MagForce AG AG Publishes Shareholder Letter

- USA: FDA IDE Approval to conduct a clinical trial with NanoTherm® therapy as focal ablation treatment for intermediate risk prostate cancer
- Europe: financing agreement with the European Investment Bank (EIB) of up to EUR 35.0 million; key addition to Senior Team with the recruitment of Dr. Lutz Helmke, joining MagForce as Executive Vice President and Managing Director Europe
- MagForce share included in the newly launched Scale 30 Index of Deutsche Börse (German Stock Exchange)

Berlin, Germany, and Nevada, USA, February 19, 2018 - 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 2018:

"Dear MagForce Shareholders,

I am very happy to tell you that the year 2018 begins with the news that we were all eagerly waiting for and that will allow us to progress in full speed now towards our set strategic goals: NanoTherm® therapy has been granted FDA IDE approval so that we can start our focal thermal ablation registration study in intermediate risk prostate cancer. This is a significant milestone in the development of NanoTherm® therapy for the treatment of prostate cancer patients in the USA and a significant step towards our goal - to supplement the current standard therapy with a less invasive, effective, and well-tolerated form of treatment. But let me come back to this in more detail a little later. I would like to use the opportunity to update you on our activities and progress that we have made on both of our defined paths:

Path 1: Treatment of brain cancer in Europe
Path 2: Treatment of intermediate risk prostate cancer in the USA

Treatment of Brain Cancer in Europe:
Our objectives are clear: MagForce AG is continuing to work relentlessly on making our innovative NanoTherm® therapy available to brain cancer patients across all of Europe. 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, access to therapy has to be fast.

Consequently, we are focusing on two main aspects in our European roll-out: This is for one the establishment of treatment centers in selected European countries to allow patients to be treated in their home countries. Our commercial and medical teams are in the due diligence process to identify suitable treatment centers, in a first step in Poland and Italy, and are working towards establishing sustainable relationships with the clinics and patient organizations in the respective areas. With patient enquiries steadily increasing and negotiations underway, we are confident, that we will soon be able to announce first cooperations with clinics outside of Germany. Our second focus is on easier reimbursement directly in the selected European countries where MagForce has the CE Mark for the treatment of brain tumors.

To execute this strategy and reach our set commercialization objectives, MagForce AG has reached two important milestones:

1. The financing agreement with the European Investment Bank (EIB) announced/signed in August 2017, allowing the Company to borrow up to EUR 35.0 million over the coming three years, has given us the financial base to significantly expand our marketing efforts and implement our European roll-out plan. We are currently working very closely together with the marketing department of the EIB in a comprehensive advertising campaign to increase the awareness of the value of NanoTherm® therapy and to encourage patients and neurosurgeons to consider NanoTherm® therapy as an innovative cancer therapy following diagnosis.

2. I am delighted to announce a key addition to our Senior Team with the recruitment of Dr. Lutz Helmke, a seasoned manager from the medical technology industry. Dr. Helmke will be joining MagForce as Executive Vice President and Managing Director Europe. He has a profound expertise in the area of reimbursement. He started his career 25 years ago with a global marketing position at the Berlin based company Biotronik. After that he joined St. Jude Medical where he held different management positions for 22 years. When in Germany the DRG system was introduced (Diagnosis Related Groups, a billing system based on fixed payments for hospital patients) he established within St. Jude Medical a reimbursement department in order to advise German hospitals in DRG funding matters. For the last seven years he managed St. Jude’s neuromodulation division. Dr. Helmke holds a PHD in Chemistry and resides with his family in Berlin.

As part of our increased marketing efforts, we are continuing to participate in scientific conferences and congresses to increase the awareness of our unique therapy within the main target groups, such as patient advocacy groups, patients, their relatives, caregivers, and the medical community and are happy to report, that we have seen a growing interest from the medical community in our approach but also 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 www.magforce.de, are an important driver for the commercialization of our innovative therapy.

Since the last Shareholder Letter we presented at EANS 2017, the International Brain Tumour Alliance (IBTA) Patient’s Advocate Conference, MEDICA 2017 as well as at the 22nd Annual Scientific Meeting and Education Day of the Society for Neuro-Oncology (SNO). We are very happy that the Team of Prof Dr Walter Stummer, Director of the Department of Neurosurgery at the University Hospital Münster, Germany, that is treating patients with NanoTherm® therapy, were once again chosen to present an abstract regarding their work with NanoTherm® at SNO which is a very a prestigious scientific conference.

Management is confident that the European expansion started 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:**

The U.S. Food and Drug Administration (FDA) has just granted our US subsidiary MagForce USA, Inc. the Investigational Device Exemption (IDE) to conduct a clinical trial with NanoTherm® therapy as focal ablation treatment for intermediate risk prostate cancer. The approval of this IDE now allows MagForce to conduct a pivotal clinical evaluation with our innovative therapy at selected medical centers in the US.

The purpose of this focal thermal ablation registration study that will enroll up to 120 men in a single arm study is to demonstrate that NanoTherm® can focally ablate cancer lesions for patients who have progressed to intermediate risk Prostate Cancer stage and are under active surveillance. By focally ablating these cancer lesions, it is anticipated that patients will be able to be maintained in Active Surveillance Programs and to avoid definitive therapies such as surgery or whole gland radiation with their well-known side effects. Potentially 50,000 to 100,000 men in active surveillance programs in the US could benefit from this focal therapy after registration.

In order to conduct the study, we have already installed two NanoActivator® devices, magnetic field applicators in which the NanoTherm® therapy is performed, at University of Washington Medical Center in Seattle and at CHRISTUS Santa Rosa Hospital - Medical Center in San Antonio.

We are very excited to work with the teams of Dr. Ian M. Thompson, Jr., President of CHRISTUS Santa Rosa Hospital - Medical Center and Director, Cancer Therapy and Research Center, a National Cancer Institute-designated Cancer Center at the University of Texas Health Science Center at San Antonio, and Dr. Dan W. Lin, Chief of Urologic Oncology and Professor in the Department of Urology at the University of Washington School of Medicine in Seattle, who have agreed to be co-principal investigators in the Focal Thermal Ablation
Registration study.

MagForce anticipates to initiate patient enrollment in this study in the coming months and I believe the registration trial will prove that NanoTherm® therapy can fulfill the desired outcome - allowing a man diagnosed with Prostate Cancer having the highest quality of life possible while delaying or even completely avoiding invasive treatments.

While we are approximately one year 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.

Investor Relations

We are also happy to report that the MagForce share has been included in the newly launched Scale 30 Index of Deutsche Börse (German Stock Exchange). The selection index tracks the performance of the 30 most liquid companies listed in the SME segment Scale. Eligibility for index inclusion depends on order book turnover on Xetra and Börse Frankfurt. MagForce is listed in the Scale segment of Deutsche Börse that has replaced the Entry Standard for equities and corporate bonds in which the Company’s share has been included previously, since the Scale segment was launched in March 2017.

As in the past, the Company continues to work on increasing the awareness for its shares and its equity story in the financial community and sets great store on a regular dialog with its shareholders. The goal is to communicate the Company’s strategy and development reliably and transparently to gain investor confidence in MagForce and achieve a fair valuation of its shares.

Outside of the Annual General Meeting, management presented at various renowned investor conferences in Europe and in the US. During those events and in the course of the international road shows, MagForce handled numerous one-on-one meetings with existing and potential new international shareholders.

In the second half of 2017, MagForce presented at: Goldman Sachs Fourteenth Annual European Medtech and Healthcare Services Conference 2017 in London; Berenberg & Goldman Sachs Sixth German Corporate Conference 2017 in Munich; German Equity Forum and at the Prior Kapitalmarktkonferenz in Frankfurt. During the first half of 2018, MagForce will present at various conferences in Europe and in the USA, we will shortly announce our participation in detail.

Supervisory Board extends Management contracts
The Supervisory Board of MagForce AG decided in its last meeting unanimously to extend the contract of all members of the Management Board, i.e. Dr. Ben J. Lipps, Chief Executive Officer, Prof. Dr. Hoda Tawfik, Chief Medical Officer and Christian von Volkmann, Chief Financial Officer, ahead of schedule for a further 2-year term until end of 2020. I am proud to be part of this exceptional management team and convinced that with this decision we underline our commitment to the set goals and strategy we implemented at MagForce and ensure continuity and stability in the Company’s leadership in order to create further shareholder value.

Dear Shareholders, after this good and productive start into 2018 we are very grateful for your continuous support of our efforts.

Sincerely,
Dr. Ben Lipps
Chief Executive Officer &
Chairman of the Management Board

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 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. www.magforce.com

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