MAGNOLIA
MEDICAL TECHNOLOGIES

September 20, 2018

Magnolia Medical Receives Innovative Technology Contract from Vizient, Inc. for Steripath Gen2 Initial Specimen Diversion Device

Seattle, WA (September 20, 2018) – Magnolia Medical Technologies, Inc. announced today that it has been awarded an Innovative Technology contract with Vizient, Inc., the largest member-driven health care performance improvement company in the country. The contract resulted from the Steripath Gen2 Initial Specimen Diversion Device® technology platform being recommended by hospital experts in this category who serve on one of Vizient's member-led councils.

This contract has established a new product category for Vizient entitled: Phlebotomy Blood Culture Mechanical Initial Specimen Diversion Products. Innovative Technology contracts are reserved for technologies that demonstrate an ability to enhance clinical care or patient safety, and those that may improve an organization's care delivery and business model.

"We are honored to have Steripath selected as an innovative technology that can improve patient safety, quality of care and drive antibiotic stewardship while delivering significant cost savings to hospitals," said Bob Gerberich, CCO of Magnolia Medical. "This contract provides Vizient member hospitals with increased value and favorable pricing along with an ongoing Clinical Performance Guarantee and value-added clinical and business partnership programs."

Each year, tens of millions of patients in the U.S. require a blood culture to help diagnose sepsis and other potentially deadly bloodstream infections[3]. However, even when standard practices are followed, an average of 40 percent of positive results are actually false positive due to blood culture contamination[3].

The diagnostic inaccuracy caused by contaminants puts over a million patients at risk of being misdiagnosed with sepsis each year -- and unnecessarily treated with potent broad-spectrum antibiotics such as vancomycin[3].

Unnecessary and inappropriate antibiotic treatment due to false positive blood cultures leads to many patient risk factors including antibiotic-related infections and complications, extended hospital stay and associated hospital-acquired conditions. It also contributes to antibiotic resistance and undermines nationwide efforts to improve antimicrobial stewardship.

Steripath® Gen2 was designed to capture contaminates, virtually eliminating blood culture contamination which leads to false-positive diagnostic results for sepsis. The Initial Specimen Diversion Device® mechanically diverts and isolates the initial 1.5-2.0 mL of blood, the portion known to contain contaminants. The device then opens an independent sterile blood flow path to the culture bottles. Two controlled clinical studies published in leading peer-reviewed medical journals and seven clinical abstracts accepted and presented at major medical conferences have demonstrated sustained blood culture contamination rates as low as 0.2% in the ED[1], with hospitals then achieving positive predictive value for sepsis as high as of 97%[1], as much as a 37% reduction in vancomycin days of therapy[2] and an estimated average annualized hospital cost savings of $945,000 in four of the clinical trials.[3]

"We look forward to working with Vizient members across the country with a shared commitment to eliminate blood culture contamination and false positive diagnostic results for sepsis. Improving patient safety, enabling antibiotic stewardship efforts and significantly reducing avoidable costs to hospitals across the nation by broadening access to Steripath remains our core focus," said Greg Bullington, CEO of Magnolia Medical. "This agreement enables us to offer additional value to member hospitals and accelerates the process of equipping them with enabling technology that delivers significant, sustained, reproducible reduction in blood culture contamination."

"After review, Vizient's member council agreed the Steripath Gen2 Initial Specimen Diversion Device technology offers a unique benefit over other products available in the market today and recommended it for an innovative technology contract. We are pleased to award this new contract to Magnolia Medical," Debbie Archer, director of procurement and leader of Vizient's Innovative Technology program for suppliers.

Vizient represents a diverse membership base that includes academic medical centers, pediatric facilities, community hospitals, integrated health delivery networks and non-acute health care providers and represents approximately $100 billion in annual purchasing volume. Through its Innovative Technology Program, Vizient works with member-led councils and task forces to review potentially innovative products. If it is determined that a product is innovative, Vizient may award a contract outside of the competitive bid cycle.

---

[1]M. Rupp, *et al*; Reduction in Blood Culture Contamination Through Use of Initial Specimen Diversion Device. *Clinical Infectious Diseases* (August 2017)
[2]D. Chang, *et al*; Impact of Blood Culture Diversion Device and Molecular Pathogen Identification on Vancomycin Use. *Society of Healthcare Epidemiology of America (SHEA) Conference* (Spring 2017)
[3]Source data on file

MAGNOLIA
MEDICAL TECHNOLOGIES

About Magnolia Medical Technologies

Magnolia is a medical device company that develops, manufactures and markets innovative blood and bodily fluid collection devices to facilitate significant improvements in the accuracy, consistency and predictability of critical in vitro diagnostic (IVD) tests. Magnolia invented and has pioneered the Initial Specimen Diversion technology platform for blood culture collection and contamination prevention. Through human factor engineering, the Steripath Initial Specimen Diversion Device has been clinically proven to virtually eliminate blood culture contamination, which helps healthcare providers to significantly reduce false positive diagnostic results for sepsis and reduce unnecessary and inappropriate antibiotic use. This reduces the risk of CDI, MDROs and other antibiotic-related complications, length of stay and associated HACs, and unnecessary reporting of false positive CLABSIs while significantly reducing hospital-wide costs. The company has amassed an IP portfolio protecting its technology and products, including more than 55 issued method, apparatus and design patents with over 50 additional patent applications pending. For more information, visit www.magnolia-medical.com.