

## Shareholder Letter

March 31, 2014

Dear MagForce Shareholders,

I am pleased to report that we achieved our 2013 targets and are progressing well toward achieving our objectives for the year 2014:

**Brain Cancer Therapy:** Our main objective for 2013 was to facilitate our post-marketing clinical study in recurrent Glioblastoma patients with the placement of NanoActivators® in three world class hospitals in Germany. We achieved this goal with the installation of NanoActivators® at Muenster University Hospital and Kiel University Hospital and the reactivation of the NanoActivator® at Charité Hospital in Berlin. Regulatory approvals required prior to patient treatment were achieved. MagForce is pleased that we and our clinical investigators have achieved a very significant milestone in Quarter 1, 2014, with the enrollment of the first patient into our post-marketing clinical trial at Muenster University Hospital. As discussed in November, we will concentrate on recurrent Glioblastoma (GBM) in Germany, EU27 and the USA, which represents approximately 30% of the approximately 133,000 new GBM cases diagnosed each year. During 2014, we plan to install 5-6 additional NanoActivators® in Germany to facilitate our clinical study. In parallel, we also expect to treat patients commercially in 2014, as not every patient with recurrent GBM qualifies for the study, but can of course benefit from our therapy.

With respect to our expansion phase outside Germany, we continue preparing our registration path for the USA. In December, we filed a presubmission with the FDA and expect our dialog with the agency will be most helpful as to defining the regulatory path for NanoTherm® therapy to become a valued therapy for the treatment of recurrent Glioblastoma tumors also in the USA.

**Prostate Cancer Therapy:** Regarding the application of our NanoTherm® therapy to the treatment of prostate cancer, our unique technology is viewed as a very promising complement to current treatment approaches. Our short-term task was to define the optimum regimen with our NanoTherm® therapy and the path to commercialization. As I discussed in my previous letters to you, we planned to have this path defined and start the registration process in 2014. We are on target. We have defined two prostate cancer treatment options for NanoTherm® therapy:

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1. Focal treatment for intermediate primary Prostate Cancer, and
2. Combination treatment with external radiation therapy for recurrent Prostate Cancer

During 2014, we plan to initiate the registration process in the USA, where over 200,000 new cases of prostate cancer are diagnosed annually. Unfortunately, almost 30,000 patients die of prostate cancer each year in the USA.

**Financial:** Our spending is on target. As I indicated in my earlier letters to you, loss from operating activities in 2013 was higher than in 2012. This is largely due to the start of the post-marketing clinical Glioblastoma study and to preparations for market entry through our increased efforts to bring more devices to the market. Overall net loss, however, will be significantly lower than in 2012 due to an accounting gain in connection with the contribution to equity of our newly established subsidiary MagForce USA, Inc. of a license to develop and commercialize the NanoTherm® therapy for the treatment of brain tumors in the USA. Accordingly, operating loss for the year ended December 31, 2013, will be in the range of Euro 7 million compared to Euro 6 million in 2012, while net loss will be in the low single digit million Euros range compared to Euro 6 million in 2012. Net cash at year end amounted to Euro 9 million compared to Euro 1 million in the prior year. We will publish final 2013 financial results in the second quarter 2014 and present them at our Annual General Meeting to be held in early August 2014.

**Investor Relations:** Hand in hand with the progress we make, we also want to make MagForce better known in the financial community. In March, we presented at the Morgan Stanley European MedTech & Services Conference in London and are already confirmed for the following conferences in the second quarter: the Deutsche Bank 39th Annual Health Care Conference in Boston, the Bank of America Merrill Lynch 2014 Health Care Conference in Las Vegas and the UBS Global Healthcare Conference in New York.

Dear Shareholders, I am very pleased to reiterate that we have a management team and employees who are very talented and completely dedicated toward achieving MagForce's goals. In summary, we successfully have moved forward on our challenging path to develop NanoTherm® therapy into a valued therapy for the treatments of Glioblastoma and Prostate Cancer. The start of the post-marketing study in Germany and the enrollment of the first patient

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into that study are major achievements. We continue to target revenue initiation in Quarter 4, 2014, for commercial Glioblastoma treatments and are enthusiastically making progress, step-by-step, to achieving our **5 year financial target** which calls for **annual revenues between 100-150 million Euros**.

Again, thank you for your interest and support of MagForce AG.

Sincerely,

Dr. Ben Lipps

Chief Executive Officer &  
Chairman of the Management Board

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## About MagForce AG

MagForce AG is a leading medical device company in the field of nanomedicine in oncology, listed in the entry standard (MF6). The Company'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](http://www.magforce.com).

## Disclaimer

This release may contain forward-looking statements and information which may be identified by formulations using terms such as "expects", "aims", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or "will". Such forward-looking statements are based on our current expectations and certain assumptions, which may be subject to a variety of risks and uncertainties. The results actually achieved by MagForce AG may substantially differ from these forward-looking statements. MagForce AG assumes no obligation to update these forward-looking statements or to correct them in case of developments, which differ from those, anticipated.

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