company has on June 2, 2015 agreed on a new payment plan with Valtiokonttori related to February 8, 2001 signed capital loan agreement of EUR 500.0 thousand. According to the new payment plan the capital will be repaid in full during the years 2016-2020 in fixed amortization schedule. The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 122.2 thousand at 31 December 2019 and it has been recognised as an expense in income statement and as a liability on the balance sheet.

Business Finland capital loan balance 31 December 2020	EUR 0.00
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