

## Nexstim

### €0.9m prototype research project signed

18 November 2020

- Nexstim has signed a purchase agreement to develop and deliver two prototype systems to be used as the enabling technology for a research project focused on stimulating and diagnosing the brain.
- Nexstim will be paid €0.9m, expected to be recognised in H221, for the development and delivery of the two medical device prototypes.
- The buyer is an undisclosed US-based foundation, which intends to donate the equipment to certain designated third-party institutions in the US and Europe, who will conduct the research.
- The prototypes are based on Nexstim's Navigated Brain Stimulation (NBS) system using SmartFocus navigated transcranial magnetic stimulation (nTMS) technology. These systems are sold for research use only; they are not FDA cleared or CE marked for any clinical indications.
- No other details on the research project have been disclosed.

Price	€0.06
Market Cap	€25.1m
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:** Despite the limited disclosure, this new prototype development deal further highlights the value inherent within Nexstim's TMS technology platform. Not only will the company receive €0.9m in associated revenues during FY21, but it emphasises the potential of its TMS technology and intellectual property in exploring new business opportunities in both diagnostics (NBS) and therapeutics (NBT), beyond those outlined in Nexstim's strategic goals.

The applicability of the highly accurate brain mapping capabilities of the SmartFocus TMS systems extends to many types of procedures which could benefit patients with brain diseases or disorders.

Nexstim's priority development projects include pilot studies using accelerated iTBS treatment protocols with NBT in difficult to treat chronic pain and severe depression patients, with the latter due to read out by year-end.

We also note the recent positive update to Nexstim's FY20 outlook of increased net sales and a decreased operating loss compared with FY19. Our current Nexstim valuation is €32.2m, equivalent to €0.07 per share, although we acknowledge that execution on the strategic plan and positive developments in new business opportunities would unlock upside.

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