

August 13, 2018

# Nexeon MedSystems Announces Second Quarter 2018 Financial Results

Dallas, TX, Aug. 13, 2018 (GLOBE NEWSWIRE) -- Nexeon MedSystems Inc ("Nexeon") (OTCQB: NXNN), a neurostimulation medical device company, announced today financial results for the second quarter of 2018.



## Operational Highlights:

- Manufacturing revenues for the quarter were the highest in the history of Medi-Line at \$2.8 million, an increase of 82% compared to \$1.5 million for the prior year quarter and an increase of 15% from \$2.4 million for the first quarter of 2018.
- Nexeon completed two additional pre-submission interactions with the United States Food and Drug Administration ("FDA") to determine the scope of requirements for approval of the Viant™ System for the Parkinson's disease indication.
- Nexeon MedSystems Puerto Rico Operations Company Corporation ("NXPROC"), a wholly-owned subsidiary of Nexeon, received notification from the National Institute of Neurological Disorders and Stroke (NINDS) that it is conditionally approved for funding of an U44 Cooperative Agreement Award under the NIH BRAIN Initiative. The project is expected to begin in September 2018, pending final milestone negotiations with NINDS, and will provide more than \$1.5M to support the development and clinical evaluation of software to improve DBS programming. The Puerto Rico Science, Technology, and Research Trust has committed \$100,000 in matching funds to support the first phase of the project.
- NXPROC received \$593,195 in net proceeds from the sale of \$732,340 in tax credits earned from Research and Development activities in 2017. NXPROC received a tax exemption decree providing the ongoing ability to claim tax credits for approved eligible research and development expenses and sell the credits to companies operating in Puerto Rico to offset their Puerto Rican income tax.
- A peer-reviewed abstract was accepted for clinical results of an investigator-initiated pilot study demonstrating Nexeon's non-invasive auricular stimulator may be a valuable tool for improving new foreign language acquisition and fluency.

## Second Quarter 2018 Financial Results

- Consolidated revenues for the second quarter of 2018 were \$2.8 million, a 68%

increase from pro forma consolidated revenues of \$1.7 million for the second quarter of 2017. Total manufacturing sales were \$2.8 million, an increase of 82% from pro forma manufacturing revenues of \$1.5 million for the second quarter of 2017. Gross profit for the quarter was \$0.8 million or 28.5% gross margin, an increase from pro forma gross profit of \$0.7 million, or 41.8% gross margin, in the second quarter of 2017.

- Net loss for the quarter was \$(0.7) million or \$(0.37) per share compared to a pro forma net loss of \$(1.4) million or \$(0.80) per share in the second quarter of 2017.
- As of June 30, 2018, total cash and cash equivalents were \$342,121 and total receivables were \$2.7 million.
- As of June 30, 2018, the Company had approximately \$5.6 million grant and subsidy-related contracts subject to cost plus reimbursement.

The Company's quarterly report on Form 10-Q can be found at [www.sec.gov](http://www.sec.gov).

**About Nexeon MedSystems, Inc.:** Nexeon is a medical device development and manufacturing company focused on providing innovative neurostimulation products that improve the quality of life of patients suffering from debilitating neurological disease.

**Pro Forma Consolidated Results:** The earnings release includes pro forma results. The pro forma results include the effect of certain purchase accounting adjustments, such as the estimated changes in depreciation and amortization expense on the acquired tangible and intangible assets, and the recognition of grant subsidies. Pro forma results do not include any anticipated cost savings or other effects of the planned integration of the Company's consolidated operations. Accordingly, such amounts are not necessarily indicative of the results if the acquisition had occurred on the dates indicated, or which may occur in the future.

**Forward-Looking Statements:** Forward-looking statements in this press release and all other statements that are not historical facts are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements involve factors, risks, and uncertainties that may cause actual results in future periods to differ materially from such statements. There are a number of factors that could cause actual events to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to, risks arising from prevailing market conditions and the impact of general economic industry or political conditions in the United States or globally. A list and description of these and other risk factors can be found in the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the Securities and Exchange Commission which can be reviewed at [www.sec.gov](http://www.sec.gov). We make no representation or warranty that the information contained herein is complete and accurate, and we have no duty to correct or update any information contained herein.

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