PROSPECTUS **8 March 2021**

Nexstim

Nexstim Plc

(a public limited company (in Swedish: *publikt aktiebolag)* incorporated under the laws of Finland)

Rights Issue

Up to 219,811,378 shares

Subscription Price EUR 0.03 or SEK 0.31 per share

Nexstim Plc (together with its subsidiaries **"Nexstim"** or the **"Company",** except where the context may otherwise require), a public limited liability company registered in Finland, is offering up to 219,811,378 new shares (the **"Offer Shares"**) in a rights issue, against consideration, based on the shareholders' preferential subscription right at the subscription price of EUR 0.03 or SEK 0.31 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 33.33 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 right (the "**Subscription Right**") per each share held on the Offering record date of 10 March 2021 (the "**Record Date**"). Pursuant to normal settlement period applicable to trading of securities, transactions made with the Company's share at Nasdaq Helsinki Ltd ("**Helsinki Stock Exchange**") or Nasdaq Helsinki Ltd ("**Helsinki Stock Exchange**") no later than 8 March 2021 will be considered in the relevant shareholder register of the Record Date. Two (2) Subscription Rights entitle their holder to subscribe for one (1) Offer Share. No fractions of Offer Shares are allotted and 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 11 March 2021 and in the book-entry system maintained by Euroclear Sweden approximately on 12 March 2021. The Subscription Rights can be freely assigned and they will be traded on the Nasdaq First North Growth Market Finland marketplace (**"First North Finland"**) maintained by Helsinki Stock Exchange (trading symbol NXTMHU0121) and the Nasdaq First North Growth Market Sweden marketplace (**"First North Sweden"**) maintained by Stockholm Stock Exchange (trading symbol NXTMS TR) between 15 March 2021 and 24 March 2021. The subscription period for the Offer Shares will commence on 15 March 2021 at 9:30 a.m. Finnish time (8:30 a.m. Swedish time) and will end on 31 March 2021 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 29 March 2021 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 in section *"Terms and conditions of the Offering"*. Unexercised Subscription Rights will expire and have no value on 31 March 2021 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Finland and on 29 March 2021 at 4:30 p.m. Finnish time (3:30 p.m. Swedish time) in Sweden. Please see *"Terms and conditions of the Offering – Subscription of Offer Shares with 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 more 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 order 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 NXTMHN0121) and on First North Sweden (trading symbol NXTMS BTA) as their own special share class on approximately 15 March 2021. 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 13 April 2021 and in the book-entry system maintained by Euroclear Sweden approximately on 16 April 2021. The Offer Shares will be subject to trading together with the Company's existing shares approximately on 13 April 2021 on First North Finland and approximately on 14 April 2021 on First North Sweden.

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.

In certain countries, such as Australia, South Africa, Hong Kong, Japan, Canada, New Zealand, Singapore and the United States statutory limitations may apply to the distribution of this prospectus (the **"Prospectus"**) and offering and selling of the Offer Shares. The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada, New Zealand, Singapore 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 to anyone in such country, where it would be prohibited by local laws or other regulations to offer shares to such person. The Offer Shares 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 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.

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

IMPORTANT INFORMATION AND NOTICE TO INVESTORS

In connection with the Offering, the Company has prepared a Finnish-language prospectus in accordance with the Finnish Securities Markets Act (746/2012, as amended), Regulation (EU) 2017/1129 of the European Parliament and the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended ("the **"Prospectus Regulation"**), the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the **"Delegated Regulation"**), with its Annexes 24 and 26, the Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the **"Finnish FSA"**).

This Prospectus has been prepared as EU growth prospectus in accordance with Article 15 of the Prospectus Regulation. The Prospectus contains also a summary in the required format in accordance with Article 7 of the Prospectus Regulation and Article 33 and Annex 23 of the Delegated Regulation. The Prospectus and summary have been prepared also in English translations, which corresponds to the Finnish-language Prospectus. Summary has been translated also into Swedish. The Company is responsible for the translations. The Finnish FSA has approved of this Prospectus as the competent authority under the Prospectus Regulation. The Finnish FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The investors should themselves consider if it is suitable to invest in the securities. Such approval of the Finnish FSA shall not be considered as an endorsement of the respective issuer set forth in the Prospectus. The journal number for the approval resolution regarding this Prospectus is FIVA 10/02.05.04/2021. In accordance with the Prospectus Regulation, the summary in Swedish and the English translation of this Prospectus is notified to the competent authority in Sweden.

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

The information contained herein is current as at the date of this Prospectus. The validity of this Prospectus ends upon the end of the offer period. Obligation to provide with supplement to this Prospectus due to a significant new fact, material error or material inaccuracy shall end when this Prospectus is no longer valid.

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 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.

Investors are encouraged to follow company announcements published by the Company.

Making an investment decision regarding the Offering should be based on an independent assessment of the legal, tax, business, financial and other consequences of subscription or acquisition of the Offer Shares, including the merits and risks involved. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor.

CONTENTS

INFORMATION INCORPORATED BY REFERENCE

Following documents are incorporated in this Prospectus by reference:

Consolidated financial statements 2020 of Nexstim Plc (audited)	Pages
Annual report	14-24
Consolidated financial statements (including consolidated income statement, consolidated balance sheet, consolidated cash flow statement and notes to the balance sheet)	25-46
Auditor's report	47-48

Available at: www.nexstim.com/investors/financial-reports-and-presentations

Consolidated financial statements 2019 of Nexstim Plc (audited)	Pages
Annual report	14-22
Consolidated financial statements (including consolidated income statement, consolidated balance sheet, consolidated cash flow statement and notes to the balance sheet)	23-45
Auditors Report	46-47

Available at: www.nexstim.com/investors/financial-reports-and-presentations

The articles of association of Nexstim Plc

Available at: www.nexstim.com/investors/corporate-governance

Other information included in the documents incorporated by reference is not considered relevant for investors or can be found elsewhere in the Prospectus.

The Finnish language documents incorporated by reference are available at Nexstim Plc's website at www.nexstim.com/investors/rights-issue-2021 and in the printed form in the Finnish language at the office of the Company at Elimäenkatu 9 B, 005109 Helsinki, Finland.

SUMMARY

1. Introduction	
1.1	**Name and ISIN codes of the securities** This prospectus (the **"EU Growth Prospectus"**) applies to a share issue (the **"Offering**") in which Nexstim Plc is offering, primarily for subscription by its shareholders on the basis of the shareholders' pre-emptive subscription rights, a maximum of 219,811,378 new shares ("the **Offer Shares**") with ISIN code FI4000354162, in Finland and Sweden.
1.2	**Identity and contact details of the issuer** The registered name of the issuer is Nexstim Oyj (the **"Company" or "Nexstim"**), in Swedish Nexstim Abp and in English Nexstim Plc. The contact details of the issuer are the following: Address: Nexstim Oyj, Elimäenkatu 9 B, 00510 Helsinki Business ID: 1628881-1 Legal entity identifier (LEI): 743700S7ZI0LNMHZ6Y27
1.3	**Competent authority who has approved of the EU Growth Prospectus** The Finnish Financial Supervisory Authority (the **"Finnish FSA"),** which is the competent authority for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and the Council, as amended (the **"Prospectus Regulation"**), has approved of this Prospectus. The Finnish FSA has only approved this EU Growth Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval of the Finnish FSA shall not be considered as an endorsement of the respective issuer set forth in the EU Growth Prospectus. The number for the approval resolution regarding this EU Growth Prospectus is FIVA 10/02.05.04/2021. The contact details of the Finnish FSA are the following: address: Financial Supervisory Authority, P.O. Box 103, 00101 Helsinki; telephone: +358 9 183 51; email address: kirjaamo@finanssivalvonta.fi
1.4	**Date of approval of the EU Growth Prospectus** This EU Growth Prospectus has been approved on 8 March 2021.
1.5	**Warnings** This summary should be read as an introduction to the EU Growth Prospectus. Any decision to invest in the securities should be based on consideration of the EU Growth Prospectus as a whole by the investor. An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the EU Growth Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the EU Growth Prospectus before legal proceedings are initiated. The Company assumes civil liability in respect of this summary including translation thereof only if it is misleading, inaccurate or inconsistent, when read together with the other parts of the EU Growth Prospectus, or where it does not provide, when read together with the other parts of the EU Growth Prospectus, key information in order to aid investors when considering whether to invest in the securities.
2. Key information on the issuer	
2.1	**Who is the issuer of the securities?** The securities are issued by Nexstim which is a public limited liability company (in Swedish: *publikt aktiebolag*) incorporated under the laws of Finland. The Company is domiciled in Helsinki, Finland. The Company is registered within the Finnish Trade Register under business identity number 1628881-1. ***Principal activities of the issuer*** Nexstim is a medical technology company focused on developing and commercializing its navigated non-invasive brain stimulation technology, known as SmartFocusTM® TMS (transcranial magnetic stimulation), for therapeutic applications, namely depression and chronic pain via its Navigated Brain Therapy (NBT®) system. 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 (**"FDA"**), working under the US Department of Health and Human Services, for marketing and commercial distribution for this indication. The NBT® system is also CE marked and hence free for sale and distribution in the area of the European Union e.g. for the treatment of 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 EU Growth Prospectus 33 systems have been delivered to customers for such indication.

Now the Company is planning further clinical trial on the use of its NBT® equipment in the treatment of severe depression with an accelerated iTBS treatment protocol. On 3 March 2021, the Company has announced an overview of results of a pilot study regarding this indication made in co-operation with Kuopio University Hospital. In such pilot study at the time of the announcement, all ten patients treated with the accelerated iTBS protocol have completed their five-day treatment and seven have completed, after the treatment, at least five weeks of their planned 12-week follow-up. In respect of treatment of chronic neuropathic pain, the Company is currently conducting a pilot study on the use of NBT® equipment with an accelerated iTBS treatment protocol.

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 expanded to other leading hospitals with strong key opinion leader (KOL) presence in the fields of neurosurgery.

Shareholder(s) controlling the issuer directly or indirectly

To the knowledge of the management of the Company, the Company is not directly or indirectly owned or controlled by any shareholder.

Identity of issuer's key managing executives/ directors

The members of the Board of Directors of Nexstim are Leena Niemistö (Chairman), Rohan Hoare (Vice Chairman), Martin Forss and Tomas Holmberg. The members of the Company's management team are Mikko Karvinen (managing director), Steve Beller, Henri Hannula, Joonas Juokslahti, Gustaf Järnefelt, Hanna Kotola and Jarmo Laine.

2.2 **Key financial information regarding the issuer and the respective qualifications**

The following tables present selected historical key consolidated financial information of the Company based on Company's audited consolidated financial statements as at and for the financial years which ended 31 December 2019 and 31 December 2020. The Company's audited consolidated financial statements as at and for the years which ended 31 December 2019 and 31 December 2020 have been prepared in accordance with the Finnish Accounting Standards (**"FAS"**).

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

EUR in thousands	**1.1.-31.12.2020** **Audited unless otherwise indicated**	**1.1.-31.12.2019** **Audited unless otherwise indicated**
Net sales	4, 114.0	3,348.1
Personnel expenses	-3,731.5	-4 ,713.0
Depreciation and amortisation	-367.0	-524.6
Profit/ -Loss for the period	-3,332.7	-6,517.4
Result of the financial year	-4,121.6	-6,782.6
Earnings per share (EUR)* [1]	-0.02	-0.25
Cash flows from operating activities	-2,724.7	-6,681.5
Cash in hand and at banks	3,455.8	4,266.2

Total equity	-1,469.1	-740.1
Equity ratio (%)*	-28.25%	-8.49%

* Unaudited

[1] Calculated based on the average number of shares which between 1 January – 31 December 2020 was 267,693,026 shares and 1 January – 31 December 2019 27,611,274 shares.

EUR in thousands	**31.12.2020**	**31.12.2020**
	Audited unless otherwise indicated	**Audited unless otherwise indicated**
Aggregate amount of interest-bearing debts*	5,044.3	6,277.0
Balance sheet total (assets total/ equity and liabilities total)	6,231.3	7,654.7

The audit reports regarding the financial statements of Nexstim for the years ended 31 December 2020 and 31 December 2019 include 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. The adequacy of financing represents a material uncertainty factor, which can compromise the Company's ability to continue operations. 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.

2.3 **Key risks that are specific to the issuer**

The key risks specific to the Company are the following:

- The Company's working capital is not sufficient to meet Company's requirements and future needs of the Company may require additional funding
- The Company has a history of operating losses and it may be that the operations never become profitable
- The Company and its products are still in the development phase and the Company may not be able to carry through further clinical trials on NBT System or such trials may not show clinical efficiency
- The effects of the COVID-19 pandemic in the markets in which the Company operates may adversely affect the demand and sale of the Company's products
- Loans provided by Kreos or Business Finland may become prematurely repayable and additional funding may not be available
- The Company's products will require certain authorizations, 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 or otherwise ensure 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

	• Write down of group internal receivables or subsidiary shares may weaken the parent company's equity or result as parent company equity to become negative • The Company's profitability and success in general is reliant on its ability to recruit and retain relevant key personnel and research and co-operation partners and the Company may not succeed in this • The Company will need a substantial amount of additional financing in the future in order to continue to commercialise its NBT System
3. Key information on the securities	
3.1	**Main features of the securities** In this Offering up to 219,811,378 new shares of the Company are offered for subscription, total number of the currently registered shares of the Company being prior to this Offering 439,622,756. ISIN code of the Offer Shares is FI4000354162 and the trading symbol NXTMH on the Nasdaq First North Growth Market Finland marketplace (**"First North Finland"**) maintained by Nasdaq Helsinki Ltd (**"Helsinki Stock Exchange"**) and NXTMS on the Nasdaq First North Growth Market Sweden marketplace (**"First North Sweden"**) maintained by Nasdaq Stockholm AB (**"Stockholm Stock Exchange"**). The shares have no nominal value and the Company has only one series of shares. The Offer Shares are denominated in euro. The Offer Shares which are traded on First North Finland are traded and settled in euro. The Offer Shares which are traded on First North Sweden are traded and settled in Swedish krona. Rights attached to the Company's shares are determined in accordance with Finnish Limited Liability Companies Act (624/2006, as amended, the "**Companies Act**") and other legislation in force in Finland. Rights attached to the shares include the right to participate in the general meeting of shareholders of the Company and to vote at such meeting. Each Company share entitles to one vote at the general meetings of shareholders. All shares of the Company entitle to equal financial rights, including right to dividends and other distribution of funds by the Company. According to the Companies Act, a shareholder has a pre-emptive right to subscribe for additional shares issued in proportion to existing ownership, unless the resolution relating to the relevant share issue otherwise determines. A redemption right and obligation set out in the Companies Act is attached to the Company's shares. According to the Companies Act, a shareholder holding shares representing more than nine tenths of all shares and voting rights attached to all shares in a company has the right to redeem the remaining shares in such company against fair value. Such shareholder is accordingly obligated to redeem the shares held by other shareholder if requested by such other shareholder. The Offer Shares entitles its holder to all dividends and other shareholder rights in the Company (equal to other Company shares) upon registration of the Offer Shares within the Finnish Trade Register. The Offer Shares are expected to be registered within the Trade Register approximately on 12 April 2021. The Company has not distributed any divided based on the financial statements as at 31 December 2019 or 31 December 2018 or otherwise prior to the date of this EU Growth 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 Companies Act according to the proposal of the Company's Board of Directors.
3.2	**Trading with the securities** The Company intends to file an application to the Helsinki Stock Exchange for the listing of the Offer Shares on First North Finland with trading symbol NXTMH and to the Stockholm Stock Exchange for the listing of the Offer Shares on First North Sweden with trading symbol NXTMS. The subscription rights are traded on First North Finland (trading symbol NXTMHU0121, ISIN FI4000480462) and on First North Sweden (trading symbol NXTMS TR, ISIN SE0015660592) between 15 March 2021 and 24 March 2021. Trading in the temporary shares will commence on First North Finland (trading symbol NXTMHN0121, ISIN FI4000480470) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0015660600) as their own special share class approximately on 15 March 2021. The temporary shares will be combined with the current shares of the Company after the Offer Shares have been registered within the Trade Register. The combination will take place in the book-entry system maintained by Euroclear Finland Oy approximately on 13 April 2021, and in the book-entry system maintained by Euroclear Sweden AB approximately on 16 April 2021. The Offer Shares will be subject to trading together with the Company's existing shares approximately on 13 April 2021 on First North Finland and approximately on 14 April 2021 on First North Sweden.
3.3	**Is there a guarantee attached to the securities?** There is no guarantee attached to the securities.
3.4	**Key risks that are specific to the securities**

The key risks that are specific to the securities are the following:

- Subscription commitments are conditional to certain term and there is no certainty that such term shall be fulfilled or that all investors who have given subscription commitments will otherwise fulfil their obligations towards the Company
- The amount of possible future dividends or capital repayments to be distributed to shareholders is uncertain, and no distribution of dividend is expected in the near future
- Investors in Sweden participating in the Offering may be adversely affected by fluctuations in foreign exchange rates
- Shareholders' ownership will be diluted, if the shareholders do not exercise their subscription rights, and subscription rights may lose their value

4. Key information on the offer of securities and the admission to trading

4.1 **Conditions and timetable for the security investment**

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 (a **"Subscription Right"**) per each share held on the record date of the Offering i.e. on 10 March 2021. Pursuant to normal settlement period applicable to trading of securities, transactions made with the Company's share at Helsinki Stock Exchange or Helsinki Stock Exchange no later than 8 March 2021 will be considered in the relevant shareholder register of the Record Date. Two (2) Subscription Rights entitle the holder to subscribe for one (1) Offer Share. No fractions of Offer Shares are allotted and a Subscription Right may not be exercised only partially.

The subscription period for the Offer Shares (the **"Subscription Period"**) will commence on 15 March 2021 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 31 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 29 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Sweden, when any unused Subscription Rights shall expire. The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 12 May 2021. Any extensions of the Subscription Period will be announced by way of a company announcement before the end of the Subscription Period.

The subscription price of Offer Shares is EUR 0.03 or SEK 0.31 per Offer Share (the "**Subscription Price"**).

If all the Offer Shares have not been subscribed for 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.

Provided that no extension is made to the Subscription Period, the Company will announce the outcome of the Offering approximately on 7 April 2021 by way of a company announcement.

Subscription commitments

The following major shareholders of the Company as well as certain members of the Board of Directors and the management team have, on the condition set forth below committed to subscribing for in aggregate approximately 48.73% of the Offer Shares, meaning a commitment of EUR 3,153,929.71 as follows:

Commitment provided by	Subscription commitment (in EUR)
Ossi Haapaniemi with related party companies	722,608.65
Kyösti Kakkonen with related party companies and book-entry accounts controlled by him	1,200,000.00
Leena Niemistö representing Kaikarhenni Oy	1,100,000.00
Certain members of the Board of Directors and the	131,321.06

	management team (together) All subscription commitments are subject to the condition that there are no material adverse events or occurrences in the Company regarding its on-going medical studies prior to such commitments are fulfilled on the Subscription Period of the Offering (by 31 March 2021 in Finland and 29 March 2021 in Sweden). In connection with the Offering, the Company will give those parties who have subscribed for Offer Shares in accordance with their commitment and the terms and conditions of the Offering a subscription commitment fee corresponding to 4% of the aggregate amount of the subscription commitment by issuing up to 4,205,236 new shares in the Company without payment to those parties. **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. **Dilution** As a result of the Offering, the number of the Company's shares may increase from 439,622,756 shares to a maximum of 663,639,370 shares, taking into account the maximum amount of the subscription commitment fee shares. The Offer Shares correspond to approximately 50.00% of all the Company's shares immediately before the Offering and approximately 33.33% per cent of the Company's shares after the Offering, assuming that the Offering is fully subscribed. When taking into account the maximum amount of new shares of the Company payable as subscription commitment fee, the Offer Shares and the fee shares together correspond to 50.96% of all the Company's shares immediately before the Offering and approximately 33.76% of the Company's shares after the Offering (assuming that the Offering is fully subscribed). **Fees and expenses (besides the subscription commitment fees)** Nexstim expects to pay a total of approximately EUR 0.2 million in fees and expenses to its advisors in connection with the Offering. There are no fees or transfer tax for subscribing for the Offer Shares. Account managers, custodians and securities intermediaries executing subscription orders may charge a brokerage or equivalent fee for these transactions in accordance with their own price lists.
4.2	**Why has this EU Growth Prospectus been prepared** ***Reasons for 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 working capital needs i.e. marketing and similar commercialization efforts for increasing the sales of the Company's NBT System in the depression treatment, for increasing the sales of the Company's NBS System used in diagnostic purposes, and with current cash in bank and at hand to finance repayment of its existing loans, taking into account the use of the net proceeds set forth below in this section. ***The use and estimated net amount of the proceeds*** The total proceeds of the Offering may amount to at maximum approximately EUR 6.6 million based on the maximum number of Offer Shares (219,811,378 Offer Shares) and the Subscription Price of EUR 0.03 per Offer Share. The net proceeds from the issuance of the Offer Shares amount to at maximum approximately EUR 6.4 million, after deducting estimated offering fees and expenses payable by the Company of approximately EUR 0.2 million, in the aggregate (not taking into account the subscription commitment fees payable in shares of the Company). The Company may complete the Offering even though the Offer Shares are not subscribed for in full, in which event the total proceeds and net proceeds of the Offering are accordingly lower. In particular, Nexstim intends to use the net proceeds of the Offering to: • Grow the sales of NBT equipment particularly by co-operation with clinics in the US • Grow and develop the sales of NBS equipment in the US and EU markets • Further clinical trials with increased number of patients on the use of NBT equipment in the treatment of severe depression with an accelerated iTBS treatment protocol • Repayment of existing loans (in accordance with agreed timetable) and general corporate purposes • Evaluate new clinical trials in the area of chronic neuropathic pain • Finance its R&D needs

PERSONS RESPONSIBLE, THIRD PARTY INFORMATION AND COMPETENT AUTHORITY APPROVAL

PARTIES RESPONSIBLE FOR THE INFORMATION AND DECLARATION OF ACCURACY

Nexstim Plc, whose domicile is in Helsinki, is responsible for this Prospectus. To the best knowledge of the Company, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect the importance of such information.

THIRD PARTY INFORMATION

This Prospectus contains information that has been sourced from a third party. Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Sources of third party information contained in the Prospectus are the following:

- *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.*
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- *Neuronetics' prospectus dated 27 June 2018 in connection with initial public offering.*
- *Nexstim market research, by Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018.*
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- *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.*
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COMPETENT AUTHORITY APPROVAL

This Prospectus has been approved by the Finnish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129. The Finnish Financial Supervisory Authority has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and this approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities i.e. the Offer Shares.

This Prospectus has been prepared as an EU Growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

BACKGROUND AND REASONS FOR THE OFFERING

This Prospectus has been prepared in connection with a share issue of the Company (the **"Offering"**) in which up to 219,811,378 new shares (the **"Offer Shares"**) are offered for subscription to existing shareholders on the basis of the shareholders' pre-emptive subscription rights**.** 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 working capital needs i.e. marketing and similar commercialization efforts for increasing the sales of the Company's NBT System in the depression treatment, for increasing the sales of the Company's NBS System used in diagnostic purposes, and with current cash in bank and at hand to finance repayment of its existing loans, taking into account the use of the net proceeds set forth below in this section.

THE USE AND ESTIMATED AMOUNT OF THE PROCEEDS

The total proceeds of the Offering may amount at maximum approximately EUR 6.6 million based on the maximum number of Offer Shares (219,811,378 Offer Shares) and the Subscription Price of EUR 0.03 per Offer Share. The net proceeds from the issuance of the Offer Shares amount to at maximum approximately EUR 6.4 million, after deducting estimated offering fees and expenses payable by the Company of approximately EUR 0.2 million, in the aggregate (not taking into account the subscription commitment fees payable in shares of the Company). The Company may complete the Offering even though the Offer Shares are not subscribed for in full, in which event the total proceeds and net proceeds of the Offering are accordingly lower.

Nexstim intends to use the net proceeds of the Offering particularly to:

(i) Grow the sales of NBT equipment particularly by co-operation with clinics in the US
(ii) Grow and develop the sales of NBS equipment in the US and EU markets
(iii) Further clinical trials with increased number of patients on the use of NBT equipment in the treatment of severe depression with an accelerated iTBS treatment protocol
(iv) Repayment of existing loans (in accordance with agreed timetable) and general corporate purposes
(v) Evaluate new clinical trials in the area of chronic neuropathic pain
(vi) Finance its R&D needs

Below, in section *"Working capital statement"* of the Prospectus it has been described how the Offering is used to ensure sufficient working capital for the Company. This covers the uses of proceeds set forth above in sections (i)-(iv). Besides the funds received in the Offering, the uses of proceeds set forth in sections (i)-(iii) and (v)-(vi) may require additional financing which may be acquired for the Company by e.g. new directed share issues. On the date of the Prospectus, the Company is not able to estimate the aggregate amount of financing required for such use of proceeds, as the final spending of costs of the clinic co-operation, development and growth of sales, further clinical trials and evaluation of new clinical trials depends on the financing available for such use of proceeds (e.g. partly also the outcome of the Offering) and on the other hand to which extent and according to which timetable such actions will be taken. The Company's Board of Directors will separately decide on necessary actions to acquire such financing, taking into account the uses of proceeds set forth above.

EXISTING LOANS OF THE COMPANY AND REPAYMENTS WITH PROCEEDS OF THE OFFERING

On 31 December 2020, the Company had an outstanding loan of EUR 988,942.44 from a company called Kreos Capital V (UK) Limited (**"Kreos"**) and development loans from Business Finland amounting to EUR 3,852,786.44. Of the loans which are due for payment in 2021, in total EUR 237,403.54 have been repaid, and during a period of 12 months after the date of the Prospectus, in total EUR 915,056.93 will become due for payment, which payments may be made with proceeds of the Offering to the extent the existing cash in bank and at hand (approximately EUR 3.5 million as at 31 December 2020) is not sufficient to make such payments when due. Proceeds of the Offering may also be used for repayments of such loans during the following years.

The following table sets forth how much funds are needed for repayments of all such loans (excluding interests) in accordance with the current loan terms during years 2021-2030 until all are repaid in full:

Creditor	Payments (EUR) 2021	Payments (EUR) 2022	Payments (EUR) 2023	Payments (EUR) 2024	Payments (EUR) 2025	Payments (EUR) 2026	Payments (EUR) 2027-2030
Kreos	988,942.44	-	-	-	-	-	-
Business Finland	163,518.00	619,394.00	878,063.00	878,063.00	809,658.25	413,050.19	91,040.00 (22,760.00 annually)
In total	1,152,460.47	619,394.00	878,063.00	878,063.00	809,658.25	413,050.19	91,040.00

ADVISORS

As to Finnish law, the Company's legal adviser in connection of preparing this Prospectus has been Attorneys at Law Trust Oy, whose contact information is: Attorneys at Law Trust Oy, Erottajankatu 13, 00130 Helsinki, Finland.

As to Swedish law, the Company's legal adviser in connection of preparing this Prospectus has been Törngren Magnell & Partners Advokatfirma KB, whose contact information is: Törngren Magnell & Partners Advokatfirma KB, Jakobs Torg 3, SE-111 52 Stockholm, Sweden.

The Company's Certified Adviser is Erik Penser Bank AB, whose contact information is: Erik Penser Bank AB, Apelbergsgatan 27, (Box 7405), 103 91 Stockholm, Sweden.

CONFLICTS OF INTERESTS

The Offering is organized by the Company without a separate arranger and the remuneration of any advisor is not tied to the amount of proceeds from the Offering or otherwise to the outcome of the Offering. The fee to the parties who have provided a subscription commitment is tied to the amount of such commitment and not to the proceeds or outcome of the Offering. There are therefore no conflicts of interests between the Company, the parties that have given subscription commitments and/or the Company's advisors in connection with the Offering.

STRATEGY, PERFORMANCE AND BUSINESS ENVIRONMENT

INFORMATION ABOUT THE ISSUER

The registered name of the issuer is Nexstim Oyj **,** in Swedish Nexstim Abp and in English Nexstim Plc. The Company is registered within the Trade Register of the Finnish Patent and Registration Office on 25 October 2000 under the business identity code 1628881-1 and Legal Entity Identifier (LEI) 743700S7ZI0LNMHZ6Y27. The Company's financial year is the calendar year.

The Company is domiciled in Helsinki, Finland. It is a public limited company incorporated in accordance with the Finnish Limited Liability Companies Act (624/2006, as amended, the **"Companies Act"**) and it is organized under the laws of Finland. The registered address of the Company is Elimäenkatu 9 B 00510 Helsinki, Finland and its telephone number is +358 9 272 7170.

According to article 2 of its articles of association, the field 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 field of business and may also carry out research and development activities as well as licensing activities relating to its field of business. The Company may also own and sell real estates and securities. The Company may conduct its business directly on its own or through subsidiaries or associated companies.

The address of the Company's website is www.nexstim.com. The Company underlines that any other information presented on such website, or any other websites referenced on the Company's website shall not be considered as part of this Prospectus, except of such information which has been incorporated by reference herein (see the section *"Information Incorporated by Reference"*) or except for possible supplement to the Prospectus which shall be considered as part of the Prospectus. The Financial Supervisory Authority has not reviewed or approved any information on the Company's website or other websites referenced therein.

FINANCING

Information on material changes in the Company´s borrowing and funding structure

There have not been any material changes in the Company's borrowing and funding structure during the period from the end of the last financial year i.e. 31 December 2020 and the date of this Prospectus.

Description of the expected financing

Prior to the Offering and the preparation of the Prospectus the Company has financed its operations through rights issues carried out in 2019 and 2020, convertible loans and product development related grants and loans. To this date, the Company has funded its operations with equity financing from its shareholders, capital loans granted by Business Finland and shareholders, product development funding from Business Finland, long-term financing arrangement entered into with Bracknor Investment and the Finnish Innovation Fund Sitra, a facility granted by Kreos Capital V (UK) Limited, directed issues to certain individual investors (such as Capricorn Partners), subscription prices received on the basis of the warrants issued in connection with the rights issue in 2019 ("Offer Warrants" as defined in the Company's prospectus dated 26 March 2019), directed share issues carried out in fall 2019 as well as sales income received from sales of NBS and NBT® Systems and related after sales services.

The parent company Nexstim Plc has financed with the above-mentioned financing its own business as well as the business operations of its subsidiaries particularly in the Germany and US.

During the following 12 months from the date of the Prospectus, the Company's operations and business are expected to be financed with proceeds from the Offering, which will also be partly used to repay the Company's existing loans (see section *"Background and reasons for the Offering - The Use and Estimated Amount of the Proceeds"* and *"Existing loans of the Company and repayments with proceeds of the Offering"* of the Prospectus). In addition to the proceeds from the Offering, particularly the uses of proceeds set forth in sub-sections (i)-(iii) and (v)-(vi) in section *"Background and reasons for the Offering - The Use and Estimated Amount of the Proceeds"* may require additional financing, which may be obtained by the Company through, for example, new directed share issues. The Board of Directors of the Company will decide separately on the actions related to obtaining additional financing, taking into account intended uses of the proceeds as set forth in section *"Background and reasons for the Offering - The Use and Estimated Amount of the Proceeds"* of the Prospectus.

BUSINESS OVERVIEW

Nexstim is a Finnish medical technology company operating in international markets. Nexstim's mission is to enable the individual and efficient diagnosis and treatment of challenging brain diseases and disorders. Nexstim has developed a non-invasive[1] brain stimulation technology entitled SmartFocus®. SmartFocus® is based on transcranial magnetic stimulation (TMS) combined with a 3D navigation system. Geographically, the business of the Company is focused on the North America (USA and Canada) and the EU area.

The SmartFocus® TMS technology is used in NBT® (Navigated Brain Therapy) equipment developed by Nexstim. Marketing and distribution of the equipment for the treatment of serious depression in the USA has been authorised by the Food and Drug Administration (***"FDA"***), working under the US Department of Health and Human Services, and the NBT® equipment also has a similar marketing and distribution authorization in Canada. NBT® equipment also has a CE marking confirming that the product conforms to the essential requirements set out in the applicable EU directives and regulations which means that the product can move freely within the entire EU i.e. it can be marketed and sold for e.g. for treatment of depression and chronic neuropathic pain (see details in section *"European Regulatory Approval"*).

In therapy applications, TMS service providers, psychiatric clinics, TMS centres and hospitals are typical customers of the Company.

Furthermore, Nexstim is marketing the Navigated Brain Stimulation (NBS) equipment, developed by it and based on SmartFocus® TMS technology. Nexstim's NBS equipment is the only navigating TMS equipment with CE marking, and FDA's marketing and distribution authorisation for the pre-surgical mapping of the speech and motor cortices of the brain, which has a similar authorisation also in Canada.

In diagnostic applications, the world's leading neurosurgical and university hospitals are typical customers of the Company.

Strategy and objectives

Following a thorough review of the Company's corporate strategy conducted together with the Board of Directors and the management team, on 13 August 2020 Nexstim announced an update to its strategy covering the years 2020-2024 and on 26 February 2021, as part of the financial statements as at 31 December 2020, also key strategic objectives for the first execution year 2021. According to Company`s updated corporate strategy announced on 13 August 2020:

Nexstim´s mission

Nexstim's mission is to enable personalized and effective therapies and diagnostics for challenging brain diseases and disorders by making the transcranial magnetic stimulation (TMS) electric field (e-field) visible and reproducible.

Nexstim`s vision

Nexstim's vision is to set the new standard of care for treating a host of currently intractable brain diseases and disorders. According to the view of the Company's management, personalised, successful TMS treatment may give back patients – and their families – the life they feared they had lost.

[1] See the explanation of the word "non-invasive" and other medical terms used in the Prospectus in glossary at the end of the section *"Strategy, Performance and Business Environment"*.

Nexstim`s values

Values of Nexstim are being committed to offering technology solutions solidly grounded in only scientific and clinical research, and to closely collaborate with key opinion leaders who believe, like Nexstim does, that TMS can harness the brain's own healing power i.e. neuroplasticity.

The updated corporate strategy based on the above-mentioned mission, vision and values is established on the fact that Nexstim has a platform TMS technology with multiple applications for its equipment. The strong point of Nexstim´s technology is based on e-field navigation. The strategic objective in diagnostic applications is to generate a steady stream of revenue through an existing strong installation base and to develop sales primarily through strategic partnerships.

Nexstim's objectives

The Company is aiming to enhance its business in diagnostic applications by further developing its technology around motor and speech mapping of the brain in selected diagnostic indications in selected markets (focus in the USA & EU) jointly with the world's leading hospitals. Special emphasis is then in diagnostic indications for the preprocedural planning for difficult brain tumour and epilepsy patients and the planning for patients undergoing radiotherapy for brain tumour.

The Company is aiming to enhance its business in therapeutic applications by, recurring revenue optimization through existing installed base and introducing profitable new system growth in major depressive disorder (MDD) and chronic neuropathic pain. The goal is to achieve new business and enter into a new severe depression indication business based on an accelerated therapy i.e. iTBS protocol. Nexstim aims to further leverage this platform technology around selected therapeutic indications in selected markets (focus particularly in the USA & EU) jointly with new and existing TMS service providers. Special emphasis is then in therapeutic indications for the treatment of severe depression and the treatment of chronic neuropathic pain.

Nexstim's key strategic objectives for year 2021

Related to the Company´s corporate strategy, the key strategic objectives for year 2021 announced on 26 February 2021 (as part of the financial statements as at 31 December 2020), are the following:

- Focus on achieving profitable revenue growth and strict management of operating
- Report first results from the new pilot studies in treating severe depression and/or chronic pain patients with accelerated therapy treatment protocols and seek to move towards further trials with increased numbers of patients.
- Develop and execute a deeper profitable partnership business model in the key therapy markets together with valued partners
- Achieve a patient data registry (with anonymized personal data) of over 200 completed treatment sessions of depression patients
- Secure funding to progress towards the company's strategic vision from capital markets and/or through strategic partnerships

Characteristics of the medical device market (regulatory environment)

US regulations

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 comparable 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 II and I devices require conducting of a relatively easier 510(k) clearance process before entering into markets. 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. 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, an IDE from FDA can be deemed unnecessary and research permission granted by Institutional Review Boards of the trial sites.

Regulation in Canada

Compared to a US 510(k) application, medical device license 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 license 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. The Company has obtained licenses regarding selling in respect of both NBT system for MDD and NBS System for pre-surgical mapping (PSM).

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 an 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 certificate in accordance with ISO 13485 standards (medical devices).

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, and this way to obtain reimbursement for the treatments.

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 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 invalidation, 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. Data announced 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 this way contribute 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 separate 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 authorisation from the FDA to market and distribute 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.

In Canada, there exists no reimbursement coverage in most territories and provinces for rTMS treatments for any condition or illness, and hence it is not possible to apply for reimbursement for treatments with Nexstim's devices. However, in the territory of Yukon and provinces of Québec and Saskatchewan it is possible to obtain reimbursement partially. In the next years, the Company will target the commercialization of its NBT device to these areas, and if the reimbursement is possibly extended to other territories or provinces, also to such areas.

No reimbursement coverage for Nexstim devices has not yet been applied in Europe. There are country-specific care recommendations within EU and reimbursement may not be achieved on the EU level. In the following years, reimbursement will be applied for in separately selected EU countries.

Company`s strengths in implementing its strategy

According to Nexstim management, the Company's strengths in implementing 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.
- Integrated and easy to use navigated TMS device enables the use of the platform in possible other indications in the future.

- Received regulatory authorisations reduce the risk of executing the Company strategy. The Company believes that the regulatory authorisations received based on the same technology platform (FDA's marketing and distribution authorisation for the treatment of MDD and CE marking for both NBS and NBT Systems) reduce the risk of not receiving (disapproval) of the new regulatory authorisations to be applied particularly for treatment of severe depression with accelerated iTBS protocol. Development risks for the technology platform and the NBT and NBS Systems built on that platform are therefore only limited to proving clinical efficacy. Approximately 180 units of the Company's NBS system have been sold and 33 units of the Company's NBT System, and both have been tested in research and clinical use.
- 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.
- 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.
- The NBT system of the Company already technically enables treatments also in accelerated treatment protocols.
- 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 Leena Niemistö, Martin Forss 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 Oyj) and Steve Beller at Abbott Laboratories and St Jude Medical. (See *"Board of Directors and other management"* for more details.) The Company's shareholders also include investors and venture capitalist firms that are specialised in the healthcare industry.

Company´s strengths in the selected diagnostic and therapeutic applications are the following:

- Nexstim technology demonstrates recognisable clinical outcome and enhances customer profitability
- Treatment of patients in the selected applications usually requires hospital treatment. Devices of the Company are already in use more in hospitals than e.g. in private clinics (relatively speaking).

Company's future challenges related to the implementation of its strategy

According to Nexstim management the following list presents key challenges related to the implementation of the strategy:

- Success of further clinical trials on the NBT system in the treatment of MDD and severe depression with accelerated iTBS protocol
- Success of 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 system in other targeted markets
- Building and execution of the health economics model of the NBS and NBT systems
- Availability of key personnel
- Maintaining a balanced cost structure in the areas of R&D and administration
- Availability of funding

Description of the Company's principal activities

Products

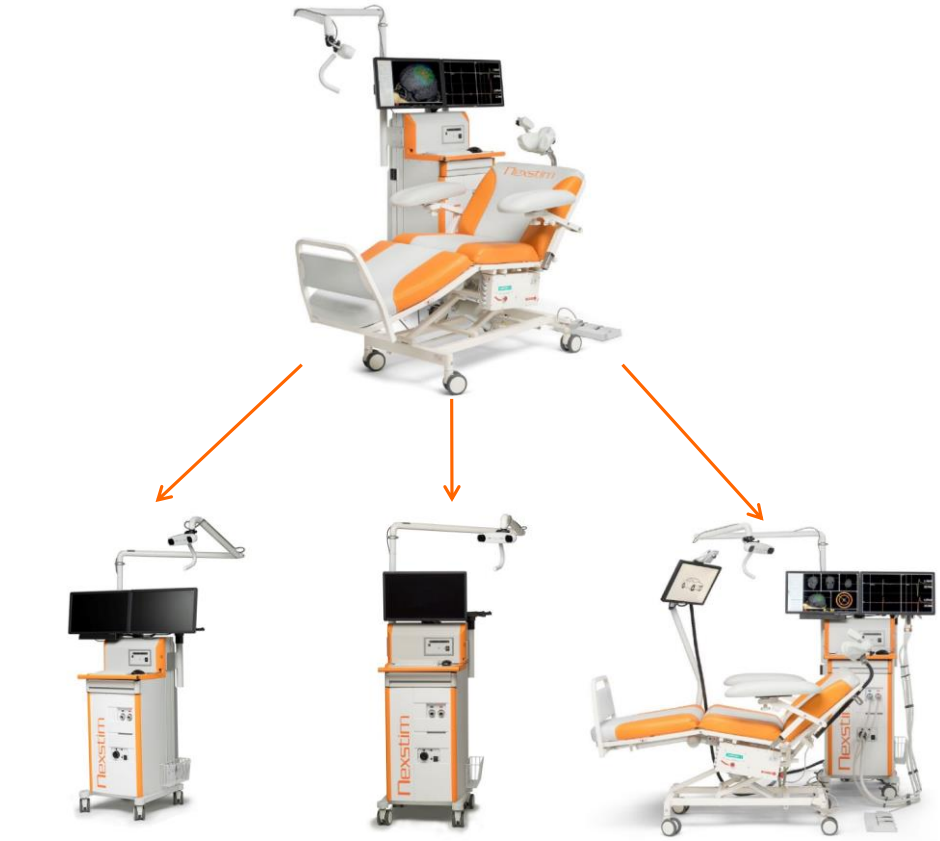
Nexstim produces NBS and NBT Systems, which are manufactured by Nexstim's subcontractor Sanmina Corporation in its plant in Haukipudas, Finland. The devices can be delivered to the end buyers directly by Sanmina Corporation. Nexstim has developed two

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 brain activity 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 non-invasive 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 knowledge of the Company's management, the NBS System with the additional NexSpeech module is the only non-invasive 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. The devices are rather large in size, include multiple parts and require expertise and training in terms of installation and use. Installation takes place at the premises of the customer.



Nexstim has sales and after sales operations in its subsidiaries 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, Middle East 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.

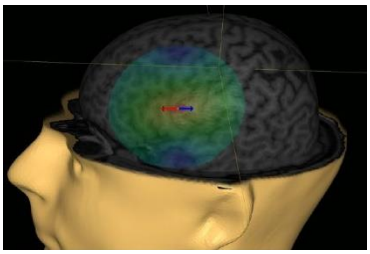
- Navigation is the visualization and determination of the location of the maximum stimulative E-field on the cortical surface. Main technology components for this are the 3D tracking systems, 3D model of the head and the realtime E-field modelling algorithms
- Activation is the controlled delivery of 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 i.e. 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

Nexstim's proprietary algorithms in the technology platform 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.



The Nexstim platform utilises stereotactic navigation in which the virtual 3D model of the head is 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 patients 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 stimulative Efield resulted by such coil, as desired in relation to the structure of the patient's brains. The consumable head tracker has a built-in encrypted RFID chip, which is required to allow the use 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.

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 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 patients 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 field that penetrate through the brain. Pulse magnetic field will induce an E-field in the brain which is dependent on the patient's heads 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 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.

Nexstim's technology 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, in compliance with standards set by competent authorities, are also the most difficult factors to achieve and very difficult for competitors to reproduce. E.g. the FDA authorization requires that the internal electronic field of the brain induced by the TMS pulse is modelled in real time in the software of the device, and that the TMS, navigation system and software are integrated to one single system, which would require a significant and long-term R&D project for a manufacturer. After completion of such project such manufacturer should also clinically prove the efficiency of such device which would take even more time and the success of such trials would be uncertain.

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 resettable 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.

To the view of Nexstim's management, its technology platform may be considered state of the art technology platform, which is being utilised by various university hospitals and research groups for research purposes. The technology platform is well suitable for the implementation of accelerated treatment protocols, as based on current information, this requires application of neuronavigation. [2]

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

Application of NBT system in treatment of depression

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. [3] High frequency (10Hz rTMS or 50Hz intermittent Thetaburst, iTBS) stimulation, targeted to the left dorsolateral prefrontal cortex (DLPFC), has been established as an efficient

[2] Cole E, et al., Stanford Accelerated Intelligent Neuromodulation , Therapy for Treatment-Resistant Depression. Am J Psych 2020.

[3] Hallett M. Transcranial Magnetic Stimulation: A Primer. DOI 10.1016/j.neuron.2007.06.026.

therapeutic intervention for patients with treatment-resistant depression. [4] 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[5]. 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 surface[6] or by using MRI based neuronavigation for targeting rTMS to the anatomic DLPFC[7].

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. [8] Treatment results are equally good in application of 10Hz or 50Hz iTBS treatment protocols. [9] Based on meta analysis of clinical trials, it is known that patients obtaining clinical response in depression therapy, approximately 46% achieves a durability of such response of at least 12 months. [10] New treatment periods in such depression therapy are usually reimbursable in the event the patient has earlier benefited from such therapy.

Nexstim has founded a patient register in which clinics using Nexstim's NBT system may record their results of normal clinical use. Personal data in such register is anonymized. According to a press released published by the Company on 5 October 2020 of the patients ending their first treatment session, 42% were in remission at end of session and 74% obtained a clinical response.

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.

Early-stage results on the use of so-called accelerated treatment protocols (publication of Stanford University) have been introduced as a new and very promising form of rTMS treatment for depression. [11] In these treatments, rTMS therapy is provided several times per day during a few days, instead of providing therapy once per day during several weeks. In the treatment protocol applied by the Stanford University, therapy is provided 10 times per each day during five days, and the treatment is targeted to a specific area of the brain determined per each patient by using neuronavigation. According to the results published, 19 out of the 21 patients treated

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[4] George M et al., Daily prefrontal transcranial magnetic stimulation therapy for major depressive disorder. Arch Gen Psychiatry. 2010: 67:507-516, 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 ja 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.

[5] 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.

[6] 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.

[7] Fitzgerald P, et al. A randomized trial of rTMS targeted with MRI based neuro-navigation in treatment resistant depression. Neuropsychopharmacol 2009;34:1255–1262, 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 ja Herwig U, et al. Transcranial Magnetic Stimulation in Therapy Studies: Examination of the Reliability of "Standard" Coil Positioning by Neuronavigation. Biol Psychiatry 2001;50:58–6.1.

[8] Carpenter L, et al. Transcranial Magnetic Stimulation (TMS) for Major Depression: A Multisite, Naturalistic, Observational Study of Acute Treatment Outcomes in Clinical Practice. Depression and Anxiety 29:587-596, 2012.

[9] Blumberger, et al., Effectiveness of theta burst versus high-frequency repetitive transcranial magnetic stimulation in patients with depression (THREE-D): a randomised non-inferiority trial. Lancet 391:1683-1692, 2018.

[10] Senova S, et al., Durability of antidepressant response to repetitive transcranial magnetic stimulation: Systematic review and meta-analysis, Brain Stimulation (2018), https://doi.org/10.1016/j.brs.2018.10.001).

[11] Cole E, et al., Stanford Accelerated Intelligent Neuromodulation , Therapy for Treatment-Resistant Depression. Am J Psych 2020.

(90.5%) achieved remission which is significantly better than any results for the rTMS therapy reported earlier. After the treatments, the patients had also lost their suicidal thoughts which they had before the therapy began. [12]

The accelerated treatment protocols may offer Nexstim an opportunity to penetrate a new market segment in the treatment of depression, as currently no TMS manufacturer obtains an approved indication to treat suicidal depression patients. Such patients are typically treated as hospitalized patients in hospitals which would enable targeting the sale towards such patients. Possible new market is particularly attractive in the US, where estimated 160 thousand of such patients are treated annually. [13]

Besides hospitalized patients accelerated treatment protocols may offer also to non-hospitalized patients an easier therapy alternative, as e.g. an intensive treatment session of five days is possibly less disturbing than a daily treatment provided for several weeks. See the pilot study of Nexstim in section "*Strategy. performance and business environments – Business Overview – Description of the Company's principal activities – Recent significant activities relating to business".*

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 " *Strategy, Performance and Business environment – Business Overview – Strategy and Objectives – 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 non-invasive 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 and current care guideline in brain mapping but which requires opening of the scull in surgery.

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 arteriovenous 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. Accuracy has been proven in clinial trials (meta-analysis of six trials) in which results provided with NBS system has been compared with results provided with Direct Cortical Stimulation (DCS) performed in neurosurgery after invasing the skull. Both such methods are able to determine the accurate location of the primary motor cortex of the brain with an average difference of individual muscles in the brain area being 6 millimeters. [14] 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 above *"Navigation process"*.

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 benefits[15] . The TU München study showed improvements in

[12] Cole E, et al.

[13] Nexstim market research, Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018 ja Case et al., Declining use of electroconvulsive therapy in US general hospitals. Biol Psych 2013; 73(2): 119-126.), approximately 620 psychiatric hospitals and approximately 800 general hospitals with psychiatric unit (www.aha.org/statistics).

[14] Takahashi S, et al. Navigated transcranial magnetic stimulation for mapping the motor cortex in patients with rolandic brain tumors. Neurosurg Focus (2013), http://thejns.org/doi/abs/10.3171/2013.1.FOCUS133.

[15] 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.

total resection probability from 58% to 78% amongst other benefits[16] .

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 DCS[17] , speech mapping utilising the NexSpeech module was successful in all cases, allowing the neurosurgeons to identify cortical areas that did not contain speech function.

Application of NBT system in treatment of chronic neuropathic pain

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 opioid-based anti-nociception and increases the activity of endogenous opioid 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[18].

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.

There have been promising results in treatment of depression patients with accelerated rTMS treatment protocols, in which therapy is provided several times per day during a period of few days (see above *"Application of NBT system in treatment of depression"*). Corresponding results have not sofar been obtained with patients suffering from pain. In accordance with section *"Strategy. performance and business environments – Business Overview – Description of the Company's principal activities – Recent significant activities relating to business"*, a clinical pilot trial on Nexstim's NBT system has been initiated in the University Hospital of Helsinki to research such matter. Also durability of clinical response in chronic neuropathic pain is quite unknown. It has been stated to vary from several weeks to several months.

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

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

[18] 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 ja 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

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. The Company is well-connected both in Finland and abroad. Foreign partners are e.g. Charite Universitätsmedizin Berlin, Technische Universität München and University of Milan, and partners in Finland VTT Technical Research Centre of Finland Ltd, Hospital District of Helsinki and Uusimaa (HUS), Aalto University as well as the University Hospitals of Kuopio, Turku and Tampere. With the University Hospital of Kuopio, the Company has currently several on-going research projects (see e.g. below *"Recent significant activities relating to business"*). With its own development projects, Nexstim has participated in national key projects, such as Elastronics project for developing wearable technology. As a part of such project Nexstim is involved in developing a new particularly user-friendly EMG module meaning a new kind of technology platform which is well suitable for measuring other physiological parametrics. Furthermore, Nexstim has sourced domestic user interface and SW development know-how in connection with several projects from long-term partners, such as Atostek Oy and Movial Corp. This significant networking creates good grounding and tools for the acceleration and adjusting of the Company's research and development activities.

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 132 patents and 3 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", "NEXSTIM NBT", "NEXSTIM" and "SmartFocus" in the US and Europe. As of the date of this prospectus Nexstim has 39 trademarks and one international trademark applications "SmartFocus" pending.

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

Recent significant activities relating to business

Pilot studies of the Company

A pilot study on the use of the accelerated iTBS protocol in treatment of severe depression with Nexstim NBT® System was started on 22 September 2020 at the University Hospital of Kuopio. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times per day for one week whereas in conventional TMS therapy, stimulation is given once a day during several weeks.

In the pilot study, the effectiveness of the accelerated iTBS protocol was be tested in 10 patients. On 3 March 2021, the Company has announced an overview of results of a pilot study made in co-operation with Kuopio University Hospital regarding this indication. In such pilot study at the time of the announcement, all ten patients treated with the accelerated iTBS protocol have completed their five-day treatment and seven have completed, after the treatment, at least five weeks of their planned 12-week follow-up. The 10 patients were treated with shortened treatment sessions to ensure patient safety with the accelerated protocol (compering e.g. with study by Stanford University described above in section "*Application of NBT system in treatment of depression"*). No study discontinuations or serious adverse events issues had occurred. All ten patients showed improvement of symptoms on the clinician administered Hamilton Depression Rating Scale (HAMD-17) outcome measure at the end of treatment (mean decrease in score from baseline 37%, $p<0.001$). 1 of 10 patients (10%) had reached clinical remission and 3 of 10 (30%) a clinical response defined as >50% improvement on the measure. Of the 7 patients having completed their 5-week follow-up visit, 2 (29%) were in clinical remission and 3 (43%) demonstrated a clinical response compared with the baseline HAMD-17 score. 1 of 8 patients who had reported any history of suicidal ideation at baseline reported such ideation at end of treatment.

The next phases will be to publish more detailed results and further clinical trials in Finland or abroad. The scope and details of study protocols for such trials will be determined later. The estimated duration of such trials is dependent on the time in which recruitment of patients may be done and how well they participate in the research in accordance with the research protocol to be prepared for such trials.

A pilot study on the use of accelerated iTBS protocol in treatment of therapy resistant, chronic neuropathic pain with Nexstim NBT® was started on 25 September 2020 at the University Hospital of Helsinki. Accelerated iTBS means transcranial magnetic stimulation (TMS) therapy where stimulation is given several times a day during individual days. In conventional TMS therapy for pain, stimulation

is given once a day during several weeks.

In the Helsinki University Hospital pilot study, the effectiveness of the accelerated iTBS protocol will be tested in 5-10 patients. They are suffering from therapy resistant, chronic neuropathic pain and have not benefited from prior 10 Hz rTMS treatment targeted to the motor cortex. Their treatment will begin in the last quarter of this year and all the treatments are estimated to be completed by 30 June 2021. The results of the study will be announced as soon as possible after their completion.

Proposed change to the composition of the Board of Directors

The Company has on 20 January 2021 published a company announcement, according to which Rohan Hoare, who has been a member of Nexstim's Board of Directors since 2016, and Tomas Holmberg, who has been a member of Nexstim's Board of Directors since 2017, have announced that they will no longer be available to the Company's Board of Directors for the period 2021-2022. At its meeting, the Company's nomination board of the shareholders has decided to propose to the general meeting of shareholders Timo Hildén and Tero Weckroth as new members of the Board of Directors.

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%[19] of the population in developed countries which represents about 216 million people. Of those that seek treatment, 39 million do not respond to standard therapy[20]. Management estimates that approximately 1.9 million people are eligible for TMS treatment in the US and 4 million in the EU. [21] If all these patients receive treatment at the treatment cost of circa $300 (in the US) and circa $250 (in EU), this would imply an aggregate market potential 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 doctor's 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 severity[22].

Nexstim's NBS system is commercialised for mainly pre-surgical mapping, serving as a non-invasive and accurate motor and speech mapping tool. The management of Nexstim estimates that the potential aggregate market for the NBS system in the US and EU amounts to approximately EUR 240 million[23], based on the assumption of only one NBS device for pre-surgical mapping is per practice and there would be, 1,200 practices using such device with price of such system being EUR 200 thousand. In addition, the average price of consumables and price for annual servicing during the expected operational life of 7 years of the equipment, i.e. in aggregate EUR 24 million annually (covering both the US and EU areas) may be added to such potential aggregate market. 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.

[19] 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.

[20] 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/.

[21] Nexstim market research, by Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018.

[22] Carpenter et al, 2012.

[23] Nexstim market research, by Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018.

Chronic neuropathic pain is a common indication estimated to affect up to 6-7% of general population. [24] 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 2024. [25] 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 relief. [26] 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 pain.[27] 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 of research. One of such research is on-going in respect of the use of accelerated treatment protocols where Nexstim's system is being tested at the University Hospital of Helsinki (see "*Strategy. performance and business environments – Business Overview – Description of the Company's principal activities – Recent significant activities relating to business"*). 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.

Competitive landscape

Nexstim considers as potential competitor 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 non-invasive 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 E-field 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 1 below.

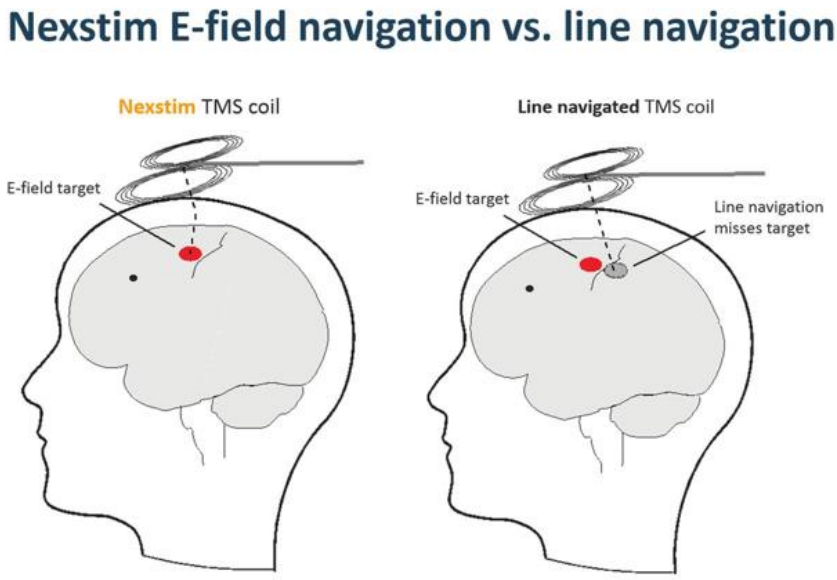
[24] Torrance N, et al. The epidemiology of chronic pain of predominantly neuropathic origin. Results from a general population survey. J Pain 2006;7:281–9 ja Bouhassira D, et al. Prevalence of chronic pain with neuropathic characteristics in the general population. Pain 2008;136:380–7.

[25] Persistence Market Research titled 'Global Market Study on Neuropathic Pain: Anticonvulsants Drug Class Segment Projected to Witness the Highest Growth Through 2024'.

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

[27] Lafaucheur 2014.

Figure 1. Illustrative comparison of Nexstim E-field navigation and the so-called line navigation method.



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®.[28]

Market for treatment of major depressive disorder (MDD) and competitive landscape

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 4.0 thousand adult patients, only approximately 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 medication[29].

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.

The accelerated treatment protocols may offer Nexstim an opportunity to penetrate a new market segment in the treatment of depression, as currently no TMS manufacturer obtains an approved indication to treat suicidal depression patients. Such patients are typically treated as hospitalized patients in hospitals which would enable targeting the sale towards such patients. In the US, the

[28] Hervig 2001, Ahdab 2010.

[29] Prospectus of Neuronetics regarding its listing in the US.

estimated amount of such patients is 160 thousand annually. [30]

Nexstim's NBT system is FDA cleared for sales and marketing in the US to be used under a 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 Averaga (weigthed) 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 been applied in Europe. 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, Nexstim has obtained a license regarding use of NBT system for MDD. At the moment in Canada, treatment is available only about in ten clinics, and in most territories and provinces, there exist no reimbursement coverage. Nexstim will continue commercialization of its NBT device particularly in the areas of the territory of Yukon and provinces of Québec and Saskatchewan where reimbursement is partially available applying to previous practice regarding reimbursement for rTMS treatments.

In addition to Nexstim's NBT device, several other TMS manufacturers provide devices for use in the treatment of MDD. In the US 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.[31]

According to management, the Nexstim NBT system is the only FDA cleared system allowing targeted therapeutic stimulation using E-field navigation based on cranial MRIs and utilizing those to identify and target the anatomic DLPFC, which is the indended target in treatment of MDD. In addition, a US company Soterix has among its products selection an FDA approved system for treatment of MDD combining TMS stimulator and coils manufactured by Neurosoft with a line navigated navigation system of Neural Navigator. Such system of Soterix however uses, instead of using E-filed navigation, line navigation described above in picture 1 which does not account for the distortion caused by bone and brain matter, and the accuracy of which is not clinically proven.

Pre-surgical mapping market and competitive landscape

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")[32], 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 planning[33], 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 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

[30] Nexstim market research, Practical Management Solutions and Insights, PMSI Inc, London, UK, 2018 ja Case et al., Declining use of electroconvulsive therapy in US general hospitals. Biol Psych 2013; 73(2): 119-126.), approximately 620 psychiatric hospitals and approximately 800 general hospitals with psychiatric unit (www.aha.org/statistics).

[31] 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.

[32] 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.

[33] Ibid.

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.[34]

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 meantime, 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, Nexstim obtains a license regarding use of NBS system for pre-surgical mapping (PSM). There the commercialization focus for NBS of the Company will be in research-oriented institutions (e.g. foundations) where financial support and resources are available to cover the acquisition costs and costs of the use of such systems.

The Company's management believes that Nexstim's NBS system is currently unrivalled in the PSM market. Alternative technologies currently being used are unable to combine non-invasiveness 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[35].	No
Magnetoencephalography (MEG)	Measures the brain's magnetic fields to map activity. Not very precise for motor and speech mapping.[36]	No

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

Market for chronic neuropathic pain treatment and competitive landscape

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 estimated at $2bn per year with Medtronic, St

[34] 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.

[35] 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.

[36] 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.

Jude Medical and Boston Scientific the major companies in the area. Finally, if stimulator treatment is unsuccessful, radiofrequency neuroablationis considered as a last resort.[37]

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.[38]

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.

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.

ORGANIZATION STRUCTURE

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 Cumming, Georgia. Nexstim Germany GmbH has been established under German law in 2008 and it does not have permanent offices.

Organization 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 the date of the Prospectus Nexstim employs 34 full-time employees (FTEs). The allocation of the employees between the group companies is presented in the following.

- Nexstim Plc employs 26 FTEs;
- In Finland, the R&D function has 15 employees, Sales & Marketing has five employees, Administration has five employees, including CEO, and Clinical Function has one employee. In addition, Nexstim Plc has two part-time trainees in R&D.
- Nexstim Inc. employs seven FTEs deployed as follows: three in sales, two in clinical support and two in other positions.
- Nexstim Germany GmbH employs one FTE.

[37] 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.

[38] 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 transparency market research at c.$0.5bn. Nuvectra Investor Presentation - August 2017 Page 4.

INVESTMENTS

During the period between the end of the last financial year 31 December 2020 and the date of the Prospectus, the Company has made no significant investments. On the date of the Prospectus, there are no material investments of the Company which are in progress, also considering such investments for which firm commitments have already been made.

RECENT TRENDS

Since the beginning of year 2020 and still on the date of this Prospectus, COVID-19 pandemic has lead to a number of restrictive and preventive measures imposed by public authorities as well as private organisations around the world to curb the spread of the virus, also in the US and European markets which are relevant for the Company. Different kind of restrictive and preventive measures may be expected to continue until the end of year 2021 and possibly even longer. The Company's operations are particularly affected by this, as hospitals and clinics which are customers of the Company, are also treating patients suffering from COVID-19 symptoms. Then such customers must pay special attention to compliance with such restrictive and preventive measures, and such customers may have limited economic or timely resources to be used to treat other serious illnesses, such as severe depression, which is an illness considered material for the operations of the Company.

As described above in section *"Strategy, performance and business environment – Business overview – Description of the Company's principal activities – Products"*, NBT and NBS devices are quite large in size including multiple parts. Installation and deployment of such devices require that Nexstim's personnel or a third party acting on its behalf installs the device at the site of the customer as well as provides sufficient user training and guidance. Due to the restrictions or preventive measures imposed by a public authority or private organization, entering such customer site may be prohibited, which may also mean that the device may not be purchased at all.

The reasons set forth above may have an effect on trends in production, sales, inventory, costs or selling prices of the Company during the current financial period.

According to the Company's management, there are no other recent significant trends in production, sales, inventory, costs or selling prices of the Company since the end of the last financial year 31 December 2020 to the date of the Prospectus.

PROFIT FORECAST

The following overview includes forward-looking statements that involve inherent risks and uncertainties. The Company's actual turnover and results of operations could differ materially from those contained in such forward-looking statements as a result of many factors and particularly due to the COVID-19 pandemic situation, which is described below particularly in section *"Risk factors - The effects of the COVID-19 pandemic in the markets in which the Company operates may adversely affect the demand and sale of the Company's products"* of the Prospectus. The following overview has been prepared on a basis which is comparable with Nexstim's historical financial information and consistent with the accounting policies applied in Nexstim's financial statements.

According to the financial statements as at 31 December 2020, the Company expects that during 2021, the turnover of the Company continues to grow and that the result of the financial year is negative (shows losses).

Turnover and result of the financial year for financial years which ended 31 December 2020 and 31 December 2019 are set forth in section *"Financial Information and key performance indicators – Key performance indicators of the Group"*.

The above-mentioned profit forecast is based on the following circumstances and the assessment of the management:

(i) Net sales from the sale of NBT and NBS systems grow in relation with costs

(ii) Turnover based on sale of after sale services and products related to NBT and NBS systems is expected to grow in 2021

(iii) The Company prepares for further clinical trials with increased number of patients on the use of accelerated iTBS protocol for treatment of severe depression which accrues costs also for 2021

(iv) The Company aims at profitable business growth but the business volume forecasted is not expected to yet cover the fixed costs of the business in 2021

(v) With the expected net proceeds of the Offering, the Company is able to ensure financing for 2021

The management of the Company can primarily influence on the sales activities related to items (i)-(ii) and the amount and allocation timetable of the costs in items (iii) and (iv), but not the outcome of the Offering based on Offer Shares subscribed.

GLOSSARY

aiTBS	accelerated intermittent Thetaburst Stimulation which is typically applied in expidited treatment protocolls. aiTBS treatment is provided several times per one day and during each treatment the number of pulses is 2-3 higher than in regular iTBS treatment
Bracknor	Bracknor Investment
CAGR	Compound annual growth rate
Charité Berlin	Charité - Universitätsmedizin Berlin
City Financial	City Financial Investment Company Limited
COVID-19	Illness caused by coronavirus known as COVID-19
CRO	Clinical research organisation
Data Safety Monitoring Board	An independent entity supervising a medical trial
DCS	Direct cortical stimulation
DeNovo petition or **510(k) petition**	A FDA classification process for medical devised in the US for products that have no predicative 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
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
HAMD-17	Hamilton Depression Rating Scale. Standardized and validated, commonly used 17 question pattern for clinician's assessment of patient's symptoms of depression and their severity
IDE	An investigational device exemption (IDE) which must be sought to allow a medical device to be used in clinical trials in the US
IFU	Intended For Use claim
iTBS	intermittent Theta Burst Stimulation (iTBS). A form of TMS in which TMS pulses are given in spreads of three pulses. In TBS, the frequency of such three pulses is typically within 50Hz (within each spread) and the spread is repeated in each 200 ms during a period of 2 seconds (=10 spreads), after which a pause of 8 second follows. After the pause, the above-mentioned is repeated until a desired aggregate number of pulses has been given.

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
Non-invasive	Not invasing the skull
PMA	Premarket approval by the FDA
PSM	Pre-surgical mapping
Remission	Showing no clinical symptoms
rTMS	Repetitive transcranial magnetic stimulation
RSU	Restricted share unit
Sitra	Finnish Innovation Fund Sitra
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.
TMS	Transcranial magnetic stimulation
TU München	Technische Universität München

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. Without proceedings of the Offering, the current working capital, taking into account the cash in hand and at bank of the Company as at 31 December 2020 (approximately EUR 3.5 million), would suffice until the middle of June 2021. An aggregate amount of approximately EUR 4.5 million in addition to its current working capital would then be sufficient to cover the Company's working capital deficiency for the next period of 12 months following the date of the Prospectus.

Although Nexstim was established already in 2000, it is still in early stage in commercialization of its products. The Company therefore has relatively high working capital expenses related to technology platform, regulatory affairs, clinical trials and administration as well as sales and marketing efforts during the following twelve months. Such uses of proceeds have been further described in section *"Background and reasons for the Offering - The use and estimated amount of proceeds"*.

The Company is carrying out the Offering for the purposes of ensuring sufficient working capital, and the Offering has particularly material significance to the financing of the Company's business and for overall continuance of its operations. The Company estimates that if the Offering is completed in the intended timetable, the net proceeds of the Offering would then amount to at least approximately EUR 4.5 million, whereby the net proceeds from the Offering together with the Company's available cash in hand and at banks provide the Company with sufficient working capital to meet its current needs for a period of at least 12 months as of the date of this Prospectus.

The Company may however complete the Offering even though the Offer Shares are not subscribed for in full. The Company aims to seek additional debt or equity financing in the event the Company fails to obtain at least EUR 4.5 million from the Offer Shares. Besides a 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. As no binding decisions on additional financing have been made yet, the adequacy of financing represents a material uncertainty factor, which can compromise the Company's ability continue operations. If additional financing is not obtained, the Company may meet serious financial difficulties.

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 below 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 in this section is realized, 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 realization of these risks, which could lead to investors losing parts or all of their invested capital.

The risk factors are presented below in the following five categories:

- Risks relating to the financial position of the Company
- Risks relating to the business operations of the Company
- Risks relating to the Company's financing;
- Regulatory and legal risks; and
- Risks relating to the Offer Shares, subscription rights granted in the Offering (**"Subscription Rights"**) and the Offering

Within each category, the risk factors estimated to be most material on the basis of an overall evaluation of the criteria set forth in the Prospectus Regulation is presented first. However, the order in which the risk factors are presented after the first risk in each category is not intended to reflect either the relative probability or the potential impact of their materialization. The order of presentation of the categories does not represent any evaluation of the materiality of the risks within that category, when compared to risks in another category.

RISKS RELATING TO THE FINANCIAL POSITION OF THE COMPANY

The Company's working capital is not sufficient to meet Company's requirements and future needs of the Company may require additional funding

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 *"Working capital statement"*).

As at the date of this Prospectus, the Company's working capital is estimated to suffice until the middle of June 2021. An aggregate amount of approximately EUR 4.5 million in addition to its current working capital would be sufficient to cover the Company's working capital deficiency for the next period of 12 months following the date of the Prospectus. In accordance with sections *"Background and reasons for the Offering - The use and estimated amount of proceeds"* and *"Working capital statement"*, the Company may complete the Offering even though the Offer Shares are not subscribed for in full. In the event the Company fails to obtain at least EUR 4.5 million from the Offering, the Company aims to seek additional debt or equity financing. Besides a 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. As no binding decisions on additional financing have been made yet, the adequacy of financing represents a material uncertainty factor, which can compromise the Company's ability continue operations.

If additional financing is not obtained and no working capital remains, the Company will meet serious financial difficulties, which could lead to liquidation proceedings and in the worst case bankruptcy.

Possible future share issues relating such additional financing (subscription rights issues and particularly directed share issues) may dilute the shareholding of the Company's existing shareholders.

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

Nexstim has incurred significant operating losses since it was founded in 2000. The loss for the financial year which ended 31 December 2020 was EUR -4,121.6 thousand. As at 31 December 2020, the Company has accumulated losses of EUR -49,859.91 thousand, including the loss for the financial year which ended on 31 December 2020.

The losses have resulted principally from costs incurred in research and development, pre-clinical testing, clinical development of research programs 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. Accrued and possible future losses may jeopardize availability of additional financing for the Company and this way the Company's capability to continue its business operations. On the other hand, there is a risk and the Company will never become profitable and shareholders receive any dividend or other return for their capital invested.

Write-down 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 14,930.5 thousand as at 31 December 2020. Considering the risk factor above *"The Company's working capital is not sufficient to meet Company's requirements and future needs of the Company may require additional funding"* and the section *"Going Concern"* and *"Major Risks and Uncertainties"* related to the Company's ability to continue as going concern in the Company's Board of Directors report for 2020 and in sections *"Going Concern"* and *"Long-term receivables from group companies"* in the Company's financial statements as at 31 December 2020, there are significant uncertainties relating to the collectability of such intercompany receivables from the subsidiaries and thus the valuation of the long-term and short-term intercompany receivables. 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 2020 was in total EUR 12,433.4 thousand. 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 and the equity of parent company.

As set forth above, the above-mentioned write-down 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. If no such actions to improve the financial condition can be taken, the Company may meet serious financial difficulties, which could lead to liquidation proceedings and in the worst case bankruptcy. The possible impairment losses could hence 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 40,562 thousand unused tax losses as at 31 December 2020. Of such losses EUR 5,299 thousand will be ineffective (due to statute of limitation) by 31 December 2021 and the remaining EUR 35,263 thousand by 31 December 2029. 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 possible changes in shareholding occurred during 2019 caused by share issues completed in 2019 or possible changes in shareholding caused by this Offering. 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 if there is a change of control in the Company if e.g. the Offering is fully subscribed.

Furthermore, 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 prior to such tax losses become ineffective (due to statute of limitation). If the Company was unable to utilise the tax losses, it could have a material adverse effect on the Company's financial condition and/or results of operations.

RISKS RELATING TO THE BUSINESS OPERATIONS OF THE COMPANY

The Company and its products are still in the development phase and the Company may not be able to carry through further clinical trials on NBT System or such trials may not show clinical efficiency

Nexstim is still a growth and research 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 products are in the development phase and therefore the Company's products do 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.

Turning Nexstim's business profitable and the future prospects of the Nexstim depend greatly on the Company's ability to finalise 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 the completion of the ongoing clinical trials, obtaining the necessary regulatory authorisations (especially FDA clearance for the NBT system) in the countries where the products will be sold (particularly the USA, Canada and selected EU countries), applying for reimbursement in such countries, 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 accordance with section *"Background and reasons for the Offering – The use and estimated amount of the proceeds"* of the Prospectus, the Company intends to use proceeds of the Offering e.g. for further clinical trials on the use of accelerated iTBS protocol in treatment of severe depression with Nexstim NBT® System. Announcement of results of a pilot study regarding this has been described in section *"Strategy, performance and business environment – Business overview – Recent significant events for the business".* The Company also has on the date of this Prospectus still an on-going pilot study at Helsinki University Hospital regarding use of accelerated iTBS protocol for chronic neuropathic pain.

In the next following years, the Company expects to incur significant costs in relation with such further clinical trials regarding the iTBS protocol, and the various intermediate steps following the completion of such research and development work. According to the Company's estimate, the proceedings of the Offering will not be sufficient to cover all such costs even though the Offering is subscribed in full (see above the risk *"The Company's working capital is not sufficient to meet Company's requirements and future needs of the Company may require additional funding"*). Such costs will in the next following years have a material adverse effect of the Company's financial position and/or results of operations.

A clinical trial will be run by a clinical research organisation (CRO). Such CRO, however, may fail to keep the database and data solid and to monitor the trial sites to follow the protocol. Any disruptions or delays in such processes may result in material delays in the timetable of the trial or budget overruns. In addition, the trial may be delayed or stopped due to a decision of the Data Safety Monitoring Board if there is a safety issue with the trial or if it is not showing any clinical efficiency or is deemed insufficient to show any clinical relevance.

There is no certainty that the Company is able to complete such further clinical trials on the NBT® system or that such trials show the required clinical efficiency, in which case the Intended For Use claim (IFU) of Company's products may be limited, for example by restricting the target group of the treatment. Such failures, disruptions, delays or uncertainties may have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The effects of the COVID-19 pandemic in the markets in which the Company operates may adversely affect the demand and sale of the Company's products

Possible consequences of COVID-19 pandemic for production, sales, inventory, costs or selling prices of the Company and its business have been described in section *"Strategy, performance and business environment – Recent trends"*. The limited economic and/or timely resources or restrictions or preventive measures imposed by a public authority or private organization described in such section may lead to that the device of Nexstim may not be purchased at all or that the Company does not receive expected income from the device. The above-mentioned reasons may lead to failure to reach expected demand and sale during the current financial year or if the COVID-19 pandemic continues, also later. This 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 (see *"Strategy, performance and business environment – Business overview"*). 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. See the risk *"The Company may not be able to get the reimbursement code or otherwise ensure reimbursement coverage for new indications"* below in the section regarding regulatory and legal risks.

Even if the Company gets the estimated reimbursement code and reimbursement coverage for treatment with its devices as explained is the above-mentioned section, 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's profitability and success in general is reliant on its ability to recruit and retain relevant key personnel and research and co-operation partners and the Company may not succeed in this

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.

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. See more specifically e.g. the pilot studies at the university hospitals of Kuopio and Helsinki described in section *"Strategy, performance and business environment – Business overview – Recent significant events for the business"*. 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 may be adversely affected by contract termination by the contract manufacturer or financial difficulties at or bankruptcy of such contract manufacturer

Section *"Strategy, performance and business environment – Business overview – Description of the Company's principal activities – Products"* describes that the Company has outsourced the manufacturing of its NBS and NBT devices to one subcontractor i.e. Sanmina Corporation acting in Haukiputaa, Finland. It is possible that Sanmina Corporation would terminate its agreement entered into with the Company in which event the Company should find a replacing manufacturer for its products as soon as possible. Sufficient transition period is considered in the terms and conditions of the agreement, but possible termination could delay customer deliveries which could have a material adverse effect on the Company's results of operations and financial condition. If Sanmina Corporation – on the contrary to the current understanding of the Company's management – was faced with financial difficulties, insolvency or in the worst case bankruptcy, this could have even more material adverse effect on the Company's business, results of operations, financial condition 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 (see more specifically section *"Strategy, performance and business environment – Business overview – Industry overview – Competitive landscape"*). 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 utilizing E-field navigation accounting for the distortion caused by bone and brain matter instead of line navigation. 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 Company may be adversely affected by fluctuations in exchange rates

Nexstim is exposed to foreign exchange risk in several currencies. During the financial year which ended on 31 December 2020, 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. During the financial year which ended on 31 December 2020, approximately 46% of Nexstim's turnover was incurred in currencies other than the euro.

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.

RISKS RELATING TO THE COMPANY'S FINANCING

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

On 31 December 2020, the Company had an outstanding loan of EUR 988,942.44 from Kreos and development loans from Business Finland amounting to EUR 3,852,786.44. Section *"Background and reasons for the Offering – Existing loans of the Company and repayments with proceeds of the Offering"* of the Prospectus describes the agreed repayments, and section *"Financial information and key performance indicators – Material loans of the Company"* material terms and conditions agreed with such creditors applicable to such loans.

In accordance with terms and conditions regarding the loan from Kreos, Kreos would be entitled, in the event of a material adverse change, prematurely terminate the loan agreement and request for immediate repayment of the unpaid loan capital added with accrued interests and fees. Kreos could request for such immediate repayment if e.g. the actual net proceeds of the Offering fall materially short from the net proceeds of the Offering if subscribed in full. In such event, the remaining unpaid loan capital with accrued interests and fees would become due for payment already earlier than the agreed due date in 2021, which could adversely affect the possibility of the Company to use the proceedings of the Offering to other uses of proceeds set forth in section "*"Background and reasons for the Offering – The use and estimated amount of proceeds"* than repayments of loans (in accordance with agreed timetable).

Nexstim considers itself to be in compliance with all terms and obligations regarding to the loans of Business Finland and is in regular contact with Business Finland. Nevertheless, in the event of payment default or if other contractual breach of a loan granted by Business Finland occurs, loan is used for other purpose than set forth in the loan agreement, there is a significant change in the pre-conditions for which the loan has been granted (which relate to or affect the purpose of such loan), or the Government of Finland resolves to amend the loan terms and conditions applying to all loans granted by Business Finland and the Company does not accept such new terms and conditions, such loans granted by Business Finland, including interests and fees, may mature prematurely. If no additional financing is obtained and there was no remaining working capital, the Company would meet serious financial difficulties, which could lead to liquidation proceedings and in the worst case bankruptcy. This could then have a material adverse effect on Company's business, result of operations, financial condition and/or prospects.

Furthermore, a possible future divestment of a Company's business or other transaction regarding ownership of the Company and/or its business could, depending on how it is executed and completed, entitle a financier (Kreos and/or Business Finland) to cancel loans obtained by the Company and may hence require prior consent of such financier. A risk would then exist that such financier would refuse to give its consent to the transaction and could prevent the transaction, would refuse to provide additional funding for the Company and, in the worst case if the Company completed the transaction without such required consent, would cancel the loans

provided earlier requiring premature repayment.

The Company may be adversely affected by fluctuations in interest rates

On 31 December 2020, the Company had an outstanding loan of EUR 988,942.44 from Kreos and development loans from Business Finland amounting to EUR 3,852,786.44. Section *"Background and reasons for the Offering – Existing loans of the Company and repayments with proceeds of the Offering"* of the Prospectus describes the agreed repayments, and section *"Financial information and key performance indicators – Material loans of the Company"* material terms and conditions agreed with such creditors applicable to such loans.

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 results of operations and/or financial condition.

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 above "*The Company's working capital is not sufficient to meet Company's requirements and future needs of the Company may require additional funding"*). In accordance with section *"Background and reasons for the Offering – The use and estimated amount of the proceeds"* of the Prospectus, the Company intends to use proceeds of the Offering e.g. for a further clinical trials on the use of accelerated iTBS protocol in treatment of severe depression. This is a material pre-condition for the continuance of the commercialization of the NBT system. The Company is also currently evaluating the possibility to conduct further clinical trial on the use of its NBT system for chronic neuropathic pain.

Nexstim will need significant amount of additional financing to be able to continue commercialisation of NBT system and complete such trials. If Nexstim fails to obtain such additional financing, commercialisation of the device may be delayed or hindered. This would have a material adverse effect on Company's business, result of operations, financial condition and/or prospects.

REGULATORY AND LEGAL RISKS

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 section *"Strategy, performance and business environment – Business overview - Strategy and objectives – Characteristics of the medical device market (regulatory environment) – Characteristics of the medical device market – US regulations"* and *"Regulations in Canada"*. In addition, it is possible that authorities do not accept the Company's research plans for clinical trials, in which case the Company may be forced to modify or withdraw from its plans.

Currently the Company does not have a marketing and distribution authorisation by the FDA for the NBT system in the US for the use in chronic neuropathic pain. Such authorisation already exists in use of the NBT system for treatment of major depressive disorder i.e. MDD as well as for NBS system for diagnostic pre-procedural functional mapping of motor and language areas of the brain. Above in *section "The Company and its products are still in the development phase and the Company may not be able to carry through further*

clinical trials on the NBT systems or the trials may not show clinical efficiency", further clinical trials on the use of accelerated iTBS protocol in treatment of severe depression with NBT system has been described. For such purpose, the Company does not yet have a marketing and distribution authorization from FDA for the US, or a corresponding license in Canada or CE marking for EU area. There is no certainty that the Company obtains such required authorisations or other approvals regarding the use of NBT system with accelerated iTBS protocol in treatment of severe depression or chronic neuropathic pain.

Even if a positive decision on the marketing and distribution authorization (or corresponding approval) 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 and distribution authorisation (or corresponding approval) 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 the authorization (or corresponding approval) 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 and distribution authorisations (or corresponding approval), 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 or otherwise ensure 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 in the US, such as for treatment of severe depression with accelerated iTBS protocol or for chronic neuropathic pain, Nexstim needs to apply for a reimbursement code in order to get reimbursement coverage for the treatment with the NBT systems in such indications.

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 system 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 *"Strategy, performance and business environment – Business overview - Strategy and objectives – Characteristics of the medical device market (regulatory environment) – 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

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 portfolio of Nexstim is further described in section *"Strategy, performance and business environment – Business overview – Description of the Company's principal activities – 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. 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 intellectual property, 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.

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 or claims may be made against the Company on such infringements

Section *"Strategy, performance and business environment – Business overview – Description of the Company's principal activities – Intellectual property*" describes intellectual property of Nexstim. Nexstim takes active measures to ensure that it does not infringe the intellectual property 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 of third parties in certain countries, and non-infringement of third party intellectual property by Nexstim cannot always be ruled out with certainty. Such third parties may take legal action against the infringement of their intellectual property, 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 intellectual property 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.

RISKS RELATING TO OFFER SHARES, SUBSCRIPTION RIGHTS AND THE OFFERING

Subscription commitments are conditional to certain term and there is no certainty that such term will be fulfilled or that all investors who have given subscription commitments otherwise fulfil their obligations towards the Company

The Company has received subscription commitments from investors worth approximately EUR 3.15 million (see the section *"Terms and conditions of the Offering – Subscription Commitments"*). The parties that have given subscription commitments have thus undertaken to subscribe for approximately 47.83 per cent of the Offering. All such subscription commitments are however subject to the condition that there are no material adverse events or occurrences in the Company regarding its on-going medical studies prior to such commitments are fulfilled on the subscription period of the Offering (by 31 March 2021 in Finland and 29 March 2021 in Sweden). There is no certainty that such condition will be fulfilled.

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 subscription commitments in accordance with the terms of the subscription commitments. A shareholder providing a subscription 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 committed to subscribe Offer Shares in the Offering on the basis of subscription commitments. There is no certainty that all of the parties that have given a subscription commitment will fulfil their obligations towards the Company.

The amount of possible future dividends or capital repayments to be distributed to shareholders is uncertain and no distribution of dividend is expected in the near future

Under the provisions of the 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. 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 dividend has been distributed. 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. The Company does not expect to be able to distribute dividends in the near future. In the event dividends are distributed, all shares of the Company will be entitled to equal dividends. There can be no assurance that dividends or capital repayments will be distributed to shareholders in any financial year.

The Company's majority shareholders can influence the governance of the Company, and the interests of the Company's majority shareholders may differ from the interests of the Company's minority shareholders

Section *"Information on shareholders and legal issues – Conflicts of Interests"* describes how the ownership of the largest shareholder known by the Company on 28 February 2021 Leena Niemistö, the Company's chairman of the Board of Directors, jointly with her controlled entity (Kaikarhenni Oy), may increase from current 14.87% to 15.70% of all shares and votes in the Company as a result of the Offering and the conditional subscription commitment provided by Kaikarhenni and the respective subscription commitment fee shares set forth in section *"Terms and conditions of the Offering – Subscription Commitments and the respective fees (directed share issue without payment)"*. Accordingly it has been described in section *"Information on shareholders and legal issues – Conflicts of interests"* how the ownership of Leena Niemistö with her controlled entity could be even higher after the Offering, if the Offering is not subscribed for in full but Kaikarhenni Oy subscribes for Offer Shares according to its conditional undertaking (or even higher amount).

Besides Leena Niemistö, Ossi Haapaniemi with his related party companies is also known by the Company to own on 28 February 2021 more than 10% of shares and votes in the Company as set forth in section "*Information on shareholders and legal issues – Major shareholders"*, and also such parties have provided a conditional subscription commitment as set forth in section *"Terms and conditions of the Offering – Subscription Commitments and the respective fees (directed share issue without payment)"*.

Besides Leena Niemistö with her controlled entity and Ossi Haapaniemi with his related party companies, the Company could after the Offering have also other new significant shareholders (see e.g. subscription commitment by Kyösti Kakkonen with his related party companies and controlled book-entry accounts in section *"Terms and conditions of the Offering – Subscription Commitments and the respective fees (directed share issue without payment)"*).

All the above-mentioned persons i.e. Leena Niemistö, Ossi Haapaniemi and Kyösti Kakkonen currently act as members of the nomination board of the shareholders of Nexstim (see *"Board of Directors and management – Nomination board of the shareholders in Nexstim"*), which provides a proposal for the composition, members and the chairman of the Company's Board of Directors to Nexstim's general meeting of shareholders, and also a proposal regarding the compensation for the Board of Directors. Leena Niemistö also acts as the chairman of the Board of Directors (see *"Board of Directors and management" – Composition of the Board of Directors"*).

The interests of such majority shareholders of the Company may sometimes differ from the interests of the other shareholders. All majority shareholders have significant effect on all resolutions to be passed at the general meeting of shareholders. The general meeting of shareholders passes material resolutions regarding all shareholders of the Company regarding e.g. election of members and chairman of the Board of Directors, confirmation of the financial statements, distribution of profit/ use of losses and issuances of shares, option rights and/or special rights to shares and respective authorizations for the Board of Directors. The above-mentioned majority shareholders also have significant effect on the composition, members and the chairman of the Company's Board of Directors due to the above-mentioned participation of Leena Niemistö, Ossi Haapaniemi and Kyösti Kakkonen in Nexstim's nomination board of the shareholders. As Leena Niemistö acts as the chairman of the Board of Directors, she has even more influence on the decision-making and governance of Nexstim. These issues may have a material adverse effect on the position of the other shareholders in the Company.

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 krona. Further, any potential future dividends will be denominated and distributed by the Company in euro. However, as regards to Nexstim's shares held on book-entry accounts in the system of Euroclear Sweden, investors would

receive the dividends in Swedish krona after currency conversion from euro. Consequently, the market price of the shares and the dividends received in Swedish krona are affected by the changes in the exchange rate of the Swedish krona and euro. Therefore, as the Swedish krona is not fixed against the euro, any change in the exchange rate between the Swedish krona and euro could have an effect on revenues of the share investment of a shareholder. Value of dividends or other assets distributed in Swedish krona and value of shares denominated in First North Sweden in Swedish krona may 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 held in the Company registered with Euroclear Sweden.

Shareholders' ownership will be dilluted if the shareholders do not exercise their Subscription Rights, and Subscription Rights may lose their value

In the event a shareholder resolves not to exercise the shareholder's Subscription Rights or if a shareholders or its custodian do not follow the requirements set out in section *"Terms and conditions of the Offering"*, the Subscription Rights will expire without any compensation available for such shareholder. In this event, ownership of such shareholder of all shares and voting rights will be diluted accordingly. Even though a shareholder resolves to sell unexercised Subscription Rights or such Subscription Rights are sold on behalf of the shareholder, the compensation available for the shareholder from relevant market for such Subscription Rights does not necessarily provide sufficient remedy for the dilution caused by the Offering.

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

The Company intends to apply for the listing of the Offer Shares and Subscription Rights on First North Finland and First North Sweden. The trading with Subscription Rights starts on 15 March 2021 and ends on 24 March 2021 on First North Finland and First North Sweden. There can be no assurance as to the liquidity of the Company's shares or Subscription Rights.

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 – Right to cancel subscriptions as a result of supplement to the Prospectus*", 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 could fluctuate considerably, and their price could fall below the subscription price

The market price of the Company's Offer Shares 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 market price of the shares of the Company may fall below the subscription price of the Offer Shares.

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 Securities – Information on the shareholder rights attached to Offer Shares"*. 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.

TERMS AND CONDITIONS OF SECURITIES

GENERAL INFORMATION REGARDING OFFER SHARES

In the Offering of the Company subject to this Prospectus (the **"Offering"**) up to 219,811,378 new shares (**"Offer Shares"**) are offered for subscription in accordance with the Companies Act. The number of registered shares of the Company prior to the Offering is 439,622,756. The ISIN code for the Offer Shares is FI4000354162 and the trading symbol NXTMH on the Nasdaq First North Growth Market Finland marketplace (**"First North Finland"**) maintained by Nasdaq Helsinki Oy (**"Helsinki Stock Exchange"**) and NXTMS on the Nasdaq First North Growth Market Sweden marketplace (**"First North Sweden"**) maintained by Nasdaq Stockholm AB (**"Stockholm Stock Exchange"**). The Offer Shares have no nominal value.

According to the Companies Act, a share certificate regarding a company's share can be issued only to a designated person but a share certificate cannot be issued at all when the company's shares are linked to the book-entry system, as Nexstim's shares are.

The Offer Shares subscribed for in the Offering will be issued as book-entries in the book-entry system of Euroclear Finland Oy, address Urho Kekkosenkatu 5 C (PL 1110), 00100 (00101) Helsinki (**"Euroclear Finland"**) and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden AB, address Klarabergsviadukten 63 (PO Box 191), 111 64 (SE-101 23) Stockholm, Sweden (**"Euroclear Sweden"**).

The Offer Shares are denominated in euro. The Offer Shares which are traded on First North Finland are traded and settled in euro. The Offer Shares which are traded on First North Sweden are traded and settled in Swedish krona.

INFORMATION ON THE SHAREHOLDER RIGHTS ATTACHED TO OFFER SHARES

The rights attaching to the Offer Shares are determined on the basis of the Companies Act as amended and other legislation prevailing in Finland from time to time. The Company has only one series of shares, so the Offer Shares have the same rights as the Company's already registered shares.

Rights attaching to the Offer Shares include the right to participate in the general meeting of the Company and to vote at such meeting. Each Offer Share entitle to one vote at the general meetings of the shareholders.

In order to attend and vote at the general meeting of shareholders of the Company, 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 Company's 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.

In order for a shareholder with shares registered in Euroclear Finland to have the right to attend and vote at a general meeting of shareholders of the Company, 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 of the Company 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 of the Company, which date must be after the record date of the general meeting of shareholders of the Company. 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.

In order for a shareholder with shares registered in Euroclear Sweden to have the right to attend and vote at a general meeting of shareholders must (i) be registered in the shareholder register of the Company 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 of the Company in the shareholder register maintained by Euroclear Finland by the date announced in the notice to convene the general meeting.

Furthermore, shareholders with Company's 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 of the Company, (i) temporarily re-register their shares of the Company 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 of the Company 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.

A request for temporary registration of ownership in the shareholder register of the Company maintained by Euroclear Finland is considered notice of attendance at the general meeting of shareholders.

All the shares of the Company, including Offer Shares, entitle to equal financial rights, including right to dividends and other distribution of funds, for example right to possible distribution of funds in the event of dissolution of the Company.

Based on the financial statements on 31 December 2019 or 31 December 2018 or otherwise before the date of the Prospectus, the Company has not paid dividends and there is no guarantee that it will have any distributable funds in the future. Decisions on a possible distribution of dividends or other distribution of funds would be made in accordance with the Companies Act as follows:

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 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 amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the parent company's 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. 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. 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.

The dividend may not also 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 year before the annual general meeting of shareholders.

In the regard of shares registered in the Finland's i.e., Euroclear Finland's book-entry system the dividends and other distributions of funds are paid to shareholders or their nominees entered in the register of shareholders of the Company 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 the regard of shares registered in the Sweden's book-entry system the dividends and other distributions of funds are paid to those holders of the shares whose names are entered into the Swedish central securities register as at a certain record date and distributed to bank accounts designated by the holders registered with Euroclear Sweden. 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 registered in Sweden 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 right to dividends expires (by statute of limitation) after three years from the date of payment of the respective dividend.

According to the Companies Act, the shareholders of the Company have the pre-emptive right to subscribe for shares in proportion to their shareholdings, unless otherwise provided in the resolution regarding the issue. Deviating from the shareholders' pre-emptive subscription right requires that there is a weighty financial reason for deviating. As stated above with respect to dividends, the right to subscribe for shares in the rights issue is also based in the ownership of the Company on the record date.

A redemption right and obligation as set out in the Companies Act is attached to the Company's shares. Under the 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 shares of other shareholders in such company against fair value. Such shareholder is correspondingly obliged to redeem if the shareholder entitled to have its shares redeemed demands the redemption of its shares. The articles of association of the Company does not contain redemption or conversion clauses.

The Offer Shares entitle to above described and other shareholder rights in the Company after they have been registered within the Trade Register.

SHARE ISSUE AUTHORIZATION AND DECISION

Authorization to issue Offer Shares

On 1 March 2021, the extraordinary general meeting of shareholders authorized the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act as follows:

The shares issued under the authorization are new or those in the Company's possession. Based and within the limits of the authorization, the Board of Directors can also decide on issuance of option rights or other special rights set forth in Chapter 10 of the Companies Act complementing or replacing issuance of shares.

Under the authorization, a maximum of 220,000,000 shares may be issued, which corresponds to approximately 33.35 percent of all the shares in the Company after the respective share issue, provided that new shares are issued, considering all registered shares of the Company at the date of the resolution 1 March 2021.

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

In the issuance of shares in the subscription rights issue, the preliminary subscription price is EUR 0.03.

The Board of Directors is authorized to resolve on the final subscription price as well as all terms for the share issues and granting of the special rights entitling to shares.

The authorization does not invalidate prior resolved and registered authorizations made at the general meeting of shareholders regarding share issues and issuances of option rights and other special rights entitling to shares.

The authorization is valid for one (1) year from the decision of the extraordinary general meeting of shareholders.

The authorization may be used for the future financing needs of the Company, developing the equity structure, minimize or reduce debts and possible mergers and acquisitions and other corporate purposes.

On the date of this Prospectus, the above-mentioned authorization is fully unused, but of which amount up to 219,811,378 shares shall be used in connection with the Offering and if used in full, the remaining 188,622 shares shall remain to be used in accordance with the terms and conditions of the authorization.

Resolution regarding the issuance of the Offer Shares

The Company's Board of Directors has on 8 March 2021 resolved on the issuance of the Offer Shares in accordance with the terms set forth below in section *"Terms and conditions of the Offering"*.

Authorization to issue subscription commitment fee shares

On 1 March 2021, the extraordinary general meeting of shareholders authorized the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act as follows:

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

Under the authorization, a maximum of 5,000,000 shares may be issued, which corresponds to approximately 1.12 percent of all the shares in the Company after the respective share issue, provided that new shares are issued, considering all registered shares of the Company at the date of the resolution 1 March 2021.

The shares, option rights and/or other special rights entitling to shares can be issued in one or more tranches.

The Board of Directors is authorized to resolve on all terms for the share issues and the terms for the granting of the option rights and other special rights entitling to shares. The Board of Directors is authorized to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so. Such new shares may also be issued without payment, provided that there as a particularly weighty financial reason for the Company and considering the interests of its all shareholders to do so.

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

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

The authorization may be used in connection with future financing needs of the Company (e. g. for a payment of fee payable in Nexstim shares for an investor providing a significant subscription commitment in connection with a possible share issue), developing the equity structure, minimize or reduce debts and possible mergers and acquisitions and other corporate purposes.

Resolution regarding the issuance of subscription commitment fee shares

The Company's Board of Directors is expected, after the end of the Subscription Period (as defined below) to pass a resolution regarding a fee payable to the providers of subscription commitments in connection with the Offering by issuing new shares of the Company to such parties without payment - see section *"Terms and conditions of the Offering – Subscription commitments and respective fees (directed share issue without payment)"*. In such share issue without payment, up to 4,205,236 shares are used of the above-mentioned authorization, and, if used in full, the remaining 794,764 shares shall remain to be used in accordance with the terms and conditions of the authorization.

Subscription period for Offer Shares and commencement of trading

The subscription period for the Offer Shares (the **"Subscription Period"**) will commence on 15 March 2021 at 09:30 Finnish time (08:30 Swedish time), and is expected to end on 31 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 29 March 2021 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 12 May 2021. Any extensions of the Subscription Period will be announced by way of a company announcement before the end of the Subscription Period.

The Offer Shares will be subject to trading together with the Company's existing shares approximately on 13 April 2021 on First North Finland and approximately on 14 April 2021 on First North Sweden.

Warning regarding tax issues related to Offer Shares and the Offering

The investor should note that the tax legislation in the investor's home or residence country and in the Company's country of registration in Finland may affect the income from the Company's shares (including the Offer Shares). Prospective investors are advised to consult professional tax advisors as to the tax consequences of the purchase, ownership and sale or other transfer of Offer Shares.

The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada, New Zealand, Singapore or the United States or in any other country where it would be prohibited by local laws or other regulations.

Finnish tax considerations regarding Offer Shares

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.

The following summary is a description of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the Offering. 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 (1535/1992, as amended, the **"Finnish Income Tax Act"**); Finnish Business Income Tax Act (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 (627/1978, as amended, the **"Finnish Tax at Source Act"**); the Finnish Transfer Tax Act (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.

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

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 Finland and First North Sweden are multilateral trading facilities 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. Tax may be withhold at a reduced tax rate or at zero rate 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 dividend beneficiary 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 at 15%. Applicability of a tax treaty requires, however, that the Finnish Tax Administration is provided with identification data in an annual informationreturn. 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. If the dividend beneficiary is unidentified and there is no knowledge of the applicable country of tax residence, the withholding tax rate is 35%. 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 partly as earned income at a progressive tax rate and partly as capital income. The deductibility of capital 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.

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 other assets not related to business activities of a limited company.

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 during the year of disposal. 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 taxable 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.

Capital losses confirmed but not deducted before 1 January 2020 pertaining to a company's non-business income source are primarily deducted from capital gains on the disposal of other assets. Such capital losses may be deducted within five years from the year during which the capital loss was initially confirmed.

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 below section *"Regulations regarding tender offers and tender offers regarding the Company"*.

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 tax considerations regarding Offer Shares

Below is a summary of certain Swedish tax issues related to the admission to trading of the Offer Shares 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 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, there is no guarantee or certainty if 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*). Maximum 70% of such capital losses which are not absorbed by the above-mentioned set-off are deductible from other 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 regarding Offer Shares – Taxation of dividends – Non-residents*".

Further, specific tax rules may be applicable to any currency exchange gains or losses.

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 20.6% for financial years starting from 1 January 2021 (21.4% for earlier financial years). 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, in Swedish: *koncernbidrag*) 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.

Regulations on tender offers and tender offers regarding the Company

The obligation under the Finnish Securities Markets Act (746/2021, as amended) to make a public tender offer for the purchase of the shares and securities of the offeree company above a certain ownership threshold applies only if those shares or securities are traded on a regulated market and therefore do not apply to the shares of the Company (including Offer Shares) obliging to make a mandatory takeover bid.

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 (in Swedish: *Kollegiet för Svensk Bolagsstyrning*) 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 and therefore do not apply to the Company.

However, the Company's shareholders are subject to the obligation (and right) under the Companies Act to redeem the shares of other shareholders at fair value when the ownership of a shareholder entitled and obliged to redeem increases to more than nine tenths of all the Company's shares and votes.

As of the date of the Prospectus, the Nexstim's shares are not the subject of any public tender offer and no public tender offers have been made for the Nexstim's shares or other securities during the current or financial years which ended on 31 December 2020 or 31 December 2019.

TERMS AND CONDITIONS OF THE OFFERING

THE OFFERING AND SUBSCRIPTION RIGHTS

In accordance with the shareholders' pre-emptive subscription right, the Company is offering up to 219,811,378 new shares, i. e. Offer Shares for subscription by the Company's shareholders in the Offering.

Nexstim will give all shareholders registered in Nexstim's shareholder register maintained by Euroclear Finland or Euroclear Sweden, one (1) book-entry subscription right (the **"Subscription Right"**) per each share held on the Offering record date 10 March 2021 (the **"Record Date"**). Pursuant to normal settlement period applicable to trading of securities, transactions made with the Company's share at Helsinki Stock Exchange or Helsinki Stock Exchange no later than 8 March 2021 will be considered in the relevant shareholder register of the Record Date. Two (2) Subscription Rights entitle the holder to subscribe for one (1) Offer Share. A fraction of an Offer Share may not be issued, or a 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 11 March 2021 and in the book-entry system maintained by Euroclear Sweden approximately on 12 March 2021. The Subscription Rights can be freely assigned, and they will be traded on First North Finland (trading symbol NXTMHU0121, ISIN FI4000480462) and on First North Sweden (trading symbol NXTMS TR, ISIN SE0015660592) between 15 March 2021 and 24 March 2021.

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.

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 below *"Subscription for Offer Shares without Subscription Rights and allocation".*

SUBSCRIPTION COMMITMENTS AND RESPECTIVE FEES (DIRECTED SHARE ISSUE WITHOUT PAYMENT)

Of the Company's major shareholders, Ossi Haapaniemi, Kyösti Kakkonen and Leena Niemistö, jointly with related-party entities/ book entry accounts controlled by each, as well as the following members of the Company's Board of Directors and management team, are, on terms and conditions set forth below committed to subscribing for in aggregate approximately 47.83% of the Offer Shares as follows:

Commitment provided by, commitment signed - date(s)	Subscription commitment (in EUR)	Subscription commitment (Offer Shares)	**% of all Offer Shares**
Ossi Haapaniemi with his related-party companies, 8 February 2021	722,608.65	24,086,955	10.96
Kyösti Kakkonen with his related party companies and book-entry accounts controlled, 3 February 2021	1,200,000.00	40,000,000	18.20
Leena Niemistö representing Kaikarhenni Oy, 4 February 2021	1,100,000.00	36,666,667	16.68

Member of Board of Directors Martin Forss, 5 February 2021	40,000.00	1,333,334	0.61
Member of Board of Directors Tomas Holmberg , 8 February 2021	5,000.00	166,667	0.08
Managing director Mikko Karvinen, 4 February 2021	30,000.00	1,000,000	0.45
Management team member Hanna Kotola, 4 February 2021	25,000.00	833,334	0.38
Management team member Joonas Juokslahti, 5 February 2021	5,000.00	166,667	0.08
Management team member Gustaf Järnefelt, 6 February 2021	14,000.00	466,667	0.21
Management team member Jarmo Laine, 5 February 2021	6,321.06	210,702	0.10
Management team member Henri Hannula, 6 February 2021	6,000.00	200,000	0.09
In total	3,153,929.71	105 130 993	47.83

All subscription commitments are subject to the condition that there are no material adverse events or occurrences in the Company regarding its on-going medical studies prior to such commitments are fulfilled on the subscription period of the Offering (by 31 March 2021 in Finland and 29 March 2021 in Sweden). There is no certainty if such condition will be fulfilled.

In connection with the Offering, the Company will give those parties who have subscribed for Offer Shares in accordance with their commitment and the terms and conditions of the Offering a subscription commitment fee corresponding to 4% of the aggregate amount of the subscription commitment by issuing up to 4,205,236 new shares in the Company without payment to those parties. Fee payable to each such party in shares of the Company is equal to the amount of the subscription commitment fee based on the above-mentioned respective subscription commitment divided by the Subscription Price of the Offering (set forth below) i.e. EUR 0,03. Possible remaining part of the subscription commitment fee may be payable in cash by the Company.

Such directed share issue without payment is expected to be resolved simultaneously, when the Company's Board of Directors accepts the result and allocation of the Offering which is expected to happen on 7 April 2021 (provided that the Subscription Period will not be extended as set forth below). A party who has subscribed to Offer Shares in accordance with its commitment as well as the terms and conditions of the Offering, shall be entitled to obtain the subscription commitment fee in full, even though its subscriptions are accepted partially or in full pursuant to the allocation principles set forth below in section "*Subscription of Offer Shares without Subscription Rights and allocation"*.

As the subscription commitments, when fulfilled, are material to the successful outcome of the Offering, and taking into account the particularly material significance of the Offering to financing of the Company's business and for overall continuance of its operations, the Company's Board of Directors considers that there as a particularly weighty financial reason for the Company and considering the interests of its all shareholders for the payment of the subscription commitment fee by such directed share issue without payment.

SUBSCRIPTION PRICE

The subscription price in the Offering is EUR 0,03 or SEK 0.31 per Offer Share (the **"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 66.67 per cent lower compared with the closing

price of the Company's share on First North Finland on 5 March 2021 (EUR 0.09) and approximately 66.16 per cent lower compared with the closing price of the Company's share on First North Sweden on 5 March 2021 (SEK 0.916).

SUBSCRIPTION PERIOD

The subscription period for the Offer Shares (the **"Subscription Period"**) will commence on 15 March 2021 at 09:30 Finnish time (08:30 Swedish time) and is expected to end on 31 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 29 March 2021 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 12 May 2021. 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

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 14 April 2021 (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 below section *"Cancellation right of subscriptions due to supplement to Prospectus".*

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 31 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Finland and on 29 March 2021 at 16:30 Finnish time (15:30 Swedish time) in Sweden.

SUBSCRIPTION OF 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 must 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.

A shareholder's and / or investor' whose subscribed Offer Shares are transferred through a book-entry system maintained by Euroclear Finland custodian, account operator or nominee must receive a subscription order and payment for subscription orders received no later than 31 March 2021 and regarding subscription of Offer Shares delivered through the book-entry system maintained by Euroclear Sweden no later than 29 March 2021 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 14 April 2021 (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.

NOTICES REGARDING THE SUBSCRIPTION RIGHT AND FORMS RELATED TO SHAREHOLDER LIST MAINTAINED BY EUROCLEAR SWEDEN

The shareholders or their representatives who are recorded in the share register of the Company maintained by Euroclear Sweden on the Record Date shall receive a written notice of their subscription right attached with payment instructions, a short notice regarding the Company's Offering and a subscription order form for subscribing for the Offer Shares without Subscription Rights. Potential pledgees and similar rightholders registered in the shareholder register will not receive a separate notification of the Subscription Right, but they will be notified of the Offering separately. No separate notice will be given in connection with the entry of Subscription rights in book-entry accounts.

DILUTION OF THE SHAREHOLDING

As a result of the Offering, the number of the Company's shares may increase from 439,622,756 shares to a maximum of 663,639,370 shares, taking into account the maximum amount of the subscription commitment fee shares.

The Offer Shares correspond to 50.00 per cent of all the Company's shares immediately before the Offering and approximately 33.33 per cent of the Company's shares after the Offering, assuming that the Offering is fully subscribed. When taking into account the

maximum amount of new shares of the Company payable as subscription commitment fee, the Offer Shares and the fee shares together correspond to 50.96 per cent of all the Company's shares immediately before the Offering and approximately 33.76 per cent of the Company's shares after the Offering (assuming that the Offering is fully subscribed).

APPROVAL AND PAYMENT OF SUBSCRIPTIONS

The Company's Board of Directors will approve all the subscriptions made based on the Subscription Rights and in accordance with the terms and conditions of this Offering and the applicable laws and regulations approximately on 7 April 2021. 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 of 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.

A subscription is considered made when the subscription order has arrived at the subscription location, at the account operator or custodian in question and the Subscription Price has been paid in full. By subscribing, the subscriber authorises his/her/its account operator to disclose the necessary personal data, the number of his/her/its 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.

If the payment has not been done by the due date, 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.

ANNOUNCEMENT OF THE OUTCOME OF THE OFFERING

Company will announce the outcome of the Offering approximately on 7 April 2021 by way of a company announcement. However, if the Company decides to extend the Subscription period in accordance with the section *"Subscription Period"* above, the announcement period will be extended accordingly, and the Company will issue an extension of the Subscription Period by way of company announcement.

REGISTRATION AND DELIVERY OF THE OFFER SHARES

The Company intends to file an application to the Helsinki Stock Exchange for the listing of the Offer Shares on First North Finland with trading symbol NXTMH and to the Stockholm Stock Exchange for the listing of the Offer Shares on First North Sweden with trading symbol NXTMS.

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

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 NXTMHN0121, ISIN FI4000480470) and on First North Sweden (trading symbol NXTMS BTA, ISIN SE0015660600) as their own special share class approximately on 15 March 2021. 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 13 April 2021 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 13 April 2021 on First North Finland. The delivery and combination will take place approximately on 16 April 2021 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 14 April 2021.

The Offer Shares based on the Secondary Subscription will be recorded on the subscriber's book-entry account approximately 13 April 2021 after the registration of the Offer Shares with the Trade Register, which takes place approximately 12 April 2021.

CANCELLATION RIGHT OF SUBSCRIPTIONS DUE TO SUPPLEMENT TO THE PROSPECTUS

Subscriptions made in the Offering are binding and irrevocable and may only be cancelled in the situations provided below.

If the Prospectus is supplemented in accordance with the Prospectus Regulation due to a significant new fact, material error or material inaccuracy that may affect the valuation of the Offer Shares or Temporary Shares, investors who have subscribed for the Offer Shares before the supplement is published have the right to cancel their subscriptions within the time limit. The period shall be at least two (2) working days from the date of publication of the supplement. An investor's cancellation of a subscription will be deemed to be made in respect of all the subscriptions of that investor. The right of cancellation is further conditional on the occurrence or discovery of such significant new fact, material error or material inaccuracy as noted above before the end of the Subscription Period or the entry of the cancelled Offer Shares or Temporary Shares in the subscriber's book-entry account (whichever takes place first). Cancellation shall be notified in writing to such account operator, custodian, or nominee registrar where the subscription order has been placed.

After the end of the withdrawal period, the right of cancellation no longer exists.

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.

BOARD OF DIRECTORS AND MANAGEMENT

BOARD OF DIRECTORS

Composition of the Board of Directors

Pursuant to section 3 of the articles of association of the Company, the Company shall have a Board of Directors with no less than three (3) and no more than nine (9) members. The term of office of each member of the Board of Directors shall end at the end of the next annual general meeting of shareholders following election to the Board of Directors. 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 business address of the members of the Board of Directors and is Elimäenkatu 9 B, 00510 Helsinki.

On the date of this Prospectus, the Board of Directors comprises the persons set out in the following table:

Name	Position	Year of Appointment	Independent in relation to the Company and to other management	Independent in relation to major shareholders
Leena Niemistö	Chairman	2019	Yes	No*
Rohan Hoare	Vice Chairman	2016	Yes	Yes
Tomas Holmberg	Member	2017	Yes	Yes
Martin Forss	Member	2019	Yes	Yes

*On the date of the Prospectus, Kaikarhenni Oy, a company controlled by Leena Niemistö is the largest shareholder, taking into account shareholders who own the Company's shares directly and not through nominee registration, see *"Information on shareholders and legal issues - Major Shareholders"*.

Independent evaluation of the members of the Board of Directors of the Company has been made for the purposes of this Prospectus in accordance, as applicable, with the Corporate Governance Code of the Securities Market Association in force on the date of the Prospectus.

The Company has previously had committees, that the Board of Directors has established among them, but the activities of such committees has ended in November 2019 and no such committees exist on the date of the Prospectus.

Presentation of the members of the Board of Directors

Leena Niemistö has served as chairman of the Board of Nexstim since November 2019. She is a healthcare professional with thirty years of clinical and leadership experience. She holds MD and PhD from Helsinki University and has specialised in physical and rehabilitation medicine and has a doctorate in the treatment of chronic back pain. She holds also Dr. Admin. Sc. hc from Vaasa University. She worked as a CEO in a private healthcare company Dextra (years 2003-2016) and a deputy CEO in a social and healthcare company Pihlajalinna (years 2013-2016). Currently she is a member of the Board of Directors in several publicly listed companies (Stockmann Plc, Pihlajalinna Plc and Raisio Plc). She is also an active investor in several health-tech growth companies.

Rohan Hoare is the CEO of Epiminder, a development stage epilepsy monitoring company. 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, President, Neuromodulation 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 Hoare 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 has extensive experience 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 relates to M&A, investments, and general commercial aspects of doing business. Tomas is also active in the Nordic-China corridor trough his relationship with Shanghai based M&A and strategy advisor E. J. McKay & Co. Tomas Holmberg does community work as Vice Chairman of Aamu Suomen Lasten Syöpäsäätiö, a foundation supporting research and the development of treatment methods in the area of pediatric cancer. He holds a Master of Laws from the University of Helsinki.

Martin Forss is an entrepreneur and a Board professional active in small and mid-sized companies. His latest operative responsibility was to build the market leading DSO in dentistry, Oral Hammaslääkärit Plc, between years 2011-2018. Martin Forss holds a Master of Science degree (Econ) and has experience working with both listed Companies and many private equity owned companies throughout his executive operative career. At the moment he acts as the chairman of the Board of Directors in Delete Group Plc and Unident AB as well as a member of the Board of Directors in Matrix Biotech AG and Plantui Oy.

MANAGING DIRECTOR AND OTHER MANAGEMENT TEAM

Managing director

The managing director of the Company sees to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors. The managing director 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 managing director 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 managing director 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.

The Managing Director of the Company is Mikko Karvinen (see the presentation below under *"Management team"* in connection with the other Management team).

Management team

The management team members are all under the direct supervision of the managing director and the managing director 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 business address of the members of the management team is Elimäenkatu 9 B, 00510 Helsinki.

The following table sets forth the members of the management team of the Company on the date of this Prospectus:

Name	Position	Year of Appointment	Independent in relation to the Company and to other management team members	Independent in relation to major shareholders
Mikko Karvinen	Managing Director	2020	No	Yes
Steve Beller	Vice President, General Manager, North America	2018	No	Yes
Henri Hannula	Vice President, International Sales and Marketing	2007	No	Yes
Joonas Juokslahti	CFO	2020	No	Yes
Gustaf Järnefelt	Vice President, R&D & Operations	2008	No	Yes
Hanna Kotola	Vice President, Legal Affairs	2017	No	Yes
Jarmo Laine	Vice President, Medical Affairs	2008	No	Yes

Independent evaluation of the members of the management team of the Company has been made for the purposes of this Prospectus in accordance, as applicable, with the Corporate Governance Code of the Securities Market Association in force on the date of the Prospectus.

Mikko Karvinen has been the Managing director of Nexstim since February 2020 (served temporarily from February to June 2020 and permanently from June 2020). Prior to February 2020, Mikko Karvinen served as CFO of Nexstim since 2014 and as a member of the Company's management team since 2014. Prior to joining Nexstim, he served as the CFO and deputy CEO of Innofactor Plc from 2012 to 2014. Karvinen was the CFO and deputy CEO of Tectia Plc, later known as SSH Communications Security Plc, between 2009 and 2012 and CFO of Automaster Oy between 2008 and 2009. Prior to Automaster, Karvinen was employed by Vaisala Plc 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, he 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. Mikko Karvinen holds a M.Sc. in economics from Helsinki School of Economics in 2001 and EMBA from Aalto University, Helsinki in 2018.

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, Steve 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.

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 Henri 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, he worked at Forschungszentrum Karlsruhe GmbH in Germany as a product development engineer from 1999 to 2000 and as a mechanics designer in 1998. Henri Hannula has written several scientific articles published in medical journals. He holds a M.Sc. in technology from Helsinki University of Technology in 2001.

Joonas Juokslahti has been the CFO of Nexstim since February 2020 (served temporarily from February to June 2020 and permanently from June 2020). Prior to February 2020, Joonas Juokslahti served as Nexstim's business controller from May 2014 and has been a key person in Nexstim's finance team, especially in his most recent position as CFO. He graduated with a master's degree in economics in 2014.

Gustaf Järnefelt has been a member of the management team of Nexstim since 2008. Prior to this, he was the R&D director of Nexstim from 2008. Gustaf Järnefelt worked at GE Healthcare Finland Oy as e.g. General Manager and as engineering director in Life Support Solututions Business Unit between 2005-2008. Prior to this, he held several managerial positions at Instrumentarium Corp. (later known as GE Healthcare Finland Oy) during 1990-2005. Gustaf Järnefelt holds a Master of Science in Technology from Helsinki University of Technology in 1988.

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 Hanna Kotola 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.

Jarmo Laine on has been the Vice President, medical affairs of Nexstim since 2013 and a member of the management team of Nexstim since 2008. Jarmo Laine was director of the clinical operations at Nexstim from 2008 to 2013. He has held several directorial positions at the Finnish Red Cross Blood Service (FRCBS) between 2002 and 2008. Prior to joining FRCBS, Jarmo 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. Jarmo Laine has published more than 60 publications in international journals in the fields of organ/cell transplantation, pediatric nephrology, and cell biology. He has also submitted several papers on clinical application of Nexstim's technology. Furthermore, Jarmo 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. He was a member of the European Blood Alliance working Group on tissues and cells from 2003 to 2004. Jarmo 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.

FURTHER INFORMATION ABOUT THE BOARD OF DIRECTORS AND OTHER MANAGEMENT

During a period of five years from the date of this Prospectus (including the date of the Prospectus), no member of the Company's Board of Directors or member of the management team:

- has been convicted for fraudulent offences
- has faced official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or
- has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the Company, or any company, or from acting in the management or conduct of the affairs of any company.

REMUNERATION AND BENEFITS

The Company's shareholders resolve upon the remuneration and benefits for the members of the Board of Directors at the general meeting of shareholders in accordance with the Companies Act.

For the financial years ended 31 December 2019 and 31 December 2020 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	2019	2020
Leena Niemistö	EUR 13,750.0	EUR 38,250.0
Rohan Hoare	EUR 43,500.0	EUR 31,950.0
Martin Forss	EUR 6,750.0	EUR 25,650.0
Tomas Holmberg	EUR 34,500.0	EUR 25,650.0
Martin Jamieson (member until 11 February 2019)	---	----
The management team	**2019**	**2020**
Martin Jamieson (managing director until 11 February 2020)	EUR 448,596.0	EUR 188,758.3
Mikko Karvinen (managing director from 11 February 2020)	(Not managing director)	EUR 222,688.8
Other members (in total)	EUR 910,257.0	EUR 931,030.8

No service agreements or pension arrangements have been entered into between the Company and the members of the Board of Directors or the members of the management team (managing director included).

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 on the date of this Prospectus. The option plans have been further described below in section *"Information on shareholders and other legal issues – Company's share capital and shares as well as option and other special rights to shares – Option and other special rights – Option rights".* In the table, shares owned by the chairman of the Board of Directors Leena Niemistö includes also shares of the Company owned by the entity controlled by her, Kaikarhenni Oy.

	Shares	Options and maximum number of Shares that can be subscribed*	Proportion of votes (Shares)** %	Proportion of votes (Shares and options*** %
Members of the Board of Directors				
Leena Niemistö	65,372,965		14.87	13.80
Rohan Hoare	34,462		0.01	0.01
Tomas Holmberg	481,419		0.11	0.10
Martin Forss	267,067		0.06	0.06
Members of the management team (including managing director)				
Mikko Karvinen	216,227	8,419,998	0.05	1.82
Steve Beller		3,418,332	0.00	0.72
Henri Hannula	9,679	2,194,333	0.00	0.47
Joonas Juokslahti	694	2,178,666	0.00	0.46
Gustaf Järnefelt	796,472	2,194,333	0.18	0.63
Hanna Kotola	21,803	2,187,666	0.00	0.47
Jarmo Laine	421,404	2,194,333	0.10	0.55
In total	**67,622,192**	**22,787,661**	**15.38**	**19.08**

** Proportion of all shares on the date of this Prospectus without considering option rights

*** Proportion of all shares and option rights (including non-vested) on the date of this Prospectus of all shares and option rights

NOMINATION BOARD OF THE SHAREHOLDERS IN NEXSTIM

On the date of the Prospectus, the Company has a nomination board of the shareholders which is not an administrative, management or supervisory body of the Company.

The nomination board has been founded by the general meeting of the shareholders of the Company which has accepted its charter. The nomination board is responsible for the proposal to the annual general meeting of the shareholders (or if required to the extraordinary general meeting) relating to the composition, members, chairman and remuneration of the Board of Directors of the Company. The nomination board consists of minimum 3 members which all are appointed by the three largest shareholders of the Company.

Currently there are three members in the nomination board of the shareholders: Leena Niemistö (also the chairman of Nexstim's Board of Directors) acting as the chairman and Ossi Haapaniemi and Kyösti Kakkonen as other members.

Prior to the date of this Prospectus, the members of the nomination board of the shareholders have not received any fees or other compensation for acting as member of the nomination board of the shareholders.

FINANCIAL INFORMATION AND KEY PERFORMANCE INDICATORS

IMPORTANT BACKGROUND INFORMATION

The Company's consolidated financial statements as at and for the financial years ended 31 December 2020 and 31 December 2019 have been incorporated in this Prospectus by reference as set forth below. The Company's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2020 have been prepared in accordance with the Finnish Accounting Standards (**"FAS"**).

The Company's audited consolidated financial statements as at and for the years ended 31 December 2020 and 31 December 2019 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 *"Working capital statement"* in the Prospectus and *"Emphasis of matters"* in the auditor's reports 2020 and 2019).

The financial information presented in this section should be read in conjunction with audited consolidated financial statements incorporated by reference in this Prospectus as follows:

Nexstim Oyj - Consolidated financial statements 2020 (audited)	**Pages**
Annual Report	14-24
Consolidated financial statements (including Consolidated income statement, Consolidated balance sheet, Consolidated Cash Flow Statement and Notes to the balance sheet)	25-46
Auditors Report	47-48

Available at: www.nexstim.com/investors/financial-reports-and-presentations

Nexstim Plc - Consolidated financial statements 2019 (audited)	**Pages**
Annual Report	14-22
Consolidated financial statements (including Consolidated income statement, Consolidated balance sheet, Consolidated Cash Flow Statement and Notes to the balance sheet)	23-45
Auditors Report	46-47

Available at: www.nexstim.com/investors/financial-reports-and-presentations

Apart from the audited financial statements specified above, the Company's auditor has not audited any other information in this Prospectus.

To the extent that this section (and, where applicable, other sections) contains statements using the words "anticipates", "assumes", "believes", "expects", "will", "intends", "may", "plans", "should" and similar expressions, these forward- looking statements may not

be based on historical facts, but are statements about future expectations. These statements 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. Investor should not rely on these forward-looking statements. The actual results of operations or financial condition of the Company may 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.

The figures presented in this section and in other sections in the 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.

ALTERNATIVE PERFORMANCE MEASURES

In this section, 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.

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 other similarly named measures by other companies.

The Alternative Performance Measures are unaudited.

KEY PERFORMANCE INDICATORS OF THE GROUP

EUR in thousands	**1.1.-31.12.2020** **Audited unless otherwise indicated**	**1.1.-31.12.2019** **Audited unless otherwise indicated**
Net sales	4,114.0	3,348.1
Personnel expenses	-3,731.5	-4,713.0
Depreciation and amortisation	-367.0	-524.6
Profit/ -Loss for the period	-3,332.7	-6,517.4
Result of the financial year	-4,121.6	-6,782.6
Earnings per share (EUR) [1] *	-0.02	-0.25

Cash flows from operating activities	-2,724.7	-6,681.5
Cash in hand and at banks	3,455.8	4,266.2
Total equity	-1,469.1	-740.1
Equity ratio (%)[1] *	-28.25 %	-8.49%

[1] Unaudited, calculated based on the average number of shares which between 1 January – 31 December 2020 was 267,693,026 and 1 January – 31 December 2019 27,611,274.

* As defined:

$$\text{Earnings per share} = \frac{\text{Profit/ -Loss for the period}}{\text{Average number of shares}}$$

$$\text{Equity ratio (\%)} = \frac{\text{Total equity + Capital loans}}{\text{Total assets – Advances received}} \times 100$$

EUR in thousands	**31.12.2020**	**31.12.2020**
	Audited unless otherwise indicated	**Audited unless otherwise indicated**
Aggregate amount of interest-bearing debts[1]	5,044.3	6,277.0
Balance sheet total (assets total/ equity and liabilities total)	6,231.3	7,654.7

[1] Unaudited

NET SALES AND DIVISION TO NET SALES OF NBT AND NBS BUSINESSES (KEY PERFORMANCE INDICATORS)

Net sales of the Company for the financial year ended 31 December 2020 were EUR 4,114.0 thousand (for the financial year ended 31 December 2019 EUR 3,348.1 thousand), an increase of 22.87 percent. The total net sales is divided to net sales of NBT and NBS businesses.

NBT net sales for the financial year ended 31 December 2020 were EUR 1,951.8 thousand (and according to management's assessment for the financial year ended 31 December 2019 EUR 1,522.9 thousand), an increase of 28.16 percent.

NBS net sales for the financial year ended 31 December 2020 were EUR 2,162.2 thousand (and according to management's assessment for the financial year ended 31 December 2019, EUR 1,825.2 thousand), an increase of 18.46 percent

SIGNIFICANT CHANGES IN THE COMPANY´S FINANCIAL POSITION

There have been no significant changes in the financial position of the Company during the period from the end of the last financial year i.e. 31 December 2020 and the date of this Prospectus.

DIVIDEND POLICY

The Company has not paid dividend based on the financial statements as at 31 December 2019, 31 December 2018 or otherwise prior to the date of this Prospectus. 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.

The Company does not expect to be able to distribute dividends in the near future. In the event dividends are distributed, all shares of the Company will be entitled to equal dividends.

MATERIAL LOANS OF THE COMPANY

Above section *"Background and reasons for the Offering – Existing loans of the Company and repayments with proceeds of the Offering"* describes material loans of the Company from Kreos and Business Finland.

The loan from Kreos carries an interest at the rate of 10.75% per annum. 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.

Kreos is entitled to prematurely terminate the loan agreement and request for immediate repayment of the unpaid loan capital added with accrued interests and fees, in the event of e.g. a material adverse change set forth in the loan terms and conditions. Kreos could request for such immediate repayment if e.g. the actual net proceeds of the Offering fall materially short from the net proceeds of the Offering if subscribed in full.

The financing arrangement with Kreos has also included issuing rights to shares of Nexstim i.e. warrants. See more details in section *"Information on shareholders and legal issues – Company's share capital, shares as well as option rights and other rights to shares – Warrants of Kreos"*.

In accordance with the terms and conditions, the development loans from Business Finland mature with interests and fees during years 2021-2030. Interest rate for all loans from Business Finland is the base rate set by the Ministry of Finance minus three percentage points, however at least 1 % per annum. No security has been provided by the Company for the repayment of the loans.

If the project fails or is in danger to fail, Business Finland 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 Business Finland 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.

In accordance with the loan terms, a possible future divestment of a Company's business or other transaction regarding ownership of the Company and/or its business could, depending on how it is executed and completed, entitle a financier (Kreos and/or Business Finland) to cancel loans obtained by the Company and may hence require prior consent of such financier.

RESERVATIONS IN THE AUDITOR'S REPORTS

Material Uncertainty Related to Going Concern

We draw attention to note 11 in the financial statements as at 31 December 2021 and 31 December 2019 and to the section *"Going Concern"* in the reports 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. The adequacy of financing represents a material uncertainty factor, which can compromise the Company's ability to continue operations. 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 as at 31 December 2021 and 31 December 2019 and to the section *"Financing and liquidity"* in the reports 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.

INFORMATION ON SHAREHOLDERS AND LEGAL ISSUES

MAJOR SHAREHOLDERS

Based on the latest information available for the Company regarding its shareholders from Euroclear Finland and Euroclear Sweden (as at 28 February 2021), the following table sets forth the ownership of the such shareholders, with their proportionate ownerships, who based on the knowledge of the Company directly or indirectly hold at least five (5) percent of all shares and votes in the Company. The Company has one series of shares. Each Share entitles to one vote in the general meeting of the Company. The management of the Company is not able to estimate actual number of shares and votes held by any nominee registered shareholders.

Shareholder	Number o shares	Ownership*
Leena Niemistö (the chairman of the Company's Board of Directors directly and through her holding-company Kaikarhenni Oy)	65,372,965	14.87%
Ossi Haapaniemi (with related parties)	48,173,909	10.96%

* 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).

To the knowledge of 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.

LEGAL PROCEEDINGS AND ARBITRATIONS

During the past 12 months' period, the Company has not been a party to any legal, governmental or arbitration proceedings, which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of Company and/or its group, and the Company has no knowledge of such pending or threatened proceedings.

CONFLICTS OF INTERESTS

The conflicts of interest of the management of Finnish companies are regulated in the Companies Act. Pursuant to the disqualification rule in chapter 6 section 4 of the 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 disqualification 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.

On 28 February 2021, the largest shareholder of the Company is based on the knowledge of the management, the Company's chairman of the Board of Directors Leena Niemistö jointly with her controlled entity (Kaikarhenni Oy). In accordance with section *"Terms and conditions of the Offering – Subscription Commitments and the respective fees (directed share issue without payment)"*, Kaikarhenni Oy has provided a conditional subscription commitment regarding the Offering for the subscription of in total EUR 1,100,000 and 36,666,667 Offer Shares. Subscription commitment fee payable in shares of the Company described in such section also relates to such commitment. If other shareholders do to exercise all their Subscription Rights in full, and Kaikarhenni Oy subscribes for all Offer Shares in full in accordance with the conditional commitment, also receiving subscription commitment fee in full, the ownership of Leena Niemistö jointly with her controlled entity of all shares and votes in the Company may be increased to 15.70%, if the Offering is otherwise subscribed in full (by subscription without Subscription Rights). If the Offering is not subscribed for in full but Kaikarhenni Oy subscribed for Offer Shares in accordance with the conditional commitment, the ownership of Leena Niemistö jointly with her controlled entity may be even higher compared with the other shareholders after the Offering.

The interests of the largest shareholder of the Company may differ from the interests of the other shareholders. Kaikarhenni Oy/ Leena Niemistö (who controls Kaikarhenni Oy) has significant effect on all resolutions to be passed at the Company's general meeting of shareholders. The general meeting of shareholders passes material resolutions regarding all shareholders of the Company regarding e.g. election of members and chairman of the Board of Directors, confirmation of the financial statements, distribution of profit/ use of losses and issuances of shares, option rights and/or special rights to shares and respective authorizations for the Board of Directors. Kaikarhenni Oy/ Leena Niemistö (who controls Kaikarhenni Oy) also has a material effect on the composition, members and the chairman of the Company's Board of Directors due to the above-mentioned participation of Leena Niemistö in Nexstim's nomination board of the Shareholders (see *"Board of Directors and management – Nomination board of the shareholders in Nexstim"*), which makes a proposal to the general meeting of shareholders regarding composition and election of the members and chairman of the Board of Directors.

As Leena Niemistö acts as the chairman of the Board of Directors, she has even more influence on the decision-making and governance of Nexstim. The above-mentioned disqualification rule however must be complied with in governance of the Board of Directors.

Otherwise the members of the Board of Directors, the managing director or other members of the management team do not have conflicts of interests between their tasks in relation to the Company and their private interests or other duties, and none of them has been appointed to their position in the Company pursuant to an arrangement or understanding with major shareholders, customers, suppliers or others.

RELATED PARTY TRANSACTIONS

Nexstim's related parties set forth in the international accounting standards issued pursuant to Regulation (EY) N:o 1606/2002 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 years which ended 31 December 2020 and 31 December 2019 is presented in the section *"Board of Directors and other management – Fees and benefits"*.

The following subscriptions of the Company's shares by, on the date of the Prospectus, a related party of the Company Kaikarhenni Oy, an entity controlled by the Company's chairman of the Board of Directors and the shareholder with significant influence, Leena Niemistö, may be considered as material related party transaction (as set forth in the international accounting standards issued pursuant to Regulation (EY) N:o 1606/2002) during the financial years which ended 31 December 2020 or 31 December 2019:

Identification of share issue	**Number of shares subscribed**	**Aggregate subscription price (EUR)**	**New shares registered (date)**
Exercise of warrants (so-called Offer Warrants) received in the above-mentioned subscription rights issue-2019	2,173,913	250,000.00	8 November 2019
Directed share issue (so-called Warrant Issue and Directed Issue)	2,125,235	244 402,03	18 November 2019
Directed share issue for payment of underwriting fee (regarding commitment provided to secure exercise of warrants)	131,687	15,144.01 (paid by setting of underwriting commitment fee)	18 November 2019
Subscription rights issue 2020	56,666,666	340,000.00	12 June 2020

During the financial years which ended 31 December 2020 or 31 December 2019 or during the current financial year until the date of

the Prospectus, there has been no other material related party transactions.

MATERIAL CONTRACTS

During the last financial year proceeding the date of the Prospectus and the current financial year, the Company has entered into the following material contracts:

- A contract with the current Certified Advisor of the Company Erik Penser AB signed on 11 June 2020
- A contract signed with a US foundation on 18 November 2020 worth approximately MEUR 0.9 to develop and deliver two prototype systems for a research project in which the systems purchased from the Company are used to introduce a novel research tool for probing and diagnosing the brain

Besides the above-mentioned contracts, no other material contracts i.e. other than contracts entered into in the ordinary course of business, to which the Company or its subsidiary is a party, have been entered into during the last financial year proceeding the date of the Prospectus and the current financial year.

COMPANY'S SHARE CAPITAL, SHARES AS WELL AS OPTION AND OTHER RIGHTS TO SHARES

Share capital

On the date of this Prospectus, the Company's share capital amounts to EUR 80 thousand. As at 31 December 2018, 31 December 2019 and 31 December 2020, the share capital was the same i.e. EUR 80 thousand.

Shares

The shares of the Company do not have any nominal value. Nexstim has one series of shares with ISIN code FI4000354162. The shares have been issued under Finnish law in EUR.

On the date of the Prospectus, Nexstim does not held any treasury shares neither do its subsidiaries hold any shares of Nexstim.

The numbers of shares issued by the Company as at 31 December 2018, 31 December 2019, 31 December 2020 and on the date of the Prospectus are set forth in the following table. On such dates, the shares issued have been fully paid and registered within the Trade Register:

Date	Shares (number)
31 December 2018	3,253,751
31 December 2019	62,786,630
31 December 2020	439,622,756
Date of the Prospectus	439,622,756

Outstanding authorizations

Authorizations of 1 March 2021 of the extraordinary general meeting of shareholders

See above in section *"Terms and conditions of securities – Share issue authorization and decision",* the authorizations for the Board of Directors resolved by the extraordinary general meeting of shareholders on 1 March 2021 regarding this Offering i.e. issuance of Offer Shares and subscription commitment fee shares.

Furthermore, on 1 March 2021, the extraordinary general meeting of shareholders resolved to authorise the Board of Directors to decide, on the issuance of shares and the issuance of option rights and other special rights to shares, referred to Chapter 10 of the

Companies Act as follows:

The shares issued under the authorization are new or those in the Company's possession. Based and within the limits of this authorization, the Board of Directors can also decide on issuance(s) of option rights or other special rights set forth in Chapter 10 of the Companies Act complementing or replacing issuance(s) of shares.

Under the authorization, a maximum of 19,500,000 shares may be issued, which corresponds to approximately 4.25 percent of all the shares in the Company after the share issue, provided that new shares are issued, considering all registered shares of the Company.

The shares, option rights and/or other special rights entitling to shares can be issued in one or more tranches.

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

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

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

The authorization may be used to the implementation of the RSU plan for the members of the Board of Director's and for the long-term incentive plans for the management and the personnel of the Company. The authorization can also be used for incentive arrangements and payment of the Board fees.

Authorization of 30 April 2020 of the annual general meeting of shareholders

Although on the date of the Prospectus, the authorization approved by the annual general meeting of the shareholders on 30 April 2020 (which is in force until 30 April 2021) remains effective up to issuance of 43,280,220 new shares and/or issuance of option rights or other special rights to shares entitling to the same amount of shares, the Company's Board of Directors considers that such authorization may not be used relating to the Offering set forth in this Prospectus, since the annual general meeting approved on 30 April 2020 a preliminary subscription price of EUR 0.006. Such subscription price was applicable in the subscription rights issue which the Company completed in spring 2020. The Board of Directors thus sees, that such remaining authorized number of shares may not be used without a separate approval of the general meeting of the shareholders for the subscription price per share which materially differs from EUR 0.006.

Option rights and other special rights

The following table presents the number of such option rights and so-called warrants i.e. other special rights issued by the Company, which are convertible into shares of the Company on or after the date of the Prospectus in accordance with the terms and conditions of such options or special rights. In addition, the table presents the number of Company's shares that such option rights or special rights entitle to in total.

Identification of option or special right	Option or special rights granted (pcs)	Number of shares which the rights entitle
Option rights 2016B	91 083	91 083
Option rights 20016C	55 686	55 686
Option rights 2018A	2 777	2 777
Option rights 2018B	2 777	2 777
Option rights 2020A	13 000 000	13 000 000
Option rights 2020B	13 000 000	13 000 000
Option rights 2020C	13 000 000	13 000 000
Special rights held by Kreos (warrants)	Not applicable	57 922

In total (convertible to Nexstim shares)	39 152 333

If all of the above option rights and other special rights issued were fully exercised to subscribe for the Company's shares, the Company's currently issued and registered shares would dilute by approximately 8.18 per cent to 91.82 per cent of all issued and registered shares of the Company.

Option rights

The Company has issued option rights referred to in Chapter 10, Section 1 of the Companies Act, which entitle their holders to the subscription of Nexstim's shares. In each option plan described in more detail below, each option entitles the holder to subscribe for one (1) share in the Company.

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

Option plan 2016B-C

Pursuant to the authorization provided by the general meeting of shareholders 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 is 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. All option rights were issued gratuitously.

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.

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 for option rights 2016B was confirmed to be EUR 0.160 per share. No changes were 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 option rights 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.

The reduction of the number of the Company's shares in 2018 (30 old shares corresponded to one new share after the reduction) had the same effect on the above-mentioned number of options. The terms of the 2016B and 2016C option plans have been changed in relation to the subscription price of the share in connection with two previous rights issues in summer 2019 and summer 2020. As of the date of the Prospectus, the share subscription price with option plan 2016B is EUR 0.23 and option plan 2016C EUR 0.30.

Option plan 2018A-B

On 19 June 2018, the Board of Directors of Nexstim resolved on a new option plan 2018A-B for the Company's key employees and consultants. 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.

The purpose of the options is to encourage participants to enter into a long-term employment relationship in order to increase shareholder value and ensure commitment to the Company. Therefore, there were considered to be weighty financial reasons for deviating from the shareholders' pre-emptive subscription right.

All option rights were issued gratuitously. The reduction of the number of the Company's shares in 2018 (30 old shares corresponded to one new share after the reduction) had the same effect on the above-mentioned number of options. The terms of the 2018A and 2018B option plans have been changed in relation to the subscription price of the share in connection with two previous rights issues in summer 2019 and summer 2020. As of the date of the Prospectus, the share subscription price with option plan 2018A is EUR 0.07 and for option plan 2018B is EUR 0.01.

Option plan 2020A-C

On 10 June 2020 the Board of Directors of Nexstim resolved on new option plan 2020A-C for the personnel, management and other shareholders of Nexstim Oyj and its subsidiaries. The maximum total number of option rights 2020 to be issued is 39 000 000 and they entitle their owners to subscribe for a maximum of 39 000 000 new shares in the Company or existing shares held by the Company. Of the option rights, 13 000 000 are part of option rights 2020A, 13 000 000 2020B and 13 000 000 option rights 2020C. The share subscription period for option rights 2020A will be 1 July 2022 – 15 December 2027, option rights 2020B will be 1 July 2023 – 15 December 2028 and for option rights 2020C will be 1 July 2024 – 15 December 2029. All option rights were issued gratuitously.

The purpose of the options is to encourage participants to enter into a long-term employment relationship in order to increase shareholder value and ensure commitment to the Company. Therefore, there were considered to be weighty financial reasons for deviating from the shareholders' pre-emptive subscription right.

The share subscription prices are EUR 0.03 for option right 2020A; for option right 2020B, 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 2020; and for option right 2020C 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 2021.

Warrants of 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. On 31 December 2020, the outstanding loan from Kreos amounted to EUR 988,942.44.

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.

The terms of the warrant have been changed with regard to the share subscription price in connection with the reduction of the number of shares carried out by the Company in 2018 and the two previous rights issues carried out in the summer of 2019 and summer 2020. At the date of the Prospectus, the share subscription price of warrants is EUR 0.41.

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.

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, 25 March 2019 and 30 April 2020 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 originally included 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. At the annual general meeting of shareholders on April 30, 2020, it was decided to extend the restricted share unit plan for one year for the fifth vesting period (2020 - 2021) for the members elected to the Board of Directors of Nexstim. 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. However, the person belonging to the target group does not have to be independent in relation to the Company's shareholders.

A total gross remuneration of EUR 12,500 was paid to each such Board member in the vesting period 2019–2020.

On April 30, 2020, the annual general meeting of shareholders approved the following remuneration to be paid through the RSU plan to the members of the Board of Directors for the vesting period 2020-2021:to the Chairman: EUR 24,000; for a member domiciled in the United States: EUR 20,400 and for a member domiciled outside the United States: EUR 16,800.

The RSU based reward that has been approved by the annual general meeting of shareholders will be converted into restricted share units at the beginning of each vesting period. 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 twenty (20) trading days following the release date of the Company's financial statements of the previous financial year published by the Company in the vesting year. 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 form of the Company's shares by directing a share issue without consideration to the rewardees within four weeks of the annual general meeting of shareholders in each year. The allocated fee for vesting period 2020-2021 will be paid within four weeks of annual general meeting of 2020. 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.

The restricted share unit plan based rewards approved by the annual general meeting of shareholders on 30 April 2020 for the vesting period as at the date of the Prospectus, i.e. the period 2020-2021, will be paid to the members of the Board of Directors in the Company's shares, by issuing them new shares without payment during a period of 4 weeks after the annual general meeting of shareholders to be held in 2021. The number of shares to be issued is based on the calculation formula described above, which converts the reward amounts confirmed on 30 April 2020 into share units.

Effect of the Offering on the terms of the option rights

According to the terms and conditions of the option rights 2016B-C, 2018A-B and 2020A-C, 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 no later than 31 May 2021 on changing the numbers of shares to be subscribed for on the basis of option rights 2016B-C, 2018A-B and 2020A-C and/or the subscription price due to the Offering.

The respective option rights issued by the Company do not entitle the holder to participate in the Offering.

Effect of the Offering on the terms of warrants of Kreos

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 matter will be further agreed with Kreos and the necessary decisions will be made once the final number of Offer Shares issued is known, approximately no later than 31 May 2021.

The respective special rights issued by the Company do not entitle the holder to participate in the Offering.

AVAILABLE DOCUMENTS

The following documents will be available in electronic form on the Company's website at nexstim.com/investors/rights-issue-2021, and copies will be available during normal business hours at the Company's headquarters at Elimäenkatu 9 B, 00510 Helsinki:

- Articles of association of the Company as registered at the date of this Prospectus
- The Company's consolidated financial statements 2020 (audited)
- The Company's consolidated financial statements 2019 (audited).

Due to COVID-19 precautionary measures, investors are requested to be in contact with the Company by telephone (number is +358 (0)9 272 7170) before possible visit to the headquarters of Nexstim.