

28 January 2021

Promising outlook for Osprey including first orders in Europe

Minnesota, United States and Melbourne, Australia – 28 January 2021 - Osprey Medical Inc. (ASX:OSP) (Osprey or the Company) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 31 December 2020.

Key Highlights

- Received first warehouse orders under the GE Healthcare distribution agreement, with hospitals ordering in Italy, Spain and UK
- In US, growth from the previous quarter continued into this quarter, with a 16% increase in total units sold despite an upswing in COVID-19 interruptions to elective heart procedures
- Rebuild progressing strongly with worldwide units sold up 42% and net revenue up 28% on the previous quarter
- Cost-effective expansion in US with strategic sales agency agreements signed covering 9 additional States.
- Business remains well capitalised with a cash balance of US\$5.8m/A\$7.5m¹ on 31 December 2020

Osprey Medical CEO, Mr Mike McCormick commented:

“This has been a positive quarter for Osprey with significant progress made and continued growth in sales despite COVID-19 interruptions globally. In Europe, we received our first orders from GE Healthcare following our milestone agreement in July 2020. While their launch has been slowed due to hospitals’ low capacity to evaluate new technologies during the pandemic, it was encouraging to see the first orders come through, with hospitals in Italy, Spain and UK ordering. In the US, we continued to see growth in sales volumes despite a COVID-19 surge and the renewed pause in elective heart procedures, with a 16% increase in total units sold compared to 3Q. These sales were achieved despite Osprey halving its salesforce compared to this time last year. Lastly, we have signed a sales agency agreement for new regions in the US, in line with our cost-effective strategy for US sales coverage expansion. We are pleased with the strong worldwide progress in the quarter and the solid foundation we have for accelerated future growth.”

Received first orders under milestone distribution agreement with GE Healthcare

Following the announcement of a 4-year exclusive distribution agreement between GE Healthcare and Osprey on 30 July 2020, GE Healthcare placed its first warehouse orders for 304 units of Osprey’s DyeVert™ contrast minimization devices. The order represents a significant milestone for Osprey as it provides strong commercial validation for Osprey’s DyeVert product offering and was made in spite of GE Healthcare’s launch being slowed by restricted access and limited evaluation of new technologies by hospitals during the pandemic.

Under the agreement, GE Healthcare will exclusively distribute Osprey’s product portfolio in Europe, Russia, Middle East, Africa, Central Asia and Turkey. Osprey looks forward to building its partnership with GE Healthcare to support the sale of its DyeVert product offering to customers across the EMEA region.

Sales continue to rebuild and grow despite an upswing in COVID-19 interruptions in Q4

In 4Q 2020, Osprey sold 1,669 units worldwide which translated to worldwide net revenue of \$486k, up 42% and 28% on 3Q respectively. In the US, Osprey sold 1,365 total units which represents a 16% increase compared to the previous quarter. The growth over 3Q and the continued rebuild in the second half of the year is pleasing given Osprey’s cost-

¹ Assumes an A\$:US\$0.77 exchange rate

reduction programs including a reduced workforce, combined with the recent upswing in COVID-19-related disruptions to elective heart procedures in US.

With respect to costs, Osprey reported operating cash outflows of US\$3.0m and net cash used in operations of US\$2.5m, representing a 3% increase and a 5% reduction respectively compared to 3Q. Despite a slight increase in operating cash outflows, it is pleasing to see further reductions in net cash used in operations. Osprey will continue to focus on its cost reduction initiatives as it navigates the uncertainty surrounding COVID-19.

Signed strategic sales agency agreement to expand commercialisation across key US regions

As announced on 26 November 2020, BioCore Inc. and Osprey entered into a 2-year strategic Independent Sales Agency (ISA) agreement, whereby BioCore's sales team will be deployed across 8 new states in the US outside Osprey's existing direct salesforce coverage. Under the agreement, Osprey will ship to and invoice hospitals within the ISA's region and pay commissions to the ISA based on total revenues. With over 20 years of experience in the sale of Cardiac Surgery, Electrophysiology and Cath Lab products, BioCore is a highly suitable partner for Osprey as part of the Company's cost-effective sales expansion strategy. Osprey is excited about the prospect of strengthening the Company's market presence across key North-Eastern markets in the US in which it does not currently have a direct salesforce.

In addition, Osprey is in advanced discussions with multiple Independent Sales Agency firms to expand its geographic coverage to other regions in the US. Osprey expects these agreements to be executed in the near-term expanding sales coverage into 8 states not currently covered by Osprey's direct sales force.

Well capitalised to support future growth objectives

As of 31 December 2020, Osprey had a cash balance of US\$5.8m/A\$7.5m¹. 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.

In addition, as part of last year's capital raising, 1.1bn unquoted options were issued at an option exercise price of 1.4c and with an expiry date of 15 February 2021. Based on today's share price, these options are currently in the money and will provide Osprey with up to A\$14.9m if all options are exercised.

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

Conference Call Details

Investors are invited to join a conference call hosted by CEO, Mike McCormick and CFO, Nancy Ness on Thursday, 28 January 2021 at 9:30am Australian Eastern Daylight Time (6:30am Hong Kong/Singapore, 4:30pm Wednesday, 27 January 2021 Minneapolis, MN).

To pre-register, please follow this link: <https://s1.c-conf.com/diamondpass/10012011-zmog72.html>

Call details:

Australia Toll Free	1800 455 963
Australia Local	+61 7 3145 4005
Hong Kong	800 968 273
Singapore	800 101 2702
United States	1 855 624 0077

Conference ID: 10012011

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 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 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")

December 31, 2020

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date (12 months) \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	481	1,839
1.2 Payments for		
(a) research and development	(425)	(1,638)
(b) product manufacturing and operating costs	(152)	(684)
(c) advertising and marketing	(165)	(1,401)
(d) leased assets	-	-
(e) staff costs	(1,984)	(9,512)
(f) administration and corporate costs	(296)	(1,392)
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	(2,541)	(12,773)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(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 (12 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	-	(263)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,233	9,487
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	(3)	(332)
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) *	66	66
3.10	Net cash from / (used in) financing activities	1,296	10,546

*Proceeds from equity securities received in advance of financing scheduled for February 15, 2021

** 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	7,032	8,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,541)	(12,773)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(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 (12 months) \$'000 USD
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,296	10,546
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,787	5,787

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	5,787	7,032
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)	5,787	7,032

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	152
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** -

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)	(2,541)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	5,787
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	5,787
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.2

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: 28 January 2021

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.