

29 October 2020

Strong quarter for Osprey with milestone distribution agreements signed

Minnesota, United States and Melbourne, Australia – 29 October 2020 - Osprey Medical Inc. (ASX:OSP) (**Osprey or the Company**) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 30 September 2020.

Key Highlights

- Strong month on month growth in unit sales over the quarter despite COVID interruptions, on track to return to pre-COVID levels
- Expanding sales under milestone distribution agreements signed with GE Healthcare to exclusively distribute Osprey product across the EMEA region and Regional Health Care Group to exclusively distribute across Australia & New Zealand
- Received European CE Marking approval for the 2nd generation DyeVert Power XT system
- Business remains well capitalised with a cash balance of US\$7.0m / A\$9.8 m¹ as of 30 September 2020, with a further A\$1.7 m funds raised via options exercised in October 2020

Osprey Medical CEO, Mr Mike McCormick commented: *“Despite the COVID interruptions, this has been a very significant quarter for Osprey with two milestone distribution agreements signed, with GE Healthcare across Europe, Middle East and parts of Asia; and Regional Health Care Group in Australia and New Zealand. The exclusive agreements signed with two experienced, successful, and reputable partners is a strong validation of our technology. In addition, the agreements give us access to new and attractive markets globally and complements our GPO-focused strategy in the US.”*

Entered into milestone distribution agreements with GE Healthcare and Regional Health Care Group

As announced on 30 July 2020, GE Healthcare and Osprey entered a 4-year exclusive distribution agreement, whereby GE Healthcare will exclusively distribute Osprey’s product portfolio in Europe, Russia, Middle East, Africa, Central Asia and Turkey. GE Healthcare is a highly suitable commercialisation partner for the Company, with a similar aim of improving patient outcomes. Osprey’s DyeVert™ contrast minimization systems complement GE Healthcare’s range of iodinated x-ray contrast media to provide healthcare professionals with a solution to address the rising problem of Contrast Induced Acute Kidney Injury (AKI) in patients with Chronic Kidney Disease (CKD).

In addition, Osprey has also announced a 3-year agreement with Australian-owned medical distribution company Regional Health Care Group Pty Ltd (RHCG), under which RHCG will exclusively distribute Osprey’s products across Australia and New Zealand. This agreement marks Osprey’s entry into Australia and New Zealand and is a pivotal step in achieving the Company’s goal to commercialise the DyeVert technology globally. As a well-established medical distribution company, RHCG is a strong distribution partner for Osprey with extensive experience in supplying medical equipment in Australia.

These agreements provide strong validation for Osprey’s DyeVert product offering and extends Osprey’s coverage across Europe, Russia, Middle East, Africa, Central Asia, Turkey, Australia and New Zealand.

Despite initial COVID-19 interruptions, unit sales growing strongly on a month to month basis

In 3Q 2020, Osprey sold 1,179 units which translated to quarterly worldwide sales revenue of US\$379k, representing a 68% increase vs 2Q 2020. Osprey experienced relatively low sale volumes in July due to the resurgence of the COVID-19 pandemic and re-postponement of elective procedures in the US. Despite this, it is pleasing to see that unit sales have bounced back strongly across August and September growing over 40% in August and over 50% in September on a month to month basis, as the business tracks closer to pre-COVID levels. This is a strong result for Osprey as it continues to maintain strong sales volumes with only half the workforce that it had at the same time last year.

On the cost front, Osprey is seeing strong results from its cost reduction program with operating cash outflows of US\$2.9m and net cash used in operations of US\$2.7m representing a 65% reduction and a 48% reduction respectively compared to the previous corresponding period. The cost reduction program extends on from the initiatives taken in the 2Q 2020, and it is pleasing to see these outflows further reduced this quarter, down 5% on both metrics mentioned. Osprey continues to prudently focus on its costs as it navigates through the COVID-19 period.

CE Mark received for core European product

Following the GE Healthcare agreement, on 13 August 2020, Osprey announced that it had received European CE Marking approval for the 2nd generation DyeVert Power XT system, allowing the product to be marketed and sold across Europe. The regulatory clearance represents a significant milestone for Osprey since it provides the Company with full coverage of the coronary angiography market in Europe. The CE Marking approval is timely, with the DyeVert Power XT system expected to form a core product in the portfolio to be commercialised by GE Healthcare.

Well capitalised to support future growth objectives

As of 30 September 2020, Osprey had a cash balance of US\$7.0m / A\$9.8m¹. In addition to this, subsequent to the quarter on 15 October 2020, the Company announced that it was adding a further A\$1.7 million via the issuance of new options that were issued as part of the pro-rata renounceable entitlement offer announced by Osprey on 3 April 2020. In accordance with the prospectus announced on 3 April 2020, the last and final date to exercise the unquoted options is by 15 February 2021.

As flagged previously, going forward, the Company will continue to demonstrate appropriate fiscal restraint such that it can continue its current activities during these uncertain times.

Payments made to related parties as described in item 6.1 of the Appendix 4C were for executive director remuneration.

¹ Assumes an \$A:\$US 0.714 exchange rate

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Conference Call Details

Investors are invited to join a conference call hosted by CEO Mike McCormick on Thursday, 29 October 2020 at 9:00am Australian Eastern Daylight Time (6:00am Hong Kong/Singapore, 5:00pm Wednesday, 28 October 2020 Minneapolis, MN).

Investors can dial into the event using one of the numbers below. Please dial in five minutes before the conference starts and provide your name and the conference ID.

Conference ID: 10010564

Dial-in numbers:

Australia Toll Free	1800 455 963
Alternate Australia Toll Free	1800 908 299

Australia Local Number	+61 2 9007 8048
Hong Kong	800 968 273
Singapore	800 101 2702
United States	1 855 624 0077

This release has been authorised for lodgement to ASX by Mike McCormick, CEO of Osprey Medical.

– ENDS –

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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 (CI-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™ 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 Depository 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 cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Osprey Medical, Inc.

ABN

152 854 923

Quarter ended ("current quarter")

September 30, 2020

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date (9 months) \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	285	1,358
1.2 Payments for		
(a) research and development	(389)	(1,213)
(b) product manufacturing and operating costs	(151)	(532)
(c) advertising and marketing	(227)	(1,236)
(d) leased assets	-	-
(e) staff costs	(1,845)	(7,528)
(f) administration and corporate costs	(336)	(1,096)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	15
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	(2,663)	(10,232)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19)	(263)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date (9 months) \$'000 USD
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(19)	(263)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,254
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities *	(58)	(329)
3.5	Proceeds from borrowings **	-	1,325
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	(58)	9,250

*additional transaction costs paid in July 2020 of approximately \$58k.

** Paycheck Protection Program ('PPP') a US Government Covid-19 relief program providing loans to US-based small businesses.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,772	8,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,663)	(10,232)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(263)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date (9 months) \$'000 USD
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(58)	9,250
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,032	7,032

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	7,032	9,772
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)	7,032	9,772

6. Payments to related parties of the entity and their associates	Current quarter \$'000 USD
6.1 Aggregate amount of payments to related parties and their associates included in item 1	122
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 Unused financing facilities available at quarter end	-
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$'000 USD
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,663)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,032
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	7,032
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer :

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.



Date: 29 October 2020

Authorised by: The Osprey Disclosure Committee, a committee of the Board of Directors.

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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. This report has been authorized to be released to the market by the Osprey Disclosure Committee, a committee of the Board of Directors.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.