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22 May 2018

AirXpanders - 2018 Annual Meeting of Stockholders – Chairman’s Address

San Jose, 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 to be delivered at the 2018 Annual Meeting of Stockholders at Johnson Winter & Slattery’s Melbourne office, Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Tuesday, 22 May 2018 at 9.00am Australian Eastern Standard Time (Monday, 21 May 2018 at 4.00pm U.S. Pacific Daylight Time). An introduction by the Company Secretary, Brendan Case, is also attached.

- ENDS -

<i>Company</i>	<i>Investor relations</i>
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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.

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



22 May 2018

2018 Annual Meeting of Stockholders

– Introduction

Good morning and welcome to the AirXpanders' 2018 Annual Meeting of Stockholders. I am Brendan Case, Company Secretary.

Shortly, Barry Cheskin, AirXpanders' Cofounder and Chairman of the Board, will provide a business update to stockholders.

Barry's remarks contain certain forward-looking statements based on management's beliefs, assumptions and expectations and on information currently available to management. These include, but are not limited to, future financial results, including the decisiveness of the actions approved and taken by the Board and their impact on the future success of the company, the timing of hiring a permanent CEO, the ability to deliver operating cost efficiencies, the ability to maintain sales momentum, the size of the U.S. market for AeroForm, U.S. commercial market adoption and U.S. sales of our product, ability to achieve operating efficiencies and future profitability, and the ability to recognize efficiency as a result of restructuring our sales team in the U.S. and the sales model in Australia.

Although AirXpanders believes that the expectations reflected in the forward-looking statements are reasonable, actual results could differ materially from the expectations due to a variety of factors including general economic conditions, adoption rates of our products, changes in timing and levels of hospital spending, our ability to maintain current ASPs, our ability to manufacture product in volumes sufficient to meet customer demand, and the additional risk factors and cautionary statements set forth in the company's quarterly report on Form 10-Q, as filed with the SEC on May 3, 2018. AirXpanders disclaims any obligation to update information contained in any forward-looking statement.

I will now introduce Barry Cheskin.

– Chairman's Address

Good morning ladies and gentlemen.

My name is Barry Cheskin and as Co-founder and Chairman of the Board AirXpanders I am pleased to welcome you to the 2018 Annual Meeting of stockholders.

It is now 9.00 AM, and I note that this is a properly constituted meeting and that a quorum is present. I therefore declare this Annual Meeting of stockholders of AirXpanders open and welcome each of you.

I am pleased to be joining you in person here in Melbourne – along with our Australian based Non-Executive director Zita Peach. Our other board members Dennis Condon, Greg Lichtwardt and Liz

Hammack are attending via teleconference from the United States. Our Interim President and Chief Executive Officer, Scott Murcay, is also on the line from the U.S.

Since our Annual General Meeting last year, we recognize that the Company has experienced a period of significant share price decline, particularly in recent weeks. In April, we announced the resignation of Scott Dodson as the Company's CEO and Board member. Our worldwide sales of AeroForm in the first quarter of 2018 were essentially flat compared to the fourth quarter of 2017 and our cash burn was high. In response, the Board took decisive actions to correct the Company course and to set the Company on what we believe will be a pathway for future success.

In recent weeks, Scott Murcay has stepped up to the role of acting CEO on an interim basis, in addition to his ongoing roles as COO and CFO. Our search for a permanent CEO continues and we hope to be able to announce a decision in this regard as soon as possible. In the meantime, we have restructured our U.S. sales group and promoted the best performing regional sales director to the head of U.S. sales. We have implemented headcount reductions of around 25% of our workforce focused outside the Company's U.S. sales organization, which is already starting to deliver overall operating cost efficiencies while maintaining our general sales momentum, which is encouraging. And yesterday we announced the appointment of a distributor in Australia.

The opportunity for AirXpanders can be seen in various advancements made in the initial roll out of our AeroForm tissue expander system in the US, the world's largest medical device market. In our first year of launch, we have seen many positive early indications of demand for our product. Since launch in the U.S. in early 2017, over 170 physicians have ordered and used AeroForm, with a number of the earlier adopters increasing their usage of AeroForm in their practices. At the same time, we believe that we have established appropriate pricing for AeroForm in the US market and we have completed the expansion of our manufacturing capacity via a third party medical device contract manufacturer in Costa Rica. The opportunity for us moving forward is to continue to increase our user base, continue to make AeroForm a standard part of their practice, and to do so in a way that is both efficient, and ultimately profitable for our stakeholders.

We look forward to the year ahead with both optimism and confidence. I expect that the decisions we have recently made will be shown to represent the right course of action to move AirXpanders towards the scale necessary to move the Company to financial sustainability and success. I am confident that the fundamentals of the business are compelling, and we believe AirXpanders is capable of becoming a leading and financially successful company in the breast reconstruction market.

Before I conclude, I would like to thank my fellow board members, Interim CEO Scott Murcay and the entire AirXpanders team for their continued dedication as we position AeroForm to become the standard of care in tissue expansion for breast reconstruction and to transform the breast reconstruction landscape for patients and physicians.