



**Company announcement, Helsinki, 28 February 2018 at 9:05 AM**

**Nexstim Plc: Invitation to the Annual General Meeting**

Nexstim Plc (NXTMH:HEX, NXTMS:STO) ("Nexstim" or "Company"), a neuromodulation company developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic and diagnostic application, is pleased to invite shareholders to the Annual General Meeting of the Company on Wednesday, March 28, 2018 commencing at 10.00 (EET) at the auditorium of Hotel Haven, Unioninkatu 17 Helsinki, Finland. The reception of persons who have registered for the meeting will commence at 9.30.

**A. Matters on the agenda of the Annual General Meeting of Shareholders**

At the Annual General Meeting of Shareholders, the following matters will be considered:

- 1 OPENING OF THE MEETING
- 2 CALLING THE MEETING TO ORDER
- 3 ELECTION OF PERSONS TO SCRUTINIZE THE MINUTES AND TO SUPERVISE THE COUNTING OF VOTES
- 4 RECORDING THE LEGALITY OF THE MEETING
- 5 RECORDING THE ATTENDANCE AT THE MEETING AND ADOPTION OF THE LIST OF VOTES
- 6 PRESENTATION OF THE ANNUAL ACCOUNTS, INCLUDING CONSOLIDATED ACCOUNTS, THE REPORT OF THE BOARD OF DIRECTORS AND THE AUDITOR'S REPORT FOR THE YEAR 2017  
  
Review by the CEO
- 7 ADOPTION OF THE ANNUAL ACCOUNTS
- 8 LOSS OF THE FINANCIAL YEAR  
  
The Board of Directors proposes to the Annual General Meeting of Shareholders that no dividend be paid for the financial year 1 January – 31 December 2017 and that the loss of the financial year be recorded to the loss account.
- 9 RESOLUTION ON THE DISCHARGE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE CEO FROM LIABILITY
- 10 RESOLUTION ON THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND REIMBURSEMENT OF TRAVEL EXPENSES

The Nomination Committee of the Board of Directors, which has representation from the largest shareholders, proposes that the members of the Board of Directors be remunerated as follows:

The members of the Board of Directors who are elected in the Annual General Meeting shall be paid as follows for the term ending in the Annual General Meeting in 2019:

EUR 36,000 for a member who is based in the United States EUR 36,000 and EUR 27,000 for a member who is based in Europe. The Nomination Committee proposes that the Board members invest half of their board fees into Nexstim shares. For avoidance of doubt, the Chairman will not receive any remuneration for board membership whilst he is also the CEO of the Company.

The Company has three board committees: nomination, audit and remuneration. The members of the board committees shall be paid as follows: EUR 10,000 for the chairman of a committee per year and EUR 5,000 for the members of a Committee.

In addition, the Nomination Committee proposes that reasonable travel expenses are reimbursed to the members of the Board.

Ken Charhut, Juliet Thompson, Tomas Holmberg and Rohan Hoare are also entitled to a restricted share unit plan (RSU) as decided in the AGM in 2016. Martin Jamieson will not receive shares based on the RSU due to his position as CEO of the Company but may participate in other share-based incentive schemes on such terms as the Board of Directors may decide.

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## RESTRICTED SHARE UNIT PLAN

The Nomination Committee proposed to the Annual General Meeting of Shareholders 2016 that a restricted share unit plan be implemented to selected members of the Board of Directors of Nexstim Plc, the terms and conditions of which can be found from [www.nexstim.com](http://www.nexstim.com). 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, align the objectives of shareholders and participants thereby increasing the value of the Company and to offer the participants a reward plan based on receiving and accumulating the Company's shares.

The Nomination Committee proposes that the target group of the plan will be those members of the Board of Directors who are independent of the Company. The Nomination Committee proposes that the reward allocations in 2018 will be determined as a Euro value.

*Allocation for Board Members for the Vesting Period 2018—2019*

The Nomination Committee proposes that for each Board member, the gross value of the reward for the vesting period 2018—2019 will be EUR 12,500. The aim is to propose equal allocations for the Board Members also to the Annual General Meetings of Shareholders 2019.

The granted reward will be converted into restricted share units at the beginning of the vesting period in 2018. 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 Financial Statements in 2018. 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.

The Nomination Committee proposes that rewards from the plan will be paid to the Board Members in the Company's shares within four weeks of the Annual General Meeting of Shareholders 2019 and 2020. The allocated reward for the vesting period 2018—2019 will be paid within four weeks of the Annual General Meeting of Shareholders 2019. The Company will withhold taxes and employment related expenses from the cash proportion of the reward as per the 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 on that basis.

#### *Ownership Recommendation*

The Nomination Committee proposes that it be strongly recommended that the participants hold shares paid as reward as long as their mandate as a member of the Board continues.

#### 12 RESOLUTION ON THE REMUNERATION OF AUDITORS

The Audit Committee of the Board of Directors proposes that the Auditors be paid reasonable remuneration in accordance with the invoice approved by the Company.

#### 13 RESOLUTION ON THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS

The Nomination Committee of Nexstim Plc proposes that the number of members of the Board of Directors be confirmed as five (5) members.

#### 14 ELECTION OF THE MEMBERS AND CHAIRMAN AND THE VICE CHAIRMAN OF THE BOARD OF DIRECTORS

The Nomination Committee proposes that, in accordance with their consent Ken Charhut, Tomas Holmberg, Rohan Hoare, Martin Jamieson and Juliet Thompson are re-elected as members of the Board of Directors, with Martin Jamieson as the chairman and Juliet Thompson as the deputy chairman. Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson are independent from the Company. Martin Jamieson is the CEO of the Company.

The curriculum vitae of the proposed members of the Board of Directors will be available at [www.nexstim.com](http://www.nexstim.com).

The Board members are elected to serve for a term ending at the end of the next Annual General Meeting.

## 15 ELECTION OF AUDITOR

The Audit Committee of the Board of Directors proposes that the firm of authorized public accountants PricewaterhouseCoopers Oy, which has appointed Martin Grandell as responsible auditor, be appointed as Auditor to serve for a term ending at the end of the next Annual General Meeting of Shareholders. The Auditor proposed herein has given his consent for the election.

## 16 RESOLUTIONS RELATING TO A FINANCING ARRANGEMENT

### 16.1 Description of the Financing Arrangement

Nexstim announced in a company release published on 16 October 2017 that it was negotiating a financing arrangement (the "**Financing Arrangement**"), as described in the company release, with a European growth debt provider. In a company release published on 11 December 2017, Nexstim announced that it had entered into a loan agreement with Kreos Capital V (UK) Limited ("**Kreos**"). In the Financing Arrangement, Kreos will grant Nexstim a senior secured term loan facility of EUR 4 million (the "**Loan Agreement**"). Loans drawn down under the Loan Agreement will carry interest at the rate of 10.75% per annum.

The Financing Arrangement is conditional on the approval of the Annual General Meeting.

In addition to the interest, Nexstim will be liable for the following fees and expenses under the Loan Agreement:

- a EUR 40,000 transaction fee;
- a fee calculated as 1.75% of the amounts drawn down under the Loan Agreement; and
- if the Loan Agreement is not fully drawn, a fee calculated as 1.00% of the undrawn loan amount, however, should the Annual General Meeting not approve the Financing Arrangement, this fee will not become payable.

The following assets will be pledged, by Nexstim and its respective subsidiaries, pursuant to security agreements (the "**Security Agreements**"), as security for the amounts payable under the 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;

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- 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 Financing Arrangement also includes issuing warrants over new shares in Nexstim (the "**Warrants**"). An agreement governing the issuance of the Warrants would be entered into by and between Nexstim and Kreos Capital V (Expert Fund) LP (the "**Warrant Agreement**"). The maximum number of new shares to which the warrants entitle will be 1,739,761 (being 480,000 divided by the 90-day volume-weighted average price of the Nexstim share, as further specified in the Warrant Agreement).

The proceeds of the Financing Arrangement would primarily be used in furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and in particular in the United States.

In order for the Financing Arrangement to be effectuated, the Board of Directors proposes that the Annual General Meeting resolves to (i) approve the Financing Arrangement and (ii) authorise the Board of Directors to resolve on issuing the Warrants, being special rights entitling to shares.

The following proposals of the Board of Directors set out in sections 16.2-16.3 comprise an entirety the approval of which shall be presented as a single resolution.

## 16.2 Approval of the Financing Arrangement

The Board of Directors proposes that the Annual General Meeting approve the Financing Arrangement as well as the related Loan Agreement, the Security Agreements and the Warrant Agreement.

## 16.3 Authorization for the Board of Directors to resolve on issuing special rights entitling to shares

The Board of Directors proposes that the Annual General Meeting authorise the Board of Directors to resolve to issue special rights entitling to shares pursuant to Chapter 10 of the Companies Act through one or several resolutions in order to effectuate the Financing Arrangement and to issue Warrants to Kreos Capital V (Expert Fund) LP as set out above and below.

The maximum number of new or treasury shares to which the special rights entitling to shares (the Warrants) issued pursuant to this section 16.3 may entitle shall be 1,739,761 shares in aggregate (corresponding to approximately 1.86% of the currently existing shares in the Company).

The Board of Directors is authorised to resolve on all the terms of issuing the special rights entitling to shares. Weighty financial reasons exist for the issuance of the special rights entitling to shares as such issuance relates to the Financing Arrangement which, in the assessment of the Board of Directors, is necessary for the furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and the US.



The authorization is valid for five (5) years from the decision of the Annual General Meeting of Shareholders. The authorization does not invalidate existing authorizations given to the Board of Directors.

17 AUTHORIZATIONS OF THE BOARD OF DIRECTORS TO DECIDE ON SHARE ISSUE, AS WELL AS OPTION RIGHTS AND OTHER SPECIAL RIGHTS ENTITLING TO SHARES

17.1 Authorization intended to be used for future financing needs and possible mergers and acquisitions and other corporate purposes

The Board of Directors proposes that the Annual General Meeting of Shareholders authorizes the Board of Directors to decide on share issues 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 authorization are new or those in the Company's possession. Under the authorization, a maximum of twenty million (20,000,000) shares may be issued, which corresponds to approximately seventeen point sixty five (17,65 %) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares and option rights or other special rights entitling to shares can be issued in one or more tranches.

The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized 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.

The proposed authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares.

The authorization is valid for one (1) year from the decision of the Annual General Meeting of Shareholders.

The Company intends to use this authorization for the future financing needs and possible mergers and acquisitions and other corporate purposes.

17.2 Authorization intended to be used for the implementation of the RSU plan and for the long-term incentive plans for the management and the personnel of the Company

The Board of Directors proposes that the Annual General Meeting of Shareholders authorizes the Board of Directors to decide on share issues 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 as follows:

The shares issued under the authorization are new or those in the Company's possession. Under the authorization, a maximum of three million (3 000,000) shares may be issued, which corresponds to approximately three point eleven (3.11 %) percent of all the shares in the Company after the share issue, provided that new shares are issued. The shares and option rights or other special rights entitling to shares can be issued in one or more tranches.

The Board of Directors is authorized to resolve on all terms for the share issue and granting of the special rights entitling to shares. The Board of Directors is authorized 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. The authorization can also be used for incentive arrangements and payment of the Board fees.

The proposed authorization does not invalidate prior resolved and registered authorizations made at the General Meeting of Shareholders regarding share issue, issuing of option rights and other special rights entitling to shares.

The authorization is valid for five (5) years from the decision of the Annual General Meeting of Shareholders.

The Company intends to use the authorization to the implementation of the RSU plan for the members of the Board of Director's and for the long-term incentive plans for the management and the personnel of the Company.

18 CLOSING OF THE MEETING

## ***B. Documents of the General Meeting of Shareholders***

The proposals of the Board of Directors and its committees relating to the agenda of the Annual General Meeting of Shareholders as well as this notice are available on Nexstim Plc's website at [www.nexstim.com](http://www.nexstim.com). The annual report of Nexstim Plc, including the Company's Annual Accounts, the report of the Board of Directors and the Auditor's report, is available on the abovementioned website no later than on March 7, 2018. The proposals for the decisions on the matters on the agenda of the General Meeting of Shareholders and the Annual Accounts are also available at the Meeting. Copies of these documents and of this notice will be sent to shareholders upon request. The minutes of the meeting will be available on the above-mentioned website as from April 11, 2018 at the latest.

## ***C. Instructions for the participants in the Annual General Meeting of Shareholders***



### **1. Shareholders registered in the shareholders' register**

Each shareholder, who is registered on March 16, 2018 in the shareholders' register of the Company held by Euroclear Finland Ltd, has the right to participate in the Annual General Meeting of Shareholders. A shareholder, whose shares are registered on his/her personal book-entry account, is registered in the shareholders' register of the Company.

A shareholder, who wants to participate in the Annual General Meeting of Shareholders, shall register for the meeting no later than March 23, 2018 at 10.00 a.m. by giving a prior notice of participation. Such notice can be given:

- (a) on the Company's website: [www.nexstim.com](http://www.nexstim.com); or
- (b) by mail to address Nexstim Plc, "Annual General Meeting" Elimäenkatu 9B, 00510 Helsinki, Finland

In connection with the registration, a shareholder shall notify his/her name, personal identification number or business ID, address, telephone number and the name of a possible assistant or proxy representative. The personal data given to Nexstim Plc is used only in connection with the General Meeting of Shareholders and with the processing of related registrations.

### **2. Holders of nominee registered shares**

A holder of nominee registered shares has the right to participate in the Annual General Meeting by virtue of such shares, based on which he/she on the record date of the Annual General Meeting, i.e. on March 16, 2018, would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd. The right to participate in the General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest by March 23, 2018 at 10.00 a.m. As regards nominee registered shares this constitutes due registration for the General Meeting.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholders' register of the Company, the issuing of proxy documents and registration for the General Meeting of Shareholders from his/her custodian bank. The account management organization of the custodian bank has to register a holder of nominee registered shares, who wants to participate in the General Meeting, into the temporary shareholders' register of the Company at the latest by the time stated above.

### **3. Shares registered in Euroclear Sweden AB**

A shareholder with shares registered in Euroclear Sweden AB's Securities System who wishes to attend and vote at the General Meeting must:

- be registered in the shareholders' register maintained by Euroclear Sweden AB no later than on 16 March 2018.
- Shareholders, whose shares are registered in the name of a nominee must, in order to be eligible to request a temporary registration in the shareholders' register of Nexstim Plc maintained by Euroclear Finland, request that their shares are re-registered in their own names in the register of shareholders maintained by Euroclear Sweden AB, and procure that the nominee sends the above mentioned request for temporary registration to Euroclear Sweden AB on their behalf. Such registration must be made at the latest by 16 March 2018 and the nominee should therefore be notified well in advance before said date.
- request temporary registration in the shareholders' register of Nexstim Plc maintained by Euroclear Finland Oy. Such request shall be submitted in writing to Euroclear Sweden AB no later than on 16 March 2018 at 10 a.m. Swedish time.

This temporary registration made through written request to Euroclear Sweden AB is considered a notice of attendance at the General Meeting.

#### **4. Proxy representative and powers of attorney**

A shareholder may participate in the Annual General Meeting of Shareholders and exercise his/her rights at the Meeting by way of proxy representation. A proxy representative shall produce a dated proxy document or otherwise in a reliable manner demonstrate his/her right to represent the shareholder at the Annual General Meeting of Shareholders.

When a shareholder participates in the Annual General Meeting of Shareholders by means of several proxy representatives representing the shareholder with shares at different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified in connection with the registration for the Annual General Meeting of Shareholders.

Possible proxy documents should be delivered in originals to Nexstim Plc, "Annual General Meeting" Elimäenkatu 9 B, 00510 Helsinki, Finland before the last date for registration.

#### **5. Other instructions and information**

Pursuant to chapter 5, section 25 of the Companies Act, a shareholder who is present at the General Meeting has the right to request information with respect to the matters to be considered at the Meeting.



The meeting will be conducted in Finnish language. Part of the material presented at the meeting will be in English language.

On the date of this notice to the Annual General Meeting of Shareholders, dated February 28, 2018, the total number of shares and votes in Nexstim Plc is 93,321,764.

Helsinki, February 28, 2018

NEXSTIM PLC

The Board of Directors

**Further information is available on the website [www.nexstim.com](http://www.nexstim.com) or by telephone:**

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#### **About Nexstim Plc**

Nexstim is a neuromodulation company developing and marketing pioneering navigated non-invasive brain stimulation systems for both therapeutic (NBT® system) and diagnostic (NBS system) applications. Nexstim's NBS system is the only FDA cleared and CE marked system based on navigated Transcranial Magnetic Stimulation (nTMS) for the pre-surgical mapping of the speech and motor cortices of the brain. Based on the same technology platform, the Company has developed the Navigated Brain Therapy (NBT®) which is CE marked in Europe for the treatment of stroke, major depression and chronic neuropathic pain.

Nexstim has received clearance from the FDA for marketing and commercial distribution of its NBT® system for the treatment of Major Depressive Disorder (MDD) and looks forward to introducing the NBT® system for this important indication during Q2 2018.

The NBT® system is currently in a 60 patient, supplemental Phase III study, E-FIT trial, for its use in stroke rehabilitation. The trial is expected to complete in mid-2018, allowing Nexstim to file for FDA clearance. FDA clearance would allow Nexstim to start marketing and selling its NBT® system for stroke rehabilitation in the USA.

Nexstim shares are listed on the Nasdaq First North Finland and Nasdaq First North Sweden. For more information please visit [www.nexstim.com](http://www.nexstim.com)