



Nexstim

**ANNUAL REPORT
AND ACCOUNTS
2023**



WE ENABLE PERSONALIZED AND EFFECTIVE THERAPIES
AND DIAGNOSTICS FOR CHALLENGING
BRAIN DISEASES AND DISORDERS.

OUR INNOVATIONS

create a possibility
for a better life.

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General Description of the Company

Founded in Finland in 2000, Nexstim is a growth-oriented medical technology company operating in the international market. Nexstim has developed a world-leading non-invasive brain stimulation technology for navigated transcranial magnetic stimulation (nTMS) with highly sophisticated 3D navigation providing accurate and personalized targeting of the TMS to the specific area of the brain. Nexstim has subsidiaries in the United States (Nexstim, Inc.) and in Germany (Nexstim Germany GmbH).



Key Figures of 2023

NET SALES	GROWTH OF COMPARABLE NET SALES
EUR 7.2 M	20.9%

Key Events of 2023

- > Improving cost-efficiency through a new global team structure
- > Launching the NBS 6 system in the European and United States markets
- > Progress in expanding network of partnership clinics
- > Best second half of the year result in the history of the company (EUR 4.7 M, 2022: EUR 2.7 M)

Our mission →

We enable personalized and effective diagnostics and therapies for challenging brain diseases and disorders.

Our innovations create a possibility for a better life.

Our vision →

With our technological know-how and superior services,

- > we ensure the best treatments for our patients,
- > deliver the greatest value for our customer hospitals, clinics, and business partners,
- > and long-term growth in shareholder value for our investors.

Our values →

- > Science and clinical evidence
- > Financial success
- > Passion and commitment
- > Ethics and responsibility



CEO's Review

“In line with our strategy to the end of 2024, Nexstim will continue to provide patients with personalized and effective treatment and diagnostics for severe brain diseases and disorders.”

Mikko Karvinen
CEO

Focusing on Competitive Advantage

In 2023, Nexstim focused on profitable growth of net sales, the launch of a new product, as well as expanding its network of partner clinics.

STRATEGIC FOCUS ON GROWTH AND PROFITABILITY

In line with our main strategic objective, we have continued to focus on profitable revenue growth, and we were on track for the full year. To our disappointment we did not achieve our target of a positive EBITDA for the full fiscal year 2023, with a loss of EUR -0.5 (2022: 1.3) million. To ensure a positive profitability trend, during the first half of 2023 we conducted change negotiations in the company as part of the transition to a global team organization, which will in future serve Nexstim's customers better and more efficiently and deliver long-term shareholder value growth. The therapeutic application areas we have chosen (MDD, major depression and chronic pain) are indications where our unique technology is already delivering clear clinical results and contributing to the profitability of our customers' operations. We are also continuing discussions on new strategic partnerships to further scale the use of our technology in care.

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

add-on modules in the same hardware. The development and launch of the new product generation are an essential part of Nexstim's strategy for the 2020-2024 period. The first NBS 6 systems were successfully delivered to customers in the US in late 2023, and we will continue to develop the product during 2024, with the strategic goal of also launching diagnostic applications as part of the new NBS 6 system.

Our third main strategic objective for 2023 was to expand the network of Nexstim exclusive partner clinics, primarily in the US and Europe. This would involve installing Nexstim systems in neuroscience clinics, following our renewed strategy and working primarily with our partners. The new partnerships will focus on strategic investments in service organizations, particularly in the broad US market. We were pleased to announce a second strategic partnership late in the year with Dr. Nadkarni's clinic in New Jersey, USA. We are currently in collaborative discussions with potential partner clinics in the US and are working hard to attract new partner clinics to grow our network.



Nexstim has successfully expanded its global distribution partner network over the past few years ... The technological leadership of our products, their ease of use and the scalability of additional modules create an attractive platform for growth through partnerships.”

Mikko Karvinen
CEO

RECORD-BREAKING SECOND HALF OF THE YEAR

The end of 2023 was record-breaking for Nexstim in terms of net sales and operating result. In the second half of 2023, we achieved total net sales of EUR 4.7 (2022: 2.7) million with an increase of 73.5%. This growth was driven, in particular, by system sales of EUR 2.3 (2022: 0.7) million in the Diagnostics business, with a staggering 230.7% growth year-on-year. With this strong growth, we also achieved a profitable second half for the first time, with an operating result of EUR 0.2 (2022: -1.5) million and a net profit of EUR 0.1 (-1.9) million.

During the second half of 2023, we continued to focus on projects important to the company's strategic competitive advantage, such as enabling the company's future growth and improving cost efficiency through our new global team structures. We also received the first system orders and deliveries for our new NBS 6 in the US market, demonstrating the strong competitiveness of our system in the world's largest market. I would like to thank Nexstim's customers, employees, partners, and investors for making this record-breaking end of the year possible.

PLANNING THE NEW STRATEGY PERIOD

In line with our strategy to the end of 2024, Nexstim will continue to provide patients with personalized and effective treatment and diagnostics for severe brain diseases and disorders. We have already started the process of updating our strategy and we will share more about this as we move forward, but I believe that our strategy will continue to build on strong growth in both diagnostics and therapy. The growth and profitability performance of both our Diagnostics and Therapy businesses will play a key role in our efforts to minimize our future capital requirements on our journey towards continued profitability.

Nexstim has successfully expanded its global distribution partner network over the past few years, and we believe that further significant growth, particularly in the Diagnostics business, can be achieved through increasingly broad marketing and distribution partnerships. Through such strategic distribution partnerships, it is possible to cost-effectively reach an increasing number of customers with information about Nexstim's systems and services, as well as potential

representation in markets where it would not be as quickly and economically feasible to build on its own. The technological leadership of our products, their ease of use and the scalability of additional modules create an attractive platform for growth through partnerships.



Letter from the Chair



Nexstim's Board of Directors continues its work with great enthusiasm also in 2024, emphasizing close cooperation with management. Preparations for the new strategy period starting in 2025 will be an essential part of our work towards an even better future of Nexstim."

Dr. Leena Niemistö
Chair of the Board of Directors

Final Stretch of the Strategy Period

Dr. Leena Niemistö has been Nexstim's Chair of the Board of Directors since 2019.

With extensive experience of the healthcare industry and corporate management, her personal mission is to help Finnish healthtech companies to develop precise and cost-effective diagnostic and treatment methods for patients suffering from chronic disorders.

"Nexstim is in a good place for the final year of the current strategy period after being able to strengthen its position in all business areas in the past years. In 2023, Nexstim made progress in expanding the network of Nexstim exclusive clinics and succeeded at its usual system and service sales. Nexstim's reinforced position in these areas, combined with cost efficiency, brings stability and increases shareholder value. In 2024, the company's strategy relies on financial success and the ongoing commercialization of the NBS 6 system.

Nexstim's unique technology is what sparks interest in the company for many. The NBS 6 system, launched in 2023, brings a new dimension to the usability of Nexstim's clinically established technology. The product reflects the company's vision by creating value for patients, customers, and shareholders.

Product development is a long-term effort and an important topic from a strategic perspective. It is essential for Nexstim to follow TMS research, and we constantly estimate the potential of possible new indications as well as other development opportunities of the technology platform.

Nexstim's Board of Directors continues its work with great enthusiasm also in 2024, emphasizing close cooperation with management. Preparations for the new strategy period that starts in 2025 will be an essential part of our work towards an even better future of Nexstim."

Strategy Period 2020-2024 →



There has been a considerable change in profitability in the past years, and the company is positioned well to continue its work from the point of view of both financials and strategic competitive advantage. Nexstim's current strategy period that started in 2020 will end in 2024.

* The net sales and gross margin for the period 2022 have been adjusted for the license fee (approx. EUR 3.5 million) for the technology license agreement with Magnus Medical and for the period 2021 for the margin (approx. EUR 0.8 million) from the development of two prototype systems.



As a result of persistent work, Nexstim has succeeded at creating stable Diagnostics and Therapy businesses in a challenging and highly regulated field.

2024 KEY STRATEGIC OBJECTIVES

- > 1. Profitable growth: to increase comparable net sales and improve operating result for the financial year, while minimizing future capital needs.
- > 2. Technology leadership: launch of the new NBS 6 diagnostics product, enabling easy-to-use systems and future add-on modules in the same hardware.
- > 3. Strategic partnerships: expanding Nexstim's network of partners and clinics, primarily in the US and Europe.

Technology and Business Areas



TECHNOLOGY

- > Transcranial magnetic stimulation (TMS) is a non-invasive neuromodulation technique whereby pulses of electromagnetic fields target and interact with specific brain regions from outside the head.
- > Nexstim's navigated TMS technology uses sophisticated navigation tools and 3D modelling which enables it to consider the unique shape and conductivity of each patient's brain. It uses this information to determine the location and orientation of the maximum induced E-field in the brain. Based on this, the system user can give the stimulation to the intended spot with accuracy in the millimeter range.
- > In addition, the advanced algorithms of Nexstim's nTMS technology enable the stimulation dose to be quickly and accurately determined for each patient using their own neurophysiological readings.

Diagnostics Business →

One of the most crucial pieces of information needed for neurosurgery is the tumor's or other brain lesion's location in relation to the essential functions and their connections in the patient's brain. nTMS mapping with Nexstim's system is used when the tumor is thought to be close to important motor and language areas in the patient's brain. These brain maps are useful when deciding the treatment option.

Key authority approvals (NBS System 5):

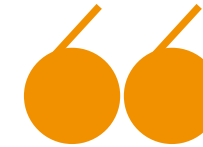
- FDA-approved for presurgical mapping of the speech and motor cortices of the brain
- CE-marked for presurgical mapping of the speech and motor cortices of the brain

Therapy Business →

If pharmaceuticals are not working or a non-drug option is wanted, nTMS conducted with Nexstim's system might be the answer for treatment of major depressive disorder or for chronic neuropathic pain.

Key authority approvals (NBT® System 2 and NBS System 6):

- FDA-approved for the treatment of major depressive disorder (MDD)
- CE-marked for the treatment of major depressive disorder (MDD) and chronic unilateral neuropathic pain



Over 230 diagnostics systems and over 80 systems that include therapy functionalities have been delivered to facilities worldwide for neuro-surgical planning, multiple therapies, and research.

Customers have the possibility of acquiring a system that has either diagnostic or therapy functionalities, or a system combination that enables the delivery of both diagnostic and therapeutic applications in the same system.



Move the
cursor over the
hot spots

Show
entire
image

NBS 6

The new product generation reflects Nexstim's advanced technological know-how and persistent efforts in product development.

The NBS 6 was launched for therapy use in the European Union and the United States in 2023. The modular design of the system responds to the great customer demand for systems that allow the delivery of both diagnostic and therapeutic applications.



Impressive Results Using NBS 6 System

Customer Interview →

RapidRecovery TMS is a private psychiatric clinic located in Wilmington, North Carolina, United States. Dr. Anand Joshi and Dr. Zev Zingher are the driving forces behind the ambitious clinic that has reached impressive results with the Nexstim NBS 6 system. RapidRecovery TMS stands as the inaugural recipient of the NBS 6 system, marking the clinic's pioneering role in adopting the cutting-edge technology shortly after its launch in 2023.

Some of the reasons behind the clinic's successful start are Dr. Joshi's and Dr. Zingher's connections and good reputations within the local community. They shared some of their thoughts and experiences:

COULD YOU TELL US ABOUT YOUR EXPERIENCES WITH THE NEXSTIM NBS 6 SYSTEM?

Drs. Joshi and Zingher: "We have found the system to be user-friendly and technologically advanced. Nexstim and the NBS 6 system match our ambition: we want to offer the highest quality treatment possible and Nexstim gives us the opportunity to do just that.

Navigated TMS gives us the opportunity to offer tailored treatments to our patients. We have been impressed with the accuracy of the stimulation and have seen great results in patients that have not gotten a desirable effect from other treatment methods."



WHAT KIND OF PATIENTS DO YOU TREAT WITH THE NEXSTIM SYSTEM?

"We currently treat depression patients that come from a wide variety of backgrounds. Despite the patient's background or financial situation, we try to find solutions to help anyone in need. We actively and genuinely want to be a valuable part of the local community and encourage people to get help.

We have seen patients from different ages and treatment backgrounds get help after 3-4 weeks of treatment with the Nexstim system. Hearing about and seeing the change in the lives, abilities and even appearance of patients is why we do this."

WHAT IS IN THE FUTURE FOR RAPIDRECOVERY TMS?

"We would like to grow by starting new clinics to widen our impact on not only our local community but also patients in a larger geographic area. Helping patients improve their quality of life is our passion and we are proud of and committed to what we do."



Helping patients improve their quality of life is our passion and we are proud of and committed to what we do."

Why Invest in Nexstim

Nexstim's growth is supported by the unique technology used in two business areas. The Company's experienced team of professionals focuses on setting a new standard for the treatment of challenging brain diseases and disorders.



Read more about Nexstim as an investment opportunity on our website.

- > 1. Internationally operating medical technology growth company in a defensive industry
- > 2. Unique technology platform that scales to a variety of applications where accuracy and repeatability are required
- > 3. Commercial product portfolio in a strongly regulated industry
- > 4. Growth is supported by megatrends such as brain diseases becoming more common as populations age, as well as cost and efficiency pressures in healthcare
- > 5. Increased operational efficiency and improved economy: focus on the long-term shareholder value
- > 6. Recurring revenue and partnerships support growth by creating stability and offering a new kind of predictability to the business
- > 7. Strong organization and committed team of experts



Megatrends Supporting Growth

1. AS POPULATIONS AGE, BRAIN DISEASES BECOME MORE COMMON

On several continents, an advanced stage of demographic change has been reached in which the proportion of the working-age population in the total population remains unchanged or decreases¹. In for example Europe, North America and East Asia, the proportion of the population aged 65 or over is estimated to increase significantly in the coming decades.

As a result of the ageing of the population, effective solutions are needed in healthcare due to cost and workforce pressures. Advanced age is the main risk factor for brain tumors², chronic pain³ and brain diseases in general.

At Nexstim, we are committed to offering solutions that help improve treatment results of severe brain diseases and disorders. Our products enable the diagnostics and treatment of some of the health conditions that become more common in societies as populations age.

2. ADVANCEMENTS IN MEDICAL TECHNOLOGY

Technological developments and active research enable wider and new applications in the treatment of challenging brain diseases and disorders. Technological advancements will

continue to significantly affect the nature of healthcare⁴, and Nexstim is excited to be one of the actors in medical technology bringing innovations available, creating chances for a better life for many patients.

Future possibilities include new indications, researching treatment protocols through pilot studies, and developing different areas of Nexstim's integrated technology platform for future diagnostic and therapeutic needs. Research provides important information on how technology should develop: research data on the potential of individualized treatments based on functional neuroimaging of brain networks as an example⁵.

3. HEALTHCARE COST AND EFFICIENCY PRESSURES

Both depression and chronic pain are public health problems and common in the working-age population^{6,7}. TMS treatment with Nexstim's therapy system provides an opportunity to treat both major depression and chronic neuropathic pain more effectively.

It is estimated that 20-30% of patients with major depressive disorder (MDD) have treatment-resistant depression, meaning that treatment with multiple adequate antidepressants has not

“As a result of the ageing of the population, effective solutions are needed in healthcare due to cost and workforce pressures.”

resulted in a satisfactory improvement⁸. Nexstim's management estimates that approximately 1.9 million people are eligible for TMS treatment in the US and 4 million in the EU⁹. When it comes to chronic neuropathic pain, the response to pharmacological therapies is often suboptimal with only 30-40% patients experiencing satisfactory pain relief¹⁰. Additional therapeutic modalities are therefore needed.

> 1. United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022: Summary of results (UN DESA/POP/2021/TR/NO. 3). <https://www.un.org/development/desa/pd/content/World-Population-Prospects-2022> > 2. Cancer Research UK. <https://www.cancerresearchuk.org/about-cancer/brain-tumours/risks-causes>, accessed in February 2024. > 3. Mills SEE, Nicolson KP, Smith BH. Chronic pain: a review of its epidemiology and associated factors in population-based studies. Br J Anaesth. 2019 Aug;123(2):e273-e283. doi:10.1016/j.bja.2019.03.023. > 4. Thimbleby H. Technology and the future of healthcare. J Public Health Res. 2013 Dec 1;2(3):e28. doi:10.4081/jphr.2013.e28. > 5. Fox MD. Mapping Symptoms to Brain Networks with the Human Connectome. N Engl J Med. 2018;379(23):2237-2245. doi:10.1056/NEJMra1706158. > 6. World Health Organization. <https://www.who.int/news-room/fact-sheets/detail/depression>, accessed in February 2024 > 7. Breivik H, Collett B, Ventafridda V, Cohen R, Gallacher D. Survey of chronic pain in Europe: prevalence, impact on daily life, and treatment. Eur J Pain. 2006 May;10(4):287-333. doi:10.1016/j.ejpain.2005.06.009. > 8. O'Connor SJ, Hewitt N, Kuc J, Orsini LS. Predictors and Risk Factors of Treatment-Resistant Depression: A Systematic Review. J Clin Psychiatry. 2023 Nov 13;85(11):23r14885. > 9. Nexstim market research, by Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018. > 10. Attal N, et al. EFNS guidelines on pharmacological treatment of neuropathic pain. Eur J Neurol 2006;13:1153-69.

NEXSTIM PLC BOARD OF DIRECTORS' REPORT 2023

Nexstim Group

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

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

Nexstim's Diagnostics Business focuses on the commercialization of the NBS (Navigated Brain Stimulation) System 5. Nexstim's NBS 5 system is the only FDA-cleared and CE-marked navigated TMS system for the pre-surgical mapping of the motor cortex and the speech areas of the brain.

Nexstim's Therapy Business markets and sells the NBS 6 and NBT® (Navigated Brain Therapy) systems, which are FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, both NBS 6 and NBT® systems are CE-marked for the treatment of severe depression and chronic neuropathic pain.

2023 was a record year for Nexstim in terms of comparable net sales. Comparable net sales were 7.2 million euros (6.0), an increase of 20.9%. In 2023, we achieved total net sales of EUR 7.2 million (9.5), down 23.9%. The operating result was EUR -1.2 (0.8) million, with a loss for the year of EUR -1.3 (1.3) million.

Nexstim's NBS 5 system is used for pre-surgical diagnostics in brain surgery. During the financial year, the company sold 15 new diagnostics systems: 5 to North America and 10 to Europe. The sales and marketing of Nexstim's diagnostics systems have primarily

been targeted at universities and teaching hospitals with a strong KOL presence in the fields of neurosurgery and radiology. By the date of this report, Nexstim had sold a total of more than 230 diagnostics systems.

During the financial year, the company sold one new NBT® system and six new NBS 6 therapy systems – six to North America and one to Europe and the rest of the world – for the treatment of severe depression. At the end of the financial year, our global installed base in the therapy business was 84 systems: 29 in North America and 55 in Europe and the rest of the world. These are used for the treatment of depression and chronic neuropathic pain, and include both NBT® and diagnostics systems that include the functionalities of a therapy system. In the United States, the systems have been delivered to clinics for the treatment of severe depression. In Europe and the rest of the world, they are used for the treatment of both severe depression and chronic neuropathic pain. In addition to the above-mentioned commercial systems, multiple therapy systems are used globally in world-renowned universities and other research institutions, as well as for reference and other key opinion leader (KOL) purposes.

Nexstim's devices are manufactured in Finland by a subcontractor.

The registered name of the company is Nexstim Oyj (the "company") (in Swedish Nexstim Abp and in English Nexstim Plc). The company is a public limited company (in Swedish: publikt aktieföretag) incorporated under the laws of Finland. The company is domiciled in Helsinki, Finland. The company is registered with the Finnish Trade Register (Business ID: 1628881-1). Nexstim Plc has two fully owned and operational subsidiaries. Nexstim Inc. has been established under Delaware state laws in the US in 2008. Nexstim Germany GmbH was established under the laws of Germany in 2008. Nexstim, Inc. also has a subsidiary in the United States, Nexstim Investments, LLC, established under the laws of the State of Delaware in 2022.

Nexstim Plc's shares are listed on the Nasdaq First North Growth Market Finland.

Key figures of the Group

EUR thousand	2023	2022	2021
Net sales	7,246.3	9,526.7	6,397.5
Gross margin	5,645.3	8,285.9	5,262.0
Gross margin, %	77.9%	87.0%	82.3%
Adjusted comparable gross margin*	5,645.3	4,751.1	4,430.0
Adjusted comparable gross margin, %*	77.9%	79.3%	80.7%
Personnel expenses	-4,429.4	-4,828.8	-4,347.8
Other operating expenses	-3,091.9	-3,389.0	-3,083.3
Operating result	-1,227.9	840.3	-1,452.2
Profit/loss for the period	-1,327.5	1,306.8	-832.1
Earnings per share*	-0.20	0.20	-0.14
Diluted earnings per share (EUR)*	-0.17	0.18	-0.13
Cash flow from operating activities	-2,269.0	1,002.2	-2,109.0
Cash in hand and at bank	1,454.6	4,441.3	5,194.7
Total equity	2,836.3	4,068.9	3,202.7
Equity ratio (%)	31.5%	45.4%	34.7%

* The gross margin for the period 2022 has been adjusted for the license fee (EUR 3.5 million) for the technology license agreement with Magnus Medical. The gross margin for the previous period 2021 has been adjusted for the margin (EUR 0.8 million) from the development of two prototype systems.

Financial review

Operating results

EUR thousand	2023	2022	2021
Net sales	7,246.3	9,526.7	6,397.5
Net sales adjusted for currency exchange rates	7,335.1	8,825.1	6,470.5
Comparable net sales adjusted for non-recurring items*	7,246.3	5,991.9	5,489.5
Diagnosics	4,291.7	3,420.5	3,705.5
Equipment sales	3,111.4	2,246.4	2,800.5
Continuous net sales	1,180.2	1,174.1	905.0
Therapy	2,954.6	6,106.2	2,692.0
Equipment sales	972.6	826.4	920.8
Continuous net sales	1,982.0	1,745.0	1,771.2
Licensing	0.0	3,534.8	0.0

Total net sales consist of equipment sales in the diagnostics and therapy businesses, recurring net sales and licensing. Net sales adjusted for non-recurring items have been calculated by adjusting total net sales for the net sales of two pieces of prototype equipment developed, delivered and recognized in 2021 and net sales from licensing recognized in 2022.

Significant items in the operating result

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

Costs related to materials and services between 1 January and 31 December 2023 totaled EUR -1,601.0 thousand (-1,240.8). The gross margin was 77.9% (87.0), and the adjusted comparable gross margin was 77.9% (79.3).

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

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

* Includes personnel and other business expenses for product development and clinical support

** Includes personnel and other business expenses for sales, marketing, customer support and logistics

*** Includes personnel and other business expenses for administration, quality support and regulatory affairs.

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

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

Operating result

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

Financial income and expenses

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

Profit for the period

The profit for the period 1 January to 31 December 2023 was EUR -1.327,5 thousand (1.306,8). The result for the comparative period was affected by a one-off license fee of EUR 3.5 million.

Financial position

Non-current assets

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

Current assets

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

Total equity

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

Liabilities

Non-current liabilities

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

Current liabilities

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

Financing and liquidity

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

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

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

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

Organization and personnel

Nexstim's strategy is to recruit only employees who the company believes have the core competence and expertise to enable the company to operate efficiently. In compliance with this strategy, Nexstim has outsourced most of its operations such as production.

The company is organized into the following global key teams:

- Growth: sales, marketing, customer support and operations;
- Enablers: research and development (R&D), clinical, quality approvals and regulatory clearances
- Support: administration, including Finance, Legal Affairs, IT and HR.

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

Strategy

Our mission

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

Our vision

With our technological know-how and superior services,

- we ensure the best treatments for our patients,
- deliver the greatest value for our customer hospitals, clinics, and business partners,
- and long-term growth in shareholder value for our investors.

Our values

- Science and clinical evidence
- Financial success
- Passion and commitment
- Ethics and responsibility

Main strategic objectives for 2024

- Profitable growth: to increase comparable net sales and improve operating result for the financial year, while minimizing future capital needs

- Technology leadership: launch of the new NBS 6 diagnostics product, enabling easy-to-use systems and future add-on modules in the same hardware
- Strategic partnerships: expanding Nexstim's network of partners and clinics, primarily in the US and Europe

More information about the company's strategy is available on our website at <https://www.nexstim.com/about-nexstim/values-and-strategy>

Major events during the financial year

Decisions of the General Meeting

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

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

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

- The AGM approved the Company's financial statements and consolidated financial statements for the year 2022 and decided that the profit for the financial year 1 January - 31 December 2022 will be recorded in the retained earnings account. The AGM decided to grant discharge to the members of the Board of Directors and the President and CEO for the financial year 1.1.-31.12.2022.
- The AGM decided in accordance with the proposal of the Nomination Committee. Martin Forss, Leena Niemistö, Tero Weckroth and Timo Hildén were re-elected as members of the Board of Directors. Leena Niemistö is elected Chairman of the Board.
- In accordance with the proposal of the Shareholders' Nomination Board, the AGM resolved that the remuneration of the members of the Board of Directors elected at the AGM for the period until the end of the AGM 2024 shall be paid as follows: EUR 24,000 and 12,000 options for the Chairman of the Board of Directors. EUR 12,000 and 8,500 options for the members of the Board of Directors. No Board member serving on the Shareholders' Nomination Board will receive any compensation for his or her service on the Shareholders' Nomination Board. A Board member will only be

entitled to remuneration for the period during which he or she serves on the Board. The Company will establish an option plan for the members of the Board of Directors, which will be priced 20 trading days after the date of the Annual General Meeting on the VWAP Helsinki List, with a subscription period from 1 July 2024 to 15 December 2029. The purpose of the option plan to be established is to engage the participants in the Company, to align the objectives of the shareholders and the participants and thereby increase the value of the Company. The target group of the Incentive Stock Option Plan is the members of the Board of Directors who are independent of the company. However, the target group need not be independent of the company's shareholders. Participants are encouraged to hold the options paid as a reward for as long as they serve on the Board. In addition, reasonable travel expenses will be reimbursed to Board members against receipts in accordance with the Company's travel policy. This applies both to Board members and, where applicable, to Board members serving as members of the Shareholders' Nomination Board.

- PricewaterhouseCoopers Oy, a firm of chartered accountants, was appointed as the auditor and Tiina Puukkoniemi, a chartered accountant, was appointed as the company's auditor for the period until the end of the next Annual General Meeting. The auditor will be paid a reasonable fee according to a reasonable invoice approved by the company.
- It was decided to extend the current authorization of the Board of Directors, which was decided at last year's Annual General Meeting and extended at the Annual General Meeting of 2022, and the Board of Directors was authorised to decide on the issue of new shares, the transfer of treasury shares held by the company and the issue of special rights within the meaning of Chapter 10, Section 1 of the Companies Act. The authorization entitles the Board of Directors to decide on the issue of new shares and/or the transfer of own shares held by the company up to a maximum total of 1,300,000 shares, which corresponds to the number of remaining authorizations under the authorization decided at the last Annual General Meeting of 2022. The authorizations will be valid until the next Annual General Meeting following the decision of this Annual General Meeting. The authorization cancels the authorization granted previously at the Annual General Meeting of 2022 to decide on the issue of shares and the granting of special rights entitling to shares, but no other authorizations, for an amount corresponding to this resolution.
- The AGM resolved that an addition be made to the Articles of Association regarding participation in the AGM by remote access or entirely without a physical meeting place in accordance with Chapter 5, Section 16 of the Companies Act (21.7.2006/624) and that in future only Helsinki could serve as the physical meeting place for the AGM.

Employee stock options and other reward schemes

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

16.5.2023 the Company announced that the Board of Directors of the Company decided on 15 May 2023 to establish a new stock option plan 2023A-C for the personnel, management and other stakeholders of Nexstim Plc and its subsidiaries, based on the authorization granted by the Annual General Meeting on 31 March 2023, and a new stock option plan 2023H for the members of the Board of Directors, based on the authorization granted by the Annual General Meeting and in accordance with the resolutions of the Annual General Meeting. The maximum number of stock options to be issued under the 2023A-C plan is 740 460. 246 820 of the warrants are subscribed to the 2023A series (2023A subscription period is 1 July 2025-15 December 2030), 246 820 to the 2023B series (2023B subscription period is 1 July 2026-15 December 2031) and 246 820 to the 2023C series (2023C subscription period is 1 July 2026-15 December 2031). The maximum number of warrants to be issued under the 2023H scheme is 37 500 and the subscription period for the 2023H shares subscribed for by warrants is 1 July 2027 to 15 December 2032). The members of the Board of Directors received a total of 37,500 2023H options, the CEO Mikko Karvinen received a total of 139,207 2023A-C options and the rest of the Management Team received a total of 186,596 2023A-C options.

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

3.11.2023 The Company announced that a total of 1000 new shares have been subscribed for under warrants 2020A from 1 April to 2 October 2023. The subscription price of EUR 2,000 for the subscriptions made with warrants will be recorded in full in the reserve of invested unrestricted equity. These shares subscribed for on the basis of warrants have been registered with the Trade Register on 8 November 2023. The new shares will confer shareholder rights on their holders from the date of registration. After the entry in the Commercial Register, the total number of Nexstim Plc shares will be 6

765 562 shares. The shares will be traded on the First North Growth Market Finland, operated by Nasdaq Helsinki Oy, together with the old shares from 9 November 2023.

Other material events

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

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

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

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

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

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

22.12.2023 The Company announces the timetable for the 2024 financial statements as follows. 2023 financial statements and half-yearly report July-December 2023 (H2) on Tuesday 27 February 2024. Half-yearly report January-June 2024 (H1) on Friday 16 August 2024. Nexstim's Annual Report 2023 will be published and available on

the company's website on Wednesday 6 March 2024. The Annual General Meeting is tentatively scheduled for Thursday 28 March 2024 at 10.00 a.m. The company also announces that due to the delisting of the company's shares from the Nasdaq First North Growth Market Sweden effective 15 April 2023, the company will introduce an updated disclosure policy as of 1 January 2024. As a result of the updated disclosure policy, the company's disclosure languages will be Finnish and English.

Future outlook

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

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 Board of Directors' report. The half-year 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 investments".

Risks related to the company and its business operations:

- The company has a history of operating losses, and its operations may never become profitable
- Funding received from Business Finland may become repayable prematurely, and additional funding may not be available
- Not all of the company's products have an established market position
- The company's products will require certain authorizations before commercialization, such as FDA clearance for the sales and marketing of the NBT® system for the treatment of chronic neuropathic pain, and not all the required approvals or permits have yet been granted, so there is no certainty 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 capitalized development costs and intangible rights may prove to be weaker than expected
- Write-down 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 utilize all its tax losses.
- 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 cooperation 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 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 the commercialization of its NBT® system
- The ongoing coronavirus pandemic poses a significant health and macroeconomic risk, which can affect the health of the Nexstim Group's personnel, as well as the Group's operations.

Risks related 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 lack of liquidity and fluctuations in the exchange rates
- Holders of nominee-registered shares in the company 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 their holders to shares could have a negative impact on the market price of the shares and cause dilution
- Possible negative rumors could have a negative effect on the market price of the shares

Risks related to general economic development:

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

Shares and shareholders

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

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

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

Board of Directors' authorizations

On 31 December 2023, the Board of Directors' authorizations totaled 1,301,861 shares.

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

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

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

Major shareholders

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

	Shareholder	Quantity of shares	Holding %
1.	Kaikarhenni Oy	1,022,416	15.11
2.	Haapaniemi Ossi	497,997	7.36
3.	Citibank Europe PLC*	439,121	6.49
4.	Joensuun Kauppa Ja Kone Oy	430,906	6.37
5.	Kalksten Properties Koy	154,124	2.28
6.	Syrjänen Eva Annika Elisabet	147,737	2.18
7.	Danske Bank AS Helsinki Branch*	144,236	2.13
8.	K22 Finance Oy	123,287	1.82
9.	Wetrock Capital & Consulting Oy	115,000	1.7
10.	Schengen investment Oy	81,845	1.21
11.	Kakkonen Kari Heikki Ilmari	69,649	1.03
12.	Kalksten Finance Oy	68,121	1.01
13.	Ollikainen Pekka	67,330	1
14.	Niukkanen Pentti Juhani	65,000	0.96
15.	Salmela Veijo Ensio	52,550	0.78
16.	Skandinaviska Enskilda Banken AB*	44,502	0.66
17.	Svenska Handelsbanken Ab*	43,190	0.64
18.	Valjakka Juha Matti	40,630	0.6
19.	Jokinen Jukka	40,000	0.59
20.	Kaukoranta Eero Onni	39,662	0.59

* Nominee registered shareholders

Board of Directors and the Company's management

Board of Directors

Nexstim Plc's Board of Directors consisted of the following members in 2023: Leena Niemistö (Chair), Martin Forss, Timo Hildén and Tero Weckroth. The Board of Directors convened 18 times in 2023.

CEO

Mikko Karvinen served as CEO of Nexstim Plc and the Group during 2023.

Management team

The Nexstim Group's Management Team consisted of the following members in 2023: Mikko Karvinen (CEO), Henri Hannula (Vice President, Sales and Marketing), Joonas Juokslahti (CFO), Gustaf Järnefelt (Vice President, R&D), Hanna Kotola (Vice President, Legal Affairs) until 10th June 2023 and Jarmo Laine (Vice President, Medical Affairs).

Board of Directors' proposal on the distribution of profits

Since its establishment, 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 development of its business. The company is committed to a very stringent dividend policy, which is tied to its results and financial standing. The company does not expect to be able to distribute dividends in the near future. In the event that dividends are distributed, all shares will be entitled to equal dividends.

At the end of the 2023 financial year, the distributable assets of the Group's parent company were EUR 8,645,387.27. The Board of Directors proposes that Nexstim Plc should not pay any dividend for the financial period of 2023.

NEXSTIM GROUP

Consolidated income statement

EURO	Note	1 January to 31 December 2023	1 January to 31 December 2022
NET SALES	2	7,246,284.90	9,526,696.02
Work performed for own purpose and capitalized		1,338,608.61	1,235,684.88
Other operating income	3	10,794.74	34,004.43
Materials and services			
Raw materials, supplies and goods			
Purchases during the financial year		-1,749,131.20	-1,143,857.73
Increase (+) or decrease (-) in inventories		151,393.60	-91,738.37
External services		-3,284.64	-5,246.88
Total		-1,601,022.24	-1,240,842.98,
Personnel expenses			
Wages and salaries		-3,787,084.17	-3,958,683.79
Social security expenses			
Pension expenses		-451,836.39	-455,005.87
Other social security expenses		-190,435.50	-415,115.69
Total		-4,429,356.06	-4,828,805.35
Depreciation and impairment			
Depreciation and amortization according to plan		-666,807.30	-497,459.30
Impairment of non-current assets		-34,502.93	0.00
Total		-701,310.23	-497,459.30
Other operating expenses	4	-3,091,947.94	-3,388,980.85
OPERATING PROFIT (LOSS)		-1,227,948.22	840,296.85

EURO	Note	1 January to 31 December 2023	1 January to 31 December 2022
Financial income and expenses			
Share of the profits (losses) of associated companies		-11,497.62	-19,823.65
Other interest income and other financial income			
From others		61,364.70	545,833.18
Interest and other financial expenses			
To others		-144,602.65	-54,953.43
Total financial income and expenses		-94,735.57	471,056.10
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		-1,322,683.79	1,311,352.95
Income taxes		-4,832.47	-4,528.24
PROFIT/LOSS FOR THE PERIOD		-1,327,516.26	1,306,824.71

Consolidated balance sheet

EURO	Note	31 December 2023	31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure		2,630,230.49	1,832,324.85
Intangible rights		286,766.48	280,161.06
Other intangible assets		7,066.26	0.00
Total		2,924,063.23	2,112,485.91
Tangible assets			
Machinery and equipment		347,291.82	376,922.22
Total		347,291.82	376,922.22
Investments			
Holdings in associated companies		676,626.62	463,255.44
Total		676,626.62	463,255.44
TOTAL NON-CURRENT ASSETS		3,947,981.67	2,952,663.57
CURRENT ASSETS			
Inventories			
Raw materials and consumables		1,044,617.17	893,223.57
Total		1,044,617.17	893,223.57
Receivables			
Non-current receivables			
Trade receivables		115,262.44	217,265.14
Total non-current receivables		115,262.44	217,265.14
Current receivables			
Trade receivables		2,692,280.61	1,163,338.33
Prepayments and accrued income		354,551.03	363,840.87
Other receivables		273,892.13	183,114.35
Total current receivables		3,320,723.77	1,710,293.55
Total receivables		3,435,986.21	1,927,558.69
Cash in hand and at bank		1,454,557.24	4,441,260.09
CURRENT ASSETS TOTAL		5,935,160.62	7,262,042.35
ASSETS TOTAL		9,883,142.29	10,214,705.92

EURO	Liite	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital		80,000.00	80,000.00
Reserve for invested unrestricted equity		55,042,287.84	54,960,281.84
Retained earnings		-50,958,434.50	-52,278,244.12
Profit/loss for the period		-1,327,516.26	1,306,824.70
TOTAL EQUITY	9	2,836,337.08	4,068,862.42
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions		3,604,070.64	2,611,411.44
Total		3,604,070.64	2,611,411.44
CURRENT LIABILITIES			
Loans from financial institutions		831,590.80	878,063.00
Received prepayments		879,230.43	1,248,134.92
Trade payables		650,268.76	316,404.59
Other liabilities		193,462.01	194,857.57
Accrued expenses	11	888,182.57	896,971.98
Total		3,442,734.57	3,534,432.06
TOTAL LIABILITIES		7,046,805.21	6,145,843.50
EQUITY AND LIABILITIES TOTAL		9,883,142.29	10,214,705.92

Consolidated income statement

	1 January to 31 December 2023	1 January to 31 December 2022
Cash flow from operating activities		
Profit/loss for the period	-1,322,683.79	1,311,352.95
Adjustments:		
Depreciation and amortization according to plan	666,807.30	497,459.30
Other income and expenses not related to payment	34,502.93	30,665.90
Financial income and expenses	83,237.95	44,516.64
Share of the profit of associates	11,497.62	19,823.65
Other adjustments	79,894.50	-575,383.93
Cash flow before change in working capital	-446,743.49	1,328,434.51
Change in working capital:		
Increase (-) or decrease (+) in current receivables	-1,543,507.94	-24,806.60
Increase (-) or decrease (+) in inventories	-176,618.64	115,997.61
Increase (-) or decrease (+) in long-term receivables	-	-
Increase (+) or decrease (-) in current interest-free payables	-14,024.86	-353,337.01
Cash flow from operating activities before financial items and taxes	-2,180,894.94	1,066,288.52
Interest and other financial expenses paid	-144,602.65	-70,019.50
Interest received on operating activities	61,364.70	10,436.79
Direct taxes paid	-4,832.47	-4,528.24
Cash flows from operating activities (A)	-2,268,965.36	1,002,177.57
Cash flow from investing activities		
Investments in intangible and tangible assets	-1,489,175.63	-1,440,270.24
Investments in other assets	-246,191.99	-
Cash flows from investments (B)	-1,735,367.62	-1,440,270.24
Cash flow from financing activities		
Share issue	82,006.00	42,528.00
Drawing (+) or repayment of short-term loans (-)	-	258,669.00
Drawing (+) or repayment of long-term loans (-)	946,187.00	-662,812.91
Cash flow from financing activities (C)	1,028,193.00	-361,615.91
Change in cash in hand and at banks	-2,976,139.97	-799,708.58
Cash in hand and at bank in the beginning of the period	4,441,260.09	5,194,660.46
Impact of exchange rate changes	-10,562.88	46,308.21
Cash in hand and at bank at end of the period	1,454,557.24	4,441,260.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

Consolidation

The consolidated financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS). The consolidated financial statements have been prepared using the acquisition method. All intra-Group business transactions, internal margins, internal holdings and mutual receivables and liabilities have been eliminated when preparing the consolidated financial statements. Group companies' financial statements denominated in foreign currencies have been translated into Finnish currency at the average exchange rate of the financial year, and balance sheets at the exchange rate valid on the balance sheet date. The average exchange rate differences arising from translation, as well as from the translation of the shareholders' equity of foreign subsidiaries, are presented under "Retained losses" in shareholders' equity.

The consolidated financial statements also include PNC Management Services, LLC, an associate of Nexstim, Inc. and Siddhartha Center for Clinical Neuroscience and TMS MSO, an associate of Nexstim Investments, LLC. The associates are consolidated using the equity method. The income statement of the foreign associate has been translated into Finnish currency at the average exchange rate for the financial year and the balance sheet at the exchange rate at the balance sheet date.

Consolidated subsidiaries and holdings

Subsidiary	Domicile	Holding, %
Nexstim Inc.	United States of America	100
Nexstim Germany GmbH	Germany	100
Nexstim Investments LLC	United States of America	90

Consolidated associates and holdings

Subsidiary	Domicile	Holding, %
PNC Management Services LLC.	United States of America	30
Siddhartha Center for Clinical Neuroscience and TMS MSO	United States of America	35

Measurement principles and methods

Intangible and tangible assets in non-current assets are recognized at acquisition cost on the balance sheet, less depreciation and amortization according to plan. Capitalized development costs are amortized over a five-year or seven-year period on a straight-line basis. Depreciation and amortization of intangible and tangible assets are calculated based on their expected economic life. Depreciation and amortization have been charged against the asset from the month the asset has been taken in use.

Criteria for and changes in depreciation according to plan:

Non-current asset	Useful life	Depreciation/amortization method
Patents	5	Straight-line
IT software	5	Straight-line
Development expenditures	5–7	Straight-line depreciation
Machinery and equipment		25% depreciation of residual value

Investments and non-current financial assets have been recognized in the balance sheet at the lower of acquisition price and fair value.

Inventories are stated at the lower of cost and net realizable value. The acquisition cost is determined using the first-in, first-out (FIFO) method.

Items denominated in foreign currency

The trade receivables and trade payables denominated in foreign currency are translated into Finnish currency at the rate on the closing day of the financial year.

Revenue recognition principles

Revenue on products sold is recognized upon delivery of the goods. Revenue on service agreements is recognized on an accrual basis over the contract period. Service revenue is recognized on a straight-line basis over the contract period, excluding installation and training. Revenue for installation and training is recognized in the period during which the services are provided.

Development expenditures

Development costs that do not meet the capitalization criteria are recognized in the period during which they were incurred.

NOTES TO THE INCOME STATEMENT

2. Distribution of net sales

	2023	2022
By sector		
NBS Systems	3,111,440.26	2,246,353.48
NBT Systems	972,611.00	826,418.79
NBS Continuous net sales	1,180,225.27	1,174,143.50
NBT Continuous net sales	1,982,008.36	1,744,979.97
Licensing	0.00	3,534,800.28
Total	7,246,284.90	9,526,696.02

Net Sales by geographical area

	2023	2022
Finland	1,495,097.10	1,802,829.35
Rest of Europe	2,242,146.27	1,370,760.13
North America	3,247,321.53	6,112,766.54
Other	261,720.00	240,340.00
Total	7,246,284.90	9,526,696.02

3. Other operating income

	2023	2022
Other income	10,794.74	34,004.43
Government grants	-	-
Total	10,794.74	34,004.43

4. Other operating expenses

	2023	2022
Travel expenses	-679,514.71	-659,588.45
Administration expenses	-653,541.94	-389,964.47
R&D	-580,067.06	-753,525.21
Legal and consulting fees	-323,348.12	-534,917.92
Marketing expenses	-274,789.93	-121,975.78
ICT expenses	-222,005.24	-97,532.17
Facility expenses	-175,817.47	-119,918.59
Voluntary social costs	-155,543.60	-158,783.67
Other	-27,319.88	-552,774.59
Total	-3,091,947.94	-3,388,980.85

NOTES TO ASSETS ON THE BALANCE SHEET

5. Intangible assets

Development expenditures	2023	2022
Book value on 1 January	1,832,324.85	845,578.26
Increase	1,222,134.27	1,235,684.88
Depreciation and amortization according to plan	-424,228.63	-248,938.29
Book value on 31 December	2,630,230.49	1,832,324.85

Intellectual property rights (patents)	2023	2022
Book value on 1 January	280,161.06	276,680.30
Increase	132,486.91	126,361.03
Depreciation and amortization according to plan	-125,881.49	-122,880.27
Book value on 31 December	286,766.48	280,161.06

Other intangible assets	2023	2022
Book value on 1 January	-	-
Increase	7,999.50	-
Depreciation and amortization according to plan	-933.24	-
Book value on 31 December	7,066.26	-

6. Tangible assets

Machinery and equipment	2023	2022
Book value on 1 January	376,922.22	434,908.32
Increase	120,636.47	98,320.55
Decrease	-34,502.93	-30,665.90
Depreciation and amortization according to plan	-115,763.94	-125,640.74
Book value on 31 December	347,291.82	376,922.22

7. Interests in associated companies

	2023	2022
Book value on 1 January	463,255.34	454,705.99
Increase	240,723.98	-
Translation difference	-15,855.07	28,373.00
Decrease	-11,497.62	-19,823.65
Book value on 31 December	676,626.62	463,255.34

Shares in associates consist of strategic investments in service companies of US partner clinics (PNC Management Services, LLC & Siddhartha Center for Clinical Neuroscience and TMS MSO, LLC).

8. Prepayments and accrued income

	2023	2022
Expenses paid in advance	318,134.05	356,837.63
Other prepayments and accrued income	36,416.98	7,003.24
Total	354,551.03	363,840.87

NOTES TO EQUITY AND LIABILITIES ON THE BALANCE SHEET

9. Total equity

	2023	2022
Share capital 1 January	80,000.00	80,000.00
Share capital 31 December	80,000.00	80,000.00
Total restricted equity	80,000.00	80,000.00
Reserve for invested unrestricted equity 1 January	54,960,281.84	54,917,753.84
Increase	82,006.00	42,528.00
Reserve for invested unrestricted equity 31 December	55,042,287.84	54,960,281.84
Retained earnings/losses 1 January	-52,278,244.12	-50,962,922.63
Profit/loss for the period	1,306,824.70	-832,106.39
Translation difference	12,984.92	-483,215.10
Retained earnings/losses 31 December	-50,958,434.50	-52,278,244.12
Profit/loss for the period	-1,327,516.26	1,306,824.70
Total unrestricted equity	2,756,337.08	3,988,862.42
Total equity	2,836,337.08	4,068,862.42

10. Non-current liabilities

	2023	2022
Product development loans from Business Finland	2,381,848.44	2,611,411.44
Other non-current liabilities	1,222,222.20	-
Total	3,604,070.64	2,611,411.44

Maturity of interest-bearing liabilities	2023	2022
Interest-bearing liabilities total	3,604,070.64	2,611,411.44
Due later than 5 years	151,800.00	227,700.00

11. Accrued expenses

	2023	2022
Accrued salary expenses	252,092.66	142,727.00
Holiday pay liabilities, including social costs	385,998.95	396,752.12
Pension contributions	99,372.81	124,659.92
Other mandatory insurance contributions	15,235.22	35,312.23
Interest liabilities	-	-
Other	135,482.93	197,520.71
Total	888,182.57	896,971.98

12. Collateral, contingent liabilities and off-balance sheet arrangements

	2023	2022
Rental guarantees		
Rental deposit account	16,321.08	16,321.08
Leasing liabilities		
Due within the next financial year	74,074.19	72,145.02
Due later	12,481.51	29,533.10
Leasing liabilities		
Due within the next financial year	2,392.36	2,666.64
Due later	1,629.81	3,492.16

13. Auditor's fees

	2023	2022
Audit	44,000.00	34,076.38
Non-audit services	1,750.00	3,000.00
Total	45,750.00	37,076.38

14. Notes related to personnel and members of governing bodies

	2023	2022
Average number of personnel	37	38
Salaries and bonuses of directors		
CEO	267,097.38	337,078.86
Board of Directors	128,959.25	167,131.99
Total	396,056.63	504,210.85

STOCK OPTIONS

At the balance sheet date, the Company has 11 different stock option plans 2016B, 2016C, 2018A, 2018B, 2020A, 2020B, 2020C, 2023A, 2023B, 2023C and 2023H. The stock options are intended as part of the incentive and retention plan for key management and staff of the Company and its subsidiaries. The stock options may not be transferred to a third party or pledged without the consent of the Board of Directors.

Option scheme	Subscription price/share	Maximum amount of option rights	Option rights held in reserve	Subscription period
2016B	18.00 eur	900 shares	157	1.7.2019-15.12.2024
2016C	23.00 eur	556 shares	144	1.7.2020-15.12.2025
2018A	5.00 eur	27 shares	0	1.7.2022-15.12.2027
2018B	1.00 eur	27 shares	0	1.7.2023-15.12.2028
2020A	2.00 eur	100,734 shares	17,919	1.7.2022-15.12.2027
2020B	7.00 eur	206,011 shares	49,515	1.7.2023-15.12.2028
2020C	4.87 eur	213,819 shares	50,516	1.7.2024-15.12.2029
2023A	3.63 eur	246,820 shares	0	1.7.2025-15.12.2030
2023B	*	246,820 shares	5,925	1.7.2026-15.12.2031
2023C	**	246,820 shares	15,301	1.7.2027-15.12.2032
2023H	3.63 eur	37,500 shares	24,678	1.7.2024-15.12.2029

** The share subscription price for stock options 2023B 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 2023.

** The share subscription price for stock options 2023C 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 2024.

Holdings of the Board of Directors and management team	(%)
Ownership based on proportion of total number of issued shares	18.34
Ownership based on proportion of total number of issued shares and option rights*	23.03
Proportion of votes based on ownership of shares	18.34
Proportion of votes based on ownership of shares and option rights*	23.03

* Assuming that all stock options are exercised

RESTRICTED SHARE UNIT PLANS

In 2016, the AGM decided that the Restricted Share Unit Plan will be implemented for the elected members of the Board of Directors of Nexstim PLC on the terms and conditions set out on the Company's website at www.nexstim.com. The program includes five performance periods corresponding to the Board members' terms of office 2016-2017, 2017-2018, 2018-2019, 2019-2020 and 2020-2021, which was extended by resolutions of the General Meetings of Shareholders for the performance periods 2021-2022 and 2022-2023.

The purpose of the program was to engage participants in the Company, align the objectives of shareholders and participants to increase the value of the Company and provide participants with a reward program based on the receipt and vesting of Company shares.

The target audience for the program was directors who are independent of the Company. However, a target participant need not be independent of the Company's shareholders.

Remuneration to be paid to members of the Board of Directors for the 2023-2024 performance period

According to the proposal of the Nomination Committee, the AGM decided that the following gross remuneration will be paid to the members of the Board of Directors for the performance period 2023-2024:

- EUR 24,000 and 12,000 options for the Chairman of the Board;
- EUR 12,000 and 8,500 options for the members of the Board of Directors; and
- that no Board member serving on the Shareholders' Nomination Board will receive any compensation for his or her service on the Shareholders' Nomination Board.
- that a Board member is only entitled to a fee for the period during which he or she serves on the Board.
- that the company will establish an option plan for the members of the Board of Directors, which will be priced 20 trading days after the date of the Annual General Meeting on the VWAP Helsinki List, with a subscription period from 1 July 2024 to 15 December 2029.
- that the target group of the Binding Option Plan is the members of the Board of Directors who are independent of the company. However, the target group need not be independent in relation to the shareholders of the company
- that the amount of the 2023 remuneration is determined in euro.

Share-based remuneration paid to members of the Board of Directors for the performance period 2022-2023

On the basis of the authorizations granted by the Company's Annual General Meeting on 31 March 2022 and the Restricted Share Unit Award Plan approved by the Annual General Meeting on 26 March 2016, the Board of Directors of the Company decided on 18 April 2023 to issue a total of 9,540 new shares free of charge to the members of the Board of Directors. Leena Niemistö will receive 2,661 shares, Martin Forss will receive 2,293 shares, Timo Hildén will receive 2,138 shares and Tero Weckroth will receive 2,448 shares based on the gross remuneration determined by the Annual General Meeting on 31 March 2022 for the performance period 2022-2023.

PARENT COMPANY'S FINANCIAL STATEMENTS

Parent company's income statement

EURO	Note	1 January to 31 December 2023	1 January to 31 December 2022
NET SALES		5,318,180.05	7,783,194.36
Work performed for own purpose and capitalized		1,223,644.87	1,235,684.88
Other operating income	2	2,387.05	361,655.17
Materials and services			
Materials			
Purchases during the financial year		-1,678,607.91	-1,047,563.32
Increase (+) or decrease (-) in inventories		62,700.77	-300,535.69
External services		-89,181.62	-5,246.88
Total		-1,705,088.76	-1,353,345.89
Personnel expenses			
Wages and salaries		-2,512,204.01	-2,540,518.95
Social security expenses			
Pension expenses		-423,189.12	-428,128.29
Other social security expenses		-80,238.78	-112,852.87
Total		-3,015,631.91	-3,081,500.11
Depreciation and amortization			
Depreciation and amortization according to plan		-602,596.00	-427,779.68
Total		-602,596.00	-427,779.68
Other operating expenses	3	-2,066,676.88	-2,308,131.48
OPERATING PROFIT (LOSS)		-845,781.58	2,209,777.25
Financial income and expenses			
Other interest income and other financial income			
From Group companies		27,824.01	1,067,657.79
From others		87,629.13	1,158,421.15
Impairment on investments in non-current assets		-4,724,765.59	-3,021,613.54
Interest and other financial expenses			
To others		-174,882.45	-646,842.86
Total financial income and expenses		-59,429.31	-1,442,377.46
PROFIT/LOSS FOR THE PERIOD		-5,629,976.48	767,399.79

Parent company's balance sheet

EURO	Note	1 January to 31 December 2023	1 January to 31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	4		
Development expenditures		2,630,230.49	1,832,324.85
Intellectual property rights		286,765.48	280,160.06
Other intangible assets		7,066.26	
Total		2,924,062.23	2,112,484.91
Tangible assets			
Machinery and equipment	5	154,659.45	167,885.46
Total		154,659.45	167,885.46
Investments			
Holdings in Group companies	6	6,520,711.57	11,070,831.43
Total		6,520,711.57	11,070,831.43
NON-CURRENT ASSETS TOTAL		9,599,433.25	13,351,201.80
CURRENT ASSETS			
Inventories			
Raw materials and supplies		649,331.77	586,631.00
Total		649,331.77	586,631.00
Receivables			
Long-term receivables from group companies		300,000.00	300,000.00
Short-term receivables from Group companies	7	4,102,332.90	2,619,998.79
Trade receivables		1,242,743.89	697,859.15
Prepayments and accrued income	8	323,558.28	341,187.39
Other receivables		271,991.68	134,406.50
Total		6,240,626.75	4,093,451.83
Cash in hand and at bank		1,113,729.36	3,964,561.00
CURRENT ASSETS TOTAL		8,003,687.88	8,644,643.83
ASSETS TOTAL		17,603,121.13	21,995,845.63

EURO	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	80,000.00	80,000.00
Reserve for invested unrestricted equity		55,042,287.84	54,960,281.84
Retained earnings		-38,136,693.60	-38,904,093.39
Profit/loss for the period		-5,629,976.48	767,399.79
TOTAL EQUITY		11,355,617.76	16,903,588.24
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans from financial institutions	10	3,604,070.64	2,611,411.44
Total		3,604,070.64	2,611,411.44
CURRENT LIABILITIES			
Loans from financial institutions		831,590.80	878,063.00
Prepayments received		297,140.83	340,256.18
Trade payables		708,946.82	377,086.65
Payables to Group companies	11	57,066.14	85,472.87
Other liabilities		76,134.24	127,894.26
Accrued expenses	12	672,553.90	672,072.99
Total		2,643,432.73	2,480,845.95
TOTAL LIABILITIES		6,247,503.37	5,092,257.39
EQUITY AND LIABILITIES TOTAL		17,603,121.13	21,995,845.63

Parent company's cash flow statement

	1 January to 31 December 2023	1 January to 31 December 2022
Cash flow from operating activities		
Profit/loss for the period	-5,629,976.48	767,399.79
Adjustments:		
Depreciation and amortization according to plan	602,596.00	427,779.68
Financial income and expenses	4,784,194.90	2,590,361.82
Cash flow before change in working capital	-243,185.58	3,785,541.29
Change in working capital:		
Increase (-) or decrease (+) in current receivables	-2,321,820.65	-2,678,936.09
Increase (-) or decrease (+) in inventories	-62,700.77	300,535.69
Increase (+) or decrease (-) in current non-interest-bearing liabilities	209,058.98	-117,150.44
Cash flow from operating activities before financial items and tax-es	-2,418,648.02	1,289,990.45
Interest and other financial expenses paid	-174,882.45	-661,908.93
Interest received on operating activities	115,453.14	1,078,094.58
Cash flow from operating activities (A)	-2,478,077.33	1,706,176.10
Cash flow from investing activities		
Investments in intangible and tangible assets	-1,400,947.31	-1,437,008.32
Cash flow from investing activities (B)	-1,400,947.31	-1,437,008.32
Cash flow from financing activities		
Share issue	82,006.00	42,528.00
Repayment (-) or drawing (+) of short-term loans	0.00	258,669.00
Repayment (-) or drawing (+) of long-term loans	946,187.00	-648,263.00
Cash flow from financing activities (C)	1,028,193.00	-347,066.00
Change in cash in hand and at banks	-2,850,831.64	-77,898.22
Cash in hand and at bank at the beginning of the period	3,964,561.00	4,042,459.22
Cash in hand and at bank at end of the period	1,113,729.36	3,964,561.00

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. Accounting principles

Principles of the financial statements

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards and the Nexstim Group's accounting principles. Notes to the parent company's financial statements are presented where they differ from the notes of the consolidated financial statements.

NOTES TO THE INCOME STATEMENT

2. Other operating income

	2023	2022
Other income	2,387.05	361,655.17
Government grants	0.00	0.00
Total	2,387.05	361,655.17

3. Other operating expenses

	2023	2022
R&D	-580,067.06	-753,525.21
Administration expenses	-565,687.00	-572,743.15
Legal and consulting services	-203,692.19	-212,230.31
Marketing expenses	-155,945.02	-90,273.28
ICT expenses	-134,250.79	-119,808.37
Facility expenses	-127,227.51	-130,352.92
Voluntary social costs	-109,840.79	-121,975.78
Travel expenses	-105,614.30	-117,185.09
Other	-84,352.22	-190,037.37
Total	-2,066,676.88	-2,308,131.48

NOTES TO ASSETS ON THE BALANCE SHEET

4. Intangible assets

Development expenditure	2023	2022
Book value 1 January	1,832,324.85	845,578.26
Increase	1,222,134.27	1,235,684.88
Depreciation and amortization according to plan	-424,228.63	-248,938.29
Book value 31 December	2,630,230.49	1,832,324.85

Intellectual property rights (patents)	2023	2022
Book value 1 January	280,160.06	276,679.30
Increase	132,486.91	126,361.03
Depreciation and amortization according to plan	-125,881.49	-122,880.27
Book value 31 December	286,765.48	280,160.06

Other intangible assets	2023	2022
Book value 1 January	-	-
Increase	7,999.50	-
Depreciation and amortization according to plan	-933.24	-
Book value 31 December	7,066.26	-

5. Tangible assets

Machinery and equipment	2023	2022
Book value 1 January	167,885.46	148,884.17
Increase	38,326.63	74,962.41
Depreciation and amortization according to plan	-51,552.64	-55,961.12
Book value 31 December	154,659.45	167,885.46

6. Investments

Holdings in group companies

Subsidiary	Domicile	Holding %	Book value
Nexstim, Inc.	United States of America	100	25,000.00
Nexstim Germany GmbH	Germany	100	635.72

Other holdings in group companies

Nexstim, Inc. reserve for invested unrestricted equity	2023	2022
Book value 1 January	10,663,195.71	2,338,285.75
Additions	0.00	11,346,523.50
Provision for impairment	-4,550,119.86	-3,021,613.54
Book value 31 December	6,113,075.85	10,663,195.71

Nexstim Germany GmbH reserve for invested unrestricted equity	2023	2022
Book value 1 January	382,000.00	382,000.00
Additions	0.00	0.00
Provision for impairment	0.00	0.00
Book value 31 December	382,000.00	382,000.00

An impairment provision of 4,550,119.86 euros was recognized in Nexstim, Inc.'s invested free equity during the period, based on management's estimate of the relative market value.

During the comparison period 2022, the parent company made an investment worth EUR 11,346,523.50 in the non-restricted equity invested in Nexstim, Inc., converting the long-term debt loan and the short-term interest it accrued into an equity investment. An impairment provision of EUR 3,021,613.54 was recorded for the financial year 2023 for the investment in question, based on the management's estimate of the relative market value.

7. Receivables from Group companies

Non-current	2023	2022
Loan receivables	300,000.00	300,000.00
Total non-current	300,000.00	300,000.00

Current	2023	2022
Trade receivables	3,909,233.89	2,277,621.95
Prepayments and accrued income	193,099.01	342,376.84
Total current	4,102,332.90	2,619,998.79
Total receivables from Group companies	4,402,332.90	2,919,998.79

8. Prepayments and accrued income

	2023	2022
Expenses paid in advance	318,134.05	335,460.66
Other prepayments and accrued income	5,424.23	5,726.73
Total	323,558.28	341,187.39

NOTES TO EQUITY AND LIABILITIES ON THE BALANCE SHEET

9. Total equity

	2023	2022
Share capital 1 January	80,000.00	80,000.00
Share capital 31 December	80,000.00	80,000.00
Total restricted equity	80,000.00	80,000.00
Reserve for invested unrestricted equity 1 January	54,960,281.84	54,917,753.84
Increase	82,006.00	42,528.00
Reserve for invested unrestricted equity 31 December	55,042,287.84	54,960,281.84
Retained earnings/losses 1 January	-38,904,093.39	-35,957,326.46
Profit/loss for the previous period	767,399.79	-2,946,766.93
Retained earnings/losses 31 December	-38,136,693.60	-38,904,093.39
Profit/loss for the period	-5,629,976.48	767,399.79
Total unrestricted equity	11,275,617.76	16,823,588.24
Total equity	11,355,617.76	16,903,588.24
Calculation of distributable equity	2023	2022
Retained earnings/losses	-38,136,693.60	-38,904,093.39
Profit/loss for the period	-5,629,976.48	767,399.79
Reserve for invested unrestricted equity	55,042,287.84	54,960,281.84
Capitalized development expenditure	-2,630,230.49	-1,832,324.85
Total	8,645,387.27	14,991,263

10. Non-current liabilities

	2023	2022
Product development loan, Business Finland	2,381,848.44	2,611,411.44
Other non-current liabilities	1,222,222.20	-
Total	3,604,070.64	2,611,411.44

Maturity of interest-bearing liabilities	2023	2022
Total interest-bearing liabilities	3,604,070.64	2,611,411.44
Due later than 5 years	151,800.00	227,700.00

11. Payables to Group companies

Current	2023	2022
Trade payables	57,066.14	85,472.87
Total current	57,066.14	85,472.87
Total Group company liabilities	57,066.14	85,472.87

12. Accrued expenses

	2023	2022
Accrued salary expenses	137,327.52	53,905.21
Holiday pay liabilities, including social costs	385,998.95	376,520.63
Pension contributions	99,372.81	124,659.92
Other mandatory insurance contributions	15,235.22	35,312.23
Interest liabilities	-	-
Other	34,619.40	81,675.00
Total	672,553.90	672,072.99

13. Collateral, contingent liabilities and off-balance sheet arrangements

	2023	2022
Rental guarantees		
Rental deposit account	14,352.21	14,352.21
Lease liabilities		
Due within the next financial year	57,432.18	54,425.16
Due later	-	-
Leasing liabilities		
Due within the next financial year	2,392.36	2,666.64
Due later	1,629.81	3,492.16
Enterprise mortgages		
Enterprise mortgage, Nordea loan	1,800,000.00	0.00

14. Auditor's fees

	2023	2022
Audit	44,000.00	34,076.38
Non-audit services	1,750.00	3,000.00
Total	45,750.00	37,076.38

15. Purchases and sales within the Group

	2023	2022
Sales	2,170,406.78	1,790,788.83
Purchases	-277,492.40	-240,063.53

16. Notes related to personnel and the members of governing bodies

	2023	2022
Average number of personnel	27	28
The management's salaries and bonuses		
CEO	267,097.38	337,078.86
Board of Directors	128,959.25	167,131.99
Total	396,056.63	504,210.85

Nexstim Oyj

SIGNATURE OF THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

Helsinki 26 February 2024

Leena Niemistö
Chair of the Board

Timo Hildén
Member of the Board

Martin Forss
Member of the Board

Tero Weckroth
Member of the Board

Mikko Karvinen
CEO

AUDITOR SIGNATURE

An auditor's report has been issued today.
Helsinki 27 February 2024

PricewaterhouseCoopers Oy
Authorized Public Accountants

Tiina Puukkoniemi
Authorized Public Accountant (KHT)

LIST OF ACCOUNTING BOOKS AND MATERIALS

31298 Nexstim Oyj

Financial period: 1 January to 31 December 2023

	Storage method
Journal	Electronic archive
General ledger	Electronic archive
Financial statements	Electronic archive
Balance sheet itemizations	Electronic archive

Voucher types and storage method

	Voucher type	
Accrual vouchers	94	Electronic archive
Memorandum vouchers	13, 80	Electronic archive
Sales vouchers	33, 39	Electronic archive
Purchase vouchers	21,45	Electronic archive
Salary vouchers	51, 55	Electronic archive
Bank vouchers	1, 2, 60	Electronic archive

Original invoices received on paper are retained by the reporting entity on paper.
If a paper invoice has been scanned, the invoice is kept only in paper-free format
in the electronic archive.

Original vouchers attached to travel and expense invoices are retained
on paper by the reporting entity. If a paper invoice or its attachments have been scanned,
they are kept only in paper-free format in the electronic archive.

Vouchers related to the notes	Electronic archive
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Auditor's Report (Translation of the Finnish Original) To the Annual General Meeting of Nexstim Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Nexstim Oyj (business identity code 1628881-1) for the financial period 1.1.2023-31.12.2023. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern..

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

27 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

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Authorised Public Accountant (KHT)

Board of Directors



Leena Niemistö
Chair of the Board

Leena Niemistö has been Chair of the Nexstim Board since 2019. She is a healthcare professional with over 30 years of clinical and leadership experience. Niemistö holds an M.D. from the University of Helsinki and has specialized in physical and rehabilitation medicine. She also has a doctorate in the treatment of chronic back pain. Leena Niemistö also holds a Dr. Admin. Sc. hc from Vaasa University.

Niemistö worked as CEO of a private healthcare company Dextra (years 2003-2016) and deputy CEO in a social and healthcare company Pihlajalinna (years 2013-2016). Currently she is a member of the Board of Directors in several publicly listed companies. She is also an active investor in several healthtech growth companies. Niemistö's investment company is the largest shareholder of Nexstim.



Martin Forss
Member of the Board

Martin Forss has been a member of the Board since 2019. He is an entrepreneur, investor and board professional. He is known as an experienced service business executive. His latest operative responsibility was as CEO of the private dentistry company Oral Hammaslääkärit. Martin holds a Master of Science degree (Econ) and has experience working with both listed companies and many private equity owned companies throughout his executive operative career.



Timo Hildén
Member of the Board

Timo Hildén has been a member of the Board since 2021. He is a medical technology professional with decades of experience from various health technology companies. Before retiring in 2020 Timo worked as CEO for Revenio Group Oyj. Currently Timo serves Koite Health Oy and Hublet Oy as a board member.

Timo spent over 20 years in various leadership positions at Thermo Fisher Scientific. Timo holds a Master of Science degree from the Helsinki School of Economics. He has an impressive track record especially in international sales, product management and conducting profit growth strategies.



Tero Weckroth
Member of the Board

Tero Weckroth has been a member of the Board since 2021. He is an experienced professional in the fields of finance and the pharmaceutical industry. Currently, he runs his own investment and consultancy company WRCC Invest Oy and serves as a board member in multiple growth companies. Tero has extensive experience of managing international teams in the pharmaceutical and financial industries. Tero's expertise is in solving complex management issues regarding regulatory/legal challenges and business interests. Tero holds degrees in Business Administration (MBA) and Pharmacy (M.Sc.) plus additional studies in natural sciences and international politics.

Management Team



Mikko Karvinen
CEO

Mikko Karvinen started as Nexstim's CEO in 2020. He joined Nexstim as CFO in 2014. He has previously held CFO and deputy CEO positions at two Nasdaq Helsinki listed tech-firms Innofactor Oyj and SSH Communications Security Oyj. Prior experience also includes various financial positions in Vaisala Oyj in their offices in both Finland and in the US.

Mikko holds a Master of Science degree with a major in Management Accounting from Helsinki School of Economics in Finland and an Executive MBA from Aalto University, Helsinki.



Henri Hannula
Vice President, Sales and Marketing

Henri Hannula started as Vice President, Sales and Marketing in 2022, making him responsible for these functions globally following a corresponding role in EU, Middle East and Asia sales and marketing. Henri has risen through the ranks holding key leadership positions since he was hired to Nexstim in 2001 to develop first generation navigated TMS systems, building the production, clinical protocol development and regulatory approvals enabling marketing and sales for the first commercial systems. Prior to joining Nexstim, he was developing medical products for interventional radiology in Forschungszentrum Karlsruhe in Germany.

Henri has been vital in the growth of Nexstim and development of clinical applications. He has authored multiple articles on navigated transcranial magnetic stimulation published in peer-reviewed journals. He holds a Master of Science degree from Aalto University, Helsinki.



Joonas Juukslahti
CFO

Joonas Juukslahti started as Nexstim's CFO in 2020. He joined Nexstim in 2014 as Business Controller and has been a key part of the Nexstim finance team.

Joonas holds a Master of Science with a major in Accounting and Finance from Turku School of Economics.



Gustaf Järnefelt
Vice President, R&D

Gustaf Järnefelt has served as the Vice President, R&D since joining Nexstim in 2008. Prior to joining Nexstim, he spent 18 years with Instrumentarium then GE Healthcare serving several Manager, Director and General Manager roles in Design, R&D, Engineering and Business Integration. He spent more than five years abroad on assignment in the United States leading the Configured Patient Monitoring Business unit for Instrumentarium in Louisville Colorado. Gustaf is alone or with others an inventor in fifteen patent families.

Gustaf has an education background from both Karlsruhe Germany Universität TH Karlsruhe (Institut für Werkzeugmaschinen und Betriebstechnik) and Helsinki University of Technology and holds a Master of Science from Helsinki University of Technology.



Jarmo Laine, LT
Vice President, Medical Affairs

Jarmo Laine, MD, brings an extensive background as a licensed physician, with specialties in pediatrics, R&D and laboratory services. He holds an M.D. and PhD from the University of Helsinki, Finland and an MBA from Helsinki University of Technology. Jarmo worked and trained throughout various hospitals in Finland and completed his post-doctoral research fellowship at Harvard Medical School in Boston, Massachusetts.

Prior to joining Nexstim in 2008, Jarmo held several leadership positions with the Finnish Red Cross Blood Service. He has over sixty publications in international journals in the fields of organ/cell transplantation, pediatric nephrology, cell biology and Navigated Brain Stimulation.



Nexstim

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