

# AIRXPANDERS, INC.

## SECURITIES TRADING POLICY

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### 1 Introduction

This document sets out the policy covering restrictions on trading in securities of AirXpanders, Inc. (**AirXpanders**).

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### 2 Persons covered by this policy

This policy applies to the following persons:

- (a) all directors and officers of AirXpanders;
- (b) all direct reports to the Chief Executive Officer (ie. executives);
- (c) all other personnel of AirXpanders (including employees and contractors); and
- (d) any personal investment vehicle or self-managed superannuation fund through which any of the foregoing hold securities of AirXpanders.

In this policy, the persons listed above are called **Relevant Persons**.

There are additional trading restrictions on the key management personnel (**KMP**) of AirXpanders.

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of AirXpanders, directly or indirectly, including any director (whether executive or otherwise) of AirXpanders. It will also include the management team of AirXpanders and any staff member of AirXpanders that the Board designates, from time to time, to be KMP.

All Relevant Persons (including KMP) are required to discourage, and take all reasonable steps to ensure that their direct relatives do not engage in, activities prohibited or restricted by this policy.

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### 3 Securities covered by this policy

This policy applies to trading in all securities of AirXpanders, including:

- (a) shares of stock (including but not limited to common or preferred stock);
- (b) CHESS Depositary Interests;
- (c) debentures (including bonds and notes);
- (d) options over unissued shares or debentures;
- (e) a renounceable or unrenounceable right to subscribe for shares or debentures;
- (f) interests in managed investment schemes, trusts and other financial products; and
- (g) derivative products issued over or in respect of any of the above (e.g. swaps, futures, hedges, and options) whether settled by cash or otherwise.

Trading in securities includes:

- (a) acquiring or disposing of AirXpanders securities on market or through an off market transaction;
- (b) acquiring or disposing of AirXpanders securities in connection with margin lending or other security arrangement; and
- (c) stock lending arrangements affecting AirXpanders securities.

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## **4 Prohibition on insider trading for all Relevant Persons**

### **4.1 Regulation**

Trading of securities in AirXpanders is governed by, amongst other things, the Corporations Act 2001 (Cth) (**Corporations Act**), the ASX Listing Rules, the US Securities Exchange Act of 1934 and other applicable securities laws. As AirXpanders' securities are traded on ASX, this policy focuses on Australian securities laws.

### **4.2 General rule**

The Corporations Act prohibits trading of inside information.

“Inside information” is information that:

- (a) is not generally available; and
- (b) if it was generally available, it would be expected to have a material effect on the price or value of securities.

A Relevant Person must not trade in AirXpanders securities when:

- (a) they possess information that they know or ought reasonably to know is not generally available to the public; and
- (b) if the information was generally available, it would be expected to have a material effect on the price of AirXpanders securities.

The prohibition also extends to the following **Additional Prohibited Activities**:

- (a) advising, procuring or encouraging another person to deal, or enter into an agreement to deal, in AirXpanders' securities; and
- (b) directly or indirectly communicating the information to another person who a Relevant Person believes is likely to deal in, or procure another person to deal in, those securities.

This prohibition applies irrespective of:

- (a) how a Relevant Person learns of the information;
- (b) whether the trading occurs at a time that would otherwise be permitted during a Trading Window;
- (c) whether the trading occurs outside of a Blackout Period; or
- (d) whether the trading was approved with written clearance.

A Relevant Person should consider carefully whether they are in possession of “inside information” and, if they have any doubt, they should not trade or undertake any Additional Prohibited Activities.

## 4.3 Examples of inside information

The following is illustrative only and is not exhaustive. Inside information could include:

- (a) a possible acquisition or sale of any assets or businesses by AirXpanders;
- (b) a pending or proposed merger, acquisition, or tender offer;
- (c) any other type of change of control transaction;
- (d) a pending public or private sale of debt or equity securities;
- (e) the financial performance of AirXpanders against its budget or forecasts, including significant write-offs;
- (f) impending bankruptcy;
- (g) major scientific, clinical or regulatory results;
- (h) notice of issuance of patents;
- (i) senior management or board changes;
- (j) a significant change in the operations or direction of the business;
- (k) a major change in financing;
- (l) a proposed dividend or change of dividend policy;
- (m) regulatory action or investigations undertaken by a government or regulatory authority;
- (n) a material change in AirXpanders' capital structure;
- (o) any material claim against AirXpanders or other unexpected material liability, including any legal proceedings;
- (p) major awards or cancellations of contracts or license agreements with customers or suppliers;
- (q) major changes in pricing or discount policies; or
- (r) a significant new product.

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## 5 Additional trading restrictions for KMP

In addition to the general trading restrictions set out in this policy that apply to all Relevant Persons, additional restrictions on trading in AirXpanders securities apply to KMP.

### 5.1 Trading windows

Subject to the general restriction on trading when in possession of inside information (set out in section 4), KMP may, unless AirXpanders advises otherwise, trade in AirXpanders securities during the following periods (**Trading Windows**):

- (a) the 30 day period beginning on the third trading day after:
  - (i) the release of AirXpanders' half-yearly results to the ASX;
  - (ii) the release of AirXpanders' annual results to the ASX;
  - (iii) the AirXpanders' annual meeting of stockholders; or

- (iv) the release of a prospectus, cleansing notice or other disclosure document offering equity securities in AirXpanders;
- (b) for a rights issue of new AirXpanders securities, while the rights are being traded; or
- (c) where the securities are acquired pursuant to an offer made under an approved director, executive or employee share or option plan of AirXpanders. This permission does not extend to selling any securities acquired under such a plan.

Notwithstanding the Trading Windows set out above, the Board may, during a Trading Window, determine that KMP may not buy or sell AirXpanders securities during all or part of a Trading Window. KMP will be notified of any such decision.

The Chief Executive Officer or Chief Financial Officer will notify KMP of the precise opening and closing date of each Trading Window.

## 5.2 Blackout periods

The Board has determined that KMP are prohibited from trading in AirXpanders securities during the following periods (**Blackout Periods**):

- (a) the period from the end of a half-year to the release of AirXpanders' half-year financial results to the ASX; and
- (b) the period from the end of a financial year to the release of AirXpanders' annual financial results to the ASX.

In addition to these set periods, the Board may, from time to time, declare any other relevant period to be a Blackout Period for the purposes of this policy.

The Chief Executive Officer or Chief Financial Officer will notify KMP of the precise opening and closing date of each Blackout Period.

## 5.3 Written clearance

Trading in AirXpanders securities by KMP during a Blackout Period may be permitted with:

- (a) the prior written clearance (not to be unreasonably withheld or delayed) of the Chairman; or
- (b) if the Chairman is absent or if the relevant dealing is proposed to be undertaken by the Chairman – the prior written clearance (not to be unreasonably withheld or delayed) of the Board,

if one of the following exceptional circumstances applies:

- (a) if the KMP is facing severe financial hardship (as determined by the relevant decision maker approving the clearance) and can only meet their financial commitments by selling their securities;
- (b) if the KMP is required by a court order, a court enforceable undertaking (eg. a bona fide family settlement), or some other overriding legal or regulatory requirement to transfer, or accept a transfer, of AirXpanders securities; or
- (c) such other exceptional circumstances as may from time to time be determined by the relevant decision maker approving the clearance.

Where such clearance is given, the relevant trading must occur within 7 days beginning on the day after the clearance. The clearance may however be withdrawn before the relevant trading occurs if new information comes to light or there is a change in circumstances.

Any clearance to trade can be given or refused by AirXpanders in its discretion, without given any reasons. A decision to refuse clearance is final and binding on the person seeking the clearance and that person must keep that information confidential and not disclose it to anyone.

Clearance to trade will not be granted if AirXpanders is likely in the short-term to release a periodic financial report or other financial data or make an announcement of market sensitive information under Listing Rule 3.1

The KMP seeking the clearance will be required to certify that they are not in possession of any inside information that might preclude them from trading at that time. Any written clearance provided to trade is not an endorsement of the proposed trade and the KMP doing the trading is individually responsible for their compliance with insider trading laws. If the KMP does come into possession of inside information after receiving a clearance to trade, they must not trade despite having the clearance.

#### **5.4 During other periods**

At all other times outside the Trading Windows (excluding Blackout Periods which are dealt with in sections 5.2 and 5.3), KMP must obtain written clearance (not to be unreasonably withheld or delayed) from the following person before undertaking a transaction of AirXpanders securities:

- (a) **directors** of AirXpanders – from the Chairman or, if the Chairman is absent, the Board;
- (b) the **Chairman** – from the Board; and
- (c) **executives** – from the Chief Executive Officer.

Written clearance to trade outside of the Trading Windows will be granted in exceptional circumstances as described in section 5.3 and otherwise is discretionary.

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## **6 Other restrictions**

### **6.1 No short-term dealing in AirXpanders securities**

KMP are encouraged to be long-term holders of AirXpanders securities.

As speculation in short-term fluctuations in AirXpanders securities does not promote market or stockholder confidence in the integrity of AirXpanders, no KMP may deal in AirXpanders securities on a short-term trading basis, except in exceptional circumstances as described in paragraph 5.3. Short-term means less than three months.

### **6.2 No hedging and pledging**

All participants in an approved share or option plan of AirXpanders or who otherwise hold securities in AirXpanders which are subject to performance or other vesting conditions or escrow are prohibited from engaging in any conduct that seeks to secure the economic value attaching to the relevant securities and remove the element of price risk inherent in the value of those securities, while the securities remain unvested or subject to escrow.

Prohibited conduct includes writing put or call options over the underlying securities, dealing in derivative products or entering into other arrangements intended to hedge a “profit” in those securities, a margin loan or similar funding arrangement or other financial transaction which can give rise to pledging, lending or using the securities as collateral.

After vesting and the cessation of any applicable escrow arrangements, a holder of the relevant securities may undertake any transaction of a type referred to in this section, provided they give reasonable prior notice to the Chief Executive Officer of their intention to do so and comply with insider trading laws and the other provisions of this policy (including with respect to when dealings can occur) when undertaking any such transaction.

### **6.3 ASX notification by directors**

Directors must notify AirXpanders if there is a change in their security interests as soon as possible to enable AirXpanders to comply with relevant timeframes under the ASX Listing Rules in relation to notification of changes to directors' relevant interests.

Any director requiring assistance in this regard should contact the Company Secretary.

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## **7 Guidelines for employees**

It is the responsibility of each employee to ensure that they observe the prohibition on insider trading.

Where an employee is unsure as to whether they are in possession of inside information they should discuss the matter with the Chief Executive Officer.

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## **8 Securities of other companies**

The prohibited insider trading under the Corporations Act also extends to trading in securities of other listed companies with which AirXpanders may be dealing (including suppliers or distributors) where an employee possesses “inside information” in relation to that other company.

That is, if a Relevant Person is aware of information that is not generally available that may have a material effect on the price or value of another company's securities; they should not deal in the securities of that company.

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## **9 Exceptions to the policy**

Subject to the insider trading provisions of the Corporations Act (described in section 4), Relevant Persons may at any time:

- (a) acquire AirXpanders’ ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire AirXpanders securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire AirXpanders securities under a dividend reinvestment plan, a rights issue or a share purchase plan that is available to all holders of securities of the same class;
- (d) dispose of rights acquired under a rights issue of a kind referred to in paragraph (c) above;
- (e) acquire, or agree to acquire, options or other rights under an AirXpanders’ equity incentive plan;
- (f) exercise options or other rights acquired under an AirXpanders’ equity incentive plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with this policy);
- (g) transfer AirXpanders securities already held into a superannuation fund or other saving scheme;
- (h) invest in, or trade units of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party provided the Relevant Person does not hold more than 5% of the economic value of that fund or other scheme;
- (i) accept a takeover offer or an equal access buy-back; or
- (j) effect transactions in AirXpanders securities pursuant to approved trading plans established under Rule 10b5-1 of the U.S. Securities Exchange Act of 1934, as amended.

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## **10 Penalties**

Insider trading is a criminal offence under the Corporations Act, punishable by substantial fines or imprisonment or both. Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties, and order compensation paid to persons suffering related loss or damage.

In addition, breaches of this policy will be regarded as serious misconduct and may be subject to disciplinary action, which may include termination of employment.

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## **11 Further information**

Any person who has questions about this policy, or who requires further information, should contact the Chief Executive Officer or Chief Financial Officer.

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## **12 Review of this policy**

This policy may be amended by resolution of the Board of Directors.

Adopted by the Board of Directors of AirXpanders, Inc.