



3047 Orchard Parkway, San Jose
CA 95134 USA
Tel (US) +1 (650) 390 9000
Tel (AU): 1-800-778-662
Fax: +1 650 390 9007
www.airxpanders.com

27 August 2018

Successful Closing of A\$20.3 million Rights Offering and US Placement

San Jose, CA, United States – AirXpanders, Inc. (ASX: AXP) (AirXpanders or Company) today announces the successful closing of its underwritten, pro rata, non-renounceable rights offering to raise approximately A\$15.7 million (**Rights Offering**), with the US placement to raise approximately A\$4.6 million, to close shortly afterwards (**US Placement**).

Under the Rights Offering, eligible holders of CHESS Depositary Interests (**CDIs**) were invited to subscribe for fifteen (15) new CDIs for every sixteen (16) CDIs in the Company (or forty-five (45) new CDIs for every sixteen (16) shares in the Company) held by them at 7.00pm Australian Eastern Standard Time (**AEST**) on 8 August 2018 at an issue price of A\$0.075 per CDI. The Rights Offering to raise approximately A\$15.7 million, (before costs and expenses) closed at 5:00pm on 22 August 2018 (AEST).

In accordance with the ASX Listing Rules, the Company advises that it has accepted valid applications under the Rights Offering for 151,973,563 new CDIs in the Company (**New CDIs**) (subscriptions of approximately A\$11.4 million).

The balance of 56,920,901 New CDIs, (approximately A\$4.3 million) underwritten under the Rights Offering, will be issued to Canaccord Genuity (Australia) Limited (or any sub-underwriters) in accordance with the underwriting arrangements described in the U.S. prospectus (the final of which was released to the ASX on 7 August 2018).

The Company also advises that additional funds of approximately US\$3.4 million have been paid by funds affiliated with Vivo Ventures in relation to the US Placement and will be released to the Company immediately following final settlement of the Rights Offering. The remaining US\$50k of the US Placement will be paid by the Company's Chairman following stockholder approval.

New CDIs under the Rights Offering are expected to be issued on Thursday, 30 August 2018 (AEST) (with settlement occurring on Wednesday, 29 August 2018 (AEST)). CDIs under the Rights Offering are expected to commence trading on a normal settlement basis on the ASX on Friday, 31 August 2018 (AEST).

"We are delighted to have received such strong support and uptake of entitlements from both our institutional and retail shareholders in this Rights Issue and US Placement," said Mr Frank Grillo, President and CEO of AirXpanders. "We are confident of the outlook for the Company and the successful closing of our A\$20.3 million raising places us in a sound financial position to deliver on our anticipated growth over the coming year."

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Company	Investor relations
Frank Grillo President and CEO President & CEO Tel: +1 (650)-390-9000 Email: fgrillo@airxpanders.com	Kyahn Williamson WE Buchan Tel: +61 (3) 9866 4722 / + 61 (0)401018828 Email: kwilliamson@buchanwe.com.au

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.

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, including those related to the timing, completion and closing of the Rights Offering and the US Placement, use of proceeds, cash forecast and anticipated growth of the Company's business are forward-looking statements. These include, without limitation, risks and uncertainties related to market conditions and the satisfaction of customary closing conditions related to the Rights Offering and the US Placement, and additional business risks included in the Company's periodic reports filed with the SEC.

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 most recent Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission on July 31, 2018 (U.S. time), and in the Registration Statement on Form S-1 (including the final prospectus) related to the Rights Offering, 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.