

Nexstim

Nexstim Plc

(a public limited company (in Swedish: *publikt aktieföretag*) incorporated under the laws of Finland)**Rights Issue****Up to 45,552,444 shares****Subscription Price EUR 0.115 or SEK 1.20 per share**

Nexstim Plc (“**Nexstim**” or the “**Company**”), a public limited liability company registered in Finland, is offering up to 45,552,444 new shares (the “**Offer Shares**”) in a rights issue, against consideration, based on the shareholders’ preferential subscription right at the subscription price of EUR 0.115 or SEK 1.20 per Offer Share (the “**Subscription Price**”) in accordance with the terms of the Offering (the “**Offering**”) set out below. The Offer Shares will be payable in euro in Finland or Swedish krona in Sweden. The Offer Shares will constitute up to 93.3 per cent of all registered shares in the Company should the Offering be subscribed for in its entirety.

Nexstim will give all shareholders registered in Nexstim’s shareholder register maintained by Euroclear Finland Oy (“**Euroclear Finland**”) or Euroclear Sweden AB (“**Euroclear Sweden**”) one (1) book-entry subscription rights (the “**Subscription Right**”) per each share held on the Offering record date of 28 March 2019 (the “**Record Date**”). Each Subscription Right entitle their holder to subscribe for fourteen (14) Offer Share. A Subscription Right may not be exercised only partially. The Subscription Rights will be registered in shareholders’ book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 29 March 2019 and in the book-entry system maintained by Euroclear Sweden approximately on 1 April 2019. The Subscription Rights can be freely assigned and they will be traded on the First North Finland marketplace (“**First North Finland**”) maintained by Nasdaq Helsinki Ltd (“**Helsinki Stock Exchange**”) (trading symbol NXTMHU0119) and the First North Sweden marketplace (“**First North Sweden**”) maintained by Nasdaq Stockholm AB (“**Stockholm Stock Exchange**”) (trading symbol NXTMS TR) between 2 April 2019 and 18 April 2019. The subscription period for the Offer Shares will commence on 2 April 2019 at 9:30 a.m. Finnish time (8:30 a.m. Swedish time) and will end on 26 April 2019 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 24 April 2019 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden. Practical instructions on the exercising of the Subscription Rights and the subscription of the Offer Shares are contained “*Instructions to investors*”. Unexercised Subscription Rights will expire and have no value on 26 April 2019 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 24 April 2019 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden. Please see “*Terms and conditions of the Offering – Exercising Subscription Rights*”.

If all the Offer Shares have not been subscribed for based on the primary Subscription Rights, Nexstim’s Board of Directors shall decide on the allocation of the Offer Shares subscribed for without Subscription Rights, in a manner described in greater detail under “*Terms and conditions of the Offering*”, first to those who also subscribed for the Offer Shares based on the Subscription Rights and secondly to those who only subscribed for Offer Shares without Subscription Rights. The subscription of Offer Shares without Subscription Rights by a shareholder and/or another investor is performed by submitting a subscription application and by paying the Subscription Price in accordance with the instructions provided by the subscriber’s account operator, custodian or, in the case of investors entered into the nominee register, the custodial nominee account holder in a manner described in greater detail in “*Terms and conditions of the Offering*”.

The Offer Shares subscribed for in the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden. After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the “**Temporary Shares**”) will be entered in the subscriber’s book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol NXTMHN0119) and on First North Sweden (trading symbol NXTMS BTA) as their own special share class on approximately 2 April 2019. The Temporary Shares will be combined with the Company’s current shares after the Offer Shares have been registered in the Trade Register. The combining will occur in the book-entry system maintained by Euroclear Finland approximately on 8 May 2019 and in the book-entry system maintained by Euroclear Sweden approximately on 8 May 2019. The Offer Shares will be subject to trading together with the Company’s existing shares approximately on 8 May 2019 on First North Finland and approximately on 9 May 2019 on First North Sweden.

In addition, Nexstim will issue a maximum of 22,776,222 warrants (the “**Offer Warrants**”) free of charge to persons who subscribed for the Offer Shares in the Offering and those investors subscribing shares of the Company against payment in a directed issue potentially arranged in connection with the Offering (see “*Arrangements relating to the Offering – Directed share issues that are potentially arranged in connection with the Offering*”), which Offer Warrants entitle to subscribe for a total of up to 22,776,222 new shares of the Company. The Offer Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant per each two (2) subscribed and paid Offer Shares or shares subscribed for in the potential directed issue, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. The subscription period of the shares to be subscribed for based on the Offer Warrants will be 22 October – 4 November 2019. The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 7 October 2019 and 18 October 2019, with an applied discount of 25 per cent. The subscription price is however at least EUR 0.115 per share. The shares to be subscribed for based on the Offer Warrants and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EUR/SEK rate on 18 October 2019. See detailed terms: “*Nexstim Plc Warrant Plan 2019*”. The Offer Warrants will be issued and registered in the book-entry system of Euroclear Finland. Provided that no changes are made to the subscription period of the Offering, the Offer Warrants will be delivered to subscribers approximately during week 21, 2019. The ISIN code of the Offer Warrants is FI4000375274. The Company intends to file an application to the Helsinki Stock Exchange and the Stockholm Stock Exchange for the listing of the Offer Warrants on First North Finland and First

North Sweden. The trading symbol is expected to be NXTMHEW119 on First North Finland and NXTMS TO on First North Sweden. If the listing of the Offer Warrants occurs, the Company expects trading to commence on First North Sweden and on First North Finland approximately during week 21, 2019.

First North Finland and First North Sweden are alternative marketplaces operated by an exchange within the NASDAQ group. Companies on First North Finland or First North Sweden are not subject to the same rules as companies on the regulated main market. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on First North Finland or First North Sweden may therefore be higher than investing in a company on the main market. All companies with shares traded on First North Finland or First North Sweden have a Certified Adviser who monitors that the rules are followed. The Exchange (Nasdaq Helsinki and Nasdaq Sweden) approves the application for admission to trading for the Offer Shares and Offer Warrants.

In certain countries, such as Australia, South Africa, Hong Kong, Japan, Canada and the United States statutory limitations may apply to the distribution of this Prospectus and offering and selling of the Offer Shares and Offer Warrants. The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada or the United States or in any other country where it would be prohibited by local laws or other regulations. This Prospectus or any other material relating to the Offering shall not be distributed or disseminated in any country without complying with the laws and regulations of such country. This Prospectus does not constitute an offer to issue Offer Shares or Offer Warrants to anyone in such country, where it would be prohibited by local laws or other regulations to offer shares or warrants to such person. The Offer Shares and Offer Warrants have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless registered under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws of the United States. The offer to subscribe for the Offer Shares and Offer Warrants does not include persons resident in any jurisdictions where such an offer would be illegal. No action has been or will be taken by the Company to permit a public offering or the possession or distribution of this Prospectus (or any other offering or publicity materials or application form(s) relating to the Offering) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement. Neither this Prospectus nor any other material regarding the Offering may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company recommends persons into whose possession this Prospectus comes to inform themselves of and to observe all such restrictions. The Company accepts no legal responsibility for persons who have obtained this Prospectus in violation of these restrictions, irrespective of whether these persons are prospective subscribers or purchasers of the Offer Shares and Offer Warrants.

Investment in the Offer Shares and Offer Warrants involves risks. The principal risk factors are discussed under "Risk factors" below.

IMPORTANT INFORMATION AND NOTICE TO INVESTORS

In this Prospectus, "Nexstim" or the "Company" refers to Nexstim Plc and its subsidiaries, except where the context may otherwise require.

In connection with the Offering, the Company has prepared a Finnish-language prospectus (the "Finnish-language Prospectus") in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "Finnish Securities Markets Act"), Commission Regulation (EC) No. 809/2004 of April 29, 2004, as amended (the "Prospectus Regulation") (Annexes III, XII, XIV, XXII and XXV) implementing Directive 2003/71/EC (the "Prospectus Directive") of the European Parliament and of the Council, as amended, as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, the Finnish Ministry of Finance Decree on prospectuses referred to in Chapters 3 to 5 of the Finnish Securities Markets Act (1019/2012) and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "Finnish FSA"). The Finnish FSA has approved the Finnish-language Prospectus; however, it is not responsible for the accuracy of the information presented therein or herein. The register number of the Finnish FSA's approval of the Finnish-language Prospectus is FIVA13/02.05.04 /2019. In accordance with the Prospectus Directive, a Swedish-language summary together with a English-language documents of the Finnish-language Prospectus and the material incorporated by reference to the Prospectus will be passported by way of notification to the Swedish Financial Supervisory Authority (in Swedish: Finansinspektionen) (the "Swedish FSA") for use in Sweden. The Company is responsible for the translations of the Prospectus and the documents incorporated by reference thereto.

The Offering will be governed by the laws of Finland and any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

No person is or has been authorised to give any information or to make any representation regarding the Offering other than those contained in this Prospectus.

The information contained herein is current as at the date of this Prospectus. Notwithstanding the profit forecast included in the Prospectus, nothing contained in this Prospectus constitutes, or shall be relied upon as, a promise or representation by the Company as to the future. Neither the publication of this Prospectus nor the offer, sale or delivery of the Offer Shares and Offer Warrants based on this Prospectus, does not in any circumstances mean that no changes could occur in the Company's business after the date of this Prospectus or that the information contained in this Prospectus would hold true in the future. However, the Company has the obligation to supplement this Prospectus prior to the end of the offer period due to an error or omission of material information or material new information not included in this Prospectus, discovered prior to the end of the offer period, if information bears material significance to the investors. According to the law, such inaccurate, insufficient or new material information shall be published without undue delay by way of publishing a supplement to this Prospectus in the same manner as this Prospectus.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved. Investors need to make their independent assessment of the legal, tax, business, financial and other consequences of subscription or acquisition for the Offer Shares and Offer Warrants. They also need to make their independent assessment of the risks involved in such subscription or acquisition. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor.

In a number of countries the distribution of this Prospectus, the offer of the Offer Shares and Offer Warrants, as well as the sale of the Offer Shares and Offer Warrants, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations).

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SUMMARY

Summaries are made up of disclosure requirements set out in Annex XXII of the Prospectus Directive known as "**Elements**". These Elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in the summary for this type of securities and the Company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and the Company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

A.1	Warning	<i>This summary should be read as introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the potential investor. Certain terms used in this summary are defined elsewhere in this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the applicable national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or if it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities.</i>
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A.2	Consent for financial intermediaries	Not applicable.
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Section B – The Company

B.1	Legal and commercial name	The registered name of the issuer is Nexstim Oyj (the " Company ") (in Swedish Nexstim Abp and in English Nexstim Plc).
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited company (in Swedish: <i>publikt aktiebolag</i>) incorporated under the laws of Finland. The Company is domiciled in Helsinki, Finland. The Company is registered with the Finnish Trade Register under number 1628881-1.
B.3	Current operations and principal activities	<p>Nexstim is a medical technology company focused on developing and commercializing its navigated non-invasive brain stimulation technology, known as SmartFocus™ TMS (transcranial magnetic stimulation), for therapeutic applications, namely depression and chronic pain via its Navigated Brain Therapy (NBT®) system.</p> <p>Nexstim has launched its NBT system in the US for the treatment of Major Depressive Disorder (MDD) following clearance from the Food and Drug Administration, US Department of Health and Human Services (FDA) for marketing and commercial distribution for this indication. The NBT® system is CE marked in Europe for the treatment of major depression, and chronic neuropathic pain. In the treatment of MDD, the MDD also has a reimbursement coverage, as TMS treatment of depression is covered by US Medicare and most major private insurance companies in the USA. Commercialization of Nexstim's NBT® System for MDD was launched in May 2018. and by the date of this Prospectus 12 systems have been delivered to customers. In the treatment of chronic neuropathic pain, the Company is currently evaluating possible clinical trials.</p> <p>In addition, Nexstim is commercialising its Navigated Brain Stimulation (NBS) system for diagnostic applications, based on the same technology. According to the Company's knowledge, the NBS system is the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain. Nexstim's NBS System used for pre-surgical diagnostics is also in the commercialization stage. Sales and marketing efforts which were primarily targeted on universities and teaching hospitals have been recently expanded to other leading hospitals with strong key opinion leader (KOL) presence in the fields of neurosurgery.</p> <p>As at the date of this Prospectus Nexstim has sold approximately 160 NBS Systems, out of which approximately 40% are for clinical use and 60% for scientific research purposes.</p>

		Nexstim's revenues for the past two years have been mainly generated from the sales of its NBS Systems and from after sales activities such as training, maintenance and the sale of spare and consumable parts.																																																															
B.4a	Significant recent trends affecting the Company and the industry in which it operates	Nexstim's devices are both in research and in clinical use. Currently there are no direct competitors for Nexstim's devices in neurosurgery but there are companies that may become competitors in the future. In the area of treating MDD there are several competing TMS device companies that are present in the US markets. In addition, there are indirect competitors on the market who offer alternative diagnostic and therapeutic methods, and whose solutions may gain significant market shares on Nexstim's target markets in the future. Nexstim is a developer of navigated TMS devices and currently, according to the Company's knowledge, the only company with clinical proof of treatment of motor and speech cortices with NBS devices and FDA clearance for their selling and marketing. The Company's ability to become successful will at least in part depend on its ability to convince the medical community of the advantages of its devices as well as on its ability to promote changing existing diagnostic, therapy and treatment practices in a direction and extent favourable for Nexstim's products.																																																															
B.5	Group structure	Nexstim Plc is the parent company of Nexstim group of companies. The Company carries out business operations in its own name and behalf as well as through its fully-owned subsidiaries Nexstim Inc., registered in the State of Delaware in the United States of America, and Nexstim Germany GmbH, registered in Germany. Furthermore, the Company has a fully-owned inactive subsidiary registered in the United Kingdom called Nexstim Limited.																																																															
B.6	Major shareholders	Based on the latest information available for the Company regarding its shareholders from Euroclear Finland and Euroclear Sweden (as at 28 February 2019), the Company's twenty largest shareholders are presented in the following table. According to the information available to the Company, there have not been significant changes to the ownership structure as of the date of Prospectus.																																																															
<table> <tr> <th>Shareholder</th><th>Number of Shares</th><th>Ownership*</th></tr> <tr> <td>Nordea Bank Oyj**</td><td>1,316,311</td><td>40.46%</td></tr> <tr> <td>Finnish Innovation Fund Sitra</td><td>314,062</td><td>9.65%</td></tr> <tr> <td>Clearstream Banking S.A. **</td><td>284,593</td><td>8.75%</td></tr> <tr> <td>Avanza Pension</td><td>71,058</td><td>2.18%</td></tr> <tr> <td>Kivi Esko</td><td>66,196</td><td>2.03%</td></tr> <tr> <td>Haapaniemi Ossi** (through directly and indirectly owned companies)</td><td>57,364</td><td>1.76%</td></tr> <tr> <td>Hsbc Bank Plc, W8imy **</td><td>50,000</td><td>1.53%</td></tr> <tr> <td>Havndrup, Ulrick **</td><td>25,481</td><td>0.78%</td></tr> <tr> <td>Zemicheal, Thomas **</td><td>23,680</td><td>0.72%</td></tr> <tr> <td>Danske Bank AS Helsinki Branch</td><td>23,140</td><td>0.71%</td></tr> <tr> <td>J.P. Morgan Securities Plc **</td><td>20,685</td><td>0.63%</td></tr> <tr> <td>Niukkanen Pentti Juhani</td><td>20,001</td><td>0.61%</td></tr> <tr> <td>Bengtsson, Benny **</td><td>20,000</td><td>0.61%</td></tr> <tr> <td>Sv Handelsbanken Copenhagen Branch, Clients Acct **</td><td>18,450</td><td>0.56%</td></tr> <tr> <td>Skandinaviska Enskilda Banken AB</td><td>13,403</td><td>0.41%</td></tr> <tr> <td>Svensson, Jesper **</td><td>13,399</td><td>0.41%</td></tr> <tr> <td>Isberg, Crister **</td><td>13,334</td><td>0.40%</td></tr> <tr> <td>Lago Kapital Oy</td><td>12,383</td><td>0.38%</td></tr> <tr> <td>Paasivirta Esa Juhani</td><td>12,265</td><td>0.38%</td></tr> <tr> <td>Svenska Handelsbanken AB (publ), Branch operation in Finland**</td><td>12,241</td><td>0.38%</td></tr> </table>			Shareholder	Number of Shares	Ownership*	Nordea Bank Oyj**	1,316,311	40.46%	Finnish Innovation Fund Sitra	314,062	9.65%	Clearstream Banking S.A. **	284,593	8.75%	Avanza Pension	71,058	2.18%	Kivi Esko	66,196	2.03%	Haapaniemi Ossi** (through directly and indirectly owned companies)	57,364	1.76%	Hsbc Bank Plc, W8imy **	50,000	1.53%	Havndrup, Ulrick **	25,481	0.78%	Zemicheal, Thomas **	23,680	0.72%	Danske Bank AS Helsinki Branch	23,140	0.71%	J.P. Morgan Securities Plc **	20,685	0.63%	Niukkanen Pentti Juhani	20,001	0.61%	Bengtsson, Benny **	20,000	0.61%	Sv Handelsbanken Copenhagen Branch, Clients Acct **	18,450	0.56%	Skandinaviska Enskilda Banken AB	13,403	0.41%	Svensson, Jesper **	13,399	0.41%	Isberg, Crister **	13,334	0.40%	Lago Kapital Oy	12,383	0.38%	Paasivirta Esa Juhani	12,265	0.38%	Svenska Handelsbanken AB (publ), Branch operation in Finland**	12,241	0.38%
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* Proportional ownership is calculated based on the total number of the shares issued and registered as at the date of this Prospectus and excluding the dilution of the

ownership caused by the issued and outstanding option rights and other rights entitling to shares of the Company (existing warrants).

*** Nominee registered shareholders.*

The Company has one class of shares. Each share entitles to one vote at the general meeting of the Company.

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any shareholder. The Company is neither aware of any arrangement the operation of which may result in a change in control of the Company.

B.7	Selected historical key financial information and description of significant changes in the financial position and operating results during the period covered by the historical information and thereafter	<p>The following tables present selected consolidated financial information of the Company for the financial years ended on 31 December 2017 and 2018. The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 31 December 2017 have been prepared in accordance with the Finnish Accounting Standards.</p> <p>The selected financial information below does not contain all the information included in the Company's consolidated financial statements.</p>
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Consolidated income statement

EUR in thousands	1 January – 31 December 2018	1 January – 31 December 2017
	(Audited)	(Audited)
NET SALES	2,672.2	2,645.3
Work performed for own purpose and capitalised	36.3	38.8
Other operating income	33.7	70.2
Materials and services		
Materials		
Purchases during the financial year	-628.2	-617.2
Variation in inventories additions (+) or disposal (-)	-82.1	94.8
Services	0.0	-29.8
Total	-710.3	-552.1
Personnel expenses		
Wages and salaries	-3,353.0	-2,903.3
Social security expenses		
Pension expenses	-336.5	-277.2
Other social security expenses	-248.0	-154.2
Total	-3,937.5	-3,334.7
Depreciation and amortisation		
Depreciation, amortisation according to plan	-424.0	-341.3
Total	-424.0	-341.3
Other operating expenses	-3,985.9	-4,118.1
OPERATING PROFIT / -LOSS	-6,315.6	-5,591.9
Financial income and expenses		
Other interest and financial income	858.1	0.4
Interest and other financial expenses	-695.1	-1,733.6
Total	163.0	-1,733.2
PROFIT / - LOSS BEFORE TAXES	-6,152.6	-7,325.1

Income taxes	-1.7	-2.8
PROFIT / - LOSS FOR THE FINANCIAL YEAR	-6,154.3	-7,327.9

Consolidated balance sheet

EUR in thousands	31 December 2018 (Audited)	31 December 2017 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenditure	71.6	70.5
Intangible rights	358.2	470.0
Total	429.9	540.5
Tangible assets		
Machinery and equipment	464.7	167.3
Total	464.7	167.3
Investments		
Other shares and similar rights of ownership	10.0	10.0
Total	10.0	10.0
NON-CURRENT ASSETS TOTAL	904.6	717.8
CURRENT ASSETS		
Inventories		
Raw materials and consumables	258.8	387.1
Total	258.8	387.1
Receivables		
Trade receivables	888.9	1,152.5
Prepayments and accrued income	307.7	117.2
Other receivables	126.9	195.5
Total	1,323.5	1,465.2
Cash in hand and at banks	7,175.2	8,473.6
CURRENT ASSETS TOTAL	8,757.4	10,325.8
ASSETS TOTAL	9,662.1	11,043.7
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	39,480.6	38,519.1
Retained earnings / -loss	-33,700.5	-25,750.4
Profit / -loss for the financial year	-6,154.3	-7,327.9
TOTAL EQUITY	-294.3	5,520.8
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital loans	100.0	300.0
Other interest-bearing loans	7,063.4	3,423.8
Deferred income	0.0	13.4
Total	7,163.4	3,737.2

CURRENT LIABILITIES

Bank loans	1,103.8	0.00
Trade payables	597.1	961.5
Other liabilities	290.6	113.0
Accrued expenses	801.4	711.1
Total	2,792.9	1,785.6

TOTAL LIABILITIES	9,956.3	5,522.9
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EQUITY AND LIABILITIES TOTAL	9,662.1	11,043.7
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Consolidated Cash Flow Statement, summary

EUR in thousands	1 January – 31 December	
	1 January – 31 December 2018 (Audited)	1 January – 31 December 2017 (Audited)
Cash flows from operating activities	-6,192.5	-5,402.9
Cash flows from investing activities	-610.8	-147.8
Cash flows from financing activities	5,504.8	5,868.0
Change in cash in hand and at bank	-1,298.4	317.2
Cash in hand and at bank in the beginning of the period	8,473.6	8,156.4
Cash in hand and at bank at end of the period	7,175.2	8,473.6

Revenues of the therapy business related to the NBT system

According to the management, revenues of the therapy business related to the NBT system amounted to EUR 659.9 thousand for the financial period which ended on 31 December 2018 and EUR 211.1 thousand for the financial period which ended on 31 December 2017.

Key performance indicators

EUR in thousands	1 January – 31 December	
	1 January – 31 December 2018 (Audited, unless otherwise indicated)	1 January – 31 December 2017 (Audited, unless otherwise indicated)
Net sales	2,672.2	2,645.3
Personnel expenses	-3,937.5	-3,334.7
Depreciation and amortisation	-424.0	-341.3
Other operating expenses	-3,985.9	-4,118.1
Profit/ -Loss for the period	-6,154.3	-7,327.9
Earnings per share (EUR)**	-1.93*	-2.77*
Cash flows from operating activities	-6,192.5	-5,402.9
Cash in hand and at banks	7,175.2	8,473.6
Total equity	-294.3	5,520.8
Equity ratio (%)	-0.98*	52.77*

**Unaudited*

*** The extraordinary general meeting of the shareholders passed on 21 November 2018 a resolution on a reduction of the quantity of shares in the Company in such a way that each 30 shares of the Company corresponded to one share of the Company after completion of the arrangement. Earnings per share for the year 2017 has been restated to reflect the change.*

Earnings per share	=	$\frac{\text{Profit/ -Loss for the period}}{\text{Average number of shares}}$	
Equity ratio (%)	=	$\frac{\text{Total equity} + \text{Capital loans}}{\text{Total assets} - \text{Advances received}} \times 100$	

The financial statements for the 2018 have been prepared on the going concern basis, which assumes that Nexstim will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e. for a period of at least 12 months as of the date of this Prospectus. Please see sections B.10 and B.11 for more information.

The cash in hand and at banks of the Company were EUR 6,024.0 thousand as at 28 February 2019. The cash in hand and at banks have decreased by EUR 1,151.2 thousand from 31 December 2018. The decrease is due to mainly operational expenses. As at 28 February 2019, long-term interest bearing debts of the Company amounted to EUR 7,328.6 thousand and short-term interest bearing debts EUR 1,101.3 thousand.

There have been no other significant changes in the financial position or operating results of the Company between the annual report for the twelve month period and ending as at 31 December 2018 and the date of this Prospectus.

B.8	Selected key pro forma financial information	Not applicable.
B.9	Profit forecast or estimate	<p>Section B.7 above includes information about revenues of the Company's therapy business related to the NBT system for the financial periods which ended on 31 December 2018 and 31 December 2017.</p> <p>Based on its business forecast the Company expects therapy business revenue to grow during year 2019 and a loss for the period is expected for the Company for the financial year 2019. This is based on following events and management estimates:</p> <ul style="list-style-type: none"> (a) The commercialization activities of the NBT system in the treatment of MDD which is expected to grow revenues in the future was launched in May 2018, and the revenue expectations for this year are still low compared to the amount of the expenses. (b) Net sales from the sale of NBS Systems and related after sale services (Pre-Surgical Mapping, PSM) are expected to be moderate in 2019. (c) The Company's own sales and marketing organization has grown during 2018 and is still expected to grow in 2019 by hiring new personnel and increasing marketing costs. (d) The Company is able to ensure financing for the financial year 2019 with the proceeds of the Offering, jointly with the proceeds from the subscriptions done with the Offer Warrants. (e) The costs and expenses of the Offering will increase losses. <p>The management of the Company can primarily influence on the sales activities related to items a) - c) set forth above, but not the outcome of the Offering or the subscriptions done with the Offer Warrants.</p>
B.10	Qualifications in audit reports	<p>The audit report regarding the financial statements of Nexstim for the year ended 31 December 2018 includes the following qualifications:</p> <p>Material Uncertainty Related to Going Concern</p> <p>We draw attention to note 11 in the financial statements and to the section "Going Concern" in the report of the Board of Directors, which describe the Company's ability to continue as a going concern. The 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.</p> <p>Emphasis of Matter</p> <p>We draw attention to note 6 in the parent company's financial statements and to the</p>

		<p>section “Financing and liquidity” in the report of the Board of Directors, which describe significant uncertainty relating to the collectability and thus the valuation of the long-term and short-term intercompany receivables. If such receivables are not collected in full there is significant risk that the parent company’s share capital would be lost.</p>
B.11	Working capital statement	<p>The Company estimates that it does not have sufficient working capital to meet its current needs i.e. for a period of at least 12 months as of the date of this Prospectus. Nexstim is in early stage in commercialization of its products with relatively high expenses related to technology platform, regulatory affairs and administration. In addition to such expenses, Nexstim expects to incur significant expenses related to increase in sales and marketing efforts and costs to expedite the commercialization of the NBT System in depression treatment during the following twelve months. The Company has an outstanding loan for working capital needs of EUR 4 million given by a company called Kreos Capital V (UK) Limited (“Kreos Loan”) with loan terms which may entitle Kreos to call back the Kreos Loan during the following 12 months’ period. The actual net proceeds of the Offering falling materially short from the net proceeds of the Offering if subscribed in full could constitute a “material adverse change” set forth in such loan terms i.e. causing the Company the liability to prematurely repay the total amount of the outstanding loan with accrued interests and fees.</p> <p>Based on a conservative revenue forecast and expense estimate, and taking into account the cash in hand and at bank of the Company as at 28 February 2019 (approximately EUR 6 million) the Company believes that the current working capital suffices then until the end of April 2019 assuming that the above-mentioned premature repayment (before the said date) of the Kreos Loan with accrued interests and fees (approximately EUR 4.37 million) would take place before that date. An aggregate amount of EUR 6 million in addition to its current working capital would then be sufficient to cover the Company’s working capital deficiency for at least the 12 month period following the date of the Prospectus.</p> <p>If the loan term regarding the material adverse change - causing an obligation to prematurely repay the Kreos Loan (with accrued interests and fees) - does not apply, and such Loan is then repaid in accordance with the agreed repayment timetable, the Company estimates that the current working capital suffices then until the end of September 2019. An aggregate amount of EUR 3 million in addition to its current working capital would then be sufficient to cover its working capital deficiency for at least the 12 month period following the date of the Prospectus.</p> <p>The Company is carrying out the Offering, and the offering of the Offer Warrants among other things, for the purposes of ensuring sufficient working capital. The Company estimates that if the Offering is completed in the intended timetable and subscribed in full, the net proceeds of the Offering then amounting to approximately EUR 4.8 million (excluding possible fees of EUR 0.1 million related to underwriting commitments as described in Section E.1) which corresponds to the maximum amount after deducting the costs of the Offering, and that Offer Warrants are exercised for share subscriptions and that the net proceeds from such subscriptions being at least EUR 1.2 million, whereby the net proceeds from the Offering and the subscriptions with the Offer Warrants (together with the Company’s available cash in hand and at banks) provide the Company with sufficient working capital to meet its current requirements and to cover the working capital needs for a period of at least 12 months as of the date of this Prospectus, also in the event the Kreos Loan with accrued interests and fees becomes repayable during such period. Should the Kreos Loan with accrued interests and fees become repayable during such period and the Offering be subscribed in full, but the Company does not receive net proceeds from the Offer Warrants, the Company will need approximately EUR 1.2 million to cover the Company’s working capital deficiency for at least the 12 month period following the date of the Prospectus. Should the Kreos Loan with accrued interests and fees not become repayable during such period of 12 months and the net proceeds of the Offering amount to at least EUR 3 million, the net proceeds from the Offering and the Offer Warrants provide the Company with sufficient working capital to meet its working capital needs for a period of at least 12 months following the date of the Prospectus.</p> <p>The Company aims to seek additional debt or equity financing (a) in the event the Company fails to obtain at least EUR 6 million from the Offer Shares and the share subscriptions based on the Offer Warrants and the Kreos Loan becomes prematurely</p>

repayable (with accrued interests and fees), or b) if the Kreos Loan is not repayable prematurely (with accrued interests and fees), but the Company fails to obtain at least EUR 3 million from the Offer Shares and the share subscriptions based on the Offer Warrants. Besides the above-mentioned, possible adverse change in the operations of the Company, such as revenues being less than forecasted, may cause the need for acquiring additional financing. In the above-mentioned events, the Company aims to 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 organization. If additional financing is not obtained, the Company may meet serious financial difficulties.

Section C – Securities

C.1	Type and class of securities	<p>In the Offering the Company's shares are offered for subscription. The Offer Shares ISIN code is FI4000354162 and the trading name NXTMH on First North Finland and NXTMS on First North Sweden.</p> <p>Nexstim will give all shareholders registered in Nexstim's shareholder register maintained by Euroclear Finland Oy or Euroclear Sweden AB one (1) book-entry subscription right ("Subscription Right") to per each share held on the Record Date i.e. 28 March 2019. Each Subscription Right entitle the holder to subscribe for fourteen (14) Offer Shares. A Subscription Right may not be exercised partially. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol NXTMHU0119, ISIN FI4000359898) and on First North Sweden (trading symbol NXTMS TR, ISIN SE0012455707) between 2 April 2019 and 18 April 2019.</p> <p>After the subscription, the temporary shares corresponding to the Offer Shares ("Temporary Shares") subscribed for based on the Subscription Rights will be entered in the subscriber's book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol NXTMHN0119, ISIN: FI4000359906) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0012455715) as their own special share class approximately on 2 April 2019. The Temporary Shares will be combined with the current shares after the Offer Shares have been registered in the Trade Register. The combination will take place in the book-entry system maintained by Euroclear Finland approximately on 8 May 2019, and in the book-entry system maintained by Euroclear Sweden approximately on 8 May 2019. The Offer Shares will be subject to trading together with the Company's existing shares approximately on 8 May 2019 on First North Finland and approximately on 9 May 2019 on First North Sweden.</p> <p>In addition, Nexstim will issue free of charge to (i) persons who subscribed for the Offer Shares in the Offering and (ii) those investors subscribing shares of the Company against payment in a directed issue potentially arranged in connection with the Offering, special rights to shares ("Offer Warrants"), which give the right to subscribe for new shares in the Company. The Offer Warrants will be issued in the following manner: the subscriber will receive one (1) Offer Warrant per each two (2) subscribed and paid Offer Shares and paid shares subscribed in a possible directed issue, the subscription of which the Board of Directors has approved. Fractions of the Offer Warrants will not be issued. The ISIN code of the Offer Warrants is FI4000375274. The Company intends to file an application to the Helsinki Stock Exchange and the Stockholm Stock Exchange for the listing of the Offer Warrants on First North Finland and First North Sweden. The trading symbol is expected to be NXTMHEW119 on First North Finland and NXTMS TO on First North Sweden. If the listing of the Offer Warrants occurs, the Company expects trading to commence on First North Finland and on First North Sweden approximately during week 21, 2019.</p>
C.2	Currency	<p>The Subscription Rights, Temporary Shares, Offer Shares and Offer Warrants are denominated in euro. The Subscription Rights, Temporary Shares, Offer Shares and Offer Warrants which are traded on First North Finland are traded and settled in euro. The Subscription Rights, Temporary Shares, Offer Shares and Offer Warrants which are traded on First North Sweden are traded and settled in Swedish crowns.</p>
C.3	Shares and share capital	<p>The extraordinary general meeting of the shareholders of Nexstim passed on 21 November 2018 a resolution of a reduction of the quantity of shares in the Company, upon which 1 share of the Company after such reduction is equal to 30 shares of the</p>

		<p>Company prior to such reduction. The fully paid-up share capital of Nexstim as at the date of this Prospectus is 80,000.00 euro, and after the said reduction of the quantity of shares, the Company has in aggregate 3,253,746 shares issued and outstanding. The shares of the Company do not have a nominal value. Nexstim has one class of shares.</p>
C.4	Description of the rights attaching to the securities	<p>Rights attaching to the Company's shares are determined on the basis of the Finnish Companies Act (625/2006, as amended, the “Finnish Companies Act”) and other legislation prevailing in Finland from time to time. Rights attaching to the shares include the right to participate in the general meeting of the Company and to vote at such meeting. Each share entitle to one vote at the general meetings of the shareholders.</p> <p>All shares of the Company entitle to equal financial rights, including right to dividends and other distribution of funds by the Company. Under the Finnish Companies Act a shareholder has a pre-emptive right to subscribe for additional shares issued by the company in proportion to existing ownership, unless the resolution relating to the relevant share issue otherwise determines.</p> <p>A redemption right and obligation as set out in the Finnish Companies Act is attached to the Company's shares. Under the Finnish Companies Act, a shareholder with shares representing more than nine tenths of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.</p> <p>The Offer Shares entitled its holder to all dividends and other shareholder rights in the Company upon registration of the Offer Shares in the Finnish Trade Register. The Offer Shares are expected to be registered in the Trade Register on or about 7 May 2019.</p> <p>If shares of the Company are subscribed against Offer Warrants, such shares will carry similar rights than set forth above.</p>
C.5	Restrictions on free transferability	Not applicable; the Offer Shares and Offer Warrants in the Company are freely transferable.
C.6	Admission for trading	<p>The Subscription Rights are traded on First North Finland (trading symbol NXTMHU0119, ISIN FI4000359898 and on First North Sweden (trading symbol NXTMS TR, ISIN SE0012455707) between 2 April 2019 and 18 April 2019.</p> <p>Trading in the Temporary Shares will commence on First North Finland (trading symbol NXTMHN0119, ISIN FI4000359906) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0012455715) as their own special share class approximately on 2 April 2019.</p> <p>The Temporary Shares will be combined with the current shares after the Offer Shares have been registered in the Trade Register. The combination will take place in the book-entry system maintained by Euroclear Finland approximately on 8 May 2019, and in the book-entry system maintained by Euroclear Sweden approximately on 8 May 2019. The Offer Shares will be subject to trading together with the Company's existing shares approximately on 8 May 2019 on First North Finland and approximately on 9 May 2019 on First North Sweden.</p> <p>The Company intends to file an application to the Helsinki Stock Exchange and the Stockholm Stock Exchange for the listing of the Offer Warrants on First North Finland and First North Sweden. The trading symbol is expected to be NXTMHEW119, on First North Finland and NXTMS TO, on First North Sweden. The ISIN code for the Offer Warrants is FI4000375274. If the listing of the Offer Warrants occurs, the Company expects trading to commence on First North Finland and on First North Sweden approximately during week 21, 2019.</p>
C.7	Dividend policy	<p>The Company's shares are traded on First North Finland (trading symbol NXTMH) and First North Sweden (trading symbol NXTMS) with ISIN code FI4000354162.</p> <p>The Company has not paid dividend based on the financial statements as at 31 December 2018 or 31 December 2017 or otherwise prior to the date of this Prospectus, and there can be no guarantee that it will have distributable funds in the future. Resolutions of distribution of dividend (if any) will be passed in accordance with the</p>

Section D – Risks

D.1	Key information on the key risks specific to the Company and its industry	<p>Risks relating to the Company, its business operations and financing</p> <ul style="list-style-type: none">• The Company has a history of operating losses and the operations may never become profitable• Funding received from Kreos or Business Finland may become repayable prematurely and additional funding may not be available• The Company's working capital is not sufficient to meet the Company's requirements for the coming 12-month period from the date of the Prospectus, and if the Offering is not fully subscribed and not at least EUR 6 million is subscribed for new shares with the Offer Warrants, the Company may need additional working capital financing• Not all of the Company's products have an established market position• The Company's products will require certain authorisations before commercialisation, such as FDA clearance for the NBT System in connection with use in chronic neuropathic pain before commercialisation, and currently not all required approvals or permits have been granted and there can be no assurance that such approvals and permits will be granted or successfully maintained• The Company may not be able to get the reimbursement codes and reimbursement coverage for new indications• Healthcare providers and hospitals may not adopt the Company's technology and treatment modality in the estimated manner or extent• The Company may divest a part of its business operations (including intellectual property rights and/or R&D personnel) or may be delisted in connection with a transaction but yet there is no certainty that such divestment or other transaction would be completed successfully or completed at all• The Company's operations may be interrupted due to problems associated with its suppliers• The Company may not be able to maintain the required certifications or approvals• The Company may not be able to sufficiently protect or enforce its intellectual property rights• The Company may infringe third party intellectual property rights or claims may be made against the Company on such infringements• Markets do not necessarily develop to the desired direction or extent; the technology and products of the Company may not remain competitive• The expected income from capitalised development costs and intangible rights may prove to be weaker than expected• Writedown of group internal receivables or subsidiary shares may weaken the parent company equity or result as parent company equity to become negative• The Company may not be able to utilise all tax losses incurred• There may be changes in reported profitability or financial position due to changes in accounting regulation or possible future decision to start to apply international Financial Reporting Standards• The Company may become subject to product liability claims and other claims• The Company may in the future be involved in litigation and arbitration proceedings• The Company may be adversely affected by financial difficulties or bankruptcy of one or more of its customers, partners, supplier or other counterparty• The Company is reliant on its information systems• The Company is reliant on its ability to recruit and retain relevant key personnel• The Company is reliant on its ability to find and retain research and co-operation partners• The Company has limited experience in sales, marketing and distribution• The Company must comply with complex legislation and regulations applicable
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to its business, and any breach of such legislation or regulations may have onerous consequences

- The insurance coverage of the Company may not be comprehensive and the Company may not be fully insured against all risks
- The Company may be adversely affected by increasing costs in the health technology industry and cost efficiencies in healthcare
- The Company may be adversely affected by changes in the financial markets and economic conditions generally
- The Company could encounter difficulties in refinancing its debt
- The Company will need a substantial amount of additional financing in the future in order to continue to commercialise its NBT System

D.3	Risks relating to the Securities	<p>Among others, the following risks related to the shares, Offer Warrants and the Offering:</p> <ul style="list-style-type: none"> • The Company may not receive the required capital in full from the Offering which may lead to obligation to prematurely repay Kreos Loan with accrued interests and fees • An active public market the Company's shares, Subscription Rights and/or Offer Warrants may not develop • The Subscription Rights will expire and have no value if they are not exercised during the subscription period • Subscriptions are irrevocable, except under certain limited circumstances • The market price of the Offer Shares and Offer Warrants could fluctuate considerably and the price of the Offer Shares and Offer Warrants could fall below the subscription price • The amount of possible future dividends to shareholders is uncertain • Existing option rights and other rights entitling to the Company's shares, future issues or sales of a substantial number of shares or rights entitling to shares could have a negative effect on the market price of the shares and cause dilution; the Company may arrange directed issues in connection with the Offering • Investors in Sweden participating in the Offering may be adversely affected by fluctuations in foreign exchange rates • Dilution of the shareholding • Not all foreign shareholders may be able to exercise their Subscription Rights • Holders of shares in the Company registered in custodial nominee accounts may not be able to exercise their voting rights • There is no certainty that all investors who have given underwriting commitments fulfil their obligations towards the Company
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Section E – The Offering

E.1	Net proceeds and costs of the offer	<p>The Company expects that the total proceeds of the Offering are at maximum approximately EUR 5.2 million based on the maximum number of Offer Shares (45,552,444 Shares) and the Subscription Price of EUR 0.115 per Offer Share. The Company expects to receive net proceeds from the issuance of the Offer Shares of approximately EUR 4.6 million, after deducting estimated offering expenses payable by the Company of approximately EUR 0.6 million, in the aggregate (of which a maximum of approximately EUR 0.1 million is paid as fee for underwriting commitment set forth in section E.3 below which is payable in cash and/or shares of the Company at the discretion of the Company).</p> <p>In connection with the Offering, the Company also issues Offer Warrants free of charge to investors who have subscribed for Offer Shares in the Offering. The Company may therefore additionally raise up to a maximum of approximately EUR 2.6 million in net proceeds, assuming that the subscription price of a share is equal to the minimum subscription price of EUR 0.115 and that the expenses of the Offer Warrants are included to the above-mentioned estimated expenses of the Offering.</p>
E.2a	Reasons for the Offering and use of proceeds	<p>The Offering is expected to support the growth and operational strategy of the Company. Nexstim expects to use the net proceeds from the Offering and Offer Warrants mainly to fund the marketing and similar commercialization efforts for</p>

increasing the sales of the Company's NBT System in the depression treatment, and with current cash in bank and at hand to finance repayment of its existing loans.

In particular, Nexstim intends to use the proceeds of the Offering and Offer Warrants to:

- Develop and grow its sales and marketing organization by hiring new personnel particularly in the US market
- Finance its purchases regarding NBT System deliveries
- Evaluate new clinical trials in the area of chronic neuropathic pain
- Finance its R&D/ working capital needs
- Repayment of existing loans
- General corporate purposes.

Regarding working capital Section B.11 above describes sufficiency of working capital if the Company is liable to repay Kreos Loan with interests and fees prematurely (approximately EUR 4.37 million) instead of the agreed repayment (approximately EUR 1.0 million) considering also possible net proceeds of the Offering and Offer Warrants. As at the date of the Prospectus, current cash in bank and at hand of the Company are sufficient for the possible early repayment of the Kreos Loan with interests and fees, but the possible early repayment would determine to which extent the proceedings of the Offering may be used for other above-mentioned purposes than repayment of existing loans. However, the Company considers that the main purpose of the Offering and the Offer Warrants are the financing of the above-mentioned commercialization efforts and other business needs set forth above.

E.3 Terms and conditions
of the offer

Terms of the Offering

The Offering and subscription right and Offer Warrants

In accordance with the shareholders' pre-emptive subscription right, the Company is offering up to 45,552,444 new shares i.e. the Offer Shares for subscription by the Company's shareholders.

Nexstim will give all shareholders registered in Nexstim's shareholder register maintained by Euroclear Finland Oy ("**Euroclear Finland**") or Euroclear Sweden AB ("**Euroclear Sweden**") one (1) book-entry subscription rights ("**Subscription Rights**") per each share held on the Record Date i.e. 28 March 2019. Each Subscription Right entitle the holder to subscribe for 14 Offer Shares. A single Subscription Right may not be exercised partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 29 March 2019 and in the book-entry system maintained by Euroclear Sweden approximately on 1 April 2019. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol NXTMHU0119, ISIN FI4000359898) and on First North Sweden (trading symbol NXTMS TR, ISIN SE0012455707) between 2 April 2019 and 18 April 2019. If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder.

In addition, Nexstim will issue a maximum of 22,776,222 special rights to shares i.e. the Offer Warrants free of charge to persons who subscribed for the Offer Shares in the Offering as well as investors subscribing shares of the Company against payment in a potential directed issue arranged in connection with the Offering, which Offer Warrants entitle to subscribe for a total of up to 22,776,222 new shares of the Company. The Offer Warrants will be issued in the following manner: the subscriber will receive one (1) Offer Warrant per each two (2) subscribed and paid Offer Shares and shares subscribed and paid in a possible directed issue (against payment), the subscription of which the Board of Directors has approved. Fractions of the Offer Warrants will not be issued. Offer Warrants can be freely assigned.

The right to subscribe for unsubscribed Offer Shares without Subscription Rights

The Board of Directors of the Company shall resolve on offering any unsubscribed Offer Shares secondarily to shareholders and other investors who have submitted a subscription application concerning the Offer Shares during the Subscription Period without Subscription Rights (the “**Secondary Subscription**”).

Subscription Price

The subscription price of Offer Shares is EUR 0.115 or SEK 1.20 per Offer Share (“**Subscription Price**”).

The Subscription Price for the Offer Shares will be recorded in the reserve for invested unrestricted equity. The Subscription Price includes a customary pre-emptive subscription right issue discount. The Subscription Price is approximately 89.5 per cent lower compared with the closing price of the Company’s share on First North Finland on 25 March 2019 (EUR 1.10) and approximately 90.0 per cent lower compared with the closing price of the Company’s share on First North Sweden on 25 March 2019 (SEK 12.00).

Subscription Period

The subscription period for the Offer Shares (the “**Subscription Period**”) will commence on 2 April 2019 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 26 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 24 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 7 June 2019. Any extensions of the Subscription Period will be announced by way of a company announcement before the end of the Subscription Period. The Subscription Period may not be extended by the Company between 09:30 and 16:30 Finnish time (between 08:30 and 15:30 Swedish time), or after the end of the Subscription Period.

If the Subscription Period is extended, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly. Subscription locations, account operators, custodians and nominees may require their customers to submit subscription orders on a certain day prior to the start of trading on the Subscription Rights or before the Subscription Period ends.

Subscription locations

The following function as subscription locations:

- a) In Finland, custodians and account operators and
- b) in Sweden, custodians. Directly registered shareholders subscribe at Aqurat Fondkommission AB’s website www.aqurat.se and by mail to Aqurat Fondkommission AB at P.O. Box 7461, SE-111 22 Stockholm, Sweden (info@aqurat.se, tel. +46 8-684 05 800)

Exercising Subscription Rights

A shareholder may participate in the Offering by subscribing for the Offer Shares through the Subscription Rights in his/her/its book-entry account and by paying the Subscription Price. In order to participate in the Offering, a shareholder shall make a subscription according to the instructions given by his/her/its custodian or account operator.

The holders of purchased Subscription Rights shall submit their subscription order according to the instructions issued by their custodian or account operator.

Such shareholders and other investors participating in the Offering whose Company shares or the Subscription Rights are registered in the name of a nominee shall submit their subscription order according to the instructions given by their nominee.

The subscription orders must be submitted separately for each book-entry account.

Deficient or erroneous subscription orders may be rejected. If the Subscription Price is not paid according to these terms and conditions or the payment is insufficient, the subscription order may be rejected. In such a situation, the Subscription Price paid will be refunded to the subscriber approximately on 10 May 2019 (provided that the subscription period is not extended, and if such extension is made, the above-mentioned payment date is extended accordingly). No interest will be paid for such payment.

Any subscriptions made are binding and may not be amendment or cancelled except as set forth below in section *“Supplements to Prospectus and cancellations of subscriptions”*.

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 26 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 24 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

Subscription for Offer Shares without Subscription Rights and allocation

The subscription of the Offer Shares without the Subscription Rights by a shareholder and/or another investor is performed by submitting a subscription order and by simultaneously paying the Subscription Price in accordance with the instructions provided by the subscriber's account operator, custodian or, in the case of investors entered into the nominee register, the nominee. A subscription order in Sweden which is sent by mail has to be submitted in good time before the last day for subscription. Only one (1) subscription order without subscription rights can be done. If multiple subscription orders are given, only the last one is taken into account. An incomplete or incorrect subscription order may be ignored. The subscription order is binding.

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Finland, shall receive the subscription order and the payment no later than on 26 April 2019, and regarding subscription of Offer Shares delivered through the book-entry system maintained by Euroclear Sweden no later than 24 April 2019, or at an earlier time according to the instructions given by the custodian, account operator or nominee.

If all the Offer Shares have not been subscribed on the basis of the Subscription Rights, Nexstim's Board of Directors will decide on the allocation of the Offer Shares subscribed for without the Subscription Rights as follows:

- a) First to those who also have subscribed for the Offer Shares on the basis of the Subscription Rights. If the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Subscription Rights used for the subscription for the Offer Shares and, if this is not possible, by drawing lots; and
- b) Secondly to those who have subscribed for the Offer Shares only without the Subscription Rights, and if the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Offer Shares which the subscribers have subscribed for and, if this is not possible, by drawing lots.

Nexstim will confirm the approval or rejection of the subscription of the Offer Shares subscribed for without the Subscription Rights for all investors who have submitted a subscription order to subscribe for the Offer Shares without the Subscription Rights. Investors who subscribe for Offer Shares without Subscription Rights through their account operators operators in Sweden receive information regarding their subscription according to the routines of the account operator.

If the Offer Shares subscribed for without the Subscription Rights are not allocated in the number referred to in the subscription order, the paid Subscription Price corresponding to the Offer Shares not obtained will be refunded to the subscriber approximately on 10 May 2019 (provided that the subscription period is not extended,

and if such extension is made, the above-mentioned payment date is extended accordingly). No interest will be paid on such a payment.

Approval and payment of subscriptions

The Company's Board of Directors will approve all the subscriptions made on the basis of the Subscription Rights and in accordance with the terms and conditions of this Offering and the applicable laws and regulations approximately on 2 May 2019. In addition, the Company's Board of Directors will approve the subscriptions made without the Subscription Rights and in accordance with the terms and conditions of the Offering as well as applicable laws and regulations pursuant to the allocation principles presented above in the section "*Subscription for Offer Shares without Subscription Rights and allocation*".

The Subscription Price of the Offer Shares subscribed for in the Offering must be paid in full in euro in Finland or Swedish krona in Sweden in connection with the submission of the subscription order according to the instructions given by the subscription location, the custodian or the account operator. Paying the Subscription Price by set-off is possible in connection with setting of an underwriting commitment fee, see below "*Underwriting commitments*" and "*Directed issues of shares arranged in connection with the Offering*".

A subscription is considered made when the subscription order has arrived at the subscription location, the account operator or custodian in question and the Subscription Price has been paid in full. By subscribing, the subscriber authorises his / her account operator to disclose the necessary personal data, the number of his / her book-entry account and the details of the subscription to the parties involved in the order or the execution of the order to allocate and settle the Offer Shares and Offer Warrants.

If the payment has not been done when it falls due, the Company may, at its sole discretion, reject the subscription, and if the Offering is oversubscribed, reallocate unpaid Offer Shares to subscribers selected according to the principles referred to in the section "*Subscription for Offer Shares without Subscription Rights and allocation*" who have not received all the Offer Shares they subscribed for in the Offering.

The Board of Directors has the right in certain situations to withdraw the Offering; see section "*The Company's right to withdraw the Offering*" below.

Announcement of outcome of the Offering

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering approximately on 2 May 2019 by way of a company announcement.

Registration and delivery of the Offer Shares

The Offer Shares subscribed for in the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "**Temporary Shares**") will be entered in the subscriber's book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol NXTMHN0119, ISIN FI4000359906) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0012455715) as their own special share class approximately on 2 April 2019. The Temporary Shares will be combined with current shares after the Offer Shares have been registered in the Trade Register. The delivery and combination will take place approximately on 8 May 2019 in the book-entry system maintained by Euroclear Finland, and the Offer Shares will be subject to trading together with the Company's existing shares approximately on 8 May 2019 on First North Finland. The delivery and combination will take place approximately on 8 May 2019, in the book-entry system maintained by Euroclear

Sweden, and the Offer Shares will be subject to trading together with the Company's existing shares approximately on 9 May 2019 on First North Sweden.

The Offer Shares subscribed for without the Subscription Rights will be delivered at the same time as the ones that have been subscribed for with the Subscription Rights, and no Temporary Shares will be delivered in in respect to these.

Holders of option rights and special rights

According to the terms and conditions of the option rights 2013A, 2016B-C, 2017 and 2018A-B if the Company decides, before the subscription of shares with the option rights, on an issue of shares or an issue of new option rights or other special rights so that the shareholders have preferential subscription rights, the owner of an option right shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Company's Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these. To ensure the equality of the holders of option rights and shareholders, the Company's Board of Directors will decide approximately on 11 June 2019 changing the numbers of shares to be subscribed for on the basis of option rights 2013A, 2016B-C, 2017 and 2018A-B and/or the subscription price due to the Offering. In connection with a subscription for shares, the total number of shares subscribed for by a holder of option rights will be rounded downwards to full shares, and the total subscription price will be calculated using the rounded number of shares and rounded to the closest cent.

According to the terms and conditions of the existing warrants i.e. special rights entitling to shares in the Company, if the Company decides, before the subscription of shares with the warrants, on an issue of shares so that the shareholders have preferential subscription rights, the holder of such rights shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Company's Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these. The intention of the Board of Directors is to resolve the matter as soon as the final amount of the Offer Shares which are issued has been verified.

Notwithstanding above, according to the terms and conditions of the warrants i.e. special rights entitling to shares agreed with the creditor of the Company Kreos, if the Company decides, before the subscription of shares with the warrants by the warrant holder, on an issue of shares against a lower subscription price than the exercise price agreed with the warrant holder, then the applicable exercise price and the number of the shares to be subscribed for on the basis of the warrants shall be amended so that the warrants holder is entitled from the commercial point of view to the same anti-dilution protection as granted to the other shareholders. The Company will enter into a precise agreement with Kreos and make required decisions as soon as the final amounts of the Offer Shares which are issued has been verified.

The option rights or other special rights granted by the Company (warrants) do not give entitlement to participate in the Offering.

Shareholder rights

The Offer Shares will confer all shareholder rights from their registration with the Trade Register and delivery to the investors. Each Share in the Company confers one vote at the Company's General Meetings.

Supplements to Prospectus and cancellations of subscriptions

Subscriptions placed in the Offering are binding and irrevocable, and may only be cancelled where the Finnish Securities Markets Act provides for a cancellation right.

In accordance with the Finnish Securities Markets Act, the Company will be obliged to issue a supplement to the Prospectus in case a mistake or inaccuracy in the Prospectus is discovered, or a significant new factor arises, prior to the end of the Subscription Period, if such mistake, inaccuracy or new factor may bear material

significance to the investors. Such supplement will be published in the same manner as the Prospectus.

If the Prospectus is supplemented, investors who have subscribed for Offer Shares before the publication of the supplement to the Prospectus have the right to cancel their subscriptions. The cancellation right must be exercised within a cancellation period which may not be shorter than two (2) Finnish banking days from the publication of the supplement to the Prospectus. An investor's cancellation of a subscription will be deemed to be made in respect of all the subscriptions of that investor. A precondition for the right to cancel is that the mistake, omission or material new information arose or was noted before the delivery of the Temporary Shares, or in the case for those investors who are not delivered Temporary Shares, the Offer Shares. Cancellations must be filed to the subscription location where the original subscription was placed. Information on the right to cancel shall be issued in the supplement to the Prospectus.

If an investor has cancelled its subscription, any Subscription Price already paid by that investor will be returned to the bank account of the investor given by the investor in connection with the subscription. The funds will be repaid within three (3) local banking days of the cancellation of the subscription. No interest will be paid on the amounts returned. The Company will announce cancellation instructions by way of a company announcement, in connection with publishing the supplement to the Prospectus.

If the shareholder has sold or otherwise reassigned his/her Subscription Rights, the sale or transfer cannot be cancelled.

The Company's right to withdraw the Offering

The Company may, at its sole discretion (and for any reason), withdraw the Offering. If the Offering is withdrawn, any subscriptions given by investors will be automatically cancelled. In such case, the Subscription Price paid by investors will be returned to the bank accounts of the investors given by the investors in connection with the subscription. The funds will be repaid within three (3) local banking days of the Offering being withdrawn. A withdrawal of the Offering will be announced by the Company by way of a company announcement.

The Company may not withdraw the Offering after the Board of Directors of the Company has resolved on the allocation of the Offer Shares.

Governing law

The Offering and the Offer Shares shall be governed by Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

Other matters

The Company's Board of Directors may make decisions on other matters related to the Offering.

Underwriting commitments

The Company has received underwriting commitments from investors worth approximately EUR 1.1 million (see the section "*Arrangements relating to the Offering – Underwriting commitments*" of the Prospectus). The parties that have given underwriting commitments have thus undertaken to subscribe for 20.6 per cent of the Offer Shares.

Directed issues of shares arranged in connection with the Offering

If the Offering is subscribed in full, a separate share issue can be additionally directed to those parties providing an underwriting commitment against the same Subscription Price as in the Offering. A maximum of 1,665,575 shares may be issued in such

		<p>directed share issue.</p> <p>Pursuant to the above-mentioned underwriting commitments it has been agreed with such underwriters that they will receive an underwriting fee amounting to 10 per cent of the aggregate amount of the underwriting commitment. The Company is entitled (but not obligated) to pay such fee against shares of Nexstim instead of a cash payment by issuing new shares to providers of undertaking commitments in the Secondary Subscription or the directed share issue against a subscription price which is equivalent to the Subscription Price in the Offering. Possible difference of the aggregate subscription price of the issued shares and the undertaking fee will be paid in cash by the Company. In the event an underwriting commitment is not exercised at all by the Company, no underwriting fee is payable, but if an underwriting commitment is exercised by the Company only partially, the underwriting fee is payable in full.</p>
E.4	Material interests /	The fee of the financial adviser is linked to the proceeds of the Offering.
E.5	Lock-ups	Not applicable. There are no lock-up agreements signed by the Company as of the date of this Prospectus.
E.6	Dilution	<p>As a result of the Offering, the number of the Company's shares may rise from 3,253,746 to a maximum of 48,806,190 shares. The Offer Shares correspond to 1,400 per cent of all the Company's shares immediately before the Offering and about 93.3 per cent of the Company's shares after the Offering, assuming that the Offering is fully subscribed.</p> <p>In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the number of Company's shares may rise to a 71,582,412 shares as a result of the Offering and the shares subscribed based on the Offer Warrants. In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the Offer Shares and the shares subscribed based on the Offer Warrants correspond to 2,100 per cent of all the Company's shares immediately before the Offering and about 95.5 per cent of the Company shares after the Offering and subscription of the shares based on the Offer Warrants, assuming that the Offering is fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.</p> <p>If the Offering is subscribed in full and shares also issued in a separate directed issues as set forth above (see E.3 <i>"Terms and conditions of the offer - Directed issues of shares arranged in connection with the Offering"</i>) of the maximum amount of 1,665,575, the number of the Company's shares may rise after the Offering to (assuming full subscription of the Offering and shares which may be subscribed with Offer Warrants) 73,247,987 shares. These shares issued in the directed share issues would correspond to approximately 201.2 per cent of all the Company's shares before the Offering (and such directed issued) and approximately 8.9 per cent of the Company's shares after the Offering, subscription of the shares based on the Offer Warrants and the directed issues, assuming that the Offering and shares issued in the directed issues are fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.</p>
E.7	Expenses charged to the investor	Not applicable; no expenses will be charged to investors by Nexstim.

SAMMANFATTNING

Sammanfattningar ställs upp efter informationskrav enligt bilaga XXII till Prospektdirektivet i form av ett antal ”Punkter”. Punkterna är numrerade i avsnitt A–E (A.1–E.7).

Denna sammanfattning innehåller alla de Punkter som ska ingå i en sammanfattning för denna typ av värdepapper och för Bolaget. Eftersom vissa Punkter inte behöver ingå, kan det finnas luckor i numreringen av Punkterna.

Även om en punkt ska ingå i sammanfattningen på grund av karaktären av värdepapperen och Bolaget, är det möjligt att det inte finns någon relevant information att ange beträffande den Punkten. I detta fall innehåller sammanfattningen en kort beskrivning av den aktuella Punkten tillsammans med angivelsen ”ej tillämplig”.

Avsnitt A – Introduktion och varningar			
A.1	Varning		<i>Denna sammanfattning bör läsas som en introduktion till Prospektet. Varje beslut om att investera i värdepapperen ska baseras på en bedömning av Prospektet i dess helhet från den potentiella investerarens sida. Vissa termer som används i denna sammanfattning definieras på andra ställen i Prospektet. Om yrkande avseende informationen i Prospektet anförts vid domstol, kan den investerare som är kärande i enlighet med medlemsstaternas nationella lagstiftning bli tvungen att svara för kostnaderna för översättning av Prospektet innan det rättsliga förfarandet inleds. Civilrättsligt ansvar kan endast åläggas de personer som lagt fram sammanfattningen, inklusive översättningar därav, men endast om sammanfattningen är vilseledande, felaktig eller oförenlig med de andra delarna av prospektet, eller om den inte, tillsammans med andra delar av prospektet, ger nyckelinformation för att hjälpa investerare när de överväger att investera i värdepapperen.</i>
A.2	Samtycke finansiella mellanhänders användning prospektet	till av	Ej tillämplig.
Avsnitt B – Bolaget			
B.1	Firma handelsbeteckning	och	Bolagets registrerade firma är Nexstim Oyj (”Bolaget”) (på svenska Nexstim Abp och på engelska Nexstim Plc).
B.2	Emittentens säte, bolagsform, lagstiftning och etableringsland		Bolaget är ett publikt aktiebolag bildat enligt finsk rätt. Bolaget har sitt säte i Helsingfors, Finland. Bolaget är registrerat i det finska handelsregistret under FO-numret 1628881-1.
B.3	Beskrivning av emittentens verksamhet		<p>Nexstim är ett medicintekniskt företag som tagit fram och kommersialiserar en teknik för navigerad icke-invasiv hjärnstimulering, kallad SmartFocus™ TMS (transkraniell magnetstimulering) för terapeutiska tillämpningar för behandling av depression och kronisk smärta via företagets system för navigerad hjärnterapi (NBT®).</p> <p>Nexstim har lanserat NBT®-systemet i USA för behandling av egentlig depression (MDD) efter att ha fått godkännande från Food and Drug Administration, US Department of Health and Human Services (FDA; USA:s livsmedels- och hälsomyndighet som är underställt hälso- och socialdepartementet) för marknadsföring och försäljning för denna indikation. NBT®-systemet har i Europa fått CE-märkning för behandling av egentlig depression och kronisk neuropatisk smärta. Behandling av egentlig depression har godkänts som ersättningsbar behandling, och behandling av depression med TMS ersätts av sjukförsäkringen Medicare och de flesta privata försäkringsbolag i USA. Nexstim inledde försäljningen av NBT®-systemet för behandling av MDD i maj 2018 och per datum för detta Prospekt har 12 system levererats till kunder. I fråga om behandling av kronisk neuropatisk smärta överväger Bolaget att inleda kliniska försök.</p> <p>Nexstim kommersialiserar också sitt NBS-system (Navigated Brain Stimulation) för diagnostiska tillämpningar på samma teknikplattform. Såvitt Bolaget känner till är NBS-systemet det enda FDA-godkända och CE-märkta TMS-systemet för preoperativ kartläggning av hjärnbarken för motorik och tal. Nexstims NBS-system, som används för prekirurgisk diagnostik, är för närvarande i kommersialiseringsfasen. Försäljningen och marknadsföringen som främst varit inriktade på universitet och universitetssjukhus har nyligen utvidgats till andra ledande sjukhus med stark opinionsbildande roll (Key Opinion Leader, KOL) inom neurokirurgi.</p>

		Vid tidpunkten för detta Prospekt har Nexstim sålt cirka 160 NBS-system, av vilka cirka 40 procent används för kliniskt bruk och 60 procent används för vetenskapliga forskningsändamål. Nexstims intäkter för de två senaste åren härrör främst från försäljningen av NBS-system och från försäljningsaktiviteter såsom utbildning, service och försäljning av reservdelar och förbrukningsvaror.																																																															
B.4a	Väsentliga senaste trender som påverkar Bolaget och den bransch i vilken Bolaget är verksamt	Nexstims produkter används både för forskning och på det kliniska området. För närvarande finns det inga direkta konkurrenter till Nexstims produkter inom neurokirurgi, men det finns företag som kan bli konkurrenter i framtiden. Inom behandling av egentlig depression finns det flera konkurrerande TMS-leverantörer på marknaden i USA. Dessutom finns det på marknaden indirekta konkurrenter som erbjuder alternativa diagnostiska och terapeutiska metoder och vars lösningar kan vinna betydande marknadsandelar på Nexstims marknadssegment i framtiden. Nexstim är en utvecklare av nTMS-produkter och, såvitt Bolaget känner till, för närvarande det enda företaget med kliniskt bevis för NBS-behandling av hjärnbarken för motorik och tal och med FDA-godkännande för försäljning och marknadsföring. Bolagets förmåga att bli framgångsrikt kommer delvis att bero på dess förmåga att övertyga vårdsamfundet om fördelarna med Nexstims produkter samt på dess förmåga att främja en förändring av befintliga diagnostik-, terapi- och behandlingsmetoder i en riktning som är gynnsam för Nexstims produkter.																																																															
B.5	Koncernen	Nexstim Abp är moderbolaget i Nexstim-koncernen. Bolaget bedriver verksamhet under egen firma samt genom de helägda dotterbolagen Nexstim Inc., registrerat i delstaten Delaware i Förenta staterna och Nexstim Germany GmbH, registrerat i Tyskland. Därtill har Bolaget det helägda dotterbolaget Nexstim Limited, registrerat i Storbritannien. Detta dotterbolag har för närvarande ingen verksamhet.																																																															
B.6	Större aktieägare	<p>I tabellen nedan presenteras de tjugo största aktieägarna i Bolaget enligt de senaste tillgängliga uppgifterna om aktieägarna i Bolaget från Euroclear Finland och Euroclear Sweden (per 28 februari 2019). Enligt den information som Bolaget haft tillhanda, har det inte skett några betydande förändringar i ägarandelarna per datumet för detta Prospekt.</p> <table> <tr> <th>Aktieägare</th><th>Antal aktier</th><th>Ägarandel*</th></tr> <tr> <td>Nordea Bank Oyj**</td><td>1 316 311</td><td>40,46%</td></tr> <tr> <td>Jubileumsfonden för Finlands självständighet Sitra</td><td>314 062</td><td>9,65%</td></tr> <tr> <td>Clearstream Banking S.A.**</td><td>284 593</td><td>8,75%</td></tr> <tr> <td>Avanza Pension</td><td>71 058</td><td>2,18%</td></tr> <tr> <td>Kivi Esko</td><td>66 196</td><td>2,03%</td></tr> <tr> <td>Haapaniemi Ossi** (direkt och indirekt genom de företag de äger)</td><td>57 364</td><td>1,76%</td></tr> <tr> <td>Hsbc Bank Plc, W8imy **</td><td>50 000</td><td>1,53%</td></tr> <tr> <td>Havndrup, Ulrick **</td><td>25 481</td><td>0,78%</td></tr> <tr> <td>Zemicheal, Thomas **</td><td>23 680</td><td>0,72%</td></tr> <tr> <td>Danske Bank AS Helsinki Branch</td><td>23 140</td><td>0,71%</td></tr> <tr> <td>J.P. Morgan Securities Plc **</td><td>20 685</td><td>0,63%</td></tr> <tr> <td>Niukkanen Pentti Juhani</td><td>20 001</td><td>0,61%</td></tr> <tr> <td>Bengtsson, Benny **</td><td>20 000</td><td>0,61%</td></tr> <tr> <td>Sv Handelsbanken Copenhagen Branch, Clients Acct **</td><td>18 450</td><td>0,56%</td></tr> <tr> <td>Skandinaviska Enskilda Banken AB</td><td>13 403</td><td>0,41%</td></tr> <tr> <td>Svensson, Jesper **</td><td>13 399</td><td>0,41%</td></tr> <tr> <td>Isberg, Crister **</td><td>13 334</td><td>0,40%</td></tr> <tr> <td>Lago Kapital Oy</td><td>12 383</td><td>0,38%</td></tr> <tr> <td>Paasivirta Esa Juhani</td><td>12 265</td><td>0,38%</td></tr> <tr> <td>Svenska Handelsbanken AB (publ), filialverksamheten i Finland**</td><td>12 241</td><td>0,38%</td></tr> </table>	Aktieägare	Antal aktier	Ägarandel*	Nordea Bank Oyj**	1 316 311	40,46%	Jubileumsfonden för Finlands självständighet Sitra	314 062	9,65%	Clearstream Banking S.A.**	284 593	8,75%	Avanza Pension	71 058	2,18%	Kivi Esko	66 196	2,03%	Haapaniemi Ossi** (direkt och indirekt genom de företag de äger)	57 364	1,76%	Hsbc Bank Plc, W8imy **	50 000	1,53%	Havndrup, Ulrick **	25 481	0,78%	Zemicheal, Thomas **	23 680	0,72%	Danske Bank AS Helsinki Branch	23 140	0,71%	J.P. Morgan Securities Plc **	20 685	0,63%	Niukkanen Pentti Juhani	20 001	0,61%	Bengtsson, Benny **	20 000	0,61%	Sv Handelsbanken Copenhagen Branch, Clients Acct **	18 450	0,56%	Skandinaviska Enskilda Banken AB	13 403	0,41%	Svensson, Jesper **	13 399	0,41%	Isberg, Crister **	13 334	0,40%	Lago Kapital Oy	12 383	0,38%	Paasivirta Esa Juhani	12 265	0,38%	Svenska Handelsbanken AB (publ), filialverksamheten i Finland**	12 241	0,38%
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Havndrup, Ulrick **	25 481	0,78%																																																															
Zemicheal, Thomas **	23 680	0,72%																																																															
Danske Bank AS Helsinki Branch	23 140	0,71%																																																															
J.P. Morgan Securities Plc **	20 685	0,63%																																																															
Niukkanen Pentti Juhani	20 001	0,61%																																																															
Bengtsson, Benny **	20 000	0,61%																																																															
Sv Handelsbanken Copenhagen Branch, Clients Acct **	18 450	0,56%																																																															
Skandinaviska Enskilda Banken AB	13 403	0,41%																																																															
Svensson, Jesper **	13 399	0,41%																																																															
Isberg, Crister **	13 334	0,40%																																																															
Lago Kapital Oy	12 383	0,38%																																																															
Paasivirta Esa Juhani	12 265	0,38%																																																															
Svenska Handelsbanken AB (publ), filialverksamheten i Finland**	12 241	0,38%																																																															

** Proportionell ägarandel beräknad på det totala antalet aktier som emitterats och registrerats vid tidpunkten för detta Prospekt och exklusive ägarutspädning till följd av de emitterade och utestående optionerna och andra rättigheter som berättigar till aktier i Bolaget (befintliga teckningsrätter).*

*** Förvaltarregistrerade aktieägare.*

Bolaget har ett aktieslag. Varje aktie berättigar till en röst på bolagsstämma.

I den utsträckning det är känt för Bolaget, är Bolaget inte direkt eller indirekt ägt eller kontrollerat av någon aktieägare. Bolaget har inte heller kännedom om något arrangemang vilket skulle kunna leda till en förändring i kontrollen av Bolaget.

B.7	Utvald historisk finansiell nyckelinformation och redovisning av väsentliga förändringar i Bolagets finansiella ställning och rörelseresultat under och efter den period som omfattas av den historiska informationen	Följande tabeller visar utvald information från koncernredovisningen för räkenskapsperioderna som avslutades 31 december 2017 och 2018. Bolagets reviderade koncernbokslut för räkenskapsperioderna per 31 december 2018 respektive 31 december 2017 har upprättats i enlighet med Finsk Redovisningssed. Den utvalda finansiella informationen nedan innehåller inte all information från Bolagets koncernbokslut.
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Koncernresultaträkning

Tusen euro	1 januari–31 december 2018	1 januari–31 december 2017
	(Reviderad)	(Reviderad)
NETTOOMSÄTTNING	2 672,2	2 645,3
Tillverkning för eget bruk	36,3	38,8
Övriga rörelseintäkter	33,7	70,2
Material och tjänster		
Material		
Inköp under räkenskapsperioden	-628,2	-617,2
Förändring av lager, förvärv (+) eller avyttringar (-)	-82,1	94,8
Köpta tjänster	0,00	-29,8
Summa	-710,3	-552,1
Personalkostnader		
Löner och arvoden	-3 353,0	-2 903,3
Sociala avgifter		
Pensionskostnader	-336,5	-277,2
Övriga sociala avgifter	-248,0	-154,2
Summa	-3 937,5	-3 334,7
Avskrivningar och nedskrivningar		
Planenliga avskrivningar och nedskrivningar	-424,0	-341,3
Summa	-424,0	-341,3
Övriga rörelsekostnader	-3 985,9	-4 118,1
RÖRELSEVINST/-FÖRLUST	-6 315,6	-5 591,9
Finansiella intäkter och kostnader		
Övriga ränteintäkter och finansiella intäkter	858,1	0,4
Räntor och övriga finansiella kostnader	-695,1	-1 733,6
Summa	163,0	-1 733,2

RÖRELSERESULTAT	-6 152,6	-7 325,1
Inkomstskatt	-1,7	-2,8
RÄKENSKAPSPERIODENS VINST/FÖRLUST	-6 154,3	-7 327,9

Koncernbalansräkning

Tusen euro	31 december 2018 (Reviderad)	31 december 2017 (Reviderad)
TILLGÅNGAR		
ANLÄGGNINGSTILLGÅNGAR		
Immateriella tillgångar		
Utvecklingskostnader	71,6	70,5
Immateriella rättigheter	358,2	470,0
Summa	429,9	540,5
Materiella tillgångar		
Maskiner och inventarier	464,7	167,3
Summa	464,7	167,3
Investeringar		
Övriga aktier och andelar	10,0	10,0
Summa	10,0	10,0
SUMMA ANLÄGGNINGSTILLGÅNGAR	904,6	717,8
OMSÄTTNINGSTILLGÅNGAR		
Varulager		
Material och förnödenheter	258,8	387,1
Summa	258,8	387,1
Fordringar		
Kundfordringar	888,9	1 152,5
Förutbetalda kostnader och upplupna intäkter	307,7	117,2
Övriga fordringar	126,9	195,5
Summa	1 323,5	1 465,2
Kassa och bank	7 175,2	8 473,6
SUMMA OMSÄTTNINGSTILLGÅNGAR	8 757,4	10 325,8
SUMMA TILLGÅNGAR	9 662,1	11 043,7
EGET KAPITAL OCH SKULDER		
EGET KAPITAL		
Aktiekapital	80,0	80,0
Fond för inbetalt fritt eget kapital	39 480,6	38 519,1
Balanserad vinst/förlust	-33 700,5	-25 750,4
Räkenskapsperiodens vinst/förlust	-6 154,3	-7 327,9
SUMMA EGET KAPITAL	-294,3	5 520,8
SKULDER		
LÅNGFRISTIGA SKULDER		
Kapitallån	100,0	300,0
Övriga räntebärande lån	7 063,4	3 423,8

Förutbetalda intäkter	0,00	13,4
Summa	7 163,4	3 737,2
KORTFRISTIGA SKULDER		
Lån från banker	1 103,8	0,00
Leverantörsskulder	597,1	961,5
Övriga skulder	290,6	113,0
Upplupna kostnader	801,4	711,1
Summa	2 792,9	1 785,6
SUMMA SKULDER	9 956,3	5 522,9
SUMMA EGET KAPITAL OCH SKULDER	9 662,1	11 043,7

Sammandrag av koncernens kassaflödesanalys

	1 januari–31 december	
Tusen euro	1 januari–31 december 2018 (Reviderad)	1 januari–31 december 2017 (Reviderad)
Kassaflöde från löpande verksamhet	-6 192,5	-5 402,9
Kassaflöde från investeringar	-610,8	-147,8
Kassaflöde från finansiering	5 504,8	5 868,0
Förändring av kassa och bank	-1 298,4	317,2
Kassa och bank vid periodens början	8 473,6	8 156,4
Kassa och bank vid periodens slut	7 175,2	8 473,6

Avkastning från behandlingsverksamheten avseende NBT-systemet

Enligt bolagsledningen uppgick avkastningen från behandlingsverksamheten avseende NBT-systemet till ungefär 659,9 tusen euro för redovisningsperioden per 31 december 2018 och till ungefär 211,1 tusen euro för redovisningsperioden per 31 december 2017.

Nyckeltal

Tusen euro	1 januari–31 december 2018 (Reviderad, om inte annat anges)	1 januari–31 december 2017
Nettoomsättning	2 672,2	2 645,3
Personalkostnader	-3 937,5	-3 334,7
Avskrivningar och nedskrivningar	-424,0	-341,3
Övriga rörelsekostnader	-3 985,9	-4 118,1
Räkenskapsperiodens vinst/förlust	-6 154,3	-7 327,9
Vinst per aktie (EUR)**	-1,93*	-2,77*
Kassaflöde från löpande verksamhet	-6 192,5	-5 402,9
Kassa och bank	7 175,2	8 473,6
Summa eget kapital	-294,3	5 520,8
Soliditet (%)	-0,98*	52,77*

* Oreviderad

**Nexstims extra bolagsstämma fattade 21 november 2018 ett beslut om minskning av antalet aktier i Bolaget, så att trettio aktier i Bolaget motsvaras av en aktie efter transaktionen. Vinst per aktie för 2017 har omvärderats så att den återspeglar förändringen.

Vinst per aktie	=	$\frac{\text{Räkenskapsperiodens vinst/förlust}}{\text{Genomsnittligt antal aktier}}$
Soliditet (%)	=	$\frac{\text{Summa eget kapital} + \text{Kapitallån}}{\text{Summa tillgångar} - \text{Förutbetalda intäkter}} \times 100$

Årsredovisningen för 2018 har upprättats utifrån ett antagande om Bolagets fortlevnad, enligt vilket Nexstim kan realisera sina tillgångar och fullfölja sina åtaganden genom normal verksamhet inom en överskådlig framtid. Bolaget uppskattar att det inte har tillräckligt med rörelsekapital för att uppfylla sina nuvarande behov, det vill säga under en period av minst 12 månader från och med dagen för detta Prospekt. Närmare information finns i avsnitten B.10 och B.11.

Kassa och bank i Bolaget uppgick till 6 024,0 tusen euro per 28 februari 2019. Kassa och bank har minskat med 1 151,2 tusen euro sedan 31 december 2018. Minskningen beror huvudsakligen på driftskostnaderna. Per 28 februari 2019 uppgick Bolagets långfristiga räntebärande skulder till 7 328,6 tusen euro och kortfristiga räntebärande skulder till 1 101,3 tusen euro.

Det har inte förekommit andra väsentliga förändringar i Bolagets finansiella ställning eller rörelseresultat mellan helårsrapporten per 31 december 2018 och datum för detta Prospekt.

B.8	Proformaredovisning	Ej tillämplig.
B.9	Resultatprognos eller beräkning	<p>I avsnitt B.7 ovan redogörs för avkastningen från Bolagets behandlingsverksamhet avseende NBT-systemet för redovisningsperioderna som avslutades 31 december 2018 och 31 december 2017.</p> <p>Utifrån sin verksamhetsprognos uppskattar Bolaget att avkastningen från behandlingsverksamheten kommer att öka under 2019 och förväntar sig en förlust för räkenskapsåret 2019 för Bolaget. Prognosen bygger på följande händelser och antaganden från ledningen:</p> <ul style="list-style-type: none"> (f) Kommersialiseringen av NBT-systemet för behandling av MDD, som förväntas generera avkastning i framtiden, lanserades i maj 2018 och förväntas därmed ge endast liten avkastning i förhållande till kostnaderna under innevarande år. (g) Försäljningen av NBS-system inklusive aftersales-service (preoperativ kartläggning, PSM) förväntas ge endast måttlig omsättning 2019. (h) Bolaget har ökat sin försäljnings- och marknadsföringsorganisation under 2018 och ökningen förväntas fortsätta 2019 genom att Bolaget anställer nya medarbetare och ökar marknadsföringskostnaderna. (i) Bolaget kan säkerställa finansieringen för räkenskapsåret 2019 genom avkastningen från Erbjudandet samt från Erbjudandewarranterna. (j) Kostnaderna och utgifterna i anslutning till Erbjudandet kommer att öka förlusterna. <p>Ledningen för Bolaget kan främst påverka de säljaktiviteter som anknyter till punkterna a-c ovan, men inte utgången av Erbjudandet eller Erbjudandewarranterna.</p>
B.10	Anmärkningar i revisionsberättelserna	<p>I revisionsberättelsen gällande Nexstims årsredovisning per 31 december 2018 ingår följande anmärkningar:</p> <p>Betydande osäkerhet gällande företagets fortlevnad</p> <p>Vi vill fästa uppmärksamheten på not 11 i årsredovisningen och avsnittet "Framtidsutsikter" i styrelsens årsberättelse, vilka beskriver förmåga att fortsätta verksamheten. Bolagets likviditet och dess inverkan på Bolagets ekonomiska resultat och finansieringsmöjligheterna är föremål för betydande osäkerhetsfaktorer vilka ledningen har beaktat i bedömningarna av Bolagets förmåga att fortsätta verksamheten. Om Bolaget inte lyckas få in ytterligare finansiering kan det drabbas av allvarliga finansiella problem.</p> <p>Upplysningar av särskild betydelse</p> <p>Vi vill fästa uppmärksamheten på not 6 i moderbolagets årsredovisning och till avsnittet "Finansiering och investeringar" i styrelsens årsberättelse, enligt vilka det råder betydande osäkerhet gällande verkställbarheten och därmed värderingen för de</p>

långfristiga och kortfristiga fordringarna mellan koncernföretag. Ifall dessa fordringar inte kan drivas in till fullo föreligger det en betydande risk för att moderbolaget kan förlora aktiekapital.

B.11 Uttalande om
Rörelsekapital

Bolaget uppskattar att det inte har tillräckligt med rörelsekapital för att uppfylla sina nuvarande behov, det vill säga under en period av minst 12 månader från och med dagen för detta Prospekt. Nexstim befinner sig i inledningsskedet av kommersialiseringen av sina produkter vilket medför relativt höga kostnader i anslutning till teknikplattform, tillståndsärenden och administration. Utöver dessa kostnader räknar Nexstim med betydande kostnader till följd av de ökade satsningarna på och utgifterna för försäljning och marknadsföring i syfte att främja kommersialiseringen av NBT-systemet för behandling av depression under de nästföljande tolv månaderna. För att täcka behovet av rörelsekapital har Bolaget lånat upp 4 miljoner euro från företaget Kreos Capital V (UK) Limited (**"Lånet från Kreos"**) med villkor som ger Kreos möjlighet att säga upp Lånet från Kreos under den kommande tolv månadersperioden. Om den faktiska nettoavkastningen från erbjudandet i enlighet med detta Prospekt (**"Erbjudandet"**) blir betydligt mindre än nettoavkastningen i det fall att Erbjudandet fulltecknas kan detta innebära en sådan "väsentlig negativ ändring" som avses i lånevillkoren, varigenom Bolaget kan åläggas skyldigheten att i förtid betala det utestående lånet inklusive ränta och avgifter.

På basis av en återhållsam avkastningsprognos och kostnadsberäkning samt med beaktande av Bolagets kassa och bank per 28 februari 2019 (ca 6 miljoner euro) räknar Bolaget med att det har tillräckligt med rörelsekapital till utgången av april 2019, under antagande att ovan nämnda förtida betalning av Lånet från Kreos inklusive ränta och avgifter (ca 4,37 miljoner euro) sker före detta datum. I så fall behöver Bolaget totalt 6 miljoner euro utöver dess nuvarande rörelsekapital för att täcka underskottet i rörelsekapital åtminstone för tolv månader efter datum av detta Prospekt.

Ifall Bolaget inte behöver betala Lånet från Kreos inklusive ränta i förtid utan betalar lånet i enlighet med den överenskomna återbetalningsplanen, räknar Bolaget med att ha tillräckligt med rörelsekapital till utgången av september 2019. I så fall behöver Bolaget totalt 3 miljoner euro utöver dess nuvarande rörelsekapital för att täcka underskottet i rörelsekapital åtminstone för tolv månader efter datum av detta Prospekt.

Bolaget genomför Erbjudandet och erbjuder Erbjudandewarranter bland annat för att säkra ett tillräckligt rörelsekapital. Bolaget beräknar att om Erbjudandet genomförs in utsatt tid och fulltecknas, om nettoavkastningen från Erbjudandet uppgår till cirka 4,8 miljoner euro (exklusive eventuella provisioner för teckningsgaranti enligt avsnitt E.1 om 0,1 miljoner euroa) och Erbjudandewarranterna utnyttjas för teckning av aktier så att nettoavkastningen från detta är minst 1,2 miljon euro, kommer nettoavkastningen från Erbjudandet och Erbjudandewarranterna (tillsammans med Bolagets kassa och bank) att säkerställa Bolaget ett tillräckligt rörelsekapital för att Bolaget ska kunna uppfylla sina nuvarande åtaganden och täcka behovet av rörelsekapital för minst tolv månader räknat från datum av detta Prospekt även om Lånet från Kreos inklusive ränta och avgifter förfaller till betalning inom denna period. I det fall Lånet från Kreos inklusive ränta och avgifter förfaller till betalning under nämnda period och om erbjudandet fulltecknas, men Bolaget får ingen nettoavkastning från Erbjudandewarranterna, behöver Bolaget cirka 1,2 miljon euro för att täcka underskottet i rörelsekapital åtminstone för tolv månader efter datum av detta Prospekt. Ifall Lånet från Kreos inklusive ränta och avgifter inte förfaller till betalning under nämnda tolv månadersperiod och nettoavkastningen från Erbjudandet uppgår till minst 3 miljoner euro, kommer nettoavkastningen från Erbjudandet och Erbjudandewarranterna att säkerställa Bolaget ett tillräckligt rörelsekapital för att täcka behovet av rörelsekapital för minst tolv månader efter datum av detta Prospekt.

Bolaget avser att försöka ta in ytterligare skuld- eller kapitalfinansiering om (a) Bolaget inte får in minst sex (6) miljoner euro genom Erbjudandet och aktieteckningarna med Erbjudandewarranterna och om Lånet från Kreos (inklusive ränta och avgifter) förfaller till betalning i förtid eller (b) Lånet från Kreos (inklusive ränta och avgifter) inte förfaller till betalning i förtid men Bolaget inte kan ta in minst tre (3) miljoner euro från Erbjudandet. Utöver de ovan nämnda omständigheterna beror behovet av tilläggsfinansiering också på eventuella negativa ändringar i Bolagets affärsverksamhet, till exempel att Bolagets omsättning inte når upp till prognoserna. I ovan nämnda situationer avser Bolaget även justera sin kostnadsstruktur, framförallt genom att minska dess fasta kostnader, såsom personalkostnader och, om det behövs,

genom de planerade kostnaderna för att bygga upp och stärka den egna sälj- och marknadsföringsorganisationen. Om Bolaget inte lyckas få in ytterligare finansiering kan det drabbas av allvarliga finansiella problem.

Avsnitt C – Värdepapper

C.1	Typ och slag av värdepapper	<p>Erbjudandet gäller aktier i Bolaget som erbjuds för teckning. Dessa aktiers ISIN-kod är FI4000354162 och handelsnamnet är NXTMH på First North Finland och NXTMS på First North Sweden.</p> <p>Nexstim ger alla aktieägare som är registrerade i förteckningen över Nexstims aktieägare som upprätthålls av Euroclear Finland Oy eller Euroclear Sweden AB en (1) företrädesrätt att teckna kontoförda värdepapper ("Teckningsrätten") per varje aktie i respektive ägares innehav på avstämningsdagen 28 mars 2019. För varje Teckningsrätt har aktieägaren rätt att teckna fjorton (14) Erbjudandeaktier. Det är inte möjligt att använda endast en del av Teckningsrätten. Teckningsrätterna får överlätas fritt och handlas på First North Finland (handelssymbol NXTMHU0119, ISIN FI4000359898) och på First North Sweden (handelssymbol NXTMS TR, ISIN SE0012455707) mellan 2 april 2019 och 18 april 2019.</p> <p>Efter teckningen ska de tillfälliga aktierna motsvarande Erbjudandeaktierna ("Tillfälliga aktierna") som tecknats med Teckningsrätterna registreras på tecknarens värdeandelskonto/depåkonto. Handel med de Tillfälliga aktierna som ett separat aktieslag kommer att inledas på First North Finland (handelssymbol NXTMHN0119, ISIN FI4000359906) och på First North Sweden (handelssymbol NXTMS BTA, ISIN SE0012455715) omkring 2 april 2019. De Tillfälliga aktierna kommer att slås ihop med de nuvarande aktierna efter att Erbjudandeaktierna har registrerats i det finska handelsregistret. Sammanslagningen kommer att göras i Euroclear Finlands värdeandelssystem omkring 8 maj 2019 och i Euroclear Swedens depåsystem omkring 8 maj 2019. Erbjudandeaktierna kan handlas tillsammans med de befintliga aktierna i Bolaget omkring 8 maj 2019 på First North Finland och omkring 9 maj 2019 på First North Sweden.</p> <p>Nexstim kommer dessutom att till (i) personer som tecknat Erbjudandeaktier under Erbjudandet och (ii) investerare som tecknat aktier i Bolaget mot betalning under den riktade emission som eventuellt ordnats i samband med erbjudandet, vederlagsfritt tilldela särskilda rättigheter till aktier ("Erbjudandewarranter") som berättigar till teckning av nya aktier i Bolaget. Erbjudandewarranterna ges ut så att tecknaren får en (1) Erbjudandewarrant för varje två (2) tecknade och betalda Erbjudandeaktier samt för betalda aktier som tecknats under en eventuell riktad emission, förutsatt att teckningen har godkänts av Bolagets styrelse. Erbjudandewarranterna ges inte ut i delar. Erbjudandewarranternas ISIN-kod är FI4000375274. Bolaget har för avsikt att ansöka hos Helsingforsbörsen och Stockholmsbörsen om notering av Erbjudandewarranterna på First North Finland och First North Sweden. Erbjudandewarranterna förväntas ha handelssymbolerna NXTMHEW119 och på First North Finland och NXTMS TO på First North Sweden. Om Erbjudandewarranterna noteras på börsen förväntar sig Bolaget att handel med dem inleds på First North Finland och First North Sweden omkring vecka 21 år 2019.</p>
C.2	Valuta	<p>Valutan för Teckningsrätterna, de Tillfälliga aktierna, Erbjudandeaktierna och Erbjudandewarranterna är euro. De Teckningsrätter, Tillfälliga aktier, Erbjudandeaktier och Erbjudandewarranter som är upptagna till handel på First North Finland ska handlas och avvecklas i euro. De Teckningsrätter, Tillfälliga aktier, Erbjudandeaktier och Erbjudandewarranter som är upptagna till handel på First North Sweden ska handlas och avvecklas i svenska kronor.</p>
C.3	Aktier och aktiekapital	<p>Nexstims extra bolagsstämma fattade 21 november 2018 ett beslut om minskning av antalet aktier i Bolaget, så att en (1) aktie i Bolaget efter minskningen ska motsvara trettio aktier i Bolaget före minskningen. Nexstims fullt betalda aktiekapital per dagen för detta Prospekt är 80 000,00 euro som efter ovan nämnda minskning är fördelat på sammanlagt 3 253 746 emitterade och utestående aktier. Aktierna har inget nominellt värde. Nexstim har ett aktieslag.</p>
C.4	Rättigheter knutna till värdepapperen	<p>De rättigheter som är knutna till Bolagets aktier är baserade på den finska aktiebolagslagen (625/2006 jämte ändringar, "den finska aktiebolagslagen") samt annan gällande finsk rätt. Rättigheterna knutna till aktierna innefattar att innehavaren får delta i bolagsstämma samt rösta på stämman. Varje aktie berättigar till en röst på</p>

		<p>bolagsstämma.</p> <p>Samtliga aktier i Bolaget berättigar till lika finansiella rättigheter, vilket inkluderar rätt till utdelning och utbetalningar av medel från Bolaget. Under den finska aktiebolagslagen har aktieägare företrädesrätt att teckna ytterligare aktier i förhållande till befintligt innehav, om inte det aktuella aktieemissionsbeslutet anger annat.</p> <p>Bolagets aktier är förenade med en inlösenrätt och -skyldighet enligt den finska aktiebolagslagen. Enligt den finska aktiebolagslagen har aktieägare som representerar mer än 9/10 av samtliga aktier och röster i ett bolag rätt att lösa in utestående aktier i sådant bolag till skäligt värde. Vidare enligt den finska aktiebolagslagen kan varje minoritetsaktieägare kräva att en sådan majoritetsaktieägare löser in aktierna.</p> <p>Erbjudandeaktierna berättigar innehavaren till samtliga utdelningar och andra rättigheter i Bolaget vid tidpunkten för registrering av Erbjudandeaktierna i det finska handelsregistret. Erbjudandeaktierna registreras i det finska handelsregistret omkring 7 maj 2019.</p> <p>De aktier i Bolaget som tecknas med Erbjudandewarranter ska ge samma rättigheter som fastställs ovan.</p>
C.5	Överlåtelseinskränkningar	Ej tillämplig. Erbjudandeaktierna och Erbjudandewarranterna är fritt överlåtbara.
C.6	Upptagande handel	<p>till Teckningsrätterna handlas på First North Finland (handelssymbol NXTMHU0119, ISIN FI4000359898) och på First North Sweden (handelssymbol NXTMS TR, ISIN SE0012455707) mellan 2 april 2019 och 18 april 2019.</p> <p>Handel med de Tillfälliga aktierna som ett separat aktieslag kommer att inledas på First North Finland (handelssymbol NXTMHN0119, ISIN FI4000359906) och på First North Sweden (handelssymbol NXTMS BTA, ISIN SE0012455715) omkring 2 april 2019.</p> <p>De Tillfälliga aktierna kommer att slås ihop med de nuvarande aktierna efter att Erbjudandeaktierna har registrerats i det finska handelsregistret. Sammanslagningen kommer att göras i Euroclear Finlands värdeandelssystem omkring 8 maj 2019 och i Euroclear Swedens depåsystem omkring 8 maj 2019. Erbjudandeaktierna kan handlas tillsammans med de befintliga aktierna i Bolaget omkring 8 maj 2019 på First North Finland och omkring 9 maj 2019 på First North Sweden.</p> <p>Bolaget har för avsikt att ansöka hos Helsingforsbörsen och Stockholmsbörsen om notering av Erbjudandewarranterna på First North Finland och First North Sweden. Erbjudandewarranterna förväntas ha handelssymbolerna NXTMHEW119 på First North Sweden och NXTMS TO på First North Finland. Erbjudandewarranternas ISIN-kod är FI4000375274. Om Erbjudandewarranterna noteras på börsen förväntar sig Bolaget att handel med dem inleds på First North Finland och First North Sweden omkring vecka 21 år 2019.</p> <p>Bolagets aktier handlas på First North Finland (handelssymbol NXTMH) och på First North Sweden (handelssymbol NXTMS) med ISIN-koden FI4000354162.</p>
C.7	Utdelningspolitik	Bolaget har inte betalat någon utdelning utifrån boksluten per 31 december 2018 eller 31 december 2017 eller motsvarande före datumet för detta Prospekt och det finns inga garantier på att Bolaget kommer att ha utdelningsbara medel i framtiden. Beslut om (eventuell) utdelning fattas i enlighet med den finska aktiebolagslagen utifrån styrelsens förslag.

Avsnitt D – Risker

D.1	Huvudsakliga risker beträffande Bolaget och dess verksamhet	<p>Risker avseende Bolaget och dess verksamhet och finansiering är bland annat följande:</p> <ul style="list-style-type: none"> • Bolaget har historiskt sett lidit av verksamhetsförluster och verksamheten kan förbli olönsam • Det är möjligt att finansiering från Kreos eller Business Finland förfaller i förtid och att det inte finns ytterligare finansiering av tillgå • Bolagets rörelsekapital räcker inte till för att täcka Bolagets behov under den närmaste tolv månadersperioden efter datum av detta Prospekt. Om Erbjudandet
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inte fulltecknas och inbringar minst 6 miljoner euro från Erbjudandet samt Erbjudandewarranterna, är det möjligt att Bolaget har behov av ytterligare finansiering för rörelsekapital

- Vissa av Bolagets produkter har inte en etablerad ställning på marknaden
 - Bolagets produkter kommer att fordra vissa myndighetsgodkännanden eller -tillstånd, såsom till exempel FDA:s försäljnings- och marknadsföringstillstånd för NBT-systemet för användning vid behandling av kronisk smärta, före kommersialiseringen av produkterna och för närvarande har inte samtliga nödvändiga godkännanden eller tillstånd beviljats. Det finns inte heller några garantier för att sådana godkännanden eller tillstånd faktiskt kommer att beviljas eller upprätthållas
 - Bolaget kommer eventuellt inte att kunna erhålla ersättningsbeteckning för de behandlingar som utförs med Bolagets produkter eller den beräknade ersättningsbarheten för behandlingen för nya indikationer
 - Vårdbolag och sjukhus kommer eventuellt inte att implementera Bolagets teknologi och behandlingsformer enligt förväntningarna eller i tillräcklig utsträckning
 - Det är möjligt att Bolaget avyttrar en del av sin affärsverksamhet (inklusive immateriella rättigheter och/eller FoU-personal) eller avregistreras från börser i samband med en transaktion, men för närvarande finns det ingen säkerhet om att en sådan avyttring eller annan transaktion kan genomföras med framgång eller över huvud taget kan genomföras
 - Bolagets verksamhet kan avbrytas på grund av problem med dess leverantörer
 - Bolaget kan eventuellt inte behålla nödvändiga licenser eller tillstånd
 - Bolaget kan eventuellt inte skydda och bevaka sina immateriella rättigheter i tillräcklig grad
 - Bolaget kan eventuellt kränka tredje parts immateriella rättigheter eller det kan framföras anspråk mot Bolaget om sådana överträdelser
 - Marknaden utvecklas kanske inte i önskad riktning eller utsträckning. Bolagets teknologi eller produkter kommer kanske inte att fortsätta vara konkurrenskraftiga
 - De förväntade intäkterna från kapitaliserade utvecklingskostnader och immateriella rättigheter kan visa sig vara mindre än väntat
 - Nedskrivning på koncerninterna lånefordringar eller dotterföretags aktier kan minska moderbolagets kapital, varigenom moderbolagets kapital kan bli negativt
 - Bolaget kan eventuellt inte göra avdrag för alla förluster vid beskattningen
 - Det kan ske förändringar i Bolagets redovisade lönsamhet eller finansiella ställning till följd av förändringar i redovisningsregler eller beslut om att börja tillämpa internationella redovisningsstandarder (IFRS)
 - Bolaget kan bli föremål för produktansvarskrav och andra krav
 - Bolaget kan i framtiden bli inblandat i tvister och skiljeförfaranden
 - Bolaget kan påverkas negativt av ekonomiska svårigheter eller konkurser hos en eller flera kunder, partner, leverantörer eller andra motparter
 - Bolaget är beroende av sina datasystem
 - Bolaget är beroende av dess förmåga att rekrytera och behålla nyckelpersoner
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- Bolaget är beroende av dess förmåga att finna och behålla forsknings- och samarbetspartner
 - Bolaget har begränsad erfarenhet av försäljning, marknadsföring och distribution
 - Bolaget måste följa komplicerade lagar och förordningar som gäller för dess verksamhet, och varje brott mot dessa lagar eller förordningar kan få betungande konsekvenser
 - Bolaget kanske inte har tillräckligt omfattande försäkringar och Bolaget är eventuellt inte fullt försäkrat mot alla risker
 - Bolaget kan komma att påverkas negativt av ökade kostnader inom medicintekniksektorn samt av kostnadseffektivitet inom hälsovårdssektorn
 - Ändrade förhållanden på finansieringsmarknaden och ekonomin i allmänhet kan
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- komma att påverka Bolaget negativt
- Bolaget kan stöta på svårigheter med refinansiering av sina skulder.
- Bolaget kommer att behöva en väsentlig summa i ytterligare finansiering för att kunna fortsätta kommersialiseringen av NBT-systemet
- Valutakursförändringar kan komma att påverka Bolaget negativt
- Ränteförändringar kan komma att påverka Bolaget negativt

D.3 Huvudsakliga risker avseende värdepapper	<p>Till aktierna, erbjudandewarranterna och erbjudandet anknyter bland annat följande risker:</p> <ul style="list-style-type: none"> • Det är möjligt att Bolaget inte kan skaffa allt det nödvändiga kapitalet genom Erbjudandet, vilket kan leda till att Bolaget i förtid måste betala Lånet från Kreos inklusive ränta och avgifter • Det är möjligt att det inte uppstår någon aktiv publik handel med Bolagets aktier, Teckningsrätter och/eller Erbjudandewarranter • Teckningsrätterna kan förfalla värdelösa om de inte utnyttjas under teckningstiden • Teckning av aktier kan ej återkallas, förutom under vissa omständigheter • Erbjudandeaktiernas och Erbjudandewarranternas marknadspris kan variera avsevärt och priset på Erbjudandeaktierna och Erbjudandewarranterna kan falla under teckningspriset • Storleken på framtida utdelningar till aktieägare är osäker • Befintliga optionsrätter och andra rättigheter som berättigar till aktier i Bolaget samt betydande emissioner eller avyttringar av aktier eller teckningsrätter i framtiden kan få en negativ inverkan på marknadspriset på aktierna och orsaka utspädning. Det är möjligt att Bolaget ordnar riktade emissioner i anslutning till Erbjudandet. • Investerare som deltar i Erbjudandet i Sverige kan påverkas negativt av förändringar i valutakurser • Aktieinnehavet kan spädas ut • Alla utländska aktieägare kan eventuellt inte utöva sin teckningsrätt • Innehavare av förvaltarregistrerade aktier i Bolaget kan kanske inte utöva sin rösträtt • Det finns inga garantier för att samtliga investerare som har lämnat teckningsgarantier kommer att fullfölja sina åtaganden gentemot Bolaget
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Avsnitt E – Erbjudande

E.1 Nettolikvid och emissionskostnader	<p>Bolaget förväntar sig att den totala likviden från Erbjudandet är maximalt 5,2 miljoner euro baserat på det maximala antalet Erbjudandeaktier (45 552 444 Erbjudandeaktier) och Teckningspriset 0,115 euro per aktie. Nexstim förväntar sig därför att erhålla en nettolikvid om cirka 4,7 miljoner euro från Erbjudandet efter avdrag för uppskattade kostnader för Erbjudandet om sammanlagt cirka 0,6 miljoner euro (av vilka högst ungefär 0,1 miljoner euro betalas som provision för teckningsgaranti enligt avsnitt E.3 antingen kontant och/eller som aktier i Bolaget enligt Bolagets beslut).</p> <p>Bolaget kan i samband med Erbjudandet ge vederlagsfritt ut Erbjudandewarranter till investerare som har tecknat Erbjudandeaktier under Erbjudandet. Därigenom kan Bolaget ytterligare ta in ett belopp på upp till cirka 2,6 miljoner euro netto, enligt antagandet att teckningspriset för aktierna är minst 0,115 euro och att kostnaderna för Erbjudandewarranterna redan ingår i ovan nämnda provisions- och kostnadsuppskattning och kostnader för hela Erbjudandet.</p>
E.2 Motiv för erbjudandet och användning av emissionslikvid	<p>Erbjudandet förväntas stödja Bolagets tillväxt och operativa strategi. Nexstim förväntar sig att använda nettoavkastningen från Erbjudandet och Erbjudandewarranterna huvudsakligen för att finansiera marknadsföringen och kommersialiseringens insatserna för att öka försäljningen av Bolagets NBT-system för behandling av depression. Bolaget avser att betala de nuvarande lånen med medlen i kassa och bank.</p> <p>I synnerhet avser Nexstim att använda intäkterna från Erbjudandet och</p>

Erbjudandewarranterna till att

- Utveckla och utöka sin sälj- och marknadsföringsorganisation genom att anställa ny personal speciellt för marknaden i USA
- Finansiera anskaffningar som hänför sig till leverans av NBT-system
- Betala nuvarande lån inklusive ränta och avgifter
- Utvärdera genomförandet av nya kliniska prövningar inom kronisk neuropatisk smärta
- Finansiera behoven av FoU-kapital/rörelsekapital
- Tillgodose allmänna finansieringsändamål.

Med avseende på rörelsekapital redogörs i avsnitt B.11 ovan för huruvida rörelsekapitalet räcker till om Bolaget måste betala Lånet från Kreos inklusive ränta och avgifter i förtid (ca 4,37 miljoner euro) istället för den överenskomna betalningen (ca 1,0 miljon euro), med beaktande av eventuell nettoavkastning från Erbjudandet och Erbjudandewarranterna. Vid datum av detta Prospekt har Bolaget tillräckligt med medel i kassa och bank för eventuellt i förtid återbetala Lånet från Kreos inklusive räntor och avgifter, men en återbetalning i förtid skulle avgöra i vilken omfattning Bolaget kan använda avkastningen från Erbjudandet för andra ovan nämnda ändamål än för återbetalning av befintliga lån. Bolaget anser ändå att det huvudsakliga syftet med Erbjudandet och Erbjudandewarranterna är att finansiera kommersialiseringen och de övriga verksamhetsbehoven enligt ovan.

E.3 Villkor för erbjudandet

Villkor för Erbjudandet

Erbjudande, teckningsrätter och Erbjudandewarranter

I enlighet med aktieägares företrädesrätt att teckna aktier erbjuder Bolaget högst 45 552 444 nya aktier i Bolaget dvs. Erbjudandeaktier för teckning till Bolagets aktieägare.

Nexstim ger alla aktieägare som är registrerade i förteckningen över Nexstims aktieägare som upprätthålls av Euroclear Finland Oy ("**Euroclear Finland**") eller Euroclear Sweden AB ("**Euroclear Sweden**") en (1) Teckningsrätt till kontoförda värdepapper per varje aktie i respektive aktieägares innehav på avstämningsdagen 28 mars 2019. För varje Teckningsrätt har aktieägaren rätt att teckna fjorton (14) Erbjudandeaktier. Det är inte möjligt att använda endast en del av en Teckningsrätt. Teckningsrätterna kommer att registreras på aktieägarnas konton i Euroclear Finlands värdeandelssystem omkring 29 mars 2019 och i Euroclear Swedens depåsystem omkring 1 april 2019. Teckningsrätterna får överlätas fritt och handlas på First North Finland (handelssymbol NXTMHU0119, ISIN FI4000359898) och på First North Sweden (handelssymbol NXTMS TR, ISIN SE0012455707) mellan 2 april 2019 och 18 april 2019. Om en aktie i Bolaget som ger rätt till Teckningsrätter har givits som pant eller är föremål för någon annan restriktion får Teckningsrätten utnyttjas endast med pantinnehavarens eller annan rättsinnehavares tillstånd.

Nexstim kommer dessutom att ge ut högst 22 776 222 särskilda rättigheter till aktier, dvs. vederlagsfria Erbjudandewarranter, till personer som tecknat Erbjudandeaktier under Erbjudandet samt till investerare som tecknat aktier i Bolaget mot betalning vid en eventuell riktad emission i samband med Erbjudandet, och dessa Erbjudandewarranter ska ge rätt till teckning av sammanlagt 22 776 222 nya aktier i Bolaget. Erbjudandewarranterna ges ut så att tecknaren får en (1) Erbjudandewarrant för varje två (2) tecknade och betalda Erbjudandeaktier samt för tecknade och betalda aktier i samband med en eventuell riktad emission (mot vederlag), förutsatt att teckningen har godkänts av Bolagets styrelse. Erbjudandewarranterna ges inte ut i delar. Erbjudandewarranterna får överlätas fritt.

Rätt att teckna otecknade Erbjudandeaktier utan Teckningsrätt

Bolagets styrelse ska fatta beslut om att erbjuda eventuella otecknade Erbjudandeaktier för sekundär teckning till aktieägare och andra investerare som under Teckningstiden

har ansökt om att teckna Erbjudandeaktier utan Teckningsrätt ("Sekundär Teckning").

Teckningspris

Teckningspriset för Erbjudandeaktierna är 0,115 euro eller 1,20 svenska kronor per Erbjudandeaktie ("Teckningspriset").

Teckningspriset för Erbjudandeaktierna ska upptas i fonden för inbetalt fritt eget kapital. I Teckningspriset beaktas normal rabatt för aktieägares företrädesrätt. Teckningspriset är cirka 89,5 procent lägre än slutkursen för Bolagets aktie på First North Finland 25 mars 2019 (1,10 euro) och cirka 90,0 procent lägre än slutkursen för Bolagets aktie på First North Sweden 25 mars 2019 (12,00 svenska kronor).

Teckningstid

Teckningstiden för erbjudandeaktierna ("Teckningstiden") börjar 2 april 2019 klockan 9.30 finsk tid (8.30 svensk tid) och förväntas sluta 26 april 2019 klockan 16.30 finsk tid (15.30 svensk tid) i Finland och 24 april 2019 klockan 16.30 finsk tid (15.30 svensk tid) i Sverige.

Bolaget kan efter eget bestämmande förlänga Teckningstiden. Teckningstiden kan förlängas en eller flera gånger, men högst till 7 juni 2019. Varje förlängning av Teckningstiden kommer att meddelas genom ett pressmeddelande innan Teckningstiden går ut. Bolaget får inte förlänga Teckningstiden mellan 9.30 och 16.30 finsk tid (8.30 och 15.30 svensk tid) eller efter att Teckningstiden har gått ut.

Om Teckningstiden förlängs ska datumen för tilldelningsdag, betalningsdag och leverans av Erbjudandeaktierna justeras enligt det. Teckningsställena, konförende institut, depåinstitut och förvaltare kan kräva att deras kunder ska lämna sina teckningsorder på en viss dag innan handeln med teckningsrätter inleds eller innan Teckningstiden går ut.

Teckningsställena

Teckningsställena är följande:

- a) i Finland depåinstitut och konförende institut
- b) i Sverige depåinstitut. Direktregistrerade aktieägare tecknar på Aqurat Fondkommission AB:s webbplats på www.aqurat.se eller per brev till Aqurat Fondkommission AB på PB 7461, SE-111 22 Stockholm, Sverige (info@aqurat.se, tfn +46 8-684 05 800)

Nyttja Teckningsrätter

Aktieägare kan delta i Erbjudandet genom att teckna Erbjudandeaktier med Teckningsrätterna på sitt värdeandelskonto/depåkonto och genom att betala Teckningspriset. För att ta del i Erbjudandet ska aktieägaren göra en teckning enligt anvisningarna från sitt depåinstitut eller konförende institut.

Teckningsrättsinnehavare ska lämna sin teckningsorder enligt anvisningarna från sitt depåinstitut eller konförende institut.

Aktieägare och andra investerare som deltar i Erbjudandet och vars aktier i Bolaget eller Teckningsrätter har registrerats hos en förvaltare ska lämna sin teckningsorder enligt anvisningar från förvaltare.

Separata teckningsorder ska lämnas för varje värdeandelskonto/depåkonto.

Bristfälliga eller felaktiga teckningsorder kan avslås. Underlåtelse att betala Teckningspriset enligt dessa villkor eller otillräcklig betalning kan leda till att teckningsorder avslås. I så fall kommer Teckningspriset att återbetalas till tecknaren omkring 10 maj 2019 (förutsatt att Teckningstiden inte har förlängts, i vilket fall

betalningsdatum framskjuts lika mycket). Ingen ränta kommer att betalas på återbetalningen.

Alla teckningar är bindande och kan inte ändras eller återkallas utom enligt de villkor som fastställs i punkten ”Tillägg till Prospektet och återkallande av aktieteckningar”.

Outnyttjade Teckningsrätter förfaller värdelösa när teckningstiden går ut 26 april 2019 klockan 16.30 finsk tid (15.30 svensk tid) i Finland och 24 april 2019 klockan 16.30 finsk tid (15.30 svensk tid) i Sverige.

Teckna Erbjudandeaktier utan Teckningsrätt och tilldelning

Aktieägare och/eller annan investerare kan teckna Erbjudandeaktier utan Teckningsrätt genom att lämna en teckningsorder och samtidigt betala Teckningspriset i enlighet med anvisningarna från tecknarens kontoförande institut, depåinstitut eller, i fall av förvaltarregistrerade investerare, från förvaltaren. En teckningsorder som i Sverige skickats per post ska lämnas in i god tid före sista Teckningsdagen. Tecknaren kan göra endast en (1) teckningsorder utan Teckningsrätt. I fall tecknaren lämnar flera teckningsorder ska endast den sista av dessa beaktas. En bristfällig eller felaktig teckningsorder kan avvisas. Teckningsordern är bindande.

Depåinstitutet, kontoförande institutet eller förvaltaren för en aktieägare och/eller investerare vars teckning av Erbjudandeaktierna lämnas genom det värdeandelssystem som upprätthålls av Euroclear Finland ska vara i besittning av teckningsordern och betalningen senast 26 april 2019, eller gällande teckning av Erbjudandeaktierna genom det depåsystem som upprätthålls av Euroclear Sweden senast 24 april 2019, eller vid ett tidigare datum enligt anvisningar från depåinstitutet, kontoförande institutet eller förvaltaren.

I det fall att alla Erbjudandeaktier inte tecknas med Teckningsrätt ska Nexstims styrelse besluta om tilldelningen av Erbjudandeaktierna för teckning utan Teckningsrätt enligt följande:

- a) Primärt till dem som också har tecknat Erbjudandeaktier med Teckningsrätt. Om dessa tecknare övertecknar Erbjudandet ska tilldelningen till dem bestämmas per värdeandelskonto/depåkonto i proportion till antalet utnyttjade teckningsrätter för teckning av Erbjudandeaktier eller, om detta inte är möjligt, genom lottdragning.
- b) Sekundärt till dem som har tecknat Erbjudandeaktier utan Teckningsrätt. Om dessa tecknare övertecknar Erbjudandet ska tilldelningen till dem bestämmas per värdeandelskonto/depåkonto i proportion till antalet Erbjudandeaktier som de har tecknat eller, om detta inte är möjligt, genom lottdragning.

Nexstim kommer att bekräfta till samtliga investerare som tecknat Erbjudandeaktier utan Teckningsrätt om deras teckning av Erbjudandeaktierna godkänns eller avslås. Investerare som tecknar Erbjudandeaktier utan Teckningsrätt via kontoförande institut i Sverige får information om teckningen enligt det kontoförande institutets normala informationsrutiner.

Om inga Erbjudandeaktier som tecknats utan Teckningsrätt ingår i det antal som tilldelats utifrån teckningsordern kommer det Teckningspris som hänför sig till de ej tilldelade Erbjudandeaktierna att återbetalas omkring 10 maj 2019 (förutsatt att Teckningstiden inte förlängs, i vilket fall betalningsdatum framskjuts lika mycket). Ingen ränta kommer att betalas på återbetalningen.

Godkännande och betalning av teckningar

Bolagets styrelse kommer att godkänna alla teckningar som gjorts med Teckningsrätt och i enlighet med villkoren i detta Erbjudande och gällande lagstiftning omkring 2 maj 2019. Styrelsen kommer också att godkänna de teckningar som gjorts utan Teckningsrätt och i enlighet med villkoren i detta Erbjudande och gällande lagstiftning enligt de tilldelningsprinciper som beskrivs ovan i punkten ”Teckna Erbjudandeaktier utan Teckningsrätt och tilldelning”.

Hela Teckningspriset för Erbjudandeaktierna enligt Erbjudandet ska betalas i euro i Finland och i svenska kronor i Sverige då teckningsorderna lämnas i enlighet med anvisningarna från teckningsstället, depåinstitutet eller kontoförande institutet. Det är möjligt att betala Teckningspriset genom kvittning med en teckningsförbindelse, se avsnitten ”*Teckningsgarantier*” och ”*Riktade emissioner i samband med erbjudandet*”.

En teckning anses ha genomförts när teckningsordern har lämnats till teckningsstället, det kontoförande institutet eller depåinstitutet och Teckningspriset har betalats. Genom att göra en teckning ger tecknaren det kontoförande institutet fullmakt att uppgge nödvändiga personuppgifter om tecknaren, tecknarens depåkontonummer och de uppgifter om teckningen som de berörda parterna behöver för teckningen eller utförandet av ordern samt att avveckla Erbjudandaktierna och Erbjudandewarranterna.

Om inte betalningen har genomförts på förfallodagen har Bolaget rätt att efter eget bestämmande besluta om att avslå teckningen och vid övertäckning tilldela obetalda Erbjudandeaktier till tecknare som inte har fått det antal Erbjudandeaktier som de tecknat, enligt de principer som beskrivs i avsnittet ”*Teckna Erbjudandeaktier utan Teckningsrätt och tilldelning*”.

Bolagets styrelse har rätt att under vissa omständigheter återkalla Erbjudandet. Se punkten ”*Bolagets rätt att återkalla Erbjudandet*”.

Offentliggörande av Erbjudandets utgång

Förutsatt att inga ändringar görs i Teckningstiden kommer Bolaget att meddela utgången av Erbjudandet i ett pressmeddelande omkring 2 maj 2019.

Registrering och leverans av Erbjudandeaktier

De aktier som tecknas genom Erbjudandet kommer att emitteras som värdeandelar i Euroclear Finlands värdeandelssystem och levereras till investerarna genom kontona i Euroclear Finlands värdeandelssystem och Euroclear Swedens depåsystem.

Efter teckningen ska de Tillfälliga aktierna motsvarande Erbjudandeaktierna som tecknats med Teckningsrätterna (”Tillfälliga aktierna”) registreras på tecknarens värdeandelskonto/depåkonto. Handel med de Tillfälliga aktierna som ett separat aktieslag kommer att inledas på First North Finland (handelssymbol NXTMHN0119, ISIN FI4000359906) och på First North Sweden (handelssymbol NXTMS BTA, ISIN SE0012455715) omkring 2 april 2019. De Tillfälliga aktierna kommer att slås ihop med de nuvarande aktierna efter att Erbjudandeaktierna har registrerats i det finska handelsregistret. Leveransen och sammanslagningen kommer att ske omkring 8 maj 2019 i Euroclear Finlands värdeandelssystem och Erbjudandeaktierna upptas till handel tillsammans med de nuvarande aktierna i Bolaget omkring 8 maj 2019 på First North Finland. Leveransen och sammanslagningen kommer att ske omkring 8 maj 2019 i Euroclear Swedens depåsystem och Erbjudandeaktierna upptas till handel tillsammans med de nuvarande aktierna i Bolaget omkring 9 maj 2019 på First North Sweden.

De Erbjudandeaktier som tecknats utan Teckningsrätt levereras samtidigt med de aktier som tecknats med Teckningsrätt och för dem ges inte Tillfälliga aktier.

Innehavare av optionsrätter och särskilda rättigheter

I villkoren för optionsrätterna 2013A, 2016B–C, 2017 och 2018A–B fastställs att om Bolaget, innan aktier har tecknats med optionsrätterna, beslutar om emission av aktier, nya optionsrätter eller andra särskilda rättigheter som ger aktieägarna företrädesrätt vid aktieteckning, ska optionsrättsinnehavarna ha samma eller lika rättigheter som aktieägarna. I likabehandlingssyfte ska Bolagets styrelse justera antalet aktier som kan tecknas, teckningspriset eller bägge. För att säkerställa att optionsrättsinnehavarna och aktieägarna behandlas lika ska Bolagets styrelse kring 11 juni 2019 besluta om att ändra antalet aktier som kan tecknas med optionsrätterna 2013A, 2016B–C, 2017 och 2018A–B och/eller teckningspriset för Erbjudandet. I samband med aktieteckning ska det sammanlagda antalet aktier som en optionsrättsinnehavare tecknar avrundas neråt

till hela aktier och det totala teckningspriset beräknas enligt det avrundade antalet aktier och avrundat till närmaste eurocent.

I villkoren för de befintliga teckningsrätterna, det vill säga för de särskilda rättigheter som berättigar till aktier i Bolaget, fastställs att om Bolaget, innan aktier har tecknats med optionsrätterna, beslutar om emission av aktier som ger aktieägarna företrädesrätt vid aktieteckning, ska optionsrättsinnehavarna ha samma eller lika rättigheter som aktieägarna. I likabehandlingssyfte ska Bolagets styrelse justera antalet aktier som kan tecknas, teckningspriset eller bägge. Styrelsen har för avsikt att fatta beslut i ärendet så fort som det slutliga beloppet av de emitterade Erbjudandeaktierna har bekräftats.

Oaktat det ovannämnda gäller enligt villkoren för teckningsrätterna, det vill säga för de särskilda rättigheter som berättigar till aktier enligt överenskommelse med Bolagets kreditgivare Kreos, att om Bolaget, innan teckningsrättsinnehavaren har tecknat aktier med teckningsrätterna, beslutar om emission av aktier till ett lägre teckningspris än det med teckningsrättsinnehavaren överenskomna priset för teckning med teckningsrätter, ska priset och antalet aktier vid teckning med teckningsrätter justeras så att teckningsrättsinnehavaren ur handelssynpunkt har rätt till samma skydd mot utspädning som de övriga aktieägarna. Styrelsen kommer att teckna det exakta avtalet med Kreos och fatta de slutliga besluten så fort som de slutliga beloppen av de emitterade Erbjudandeaktierna har bekräftats.

Optionsrätterna eller andra särskilda rättigheter som beviljats av Bolaget (teckningsrätter) ger inte innehavaren rätt att ta del av Erbjudandet.

Aktieägaresh rättigheter

Erbjudandeaktierna ger aktieägaren samtliga rättigheter från det att de antecknats i handelsregistret och levererats till investerarna. Varje aktie i Bolaget ger en röst på bolagsstämma.

Tillägg till Prospektet och återkallande av aktieteckningar

Teckningar som gjorts i Erbjudandet är bindande och oåterkalleliga och får endast återkallas om den finska värdepappersmarknadslagen tillåter det.

I enlighet med den finska värdepappersmarknadslagen, kommer Bolaget vara skyldigt att utfärda ett tillägg till Prospektet om ett misstag eller en felaktighet i Prospektet upptäcks, eller om en omständighet uppstår före utgången av Teckningstiden som kan få väsentlig betydelse för investerarna. Sådana tillägg kommer att publiceras på samma sätt som Prospektet.

Vid eventuella tillägg till Prospektet kan investerare som tecknat Erbjudandeaktier före offentliggörandet av tillägget välja att återkalla sina teckningar. Sådan återkallelserätt ska utövas inom en period som inte får vara kortare än två (2) finska bankdagar från offentliggörandet av tillägget till Prospektet. En investerares återkallande av teckning anses då ske för samtliga teckningar från investeraren. En förutsättning för återkallelserätt är att misstag, utelämnande eller ny information inträffade eller upptäcktes före leveransen av de Tillfälliga aktierna eller, i det fall att investerarna inte har fått Tillfälliga aktier, av Erbjudandeaktierna. Återkallande ska meddelas till samma teckningsställe där den ursprungliga teckningen gjordes. Information om rätten att återkalla teckning lämnas också i tillägget till Prospektet.

Om en investerare återkallar sin teckning, kommer det Teckningspris som investeraren möjligen redan har erlagt att återbetalas till det bankkonto investeraren angett i samband med tecknandet av aktier. Medlen kommer att återbetalas inom tre (3) lokala bankdagar från återkallelsen av teckningen. Ingen ränta kommer att betalas på det belopp som återbetalats. Bolaget kommer att meddela instruktioner för återkallelse av teckning i ett pressmeddelande i samband med publiceringen av tillägget till Prospektet.

Om aktieägaren har sålt eller på annat sätt överlåtit sin Teckningsrätt är det inte möjligt att återkalla köpet eller överlåtelsen.

Bolagets rätt att återkalla Erbjudandet

Bolaget kan efter eget bestämmande (och av vilken anledning som helst) återkalla Erbjudandet. Om Erbjudandet återkallas kommer alla teckningar från enskilda investerare automatiskt att makuleras. I sådana fall kommer Teckningspriset som investerarna möjligen betalat att återbetalas till de bankkonton investerarna angav i samband med teckningen. Medlen kommer att återbetalas inom tre (3) lokala bankdagar från det att erbjudandet återkallats. Bolaget kommer att offentliggöra ett återkallande av erbjudandet i form av ett pressmeddelande.

Bolaget får inte återkalla Erbjudandet efter att Bolagets styrelse har beslutat om tilldelning av Erbjudandeaktierna.

Tillämplig lag

På Erbjudandet och Erbjudandeaktierna tillämpas finsk lag. Domstolarna i Finland har exklusiv behörighet att lösa eventuella tvister som härrör från eller anknyter till Erbjudandet.

Övriga frågor

Bolagets styrelse kan fatta beslut om övriga frågor som hänför sig till Erbjudandet.

Teckninggarantier

Bolaget har mottagit tillsammans ungefär 1,1 miljoner euro av teckningssgarantier som gäller ungefär 20,6 procent av Erbjudandeaktierna.

Riktade emissioner i samband med erbjudandet

Om Erbjudandet blir fulltecknat kan en ytterligare emission riktas till de parter som ger en teckningssgaranti för samma Teckningspris som i Erbjudandet. Den riktade emissionen kan omfatta högst 1 665 575 aktier.

I enlighet med ovan nämnda teckningssgarantier får teckningssgaranterna enligt avtal en löftesprovision som är 10 procent av det sammanlagda beloppet av teckningssgarantin. Bolaget har rätt (men inte skyldighet) att betala nämnda provision med aktier i Nexstim i stället för kontanter genom att ge ut nya aktier till givarna av teckningssgarantiern vid den Sekundära Teckningen eller den riktade emissionen mot ett teckningspris som är lika med Teckningspriset i Erbjudandet. Bolaget täcker en eventuell mellanskillnad i det sammanlagda teckningspriset för utgivna aktier och provisionen genom kontantbetalning. Om Bolaget inte alls utnyttjar en teckningssgaranti betalas ingen provision för den. Om däremot om Bolaget utnyttjar en del av en teckningssgaranti, betalas hela provisionen.

E.4	Väsentliga intressen	Den finansiella rådgivarens arvode är bundet till det belopp av medel som införskaffas genom Erbjudandet.
E.5	Inlåsningsavtal	Ej tillämplig. Bolaget har inga inlåsningsavtal per dagen för detta Prospekt.
E.6	Utspädningseffekt	Erbjudandet kan leda till att antalet aktier i Bolaget ökar från 3 253 746 till högst 48 806 190 aktier. Erbjudandeaktierna motsvarar 1 400 procent av alla registrerade aktierna i Bolaget omedelbart före Erbjudandet och cirka 93,3 procent av aktierna i Bolaget efter Erbjudandet, under antagande att Erbjudandet fulltecknas.

Ifall alla de Erbjudandewarranter som erbjuds till dem som tecknar Erbjudandeaktier utnyttjas för tecknande av aktier kan antalet aktier i Bolaget öka till 71 582 412 aktier som ett resultat av Erbjudandet och teckning av aktier med Erbjudandewarranterna. Ifall alla de Erbjudandewarranter som erbjuds till dem som tecknar Erbjudandeaktier utnyttjas för tecknande av aktier, motsvarar Erbjudandeaktierna och de aktier som tecknas med Erbjudandewarranterna 2 100 procent av aktierna i Bolaget omedelbart före Erbjudandet och cirka 95,5 procent av aktierna i Bolaget efter Erbjudandet och

teckning av aktier med Erbjudandewarranterna, förutsatt att Erbjudandet fulltecknas och att alla Erbjudandewarranter som erbjuds till tecknarna utnyttjas för teckning av aktier.

Om Erbjudandet blir fulltecknat och aktier även ges ut genom en riktad emission såsom beskrivs ovan (se E.3 *"Villkor för erbjudandet – Riktade emissioner i samband med erbjudandet"*) inom maximigränsen på 1 665 575 aktier, kan antalet aktier i Bolaget öka från antalet aktier efter Erbjudandet (förutsatt att Erbjudandet fulltecknas och att alla Erbjudandewarranter som erbjuds till tecknarna utnyttjas för teckning av aktier) till 73 247 987 aktier. Dessa aktier som emitteras i de riktade emissionerna motsvarar cirka 201,2 procent av aktierna i Bolaget före Erbjudandet och cirka 8,9 procent av aktierna i Bolaget efter Erbjudandet, teckning av aktier med Erbjudandewarranterna och de riktade emissionerna, under antagande att Erbjudandet och de aktier som ges ut i de riktade emissionerna fulltecknas och att alla Erbjudandewarranter som tilldelas till tecknarna av Erbjudandeaktier utnyttjas för teckning av aktier.

E.7 Kostnader för
 investerare

Ej tillämplig. Investerare åläggs inga kostnader genom Nexstim.

RISK FACTORS

Investors considering investing in the Offer Shares are advised to carefully review all the information in this Prospectus, especially the risk factors presented later in this Prospectus. Issues that may possibly affect the investment decision are also dealt with elsewhere in the Prospectus. If one or more of the risk factors described herein is realised, it may have a negative effect on the Company's business, financial condition and results of operation and / or the value of the Company's shares. The following description of risk factors is based on information known and projected when preparing the Prospectus, and therefore the description of risk factors is not necessarily exhaustive. Additional risks and uncertainties that the Company is not currently aware of or which it currently considers to be immaterial may have a material adverse effect on the Company's business, results of operation and financial position. The Company's shares may decline in value due to the realisation of these risks, which could lead to investors losing parts or all of their invested capital. The order of the risk factors does not reflect their probability of occurrence or order of priority.

Risks relating to the Company and its business operations

The Company has a history of operating losses and the operations may never become profitable

Nexstim has incurred significant operating losses since it was founded in 2000. The loss for the accounting period ended 31 December 2018 was -6,154.3 thousand. As of 31 December 2018, the Company has accumulated losses of EUR -39,854.9 thousand, including the loss for the period. These losses have resulted principally from costs incurred in research and development, pre-clinical testing, clinical development of research programmes and products and from general and administrative costs associated with the Company's operations. In the future, Nexstim intends to continue to conduct research and development, pre-clinical testing, clinical trials, regulatory compliance activities and start sales and marketing activities that, together with anticipated general and administrative expenses, will likely result in the Company incurring further significant losses for the next years.

Loans provided by Kreos and/or Business Finland may become repayable prematurely and additional funding may not be available

Kreos Capital V (UK) Limited ("**Kreos**") is a material creditor of the Company. Under the agreed terms, Kreos would be entitled to prematurely terminate the loan agreement and request for immediate repayment of the unpaid loan capital 4 million euros added with accrued interests and fees, amounting to approximately 4.37 million euros, in the event of a material adverse change as described in section "*Operating and financial review and prospects – Financing and liquidity – Kreos loan, security and warrant arrangement*". For instance the actual net proceeds of the Offering falling materially short from the net proceeds of the Offering if subscribed in full could cause Kreos to request for immediate repayment of the entire loan capital with accrued interests and fees.

Business Finland ("**Tekes**") has also granted Nexstim certain loans which have been awarded for certain purposes and based on certain conditions as described in "*Operational and financial review and prospects – Financing and liquidity – Tekes capital loan*" and "*Tekes development loans*". If such conditions are subsequently not met, certain or the entire amounts of such loans may be required to be repaid. Nexstim considers itself to be in compliance with all rules and legal obligations pertaining to these funding programmes and is in regular contact with Tekes.

Possible future divestment of a Company's business or other transaction is considered below. Such transaction could, depending on how it is completed, entitle a financier (Kreos and/or Business Finland) to revoke loans received by the Company and may hence require prior written consent of such financier. A risk exists that, such financier would not give its consent to such transaction and would prevent such transaction, cease to provide more funding and, in the worst case, revoke the loans provided earlier and call back the loans.

Inability to meet conditions required for receiving loans, possible obligations to pay back certain or the entire amounts of such loans or the unavailability of grants or loans in the future may have a material adverse effect on Company's business, result of operations, financial condition and/or prospects.

The Company's working capital is not sufficient to meet Company's requirements

On the date of this Prospectus, the Company estimates that it does not have sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this Prospectus (see "*Operating and Financial Review and Prospects – Working capital statement*"). As at the date of this Prospectus, the Company's working capital is estimated to suffice until the end of April 2019, considering the premature repayment of the Kreos loan with interests and fees in the event Kreos calls back its loan due to a material adverse change set forth in the loan terms. If Kreos loan does not become prematurely repayable and is repaid according to the agreed timetable, the working capital would be estimated to suffice until the end of September 2019 (excluding any proceeds related to the Offering and Offer Warrants).

Nexstim expects to receive net proceeds of approximately EUR 4.8 million from the Offering after deduction of the costs related to the Offering (without taking into consideration to the possible fees of EUR 0.1 million related to underwriting commitments see “*Arrangements relating to the Offering – Underwriting commitments*” and “*Reasons for the offering and use of proceeds*”). The sufficiency of the Company’s working capital for the next 12 months also requires that the Offer Warrants are used for subscribing for shares, and that the subscribed amount is at least EUR 1.2 million in the event Kreos loan becomes prematurely repayable with interests and fees during the same period. The share subscription price is determined by the volume weighted average price of the Company’s share on First North Finland between 7 October 2019 and 18 October 2019, with an applied discount of 25 per cent, being however, at least EUR 0.115 per share. The subscription price of the shares to be subscribed for based on the Offer Warrants may decrease in certain situations, see “*Nexsim Plc Warrant Plan 2019*”. The market price of the Company’s shares may drop below the subscription price under the terms of the Offer Warrants. If the market price of the Company’s shares is lower than the subscription price of the shares according to the terms of the Offer Warrants during the subscription period, no shares will most likely be subscribed for with the Offer Warrants, and, therefore, the Company will not receive the needed EUR 1.2 million to secure the working capital need from the Offer Warrants.

Therefore, the Company estimates that if the Offering is completed in the intended timetable the net proceeds of the Offering are approximately EUR 4.8 million and the Offering Warrants are exercised for share subscription the net proceeds received by the Company being at least EUR 1.2 million and the revenues of the Company are at least as forecasted, the proceeds from the Offering, and subscriptions of the Offering Warrants (together with its available cash in hand and at banks) provide the Company with sufficient working capital to meet its current working capital needs for a period of at least 12 months as of the date of this Prospectus, also if the Kreos loan with accrued interests and fees becomes repayable during such period. The net proceeds in the Offering will be used in accordance with the section “*Reasons for the Offering and use of proceeds*”.

The Company aims to seek additional debt or equity financing (a) in the event the Company fails to obtain at least EUR 6 million from the Offer Shares and the share subscriptions based on the Offer Warrants and the Kreos Loan becomes prematurely repayable (with accrued interests and fees), or b) if the Kreos Loan is not repayable prematurely (with accrued interests and fees), but the Company fails to obtain at least EUR 3 million from the Offer Shares and the share subscriptions based on the Offer Warrants. Besides the above-mentioned, possible adverse change in the operations of the Company, such as revenues being less than forecasted, may cause the need for acquiring additional financing. In the above-mentioned events, the Company aims to 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 organization. If additional financing is not obtained, the Company may meet serious financial difficulties.

Company’s products do not yet have an established market position

Nexstim is a growth company. The financial and operative business planning of Nexstim is more challenging than the financial and operative planning of a well-established company because the Company’s Navigated Brain Stimulation (NBS) product in neurosurgery diagnostic market and Navigated Brain Therapy (NBT) product in depression and pain therapy are in an early commercialization phase and therefore the Company’s products does not have an established market position. Consequently, executing the Company’s business plan and achieving its targets is associated with greater risks and uncertainties than the operations of companies with established business activities. The development projects related to the products of the Company and research related to new possible indications, such as treatment of chronic neuropathic pain may incur significant costs.

Turning Nexstim’s business profitable and the future prospects of Nexstim depend greatly on the Company’s ability to continue the development of its products and to establish a market for the products. To this end, the Company must complete various intermediate steps. Such necessary steps include focused sales activity and successful installations, finding suitable manufacturers and distributors, negotiating and entering into commercialisation, distribution and other cooperation agreements, and successfully marketing the products to prospective customers. Nexstim’s ability to successfully market the products to the customers will at least in part depend on Nexstim’s ability to convince the medical community of the safety and efficiency of its products as well as on its ability to promote changing existing diagnostic, therapy and treatment practices in a direction favourable for Nexstim’s products.

In addition, obtaining the needed financing has a material effect on the Company’s financial condition and possibility to implement the business plan. Many of the factors affecting the results of the business of the Company, such as third-party cooperation agreements and possible applications for grants and subsidies, are for the most part beyond the control of the Company. There is no certainty on whether the Company is able to finalise the development of its products and establish a market for the products. Failure to do so would have a material adverse effect on the Company’s business, results of operations, financial condition and/or prospects.

The Company’s products will require certain authorisations, such as FDA clearance for the NBT System in connection with use in chronic neuropathic pain before commercialisation, and currently not all required approvals or permits have been granted and there can be no assurance that such approvals and permits will be granted or successfully maintained

Safety and efficiency proved by clinical and other such investigations are the conditions for obtaining a marketing authorisation for a medical device. Nexstim invests in the safety and efficiency of its products as well as in research and

development activities, but prior to the completion of clinical trials, there is no certainty that the Company's products meet the conditions of granting a marketing authorisation. In addition, there is no certainty on how the Company's products are evaluated during the marketing authorisation procedure. Should the Company fail to sufficiently prove the safety and efficiency of the devices under development, this may result in delay or denial of the required marketing authorisations or a more extensive authorisation procedure may be required for the device (more information about the authorisation procedures see *"Industry overview – Characteristics of the medical device market – US regulatory clearance process"*). In addition, it is possible that authorities do not accept the Company's research plans for clinical studies, in which case the Company may be forced to modify or withdraw from its plans. Currently the Company does not have a marketing authorisation by the FDA for the NBT System in the US for the use in chronic neuropathic pain. Such clearance already exists in use of the NBT System for treatment of major depressive disorder i.e. MDD as well as for for NBS system for diagnostic pre-procedural functional mapping of motor and language areas of the brain.

Even if a positive decision on the marketing authorisation is given, medical devices and their manufacturers and marketers are under constant supervision by the authorities. In addition, the manufacturers and marketers of such devices are subject to a broad reporting obligation on the safety of their products. Even after granting a marketing authorisation a revelation of previously unknown problems related to a device or its manufacturer or marketer may lead to restrictions regarding the device or its manufacturer or marketer, including withdrawal of the device from the market. Among other things, the above mentioned events may hinder the Company's ability to sell its products, delay the marketing of its products, or, if marketing authorisation is not obtained, or if it is cancelled, prevent the sale of its products altogether either in a particular market area or worldwide. If the Company does not obtain or fails to maintain the required marketing authorisations, it may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may not be able to get the reimbursement code and reimbursement coverage for new indications

The use of NBT System for depression currently has a reimbursement coverage as TMS treatment of depression is covered by US Medicare. If the FDA clearance to market the NBT System for new indications, such as for use in chronic neuropathic pain in the US is gained, Nexstim needs to apply for a reimbursement code in order to get reimbursement coverage for the treatment with the NBT Systems in such purpose. The Company's NBS System already has a reimbursement code in Germany for motor and language mapping for pre-procedural planning enabling successful reimbursement for most single case applications from private insurances, but the NBS reimbursement code in neurosurgery does not, however, have a defined amount of coverage in either country. In the US, NBS systems does not have a separate reimbursement code but reimbursement may be applied with a so-called general code.

Reimbursement coverage is the amount compensated to the supplier of the NBS or NBT treatment, for example to a hospital, by either a governmental payer (for example Medicare or Medicaid in the US) or a private healthcare insurance company (for example Aetna in the US). See *"Industry overview – Characteristics of the medical device market – Reimbursement process"* It is crucial that the Company gets reimbursement code for the treatments made with the NBT System and that the healthcare provider gets the reimbursement for such treatment because without such code and agreed reimbursement the reimbursement coverage cannot be applied and the patient would have to pay for the treatment in its entirety. This could reduce the demand for Nexstim's devices significantly. In addition, the amount of reimbursement coverage payable to hospitals decided by the payers is important to the Company as well, as the higher the reimbursement coverage is, the easier it is to market the Company's devices. However, there can be no certainty that the Company gets the reimbursement coverage in the amount projected in the price estimations or at all.

Currently, the reimbursement for treatment with the Company's products varies between geographical areas and countries due to different policies adopted by payers and different healthcare models applied in different countries. Therefore, should the Company decide to penetrate new markets, there can be no certainty on getting the estimated reimbursement coverage in those markets as well. Failing to get the estimated reimbursement code and coverage fully or in sufficient amounts may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects

Healthcare providers and hospitals may not adopt the Company's technology and treatment modality in the estimated manner or extent

Healthcare providers are Nexstim's direct customers, and Nexstim's business is reliant on the demand of these customers and on entering into profitable agreements with them. Nexstim's ability to become successful will depend significantly on its ability to convince its customers of the advantages of its devices as well as on its ability to promote changing existing diagnostic, therapy and treatment practices in a direction favourable for the Company's products. Even if the Company gets the estimated reimbursement code and reimbursement coverage for treatment with its devices as explained above, there can be no certainty that the healthcare providers and/or hospitals adopt the new technology and treatment modality in the estimated manner and extent. Further, the payer coverage adaptation, i.e. how quickly the payers, i.e. both governmental payers and private health insurance companies, will accept the code for reimbursement, may differ from projections made by Nexstim. Further, the end user pricing of Nexstim's products, of the consumable parts or of the after sales parts may differ from the prices projected in the estimations, which may result in different gross margin from the sales than projected. As the market evolves, the price erosion may also occur and affect the pricing of Nexstim's products. Should the healthcare

providers and/or hospitals not adopt Nexstim's technology at a projected price, it may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may divest a part of its business operations or may be delisted in connection with a transaction but yet there is no certainty that such divestment or other transaction would be completed successfully or completed at all

The Company continues to carry out evaluation of different funding options and strategic alternatives for its businesses. These strategic alternatives may include divestment of its NBS i.e. diagnostic business or even public-to-private transaction concerning the entire Company in connection with a possible other transaction for the purposes of ensuring the Company's ability to continue as going concern. A public-to-private transaction could e.g. relate to another transaction considered to be in the interests of the Company by the Company's management (which could be related to e.g. a bid made to the shareholders or a partnership arrangement) which would require delisting of the Company as part of such transaction.

There are no guarantees that the Company will succeed to carry a transaction or divestment described above related to its strategic alternatives and such transaction or divestment will not necessarily produce the expected cashflow or gain on sale. If such transaction or divestment takes place, there is no certainty that it is agreed or completed on terms favourable to the Company. Potential transaction or divestment may also cause the Company unpredictable impacts, risks and hidden liabilities to which the Company has not been able to prepare for. Examination of potential strategic alternatives and execution of potential transaction or divestment may require considerable resources from the Company's management, in which case the actual business of the Company may suffer. If transaction or divestment related to strategic alternatives is not carried out at all or is carried out partially, this may have significant adverse impact on the Company's ability to continue as going concern (see also the risk above regarding the working capital not being sufficient to meet Company's requirements). Realisation of the aforementioned risks may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company's operations may be interrupted due to problems associated with its suppliers

Nexstim has outsourced the manufacturing of its products and purchases components from several suppliers. Therefore, Nexstim is dependent on the availability and delivery schedule of its suppliers. Certain components may be "single source" components, which may be difficult to replace quickly without a delay on delivery times. Even if a replacing component would be available, purchasing such component may also result in additional testing and costs. With a certain component, Nexstim may be dependent on one manufacturer, and in case such component is removed from the manufacturer's product range, it can materially impair the production of the Company's products. Disturbances in the availability of the suppliers, in the delivery schedules or in the availability of components may have a material adverse effect on Company's business, results of operations, financial condition and/or prospects.

The Company may not be able to maintain the required certifications and approvals

Nexstim is ISO 13485 (medical devices standard) certified. There can be no assurance that Nexstim is able to maintain the required certifications and approvals that the authorities such as the FDA require, or that it will pass the audits of the supervising authority such as European Union Notified Body or FDA. Despite the fact that Nexstim continuously monitors and maintains compliance to MD Directive, FDA Quality System Regulation and 13485 ISO certificate through its audited quality management system according to the applicable standards, there is a risk that such certifications and approvals could be suspended or withdrawn, in addition to which additional requirements may be imposed for maintaining such certifications and approvals. This may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may not be able to sufficiently protect or enforce its intellectual property rights

Nexstim takes active measures to obtain protection of its intellectual property by obtaining patents and undertaking monitoring activities in its major markets. The intellectual property rights portfolio of Nexstim is further described in "Description of Business – Intellectual property". In addition to its patent portfolio, Nexstim relies on trade secrets, know-how, and active research and development in combination with non-disclosure agreements and certain other agreements to protect intellectual property rights. However, there can be no assurance that the measures Nexstim takes will effectively deter competitors from improper use of its intellectual property. Competitors may misappropriate intellectual property owned or licensed by Nexstim disputes as to ownership of intellectual property may arise, and intellectual property may otherwise become known to or independently developed by competitors. There can be no assurance any patents currently applied for, or that will be applied for in the future, will be obtained or that the patent granted in the future will create a sufficient protection against competitors. Nexstim may also decide to engage in proceedings aiming to prevent third parties from obtaining patent protection or other protection regarding the immaterial property rights, which may cause significant costs for the Company. Further, there are no guarantees that Nexstim's employees, consultants or any other parties will not breach their confidentiality obligations in relation to Nexstim's trade secrets in a manner endangering Nexstim's intellectual property rights.

Any failure to protect Nexstim's intellectual property may have a material adverse effect on Nexstim's business, financial condition, results of operations and/or prospects.

The Company may infringe third party intellectual property rights or claims may be made against the Company on such infringements

Nexstim takes active measures to ensure that it does not infringe the intellectual property rights of others by actively conducting FTO (Freedom to operate) searches in the product development phase and by occasionally using third party patent searches. Certain technologies and processes used by Nexstim may, however, be protected by intellectual property rights of third parties in certain countries, and non-infringement of third party intellectual property rights by Nexstim cannot always be ruled out with certainty. Such third parties may take legal action against the infringement of these intellectual property rights, Nexstim may be forced to cease to use such technology in its products, and any such claims could delay or prevent the development and delivery of its products by Nexstim.

Further, Nexstim may have to replace its technology with another technology, or acquire a license for the use of such technology, in which case the Company may have to pay license fees or royalties for its use. There are no guarantees that Nexstim is able to obtain such licenses at commercially acceptable terms, if at all. Potential patent infringements may cause significant costs for Nexstim and there are no guarantees that Nexstim can successfully refuse such claims. Any infringements of third party immaterial property rights or any potential claims by third parties may have a material adverse effect on Nexstim's business, financial condition, results of operations and/or prospects.

Markets do not necessarily develop to the desired direction or extent and the technology and products of the Company may not remain competitive

Currently there are no direct competitors for Nexstim's devices in pre-surgical mapping in neurosurgery but there are companies that may become competitors in the future in neurosurgery. There are several existing competitors using non-navigated TMS technology in depression therapy and other therapies. In addition, there are indirect competitors on the market who offer alternative diagnostic and therapeutic methods, and whose solutions may gain significant market share on Nexstim's target markets in the future. Nexstim is a developer of navigated TMS devices and according to the knowledge of the management, currently the only company with clinical proof of treatment of motor and speech cortices with NBS devices and FDA clearance for their selling and marketing. Currently Nexstim NBT system is the only FDA cleared navigated TMS device for depression offering solution to personalize depression therapy with SmartFocus™ TMS. The Company's ability to become successful will at least in part depend on its ability to convince the medical community of the advantages of its devices as well as on its ability to promote changing existing diagnostic, therapy and treatment practices in a direction and extent favourable for Nexstim's products. However, there can be no guarantee that the technology developed by Nexstim will become the leading technology in the market or that the Company succeeds to establish a market for its products. It is possible that a technology developed by an indirect competitor gains ground, becomes established and sets aside the technology developed by Nexstim. Further, it is possible that new competitors with similar devices penetrate the market in which Nexstim operates. There can be no assurance that Nexstim will be able to effectively respond to changes in the market or that new and enhanced products and technologies developed by current or future competitors will not reduce the competitiveness of Nexstim's products. If Nexstim is not successful in developing its technology or if demand for the technology that Nexstim develops does not materialise, it may be required to write off its investment in such technology and receive no benefit for its investment, which could have a material adverse effect on Company's business, financial condition, results of operations and/or prospects.

The expected income from capitalised development costs and intangible rights may prove to be weaker than expected

Nexstim had capitalised development costs of EUR 71.6 thousand and intangible rights of EUR 358.2 thousand as of 31 December 2018. Intangible rights include mainly patents. The assets are amortised on a straight line basis in five years. Adverse changes in expected future profitability may lead to changes in amortisation period or recognition of impairment losses. If the Company is required to change amortisation period or recognise impairment losses, it could have a material adverse effect on the Company's financial condition and results of operations.

Writedown of group internal receivables or subsidiary shares may weaken the parent company equity or result as parent company equity to become negative

As the subsidiaries of Nexstim are limited liability entities, Nexstim is not automatically responsible for the financing or capitalisation of such subsidiaries. However, there are contractual arrangements according to which the parent company could be responsible for providing further financing for its subsidiaries or covering for the subsidiaries' obligations. The parent company had outstanding long-term and short-term intercompany receivables from its subsidiaries of EUR 12,864.8 thousand as at 31 December 2018. Considering the risk factors described in also "*Risk factors - The Company's working capital is not sufficient to meet Company's requirements*" and the sections "*Going Concern*" and "*Major Risks and Uncertainties*" related to the Company's ability to continue as going concern in the Company's financial statements there is a significant uncertainty relating to the collectability and thus the valuation of the long-term and short-term intercompany receivables. Therefore if the Company fails to arrange financing and make sufficient profit or operative cashflow in the future, the Company may be obligated to write down its intercompany receivables from its subsidiaries or investments and the parent company's share capital would be lost. The equity of the parent company as at 31 December 2018 was in total EUR 12,294.0 thousand. In addition, the parent company had a capital loan of in aggregate EUR 200.0 thousand as at 31

December 2018. The equity of the group would stay unaffected by such writing down as it would only have effect on the amount on intra-group loans.

As stated above write down described above could result in the parent company's equity being less than half of its share capital or negative, and the Board of Directors of the Company will then be obligated to prepare financial statements and Board's report to estimate the financial condition of the Company. If such financial statements then show that the parent company's equity is less than half of its share capital (or negative), then the Board of Directors shall be obligated to convene a General Meeting of the Shareholders of the Company to pass resolution on actions to improve the financial condition of the Company. Such General Meeting of the Shareholders should be held no later than three months after finalizing such financial statements.

Inability to generate sufficient profits in the future might lead to impairment losses to be recognised on the loan receivables and investments in subsidiaries in the parent company stand-alone financial statements. The possible impairment losses could have a material adverse effect on Company's business, financial condition and results of operations.

Company may not be able to utilise all tax losses incurred

Nexstim had EUR 47,488.1 thousand unused tax losses as at 31 December 2018. Of such losses 20,342.5 will be ineffective (due to statute of limitation) by 31 December 2022 and 27,145.6 by 31 December 2027. The tax losses are mainly due to research and development activities of the Company. No deferred tax assets have been recognised from tax losses on the balance sheet. Due to the historical share issues, there have been changes in ownership of the Company which restrict the utilisation of tax losses in the future. The tax authorities have in August 2018 granted an exemption to utilise tax losses despite the changes in ownership. The decision also covers tax losses arising in year 2018 and changes in the shareholdings during year 2018 but not any changes occurring during 2019. Therefore, the exemption order could be claimed against and the Company will not be able to utilise the mentioned tax losses as a result of the Offering (jointly with subscriptions of the Offer Warrants) if the Offering is fully subscribed (considering also possible subscriptions based on Offer Warrants) and hence causes a change of control in the Company.

The utilisation of tax losses require future taxable profits that are offset against the losses. There is no certainty that the Company will generate sufficient profit in the future to be able to utilise the tax losses partly or in full. This could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

There may be changes in reported profitability or financial position due to changes in accounting regulation or possible future decision to start to apply International Financial Reporting Standards

The Company prepares its financial statements in accordance with the Finnish accounting standards. Possible future changes in Finnish accounting regulation or the Company's decision to adopt International Financial Reporting Standards ("IFRS") would expose the Company to risks related to changes in accounting policies and reporting standards and changes in accounting systems which may affect the reported profitability and/or financial position and key ratios of the Company. Company has not made a decision to prepare its consolidated financial statements according the IFRS.

The Company may become subject to product liability claims and other claims

The performance, quality and safety of the Company's products are critical to the success of its business. These characteristics depend significantly on the effectiveness of quality control systems, and the efficiency in turn depends on a number of factors, including the quality of the training programs, the design of the systems, and Nexstim's ability to ensure that its employees adhere to quality control guidelines and policies. Any significant failure or deterioration of Nexstim's quality control systems could have a material adverse effect on the Company's reputation and could result in product liability claims. In addition, a possibility of a treatment injury resulting from side effects caused by the treatment with the Company's device or from the fact that a physician misuses Nexstim's device or uses it against its purpose cannot be ruled out. Hospitals using the Company's devices have insurances covering such incidents, but it is possible, especially in the US, that a legal action would be taken also against the Company, should such incident occur. The Company seeks to insure the mentioned risks, but its insurance coverage may be limited or unavailable and thus might not fully or even partially protect the Company against liabilities arising from product liability claims. Additionally, the Company may not be able to insure certain product liability risks on commercially reasonable terms or at all. Accordingly, a major claim, or a series of smaller claims, for damages related to the Company's products sold, or advice given to customers in connection with products sold, may, to the extent not covered by insurance, have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company may in the future be involved in litigation and arbitration proceedings

In the normal course of its business activities, Nexstim could be involved in legal proceedings (for instance, regarding contractual responsibility, employers' liabilities, anti-bribery and anti-corruption matters, penal issues or consumer law violations) and be subject to tax and administrative audits. Further, the Company may incur litigation costs relating to claims against the Company, and the litigation costs may in some instances be payable by the Company even if the Company is successful in defending the claim. The outcome of the judgments of these claims, and the costs incurred in connection to

the claims, may have a material adverse effect on the Company's business, results of operations, financial condition, and/or prospects. It should also be noted that the US is an important market for the Company, and when operating in the US, the Company must comply with the local legislation. It is possible that the Company will be subject of claim for damages or other claims which could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may be adversely affected by financial difficulties at or bankruptcy of one or more of its customers, partners, suppliers or other counterparty

Some of Nexstim's customers, partners and suppliers have experienced financial and operational difficulties through-out the recent financial downturn, resulting from among other things the reduction of financing in European hospitals. The continuation or exacerbation of the difficulties experienced by these customers, partners or suppliers could place them in additional financial and operational distress or could even result in bankruptcy. Further, a number of the Company's customers are, or could in the future be, in difficulties in their own domestic markets. This could reduce the demand for the Company's products from its customers, which could have a material adverse effect on the Company's revenue. Moreover, if the Company is not able to collect its receivables in a timely manner or at all, this could have a material adverse effect on the Company's sales and cash flow and therefore possibly require the Company to contribute additional capital or obtain alternative financing to meet its obligations under any financing arrangements. Similarly, any financial difficulties experienced by the Company's partners could result in an interruption of cooperation, and financial difficulties experienced by the Company's suppliers could result in an interruption in the supply of components and services. The Company is subject to such credit and counterparty risks and aims to manage these risks by way of careful survey of the background of its customers. The realisation of these risks may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company is reliant on its information systems

Nexstim's business is dependent on information technology and on Nexstim's ability to use information systems and other similar information and communications systems maintained internally or offered and supported by third parties. Nexstim uses information systems at every stage of the research and development as well as production from planning to distribution), and also uses such systems as a communication channel with employees, foreign subsidiaries, contract suppliers, customers and other stakeholders. In addition, Nexstim utilises information systems in financial administration, debt collection, customer service and forecasting results and cash flow.

System failures and service breaks are a possible outcome of several factors, many of which are wholly or partially outside the control of the Company. Such factors may result from computer viruses, security breaches and other illegalities of third parties, natural catastrophes, malfunctions of appliances, machines or software, connection failures, long-term power outages or the Company's inability or failure to properly protect, repair or maintain the communications and information systems. Problems associated with information systems may have a material adverse effect on the Company's business, results of operations financial condition and/or prospects.

The Company is reliant on its ability to recruit and retain relevant key personnel

Nexstim's success is materially dependent on the professional expertise of Nexstim's management and other key personnel, as well as on Nexstim's ability to retain the current management and other key personnel and recruit new, skilled employees in the future too. To remain competitive and to be able to implement its strategy, Nexstim will, in all sectors of its business operations, have to be successful in recruiting and retaining sufficiently many highly skilled employees with appropriate expertise. Some of this competence is held by certain key persons who are of particular importance in ensuring that the Company retains and develops its competitiveness. The future growth and profitability of Nexstim's business activities depends on the Company's ability to recruit and retain such key employees, and the Company's ability to recruit the required number of industry trained and skilled individuals. Failure in recruiting and retaining relevant key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company is reliant on its ability to find and retain research and co-operation partners

Nexstim has entered into research and development agreements with e.g. rehabilitation centres, universities and other such research centres, and may in the future enter similar agreements with such parties, or other co-operation parties. There can be no assurance that Nexstim will manage to retain these partnerships or find suitable partners and enter in to agreements with them on commercially favourable terms or at all. In addition, it is uncertain whether the current partnerships will produce desired results. Should there be any disagreement with a partner regarding the cooperation, there can be no assurance that Nexstim will be able to resolve it in a manner that will be in its best interests. In addition, Nexstim's partners may have interests or goals that are inconsistent with those of Nexstim and they may take actions contrary to Nexstim's instructions, requests, policies, schedules or business objectives. Furthermore, a partner may be unable or unwilling to fulfil its obligations, have financial difficulties, require Nexstim to make additional investments, or have disputes with Nexstim regarding their rights (including intellectual property rights and the allocation thereof between Nexstim and the partner), responsibilities and obligations.

If Nexstim decides to withdraw from the cooperation with a partner or if Nexstim loses a partner, it may face loss of access to important research results and may have to invest considerable resources to make up for any such loss. In addition, a certain partner may also be or become a competitor and frustrate the competitive advantage resulted from the collaboration. Any of these or other factors may have a material adverse effect on Nexstim's partnerships and Nexstim's ability to obtain the economic and other benefits it seeks from participating in these partnerships, which, in turn, may have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company has limited experience in sales, marketing and distribution

As Nexstim is a company in commercialization phase, it has previously only marketed its NBS System. The marketing of NBT system with SmartFocus™ TMS to depression launched in May 2018. Therefore, Nexstim operates with limited experience and personnel in the fields of sales, marketing and distribution of therapeutic products and intends to set up its own larger marketing and sales organisation using the proceedings of this Offering as soon as possible. Consequently, Nexstim is in the process of further developing its own sales and marketing infrastructure which will incur additional expenses and require management resources, implementation of new sales and marketing practices and a sufficient amount of time for the Company to set up the appropriate organisation and structure to market the products in accordance with applicable laws. While several managers of Nexstim have commercialised and launched high technology medical products, there can be no assurance that the existing limited experience of Nexstim will be sufficient to effectively commercialise any or all of the Company's products. Such events could have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company must comply with complex legislation and regulations applicable to its business, and any breach of such legislation or regulations may have onerous consequences

Nexstim's business is highly regulated and subject to a high amount of legislation and regulation. Additionally, Nexstim is subject to supervision by regulatory authorities and such authorities have broad administrative and discretionary powers over Nexstim. As Nexstim operates in Finland, Germany and the United States, Nexstim has to comply with a wide variety of laws and regulations enacted on both national and supranational level, most notably medical regulations, health and safety regulations, labour regulations, competition regulations, corporate regulations, tax regulations and securities market regulations. Nexstim's management considers that, at present, Nexstim is in all material respects in compliance with all material legislation and other regulations.

Despite Nexstim's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, these compliance procedures may be inadequate or otherwise ineffective, including e.g. by reason of human or other operational errors in their implementation. Nexstim may also fail to comply with applicable laws and regulations as a result of unclear regulations, regulations being subject to multiple interpretations, regulations being contradictory or being under development, or as a result of a shift in the interpretation or application of laws and regulations by regulators. Failure to comply with any applicable laws and regulations could subject Nexstim to a number of consequences, including monetary and administrative penalties or other enforcement measures imposed by regulatory authorities, unanticipated costs associated with remedying such failures (including claims from Nexstim's customers), criminal prosecution, adverse publicity, harm to Nexstim's reputation, temporary interruption of operations, and revocation or temporary suspension of its licences or permits. Each of these risks, should they materialise, may have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The insurance coverage of the Company may not be comprehensive and the Company may not be fully insured against all risks

Nexstim's facilities, equipment and other property could be at risk of being damaged, because of events such as mechanical failures, human error and natural hazards. All of these hazards can result in loss of property, property damages, business interruption and delays. Further, Nexstim may face product liability claims or be adversely affected by events leading to the interruption of its business. Nexstim seeks to insure such risks to an appropriate extent and accordingly, has in place insurances providing coverage against conventional liability claims, product liability claims, management liability claims, loss of property and costs of medical treatment of employees. However, Nexstim's insurances may be inadequate or unavailable to protect the Company in the event of a claim or other loss. In addition, the Company's subsidiaries have conventional insurances in place in their respective operating countries, including insurances related to social security. Insurances may also be cancelled or otherwise terminated. Additionally, there are risks in respect of the Company's insurance coverage. Nexstim may not be able to continue to obtain insurances on commercially reasonable terms or at all. Nexstim may face with types of liabilities or losses that will not be covered by the insurance, such as liabilities for breach of contract. The amount of any liabilities may exceed the Company's insurance coverage limits and the Company may incur losses from interruption of its business that exceed or are excluded from the insurance coverage. Even a partially uninsured claim, if realised and of significant size, and the materialisation of any of the above risks may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may be adversely affected by increasing costs in health technology sector and cost structure efficiencies in healthcare

Costs in the health technology sector have increased during the recent years, and in several countries this has resulted in a need to enhance the cost structure of health care. The intensification of the cost structure sets pressure to decrease costs for example in relation to procurement of devices. This has affected and will affect the demand and pricing of Company's devices. In addition, the Company is also subject to increased costs as a result of increased competition for qualified personnel, increased facilities and utilities costs, increased insurance premium, and the introduction of new technologies, equipment and production methods or otherwise, which may have a material adverse effect on the Company's business, financial condition, results of operations and/or prospects.

The Company may be adversely affected by changes in the financial markets and economic conditions generally

The Company could be impacted by the uncertainty in the global economy and financial markets. Up to this point, Nexstim's personnel are located in Finland, Germany and the United States with most of its customers currently located in Europe. The economies of European countries have to a varying degree been adversely affected by the uncertain global economic and financial market conditions. Economic slowdown or a recession, regardless of its depth, or any other negative economic developments in the Company's current or future countries of operations may affect the Company's business in a number of ways, including among other things, the income, business and/or financial standing of the Company, its customers, partners, and suppliers. The Company may not be able to utilise the opportunities created by the economic fluctuations and the Company may not be able to adapt to a long-term economic recession or stagnation. Materialisation of any of the above risks may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

Risks Related to the Company's Financing

The Company could encounter difficulties in refinancing its debt

The Company's long term interest-bearing liabilities were EUR 7,328.6 thousand as at 28 February 2019. EUR 2,996.2 thousand were a loan from Kreos, EUR 4,232.3 thousand were R&D loans, EUR 100.0 thousand subordinated loan from Business Finland. The Company is obliged to repay the majority of its long term interest-bearing liabilities to Business Finland during the years 2021-2026, and Kreos loan should be repaid, with accrued interests and fees, with agreed monthly instalments from 1 April 2019 until the last instalment which is due on 1 December 2021 (see also the risks set forth above regarding possible liability for early repayment of the Kreos loan, and the working capital not being sufficient). There can be no assurance that the Company is able to refinance its existing debts as they fall due on commercially reasonable terms or at all.

In addition, the adverse developments in the credit markets, as well as other future adverse developments, such as the further deterioration of the overall financial markets, tightening of banks' capital requirements or lending conditions, or adverse changes in the general economic conditions, could have a material adverse effect on the Company's ability to borrow additional funds as well as on the cost and other terms of funding. The failure to obtain sufficient financing for the Company's operations or increased costs or unfavourable terms of financing may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company will need a substantial amount of additional financing in the future in order to continue to commercialise its NBT System

The Company's liquid assets i.e. cash in hand and at banks are insufficient to finance the intended business growths, considering the assets required by the repayments of the loans (see the risk above regarding refinancing of the loans). Currently Nexstim is commercialising its NBT system for the treatment of depression patients and evaluating the possibility to conduct multi center clinical trials for the use of its NBT system for the use of chronic neuropathic pain. Nexstim will need significant amount of financing to be able to continue such commercialisation and conclude such trials. If Nexstim fails to obtain such additional financing, commercialisation of the device may be delayed or hindered.

The Company may be adversely affected by fluctuations in exchange rates

Nexstim is exposed to foreign exchange risk in several currencies. As at 31 December 2018 a significant part of the Company's sales were outside the Eurozone, and the Company's management expects this to continue in the future. Nexstim's main currencies for sales are the euro and the dollar. As at 31 December 2018 approximately 28% of Nexstim's operational expenses were incurred in currencies other than the euro. Company's main currencies for costs are the euro and the dollar.

The principal forms of risks associated with exchange rate fluctuations include transaction exposure and translation (equity) exposure. Foreign exchange transaction exposure arises when Nexstim engages in commercial or financial transactions and makes payments in currencies other than its own functional currency (being the euro), and when related cash inflow and

outflow amounts are not equal or concurrent. Foreign exchange translation exposure, on the other hand, arises when the equity of a subsidiary is denominated in a currency other than the functional currency of the parent company. This exposure may lead to translation differences in Nexstim's consolidated equity. Currently Nexstim does not have arrangements in place to hedge its exposure to exchange rate fluctuations and therefore, there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects. In addition, it should be noted that increasing uncertainty in the economy is likely to increase exchange rate fluctuations. Exchange rate fluctuations may also weaken the cost competitiveness of the Company's products as compared to its competitors' products that are manufactured in other currency areas.

The aforementioned factors may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company may be adversely affected by fluctuations in interest rates

Changes in market interest rates and interest margins may affect the Company's financing costs (and possible returns on financial investments). Interest rates can move in response to numerous factors outside the Company's control, including government and central bank policy. An increase in interest rates would cause the Company's financial expenses to increase and could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

Risks relating to the Offer Shares, Offering and the Offer Warrants

The Company may not receive the required capital in full from the Offering which may lead to obligation to prematurely repay Kreos Loan with accrued interests and fees

There can be no assurance that the Offering is subscribed for in full. The Company has received underwriting commitments from investors worth of approximately EUR 1.1 million (see the section "Arrangements relating to the Offering – Underwriting commitments" in the Prospectus).

If the Offering and the Offer Warrants are not subscribed in full, it may influence the Company's results and financial position as the Company does not receive net proceeds of approximately EUR 7.4 million which is expected from the Offering and issuance of the Offer Warrants (without taking into consideration to the possible fees of EUR 0.1 million related to underwriting commitments see "Arrangements relating to the Offering – Underwriting commitments" and "Reasons for the offering and use of proceeds"). See above "Loans provided by Kreos and/or Business Finland may become repayable prematurely and additional funding may not be available" a risk that such loan of Kreos may have to be repaid prematurely with interests and fees in the event net proceeds of the Offering are materially less than expected. Should the net proceeds received from the Offering and the share subscriptions based on the Offer Warrants be significantly lower than expected, this could also otherwise influence the Company's ability to use the proceeds as planned, for business growth and to secure its working capital, which could lead to the Company ending up in payment difficulties. Consequently, the market price of the Company's shares could fall below the Subscription Price of the Offering. In these circumstances, investors who have participated in the Offering by subscribing for Offer Shares (and possibly also Offer Warrants and shares against such Offer Warrants) may suffer a direct, unrealised loss pursuant to their investment.

An active public market for the Company's shares, Subscription Rights and/or Offer Warrants may not develop

The Company intends to apply for the listing of the Offer Shares, Subscription Rights and Offer Warrants on First North Finland and First North Sweden. The trading with subscription rights starts on 2 April 2019 and ends on 18 April 2019 on First North Finland and First North Sweden. There can be no assurance as to the liquidity of the Company's shares, Subscription Rights or Offer Warrants.

As of the date of this Prospectus, there can be no assurance that the Company's Offer Warrants will be admitted to trading on First North Finland and First North Sweden as scheduled, or at all. If the listing of Offer Warrants fails to materialise, there will be no active market for the Offer Warrants.

The Subscription Rights will expire and have no value if they are not exercised during the Subscription Period

The Subscription Period will commence on 2 April 2019 and end in Sweden on 24 April 2019 and in Finland on 26 April 2019. The Subscription Period's end date is also the deadline for exercising Subscription Rights. When choosing to exercise the Subscription Rights, the Subscription Right holder shall give his/her account operator or subscription venue the

instructions concerning the Offering within the Subscription Period and observe any special deadlines set by account operators. At the end of the Subscription Period, all unexercised Subscription Rights will expire and have no value.

Subscriptions are irrevocable, except under certain limited circumstances

Subscriptions for Offer Shares will be irrevocable upon exercise, and except in certain limited circumstances as set forth in "Terms and conditions of the Offering – General terms – Supplements to the Prospectus and cancellation of subscriptions", may not be withdrawn, cancelled or modified after such time. Therefore, investors will make their investment decisions prior to having knowledge of the final result of the Offering.

The market price of the Offer Shares and Offer Warrants could fluctuate considerably and the price of the Offer Shares and Offer Warrants could fall below the subscription price

The market price of the Company's Offer Shares and Offer Warrants could be subject to fluctuations in response to factors such as actual or anticipated variations in the Company's operating results, announcements of innovations, introductions of new products or services by the Company or its competitors, changes in estimates by financial analysts, conditions and trends in the currency exchange rates, regulatory developments, general market conditions or other factors. In addition, international financial markets have from time to time experienced price and volume fluctuations that were unrelated to the operating performance or prospects of individual companies. The above-mentioned changes and market fluctuations may result in increased volatility in the market price of the Company's shares, and the price of the shares may fall below the Subscription Price. The share subscription price in accordance with the terms of the Offer Warrants is at least EUR 0.115. The market price of the Company's shares may drop below the subscription price under the terms of the Offer Warrants. If the market price of the Company's shares is lower than the subscription price of the shares according to the terms of the Offer Warrants during the subscription period, no shares will most likely be subscribed for with the Offer Warrants, and, therefore, the Company will not receive the needed EUR 1.2 million to secure the working capital need from the Offer Warrants.

The amount of possible future dividends or capital repayments to be distributed to shareholders is uncertain

Under the provisions of the Finnish Companies Act, the amount of any dividend or other capital repayments that the Company will be permitted to distribute is limited to the amount of distributable funds shown on its latest unconsolidated parent company audited financial statements adopted by the general meeting of shareholders. Further, the terms and conditions of the Company's capital loans (being loans subordinated pursuant to Chapter 12 of the Finnish Companies Act), contain dividend restriction clauses which prohibit the Company from distributing dividends or other capital repayments prior to the repayment in full of such capital loans and the interest accrued thereon. The Company's ability to pay dividends or other capital repayments in the future will be affected by a number of factors, including its future earnings, cash flows, debt service obligations, investments, solvency, terms of outstanding indebtedness, ability to receive sufficient dividends from its subsidiaries and local laws and regulatory requirements. So far, the Company's operations have been unprofitable and no payments of dividends or other capital repayments may be expected during the near future. In the forthcoming years, the Company will focus on financing the growth and the development of its business and the Company will adhere to a very stringent dividend policy, tied to the Company's results and financial standing. There can be no assurance that dividends or capital repayments will be distributed to shareholders in any financial year.

Existing option rights and other rights entitling to shares, future issues or sales of a substantial number of shares could have a negative effect on the market price of the shares and cause dilution; the Company may arrange directed issues in connection with the Offering

All outstanding option rights and other rights entitling shares of the Company (i.e. warrants) entitle as at the date of this Prospectus to subscribe for an aggregate of 1,448,078 new shares in the Company, which represent approximately 44.50% of all shares in the Company, taking into account all registered shares of the Company on the date of this Prospectus, and would entitle the holders of such option and other rights to own approximately 30.80% of the aggregate amount of shares in the Company, taking into account registered shares but not the Offer shares and shares to be subscribed against the Offer Warrants.

The shares issued under such option and other rights to shares dilute a shareholder's proportional share of ownership and may affect the market price of the Company's shares. Future issues or sales of a substantial number of shares or rights entitling to shares of the Company, or the perception that such issues or sales may occur in the future, can have a material adverse effect on the market price of the Company's shares as well as on the Company's ability to acquire equity financing. Additionally, any future rights issues or targeted issuances of shares or rights entitling to shares will dilute a shareholder's proportion of the shares and votes to the extent that the shareholder decides not to, or is not entitled to, subscribe to those shares or rights entitling to shares of the Company. It is also possible that the Company will use its shares as a means of payment in future acquisitions, which could have a material adverse effect on the market price of the Company's share.

Underwriters have committed to subscribe for Offer Shares, so that the underwriting commitments of the underwriters applies to about 20.6 per cent of the Offering, after the subscriptions by underwriters, meaning they have underwritten the Offering to a total of approximately EUR 1.1 million. The providers of the underwriting commitment may receive their

underwriting fee against cash or new shares of the Company (as resolved by the Company at its discretion) which will be arranged in a directed issue of shares without consideration in connection with the Offering (see also *Arrangements in connection with the Offering – Possible directed issues arranged in connection to the Offering*). In either case, the underwriting fee is 10 per cent of the amount of the underwriting commitment, and the number of shares received as fee is determined based on the Subscription Price in the Offering and by paying the possible difference of the aggregate subscription price and the fee by cash. The Board of Directors shall decide on a possible directed issue of shares approximately on 2 May 2019, while resolving on approval of the subscriptions received in the Offering.

Investors in the Sweden participating in the Offering may be adversely affected by fluctuations in foreign exchange rates

Nexstim's reporting currency is euro. However, the shares admitted to trading on First North Sweden, including the Offer Shares, will be traded and settled in Swedish crowns. Further, any potential future dividends will be denominated and distributed by the Company in euro. However, as regards to Shares held on book-entry accounts in the system of Euroclear Sweden, investors would receive the dividends in Swedish crowns after currency conversion from euro. Consequently, the market price of the Shares and the dividends received in Swedish crowns are affected by the changes in the exchange rate of the Swedish crown and euro. Therefore, as the Swedish crown is not fixed against the euro, any change in the exchange rate between the Swedish crown and euro could increase or decline as a result. This may have a material adverse effect on the market price of the Company's shares traded on First North Sweden and the future cash flows from dividends of the investors with Shares registered with Euroclear Sweden.

Dilution of the shareholding

Shareholders that choose not to subscribe for Offer Shares in the Offering will have a lower portion of Nexstim's shares and votes after the Offering.

Not all foreign shareholders may be able to exercise their Subscription Rights

Certain shareholders, who live or have their registered address in certain countries outside Finland and Sweden, may not be able to exercise their preferential Subscription Rights, because the shares have not been registered as stipulated in the securities-related legislation of the country in question or in another corresponding manner, unless an exception from the registration and other such requirements set in the applicable laws can be applied. See also "*Terms and conditions of the Offering – Shareholder rights*" in the Prospectus. This may lead to the dilution of such shareholders' ownership in the Company. Further, if the number of shareholders who are not able to exercise their Subscription Rights is high and if the Subscription Rights of such shareholders are sold on the market, it could have an adverse effect on the price of the Subscription Rights. A foreign shareholder's right to have access to information concerning share issues and important transactions may also be restricted due to the legislation of the country in question.

Holders of shares in the Company registered in custodial nominee accounts may not be able to exercise their voting rights

Beneficial owners of shares in the Company whose shares are registered in a custodial nominee account will not be able to exercise their voting right unless their ownership is re-registered in their names with Euroclear Finland prior to the general meeting of shareholders of the Company. The same applies to those shareholders whose shares are registered with Euroclear Sweden. There can be no assurance that beneficial owners of Shares in the Company will receive the notice for a general meeting of shareholders in time to instruct their nominees to either effect a reregistration of their Shares or otherwise exercise their voting right in the manner desired by such beneficial owners. There can further be no assurance that the nominees in fact do carry out all necessary measures to enable such investors to attend a general meeting of shareholders, even where properly instructed by such investors.

There is no certainty that all investors who have given underwriting commitments fulfil their obligations towards the Company

The Company has received underwriting commitments from investors worth approximately EUR 1.1 million (see the section "*Arrangements relating to the Offering – Underwriting commitments*" of the Prospectus). The parties that have given underwriting commitments have thus undertaken to subscribe for 20.6 per cent of the Offering. The Board of Directors of the Company have the right, but not the obligation, to allocate an amount of Offer Shares, to the providers of underwriting commitments in accordance with the terms of the underwriting agreements, that is equal to the amount that the total amount of subscriptions of other subscribers than the providers of underwriting commitments has come short from the above mentioned amount. A shareholder providing an underwriting commitment shall always have the right to subscribe Offer Shares in accordance with the shareholder's Subscription Right. The Company has not received nor requested securities from the parties that have underwritten to subscribe Offer Shares in the Offering on the basis of underwriting commitments. There is no certainty that all of the parties that have given an underwriting commitment will fulfil their obligations towards the Company.

RESPONSIBILITY STATEMENT

The Company i.e. Nexstim Plc, domicile Helsinki, accepts responsibility for the completeness and accuracy of the information contained in this Prospectus. To the best knowledge of the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. These statements may not be based on historical facts, but are statements about future expectations. When used in this Prospectus, the words "aims," "anticipates," "assumes," "believes," "estimates," "expects," "will", "intends," "may," "plans," "should" and similar expressions as they relate to the Company or the Offering identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus, including in "*Risk Factors*," and "*Operating and Financial Review and Prospects*" and wherever this Prospectus include information on the future results, plans and expectations with regard to the Company's business, including its strategic plans and plans on growth and profitability, and the general economic conditions.

These forward-looking statements are based on present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect, and are subject to various risks and uncertainties. Shareholders should not rely on these forward-looking statements. The actual results of operations or financial condition of the Company to differ materially from those expressed or implied in the forward-looking statements.

. In light of the risks, uncertainties, assumptions and other factors referred to in this Prospectus, events described in the forward-looking statements may not occur or may fail to materialise. Consequently, there can be no guarantee regarding the accuracy and completeness of any of the forward-looking statements contained in this Prospectus or the actual materialisation of predicted developments.

FINANCIAL INFORMATION

Historical Financial Information on the Company

The Company prepares its consolidated financial statements in accordance with the Finnish Accounting Act (30.12.1997/1336, as amended), Finnish Accounting Ordinance (30.12.1997/1339, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy (the "**Finnish Accounting Standards**", "FAS").

The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 31 December 2017 have been included into this Prospectus by way of incorporating by reference. The consolidated financial statements included in this Prospectus and the statutory financial statements have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, with Authorised Public Accountant Martin Grandell acting as auditor with principal responsibility. The Board of Directors of Nexstim has proposed to the annual general meeting of the Company to be held on 25 March 2019 that PricewaterhouseCoopers Oy, Authorised Public Accountants, with Authorised Public Accountant Martin Grandell acting as auditor with principal responsibility, would continue as the auditor of the Company until the end of the following annual general meeting.

The audit report regarding the financial statements of Nexstim for the year ended 31 December 2018 includes the following qualifications:

Material Uncertainty Related to Going Concern

We draw attention to note 11 in the financial statements and to the section "Going Concern" in the report of the Board of Directors, which describe the Company's ability to continue as a going concern. The 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.

Emphasis of Matter

We draw attention to note 6 in the parent company's financial statements and to the section "Financing and liquidity" in the report of the Board of Directors, which describe significant uncertainty relating to the collectability and thus the valuation of the long-term and short-term intercompany receivables. If such receivables are not collected in full there is significant risk that the parent company's share capital would be lost.

The official consolidated financial statements and the official auditor's reports are in Finnish. The consolidated financial statements presented in other languages are unaudited translations of the official consolidated financial statements. Auditor's reports in other languages are translations of the official Finnish language auditor's reports.

Alternative Performance measures

In the Prospectus, the Company presents certain alternative performance measures of historical financial performance and financial position ("Alternative Performance Measures") which are not accounting measures defined or named in FAS to as set forth in the guidance of the European Securities and Markets Authority "ESMA" regarding alternative performance measures. Such Alternative Performance Measures are equity ratio and earnings per share.

The definitions for such Alternative Performance Measures are set forth in section "*Selected Financial Information – Key performance indicators*"

Such Alternative Performance Measures are presented as additional information for the measures presented in the consolidated income statements, balance sheets and cash flow statements of the Company prepared in accordance with FAS. According to the Company's view, equity ratio provides significant and useful information about the financial position of the Company for the management, investors and market analysts and is widely recognized by analysts, investors and other relevant parties. According to the Company's view, earnings per share provides insight how the revenues of the Company are divided amongst its owners.

The Alternative Performance Measures should not be considered or reviewed in isolation or a substitute to the measures under the FAS. Not all companies calculate the alternative performance measures in uniform way, and hence the Alternative Performance Measures set forth in this Prospectus are not comparative with othersimilarly names measures by other companies.

The Alternative Performance Measures are unaudited.

Certain other information

The figures presented in this Prospectus, including the financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Unless otherwise indicated in this Prospectus, all references to "EUR" or "euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community. All amounts presented in this Prospectus are in euro, unless otherwise indicated.

Unless otherwise indicated in this Prospectus, all references to "USD" or "dollar" are to the currency of the United States.

ABBREVIATIONS AND KEY CONCEPTS

As used throughout this Prospectus, references to:

- "EEA" are to the European Economic Area;
- "EU" are to the European Union;
- "FDA" are to Food and Drug Administration, US Department of Health and Human Services;
- "First North Finland" are to the multilateral trading facility First North Finland operated by the Helsinki Stock Exchange;
- "First North Sweden" are to the multilateral trading facility First North Sweden operated by the Stockholm Stock Exchange;
- "Helsinki Stock Exchange" are to Nasdaq Helsinki Ltd;
- "Stockholm Stock Exchange" are to Nasdaq Stockholm AB; and
- "United States" or "US" are to the United States of America;

For definition or certain technical or medical terms used throughout this Prospectus, see "*Glossary*".

GENERAL MARKET, ECONOMY AND INDUSTRY DATA

This Prospectus contains information about the markets and industries in which Nexstim operates and Nexstim's competitive position therein. Where such information contained in this Prospectus has been derived from third party sources, the name of the source is given therein.

While Company has accurately reproduced such third-party information, Company has not verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would

render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative. This Prospectus also contains estimates regarding the market position of the Company that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organisations and institutions. Company believes that its internal estimates of market data and information derived therefrom and included in this prospectus are helpful in order to give investors a better understanding of the industry in which the Company operates as well as its position within this industry. Although Company believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and Company cannot guarantee that a third-party expert using different methods would obtain or generate the same results. With the exception of the auditor's reports referred to in section "*Information incorporated by reference*" (auditor's reports regarding financial periods 2018 and 2017 have been incorporated by reference) and the auditor's statement of the profit forecast enclosed to hereto as an appendix, this Prospectus does not include any other expert statements. This Prospectus does not include information developed by third parties for the purposes of preparing this Prospectus

INFORMATION ON THE WEBSITE

The Finnish-language Prospectus will be published on Company's at www.nexstim.com/investors/rights-issue-2019 on or about 26 March 2019. However, the contents of Company's website or any other information or documents other than this Prospectus, possible supplement(s) to the Prospectus and the documents incorporated by reference on any other website do not form a part of this prospectus and prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

AVAILABILITY OF THE PROSPECTUS

This Prospectus can be accessed as of 26 March 2019:

- on the website of the Company at www.nexstim.com/investors/rights-issue-2019;
- at the Company's head office at Elimäenkatu 9 B, 00510 Helsinki, Finland.

In addition, the Finnish-language Prospectus will be available at the Helsinki Stock Exchange located at Fabianinkatu 14, FI-00100 Helsinki, Finland, on or about 26 March 2019.

AVAILABILITY OF CERTAIN DOCUMENTS

Copies of the following documents are available during normal business hours at the Company's head office at Elimäenkatu 9 B, 00510 Helsinki, Finland:

- articles of association of the Company as registered at the date of this Prospectus;
- audited statutory consolidated financial statements and auditor's report for the financial year ended 31 December 2018, including the report of the Board of Directors for this period;
- audited statutory consolidated financial statements, and auditor's report for the financial year ended 31 December 2017, including the report of the Board of Directors for this period;
- this Prospectus with its other appendices (including the auditor's statement of the profit forecast); and
- FIN-FSA's approval of this Prospectus.

INFORMATION INCORPORATED BY REFERENCE

The Company's financial statements, including the report of the Board of Directors for such period, and auditor's reports for the financial years ended 31 December 2018 (Annual Report and Financial Statements for the Year 2018, Annual Report p. 10 - 18) and p. 19 - 42 of the Financial Statements and p. 43 - 44 of the Auditor's Report) and 31 December 2017 (Pages 6 - 13 of the Annual Report and Financial Statements for 2017 and Annual report p. 14 - 35 and Financial Statements 2017 p. 36 - 37 Auditor's Report) have been incorporated to this Prospectus by reference. The Finnish language documents incorporated by reference are available at the Company's website at www.nexstim.com/investors/rights-issue-2019 and in the printed form in the Finnish language at the office of the Company at Elimäenkatu 9 B, 00519 Helsinki, Finland.

CERTAIN IMPORTANT DATES RELATING TO THE OFFERING

Finland

Record Date in Euroclear Finland	28 March 2019
Subscription Period commences	2 April 2019
Trading in the Temporary Shares and Subscription Rights commences on First North Finland	2 April 2019
Last day of trading in the Subscription Rights on First North Finland	18 April 2019
Subscription period ends in Finland	26 April 2019
Results of the Offering are announced (estimated)	2 May 2019
Offer Shares registered with the Finnish Trade Register (estimated)	7 May 2019
Last day of trading in the Temporary Shares on First North Finland (estimated)	7 May 2019
Offer Shares delivered to the book-entry accounts of subscribers in Euroclear Finland (estimated)	8 May 2019
Warrants delivered to the book-entry accounts of subscribers in Euroclear Finland (estimated)	week 21, 2019
Trading in the Warrants commences on First North Finland (estimated)	week 21, 2019

Sweden

Record Date in Euroclear Sweden	28 March 2019
Subscription Period commences	2 April 2019
Trading in the Temporary Shares and Subscription Rights commences on First North Sweden	2 April 2019
Last day of trading in the Subscription Rights on First North Sweden	18 April 2019
Subscription period ends in Sweden	24 April 2019
Results of the Offering are announced (estimated)	2 May 2019
Offer Shares registered with the Finnish Trade Register (estimated)	7 May 2019
Last day of trading in the Temporary Shares on First North Sweden (estimated)	7 May 2019
Offer Shares delivered to the book-entry accounts of subscribers in Euroclear Sweden (estimated)	13 May 2019
Offer Warrants delivered to the book-entry accounts of subscribers in Euroclear Finland (estimated)	week 21, 2019
Trading in the Offer Warrants commences on First North Finland (estimated)	week 21, 2019

INFORMATION ON THE OFFER SHARES AND OFFER WARRANTS

Trading symbol in First North Finland	NXTMH
Trading symbol in First North Sweden	NXTMS
ISIN code for Offer Shares	FI4000354162
Trading symbol for Offer Warrants in First North Finland	NXTMHEW119
Trading symbol for Offer Warrants in First North Sweden	NXTMS TO
ISIN code for Offer Warrants	FI4000375274

PUBLICATION OF FINANCIAL INFORMATION

The financial statements for the financial years ended 31 December 2018 and 31 December 2017 of the Company have been prepared in accordance with the Finnish Accounting Act (30.12.1997/1336, as amended), Finnish Accounting Ordinance (30.12.1997/1339, as amended), and instructions and statements of the Accounting Board operating under the Ministry of Employment and the Economy (the “Finnish Accounting Standards”, “FAS”).

The official financial statements and the official auditor's reports of the Company are in Finnish. The financial statements of the Company presented in other languages are unaudited translations of the official financial statements. Auditor's reports of the Company presented in other languages are translations of the official Finnish language auditor's reports.

CONTACT DETAILS FOR THE COMPANY, MANAGEMENT, AUDITOR AND ADVISERS

Company Nexstim Plc
Elimäenkatu 9 B
00510 Helsinki, Finland

Members of the Board of Directors of the Company

Martin Jamieson
Juliet Thompson
Ken Charhut
Rohan Hoare
Tomas Holmberg

Business address

Elimäenkatu 9 B, 00510 Helsinki, Finland

Auditor to the Company

PricewaterhouseCoopers Oy
Itämerentori 2
00180 Helsinki, Finland
Auditor in charge: Martin Grandell

Financial adviser

Sisu Partners Oy
Aleksanterinkatu 44, 4th floor
00100 Helsinki, Finland

Certified Adviser

Sisu Partners Oy
Aleksanterinkatu 44, 4th floor
Helsinki, Finland

Legal advisers to the Company

As to Finnish law

Attorneys-at-Law TRUST
Erötaajankatu 13
00130 Helsinki, Finland
Finland

As to Swedish law

Wistrand Advokatbyrå
Regeringsgatan 65
SE-103 93 Stockholm, Sweden

CAPITALISATION AND INDEBTEDNESS

The following table sets forth Company's capitalisation and indebtedness based on the Company's audited consolidated financial statements prepared in accordance with the FAS as at 31 December 2018 incorporated by reference in the Prospectus.

The following table should be read in conjunction with sections "*Financial information*", "*Selected financial information*" and "*Operating and financial review and prospects*" in the Prospectus and the Company's consolidated financial statements as at 31 December 2018 and 31 December 2017 incorporated by reference.

CAPITALISATION	31 December 2018
	(unaudited)
CURRENT DEBT	
Unsecured	100.0
Guaranteed/secured	1,003.8
Total	1,103.8
NON-CURRENT DEBT	
Unsecured	4,167.2
Guaranteed/secured	2,996.2
Total	7,163.4
TOTAL CURRENT AND NON-CURRENT DEBT	8,267.2
EQUITY	
Share capital	80.0
Reserve for invested unrestricted equity	39,480.6
Retained earnings / -loss	-33,700.5
Profit / -loss for the financial year	-6,154.3
TOTAL EQUITY	-294.3
TOTAL EQUITY AND LIABILITIES	7,972.9

Net indebtedness	31 December 2018
	(unaudited)
MEUR	
Liquidity (A)	
Cash in hands and at banks	7,175.2
Total	7,175.2
Current debt (B)	
Bank loans	1,003.8
Capital loans	100.0
Total	1,103.8
Net current financial indebtedness (C = B-A)	-6,071.4
Non-current debt (D)	
Capital loans	100.0
Other interest-bearing loans	7,063.4
Non-current financial debt	7,163.4
Net financial indebtedness (C+D)	1,092.0

The financial statements for the 2018 have been prepared on the going concern basis, which assumes that Nexstim will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e. for a period of at least 12 months as of the date of these financial statements (see "*Operating and financial review and prospects*" in the Prospectus and "*Emphasis of matters*" in the auditor's report 2018).

Other than as set forth above, there have been no material amendments in the capitalization and indebtedness of the Company after 31 December 2018.

As at 28 February 2019, the Company's cash in hand and at banks amounted to EUR 6,024.0 thousand, long-term interest bearing debt EUR 7,328.6 thousand and short-term interest bearing debt EUR 1,101.3 thousand.

Additional information on the off balance sheet liabilities have been presented in the section "*Operating and financial review and prospects – Other liabilities*" in this Prospectus.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

The Company expects that the total proceeds of the Offering are at maximum EUR 5.2 million based on the maximum number of Offer Shares (45,552,444 Offer Shares) and the Subscription Price of EUR 0.115 per Offer Share. The Company expects to receive net proceeds from the issuance of the Offer Shares of approximately EUR 4.7 million, after deducting estimated offering expenses payable by the Company of approximately EUR 0.5 million, in the aggregate (of which a maximum of EUR 0.1 million is paid as fee for underwriting commitment set forth in “*Arrangements related to the Offering – Underwriting commitments*” of the Prospectus which fee is payable in cash and/or shares of the Company at the discretion of the Company)

In connection with the Offering, the Company also issues Offer Warrants free of charge to investors who have subscribed for Offer Shares in the Offering. The Company may therefore additionally raise up to a maximum of approximately EUR 2.6 million in net proceeds, assuming that the subscription price of a share is equal to the minimum subscription price of EUR 0.115 and that the expenses of the Offer Warrants are included to the above-mentioned estimated expenses of the Offering.

The Offering is expected to support the growth and operational strategy of the Company. Nexstim expects to use the net proceeds from the Offering mainly to fund the marketing and similar commercialization efforts for increasing the sales of the Company's NBT System in the depression treatment, and with current cash in bank and at hand to finance repayment of its existing loans.

In particular, Nexstim intends to use the proceeds of the Offering and the Offer Warrants to:

- Develop and grow its sales and marketing organization by hiring new personnel particularly in the US market
- Finance its NBT System purchases
- Repayments of existing loans of the Company
- Evaluate new clinical trials in the area of chronic neuropathic pain
- Finance its R&D and other working capital needs
- General corporate purposes

See “*Operational and financial review and prospects – Working capital statement*” describing sufficiency of working capital if the Company is liable to repay Kreos loan with interests and fees prematurely (approximately EUR 4.37 million) instead of the agreed repayment (approximately EUR 1.0 million) considering also possible net proceeds of the Offering and Offer Warrants. As at the date of the Prospectus, current cash in bank and at hand of the Company are sufficient for the possible early repayment of the Kreos loan with interests and fees, but the possible early repayment would determine to which extent the proceedings of the Offering may be used for other above-mentioned purposes than repayment of existing loans. However, the Company considers that the main purpose of the Offering and the Offer Warrants are the financing of the above-mentioned commercialization efforts and other business needs set forth above.

TERMS AND CONDITIONS OF THE OFFERING

Authorisations and resolutions for the Offering

Authorisation resolved on 21 November 2018

On 21 November 2018, the extraordinary general meeting of shareholders resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights to shares, referred to in Chapter 10(1) of the Finnish Companies Act as follows:

The maximum number of shares that can be issued on the basis of the authorisation is 7,000,000 shares. The authorisation is intended to be used for the future financing needs as well as possible mergers and acquisitions and other needs of the Company. The authorisation is valid until 21 November 2019.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of option rights and other special rights entitling to shares. The issuance of shares and option rights and other special rights entitling to shares can take place in derogation of shareholders' pre-emptive subscription rights (directed issue), provided that there is, from the perspective of the Company, weighty financial grounds for this, such as the use of the shares as consideration in possible corporate acquisitions or other arrangements involving the Company's business, the financing of investments or the use of shares, option rights or other rights to shares as part of the Company's incentive schemes. In the issue, shares can be assigned either against payment or for free. A directed issue may only be free if there is are particularly weighty financial grounds for it both from the perspective of the Company and in consideration of the interests of all of its shareholders.

The above-mentioned authorization may be used e.g. in the directed share issue possibly arranged in connection with the Offering.

Authorisation resolved on 25 March 2019

On 25 March 2019, the annual general meeting of shareholders resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights to shares, referred to in Chapter 10(1) of the Finnish Companies Act as follows:

The maximum number of shares that can be issued on the basis of the authorisation is 63,000,000 shares. The authorisation is intended to be used for the future financing needs as well as other needs of the Company. The authorisation is valid until for one year after the annual general meeting of shareholders.

In issue(s) 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 such issue of new ordinary shares, the Board of Directors is authorized to resolve on a directed issue of option rights or 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 Board of Directors decides on all the terms and conditions of the issuances of shares and of option rights and other special rights entitling to shares.

Prior to the date hereof, 69,994,241 shares of the above-mentioned authorisations remained fully unused of which amount 68,328,666 shares shall be used in connection with the issuance of the Offer Shares and Offer Warrants, and the remaining 1,665,575 shares possibly partially or fully in connection with the possible directed shares issue arranged in connection with the Offering.

On 26 March 2019, the Company's Board of Directors resolved on issuing the Offer Shares and Offer warrants by adopting the terms and conditions set out below.

General terms of the Offering

The Offering, Offer Warrants and subscription rights

In accordance with the shareholders' pre-emptive subscription right, the Company is offering up to 45,552,444 new shares in the Company for subscription by the Company's shareholders (the "Offer Shares") (the "Offering").

Nexstim will give all shareholders registered in Nexstim's shareholder register maintained by Euroclear Finland Oy ("**Euroclear Finland**") or Euroclear Sweden AB ("**Euroclear Sweden**") one (1) book-entry subscription right (the "**Subscription Right**") per each share held on the Offering record date 28 March 2019 (the "**Record Date**"). Each Subscription Right entitle the holder to subscribe for fourteen (14) Offer Shares. A single Subscription Right may not be exercised partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 29 March 2019 and in the book-entry system maintained by Euroclear Sweden approximately on 1 April 2019. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol NXTMHU0119, ISIN FI4000359898) and on First North Sweden (trading symbol NXTMS TR, ISIN SE0012455707) between 2 April 2019 and 18 April 2019.

If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder.

In addition, Nexstim will issue a maximum of 22,776,222 warrants (the "**Offer Warrants**") free of charge to persons who subscribed for the Offer Shares in the Offering as well as investors subscribing shares of the Company against payment in a potential directed issue arranged in connection with the Offering, which Offer Warrants, which entitle to subscribe for a total of up to 22,776,222 new shares of the Company. The Offer Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant per each two (2) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Warrants can be freely assigned. The terms and conditions of the Warrants are outlined in the section "*Nexstim Plc Warrant Plan 2019*" of this Prospectus.

Right to Subscribe

The Offer Shares will be offered for subscription by the shareholders of the Company in proportion to their shareholding in the Company.

Secondary Subscription

The Board of Directors of the Company shall resolve on offering any unsubscribed Offer Shares secondarily to shareholders and other investors who have submitted a subscription application concerning the Offer Shares during the Subscription Period without Subscription Rights (the "**Secondary Subscription**"). See subsequently "*Subscription for Offer Shares without Subscription Rights and allocation*".

Underwriting commitments

Underwriters have committed to subscribe for Offer Shares, so that the underwriting commitments of the underwriters applies to about 20.6 per cent of the Offering, after the subscriptions by underwriters, meaning they have underwritten the Offering to a total of approximately EUR 1.1 million. See also the section "*Arrangements related to the Offering – Underwriting commitments*".

If the Offering is subscribed in full, a separate share issue can be additionally directed to those parties providing an underwriting commitment against the same Subscription Price as in the Offering. See also the section "*Arrangements related to the Offering – Possibly arranged directed issues in connection with the Offering*".

Subscription Price

The subscription price in the Offering is EUR 0.115 or SEK 1.20 per Offer Share ("**Subscription Price**").

The Subscription Price will be recorded in the reserve for invested unrestricted equity. The Subscription Price includes a customary pre-emptive subscription right issue discount. The Subscription Price is approximately 89.5 per cent lower compared with the closing price of the Company's share on First North Finland on 25 March 2019 (EUR 1.10) and approximately 90.0 per cent lower compared with the closing price of the Company's share on First North Sweden on 25 March 2019 (SEK 12.00).

Subscription Period

The subscription period for the Offer Shares (the "**Subscription Period**") will commence on 2 April 2019 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 26 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 24 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 7 June 2019. Any extensions of the Subscription Period will be announced by way of a company announcement before the end of the Subscription Period. The Subscription Period may not be extended by the

Company between 09:30 and 16:30 Finnish time (between 08:30 and 15:30 Swedish time), or after the end of the Subscription Period.

If the Subscription Period is extended, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly.

Subscription locations, account operators, custodians and nominees may require their customers to submit subscription orders on a certain day prior to the start of trading on the Subscription Rights or before the Subscription Period ends.

Subscription Locations

The following function as subscription locations:

- a) In Finland, custodians and account operators and
- b) In Sweden, custodians. Directly registered shareholders subscribe at Aqurat Fondkommission AB's website www.aqurat.se and by mail to Aqurat Fondkommission AB at P.O. Box 7461, SE-111 22 Stockholm, Sweden (info@aqurat.se, tel. +46 8-684 05 800).

Subscription of Offer Shares with Subscription Rights

A shareholder may participate in the Offering by subscribing for the Offer Shares through the Subscription Rights in his/her/its book-entry account and by paying the Subscription Price. In order to participate in the Offering, a shareholder shall make a subscription according to the instructions given by his/her/its custodian or account operator.

The holders of purchased Subscription Rights shall submit their subscription order according to the instructions issued by their custodian or account operator.

Such shareholders and other investors participating in the Offering whose Company shares or the Subscription Rights are registered in the name of a nominee shall submit their subscription order according to the instructions given by their nominee.

The subscription orders must be submitted separately for each book-entry account.

Deficient or erroneous subscription orders may be rejected. If the Subscription Price is not paid according to these terms and conditions or the payment is insufficient, the subscription order may be rejected. In such a situation, the Subscription Price paid will be refunded to the subscriber approximately on 10 May 2019 (provided that the subscription period is not extended, and if such extension is made, the above-mentioned payment date is extended accordingly). No interest will be paid for such payment.

Any subscriptions made are binding, and they cannot be changed or cancelled except in accordance with the subsequent section "*Supplements to Prospectus and cancellations of subscriptions*".

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 26 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 24 April 2019 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

Subscription for Offer Shares without Subscription Rights and allocation

The subscription of the Offer Shares without the Subscription Rights by a shareholder and/or another investor is performed by submitting a subscription order and by simultaneously paying the Subscription Price in accordance with the instructions provided by the subscriber's account operator, custodian or, in the case of investors entered into the nominee register, the nominee. A subscription order in Sweden which is sent by mail has to be submitted in good time before the last day for subscription. Only one (1) subscription order without subscription rights can be done. If multiple subscription orders are given, only the last one is taken into account. An incomplete or incorrect subscription order may be ignored. The subscription order is binding

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Finland shall receive the subscription order and the payment no later than on 26 April 2019, and regarding subscription of Offer Shares delivered through the book-entry system maintained by Euroclear Sweden no later than 24 April 2019 or at an earlier time according to the instructions given by the custodian, account operator or nominee.

If all the Offer Shares have not been subscribed on the basis of the Subscription Rights, Nexstim's Board of Directors will decide on the allocation of the Offer Shares subscribed for without the Subscription Rights as follows:

- a) First to those who also have subscribed for the Offer Shares on the basis of the Subscription Rights. If the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Subscription Rights used for the subscription for the Offer Shares and, if this is not possible, by drawing lots; and
- b) Secondly to those who have subscribed for the Offer Shares only without the Subscription Rights, and if the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Offer Shares which the subscribers have subscribed for and, if this is not possible, by drawing lots.

Nexstim will confirm the approval or rejection of the subscription of the Offer Shares subscribed for without the Subscription Rights for all investors who have submitted a subscription order to subscribe for the Offer Shares without the Subscription Rights. Investors who subscribe for Offer Shares without Subscription Rights through their account operators in Sweden receive information regarding their subscription according to the routines of the account operator.

If the Offer Shares subscribed for without the Subscription Rights are not allocated in the number referred to in the subscription order, the paid Subscription Price corresponding to the Offer Shares not obtained will be refunded to the subscriber approximately on 10 May 2019 (provided that the subscription period is not extended, and if such extension is made, the above-mentioned payment date is extended accordingly). No interest will be paid on such a payment.

Issue statements and application forms

Those shareholders or shareholders' representatives who are recorded in the share register kept by Euroclear Sweden on behalf of the Company on the record date 28 March 2019 will receive a printed issue statement with an attached payment slip, a teaser and an application form for subscription without subscription rights. The Prospectus will be available for download from the Company's website www.nexstim.com/investors/rights-issue-2019 and Aqurat Fondkommission AB's website www.aqurat.se. Shareholders recorded in the list of pledge holders, etc., which is kept in connection with the share register will not receive any notification, but be informed separately. A securities notification confirming the registration of subscription rights in the shareholder's securities account will not be issued.

Dilution of the Shareholding

As a result of the Offering, the number of the Company's shares may rise from 3,253,746 to a maximum of 48,806,190 shares. The Offer Shares correspond to 1,400 per cent of all the Company's shares immediately before the Offering and about 93.3 per cent of the Company's shares after the Offering, assuming that the Offering is fully subscribed.

In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the number of Company's shares may rise to a 71,582,412 shares as a result of the Offering and the shares subscribed based on the Offer Warrants. In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the Offer Shares and the shares subscribed based on the Offer Warrants correspond to 2,100 per cent of all the Company's shares immediately before the Offering and about 95.5 per cent of the Company shares after the Offering and subscription of the shares based on the Offer Warrants, assuming that the Offering is fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.

If the Offering is subscribed in full and shares also issued in separate directed issues (See also the section "*Arrangements related to the Offering – Possible directed issues arranged in connection with the Offering*") of the maximum amount of 1,665,575, the number of the Company's shares may rise after the Offering to (assuming full subscription of the Offering and shares which may be subscribed with Offer Warrants) 73,247,987 shares. These shares issued in the directed share issues would correspond to approximately 51.2 per cent of all the Company's shares before the Offering (and such directed issued) and approximately 2.3 per cent of the Company's shares after the Offering, subscription of the shares based on the Offer Warrants and the directed issues, assuming that the Offering and shares issued in the directed issues are fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.

Approval and payment of subscriptions

The Company's Board of Directors will approve all the subscriptions made on the basis of the Subscription Rights and in accordance with the terms and conditions of this Offering and the applicable laws and regulations approximately on 2 May 2019. In addition, the Company's Board of Directors will approve the subscriptions made without the Subscription Rights

and in accordance with the terms and conditions of the Offering applicable laws and regulations pursuant to the allocation principles presented above in the section *“Subscription for Offer Shares without Subscription Rights and allocation”*.

The Subscription Price of the Offer Shares subscribed for in the Offering must be paid in full in euro in Finland or Swedish krona in Sweden in connection with the submission of the subscription order according to the instructions given by the subscription location, the custodian or the account operator. Paying the Subscription Price by set-off is possible in connection with setting of an underwriting commitment fee, see below *“Arrangements related to Offering – Underwriting commitments”* and *“Possible directed issues arranged in connection with the Offering”*.

A subscription is considered made when the subscription order has arrived at the subscription location, the account operator or custodian in question and the Subscription Price has been paid in full. By subscribing, the subscriber authorises his / her account operator to disclose the necessary personal data, the number of his / her book-entry account and the details of the subscription to the parties involved in the order or the execution of the order to allocate and settle the Offer Shares and Offer Warrants.

If the payment has not been done when it falls due, the Company may, at its sole discretion, reject the subscription, and if the Offering is oversubscribed, reallocate unpaid Offer Shares to subscribers selected according to the principles referred to in the section *“Subscription for Offer Shares without Subscription Rights and allocation”* who have not received all the Offer Shares they subscribed for in the Offering.

The Board of Directors has the right in certain situations to withdraw the Offering; see section *“The Company’s right to withdraw the Offering”* below.

Announcement of outcome of the Offering

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering approximately on 2 May 2019 by way of a company announcement.

Registration and delivery of the Offer Shares

The Offer Shares subscribed for in the Offering will be issued as book-entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the “Temporary Shares”) will be entered in the subscriber’s book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading symbol NXTMHN0119, ISIN FI4000359906) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0012455715) as their own special share class approximately on 2 April 2019. The Temporary Shares will be combined with current shares after the Offer Shares have been registered in the Trade Register. The delivery and combination will take place approximately on 8 May 2019 in the book-entry system maintained by Euroclear Finland, and the Offer Shares will be subject to trading together with the Company’s existing shares approximately on 8 May 2019 on First North Finland. The delivery and combination will take place approximately on 8 May 2019 in the book-entry system maintained by Euroclear Sweden, and the Offer Shares will be subject to trading together with the Company’s existing shares approximately on 9 May 2019.

The Offer Shares subscribed for and approved by virtue of the Secondary Subscription will be recorded on the subscriber’s book-entry account after the registration of the Offer Shares with the Trade Register, on or about 8 May 2019.

Holders of option rights

According to the terms and conditions of the option rights 2013A, 2016B-C, 2017 and 2018A-B, if the Company decides, before the subscription of shares with the option rights, on an issue of shares or an issue of new option rights or other special rights so that the shareholders have preferential subscription rights, the holder of a option right shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Company’s Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these. To ensure the equality of the holders of option rights and shareholders, the Company’s Board of Directors will decide approximately on 11 June 2019 on changing the numbers of shares to be subscribed for on the basis of option rights 2013A, 2016B-C, 2017 and 2018A-B, and/or the subscription price due to the Offering. The Company’s option rights do not give entitlement to participate in the Offering. In connection with a subscription for shares, the total number of shares subscribed for by a holder of option rights will be rounded downwards to full shares, and the total subscription price will be calculated using the rounded number of shares and rounded to the closest cent. See also section *“Company, shares and share capital – Option rights”* in the Prospectus.

Holders of existing warrants

According to the terms and conditions of the existing warrants i.e. special rights entitling to shares in the Company agreed with Bracknor and Sitra, if the Company decides, before the subscription of shares with the warrants, on an issue of shares so that the shareholders have preferential subscription rights, the holder of such rights shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Company's Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these. The intention of the Board of Directors is to resolve the matter as soon as the final amount of the Offer Shares which are issued has been verified.

According to the terms and conditions of the warrants i.e. special rights entitling to shares agreed with the creditor of the Company Kreos, if the Company decides, before the subscription of shares with the warrants by the warrant holder, on an issue of shares against a higher subscription price than the exercise price agreed with the warrant holder, then the applicable exercise price and the number of the shares to be subscribed for on the basis of the warrants shall be amended so that the warrants holder is entitled from the commercial point of view to the same anti-dilution protection as granted to the other shareholders. The Company will enter into a precise agreement with Kreos and make required decisions as soon as the final amount of the Offer Shares which are issued has been verified.

Shareholders rights

The title to the Offer Shares is transferred when the Offer Shares are paid for, the Offer Shares are registered in the Trade Register and the Offer Shares are recorded in the investor's book-entry account. The Offer Shares carry rights equal to all other shares in the Company and will entitle their holders to rights related to the shares of the Company as at the date title has been transferred. The above-mentioned also applies to shares issued in the potential directed issues.

Information about the processing of personal data by Aqurat Fondkommission AB

Anyone who subscribes for Offer shares in the Offering via Aqurat Fondkommission AB will be required to submit information to Aqurat Fondkommission AB. Personal data submitted to Aqurat Fondkommission AB will only be processed in computer systems to the extent necessary to provide services and manage customer events. Personal data obtained from third parties may also be processed. Personal data may also be processed in the computer systems of companies and organisations with whom Aqurat Fondkommission AB co-operates. Information about the processing of personal data is provided by Aqurat Fondkommission AB. Aqurat Fondkommission AB also accepts requests to have inaccurate personal data corrected. Address details may be obtained by Aqurat Fondkommission AB via Euroclear Swedens's automated process.

Supplements to Prospectus and cancellations of subscriptions

Subscriptions placed in the Offering are binding and irrevocable, and may only be cancelled in the situations provided for in the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**").

In accordance with the Finnish Securities Markets Act, the Company will be obliged to issue a supplement to the Prospectus in case a mistake or inaccuracy in the Prospectus is discovered, or a significant new factor arises, prior to the end of the Subscription Period, if such mistake, inaccuracy or new factor may bear material significance to the investors. Such supplement will be published in the same manner as the Prospectus.

If the Prospectus is supplemented, investors who have subscribed for Offer Shares before the publication of the supplement to the Prospectus have the right to cancel their subscriptions. The cancellation right must be exercised within a cancellation period which may not be shorter than two (2) Finnish banking days from the publication of the supplement to the Prospectus. An investor's cancellation of a subscription will be deemed to be made in respect of all the subscriptions of that investor. A precondition for the right to cancel is that the mistake, omission or material new information arose or was noted before the delivery of the Temporary Shares, or in the case for those investors who are not delivered Temporary Shares, the Offer Shares. Cancellations must be filed to the subscription location where the original subscription was placed. Information on the right to cancel shall be issued in the supplement to the Prospectus.

If an investor has cancelled its subscription, any Subscription Price already paid by that investor will be returned to the bank account of the investor given by the investor in connection with the subscription. The funds will be repaid within three (3) local banking days of the cancellation of the subscription. No interest will be paid on the amounts returned. The Company will announce cancellation instructions by way of a company announcement, in connection with publishing the supplement to the Prospectus.

If the shareholder has sold or otherwise reassigned his/her Subscription Rights, the sale or transfer cannot be cancelled.

The Company's right to withdraw the Offering

The Company may, at its sole discretion (and for any reason), withdraw the Offering. If the Offering is withdrawn, any subscriptions given by investors will be automatically cancelled. In such case, the Subscription Price paid by investors will be returned to the bank accounts of the investors given by the investors in connection with the subscription. The funds will be repaid within three (3) local banking days of the Offering being withdrawn. A withdrawal of the Offering will be announced by the Company by way of a company announcement.

The Company may not withdraw the Offering after the Board of Directors of the Company has resolved on the allocation of the Offer Shares.

Governing law

The Offering and the Offer Shares shall be governed by Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

Other matters

The Company's Board of Directors may make decisions on other matters related to the Offering.

NEXSTIM PLC WARRANT PLAN 2019

Based on the authorisation granted by the annual general meeting of shareholders on 25 March 2019, the Company's Board of Directors has on 26 March 2019 resolved to issue warrants (the "Offer Warrants") to the persons who have subscribed for the Offer Shares in the Offering of the Company resolved on 26 March 2019 and such investors, who participate in the directed share issue potentially arranged in connection with the Offering, on the following terms and conditions.

I Offer Warrant terms and conditions

1. Number of Offer Warrants

The maximum number of Offer Warrants to be issued is 22,776,222, and they entitle their holders to subscribe for a maximum of 22,776,222 new shares in the Company.

2. Right to Offer Warrants

The Offer Warrants shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering and such investors who participate in the directed issue potentially arranged in connection with the Offering, so that for each two (2) Offer Shares or shares offered in the directed issue subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Offer Warrant. Fractions of the Offer Warrants will not be issued. The Company has a weighty financial reason for the issuance of Offer Warrants, since the Company estimates that it will need more working capital to support the growth and operational strategy of the Company. Nexstim expects to use the net proceeds from the Offer Warrants to fund the marketing and similar commercialization efforts for increasing the sales of the Company's NBT System in the depression treatment, as well as finance its R&D/ working capital needs and general corporate purposes.

3. Subscription of Offer Warrants

The Offer Warrants are subscribed in connection with subscription of the Offer Shares in the Offering and subscription of shares in the possible directed share issue by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Offer Warrants at the same time that it approves the subscriptions in the Offering, i.e. approximately on 2 May 2019.

4. Incorporation of Offer Warrants into the book-entry system and listing

The Offer Warrants will be issued and registered in the book-entry system of Euroclear Finland. The Offer Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Offer Warrants will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 21, 2019 and through the book-entry system maintained by Euroclear Sweden approximately during week 21, 2019. The ISIN code of the Offer Warrants is FI4000375274.

The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Offer Warrants on First North Sweden and First North Finland. The trading symbol is expected to be NXTMHEW119 on First North Finland and NXTMS TO on First North Sweden. If the listing of the Offer Warrants occurs, the Company expects trading to commence on First North Finland approximately during week 21, 2019 and on First North Sweden approximately during week 21, 2019.

II Share subscription terms and conditions

1. Right to subscribe for shares

Each Offer Warrant entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

2. Share subscription and payment

The subscription period for shares subscribed for on the basis of the Offer Warrants shall be 22 October – 4 November 2019.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering (see the section "*Terms and conditions of the Offering – Subscription locations*" in the Prospectus) or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

3. Share subscription price

The share subscription price is determined by the volume weighted average price of the Company's share on First North Finland between 7 October 2019 and 18 October 2019, with an applied discount of 25 per cent, being however at least EUR 0.115 per share.

The shares to be subscribed for based on the Offer Warrants and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the EUR/SEK rate on 18 October 2019. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Offer Warrants commences.

The share subscription price of the Offer Warrants may be decreased in certain cases mentioned in Section 7 below.

4. Registration of shares

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to the Helsinki Stock Exchange and the Stockholm Stock Exchange for the listing of the shares subscribed for with the Offer Warrants. The ISIN code for the shares subscribed against the Offer Warrants is FI4000354162.

5. Shareholder rights

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

6. Share issues, stock options and other special rights entitling to shares before share subscription

Should the Company, before the share subscription, decide on an issue of shares or an issue of new option rights or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Offer Warrant shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

7. Rights in certain cases

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Offer Warrants shall be decreased by the amount of the dividend per share or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Offer Warrants shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Offer Warrant owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Offer Warrant owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Offer Warrant owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Offer Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Offer Warrant owner the right to convert the Offer Warrants into warrants issued by the other company, in the manner determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (*Societas Europae*), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Offer Warrants. In the above situations, the Offer Warrant owners shall have no right to require that the Company redeems the Warrants from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Offer Warrant owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Offer Warrant owners shall be made an equivalent offer.

Should a reduction in the number of the shares of the Company (so-called reverse share split), as referred to in Chapter 15 Section 9 of the Finnish Companies Act or by other means having the same effect, be executed in the Company before the share subscription, the Offer Warrant owner has obligation to return Offer Warrants to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with such reverse split, or the owners of the Offer Warrants are otherwise treated in the same manner as shareholders of the Company, as resolved by the Board of Directors (or if applicable, the general meeting of the shareholders) in connection the resolution regarding such reverse share split. As a result of such reverse share split, the minimum subscription price per share shall be increased in accordance with the same ratio which is used in the reduction of the number of shares in the Company.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Finnish Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Offer Warrant owners

shall be given a possibility to use their right of share subscription by virtue of the Offer Warrants, within a period of time determined by the Board of Directors, or the Offer Warrant owners shall have an equal obligation to that of shareholders to transfer their Offer Warrants to the redeemer.

III Other matters

The Company may maintain a register of the Offer Warrant owners to which the Offer Warrant owners' personal data is recorded. The Company may send all announcements regarding the Offer Warrants to the Offer Warrant owners by mail to the latest address available to the Company and/or as a company announcement.

Unless so authorized or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Offer Warrant owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Offer Warrant owners:

- 1) the Offer Warrant owners name, personal identification number, or other identification number, and postal address; and
- 2) the number of Warrants.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Offer Warrants shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Offer Warrants into the book-entry system, listing of the Offer Warrants as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Offer Warrant terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.

INSTRUCTIONS TO INVESTORS

Entry of the Offer Shares and Offer Warrants in the book-entry system

The Offer Shares and Offer Warrants will be registered and issued in the book-entry system of Euroclear Finland, and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

Investors, whose Offer Shares and Offer Warrants are delivered through Euroclear Finland, have to have a book-entry account with an account operator of the book-entry system of Euroclear Finland and investors, whose Offer Shares and Offer Warrants are delivered through Euroclear Sweden, have to have a book-entry account number with an account operator of the book-entry system of Euroclear Sweden. The book-entry account number should be given to the subscription location when placing the subscription. The account must be in the name of the investor.

Subscriptions by legal entities

A legal entity subscribing for Offer Shares and Offer Warrants may be requested by the Company or, in their sole discretion, to provide evidence on the entity's authorisation to subscribe for Offer Shares and Offer Warrants and on the authorisation of the representative of the entity to represent the entity.

Subscription through an agent

Investors subscribing for Offer Shares and Offer Warrants may do so through an agent. In such case, the agent shall provide evidence of its authorisation to represent the investor by producing a power of attorney in form and substance satisfactory to the Company and Nordea Bank Abp or Aqurat Fondkommission AB.

No fees are charged to investors

No fees are charged by the Company, Nordea Bank Abp or Aqurat Fondkommission AB to the investors subscribing for Offer Shares and Offer Warrants in the Offering. However, brokers and other service providers engaged by an investor may charge the investor as agreed between the investor and that service provider.

Taxation

For an explanation of certain matters relating to the taxation of investments in Offer Shares and Offer Warrants, see "*Taxation*".

ARRANGEMENTS RELATED TO THE OFFERING

Financial adviser and and Certified Adviser

Sisu Partners Oy acts as the Company's financial adviser to in connection with the Offering. The Company has entered into engagement agreement with the financial adviser in relation to the Offering. The agreement defines the services provided by the financial adviser in connection with the Offering and addresses the rights and obligations of the parties.

The financial adviser receive a fee that has been agreed upon in advance for these services, and a part of the fee is tied to the amount of proceeds in the Offering. Therefore, it is in the financial adviser's interest that the Offering is successful.

Sisu Partner Oy also acts as the Certified Advisor of the Company nominated for the Nasdaq Helsinki Ltd's Firs North Finland and First North Sweden marketplaces.

Issuer agents

Nordea Bank Abp acts as the Company's issuer agent in relation to Euroclear Finland and Aqurat Fondkommission AB in relation to Euroclear Sweden.

Liquidity Provider

On the date of this Prospectus, the Company has not concluded an agreement on the provision of a liquidity provider service for the Company.

Underwriting commitments

Underwriters have committed to subscribe for Offer Shares, so that the underwriting commitments of the underwriters applies to about 20.6 per cent of the Offering, meaning they have underwritten the Offering to a total of approximately EUR 1.1 million as follows:

Investor	Amount of underwriting (EUR)
Haapaniemi Ossi (through directly and indirectly owned companies)	379,856
Kaikarhenni Oy (Leena Niemistö)	500,000
Lago Capital Oy	200,00

The Board of Directors of the Company has the right, but not the obligation, to allocate an amount of Offer Shares, to the providers of underwriting commitments in accordance with the terms of the underwriting agreements, that is equal to the amount that the total amount of subscriptions of other subscribers than the providers of underwriting commitments has come short from the above mentioned amount, however up to the maximum amount of the underwriting. The allocation between the underwriters is made in proportion to the underwriting commitments given. Nothingwithstanding the above-mentioned, in the event an underwriting commitment is provided by a shareholder of the Company, such shareholder shall always have a right to subscribe Offer Shares in accordance with the shareholder's Subscription Right.

In addition, a fee, the size of which is 10 per cent of the amount of the given aggregate underwriting guarantee, is paid for the underwriting commitments to their providers. The Company is entitled (but not obligated) to pay such fee instead of a cash payment by issuing new shares to providers of undertaking commitments in the Secondary Subscription or a separate directed share issue (see below "*Possible directed share issues arranged in connection the Offering*") against a subscription price which is equivalent to the Subscription Price in the Offering and by setting off the subscription price of such new shares against the fee. Possible difference of the aggregate subscriprion price of the issued shares and the undertaking fee will be paid in cash by the Company In the event an underwriting commitment is not exercised by the Company (i.e. shares of the Company are not subscribed to by such underwriter and respective subscription price received by the Company), no underwriting fee is payable, but if an underwriting commitment is exercised by the Company only partially, the underwriting fee is payable in full.

Possibly arranged directed issues in connection with the Offering

The Company targets new cornerstone investors to become shareholders in the Company, in order to expand the Company's funding base to ensure adequate access to financing also in the future. Hence, in case the Offering is subscribed in full, a separate share issue can be additionally directed to the providers of the underwriting commitment with the same Subscription Price as in the Offering. A maximum of 1,665,575 new shares may be issued in such directed share issue.

In accordance with terms set forth above in the section "*Arrangements related to the Offering – Underwriting commitments*", payment of the fee of the underwriters can be made, as resolved by the Company, partly or fully against shares in the Company by issuing new shares of the Company in the Secondary Subscription or a directed new share issue which is separately resolved once the outcome of the Offering is clear. In both cases, subscription price of the new shares to be issued shall be equivalent to the Subscription Price of the Offering.

Based on the financing needs of the Company, the Company's Board of Directors considers that there is a weighty financial reason for the potential directed issue of shares which shall be resolved by the Board of Directors on or about 2 May 2019 when accepting subscriptions of the Offer Shares in the Offering..

For the sake of clarity, no Offer Warrants will be issued for any part(s) of any underwriting fee but subscriptions of shares in the Company in the Secondary Subscription or possible directed share issue in connection with the Offering will entitle to receive Offer Warrants (see "*General terms of the Offering - The Offering, Offer Warrants and subscription rights*").

SELECTED FINANCIAL INFORMATION

The following tables present selected consolidated financial statement information of the Company for the financial years ended on 31 December 2018 and 2017. The following tables should be read in conjunction with "*Operating and Financial Review and Prospects*" and the audited consolidated financial statements incorporated by reference in this Prospectus. The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 31 December 2017 has been prepared in accordance with the Finnish Accounting Standards. The financial statements for the 2018 have been prepared on the going concern basis, which assumes that Nexstim will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e. for a period of at least 12 months as of the date of these financial statements (see "*Operating and financial review and prospects*" in the Prospectus and "*Emphasis of matters*" in the auditor's report 2018).

The selected financial information below does not contain all the information included in the Company's consolidated financial statements.

Consolidated income statement

EUR in thousands	1 January – 31 December 2018	1 January – 31 December 2017
	(Audited)	(Audited)
NET SALES	2,672.2	2,645.3
Work performed for own purpose and capitalised	36.3	38.8
Other operating income	33.7	70.2
Materials and services		
Materials		
Purchases during the financial year	-628.2	-617.2
Variation in inventories additions (+) or disposal (-)	-82.1	94.8
Services	0.0	-29.8
Total	-710.3	-552.1
Personnel expenses		
Wages and salaries	-3,353.0	-2,903.3
Social security expenses		
Pension expenses	-336.5	-277.2
Other social security expenses	-248.0	-154.2
Total	-3,937.5	-3,334.7
Depreciation and amortisation		
Depreciation, amortisation according to plan	-424.0	-341.3
Total	-424.0	-341.3
Other operating expenses	-3,985.9	-4,118.1
OPERATING PROFIT / -LOSS	-6,315.6	-5,591.9
Financial income and expenses		
Other interest and financial income	858.1	0.4
Interest and other financial expenses	-695.1	-1,733.6
Total	163.0	-1,733.2
PROFIT / - LOSS BEFORE TAXES	-6,152.6	-7,325.1
Income taxes	-1.7	-2.8
PROFIT / - LOSS FOR THE FINANCIAL YEAR	-6,154.3	-7,327.9

Consolidated balance sheet
EUR in thousands
ASSETS
NON-CURRENT ASSETS
Intangible assets

Development expenditure

Intangible rights

Total
Tangible assets

Machinery and equipment

Total
Investments

Other shares and similar rights of ownership

Total
NON-CURRENT ASSETS TOTAL
CURRENT ASSETS
Inventories

Raw materials and consumables

Total
Receivables

Trade receivables

Prepayments and accrued income

Other receivables

Total

Cash in hand and at banks

CURRENT ASSETS TOTAL
ASSETS TOTAL
31 December 2018

(Audited)

31 December 2017

(Audited)

71.6

70.5

358.2

470.0

429.9
540.5

464.7

167.3

464.7
167.3

10.0

10.0

10.0
10.0
904.6
717.8

258.8

387.1

258.8
387.1

888.9

1,152.5

307.7

117.2

126.9

195.5

1,323.5
1,465.2

7,175.2

8,473.6

8,757.4
10,325.8
9,662.1
11,043.7

EUR in thousands	1 January – 31 December 2018	1 January – 31 December 2017
	(Audited)	(Audited)
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80.0	80.0
Reserve for invested unrestricted equity	39,480.6	38,519.1
Retained earnings / -loss	-33,700.5	-25,750.4
Profit / -loss for the financial year	-6,154.3	-7,327.9
TOTAL EQUITY	-294.3	5,520.8
LIABILITIES		
NON-CURRENT LIABILITIES		
Capital loans	100.0	300.0
Other interest-bearing loans	7,063.4	3,423.8
Deferred income	0.0	13.4
Total	7,163.4	3,737.2
CURRENT LIABILITIES		
Bank loans	1,103.8	0.0
Trade payables	597.1	961.5
Other liabilities	290.6	113.0
Accrued expenses	801.4	711.1
Total	2,792.9	1,785.6
TOTAL LIABILITIES	9,956.3	5,522.9
EQUITY AND LIABILITIES TOTAL	9,662.1	11,043.7

Consolidated Cash Flow Statement, summary

EUR in thousands	1 January – 31 December 2018	1 January – 31 December 2017
	(Audited)	(Audited)
Cash flows from operating activities	-6,192.5	-5,402.9
Cash flows from investing activities	-610.8	-147.8
Cash flows from financing activities	5,504.8	5,868.0
Change in cash in hand and at bank	-1,298.4	317.2
Cash in hand and at bank in the beginning of the period	8,473.6	8,156.4
Cash in hand and at bank at end of the period	7,175.2	8,473.6

Revenues of the therapy business related to the NBT system

According to the management, revenues of the therapy business related to the NBT system amounted to EUR 659.9 thousand for the financial period which ended on 31 December 2018 and EUR 211.1 thousand for the financial period which ended on 31 December 2017.

Key performance indicators

The Company follows several key performance indicators which it uses to measure its business. These key performance indicators include FAS-based indicators and Alternative Performance Measure. Additional information regarding such Key Performance Indicator is set forth in the Prospectus in section “*Financial Information – Alternative performance measures*”. The following table sets forth the selected key performance indicator data of the Company for the financial years ended on 31 December 2018 and 2017.

EUR in thousands	1 January – 31 December 2018	1 January – 31 December 2017
	(Audited, unless otherwise indicated)	
Net sales	2,672.2	2,645.3
Personnel expenses	-3,937.5	-3,334.7
Depreciation and amortisation	-424.0	-341.3
Other operating expenses	-3,985.9	-4,118.1
Profit/ -Loss for the period	-6,154.3	-7,327.9
Earnings per share (EUR)	-1.93*	-2.77*
Cash flows from operating activities	-6,192.5	-5,402.9
Cash in hand and at banks	7,175.2	8,473.6
Total equity	-294.3	5,520.8
Equity ratio (%)	-0.98*	52.77*

*Unaudited

** The extraordinary general meeting of the shareholders passed on 21 November 2018 a resolution on a reduction of the quantity of shares in the Company in such a way that each 30 shares of the Company corresponded to one share of the Company after completion of the arrangement. Earnings per share for the year 2017 has been restated to reflect the change.

Earnings per share	=	$\frac{\text{Profit/ -Loss for the period}}{\text{Average number of shares}}$
Equity ratio (%)	=	$\frac{\text{Total equity} + \text{Capital loans}}{\text{Total assets} - \text{advances received}} \times 100$

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following review should be read together with the sections "*Financial Information – Presentation of Financial Information*" and "*Selected Financial Information*" in this Prospectus as well as with Company's audited consolidated financial statements.

The Company's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2017, incorporated by reference, have been prepared in accordance with the Finnish Accounting Standards. The financial information presented below has been derived from such Company's audited consolidated financial statements for the financial years ended 31 December 2018 and 2017.

In this section, "financial year 2018" refers to the financial year ended on 31 December 2018 and "financial year 2017" refers to the financial year ended on 31 December 2017.

This review contains forward-looking statements, which are subject to risks and uncertainties. Investors should also familiarise themselves with sections "*Risk factors*" and "*Special cautionary notice regarding forward-looking statements*" in this Prospectus. The important factors described in these sections may cause the actual results of operations or financial condition of the Company to differ materially from those expressed or implied in the forward-looking statements.

Factors affecting the results of the business

The operating profit / -loss of the Company is influenced by many factors that are either outside the Company's control, i.e. external, or within the Company's control, i.e. internal, by nature. The following list presents key factors that the Company perceives to affect the results of its business operations at least until the end of financial year 2019.

- Successful commercialisation of the NBT System specifically in the US markets
- Getting a reimbursement coverage for the pre-surgical mapping made with the NBS in the US.
- Getting a reimbursement coverage for the treatments made with the NBT Systems in other targeted markets
- Building and execution of the health economics model of the NBS System
- Availability of key personnel
- Maintaining a balanced cost structure in the areas of R&D and administration
- Availability of funding

Factors affecting the results of the business are described in more detail in sections "Risk factors" and "*Market overview - Characteristics of the medical device market*" of the Prospectus.

Recent development and material changes in financial position

The financial statements for the 2018 have been prepared on the going concern basis, which assumes that Nexstim will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e. for a period of at least 12 months as of the date of these financial statements (see "*Operating and financial review and prospects*" in the Prospectus and "*Emphasis of matters*" in the auditor's report 2018). If financing is not obtained the Company may meet serious financial difficulties.

The cash in hand and at banks of the Company were EUR 6,024.0 thousand as at 28 February 2019 and EUR 7,175.2 thousand as at 31 December 2018. The cash in hand and at banks have decreased EUR 1,151.2 thousand from as at 31 December 2018. The decrease is mainly due to operational expenses.

During 2018, Nexstim has shifted its resources and focus during year 2018 to generating Navigated Brain Therapy (NBT®) system sales for the treatment of MDD. This strategy has delivered good results with the company installing five NBT® depression therapy systems in the US since the launch of the depression indication in May of 2018. In Europe and rest of the world there are at the date of this Prospectus a total of six NBT® systems installed for the treatment of depression.

All of the current NBT® systems in the US have been installed on a pay-per-use leasing model meaning that the majority of the NBT® therapy revenue from these systems will be recognized as net sales during year 2019. In the US, Nexstim is targeting an annual revenue level of about USD 100 thousand per installed NBT® system. The European TMS markets are more varied and less developed than the US. As a result, Nexstim has adopted different targeted revenue models, which take into account the mix of private and public payors in each of the countries it operates.

In January 2019, the Company executed a distribution agreement regarding launching of SmartFocus™ TMS system in the Canadian markets with Canadian Health Solutions regarding use of NBT system in depression treatment.

There have been no other significant changes in the financial position or operating results of the Company between the annual report for the twelve month period and ending as at 31 December 2018 and the date of this Prospectus.

Profit forecast

See “*Selected financial information – Revenues of therapy business regarding NBT system*” information about revenues of the Company’s therapy business related to the NBT system for the financial periods which ended on 31 December 2018 and 31 December 2017.

Based on its business forecast the Company expects therapy business revenue to grow during year 2019 and a loss for the period is expected for the Company for the financial year 2019. This is based on following events and management estimates:

- (a) The commercialization activities of the NBT system in the treatment of MDD which is expected to grow revenues in the future was launched in May 2018, and the revenue expectations for this year are still low compared to the amount of the expenses.
- (b) Net sales from the sale of NBS Systems and related after sale services (Pre-Surgical Mapping, PSM) are expected to be moderate in 2019.
- (c) The Company’s own sales and marketing organization has grown during 2018 and is still expected to grow in 2019 by hiring new personnel and increasing marketing costs.
- (d) The Company is able to ensure financing for the financial year 2019 with the proceeds of the Offering, jointly with the proceeds of the share subscriptions done with the Offer Warrants.
- (e) The costs and expenses of the Offering will increase losses.

The management of the Company can primarily influence on the sales activities related to items a) - cb) set forth above, but not the outcome of the Offering and the share subscriptions done with the Offer Warrants.

Working capital statement

The Company estimates that it does not have sufficient working capital to meet its current needs i.e. for a period of at least 12 months as of the date of this Prospectus. Nexstim is in early stage in commercialization of its products with relatively high expenses related to technology platform, regulatory affairs and administration. In addition to such expenses, Nexstim expects to incur significant expenses related to increase in sales and marketing efforts and costs to expedite the commercialization of the NBT System in depression treatment during the following twelve months. The Company has an outstanding loan for working capital needs of EUR 4 million given by Kreos with loan terms which may entitle Kreos to call back the Kreos loan during the following 12 months’ period. The actual net proceeds of the Offering falling materially short from the net proceeds of the Offering if subscribed in full could constitute a “material adverse change” set forth in such loan terms i.e. causing the Company the liability to prematurely repay the total amount of the outstanding loan with accrued interests and fees.

Based on a conservative revenue forecast and expense estimate, and taking into account the cash in hand and at bank of the Company as at 28 February 2019 (approximately EUR 6 million) the Company believes that the current working capital suffices then until the end of April 2019 assuming that the above-mentioned premature repayment (before the said date) of the Kreos loan with accrued interests and fees (approximately EUR 4.37 million) would take place before that date. An aggregate amount of EUR 6 million in addition to its current working capital would then be sufficient to cover its working capital deficiency for at least the 12 month period following the date of the Prospectus.

If there is no such obligation to prematurely repay the loan given by Kreos with accrued interests and fees, the Company estimates that the current working capital suffices then until the end of September 2019. An aggregate amount of EUR 3 million in addition to its current working capital would then be sufficient to cover its working capital deficiency.

The Company is carrying out the Offering and the Offer Warrants, among other things, for the purposes of ensuring sufficient working capital. The Company estimates that if the Offering is completed in the intended timetable and subscribed in full, the net proceeds of the Offering are approximately EUR 4.8 million (excluding possible underwriting commitment of EUR 0.1 million described in “*Reasons for the the Offering and Use of Proceeds*”) and Offer Warrants exercised for share subscription with the net proceeds being at least EUR 1.2 million, the net proceeds from the Offering and the Offer Warrants (together with the Company’s cash in hand and at banks) provide the Company with sufficient working capital to meet its current requirements and to cover the working capital needs for a period of at least 12 months as of the date of this Prospectus, also in the event the Kreos loan with accrued interests and fees becomes repayable during such period. Should the Kreos Loan with accrued interests and fees become repayable during such period and the Offering be subscribed in full, but the Company does not receive net proceeds from the Offer Warrants, the Company will need approximately EUR 1.2 million to cover the Company’s working capital deficiency for at least the 12 month period following the date of the Prospectus. Should the Kreos Loan with accrued interests and fees not become repayable during such period of 12 months and the net proceeds of the Offering amount to at least EUR 3 million, the net proceeds from the Offering and the Offer Warrants provide the Company with sufficient working capital to meet its working capital needs for a period of at least 12

months following the date of the Prospectus.

The Company aims to seek additional debt or equity financing (a) in the event the Company fails to obtain at least EUR 6 million from the Offer Shares and the share subscriptions based on the Offer Warrants and the Kreos Loan becomes prematurely repayable (with accrued interests and fees), or b) if the Kreos Loan is not repayable prematurely (with accrued interests and fees), but the Company fails to obtain at least EUR 3 million from the Offer Shares and the share subscriptions based on the Offer Warrants. Besides the above-mentioned, possible adverse change in the operations of the Company, such as revenues being less than forecasted, may cause the need for acquiring additional financing. In the above-mentioned events, the Company aims to 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 organization. If additional financing is not obtained, the Company may meet serious financial difficulties.

Investments

Development expenditure that generate revenue in the future periods are capitalised and amortised over a five year period on a straight line basis.

The intangible assets, including capitalized development expenditure and patents amounted to EUR 429.9 thousand as at 31 December 2018 and EUR 540.5 thousand as at 31 December 2017. The development expenditure consist of expenses related to development of NBT and NBS Systems that include, inter alia personnel expenses and expenses related to subcontracting of product development.

The machinery and equipment of Company totalled to EUR 464.7 thousand as at 31 December 2018 and EUR 167.3 thousand as at 31 December 2017, which include inter alia the NBT and NBS Systems used for business operations, product development and marketing.

In connection with deliveries of NBT and NBS systems, the Company has during 2018 introduced a new pay-per-use lease model. In the new model, no initial investment is required by the customer when the system is taken into use. Consequently, the number of NBT systems capitalized will increase in the future. The Company does not commit to such investment prior to entering into the respective customer agreement.

The most significant development project of the Company for the period ending on 31 December 2018 has been EFIT-trial which the Company has financed by share issues and funds received from funding from Bracknor and Sitra and which was discontinued in September 2018 (see more details in section *“Company, shares and share capital – Directed issues (including warrants)”*). Costs related to the EFIT-trial has been expensed.

Financing and liquidity

The Company finances its operations primarily by equity financing, loans and product development related grants and loans. To date, the Company has funded its operations with equity financing from its shareholders, capital loans granted by Tekes and shareholders, product development funding from Tekes, long-term financing arrangement entered into with Bracknor Investment and its shareholder Sitra, a facility granted by Kreos, directed issues to certain individual investors (such as Capricorn) as well as net sales received from sales of NBS and NBT® Systems and related after sales services.

The parent company Nexstim Plc has financed as set forth above its own business as well as the business operations of its subsidiaries particularly in the Germany and US. As the subsidiaries of Nexstim are limited liability entities, Nexstim is not automatically responsible for the financing or capitalisation of such subsidiaries. However, there are contractual arrangements according to which the parent company could be responsible for providing further financing for its subsidiaries or covering for the subsidiaries' obligations. The parent company had outstanding long-term and short-term intercompany receivables from its subsidiaries of EUR 12,864.8 thousand as at 31 December 2018. Considering the risk factors described in also *“Risk factors - The Company's working capital is not sufficient to meet Company's requirements”* and the sections *“Going Concern”* and *“Major Risks and Uncertainties”* related to the Company's ability to continue as going concern in the Company's financial statements there is a significant uncertainty relating to the collectability and thus the valuation of the long-term and short-term intercompany receivables. Therefore if the Company fails to arrange financing and make sufficient profit or operative cashflow in the future, the Company may be obligated to write down its intercompany receivables from its subsidiaries or investments and the parent company's share capital would be lost. The equity of the parent company as at 31 December 2018 was in total EUR 12,294.0 thousand. In addition, the parent company had a capital loan of in aggregate EUR 200.0 thousand as at 31 December 2018. The equity of the group would stay unaffected by such writing down as it would only have effect on the amount on intra-group loans.

In the event all the intra-group receivables and investments are written down, this may result in the parent company's equity being less than half of its share capital (or negative), and the Board of Directors of the Company will then be obligated to prepare financial statements and Board's report to estimate the financial condition of the Company. If such financial statements then show that the parent company's equity is less than half of its share capital (or negative), then the Board of Directors shall be obligated to convene a General Meeting of the Shareholders of the Company to pass resolution on actions to improve the financial condition of the Company. Such General Meeting of the Shareholders should be held no later than three months after finalizing such financial statements.

Liquidity

The cash in hand and at banks of the Company were EUR 6,024.0 thousand as at 28 February 2019. The cash in hand and at banks have decreased EUR 1,151.2 thousand from as at 31 December 2018. The decrease is mainly due to operational expenses.

Liquid assets, consisting of cash in hand and at banks, totalled EUR 7,175.2 thousand as at 31 December 2018 compared to EUR 8,473.6 thousand as at 31 December 2017. The change of EUR 1,298.4 thousand of cash in hand and at banks was the result of a operational expenses and investments as well as a directed share issue to Capricorn Health-tech Fund and the drawdown of long-term loans from Kreos and Tekes.

Cash flows used in operating activities

The Company's net cash outflow from operating activities for the twelve-month period ended 31 December 2018 was EUR -6,192.5 thousand and EUR -5,402.9 thousand in the corresponding period in 2017. The change during the reporting period was mainly due to increase in cost of goods sold, personnel expenses and other operating expenses during first half of 2018.

Cash flows used in investing activities

Cash flow used in investing activities was EUR -610.8 thousand for the month period ended 31 December 2018 and EUR -147.8 in the corresponding period in 2017. The change during the reporting period was mainly due to investment in NBT® systems used for trial, demo and business operations during first half of 2018.

Cash flows from financing activities

Cash flow from financing activities was EUR 5,504.8 thousand during 2018, a decrease of EUR 363.2 thousand compared to EUR 5,868.0 thousand in the corresponding period in 2017 which was contributed by the directed share issue to Capricorn Health-tech Fund of EUR 961.5 thousand and the drawdown of long-term loans from Kreos Capital and Tekes. Financing through share issues amounted to EUR 6,765.3 thousand in the financial year 2017 and EUR 961.5 thousand in the financial year 2018.

Maturity of interest bearing liabilities

The table below presents the grouping by maturities of the Company's interest-bearing liabilities. When reading the table, the restrictions relating to the repayment of the capital and interests on the capital loans should be taken into account. Pursuant to the terms and conditions of the capital loan, the capital may be repaid only if the restricted equity of the parent company is fully covered thereafter. Interest on the capital loans shall be paid only if the parent company has sufficient funds for profit distribution according to the balance sheet for the most recently ended financial year.

EUR in thousands	31 December 2018 (audited)	31 December 2017 (audited)
Long term interest bearing liabilities	7,163.4	3,723.8
Amounts due in more than five years	2,108.5	2,791.8
Short term interest bearing liabilities	1,103.8	0.0

The loan set forth below in section "*Kreos loan, security and warrant arrangement*", the amount of loan capital payable in 2019 (without obligation to prematurely repay the loan) amounts to EUR 1,003.8 thousand and with interests EUR 1,361.2 thousand. A total of EUR 100.0 thousand of a capital loan provided by Tekes will be payable by the Company during 2019.

Tekes capital loan

The total outstanding amount of Tekes capital loans as at 28 February 2019 was EUR 200.0 thousand. The Company has currently a capital loan granted by Tekes, which was originally drawn in 2001 of the amount of EUR 500.0 thousand. By an agreement on a new payment plan with Valiokonttori dated 2 June 2015 it has been agreed that the unpaid loan capital of EUR 500.0 thousand will be repaid in full during the years 2016-2020 in accordance with a fixed amortization schedule. Nexstim is also entitled to repay the loan capital earlier if the repayment is allowed under mandatory provisions of the Finnish Act on Limited Liability Companies. The outstanding loan capital of such loan was at as 28 February 2019 EUR 200.0 thousand. The last amortization instalment shall become due for payment on 31 December 2020. In accordance with the payment plan agreement dated 2 June 2015, a penalty interest in accordance with Section 4 Sub-section 1 of the Finnish Interest Act shall be payable for the loan capital of EUR 500.0 thousand which become due (originally) on 30 May 2015 which accumulated penalty interest amounts to EUR 107.5 thousand on 28 February 2019.

The interest rate of the loan is one (1) % less than the base rate set by the Finnish Ministry of Finance, however, at least 3 %. The principal may be repaid and interest paid only in so far as the sum of the unrestricted equity and all of the capital

loans of the Company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements.

The capital loan is granted to a definite product development project and the loan covers a contract-based share of the project's R&D expenses. According to the payment plan agreement dated 2 June 2015, the Company shall annually deliver its financial statements to Valtiokonttori who shall be entitled to review and amend the a payment plan agreement based on such financial statements..

The accumulated accrued unpaid interest on the capital loans of the Company amounted to EUR 107.5 thousand as at 28 February 2019 and it has been recognised as an expense in income statement and as a liability on the balance sheet.

Tekes Development loans

In 2009, 2012 and 2013 Tekes has granted the Company three separate research and development loans for predefined product development projects of in total EUR 3,423.8 thousand. The loans cover a contract-based share of the project's research and development expenses. The loans were drawn down against reported actual costs. The loan periods have originally been 7-10 years, and annual repayments due during years 2016-2020. By resolutions dated August 2017, Tekes has agreed to extend the loan periods and under the current tems the loans become due during years 2021-2026.

By a loan agreement entered into with Tekes dated 18 January 2018, a loan of EUR 955.0 thousand has been granted to Nexstim for the development and commercialization of NBT system in the treatment of depression and pain. Of this amount, EUR 708.5 thousand had been drawn down by Company as at 28 February 2019.

The terms of Tekes loans are in line with the general loan terms of Tekes Interest rate for all loans is the base rate set by the Ministry of Finance minus three percentage points, however at least 1 % per annum. If the project fails or is in danger to fail, Tekes might postpone the due date of the loan, the loan or part of it can be converted into capital loan or, in exceptional cases, outstanding capital and interests might be waived from payment party or in total. On the other hand, any of the loans may become prematurely due for payment, including interests, in the event a loan is used for other purposes than the purpose set forth in the loan documents, there have been material changes in the pre-conditions based on which the loan has been granted (considering or affecting the purpose of the loan), the Finnish Government resolves to amend the loan terms applicable to all Tekes loan and such new terms are not accepted by the Company, or in event of delay in any agreed payment or breach of loan agreement by or insolvency of the Company.

The total amount of drawn and outstanding development loans granted by Tekes amounted to EUR 4,232.3 thousand on 28 February 2019.

Kreos loan, security and warrant arrangement

The annual general meeting of shareholders of Nexstim resolved on 28 March 2018 to approve a financing arrangement regarding a senior secured term loan facility of EUR 4,000.0 thousand with respective security and warrant agreements with Kreos. As at 28 February 2019 and on the date of the Prospectus, the unpaid loan capital amounted to EUR 4,000.0 thousand.

In the financing arrangement, Kreos has granted the Company a loan which will carry interest at the rate of 10.75% per annum. The proceeds of the financing arrangement has and is expected to be primarily used in the commercialisation of Nexstim's NBT® and NBS products in Europe and in particular in the United States.

In addition to the interest, Nexstim paid Kreos a EUR 40.0 thousand transaction fee and a fee calculated as 1.75% of the amounts drawn down under the loan arrangement.

The following assets have been pledged, by Nexstim and its respective subsidiaries as security for the amounts payable under the 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 respective security agreements also include Nexstim's US subsidiary Nexstim, Inc.'s guaranty of the full amount of unpaid loan and interests provided by Nexstim Inc. on behalf of Nexstim.

The financing arrangement with Kreos has also included issuing rights to shares of Nexstim i.e. warrants. See more details in section "*Company, shares and share capital - Directed issues (including warrants)*".

In the event the Offer Shares are subscribed in full in the Offering, this would constitute a "change of control" under the Kreos loan agreement and under the agreed terms, the loan facility could be cancelled and the Company obligated to immediately repay the outstanding loan with interests, the total payment obligation of the Company amounting to EUR 4,368.1 thousand (assuming payment on or around 30 April 2019).

Also increasing indebttness within the Group outside explicitly allowed exceptions in the agreement - e.g. arising in the ordinary course of business with suppliers of goods or services with a maximum duration of ninety days, granting of a loan by a governmental body, group company or shareholder, a loan from a potential business partner in order to open a new

market or third party equipment leasing agreement(s) up to an aggregate amount of EUR 1,000.0 thousand - requires that such increase of indebtedness is agreed in writing with Kreos.

A “material adverse change” from the position applicable as at the date of the agreement in the business, operations, assets, financial condition of the Group whether or not arising in the ordinary course of business having the effect in the reasonable opinion of Kreos, of materially imperilling or preventing the due fulfilment by the Company and each Group Company of any of its obligations or undertakings in the loan agreement and/or the related security agreements and commitments would entitle Kreos to prematurely terminate the loan agreement or modify its respective funding commitment. Negative result in EFIT-trial was explicitly excluded from the scope of what constitutes a “material adverse change”. The definition of the “material adverse change” is however defined in a very general and not detailed level, covering also a possible change arising in the ordinary course of business, and leaving the judgement solely dependent on “reasonable opinion” of Kreos and not of any more objective criteria such as realization of certain events clearly set forth in the agreement

The management estimates that if the net proceeds of the Offering are materially less than expected, Kreos could see that situation as a material adverse change and call back the loan with accrued interest and fees. Besides the material adverse change term, there are also other terms and condition in the loan agreement entered into with Kreos which entitle Kreos to cancel/ call back the loan. Such term concerns e.g. possible change of control in the Company if e.g. a new one of the current shareholders would as a result of some transaction hold a majority of shares and votes in the Company.

Other commitments and contingencies

Securities and guarantees provided for the benefit of Kreos to secure repayment obligations under its loan agreement are set forth above.

The nominal values of the non-cancellable lease payments according to lease contracts are presented in the table below for those payments falling separately due the following year and over a year.

Leasing liabilities	31 December 2018	31 December 2017
Due no later than 1 year	51.8	52.6
Due later than 1 year	0.0	0.0
Total	51.8	52.6

The Company has rented premises in Helsinki at Elimäenkatu 9 by a lease agreement entered into on 21 December 2005 with a notice period of six months. The US subsidiary of Nexstim Nexstim, Inc has on fixed term lease agreement ending on 31 August 2020.

The nominal values of the guarantees provided by the Company as a security under its rental agreements are presented in the table below.

Guarantees	31 December 2018	31 December 2017
Rent deposits	55.0	54.9
Total	55.0	54.9

INDUSTRY OVERVIEW

Business environment

With its NBT system Nexstim is targeting the depression therapy market due to its size and significant unmet need. Major depressive disorder affects approximately 2-5%¹ of the population in developed countries which represents about 216 million people. Of those that seek treatment, 39 million do not respond to standard therapy². Management estimates that approximately 1.8 million people are eligible for TMS treatment in the US and 4 million in the EU. If all these patients receive treatment at the treatment cost of circa \$300 (in the US) and circa \$250 (in EU), this would imply a market value of EUR 40 billion.

Typically an rTMS therapy course for treatment of depression consists of 30 treatment sessions provided 5 days per week over a six week period in a doctors office/outpatient clinic setting. In naturalistic open label clinical use, circa 29-37% of patients have been reported to achieve remission of the disease and circa 56-58% to obtain a clinical response defined as a 50% decrease in symptom severity³.

Nexstim's NBS system is commercialised for mainly pre-surgical mapping, serving as a non-invasive and accurate motor and speech mapping tool. Nexstim estimates that the potential market size for the NBS System in the US and EU is approximately EUR 290 million⁴, based on the assumption of only one NBS device for pre-surgical mapping per practices and there would be, 1,200 practices using such device for Nexstim's 2018 pricing for a system of EUR 200.0 thousand and purchasing consumables and annual servicing for EUR 6.2 thousand per year during the expected operational life of 7 years. The estimate is not the annual value of the whole market but rather the current total market potential based on a total number of approximately of 1,200 neurosurgical practices performing 36 thousand annual braintumor operations as well as 65 thousand epilepsy and 30 thousand Parkinson's disease related operations. The clinical operational life of the NBS System is estimated at seven years after which the device would need to be renewed.

Chronic neuropathic pain is a common indication estimated to affect up to 6-7% of general population⁵. The global Neuropathic Pain management market was valued at \$6bn in 2017 (\$2bn for the US), and forecast to grow at 5.6% CAGR until 2024⁶. Of the other TMS manufacturers, Brainsway's TMS device is specifically CE marked for this indication. The response to pharmacological therapies is often suboptimal with only 30-40% patients experiencing satisfactory pain relief⁷. Additional therapeutic modalities are therefore needed to improve pain relief and/or limit the required dosage and resulting side effects common to potent anti-nociceptive medication. According to a consensus statement by a European group of experts with 33 representatives from 13 countries who were tasked to provide evidence-based guidelines on the therapeutic use of repetitive transcranial magnetic stimulation, there is Class A evidence of definite efficacy of using high-frequency (>5Hz) rTMS targeting the primary motor cortex contralateral to the pain side in treatment of chronic neuropathic pain⁸. The alleviation of pain is typically mild to moderate with the effects of a single session of rTMS peaking 2-4 days later. The effects are also temporary and the pain intensity tends to return to baseline over the course of days to weeks. Providing rTMS therapy repeatedly over several days may prolong the duration of effects but the alleviation remains temporary. The preferred treatment paradigms resulting in clinically relevant patient outcomes are currently evolving and subject o research. Routine clinical care of patients suffering from chronic neuropathic pain is currently limited but increasing. According to Nexstim's knowledge several hospitals using the Company's technology are either using or planning to use their Nexstim devices for this patient group.

1 Vos, T., et al. Global, regional, and national incidence, prevalence, and years lived with disability for 310 diseases and injuries, 1990–2015: a systematic analysis for the Global Burden of Disease Study 2015, The Lancet, Volume 388, Issue 10053, 2016, Pages 1545-1602

2 Do not seek treatment: 51.6% of 12-month cases received health care treatment for MDD (Kessler RC, Berglund P, Demler O, et al. The Epidemiology of Major Depressive Disorder Results From the National Comorbidity Survey Replication (NCS-R). JAMA. 2003;289(23):3095–3105. About 30% of all people with depression don't respond adequately to the available treatments <http://time.com/4876098/new-hope-for-depression/>

3 Carpenter et al, 2012.

4 US: National Institute of Mental Health - In 2016, an estimated 10.3 million U.S. adults aged 18 or older had at least one major depressive episode with severe impairment. This number represented 4.3% of all U.S. adults (https://www.nimh.nih.gov/health/statistics/major-depression.shtml#part_155030). Europe: Vos, T., et al. Global, regional, and national incidence, prevalence, and years lived with disability for 310 diseases and injuries, 1990–2015: a systematic analysis for the Global Burden of Disease Study 2015, The Lancet, Volume 388, Issue 10053, 2016, Pages 1545-1602, [https://doi.org/10.1016/S0140-6736\(16\)31678-6](https://doi.org/10.1016/S0140-6736(16)31678-6). (<http://www.sciencedirect.com/science/article/pii/S0140673616316786>

5 Torrance N, et al. The epidemiology of chronic pain of predominantly neuropathic origin. Results from a general population survey. J Pain 2006;7:281–9, Bouhassira D, et al. Prevalence of chronic pain with neuropathic characteristics in the general population. Pain 2008;136:380–7.

6 Persistence Market Research titled 'Global Market Study on Neuropathic Pain: Anticonvulsants Drug Class Segment Projected to Witness the Highest Growth Through 2024',

7 Attal N, et al. EFNS guidelines on pharmacological treatment of neuropathic pain. Eur J Neurol 2006;13:1153–69.

8 Lefaucheur JP et al. Evidence-based guidelines on the therapeutic use of repetitive transcranial magnetic stimulation (rTMS). Clin Neurophysiol 2014;125:2150-206.

Characteristics of the medical device market

US regulatory clearance process

The medical device market is characterised by stringent regulatory requirements prior to access to market, particularly in the US. In the US, the FDA classifies medical devices under Classes I, II or III, depending on the level of control necessary to assure safety and effectiveness of the device and its equivalence to devices existing in the US market. This classification has an effect on the level of evidence required for the right to market and sell the medical device in the US for a specific treatment. In comparison to Class III, Class I and II devices only need to prove equivalence to a previously cleared device in addition to which less demanding proof of safety and efficacy requirements are applied. Class III devices are required to go through the pre-market approval (PMA) process which includes extensive clinical studies with FDA oversight due to the significant risk posed by the device or the lack of similarity to previously approved devices. However, manufacturers whose devices are automatically classified to Class III due to the lack of a cleared predicate device can file a De Novo petition for a down-classification to Class I or II provided that the device risk level can be demonstrated to be low or moderate. Devices down-classified to Class II or Class I would therefore only have to go through a comparatively lighter 510(k) pre-market notification clearance process. De Novo reclassification together with the 510(k) pre-market notification process is called the De Novo 510(k) clearance process. As a result of the clearance process an FDA clearance for the device may be obtained which Nexstim has obtained for NBT system in the indication of MDD and NBS system for pre-surgical mapping (PSM).

For medical devices without a predicate, an investigational device exemption (IDE) from FDA must be sought to allow the device to be used in clinical trials in the US. An approved IDE allows a company to bring the device to the US for research use. In cases where the safety of a study (and the device used in the study) can be proved to be of non-significant risk (NSR), an IDE from FDA can be deemed unnecessary and research permission granted by Institutional Review Boards of the trial sites.

Canada regulatory clearance process

Compared to a US 510(k) application, medical device licence applications in Canada are simpler for Class II devices and about the same for Class III devices. Class IV application is comparable to a US PMA application. To obtain a Class II, III or IV medical device licence in Canada, the manufacturer must supply quality management system certificate issued by Health Canada recognized registrar that is certified to ISO 13485 (MDSAP). A review regarding such certificate has been conducted and a certificate has been obtained on 12 January 2019. A license regarding selling and marketing has been applied by the Company in respect of both NBT system for MDD and NBS System for pre-surgical mapping and the process is currently pending.

European regulatory approval

Within the European Economic Area (EEA) products defined in the Medical Device Directive (Directive 93/42/EEC, as amended, "**MD Directive**") need to have a CE marking and EC declaration of conformity. Nexstim's devices are class IIa devices for which assessment of conformity can take place in four different manners by a so called notified body. One of these manners is the full quality assurance system as set out in Annex II of the MD Directive.

In the full quality assurance system the CE marking requires that the essential requirements applied to a device are proven to have been met, the company has a quality management system assessed and certified by a notified body and the company has made a EC declaration of conformity to the device. Additionally, the company is obliged to inform the notified body of any significant material changes to its products or quality management system.

Nexstim uses the full quality assurance system in its operations. Nexstim has quality management system certificates in accordance with ISO 13485 standards (medical devices) which can be utilised in connection with the full quality assurance system as a harmonised standard.

Pre-commercialisation process

Obtaining an FDA clearance allows a medical device company the right to market and sell a device for use in a specific applied market and use within the US. The same applies to Canada when Health Canada has issued the licence. In Europe, a device can be marketed and sold when it is CE-marked. However, in the health care industry the right to market does not directly lead to commercialisation, especially when medical devices are being sold to hospitals and clinics. In the pre-commercialisation stage prior to full commercialisation, the manufacturer aims to obtain key opinion leader (KOL) support; establish appropriate coding and billing mechanisms; and to show the economic benefits of the device to different parties. KOL support usually facilitates the commercialisation of a medical device and helps in receiving reimbursement coverage.

So-called health economics model and its application are used to influence key opinion leaders and the markets.

Health economics model

Nexstim applies a value-based approach to the health economics model which is built around the interplay between patients, healthcare providers and payers. The model is based on value creation for vested parties as the Company is not aware of any existing comparative peers to demonstrate the financial impact of the NBS and NBT Systems on hospital finances. Building a health economics model requires outcome data from clinical trials demonstrating the impact of the device on patient recovery. Depending on the type of medical device, the outcome data needs to prove either increased revenues or lower costs for the hospital, in addition to the prerequisite of benefit for the patients.

Increased revenues will generally come from the ability to charge for treatment either directly from the patient or more commonly through reimbursement coverage. Reimbursement coverage is paid by payers, such as insurance companies or governments, who need to see cost savings from paying out reimbursement. Increased revenues in the health economics model for hospitals can also come from the increase in other procedures made possible by the medical device or through improvements to hospital quality, attracting more patients.

The payers utilise the information of the the health economics model also to determine whether the alternative treatment is more cost efficient than the currently used treatment methods or if the treatment leads to lower costs in the long term, for example due to lower invalidisation, which may enable the patient to employ or to result in less after care.

Nexstim's health economics model for the NBS System is being built on investigator initiated clinical trial outcome data. The trials aim to demonstrate how the improved clinical results affect the hospital profits. The hospitals mainly benefit from the NBS System by way of improved treatment results and more efficient surgical operations. Recently announced outcome data shows the use of NBS System prior to brain tumour surgery can have a direct effect on the planned procedure and lead to greater total resections. The use of NBS System may further facilitate brain surgeries that would not otherwise be performed and lead to longer progression free survival. Improving the quality of operations can lead to increased patient in-flow, which can result in increased revenue for the hospital. The results from the NBS System can also turn some biopsies into surgeries which have a higher procedural reimbursement as the brain tumours suspected to lie in or near motor cortices can be mapped and operated instead of biopsied. Biopsies are generally performed to test the aggressiveness of the tumour when surgical removal is considered too risky (due to suspected proximity to the motor cortex). Recent outcome data proves that NBS System is able to disprove proximity of brain tumours to the motor cortex, allowing for safe and rapid surgical removal of the tumour instead of biopsy to assess the need for surgery.

According to Nexstim, the introduction of the NBS System to existing clinical workflows will also reduce the time and cost of neurosurgeries, meaning hospitals are able to make higher margins on brain surgeries as reimbursement coverage for these procedures is fixed. NBS System can also lower post-surgical costs for hospitals by lowering the incidence of post-operative neurological deficits.

Reimbursement process

Subsequent to gaining clearance from the FDA to sell and market a medical device in the US, reimbursement codes may be applied for from the American Medical Association (AMA) in order to seek reimbursement coverage. Without these reimbursement codes, reimbursement coverage cannot be applied for and the patient would have to pay for the treatment in its entirety. Once reimbursement codes have been granted, a decision on the extent of the reimbursement coverage, or how much money is received per treatment by the hospital or clinic, must then be negotiated with payers (government and private) based on the cost of administering treatment and the cost benefits calculated by payers. An equivalent reimbursement process is used in most western countries.

In the US, permanent CPT reimbursement codes and extensive payer coverage for those codes exist for the use of e.g. rTMS in the treatment of certain condition or illness. These codes are not diagnosis specific and therefore, in the event of FDA approval of certain technology or system for certain indication, such code may be applied to be extended to other indication as well, e.g. a code currently used exclusively in depression for treatment of pain. If such extension is disapproved, a new code for the new indication may be applied which is then a longer and more expensive process.

Competing technologies

Nexstim considers as potential competitors companies that utilise transcranial magnetic stimulation technologies competing with Nexstim's technology for research or therapeutic purposes. Competing TMS manufacturers focusing on therapeutic use include Brainsway, Neuronetics, Magstim, Magventure and Neurosoft which currently mainly focus on treatment of depression.

Neuronetics' device NeuroStar and the marketed devices of other competitors focus on noninvasive therapies for psychiatric disorders. Neuronetics was the first of these to receive FDA clearance for treatment of depression with TMS technology in patients that have not benefited from medication. Management believes that the competing TMS manufacturers utilize non-navigated TMS technology which does not allow personalized and targeted stimulation to the intended anatomic targets (in

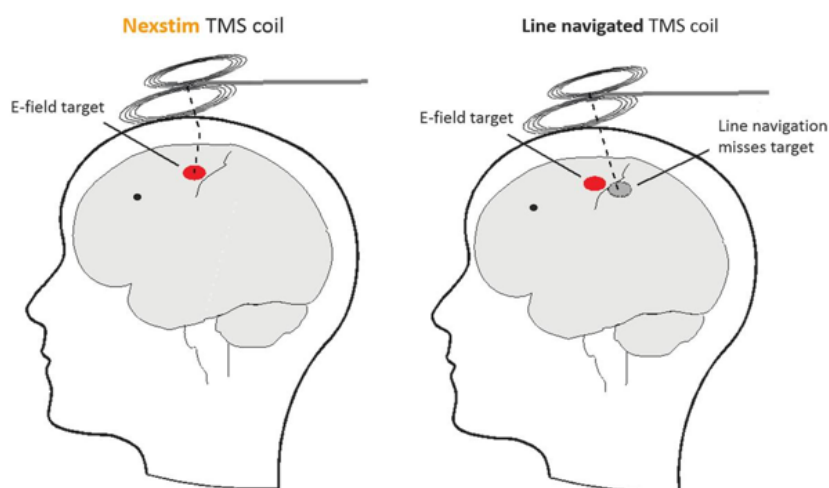
MDD the left dorsolateral prefrontal cortex). In addition, the Brainsway technology utilizes a coil type that leads to non-specific stimulation of the brain, including deeper areas of the brain, allowing for the treatment of mental disorders and diseases caused by malfunctions in such deeper regions of the brain. Although the technology is able to penetrate deeper than Nexstim's NBT System, the technology does not have the accurate navigational capabilities of the NBT System.

To its knowledge, Nexstim is the only company, which has a thoroughly proven accurate navigation which enables patient-specific accurate location and targeting areas of brain for therapy purposes.

In addition to the TMS manufacturers mentioned above there are companies that manufacture navigation systems for third party TMS devices. These include ANT Neuro, Rogue Research and Localite. These companies do not produce integrated navigated TMS systems and do not have CE marks or FDA clearances for any specific clinical application. The companies utilise line navigation TMS technology, which does not model the electric field in the same manner as Nexstim's proprietary technology. There currently is no clinical evidence of the accuracy of the technology of these companies. The difference between Nexstim E-field navigation and the so-called line navigation provided by some competitors is presented in Figure X below.

Figure X. Illustrative comparison of Nexstim E-field navigation and the so-called line navigation method.

Nexstim E-field navigation vs. line navigation



Unlike line navigation, Nexstim's E-field navigation accounts for the distortion caused by bone and brain matter.

In treatment of MDD, it has been reported that non-navigated rTMS is applied to the intended anatomic DLPFC target in just 30% of cases vs. 100% for Nexstim NBT®.⁹

Market for treatment of major depressive disorder (MDD)

Potential of NBT in the treatment of MDD

MDD is characterized by intense feelings of sadness or loss of interest. Additional symptoms may include sleep disorders, changes in appetite, sexual dysfunction, anxiety, fatigue, difficulty concentrating and suicidal thinking. MDD may recur over a patient's lifetime, with initial episode followed by periods of remission and relapse.

First line treatment of MDD is usually pharmacologic. However, drug therapy is of limited effectiveness and may often cause side effects. In the STAR*D study of more than 4,000 adult patients, only circa 28% and 21% of patients achieved remission in their first and second medication attempts, respectively. In the U.S., it has been estimated that 7.6 million patients are annually treated for MDD by a psychiatrist. Based on the results of the STAR-D trial more than half of them (5.5. million) have not gained clinical remission from their anti-depressive medication¹⁰.

⁹ Hervig 2006, Ahdab R, et al. Comparison of "standard" and "navigated" procedures of TMS coil positioning over motor, premotor and prefrontal targets in patients with chronic pain and depression. *Clinical Neurophysiology* (2010) 40, 27—36.

¹⁰ Prospectus of Neuronetics regarding its listing in the US.

If initial pharmaceutical and psychotherapeutic treatment approaches do not adequately relieve a patient's symptoms, there are several options for second line therapies. These include combining two or more antidepressant medications, or adding a second medication that is not an antidepressant such as an atypical antipsychotic agent or combining pharmacological agents with psychotherapy.

TMS can either be used as a second line therapy or in the case where the second (or subsequent) line of therapy has not resulted in the desired clinical outcomes. These lines of therapy may include additional pharmacologic attempts, or aggressive therapy forms such as electroconvulsive therapy, ketamine infusions or even implantation of a vagus nerve stimulator.

Nexstim's NBT system is FDA cleared for sales and marketing in the US to be used under so-called standard 37-minute treatment protocol and also regarding the use of shorter therapy protocols, including 3 minute Theta Burst Stimulation (TBS) in the treatment of depression. In the treatment of MDD, the MDD also has a reimbursement coverage, as TMS treatment of depression is covered by US Medicare and most major private insurance companies in the USA. The Medicare National Average (weighted) Physician Rate is \$250 reimbursement for a single therapeutic repetitive TMS treatment.

Nexstim's NBT system is CE marked in EU, including EC declarations of conformity within the EEA, for the treatment of MDD patients. No reimbursement coverage for Nexstim equipment has not yet been applied in Europe but the intention is to apply such at a later stage, first likely in Germany. There are country-specific care recommendations within EU e.g. in Finland, which has resulted in territorial invoicing practices (applicable within certain medical care districts) regarding use of TMS in the treatment of depression.

In Canada, applying for a permit to sell and market a medical device requires as a pre-phase a specific audit under Medical Device Single Audit Program. Such audit has already been conducted in 2018, and certificate obtained on 12 January 2019. Nexstim has filed a licence application with Health Canada 2018 regarding permission to sell and market NBT system in MDD which application is currently pending.

Competitive landscape

In addition to Nexstim's NBT device, several other TMS manufacturers provide devices for use in the treatment of MDD. In the U.S.A. five other manufacturers have obtained FDA clearance for this indication: Neuronetics, Brainsway, Magstim, CloudTMS, and Magventure. At present, Neuronetics is the market leader with approximately 38% market share. Based on market research the rTMS market is expected to grow by 30% on an annualised basis over years 2017-2023.¹¹

The Nexstim NBT system is the only FDA cleared system allowing targeted therapeutic stimulation based on cranial MRIs and utilizing those to identify and target the anatomic DLPFC, which is the intended target in treatment of MDD.

Pre-surgical mapping market

Potential of the NBS in pre-surgical mapping (PSM)

Pre-surgical mapping is a diagnostic function which constitutes the mapping of speech and motor cortices prior to a surgical procedure. The main purpose of PSM is to minimise the risk of speech and motor impairment when the area being operated on is in the vicinity of these vital cortices. The current standard practice in pre-surgical mapping is direct cortical stimulation ("DCS")¹², which involves mapping motor and speech cortices, by placing electrodes directly onto the brain during the operation but prior to the actual procedure. However, as DCS requires direct access to the brain, it does not support effective planning prior to the procedure.

Nexstim's NBS System allows for accurate mapping prior to surgery. NBS motor and speech mapping have both been shown to be as accurate as DCS in localising the primary motor and the speech cortex for pre surgical planning¹³, allowing for accurate procedural planning before surgery. Where the surgery has been planned by using the NBS System, DCS is used to verify results of the mapping during surgery. According to knowledge of the management, Nexstim's NBS System is the only FDA-cleared and CE-marked noninvasive alternative capable of providing accurate mapping for neurosurgery, and the only FDA cleared and CE marked navigated TMS system for pre-surgical mapping of the speech and motor cortices of the brain. Within the scope of application in brain surgery, the NBS System can predominantly be utilised in surgeries where the operable area lies near or within speech and motor cortices, as it can help to avoid adverse effects of surgery

¹¹ Practical Management Solutions and Insights ("PMSI"): Investor Relation Presentation for Nexstim - Draft report on Chronic Pain, Market Research based on PMSI research, analysis and interviews dated 4 September 2018, Nexstim 2018.

¹² Picht T, et al. Assessment of the Influence of Navigated Transcranial Magnetic Stimulation on Surgical Planning for Tumors in or Near the Motor Cortex. Neurosurgery 2011, Vajkoczy, et al. Utility of Navigated Brain Stimulation in preoperative mapping of essential speech areas. 2012

¹³ Ibid.

through detailed mapping of the operable area. The key procedures which can benefit from NBS System are surgeries relating to brain tumours (neurosurgery and stereotactic radiosurgery), intractable epilepsy and arteriovenous malformations. Mapping the vital speech and motor cortices prior to brain surgery with the use of NBS System has been shown to have a significant effect on operating decisions regarding the size and location of the operable area and has led to statistically significant reductions in residual tumours in difficult operations compared to a control group. Pre-operative NBS motor mapping has been shown to increase the progression free survival time in patients with low grade gliomas by 45% (22.4 vs. 15.4 months), as more radical resections increase patient survival.¹⁴

Nexstim's NBS System for pre-surgical mapping has separate reimbursement codes in Germany (Operationen- und Prozedurenschlüssel, OPS) for motor and language mapping. Despite FDA approval, no codes for such purpose currently exist in the US. There is a fast track plan in place to petition the AMA to modify the current MEG codes to include TMS. If that fails, Nexstim will request the creation of new codes specifically for the use of TMS in pre surgical mapping. This will be a longer process. In the mean time, facilities do have a mechanism in place to bill for the use of TMS by coding an "unlisted" code (95999) and providing supporting documentation for the medical necessity and work value associated with the procedure. It is at the payor's discretion on a case by case basis whether to reimburse for the procedure.

In Canada, the audit process under Medical Device Single Audit Program is conducted in a more general level and the certificate obtained as a result of such audit is a pre-condition for applying for license regarding any medical device. Such audit has already been conducted in 2018, but the required certificate for the purposes of the license application has not yet been obtained. Due to change of legislation entering into force on 1 January 2019, Nexstim has also filed a licence application with Health Canada without such certificate in 2018 regarding permission to sell and market NBS system in pre-surgical mapping.

Competitive landscape

Management believes that Nexstim's NBS System is currently unrivalled in the PSM market. Alternative technologies currently being used are unable to combine noninvasiveness and accuracy leaving NBS System as the only technology capable of accurately and safely mapping vital motor and speech cortices prior to surgery. A short summary of the technology utilised in the NBS System and alternative technologies for it is listed in the following table.

Technology	Comments	Surgical procedure?
Nexstim NBS System	Precise mapping is made possible through accurate navigation and safe magnetic stimulation.	No
Direct Cortical Stimulation (DCS)	Accurate mapping, but requires invasive surgery through the placing of electrodes directly onto the brain, i.e. cannot be made prior to surgery.	Yes
Functional Magnetic Resonance Imaging (fMRI)	Indirectly maps neuronal activity through the measurement of changes in oxygenated blood flow. Not as precise and accurate as NBS and DCS ¹⁵ .	No
Magnetoencephalography (MEG)	Measures the brain's magnetic fields to map activity. Not very precise for motor and speech mapping. Very expensive and time enduring (2-5 hours). ¹⁶	No

** Partly based on the Company's own view and partly on research results.*

Market for chronic neuropathic pain treatment

Potential of the NBT in treatment of chronic neuropathic pain

Currently, the primary treatment for neuropathic pain are opioids and prescription drugs on non-specific prescriptions, these are often addictive (e.g. opioid crisis). If ineffective, more specific, targeted Neuropathic Pain drugs are prescribed, with USD \$4bn in sales in 2017, which can have side effects. However, if drug therapies fail as is often the case, patients may be offered spinal cord stimulator implantation (SCS) (requiring invasive surgery). The SCS neuromodulation market is

¹⁴ Frey, Dietmar, et al. "Navigated transcranial magnetic stimulation improves the treatment outcome in patients with brain tumors in motor eloquent locations." *Neuro-oncology* (2014): nou110

¹⁵ Forster, Marie-Thérèse, et al. "Navigated transcranial magnetic stimulation and functional magnetic resonance imaging: advanced adjuncts in preoperative planning for central region tumors." *Neurosurgery* 68.5 (2011): 1317-1325 and Krieg, Sandro M., et al. "Utility of presurgical navigated transcranial magnetic brain stimulation for the resection of tumors in eloquent motor areas: Clinical article." *Journal of neurosurgery* 116.5 (2012): 994-1001.

¹⁶ Tarapore, Phiroz E., et al. "Language mapping with navigated repetitive TMS: proof of technique and validation." *Neuroimage* 82 (2013): 260-272 and Tarapore, Phiroz E., et al. "Preoperative multimodal motor mapping: a comparison of magnetoencephalography imaging, navigated transcranial magnetic stimulation, and direct cortical stimulation: Clinical article." *Journal of neurosurgery* 117.2 (2012): 354-362.

estimated at \$2bn per year with Medtronic, St Jude Medical and Boston Scientific the major companies in the area. Finally, if stimulator treatment is unsuccessful, radiofrequency neuroablation is considered as a last resort.¹⁷

TMS has the potential to attract patients who do not respond well to drugs, do not want surgery, and those who have had implants, but did not achieve effective pain relief. Management estimates the global potential of this market is currently approximately 2.5 bn USD/year.¹⁸

The Nexstim NBT has been CE marked for treatment of chronic unilateral neuropathic pain. Nexstim is currently evaluating the market for chronic neuropathic pain treatment and possible commercialization efforts. The Nexstim NBT has been CE marked for treatment of chronic unilateral neuropathic pain.

Competitive landscape

According to knowledge of the management, besides Nexstim of the other TMS manufacturers, also Brainsway's TMS device is specifically CE marked for this indication, but currently, no TMS device manufacturer, including Nexstim, has obtained FDA clearance for treatment of chronic neuropathic pain.

¹⁷ Practical Management Solutions and Insights ("PMSI"): Investor Relation Presentation for Nexstim - Draft report on Chronic Pain, Market Research based on PMSI research, analysis and interviews dated 4 September 2018, Nexstim 2018.

¹⁸ Estimate is based on the combined value of the SCS (spinal cord stimulator) market with neuroablation device market. The Chronic pain SCS device market is based on market leader estimates: \$2bn for Chronic pain SCS market and the neuroablation device market is based on transpamacy market research at c.\$0.5bn. Nuvectra Investor Presentation - August 2017 Page 4.

DESCRIPTION OF BUSINESS

Overview

Nexstim is a medical technology company aiming to improve patient outcomes through the use of noninvasive magnetic brain stimulation. The Company has developed a technology which allows noninvasive targeting of a specific area of the brain with a high level of accuracy. Nexstim pioneered the technology as a diagnostic tool for brain surgery planning with its Navigated Brain Stimulation (NBS) System. Based on the same technology platform the Company has developed a device for brain therapy called Navigated Brain Therapy (NBT) System which focuses stimulation on targeted locations in the brain to enhance and accelerate recovery from neurologic and psychiatric disorders.

At first, the Company planned to exploit the NBT system in stroke rehabilitation. In August 2018, a Phase III E-FIT stroke trial ended which did not show a clinically significant difference between active and sham treatment groups. Combining the results of this 60-patient trial with the existing results from the niche study also resulted in no statistical difference. As a result, Nexstim decided to focus therapeutic application of NBT system in MDD where stimulation of specific areas of the brain have proved effective.

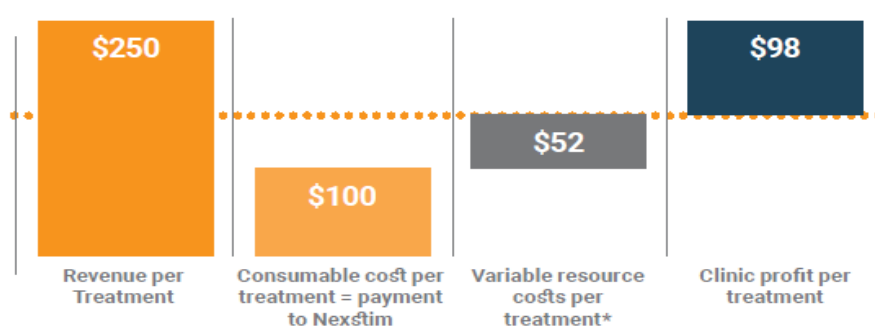
Commercialization of NBT system in depression therapy

After obtaining FDA clearance and reimbursement coverage for NBT system in the US (see “*Industry overview – Potential of NBT in the treatment of MDD*”), the Company has launched commercialization of the NBT in the treatment MDD in the USA in May 2018 with a target to grow specifically in the North America as well as in Europe.

The NBT system is actively marketed in the US and in EU for this indication. In both such markets, Nexstim is currently gathering open label real life clinical use information from NBT users to obtain evidence of potential superiority of NBT use in MDD therapy compared to results reported in literature for other rTMS devices in this clinical indication. For this purpose, the Company established a registry for data collection.

Key target group for the Company’s sales and marketing activities are mostly TMS centres and high volumes psychiatric clinics and hospitals. The aim is to achieve high revenues with high utilization rates which the reimbursement coverage enables specifically in the USA. Relating to this, Nexstim has in 2018 introduced a new pay-per-use lease model applicable next to its device sale -model monthly fixed lease -leasing model. In the new model, no initial investment is required by the customer when the system is taken into use. The Company estimates that it will achieve higher revenues in the longer run with the pay-per-use model and the the fixed lease payment model than in with a sale of NBT-device model.

Economic Benefit Example Calculation to US TMS Centre or Psychiatric Clinic (Pay-per-use lease)¹⁹



- In a pay-per-use lease, no initial investment is required for clinics so clinics make profit from first patient
- A clinic could achieve annual profit of \$147,500, assuming 30 treatments per patient and 50 patients per year
- Nexstim can make a revenue of \$150,000 for contracted clinic in pay-per-use lease

* Includes estimated cost of facilities and technician for 45 minutes per treatment, MD cost (NOTE: 3 times per patient, 45 minutes biweekly) and MRI cost of \$500 per patient divided by amount of treatments. 40% overhead applied

¹⁹ Company analysis and estimate

A third model is a direct sale of the NBT device to the customer with respective service contracts. In the leasing models, the fee for service is included in the lease payments.

The commitment period in the lease agreements is with some customers fixed during the first year, but in some agreements, the customers may freely terminate the agreement with an agreed notice period.

In EU countries, Nexstim is planning to establish its position and actions on established markets where it has strong network of distributors and KOL. The Company also continues cross-selling NBT and NBS and application of direct sales and sale by distributors. The goal is to develop markets such as France, the Netherlands, Italy and Spain jointly with distributors.

In January 2019, Nexstim signed a distribution agreement with Canadian Health Solutions to bring its SmartFocus(TM) TMS system to the Canadian market. The system is expected to launch in Canada in the next few months. Nexstim also continued to strengthen its sales and commercial organization in the US, which now consists of ten persons and plans to expand the team further in 2019. This investment is designed to support the Company's depression-led therapy strategy, focusing on key regions in the US (Southeast and Northeast states, California and Texas).

The commercialization of NBT system in the Asian markets has also been initiated. On 3 October 2018 the Company executed a distribution agreement with a neuromodulation company acting in Hong Kong called Ampere Medical Limited. Ampere Medical Limited installed the first Nexstim NBT® device in a TMS centre called Smile and Face Medical Group in Hong Kong. The system must first be accepted in a lengthy process with the relevant authorities before the actual commercialization may be actually launched in Hong Kong and China.

Commercialization of NBS system in pre-surgical mapping

Sales and marketing efforts of Nexstim's NBS System, which is used for pre-surgical diagnostics, have primarily been targeted on universities and teaching hospitals with strong key opinion leader (KOL) presence in the fields of neurosurgery and radiology.

As at the date of this Prospectus Nexstim has sold approximately 160 NBS Systems out of which approximately 40% are for clinical use and 60% for scientific use. Nexstim's revenues for the past two years have been mainly generated from the sales of its NBS Systems and from after sales activities such as training, maintenance and the sale of spare and consumable parts.

Nexstim aims to utilize the equipment base of the installed NBS hardware and the KOL network created through it in order to increase the market awareness of the SmartFocus™ TMS equipment used in the treatment of depression and thereby the sale of the NBT equipment by so called cross-selling of both in the EU countries and in North America.

Evaluation of clinical trials regarding use of NBT system in therapy for chronic neuropathic pain

The NBT system is CE marked in EU for treatment of chronic unilateral neuropathic pain in adult patients. In a single center clinical trial a significant decrease in daily pain scores (>15 %) lasting for one week was seen in 55 % of subjects after active NBT therapy targeting the motor cortex and in 11 % after NBT targeting a control location ($p < 0.001$). After 3 weeks the clinically significant decrease in daily pain scores remained present in 39 % of subjects after rTMS to motor cortex and in 4 % after rTMS to control location ($p = 0.002$).²⁰ Longer term clinical outcomes have not been studied at present.

Nexstim is planning to perform a Phase II clinical trial to confirm the results prior to potentially initiating a pivotal Phase III clinical trial required for US marketing clearance by FDA. In addition, Nexstim is gathering open label real life clinical use information from NBT users in this clinical indication. For this purpose, the company established a registry for data collection.

Nexstim aims to leverage on the installed NBS systems and its strong network of Key Opinion leaders to raise market awareness and reinforce its commercial plans of SmartFocus™ TMS system, and increase sales of NBT by cross selling in EU and North America.

Company history

Nexstim (then Neuroway Technologies Oy) was established in 2000 by Academy Professor Risto Ilmoniemi and Pekka Puolakka as a spin off from research at the low temperature physics laboratory in the Helsinki University of Technology (currently part of Aalto University). The research was also partly carried out at the BioMag laboratory of the Helsinki University Central Hospital in 1994-1999. The purpose of the Company was to commercialise the opportunities discovered through the addition of navigation to existing transcranial magnetic stimulation (TMS) technology. The Company believed navigation to be the crucial aspect for the emerging TMS technology to become a clinical tool for patient treatment. Pekka

20 Nurmikko T et al., Motor Cortex Reorganization and Repetitive Transcranial Magnetic Stimulation for Pain—A Methodological Study. *Neuromodulation* 2016 (in press). DOI 10.1111/ner.12444:

Puolakka was a board member for a long time and currently holds a Senior Adviser role in the Company. Both founders are still shareholders in Nexstim.

To materialise the full potential of navigated TMS, the Company first set out to develop the NBS System in order to develop and prove the efficacy of the navigation function of the technology. The Company believes that proving the safety, accuracy and reliability of the NBS System's technology platform through diagnostics, it has established a regulatory base and market foundation for the use of the same technology in other more commercially profitable markets, such as the stroke therapy market. Nexstim's NBS System has been successful in receiving positive research attention and utilisation by key opinion leaders (KOLs) which, in addition to being CE-marked and FDA cleared, creates a solid base for using the same technology platform in the NBT System for therapy indications.

Key historical events

Year	Event
2000	Company founded by Risto Ilmoniemi and Pekka Puolakka.
2003	First commercial product launched, first CE mark and first device sold to University of Wisconsin, Madison, USA.
2006	Winner of the European Information Society Technology (IST) Prize.
2007	Completion of the first Nexstim NBS System.
	First unit placed in Germany at Charité Berlin Neurology Department and first motor mapping of brain tumour done followed by surgery.
2008	Subsidiaries established in the US, UK and Germany.
2009	First FDA clearance received to market NBS System for motor mapping in the US.
2010	Phase II trial of NBT System in the US launched.
2012	FDA clearance received to market NBS System for speech mapping in the US. FDA's positive response to multi-centre phase III stroke trial pre IDE received.
	CPT III reimbursement code for pre-surgical mapping made with the NBS System and OPS reimbursement code in Germany.
2013	Phase II trial of NBT System reaches end-point. PSM outcome papers show positive outcomes in clinical patient care. Phase II trial data of NBT System published in February. Phase III multi-centre trial for NBT System called launched in the US.
2014	Initial public offering (IPO) to both Nasdaq First North Finland and Sweden. Chronic neuropathic pain therapy added to clinical indication pipeline in co-operation with the Walton Center
2015	Sanmina Corporation selected to manufacture all Nexstim systems
2016	Phase III multi-centre trial for NBT System show clinically meaningful responses and improvement in both the active NBT® and sham trial groups, regarding use of NBT system for stroke rehabilitation FDA 510(k) De Novo submission for Navigated Brain Therapy (NBT®) system for stroke rehabilitation US Patent and Trademark Office granted a key patent covering method and system for displaying the electric field generated on the brain by transcranial magnetic stimulation (TMS) CE Mark Registration received for NBT® for Treatment of Chronic Neuropathic Pain Financing arrangement with Bracknor and Sitra approved European Patent Office granted a key patent covering method and system for displaying the electric field generated on the brain by transcranial magnetic stimulation (TMS)
2017	US Patent and Trademark Office granted a key patent covering method and system for determining the status of the motor cortex and corticospinal pathways. Limited size trial (E-FIT) started in US for providing comparisons of the efficacy to FDA for the 510(k) De Novo submission
2018	European Patent Office granted a key patent covering method and system for determining the

Year	Event
2019	status of the motor cortex and corticospinal pathways
	510(k) clearance for NBT® system for the Treatment of Depression received from FDA
	Financing arrangement with Kreos Capital V (UK) approved by the annual general meeting
	First Navigated Brain Therapy (NBT®) system for the treatment of depression delivered to customer in the US
	The trials conducted by the Company regarding the NBT system and stroke rehabilitation is completed and the E-FIT trial results combined with Phase III NICHE trial result showed no statistically significant difference
	A distribution agreement with a neuromodulation in Hong Kong signed, and installation of the first Nexstim NBT® device in a TMS in Hong Kong
	Reduction in the quantity of shares in Nexstim i.e. so-called reverse share split in accordance with ratio 30/1
	A distribution agreement with Canadian Health Solutions signed to bring SmartFocus(TM) TMS system to the Canadian market
	Commercial and sales organization in the US reaches 10 persons
	FDA clearance for the NBT system in the treatment of the MDD under a TBS protocol for new 3-minute treatments

Strategy

Nexstim is focused on validating and commercialising its personalised SmartFocus™ TMS brain stimulation technology in large therapeutic indications with sub-optimal treatment options, namely depression and chronic pain.

Nexstim is investing in commercial sales, marketing and clinical resources and continue to raise funding accordingly. The aim is to build sales in the US and large EU markets in currently approved indications, as well as to generate clinical data to obtain regulatory approvals for new important, large markets. The Company recognises that there is a significant untapped market opportunity in Asia and continues to evaluate opportunities in this area on an ongoing basis.

The Company initially launched the NBS System in the diagnostics market for use in pre-surgical mapping (PSM) as a proving ground for its navigation technology due to the high requirements placed on accuracy and reliability in PSM, and commercialization is also underway in Europe and US. For such purpose, the Company has been for a long period building its health economics model by utilising data from published investigator initiated trials showing significant benefits of the use of the NBS System in clinical treatment. The building of the health economics model facilitates the larger scale sales efforts for the NBS System (see "*Industry overview – Characteristics of the medical device market – Health economics model*").

Company strengths

According to Nexstim management, the Company's strengths in executing its strategy are the following:

- According to the management's knowledge, the NBS platform is unrivalled by any clinically approved or validated party in pre-surgical mapping of motor and speech cortices, and pre-surgical mapping made by the use of NBS system leads to excellent patient outcomes.* Regardless of the availability of specific CPT codes, the success record and continued KOL support will lead to continued sales of the system for both research and clinical use. *The NBT's recent FDA clearance to treat Major Depressive Disorder (MDD) as of December 2017 into a well-established reimbursement environment in the US will provide a growing revenue stream with a well executed commercialization plan.* The NBT is the only FDA approved navigated TMS system in the US according to the management's knowledge. This differentiation will drive sales at a premium price level.
- Received regulatory clearances reduce the risk of executing the Company strategy.* The Company believes that the regulatory clearances received for the technology platform (FDA clearance for the NBS System and NBT for the treatment of MDD and CE marking for both NBS and NBT Systems) reduce the risk of receiving the necessary regulatory clearances for the NBT System. Development risks for the technology platform and the NBT and NBS Systems built on that platform are therefore only limited to proving clinical efficacy. The Company's NBS System has already been tested in clinical and research use through the sale of approximately 160 units to date.
- In the treatment of MDD, the MDD also has a reimbursement coverage,* as TMS treatment of depression is covered by US Medicare and most major private insurance companies in the USA. The Medicare National Average (weighed) Physician Rate is \$250 reimbursement for a single therapeutic repetitive TMS treatment.

- *NBT technology utilizing patients' own MRI's and modeling of TMS induced electric field to target anatomic DLPFC in treating depression.* Nexstim technology allows accurate and reproducible stimulation of the intended anatomic target of therapy. This allows differentiation of Nexstim's NBT system from other TMS devices for branding and marketing purposes.
- *Experienced management.* The Company's management has past experience in medical device development and members of the management team have previously worked in medical technology companies. Among the members of the Board of Directors Kenneth Charhut and Rohan Hoare have strong industry experience. Among the members of the management team Gustaf Järnefelt has previously worked at GE Healthcare Finland Oy (former Instrumentarium Oy) and Steve Beller at Abbott Laboratories and St Jude Medical. (See "*Management and other key personnel*" for more details). The Company's shareholders also include investors and venture capitalist firms that are specialised in the healthcare industry.

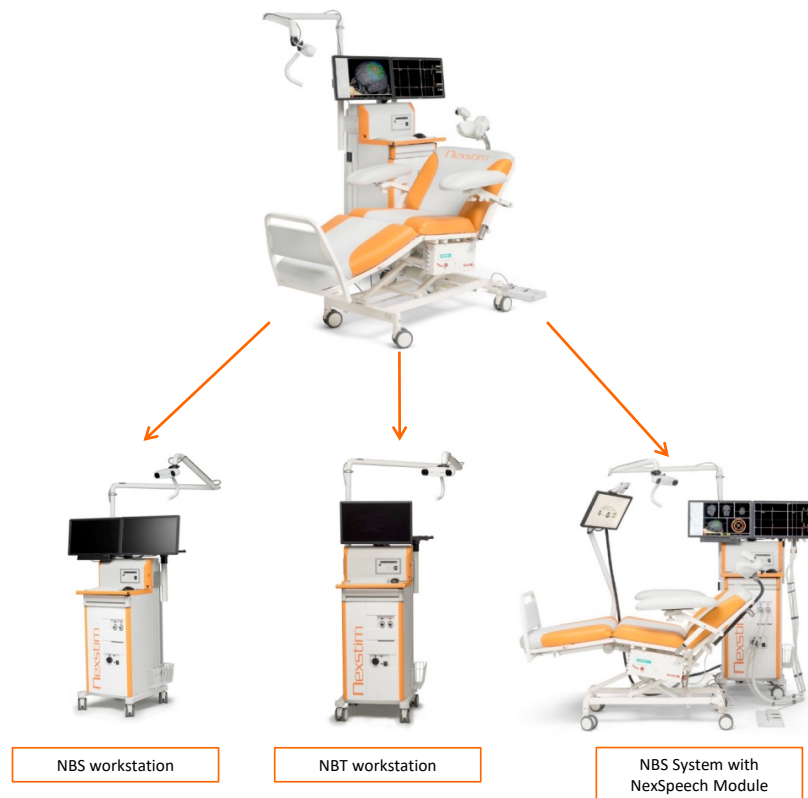
Products

Nexstim produces NBS and NBT Systems, which are manufactured by Nexstim's subcontractor Sanmina Corporation in its plant in Haukipudas, Finland. The devices can be delivered to the end buyers directly by Sanmina Corporation. Nexstim has developed two distinct product lines for pre-surgical mapping and depression therapy markets, built on a single platform. The Nexstim NBS and NBT Systems comprise of a workstation (including a navigation system) and a patient chair. The Company produces two different versions of the same HW for applications in pre-surgical mapping and therapies such as depression and chronic pain therapy. The workstation utilised for therapy markets is a simplified and more application specific version of the workstation configured for pre-surgical mapping. The differences between the workstations come from the use of motor and speech mapping module in PSM requiring more extensive diagnostic capabilities and user interface.

For therapy treatments Nexstim's NBT System utilises targeted transcranial magnetic stimulation modulating the brainactivity per the protocols defined for each treatment modality. For depression treatment the stimulation is excitatory modulation of the DLPFC. In chronic pain therapy, excitatory stimulation is targeted to the cortical muscle representation corresponding to the area of the pain. The NBT System is designed to ensure delivery of stimulation to the targeted area despite possible movement of the patient. The NBT System has an air-cooled coil, allowing for longer treatment periods.

Nexstim's NBS System is a noninvasive alternative capable of providing accurate speech and motor mapping for neurosurgery. The NBS System has been designed to seamlessly integrate into neurosurgical workflows by easily exporting mapping data to neurosurgical devices. The NBS System utilises a basic mapping coil. To enable speech mapping capability, a NexSpeech module must be added. The NexSpeech module includes a separate monitor, an air-cooled coil and software to map and analyse the speech areas of the brain. According to the management's knowledge, the NBS System with the additional NexSpeech module is the only noninvasive FDA cleared and CE-marked device capable of speech mapping. Furthermore, a version of the NBS System made specifically for research purposes is available.

The composition of Nexstim's devices is illustrated below.



Nexstim has sales and after sales operations in its sales offices in Germany and US in addition to the headquarters in Finland. In the European countries outside of Germany, Austria and Switzerland the Company operates through distributors. The Company's distributor network extends also to other countries, such as Russia, Saudi Arabia and Hong Kong.

Technology platform

Nexstim's NBT and NBS Systems are based on a single technology platform that combines the technologies needed for Navigation, neuronal Activation and Response measurement.

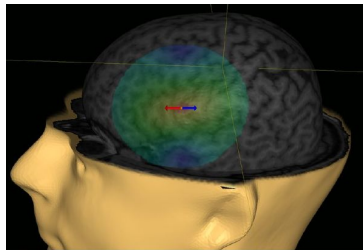
- Navigation is the visualization and determination of the location of the maximum E-field on the cortical surface. Main technology components for this are the 3d tracking systems, 3 D model of the head and the realtime E-field modelling algorithms
- Activation is the controlled delivery of the stimulating pulse(es) dose causing intended neuronal activation by the TMS device.
- Response measurement is the measuring of the response confirming the neuronal activation with EMG measurement or speech disruption

Thus the technology platform is based on the integration of a navigation system HW and multiple software algorithms providing localization and determining the stimulation dose ie. induced electric field, a proprietary TMS stimulator and EMG to measure the muscle response activated by the stimulation. For the PSM application there is additionally a language mapping module (NexSpeech) that is used for response detection and qualification. The functionality of the technology platform and the differences between the two devices is briefly illustrated below.

Navigation process

3D modelling

Nexstim has proprietary algorithms that produce a navigable 3D model of a patient's brain based on the patients MRI (magnetic resonance imaging, MRI) scans. The 3D model acts as a virtual representation of the patient's actual brain for navigation purposes, as it allows the physician to visualise the precise area of stimulation in real time. The 3D model also acts as the base to record responses for motor and speech mapping. An illustration of a 3D model is shown below.



Alignment

As the Nexstim platform utilises stereotactic navigation, the 3D model needs to be aligned to the patient's head. The platform records three predefined points of reference on the model, which are then shown on the patient's head using the registration tool. This allows the software to determine where patient's head is in relation to the 3D model. Tracking of the stimulation coil in relation to the head is achieved through the interplay between a consumable head tracker placed on the patient's forehead, tracking points on the stimulation coil and a stereotactic infrared camera sensor. The consumable head tracker has a built-in encrypted RFID chip, which is required to allow the use of the devices. Without a correct consumable head tracker compatible to the device, the device cannot be used. The consumable head trackers are single use only. The tools used for alignment and tracking are illustrated in the following.

Navigation

Nexstim's technology platform calculates and navigates visually the electric field (e-field) induced in the brain cortex in real time, which is produced by the magnetic field pulses of the TMS coil. Navigation is achieved by determining the location and direction of the TMS coil in relation to the head and then based on the electrical properties of the head calculating the electric field "E-field" induced by a stimulus delivered at the set intensity on the brain surface "cortex". The strength of the E-field is accurately in real time visualized on the cortex. Thus, enabling the user to move the coil over the patient's head and concurrently seeing the resulting e-field on the patient's individual brain anatomy. To determine the accurate location of the point of stimulation on the brain, complex algorithms are needed to calculate the effect of the magnetic fields that penetrate through the brain. The magnetic field will induce an E-field in the brain which is dependant on the patient's head's dimensions and electrical properties of the different types of matter of the head. Therefore, the area of maximum stimulation effect is always individual for the patient and not necessarily straight below the center of the stimulating coil. Nexstim proprietary and clinically verified algorithms are able to do this in real time allowing the user to continuously see, target and record the effects of the stimulation.

Activation and response measurement

Activation of the brain cortex is achieved through the TMS coil, which delivers a precise and powerful temporary magnetic field that causes a corresponding induced electric field to a precise area of the brain. Activation of a specific area of the motor cortex sends a signal to the corresponding muscle group, which is measured electrically, and the result mapped onto the 3D model through integrated EMG attached to the activated muscle. Speech response detection is done by reviewing the video of the speech session to identify and classify patient reactions to the stimulation such as speech arrest, hesitations and cognitive errors.

Stimulation dose determination

The strength of stimulation can be adjusted and personalized to the patient's individual motor threshold (MT). Motor threshold is a patient specific level of stimulation where the response to the stimulation can be measured with EMG and represents the cortical reactivity of the individual patient's brain.

Application of Nexstim platform in NBT and NBS Systems

While the process of navigation is the same for the NBS and NBT Systems, the utilisation of the activation and response measurement process differs between these two.

In therapeutic use of the NBT System the correct and accurate targeting of the intended anatomic structure as well as the correct individualised calibration of the stimulation dose are essential. Once the target area has been located it is recorded onto the 3D model for repeat stimulation in future treatment sessions. Nexstim believes that accurate navigation with reliable and repeatable targeting of the exact same area throughout the various therapy sessions is essential for optimal clinical outcomes. Accurate and reproducible targeting are also the most difficult factors to achieve and very difficult for competitors to reproduce.

In diagnostic use of the NBS System, the wider area of the brain corresponding to speech and motor cortices is mapped to prevent damaging these areas during neurosurgery as well as to determine the extent of resectable tissue. Mapping motor and speech cortices is achieved by a repetitive activation and response measurement process over wider areas creating a map showing response and non response sites onto the 3D model. This information is compared to data on location and extent of the neurosurgical target (e.g. tumour) and used in planning the subsequent operation.

Nexstim's, to the management's view - state of the art - technology platform is also being utilised by various university hospitals and research groups for research purposes.

The use of Nexstim's technology platform in diagnostic and therapeutic applications and in business operations is described in detail below.

Depression – Nexstim NBT system

TMS when given in the form of pulse trains (repetitive TMS (rTMS)) can be used modulate cortical activity by either up-regulating or down-regulating cortical excitability depending on rTMS parameters used.²¹ High frequency (10Hz) rTMS, targeted to the left dorsolateral prefrontal cortex (DLPFC), has been established as an efficient therapeutic intervention for patients with treatment-resistant depression.²² The choice of left DLPFC as a target for therapy is based on neuroimaging studies where decreased metabolic activity of the area has been found in patients suffering from MDD.²³ Targeting the high frequency rTMS to these areas of decreased metabolic activity is believed to increase the metabolic rate and consequently improve clinical symptoms of MDD.

rTMS delivery can be targeted to the approximate location of DLPFC by localizing the motor cortical site of the m.APB, and then measuring 5 cm anteriorly along the scalp surface²⁴ or by using MRI based neuronavigation for targeting rTMS to the anatomic DLPFC.²⁵

The image-guided Nexstim NBT System 2 combining the use of MRI's and modelling of the intracranial electric field induced by TMS, to localize and monitor the position of the stimulation coil with respect to the head enables accurate targeting and location controlled delivery of long trains of stimulation and modulation of neuronal activity in the anatomic DLPFC. The system further facilitates the stimulation of the same cortical location repeatedly on different days ensuring consistency of therapy over the full treatment period.

According to the information Nexstim has, the accuracy and consistency of NBT in targeting DLPFC or other cortical areas is unsurpassed by other TMS devices.

Typically an rTMS therapy course for treatment of depression consists of 30 treatment sessions provided 5 days per week over a six week period. In naturalistic open label clinical use, circa 29-37% of patients have been reported to achieve remission of the disease and circa 56-58% to obtain a clinical response defined as a 50% decrease in symptom severity.²⁶

In the US, commercialization efforts will focus on high volume TMS centers in high volume geographic centers with a value proposition based on increased technology at a lower up-front cost and the opportunity to be involved in registry sourced publications that support early indication of improved patient outcomes. To support early adoption, Nexstim will build clinical relationships with influential centers and key opinion leaders that have a history of TMS publications.

Application of the NBS System in pre-surgical mapping

Nexstim's NBS System has served as a proving ground for the navigational technology utilised in the NBT System for depression and pain. It has also proved the safety of the technology platform to regulators through FDA clearance and CE marking. See "*Industry overview – Characteristics of the medical device market – European regulatory approval*" for more details on CE marking.

The accuracy in the correct localisation of the primary motor cortex of Nexstim's noninvasive NBS System has been established in research and clinical use. The level of accuracy in the mapping of the motor cortex has been shown to be that of direct cortical stimulation (DCS), which is generally considered to be the gold standard in brain mapping.

21 Hallett, 2008

22 O'Reardon, J, et al., Efficacy and Safety of Transcranial Magnetic Stimulation in the Acute Treatment of Major Depression: A Multisite Randomized Controlled Trial. *Biological Psychiatry*. 2006;62:1208-1216 and Lisanby S et al., Daily Left Prefrontal Repetitive Transcranial Magnetic Stimulation in the Acute Treatment of Major Depression: Clinical Predictors of Outcome in a Multisite, Randomized Controlled Clinical Trial. *Neuropsychopharmacology*. 2009; 34:522-534. and George M et al., Daily prefrontal transcranial magnetic stimulation therapy for major depressive disorder. *Arch Gen Psychiatry*. 2010; 67:507-516.

23 George M, Wassermann E, Williams W, Callahan A, Ketter T, Basser P et al, Daily repetitive transcranial magnetic stimulation (rTMS) improves mood in depression. *Neuroreport* 1995. 6:1853-6.

24 O'Reardon, J, et al., Efficacy and Safety of Transcranial Magnetic Stimulation in the Acute Treatment of Major Depression: A Multisite Randomized Controlled Trial. *Biological Psychiatry*. 2006;62:1208-1216.

25 Herwig U, et al. Transcranial Magnetic Stimulation in Therapy Studies: Examination of the Reliability of "Standard" Coil Positioning by Neuronavigation. *Biol Psychiatry* 2001;50:58–61 and Ahdab R, et al. Comparison of "standard" and "navigated" procedures of TMS coil positioning over motor, premotor and prefrontal targets in patients with chronic pain and depression. *Clinical Neurophysiology* (2010) 40, 27–36 and Fitzgerald P, et al. A randomized trial of rTMS targeted with MRI based neuro-navigation in treatment resistant depression. *Neuropsychopharmacol* 2009;34:1255-1262

26 Carpenter et al, 2012

The NBS System is utilised in PSM for the mapping of motor and speech cortices prior to neurosurgery in the vicinity of these cortices. PSM is most often utilised prior to removal of brain tumours, but can also be performed in conjunction with intractable epilepsy and arterovenous malformation surgeries.

Motor mapping. With proven accuracy NBS System's motor mapping provides a safe and noninvasive alternative to only mapping during surgery with direct cortical stimulation. NBS System's motor mapping utilises activation and response measurement to map motor cortices onto a 3D model of the patient's brain, allowing neurosurgeons to plan the operable area more accurately before a risky operation in the vicinity of the motor cortex. See "Industry overview - *Navigation process - 3D-modelling*".

The clinical benefit of NBS motor mapping has been proven in multiple peer reviewed articles. The departments of neurosurgery at Charité Berlin and TU Munchen have e.g. published investigator initiated trial results relating to the benefits of NBS in brain tumour patients. The studies compared a total of 350 NBS mapped patients with a control group of 215 patients, which were only mapped during surgery using DCS. Charité Berlin's study showed an increase in total resections from 42% to 59% in the NBS patients, expanded surgical indication by 14.8%, disproved suspected involvement of the primary motor cortex in 25.1% of cases and increased progression free time by 45% from 15.4 to 22.4 months amongst other benefits²⁷. The TU München study showed improvements in total resections from 58% to 78% amongst other benefits²⁸.

Speech mapping. Currently the reliable mapping of speech cortices is limited to direct cortical stimulation (DCS) as is the case with motor mapping. DCS speech mapping requires the patient to be awake during the invasive procedure collaborating with the surgeon on pictures shown to the patient while electric stimulation is applied to the brain making it an unpleasant, stressful and very difficult procedure. Therefore DCS speech mapping is performed only in few locations. Nexstim's NBS System and its NexSpeech module allow for noninvasive mapping in a safe and pleasant manner. This mapping is performed prior to the surgery and the received data facilitates a better planning of a brain surgery which can then be targeted on a smaller area of the brain. Mapping by utilising the NexSpeech module lowers the threshold for speech mapping and diminishes the extent of mapping during surgery as the location of the speech cortices is already known. The ease of use and noninvasiveness of the NBS System also provide for wider usage of speech mapping, however if NexSpeech speech mapping leads to an operation the results must be verified during surgery using DCS.

In a blinded trial performed by KOLs comparing NexSpeech and DCS²⁹, speech mapping utilising the NexSpeech module was successful in all cases, allowing the neurosurgeons to identify cortical areas that did not contain speech function.

Chronic neuropathic pain - NBT system

Non-invasive neurostimulation using TMS and targeting the primary motor cortex contralateral to the pain has been identified as one potential additional therapy option for patients with chronic neuropathic pain. The mechanism of action of pain relief is not completely understood. Based on experience gained from the clinical use of invasive neurostimulation for pain relief (deep brain stimulation targeting the subthalamic nuclei or epidural motor cortex stimulating electrodes targeting the corticothalamic pathways) it was postulated that similar clinical effects might be possible using rTMS to induce an electric field on the motor cortex, stimulate it and possibly achieve pain relief. It is thought that the rTMS stimulation has an effect on descending opiod-based anti-nociception and increases the activity of endogenous opiod system. This may take place through an increased activity of striatal dopaminergic neurons. It is also postulated that stimulation may lead to the inhibition of hyperactive thalamic nuclei through cortico-thalamic pathways and restoration of defective GABAergic inhibition and alleviation of pain sensation.³⁰ The inhibition of hyperactive thalamic nuclei via cortico-thalamic pathways.

In the treatment of unilateral chronic neuropathic pain NBT system is used to target the primary motor cortex corresponding to the cortical representation of the muscles in the area of pain. After the target location has been mapped with the NBT system, excitatory high-frequency rTMS is used to stimulate this brain location.

Corporate structure

Nexstim has two wholly owned and operative subsidiaries. Nexstim Inc. has been established under Delaware state laws in the US in 2008 and its warehouse is located in Stone Mountain, Georgia. Nexstim Germany GmbH has been established

27 Frey, Dietmar, et al. "Navigated transcranial magnetic stimulation improves the treatment outcome in patients with brain tumors in motor eloquent locations." *Neuro-oncology* (2014): nou110.

28 Krieg, Sandro M., et al. "Preoperative motor mapping by navigated transcranial magnetic brain stimulation improves outcome for motor eloquent lesions." *Neuro-oncology* (2014): nou007.

29 Vajkoczy, et al. Utility of Navigated Brain Stimulation in preoperative mapping of essential speech areas. 2012

30 Jääskeläinen SK, et al, Variation in the dopamine D2 receptor gene plays a key role in human pain and its modulation by transcranial magnetic stimulation, *PAIN* (2014), doi: <http://dx.doi.org/10.1016/j.pain.2014.08.029> and Plow E, et al. Brain Stimulation in the Treatment of Chronic Neuropathic and Non-Cancerous Pain *J Pain*. 2012 May ; 13(5): 411-424. doi:10.1016/j.jpain.2012.02.001.

under German law in 2008 and it does not have permanent offices. In addition, Nexstim has a fully owned but currently inactive subsidiary, Nexstim Ltd, established under UK law in 2008.

Organisation and employees

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 four operative functions:

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

As of 31 December 2019, Nexstim employs 34 full-time employees (FTEs). The allocation of the employees between the group companies is presented in the following.

Nexstim Plc employs 23 FTEs (2017: 20). During the financial year 2018 Nexstim group employed on average of 29 FTEs (2017: 24 FTEs).

As of 31 December 2018 in Finland the R&D function has 10 employees, Sales & Marketing has five employees, Administration has six employees, including CEO, and Clinical Function has two employees. In addition Nexstim Plc has two part time trainees in R&D.

As of 31 December 2018 Nexstim Inc. employs ten FTEs deployed as follows: two in sales, one in marketing, three in clinical support and two in operations and two in other positions.

As of 31 December 2018 Nexstim Germany GmbH employs three FTEs..

Research and development

Nexstim has its own research and development organisation in its headquarters in Helsinki, Finland. The Company also outsources parts of its R&D efforts mainly to Finnish subcontractors. More detailed financial information about the R&D expenditures can be found on section "*Operating and financial review and prospects – Investments*".

Quality management system

In its operations Nexstim uses a full quality assurance system in accordance with MD Directive. Nexstim's quality management system has certificate in accordance with ISO 13485 standard (medical devices), which can be utilised in connection with the full quality assurance system as harmonised standards. Nexstim's NBT and NBS Systems have CE marking and EC declarations of conformity within the EEA. See "*Industry overview – Characteristics of the medical device markets – European regulatory approval*".

The maintaining of permits and approvals of Nexstim's devices requires that the quality management system remains compliant with the requirements and is continuously developed. FDA and a notified body, in accordance with MD Directive, may audit and inspect the Company's premises and operations, in order to verify that the approved device and documentation related thereto are adequate and comply with potential permit conditions and the requirements of the quality management system. By active maintain and development of its quality management system Nexstim aims to ensure the validity of the permits and approvals obtained for its devices.

Intellectual property

Nexstim seeks to protect its technology and innovations by obtaining appropriate intellectual property protection and maintaining and enforcing its existing key intellectual property rights. Nexstim relies on patent-, utility model- and trade mark- and copyright-laws, trade secrets and confidentiality agreements to protect its products, proprietary technology and know-how.

In its immaterial property rights strategy, the Company aims to ensure that it has the freedom to operate on its target markets also in the future. The objective of patent protection is to create hurdles for competitors and protect the commercialisation of its devices through patent protection by way of, for instance, seeking patent protection on different parts of the products and making it more difficult for potential competitors to create competing products. The core algorithms the Company protects as trade secrets in order to avoid publicity.

Nexstim believes that its intellectual property is of great value and importance to the Company and its business. Nexstim also believes that its business, financial condition and results of operations are not dependent on any single patent or utility model.

Patents and utility model

Nexstim has a patent and utility model portfolio covering patents, patent applications and a utility model concerning both the NBT and NBS Systems. As of date of this Prospectus the portfolio includes 14 patent families (each patent family is a single invention that may be filed in separate countries) and one utility model. The patent families and the utility model are described in Appendix A. As of the date of this Prospectus, the Company has in total 69 patents and 16 pending patent applications. Most of these patent applications relate to the NBT System.

The geographical area of the patents focuses in particular on the US, Europe and Asia. In addition, Nexstim has patent registrations and patent filings in Japan, China, Brazil, Korea and Canada. Protection through existing patents and applications has been sought in key territories through the following filing groups:

- Standard: Finland, Germany, UK, France, Italy, US, Japan, China;
- Case-by-case: Russia, Spain, Denmark, Belgium, Netherlands, Taiwan. Brazil, India, Korea, Australia

Nexstim's patents are predominantly derived from employee inventions. In addition to Nexstim's patents and utility models portfolio, Nexstim also relies on copyrights, trade secrets, know-how, development of new products, and technological development in combination with nondisclosure agreements and similar agreements.

Software

Nexstim owns rights to its NBT and NBS Systems' software developed by it. In addition, Nexstim uses subcontractors for software development purposes. Nexstim sells and grants appropriate licenses for its products' software in connection with a product purchase. Nexstim uses open source software (OSS) in connection with the product development. Nexstim is aware of the applicable OSS license requirements of which it has taken into due consideration in its own license terms. Nexstim has used the open source codes only in a manner in which there is no obligation to distribute such source codes to third parties.

Trademarks and domain names

Nexstim owns registered trademarks for the word marks "NEXSPEECH", "NBT" and "NEXSTIM NBT" and "NEXSTIM" in the US and Europe. As of the date of this prospectus Nexstim has two trademarks, an international trademark and an EU trademark for the trademark "SmartFocus" and applications pending in eight countries regarding this trademark. The Company has a total of 5 trademark families, a total of 26 granted trademarks and 9 pending trademark applications as of the date of this Prospectus.

Nexstim has, among other names, the following domain names: nexstim.com, nexstim.fi, nexstim.de, navigatedbrainstimulation.com, navigatedbraintherapy.com and neurosurgerystartshere.com.

Material agreements

Agreement with the Certified Adviser

For further information on the agreement made with the Certified Adviser see "*Agreements Relating to the Offering – Financial advisors and Certified Adviser*".

Financing agreements

As at the date of this Prospectus the Company has outstanding capital and development loans granted by Kreos and a loan granted by Tekes. For further information on these financing arrangements see respective sections in section "*Operating and financial review and prospects – Financing and liquidity*".

Insurance

Nexstim's management believes that Nexstim and its subsidiaries maintain insurance coverage that reflects the requirements and the size of the parent company, business areas and subsidiaries concerned.

Nexstim maintains various types of insurance, such as liability insurances, management liability insurances, product liability insurances, travel insurances, employee group life insurance and personnel medical expenses insurance.

In addition, Nexstim maintains various local insurance policies that are mandatory at the local level, such as statutory accident insurance in Finland and healthcare plans and insurances in US and Germany for its employees as is customary in those jurisdictions.

Legal proceedings

Company has no pending governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which Company is aware) which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of Company, as a whole.

COMPANY, SHARES AND SHARE CAPITAL

General corporate information

The business name of the Company is Nexstim Plc. The Company is a public limited company incorporated on 15 May 2000 in Finland, and it is organised under the laws of Finland. The Company is registered in the Finnish Trade Register under the business identity number 1628881-1. The registered address of the Company is Elimäenkatu 9 B 00510 Helsinki, Finland and its telephone number is +358 (0)9 272 7170. The Company is headquartered in Helsinki, Finland.

According to article 2 of its articles of association, the line of business of Nexstim is the development, production and sales of appliances for medical examinations, treatment, therapy and diagnostics as well as accessories and software relating thereto. The Company may offer services relating to its line of business, and may also carry out research and development activities as well as licensing activities relating to its line of business. The Company may also engage in the holding and trade of real property and securities. The Company may conduct its business directly on its own or through subsidiaries or associated companies.

Reduction of the quantity of shares in the Company, shares and share capital

The extraordinary general meeting of the Shareholders passed on 21 November 2018 a resolution of a reduction of the quantity of shares in the Company, without reducing share capital by way of issuing new shares and by redemption of Company's own shares without consideration, in such a way that after the completion of such arrangements 1 share of the Company corresponds to 30 shares of the Company. Prior to such arrangement, the number of all shares in the Company was 97,531,529.

The purpose of the reduction of the quantity of Company's shares was to increase the value of a single share and thus to improve the trade conditions of the shares and the reliability of the price formation of the shares. Hence, the Board of Directors considers that there was a particularly weighty financial reason for the Company to reduce the quantity of Company's shares. This arrangement did not affect the equity of the Company, no payments were paid to or by any of the shareholders and the arrangement did not require any action from the shareholders.

As at the date of this Prospectus, the fully paid-up share capital of Nexstim amounts to EUR 80,000,00 consisting of 3,253,746 shares. The shares have no nominal value. Nexstim has one series of shares, which have an ISIN code of FI4000354162.

The shares are issued under Finnish law. The Company's shares are denominated in euro.

As at the date of this Prospectus, Nexstim does not hold any treasury shares.

The shares have been entered into the book-entry securities system of Euroclear Finland on 9 October 2014. The shares that are traded on First North Sweden are also registered in the Swedish book-entry securities system of Euroclear Sweden from 11 November 2014.

Each share entitles its holder to one vote at the general meetings of shareholders of Nexstim.

Authorisations

Authorisation of 21 November 2018 of the extraordinary general meeting of shareholders

On 21 November 2018, the extraordinary general meeting of shareholders resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights to shares, referred to in Chapter 10(1) of the Finnish Companies Act.

The maximum number of shares that can be issued on the basis of the authorization is 7,000,000 shares of which 5,769 shares have been used as the Board of Directors resolved on a directed share issue without consideration on 25 March 2019 in connection with the restricted share unit plan of the Company (see below "*Directed issues (including warrants) – RSU plan*"). The authorisation is intended to be used for the future financing needs as well as possible mergers and acquisitions and other needs of the Company. The authorisation is valid until 21 November 2019.

The Board of Directors decides on all the terms and conditions of the issuances of shares and of option rights and other special rights entitling to shares. The issuance of shares and option rights and other special rights entitling to shares can take place in derogation of shareholders' pre-emptive subscription rights (directed issue), provided that there is, from the perspective of the Company, weighty financial grounds for this, such as the use of the shares as consideration in possible corporate acquisitions or other arrangements involving the Company's business, the financing of investments or the use of

shares, option rights or other rights to shares as part of the Company's incentive schemes. In the issue, shares can be assigned either against payment or for free. A directed issue may only be free if there are particularly weighty financial grounds for it both from the perspective of the Company and in consideration of the interests of all of its shareholders.

Authorisation of 25 March 2019 of the annual general meeting of shareholders

On 25 March 2019, the annual general meeting of shareholders resolved to authorise the Board of Directors to decide, in one or more transactions, on the issuance of shares and the issuance of option rights and other special rights to shares, referred to in Chapter 10(1) of the Finnish Companies Act.

The maximum number of shares that can be issued on the basis of the authorization is 63,000,000 shares. The authorisation is intended to be used for the future financing needs other needs of the Company. The authorisation is valid for one year after the annual general meeting of the shareholders.

In issue(s) 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 such issue of new ordinary shares, the Board of Directors is authorized to resolve on a directed issue of option rights or 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 Board of Directors decides on all the terms and conditions of the issuances of shares and of option rights and other special rights entitling to shares.

Prior to the date of this Prospectus, 69,994,241 shares of the above-mentioned authorisations remained fully unused and 68,328,666 of those will be used in connection with the Offering and the issue of the Offer Warrants, and the remaining amount 1,665,575 partly or fully in the possible directed share issue arranged in connection with the Offering.

The Board of Directors of the Company resolved on 26 March 2019 to issue the Offer Shares by approving the terms and conditions of the Offering as described below.

Development of share capital and number of shares in the Company

The following table presents an overview of the changes in Nexstim's share capital and the number of shares from 31 December 2015 until the date of this Prospectus. On 31 December 2015/ 1 January 2016, there were 8,010,758 shares in the Company and the share capital of the Company was EUR 80,000.

Most of the changes indicating an increase in the total number of shares in the table below are connected to a financing arrangement described below with Bracknor and Sitra (see below section "*Directed issues, including warrants – Bracknor and Sitra*"). In connection with such arrangement, the Company has made several share issues directly to the investors, as well as issued first treasury shares to itself without payment and then transferred such shares to the investors in question against loans and other payments received in connection with such arrangement. The arrangement has also included issuance of special rights to shares in the Company i.e. warrants and some of such warrants have been exercised during the above-mentioned time period.

In all events set forth in the following table, all issuances of new shares and transfers of treasury shares to the investors have been made against a subscription price which is fully recorded to the fund for the non-restricted equity.

Event	Number of shares issued (or annulled)***	Total number of shares after the event***	Share capital after the event (EUR)	Date
Conversion of stock options 2010A, 2011 A and 2013A**	106,075 (3,536)	8,116,833 (270 561)	80,000	30 May 2016
Issue of treasury shares	901,870 (30,062)	9,018,703 (300,623)	80,000	26 July 2016
Sitra share issue* (719,007 new shares); issue of 795,431 treasury shares	1,514,438 (50 481)	10,533,141 (351,105)	80,000	29 August 2016

Issue of treasury shares	858,114 (28,604)	11,391,255 (379,709)	80,000	10 October 2016
Bracknor CBF3 conversion* (319,808 shares) and issue of 1,271,068 treasury shares	1,590,876 (53,029)	12,982,131 (432,738)	80,000	27 October 2016
Bracknor SEDA1 share issue* (507,687 shares) and issue of 1,498,868 treasury shares	2,006,555 (66,885)	14,988,686 (499,623)	80,000	7 November 2016
Bracknor CBF4 conversion* (66,946 shares) and issue of 1,668,7000 treasury shares	1,735,646 (53,855)	16,724,332 (557,478)	80,000	11 November 2016
Bracknor CBF4 conversion*	624,832 (20,828)	17,349,164 (578,305)	80,000	14 November 2016
Bracknor SEDA2 share issue*	2,231,545 (74,385)	19,580,709 (652,690)	80,000	15 November 2016
Bracknor SEDA3 share issue* (810,951 shares) and issue of 2,265,740 treasury shares	3,076,691 (102,556)	22,657,400 (755,247)	80,000	21 November 2016
Bracknor CBF5 conversion*	1,115,772 (37,192)	23,773,172 (792,439)	80,000	23 November 2016
Bracknor CBF5 conversion*	3,302,686 (110,090)	27,075,858 (902,529)	80,000	25 November 2016
Bracknor SEDA4 share issue* and issue of 999,371 treasury shares	5,108,594 (170,286)	32,184,452 (1,072,815)	80,000	30 November 2016
Sitra SEDA1 share issues*	2,333,341 (77,778)	34,517,793 (1,150,593)	80,000	8 December 2016
Bracknor CBF6 conversion*	2,042,483 (68,083)	36,560,276 (1,218,676)	80,000	19 December 2016
Bracknor CBF6 conversion*	1,231,476 (41,049)	37,791,752 (1,259,725)	80,000	23 December 2016
Bracknor CBF6 conversions*	9,295,997 (309,867)	47,087,749 (1,569,592)	80,000	27 December 2016
Bracknor CBF6 (MEUR 4.1) and CBF7 (MEUR 1.25) conversions* and issue of 5,372,641 treasury shares	8,635,435 (287,848)	55,723,184 (1,857,439)	80,000	12 January 2017
Conversion of stock options 2013A**	256,035 (8,535)	55,979,219 (1,865,974)	80,000	19 January 2017
Bracknor SEDA5 share issue* and issue of 270,067 treasury shares	1,295,519 (43,184)	57,274,738 (1,909,158)	80,000	24 January 2017
Bracknor SEDA6 share issue*	16,787,253 (559,575)	74,061,991 (2,468,733)	80,000	14 March 2017
Sitra SEDA2 share issue*	3,524,756 (117,492)	77,586,747 (2,586,225)	80,000	21 March 2018
Bracknor CBF7 warrant	3,543,586	81,130,333	80,000	2 May 2017

exercise*	(118,120)	(2,704,344)		
Bracknor CBF7 warrant exercise*	3,448,117	84,578,450	80,000	5 June 2017
	(114,937)	(2,819,282)		
Sitra SEDA3 share issue*	1,475,224	86,053,694	80,000	9 June 2018
	(49,174)	(2,868,456)		
Conversion of stock options 2013A**	110,000	86,163,694	80,000	19 September 2017
	(3,667)	(2,872,123)		
City Financial share issue*	7,000,000	93,163,694	80,000	30 October 2018
	(233,333)	(3,105,456)		
RSU plan share issue**	9,910	93,173,604	80,000	18 December 2017
	(330)	(3,105,787)		
Conversion of stock options 2013A**	148,160	93,321,764	80,000	29 January 2018
	(4,939)	(3,110,725)		
RSU plan share issue**	209,765	93,531,529	80,000	5 April 2018
	(6,992)	(3,117,718)		
Capricorn share issue*	4,000,000	97,531,529	80,000	20 June 2018
	(133,333)	(3,251,051)		
Reduction of the quantity of shares: issue of new shares without consideration	42,721	97,574,250		25 November 2018
	(1,424)	(3,252,475)		
Reduction of the quantity of shares: redemption and annulment	Annulled: 94,321,775	Annulled: 3,252,475	80,000	25 November 2018
Issue of treasury shares to the Company itself in connection with the reduction of the quantity of shares	9,000	3,261,475	80,000	26 November 2018
Annulment of the remaining treasury shares (after proceedings finalizing the reduction of the quantity of shares)	7,724	3,253,751	80,000	3 December 2018
Annulment of the remaining treasury shares (due to an error in the calculation of the shares held by nominee shareholders and respective correction of such error)	5	3,253,746	80,000	31 January 2019
RSU plan share issue	5,759	3,259,505	80,000	Not yet registered (resolution 25 March 2019)

*Details regarding issues to Bracknor, Sitra, Ciy Financial, Capricorn and Kreos are set forth below in section “Directed issues (including warrants)”

** Details regarding option rights and RSU-plan are set forth below in section in section “Option rights”.

*** The extraordinary general meeting of the shareholders passed on 21 November 2018 a resolution on a reduction of the quantity of shares in the Company in such a way that each 30 shares of the Company corresponded to one share of the Company after completion of the arrangement. The numbers of issued shares and total numbers of shares after each event above (before such reduction proceedings) are presented first in accordance with numbers applicable as at date of each event and below in brackets, as numbers after such reduction of the quantity of shares. The numbers after reduction of the quantity of shares have been rounded upwards or downwards to the closests even number.

Directed issues (including existing warrants)

Bracknor and Sitra

On 21 July 2016, Nexstim announced a long-term financing arrangement in the form of a joint deal with Bracknor Investment (“**Bracknor**”) and Finnish Innovation Fund Sitra (“**Sitra**”). Nexstim entered into a convertible bond facility agreement of EUR 5 million (the “**CBF**”) and a stand-by equity distribution agreement of EUR 5 million (the “**Bracknor SEDA**”) with Bracknor. In addition, Nexstim entered into a stand-by equity distribution agreement of EUR 1.5 million (the “**Sitra SEDA**”) and agreed on the directed share issuance of EUR 500,000 with Sitra. Furthermore, Nexstim has, separately with Bracknor and Sitra, entered into agreements entitling to warrants i.e. special rights entitling to shares in the Company. The above-mentioned arrangement in its entirety (the “**Arrangement**”) was subject to approval by Nexstim's extraordinary general meeting of shareholders held on 18 August 2016, and the receipt of the required authorisations to issue such shares and special rights entitling to shares in the Company.

On 18 August 2016, the extraordinary general meeting of shareholders authorised the Board of Directors to resolve by one or several resolutions on issues of new shares to Nexstim itself without payment for the purpose of the Arrangement. The authorisation consisted up to 15,000,000 shares in the aggregate (which considering the reduction of the quantity of shares in the Company resolved on 21 November 2018 would have been equal to 500,000 current shares). Furthermore, the extraordinary general meeting of shareholders authorised the Board of Directors to resolve by one or several resolutions on issues of new shares or transfer of existing shares in the possession of Nexstim for the purpose of the Arrangement, the authorized number of new shares to be issued or shares to be transferred being a maximum of 15,000,000 (which considering the reduction of the quantity of shares in the Company resolved on 21 November 2018 would have been equal to 500,000 current shares) of which a maximum of 750,000 shares (equal to 25,500 shares after the reduction) may be issued without payment to Bracknor and Sitra for covering the fees relating to the Arrangement and payable by the Company. The extraordinary general meeting of shareholders then also authorized the Board of Directors to resolve by one or several resolutions on issues of special rights entitling to shares for the purpose of the convertible bond facility and warrants in connection with the Arrangement, the aggregate number of new shares to be issued or existing shares in the possession of Nexstim to be transferred on the basis of special rights entitling to shares not exceeding 18,000,000 (equal to 600,000 shares after the reduction) .

In early 2017, after receipt of the following funding of in total EUR 8,833,940.63 and issuance or conversion of the following number of shares and warrants under the Arrangement (and considering also remaining share authorizations pending at that time based on earlier resolutions of the general meeting of shareholders), it came to the attention of Nexstim's Board of Directors that the Board of Directors had in error exceeded its authorizations by issuing 15,602,127 shares (equal to approximately 520,071 shares after the reduction) and special rights entitling to a total number of 31,167,761 shares (equal to approximately 1,038,925 shares after the reduction) in Nexstim without proper authorization:

- Fee for the Arrangement EUR 410,000 was paid by transferring a total of 643,987 treasury shares (equal to approximately 21,466 shares after the reduction) to Bracknor and Sitra;
- A directed share issue of 719,007 new shares (equal to approximately 23,967 shares after the reduction) in Nexstim to Sitra for a subscription price of EUR 500,000;
- EUR 5 million was received by Nexstim from Bracknor under the CBF, and the total principal amount of the CBF was converted to 32,839,821 shares (equal to approximately 1,094,661 shares after the reduction) in Nexstim;
- EUR 2,833,940.65 was received by Nexstim under the Bracknor SEDA, towards which Nexstim issued 12,365,714 shares (equal to approximately 412,190 shares after the reduction) to Bracknor.
- EUR 499,999.98 was received by Nexstim under the Sitra SEDA, towards which Nexstim issued 2,333,341 shares (equal to approximately 77,778 shares after the reduction) to Sitra; and
- Nexstim issued in total 31,167,761 warrants i.e. special rights entitling to the same number of its shares (i.e. to approximately 1,038,925 shares considering the reduction of the quantity of shares in the Company resolved on 21 November 2018) in the directed issue to Sitra and Bracknor SEDA as follows:
 - Under the CBF, 25,771,439 warrants to Bracknor, the warrants having a per share subscription price ranging from EUR 0.1411 to EUR 0.8539 and depending on the issue date of the warrants, the expiry date of the warrants varying from 18 August 2020 to 30 December 2020;
 - Under the Bracknor SEDA, 4,328,001 warrants to Bracknor; the warrants having a per share subscription price of EUR 0.6571 and depending on the issue date of the warrants, the expiry date of the warrants varying from 1 November 2019 to 17 January 2020: and
 - Under the directed share issue to Sitra and the Sitra SEDA, 1,068,321 warrants to Sitra., the warrants having a per share subscription price of EUR 0.6571 and depending on the issue date of the warrants, the expiry date of the warrants varying from 22 August 2019 to 5 December 2019.

On 20 February 2017, the extraordinary general meeting of shareholders of Nexstim, approved the unauthorized directed issuances of 15,602,127 shares (equal to approximately 520,071 shares after the reduction) in Nexstim to Bracknor and

Sitra, as well as the unauthorized directed issuances of special rights (warrants) to Bracknor and Sitra entitling to 31,167,761 shares (equal to approximately 1,038,925 shares after the reduction) in Nexstim.

Bracknor CBF: Main terms and status of the CBF agreement with Bracknor are the following:

- Nexstim issued during financial year 2016 zero coupon loan notes in the form of a capital loan with the maturity of 18 months from the issuance;
- The loan notes were issued in 7 guaranteed sequential tranches totalling to EUR 5 million;
- The loan notes were convertible into Nexstim shares at the latest at their maturity (18 months i.e. in January 2018) immediately and without further consideration.
- Each tranche of loan notes was issued following the previous tranche being converted into shares or a cool-down period of 20 to 35 days having lapsed;
- Bracknor agreed to subscribe for the loan notes from Nexstim with a conversion ratio calculated at a time a conversion is requested such as being equal to 85% of the lowest one-day volume-weighted average price observed on Nasdaq First North Finland over a pricing period of 15 days preceding such a conversion notice.
- The loans have been fully converted into 32,839,821 shares which is equal to approximately 1,094,661 shares after the reduction of the quantity of shares in Nexstim.

Bracknor SEDA: Main terms and status of the SEDA agreement with Bracknor are the following:

- Under the Agreement, Nexstim agreed that Bracknor (or its transferee) is entitled to subscribe to shares (new or treasury shares) in the Company at an aggregate subscription price of up to EUR 5 million.
- The agreement included a commitment period which was either two years (added with possible extension of six months) or when the total amount of aggregate subscription price as been paid in full, whichever is earlier. During such commitment period and upon the Company fulfilling certain conditions precedent, Bracknor was obligated to issue weekly subscription notices, the Company obligated to pass respective resolutions on the issuances of shares to Bracknor which was then obligated to pay the respective subscription prices.
- The commitment period ended in August 2018.
- The subscription price payable was based on a price calculated at a time of a subscription notice such as being equal to 85% of the lowest one-day volume-weighted average price observed on Nasdaq First North Finland during the week immediately preceding such subscription notice.
- Until the date of the Prospectus, Nexstim has received EUR 5 million under the Bracknor SEDA, towards which Nexstim has issued in total 29,152,967 new or treasury shares which is equal to approximately 971,766 shares after the reduction of the quantity of shares in Nexstim to Bracknor. All shares under the Bracknor SEDA have been subscribed in full.

Sitra SEDA: Main terms and status of the SEDA agreement with Sitra are the following:

- The terms of the Sitra SEDA are similar than the terms set forth above entered into with Bracknor, but the Sitra SEDA entitled Sitra for subscription of shares at an aggregate subscription price of up to approximately EUR 1.8 million.
- Until the date of the Prospectus, Nexstim has received EUR 1,785,526 under the Sitra SEDA, towards which Nexstim has issued in total 8,052,348 new or treasury shares which is equal to approximately 268,412 shares after the reduction of the quantity of shares in Nexstim to Sitra. All shares under the Sitra SEDA have been subscribed in full.

Bracknor and Sitra warrants:

Nexstim has on July 21, 2016, separately with Bracknor and Sitra, entered into agreements concerning the warrants as follows. In connection with the CBF agreement entered into with Bracknor, Bracknor received warrants together with the first ten tranches of the loan notes. The warrants received in connection with the CBF agreement entitle Bracknor to subscribe for a number of shares of Nexstim equivalent to 100% of the each first ten tranches' nominal amount for the duration of four years on a per share subscription price equivalent to 110% of the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding the trigger notice for subscription of the relevant tranche of the loan notes, except for the warrants received in connection with the first tranche, for which the per share subscription price is equivalent to 110% of the lower of (i) the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding 20 July 2016; and (ii) the lowest closing volume weighted average price in the 15 trading days on Nasdaq First North Finland immediately preceding the subscription of the first tranche of the loan notes.

Furthermore, in connection with every share subscription made under the Bracknor SEDA, Bracknor received warrants that entitle Bracknor to subscribe for a number of shares of Nexstim equivalent to 35% of each share subscription made under the Bracknor SEDA. Each warrant entitled to subscribe to one share of the Company. The per share subscription price for the warrants received in connection with the Bracknor SEDA is equivalent to the lower of (i) EUR 0.6571 (which after the reduction of the quantity of shares in Nexstim was confirmed to be EUR 19.71) and (ii) the lowest one-day volume weighted average price in the five trading days on First North Finland immediately after this company announcement, and in each case the warrants are valid from the first trading day of the new shares subscribed for and for three years thereon.

Sitra received warrants in connection with the Sitra SEDA on terms materially similar to the warrants relating to the Bracknor SEDA.

Pursuant to an amendment agreements regarding the terms and conditions of the warrants executed between Nexstim and respectively Bracknor and Sitra, the exercise prices and maximum amount of warrants and shares which may be subscribed by such warrants after the reduction of the quantity of the shares have been confirmed to be the following:

Warrant	Exercise price/share	Maximum amount of warrants / shares	Expiry date
CBF1	EUR 25.62	12,629	August 18, 2020
CBF2	EUR 15.04	21,513	September 22, 2020
CBF3	EUR 10.14	34,231	October 20, 2020
CBF4	EUR 9.11	74,384	November 8, 2020
CBF5	EUR 8.70	148,769	November 16, 2020
CBF6	EUR 8.32	334,462	December 5, 2020
SEDA1	EUR 19.71	16,094	November 1, 2019
SEDA2	EUR 19.71	26,034	November 11, 2019
SEDA3	EUR 19.71	28,452	November 17, 2019
SEDA4	EUR 19.71	47,940	November 28, 2019
SEDA5	EUR 19.71	25,744	January 17, 2020
SEDA6	EUR 19.71	195,851	March 8, 2020
SITRA1	EUR 19.71	8,388	August 22, 2019
SITRA2	EUR 19.71	27,222	December 5, 2019
SITRA3	EUR 19.71	41,122	March 14, 2020
SITRA4	EUR 19.71	17,211	June 6, 2020

CBF1-6 warrants have been issued as part of the Bracknor CBF agreement between 18 August 2016 and 5 December 2016. SEDA1-6 warrants have been issued as part of the Bracknor SEDA between 1 November 2016 and 8 March 2017. SITRA1 warrants have been issued as part of the direct share issuance to Sitra on 22 August 2016 and SITRA2-4 warrants have been issued as part of the SEDA share issues to Sitra between 5 December 2016 and 6 June 2017.

Considering the reduction of the quantity of shares in the Company, a maximum of 1,060,046 new shares in the Company may be subscribed for based on the unexercised warrants with the subscription price ranging from EUR 8.28 - 25.62 per share. Exercising all the unexercised warrants in accordance with the subscription prices of the warrants' terms and conditions would amount to an aggregate subscription prices of approximately EUR 14.3 million.

All subscription prices in connection with the Arrangement and the above-mentioned warrants have been and will be recorded into invested unrestricted equity fund.

In the event Bracknor and Sitra resolves to exercise the warrants in full, the proportion of the all shares of the Company being currently issued and registered would be diluted by approximately 24.57% to approximately 75.43% of all issued and registered shares, and taken into account such exercise of warrants.

See “*Terms and conditions of the Offering - General terms of the Offering – Holders of warrants*” regarding expected amendment to the terms of the warrants.

City Financial

The Company's Board of Directors resolved on 24 October 2017 to issue 7,000,000 new shares at a subscription price of EUR 0.25 per share, resulting in an aggregate subscription price of EUR 1,750,000 (before any expenses relating to the share issue) by a directed issue of new shares to a London-based fund managed by City Financial Investment Company Limited. There was a weighty financial reason to deviate from the pre-emptive subscription right of the shareholders. The subscription price was recorded in its entirety into invested unrestricted equity fund. After the reduction of the quantity of shares in the Company the number of shares issued to City Financial Investment Company is approximately 233,333 shares.

Kreos

The annual general meeting of shareholders of Nexstim resolved on 28 March 2018 to approve a financing arrangement regarding a senior secured term loan facility of EUR 4 million with respective security and warrant agreements with Kreos. The loan and security terms are described above in section *"Operating and financial review and prospects – Financing and liquidity - Kreos loan, security and warrant arrangement"*.

The Board of Directors of Nexstim resolved on 19 June 2018 to draw the full loan facility of EUR 4 million as agreed with Kreos and to issue the related special rights entitling to shares i.e the warrants. Weighty financial reasons existed for the issuance of the warrants as such issuance related to the financing arrangement which, in the assessment of the board of directors, was necessary for the furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and the US.

The maximum number of new or treasury shares to which the warrants entitled to were 1,739,761 shares in aggregate (being 480,000 divided by the 90-day volume-weighted average price of the Nexstim share, as further specified in the warrant agreement). Pursuant to an amendment agreement regarding the terms and conditions of the warrants executed between Nexstim and Kreos, the maximum number of warrants and shares which may be subscribed by such warrants after the reduction of the quantity of the shares have been confirmed to be 57,992.

Pursuant to the amended warrant terms, the exercise price per each share based on one warrant is EUR 8.277 or if the holder of warrants chooses, the number of shares subscribed by warrants may be also less and respectively the exercise price per each share may be also based on a specific formula agreed in the warrant terms. The maximum number of shares which may be subscribed to is in any case 57,992.

The exercise period of the warrants commenced when the issue of the warrants was registered with the Finnish Trade Register, and the exercise period will end on the fourth anniversary following the issue date, or in case of change of control to a bona fide third party, whichever is earlier. The subscription price will be recorded in its entirety into invested unrestricted equity fund.

In the event Kreos resolves to exercise the warrants in full, the proportion of the all shares of the Company being currently issued and registered would be diluted by approximately 1.75% to 98.25% of all issued and registered shares.

See *"Terms and conditions of the Offering - General terms of the Offering – Holders of warrants"* regarding expected amendment to the terms of the warrants.

Capricorn

The Company's Board of Directors resolved on 17 June 2018 to issue up to 4,000,000 new shares at a subscription price of EUR 0.24 per share, resulting in an aggregate subscription price of EUR 960,000 (before any expenses relating to the share issue) via a directed issue of new shares to a Belgium-based Capricorn Health-tech Fund. The subscription price was recorded in its entirety into invested unrestricted equity fund. After the reduction of the quantity of shares in the Company the number of shares issued to Capricorn Health-tech Fund is approximately 133,333 shares.

Weighty financial reasons existed for the issuance of the warrants as such issuance related to the financing arrangement which, in the assessment of the Board of Directors, was necessary for the furtherance of the bringing to market of Nexstim NBT® and NBS products in Europe and the US.

Option rights

The Company has issued option rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which entitle their holders to the subscription of Nexstim's shares.

Considering the effects of the reduction of the quantity of shares in the Company, there are currently 331,706 option rights outstanding in the Company based on Option Plans 2013 A, 2016A-C, 2017 and 2018A-B which entitle to subscribe for an aggregate of 331,706 shares in the Company.

Holdings of option rights by the management and other key personnel are presented under *"Management and other key personnel – Holdings of the Company's Board of Directors and management team"*.

Option Plan 2013A

The shareholders of the Company unanimously decided on 9 October 2013 on the implementation of Option Plan 2013A and authorised the Board of Directors to decide on the terms and allocation of the option rights. According to a resolution made by the Board of Directors on 27 November 2013, option rights were offered to the personnel and the management of the Company, and according to a unanimous shareholder resolution on 29 September 2014 to members of the Board of Directors of the Company, not taking into account the shareholder's pre-emptive rights, since the option rights were issued as a part of an equity based incentive program of the personnel and management of the Company and its subsidiaries. The aim of the incentive program was to encourage the personnel and management to a long term working relationship with the Company in order to enhance the equity value and to commit the personnel and the management to the Company. Therefore, it was considered that weighty financial reasons for the derogation to the shareholders' pre-emptive rights exist. The option rights were issued free of charge.

The right of the option holders to subscribe to shares pursuant to Option Plan 2013 A is determined by vesting plans between the Company and the option holders.

Pursuant to Option Plan 2013A, as amended by a unanimous shareholder decision on 29 September 2014, each option right entitles the option holder to subscribe for one new share issued by the Company. The subscription price, EUR 0.30 per share (considering the reduction of the quantity of shares), shall be recorded in full to the reserve for invested unrestricted equity of the Company. The exercise period of the option rights began on 1 December 2013 and ends on 31 December 2020. A total of 1,721 such option rights under Option Plan 2013A entitling to the subscription of up to 1,721 are currently outstanding. No further option rights may be issued under Option Plan 2013A, and pursuant to the resolution of the Board of Directors on 19 June 2018, 72,268 option rights 2013A held by the Company were definitely and irrevocably cancelled.

Option Plan 2016B-C

Pursuant to the authorization provided by the annual general meeting on 31 March 2016, the Company Board of Directors resolved on 25 May 2016 on the implementation of Option Plan 2016A-C. The option rights were offered to the key employees and consultants of the Company, not taking into account the shareholder's pre-emptive rights, since the option rights were intended to form part of the incentive and commitment program for the participants. The purpose of the option rights was to encourage the plan participants to work on a long-term basis to increase shareholder value. Therefore, it was considered that weighty financial reasons for the derogation to the shareholders' pre-emptive rights exist.

The original maximum the total number of option rights issued was 700,000, and they entitled their owners to subscribe for a maximum total of 700,000 new shares or existing shares held by the Company. Of the option rights, 210,000 were originally marked with the symbol 2016A; 256,000 marked with the symbol 2016B; and 234,000 marked with the symbol 2016C. The share subscription period was originally for option rights 2016A, 1 July 2018 – 15 December 2023; for option rights 2016B, 1 July 2019 – 15 December 2024; and for option rights 2016C, 1 July 2020 – 15 December 2025.

The Board of Directors decided upon the distribution of option rights to the participants, and approximately 20 participants, including the members of the management team, belonged to the target group of the option plan.

The share subscription price was for option rights 2016A, EUR 1.08, i.e. the trade volume weighted average quotation of the Company's share during April 26, 2016 - May 24, 2016; for option rights 2016B, the trade volume weighted average quotation of the Company's share during twenty (20) trading days following the release date of the Company's financial statements 2016; and for option rights 2016C, the trade volume weighted average quotation of the Company's share during twenty (20) trading days following the release date of the Company's financial statements 2017.

As the number of shares in the Company increased considerably since May 2016 as a result of the Arrangement with Bracknor and Sitra and no option rights 2016 were yet outstanding, the Board of Directors of the Company resolved on 19 October 2017 to amend the terms of the option rights 2016A-C. The amended maximum total number of option rights 2016 to be issued was 6,521,448 and entitled their owners to subscribe for a maximum total of 6,521,448 new shares or existing shares held by the Company. All 210,000 option rights 2016A, held then by the Company, were converted into option rights 2016B. Of the option rights, 4,343,284 were marked with the symbol 2016B and 2,178,164 marked with the symbol 2016C. The share subscription price option rights 2016B was confirmed to be EUR 0.160 per share. No changes was made to the shares subscription periods of option rights 2016A-C.

Another amendment of the terms of the option rights 2016A-C was resolved by the Board of Directors on 18 June 2018, when the Board of Directors resolved to convert 1,484,198 option rights 2016B held then by the Company into option rights 2016C. The Board of Directors further resolved to amend the terms of these stock options 2016C held by the Company (then remaining unallocated) in such way that, that the first possible share subscription date of the new option rights 2016C is 1 July 2021 (instead of 1 July 2020) and shall end 15 December 2026, and that the working commitment of persons receiving these option rights 2016C will be continued accordingly.

Based on the definition of the subscription price for option rights 2016C and considering the effects of the reduction of the quantity of shares in the Company, the share subscription price may be confirmed to be EUR 4.80 per share for option rights 2016B and EUR 6.00 per share share for option rights 2016C.

As consequence of the change resolved by the Board of Directors on 19 June 2018 and so-called secondary allocation of in total 616,666 option rights C resolved then, of the option rights 2016 in aggregate 2,859,086 were marked with B and those

option rights are all allocated to the management and personnel whereas in total 3,662,362 option rights were marked with symbol C out of which 2,267,580 were allocated to the management and personnel and 1,394,782 remained in the possession of the Company. Considering the effects of the reduction of the quantity of shares in the Company and cancellations of the option rights held by employees who have left the Company, there are currently in total 33,300 option rights 2016B and in total 16,700 option rights 2016C outstanding which entitle to subscribe the same amount of shares in the Company. In total 46,492 option rights 2016C remain in the possession of the Company and may be allocated in accordance with applicable terms. No option rights 2016A remain outstanding.

Option Plan 2017 for the CEO

The Board of Directors resolved on 19 October 2017 to launch an option plan aimed at the Chief Executive Officer (CEO) of the Company. The Company had a compelling financial reason for the issue of these option rights, since they were intended to form part of the incentive and commitment program for the CEO. The purpose of the option rights was to incentivise the CEO to work on a long-term basis to deliver shareholder value and to ensure the CEO is committed to the Company.

The maximum total number of option rights 2017 issued was 1,178,552, and they entitle their owner to subscribe for a maximum total of 1,178,552 new shares or existing shares held by the Company. The option rights were be issued gratuitously. Considering the effects of the reduction of the quantity of shares in the Company, there are currently in total 39,285 option rights 2017 held by the CEO which entitle to subscribe the same amount of shares in the Company against a subscription price of EUR 4.80 per share.

The share subscription period for option rights 2017 will be October 20, 2018-March 31, 2023. If the CEO's service in the Company terminates, he will, as a rule, forfeit all stock options without compensation if the share subscription period has not begun; or have a period of 90 days in which to subscribe for the shares for which the share subscription period has begun, or otherwise forfeit such option rights.

No further option rights may be issued under Option Plan 2017.

Option Plan 2018A-B

On 19 June 2018, the Board of Directors of Nexstim resolved on a new option plan 2018A-B. The maximum total number of option rights 2018 to be issued is 2,200,000 and they entitle their owners to subscribe for a maximum total of 2,200,000 new shares in the company or existing shares held by the company. Of the option rights, 1,100,000 are part of option rights 2018A and 1,100,000 option rights 2018B. The share subscription period for option rights 2018A will be 1 July 2022- 15 December 2027. The share subscription period for option rights 2018B will be 1 July 2023 – 15 December 2028.

All option rights will be issued gratuitously. The share subscription price for option rights 2018A is the trade volume weighted average quotation of the share during twenty (20) trading days following the release date of the Company's financial statements 2018. The share subscription price for option rights 2018B is the trade volume weighted average quotation of the share during twenty (20) trading days following the release date of the Company's financial statements 2019.

Considering the effects of the reduction of the quantity of shares in the Company, there are currently in total 36,665 option rights 2018A outstanding which entitle to subscribe the same amount of shares in the Company, and similarly in total 36,665 option rights 2018B outstanding which entitle to subscribe the same amount of shares in the Company. In total approximately 36,665 option rights 2018A and in total 36,665 option rights 2018B remain in the possession of the Company and may be allocated in accordance with applicable terms.

RSU plan

Based on the authorization of the annual general meeting of shareholders on 31 March 2016, the annual general meeting of Shareholders has on 31 March 2016, 28 March 2017 and 18 March 2018, passed a resolution regarding a restricted share unit plan be implemented to selected members of the Board of Directors of Nexstim Plc. Based on the last resolution on 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 of Directors. 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 annual general meeting resolved that the target group of the plan will be those members of the Board of Director's who are independent of the Company. The Company shall grant each such member of the Board of Directors a gross value of the reward for the vesting period 2018-2019 of EUR 12,500. The aim is to propose to the next annual general meeting equal allocations for the such members of the Board of Directors.

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 20 trading days following the release date of the Company's financial statements 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 annual general meeting decided that rewards from the plan will be paid to the members of the Board of Directors in the Company's shares within four weeks of the annual general meeting of shareholders in 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 in 2019. The Company will withhold taxes and employment related expenses from the cash proportion of the reward according to law in force. Should a member cease to be a member of the Board of Directors before the end of a vesting period, no reward will be paid to him or her on the basis of such vesting period.

Based on the RSU plan, the following directed share issues have been resolved:

- The Board of Directors of the Company resolved on 14 December 2017 to issue altogether 9,910 new shares (would be equal to approximately 330 shares considering the reduction of the quantity of the shares) without consideration to two members of the Board of Directors. Each participant of the plan received 4,955 shares (would be equal to approximately 165 shares considering the reduction of the quantity of the shares) based on the amount of the gross reward for the vesting period 2016-2017 determined by the annual general meeting. Due to technical reasons relating to the delivery of such shares, the Company was not able to issue such shares in the timeframe anticipated in the restricted share unit plan, which was within four weeks from the 2017 annual general meeting of shareholders. As regards one board member, an amount corresponding to 4,955 shares (would be equal to approximately 165 shares considering the reduction of the quantity of the shares) was paid in cash due to very weighty reasons as provided for in the restricted share unit plan. The participating members of the board of the reward plan are Ken Charhut, Juliet Thompson and Rohan J. Hoare.
- The Board of Directors resolved on 28 March 2018 to issue altogether 209,765 new shares (would be equal to approximately 6,992 shares considering the reduction of the quantity of the shares) without consideration to four members of the Board of Directors. The members of the Board of Directors participating in the plan are Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson. Ken Charhut, Rohan Hoare and Juliet Thompson each received 50,781 shares and Tomas Holmberg 57,422 shares based on the amount of the gross reward for the vesting period 2017-2018 determined by the Annual General Meeting on 28 March 2017.
- The Board of Directors resolved on 25 March 2018 to issue altogether 5,759 new shares without payment to four members of the Board of Directors. The members of the Board of Directors participating in the plan are Ken Charhut, Tomas Holmberg, Rohan Hoare and Juliet Thompson. Ken Charhut, Rohan Hoare and Juliet Thompson each received 1,354 shares and Tomas Holmberg 1,697 shares based on the amount of the gross reward for the vesting period 2018-2019 determined by the Annual General Meeting on 28 March 2018.

Dividends and dividend policy

Under the provisions of Finnish Companies Act, the amount of any dividend that Nexstim will be permitted to distribute is limited to the amount of distributable funds shown in its latest audited financial statements adopted by the general meeting of the shareholders, provided that the distribution does not endanger the Company's financial standing. The general meeting of shareholder resolves on the distribution of dividends in accordance with the proposal for distribution of dividend made by the Board of Directors. In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited liability company, if any, are generally declared once a year.

The Company has not paid dividend based on the financial statements as at 31 December 2017 or 31 December 2016 or otherwise prior to the date of this Prospectus, and there can be no guarantee that it will have distributable funds in the future. Resolutions of distribution of dividend (if any) will be passed in accordance with the Finnish Companies Act according to the proposal of the Company's Board of Directors.

In the event dividends are distributed, all Shares entitle to equal dividends.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major shareholders

Based on the latest information available for the Company regarding its shareholders from Euroclear Finland and Euroclear Sweden (as at 28 February 2019), the following table sets forth the ownership of the twenty largest shareholders and their proportionate ownerships. According to the information available to the Company, there have not been significant changes to the ownership structure as of the date of Prospectus. The Company has one series of shares. Each Share entitles to one vote in the general meeting of the Company.

Shareholder	Number of Shares	Ownership*
Nordea Bank Oyj**	1,316,311	40.46%
Finnish Innovation Fund Sitra	314,062	9.65%
Clearstream Banking S.A.**	284,593	8.75%
Avanza Pension	71,058	2.18%
Kivi Esko	66,196	2.03%
Haapaniemi Ossi** (through directly and indirectly owned companies)	57,364	1.76%
Hsbc Bank Plc, W8imy **	50,000	1.53%
Havndrup, Ulrick **	25,481	0.78%
Zemicheal, Thomas **	23,680	0.72%
Danske Bank AS Helsinki Branch	23,140	0.71%
J.P. Morgan Securities Plc **	20,685	0.63%
Niukkanen Pentti Juhani	20,001	0.61%
Bengtsson, Benny **	20,000	0.61%
Sv Handelsbanken Copenhagen Branch, Clients Acct **	18,450	0.56%
Skandinaviska Enskilda Banken AB	13,403	0.41%
Svensson, Jesper **	13,399	0.41%
Isberg, Crister **	13,334	0.40%
Lago Kapital Oy	12,383	0.38%
Paasivirta Esa Juhani	12,265	0.38%
Svenska Handelsbanken AB (publ), Branch operation in Finland**	12,241	0.38%

**Proportion calculated on the total number of the shares issued and registered as at the date of this Prospectus excluding the dilution of the ownership caused by the issued and outstanding option rights and other rights entitling shares of the Company (existing warrants).*

*** Nominee registered shareholders*

The holdings of the members of the Board of Directors and management have been presented in section "*Management and Other Key Personnel – Holdings of the Company's Board of Directors and management team*".

To the extent known to the Company, the Company is not directly or indirectly owned or controlled by any shareholder. The Company is neither aware of any arrangement the operation of which may result in a change in control of the Company. The Certified Adviser of the Company or its employees do not own Shares in the Company.

Dilution

As at the date of this Prospectus the Company has issued 3,253,746 shares.

As a result of the Offering, the number of the Company's shares may rise from 3,253,746 to a maximum of 48,806,190 shares. The Offer Shares correspond to 1,400 per cent of all the Company's shares immediately before the Offering and about 93.3 per cent of the Company's shares after the Offering, assuming that the Offering is fully subscribed.

In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the number of Company's shares may rise to a 71,582,412 shares as a result of the Offering and the shares subscribed based

on the Offer Warrants. In case also all the Offer Warrants offered for the subscribers of Offer Shares would be used for subscription of shares, the Offer Shares and the shares subscribed based on the Offer Warrants correspond to 2,100 per cent of all the Company's shares immediately before the Offering and about 95.5 per cent of the Company shares after the Offering and subscription of the shares based on the Offer Warrants, assuming that the Offering is fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.

If the Offering is subscribed in full and shares also issued in separate directed issues (See also the section "*Arrangements related to the Offering – Possible directed issues arranged in connection with the Offering*") of the maximum amount of 1 665 575, the number of the Company's shares may rise after the Offering to (assuming full subscription of the Offering and shares which may be subscribed with Offer Warrants) 73,247,987 shares. These shares issued in the directed share issues would correspond to approximately 51.2 per cent of all the Company's shares before the Offering (and such directed issued) and approximately 2,3 per cent of the Company's shares after the Offering, subscription of the shares based on the Offer Warrants and the directed issues, assuming that the Offering and shares issued in the directed issues are fully subscribed and all the Offer Warrants offered for the subscribers of Offer Shares are used for subscription of shares.

Related party transactions

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.

Further information on the remuneration and benefits of the members of the Board of Directors and the management team for the financial periods which ended 31 December 2018 and 31 December 2017 is presented in the section "*Management and Other Key Personnel – Remuneration and benefits of Board of Directors and management*". No other material related party transactions have taken place during the financial period which ended 31 December 2018 and 31 December 2017 or, except for customary salaries paid for the member of the Board of Directors and the management team, during the current financial period until the date of this Prospectus.

MANAGEMENT AND OTHER KEY PERSONNEL

General information on the Company's administration

The Company adheres to the Finnish Companies Act and the Rules of First North in the organisation of its administration. The administration of the Company is, in accordance with the Finnish Companies Act, divided between the general meeting of shareholders, the Board of Directors and the managing director. The shareholders exercise rights belonging to them mainly in the general meeting of shareholders, which normally is convened by the Board of Directors of the company. The general meeting of shareholders shall, in addition, be held if the auditor or shareholders of the company, whose shares represent at least one tenth of all issued shares, which are not in the possession of the company, demand in writing the holding of the general meeting of shareholders.

Board of directors and management team

General information on the Board of Directors of the Company

The Board of Directors of the Company sees to the administration of the Company and the appropriate organisation of its operations. The Board of Directors is responsible for the appropriate organisation of the control of the Company's accounts and finances. The Board of Directors or a member of it shall not comply with a decision made by the general meeting of shareholders or the Board of Directors where it is invalid owing to being contrary to the Finnish Companies Act or the articles of association. The Board of Directors is elected by the general meeting of shareholders.

Pursuant to section 3 of the articles of association of the Company, the Company shall have a Board Directors with no fewer than three (3) and no more than nine (9) members. The term of office of each member of the Board of Directors ends at the adjournment of the first annual general meeting of shareholders following the election. The general meeting of shareholders elects the chairman of the Board of Directors. Pursuant to section 4 of the articles of association of the Company, the Company is represented by, the chairman of the Board of Directors, members the Board of Directors and the managing director, two of them acting jointly, or each such person acting together with the chairman of the Board of Directors, a member of the Board of Directors or the managing director. The Board of Directors resolves on granting representation rights and procuration rights. Such rights of procuration have been granted to Mikko Karvinen and Hanna Kotola, who may represent the Company jointly based on this right.

The opinion of the majority of the members in attendance in the meeting shall constitute the decision of the Board of Directors. In the event of a tie the chairman shall have the casting vote. The chairman and deputy chairman of the Board of Directors shall be elected by the annual general meeting of shareholders. The Board of Directors convenes flexibly in accordance with the needs determined by the chairman of the Board of Directors due to the development stage of the Company. In 2016, there were in total 49 meetings, in 2017 in total 21 meetings and in 2018 in total 11 meetings.

The business address of the members of the Board of Directors and the managing director is Elimäenkatu 9 B, 00510 Helsinki.

As at the date of this Prospectus, the Board of Directors comprises the persons set out in the below table:

Name	Position	Nationality	Born	Nominated
Jamieson Martin Clive	Chairman	Great Britain	1957	2015
Kenneth Charhut	Member	U.S.A.	1958	2013
Juliet Thompson	Member	Great Britain	1966	2015
Hoare Rohan James	Member	Australia	1964	2016
Holmberg Tomas Karl Emil	Member	Finland	1965	2017

Presentation of the members of the Board of Directors

Martin Jamieson

Martin Jamieson has acted as the CEO of Nexstim since April 2016. Following a marketing career in the pharmaceutical industry with Wyeth (Pfizer) and 3M, Martin joined Smith Medical - part of the FTSE 100 Smiths Group - as Director and Divisional Managing Director culminating in his final position - Managing Director Smiths Medical International. He was then appointed CEO of Rayner Group, a globally based ophthalmology company which developed the first intraocular lens. Martin has number of Non-Executive Directorships with Light Point Medical Ltd and C-Major Ltd. Until December 2016 Martin was a NED at Medway NHS Hospital Foundation Trust where he was Senior Independent Director, Deputy Chair and formally Audit Chair. He also consults on international market development for Rocket Medical Plc.

Juliet Thompson

Juliet Thompson has a BSc in economics and is a chartered accountant. She has spent over 20 years actively involved in the life sciences sector working as an investment banker and strategic advisor to healthcare companies in Europe. She headed up the European healthcare team at Stifel as Managing Director (formerly Oriel) and prior to this was a founding partner and head of corporate finance of Code Securities, a healthcare investment banking boutique which was acquired by Nomura, later forming Nomura Code. Juliet Thompson sits on the boards of Vectura Group plc, an industry leading device and formulation company for respiratory products; Novacyt S.A., a France-based diagnostic company and; GI Dynamics, Inc., a US-headquartered, Australian Stock Exchange-listed company.

Rohan Hoare

Dr. Hoare is the President of Salient Medical. He has extensive experience in the neuromodulation industry, including spinal cord, deep brain, vagus nerve, occipital and esophageal stimulation. Previous positions include President and CEO at EndoStim, neuromodulation business manager at LivaNova (formed by the merger of Cyberonics and Sorin Group) and Chief Operating Officer at Cyberonics. 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., a premiere management consulting firm. He holds a Ph.D. in Physics from Harvard University where he was a Fulbright Scholar.

Tomas Holmberg

Tomas Holmberg has worked 25 years within business law in Finland and abroad. He has acted in-house and as external advisor to numerous companies from startups to large international corporates with a global footprint. Following his work at Nokia Networks and Nokia Ventures Organization and later as partner at Hannes Snellman Attorneys, Tomas became an independent advisor. Most of his work to date relates to M&A, investments and general commercial aspects of doing business. Tomas is also active in the Nordic-China corridor through his relationship with Shanghai based M&A and strategy advisor E. J. McKay & Co. Tomas does community work as founder and Vice Chairman of non-profit association WAU ry, a Finnish public-private funded health initiative supporting children's wellbeing by operating a growing nationwide network of exercise clubs, and as Vice Chairman of Aamu Suomen Lasten Syöpäsäätiö, a foundation supporting research and the development of treatment methods in the area of pediatric cancer. Tomas holds a Master of Laws from the University of Helsinki and he is fluent in Finnish, Swedish and English.

Kenneth Charhut

Kenneth Charhut has been a member of the Board of Directors of Nexstim since 2013. Charhut is a board member of Reshape Medical and Foldax Inc, CEO and President of Compellon Inc, director of Folda LLC and independent board member of Avencina LLC and board member of NHS Investment Committee. Previously Charhut has been the CEO and President of MindFrame Inc and Orgis Medical, from 2010 to 2012 and from 2000 to 2009 respectively. Prior to Orgis, Charhut spent 16 years, from 1983 to 1999, in general management positions with Baxter Healthcare Corporation, including as President of the Bentley Division and President of New Business Initiatives for the Cardiovascular Surgery Division. Charhut also spent four years as Managing Director of Baxter Japan Cardiovascular Division, and was vice president of Automation Distribution Systems, where he developed Baxter's pharmacy automation business. Charhut also served as an independent director of Arges Medical and Micro Dexterity Systems, from 2010 to 2011 and from 2001 to 2009 respectively. Charhut has served on several industry councils, including as chairman of the American Chamber of Commerce in Japan, as a board member of the ABL Organization, OCTANE and the Southern California Biomedical Council. Charhut holds a B.Sc. in mechanical engineering from Cornell University in 1980 and an MBA from the University of Chicago in 1988.

CEO

General information

The CEO sees to the executive management of the company in accordance with the instructions and orders given by the Board of Directors. The CEO is responsible for the accounts of the company being in compliance with the law and that its financial affairs have been arranged in a reliable manner. The CEO shall supply the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible.

Martin Jamieson, CEO

See above “Management and other Key Personnell – Board of Directors and management team - Presentation of the members of the Board of Directors”

Management team

The management team members are all under the direct supervision of the CEO and the CEO acts as the leader of the management team. All of the management team members are employed by Nexstim. The management team members have the budget and operational responsibility in their own departments. The management team convenes weekly.

The following table sets forth the members of the management team of the Company as at the date of this Prospectus:

Name	Position	Nationality	Born	Nominated
Steve Beller	Vice President, General Manager, North America	U.S.A.	1970	2018
Henri Hannula	Vice President, International Sales and Marketing	Finland	1974	2007
Gustaf Järnefelt	Vice President, R&D & Operations	Finland	1961	2008
Mikko Karvinen	CFO	Finland	1976	2014
Jarmo Laine	Vice President, Medical Affairs	Finland	1965	2008
Hanna Kotola	Vice President Legal, Quality & Regulatory Affairs	Finland	1971	2017

Henri Hannula has been the Vice President, Sales Europe of Nexstim since 2013 and a member of the management team of Nexstim since 2007. Previously Hannula was director of sales between 2009 and 2013, marketing and sales manager between 2004 and 2009 and product development manager in control technology between 2001 and 2004 at the Company. Prior to joining the Company, Hannula worked at Forschungszentrum Karlsruhe GmbH in Germany as a product development engineer from 1999 to 2000 and as a mechanics designer in 1998. Furthermore Hannula has written several scientific articles published in medical journals. Hannula holds a M.Sc. in technology from Helsinki University of Technology in 2001.

Steve Beller has extensive experience in the US neuro-stimulation market where he was most recently Area Vice-President at Abbott Neuromodulation, managing a team of over 170 people in the Western half of the US. Prior to this, Mr. Beller held Senior Director and Regional Sales Director roles at St Jude Medical Neuromodulation, before it was acquired by Abbott. He holds a BA in political science at Texas A&M University.

Gustaf Järnefelt has been a member of the management team of Nexstim since 2008. Prior to this, Järnefelt was the R&D director of Nexstim from 2008. Järnefelt worked at GE Healthcare Finland Oy as a LSS site manager and engineering director between 2005 and 2008. Previously, Järnefelt held several managerial positions at Instrumentarium Corp., later known as GE Healthcare Finland Oy, during 1990 to 2005. Järnefelt holds a masters of science in Technology from Helsinki University of Technology in 1988.

Mikko Karvinen has been the CFO of Nexstim since 2014 and a member of the management team of Nexstim since 2014. Prior to joining Nexstim, Karvinen served as the CFO and deputy CEO of Innofactor Plc from 2012 to 2014. Karvinen was the CFO and deputy CEO of Tectia Oyj, later known as SSH Communications Security Oyj, between 2009 and 2012 and CFO of Automaster Oy between 2008 and 2009. Prior to Automaster, Karvinen was employed by Vaisala Oyj as a division controller from 2006 to 2008, as treasury manager from 2005 to 2006 and as financial analyst from 2001 to 2003. In addition Karvinen worked as a financial analyst at Vaisala Inc. in U.S.A. and OP Bank Grp Central Cooperative from 2003 to 2005 and 2000 to 2001 respectively. Karvinen holds a M.Sc. in economics from Helsinki School of Economics in 2001 and EMBA from Aalto University, Helsinki in 2018.

Jarmo Laine has been the Vice President, medical affairs of Nexstim since 2013 and a member of the management team of Nexstim since 2008. Laine was director of the clinical operations at Nexstim from 2008 to 2013. Laine has held several directorial positions at the Finnish Red Cross Blood Service (FRCBS) between 2002 and 2008. Prior to joining FRCBS, Laine has among others been a fellow in pediatric nephrology at HUCS/Hospital for Children and Adolescents in Helsinki

in 2001 and a post-doctoral research fellow at Harvard Medical School in Boston from 1998 to 2001. Laine has published more than 60 publications in international journals in the fields of organ/cell transplantation, pediatric nephrology, and cell biology. Laine has also submitted several papers on clinical application of Nexstim's technology. Furthermore Laine has served as an expert consultant to the Parliament of Finland from in 2002 and 2007 and to the Council of Europe from 2003 to 2004. Laine was a member of the European Blood Alliance working Group on tissues and cells from 2003 to 2004. Laine holds a MBA from Helsinki University of Technology in 2007 and obtained a degree of a Doctor of Medical Science from University of Helsinki in 1995.

Hanna Kotola holds a Master of Laws degree from the University of Helsinki (1997) and M.Sc. in International Business Administration from the Arcada University of Applied Sciences (2016). She started her career in 1998 as in-house counsel in Tokyo, Japan (Nokia Japan) and continued as in-house counsel in Finland for Nokia Oyj (2000-2009). She then worked as a Senior Legal Counsel for Digita Oy (2009-2012), which is the provider of terrestrial digital TV, radio and mobile broadband network services in Finland. Thereafter she held the position of Corporate Counsel responsible globally for legal and HR in Polar Electro Oy (2012-2017), which designs, manufactures and sells heart rate monitors for athletes. From June 2017, she has been the Vice President, Legal Affairs, Quality and Regulation, responsible also for HR in Nexstim Oyj.

Board Committees

The Board of Directors has established among the board members three permanent committees: an audit committee, a remuneration committee and a nomination committee. The committees report to the Board of Directors and they have confirmed working orders.

The audit committee comprises of three members of the board. The task of the audit committee is to prepare matters related to the financial control and reporting of the Company. As at the date of this Prospectus, the members of the audit committee are Juliet Thompson (Chair), Rohan Hoare and Tomas Holmberg.

The compensation committee comprises of three members of the board. The task of the compensation committee is to prepare matters related to the remuneration of the CEO and other management of the Company and the incentive plans of other personnel of the Company. As at the date of this Prospectus, the members of the remuneration committee are Ken Charhut (Chair), Rohan Hoare and Tomas Holmberg

The nomination committee comprises of four members. The task of the nomination committee is to prepare matters related to the nomination of the members of the board. As at the date of this Prospectus, the members of the nomination committee are Sami Tuhkanen (Chair), Juliet Thompson, Martin Jamieson and Risto Ilmoniemi. From the members of the nomination committee, the shareholders of the Company are represented by Sami Tuhkanen (the Finnish Innovation Fund Sitra) and Risto Ilmoniemi.

Directorships / Partnerships

The members of the Board of Directors and the management team of the Company have or have had during the last five years before the date of this Prospectus the following memberships in administrative, governing or supervisory bodies unrelated to the Company and/or been partners in the following partnerships:

Member	Organisation	Membership	Started	Ended
Kenneth Charhut	Avena, LLC	member of the board	2016	-
	Compellion Inc	chairman of the board	2011	-
	Foldax Inc	chairman of the board	2013	-
	Summation Health Ventures	member of the board	2017	-
	Folda LLC	CEO	2011	2018
	Reshape Medical Inc	member of the board	2011	2017
Rohan Hoare	Endostim Inc	president	2016	2018
	Mudjala Medical	advisor	2016	-
	Epilepsy Foundation of Texas	member of the board	2014	-
	Livanova	president	2015	2016
	Cyberonics	COO	2013	2015
	Aucta	advisor	2018	-
	Spark Biomedical	advisor	2018	-
	Salient Medical	CEO & president	2013	-
Tomas Holmberg	Augmentum Oy Ab	owner and member of the board	2001	-

	ANTO Capital Oy	chairman of the board	2013	-
	LifeDataWorks Oy	chairman of the board	2015	-
	Quattro Folia Oy	deputy member of the board	2016	2018
	Aamu Suomen Lasten Syöpäsäätiö	vice chairman of the board	2012	-
	WAU ry	member of the board	2008	-
	Norsk-Finska Handelsföreningen r.f;	member of the board	2017	-
	As Oy Soukan Rantatie 20,	chairman of the board	1998	-
	Envoice Finland Oy	Member of the board	2016	2017
Juliet Thompson	Novacyt SA	member of the board, chairman of audit committee	2017	-
	Vectura PLC,	member of the board, chairman of nomination committee	2017	-
	GI Dynamics Inc	member of the board, chairman of audit committee	2017	-
	Premier Vet Group	chairman of the board	2016	2018
	Scapa	member of the board, chairman of nomination committee	2019	-
Martin Jamieson	Lightpoint Medical Ltd,	independent director	2015	-
	C-Major Medical Ltd,	independent director	2015	-
	Rocket Medical Plc	member of the board	2015	-
	Medway NHS Hospital Foundation Trust -säätiö	Senior independent director, deputy chair and chairman of audit committee	2010	2016

Member	Organisation	Membership	Started	Ended
Hanna Kotola	Polar Electro Oy	Corporate Counsel	2012	2017
	Suomen Mentorit ry	Vice Chairman	2017	N/A
Henri Hannula	-	-	-	-
Steve Beller	-	-	-	-
Gustaf Järnefelt	Tibeko Oy	member of the board	2011	-
	Johanniittain ritarikunta Finland	member of the board	2013	-
Mikko Karvinen	Buddy Healthcare Oy	member of the board n	2017	-
Jarmo Laine	-	-	-	-

Holdings of the Company's Board of Directors and management team

The below table sets out the holdings of Shares in the Company as well as rights entitling to Shares by the members of the Board of Directors and the management team of the Company as at the date of this Prospectus. The option plans have been further described under "*Company, Shares and share capital – Option rights*".

	Shares	Options and maximum number of Shares that can be subscribed*	Option rights vested as at the date of this Prospectus	Proportion of votes (Shares) (%)	Proportion of votes (Shares and options) (%)
Members of the Board of Directors					
Martin Jamieson	-	92 616	-	0,000 %	2,583 %
Kenneth Charhut	3 414	-	-	0,105 %	0,095 %
Juliet Thompson	1 693	-	-	0,052 %	0,047 %
Rohan Hoare	1 860	-	-	0,057 %	0,052 %
Tomas Holmberg	1 915	-	-	0,059 %	0,053 %
Members of the management team and the CEO					
Henri Hannula	975	18 333	-	0,030 %	0,539 %
Steve Beller	-	18 332	-	0,000 %	0,511 %
Hanna Kotola	100	11 666	-	0,003 %	0,328 %
Gustaf Järnefelt	3 658	18 333	-	0,112 %	0,613 %
Mikko Karvinen	993	33 331	-	0,031 %	0,957 %
Jarmo Laine	1 549	18 333	-	0,048 %	0,555 %
Total	16 157	210 944	-	0,497 %	6,334 %

** Proportion of Shares owned compared to all Shares issued and outstanding as at the date of this Prospectus (on a non-diluted basis).

*** Proportion of Shares and options owned (including options that have not yet vested) compared to all Shares and option rights issued and outstanding as at the date of this Prospectus.

Statement regarding the management of the Company

A member of the Company's Board of Directors Tomas Holmberg has acted as a deputy member of the Board of Directors in a company called Quattro Folia Oy, which filed a voluntary bankruptcy application to its local district court in Finland in October 2018, ending then also the office of Tomas Holmberg as its deputy Board member.

Notwithstanding the above-mentioned, on the date of this Prospectus not a single member of the Board of Directors or the management team has, during the last five years:

- been convicted for fraudulent crimes or offences;
- been in a leading position, for example, a member of an administrative, governing or supervisory body or belonged to the management of a company, which has been petitioned for bankruptcy, liquidation or reorganisation; or
- faced official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or received a verdict from a court regarding the ineligibility for acting in an administrative, governing or supervisory body of any company or for managing the business of any company.

Remuneration and benefits of board members and management

The Company's shareholders resolve upon the remuneration and benefits for the Board members at the general meeting in accordance with the Finnish Companies Act.

For the financial years ended 31 December 2016, 31 December 2017 and the financial year of 2018 until the end of October the members of the Board of Directors and management team were paid remuneration (including any contingent or deferred compensation) and benefits in kind as follows:

The Board of Directors 2018

Juliet Thompson	EUR 42,000.0
Kenneth Charhut	EUR 58,866.7
Rohan Hoare	EUR 46,000.0
Tomas Holmberg	EUR 37,000.0

The Management team

Martin Jamieson (CEO)	EUR 448,500.0
Other members (in total)	EUR 961,266.0

See also option rights granted to the management and RSU program as set forth above.

No service agreements or pension arrangements have been entered into between the Company and the members of the Board of Directors.

Under his service contract CEO Martin Jamieson is entitled to a monthly salary of EUR 25.9 thousand and to a telephone allowance. Jamieson's maximum yearly bonus is 50 % of his base compensation (meaning 12 times the base salary) Jamieson is not entitled to any voluntarily pension schemes. In case the Company terminates Jamieson's service contract without cause, Jamieson is entitled to a severance payment equalling six months' base salary.

Conflicts of interest

The conflicts of interest of the management of Finnish companies are regulated in the Finnish Companies Act. Pursuant to chapter 6 section 4 of the Finnish Companies Act, a member of the Board of Directors shall not participate in the consideration of a matter pertaining to a contract between the member and the company. A member of the Board of Directors shall likewise not participate in the consideration of a matter pertaining to a contract between the company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the company. The above mentioned provision shall respectively be applied to other legal acts and court proceedings as well as to other exercise of right of action. The same provisions are applied to the managing director. The members of the Board of Directors, the managing director or other key personnel do not have conflicts of interest between their tasks in relation to the Company and their private interests or other tasks.

Corporate governance

The Company does not adhere to the Finnish Corporate Governance Code 2010 recommendation, as it is not justified with respect to the size and the extent of the business of the Company.

Auditors

Pursuant to section 6 of the articles of association of the Company, the Company shall have an auditor, which must be an auditing firm certified by the Finland Chamber of Commerce. The term of office of the auditor ends at the adjournment of the annual general meeting of shareholders first following the election.

The general meeting of shareholders of the Company has in 2007 elected PricewaterhouseCoopers Oy, Authorised Public Accountants (entered into the Trade Register with business identification code 0486406-8, address PO Box 1015, (Itämerentori 2) 00101 Helsinki), as auditor of the Company, with Authorised Public Accountant Martin Grandell as auditor with primary responsibility. The financial statements for the accounting periods ended on 31 December 2017 and 31 December 2016 have been audited by PricewaterhouseCoopers Oy, which still is Company's auditor. Martin Grandell continues to act as auditor with primary responsibility.

The Authorised Public Accountant that signed the financial statements is a member of the Finnish Institute of Authorised Public Accountants (In Finnish: *KHT-yhdistys*).

SHAREHOLDER RIGHTS

General meetings of shareholders

General

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the annual general meeting of shareholders of the company must be held annually no later than six months from the end of the company's financial year. At the annual general meeting of shareholders, the financial statements, including the income statement and the balance sheet with notes thereto and if required the cash flow statement and the consolidated financial statements, are presented to the shareholders for adoption. At the annual general meeting, shareholders also make decisions regarding, among others, use of profits shown in the balance sheet, the discharge from liability of the members of the Board of Directors and the managing director, the number of members to be elected to the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An extraordinary general meeting of shareholders in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company.

Pursuant to the articles of association of the Company, the Board of Directors must publish a notice to a general meeting of shareholders on the Company's website or otherwise in a verifiable manner no earlier than three (3) months and no later than three (3) weeks prior to the general meeting, however, in any case, at least nine (9) days before the record date of the general meeting of shareholders. Under the rules of First North, the Company shall publish the notice to a general meeting of shareholders as a company announcement as well as on the Company's website.

In order to attend and vote at the general meeting of shareholders, a shareholder must, pursuant to the articles of association of the Company, register with the Company at the latest on the date referred to in the notice convening the meeting, which may be at the earliest ten (10) days before the general meeting of shareholders. Shareholders must comply with the requirements in respect of shares registered in Euroclear Finland or Euroclear Sweden, as the case may be, and any instructions provided in the relevant notice of the general meeting of shareholders.

The Finnish Companies Act or the Company's Articles of Association do not contain requirements concerning the decision-making of the General Meeting.

Shareholders with shares registered in Euroclear Finland

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder must be registered at least eight (8) Finnish business days prior to the relevant general meeting of shareholders in the shareholder register maintained by Euroclear Finland in accordance with Finnish law. An owner of nominee-registered shares contemplating attending and voting at the general meeting of shareholders should seek a temporary registration in the shareholder register maintained by Euroclear Finland by the date announced in the notice to the general meeting of shareholders, which date must be after the record date of the general meeting of shareholders. A notification for temporary registration of an owner of nominee-registered shares into the shareholder register of the Company is considered notice of attendance at the general meeting of shareholders.

Shareholders with shares registered in Euroclear Sweden

In order to have the right to attend and vote at a general meeting of shareholders, a shareholder with Shares registered in Euroclear Sweden's book-entry securities system must (i) be registered in the shareholder register maintained by Euroclear Sweden on the record date of the general meeting of shareholders, i.e. eight (8) Finnish business days prior to the general meeting of shareholders, and (ii) request temporary registration of ownership in the shareholder register maintained by Euroclear Finland by the date announced in the notice to convene the general meeting.

Furthermore, shareholders with shares registered in Euroclear Sweden in the name of a nominee, through a bank or a securities institution, must, in order to have the right to attend the general meeting of shareholders, (i) temporarily re-register their shares in their own name in the register maintained by Euroclear Sweden by instructing their nominee to send to Euroclear Sweden the request for temporary registration into the shareholder register maintained by Euroclear Sweden, and (ii) procure that the nominee sends the abovementioned request for temporary registration in the shareholder register maintained by Euroclear Finland on their behalf. See also *"First North and securities Markets - Trading and settlement on First North Sweden" – Registrations of shares*.

A request for temporary registration of ownership in the shareholder register maintained by Euroclear Finland is considered notice of attendance at the general meeting of shareholders.

Voting rights

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. Pursuant to the Finnish Companies Act and the articles of association of the Company, each share entitles the holder to one vote at the general meeting of shareholders. At a general meeting of shareholders, resolutions are generally passed with the majority of the votes cast.

However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the articles of association and resolutions regarding mergers, demergers or dissolution of a company, require at least two-thirds of the votes cast and the shares represented at the general meeting of shareholders.

In addition, certain resolutions, such as amendments to the articles of association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Dividends and other distributions of funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to September 1, 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the general meeting of shareholders. If the company has an obligation to elect an auditor pursuant to law or its articles of association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a general meeting of shareholders of the company. Pursuant to the Finnish Companies Act, the general meeting of shareholders may also authorise the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the general meeting of shareholders.

Pursuant to the Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a general meeting of shareholders of the company. A decision regarding the share capital reduction must be registered with the Finnish Trade Register within one month from the general meeting of shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Finnish Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the balance and the amounts that the articles of association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act. A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the general meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the articles of association of the company require to be left undistributed (if any) and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 % of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends declared during the financial period before the annual general meeting of shareholders. More detailed information on the payment of dividends to shareholders has been described in "*First North and securities markets – Registration of Shares*".

After they are registered in the Finnish Trade Register, the Shares in the Company will entitle the holders to dividends and other distributions of funds by the Company as well as other shareholder rights. More information on taxation has been described in "*Taxation*".

The right to dividends expires in three years from the dividend payment date.

All the shares of the Company belong to the same series of shares as of the date of the Prospectus.

Own shares

Pursuant to the Finnish Companies Act, a company can repurchase its own shares. Resolutions regarding the repurchase of a company's own shares must be made by the general meeting of shareholders, unless the general meeting of shareholders has authorised the Board of Directors to resolve upon share repurchases using unrestricted equity. Such authorization may remain in force maximum of 18 months. In a public limited liability company, a resolution concerning the repurchase, redemption or pledging of own shares may not be made in such a way that the combined number of shares in the possession of or pledged to the company and its subsidiaries would exceed a tenth of all shares.

Pre-emptive rights

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company unless the resolution of the general meeting of shareholders approving such issue, or authorising the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a general meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in, certain jurisdictions other than Finland or Sweden may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Squeeze-out rights

Under the Finnish Companies Act, a shareholder with shares representing more than 90 % of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares that can be redeemed may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

Restrictions on foreign ownership

General restrictions on foreign ownership of Finnish companies were abolished as of 1 January 1993. However, the Act on the Control of Foreigners' Acquisition of Finnish Companies (172/2012, as amended, the "Control Act") grants Finnish authorities some control over the ownership of Finnish companies operating in areas sensitive from a national emergency supply or national security perspective. Pursuant to the Control Act, advance clearance by the Finnish Ministry of Employment and the Economy is required if a foreign person or entity, other than a person or entity from another member state of the EU or the European Free Trade Association (EFTA), were to acquire a holding of at least one-tenth, one-third or half of the voting rights, or equivalent control by other means, over a Finnish company involved in the defence industry or producing dual-use goods. Furthermore, there are no minimum thresholds for the number of employees or the amount of turnover or total assets of the acquired company before a clearance procedure is triggered. Pursuant to the Control Act, foreign persons or entities are not required to seek clearance by the Finnish Ministry of Employment and the Economy for acquisitions of Finnish companies operating in other industries than the defence industry.

Foreign exchange control

Shares in a Finnish company may be purchased by non-residents of Finland without any separate Finnish exchange control consent. Non-residents may also receive dividends without separate Finnish exchange control consent, the transfer of assets out of Finland however being subject to payment by the company of withholding taxes in the absence of an applicable taxation treaty. Non-residents having acquired shares in a Finnish limited company may receive shares pursuant to a bonus issue or through participation in a rights issue without separate Finnish exchange control consent. Shares in a Finnish company may be sold in Finland by non-residents, and the proceeds of such sale may be transferred out of Finland in any convertible currency. There are no Finnish exchange control regulations restricting the sale of shares in a Finnish company by non-residents to other non-residents.

FIRST NORTH AND SECURITIES MARKETS

About the First North markets

First North is Nasdaq's Nordic growth market, designed for small and growing companies. As opposed to companies listed on a regulated market such as the official list of the Helsinki Stock Exchange or the Stockholm Stock Exchange, companies listed on First North are subject to less extensive rules. This is intended to allow smaller companies to enjoy the benefits of being a publically traded company without excess administrative burden. Unlike on regulated markets, companies listed on First North must engage a "Certified Adviser" whose role is to ensure that companies comply with applicable requirements and rules.

First North is regulated as a multilateral trading facility as opposed to a regulated market. "Multilateral trading facility" and "regulated market" are classifications for trading venues of securities set out in the Directive 2004/39/EC on Markets in Financial Instruments. Multilateral trading facilities and the holders and issuers of securities listed on a multilateral trading facility are subject to less stringent rules than regulated markets and the holders and issuers of securities listed on a regulated market. Companies that have applied for their shares to be listed on First North are subject to the Rules of First North but not the requirements for admission to trading on a regulated market. See below "*Regulation of the securities markets – Finland*" and "*Regulation of the securities markets – Sweden*".

Both First North Finland and First North Sweden have the same rules for issuers, except for limited minor differences due to differences in national law. The rules are set out in the Rules of First North. See "*Trading and settlement on First North Finland*" and "*Trading and settlement on First North Sweden*".

First North Finland and First North Sweden use the same INET Nordic trading system as the Nasdaq Nordic main markets for trading in shares. The trading periods comprise a pre-trading session, a continuous trading session and a post-trading session. The trading periods and the respective trading hours are set out in a time table in force from time to time, as made available by the Nasdaq Nordic stock exchanges at <http://www.nasdaqomxnordic.com/tradinghours>.

Trading and settlement on First North Finland

First North Finland is maintained by the Helsinki Stock Exchange, a member of the Nasdaq group. Pursuant to the Rules of First North, the Trading Rules of Helsinki Stock Exchange (in Finnish: *Nasdaq OMX Helsinki Oy:n Arvopaperien Kaupankäyntisäännöt*) apply on First North Finland as set out in further detail in the Rules of First North. Additional rules specific to First North Finland are set out in Supplement C to the Rules of First North.

On the Helsinki Stock Exchange and therefore also on First North Finland the currency of trading and settlement of transactions is euro, and the smallest recorded price movement (tick size) is EUR 0.01.

The shares in the Company are issued and registered in the book-entry securities system maintained by Euroclear Finland. Trades in shares listed on First North Finland are settled bilaterally in Euroclear Finland's settlement system in accordance with the settlement schedule in force from time to time.

Trading and settlement on First North Sweden

First North Sweden is maintained by the Nasdaq Stockholm AB. Pursuant to the Rules of First North, the Nasdaq Member Rules regarding Stockholm Stock Exchange, chapters 2–5, and appendices, as amended from time to time, shall apply to trading on First North Sweden. Additional rules specific to First North Sweden are set out in Supplement B to the Rules of First North.

On First North Sweden, the currency of trading and settlement of transactions is Swedish krona, and the smallest recorded price movement (tick size) is SEK 0.01.

Shares traded on First North Sweden are issued and registered in the book-entry securities system maintained by Euroclear Finland. Such shares of the Company will be additionally registered in the Swedish book-entry securities system maintained by Euroclear Sweden, and trades in shares listed on First North Sweden are settled in Euroclear Sweden's settlement system.

The shares of the Company registered with Euroclear Sweden will be entered into the shareholder register of the Company maintained by Euroclear Finland as held by Euroclear Sweden in its capacity of nominee custodian of the Shares traded on First North Sweden, and Euroclear Sweden will "mirror" these shares to the book-entry securities system of Euroclear Sweden. Shares registered in the system of Euroclear Sweden will have the same ISIN as the shares registered in Euroclear Finland.

Registration of the shares

General

Company is a Finnish public limited company. The shares in Company are registered in the electronic book-entry securities system maintained by Euroclear Finland to which also the Offer Shares will be registered. The Company and its shares have their primary registration in the book-entry register of Euroclear Finland. Offer Shares admitted to trading on First

North Sweden will be registered in the corresponding Swedish book-entry securities system maintained by Euroclear Sweden.

The Finnish account operator engaged by Euroclear Sweden will be recorded in Euroclear Finland's securities system as the nominee custodian of such Shares in the Company that are traded on First North Sweden. Shares registered in Euroclear Sweden's securities system will have the same ISIN as shares registered in Finland (see below "*Registration in Finland*" and "*Registration in Sweden*").

Investors who have received Shares through Euroclear Finland to a book-entry account in Finland have had their Shares entered into the shareholder register maintained by Euroclear Finland. To be able to trade Shares on First North Sweden, such investors will need to transfer their Shares to the book-entry securities system of Euroclear Sweden. If a Finnish investor acquires Shares through trading on the secondary market through First North Sweden, such investor will need to transfer its Shares to the system of Euroclear Finland to be able to be registered as the owner in the shareholder register maintained by Euroclear Finland. Such cross-border settlement may be associated with additional costs (see "*Cross-border settlement*" below).

Investors who have received Shares through Euroclear Sweden to a book-entry account in Sweden have their Shares entered into the shareholders register maintained by Euroclear Sweden. In order to be able to trade with Shares on First North Finland, these investors have to transfer their Shares to the book-entry system Euroclear Finland. This kind of cross-border transfers may involve additional costs (see "*Cross-border settlement*" below).

Registration in Finland

The book-entry securities system refers to a system in which physical share certificates have been changed to book entries registered in book-entry accounts. The Finnish book-entry securities system is centralised at Euroclear Finland, which offers national clearing, settlement and registration services for securities. Euroclear Finland maintains a central book-entry register for both equity and debt securities. The business address of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100 Helsinki, Finland.

The expenses incurred by Euroclear Finland in connection with maintaining the book-entry securities system are borne mainly by the issuers participating in the book-entry securities system and the asset managers. The asset managers, which consist of credit institutions, investment firms and other institutions licensed to act as asset managers by Euroclear Finland, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Dividends and other distributions of funds are paid to shareholders or their nominees entered in the register of shareholders on the relevant record date. Under Euroclear Finland's book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register.

In order to hold entries in the book-entry securities system, a security holder must open a book-entry account with an account operator. A foreigner, foreign entity or trust may hold book-entries. Such persons may also deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial account holder in the company's register of shareholders. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities owned by one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be deposited in a book-entry account opened in the name of such foreigner, foreign entity or trust, but the holding may be registered in the name of a nominee in the company's register of shareholders.

All transfers of securities registered with the book-entry securities system are executed as computerised book-entry transfers to the extent they are executed in the book-entry securities system. The account operator confirms the book-entry by sending a statement of book-entries made to the holder of the respective book-entry account at least four times a year. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year. Each book-entry account is required to contain specific information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. A custodial nominee account is identified as such on the entry.

Euroclear Finland and the account operators are required to observe strict confidentiality. Certain information (e.g., the name and address of each account holder) contained in the register of shareholders maintained by Euroclear Finland must be made available to the public by Euroclear Finland and the company, except in the case of custodial nominee registration. The Finnish FSA is also entitled to certain information on the holdings of shares registered in a custodial nominee account upon request. The company has the same rights in respect of shares and instruments that entitle the holder to shares issued by the company. Each account operator is strictly liable for errors and omissions in its registration activity, and for any unauthorised disclosure of information. If an account holder has suffered a loss as a result of a faulty registration or other mistake or defect relating to the entries and the account operator has not compensated such loss due to insolvency that is not temporary, such account holder is entitled to receive compensation from the statutory registration fund of Euroclear Finland. The capital of the registration fund shall be no less than 0.000048% of the average of the total market value of the book-entries kept in the book-entry securities system during the last five years and it must not be less than EUR 20 million.

The compensation to be paid to an injured party is equal to the amount of damages suffered subject to a limit of EUR 25,000 per account operator. The liability of the registration fund to pay damages in relation to each incident is limited to EUR 10 million.

Custody of the shares by nominees

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organisations approved by Euroclear Finland) to act on its behalf. A custodial nominee account holder is entitled to receive dividends on behalf of the shareholder. A beneficial owner wishing to attend and vote at general meetings of shareholders must seek a temporary registration to the shareholders' register and the shares must be registered in the share register no later than eight business days prior to the relevant general meeting of shareholders. Upon request by the Finnish FSA or the relevant company, a custodial nominee account holder is required to disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity. A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name but who does not maintain a book-entry account in Finland is required to open a book-entry account at an account operator and a convertible euro account at a bank.

Registration in Sweden

The Swedish central securities depository register (Sw. *avstänningsregistret*) is maintained by Euroclear Sweden, a central securities depository and clearing organisation under the Swedish Financial Instruments Accounts Act (1998:1479, as amended) and the Swedish Securities Market Act (2007:528, as amended). Among other things, Euroclear Sweden maintains share registers of the Swedish companies listed on First North Sweden. Shares maintained by Euroclear Sweden are registered in dematerialised form in book-entry accounts and no share certificates are issued. Title to the shares is secured by registration with Euroclear Sweden through banks or other securities institutes, which have been approved as account operators by Euroclear Sweden. The Swedish central securities register maintained by Euroclear Sweden also contains certain additional information, for example as regards security rights. The business address of Euroclear Sweden is Klarabergsviadukten 63, Box 191, 10123, Stockholm, Sweden.

Shares may be registered on securities accounts and accordingly be entered in the share register maintained by Euroclear Sweden, either in the owner's name (directly registered shares) or in the name of a nominee custodian approved by Euroclear Sweden (nominee-registered shares). If the shares are nominee-registered, this is noted in the book-entry securities system. The relationship between the custodian and the beneficial owner is governed by agreement. The beneficial owner must, if they desire to exercise certain rights, for example attend a general meeting of shareholders, temporarily reregister the shares in their own name. The custodians also regularly report the holdings of the beneficial owners to Euroclear Sweden.

Rights conferred by shares and entitling to dividends, or participation in a rights issue or a bonus issue, are issued to those holders of the Shares whose names are entered into the Swedish central securities register as at a certain record date, and dividends are normally distributed to bank accounts designated by the holders registered with Euroclear Sweden. The record date in question must be indicated in the resolutions determining the dividend or share issue or other resolutions for which shareholders have priority. It is expected that shareholders registered with Euroclear Sweden will receive payment one banking day after the payment date for shareholders registered with Euroclear Finland.

If the registered holder is a nominee custodian, the nominee custodian receives the dividend and other economic rights conferred by the Shares on behalf of the beneficial owner. The same applies to subscription rights in connection to rights issues and such new shares which have been subscribed for by virtue of subscription right. Dividends are paid to the nominee custodian as a lump sum, and it is the nominee custodian who is responsible for the distribution of the dividend to the beneficial owners. A similar procedure is followed for subscription rights and newly issued shares.

Cross-border settlement

There are specific requirements for cross border settlement (i.e. transfer of shares from Euroclear Finland to Euroclear Sweden or vice versa). Such transfers may be subject to fees levied by the settlement parties in accordance with their respective fee schedules.

Compensation fund for investors and the deposit guarantee fund

In a compensation fund for investors, investors are divided into professional and non-professional investors. The fund does not compensate any losses by professional investors. The definition of professional investor includes business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional investor; however, natural persons are presumed to be non-professional investors. Investment firms and

credit institutions must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 % of the investor's claim against each investment company or credit institution, up to a maximum of EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. Depositary banks must belong to a deposit guarantee fund, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit insurance fund up to a maximum of EUR 100,000. An investor's funds can be safeguarded either by the deposit insurance fund or the compensation fund. However, an investor's funds cannot be safeguarded by both funds at the same time.

Regulation of the securities markets

Finland

The securities market in Finland is supervised by the Finnish FSA. The principal statute governing the Finnish securities market is the Finnish Securities Markets Act, which contains regulations with respect to company and shareholder disclosure obligations, prospectuses, public tender offers and insider dealing, among other things. The Finnish FSA and the Ministry of Finance of Finland have issued more detailed regulations pursuant to the Finnish Securities Markets Act. The Finnish FSA monitors compliance with the Finnish Securities Markets Act and these regulations. As First North Finland is classified as a multilateral trading facility (in Swedish (in Finland): *multilateral handelsplattform*) and not a regulated market (in Swedish: *reglerad marknad*), only a subset of the rules contained in the Finnish Securities Markets Act apply to the Company and investors in its securities.

The Finnish Securities Markets Act specifies minimum disclosure requirements for Finnish companies applying for listing on a regulated market or offering securities to the public in Finland. The Finnish Securities Markets Act specifies no minimum disclosure requirements for companies applying for listing on a multilateral trading facility, such as First North Finland or First North Sweden, where no securities are offered to the public in Finland. Where such a disclosure obligation applies, the information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities. The obligation of continuous disclosure is subject to the provisions of Article 17 of the Market Abuse Regulation which concern the public disclosure of inside information. The Regulation entered into force on 3 July 2016. The Market Abuse Regulation imposes an obligation to disclose inside information as soon as possible, unless the grounds for delay mentioned in the Regulation are met. The Finnish Securities Markets Act imposes no obligation on shareholders to disclose major holdings in a company listed on a multilateral trading facility.

The Market Abuse Regulation obligates the persons discharging managerial duties for the issuers of shares listed on a multilateral trading facility and the persons closely associated with them to immediately notify the Financial Supervisory Authority and the company of any transactions they have conducted on the company's shares and other financial instruments. The notifications must be made promptly, and no later than within three (3) business days of the transaction date. The obligation to make notifications of all transactions applies to all transactions after reaching a total of EUR 5,000 during a calendar year. The company must furthermore disclose the information concerning the transactions concluded by the persons discharging managerial duties and the persons closely associated with them with a company release promptly, and no later than within three (3) business days of the transaction date. In multilateral trading facilities, the issuers of the traded shares must furthermore maintain a list of insiders which is composed of project-specific sections and, should the issuer so decide, complementary sections, which list permanent insiders. Under the Finnish Securities Market Act, there is no obligation based on holdings of shares or voting rights to make a public tender offer to purchase the remaining shares and other securities if such shares or securities are not traded on a regulated market. However, a party making a voluntary public tender offer to purchase shares or securities entitling to shares in a company listed on a multilateral trading facility shall comply with certain obligations arising from the Finnish Securities Markets Act, such obligations relating to matters such as the equal treatment of the shareholders, disclosure, and securing financing for the tender offer.

The Finnish Penal Code (39/1889, as amended) criminalises inter alia the misuse of inside information and market manipulation. Pursuant to the Finnish Securities Markets Act and the Finnish Act on the Finnish Financial Supervisory Authority (878/2008, as amended), the Finnish FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The Finnish FSA can, for example, issue a public warning or impose administrative fines or monetary penalties for the breach of provisions on the prohibitions of misuse of inside information and market abuse.

Sweden

The securities market in Sweden is supervised by the Swedish FSA (in Swedish: *Finansinspektionen*). Statutes governing the Swedish securities market include:

- the Swedish Financial Instruments Trading Act (in Swedish: *lag (1991:980) om handel med finansiella instrument*), which sets out regulations with respect to disclosures of major holdings, prospectuses and public tender offers, among other things;
- the Swedish Takeover Act (2006:451) (in Swedish: *lag (2006:451) om offentliga uppköpserbjudanden på aktiemarknaden*), which sets out regulations with respect to mandatory public tender offers (in Swedish: *budpliktsbud*);
- the Swedish Securities Markets Act (in Swedish: *lag (2007:528) om värdepappersmarknaden*), which sets out regulations with respect to periodic and ongoing disclosure obligations, the operations of regulated markets and multilateral trading facilities, among other things; and
- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC Text with EEA relevance (“MAR”);
- The Swedish Supplementary Regulations for MAR Act (in Swedish: *Lag (2016:1306) med kompletterande bestämmelser till EU:s marknadsmissbruksförordning*) which sets out supplementary regulations for MAR and,
- the Swedish Market Abuse Act (in Swedish: *lag (2016:1307) om straff för marknadsmissbruk på värdepappersmarknaden*), which sets out regulations and penalties with respect to misuse of inside information and market manipulation.

The Swedish FSA has issued more detailed regulations pursuant to the relevant statutes governing the securities market. The Swedish FSA monitors compliance with the applicable regulations. As First North Sweden is classified as a multilateral trading facility (in Swedish (in Sweden): *handelsplattform*) and not a regulated market (in Swedish: *reglerad marknad*), certain provisions provided in these statutes and regulations are not applied in relation to securities traded thereon.

The Swedish Financial Instruments Trading Act specifies minimum disclosure requirements for companies applying for listing on a regulated market or offering securities to the public in Sweden. The Swedish Financial Instruments Trading Act specifies no minimum disclosure requirements for companies applying for listing on a multilateral trading facility, such as First North Finland or First North Sweden, where no securities are offered to the public in Sweden. Where such a disclosure obligation applies, the information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and the issuing company as well as of matters that may have a material effect on the value of the securities. The Rules of First North and article 17 MAR impose certain continuing obligations on companies listed on a multilateral trading facility such as First North Finland or First North Sweden to publish financial information on the company and to disclose any matters likely to have a material effect on the value of their securities. Swedish law imposes no obligation on shareholders to disclose major holdings in a company listed on a multilateral trading facility.

Obligations for companies listed on a multilateral trading facility to maintain an insider register are stipulated in article 18 MAR. Under article 19 MAR, certain disclosure requirements apply regarding transactions in an issuer's shares by persons discharging certain managerial responsibilities and persons closely associated with a person discharging managerial responsibilities within an issuer.

Under the Swedish Takeover Act, there is no obligation based on holdings of voting rights to make a public tender offer to purchase the remaining shares and other securities if such shares or securities are not traded on a regulated market. The Swedish Corporate Governance Board has published rules for public tender offers that apply for companies that are listed on multilateral trading facilities and that in all material aspects are similar to the rules for public tender offers for companies listed on a regulated market. These rules set out regulations with respect to mandatory public tender offers. However, the rules regarding mandatory public tender offers only apply to Swedish companies listed on the multilateral trading facilities.

MAR, the Swedish Supplementary Regulations for MAR Act and the Swedish Market Abuse Act criminalise and impose other sanctions *inter alia* on the misuse of inside information and market manipulation.

TAXATION

Finnish tax considerations

The following summary is based on the tax laws of Finland as in effect as at the date of this Prospectus and is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Finland. Prospective investors are advised to consult professional tax advisors as to the tax consequences of the purchase, ownership and disposition of shares or special rights in Company.

The following is a description of the material Finnish income tax and transfer tax consequences that maybe relevant with respect to the Offering and the Offer Warrants. The description below is applicable to both Finnish resident and non-resident natural persons and limited companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on shares and capital gains arising from the sale of shares.

The following description does not address tax considerations applicable to such holders of Company's shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

This description is primarily based on:

- Finnish Income Tax Act (in Swedish: *inkomstskattelag* 1535/1992, as amended, the "**Finnish Income Tax Act**");
- Finnish Business Income Tax Act (in Swedish: *lag om beskattning av inkomst av näringsverksamhet* 360/1968, as amended, the "**Finnish Business Income Tax Act**");
- Finnish Act on the Taxation of Income of a Person Subject to Limited Tax Liability (in Swedish: *lag om beskattning av begränsat skattskyldig för inkomst* 627/1978, as amended, the "**Finnish Tax at Source Act**");
- The Finnish Transfer Tax Act (in Swedish: *lag om överlåtelseskatt* 931/1996, as amended).

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Prospectus have been taken into account.

The following description is subject to change, which change could apply retroactively and could, therefore, affect the tax consequences described below.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax a resident person on the worldwide income and Finnish-source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person stays in Finland for a continuous period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates.

Currently, the capital income tax rate is 30%. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 % on the amount that exceeds EUR 30,000.

Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20%.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposition of shares in Company by Finnish resident and non-resident shareholders.

Taxation of dividends

General

The tax treatment of dividend income is dictated by whether the company distributing the dividend is publicly listed or not. By a publicly listed company is meant a company ("**Listed Company**") whose shares are admitted to trading:

- in a regulated market as set forth in the Finnish Act on Trading in Financial Instruments (748/2012, as amended);
- in another regulated market supervised by authorities outside the EEA-area; or

- in a *multilateral trading facility* as set forth in the Finnish Act on Trading in Financial Instruments, provided that the share has been admitted to trading by application of the company or with its consent.

First North is a multilateral trading facility as referred to above; hence the provisions regarding distribution of dividend of a publicly traded company are applied to the taxation of the dividend income from the Company.

Funds distributed from the so-called reserve for invested unrestricted equity (SVOP-reserve) of a Finnish publicly listed company are considered as dividend income for taxation purposes.

Resident natural persons

85% of dividends paid by a Listed Company to a shareholder, who is a resident natural person, is considered capital income of the recipient, while the remaining 15% is tax exempt.

85% of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and partly as capital income, and the remaining 15% is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5%. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

Finnish limited companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75% of the dividend is taxable income while the remaining 25% is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (i.e. a privately held company) from a Listed Company are fully taxable income. However, in cases where the privately held company directly owns 10% or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

Non-residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20% for non-resident corporate entities as income receivers and 30% for all other non-residents as income receivers. The withholding tax rate may be reduced or removed in full on the basis of an applicable tax treaty.

The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

If shares are held through a nominee account and the person entitled to receive dividends on such shares is a resident in a tax treaty country, the withholding tax rate on the dividend is the tax rate set forth in the relevant tax treaty; however, the tax rate must be at least 15% (if the tax rate set forth in the tax treaty is less than 15%, an application including the necessary details of the nationality and identity of the beneficial owner may be submitted for the refund of the excess withholding tax). This means that with respect to dividends on shares held through a nominee account, tax is withheld at the rate set in the applicable tax treaty or 15% absent thorough clarification of the identity of the person beneficially entitled to the dividend. Such procedure, however, requires that the foreign custodian intermediary is registered in the Finnish tax authorities' register and that it is resident in a country with which Finland has a double taxation treaty. Also, the foreign custodian intermediary must have an agreement with the Finnish asset manager regarding the custody of the shares. In such agreement, the foreign custodian intermediary must, among other things, commit to report the dividend receiver's residential country to the asset manager and to provide additional information to the tax authorities, if needed. If these provisions are not fulfilled, the 20% withholding tax is withheld on the nominee account's dividends for non-resident corporate entities and 30% for all other non-residents unless otherwise set forth in an applicable tax treaty. Dividends payable on Shares registered in the book-entry system of Euroclear Sweden may be subject to withholding at the full rate depending on the availability of information required for using treaty rates. Alternatively, provisions of the Finnish Act on Assessment Procedure (1558/1995, as amended) may be applied to the taxation of non-residents located in a state in the EEA under certain conditions as stated in the Finnish Tax at Source Act.

In accordance with Finnish tax law, withholding tax is not withheld from dividends, which are paid to foreign companies, as set forth in Article 2 of the parent-subsidiary directive (2011/96/EU), located in an EU member state and subject to income tax of their home state, which directly have a minimum holding of 10% of the capital of the dividend-distributing Finnish company.

Dividends paid to certain foreign companies located in the EEA-area are also either fully tax exempt or subject to a reduced withholding tax rate depending on how the dividend would be taxed, if it were paid to an equivalent Finnish company. The applicable double taxation treaty may however require that an even lower withholding tax rate shall be applied. Full withholding tax is withheld from other dividends paid to non-resident companies, unless the applicable double taxation treaty dictates otherwise.

Capital gains

Resident natural persons

A capital gain or loss arising from the sale of shares, which do not belong to the business activity of the shareholder, is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons.

Capital gains are currently taxed as a capital income. A capital loss arising from the sale of shares that do not belong to the business activity of the shareholder is primarily deductible from the resident natural person's capital gains arising in the same year. In case the capital loss incurred exceeds the amount of capital gains, the loss is deducted from other capital income arising in the same tax year. If the capital loss cannot be deducted from capital gains and other capital income during the tax year the loss incurred, the loss will be carried forward to the following five tax years. Capital losses are not taken into account when calculating the capital income deficit for the tax year. Such capital losses do not increase the amount of the deficit-credit that is deductible from the taxes under the deficit-crediting system.

If the shares belong to the business activity (business income source) of the seller, any gain arising from the sale is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income. The deductibility of losses related to shares included in the seller's business activity is determined as described under "*Finnish Limited Companies*" below.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20% of the sales price, or in the case of shares which have been held for at least ten years, 40% of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

A capital gain or loss arising from the sale of subscription rights and shares that do not belong to the business activity of the shareholder is generally taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. The tax treatment of warrants varies depending on whether the warrants are admitted to trading on a regulated market or not. A capital gain arising from the sale of any warrants that do not belong to the business activity of the shareholder is generally taxable in Finland as capital income for resident natural persons. However, the lapse of a warrant or the resulting capital loss is deductible from capital gains only for warrants that are admitted to trading on a regulated market. As First North is not a regulated market, the lapse of Warrants or capital loss is not deductible from capital gains.

Finnish limited companies

The following applies only to Finnish limited companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited company, which is taxed with a rate of 20%.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify. Shares may also qualify as non-business income source assets of a limited company. The Finnish Income Tax Act's provisions are applied to capital gains that have arisen from the sale of assets from non-business income sources.

The sales price of any sale of shares is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. The main criteria for the application of the so-called participation exemption is that the company selling the shares has directly and continuously for at least one year owned at least 10% of the share capital in the company whose shares are sold and such ownership of the sold shares has ended at the most one year before the sale.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the

sale of fixed assets shares in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment.

Finnish transfer tax

There is no transfer tax payable in Finland on transfers or sales of shares admitted to trading on First North Finland or First North Sweden if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Assessment Procedure (1558/1995, as amended).

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act. See “*Shareholder rights – Squeeze-out rights.*”

If the transfer or sale of shares does not fulfil the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6% of the sales price is payable by the purchaser. However, if the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm or fund management company, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution or foreign investment firm, the transfer of shares will be exempt from Finnish transfer tax. No transfer tax is collected if the amount of the tax is less than EUR 10. Transfer tax is not payable in connection with the issuance of new shares.

Swedish law tax considerations

Below is a summary of certain Swedish tax issues related to the admission to trading of the Offer Shares and Offer Warrants on First North Sweden and First North Finland for private individuals and limited liability companies that are residents of Sweden for tax purposes, and to shareholders that are not resident in Sweden for tax purposes. The summary is based on current legislation and is intended only to provide general information regarding the Offer Shares and Offer Warrants as from the admission to trading on First North Sweden and First North Finland.

The summary does not cover:

- situations where Offer Shares are held as current assets in business operations;
- situations where Offer Shares are held by a limited partnership or a partnership;
- situations where Offer Shares are held in an investment savings account (in Swedish: *investeringssparkonto*);
- the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends that may be applicable when the investor holds Offer Shares in the Company that are deemed to be held for business purposes (for tax purposes);
- the special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;
- the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (in Swedish: *investeraravdrag*);
- foreign companies conducting business through a permanent establishment in Sweden; or
- foreign companies that have been Swedish companies.

Further, special tax rules apply to certain categories of companies who are shareholders. The tax consequences for each individual shareholder depend to some extent on the holder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences relating to the holder's particular circumstances that could arise from the admission to trading of the Offer Shares in the Company on First North Sweden and First North Finland, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties for the avoidance of double taxation. The summary below is based on the assumption that the Offer Shares are deemed listed for tax purposes in the period while Offer Shares are admitted to trading on First North Sweden and First North Finland (if the

Offer Shares are not deemed listed for tax purposes, partially other tax rules besides the ones summarised below are applicable). However, we do not guarantee that the Offer Shares will be deemed listed.

Private individuals resident in Sweden for tax purposes

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The tax rate in the capital income category is 30%.

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (in Swedish: *genomsnittsmetoden*). As an alternative, the so-called standard method (in Swedish: *schablonmetoden*) may be used at the disposal of listed shares. This method means that the acquisition value may be determined as 20% of the consideration less selling expenses.

Capital losses on listed shares may be fully offset against taxable capital gains arising during the same year on shares, as well as on listed securities taxed as shares (however not mutual funds (in Swedish: *värdepappersfonder*) or hedge funds (in Swedish: *specialfonder*) containing Swedish receivables only (in Swedish: *räntefonder*)). Capital losses not absorbed by these set-off rules are deductible at 70% in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30% of the net loss that does not exceed SEK 100,000 and 21% of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax is normally withheld on dividends if the dividends are paid by Euroclear Sweden or by another legal entity domiciled in Sweden, including a Swedish branch of a non-Swedish corporation. The Swedish preliminary tax withheld would normally amount to 15%, if Finnish withholding tax has been withheld at 15% (see further under heading "*Finnish tax considerations – Taxation of dividends – Non-residents*").

Further, specific tax rules may be applicable to any currency exchange gains or losses.

Allocation, exercise and disposal of Offer Warrants

Allocation of Offer Warrants in connection with the Offering is not taxed at the recipient when the recipient is a shareholder in the company that the warrants relate to. Nor when the Offer Warrants are exercised for subscription of shares will they be subject to taxation. For shareholders who sell their Offer Warrants, there may be a taxable capital gain. Offer Warrants based on a shareholding of existing shares are deemed to be acquired for EUR or SEK 0. The entire sales proceeds after deducting sales costs will thus be subject to taxation. For Offer Warrants purchased or otherwise acquired (i.e. that are not received based on a shareholding of existing shares), the price paid for the Offer Warrants constitutes the acquisition cost.

Limited liability companies resident in Sweden for tax purposes

For limited liability companies (in Swedish: *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22%. Capital gains and capital losses are calculated in the same way as described for private individuals above.

Deductible capital losses on shares may only offset taxable capital gains on shares and other securities taxed as shares. A net capital loss on shares that cannot be utilised during the year of the loss, may be carried forward (by the limited liability company that has suffered the loss) and offset against taxable capital gains on shares and other securities taxed as shares in future years, without any limitation in time. If a capital loss cannot be deducted by the company that has suffered the loss, it may be deducted from another legal entity's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through so-called group contributions) and both companies request this for a tax year having the same filing date for each company (or, if one of the companies' accounting liability ceases, would have had the same filing date). Special tax rules may apply to certain categories of companies or certain legal persons, e.g., investment companies. Further, specific tax rules may be applicable to any currency exchange gains or losses.

Shareholders not resident in Sweden for tax purposes

Shareholders, who are not resident in Sweden for tax purposes and are not conducting business through a permanent establishment in Sweden, are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in the Company, if they have been residents of Sweden or have had a habitual abode in Sweden at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

GLOSSARY

Bracknor	Bracknor Investment
CAGR	Compound annual growth rate
Charité Berlin	Charité - Universitätsmedizin Berlin
City Financial	City Financial Investment Company Limited
DCS	Direct cortical stimulation
DeNovo petition or 510(k) petition	A FDA classification process for medical device in the US for products that have no predicate device. Once the process is successfully completed the product may enter the US market
EF or E-field	Electric field. In Navigated Brain Stimulation or Navigated Brain Therapy, the e-field is created by triggering a transcranial magnetic stimulation (TMS) coil
DLPFC	Dorsolateral Prefrontal Cortex
EFIT	Phase III clinical trial, known as E-FIT (ELECTRIC FIELD NAVIGATED 1HZ RTMS FOR POST-STROKE MOTOR RECOVERY TRIAL), evaluating the use of Nexstim's NBT® system in upper extremity motor rehabilitation following stroke.
Electrodes	A conductor used to establish electrical contact with nonmetallic part of a circuit. In Navigated Brain Stimulation and Navigated Brain Therapy, this is a small disc like piece of plastic with a gel centre that is placed on the muscle that is being tracked. The electrode works with the EMG to record muscle responses to the TMS
EMG	Electromyography
FDA	Food and Drug Administration. An agency in the US Department of Health and Human Services responsible for protecting and promoting public health through the regulation and supervision of e.g. medical devices
fMRI	Functional magnetic resonance imaging
IDE	An investigational device exemption (IDE) which must be sought to allow a medical device to be used in clinical trials in the US.
KOL	Key opinion leader
Kreos	Kreos Capital V (UK) Limited
MEG	Magnetoencephalography
MD Directive	Medical Devices Directive (1993/42/EC, as amended)
MDD	Major Depressive Disorder
MR image or MRI	Magnetic resonance imaging (or magnetic resonance image). A noninvasive diagnostic procedure that uses a powerful magnetic field, radio frequency pulses and a computer to produce detailed sectional images of the internal structure of the body
MT	Motor threshold. In Navigated Brain Stimulation and Navigated Brain Therapy, this is the amount of electrical energy needed for TMS to induce motor movement. The motor threshold varies widely between individuals. Once the patient's individual motor threshold has been determined, it is used to establish the appropriate intensity of TMS used for therapy or during a diagnostic mapping procedure.
NBS	Navigated brain stimulation
NBT	Navigated brain therapy
PMA	Premarket approval by the FDA
PSM	Pre-surgical mapping
rTMS	Repetitive transcranial magnetic stimulation
RSU	Restricted share unit
Sitra	Finnish Innovation Fund Sitra
Stereotactic Camera	A 3D optical tracking unit, that acts like a camera to create precise navigation through the motion sensor trackers found on the glasses, coil, and digitising pen for the Navigated Brain Stimulation and Navigated Brain Therapy Systems

SRS	Stereotactic radiosurgery. A noninvasive treatment, not requiring a craniotomy, where numerous precisely focused radiation beams are used to treat tumors and other problems in the brain. It is a method that delivers high doses of radiation to the target area
TBS	Theta Burst Stimulation (TBS) = is a newer form of TMS. The magnetic pulses are applied in a certain pattern, called bursts. The standard theta burst pattern consists of bursts of three pulses given at 50 Hz within the burst and the bursts repeated every 200 ms for 2 seconds (=total 10 bursts), after which an 8 second pause takes place. After the pause the described pattern is repeated until the intended total number of pulses has been delivered.
Tekes	Business Finland
TMS	Transcranial magnetic stimulation
TU München	Technische Universität München

APPENDIX A - PATENTS

Nexstim's patent families and utility model including brief descriptions are set out in the below table.

Patent family	Description	Filing mainly for	Implemented in
NEX13	Coil tracker attachment	Platform	NBT & NBS
NEX14	Focal 8-shape coil	Platform	NBT & NBS
NEX15	E-field visualization	Platform	NBT & NBS
ILM 6	Dose calculation	Platform	NBT & NBS
NEX 29	Positioning apparatus and method	Platform	NBT & NBS
NEX 28	Coil positioning holder	NBT	NBT & NBS
NEX31	mTMS coil device with single return line	NBT	Future/protective*
NEX 24	Paired pulse TMS	Platform	Future/protective*
NEX19	Cumulative dose, heat map	NBT	Future/protective*
NEX10	Irregular sequence and biomarkers	NBT	Future/protective*
NEX17	Speech mapping	NBS	NBS
NEX25	DTI seed	Platform	NBS & NBT
NEX23	Microscope overlay	NBS	NBS
NEX30	TMS index	Platform	Future/protective*

* *Future/protective = for future use or protective patent.*

APPENDIX B - ARTICLES OF ASSOCIATION

The following is an unofficial translation of the articles of association in Finnish. Only the Finnish-language will be registered with the Finnish Trade Register. In case of discrepancies between the Finnish-language original and the English-language translation, the Finnish-language text shall prevail.

1 § Registered name and domicile

The registered name of the company is Nexstim Oyj, in Swedish Nexstim Abp and in English Nexstim Plc. The domicile of the company is Helsinki.

2 § Line of business

The line of business of the company is the development, production and sales of appliances for medical examinations, treatment, therapy and diagnostics as well as accessories and software relating thereto. The company may offer services relating to its line of business, and may also carry out research and development activities as well as licensing activities relating to its line of business. The company may also engage in the holding and trade of real property and securities.

The company may conduct its business directly on its own or through subsidiaries or associated companies.

3 § Board of directors and the managing director

The Board of Directors comprises no fewer than three (3) and no more than nine (9) members. The term of office of each member of the Board of Directors ends at the adjournment of the first annual general meeting of shareholders following the election.

The general meeting of shareholders elects the chairman of the Board of Directors and the deputy chairman.

The company shall have a managing director. The managing director is elected by the Board of Directors.

4 § Representation rights

The right to represent the company shall be vested with the chairman of the Board of Directors, members of the Board of Directors and the managing director, two of them acting jointly, as well as the persons authorised by the Board of Directors to represent the company, two of them acting jointly, or each such person acting together with the chairman of the Board of Directors, a member of the Board of Directors or the managing director.

The Board of Directors resolves on granting representation rights and procurations.

5 § Financial period

The financial period of the company is the calendar year.

6 § Auditor

The company has one (1) auditor, which must be an auditing firm certified by the Finland Chamber of Commerce.

The term of office of the auditor ends at the adjournment of the annual general meeting of shareholders first following the election.

7 § Notice to convene a general meeting of shareholders

The notice to convene a general meeting of shareholders must be delivered to the shareholders by publishing the notice on the website of the company or otherwise in a verifiable manner no more than three (3) months and no less than three (3) weeks prior to the general meeting of shareholders, however, in any case, at least nine (9) days prior to the record date of the general meeting of shareholders pursuant to the Finnish Companies Act.

Where the Board of Directors so decides, a shareholder must register with the company in order to participate in the general meeting of shareholders. In such case, shareholders must register no later than on the date referred to in the notice convening the meeting, which date may be at the earliest ten (10) days prior to the general meeting of shareholders.

General meetings may be held in the City of Helsinki, Finland or the City of Stockholm, Sweden.

8 § Annual general meeting of shareholders

The annual general meeting of shareholders shall be held each year within six (6) months from the end of the financial period of the company.

The meeting shall:

be presented with:

- the financial statements, which include the consolidated financial statements, and the report of the Board of Directors;
- the auditor's report;

resolve upon:

- the adoption of the financial statements;
- the use of profits shown on the balance sheet;
- the discharge of members of the Board of Directors and the managing director from liability;
- the remuneration of the members of the Board of Directors and the auditor;
- the number of the members of Board of Directors;

elect:

- the chairman and members of the Board of Directors, and
- the auditor.

If a vote is held at the general meeting of shareholders, the chairman of the general meeting of shareholders shall determine the voting procedures.

9 § Book-entry system

The shares in the company shall be entered into the book-entry securities system after the end of the notification period.

APPENDIX C – REPORT ON PROFIT FORECAST



Independent auditor's assurance report on profit forecast included in the Prospectus (translation)

To the Board of Directors of Nexstim Plc

We report in accordance with the Commission Regulation (EC) No 809/2004 Annex XXV item 13.2 on the profit forecast included in the section "Operating and financial review and prospects" of Nexstim Plc's Prospectus dated 26 March 2019. The Prospectus includes a profit forecast compiled by the management of Nexstim Plc according to which based on its business forecast the Company expects a loss for the financial year 2019 based on certain events and management estimates in the prospectus.

Responsibility of the Board of Directors

The Board of Directors of Nexstim Plc is responsible for the compilation of the profit forecast including the principal assumptions upon which it is based in accordance with the Commission Regulation (EC) No 809/2004.

Auditor's responsibility

Our responsibility is to express an opinion as to whether the profit forecast has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast is consistent with the accounting policies of the issuer.

We conducted our work in accordance with the instructions issued by the Finnish Institute of Authorised Public Accountants "Profit forecast and estimate – instructions for the auditor". We have not performed an audit or a review on the profit forecast included in the Prospectus or on the information and assumptions used in the compilation of the profit forecast.

We planned and performed our work so that the evidence we have obtained is sufficient and appropriate to provide a reasonable assurance that the profit forecast has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast is consistent with the accounting policies of Nexstim Plc.

Opinion

In our opinion, the profit forecast has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast is consistent with the accounting policies of the issuer.

Qualifications and restriction on distribution and use of the report

Actual results may be different from the profit forecast since anticipated events frequently do not occur as expected and the variation may be material.

This report has been prepared solely to be included in the Prospectus prepared in accordance with the Commission Regulation (EC) No 809/2004.

Helsinki 26 March 2019

PricewaterhouseCoopers Oy

Authorised Public Accountants

Martin Grandell

Authorised Public Accountants (KHT)

PricewaterhouseCoopers Oy, Authorised Public Accountants, P.O. Box 1015 (Itämerentori 2), FI-00101 HELSINKI

Phone +358 20 787 7000, fax +358 20 787 8000, www.pwc.fi

Reg. Domicile Helsinki, Business ID 0486406-8

COMPANY

Nexstim Plc
Elimäenkatu 9 B
00510 Helsinki

FINANCIAL ADVISORS

Sisu Partners Oy
Aleksanterinkatu 44th floor
00100 Helsinki

CERTIFIED ADVISER

Sisu Partners Oy
Aleksanterinkatu 44
4th floor
00100 Helsinki

LEGAL ADVISERS TO THE COMPANY

As to Finnish law

Attorneys-at-Law TRUST
Erottajankatu 13
00130 Helsinki, Finland

As to Swedish law

Wistrand Advokatbyrå*
Regeringsgatan 65
SE-103 93 Stockholm, Sweden

AUDITORS

PricewaterhouseCoopers Oy
Itämerentori 2
00180 Helsinki, Finland