

Nexstim

NEXSTIM PLC HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2020 (UNAUDITED)

Company announcement, Inside Information, Helsinki, 14 August 2020 at 15:00 (EEST)

Highlights, January – June 2020

- Focused on minimizing the effect of COVID-19 pandemic as well as updating company strategy. Considering the difficult business environment, good progress with four new NBS systems sold, three in the US one in the EU and a total of five new NBT® systems installed to clinics in the US and Europe, across multiple sites, for the treatment of Major Depressive Disorder (MDD)
- January 1 – June 30, 2020 was historically the Company's best first half to date when measured by net sales, operating result and result for the period. The total net sales in the first half was EUR 1.6 million (2019 H1: EUR 1.2 million), operating result EUR -1.8 million (2019 H1: -3.4 million) and result for the period EUR -1.2 million (2019 H1: EUR -3.7 million)
- NBS net sales grew by 47% in H1 to EUR 0.9 million (2019 H1: EUR 0.6 million) and the NBT net sales grew by 18% in H1 amounting to EUR 0.7 million (2019 H1: EUR 0.6 million)
- The successful rights issue executed in the spring was oversubscribed and raised a total of EUR 2.2 million of new equity
- Business Finland decided on a partial debt cancellation of three R&D loans granted for stroke rehabilitation including accrued interests. A total of EUR 0.9 million of loan capital will not be collected.
- Martin Jamieson decided to leave his positions as the CEO of the Company and as a member of the Board of Directors. Nexstim's Board of Directors appointed Mikko Karvinen as the CEO and Joonas Juokslahti as the CFO of the company.

Business Overview

Nexstim is a Finnish medical technology company operating in international markets developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic (NBT® system) and diagnostic (NBS system) applications.

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

NBT®

- Nexstim's Navigated Brain Therapy (NBT®) system is based on its unique navigated Transcranial Magnetic Stimulation (nTMS) technology which allows for personalised, accurate, reproducible and non-invasive brain stimulation
- In May 2018, Nexstim launched its NBT® system in the US for the treatment of MDD following FDA clearance in November 2017
- MDD affects more than 300 million people worldwide with 20-40% of patients not responding to current treatment options. As a result, MDD is the focus for Nexstim's sales and marketing activities for its NBT® system
- The NBT® system is CE marked for the treatment of depression and chronic pain
- The Company has planned to start new pilot clinical trial during the second half of 2020 in the area of accelerated treatment protocols in both severe depression and chronic neuropathic pain

Nexstim

- A total of 28 NBT[®] systems installed globally for the treatment of depression

NBS

- Nexstim's Navigated Brain Stimulation (NBS) system is the only CE-marked and FDA-cleared non-invasive solution for pre-surgical mapping of the motor cortex in brain cancer. Clinical data has been generated demonstrating the value of Nexstim's unique navigation system for pre-surgical mapping with regard to patient outcomes
- The NBS system allows surgeons to be better prepared and more aggressive with tumour resection, due to their confidence in the location of the motor and speech cortex as a result of pre-surgical mapping. The non-invasive device has demonstrated a 46% increase in progression free survival in patients with low grade gliomas versus only using the current gold standard direct cortical stimulation (DCS).
- The NBS system has been sold to approximately 170 research universities and leading hospitals across the world

CEO Mikko Karvinen's review

From March 2020, much of Nexstim's management and personnel time focused on minimizing the business impact of the COVID-19 pandemic in the form of executing necessary adjustments needed and quick implementation of a savings program. Thanks to these successful actions, we were able to ensure the continuity of both NBS and NBT[®] customers and revenue growth for both businesses in a very difficult business environment. I am pleased about this positive development, and that we achieved the best H1 so far measured by several financial metrics. Fortunately, as we have improved the Company's financial performance, we have also safeguarded the well-being of our personnel, and no confirmed COVID-19 infections have been identified in the Nexstim Group companies so far.

I'm glad that during the spring and summer time in the turmoil of containing the COVID-19 health and financial crisis effects, we dedicated a substantial amount of Nexstim Board and management time to clarify our thoughts about our strategy for the years 2020-2024. Nexstim continues to enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders. Our main strategic focus will stay in the therapeutic indications where we will bring the new accelerated therapy protocols to the core development path of our business. We see that this is possibly a game changer in the field of TMS treatments as we will seek for validation of higher efficacy rates through our pilot studies. The selected therapeutic applications (MDD, severe depression and chronic pain) represent indications where our unique technology already demonstrates recognisable clinical outcome and customer profitability and where maybe in more severe cases also more hospital inpatient treatments are required in the future. We will progress in our science-based development path so that Nexstim's navigated TMS device will continue to be at the forefront of delivering new treatments for future indications.

The NBS business was a significant source of income for our Company in the first half of the year, with net sales growing by 51% to EUR 0.9 million (2019 H1: EUR 0.6 million). The system sold well in the United States, where, despite the COVID-19 environment, three new NBS Systems were successfully sold and delivered during the reporting period. As a result, the Company's total net sales increased by 33 percent during the first half of 2020 to EUR 1.6 million (2019 H1: EUR 1.2 million). We also ensured the continuity of the NBS service business despite the difficult customer environment and we did not lose any service contract customers as hospital neurosurgeries continued almost unchanged despite the health crisis. During the second half of 2020, we will continue to invest in the growth of the NBS business, for example, in establishing new U.S. reimbursement codes, while continuing to seek a long-term strategic partner for increasing the commercial exploitation of this diagnostic business.

During H1 2020, the NBT business suffered more from the effects of the COVID-19 pandemic. NBT client clinics and hospitals had to limit therapy treatments locally due to mobility restrictions, and this slowed down the number of systems and services sold as well as disposable parts, especially to U.S. therapy clinics. We also had to drastically reduce our commercial personnel in our subsidiaries due to the cost saving program, especially in NBT sales, as the short-term effects of the measures taken were necessary to secure our cash balance. Despite these negative effects, the net sales of the NBT business increased by 18 percent during H1 2020 and amounted to EUR 0.7 million (2019 H1: EUR 0.6 million). During the first half of 2020, we delivered and installed a total of 5 new NBT[®] Systems - 4 in the U.S. and 1 in Europe (Italy) -

Nexstim

for use in the treatment of MDD. As a result, there were at the end of H1 2020 a total of 28 NBT[®] Systems installed worldwide for the treatment of depression and chronic neuropathic pain.

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

In addition to the commercial advancement of NBT[®] Systems, we also saw continued development in sales, driven by high-margin aftersales products, including revenue from services, support functions, spare parts, and disposables. As the share of NBT[®] business from the total revenue increases, the share of recurring revenue is likely to increase. Recurring revenue (total sales of the therapy business excluding NBT[®] System sales) during H1 2020 covered 100 percent of the therapy business revenue. During the rolling 12 months, Nexstim achieved an average of EUR 70 thousand in therapy revenue per NBT[®] System.

Nexstim's cash and cash equivalents on June 30, 2020 totalled EUR 4.8 million, including the Kreos loan. During H1 2020, we succeeded in reducing the negative cash flow from operating activities to EUR -1.6 million, compared to EUR -3.7 million in H1 2019, especially through austerity measures. The Company loans decreased in April 2020 as innovation funding agency Business Finland decided that a total of EUR 0.9 million from the capital and interest of three loans granted for Nexstim's research and development projects has been settled by debt cancellation. To further finance our business and growth strategy, we raised a total of EUR 2.2 million in new capital in the spring 2020 rights issue. I would like to thank all the shareholders who subscribed for the Offer Shares. We are very pleased with the outcome of the share issue, with the overall investment environment in spring being particularly challenging due to the coronavirus COVID-19 pandemic. The support we received reflects investors' faith and strong commitment to Nexstim's future.

In terms of operational business, in H2 2020, we will continue to focus on securing the service business of our existing NBS and NBT customer base and increasing the utilisation rate of our existing installed base, taking into account the COVID-19 pandemic environment. We are also working to increase the number of NBT[®] Systems installed for use in the treatment of MDD, and we are doing this in line with our renewed strategy, primarily together with valued partners. The focus is particularly on the large U.S. market, but also in a targeted manner in the EU.

At the same time, our goal is to continue to raise awareness of our NBT[®] System in the market. We aim to do this by increasing the number of patients with MDD treated with NBT[®] systems. As the number of patients increases and research data on pilot trials of new accelerated treatment protocols accumulate, we will be able to gather more clinical data to demonstrate the usefulness of our unique equipment to numerous depressed patients. This information is used to support our marketing and we believe it will increase the rollout of NBT[®] Systems in key markets in the U.S. and the EU. There are also plans to continue to leverage our strong network of leading KOL's and patient registry data. In April 2020 we reported the clinical outcomes of the first 55 patients who had completed NBT therapy for treatment of MDD at clinical sites in the U.S. About 40% of the patients completing the treatment achieved clinical remission and 71% obtained a clinical response at the end of treatment. We will continue to collect this valuable patient registry data aiming to collect a patient data registry of over 100 completed treatment sessions of depression patients. We then plan to use this patient registry data to publish a series of background papers highlighting the benefits of our NBT[®] equipment in the treatment of major depression.

I am confident that the selected measures in accordance with the revised 2020-2024 strategy will increase shareholder value over the long-term in the form of stronger competitive advantages, faster growth, and better financial results. While being optimistic about the future, we will closely monitor the development of the COVID-19 pandemic as we continue to execute the selected strategy during the second half of 2020.

Nexstim

Key performance indicators

EUR in thousands	1-6/2020 6 months	1-6/2019 6 months	1-12/2019 12 months
Net sales	1,614.5	1,217.4	3,348.1
Personnel expenses	-1,597.3	-2,079.1	-4,713.0
Other operating expenses	-1,363.7	-1,968.2	-3,647.5
Depreciation and amortization	-189.2	-205.3	-524.6
Operating profit / -loss	-1,836.5	-3,362.0	-6,517.5
Profit/ -Loss for the period	-1,169.1	-3,664.9	-6,782.6
Earnings per share (EUR)	-0.01	-0.29	-0.25
Cash flows from operating activities	-1,560.6	-3,679.0	-6,681.5
Cash in hand and at banks	4,754.2	6,378.6	4,266.2
Total equity	288.2	-495.2	-740.1
Equity ratio (%)	4.65	-3.94	-8.49
Number of shares in the end of the period (pcs)	439,622,756	35,400,873	62,786,630
Average number of shares during the period (pcs)	93,873,959	12,835,277	27,611,274
Diluted number of shares in the end of the period (pcs)	479,636,776	52,450,118	64,080,578
Diluted average number of shares during the period (pcs)	99,280,934	17,817,551	36,392,323

Future Outlook

Based on its business forecast, the Company expects that the full year 2020 operating loss will decrease in comparison to year 2019

Financial review

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

Operating results

Net sales

Net sales between January 1 – June 30, 2020 were EUR 1,614.5 thousand (1,217.4), an increase of 32.6 percent year-on-year. The total net sales consist of NBT and NBS net sales.

NBT net sales between January 1 – June 30, 2020 were EUR 719.7 thousand (610.6), an increase of 17.9 percent.

NBS net sales between January 1 – June 30, 2020 were EUR 894.8 thousand (606.8), an increase of 47.5 percent.

Work performed for own purpose and capitalised

Work performed for own purpose and capitalised on January 1 – June 30, 2020 was EUR 2.4 thousand (18.7) and consisted of capitalised development costs.

Other operating income

Other operating income from January 1 – June 30, 2020 was EUR 39.0 thousand (6.6).

Materials and services

Materials and services expenses during the period January 1 – June 30, 2020 totalled EUR -342.1 thousand (-352.1).

Personnel expenses

Personnel expenses on January 1 – June 30, 2020 totalled EUR -1,597.3 thousand (-2,079.1). The decrease in expenses was mainly due to the temporary layoffs in parent company and terminations of employment in foreign subsidiaries.

Nexstim

Depreciation and amortisation

Depreciation and amortisation during January 1 – June 30, 2020 amounted to EUR -189.2 thousand (-205.3).

Other operating expenses

Other operating expenses between January 1 – June 30, 2020 totalled EUR -1,363.7 thousand (-1,968.2). The decrease in expenses was mainly due to the cost saving measures performed during spring and funding round related expenses being lower comparing to 2019.

Operating profit (loss)

Operating loss for the period from January 1 – June 30, 2020 was EUR -1,836.5 thousand (-3,362.0), a -45.4 percent decrease in loss.

Financial income and expenses

Net financial income and expenses from January 1 – June 30, 2020 amounted to an income of EUR 668.1 thousand (-297.4). The financial expenses consisted mainly of loan interests and subsidiary loan related exchange rate losses. The income consisted mainly of the partial debt cancellation of Business Finland R&D loans.

Profit (loss) before taxes

Loss before taxes between January 1 – June 30, 2020 was EUR -1,168 thousand (-3,659.4), a -68.1 percent decrease in loss.

Income taxes

Income taxes between January 1 – June 30, 2020 was EUR -0.8 thousand (-5.5).

Profit/loss for the financial period

The loss for the period January 1 – June 30, 2020 was EUR -1,169.1 thousand (-3,664.9), a -68.1 percent decrease in loss.

Financial position

Non-current assets

The Company's non-current assets were EUR 1,055.7 thousand (1,080.9). Intangible assets amounting to EUR 364.1 thousand on 30 June 2020 consist mainly of intangible assets related to capitalised development expenses and intellectual property rights. The tangible assets amounting to EUR 691.5 thousand on 30 June 2020 consist mainly of capitalized NBT® systems used for business operations.

Current assets

The Company's current assets amounted to EUR 6,387.8 thousand (7,757.0). The change in current assets was mainly due to the change in cash in hand and at banks.

Equity

Consolidated shareholders' equity totalled EUR 288.2 thousand (-495.2).

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 4,703.5 thousand (6,537.0). The non-current liabilities of the

Nexstim

Company consist of interest-bearing loans.

Current Liabilities

The Company's current liabilities totalled EUR 2,451.8 thousand (2,796.1). The current liabilities mainly consist of bank loans, trade payables and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at banks, totalled EUR 4,754.2 thousand (10,305.6).

The Company's net cash outflow from operating activities during the reporting period was EUR -1,560.6 thousand (-3,679.0).

Net cash flow from investments was EUR -21.5 thousand during the reporting period (-382.0).

Net cash flow from financing activities was EUR 2,070.2 thousand during the reporting period (3,264.4), which consisted mainly of the proceeds from the spring 2020 rights issue and drawdown and repayment of loans.

The Company estimates that the current working capital suffices until end of Q1 2021. This estimate is based on a conservative revenue forecast and expense estimate and considering the cash at bank of the Company has at 30 June 2020. This estimate also assumes that the Company will be able to comply with the agreed terms of its loan agreement entered into with Kreos Capital V (UK) Limited ("Kreos") initially amounting to EUR 4 million and no event of default or material adverse change does not occur which would entitle Kreos to prematurely call back its loan. The amount of outstanding loan capital is EUR 1,445.1 thousand on June 30, 2020.

In the event the preconditions regarding Kreos are not fulfilled, and Kreos calls back its loan in full, with outstanding interests and fees, the Company estimates that the current working capital would then run out during February 2021.

The Company continues to carry out evaluation of different funding options and strategic alternatives for its businesses. The Company has engaged with an international financial advisor to scan and promote the above-mentioned options. If different funding options or strategic partnerships are not completed at all or completed only partially or if actual revenues are less than forecasted, the Company aims to seek additional debt or equity financing or adjust its cost structure, primarily by decreasing its fixed expenses, such as personnel expenses, and, if necessary, costs planned to build and improve of its own sales and marketing organisation. As stated above the Company's liquidity and its effect on the Company's financial performance as well as the success of any financing options are affected by factors with significant uncertainty, which the management has taken into account when assessing the Company's ability to continue as a going concern. If additional financing is not obtained, the Company may meet serious financial difficulties.

Organisation and Personnel

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

The Company is organised in five operative functions:

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

At the end of the reporting period on June 30, 2019, the Nexstim group employed 30 full-time employees (FTEs). Nexstim Plc (parent company) employed 23 FTEs at the same point of time. During January 1 – June 30, 2020 Nexstim group employed on average 34 FTEs (2019: 35 FTEs).

Nexstim

Strategy

Our Mission

By making the transcranial magnetic stimulation (TMS) electric field (e-field) visible and reproducible, we enable personalised and effective therapies and diagnostics for challenging brain diseases and disorders.

Our Vision

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

Our Values

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

Strategic Statement

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

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

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

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

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

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

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

Key Strategic Objectives for Year 2020

- Decrease the operating loss with focus on achieving profitable revenue growth and strict management of operating expenses
- Start two new pilot studies in treating severe depression and/or chronic pain patients with accelerated therapy treatment protocols
- Develop and execute a deeper profitable partnership business model in the key therapy markets together with valued partners
- Patient data registry of over 100 completed treatment sessions of depression patients

Nexstim

- Continue developing the NBS pre-surgical mapping reimbursement process for the US
- Continue strategic partner search for the diagnostic business
- Obtain funding to achieve the company's strategic vision from capital markets and/or through strategic partnerships

Major Events in the Reporting Period

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

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

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

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

On 3 April 2020 the Company announced that it will update its future outlook for the full year 2020 and sees that due to the coronavirus COVID-19 pandemic having a negative impact on the Company's business environment it's no longer possible to give an accurate net sales estimate for the full year 2020 before the length of the health crisis is better known.

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

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

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

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

members acting as members of the Nomination Board of Shareholders.

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

- In accordance with the proposal of the Nomination Board, the Annual General Meeting decided that for a Board member, the gross value of the reward for the vesting period 2020—2021 will be as follows: For Chairman of the Board of Directors: 24 000 €; for a US member: 20 400 €; for a non-US member: 16 800 €. The granted reward will be converted into restricted share units at the beginning of the vesting period in 2020. The conversion of the granted reward into restricted share units will be based on the trade volume weighted average quotation of the Company's share on Nasdaq Helsinki Ltd during the 20 trading days following the release date of the Company's Annual Accounts of the year 2019. In the plan, one restricted share unit corresponds to one Company share. The value of the payable reward will be determined on the basis of the share price on the book-entry registration date of the paid shares. It is strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.
- The Annual General Meeting decided that PricewaterhouseCoopers Oy, Authorised Public Accountants, which has appointed APA Martin Grandell as responsible auditor, is appointed as the auditor to serve for a term ending at the end of the next Annual General Meeting of Shareholders. The auditor proposed herein has given its consent for the election. The auditor shall be paid reasonable remuneration in accordance with the invoice approved by the Company.
- In accordance with the proposal of the Nomination Board of Shareholders, the Annual General Meeting resolved that the first paragraph of Section 2 of the Charter for the Nomination Board of Shareholders is amended as follows: "The Nomination Board of Shareholders shall consist of 3-4 members, 3 of which shall be appointed by the Company's three largest shareholders who shall appoint one member each. The Chairman of the Company's Board of Directors may act as a fourth member of the Nomination Board. If the Chairman of the Company's Board of Directors is entitled to a membership of Nomination Board based on his/her ownership, or if he is appointed to the Nomination Board by a shareholder, the Nomination Board can consist of three members. The member appointed by the largest shareholder shall be the Chairman of the Nomination Board. Nomination Board's members shall be elected annually, and their term of office shall end when new members are elected to replace them."
- Annual General Meeting resolved to approve the following authorisation in accordance with the proposal of the Board of Directors:
 - The Annual General Meeting of Shareholders authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act, as follows: The shares issued under the authorisation are new or those in the Company's possession.

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

In issue of new ordinary shares, the shareholders have the right to subscribe for new shares in proportion to their existing holdings of the shares of the Company. The Board of Directors has the right to decide upon the offering to parties determined by the Board of Directors of any shares that may remain unsubscribed for pursuant to the shareholders' pre-emptive subscription right. In connection with any shares which remain unsubscribed in such subscription rights issue, the Board of Directors is authorised to resolve on directed share issues or directed issues of option rights or special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so.

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

- The Annual General Meeting of Shareholders authorised the Board of Directors to decide on share

Nexstim

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

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

The Board of Directors is authorised to resolve on all terms for the share issues and the terms for the granting of the option rights and other special rights entitling to shares. The Board of Directors is authorised to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so.

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

Pursuant to the authorisation received from the Company's Extraordinary General Meeting on November 11, 2019 and based on the decision made by the Annual General Meeting today, the Board of Directors of the Company has also today decided, that the new members of the Board of Directors elected by the Extraordinary General Meeting of the Company on November 11, 2019 shall be paid half of the amount stipulated in the restricted share unit plan in Company's shares for their contribution during 2019-2020. Therefore, Leena Niemistö and Martin Forss will each be issued, without payment, shares of the Company at a value of € 6,250, calculated using the formula stated in the restricted share unit plan. Leena Niemistö will receive 20,673 shares and Martin Forss will receive 17,067 shares.

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

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

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

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

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

On 10 June 2020 the Company published the final results of the successful rights issue and according to the final results, the rights issue was oversubscribed, and the number of share subscriptions corresponded to 273% of the offered shares.

Nexstim

Of the 376,719,780 new shares offered in the Share Issue (“the Offer Shares”) 336,033,654 were subscribed using subscription rights (approximately 89.2% of the Offer Shares), so that the remaining Offer Shares, i.e. 40,686,126 Offer Shares (approximately 10.8% of the Offer Shares) were allocated in compliance with the terms and conditions of the Share Issue to the secondary subscriptions by those having subscribed on the basis of subscription rights. According to the final results of the Share Issue, no Offer Shares were allocated to anyone subscribing Offer Shares without subscription rights.

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

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

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

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

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

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

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

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

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

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

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

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

Major Events after the Reporting Period

On 13 August 2020 the company announced that it updates its corporate strategy. The full strategy update can be found in the *Strategy* part of this report.

Major Risks and Uncertainties

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

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

The ongoing COVID-19 pandemic is a significant health and macroeconomical risk which can affect the health of Nexstim Group's personnel as well as Nexstim Group's business.

There have not been any other major changes in the Company's short-term risks since the publishing of the full year 2019 financial statements.

Share and Shareholders

As at June 30, 2020, the fully paid-up share capital of Nexstim Plc amounted to EUR 80,000.00, consisting of 439,622,756 shares. The shares have no nominal value. Nexstim has one class of shares, which have an ISIN code of FI4000354162. As at the end of the reporting period, Nexstim did not hold any treasury shares. Each share entitles its holder to one vote at the general meetings of shareholders of Nexstim Plc. The shares are issued under Finnish law.

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

Between January 1–June 30, 2020, the highest price of the Company's shares was EUR 0.056 (2019: EUR 0.900) and SEK 0.582 (2019: SEK 8.598), the lowest price was EUR 0.005 (2019: EUR 0.066) and SEK 0.073 (2019: SEK 0.810), the average price was EUR 0,021 (2019: EUR 0,171) and SEK 0,228 (2019: SEK 1,728). The closing price on 30.6.2020 was EUR 0,019 (2019: EUR 0,140) and SEK 0,194 (2019: SEK 1,400).

During public trading between January 1–June 30, 2020, a total of 504,350,246 shares were traded, which corresponds to 537.3 percent of the average number of shares during the said period. During January 1–June 30, 2020, there were on average 93,873,959 shares.

The market value of the share capital at the closing price of EUR 0.019 and SEK 0.194 on June 30, 2020, was EUR 8,353 thousand (2019: 4,779) and SEK 85,287 thousand (2019: 49,561).

At June 30, 2020 the total number of outstanding warrants was 683,980 with exercise price per Nexstim Plc share ranging between EUR 0.41 and EUR 1.26. In addition, stock option rights amounted to a total of 330,040 shares with exercise price per share ranging between EUR 0.01 and EUR 0.30. More detailed information of outstanding warrants and stock option plans are available at company website www.nexstim.com/investors/share-information/

Nexstim Plc Board of Directors had on June 30, 2020 the following authorisations granted.

The 11 November 2019 Extraordinary General Meeting of Shareholders resolved to authorize the Board of Directors to decide on issuances of new shares either against payment or without consideration as follows:

The authorisation would be given to a maximum quantity of 10,000,000 new shares.

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

Based and within the limits of this authorisation, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 Section 1 of the Limited Liability Companies Act complementing or replacing issuance(s) of shares. The subscription price of the new shares can be recorded partly or fully to the invested unrestricted equity reserve or to share capital according to the decision of the Board of Directors. The Board of Directors is entitled to decide on conditions regarding the issuance of shares as well as the issuance of option rights or other special rights

Nexstim

entitling to shares. The authorisation is be valid for one year from the Extraordinary General Meeting. Remaining amount of the authorised amount: 8,696,936 shares.

The 30 April 2020 Annual General Meeting of Shareholders authorised the Board of Directors to decide on shares issues as well as issues of option rights and other special rights entitling to shares, pursuant to chapter 10 of the Companies Act, as follows: The shares issued under the authorisation are new or those in the Company's possession. Based and within the limits of this authorisation, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 the Limited Liability Companies Act complementing or replacing issuance(s) of shares.

Under the authorisation, a maximum of four hundred twenty million (420,000,000) shares may be issued, which corresponds to approximately 86.99 percent of all the shares in the Company after the share issue, provided that new shares are issued, considering all registered shares of the Company. In issue of new ordinary shares, the shareholders have the right to subscribe for new shares in proportion to their existing holdings of the shares of the Company. The Board of Directors has the right to decide upon the offering to parties determined by the Board of Directors of any shares that may remain unsubscribed for pursuant to the shareholders' pre-emptive subscription right. In connection with any shares which remain unsubscribed in such subscription rights issue, the Board of Directors is authorised to resolve on directed share issues or directed issues of option rights or special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so. The shares and option rights or other special rights entitling to shares can hence be issued in one or more tranches. The Board of Directors is authorised to resolve on the final subscription price as well as all terms for the share issues and granting of the special rights entitling to shares. The authorisation does not invalidate prior resolved and registered authorisations made at the General Meeting of Shareholders regarding share issues and issuances of option rights and other special rights entitling to shares. The authorisation is valid for one (1) year from the decision of the Annual General Meeting of Shareholders. The authorisation may be used for the future financing needs of the Company, developing the equity structure, minimize or reduce debts and possible mergers and acquisitions and other corporate purposes. Remaining amount of the authorised amount: 43,280,220 shares.

Helsinki 14 August 2020

Nexstim Plc
Board of Directors

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

Mikko Karvinen, CEO
+358 50 326 4101
mikko.karvinen@nexstim.com

Erik Penser Bank AB (Certified Adviser)
+46 8 463 83 00
certifiedadviser@penser.se

Publication of financial information

A live webinar for media, investors and analysts will take place at 16:00 Finnish time on Friday 14 August 2020. Mikko Karvinen CEO, and Joonas Juukslahti CFO, will present the financial and operational results followed by a Q&A session. The webinar will be in English.

Webinar details:

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

Live Webinar in English on 14 August 2020 at 16:00 (EEST): [Register here >>>](#)

Financial statements release for the year ending 31 December 2020 will be published on or about 26 February 2021.

Nexstim

Basis of preparation of the half-yearly report

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

Nexstim

CONSOLIDATED INCOME STATEMENT

Thousand euro	1 January- 30 June 2020	1 January- 30 June 2019	1 January-31 December 2019
NET SALES	1,614.5	1,217.4	3,348.1
Work performed for own purpose and capitalised	2.4	18.7	38.9
Other operating income	39.0	6.6	24.1
Materials and services			
Materials			
Purchases during the financial year	-448.9	-320.4	-1,269.7
Variation in inventories additions (+) /disposal (-)	106.8	-31.6	226.3
Total	-342.1	-352.0	-1,043.4
Personnel expenses			
Wages and salaries	-1,315.0	-1,733.5	-3,997.7
Social security expenses			
Pension expenses	-106.6	-141.6	-330.1
Other social security expenses	-175.7	-204.0	-385.2
Total	-1,597.3	-2,079.1	-4,713.0
Depreciation and amortisation			
Depreciation and amortisation according to plan	-189.2	-205.3	-524.6
Total	-189.2	-205.3	-524.6
Other operating expenses	-1,363.7	-1,968.2	-3,647.5
OPERATING PROFIT / -LOSS	-1,836.5	-3,362.0	-6,517.4
Financial income and expenses			
Other interest income and other financial income	1,340.2	395.5	1,286.1
Interest and other financial expenses	-672.1	-692.9	-1,545.5
Total	668.1	-297.4	-259.5
PROFIT / -LOSS BEFORE TAXES	-1,168.3	-3,659.4	-6,776.9
Income taxes	-0.8	-5.5,	-5.7
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-1,169.1	-3,664.9	-6,782.6

Nexstim

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2020	30 June 2019	31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	61.8	73.9	73.7
Intangible rights	302.3	337.7	290.3
Total	364.1	411.6	363.9
Tangible assets			
Machinery and equipment	691.5	659.3	859.4
Total	691.5	659.3	859.4
Investments			
Other shares and similar rights of ownership	0.0	10.0	0.0
Total	0.0	10.0	0.0
NON-CURRENT ASSETS TOTAL	1,055.7	1,080.9	1,223.3
CURRENT ASSETS			
Inventories			
Raw materials and consumables	591.9	227.2	485.1
Total	591.9	227.2	485.1
Receivables			
Trade receivables	685.9	609.7	1,179.6
Prepayments and accrued income	135.0	310.9	257.5
Other receivables	220.8	230.5	243.0
Total	1,041.7	1,151.2	1,680.1
Cash in hand and at banks	4,754.2	6,378.6	4,266.2
CURRENT ASSETS TOTAL	6,387.8	7,757.0	6,431.4
ASSETS TOTAL	7,443.5	8,837.9	7,654.7

Nexstim

Thousand euro

	30 June 2020	30 June 2019	31 December 2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	48,310.7	43,019.0	46,086.6
Retained earnings / -loss	-46,933.4	-39,929.3	-40,124.1
Profit / -loss for the financial year	-1,169.1	-3,664.9	-6,782.6
TOTAL EQUITY	288.2	-495.2	-740.1
LIABILITIES			
NON-CURRENT			
Capital loans	0.0	50.0	0.0
Other interest-bearing loans	4,703.5	6,487.0	5,288.4
Total	4,703.5	6,537.0	5,288.4
CURRENT			
Bank loans	506.2	1,456.2	988.6
Trade payables	639.3	669.3	739.7
Other liabilities	909.3	267.2	517.4
Accrued expenses	397.1	403.3	860.7
Total	2,451.8	2,796.1	3,106.4
TOTAL LIABILITIES	7,155.3	9,283.1	8,394.8
EQUITY AND LIABILITIES TOTAL	7,443.5	8,837.9	7,654.7

Nexstim

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

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

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

	Share capital	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2019	80.0	46,086.6	-46,906.7	-740.1
Issue of shares		2,224.1		2,224.1
Profit / -loss for the period			-1,169.1	-1,169.1
Translation difference			-26.7	-26.7
Equity on 30 June, 2020	80.0	48,310.7	-48,102.5	288.2

Nexstim

CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 30 June 2020	1 January - 30 June 2019	1 January - 31 December 2019
Cash flows from operating activities			
Profit / -Loss before extraordinary items	-1,169.1	-3,664.9	-6,782.6
Adjustments:			
Depreciation and amortisation according to plan	189.2	205.7	524.6
Other adjustments (income -/ expense +)	-940.1	-74.5	-269.2
Financial income and expenses	-668.1	298.1	259.5
Cash flows before change in working capital	-2,588.2	-3,235.6	-6,267.7
Change in working capital:			
Increase (-) or decrease (+) in current receivables	442.8	276.4	65.5
Increase (-) or decrease (+) in inventories	-106.8	31.6	-226.3
Increase (+) or decrease (-) in current interest-free payables	-172.2	-349.3	428.7
Cash flows from operations before financial items and taxes	-2,367.7	-3,276.8	-5,999.9
Interest and other financial expenses paid	807.0	-402.2	-681.6
Cash flows from operating activities (A)	-1,560.6	-3,679.0	-6,681.5
Cash flows from investing activities			
Investments in intangible and tangible assets	-21.5	-382.0	-843.3
Cash flows from investments (B)	-21.5	-382.0	-843.3
Cash flows from financing activities			
Share issue	2,224.1	3,538.4	6606.0
Drawing (+) or repayment (-) of long-term loans	-153.9	-274.0	-1,990.2
Cash flows from financing activities (C)	2,070.2	3,264.4	4,615.8
Change in cash in hand and at banks	488.0	-796.5	-2,909.0
Cash in hand and at banks in the beginning of the period	4,266.2	7,175.2	7,175.2
Cash in hand and at banks at end of the period	4,754.2	6,378.6	4,266.2

Nexstim

MATERIAL TRANSACTIONS WITH RELATED PARTIES

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

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

CONTINGENT LIABILITIES

EUR in thousands	30 June 2020	30 June 2019	31 December 2019
Guarantees	41.2	55.0	41.2
Leasing liabilities	52.3	58.2	52.3

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

The accumulated accrued unpaid interest on the capital loans of the company amounted to EUR 112.2 thousand at 30 June 2020 and it has been recognised as an expense in income statement and as a liability on the balance sheet.

LARGEST SHAREHOLDERS

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at June 30, 2020 was as follows.

	Shareholder	No. of shares	Holding %
1.	Nordea Bank ABP*	136,297,653	31.00
2.	Kaikarhenni Oy	65,352,292	14.87
3.	Haapaniemi Ossi	40,873,208	9.30
4.	Kalksten Properties Koy	12,300,701	2.80
5.	Danske Bank AS Helsinki Branch*	10,112,505	2.30
6.	Syrjänen Eva Annika Elisabeth	8,682,387	1.97
7.	Clearstream Banking S.A.*	6,780,315	1.54
8.	Niukkanen Pentti Juhani	6,203,802	1.41
9.	Joensuun Kauppa Ja Kone Oy	6,000,000	1.36
10.	Wetrock Capital & Consulting Oy	5,500,000	1.25
11.	Kivi Esko	4,988,366	1.13
12.	Himanka Reijo Juhani	3,720,000	0.85
13.	Jokinen Jukka Erkki	3,500,000	0.80
14.	Pyykönen Riku Tapani	3,080,000	0.70
15.	Filen Harri Johannes	2,500,000	0.57
16.	Kaukoranta Eero Onni	1,980,000	0.45
17.	K22 Finance Oy	1,800,000	0.41
18.	Mero Matti Antero	1,800,000	0.41
19.	Kakkonen Kari Heikki Ilmari	1,800,000	0.41
20.	Pettersson Jan Åke	1,750,000	0.40

*Nominee registered shareholders