



FOR IMMEDIATE RELEASE

**Torax Medical, Inc. Raises \$25 Million in Series E Funding
and Welcomes New Chief Commercial Officer**

ST. PAUL, MN – August 4, 2016 – Torax Medical, Inc. today announced the completion of a \$25 million Series E financing. The Series E round was led by Johnson & Johnson Innovation – JJDC, Inc. and included participation of existing investors, including Sanderling Ventures, Thomas McNerney & Partners, Accuitive Medical Ventures, Kaiser Permanente Ventures, Piper Jaffray Companies, and Mayo Clinic Ventures.

Torax Medical will use the funds to commercially scale its platform of products which are used to treat chronic diseases related to weak sphincter muscles. Current commercial products include the LINX® Reflux Management System for the treatment of gastroesophageal reflux disease (GERD) and the FENIX® Continence Restoration System for the treatment of fecal incontinence (FI), in both the U.S. and Europe.

In conjunction with the financing, the company also announced the appointment of Chas McKhann as Chief Commercial Officer. Mr. McKhann has more than two decades of commercial and strategic leadership experience at successful medical technology companies. Most recently, he served as Chief Commercial Officer at Intersect ENT, where he led sales, marketing, and reimbursement for the rapidly growing company. Mr. McKhann holds a B.A. and an M.B.A. from Stanford University.

In addition to rapid commercial adoption, Torax Medical has enjoyed a number of significant milestones in recent months for the LINX® device, including: publication of its landmark 5-year pivotal trial in *Clinical Gastroenterology and Hepatology*; designation of a new category 1 CPT code from the American Medical Association; and issuance of a medical coverage policy by the Health Care Service Corporation (HCSC), the 4th largest commercial health insurer in the U.S. Additionally the U.S. Food and Drug Administration (FDA) issued a Humanitarian Use Device approval for the FENIX® Continence Restoration System for the treatment of fecal incontinence which now allows commercialization in the U.S.

“Strong commercial success of both our LINX® and FENIX® devices has established a foundation that we will now use to accelerate our sales growth”, said Todd Berg, President and CEO of Torax Medical. “Our goal is to provide first line minimally invasive therapies to patients suffering from GERD and FI. These chronic diseases are both debilitating to patients’ quality of life and a major economic burden on our healthcare system. With the addition of Chas to the Torax Medical leadership team along with the financial contributions and strategic capabilities of the investors participating in our Series E financing, we will significantly expand patient access to the unique clinical benefits of the LINX® and FENIX® products.”

About GERD

Gastroesophageal Reflux Disease (GERD) is a chronic, often progressive disease which affects more than 20 million Americans. GERD results from a weak lower esophageal sphincter that allows harmful gastric fluid to reflux into the esophagus, resulting in both pain and injury to the esophageal lining. GERD is

associated with a pre-cancerous condition known as Barrett's esophagus, which increases the risk of esophageal cancer. Symptoms of GERD include heartburn and regurgitation, often associated with chronic sleep disruption, and may also include persistent cough, excessive throat clearing, hoarseness and a feeling of a "lump" in the throat. Acid reflux medications, such as Prevacid®, Nexium®, and Prilosec®, work to suppress normal gastric acid production, but do not repair the sphincter defect, allowing continued reflux. Traditional anti-reflux surgery called Nissen fundoplication requires a portion of the patient's stomach to be wrapped around the esophagus.

About Fecal Incontinence

Fecal Incontinence (FI) affects an estimated 30 million people in the U.S. and Europe alone. FI results from damage or weakening of the anal sphincter muscle. The disease primarily affects women, but men can also develop FI. The impact of FI on patients' quality of life is debilitating, causing absence from work, constant risk of embarrassment, and lack of freedom to engage in routine activities. Current treatment options are very limited with many patients ultimately requiring a colostomy.

The LINX® Reflux Management System

LINX® is a small implant comprised of interlinked titanium beads with magnetic cores. The magnetic attraction between the beads augments the existing esophageal sphincter's barrier function to prevent reflux. The device is implanted using a standard minimally invasive laparoscopic procedure and is an alternative to the anatomically disruptive Nissen fundoplication, commonly used in surgical anti-reflux procedures. The LINX® Reflux Management System is a laparoscopic, fundic-sparing anti-reflux procedure indicated for patients diagnosed with Gastroesophageal Reflux Disease (GERD) as defined by abnormal pH testing, and who are seeking an alternative to continuous acid suppression therapy (i.e. proton pump inhibitors or equivalent) in the management of their GERD. LINX does require a minimally invasive surgical procedure and is associated with potential risks and contraindications. For more information on LINX, including a statement of risks, please visit www.linxforlife.com.

The FENIX® Continenence Restoration System

The FENIX® Continenence Restoration System is designed to treat FI by restoring the barrier function of the anal sphincter muscle. The FENIX® System is a small, flexible band of interlinked titanium beads with magnetic cores. The magnetic attraction between the beads maintains the sphincter barrier. Intentional passage of stool can separate the beads allowing the device to expand. The FENIX® System begins working immediately after implant and does not require activation by the patient or post-operative adjustments by a physician. The FENIX® Continenence Restoration System is indicated for the treatment of fecal incontinence in patients who are not candidates for or have previously failed conservative treatment and less invasive therapy options (e.g., injectable bulking agents, radiofrequency ablation, sacral nerve stimulation). FENIX® is approved by the FDA as a Humanitarian Use Device, requires a surgical procedure, and is associated with potential risks and contraindications. For more information on the probable benefits and risks of FENIX®, please visit www.toraxmedical.com.

About Torax Medical Inc.

Torax Medical, Inc. is a privately-held medical device company headquartered in St. Paul, Minnesota that develops and markets products designed to treat sphincter disorders utilizing its technology platform, Magnetic Sphincter Augmentation (MSA). Torax Medical is currently marketing the LINX® Reflux Management System for the treatment of GERD and the FENIX® Continenence Restoration System

for the treatment of FI in both the U.S. and Europe. For more information, please visit www.toraxmedical.com.

About Johnson & Johnson Innovation – JJDC

Johnson & Johnson Innovation – JJDC, Inc. (JJDC) is the venture capital subsidiary of Johnson & Johnson that has been investing since 1973 in the medical device, diagnostic, pharmaceutical, and consumer health areas. JJDC's goal is to create opportunities that meet the strategic needs of its operating affiliates while providing visibility to innovative emerging technology, businesses and business models. JJDC invests in companies across the continuum from early stage seed investments to advanced stages of series venture management. For more information, please visit: www.JJDC.com

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