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Corporate News

October 28, 2021

MagForce AG Publishes Financial Results for H1/2021 and Operative Highlights

- **Europe: Significant upward trend - both in patient numbers and in the number of centers in Europe offering NanoTherm therapy**
- **USA: Stage 2a of pivotal single-arm study for the focal ablation of intermediate risk prostate cancer successfully completed – Stage 2b with final protocol to start in the short term**

Berlin, Germany, and Nevada, USA, October 28, 2021 - MagForce AG (Frankfurt, Scale, XETRA: MF6, ISIN: DE000A0HGQF5), a leading medical device company in the field of nanomedicine focused on oncology, today published its financial results as of and for the first half-year ended June 30, 2021 as well as operative highlights.

Operative Highlights

Europe – Brain Cancer Treatment: Despite of COVID-19 related delays in the installation of additional NanoActivator devices in partner clinics, MagForce has continued discussions and was pleased to announce in September 2021 that a collaboration agreement with Complejo Hospitalario Integral Privado (CHIP), Málaga, was signed - the first clinic in Spain to offer MagForce's NanoTherm therapy for the commercial treatment of glioblastoma patients. The private clinic will be equipped with MagForce's 'plug-and-treat' solution - a mobile container fully operational with a pre-installed NanoActivator device, allowing for a significantly shortened set-up time to start patient treatments. Subject to inspections and permissions by local authorities, commercial treatments are expected to commence in the first half of 2022. To support reimbursement in Spain, an Investigator-Initiated Trial (IIT) with the NanoTherm therapy system is planned at Carlos Haya University Hospital in Málaga in cooperation with CHIP.

Poland continues to be an important market for the Company's therapy. The Independent Public Clinical Hospital No. 4 (SPSK4) in Lublin, one of the leading brain treatment centers in Poland, has been offering the NanoTherm therapy system as an additional treatment option since 2019 and has been experiencing high demand ever since.

To utilize existing capacity in the best possible manner, MagForce, together with SPSK4, has entered into agreements with public and private neurosurgical clinics in the area surrounding Lublin. These agreements enable the local clinics to instill NanoTherm with patients, who will then be transferred to SPSK4 for activation in the NanoActivator device. This means that more than 300 patients could be treated with NanoTherm therapy with only one device per year and shift without the need to install additional devices. All treatments will be documented in a clinical registry data base. These data, together with the results from an Investigator-Initiated Trial (IIT) still this year starting at SPSK4, will then

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be included in a Health Technology Assessment (HTA) to be submitted later by SPSK4 to apply for the reimbursement of NanoTherm therapy as a supplementary treatment in Poland.

Discussions are underway with other clinics that have expressed strong interest in having MagForce's NanoTherm therapy system at their sites. The Company is in advanced negotiations with potential partners in Austria and Germany, as well as Italy, and is confident to be able to announce agreements with additional clinics in Germany and elsewhere within the first half of 2022.

USA – Focal Prostate Cancer Treatment: In the first half of 2021, the Company was able to achieve significant milestones on its path towards approval of the NanoTherm therapy system for the treatment of prostate cancer in the US. MagForce completed patient treatment in Stage 2a of the pivotal single-arm study and announced additional data in April supporting the already very encouraging initial findings.

As anticipated, the Stage 2a findings mirrored the results of Stage 1 and confirmed the highly favorable safety and tolerability profile. Treatment with the NanoTherm therapy system in Stage 1 and Stage 2a showed no unanticipated or serious adverse events but only minimal treatment-related side effects, which were tolerable and similar to those commonly associated with biopsies.

Another goal of Stage 2a was to improve the accuracy of instillation. This was achieved with 92 percent coverage of the clinical target volume (CTV), resulting in a greater NanoTherm particle mass in the target area. Due to this good coverage, all patients had sufficient deposit heating during the activation and pathologically confirmed ablation in the CTV, including the cancer present there. At the same time, there was no indication of ablation beyond 1 to 2 mm of the NanoTherm deposit in the surrounding healthy tissue, demonstrating the safety of this focal therapy.

Following the Stage 2a results, MagForce submitted the clinical protocol for Stage 2b to the FDA. In October, the Agency provided feedback on the conditions for approval of the final clinical protocol consisting of clarifications of definitions and addition of certain administrational measures. Importantly, MagForce will be able to use targeted biopsy to assess efficacy. MagForce has submitted the necessary documentation to the FDA and hopes to receive final clearance to commence Stage 2b in November 2021. In preparation, patient screening procedures are being expedited at MagForce's NanoTherm treatment centers.

MagForce's strategy is to continue to operate stand-alone Focal Cancer Treatment Centers owned and staffed by MagForce USA. This will allow MagForce USA to bill for the entire procedure (including the instillation of the NanoTherm) generating up to threefold revenues compared to just selling NanoTherm particles. The Company currently does not expect major delays in completing the study, which is expected for Summer 2022, and then plans to submit updated data to the FDA for potential marketing approval.

Globally, there are over 500,000 prostate cancer patients annually who could benefit from an effective focal treatment with minimal side effects like MagForce's NanoTherm therapy. The addressable market

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in the USA alone is worth 4.1 billion USD per year when considering revenue from the entire procedure. Operating proprietary Focal Cancer Treatment Centers enables MagForce to make more efficient use of its devices and increase revenue per patient significantly. With own dedicated staff, patients will receive treatment from experts who are highly experienced in applying our therapy to generate the best possible results.

Results of operations, net assets and financial position

The Company generated **revenues** of EUR 191 thousand in the first half of the year and, thus, generated significantly lower revenues compared to the previous year (EUR 384 thousand). Revenues result from the commercial treatment of patients with NanoTherm therapy in Germany and Poland in the amount of EUR 112 thousand (previous year: EUR 326 thousand) and from NanoTherm and catheter deliveries for the U.S. study in the amount of EUR 79 thousand (previous year: EUR 58 thousand).

Other operating income amounted to EUR 769 thousand (previous year: EUR 332 thousand) as of June 30, 2021. The increase in other operating income is mainly attributable to the reversal of provisions recognized for debt components that are partially linked to the share price. Other operating income also includes recharges of management services and other administrative services to subsidiaries in the amount of EUR 213 thousand (previous year: EUR 206 thousand).

At EUR 2,029 thousand, **personnel expenses** are largely at the level of the previous year (EUR 2,097 thousand).

Other operating expenses amounted to EUR 1,429 thousand and were therefore EUR 238 thousand lower than in the previous year (EUR 1,667 thousand). The decrease in other operating expenses is mainly due to lower capital raising costs.

Compared to the previous year, the **operating result** was improved by EUR 280 thousand from EUR -3,432 thousand and amounted to EUR -3,152 thousand as of June 30, 2021.

At EUR 107 thousand, interest income was in line with the previous year (EUR 107 thousand), while interest expenses increased by EUR 419 thousand from EUR 1,030 thousand to EUR 1,449 thousand due to the issuance of further convertible notes and higher interest on existing financial liabilities. The write-down of contributions to fund the operations of the subsidiary MT MedTech Engineering GmbH amounted to EUR 559 thousand (previous year: EUR 521 thousand). Accordingly, the negative financial result for the half-year increased by EUR 458 thousand from EUR - 1,443 thousand to EUR - 1,901 thousand.

MagForce AG closed the six-month period ended June 30, 2021, with a **net loss** of EUR - 5,054 thousand (previous year: EUR - 4,877 thousand).

Cash flow from operating activities amounted to EUR - 2,794 thousand (previous year: EUR - 2,290 thousand). Cash outflow from operating activities was derived indirectly from net result. Cash outflows largely relate to the financing of operating activities.

Cash flow from investing activities amounted to EUR - 1,050 thousand (previous year: EUR - 1,850 thousand) and mainly related to payments for the construction of mobile NanoActivators and expenses

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for the preparation of technical documentation for MagForce products. Furthermore, contributions were made to the subsidiary MT MedTech Engineering GmbH to provide financial support.

Cash flow from financing activities amounted to EUR 2,788 thousand (previous year: EUR 5,653 thousand) and was mainly attributable to the cash inflows resulting from the issue of convertible bonds. The cash inflows were offset by interest payments.

At the end of the reporting period, **freely available liquidity** amounted to EUR 650 thousand (12/31/2020: EUR 1,706 thousand).

Outlook

The ongoing effects of the COVID-19 pandemic had a noticeable impact on the business of MagForce AG. As a result, revenues could not be increased compared to the previous year and the plans for the construction of further treatment centers both in Germany and in other European countries are taking place under difficult conditions.

However, MagForce is confident that it will significantly increase revenues by the end of the year and that it will make significant progress in the work to open new NanoTherm treatment centers.

At the beginning of 2021, Stage 2a of the USA study on the focal treatment of intermediate prostate cancer with NanoTherm therapy was completed. Patients are currently being recruited for the final stage of the study. Due to the measures taken by MagForce to prevent COVID-19 infections and the operation of its own treatment centers, MagForce does not expect any significant delays in the continuation of the study.

About MagForce AG and MagForce USA, Inc.
MagForce AG, listed in the Scale segment 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 system 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.

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