



## NEXSTIM PLC FINANCIAL STATEMENT RELEASE 2014

*Helsinki, 26 February 2015 at 8:00 am*

**Nexstim listed to Nasdaq First North Helsinki & Stockholm and continued Phase III multi-centre trial in the US**

### **Company Highlights, July – December 2014**

- Phase III multi-centre trial in the US for stroke therapy is progressing according to plans, first milestone interim analysis from the Phase III stroke therapy trial expected in Q3 2015
- Successful listing of the company's shares to Nasdaq First North Finland and Nasdaq First North Sweden raising new equity of EUR 15.3 million
- July – December 2014 revenue growth of 31.0 percent compared to second half of 2013
- First successful reimbursements for Navigated Brain Stimulation (NBS) in Germany

### **Status of clinical development**

Nexstim's NBT System is in the development phase. The Company is currently building clinical evidence by conducting a clinical Phase III multi-centre trial to demonstrate the effectiveness of the therapy treatment using NBT System. The clinical trial is progressing according to plans. The next interim analysis milestones are estimated to be reached Q3 2015 and Q1 2016 and the clinical evidence is assumed to be ready by the end of 2016. Chronic neuropathic pain trial in co-operation with The Walton Centre is progressing according to plans.

### **CEO Janne Huhtala's review**

I am delighted to present to you Nexstim's first financial statement release as a publicly listed company. 2014 has been a transformational year for the Company, both operationally and financially. I am pleased to report to you that the 2014 full year results show that Nexstim is firmly set on a good course and that both our product portfolio as our finances are in good health.

In November 2014 we successfully listed the company's shares on Nasdaq First North Finland and Nasdaq First North Sweden, securing funds for the ongoing Phase III trial in the US for stroke therapy and for pre-commercialisation activities.

In early 2014, we saw encouraging results (over 80 percent response rate in active therapy group) from the Phase II trial for the use of Nexstim's NBT® System in post-acute stroke therapy and subsequently initiated our Phase III, two year, multi-centre trial in April, in 12 different rehabilitation centres in the US. We closed 2014 with a strong cash position of EUR 11.5 million which is estimated to be sufficient to finance the company's existing clinical development trials and pre-commercialisation activities. In 2015, we will continue to build on the substantial achievements of 2014 and, although not expected due to complete before end of 2016, we expect to see the first milestone interim analysis from the Phase III stroke therapy trial in Q3 2015.

Operationally, we have managed sales growth for our lead Navigated Brain Stimulation (NBS) product to strategic customers with capital equipment investment sales model. The new NBS 5 System for non-invasive pre-surgical mapping in clinical neurosurgery was launched in October and our efforts have been primarily targeting universities and teaching hospitals with strong key opinion leaders (KOL) presence. During second half of 2014 Nexstim revenue increased by 31.0 percent compared to second half of 2013 due to more successful closing of sales cases. On an annual level 2014 revenue increased by 18.1 percent compared to 2013. Furthermore, the first successful reimbursements for NBS in Germany marks an important step in the extension of our reimbursement coverage.

Today, with both its NBS and NBT® Systems, based on our core e-Field mapping software, Nexstim remains a world leader in navigated Transcranial Magnetic Stimulation (nTMS). The Nexstim team and clinical centres are committed to bringing innovative and ground-breaking solutions for the many patients suffering from strokes. With our strong product portfolio, strict financial management and the continued passion and commitment of all our staff, who deserve our deepest appreciation and gratitude, we are looking towards a very promising future.

## Key performance indicators

EUR in thousands	7-12/2014 6 months	7-12/2013 6 months	1-12/2014 12 months	1-12/2013 12 months
Net sales	1,796.5	1,371.7	2,210.4	1,871.0
Personnel expenses	-2,018.3	-1,492.5	-3,660.2	-3,043.4
Depreciation and amortisation	-252.1	-96.0	-377.4	-237.7
Other operating expenses	-3,826.2	-1,403.8	-5,498.5	-2,472.0
Profit/ -Loss for the period	-5,318.1	-1,966.7	-10,445.4	-4,514.9
Earnings per share (EUR)*	-1.02	-0.68	-2.37	-1.63
Diluted earnings per share (EUR)*	-0.92	-0.64	-2.16	-1.51
Cash flows from operating activities	-5,277.1	-2,124.5	-7,785.2	-3,983.7
Cash in hand and at banks	11,483.7	1,010.0	11,483.7	1,010.0
Total equity	8,589.9	-2,382.1	8,589.9	-2,382.1
Equity ratio (%)	65.29	-30.23	65.29	-30.23
Number of shares in the end of the period (pcs)*	7,130,758	3,189,004	7,130,758	3,189,004
Average number of shares during the period (pcs)*	5,237,468	2,880,550	4,406,572	2,767,995
Diluted number of shares in the end of the period (pcs)*	7,917,698	3,401,454	7,917,698	3,401,454
Diluted average number of shares during the period (pcs)*	5,799,236	3,093,000	4,826,140	2,980,445

\*The number of Shares and subscription price have been adjusted to take account the effect of the merging of the share classes and share split on 29 September 2014, where the number of Shares was increased 14-fold

## Future Outlook

Based on its business forecast and sensitivity analysis the company expects its net sales from the sale of NBS Systems (Pre-Surgical Mapping, PSM) to grow during financial year 2015 and operating profit to be positive during second half of the financial year 2017 at the earliest.

## 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 on July 1 – December 31, 2014 were EUR 1,796.5 thousand (1,371.7), which shows an increase of 31.0 percent, and net sales on January 1 – December 31, 2014 were EUR 2,210.4 thousand (1,871.0) which shows an increase of 18.1 percent. Increase in Net sales was mainly due to growth in sales of NBS Systems during second half of 2014.

### Work performed for own purpose and capitalised

Work performed for own purpose and capitalised on July 1 – December 31, 2014 was EUR 13.0 thousand (16.5) and on January 1 – December 31, 2014 was EUR 30.4 thousand (33.2) and which consists of capitalised development costs.

### Other operating income

Other operating income on July 1 – December 31, 2014 was EUR 105.3 thousand (62.6) and on January 1 – December 31, 2014 was EUR 134.1 thousand (75.1). Other operating income consists mainly of grants by Tekes.

### Materials and services

Materials and services expenses on July 1 – December 31, 2014 totalled EUR -513.5 thousand (-349.5) and on January 1 – December 31, 2014 totalled EUR -638.5 thousand (-661.0).

# Nexstim

## *Personnel expenses*

Personnel expenses on July 1 – December 31, 2014 totalled EUR -2,018.3 thousand (-1,492.5) and on January 1 – December 31, 2014 totalled EUR -3,660.2 thousand (-3,043.4). The increase was mainly due to increase in number of personnel and adjustments in individual salary levels.

## *Depreciation and amortisation*

Depreciation and amortisation on July 1 – December 31, 2014 amounted to EUR -252.1 thousand (-96.0) and on January 1 – December 31, 2014 amounted to EUR -377.4 thousand (-237.7). The increase was mainly due to depreciation of Phase III multi-centre stroke trial equipment costs that were capitalised during the first half of the year.

## *Other operating expenses*

Other operating expenses on July 1 – December 31, 2014 totalled EUR -3,826.2 thousand (-1,043.8) and on January 1 – December 31, 2014 totalled EUR -5,487.5 thousand (-2,472.0). An increase of EUR 2,096.4 thousand in full year expenses was due to expenses related to Phase III multi-centre trial and approximately EUR 1,249.0 were direct expenses related to initial public offering of company shares.

## *Operating profit (loss)*

Operating loss on July 1 – December 31, 2014 was EUR -4,695.2 thousand (-1,890.9) and on January 1 – December 31, 2014 was EUR -7,799.6 thousand (-4,434.7).

## *Financial income and expenses*

Net financial income and expenses on July 1 – December 31, 2014 amounted to an expense of EUR -622.8 thousand (-75.9) and on January 1 – December 31, 2014 amounted to an expense of EUR -2,645.8 thousand (-80.2). The increase in net expense primarily related to recognised financial expenses on the capital loan from the shareholders. The subscription price of the loan amounted to EUR 1,003.1 thousand and the principal amount of the loan totalled to EUR 3,009.3 thousand. The amount below par value, EUR 2,006.2 thousand, has been recognised as interest and other financial expense in the profit and loss account for the six month period ended 30 June 2014 based on the loan term according to which the loan shall fall immediately due and payable by the company in the event of a public offering. In addition, the financial expenses increased approximately EUR 1,050.0 thousand due to direct financial costs resulting from the initial public offering.

## *Profit/loss for the financial period*

The loss for the period July 1 – December 31, 2014 was EUR -5,318.1 thousand (-1,966.7) and for the period January 1 – December 31, 2014 was EUR -10,445.4 thousand (-4,514.9).

## *Financial position*

### *Non-current assets*

The Company's non-current assets were EUR 979.4 thousand (497.0). Intangible assets amounting to EUR 527.0 thousand on 31 December 2014 consist mainly of intangible assets related to capitalised development expenses and intellectual property rights. The tangible assets amounting to EUR 442.5 thousand on 31 December 2014 consist mainly of Phase III trial equipment. The increase in tangible assets compared to 31 December 2013 was mainly due to Phase III trial equipment that were capitalised during the first half of 2014.

### *Current assets*

The Company's current assets amounted to EUR 13,014.2 thousand (2,550.4). The increase of current assets was due to payments received from shares issued in initial public offering.

### *Equity*

Consolidated shareholders' equity totalled EUR 8,589.9 thousand (-2,382.1). The increase was driven by share issues completed during the period. The shareholders made a unanimous resolution on 29 September 2014 to reduce the share capital and the share premium account. The reduction of share capital amounted to EUR 33,791.5 thousand and the reduction of share premium account amounted to EUR 63.2 thousand. As at 31 December 2014, the Group's parent company's subscribed share capital, including share issue, was EUR 80.0 thousand, total shareholders' equity was EUR 13,195.6 thousand and capital loans were EUR 500.0 thousand. Thus, shareholders' equity and capital loans added up to EUR 13,695.6 thousand.

## *Liabilities*

### *Non-Current Liabilities*

The Company's non-current liabilities totaled EUR 3,475.4 thousand (4,201.9). The non-current liabilities of the Company consist of capital loans, other interest-bearing loans and deferred income.

### *Current Liabilities*

The Company's current liabilities totaled EUR 1,928.3 thousand (1,227.6).

The current liabilities mainly consist of trade payables, other current liabilities and accrued expenses.

## ***Financing and liquidity***

Liquid assets, consisting of cash in hand and at banks, totaled EUR 11,483.7 thousand (1,010.0).

The Company's net cash outflow from operating activities during the reporting period was EUR -7,785.2 thousand (-3,983.7). The change compared to the corresponding period in the previous year was mainly due to Phase III trial expenses during 2014.

Net cash flow from investments was EUR -859.7 thousand during the reporting period (-238.9). The change compared to the corresponding period in the previous year was mainly due to investment in Phase III trial equipment during first half of 2014.

Net cash flow from financing activities was EUR 19,118.6 thousand during the reporting period (3,278.1). Financing through share issues amounted to EUR 18,818.4 thousand in the twelve month period ended 31 December 2014.

## **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, including after sales, service and Quality and Regulatory Affairs;
- Sales & Marketing;
- Administration, including Finance and Legal Affairs support functions.

At the end of the financial period 2014 Nexstim group employed 31 full-time employees (FTEs). Nexstim Plc employed 23 FTEs at the end of year 2014. During the financial year 2014 Nexstim group employed on average 33 FTEs (2013: 33 FTEs).

## **Strategy**

The Company's strategy is to validate the navigated transcranial magnetic stimulation (nTMS) technology's therapeutic



utility in post-acute stroke. The Company intends to demonstrate this by proving the clinical efficacy of its navigated technology platform in targeted noninvasive neuromodulation for motor rehab.

The Company's strategy is also to validate the commercial potential with the clinical utility of the same technology in pre-surgical mapping (PSM). In the future, the Company intends to investigate the applicability of its technology platform also in other indications within stroke and, for example, in pain and tinnitus.

#### *Proving clinical efficacy of the NBT System*

Nexstim's NBT System used for stroke therapy is currently in the development and pre-commercialisation phase. The Company is currently conducting a Phase III multi-centre trial in order to prove the efficacy of the NBT System treatment in the rehabilitation of post-acute stroke related upper limb motor disability. Additionally, the pivotal Phase III trial is being conducted in order to obtain key opinion leader (KOL) support and outcome data to build a health economics model prior to seeking reimbursement coverage and commercialisation of the device. Nexstim plans initially to target the US stroke therapy market as the US represents the largest single market facilitating reimbursement coverage for a large patient base. The Company is also conducting its pivotal Phase III trials in the US, in order to seek local KOL support. In order to access the US market the Company contemplates to apply for the FDA's De Novo 510(k) clearance for the use the NBT System in the US. With these actions the Company aims to create a competitive advantage to potential competitors and facilitate full commercialisation in the next phase of the Company's strategy.

For the later commercialisation stage Nexstim intends to utilise a consumable sales model for the stroke therapy market, whereby revenues are generated mainly through the sale of consumable kits sold per procedure with a high margin. The sales model has been chosen due to the high population of stroke survivors with motor related disabilities and high levels of stroke incidences every year requiring approximately 20 consumables per treatment period per patient. The device has an annual maximum capacity of approximately 2,000 sessions. The sales model allows for a low initial investment in the NBT System for the customer which the Company believes will promote the future sales of the NBT System.

#### *Pre-commercialisation of the NBS System*

The Company initially launched the NBS System in the diagnostics market for use in pre-surgical mapping (PSM) as a proving ground for its navigation technology due to the high requirements placed on accuracy and reliability in PSM. The Company has obtained an FDA clearance and CE marking for the NBS System for both motor and speech mapping.

The Company launched its next generation NBS 5 System in September 2014 and it is currently being sold in the US and Europe. Sales focus is currently on universities and teaching hospitals to obtain further KOL support. The Company is currently in the process of building its health economics model by utilising recently released outcome data from investigator initiated trials which data showed significant benefits of the use of the NBS System in clinical treatment. The building of the health economics model facilitates the larger scale sales effort initiated following the recent launch of its NBS 5 System (see "Description of business – Pre-surgical mapping - NBS System – Health economics model"). The Nexstim's next generation NBS 5 System is an updated version which does not require separate FDA clearance or CE marking as it does not have a significant technological difference to the previously cleared version NBS 4.

In the pre-surgical market Nexstim has adopted a sales model whereby revenues are primarily generated by the sale of the NBS System. The NBS System has a higher relative pricing compared to the NBT System. The typical clinical operating life of a NBS System is seven years. The sales model has been chosen due to the relatively low annual level of incidences where pre-surgical mapping could be clinically beneficial.

### **Major Events in the Financial Period**

Nexstim Oy annual general meeting was held in Helsinki 27 March 2014. In the meeting it was decided to confirm the statement of profit and loss and the balance sheet for the year 2013 and that the loss of 3.250.069,71 € will be added to the profit and loss account and that there will be no distribution of dividend. It was decided to discharge the Board of Directors and the Managing Director from liability.

Fees to be paid to the Board of Directors and the auditors were determined so that the chairman of the Board of Directors will be paid 25.000 Euros and the member of the Board of Directors will be paid 12.000 Euros from AGM held in 2014 until the AGM held in 2015. The fee shall be paid only to those members that are not employed by the investors. The fee shall be paid in quarterly instalments and be deducted by the possible prepayment of tax. The actual travel cost shall be compensated against a travel invoice to all the members of the Board of Directors. The company can buy consultation services from Ken Charhut for the maximum amount of 20.000 € and from Tim Irish for the maximum



amount of 10.000€. It is proposed that the Auditors shall be compensated against a reasonable invoice before the next annual shareholders meeting.

The following members were elected to the Board of Directors; Johan Christenson as a member of the Board and David Bejker as his Deputy member of the Board, Rene Kuijten as a member of the Board and Anne Portwich as his Deputy member of the board, Juha Vapaavuori as a member of the Board and Lari Rajantie as his deputy member of the Board, Pekka Puolakka as a member of the Board and Markku Lahdenpää as his deputy member of the Board, Casper Breum as a member of the Board and Johan Kördel as the Deputy member of the Board, Katya Smirnyagina as the a member of the Board and Jos Peeters as the deputy member of the board, Olli Riikkala as a member of the Board, Ken Charhut as a member of the Board and Tim Irish as a member of the Board. The term of the Board members shall end at the ending of the AGM held in 2015.

During spring of 2014 Nexstim initiated a two-year clinical Phase III trial at 12 prominent rehabilitation sites in the US, aiming to demonstrate the effectiveness of the NBT System and to obtain an FDA clearance for marketing the device for post-acute stroke treatment in the US.

The company had three targeted share issues in May 2014, one of which was subscribed for and paid in July 2014. In this share issue the company issued 1,458 the then new E-shares to existing shareholders and raised EUR 67.7 thousand as subscribed share capital.

Mikko Karvinen was appointed as CFO of the Company as of 18 August 2014.

Company received a first order for a NBT System from a private rehabilitation centre in Finland in September 2014.

Certain shareholders granted a new capital loan for the Company in September 2014. The capital loan was subscribed and paid to the Company on a period from 10 September to 15 September 2014. The subscriptions amounted to EUR 1,350.0 thousand in total. The principal loan amounts subscribed by the shareholders included in related parties totalled EUR 1,100.0 thousand. The full amount EUR 1,350.0 of the new capital loan was converted into new shares as part of the initial public offering.

Nexstim Oy extraordinary general meeting was held in Helsinki 29 September 2014. During the meeting it was resolved to adopt the interim financial statements drawn up in respect of the review period from 1 January 2014 through 30 June 2014. It was recorded that the term of office of the deputy members of the board of directors had ended. Olli Riikkala was elected as the deputy chairman of the board of directors.

The shareholders made a unanimous resolution on 29 September 2014 to reduce the share capital and the share premium account. The reduction of share capital amounted to EUR 33,791.5 thousand and the reduction of share premium account amounted to EUR 63.2 thousand. In addition to retained earnings, parent company 30 June 2014 interim financial statement confirmed losses of EUR 3,995,870.03 were used to reduce the share capital. Accordingly the same amount is presented in the company balance sheet 31 December 2014 in retained earnings and loss for the financial year is presented in its entirety in profit/-loss for the period.

The shareholders made on 29 September 2014 a unanimous resolution to convert Nexstim to a public limited company and it was resolved to issue shares in an untargeted issuance of free shares (so-called share split), in which each existing share entitles to 13 new shares. In accordance with the amended articles of association, the company will have only one share class. The new shares will thus belong to the sole share class.

Based on the unanimous resolution made by the shareholders on 29 September 2014, the company issued 333,587 new Shares to convert the principal amount of the existing capital loan into equity. The principal of the loan amounted to EUR 3,009.3 thousand of which EUR 1,003.1 thousand had been classified as capital loan and EUR 2,006.2 thousand as other liabilities as at 30 June 2014.

It was resolved to amend the option plans 2010A, 2011A and 2013A of the company and it was resolved to issue option rights on the terms set out.

It was further resolved to authorise the board of directors to resolve on issuing up to 10,000,000 new or treasury shares. The authorisation will stay in force until 30 June 2015. The board of directors was authorised to resolve on all terms of the share issue.

Nexstim Plc launched its Initial Public Offering on 13 October 2014 and applied for dual listing on Nasdaq First North Finland and Nasdaq First North Sweden 15 October 2014.

Nexstim Plc published a release on 4 November 2014 informing about the successful completion of its Initial Public Offering. Subscriptions reached in total EUR 15.3 million with a total of 2,408,339 new shares issued in the initial public offering with final offer price of EUR 6.35 per share.

Trading in Nexstim Plc's shares commenced 14 November 2014 on Nasdaq First North Finland and Nasdaq First North Sweden.

Nexstim published a release 16 December 2014 informing about addition of Chronic Neuropathic Pain Therapy to its



clinical indication pipeline with co-operation agreement with the Walton Center.

### **Major Events after the Financial Period**

Nexstim has no 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.

Risks relating to the Company and its business operations:

- The Company has a history of operating losses and the operations may never become profitable
- The Company and its products are in the development phase
- The Company may not be able to carry through the NBT System's Phase III multi-centre trial in the estimated schedule or budget, finalise the trial or the trial may not show clinical efficiency
- The Company's products will require certain authorisations 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 estimated reimbursement codes and reimbursement coverage
- Healthcare providers and hospitals may not adopt the Company's technology and treatment modality in the estimated manner or extent
- 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 and approvals
- The Company may not be able to sufficiently protect or enforce intellectual property rights
- The Company may infringe third part intellectual property rights or claims may be made against the Company on such infringements
- A developed market for Company's products does not exist and the market does 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
- Development of the financial condition of group companies may be weaker than expected
- 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, supplier or other counterparty
- 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 partners
- The Company has limited experience in sales, marketing and distribution
- 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's tax burden could increase due to changes in tax laws or regulations or their application, or as a result of future tax audits

- Tekes funding may not be available in the future and may become repayable prematurely
- 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 commercialise its NBT System, if the required approvals and permissions are acquired
- The Company may be adversely affected by fluctuations in exchange rates
- The Company may be adversely affected by increasing costs

#### Risks relating to the shares:

- The company's concentrated ownership could affect the market price and liquidity of the Shares; the company's majority shareholders can significantly 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
- An active public market for shares in the company may not develop, which may lead to price volatility and the lack of liquidity, in particular on First North, and the market price is subject to 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

#### Share and Shareowners

As at December 31, 2014, the fully paid-up share capital of Nexstim Plc amounts to EUR 80,000.00, consisting of 7,130,758 Shares. The Shares have no nominal value. Nexstim has one series of shares, which have an ISIN code of FI4000102678. As at the end of financial period 2014, Nexstim did not hold any treasury shares. Each Share entitles its holder to one vote at the general meetings of shareholders of Nexstim Plc. The Shares are issued under Finnish law.

Nexstim Plc shares have been listed since November 14, 2014 in Helsinki Stock Exchange, First North Finland and at the Stockholm Stock Exchange, First North Sweden. Below presented share price information from First North Finland is in euro (EUR) and share price information from First North Sweden is in Swedish krona (SEK).

On November 14–December 31, 2014, the highest price of the company share was EUR 6.50 (SEK 59.00), the lowest price was EUR 5.95 (SEK 55.00), and the average price was EUR 6.16 (SEK 56.80). The closing price for 2014 on December 30, 2014, was EUR 6.15 (SEK 58.00).

In public trading on November 14–December 31, 2014, a total of 54,378 shares were traded, which corresponds to 0.8 percent of the average number of shares on the said period. On November 14–December 31, 2014, there were 7,130,758 shares on the average.

The market value of the share capital at the closing price of 2013, EUR 6.15 (SEK 58.00), on December 30, 2014, was EUR 43,854 thousand (SEK 413,584 thousand).

On December 31, 2014, the company had 220 shareowners including the nominee registers (4 registers). The share of nominee registered ownership was 55.2 percent of the total number of shares.

On 29 September 2014, the shareholders of Nexstim unanimously resolved to authorise the board of directors to decide on the issuance of up to 10,000,000 new Shares or Shares held by the Company. The authorisation is valid until 30 June 2015. The board of directors is authorised to resolve on all terms and conditions of such offering. Based on the authorisation, the board of directors had on 9 October 2014 resolved to issue up to 2,873,563 new shares on the terms of the prospectus. The board on 30 October 2014 amended the offer terms such that the maximum number of shares to be issued in the offering was increased to 3,937,007 shares.

The board of directors on 3 November 2014 approved the subscriptions of 2,412,539 shares. The final subscription price per share was EUR 6.35 (as regards subscriptions payable in Swedish krona, SEK 58.92). The subscriptions had been approved on the condition that the subscribed shares are paid in accordance with the offer terms no later than on the due date.

It was recorded that one subscriber who had subscribed for 5,000 shares in the offering had no later than on the due date paid for only 800 shares. It was resolved to approve the subscription of such 800 shares and decline the subscription of the unpaid 4,200 shares. In the offering, in aggregate 2,408,339 shares were subscribed for and paid after which 7,591,661 shares are left in the authorization.



# Nexstim

According to the share register maintained by Euroclear Finland Oy, the persons belonging to the public insider register on December 31, 2014, held company shares as follows:

## Board of Directors:

Timothy Irish, 0 shares, 0.00%  
Casper Breum, 0 shares, 0.00%  
Kenneth Charhut, 0 shares, 0.00%  
Johan Christenson, 0 shares, 0.00%  
René Kuijten, 0 shares, 0.00%  
Olli Riikkala, 21 786 shares, 0.31%  
Ekaterina Smirnyagina, 0 shares, 0.00%  
Juha Vapaavuori, 0 shares, 0.00%

## CEO:

Janne Huhtala, 3 000 shares, 0.04%

## Management team:

Henri Hannula, 4 444 shares, 0.06%  
John Hardin, 0 shares, 0.00%  
Rainer Harjunpää, 490 shares, 0.01%  
Gustaf Järnefelt, 1 563 shares, 0.02%, including holdings of interest parties 782 shares, 0.01%  
Mikko Karvinen, 5 032 shares, 0.07%, including holdings of interest parties 2 532 shares, 0.04%  
Jarmo Laine, 2 997 shares, 0.04%  
Petriina Puolakka, 7 139 shares, 0.10%, including holdings of interest parties 2 000 shares, 0.03%

## Auditors:

Martin Grandell, 0 shares, 0.00%

Currently the company has three stock option incentive schemes; 2010A, 2011A and 2013A. The stock options will be granted free of charge. The stock options will be offered to the key personnel and management of the Company and its subsidiaries for incentive and commitment purposes.

The stock options may not be transferred to a third party and may not be given as a pledge without the approval of the Board of Directors of the Company.

Option scheme	Subscription price/share	Maximum amount of option rights	Subscription period
2010A	EUR 0.01	44,898 shares	19.6.2010-31.12.2016
2011A	EUR 0.01	70,364 shares	19.4.2011-31.12.2016
2013A	EUR 0.01	671,678 shares	1.12.2013-31.12.2020

*\* In connection with merging of the share classes and share split on 29 September 2014, where the number of Shares was increased 14-fold, the amount of option rights was increased respectively and the maximum amounts were adjusted.*

Holdings of the Board of Directors and management team	(%)
Ownership based on proportion of total number of issued shares	0.65
Ownership based on proportion of total number of issued shares and option rights*	9.07
Proportion of votes based on ownership of shares	0.65

*\*Assuming that all stock options are exercised*

## **Board of Directors' Proposal on the Dividend**

During its existence 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. Further, the Company has reduced its share capital for loss coverage on 29 September 2014. Therefore, pursuant to the Finnish Companies Act, all distributions of unrestricted equity to the shareholders by the Company are subject to a three months' public summons to the creditors until 3 October 2017. In the event dividends are distributed, all Shares entitle to equal dividends.

At the end of the financial period of 2014, the distributable assets of the group's parent company were EUR 13,115,638.68. The Board of Directors proposes that Nexstim Plc should not pay any dividend for the financial period of 2014.

Helsinki 26 February 2015

Nexstim Plc  
Board of Directors

## **For further information please visit [www.nexstim.com](http://www.nexstim.com) or contact:**

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## **Publication of financial information during year 2015**

A conference call for analysts will take place at 15:00 EET on Thursday 26 February 2015 which will be hosted by Janne Huhtala, Chief Executive Officer, and Mikko Karvinen, Chief Financial Officer, who will present the financial and operational results followed by a Q&A session.

The dial-in numbers for the conference call are:

Helsinki: +358 923195187  
Stockholm: +46 850336434  
London: +44 1452555566  
US: +1 6315107498  
The call ID number is 80666514

Half-Yearly Report January-June 2015 (H1) will be published on Thursday, August 20, 2015.  
Nexstim Annual Report 2014 will be published on company web pages on Monday, March 9, 2015.  
The Annual General Meeting will be held on Tuesday, March 31, 2015 beginning at 10:00 a.m.

## **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.

## CONSOLIDATED INCOME STATEMENT

Thousand euro	1 July- 31 December 2014	1 July- 31 December 2013	1 January-31 December 2014	1 January-31 December 2013
<b>NET SALES</b>	1,796.5	1,371.7	2,210.4	1,871.0
Work performed for own purpose and capitalised	13.0	16.5	30.4	33.2
Other operating income	105.3	62.6	134.1	75.1
Materials and services				
Materials				
Purchases during the financial year	-508.4	-409.7	-474.4	-575.7
Variation in inventories additions(+)/disposal (-)	69.1	60.4	-89.8	-85.2
Services	-74.3	-0.1	-74.3	-0.1
Total	-513.5	-349.5	-638.5	-661.0
Personnel expenses				
Wages and salaries	-1,657.5	-1,265.0	-2,965.2	-2,558.9
Social security expenses				
Pension expenses	-223.5	-142.3	-380.8	-309.2
Other social security expenses	-137.3	-85.2	-314.1	-175.2
Total	-2,018.3	-1,492.5	-3,660.2	-3,043.4
Depreciation and amortisation				
Depreciation and amortisation according to plan	-252.1	-96.0	-377.4	-237.7
Total	-252.1	-96.0	-377.4	-237.7
Other operating expenses	-3,826.2	-1,403.8	-5,498.5	-2,472.0
<b>OPERATING PROFIT / -LOSS</b>	<b>-4,695.2</b>	<b>-1,890.9</b>	<b>-7,799.6</b>	<b>-4,434.7</b>
Financial income and expenses				
Other interest income and other financial income	327.8	0.0	327.9	0.4
Interest and other financial expenses	-950.6	-75.9	-2,973.7	-80.6
Total	-622.8	-75.9	-2,645.8	-80.2
<b>PROFIT / -LOSS FOR THE FINANCIAL YEAR</b>	<b>-5,318.1</b>	<b>-1,966.7</b>	<b>-10,445.4</b>	<b>-4,514.9</b>

# Nexstim

## CONSOLIDATED BALANCE SHEET

Thousand euro	<u>31 December 2014</u>	<u>31 December 2013</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Development expenditure	83.0	107.7
Intangible rights	444.0	323.6
Total	527.0	431.4
<b>Tangible assets</b>		
Machinery and equipment	442.5	55.6
Total	442.5	55.6
<b>Investments</b>		
Other shares and similar rights of ownership	10.0	10.0
Total	10.0	10.0
<b>NON-CURRENT ASSETS TOTAL</b>	<b>979.4</b>	<b>497.0</b>
<b>CURRENT ASSETS</b>		
<b>Inventories</b>		
Raw materials and consumables	246.7	336.5
Total	246.7	336.5
<b>Receivables</b>		
Trade receivables	929.9	871.3
Prepayments and accrued income	40.9	163.0
Other receivables	313.0	169.6
Total	1,283.9	1,203.9
Cash in hand and at banks	11,483.7	1,010.0
<b>CURRENT ASSETS TOTAL</b>	<b>13,014.2</b>	<b>2,550.4</b>
<b>ASSETS TOTAL</b>	<b>13,993.7</b>	<b>3,047.4</b>

# Nexstim

Thousand euro

**31 December 2014**   **31 December 2013**

## **EQUITY AND LIABILITIES**

### **EQUITY**

Share capital	80.0	28,570.7
Share issue	0.0	1,775.3
Share premium account	0.0	63.2
Reserve for invested unrestricted equity	18,302.3	0.1
Retained earnings / -loss	653.0	-28,276.5
Profit / -loss for the financial year	-10,445.4	-4,514.9
<b>TOTAL EQUITY</b>	<b>8,589.9</b>	<b>-2,382.1</b>

### **LIABILITIES**

#### **NON-CURRENT**

Capital loans	500.0	1,503.1
Other interest-bearing loans	2,904.6	2,604.4
Deferred income	70.8	94.4
Total	3,475.4	4,201.9

#### **CURRENT**

Deferred income	0.0	45.0
Trade payables	1,382.1	739.0
Other liabilities	134.3	96.9
Accrued expenses	411.9	346.7
Total	1,928.3	1,227.6

<b>TOTAL LIABILITIES</b>	<b>5,403.7</b>	<b>5,429.5</b>
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<b>EQUITY AND LIABILITIES TOTAL</b>	<b>13,993.7</b>	<b>3,047.4</b>
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# Nexstim

## 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, 2013	28,570.7	1,775.3	63.2	0.1	-32,791.4	-2,382.1
Issue of shares		3,525.4				
Share issue registered to share capital	5,300.7	-5,300.7				
Reduction of share capital*	-33,791.4				33,791.4	
Reduction of share premium account*			-63.2		63.2	
Initial public offering				18,302.2		
Profit / -loss for the period					-10,445.4	
Translation difference					-410.4	
Equity on 31 December, 2014	80.0	0.0	0.0	18,302.3	-9,792.4	8,589.9
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2012	28,570.7	0.0	63.2	0.1	-28,329.2	304.8
Profit / -loss for the period					-4,514.9	-4,514.9
Issue of shares		1,775.3				1,775.3
Translation difference					54.1	54.1
Adjustments for previous years					-1.4	-1.4
Equity on 31 December, 2013	28,570.7	1,775.3	63.2	0.1	-32,791.4	-2,382.1

\*The unanimous resolution made by the shareholders of the Company 29 September 2014 resolved to reduce the share capital and the share premium account of the Company. The reduction of share capital amounted to EUR 33,791.5 thousand and the reduction of share premium account amounted to EUR 63.2 thousand.

## CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 31 December 2014	1 January – 31 December 2013
<b>Cash flows from operating activities</b>		
<b>Profit / -Loss for the financial period</b>	-10,445.4	-4,515.0
Adjustments:		
Depreciation and amortisation according to plan	377.4	237.7
Other adjustments (income -/ expense +)	-410.3	52.7
Financial income and expenses	2,645.8	80.2
<b>Cash flows before change in working capital</b>	-7,832.5	-4,144.3
<b>Change in working capital:</b>		
Increase (-) or decrease (+) in current receivables	-80.0	-84.6
Increase (-) or decrease (+) in inventories	89.8	56.8
Increase (+) or decrease (-) in current interest-free payables	677.1	268.6
<b>Cash flows from operations before financial items and taxes</b>	-7,145.5	-3,903.5
Interest and other financial expenses paid	-639.6	-80.2
<b>Cash flows from operating activities (A)</b>	<b>-7,785.2</b>	<b>-3,983.7</b>
<b>Cash flows from investing activities</b>		
Investments in intangible and tangible assets	-859.7	-238.9
<b>Cash flows from investments (B)</b>	<b>-859.7</b>	<b>-238.9</b>
<b>Cash flows from financing activities</b>		
Share issue	18,818.4	1,775.3
Drawing of short-term loans (+)	-	-
Drawing of long-term loans (+)	300.2	1,502.8
<b>Cash flows from financing activities (C)</b>	<b>19,118.6</b>	<b>3,278.1</b>
<b>Change in cash in hand and at banks</b>	<b>10,473.7</b>	<b>-944.5</b>
<b>Cash in hand and at banks in the beginning of the period</b>	<b>1,010.0</b>	<b>1,954.5</b>
<b>Cash in hand and at banks at end of the period</b>	<b>11,483.7</b>	<b>1,010.0</b>

## 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.

Certain shareholders granted a capital loan to the Company in 2013. The subscription price of the capital loan was EUR 1,003.1 thousand and the principal amount was EUR 3,009.3 thousand. The amount below par value, EUR 2,006.2 thousand, has been recognised as interest and other financial expense in income statement during the reporting period. EUR 2,241.1 thousand of the loan principal has been granted by shareholders included in related parties as defined above. Based on the unanimous resolution made by the shareholders on 29 September 2014, the company issued 333,587 new Shares to convert the principal amount of the existing capital loan into equity. The principal of the loan amounted to EUR 3,009.3 thousand of which EUR 1,003.1 thousand had been classified as capital loan and EUR 2,006.2 thousand as other liabilities as at 30 June 2014.

Certain shareholders granted a new capital loan for the Company in September 2014. The capital loan was subscribed and paid to the Company on a period from 10 September to 15 September 2014. The subscriptions amounted to EUR 1,350.0 thousand in total. The principal loan amounts subscribed by the shareholders included in related parties totalled EUR 1,100.0 thousand. The full amount EUR 1,350.0 of the new capital loan was converted into new shares as part of the initial public offering.

## CONTINGENT LIABILITIES

EUR in thousands	31.12.2014	31.12.2013
Guarantees	31,0	31,0
Leasing liabilities	52,6	62,0

The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 192.5 thousand at 31 December 2014 and it has not been recognised as an expense in income statement or as a liability on the balance sheet.

## LARGEST SHAREHOLDERS

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at the end of 2014 was as follows.

	Shareholder	No. of shares	Holding %
1.	Svenska Handelsbanken AB (publ), Branch Operation in Finland*	2,111,174	29.61
2.	The Finnish National Fund for Research and Development Sitra	1,501,557	21.06
3.	Nordea Pankki Suomi Oyj*	1,191,119	16.70
4.	Clearstream Banking S.A.*	626,582	8.79
5.	Lundbeckfond Invest A/S	334,478	4.69
6.	Ilmarinen Mutual Pension Insurance Company	319,643	4.48
7.	Suomen Teollisuussijoitus Oy	188,722	2.65
8.	OP-Delta Fund	157,480	2.21
9.	Maijos Oy	118,110	1.66
10.	Ilmoniemi Risto Juhani	98,444	1.38
11.	OP-Finland Small Firms Fund	78,740	1.10
12.	OP-Europe Equity Fund	78,740	1.10
13.	Interdomer Oy	50,937	0.71
14.	United Bankers Securities Ltd	43,210	0.61
15.	Ålands Ömsesidiga Försäkringsbolag	30,000	0.42
16.	Riikkala Olli	21,760	0.31
17.	Hiekkanen Kalevi Antero	18,000	0.25
18.	Karhu Jari Jukka Tapio	17,500	0.25
19.	Haapaniemi O.Law Oy	15,750	0.22
20.	Ruohonen Jarmo	7,675	0.11

\*Nominee registered shareholders