

Nexstim

€2.3m rights issue to progress both NBS and NBT

4 May 2020

- Nexstim has announced a €2.3m gross (€2.2m net) subscription rights issue, with pre-emptive rights. A maximum of 376,719,780 new offer shares may be issued. Current shareholders will receive one subscription right for each share held, which entitles the holder to subscribe for six offer shares at a price of €0.006 or SEK0.06 per offer share. The subscription period ends on 27 May in Finland and 25 May in Sweden.
- Subscription commitments for €0.634m (c 28% of the offer) have been made by major shareholders Capricorn Healthtech Fund, Kaikarhenni Oy and Ossi Haapeniemi (with related party companies), together with certain board members and management of Nexstim.
- Proceeds will be used to strengthen Nexstim's balance sheet to support investment into sales, product development, and clinical research, as well as for general working capital and corporate purposes.
- In particular, Nexstim intends to use the new funds to support the existing NBS pre-surgical mapping business by ensuring installed based service business; support NBT business revenue growth mainly via better utilisation of the existing NBT system installed base; repay existing loans; and start new pilot clinical trials which may include new accelerated treatment protocols in both severe (suicidal) depression and chronic neuropathic pain.

Price	€0.07
Market Cap	€4.3m
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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Trinity Delta view: New funds, coupled with cost saving measures announced in March and the €0.9m debt cancellation of Business Finland R&D loans, will extend Nexstim's cash runway into 2021. The stronger balance sheet provides Nexstim with the resources to continue to support its existing NBS (Diagnostics) and NBT (Therapy) businesses, in addition to investing in pilot studies to explore exciting and potentially highly lucrative new opportunities for its NBT SmartFocus navigated TMS (transcranial magnetic stimulation) system.

NBT's highly accurate mapping capabilities and the FDA approval of the three-minute Thetaburst protocol in 2019 means it is well-suited to use in intensive treatment protocols. However, limited clinical data exists regarding the efficacy of an intensive TMS approach. If pilot studies in chronic pain (where NBT is CE marked but not yet FDA approved) and in hospitalised severe major depressive disorder patients who may have suicidal ideation (a distinct new in-patient TMS market) generate evidence of improved patient outcomes, this should increase the NBT market opportunity and also provide compelling differentiation over competing TMS systems.

We note that Nexstim is currently undergoing a strategic review and update which is expected to conclude in the spring. Ahead of this, and the closing of the fund raise, we maintain our €31.4m (€0.50/share) valuation.

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