



Inside Information: Nexstim Plc and Brainlab AG initiate collaboration by signing development and distributorship cooperation agreement and agreeing on a maximum of EUR 5,095,000 equity investment into Nexstim

Company Announcement, Helsinki, 29 November 2024 at 9:15 AM (EET)

Nexstim Plc (NXTMH:HEX) ("**Nexstim**" or the "**Company**") and Brainlab AG, a German developer, manufacturer and seller of highly developed software-driven medical technology ("**Brainlab**") have initiated collaboration by signing a development and distributorship cooperation agreement regarding cooperation on development of solutions in the area of non-invasive mapping of certain areas of the brain as well as distribution by Brainlab of certain products of Nexstim ("**Cooperation Agreement**").

In connection with the Cooperation Agreement, Brainlab and Nexstim have also agreed on a maximum of EUR 5,095,000 equity investment ("**Investment**") into Nexstim by Brainlab ("**Investment Agreement**"). The Investment will be made (i) by Brainlab subscribing for new shares in Nexstim for EUR 1,145,000 and (ii) by Nexstim granting Brainlab special rights based on which Brainlab will have a right to subscribe new shares in Nexstim for EUR 3,950,000 by 31 March 2027.

Stefan Vilsmeier, President and CEO, Brainlab: *"We have been following this technology for quite some time, are convinced by the clinical successes of nTMS (navigated transcranial magnetic stimulation) to date and see it as a valuable addition to our portfolio for preserving neurological function. Through this collaboration, we're expanding and deepening nTMS integration with navigation and intraoperative neuromonitoring (IONM)—a development we believe will be a key factor in driving the adoption of nTMS. We see this technology as highly relevant for many of our customers, particularly in enhancing treatment during neurosurgical procedures."*

Mikko Karvinen, CEO of Nexstim, comments: *"We are very happy to enter into this long-term development and distributorship cooperation agreement with Brainlab. We also welcome Brainlab as a new shareholder in Nexstim. Building such strategic partnerships for our Diagnostics business has been one of the key objectives for Nexstim during our current strategy period. I strongly believe that combining Nexstim's technological know-how and superior services together with the huge business growth potential Brainlab brings through their innovative products, which integrate with Nexstim's offerings and its customers base at leading hospitals globally, will create greatest value for patients, neurosurgeons, hospitals and shareholders. The equity investment also helps aligning both parties' interest in growing the Diagnostics business and committing into common business objectives."*

Key terms of the Cooperation Agreement

- The parties will jointly work on projects regarding development of solutions and/or improvement of the parties' complementary existing workflows in the area of non-invasive mapping of the primary motor cortex and language network of the brain, combined with the evaluation of surgical approach options, and the execution of cranial surgery under neuronavigation guidance. The detailed scope and work split of the development work shall be jointly discussed and agreed between the parties in separate project agreements.
- Nexstim appoints Brainlab as distributor of certain products of Nexstim in Brainlab's field of business. Subject to the exceptions for certain markets where Nexstim conducts direct sales

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or has engaged other distributors, Brainlab shall be the exclusive distributor for presurgical mapping and neuromodulation treatments that are administered to patients in connection with neurosurgical interventions. Brainlab may appoint any number of sub-distributors. The exclusive distribution in the neurosurgery market begins immediately through a collaboration with Nexstim's direct sales teams in the United States, Canada, Germany, Austria, Switzerland, and countries where Nexstim does not currently have its own distributors in neurosurgery market. In countries where Nexstim is already working with other distributors in neurosurgery, there will be a transition period for the distribution exclusivity of presurgical mapping and neuromodulation treatments related to neurosurgical interventions. Nexstim's own sales organization will continue managing ongoing sales for selected neurosurgery clients during the transition period. Nexstim will also continue to manage direct sales in Finland also for neurosurgery as its home market.

- Outside the scope of Brainlab's field of business, Nexstim will independently continue to develop, market, and sell its products and services in all markets for current and future neuroscience research applications and therapy applications. This includes all neuromodulation treatments that are not administered in connection with neurosurgical interventions, utilizing transcranial magnetic stimulation in a non-invasive manner. Nexstim will work with its own direct sales team, as well as other distributors and business partners, to advance these efforts.
- The parties have agreed on certain gross profit targets for payments Nexstim receives for the sales of its products (including service agreements) in the Brainlab's field of business. Such gross profit target for 2025 is set to EUR 4 million. If the gross profit target is not met, Brainlab is obliged to pay the delta to Nexstim.
- End customers will be offered different service options by Brainlab. Depending on the location of the customer and the option chosen by them, the scope of the services and the level of Nexstim's involvement in the service provision differs. Nexstim shall offer training to Brainlab and its distributors to enable them to provide customer support.
- Nexstim's investments in research and development and marketing shall remain approximately stable.
- Each year, the parties shall agree on a global activity plan encompassing marketing and promotional activities, training, and educational initiatives.

Key terms of the Investment Agreement

- Brainlab has irrevocably agreed to subscribe 250,000 new shares in Nexstim ("**New Shares**") with a subscription price of EUR 4.58 per share which is based on the trade volume weighted average quotation for the Company's share on Nasdaq First North Growth Market Finland during the period of 70 trading days until and including 26 November 2024. The total subscription price of the New Shares is EUR 1,145,000.
- Brainlab has irrevocably agreed to subscribe without consideration 790,000 special rights, as defined in Chapter 10, Section 1 of the Finnish Companies Act, ("**Warrants**").
- With the Warrants Brainlab may subscribe 790,000 new shares in Nexstim with the subscription price of EUR 5.00 per share by 31 March 2027. The subscription price is based on the trade volume weighted average quotation for the Company's share in Nasdaq First North Growth Market Finland during the period of 50 trading days until and including 26 November

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2024. If Brainlab chooses to use all Warrants to subscribe shares, the total subscription price of the new shares subscribed with the Warrants is EUR 3,950,000. Brainlab can subscribe to the shares in two instalments. In such case, the minimum amount of 250,000 shares must be subscribed as part of the first instalment.

- The New Shares as well as shares subscribed with the Warrants will be subject to a lock-up period, which ends one year after the issue of the New Shares and Warrants by Nexstim.
- The completion of the Investment shall take place once the Board of Directors of Nexstim have taken the necessary resolutions and Brainlab has taken the relevant actions to subscribe New Shares and Warrants. Nexstim shall disclose the relevant resolutions in due course.

Nexstim estimates that the abovementioned agreements will not have an effect on the Company's future outlook for 2024. Based on business forecasts, the company expects its comparable net sales to grow and operating result to improve in 2024.

Execution of the Cooperation Agreement and completion of the Investment will have a positive cash impact of EUR 2.1 million in 2024, consisting of a gross profit insurance prepayment of EUR 1.0 million and an equity investment of EUR 1.1 million. The future outlook for 2025 is estimated to be published as a part of Nexstim's 2024 financial statements release on 27 February 2025.

Further information is available on the website www.nexstim.com, or by contacting:

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The Company's Certified Advisor is Carnegie Investment Bank AB (publ).

About Brainlab AG

At Brainlab, we digitize medical workflows, from diagnosis to therapy, to offer clinicians and patients better treatment possibilities. Our innovative digital ecosystem forms the basis for modern healthcare technology in 6,700 hospitals in 127 countries. At the forefront of health technology for over 35 years, Munich-based Brainlab employs around 2,400 people with expertise across the entire healthcare value chain in 25 locations worldwide.

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About Nexstim Plc

Nexstim is a Finnish, globally operating growth-oriented medical technology company. Our mission is to enable personalized and effective diagnostics and therapies for challenging brain diseases and disorders.



Nexstim has developed a world-leading non-invasive brain stimulation technology for navigated transcranial magnetic stimulation (nTMS) with highly sophisticated 3D navigation providing accurate and personalized targeting of the TMS to the specific area of the brain.

Nexstim's Diagnostics Business focuses on commercialization of the Navigated Brain Stimulation (NBS) system. The NBS System 5 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 Therapy Business markets and sells the NBS System 6 which is FDA cleared for marketing and commercial distribution for the treatment of major depressive disorder (MDD) in the United States. In Europe, the NBS 6 system is CE marked for the treatment of major depression and chronic neuropathic pain.

Nexstim shares are listed on Nasdaq First North Growth Market Finland.

For more information, please visit www.nexstim.com

Forward-Looking Statements

This company announcement contains forward-looking statements, including, without limitation, statements regarding Nexstim's strategy, business plans and focus. The words "may", "will", "could", "would", "should", "expect", "plan", "anticipate", "intend", "believe", "estimate", "predict", "project", "potential", "continue", "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this announcement are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and important factors that may cause actual events or results to differ materially from those expressed or implied by any forward-looking statements contained in this announcement, including, without limitation, any related to Nexstim's business, operations, supply chain, strategy, goals and anticipated timelines, competition from other companies, and other risks described in the Report of the Board of Directors and Financial Statements for the year ended December 31, 2023 as well as our other past disclosures. Nexstim cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. Nexstim disclaims any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. Any forward-looking statements contained in this announcement represent Nexstim's views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date.