MAGNOLIA
MEDICAL TECHNOLOGIES

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Magnolia Medical Announces $20 Million Series C Financing

Funding to accelerate company mission to establish new standard of care in sepsis testing accuracy

(Seattle, WA – January 30, 2019) – Magnolia Medical Technologies today announced a $20 million Series C financing round to scale the company's infrastructure and market initiatives to meet the rapidly growing demand for its Steripath® Gen2 Initial Specimen Diversion Device® (ISDD®). This funding will also advance the company's portfolio of innovative blood and bodily fluid collection and contamination prevention devices to deliver significant improvements in the accuracy, consistency and predictability of critical diagnostic laboratory tests.

The financing round was led by RTW Investments with participation from existing institutional investors HealthQuest Capital, SightLine Partners and Canepa Healthcare. Naveen Yalamanchi, M.D., Partner at RTW Investments, will join the Board of Directors as an observer.

"Our mission as a company is to eradicate inaccurate laboratory test results that lead to harmful patient mistreatments and significant avoidable costs. We have made very strong progress in establishing a new standard of care for sepsis testing accuracy and look forward to repeating our proven process with other critical, yet frequently inaccurate, laboratory tests," said Greg Bullington, CEO of Magnolia Medical. "We are delighted to partner with RTW as we accelerate expansion of the Steripath® platform and advance efforts with policymakers to change national blood culture guidelines and contamination benchmarks to improve patient safety and quality of care," he said.

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. However, when current standard practices are followed, an average of 40 percent of positive results are actually false positives due to contamination. Each year in the U.S. alone, this preventable diagnostic error impacts over 1 million patients and leads to over $5 billion in unnecessary healthcare costs.

Magnolia's flagship product, Steripath Gen2 ISDD, has been adopted in hospitals across the U.S. to address the problem of blood culture contamination. Backed by numerous published studies in leading medical journals and a money-back guarantee, Steripath is enabling hospitals to establish a new standard of care for sepsis testing

accuracy, reducing unnecessary antibiotic treatment and preventing patient harm while saving millions of dollars in avoidable costs.

Inventors of both the technique and technology for initial specimen diversion blood culture collection, the company will use the funding to support the accelerated clinical adoption of Steripath Gen2 while delivering continued innovation to the Steripath product family addressing unmet market needs. The company will also develop and commercialize innovative products that improve the accuracy and consistency of other important in vitro diagnostic (IVD) tests, leveraging an extensive intellectual property portfolio it has built over the past decade.

“RTW is committed to supporting innovative healthcare companies that both improve patients’ lives and enable cost-effective delivery of care. Magnolia is uniquely positioned to deliver on both of these requirements with Steripath’s demonstrated clinical performance and financially-backed guarantee,” said Dr. Yalamanchi. “Accurate sepsis diagnosis is a critical priority for every acute care hospital, so we’re excited to partner with Magnolia as the company accelerates adoption of this new standard of care,” he said.

About Magnolia Medical

Magnolia Medical 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 IVD laboratory tests. Magnolia Medical invented and has pioneered the ISDD technology platform for blood culture collection and contamination prevention. The Steripath ISDD has been shown in peer-reviewed clinical trials to reduce blood culture contamination, which helps healthcare providers to decrease false positive diagnostic results for sepsis and the resulting unnecessary and inappropriate antibiotic use. This reduces the risk of *Clostridium difficile* infections, multi-drug resistant organisms and other antibiotic-related complications, length of stay and associated healthcare-acquired infections while significantly reducing hospital-wide costs. The company has amassed an IP portfolio protecting its technology and products, including more than 60 issued method, apparatus and design patents with over 50 additional patent applications pending. For more information, visit www.magnolia-medical.com.