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27/07/2022 – Research Comment MagForce AG

Company: MagForce AG^{*5a,11}

ISIN: DE000A0HGQF5

Analyst: Cosmin Filker

Target price: suspended

Rating: suspended

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**catalogue of potential conflicts of interests on page 4*

MagForce AG unexpectedly files for insolvency; price target and rating suspended

In an announcement dated 26.07.2022, MagForce AG informed the capital market, to our complete surprise, that it intends to file for insolvency proceedings due to insolvency. According to the company's announcement, this had become necessary after reorganisation measures had not led to the desired cost savings.

Even though the company has not yet been able to generate any significant cash inflows from its operating business due to the fact that it has not yet received approval for the treatment of prostate cancer in the USA, the management has so far succeeded in securing external financing. In 2018, a financing agreement was reached with the EIB (European Investment Bank) for an amount of €35 million. In addition, there was an agreement with Yorkville Advisors and Apeiron Investment Group Ltd. to issue convertible bonds. After the balance sheet date of 31 December 2021, MagForce AG had issued bearer bonds to Lansdowne Investment Company Cyprus Limited in the amount of € 3.5 million. We had assumed that further financing would be raised and had assumed the continued existence of the company in our valuation. In the recently published Annual Report 2021, the company had also pointed out that a financial plan had been drawn up on the basis of the available credit lines, according to which the business activity can be financed for the financial years 2022 and 2023. Therefore, the current insolvency announcement is completely surprising.

According to the company's statement, talks are currently being held with investors in order to restructure the operative business and the balance sheet. It is also currently being examined whether insolvency applications need to be filed for the subsidiaries.

Due to the surprising insolvency announcement, we are suspending our price target and our rating for the time being until we have further information on the future of MagForce AG.

ANNEX

I.

Research under MiFID II

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II.

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