



## MESSAGE FROM THE PRESIDENT AND CEO

MIKE McCORMICK

*Dear Shareholders,*

This has been an exceptionally busy period for the Osprey team, and I am pleased to report on the many significant milestones achieved since our Annual General Meeting in early May 2018.

- We have posted 15 consecutive quarters of revenue growth, with quarterly revenue of \$651k (an increase of 23% over the previous quarter) and 25% growth in DyeVert™ unit sales over the quarter
- We have secured agreements with three national multi-hospital systems in the US for the DyeVert System which is aimed at lowering the cost of patient care.
- Two hospitals have published abstracts on Contrast Induced - Acute Kidney Injury (CI-AKI) reduction by incorporating the DyeVert Plus system as part of their Kidney Care Protocol.
- We have strengthened our management team with a VP of International Sales, Senior Director of GPOs and a 5-member Sales management team

## Success accelerating the US commercialization of DyeVert Plus

Commercialization of our DyeVert Plus system accelerated in 2Q with unit sales growth of 25% and revenue growth of 22% over 1Q 2018. Sales momentum was driven by increased penetration in existing hospitals and adding new hospitals each month from our pipeline of hospitals in the sample-to-purchase phase. An important factor driving increased adoption of the DyeVert Plus system is the medical society guidelines issued jointly by the American College of Cardiology and American Heart Association that stress the importance of dye minimization and monitoring for patients at risk of dye related kidney damage. The joint guidelines emphasize the need to screen patients for risk of Contrast Induced Acute Kidney Injury (CI-AKI), ensure proper hydration for all patients, and employ dye minimization and monitoring strategies to avoid CI-AKI. These guidelines drive demand for our DyeVert Plus System as it is the only FDA cleared product proven to reduce dye without effecting image quality and provide real-time monitoring of dye use throughout the procedure. Osprey's market efforts are focused on Kidney-Care awareness campaigns to reinforce the society guidelines and the need for minimization of dye use in at risk patients.

## Osprey secures three national multi-hospital system agreements

As previously advised to the market, securing multi-hospital system agreements has been a growth strategy for Osprey Medical in the US. The US healthcare industry is currently transitioning from volume-based to value-based care. Value-based purchasing decisions are increasingly moving away from individual physicians and local hospitals towards large, multi-hospital systems called

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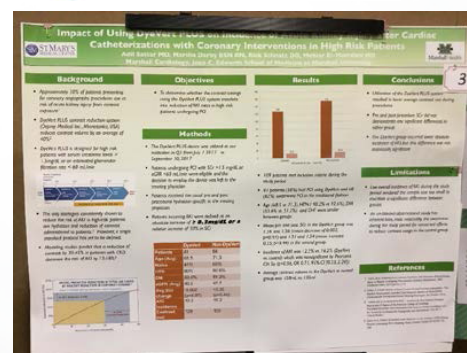
# Acute Kidney Injury rate decline in hospitals using DyeVert Plus in their Kidney Care protocol

Two hospitals have reduced their Contrast Induced Acute Kidney Injury (CI-AKI) rate using Osprey's DyeVert Plus System as part of implementing a Kidney Care protocol in their Cardiac Cath Lab. Houston Methodist Sugar Land Hospital (Texas) has shown a 22% reduction in its rate of CI-AKI, while St Mary's Hospital (West Virginia) has reduced its CI-AKI rate by 25%.

CI-AKI comes with a burdensome cost to hospitals as patients with CI-AKI require additional hospital stay averaging four days, which is generally not reimbursed by payers. Additionally, patients with CI-AKI are 15 times more likely to be readmitted to the hospital which represents further costs to the hospital. These studies have shown implementation of a Kidney Care approach featuring the DyeVert Plus System reduces the rate of CI-AKI and hospital costs.

The DyeVert Plus system is focused on reducing contrast exposure for patients with poor kidney function. The amount of dye used during angiographic imaging procedures increases the patient's risk for dye-related kidney damage known as CI-AKI. Osprey's DyeVert™ Plus System is a self-adjusting, easy-to-use design that monitors contrast system indicated for contrast reduction throughout the procedure.

The findings from Houston Methodist Sugar Land Hospital's use of the DyeVert Plus System in a CI-AKI rate reduction protocol were published in an abstract at the National Cardiovascular Data Registry (NCDR) national conference in March of 2018. Its authors were also interviewed by Cath Lab Digest for a June 2018 article: **Reducing Contrast-Induced AKI in the Cath Lab**. The article provides a detailed look at how the catheterization lab developed and implemented a kidney care initiative based on clinical guidelines to reduce CI-AKI. Utilizing the NCDR Cath-PCI database, they were able to track their outcomes and highlight what tools were used to make their approach successful. Meanwhile, the findings from St Mary's Hospital's use of the DyeVert Plus System as part of reducing its CI-AKI rate were published in an abstract at the American College of Cardiology, West Virginia Chapter annual meeting.



#### Message from the President Continued...

Integrated Delivery Networks (IDN's) and Group Purchasing Organizations (GPO's). They represent some of the largest networks of hospitals and healthcare patients in the US and have some of the largest global healthcare databases.

These three secured multi-hospital agreements:

- Provide access to 250 hospitals across the US; and
- Represent over 10% of all Chronic Kidney Disease (CKD) patients and over 50,000 heart imaging procedures on these high-risk patients

With 97 percent of hospitals in the US being members of multi-hospital systems and 80 percent of all hospital expenditures being made with contracted suppliers, Osprey Medical will continue to focus on developing more group agreements.

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

#### Hospitals reduce CI-AKI with DyeVert Plus in their Kidney Care protocol

We are also pleased to report that two hospitals have successfully reduced their CI-AKI rate by more than 20% using Osprey's DyeVert Plus System as part of their Cath Lab's Kidney Care protocol.

Houston Methodist Sugar Land Hospital (Houston, Texas) and St. Mary's Hospital (Huntington, West Virginia) have both engaged the DyeVert Plus System as a part of their kidney care campaign to reduce the rate of CI-AKI at their hospitals. Sugar Land has reduced its CI-AKI rate by 22%, and St. Mary's by 25%. The amount of dye used in angiographic imaging procedures increases the patient's risk for dye-related kidney damage known as CI-AKI. Osprey's DyeVert™ Plus System reduces the amount of contrast dye delivered to the patient during heart imaging procedures while maintaining image quality and tracking real-time dye usage.

#### Osprey strengthens its management team

Osprey has grown its management team to assist us strategically through this period of continued growth, and to support new growth opportunities. To drive its long-term growth strategy of building out its network of multi-hospital systems, Osprey has hired a Senior Director of National Contracts (Alistar Barrow, MHA) to support its first-line territory sales representatives and to lead the Company's national contracting strategy with multi-hospital systems throughout the US. Outside of the US, we plan to pilot commercial activities in a few EU countries this year to understand the key factors driving market adoption in the region. To guide our efforts internationally, Osprey has hired a Vice President of International Business Development, Blair Allen. Blair joined Osprey in March 2018 and will lead the Company's international business development efforts. To keep pace with the continued growth of our US business, we have also strengthened the sales management team. In addition to Hank Butcher, VP of Sales, and Doug Schoenberg, VP of Marketing, we have hired three new field-based sales managers; LaShun Tarver, Mike Napack and Dave Michaelson.

*Mike McCormick*

Mike McCormick,  
Osprey Medical President & CEO

## Agreements signed with three national multi-hospital systems

Osprey Medical has secured agreements with three national multi-hospital systems which represent 250 hospitals across the US. The hospitals represented by these multi-hospital systems account for 10% of all chronic kidney disease (CKD) patients in the US. This represents a growth opportunity for Osprey's DyeVert Plus System to help protect patients at risk of dye related complications.

Multi-hospital systems, Integrated Delivery Networks (IDNs) and Group Purchasing Organizations (GPOs) agreements account for 80 percent of all hospital expenditures across the US. As previously advised to the market, securing agreements with these groups has been a growth strategy for Osprey Medical in the US. With 97 percent of hospitals in the US covered by multi-hospital systems, IDN and GPO agreements, Osprey Medical will continue to build out its network of agreements as a core driver for growth in the US.

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

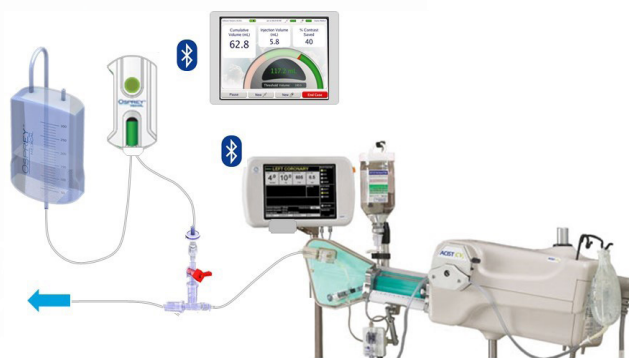
## DyeVert™ Power XT and iPad mini display monitor

Osprey is developing add-on technologies (DyeVert Power XT) to target the medical market which uses coronary angiographic power injectors.

As it stands, Osprey's current DyeVert Plus System is compatible with manual injection methods which comprise 75% of coronary angiography procedures in the US. The remaining segment of the market (25% of procedures) use a machine operated power injector in coronary angiography procedures. Manual users prefer to maintain control of their contrast dye injections, while power users prefer more automated, standardized delivery. The DyeVert Power XT, along with our DyeVert Plus System, will allow for contrast dye reduction in any coronary angiography procedure, whether administered by manual injections or power (machine-operated) injectors.

The DyeVert Power XT will include a disposable DyeVert module, contrast receptacle, and a re-usable monitor display that will interface with existing power injector equipment. DyeVert Power XT will provide users with all the same performance capabilities as our flagship DyeVert Plus technology including reducing contrast delivered to the patient, establishing of contrast thresholds, and real-time monitoring throughout the procedure. The DyeVert Power XT is currently in development with full commercialization expected in 2019.

Osprey is also developing an upgraded monitor that will incorporate advanced features for our customers. This new monitor will feature Wi-Fi, enhanced Bluetooth wireless communication capabilities, and state-of-the-art cyber security. Wi-Fi enablement will provide remote data retrieval and software updates via the cloud allowing for improved customer service. The display will provide a smaller size footprint in the cardiac cath lab and will be three times less costly to manufacture than Osprey's current LCD monitor. The display is anticipated to be available in the US in Q4 this year. ■



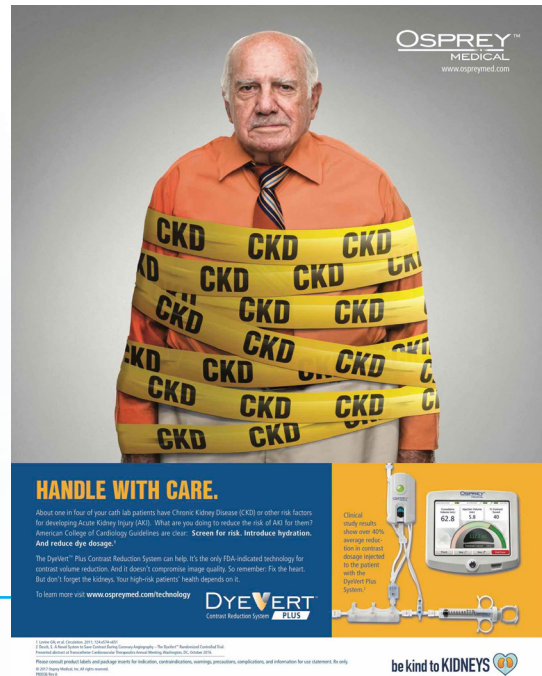


# National Kidney Month programs

Osprey leveraged National Kidney Month in March to introduce new materials and programs to advance its “Be Kind to Kidneys” educational campaign. Our first patient video was launched featuring Martha, a 76 year old grandmother who underwent a heart procedure at The University Hospital in San Antonio, TX. The video is available at <https://www.youtube.com/watch?v=QjclWf-T1Fo>.

During March, Osprey also launched its Continuing Medical Education (CME) program on “Identifying Patients at High Risk for Kidney Failure in the Cath Lab” for Physicians, Nurses, and Technologists.

Osprey continues to run advertisements in leading cardiology publications on the ideal use of DyeVert with at-risk Chronic Kidney Disease (CKD) patients undergoing a coronary angiogram procedure. ■



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www.ospreymed.com

**HANDLE WITH CARE.**

About one in four of your cath lab patients have Chronic Kidney Disease (CKD) or other risk factors for developing Acute Kidney Injury (AKI). What are you doing to reduce the risk of AKI for them? American College of Cardiology Guidelines are clear: **Screen for risk. Introduce hydration. And reduce dye dosage!**

The DyeVert™ Plus Contrast Reduction System can help. It's the only FDA-indicated technology for contrast volume reduction. And it doesn't compromise image quality. So remember: Fix the heart. But don't forget the kidneys. Your high-risk patient's health depends on it.

To learn more visit [www.ospreymed.com/technology](http://www.ospreymed.com/technology)

**DYEVERT™ PLUS**  
Contrast Reduction System

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A DyeVert™ Plus Contrast Reduction System is shown. DyeVert™ Plus is a registered trademark of Osprey Medical, Inc. All other trademarks are the property of their respective owners.  
Please read product literature and package inserts for indications, contraindications, warnings, precautions, complications, and information for use. Statement for only English language version is not applicable.

**be kind to KIDNEYS**

## Osprey strengthens its management team

The US healthcare industry is in a transformational phase in which the business model is transitioning from volume to value. Value-based purchasing decisions are increasingly moving away from individual physicians and local hospitals towards large, multi-hospital systems called Integrated Delivery Networks (IDN's) and Group Purchasing Organizations (GPO's). To educate these more economically sophisticated decision makers, Osprey has hired a Senior Director of National Contracts (Alister Barrow, MHA) to support its first-line territory sales representatives.

Alister joined Osprey in March and will lead the Company's national contracting strategy. Alister has a Master's degree in Health Administration and has previous experience leading the national contracting strategy for Johnson & Johnson Cordis and DePuy Synthes. Alister's strong relationships and experience working at the IDN & GPO level will help Osprey to drive DyeVert Plus market adoption with this broader stake-holder group.

Outside of the US, we plan to pilot commercial activities in Italy, the UK and Germany. We will spend the rest of 2018 gathering insights to understand the key factors driving market adoption in these countries and evaluate distribution partners in Japan. To guide our international sales efforts, Osprey has hired a Vice President of International Business Development, Blair Allen.

Blair will lead the Company's International business development efforts. Blair has more than 25 years' experience working in the medical device, biotech and pharmaceutical industry. He has an extensive history and knowledge of working within the Interventional Cardiology market both inside and outside the US. Prior to joining Osprey Medical, Blair was responsible for all global commercial activities with ACIST Medical Systems.

To keep pace with the growth of our US business, we have strengthened the sales management team. In addition to Hank Butcher, VP of Sales, and Doug Schoenberg, VP of Marketing, we are pleased to announce three new field-based sales managers. LaShun Tarver, regional manager, promoted from Atlanta sales representative position, Mike Napack, Director of Sales for the Eastern US, and Dave Michaelson, Area Director of the Western US.

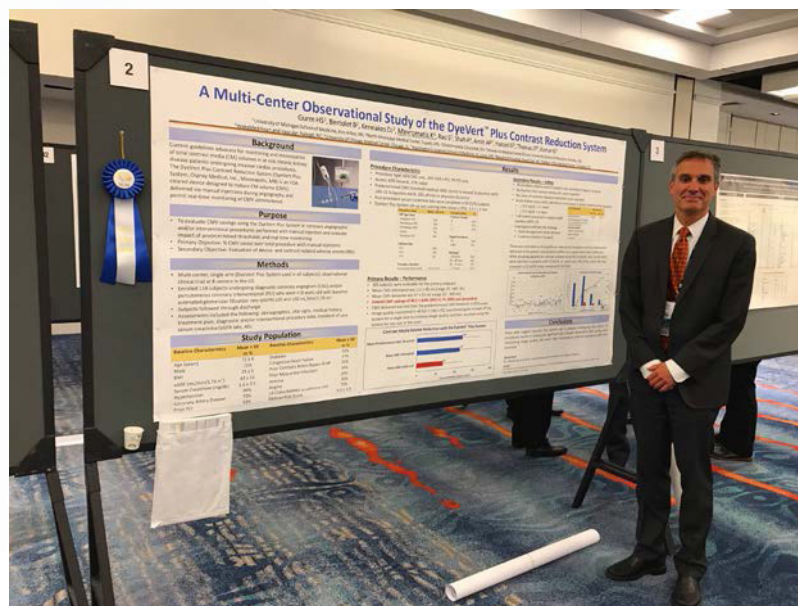
This year, Osprey intends to hire 8-10 additional representatives and/or clinical specialists in areas where there is a high incidence of chronic kidney disease. Osprey's sales management team is aligned in five geographic areas with sales managers leading teams of 4-8 direct reports. The sales team is on track to grow to approximately 42 people including sales management, by the end of 2018. ■



# DyeVert study wins Best of Show at major cardiovascular meeting

Results from the study titled "A Multi-Center Observational Study of the DyeVert™ Plus Contrast Reduction System" was presented at the SCAI Conference during a featured "Best of the Best" poster presentation by Dr. Kretan Mavromatis on behalf of the DyeVert Plus Study Investigators. Dr. Mavromatis is an Interventional Cardiologist at the Atlanta VA Medical Center/Emory University School of Medicine and was one of eight Principle Investigators on the DyeVert Plus Study. The study enrolled 114 poor kidney function patients undergoing imaging and possible treatment of blocked heart arteries. Use of the DyeVert Plus System resulted in a mean 40% contrast media (dye) volume reduction, which was statistically significant and clinically meaningful. Acute kidney injury (AKI), occurred in 11 patients, and only 3 events were attributed to contrast media.

Dr. Mavromatis commented: "This study demonstrates the DyeVert Plus System is easy to use, substantially reduces mean contrast media volume by 40%, and allows for real-time contrast threshold monitoring. The low occurrence of contrast-related adverse events in this study suggests a relationship between contrast media volume reduction and contrast-related adverse events."



Of the 370 abstracts accepted for the 2018 SCAI Scientific Sessions, the DyeVert Plus Study was one of six abstract winners chosen and announced on April 27th in a featured session at the conference. The DyeVert study abstract was published in parallel in the April issue of Catheterization & Cardiovascular Interventions.

Throughout the conference, several live case demonstrations were remotely broadcast from hospitals in the US and Europe. Dr. Emmanouil Brilakis, from the Minneapolis Heart Institute, provided a live complex case demonstration of a chronic total occlusion procedure that included the use of DyeVert Plus as a dye minimization strategy. Chronic total occlusion procedures involve treatment of one or more blocked coronary arteries in a highly complex procedure typically involving extended procedure times and large doses of contrast media.

Selection of the DyeVert study for Best of the Best abstract and the use of DyeVert in a live case presentation shows the prominence of the technology to the physician community as they seek new ways to lower AKI in at risk patients. ■

## FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements, relating to Osprey Medical's business, which can be identified by the use of forward-looking terminology such as "promising," "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property.

## DyeVert™ Systems Regulatory Status:

- Europe – CE Mark obtained
- Australia – TGA approval obtained
- United States – 510(k) cleared

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