

Nexstim

€2.3m rights issue to progress both NBS and NBT

4 May 2020

- Nexstim has announced a €2.3m gross (€2.2m net) subscription rights issue, with pre-emptive rights. A maximum of 376,719,780 new offer shares may be issued. Current shareholders will receive one subscription right for each share held, which entitles the holder to subscribe for six offer shares at a price of €0.006 or SEK0.06 per offer share. The subscription period ends on 27 May in Finland and 25 May in Sweden.
- Subscription commitments for €0.634m (c 28% of the offer) have been made by major shareholders Capricorn Healthtech Fund, Kaikarhenni Oy and Ossi Haapeniemi (with related party companies), together with certain board members and management of Nexstim.
- Proceeds will be used to strengthen Nexstim's balance sheet to support investment into sales, product development, and clinical research, as well as for general working capital and corporate purposes.
- In particular, Nexstim intends to use the new funds to support the existing NBS pre-surgical mapping business by ensuring installed based service business; support NBT business revenue growth mainly via better utilisation of the existing NBT system installed base; repay existing loans; and start new pilot clinical trials which may include new accelerated treatment protocols in both severe (suicidal) depression and chronic neuropathic pain.

Price	€0.07
Market Cap	€4.3m
Primary exchange	Helsinki
Sector	Healthcare
Company Codes	NXTMH/NXTMS

Corporate client	Yes
------------------	-----

Company description:

Nexstim is a targeted neuro-modulation company that has developed a proprietary navigated rTMS platform for use in diagnostics (NBS) and therapeutics (NBT). NBS is used in planning brain surgery while NBT is focused on depression and chronic pain. FDA approval for depression was given in 2017, and the focus is on its commercial roll out in the US, Europe and Asia.

Analysts

Lala Gregorek
lgregorek@trinitydelta.org
 +44 (0) 20 3637 5043

Franc Gregori
fgregori@trinitydelta.org
 +44 (0) 20 3637 5041

Trinity Delta view: New funds, coupled with cost saving measures announced in March and the €0.9m debt cancellation of Business Finland R&D loans, will extend Nexstim's cash runway into 2021. The stronger balance sheet provides Nexstim with the resources to continue to support its existing NBS (Diagnostics) and NBT (Therapy) businesses, in addition to investing in pilot studies to explore exciting and potentially highly lucrative new opportunities for its NBT SmartFocus navigated TMS (transcranial magnetic stimulation) system.

NBT's highly accurate mapping capabilities and the FDA approval of the three-minute Thetaburst protocol in 2019 means it is well-suited to use in intensive treatment protocols. However, limited clinical data exists regarding the efficacy of an intensive TMS approach. If pilot studies in chronic pain (where NBT is CE marked but not yet FDA approved) and in hospitalised severe major depressive disorder patients who may have suicidal ideation (a distinct new in-patient TMS market) generate evidence of improved patient outcomes, this should increase the NBT market opportunity and also provide compelling differentiation over competing TMS systems.

We note that Nexstim is currently undergoing a strategic review and update which is expected to conclude in the spring. Ahead of this, and the closing of the fund raise, we maintain our €31.4m (€0.50/share) valuation.

Lala Gregorek

lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Franco Gregori

fgregori@trinitydelta.org
+44 (0) 20 3637 5041

Disclaimer

Trinity Delta Research Limited ("TDRL"; firm reference number: 725161), which trades as Trinity Delta, is an appointed representative of Equity Development Limited ("ED"). The contents of this report, which has been prepared by and is the sole responsibility of TDRL, have been reviewed, but not independently verified, by ED which is authorised and regulated by the FCA, and whose reference number is 185325.

ED is acting for TDRL and not for any other person and will not be responsible for providing the protections provided to clients of TDRL nor for advising any other person in connection with the contents of this report and, except to the extent required by applicable law, including the rules of the FCA, owes no duty of care to any other such person. No reliance may be placed on ED for advice or recommendations with respect to the contents of this report and, to the extent it may do so under applicable law, ED makes no representation or warranty to the persons reading this report with regards to the information contained in it.

In the preparation of this report TDRL has used publicly available sources and taken reasonable efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee or warranty as to the accuracy or completeness of the information or opinions contained herein, nor to provide updates should fresh information become available or opinions change.

Any person who is not a relevant person under section of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom should not act or rely on this document or any of its contents. Research on its client companies produced by TDRL is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. The report should be considered a marketing communication for purposes of the FCA rules. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. TDRL does not hold any positions in any of the companies mentioned in the report, although directors, employees or consultants of TDRL may hold positions in the companies mentioned. TDRL does impose restrictions on personal dealings. TDRL might also provide services to companies mentioned or solicit business from them.

This report is being provided to relevant persons to provide background information about the subject matter of the note. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information that we provide is not intended to be, and should not in any manner whatsoever be, construed as personalised advice. Self-certification by investors can be completed free of charge at www.fisma.org. TDRL, its affiliates, officers, directors and employees, and ED will not be liable for any loss or damage arising from any use of this document, to the maximum extent that the law permits.

Copyright 2020 Trinity Delta Research Limited. All rights reserved.

More information is available on our website: www.trinitydelta.org