

Obalon® Secures \$16.5 Million Series C Financing and Achieves Key Milestones in Providing a Novel, Nonsurgical Device for Weight Loss

The Associated Press

SAN DIEGO--(BUSINESS WIRE)--Jul 18, 2012--Obalon Therapeutics, Inc. announced it closed a \$16.5 million Series C private equity financing, began enrolling patients in a U.S. clinical trial, received CE Mark approval and had weight loss data presented at the IFSO European Congress (International Federation for the Surgery of Obesity and Metabolic Disorders).

Obesity is a worldwide epidemic. Although bariatric surgery has demonstrated strong weight loss results, the surgeries are costly, irreversible and used in less than 1% of the eligible population. Physicians, patients and payers all agree there is a compelling need for new products and technologies to address this gap.

Obalon is developing a novel, nonsurgical, fully-reversible device for weight loss. The device consists of a capsule containing a balloon that is swallowed and then remotely inflated. The balloon is intended to occupy space in the stomach to create a feeling of fullness to help people eat less. Additional balloons can be swallowed and inflated during the treatment period as indicated for weight loss. At the end of the treatment period, the balloons are removed.

Clinical trial results reported by Dr. Ariel Ortiz at the IFSO European Congress this year showed 34% excess weight loss in a three-month study in Mexico. Dr. Ortiz also announced preliminary results of approximately 45% excess weight loss in a similar European study.

Obalon received IDE approval from the FDA and has begun enrolling its first clinical study in the U.S. to begin evaluating the safety and efficacy of the device. This was Obalon's first submission to the FDA for a trial in the U.S. The Company has completed four clinical trials outside the U.S.

The Company has received CE Mark approval for the Obalon Gastric Balloon System to allow commercial sales in the European Union. Obalon expects to begin initial commercial distribution in Europe this summer. In the U.S., the device is not commercially available and is only being studied in clinical trials as investigational device.

InterWest Partners (Menlo Park, California) led the \$16.5 million Series C financing with previous investors, Domain Associates (Princeton, New Jersey) and Okapi Venture Capital (Laguna Beach, California), also participating.

About Obalon Obalon is a private medical technology company based in San Diego, California focused on developing innovative, high-quality gastric balloon technology

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for weight loss therapy. www.obalon.com.

CONTACT: Obalon Therapeutics, Inc.

Andy Rasdal, CEO +1.760.795.6557 arasdal@obalon.com www.obalon.com

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