

## Quarterly Cash Flow Report

**October 16, 2017 – Melbourne, Australia and Minnesota, United States** – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 30 September 2017.

### Key highlights

- Sales growth continued in 3Q 2017, with 8% quarter-on-quarter unit sales growth vs 2Q 2017
- 12<sup>th</sup> consecutive quarter of growth achieved, despite substantial disruption to key sales territories from Hurricanes Harvey and Irma
- Leading indicators for future growth remain strong, with 52 hospitals now in the evaluation-to-purchase phase (compared with 83 hospitals currently purchasing)
- Sales team expansion remains on track for 26-28 personnel by the end of CY 2017
- Cash receipts from customers up 52% quarter-on-quarter vs 2Q 2017
- Strong balance sheet with cash of US\$36m at 30 September 2017 (A\$43m at FX rate of \$0.80)

Mike McCormick, Osprey President and CEO said:

*“Our thoughts are with all those affected by this year’s unprecedented hurricane season. Hospital operations in Southern Texas, Florida and Georgia were severely affected by Hurricanes Harvey and Irma for a period of several weeks leading to the postponement or cancellation of routine heart imaging procedures involving Osprey’s products. We were encouraged by continued strong growth in unaffected territories and pleased that our overall sales growth was positive. With the affected areas now largely returned to normal operations, we have seen a strong start to the current quarter and look forward to resuming our strong growth trajectory.”*

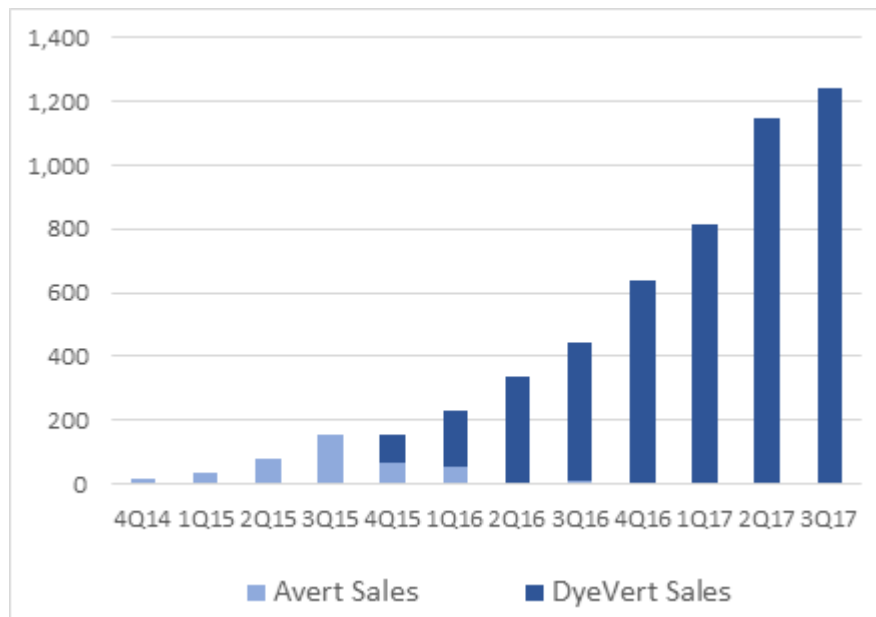
### Sales growth despite substantial disruption from hurricane Harvey and Irma in key sales territories

Osprey reported its twelfth consecutive quarter of unit sales growth for its dye saving technologies. DyeVert and DyeVert Plus unit sales grew by 8% to 1,241 units in 3Q 2017, compared to 1,149 units sold in 2Q 2017. This represents growth of 178% compared with 3Q 2016. Sales reached US\$441k in 3Q 2017 up 183% vs 3Q 2016 (US\$156k).

Unit sales growth was materially impacted by Hurricanes Harvey and Irma, which caused widespread disruption across a number of highly populated areas in the southern United States. In many of the hurricane-affected areas, routine hospital procedures were postponed or cancelled over a period of several weeks, resulting in a temporary fall in demand for Osprey’s products.

In recent quarters, Osprey’s sales territories in the affected areas of South Texas, Florida and Georgia have generated two-thirds of Osprey’s unit sales. The exceptional impact of the hurricanes led to a decline in unit sales in these territories compared with the second quarter 2017. Continued strong growth in the unaffected territories enabled Osprey to record a modest growth rate for the business as a whole.

**Quarterly unit sales since inception**



### **Stable selling price and strong cash conversion**

Pleasingly, the average selling price of the DyeVert and DyeVert Plus System remained stable at US\$355, reflecting the strong customer value proposition of the systems.

Cash receipts from customers were US\$444k in 3Q 2017, up 52% quarter-on-quarter vs 2Q 2017.

### **Strong leading indicators for future growth**

Despite hurricane-related disruption in a number of new and existing sales territories, customers purchasing the DyeVert System expanded to 83 hospitals in 3Q 2017, up 9% over 2Q 2017. There are currently 52 hospitals in the evaluation-to-purchase stage reflecting a strong pipeline of future customers. The growth of new customers and strong pipeline of evaluating customers demonstrates the rapid Physician adoption of the DyeVert System.

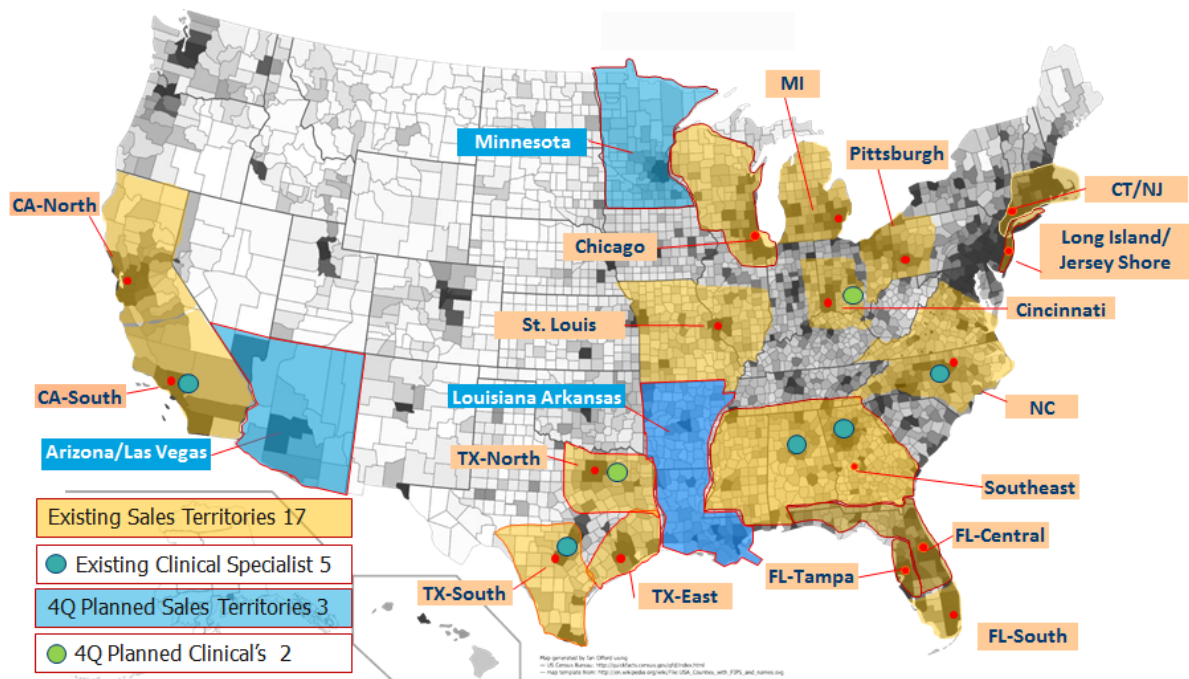
DyeVert Plus became Osprey's dominant product platform in 3Q 2017 with 61% of sales in the new technology. Selling time was spent with new and existing customers evaluating the DyeVert Plus system, demonstrating the benefits of real-time threshold monitoring of dye.

### **Continued sales force expansion**

Osprey's 22-person sales team is focused on expanding DyeVert sales throughout the US. Sales representatives (17) are seasoned medical device professionals with at least ten years of previous selling experience and clinical specialists (5) are registered nurses or certified technologists. Sales reps focus on opening new hospitals and clinical specialists focus on expanding utilization in new hospitals. This sales

approach allows for education on disease prevention and product training to ensure rapid adoption and patient protection.

Osprey intends to hire new reps and clinical specialists where there is a high incidence of chronic kidney disease. Planned new sales representatives to be hired in 4Q 2017 are indicated on the map below in blue, and new clinical specialists are indicated with green circles. The sales team is on track to grow to approximately 26-28 people by the end of 2017, up 73% over December 2016.



**Osprey Medical is hosting an investor conference call on Tuesday 17<sup>th</sup> October at 11.00am Australian Eastern Standard Time (8.00am Hong Kong/Singapore, 7pm Monday 16<sup>th</sup> October US Minneapolis, MN).**

#### **Call details:**

Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	+612 9007 3187
Hong Kong	800 966 806
Singapore	800 101 2785
United States	855 8811 339

#### **Conference Identification: 313825**

#### **Contact details:**

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## **About Osprey**

Osprey Medical is focused on protecting patients from the harmful effects of X-ray dye (contrast) used during commonly performed angiographic imaging procedures. The Company's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker IDI Heart and Diabetes Institute. Its proprietary dye reduction and monitoring technologies are designed to help physicians minimize dye usage. The Company's DyeVert™ System is a next-generation product that reduces contrast while maintaining image quality in a self-adjusting easy-to-use design. Osprey Medical's Board and Management are comprised of experienced and successful personnel with established track records covering medical device development, regulatory approvals, sales and marketing, and mergers-acquisitions. Osprey Medical's advisory board comprises world-recognised experts in heart and kidney diseases.

## **Forward-Looking Statements**

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to commercialize our products including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrolment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position. Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Osprey does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Osprey may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

## **Foreign Ownership Restriction**

Osprey's CHES Depositary Interests (CDIs) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of Osprey's CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Osprey Medical, Inc.

**ARBN**

152 854 923

**Quarter ended ("current quarter")**

September 30, 2017

<b>Consolidated statement of cash flows</b>		<b>Current quarter Q3 \$'000 USD</b>	<b>Year to date 9 Months \$'000 USD</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		444	1,028
1.2 Payments for			
(a) research and development		(475)	(1,623)
(b) product manufacturing and operating costs		(274)	(616)
(c) advertising and marketing		(590)	(1,779)
(d) leased assets		-	-
(e) staff costs		(2,220)	(6,315)
(f) administration and corporate costs		(235)	(756)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		32	40
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(3,318)</b>	<b>(10,021)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(65)	(161)
(b) businesses (see item 10)		-	-
(c) investments		-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter Q3 \$'000 USD</b>	<b>Year to date 9 Months \$'000 USD</b>
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(65)</b>	<b>(161)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	25,493	25,493
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	78	78
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,157)	(1,157)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>24,414</b>	<b>24,414</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	15,054	21,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,318)	(10,021)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(161)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	24,414	24,414

<b>Consolidated statement of cash flows</b>		<b>Current quarter Q3 \$'000 USD</b>	<b>Year to date 9 Months \$'000 USD</b>
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>36,085</b>	<b>36,085</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$'000 USD</b>	<b>Previous quarter \$'000 USD</b>
5.1 Bank balances	36,085	15,054
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>36,085</b>	<b>15,054</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

<b>Current quarter \$'000 USD</b>
189
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments represent remuneration paid to executive and non-executive directors.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

<b>Current quarter \$'000 USD</b>
-
-

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**8. Financing facilities available**

*Add notes as necessary for an understanding of the position*

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

**Total facility amount  
at quarter end  
\$'000 USD**

**Amount drawn at  
quarter end  
\$'000 USD**

-

-

-

-

-

-

**9. Estimated cash outflows for next quarter**

**\$'000 USD**

9.1 Research and development

(200)

9.2 Product manufacturing and operating costs

(300)

9.3 Advertising and marketing

(500)

9.4 Leased assets

-

9.5 Staff costs

(2,350)

9.6 Administration and corporate costs

(250)

9.7 Other (provide details if material)

-

**9.8 Total estimated cash outflows**

**(3,600)**

**10. Acquisitions and disposals of  
business entities  
(items 2.1(b) and 2.2(b) above)**

**Acquisitions**

**Disposals**

10.1 Name of entity

n/a

n/a

10.2 Place of incorporation or  
registration

n/a

n/a

10.3 Consideration for acquisition or  
disposal

n/a

n/a

10.4 Total net assets

n/a

n/a

10.5 Nature of business

n/a

n/a



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Australian Secretary

Date: 16 October 2017

Print name: Brendan Case

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
5. Accounting Standards. ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.