MagForce publishes financial results for the first half of 2014 and operative highlights

- Start of post-marketing study (MF1001) with glioblastoma patients in Germany
- Positive pre-IDE meeting with U.S. Food and Drug Administration (FDA) about the registration process for NanoTherm™ therapy in the USA
- Incorporation of subsidiary MagForce USA, Inc.
- Outlicensing of NanoTherm™ therapy for the treatment of prostate cancer to MagForce USA, Inc. leads to net profit of EUR 3.8 million
- Successful closing of growth financing round for MagForce USA, Inc. with proceeds of USD 15 million with an additional USD 15 million in warrants under the lead of Mithril Capital Management (after period end)
- Outlook for 2014 confirmed

**Berlin, Germany, and Nevada, USA, August 14, 2014** – MagForce AG (Frankfurt, Entry Standard, XETRA: MF6, ISIN: DE000A0HGQF5), a leading medical device company in the field of nanomedicine focused on oncology, today published financial results for the first half of 2014, ending on June 30, 2014, and operative highlights.

**Ben J. Lipps, CEO of MagForce, commented:** “I am pleased to inform you that we are well on track, both in Europe and the US, and that I am very happy with MagForce’s performance. With our EU-wide certification, we are planning to begin the commercial treatment of brain tumors in Germany sometime at the end of this year. In the US, from a long-term perspective, the greatest market potential comes from the treatment of prostate cancer. In view of the extremely positive development we have experienced over the past ten months, I am convinced that we will meet our financial targets in Europe and North America. We are continuing our preparations for registration in the US and are planning to begin clinical trials in 2015. In August, we also successfully completed the first round of financing for MagForce USA, Inc. and raised USD 15 million with an additional USD 15 million in warrants to finance the development of the NanoTherm™ therapy in the US. I am delighted that we have managed to convince important strategic investors such as PayPal founder Peter Thiel to invest in MagForce USA.”

**Results of operations, net assets and financial position**

MagForce’s financial development in the half-year period that ended June 30, 2014, was in line with the management’s expectations. In particular, the funding of MagForce USA, Inc. is enabling the development of the North American market. The liquidity at the end of the period under review amounted to USD 5.1 million. Net gain for the period ending June 30, 2014, was EUR 3.8 million, after
a net loss of EUR 2.3 million in the prior year period. The net gain is mainly attributable to the outlicensing of NanoTherm™ therapy to MagForce USA, Inc. for the treatment of prostate cancer in the US that was recognized as contribution to the capital reserves. The contribution led to a gain from the disclosure of hidden reserves of EUR 6.9 million. Other operating expenses increased from EUR 1.0 million to EUR 1.7 million. This is mainly attributable to the development of a new generation of thermometry catheters and increased activities in connection with the incorporation of MagForce USA, Inc. as well as the pre-submission with the FDA and additional investor relations activities. Total assets increased by EUR 3.7 million to EUR 21.4 million, on the one hand also resulting from outlicensing, but on the other hand from installation of further activators. Cash outflow from operating activities amounted to EUR 3.5 million, compared to EUR 6.8 million in the same period in the previous year. The cash outflow in the prior year was in particular a result of the preparations for the new study.

Outlook 2014

In the year 2014, the Company will focus on continuing to establish additional NanoTherm™ therapy centers throughout Germany as well as on developing the US market by preparing the registration process with the FDA through its newly founded subsidiary MagForce USA, Inc. The 2014 outlook published in the 2013 annual report on June 30, 2014, was confirmed by the management board. Given the roll-out plan and the ongoing clinical study, the Company expects operating expenses and negative operating cash flow to be higher in 2014 than in the previous year. This increase is in line with the measures taken in 2013 and the corresponding focus of the Company on key strategic value drivers. However, management expects first revenues from the commercial treatment of patients starting at the end of 2014.

About MagForce AG and MagForce USA, Inc.

MagForce AG, listed in the entry standard of the Frankfurt Stock Exchange (MF6, ISIN: DE000A0HGQF5), together with its subsidiary MagForce USA, Inc. is a leading medical device company in the field of nanomedicine focused on oncology. The Group's proprietary NanoTherm™ therapy enables the targeted treatment of solid tumors through the intratumoral generation of heat via activation of superparamagnetic nanoparticles. NanoTherm™, NanoPlan®, and NanoActivator® are components of the therapy and have received EU-wide regulatory approval as medical devices for the treatment of brain tumors. MagForce, NanoTherm, NanoPlan, and NanoActivator are trademarks of MagForce AG in selected countries. For more information, please visit: www.magforce.com.

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