Targeting a paradigm shift in stroke rehabilitation

Janne Huhtala | CEO | Nexstim

26 March 2015
This document and the information contained herein are being presented by Nexstim Oyj (“Nexstim” or the “Company”). In connection with any presentation or review of this document, you agree to be bound by the following limitations and notifications. This document and the information contained herein are being provided to you solely for your information. The distribution of this document in some jurisdictions may be restricted by law and persons into whose possession this document comes are required to inform themselves about and observe any such restrictions. Accordingly, this document may not be distributed in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. This document is not a prospectus, and the information contained herein does not and is not intended to constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any securities referred to herein in any jurisdiction. This document and the information contained herein are not an offer of securities in the United States and are not for distribution in the United States. Any securities to which these materials relate have not been and will not be, registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state of the United States. Any securities to which these materials relate may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act). Should any recipient of this document consider an investment in the Company, such recipient must rely on their own examination of the legal, taxation, financial and other consequences of any possible holding or transaction involving the Company’s shares, including the merits and risks involved. Recipients should not treat the contents of the document as advice relating to legal, taxation or other matters and are advised to consult their own professional advisors concerning the acquisition, holding or disposal of shares in the Company. This presentation does not purport to be all-inclusive or to contain any or all the information that prospective investors may desire in analysing and deciding whether or not to hold or transact in the Company’s shares. Nexstim’s NBS System is cleared by the FDA for assessment of the motor and speech cortices for pre-procedural planning. The NBT System is not cleared for commercial distribution in the United States.

FORWARD-LOOKING STATEMENTS
This document may contain forward-looking statements that reflect the Company’s current views with respect to certain future events and potential financial performance. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will materialise. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. To the extent that this document contains opinions, estimates, forecasts or other forward looking statements, no guarantees or undertakings that these are correct or complete are given by the Company or any of its respective members, advisors, officers or employees or any other person. Forecasts and assumptions which are subject to economic and competitive uncertainty are outside such person’s control and no guarantee can be given that projected results will be achieved or that outcomes will correspond with forecasts. Information in this document may be changed, added to or corrected without advance notification.
Nexstim at a glance

- Finnish Medtech in Neuromodulation
- Targeting Unmet Need in Stroke Motor Rehabilitation
- Proprietary e-Field based Navigation as Differentiator
- Established in 2000
- 34 employees
Nexstim at a glance

- Listed in Nasdaq First North Helsinki & Stockholm since Nov 2014
- Strong Investor Support for Current Development Phase
- Clear Execution Strategy and Growth Opportunity

Strongly positioned with IPR and Clinical Evidence to Non-invasive Neuromodulation in Therapeutic Applications
Nexstim – Targeting a paradigm shift in stroke rehabilitation

Nexstim’s Navigated Brain Therapy® solution for stroke rehabilitation

Targeting a blockbuster market...
(market for post-acute stroke treatment)

- 2.1 million strokes each year in US and Europe
- 712,000 patients is Nexstim’s target # of patients
- $1.8 billion market potential for Nexstim
- Few effective alternatives...
- ...still $8.5bn currently spent on stroke rehab in the US

Huge unmet need and commercial opportunity

...with a potential game-changer technology

- Promising efficacy demonstrated in completed Phase II clinical trial
- Technology already validated – Pioneered the technology to map motor and speech centers, with 120 devices installed worldwide and FDA clearance – same technology now applied in stroke rehabilitation
# Technology platform applied in stroke and brain surgery

## Novel technology

- Navigation technology to deliver accurate magnetic pulses to stimulate the brain

## Two products

- Navigated Brain Therapy®
- Navigated Brain Stimulation

## Main uses

<table>
<thead>
<tr>
<th>Main uses</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stroke rehabilitation</strong></td>
<td>– CE marked</td>
</tr>
<tr>
<td>Precise localisation of the</td>
<td>– Positive Phase II data</td>
</tr>
<tr>
<td>correct motor center in the</td>
<td>– Pivotal Phase III trial in the US ongoing at 12 sites</td>
</tr>
<tr>
<td>brain followed by stimulation</td>
<td></td>
</tr>
<tr>
<td>to improve motor functions</td>
<td></td>
</tr>
<tr>
<td><strong>Pre-surgical mapping</strong></td>
<td>– FDA cleared, CE marked</td>
</tr>
<tr>
<td>Mapping of the motor and speech centers prior to brain surgery to avoid damage to these vital areas</td>
<td>– 120 instruments installed</td>
</tr>
<tr>
<td></td>
<td>– Outcome data published showing better outcomes for cancer patients</td>
</tr>
</tbody>
</table>

## Status

Navigational accuracy using Nexstim’s proprietary e-field based navigation software is the key differentiator – already proven for pre-surgical mapping (NBS) and now ready for paradigm shift in stroke therapy (NBT®)

(1) rTMS = repetitive transcranial magnetic stimulation
NBT® for stroke rehabilitation – How it works

Using a patient’s own MRI scan as a guide, Nexstim provides precisely targeted, personalized, magnetic stimulation to temporarily inhibit the healthy side of the brain, normalising the balance between the hemispheres.

Because the injured side is no longer dominated by the healthy side of the brain, it is more responsive to the physiotherapy. This results in limb movement being potentially restored more quickly to better functionality.
Efficacy demonstrated in Phase II trial

Change in upper extremity Fugl-Meyer score from baseline

**84% responder rate** (above "MCID" for NBT® group)

Difference: treatment and sham groups

P<0.05

Baseline
1 month post treatment
6 months post treatment

Nexstim NBT group⁽¹⁾
Sham (placebo) group⁽¹⁾
Robotics⁽²⁾
Intensive conventional rehab⁽²⁾
Non-navigated rTMS⁽³⁾
Min clinically important difference, MCID

**Trial outcome:**

Absolute average improvement of 13.8 Fugl-Meyer scores

= difference of "holding an object" and "buttoning a shirt"

Pre
Post

The Phase II clinical trial in brief:

- Single centre at Rehabilitation Institute of Chicago (#1 rehabilitation hospital in US for 24 consecutive years)
- 29 patients of which 19 (10) in treatment (sham) group
- End-point = 6 months post treatment

---

Note: “Robotics”, “Intensive conventional rehab” and “Non-navigated rTMS” data come from different studies. While not directly comparable, included in the above chart for illustrative purposes. | (1) Data for “Treatment group” and “Sham group” from Nexstim Phase II clinical trial (Harvey et al, 2013) – per protocol figures. | (2) Data for “Robotics” and “Intensive conventional rehab” from published multi-center trial (Lo et al, NEJM 2010) | (3) Data for “Non-navigated rTMS” from published multi-center trial (Kakuda et al, J Neuroeng Rehab 2012), 6 month follow-up not done. Responder rate = % of group that had improvements above the 5 point minimal clinically important difference threshold.
Nexstim’s unique technology provides distinct benefits

Integration of TMS and navigation

- TMS-navigation integration: Nexstim combines non-invasive transcranial magnetic stimulation (TMS) with unique proprietary electric field modeling-based navigational capabilities
- Navigation is the key differentiator

Several distinct benefits

- Improved accuracy: Accurate localisation of the target muscle representation area on the cortex
- Dosing precision: Optimised stimulating electric field location, direction and dose
- Repeatability: Accurate and repeatable stimulation
- Non-invasive procedure

Enhanced limb move

- Substantially improved hand movement after treatment demonstrated in Nexstim’s Phase II trial
IP position

62 granted patents
69 pending patents

Right to software: Nexstim owns rights to its NBT® and NBS Systems’ software developed in-house.

Creating hurdles for competitors: e.g. by seeking patent protection on different parts of the products and making it more difficult for potential competitors to create competing products

Core algorithms kept as trade secrets: Not patenting the core algorithms to avoid publicity and loss of trade secrets

(1) Future/protective = for future use or protective patent | (2) Joint ownership with Elekta Oy
# Phase III trials - Laying the groundwork for commercialisation

## Study in brief
- Establish clinical efficacy of NBT® in upper-limb motor rehabilitation
- Up to 198 patients
- 12 top US rehab sites – RIC is central site (#1 US rehabilitation hospital for 24 years)
- Dr. Richard L. Harvey lead investigator – one of the top experts in the field
- FDA reviewed protocol

## Study goals

<table>
<thead>
<tr>
<th>Study goals</th>
<th>Conducted at 12 top US rehab sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome data</td>
<td>Rehabilitation Institute of Chicago (central site)</td>
</tr>
<tr>
<td></td>
<td>TIRR Memorial Hermann Hospital (Houston)</td>
</tr>
<tr>
<td></td>
<td>Spaulding Rehabilitation Hospital (Boston)</td>
</tr>
<tr>
<td></td>
<td>Ohio State University (Columbus, OH)</td>
</tr>
<tr>
<td></td>
<td>Rancho Los Amigos National Rehabilitation Center</td>
</tr>
<tr>
<td></td>
<td>Burke Rehabilitation Hospital (White Plains, NY)</td>
</tr>
<tr>
<td></td>
<td>Duke University Medical Center (Durham, NC)</td>
</tr>
<tr>
<td></td>
<td>Columbia Cornell New York Presbyterian Hospital</td>
</tr>
<tr>
<td></td>
<td>Shepherd Center (Atlanta)</td>
</tr>
<tr>
<td></td>
<td>University of Cincinnati</td>
</tr>
<tr>
<td></td>
<td>Indiana University Indianapolis</td>
</tr>
<tr>
<td></td>
<td>Mayo Clinic (Phoenix, AZ)</td>
</tr>
<tr>
<td>Document efficacy of NBT on upper-limb motor rehab</td>
<td></td>
</tr>
<tr>
<td>Obtain FDA De Novo 510(k) clearance for right to market and sell NBT® in US</td>
<td></td>
</tr>
<tr>
<td>Build support from key opinion leaders (KOLs) to support commercialisation</td>
<td></td>
</tr>
</tbody>
</table>
Status of Clinical Development

- The clinical Phase III multi-center trial is progressing according to plans. The next interim analysis milestones are estimated to be reached Q3 2015 and Q1 2016 and the clinical evidence is assumed to be ready by the end of 2016.

- In addition, chronic neuropathic pain trial in co-operation with The Walton Centre is progressing according to plans.

Simplified timeline Phase III multi-centre stroke therapy trial

- Promising results from Phase II trial: Spring ‘14
- Initiation: Mar ‘15
- On track: Spring ‘14
- Milestone 1: Q3 ‘15
- Milestone 2: Q1 ‘16
- Milestone 3: Q3 ‘16
- Commercialisation

- Study initiated
- Centres selected
- Enrolment on schedule
- Interim analysis based on 81 patients
- Interim analysis based on 138 patients
- Final analysis based on 198 patients
Highlights in Stroke Rehabilitation (NBT®)

- **Huge unmet need**
  - 2.1m strokes each year in the US and Europe
  - Stroke is the leading cause of long-term disability in Western world

- **Few effective alternatives**
  - While current standard treatment of physical/occupational therapy is not very effective, $8.5bn is still currently spent on stroke rehab in the US

- **Potential blockbuster market**
  - $1.8bn is estimated value of Nexstim’s target market (US and Europe)

- **Promising, validated technology**
  - Statistically significant efficacy in stroke rehabilitation vs. sham treatment (standard therapy)
  - Navigation already validated by NBS

- **Clear execution strategy**
  - **Phase III trial on track**: Establish efficacy in Phase III to obtain FDA clearance and KOL support
  - **Commercialisation strategy**: Convince users of benefits, providers of economic benefits and obtain reimbursement coverage from payers
Financials

### EUR in thousands

<table>
<thead>
<tr>
<th></th>
<th>H2 2014 6 months</th>
<th>H2 2013 6 months</th>
<th>FY 2014 12 months</th>
<th>FY 2013 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,796.5</td>
<td>1,371.7</td>
<td>2,210.4</td>
<td>1,871.0</td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>-2,018.3</td>
<td>-1,492.5</td>
<td>-3,660.2</td>
<td>-3,043.4</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>-252.1</td>
<td>-96.0</td>
<td>-377.4</td>
<td>-237.7</td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>-3,826.2</td>
<td>-1,403.8</td>
<td>-5,498.5</td>
<td>-2,472.0</td>
</tr>
<tr>
<td><strong>Profit/ -Loss for the period</strong></td>
<td>-5,318.1</td>
<td>-1,966.7</td>
<td>-10,445.4</td>
<td>-4,514.9</td>
</tr>
<tr>
<td><strong>Earnings per share (EUR)</strong></td>
<td>-1.02</td>
<td>-0.68</td>
<td>-2.37</td>
<td>-1.63</td>
</tr>
<tr>
<td><strong>Diluted earnings per share (EUR)</strong></td>
<td>-0.92</td>
<td>-0.64</td>
<td>-2.16</td>
<td>-1.51</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>-5,277.1</td>
<td>-2,124.5</td>
<td>-7,785.2</td>
<td>-3,983.7</td>
</tr>
<tr>
<td><strong>Cash in hand and at banks</strong></td>
<td>11,483.7</td>
<td>1,010.0</td>
<td>11,483.7</td>
<td>1,010.0</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>8,589.9</td>
<td>-2,382.1</td>
<td>8,589.9</td>
<td>-2,382.1</td>
</tr>
<tr>
<td><strong>Equity ratio (%)</strong></td>
<td>65.29</td>
<td>-30.23</td>
<td>65.29</td>
<td>-30.23</td>
</tr>
<tr>
<td><strong>Number of shares in the end of the period (pcs)</strong></td>
<td>7,130,758</td>
<td>3,189,004</td>
<td>7,130,758</td>
<td>3,189,004</td>
</tr>
<tr>
<td><strong>Average number of shares during the period (pcs)</strong></td>
<td>5,237,468</td>
<td>2,880,550</td>
<td>4,406,572</td>
<td>2,767,995</td>
</tr>
<tr>
<td><strong>Diluted number of shares in the end of the period (pcs)</strong></td>
<td>7,917,698</td>
<td>3,401,454</td>
<td>7,917,698</td>
<td>3,401,454</td>
</tr>
<tr>
<td><strong>Diluted average number of shares during the period (pcs)</strong></td>
<td>5,799,236</td>
<td>3,093,000</td>
<td>4,826,140</td>
<td>2,980,445</td>
</tr>
</tbody>
</table>

*The number of shares and subscription price have been adjusted to take account the effect of the merging of the share classes and share split on 29 September 2014, where the number of shares was increased 14-fold*
Summary and Outlook

- World-leading medical technology and software with game changing potential in stroke rehabilitation

- Good progress since IPO – business on track

- Based on its business forecast and sensitivity analysis the company expects its net sales from the sale of NBS Systems (Pre-Surgical Mapping, PSM) to grow during financial year 2015 and operating profit to be positive during second half of the financial year 2017 at the earliest
Targeting a paradigm shift in stroke rehabilitation