Corporate News

May 5, 2020

MagForce AG Publishes Shareholder Letter

- **Europe: Successful implementation of the expansion strategy - significant increase in treatment numbers of brain tumor patients**
- **USA: FDA approval to proceed with its streamlined trial protocol for the next stage of pivotal U.S. single-arm study for the focal ablation of intermediate risk prostate cancer with the NanoTherm therapy system received**

Berlin, Germany, and Nevada, USA, May 5, 2020 - MagForce AG (Frankfurt, Scale, XETRA: MF6, ISIN: DE000A0HGQF5), a leading medical device company in the field of nanomedicine focused on oncology, today published a Shareholder Letter:

“Dear MagForce Shareholders,

These are indeed difficult times with the current global COVID-19 pandemic, but you need to know that MagForce is coping with the various situations and we have very good prospects for 2020.

MagForce AG – Europe – Brain Cancer Treatment:

Of course, COVID-19 also has an impact on MagForce AG in Europe.The MagForce workforce has been given the home office option and most people are working from home. So far, we are happy to say that none of our staff has been infected. A travel ban is in place, except for the sales force who is working according to legal policies. MagForce’s production has not yet been affected, the shipping of products is possible with some delays.

Concerning patient treatments, our partner hospitals in Zwickau, Munster and Lublin are continuing to offering NanoTherm therapy to treat brain tumor patients, also during the COVID-19 crisis.

Our expansion activities, including NanoActivator installations in Spain and Italy with partner hospitals, which were planned for H2 of 2020, will be delayed by six to nine months; however, we plan to install two more activators in Germany, which has about 3,000 new glioblastoma cases per year.

After years of development, MagForce has a significantly improved clinical procedure. Dr. Andreas Jordan, Executive Vice President, Managing Director Europe and Chief Scientific Officer with his

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commercial team, have turned the “Commercial Glioblastoma Corner”. Even with the pandemic delay in Spain and Italy, MagForce AG has an outstanding therapy option for treating glioblastoma.

Over the last 20 years, there was no significant progress in survival of glioblastoma patients - which is also evidenced by the following quotations: “Glioblastoma is usually highly malignant, with a more than 90% 5-year mortality and a median survival of about 14.6 months. Compared to other cancers, the survival rate has not greatly changed over time” (Tataranu et. al. 2018). “Median Overall Survival (OS-1) was 23.2 months when treated with NanoTherm Thermal therapy.” (Maier-Hauff et. al. 2011). “NanoTherm thermal therapy combined with radiotherapy can induce a prominent inflammatory reaction around the resection cavity which might trigger potent antitumor immune responses possibly leading to long-term stabilization of recurrent GBM patients.” (Grauer et. al. 2019).

And I am very proud to be able to inform you that this has now been impressively reflected in the treatment figures. Even with the COVID-19 pandemic, during the first quarter of 2020, MagForce AG saw a 700% growth in brain cancer treatments compared to the fiscal year 2019. Of course, it is clear that this growth rate is based on a comparatively low level, but we now have partner hospitals that are convinced of NanoTherm therapy and use it with great commitment for the benefit of their patients in treatment. We therefore expect the number of treatments will continue to increase sustainably.

Further, in March, MagForce and Hufeland Klinikum announced the conclusion of a joint cooperation agreement and the planned opening of a NanoTherm treatment center for brain tumors at the Mühlhausen site in Thuringia, Germany.

The new treatment center is managed by Privatdozent (PD) Dr. Johannes Wölfer, head physician of the Department of Neurosurgery and Spinal Surgery. As a long-standing expert in the use of MagForce's NanoTherm Therapy System, PD Dr. Wölfer was involved in the development of the training concept for the ‘NanoTherm Therapy School’, among other things. Through ‘NanoTherm Therapy School’, surgeons are certified in the use of the innovative technology by participating in a comprehensive series of application training courses. Before joining the Hufeland Klinikum in 2017, PD Dr. Wölfer was deputy director of the Department of Neuro-oncology at the Münster University Hospital (UKM), which has treated brain tumor patients with the NanoTherm Therapy System since the beginning of 2015.

The Hufeland Klinikum at the Mühlhausen site in Thuringia will be the fourth clinic in Europe currently offering MagForce's NanoTherm Therapy System for the commercial treatment of brain tumors. As one of the academic teaching hospitals of the University of Göttingen, the hospital draws on over 100 years of experience as a successful healthcare and medical service provider.

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With two modern, future-oriented hospitals, the subsidiary Hufeland MVZ GmbH with a total of more than 1,300 qualified employees in the Hufeland network offer highly specialized medical services, thus ensuring medical care for patients in Bad Langensalza, Mühlhausen and the surrounding area. Since the opening of the Department of Neurosurgery and Spinal Surgery in July 2017, the range of operations has constantly expanded, and outpatient neurosurgical consultations are also held regularly at Hufeland MVZ GmbH.

MagForce USA, Inc. – USA – Prostate Cancer Treatment:

As you might have noticed, last week we were pleased to announce that MagForce USA received FDA approval for a streamlined trial protocol, for the next stage of our pivotal U.S. study with the NanoTherm therapy system for the focal ablation of intermediate risk prostate cancer. The next stage of the clinical trial is being initiated with three well-respected urological centers in Texas, Washington and Florida who actively enrolled patients in Stage 1.

During Stage 1 of our pivotal U.S. study, MagForce USA successfully developed and validated a new standardized clinical procedure, parts of which will be patented. The new procedure places the NanoTherm in a clinical targeted volume (CTV) of less than 2 to 4cc of volume in the human prostate and provides for a true focal ablation therapy. By modifying the thixotropic nature of the NanoTherm, an increase in viscosity of 100 times was achieved, which allowed NanoTherm to remain at the reverse biopsy instillation site and allow time for the NanoTherm conjugation to occur stabilizing the NanoTherm particles in the CTV. Initial findings show only minimal treatment related side effects, which were tolerable and similar to those commonly associated with biopsies. The ablation analysis showed very well-defined ablation and cell death in the region of the nanoparticle deposit as it was observed with the previous pre-clinical studies. MagForce USA and the FDA had meetings in late Q1 2020 to discuss the streamlined procedure for the next stage as it is approved now.

The approved next stage of our study will be conducted in phases to ensure early on that the minimal side effects observed in Stage 1, with a drawn out procedure, are maintained in the streamlined one day procedure. Treatment of the first 5 to10 subjects should be sufficient to affirm the minimal side effects as expected.

This streamlined procedure will allow patient treatment to be completed within one day at one of MagForce's three out-patient treatment facilities. Which further means, that we are able to treat patients much faster than in Stage 1. During Stage 1, each step, instillation and activation took several weeks. Now, both steps will be completed on the very same day, which should favorably affect the duration of the trial.

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Our plan is to continue achieving everything we can in this pandemic environment.

During this worldwide disruption, MagForce has passed several major milestones and made significant progress both in the EU, with our brain cancer treatment expansion strategy, and the US where we aim to bring our innovative approach to develop a minimum risk focal ablation therapy for Active Surveillance prostate cancer patients.

Long term, this treatment can be applied to any solid tumor with no metastization and confirmed by targeted biopsy.

I am confident that by pursuing a strategy of expansion with sustainable partnerships in Europe and the planned prostate cancer treatment in the USA, MagForce is well positioned for the future. I would like to express my thanks to our employees for their tireless efforts and achievements and you, our shareholders, for placing your trust in our mission.

Sincerely,

Dr. Ben Lipps
Chief Executive Officer &
Chairman of the Management Board MagForce AG
Chief Executive Officer, MagForce USA, Inc.

References:

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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 system 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.

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