

Quarterly Cash Flow Report

January 24, 2018 – Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 31 December 2017.

Key highlights

- Sales unit growth continued in 4Q 2017, with 15% quarter-on-quarter growth vs 3Q 2017
- 123% growth in unit sales compared to 4Q 2016
- 13th consecutive quarter of growth achieved
- Leading indicators for future growth remain strong, with 98 hospitals having purchased DyeVert or DyeVert Plus and 62 hospitals now in the evaluation-to-purchase phase
- Cash receipts from customers up 7% quarter-on-quarter vs 3Q 2017
- Strong balance sheet with cash of US\$32m at 31 December 2017 (A\$41m at FX rate of \$0.78)

Continued unit sales growth and positive reception to new products

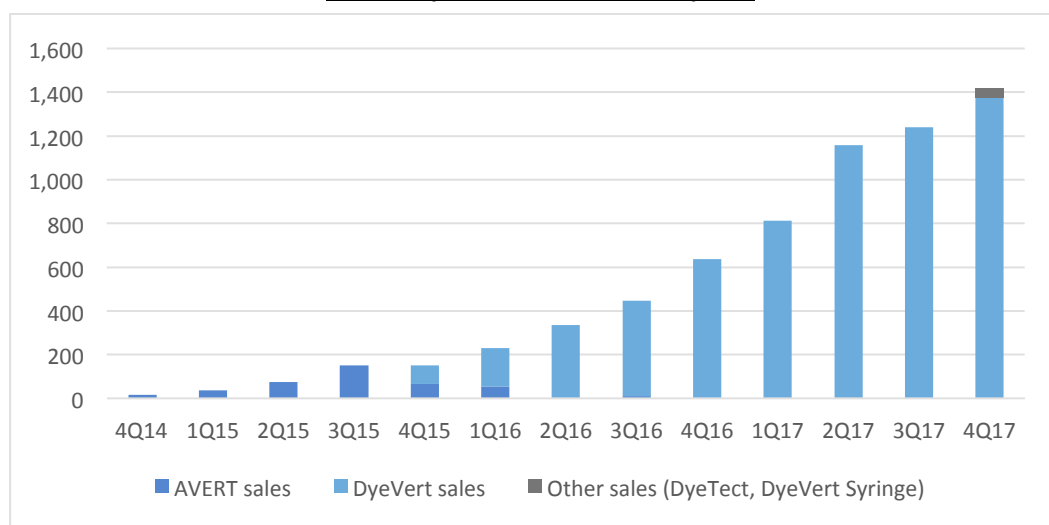
Osprey reported its thirteenth consecutive quarter of unit sales growth for its dye saving technologies, with sales of 1,421 units of its consumable products recorded during the quarter.

DyeVert and DyeVert Plus unit sales grew by 11% to 1,376 units in 4Q 2017, compared to 1,241 units sold in 3Q 2017. This represents growth of 116% compared with 4Q 2016.

The company's new DyeTect and DyeVert Syringe products received a positive reception and recorded sales of 45 units in the quarter with a limited launch in only 3 territories.

In the majority of the company's sales territories, quarterly growth was in-line with, or ahead of, each sales representatives' approved sales plan.

Quarterly unit sales since inception



Sustained growth in multiple sales territories

San Antonio and Atlanta continued their profitable growth in 4Q 2017. San Antonio sold more than 400 units in the quarter, and Atlanta sold more than 300 units, compared to the estimated cash-flow breakeven requirement of 225 units sold per quarter. Both territories continue to see strong growth as penetration of procedures within hospitals continues to increase.

Osprey continues to successfully expand its sales force in other territories. After six quarters of operation, the Company is pleased to confirm that unit sales volumes in North Carolina and Dallas, Texas, have tracked closely to the trajectory of the pilot San Antonio territory and are both on a similarly strong path to cash-flow breakeven.

These territories offer the Company strong confirmation that Osprey's two-step sales process, focused initially on using samples to gain product acceptance by key physicians, is repeatable and scalable.

Sales force performance review

All Osprey's sales representatives follow a clearly defined sales strategy, the "playbook" developed in the company's pilot sales territory of San Antonio and successfully replicated in subsequent territories. The company carefully monitors the performance of each territory against the "playbook" on the basis of multiple KPIs and lead indicators. Monitoring performance against this playbook has also enabled the Company to clearly define the characteristics of our successful sales representatives. As a result, during the quarter, the Company took the decision to replace a small number of sales representatives where performance did not meet expectations. Although the change in personnel impacted sales performance in the affected territories during the quarter, but the Company expects improved performance from them in the long term. The majority of Osprey's sales territories to continue to perform as expected.

Stable selling price and strong cash conversion

Pleasingly, the average selling price of the DyeVert and DyeVert Plus System remained stable at US\$354, reflecting the strong customer value proposition of the systems.

Cash receipts from customers were US\$476k in 4Q 2017, up 7% quarter-on-quarter unit sales growth vs 3Q 2017. In 4Q 2017, sales reached US\$492k up 121% vs 4Q 2016 (US\$223k).

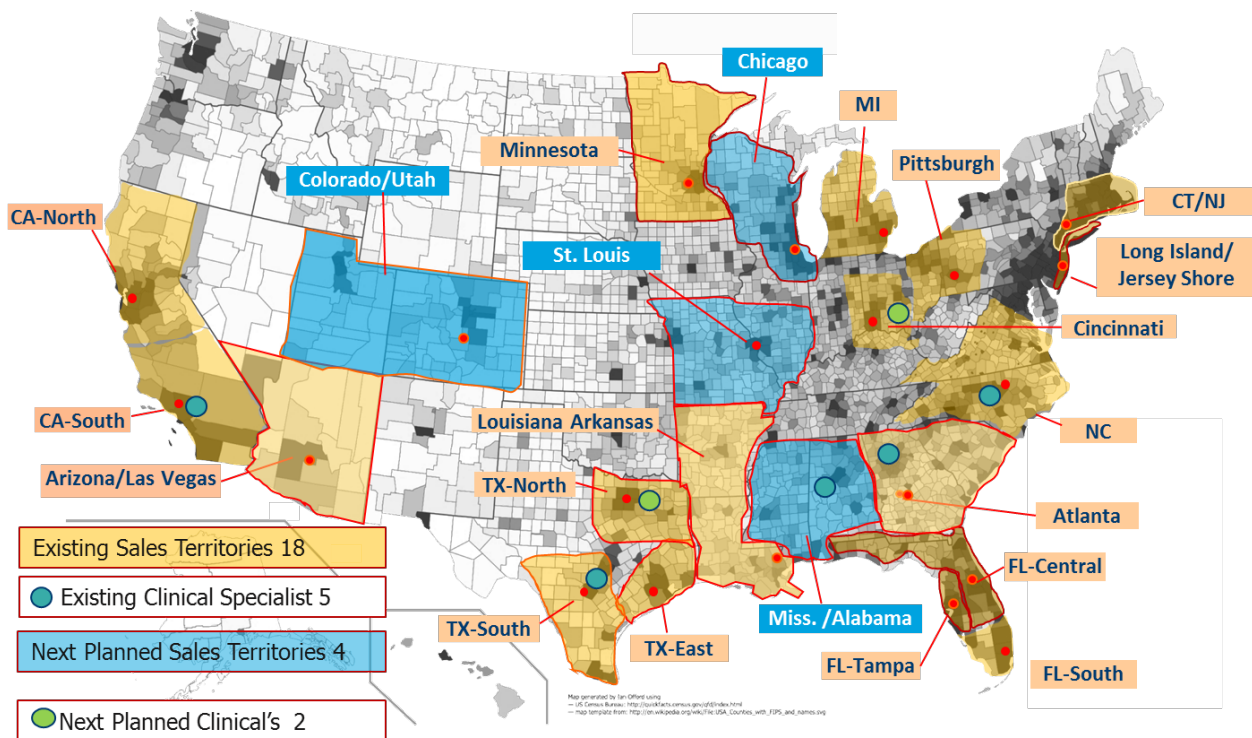
Strong leading indicators for future growth

Osprey continued to add new hospitals to its client base in CY2017, with a total of 98 hospitals having purchased DyeVert or DyeVert Plus – more than triple the level in CY2016. There are currently 62 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.

Continued sales force expansion

Osprey's sales team is focused on expanding DyeVert sales throughout the US. Sales representatives (18) 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 patients protection.

In 2018 Osprey intends to hire an additional 10 reps and 7 clinical specialists where there is a high incidence of chronic kidney disease. Planned new sales representatives to be hired in the next 90 days 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 40 people by the end of 2018, up approximately 75% over December 2017.



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Osprey Medical is hosting an investor conference call on Thursday 25th January 2018 at 11.00am Australian Daylight Savings Time (8.00am Hong Kong/Singapore, 6pm Wednesday 24th January 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: 497791

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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.

ABN

152 854 923

Quarter ended ("current quarter")

December 31, 2017

Consolidated statement of cash flows	Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	476	1,504
1.2 Payments for		
(a) research and development	(629)	(2,252)
(b) product manufacturing and operating costs	(399)	(1,015)
(c) advertising and marketing	(655)	(2,434)
(d) leased assets	-	-
(e) staff costs	(2,429)	(8,744)
(f) administration and corporate costs	(258)	(1,014)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	70	110
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)	-	-
1.9 Net cash from / (used in) operating activities	(3,824)	(13,845)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(161)	(322)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(161)	(322)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	25,493
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	35	113
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(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)	-	-
3.10	Net cash from / (used in) financing activities	35	24,449

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	36,085	21,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,824)	(13,845)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(161)	(322)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	35	24,449

Consolidated statement of cash flows		Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	32,135	32,135

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$'000 USD	Previous quarter \$'000 USD
5.1 Bank balances	32,135	36,085
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	32,135	36,085

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

Current quarter \$'000 USD
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

Current quarter \$'000 USD
-
-

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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
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.		

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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	(2,850)
9.6 Administration and corporate costs	(250)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(4,100)

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: 24 January 2018

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.