

Nexstim

Subscription rights issue of €6.6m at €0.03 per share

8 March 2021

- Nexstim has announced a subscription rights issue to raise around €6.6m (net), at a price of €0.03 (or SEK0.31) per issue share, with existing shareholders having pre-emptive rights of one new share for each two shares owned. A maximum of 219.8m new shares will be issued.
- The funds will be used mainly for working capital needs, particularly the exploring the NBT platform in the treatment of major depression with an accelerated iTBS treatment protocol. Promising results from the recently announced pilot study at Kuopio University Hospital support the expansion into a broader trial programme. Other uses of funds include growing the sales of both NBT and NBS systems, payment of existing loans, and funding general R&D and trials in neuropathic pain.
- The rights issue will be based on shares held on 10th March, with the offer period starting on 15th March (9.30am Finnish time and 8.30am Swedish time) and closing 31st March in Finland (4.30pm Finnish time) and 29th March (3.30pm Swedish time). The subscription rights are transferable and will be tradeable between the 15th and 24th March.
- Major shareholders, including Ossi Haapaniemi, Kyösti Kakkonen, Leena Niemistö (and their related businesses), plus company directors and other management, have subscribed to 47.83% of the offer shares. This means that €3.15m is already committed.
- Nexstim management is hosting two live presentations on 16th March: the first in Finnish at 10am (EET) and the second in English at 1pm (EET).

Trinity Delta view: This Nexstim fund raise was well-flagged, with the issuance of new shares authorised at the EGM on March 1st. New funds will be used mainly to explore Nexstim's NBT (Navigated Brain Therapy) in accelerated iTBS protocols for severe depression, a development programme that is a key component of the 2020-24 strategic plan. Successful outcomes in future registrational studies with accelerated protocols would open a material, and commercially attractive, new hospital treatment segment for NBT.

Management had indicated in the FY20 results statement that c €3m was required to cover working capital needs, such as support for NBT and NBS growth, for the next 12 months; the additional funds from this raise should also enable achievement of several near and mid-term strategic goals. Once the fund raise closes, we will update our current Nexstim rNPV valuation of €44.2m (€0.10 per share) and conservative estimation that the accelerated iTBS protocol opportunity in depression could add €8.8m (€0.02/share).

Price	€0.09
Market Cap	€39.6m
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.

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