

Nexstim

Voluntary loan repayments remove Kreos uncertainty

17 September 2019

- Nexstim and Kreos Capital have agreed on a new loan payment schedule, in which Nexstim will make two voluntary capital repayments of €0.6m (the first in September and the second in November 2019). The other terms of the loan are unchanged; the outstanding loan will mature in December 2021 and carries an interest rate of 10.75% per annum.
- At the end of June 2019, the outstanding Kreos loan balance was €3.5m. Following the two voluntary repayments and scheduled monthly repayments, the principal outstanding will be reduced to below €2.0m at year-end and there will be lower monthly capital and interest payments until the end of 2021.
- Following the voluntary repayments, Nexstim estimates that it has sufficient working capital to operate into Q120 with conservative revenue and expense estimates, assuming the terms of the Kreos loan are not breached.
- Nexstim could raise c €2m in October/November from exercise of warrants issued with the April capital raise, and the company continues to explore other options to strengthen its balance sheet.

Trinity Delta view: The agreement with Kreos to repay part of the loan ahead of schedule removes much of the concern that Kreos might call in its loan early, and means Nexstim is now in a better position to raise the capital it needs to realise the potential of NBT in major depressive disorder (MDD).

The company made good progress during H119 with the launch of NBT in MDD (see [update](#) note dated 20 August 2019), and this momentum has been carried into H219. At the end of August, Nexstim announced that it had placed a NBT system with Achieve TMS, the second largest provider of transcranial magnetic stimulation (TMS) therapy in the US with 24 clinics.

We value Nexstim at €19.0m or €0.41/share diluted (in the money options or warrants only).

Price	€0.16
Market Cap	€5.7m
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.

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