



ACQUISITION OPPORTUNITY

Medifocus Inc.

Opportunity

An opportunity exists to potentially acquire any right, title and interest of the business and assets of Medifocus Inc. (the “**Company**”), including certain intellectual property related to the research, development and sale of medical device systems.

By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), made on October 7, 2021, msi Spergel Inc., as Court-appointed Monitor of the Company, was authorized to undertake the marketing and sale of the assets, property and undertakings of the Company (the “**Sale Process**”).

Business Overview and Description of Assets

Medifocus is engaged in the research, development and sale of medical systems that deliver focused microwave-generated heat to diseased tissue, thereby destroying or shrinking the targeted tissue. Medifocus has developed two platforms under which heat is delivered to human tissue for therapeutic purposes:

- **Prolieve**: A thermotherapy platform that delivers heat via a catheter that is inserted directly to the diseased tissue. The catheter is attached to a modular, free-standing unit that generates, controls, and monitors heat delivery (“**Prolieve**”). Prolieve is used to treat Benign Prostatic Hyperplasia, also known as an enlarged prostate (“**BPH**”). Prolieve has received approval by the United States Food & Drug Administration (“**FDA**”). Older male patients are the primary users of Prolieve; and
- **APA Platform/APA 1000**: A thermotherapy platform (the “**APA Platform**”) that delivers heat to diseased tissue via microwave beams from outside the body. Under this method of heat delivery, military radar positioning technology is used to insert a fine needle probe into the diseased tissue. This probe acts as a receptor for microwave generated heat which is delivered to the targeted tissue. Medifocus has developed the APA Platform as a system for the treatment of breast cancer (the “**APA 1000**”). APA 1000 is intended to sufficiently shrink a tumour to facilitate a lumpectomy rather than a mastectomy, thereby preserving the healthy breast tissue.

At this time, the APA 1000 has not been approved for use by the FDA to treat locally advanced tumors in breast cancer patients. Phases I and II of the clinical trials for the APA 1000 are completed, and the company received approval from the FDA to conduct Phase III Clinical trials.

Medifocus also holds FDA approvals in two additional technologies that are not yet commercialized.

Medifocus has accumulated an extensive patent portfolio relating to these types of treatments. Medifocus holds equivalent regulatory approvals in Hong Kong, Thailand, Singapore, South Korea, and Malaysia (the “**Asia Approvals**”).

Medifocus’ shares were historically traded on the Toronto Stock Exchange under the trading symbol “*MFS*” and the Ontario Trading Commission under the trading symbol “*MDFZF*”. The stock has ceased trading due to failure to file periodic disclosures.

Company Highlights

Incorporated under the *Ontario Business Corporations Act*

- Year Established: 2005
- Head Office Location: 1090 Don Mills Road, Suite 404, Toronto, Ontario, M3C 3R6
- Operating Facility: 10240 Old Columbia Road, Suite G, Columbia, Maryland, 21046
- Two commercial products: Prolieve Thermodilation System and the APA 1000

Current Context

Due to the COVID-19 pandemic, much of the routine treatment of BPH since March 2020 has been delayed, as BPH generally qualifies as a non-emergent procedure. As a result of the drop in Prolieve sales and the continued limitation on non-essential procedures, Medifocus was unable to continue to fund itself or raise capital to fund the Phase III trials for the APA 1000.

As a corporation engaged in the research and commodification of medical technologies, Medifocus’ going concern value relies on its ability to maintain key regulatory approvals.

On or about October 7, 2021, the Company obtained an initial order (the “**Initial Order**”) granted by the Court under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) that, among other things, (A) appointed msi Spergel Inc. (in such capacity, the “**Monitor**”) as the monitor of the Company in the CCAA proceedings, and (B) approved the Sale Process.

As part of the Court approved Sale Process, the Company was authorized to enter into a purchase and sale agreement with Assets Profits Limited, as a stalking horse purchaser, pursuant to which Assets Profits Limited has made an offer to purchase substantially all of the assets, undertakings and properties of the Company. The Sales Process is

intended to solicit interest in the Company's business and assets for consideration greater than that offered by the stalking horse purchaser.

Bid Process

Under the Sale Process, all qualified interested parties will be provided with an opportunity to participate. The Sale Process is intended to solicit interest in a restructuring or the sale of the assets and/or business of the Company, which may include a merger, reorganization, recapitalization, primary equity issuance, or other similar transaction.

If you are interested in pursuing this opportunity for the Company's right, title and interest in the business and assets of the Company, please execute the attached confidentiality agreement ("**NDA**") and return it to the Monitor, attention to: Mukul Manchanda (Email: mmanchanda@spergel.ca).

The Monitor has prepared an on-line data room to provide additional information on the Company and this opportunity. Access to the on-line data room is available to prospective purchasers that execute and return the attached NDA.

**The deadline for the submission of offers is November 22, 2021
at 5:00 pm (Toronto time).**

In due course, the on-line data room will include a standard asset purchase agreement ("**Purchase Agreement**"). Bidders are encouraged to submit their offers in the form of the Purchase Agreement or substantially in the form of the Purchase Agreement.

The Monitor reserves the right to amend or terminate this offering at any time. The Monitor nor the Company is under no obligation to accept the highest or any offer.

All communications relating to this opportunity should be directed to:

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