

## Corporate News

March 02, 2017

### MagForce AG Publishes its First Shareholder Letter 2017

- **Speeding up of European Expansion**
- **US Commercialization expected to start early 2018**
- **Issuance of Convertible, subscribed by Lansdowne Partners Austria**

**Berlin, Germany, and Nevada, USA, March 02, 2017** - MagForce AG (Frankfurt, Scale, XETRA: MF6, ISIN: DE000A0HGQF5), a leading medical device company in the field of nanomedicine focused on oncology, today published its first Shareholder Letter 2017:

“Dear MagForce Shareholders,

Since the publication of our last Shareholder Letter, we have continued our joint efforts on both of our defined paths to create additional shareholder value:

**Path 1:** Treatment of brain cancer in Europe

**Path 2:** Treatment of intermediate risk prostate cancer in the USA

We are pleased to give you an interim update on the respective developments.

#### Treatment of brain cancer in Europe:

**MagForce AG** is continuing to expand the commercialization of its innovative NanoTherm® therapy. We successfully installed NanoActivator® devices in 2014 and 2015 in Germany to assist the neurosurgeons and radiologists as they became familiar with our NanoTherm® therapy and its applicability.

In their quest to improve patient care, the neurosurgeons applying NanoTherm® therapy to the treatment of brain tumors continue to find additional medical benefits when NanoTherm® therapy is incorporated into their usual treatment regimen. Such a positive finding for example was described by Dr. med. Johannes Wölfer, Deputy Director of the Neurosurgical Department, Clinic and Policlinic for Neurosurgery, University Hospital Münster and part of the team of Prof. Dr. med. Walter Stummer, Director of the Department of Neurosurgery at the University Hospital Münster and President of the German Neurosurgical Society (DGNC), as described in our press release as of December 2, 2016.

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Since the last Shareholder Letter we presented at the following conferences and congresses:

- **13th AIO Autumn Convention - Oncology in Internal Medicine Working Group (AIO) - Update Medical Oncology** - November 17-19, 2016, Berlin
- **21st Annual Scientific Meeting and Education Day of the Society for Neuro-Oncology (SNO)** - November 17-20, 2016, Scottsdale, Arizona
  - Presentation: “Inflammatory response after modified NanoTherm® and radiotherapy of recurrent glioblastoma”
  - Presenter: Team of Prof. Dr. med. Walter Stummer, Director of the Clinic for Neurosurgery, University Hospital Münster
  - Speaker: Dr. Dr. med. Oliver Grauer, Head of Neuro-Oncology Team, University Hospital Münster
- **NOA Winter School 2016 – Neuro-oncological Working Group** - December 1-2, 2016, Münster
  - Presentation: “Local Hyperthermia as an adjuvant for malignant glioblastoma – NanoTherm and NanoPaste”
  - Speaker: Dr. med. Johannes Wölfer, Deputy Director of the Neurosurgical Department, Clinic and Policlinic for Neurosurgery, University Hospital Münster
- **European CanCer Organization (ECCO)** - January 27-30, 2017, Amsterdam

MagForce’s participation in these conferences and congresses increases the awareness of our unique therapy within the main target groups, such as patient advocacy groups, patients, their relatives, caregivers, and the medical community. We increasingly receive positive feedback from patients regarding their experiences with our NanoTherm® therapy. These examples, one of which we are showing in a new video on our website <http://www.magforce.de/en/home.html>, are an important driver for the commercialization of our innovative therapy.

During 2016, we have streamlined the implementation of the cross-border reimbursement process, however, due to the aggressiveness of glioblastoma, there is a limited time interval to achieve treatment. In order to give patients the benefit from our NanoTherm® treatment, we will continue to increase the medical awareness of the value of NanoTherm® therapy to encourage patients and neurosurgeons to consider NanoTherm® therapy earlier following the diagnosis of their tumor status.

Further, we have developed a European roll-out plan, anticipating treatment centers in selected European countries to allow patient treatment in their home countries. From this approach we expect advantages in the areas of reimbursement and timely availability of NanoTherm® therapy.

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At the same time, we are in the process of obtaining domestic reimbursement for NanoTherm® therapy in Germany and we are preparing the same for those selected countries in the EU where MagForce has the CE Mark for the treatment of brain tumors. Our commercial and medical teams have identified the respective countries and clinics which qualify as NanoTherm® treatment centers.

Based on the very gratifying medical results, management is confident that the European expansion starting in 2017, when combined with reimbursement approval in these countries, will significantly speed up revenue and profit generation in Europe.

### **Treatment of intermediate risk prostate cancer in the USA:**

**MagForce USA, Inc.** in 2015, filed an Investigational Device Exemption (IDE) with the USA Food and Drug Administration (FDA) for NanoTherm® therapy to treat Intermediate Risk Prostate Cancer. Our objective with this early filing was to obtain FDA guidance as to their required pre-clinical studies to allow a pivotal clinical evaluation with our innovative and unknown NanoTherm® therapy.

During 2016, MagForce USA repeated and updated its pre-clinical studies, which were previously conducted in Germany approximately ten years ago, at the recommendation of the FDA. MagForce USA repeated all of the previous biocompatibility studies designed to assess the toxicity and possible migration of MagForce's nanoparticles once instilled into the prostate. These studies again confirmed the lack of toxicity and lack of migration of the nanoparticles.

The results of these pre-clinical studies and the proposed clinical trial protocol were submitted to the FDA in late fourth quarter, 2016. An in-person follow-up meeting with FDA representatives was held in early January, 2017 to discuss MagForce's submissions and identify required clarification. This meeting was again very productive and MagForce believes we can successfully address their questions.

While we are now approximately three months behind our schedule, we are still confident and will make every effort to achieve our original targets in terms of market entry and commercialization of NanoTherm® therapy in the USA – which is projected for early 2018.

The key to achieving our goals is to continue to establish our clinical treatment sites and obtain the necessary approvals to treat patients. After having announced Seattle Washington in 2015 for pre-clinical and clinical studies, we have now identified a second planned site to exclusively participate in the pivotal clinical studies.

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In addition to our lead site at The University of Washington in Seattle, Washington, our second site is now located at CHRISTUS Santa Rosa Hospital - Medical Center in San Antonio, Texas. Ian M. Thompson Jr., MD, our Co-Principle Investigator, has been newly appointed as President of CHRISTUS Santa Rosa Hospital - Medical Center among his many responsibilities. This clinical site will encompass both a clinical office and the NanoActivator® treatment center.

CHRISTUS Santa Rosa Health is an international Catholic, faith-based, not-for-profit health system, and comprised of over 500 services and facilities, including more than 50 hospitals and long-term facilities and 275 clinics and outpatient centers. CHRISTUS Santa Rosa's services can be found in over 100 cities in the United States, Chile, Mexico and Colombia, and employs over 40,000 associates and has more than 10,000 physicians on medical staff.

We are very excited to work with the team of CHRISTUS Santa Rosa Hospital – Medical Center with its exceptional experience and knowledge. This partnership also gives MagForce the potential to utilize CHRISTUS Santa Rosa's established network once the FDA approval is obtained and our partners at CHRISTUS Santa Rosa Hospital – Medical Center are satisfied with the treatment regimen.

## Financing

MagForce's management is pursuing non/low dilutive financing options to reach our European expansion goals.

In addition, in order to bolster liquidity and facilitate new product development beyond 2017, we have issued a three-year convertible note. Product development includes laying the groundwork for expanding MagForce's therapy to additional tumors, like brain metastasis, and to also use our nano-particles as a drug delivery mechanism. The note is in the amount of EUR 5 million, will bear an interest rate at 5% p.a. and have a conversion price at 5,00 EUR/share. The note has been issued to an investment vehicle managed by Lansdowne Partners Austria.

Dear Shareholders, we are very grateful for your continuous support of our efforts, and we are very confident that 2017 will turn out to be the best and most defining year in the history of MagForce.

Sincerely,

Dr. Ben Lipps

Chief Executive Officer &  
Chairman of the Management Board"

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### **About MagForce AG and MagForce USA, Inc.**

MagForce AG, listed in the new 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 enables the targeted treatment of solid tumors through the intratumoral generation of heat via activation of superparamagnetic nanoparticles. Mithril Capital Management, a growth-stage technology fund founded by Ajay Royan and Peter Thiel, along with MagForce AG, are investors and strategic partners in MagForce USA, Inc.

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).

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### **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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