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AirXpanders Completes US\$15 Million Debt Financing

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 System, today announced that it has completed a US\$15 million debt financing transaction with Oxford Finance LLC (“Oxford”), an industry-leading specialty finance firm that provides senior debt to life sciences and healthcare services companies worldwide. Additionally, under the terms of the loan agreement, AirXpanders is permitted to obtain a separate accounts receivable based line of credit with a third-party lender, subject to a right-of-first-refusal by Oxford and certain other conditions, of up to US\$5.0 million any time prior to December 31, 2018.

“We are delighted to be working with a partner like Oxford,” said Scott Dodson, President and CEO of AirXpanders. “Under our current plans, this minimally dilutive debt financing positions us strongly with the working capital we need for our full US sales and marketing efforts and to drive our business expansion throughout the foreseeable future.”

“We are pleased to partner with the AirXpanders’ team,” said Christopher A. Herr, Senior Managing Director of Oxford Finance. “We are delighted by AeroForm’s successful launch in the US market and to provide capital at this exciting juncture for the company.”

Under the terms of the loan agreement, AirXpanders received US\$15 million upon closing on August 4, 2017. The facility is in the form of a secured note, with interest-only instalments to be paid monthly over the first 24 months, with a 12-month extension of that interest-only period if the Company is in compliance with certain financial milestones, which are primarily revenue based. The total term of the loan is 59 months, and the note bears interest at a variable rate equal to the greater of (a) the 30-day LIBOR, or (b) 0.99%, plus 7.26% (based on the current LIBOR rate, the note bears interest at 8.48%).

In addition, upon the funding, AirXpanders issued approximately US\$450,000 of warrants to purchase shares of AirXpanders’ common stock at a price equal to the lower of either the average closing price of AirXpanders’ CHES Depositary Interests (CDIs) for the previous 10 trading days (calculated on the day prior to funding), or the closing price on the trading day prior to funding, as adjusted for the CDI to U.S. common stock conversion ratio of 3-for-1 and the prevailing Australian dollar to U.S. dollar exchange rate applicable on the relevant date.

Additional details of the loan agreement will be filed with the Securities and Exchange Commission on a Current Report on Form 8-K, the ASX Market Announcements Platform and on our website.

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About AirXpanders

Founded in 2005, AirXpanders, Inc. (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 a publicly listed Company on the Australian Securities Exchange under the symbol "AXP." 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.

About Oxford Finance LLC

Oxford Finance is a specialty finance firm providing senior secured loans to public and private life sciences and healthcare services companies worldwide. For over 20 years, Oxford has delivered flexible financing solutions to its clients, enabling these companies to maximize their equity by leveraging their assets. Oxford has originated over \$4 billion in loans, with credit facilities ranging from \$5 million to \$100 million. Oxford is headquartered in Alexandria, Virginia, with additional offices in San Diego, California; Palo Alto, California and the greater Boston and New York City areas. For more information, visit oxfordfinance.com.

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 ability to close the loan transaction on a timely basis; our ability to obtain a further line of credit; cash sufficiency forecast and working capital needs; 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 at our third-party contract manufacturer on a timely basis; our ability to obtain reimbursement for our products; our ability to become the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction.

Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. 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. For additional information and considerations regarding the risks faced by AirXpanders that could cause actual results to differ materially, see its registration statement, as amended, on Form 10, as filed with the Securities and Exchange Commission on July 17, 2017 including under the caption "Risk Factors," as well as other periodic reports filed with the SEC from time to time. AirXpanders disclaims any obligation to update information contained in any forward-looking statement, except as required by law.

For more information, refer to the Company's website at www.airxpanders.com.

Foreign Ownership Restriction:

AirXpanders' CHES Depository 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.