Quarterly Cash Flow Report

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

Key highlights

- **Osprey has received the Breakthrough Technology Award from Premier Inc., one of the largest Group Purchasing Organisations (GPOs) in the US allied with 4,000 US hospitals**
- **Including Premier with Osprey's three existing GPO contracts represents 50% of Osprey's addressable market for Chronic Kidney Disease in the US**
- **DyeVert unit sales up 48% over previous year corresponding period and up 3% vs 2Q 2018**
- **Revenue of US$620k, up 40% over previous year corresponding period and down 5% vs 2Q 2018**
- **Cash receipts of US$683k, up 14% vs 2Q 2018**
- **Strong balance sheet with cash of US$19.1m / A$26.5m at 30 September 2018**
- **FDA clearance of DyeVert EZ, a next generation device with additional ease of use advantages**
- **Capital raising of up to A$20.5m to accelerate Osprey's growth strategy**

Osprey has today also released a separate announcement and an investor presentation with additional detail on the capital raising, and on the company's sales performance and strategic evolution.

Mike McCormick, President and CEO of Osprey Medical, commented:

"In just four months, Osprey has signed three national agreements with leading GPO in the US and the inclusion of Premier represents 50% of the addressable market for the company's dye savings technologies.

Negotiating the pricing and terms in these agreements and refocusing our sales team to take advantage of them to accelerate our sales growth has been a major undertaking for the company. While we are confident in the long-term benefits of this added 'top-down' support for our field-based sales representatives, our shift to driving penetration with current GPO customers and targeting new GPO hospitals has resulted in a short-term impact to our unit sales. We expect our GPO-focused selling efforts to streamline new hospital acquisition and drive increased penetration in existing hospitals and we look to accelerate our sales growth as our national accounts strategy matures in FY 2019."

3Q 2018 unit sales growth and financial performance

DyeVert unit sales grew 3% to 1,839 units in 3Q 2018, compared to 1,787 units sold in 2Q 2018; unit sales were up 48% over the previous year period. Total unit sales, including DyeTect reached 1,933.

Sales growth in this quarter was impacted by the company's reprioritisation of target hospitals within each territory to align with the GPO agreements Osprey recently signed at a national level. The Company's GPO sales execution strategy guided sales reps to focus on GPO contracted hospitals, driving further penetration in existing accounts and initiating the sales process in new hospitals. As the evaluation-to-purchase cycle is

typically at least two months, the company expects to begin to realise the benefits of the new GPO agreements in the coming quarters. Average Order Size per hospital increased by 11% in 3Q 2018 compared to 2Q 2018, supporting the company's confidence in this strategy.

In 3Q 2018, revenues were $620k, up 40% vs 3Q 2017 (US$441k). Revenues declined 5% quarter on quarter driven by the payment of administrative fees to the GPOs representing 3-5% of the company's relevant revenues. Additionally, during the quarter, the company offered introductory pricing for new European distributors to establish local inventories. These revenues represented a low single-digit share of the company's revenues. The US Average Selling Price (excluding administrative fees to GPOs) for DyeVert was stable at $350 reflecting the product's strong value proposition.

Cash receipts from customers were US$683k in 3Q 2018, up 14% quarter-on-quarter vs 2Q 2018.

Osprey receives Breakthrough Technology Award from Premier, Inc.

Osprey is pleased to announce the company has received notification that the DyeVert Plus system has received the Breakthrough Technology Award from Premier Inc., a leading healthcare improvement company. This impending contract will allow Premier members, at their discretion, to take advantage of special pricing and terms pre-negotiated by Premier for Osprey's technology.

DyeVert Plus has been selected for the Breakthrough Technology Award through meeting key selection criteria including improving clinical outcomes and offering process-of-care cost savings.

Premier is a leading healthcare improvement company in the US, comprising an alliance of approximately 4,000 U.S. hospitals and 165,000 other providers with the vision of transforming healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and advisory and other services, Premier enables better care and patient outcomes at a lower cost.

Transition to GPO-focused sales strategy

Over the last 6 months, Osprey has focused on establishing contractual relationships with US multi-hospital systems (GPOs).

Osprey's success with GPOs is relatively unusual for new devices and early revenue stage companies. The awards are reflective of four key factors:

1. **High "burden of illness"** – the significant prevalence and cost of AKI for GPO member hospitals,
2. **Measurable results** – the NCDR database measures AKI as a key quality indicator in its quarterly reports, enabling GPOs to effectively track improvements over time
3. **Effective physician engagement** – joint physician society guidelines (AHA/ACC/SCAI) stress the importance of dye minimization and DyeVert is the only FDA approved product to facilitate achieving this goal
4. **Single department metric** – reduction of contrast related AKI is a single hospital department focus making it easier to achieve quality improvement.

Osprey's field-based sales force is now transitioning its focus to hospitals covered by these GPO contracts, as purchase orders from member hospitals will likely be subject to simpler review and approval by hospital's value assessment committees and procurement departments.

A number of Osprey's existing sales territories contain clusters of GPO affiliated hospitals. To date, Osprey sales representatives have needed to receive procurement approvals in each hospital individually, with limited benefits from serving hospitals within the same GPO.

Going forward, sales representatives will prioritise hospitals within Osprey's national agreements. Analysis of the distribution of CKD in each territory's GPOs underpins Osprey's near-term sales strategy.

Osprey expects to shortly enter into a separate GPO contract with Premier following the Breakthrough Award. An agreement with Premier, together with the three signed GPO contracts, represents 50% of total US cases of CKD.

Premier "Burden of Illness" study

Premier completed a "Burden of Illness" study for the period 2012-2017 that examined charge code data from 749-member hospitals with over 2.8 million CKD patients undergoing angiography procedures (heart imaging and/or stenting). Key findings provide compelling evidence of the growing occurrences, health consequences and the economic burden of AKI, as follows:

- AKI in CKD patient population undergoing angiography increased from 18% to 28% from 2012 to 2017
- Mortality rates post angiography were 61% higher in CKD patients who had AKI events
- Economic burden to all healthcare providers for AKI 90 days post angiography was US$1.67 billion over the five-year period of the study.

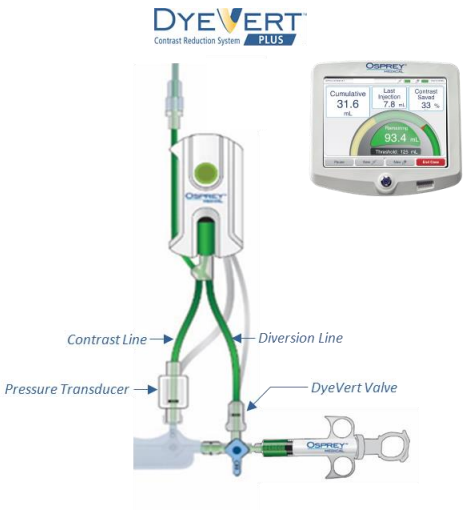
Premier has submitted an abstract to the American College of Cardiology annual scientific sessions (March 2019) and has a manuscript planned for peer reviewed publication in 2019. The Premier "Burden of Illness" study will add to Osprey's body of clinical evidence supporting the use of DyeVert. The company intends to use the study to drive adoption in GPO targeted hospitals.

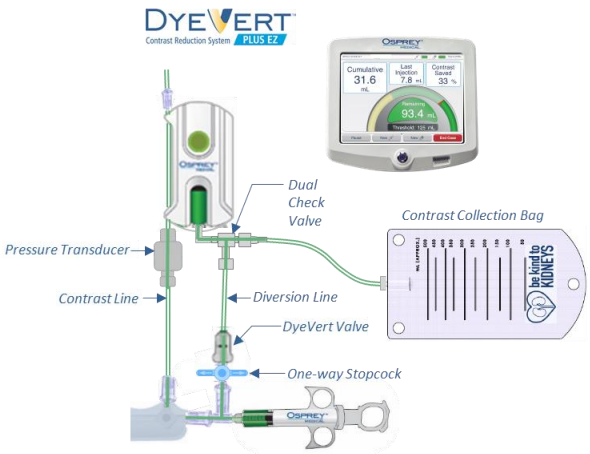
FDA clearance of DyeVert EZ

Osprey is pleased to announce that it has secured FDA clearance for its new DyeVert EZ system. DyeVert EZ offers a number of enhancements to Osprey's successful DyeVert Plus product including:

- Intuitive, one-way "positive" prime of the system reducing setup time from minutes to seconds relative to DyeVert Plus
- Intuitive and easy-to-remember priming, with fewer system components requiring air removal before use
- Diverted volume of dye can be seen in the collection bag at the end of the procedure

The list price and GPO contract price for DyeVert EZ will be the same as the DyeVert Plus. Over time, Osprey expects the DyeVert EZ will become the company's primary platform product, given its enhanced convenience and value to the end-use customer.





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, 8 clinical specialists, 1 national field trainer and 3 sales managers make up the full sales force.

Within the next year the Company anticipates hiring an additional 4-6 sales representatives and 5-8 clinical specialists with a primary focus in areas with concentration of contracted GPO hospitals and strong prevalence of CKD.

Outlook

Osprey released an updated Investor Presentation today, 30 October 2018, with further details on the company's evolving sales strategy and significant progress on the company's key business priorities for 2018.

CONFERENCE CALL DETAILS

Investors are invited to join a conference call hosted by CEO Mike McCormick on Tuesday 30th October 2018 at 9:00am Australian Eastern Daylight Time (6:00am Hong Kong/Singapore, 5:00pm Monday 29th October 2018 US Minneapolis, MN).

To pre-register, please follow this link:

https://services.choruscall.com.au/diamondpass/ospreymedical-336699-invite.html

You will receive a calendar notification with dial-in details and a PIN for fast track access to the call.

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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 CHESS 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.

+Rule 4.7B

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	**Quarter ended ("current quarter")**
152 854 923	September 30, 2018

Consolidated statement of cash flows		**Current quarter Q3 $'000 USD**	**Year to date 9 Months $'000 USD**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	683	1,786
1.2	Payments for		
	(a) research and development	(645)	(1,865)
	(b) product manufacturing and operating costs	(260)	(777)
	(c) advertising and marketing	(788)	(2,390)
	(d) leased assets	-	-
	(e) staff costs	(2,977)	(8,893)
	(f) administration and corporate costs	(361)	(1,061)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	89	264
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**	**(4,259)**	**(12,936)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(10)	(134)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter Q3 $'000 USD	Year to date 9 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**	**(10)**	**(134)**

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	23,334	32,135
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,259)	(12,936)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(134)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter Q3 $'000 USD**	**Year to date 9 Months $'000 USD**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**19,065**	**19,065**

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	19,065	23,334
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)**	**19,065**	**23,334**

6.	**Payments to directors of the entity and their associates**	**Current quarter $'000 USD**
6.1	Aggregate amount of payments to these parties included in item 1.2	195
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

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**	**Current quarter $'000 USD**
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	-

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*	**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.

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	(2,900)
9.6	Administration and corporate costs	(300)
9.7	Other	-
9.8	**Total estimated cash outflows**	**(4,600)**

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: Date:
Company Secretary

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.