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**23 May 2017**

## **AirXpanders - 2017 Annual Meeting of Stockholders – Chairman’s Address and Presentation by President and CEO**

**Palo Alto, CA, United States – AirXpanders Inc (ASX: AXP)** a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, is pleased to present the attached copy of the Chairman’s address and the presentation by the President and CEO which are to be delivered at the 2017 Annual Meeting of Stockholders at Johnson Winter & Slattery’s Melbourne office, Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Tuesday, 23 May 2017 at 9.00am Australian Eastern Standard Time (Monday, 22 May 2016 at 4.00pm U.S. Pacific Daylight Time).

- ENDS -

<b><i>Company</i></b>	<b><i>Investor relations</i></b>
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### **About AirXpanders**

Founded in 2005, AirXpanders, Inc. ([www.airxpanders.com](http://www.airxpanders.com)) designs, manufactures and markets innovative medical devices to improve breast reconstruction. The Company’s AeroForm Tissue Expander System, is used in patients undergoing two-stage breast reconstruction following mastectomy. Headquartered in Palo Alto, California, AirXpanders’ vision is to be the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction. AirXpanders is listed on the Australian Securities Exchange under the symbol “AXP”, but its listed securities may not be purchased by U.S. Persons because they bear a special designation on the ASX that precludes such purchase. AeroForm was granted U.S. FDA *de novo* marketing authorization in 2016, first CE mark in Europe in 2012 and is currently licensed for sale in Australia.

### **Forward-Looking Statements**

This announcement contains or may contain forward-looking statements that are based on management’s beliefs, assumptions and expectations and on information currently available to management.

All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, our cash sufficiency forecast; U.S. commercial market acceptance and U.S. sales of our product as well as, our expectations with respect to our ability to obtain verification of our third-party contract manufacturer on a timely basis; our ability to obtain reimbursement for our



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products; our ability to become the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction.

You should not place undue reliance on forward-looking statements because they speak only as of the date when made. AirXpanders does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. AirXpanders may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

#### **Foreign Ownership Restriction**

AirXpanders' CHES Depositary Interests (CDIs) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of AirXpanders' CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

For more information, refer to the Company's website at [www.airxpanders.com](http://www.airxpanders.com).

## **Chairman's Address**

### **Annual Meeting of Stockholders – 23 May 2017**

#### **Barry Cheskin**

Good morning ladies and gentlemen,

My name is Barry Cheskin, Chairman of your company AirXpanders.

It is now 9.00 am and I note that this is a properly constituted meeting and I have been advised that a quorum is present for the matters to be considered at this meeting. I therefore declare this Annual Meeting of stockholders of AirXpanders, Inc. open and welcome each of you.

I am very pleased to be here, in Melbourne, for this meeting. I am joined in person by my fellow Australian based Director, Zita Peach.

Our CEO and President, Scott Dodson, has joined the meeting by telephone, from our company headquarters in Palo Alto, along with our fellow Directors: Dennis Condon, Gregory Lichtwardt and Teddy Shalon.

To have Scott remain in the U.S. for this meeting, was not a decision that we took lightly, however, as our shareholders know the business is intensely focused right now on our commercial efforts in the United States. Based on this, and combined with the fact that Scott will be in Australia in just a few weeks from now to meet with investors and attend a major industry conference for plastic surgeons – it was agreed that it was a better use of time, and our cash resources, to have him attend remotely.

Let me tell you, that there is a great deal of excitement, energy and focus at AirXpanders right now, more than ever. After a very successful launch of AeroForm in Australia, back in 2015 and continued sales growth since then, the company received its *de novo* clearance from the FDA, at the very tail end of December last year.

This has paved the way for the company to commence its limited commercial launch in the U.S. in January this year, which has been tracking very positively so far. This excellent response, has been very much a result of the preparation that was undertaken last year, to ensure the company was ready to move straight into commercialization upon receipt of FDA clearance. Having that clear strategy and the benefit of our learnings in the Australian market, has served us well as we enter this new phase.

As a co-founder, reaching this point is a major achievement and one that is immensely satisfying. After years of development we are now truly embarking on our mission to make a difference in the lives of women who have been touched by breast cancer. But that is not to say we will be resting on our laurels – there is much ahead as we move into the full commercial launch phase in the U.S. and complete the scale up of our manufacturing in Costa Rica.

All of this could not have been achieved without the support of our investors. Earlier this year, the company raised a further \$45 million, towards the building of inventory, acceleration of our U.S. sales and marketing efforts and completion of our manufacturing transfer. I sincerely thank all of our shareholders for their support.

At the Annual Meeting last year, I was pleased to welcome two new Board members – Zita Peach and Gregory Lichtwardt. In line with our plan to continually strengthen the board, and ensure our collective skills are in alignment with our growth trajectory, today stockholders will vote on the appointment of a new Director, Elizabeth Hammack, who with her years of leadership in the medical device sector, will be an excellent addition to our Board. I would like to acknowledge Teddy Shalon, whose term as a Director concluded immediately prior to the Annual Meeting, following his retirement.

As a co-founder of AirXpanders – and an accomplished entrepreneur, investor, and executive – Teddy has been critical to our journey so far, in so many ways. I know he will stay closely connected to the company, and we thank him for his outstanding contribution.

I would like to thank all of my fellow Board members, our President and CEO Scott Dodson, and the entire AirXpanders team for their dedication and hard work. Through all those efforts, we look forward to building on the successful achievements in 2016 and continue to grow shareholder value in 2017.

I will now hand over to Scott Dodson, CEO of AirXpanders, for a more detailed review of the past year. Thank you.



# AirXpanders®

CEO's Review

23 May 2017





# AIRXPANDERS 2016 REVIEW



2016: A year of building the foundations  
for a successful launch

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Strong and sustained sales growth in AU

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FDA *de novo* clearance achieved, U.S.  
commercial launch underway

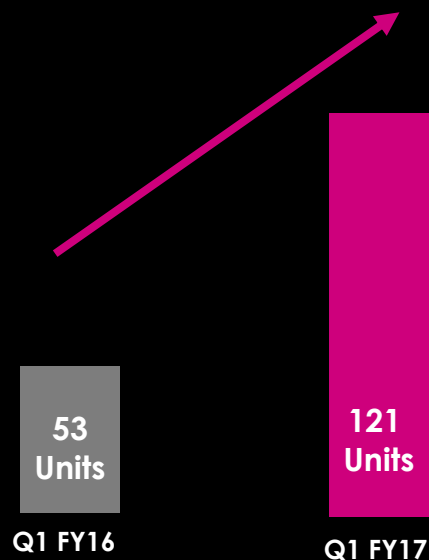
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Strengthened balance sheet

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2017: Poised for rapid growth

## Delivering Quarter on Quarter Sales Growth



## Financial Performance 2016

### Financial Position as of 31 December 2016

Revenue (US\$)	570,736
Units Sold	107
Expenditure (US\$)	19.7M
Net Loss (US\$)	19.4M
Cash Position (US\$)	11.5M

### Q1 2016 v Q1 2017

	Q1 2016	Q1 2017	% Growth
Revenue (US\$ '000)	94	257	172%
Units sold	53	121	128%
Cash position (US\$)	14.7M	36.8M	--

# Milestones and Outlook

## 2016

**Feb** ~20% market share in Australia (run rate)

**June** A\$20M private placement for Australian market growth

**Dec** FDA *de novo* clearance achieved

## Upcoming

**2H** Full commercial launch in U.S. to commence

**2H** Manufacturing scale up in Costa Rica complete

**2H** Relocation to new U.S. Headquarters

## 2017

**Jan** U.S. limited Commercial Launch commences

**Feb** A\$45M private placement for inventory and U.S. market growth

**1Q** U.S. sales force buildout underway – 17 reps hired

**1Q** Further progress on increasing manufacturing capacity

**Apr** FDA 510(k) clearance for V3.0



# U.S. COMMERCIALISATION

**“AeroForm® represents the first major change in breast tissue expansion in 40 years. It’s a real game-changer. It’s super-easy to use. You just press a button and that’s it.”**

Jeffrey Ascherman, M.D.  
Site Chief, Division of Plastic Surgery  
Professor of Surgery  
Columbia University Medical Center





# U.S. Sales and Launch Strategy

## U.S. limited commercial launch initiated in January 2017

### 1H 2017

- Onboarding completed at 12+ major hospitals, clinical users of AeroForm® in XPAND pivotal and continued access trial
- 2 x U.S. Sales Training Events completed
- 60 of the 120 pre-selected surgeons for full commercial launch already engaged
- Working to secure majority share from existing clinical surgeons
- Focused on recruiting and training additional surgeons at initial sites and establishing routine use
- 510k for enhanced film clearance achieved

### 2H 2017

- Full commercial release, pending final verification of contract manufacturer in Costa Rica
- Target new hospitals and regions
- Expand around established commercial sites to create competitive hospital bidding

# U.S. Sales Force Buildout Underway

## Hybrid sales force: Direct and Commission Only Reps

- Targeted hiring schedule vs recruiting schedule

	Direct reps	Indirect reps
1Q 2017	6	1
2Q 2017	4	6
3Q 2017		2
4Q 2017		3
<b>Total</b>	<b>10</b>	<b>12</b>

- Sales reps already recruited for hiring



**Sales Representatives across the U.S.**



THE **Doctors**

**NBC**  
BAY AREA



**FOX**  
**NEWS**

New Tool in Breast Reconstruction Puts Control  
in Patients' Hands

By Erin Schupp  
Monday, August 29, 2016 at 10:02 AM EDT

 **DOCTOR RADIO**



## U.S Media Highlights

AeroForm has been covered in national media across the US, including but not limited to:

- 'The Doctors' - the highest rated medical treatment show on U.S TV
- Fox News
- Doctor Radio
- NBC (Bay Area)



## Increasing manufacturing capacity

- Adding manufacturing capability in high-tech, low-cost MedTech manufacturing hub in Costa Rica
- Decreased manufacturing costs and increased production volume will drive greater margins
- First new line installed in Costa Rica
  - Fully validated and operating by mid-2017
  - Capacity of 15,000 – 20,000 units per year
- Second line installation to commence Q3 2017
  - Additional 15,000 – 20,000 units per year
- Maintain manufacturing capacity in California (3,000-4,000 units per year)



# INTERNATIONAL OPPORTUNITIES



Continue to expand the market in Australia

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Conduct Key Opinion Leader evaluation in Europe  
and assess target countries

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Identify regulatory pathways into targeted AP markets

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## 2016: A Summary

- 2016: A year of building the foundations for a successful launch in the world's biggest medical device market
- AU market: strong and sustained sales growth
- FDA *de novo* clearance achieved and U.S. commercial launch underway
- Strengthened balance sheet
- 2017: A year poised for rapid growth



**End of meeting**

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