



NEXSTIM PLC HALF-YEARLY REPORT 1 JANUARY – 30 JUNE 2016 (UNAUDITED)

Company announcement, Helsinki, 17 August 2016 at 9:00 am

Company Highlights, January – June 2016

- NBS revenues increased 38.8% to EUR 0.9 million (2015: EUR 0.6 million)
- Submission of FDA 510(k) De Novo documentation for Navigated Brain Therapy (NBT®) system for stroke rehabilitation, following halt of Phase III multi-centre trial
- CE mark registration for NBT® for treatment of chronic neuropathic pain
- Appointment of Rohan Hoare as a new member of the Board and Martin Jamieson as CEO

Post period end highlight

- Long-term financing arrangements in the form of a joint deal with Bracknor and Sitra
- Financing arrangements includes a convertible bond facility of EUR 5 million, stand-by equity facilities of EUR 5 million and EUR 1.5 million, a directed share issuance of EUR 500,000 and warrants
- Arrangements are subject to approval at Nexstim's EGM on 18 August 2016 and receipt of required authorisations
- Update in strategy and future outlook

Status of clinical development

The Company has been building clinical evidence by conducting a Phase III multi-centre clinical trial to demonstrate the effectiveness of Nexstim's Navigated Brain Therapy NBT® system in post-acute stroke therapy. On June 28, 2016 Nexstim announced the submission of 510(k) De Novo documentation to the US Food and Drug Administration (FDA) for its NBT® system for stroke rehabilitation as a next step towards securing marketing clearance in the United States.

Further to the Company's announcement on 31 March 2016, the documentation submitted to the FDA on the NICHE (Navigated Inhibitory rTMS to Contralesional Hemisphere) study supports the hypothesis of a new mode of therapy. The submission includes full data from a total of 173 patients.

Analysis of the study data showed clinically meaningful responses and, surprisingly, significant improvement in both the active NBT® and sham trial groups. Upon detailed analysis of the data, the results of the study showed that 66 percent of subjects responded to treatment by gaining clinically important improvement of function. There was no statistically significant difference between the active and sham treatment arms. Patients in both study arms obtained greater functional benefits than those expected by experts and in published research. The submission includes the Company's analysis of these findings which concludes that the control group was active, explaining the unexpected positive results.

Nexstim expects to have initial feedback on the 510(k) De Novo documentation from the FDA within 60 to 90 days of the submission, 28 June 2016. The NBT® system is already CE-marked for stroke rehabilitation.

CEO Martin Jamieson's review

As Chairman of the Board since December 2015 and as the new CEO of Nexstim since April, I'm excited to see the real progress that the Company has made in multiple areas during first half of 2016.

Following the halt of the Phase III multi-centre trial, Nexstim has submitted FDA 510(k) De Novo documentation for the NBT® system for stroke rehabilitation. In addition to this important milestone, Nexstim has also broadened its strategic focus towards further therapeutic applications for NBT®. This will involve concentrating on growth, expanding our markets with partnerships as well as focusing on evaluating growth in already CE marked indications, primarily stroke but also depression and chronic pain.

As part of the strategic changes, Nexstim will shift its future sales model for pre-surgical mapping (PSM) in the US to a distributor model, with necessary changes to the current business organisation in both the US and Finland. Nexstim is

Nexstim

also planning for preparing further market and patient data to support the commercialisation of NBT®.

Revenues in the first half of the year increased by 38.8% to EUR 0.9 million compared to the equivalent period in 2015 (EUR 0.6 million). Sales of NBS systems increased in the US compared to first half of 2015 and we estimate that the global sales pipeline will remain strong for the full financial year of 2016.

Nexstim negotiated a long-term financing arrangements in the form of a joint deal with Bracknor Investment and The Finnish Innovation Fund, Sitra. Nexstim ended the first half of 2016 with a cash position of EUR 1.8 million. The current cash and cash generated from sales, the financing arrangements with Bracknor and Sitra, combined with the strategic changes in the organisation, is estimated to finance the Company until beginning of financial year 2018.

Nexstim was pleased to announce the appointment of Rohan Hoare to the Board of Directors at its AGM in March. We welcome Rohan and the contribution his extensive experience of the neuromodulation industry will bring to the Board.

I look forward to continue managing Nexstim as CEO at least until the FDA 510(k) De Novo application process for NBT® has come to an end.

Key performance indicators

EUR in thousands	1-6/2016 6 months	1-6/2015 6 months	1-12/2015 12 months
Net sales	892.5	643.2	2,527.9
Personnel expenses	-2,214.6	-1,906.1	-3,969.8
Depreciation and amortisation	-168.8	-168.7	-386.0
Other operating expenses	-2,410.8	-3,422.9	-7,843.1
Profit/ -Loss for the period	-4,226.5	-4,555.0	-9,827.0
Earnings per share (EUR)	-0.53	-0.64	-1.37
Diluted earnings per share (EUR)	-0.47	-0.58	-1.24
Cash flows from operating activities	-5,240.7	-5,275.3	-9,608.6
Cash in hand and at banks	1,815.6	6,071.1	6,874.7
Total equity	-588.1	3,712.0	3,545.1
Equity ratio (%)	-3.24	50.44	44.16
Number of shares in the end of the period (pcs)	8,116,833	7,130,758	8,010,758
Average number of shares during the period (pcs)	8,031,740	7,130,758	7,154,868
Diluted number of shares in the end of the period (pcs)	9,497,698	7,917,698	8,797,698
Diluted average number of shares during the period (pcs)	8,936,160	7,917,698	7,941,808

Future Outlook

Due to the switch into distributor model in the US, the Company estimates that its net sales will decrease during financial year 2016. Due to lower level of operational expenses, loss for financial year 2016 is expected to be less than for the financial year 2015.

Financial review

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

Operating results

Net sales

Net sales on January 1 – June 30, 2016 were EUR 892.5 thousand (643.2), which shows an increase of 38.8 percent. Increase in Net sales was mainly due to growth in sales of NBS Systems.

Nexstim

Work performed for own purpose and capitalised

Work performed for own purpose and capitalised on January 1 – June 30, 2016 was EUR 15.3 thousand (21.5) which consists of capitalised development costs.

Other operating income

Other operating income on January 1 – June 30, 2016 was EUR 13.1 thousand (51.6).

Materials and services

Materials and services expenses on January 1 – June 30, 2016 totalled EUR -239.0 thousand (-145.3).

Personnel expenses

Personnel expenses on January 1 – June 30, 2016 totalled EUR -2,214.6 thousand (-1,906.1). The increase in expenses due to changes in group management was EUR 180.0 thousand.

Depreciation and amortisation

Depreciation and amortisation on January 1 – June 30, 2016 amounted to EUR -168.8 thousand (-168.7).

Other operating expenses

Other operating expenses on January 1 – June 30, 2016 totalled EUR -2,410.8 thousand (-3,422.9). Amount of EUR 1,227.4 thousand in expenses was due to direct expenses related to Phase III multi-centre trial.

Operating profit (loss)

Operating loss on January 1 – June 30, 2016 was EUR -4,112.2 thousand (-4,926.6).

Financial income and expenses

Net financial income and expenses on January 1 – June 30, 2016 amounted to an expense of EUR -112.4 thousand (374.0). The net financial expense was mainly due to exchange rate losses.

Profit (loss) before taxes

Loss before taxes on January 1 – June 30, 2016 was EUR -4,224.7 thousand (-4,552.7).

Income taxes

Income taxes on January 1 – June 30, 2016 was EUR -1.9 thousand (-2.3).

Profit/loss for the financial period

The loss for the period January 1 – June 30, 2016 was EUR -4,226.5 thousand (-4,555.0).

Financial position

Non-current assets

The Company's non-current assets were EUR 941.0 thousand (948.0). Intangible assets amounting to EUR 640.1 thousand on 30 June 2016 consist mainly of intangible assets related to capitalised development expenses and intellectual property rights. The tangible assets amounting to EUR 290.9 thousand on 30 June 2016 consist mainly of Phase III trial equipment.

Current assets

Nexstim

The Company's current assets amounted to EUR 3,359.7 thousand (7,462.2). The decrease of current assets was mainly due to negative operational cash flow.

Equity

Consolidated shareholders' equity totalled EUR -588.1 thousand (3,712.0).

Liabilities

Non-Current Liabilities

The Company's non-current liabilities totalled EUR 3,549.6 thousand (3,463.6). The non-current liabilities of the Company consist of capital loans, other interest-bearing loans and deferred income.

Current Liabilities

The Company's current liabilities totalled EUR 1,339.2 thousand (1,234.6). The current liabilities mainly consist of trade payables, other current liabilities and accrued expenses.

Financing and liquidity

Liquid assets, consisting of cash in hand and at banks, totalled EUR 1,815.6 thousand (6,071.1).

The Company's net cash outflow from operating activities during the reporting period was EUR -5,240.7 thousand (-5,275.3).

Net cash flow from investments was EUR -136.2 thousand during the reporting period (-137.3).

Net cash flow from financing activities was EUR 317.8 thousand during the reporting period (0.0) which consists of drawing of long-term loans and repayment of capital loans.

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 efficient operation of the Company. In line with this strategy, Nexstim has outsourced most of its operations such as the production.

The Company is organised in five operative functions:

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

At the end of the reporting period June 30, 2016, the Nexstim group employed 33 full-time employees (FTEs). Nexstim Plc employed 22 FTEs at the same point of time. During January 1 – June 30, 2016 Nexstim group employed on average 33 FTEs (2015: 33 FTEs).



Strategy

The Company strategy is to focus on receiving US regulatory approval and prepare for commercialisation for its navigated transcranial magnetic stimulation (nTMS) technology in the major therapeutic applications of post-acute stroke, depression and chronic pain. Growth through partner agreements will be targeted from the major geographic territories of Europe, USA and Asia. The Pre-surgical mapping (PSM) business will adopt a distributor model to deliver further growth.

Major Events in the Reporting Period

On 28 February 2016 Nexstim received interim analysis information and recommendation from Data Safety Monitoring Board (DSMB) for its Phase III stroke therapy trial in which the DSMB noted that the pre-specified stopping criteria for futility have been met and therefore the trial would not meet its primary endpoint. However, the DSMB further noted that they acknowledge that the treatments and enrolment had been completed and they recommend that the study team and subjects remain blinded and data collection be completed.

On 31 March 2016, following the company announcement on 28 February 2016, Nexstim published a key update on Phase III Niche stroke therapy trial. Further analysis had shown clinically meaningful responses and improvement in both the active NBT[®] and sham trial groups, which led Nexstim to file a patent application on this stimulation method.

The annual general meeting of shareholders (AGM) was held in Helsinki on 31 March 2016. The AGM adopted the Company's financial statements, including the consolidated financial statements for the year 2015, and discharged the members of the Board of Directors and the Chief Executive Officer from liability. The AGM decided that no dividend would be paid for the financial year 1 January 2015 - 31 December 2015 and that the loss of the financial year be added to the loss account.

The AGM resolved the number of the members of the Board of Directors at seven. Ken Charhut, Johan Christenson, Rohan J. Hoare, Martin Jamieson, Katya Smirnyagina, Juliet Thompson and Juha Vapaavuori were elected to the Board; Martin Jamieson was elected as the chair and Johan Christenson as the deputy chair.

The new member of the Board Rohan J. Hoare has extensive experience in the neuromodulation industry, including spinal cord, deep brain, vagus nerve and occipital stimulation. Most recently he was the President, Neuromodulation at LivaNova (formed by the merger of Cyberonics and Sorin Group). At Cyberonics, Rohan was the Chief Operating Officer. Prior to this he held numerous leadership positions at St Jude Medical culminating in President, Neuromodulation Division. Early in his career Rohan was a consultant with McKinsey & Co. He holds a Ph.D. in Physics from Harvard University where he was a Fulbright Scholar.

The remuneration of the members of the Board of Directors was resolved as follows: €45,000 for the chair of the Board, €36,000 for the members of the Board domiciled in the USA, €18,000 for the members domiciled in Finland, and €27,000 for the members domiciled in Europe, outside Finland. The AGM recommended that the members of the Board invest half of the above-mentioned remuneration in the Company's shares.

Further, the AGM resolved that the members of the Board committees domiciled in Finland be paid as follows for each committee meeting at which they are present: €1,000 for the chair of the committee and €500 for the other members of the committee. The members of the Board committees domiciled in the USA will be paid as follows for each committee meeting at which they are present: €2,000 for the chair of the committee and €1,000 for the other members of the committee. The members of the Board committees domiciled in Europe but outside Finland, will be paid as follows for each committee meeting at which they are present: €1,500 for the chair of the committee and €750 for the other members of the committee. It was decided that reasonable travel expenses of the ordinary members of the Board be compensated against receipts.

The AGM decided that a restricted share unit plan be implemented to selected members of the Board of Directors of Nexstim Plc. The plan includes four vesting periods, corresponding to the terms of office 2016-2017, 2017-2018, 2018-2019 and 2019-2020 of the member of the Board.

The aim of the plan is to commit the participants to the Company, to align the objectives of the shareholders and the participants in order to increase the value of the Company and to offer the participants a reward plan based on receiving and accumulating the Company's shares. The target group of the plan will be those members of the Board of Director's who are independent of the Company. The reward allocations in 2016 will be determined in cash.

The AGM resolved on the total gross reward allocation for the Chairman of the Board for all of the four vesting periods in order to commit the Chairman of the Board to the Company in the long-term. For the Chairman of the Board, the grant gross value of the reward for the whole plan will be EUR 100,000.

The AGM decided that for each Board member who are independent from the Company the grant gross value of the

reward for the vesting period 2016-2017 will be EUR 12,500. The aim is to propose equal allocations for the Board Members also to the AGM 2017, 2018 and 2019.

The AGM decided that rewards from the plan will be paid to the Board Members in the Company's shares within four weeks of the AGM 2017, 2018, 2019 and 2020. The allocated reward for the vesting period 2016-2017 will be paid within four weeks of the AGM 2017. The Company will withhold taxes and employment related expenses from the cash proportion of the reward according to law in force. Should a Board member cease to be a member of the Board before the end of a vesting period, no reward will be paid to him or her on the basis of such vesting period.

On 1 April 2016 John Liedtky was appointed as VP of Commercialisation, General Manager US. Mr. Liedtky is also a member of Nexstim Management Team and is responsible of Pre-Surgical Mapping business and commercial development of therapeutic indications. Simultaneously, Nexstim announced retirement of John Hardin, Vice President, Pre-surgical Mapping from Nexstim's Management Team on 6 May 2016.

On 20 April 2016 the European Patent Office granted Nexstim a key patent covering its method and system for displaying the electric field generated on the brain by transcranial magnetic stimulation (TMS).

On 21 April 2016 Nexstim announced the change of CEO as Janne Huhtala stepped down as CEO of Nexstim and Martin Jamieson, Nexstim's Chairman, assumed the position of CEO. A search for a substantive CEO has been initiated.

On 26 May 2016 the Board of Directors of Nexstim Plc authorised a new stock option plan directed to the Group key employees and consultants. The maximum total number of stock options issued is 700,000, and they entitle their owners to subscribe for a maximum total of 700,000 new shares in the Company or existing shares held by the Company. The stock options will be issued with no cost to the recipients. Of the stock options, 210,000 are marked with the symbol 2016A; 256,000 are marked with the symbol 2016B; and 234,000 are marked with the symbol 2016C.

The share subscription price will be, for stock option 2016A, EUR 1,08, i.e. the trade volume weighted average quotation of the Company's share on Nasdaq Helsinki Ltd during April 26, 2016-May 24, 2016; for stock option 2016B, the trade volume weighted average quotation of the Company's share on Nasdaq Helsinki Ltd during twenty (20) trading days following the release date of the Company's Financial Statements 2016; and for stock option 2016C, the trade volume weighted average quotation of the Company's share on Nasdaq Helsinki Ltd during twenty (20) trading days following the release date of the Company's Financial Statements 2017. The share subscription price will be credited to the reserve for the Company's invested unrestricted equity.

The share subscription period will be, for stock option 2016A, July 1, 2018-December 15, 2023; for stock option 2016B, July 1, 2019-December 15, 2024; and for stock option 2016C, July 1, 2020-December 15, 2025. Approximately 20 participants, including the members of the Management Team, belong to the target group of the stock option plan.

On 28 June 2016 Nexstim submitted FDA 510(k) De Novo documentation for its Navigated Brain Therapy (NBT[®]) system for stroke rehabilitation as a next step towards securing marketing clearance in the United States.

On 28 June 2016 Nexstim announced that United States Patent and Trademark Office granted Nexstim a key patent covering its method and system for determining the status of the motor cortex and corticospinal pathways.

On 30 June 2016 Nexstim received CE mark registration for NBT[®] for treatment of chronic neuropathic pain.

Major Events after the Reporting Period

On July 21, 2016 Nexstim announced a long-term financing arrangements in the form of a joint deal with Bracknor Investment and Sitra. The financing arrangements include a convertible bond facility of EUR 5 million, stand-by equity facilities of EUR 5 million and EUR 1.5 million, a directed share issuance of EUR 500,000 and warrants. The arrangement is subject to approval by Nexstim's EGM to be held on 18 August 2016 and the receipt of the required authorisations.

On August 16, 2016 Nexstim announced an update on its strategy and financial guidance. Due to the changes in the strategy the Company will streamline the organisation both in the US and Finland targeting total annual savings of EUR 2.3 million. The PSM business will immediately prepare to adopt a distributor model in the US.

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.

Changes in short-term risks relating to the Company:

- Long-term financing arrangements in the form of a joint deal with Bracknor Investment and Sitra are subject to approval by Nexstim's EGM to be held on 18 August 2016. The Company may not get approval from the EGM for the financing arrangement.
- The total financing arrangement value is between EUR 6 million and EUR 17 million depending on investment decisions made by both Bracknor Investment and Sitra. The Company could run out of funds earlier than beginning of financial year 2018 in case the investment decisions related to stand-by equity facilities made by both Bracknor Investment and Sitra are not executed according to current estimated level.

There haven't been any other major changes in the Company's short-term risks since the publishing of the year 2015 financial statements.

Share and Shareowners

As at June 30, 2016, the fully paid-up share capital of Nexstim Plc amounts to EUR 80,000.00, consisting of 8,116,833 shares. The shares have no nominal value. Nexstim has one class of shares, which have an ISIN code of FI4000102678. 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 in Helsinki Stock Exchange, First North Finland and at the Stockholm Stock Exchange, First North Sweden. Below presented share price information from First North Finland is in euro (EUR) and share price information from First North Sweden is in Swedish krona (SEK).

On January 1–June 30, 2016, the highest price of the Company share was EUR 6.60 (2015: EUR 6.25) and SEK 60.00 (2015: SEK 59.25), the lowest price was EUR 0.60 (2015: EUR 4.76) and SEK 6.05 (2015: SEK 43.00), and the average price was EUR 1.64 (2015: EUR 5.46) and SEK 13.68 (2015: SEK 50.52). The closing price on June 30, 2016, was EUR 0.95 (2015: EUR 5.90) and SEK 8.35 (2015: SEK 53.00).

In public trading on January 1–December 30, 2016, a total of 2,104,572 shares were traded, which corresponds to 26.2 percent of the average number of shares on the said period. On January 1–June 30, 2016, there were 8,031,740 shares on the average.

The market value of the share capital at the closing price of EUR 0.95 and SEK 8.35 on June 30, 2016, was EUR 7,711 thousand (2015: EUR 42,071) and SEK 67,776 thousand (2015: 377,930).

The March 31, 2016 AGM decided that the Board of Directors be authorised to decide on the repurchase of the Company's own shares. The amount of own shares to be acquired shall not exceed 801,075 shares in total, which corresponds to approximately 10 percent of all of the shares in the Company. Own shares can be acquired to, among other things, limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to be used in incentive arrangements or to be cancelled, provided that the acquisition is in the interest of the Company and its shareholders. The authorization is valid for one (1) year from the decision of the AGM.

The March 31, 2016 AGM decided to authorize the Board of Directors to decide on share issue as well as issue 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. Under the authorisation, a maximum of 1,201,613 shares can be issued, which corresponds to approximately 13 percent of all of the shares in the Company after the share issue, provided that all new shares are issued. The shares or other special rights entitling to shares can be issued in one or more tranches. The authorisation is valid for one (1) year from the decision of the AGM. The Company intends to use this authorisation for the future financing needs and possible mergers and acquisitions.

The March 31, 2016 AGM decided to authorize the Board of Directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The shares issued under the authorisation are new or those in the Company's possession. Under the authorisation, a maximum of 950,000 shares can be issued. This number corresponds to approximately 10.5 percent of all of the shares in the Company after the share issue, provided that all new shares are issued. The authorisation is valid for five (5) years from the decision of the AGM. The company intends to use the authorisation to the implementation of the restricted share unit plan or the members of the Board of Director's and for the long term incentive plans for the management and the personnel of the company. On May 25, 2016 the Board of Directors resolved on a new stock option plan on the basis of the authorisation granted by the company's AGM held on March 31, 2016. The maximum total number of stock options issued is 700,000 and as such at the end of the reporting period the authorisation left is for a maximum of 250,000 shares.

According to the share register maintained by Euroclear Finland Oy, the persons belonging to the public insider register

Nexstim

on June 30, 2016, held Company shares as follows:

Board of Directors:

Martin Jamieson, Chairman, 0 shares, 0.00%
Kenneth Charhut, 0 shares, 0.00%
Johan Christenson, 0 shares, 0.00%
Rohan Hoare, 0 shares, 0.00%
Ekaterina Smirnyagina, 0 shares, 0.00%
Juliet Thompson, 0 shares, 0.00%
Juha Vapaavuori, 0 shares, 0.00%

CEO:

Martin Jamieson, 0 shares, 0.00%

Management team:

Henri Hannula, 11,318 shares, 0.14%
Rainer Harjunpää, 10,000 shares, 0.12%
Gustaf Järnefelt, 10,166 shares, 0.13%, including holdings of interest parties 782 shares, 0.01%
Mikko Karvinen, 7,532 shares, 0.09%, including holdings of interest parties 2 532 shares, 0.03%
Jarmo Laine, 4,100 shares, 0.05%
John Liedtky, 0 shares, 0.00%
Petriina Puolakka, 15,735 shares, 0.19%, including holdings of interest parties 2 000 shares, 0.02%

Auditors:

Martin Grandell, 0 shares, 0.00%

Helsinki 17 August 2016

Nexstim Plc
Board of Directors

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

Nexstim

Martin Jamieson, Chairman and CEO

+44 771 516 3942
martin.jamieson@nexstim.com

UB Securities Ltd (Certified Adviser)

+358 9 2538 0246

Consilium Strategic Communications

Mary-Jane Elliott / Ivar Milligan / Laura Thornton

+44 (0)20 3709 5700
nexstim@consilium-comms.com

Publication of financial information

A conference call for media, investors and analysts will take place at 3.00 pm Finnish time on Wednesday 17 August 2016. Martin Jamieson, Chairman and CEO, and Mikko Karvinen, CFO, will present the financial and operational results followed by a Q&A session.



The dial-in numbers for the conference call are:

Finland: +358 9 23195187
Sweden: +46 850336434
UK: +44 1452 555 566
US: +1 631 5107 498

The call ID number is: 58978731

Financial statements release for the year ending 31 December, 2016 will be published on or about 28 February 2017.

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 2016	1 January- 30 June 2015	1 January-31 December 2015
NET SALES	892.5	643.2	2,527.9
Work performed for own purpose and capitalised	15.3	21.5	44.3
Other operating income	13.1	51.6	77.7
Materials and services			
Materials			
Purchases during the financial year	-196.6	-267.3	-995.3
Variation in inventories additions(+)/disposal (-)	-42.3	122.0	174.8
Services	-0.1	0.0	0.0
Total	-239.0	-145.3	-820.6
Personnel expenses			
Wages and salaries	-1,829.1	-1,561.4	-3,292.3
Social security expenses			
Pension expenses	-185.0	-190.7	-394.1
Other social security expenses	-200.4	-154.0	-283.4
Total	-2,214.6	-1,906.1	-3,969.8
Depreciation and amortisation			
Depreciation and amortisation according to plan	-168.8	-168.7	-386.0
Total	-168.8	-168.7	-386.0
Other operating expenses	-2,410.8	-3,422.9	-7,843.1
OPERATING PROFIT / -LOSS	-4,112.2	-4,926.6	-10,369.6
Financial income and expenses			
Other interest income and other financial income	0.1	25.1	1,930.8
Interest and other financial expenses	-112.6	348.9	-1,386.8
Total	-112.4	374.0	544.1
PROFIT / -LOSS BEFORE TAXES	-4,224.7	-4,552.7	-9,825.6
Income taxes	-1.9	-2.3	-1.4
PROFIT / -LOSS FOR THE FINANCIAL YEAR	-4,226.5	-4,555.0	-9,827.0

Nexstim

CONSOLIDATED BALANCE SHEET

Thousand euro	30 June 2016	30 June 2015	31 December 2015
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenditure	74.9	81.5	76.7
Intangible rights	565.2	469.5	553.9
Total	640.1	551.0	630.6
Tangible assets			
Machinery and equipment	290.9	387.0	332.9
Total	290.9	387.0	332.9
Investments			
Other shares and similar rights of ownership	10.0	10.0	10.0
Total	10.0	10.0	10.0
NON-CURRENT ASSETS TOTAL	941.0	948.0	973.5
CURRENT ASSETS			
Inventories			
Raw materials and consumables	379.2	557.1	421.5
Total	379.2	557.1	421.5
Receivables			
Trade receivables	824.9	564.3	659.3
Loan receivables	0.2	0.0	5.5
Prepayments and accrued income	218.5	156.3	114.5
Other receivables	121.3	113.3	157.3
Total	1,165.0	834.0	936.5
Cash in hand and at banks	1,815.6	6,071.1	6,874.7
CURRENT ASSETS TOTAL	3,359.7	7,462.2	8,232.7
ASSETS TOTAL	4,300.7	8,410.2	9,206.3

Nexstim

Thousand euro	30 June 2016	30 June 2015	31 December 2015
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80.0	80.0	80.0
Reserve for invested unrestricted equity	23,583.4	18,302.3	23,582.3
Retained earnings / -loss	-20,024.9	-10,115.4	-10,290.2
Profit / -loss for the financial year	-4,226.5	-4,555.0	-9,827.0
TOTAL EQUITY	-588.1	3,712.0	3,545.1
LIABILITIES			
NON-CURRENT			
Capital loans	450.0	500.0	500.0
Other interest-bearing loans	3,064.2	2,904.6	2,697.4
Deferred income	35.4	59.0	47.2
Total	3,549.6	3,463.6	3,244.6
CURRENT			
Trade payables	445.9	876.8	1,084.4
Other liabilities	437.9	100.3	384.1
Accrued expenses	455.4	257.5	948.1
Total	1,339.2	1,234.6	2,416.5
TOTAL LIABILITIES	4,888.8	4,139.3	5,661.2
EQUITY AND LIABILITIES TOTAL	4,300.7	8,410.2	9,206.3

Nexstim

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2014	80.0	0.0	0.0	18,302.3	-9,792.4	8,589.9
Issue of shares						
Profit / -loss for the period					-4,555.0	
Translation difference					-323.0	
Equity on 30 June, 2015	80.0	0.0	0.0	18,302.3	-14,670.4	3,712.0
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2014	80.0	0.0	0.0	18,302.3	-9,792.4	8,589.9
Issue of shares				5,280.0		
Profit / -loss for the period					-9,827.0	
Translation difference					-497.9	
Equity on 31 December, 2015	80.0	0.0	0.0	23,582.3	-20,117.2	3,545.1
	Share capital	Share issue	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Equity total
Equity on 31 December, 2015	80.0	0.0	0.0	23,582.3	-20,117.2	3,545.1
Issue of shares				1.1		
Profit / -loss for the period					-4,226.5	
Translation difference					92.3	
Equity on 30 June, 2016	80.0	0.0	0.0	23,583.4	-24,251.5	-588.1

CONSOLIDATED CASH FLOW STATEMENT

EUR in thousands	1 January - 30 June 2016	1 January – 30 June 2015	1 January - 31 December 2015
Cash flows from operating activities			
Profit / -Loss before extraordinary items	-4,224.7	-4,552.7	-9,827.0
Adjustments:			
Depreciation and amortisation according to plan	168.8	168.7	386.0
Other adjustments (income -/ expense +)	92.3	-323.0	-497.9
Financial income and expenses	-112.4	374.0	544.1
Cash flows before change in working capital	-4,076.0	-4,333.0	-9,394.8
Change in working capital:			
Increase (-) or decrease (+) in current receivables	-228.4	449.9	347.3
Increase (-) or decrease (+) in inventories	42.3	-310.4	-174.8
Increase (+) or decrease (-) in current interest-free payables	-1,089.1	-705.5	157.7
Cash flows from operations before financial items and taxes	-5,351.2	-4,899.0	-9,064.6
Interest and other financial expenses paid	112.4	-374.0	-544.0
Direct taxes	-1.9	-2.3	0.0
Cash flows from operating activities (A)	-5,240.7	-5,275.3	-9,608.6
Cash flows from investing activities			
Investments in intangible and tangible assets	-136.2	-137.3	-380.1
Cash flows from investments (B)	-136.2	-137.3	-380.1
Cash flows from financing activities			
Share issue	1.1	0.0	5,280.0
Drawing of short-term loans (+)	0.0	0.0	0.0
Drawing of long-term loans (+)	366.7	0.0	99.8
Repayment of long-term loans (-)	-50.0	0.0	0.0
Cash flows from financing activities (C)	317.8	0.0	5,379.8
Change in cash in hand and at banks	-5,059.1	-5,412.6	-4,608.9
Cash in hand and at banks in the beginning of the period	6,874.7	11,483.7	11,483.7
Cash in hand and at banks at end of the period	1,815.6	6,071.1	6,874.7

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 didn't have material transactions with related parties during the reporting period.

CONTINGENT LIABILITIES

EUR in thousands	30 June 2016	30 June 2015	31 December 2015
Guarantees	62.2	49.4	31.0
Leasing liabilities	74.9	75.8	73.8

The accumulated accrued unpaid interest on the capital loans of the Company amounted to EUR 40.8 thousand at 30 June 2016 and it has not been recognised as an expense in income statement or as a liability on the balance sheet.

LARGEST SHAREHOLDERS

According to the share register maintained by Euroclear Finland Oy, the share ownership of the 20 largest Nexstim Plc shareowners at June 30, 2016 was as follows.

	Shareholder	No. of shares	Holding %
1.	Svenska Handelsbanken AB (publ), Branch Operation in Finland*	2,152,841	26.52
2.	The Finnish National Fund for Research and Development Sitra	1,601,557	19.73
3.	Nordea Bank Finland Plc*	1,214,838	14.97
4.	Clearstream Banking S.A.*	669,224	8.24
5.	Danske Bank Plc*	463,183	5.71
6.	Ilmarinen Mutual Pension Insurance Company	319,643	3.94
7.	Skandinaviska Enskilda Banken AB*	211,778	2.61
8.	OP-Delta Fund	198,987	2.45
9.	Ilmoniemi Risto Juhani	114,382	1.41
10.	OP-Europe Equity Fund	99,573	1.23
11.	Mutual Fund eQ Nordic Small Cap	83,333	1.03
12.	OP-Finland Small Firms Fund	75,672	0.93
13.	Suomen Teollisuussijoitus Oy	59,875	0.74
14.	Interdomer Oy	50,937	0.63
15.	Antero Järvi	50,000	0.62
16.	Mattila Rauno	41,667	0.51
17.	Ålands Ömsesidiga Försäkringsbolag	30,000	0.37
18.	Nordnet Bank AB	23,160	0.29
19.	Hja Sijoitus Oy	22,000	0.27
20.	Riikkala Olli	21,760	0.27

*Nominee registered shareholders