

Quarterly Cash Flow Report

19 July 2018 – Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX: OSP) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending June 30, 2018.

Key highlights

- **Quarterly revenue of \$651k, up 23% quarter-on-quarter, 15th consecutive quarter of growth**
- **DyeVert unit sales of 1,787 units, up 25% quarter-on-quarter**
- **3 National Multi-Hospital System agreements secured in 2Q**
- **Positive indicators for future growth, with 10 new purchasing hospitals and over 100 samples to evaluating hospitals in 2Q**
- **Cash receipts of \$601k, up 20% quarter-on-quarter**
- **Strong balance sheet with cash of US\$23.3m at 30 June 2018 (A\$32m at FX rate of \$0.74)**
- **Osprey releases Investor Newsletter today, 19 July 2018 with further details on key company progress**

Continued unit sales growth, stable selling price and strong cash conversion

Osprey reported its fifteenth consecutive quarter of revenue growth for its dye saving technologies, with sales of 1,955 units of its consumable products recorded during the quarter up 28% over 1Q 2018.

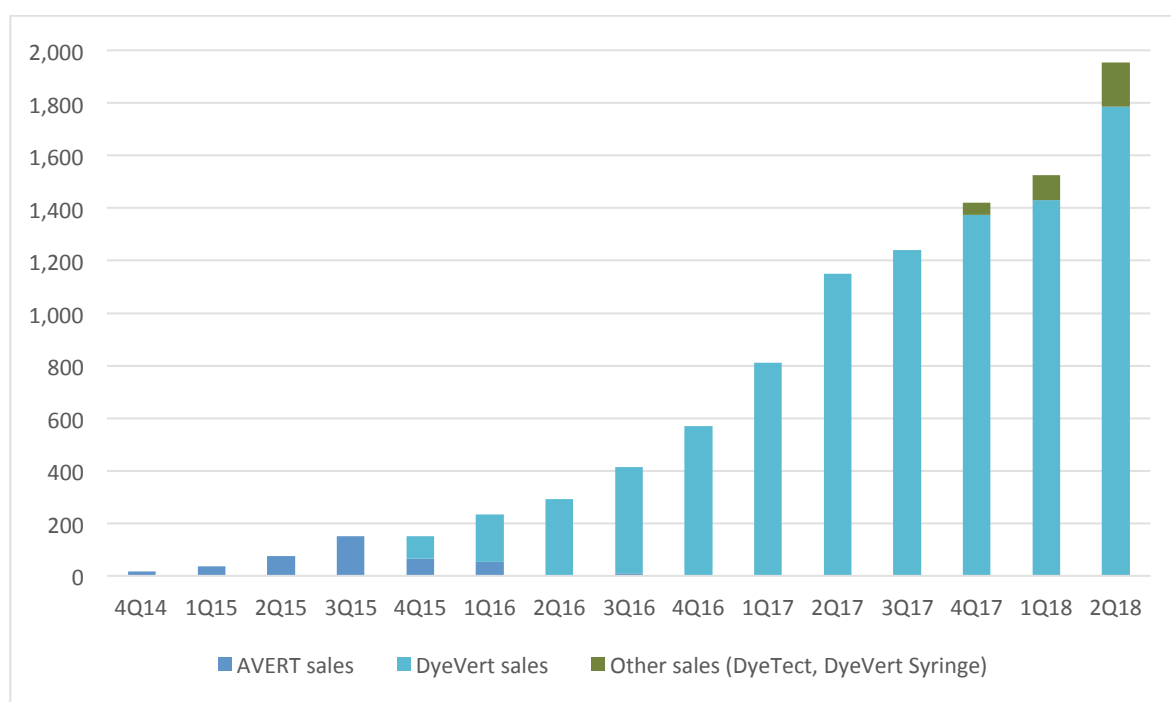
DyeVert unit sales grew 25% to 1,787 units in 2Q 2018, compared to 1,430 units sold in 1Q 2018; unit sales were up 56% over the previous year period. The company's DyeTect and DyeVert Syringe products grew 79% over the prior quarter, with 168 units sold in the quarter.

The San Antonio, Atlanta and the North Carolina sales territories continued their profitable growth in 2Q 2018. San Antonio recovered strongly from the unusually slow prior quarter, recording quarter-on-quarter unit sales growth of 33% in 2Q 2018.

Pleasingly, the average selling price of the DyeVert System continued to remain stable at around US\$350, reflecting the strong customer value proposition of Osprey's dye reduction technologies.

Cash receipts from customers were US\$601k in 2Q 2018, up 20% quarter-on-quarter vs 1Q 2018.

Quarterly unit sales since inception



Three national agreements secured with leading US multi-hospital systems

During the quarter, Osprey secured national agreements with three US multi-hospital systems for its DyeVert System.

As previously advised to the market securing multi-hospital system agreements has been a part of the growth strategy for Osprey and the complementary nature of the three agreements creates future market opportunities in the US. These agreements also support Osprey's clinical efforts on improving outcomes in Chronic Kidney Disease (CKD) patients and lowering hospital costs with its DyeVert Plus system.

As the US healthcare system moves from a volume-based payment model to one based on value and superior outcomes, hospitals are increasingly combining into multi-hospital systems.

These agreements will provide access to Osprey's technology in 250 additional hospitals across the United States, with hospitals in the 3 systems accounting for over 10% of all CKD patients in the US. Current sales territories cover +80% of the contracted hospitals and pricing of the DyeVert System is at our average selling price (US\$350) with an additional administrative fee of 3-5% to the multi-hospital system.

These agreements allow associated member hospitals to purchase the DyeVert Plus system with less lead time than through Osprey's existing hospital focused channels. On average, securing an agreement with a multi-hospital system is expected approximately halve the time taken by hospitals to trial Osprey's medical technologies (including the DyeVert Plus system) from four to two months, prior to committing to purchase.

While the new agreements create significant new market opportunities for Osprey Medical, it is too early to predict the likely impact of the agreements on the Company's financial results.

Continued sales force expansion

Sales growth over the quarter has been supported by Osprey's existing 18 sales representatives operating in 18 sales territories. Additionally, 5 clinical specialists, 1 national field trainer and 5 sales managers make up the full sales force.

This calendar year we anticipate hiring an additional 4 sales territories and 4 clinical specialists to form a total sales force of 37 by 31 December 2018.

Outlook

Osprey's forward indicators remain strong. In 2Q 2018, Osprey recorded 10 new hospitals actively purchasing the DyeVert system, and the total customer base now stands at 124 hospitals. Encouragingly, in 2Q we had 28 hospitals in the evaluation-to-purchase stage with Osprey's technology which further indicates positive future sales potential into 3Q 2018.

It is important to note that in 2Q the company's recorded sales did not include any impact from the three national multi-hospital system agreements; these newly contracted hospitals are expected to support sales growth in 3Q 2018 and future quarters.

Osprey released an Investor Newsletter today, 19 July 2018 with further details on the significant progress on our key business priorities for 2018.

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About Osprey Medical (ASX: OSP)

Osprey Medical's vision is to make heart imaging procedures safer for patients with poor kidney function. The amount of dye (contrast) used during angiographic imaging procedures increases the patient's risk for dye-related kidney damage known as Contrast Induced Acute Kidney Injury (AKI). The Company's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker Institute. Its proprietary dye reduction and monitoring technologies are designed to help physicians minimize dye usage and monitor the dose of dye real time throughout the procedure. The Company's DyeVert™ Plus System reduces contrast while maintaining image quality in a self-adjusting easy-to-use design that monitors dye usage. 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")

June 30, 2018

Consolidated statement of cash flows	Current quarter Q2 \$'000 USD	Year to date 6 Months \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	601	1,103
1.2 Payments for		
(a) research and development	(681)	(1,220)
(b) product manufacturing and operating costs	(296)	(517)
(c) advertising and marketing	(817)	(1,602)
(d) leased assets	-	-
(e) staff costs	(2,761)	(5,916)
(f) administration and corporate costs	(379)	(700)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	94	175
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	(4,239)	(8,677)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(81)	(124)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter Q2 \$'000 USD	Year to date 6 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	(81)	(124)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

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	27,654	32,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,239)	(8,677)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(81)	(124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter Q2 \$'000 USD	Year to date 6 Months \$'000 USD
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	23,334	23,334

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	23,334	27,654
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)	23,334	27,654

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	(500)
9.2 Product manufacturing and operating costs	(200)
9.3 Advertising and marketing	(700)
9.4 Leased assets	-
9.5 Staff costs	(2,700)
9.6 Administration and corporate costs	(300)
9.7 Other	-
9.8 Total estimated cash outflows	(4,400)

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:


Company Secretary

Date: 19 July 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.