

Nexstim

Terms of the rights issue announced

28 March 2019

- Nexstim aims to raise c €5.2m through a pre-emptive rights issue and could raise a further €2.6m from attached warrants.
- Shareholders have the right to subscribe for 14 shares for each share currently held; the subscription price of the new shares is €0.115.
- In addition, one offer warrant will be issued free of charge for every two new shares purchased.
- Each warrant will enable the holder to subscribe to an additional share between 22 October and 4 November at a 25% discount to prevailing price or €0.115, whichever is greater.
- The subscription period begins on 2 April and ends on 26 April in Finland and on 24 April in Sweden.
- 20.6% of the rights issue is underwritten, meaning that Nexstim will raise funds of at least €1.1m.
- If the rights issue is taken up in full, the company expects to raise €4.8m after costs.
- Proceeds will be used to develop Nexstim's sales and marketing capabilities (especially in the US), finance the purchase of NBT systems, repay existing loans (€1m is repayable to Kreos in 2019), finance R&D and working capital needs, as well as for general corporate purposes.

Price	€0.50
Market Cap	€1.6m
Primary exchange	Helsinki
Sector	Healthcare
Company Codes	NXTMH/NXTMS
Corporate client	Yes

Company description:

Nexstim is a targeted neuro-modulation company that has developed a proprietary navigated rTMS platform for use in diagnostics (NBS) and therapeutics (NBT). NBS is used in planning brain surgery while NBT is focused on depression and chronic pain. FDA approval for depression was given in 2017, and the focus is on its commercial roll out in the US, Europe and Asia.

Trinity Delta view: This rescue rights issue is vital for the company to strengthen its balance sheet, after it was unable to divest the NBS platform on satisfactory terms. We estimate that this capital raise, together with associated warrants, should extend Nexstim's cash runway by one year.

It should be remembered that Nexstim has significant opportunities ahead, if it is able to overcome its financial difficulties. In particular, transcranial magnetic stimulation is increasingly being recognised as a therapy for c 6m MDD patients, and NBT is the only system that can deliver accurate and reproducible treatment. Nexstim has also recently had a rapid treatment protocol approved by the FDA, reducing treatment time to 3 minutes vs 37 minutes currently, which should make the NBT system more competitive.

Prior to the announcement of the rights issue we valued Nexstim at €10.5m or €3.23/share; we will be reviewing our valuation once the results of the capital raise are reported.

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