OSPREY™ MEDICAL

2021 ANNUAL REPORT

TAKING KIDNEY CARE TO HEART.

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LETTER FROM THE CHAIRMAN

JOHN ERB

Dear Shareholders,

On behalf of Osprey Medical's Board of Directors and Management, it gives me great pleasure to present the Company's Annual Report for the 2021 Financial Year.

Reflecting on the last year, 2021 remained impacted by COVID-19, and the slow recovery was witnessed throughout the world healthcare community as we worked tirelessly to recuperate from the ongoing pandemic. During this period, the Osprey Medical team remained committed to driving commercial growth globally through the US-based commercial team and the GE Healthcare and RHCG distribution agreements. Additionally, Osprey's management continued to implement its operating cost reduction strategy and secured funding to support ongoing business operations.

Osprey Medical and GE Healthcare's commercial partnership gained significant traction internationally in 2021, with increased sales of 674% to prior year and approval from Health Canada for commercial launch of DyeVert into the Canadian market. With GE Healthcare's established distribution channel in Canada, initial orders were achieved, and Osprey looks forward to the Canadian market making material contributions in 2022.

Validation of Osprey's technology through clinical publications remained a focus in 2021 with multiple global conference presentations, scientific sessions, papers, and webinars highlighting the effectiveness of the DyeVert system to reduce contrast induced acute kidney injury (CI-AKI) in the cardiac cath lab. The close collaboration between Osprey and GE was evident in the numerous presentations by key opinion leaders who spoke to the role of the DyeVert system in improving patient outcomes as well as publication of the "Three Perspectives on the Reduction of CI-AKI in Invasive Cardiology" report.

Throughout 2021, we witnessed a slow return of hospital procedure volumes, and our financial performance and growth reflect this. The units sold in 2021 increased by ~27% from 2020 achieving a net revenue of US$2.0m. Osprey's cost-effective global expansion strategy has bolstered this growth through the year whilst also achieving a ~9% reduction in operating costs from 2020. This growth in revenue and reduction in costs highlights our commercial resilience and gives hope for positive momentum to continue in 2022.

In addition to these cost initiatives, Osprey took active steps in raising capital of A$14.5m through the issue of unlisted options on a 1 for 1 basis to eligible shareholders with an exercise price of A$0.014. Further, the Company received a second loan of US$1.1m from the US Paycheck Protection Program, with the proceeds to go toward funding the ongoing commercial growth of Osprey.

Lastly, we were pleased to make two new appointments to the Osprey Medical Board of Directors - Steve Brandt and Marty Emerson - who each bring over 35 years' experience in the healthcare sector. We are excited to have Steve's and Marty's depth of experience and successful track records building commercial businesses in the cardiovascular space.

I would like to thank my fellow Board members, including CEO Mike McCormick, and Osprey's management and staff for their ongoing dedication, commitment, and determination as we continue to navigate through uncertainty in a prolonged pandemic. The progress and efficiencies achieved in 2021 will support the strong commercial foundation for growth into 2022.

On behalf of the Osprey Medical Board, I would like to thank all our shareholders for your ongoing support. We are proud of the progress made in 2021 and look forward to providing further progress updates and sharing our achievements with you throughout 2022.

Yours sincerely,

John Erb

Chairman

Osprey Medical Inc.

LETTER FROM THE PRESIDENT AND CEO

MIKE McCORMICK

Dear Shareholders,

Reflecting on 2021, as we move into a period of global recovery following COVID-19 and despite some turbulence with the emergence of new variants, Osprey has proven its resilience while emerging stronger and better equipped to serve our customers.

This period witnessed hospitals slowly increasing procedure volumes from pandemic levels and refocusing on improving patient outcomes through quality initiatives. Our contribution to improving patient outcomes and lowering healthcare costs was evident in our performance throughout the year, which overall led to a 17% increase in total sales revenue.

Our performance was underpinned by our ongoing efforts in expanding our sales coverage and fostering our relationships with distribution partners. As a result of these efforts, we achieved some strong sales milestones while also reducing our operational costs by 9%.

Continued effort and hard work from the Osprey team has resulted in many key achievements for the Company this year, such as:

Sales Expansion

Over the last 12 months we have been working hard to expand the company's worldwide sales reach. In 2021 Osprey also expanded its existing strategic agreement with GE Healthcare following approval from Health Canada for a Canadian Medical Device License (MDL). The new agreement gives GE Healthcare Canada exclusive distribution rights domestically. In a testament to the effectiveness of GE's distribution capabilities, first sales were achieved in the region shortly after the agreement was signed, and we're expecting the Canadian market to make a material contribution to group revenues in the near to medium term.

The strategic partnership with GE Healthcare also significantly contributed to the total revenue generated outside the US (OUS). OUS sales grew by ~674% in 2021 and the partnership with GE played a pivotal role in achieving this increase and contributed to ~18% of total revenues for this period. GE-led promotional activities and distribution into new markets have helped validate the clinical and commercial effectiveness of Osprey's technology and speak to a strengthened relationship with the multinational conglomerate.

Key appointments

Osprey made two key appointments to the Board in the last year - Martin Emerson and Steven Brandt - who each bring over 35 years' experience in the healthcare sector. Martin Emerson's track record of success in market development, geographic expansion, and existing market growth makes him a welcome addition to the board, and Steven Brandt's extensive experience in new therapy adoption in the cardiovascular space has already proven highly beneficial to the organisation.

Technological validation

2021 has been a busy period for Osprey, with the DyeVert technology being featured in multiple conferences, scientific sessions, papers, and webinars. The highlighting of proven clinical outcomes of our technology by key opinion leaders speaks to the important role DyeVert plays in the reduction of CI-AKI. Some of the key events Osprey was featured in included The American Heart Association Scientific Sessions 2021, Cardiovascular News, and CHIP (Complex and Higher Risk Indicated Patient) Congress in Italy.

Financial

Strong financial results have been reported this year as we witnessed an increase in units sold and an overall ~17% increase in net revenue from 2020. Our strategic partnerships and sales network expansion throughout the year bolstered our position and helped minimise the impact of COVID disruptions. Supporting Osprey's sales growth, the Company has lowered its net cash outflows from operating activities in 2021 by ~9% in comparison to 2020. These impressive results are due to the execution of Osprey's operating cost reduction strategy which aims to sustainably lower Osprey's cost base while maintaining the highest standards of product quality and consistency.

Funding throughout the 2021 period was boosted from issued unlisted options on a 1 for 1 basis to eligible shareholders with an exercise price of A$0.014 issued as part of the 2020 capital raise. The exercise of these options in February last year resulted in A$14.5m being raised by the Company before costs. Osprey also received a second loan of US$1.1m from the US Paycheck Protection Program. Funds raised in 2021 have been used toward funding the ongoing commercial growth of Osprey and strengthening our partnership with GE Healthcare.

In September 2021, Osprey completed a 100:1 stock consolidation, with the main purpose being to align the Company's share price with its listed peers, reduce volatility, and appeal to more institutional investors.

Outlook

Despite the progress made in 2021, Covid has severely curtailed our ability to progress the Company as we had envisioned. As stated in Note 2 of the consolidated financial statement, the Company does not have liquidity to fund its operations through 2022. Management is aggressively seeking additional funding during the second quarter of 2022 to secure the best long-term outcome for the technology and the Company.

Throughout 2021, we continued our efforts into improving outcomes for CI-AKI patients, and these efforts will continue throughout 2022. I would like to thank our Board of Directors, employees, and shareholders for your continued support. Looking back on Osprey's 2021 performance provides an insight into our resilience and productivity throughout the year, which in turn has established a strong runway for success in the coming year.

Mike McCormick

Osprey Medical

President and CEO

INDEPENDENT AUDITORS' REPORT

Board of Directors, Audit Committee, and Shareholders
Osprey Medical, Inc. and Subsidiary
Minnetonka, Minnesota
and
Level 13, 41 Exhibition Street
Melbourne, Victoria 3000, Australia
ARBN: 152 854 923

Opinion

We have audited the consolidated financial statements of Osprey Medical, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Osprey Medical, Inc. and Subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Osprey Medical, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations, has an accumulated deficit and does not have adequate liquidity to fund operations, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Osprey Medical, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Osprey Medical, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Osprey Medical, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Baker Tilly US, LLP

Minneapolis, Minnesota
February 25, 2022

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

As of December 31, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 5,386,483	$ 5,787,030
Accounts receivable,net	197,774	183,039
Prepaid expenses	99,563	129,637
Inventories	684,236	827,040
Total Current Assets	6,368,056	6,926,746
PROPERTY AND EQUIPMENT		
Office and computer equipment	587,934	533,942
Laboratory equipment	1,444,837	1,374,956
Furniture and fixtures	46,103	46,103
Leasehold improvements	212,635	212,635
Less: Accumulated depreciation	(1,832,338)	(1,555,040)
Net Property and Equipment	459,171	612,596
OTHER ASSETS		
Intangible assets, net of accumulated amortization of $181,191 and $168,696 as of December 31, 2021 and 2020, respectively	45,819	58,315
Right of use operating lease asset	174,311	278,194
Other asset	12,250	12,250
Total Other Assets	232,380	348,759
TOTAL ASSETS	**$ 7,059,607**	**$ 7,888,101**

LIABILITIES AND SHAREHOLDERS' EQUITY

	2021	2020
CURRENT LIABILITIES		
Accounts payable	$ 867,452	$ 821,954
Other accrued expenses	557,101	783,873
Accrued vacation	220,686	193,913
Loan payable	–	1,325,122
Operating lease liability	143,800	131,852
Total Current Liabilities	1,789,039	3,256,714
LONG-TERM LIABILITIES		
Operating lease liability – noncurrent	81,499	236,539
Total Liabilities	1,870,538	3,493,253
SHAREHOLDERS' EQUITY		
Preferred stock, $0.0001 par value; 5,000,000 and 20,000,000 authorized shares; none issued and outstanding as of December 31, 2021 and 2020	–	–
Common stock, $0.0001 par value; 100,000,000 and 3,000,000,000 authorized shares; 12,829,271 and 8,116,996 shares issued and outstanding as of December 31, 2021 and 2020, respectively	1,283	812
Additional paid-in capital	143,447,609	132,607,378
Accumulated deficit	(138,259,823)	(128,213,342)
Total Shareholders' Equity	5,189,069	4,394,848
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 7,059,607**	**$ 7,888,101**

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

As of December 31, 2021 and 2020

	2021	2020
SALES	$ 1,960,265	$ 1,671,868
COST OF SALES	1,255,050	1,223,687
Gross Profit	705,215	448,181
OPERATING EXPENSES		
Sales and marketing	5,076,167	5,730,978
General and administrative	3,434,312	3,464,224
Clinical and regulatory	2,624,667	2,426,700
Research and development	2,020,292	2,215,109
Total Operating Expenses	13,155,438	13,837,011
Operating Loss	(12,450,223)	(13,388,830)
OTHER INCOME		
Interest Income	206	16,037
Forgiveness of loans payable	2,405,865	–
Net Other Income	2,406,071	16,037
Loss Before Income Taxes	(10,044,152)	(13,372,793)
Income Taxes	2,329	5,277
NET LOSS	$ (10,046,481)	$ (13,378,070)
EARNINGS PER SHARE:		
Basic and diluted loss per common share	$ (0.82)	$ (2.26)
Basic and diluted weighted average shares outstanding	12,228,487	5,916,875

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2021 and 2020

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
BALANCES, December 31, 2019	2,159,197	$ 216	$ 122,913,631	$ (114,835,272)	$ 8,078,575
Issuance of common stock at $1.55 per share, net of issuance costs of $320,614	5,334,951	534	7,933,442	–	7,933,976
Issuance of common stock at $1.98 per share, net of issuance costs of $12,167	622,848	62	1,220,996	–	1,221,058
Stock-based compensation expense	–	–	539,309	–	539,309
2020 net loss	–	–	–	(13,378,070)	(13,378,070)
BALANCES, December 31, 2020	8,116,996	$ 812	$ 132,607,378	$ (128,213,342)	$ 4,394,848
Issuance of common stock at $2.18 per share, net of issuance costs of $16,063	4,712,275	471	10,265,336	–	10,265,807
Stock-based compensation expense	–	–	574,895	–	574,895
2021 net loss	–	–	–	(10,046,481)	(10,046,481)
BALANCES, December 31, 2021	12,829,271	$ 1,283	$ 143,447,609	$ (138,259,823)	$ 5,189,069

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (10,046,481)	$ (13,378,070)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	277,943	289,188
Amortization	12,496	12,496
Stock-based compensation expense	574,895	539,309
Loss on disposal of property and equipment	1,516	–
Forgiveness of PPP loans	(2,405,865)	–
Change in allowance for doubtful accounts	–	140,014
Changes in operating assets and liabilities		
Accounts receivable	(14,735)	141,859
Prepaid expenses	(16,242)	8,839
Inventories	145,338	6,992
Accounts payable	45,498	(272,355)
Other accrued expenses	(226,772)	(163,863)
Operating lease	(39,209)	(37,145)
Accrued vacation	26,773	5,601
Net Cash Flows from Operating Activities	(11,664,845)	(12,707,135)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(82,252)	(262,711)
Net Cash Flows from Investing Activities	(82,252)	(262,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of issuance costs	10,265,807	9,155,034
Loan payable	1,080,743	1,325,122
Net Cash Flows from Financing Activities	11,346,550	10,480,156
Net Change in Cash and Cash Equivalents	(400,547)	(2,489,690)
CASH AND CASH EQUIVALENTS - Beginning of Year	5,787,030	8,276,720
CASH AND CASH EQUIVALENTS - END OF Year	$ 5,386,483	$ 5,787,030
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for taxes	$ 2,329	$ 5,227
Transfer of inventory to property and equipment	$ 43,782	$ 65,392

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2021 and 2020

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Osprey Medical, Inc. ("Osprey," "Osprey Medical," or the "Company") is a US-based, commercial stage company focused on protecting patients from the harmful effects of X-ray dye (contrast) used during commonly performed angiographic imaging procedures. Osprey's mission is to improve outcomes in high risk patients by preventing contrast induced acute kidney injury (AKI). We focus on developing technologies that will help prevent damage to a patient's kidneys when they are being treated for heart disease in procedures requiring contrast (dye) injections. The incidence of AKI is negative for patient outcomes as well as having a negative economic impact on the health care system and providers caring for these patients. Osprey Medical is committed to making angiography safer for patients suffering from CKD, improving clinical outcomes, and reducing economic impact.

Osprey Medical's core technologies originated from research conducted at Melbourne's Baker IDI Heart and Diabetes Institute. Its proprietary contrast reduction and monitoring technologies are designed to minimize and track contrast volumes delivered to patients. The Company's DyeVert™ System reduces contrast delivered to the patient while maintaining image quality in a simple, self-adjusting, easy-to-use design. DyeVert's monitoring capabilities allow for real-time contrast monitoring throughout the procedure and the ability to establish maximum contrast thresholds customized for each patient. DyeVert's monitoring system displays total contrast delivered to the patient and the amount diverted away from the patient during the procedure.

The Company obtained European Regulatory approval (CE Mark), TGA approval, United States of America Food and Drug Administration ("FDA") clearance, and a Canadian Medical Device License (MDL) for the DyeVert Plus and DyeVert Plus EZ Systems. The Company has obtained European Regulatory approval (CE Mark), TGA (Australia) and a Canadian Medical Device License (MDL) for the DyeVert Power XT System, which reduces contrast in procedures where an automatic power injector is used. The Company received FDA clearance for medical claims of contrast savings, image quality, and reflux reduction for its various products.

The Company commenced its commercial strategy in 2015 and has since built a sales organization focused on commercializing its DyeVert Systems to acute care hospitals throughout the United States.

During 2020, the Company signed a four-year strategic alliance with GE Healthcare for exclusive distribution rights to Osprey's product portfolio in Europe, Russia, Middle East, Africa, Central Asia, and Turkey. In 2021, the Company added GE Canada as its exclusive distributor of the DyeVert System throughout Canada.

On October 30, 2007, the Company formed a wholly-owned Australian subsidiary with the name Osprey Medical Pty. Ltd. (OM Pty) for the purpose of conducting research on future products. The subsidiary began operations in early 2008.

Principles of Presentation

The consolidated financial statements include the accounts of the Company's wholly owned Australian subsidiary, OM Pty. All intercompany accounts and transactions have been eliminated in consolidation.

The U.S. dollar is the functional currency of OM Pty, and as a result, all currency gains and losses are reflected in operations. Currency gains and losses include realized amounts on transactions, and unrealized amounts related to translating accounts from local currency to the functional currency, with translation accomplished using the current rate method.

In its consolidated statements of operations, the Company segregates its operating expenses into four categories that provide useful information to both management and Company shareholders.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Cash and Cash Equivalents

Cash and cash equivalents include short term investments with maturities of three months or less from their date of purchase. The Company maintains cash balances that exceed federally insured limits; however, it has not incurred losses on such amounts to date.

Accounts Receivable

The Company grants credit to customers in the normal course of business and generally does not require collateral or any other security to support amounts due. Customer accounts with balances outstanding longer than the contractual terms are considered past due. The Company records accounts receivable at the original invoice amount less an estimate made for doubtful receivables based on periodic reviews of all outstanding amounts. The Company determines the need for an allowance for doubtful accounts by considering a number of factors, including length of time accounts receivables are past due, customer financial condition and ability to pay the obligation, historical and expected credit loss experience, and the condition of the general economy and the industry as a whole. It is the Company's policy to write off accounts receivable when deemed uncollectible. There was an allowance for doubtful accounts of $140,014, as of both December 31, 2021 and 2020.

Concentration of Credit and Other Risks

One customer accounted for 13 percent and 11 percent of the total revenue for the years ended December 31, 2021 and 2020, respectively. The same customer accounted for 16 percent and 10 percent of total accounts receivable as of December 31, 2021 and 2020, respectively. Two additional customers accounted for 17 percent and 12 percent of the total accounts receivable as of December 31, 2021.

Inventories

Inventories are stated at lower of cost (using the first in, first out method) or net realizable value, and are as follows as of December 31:

	2021	2020
Raw Materials	$ 468,783	$ 443,619
Finished Goods	215,453	383,421
Total	$ 684,236	$ 827,040

The Company has invested in its manufacturing operations to support future sales. The Company is not currently operating at full capacity. Charges related to excess capacity are included as current period charges to cost of sales and are not capitalized into inventory.

Property and Equipment

Property and equipment are recorded at cost, and depreciation and amortization are provided on the straight line method over the estimated useful lives of the assets as follows:

	Years
Office and computer equipment	3
Furniture and fixtures	7
Laboratory equipment	5
Leasehold Improvements	5

Maintenance and repairs are charged to expense as incurred. Depreciation expense on property and equipment was $277,943 and $289,188 for the years ended December 31, 2021 and 2020, respectively.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Intangible Assets

Intellectual property acquired for consideration is recorded either as research and development expense or as intangible assets, as appropriate to the use of the property. Intellectual property that has multiple future uses is capitalized when acquired, and single use property is expensed as research and development. The Company's recorded intangible assets are comprised entirely of patent applications acquired from V-Kardia Pty. (VK Pty) for which there were multiple future uses. At acquisition of these assets there was a difference between the value of the asset acquired and its tax basis, and the Company increased the assigned value of the asset acquired by the amount of the related deferred tax liability. The Company amortizes intangible assets on a straight line basis over their expected economic lives, which is equivalent to the time from acquisition through expiration of the patents expected to be issued from the acquired patent applications. The intangible assets acquired in June 2007 are expected to have a life of approximately 18 years from the date of acquisition.

Accrued Expenses

Accrued expenses consisted of the following as of December 31:

	2021	2020
Accrued payroll taxes	$ 40,992	$ 38,530
Deferred compensation	242,867	356,908
Accrued commissions	91,167	165,329
Accrued clinical	106,548	110,107
Director fees	71,250	21,250
Subscription payable	–	66,365
Other accrued expenses	4,277	25,384
Totals	$ 557,101	$ 783,873

Revenue Recognition

Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer. A good or service is considered distinct if the customer can benefit from the good or service on its own or with other resources that are readily available to the customer and the good or service is separately identifiable from other promises in the arrangement. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation in proportion to the standalone selling price for each and recognized as revenue when, or as, the performance obligation is satisfied. Each unit of product delivered under a customer order represents a distinct and separate performance obligation as the customer can benefit from each unit on its own or with other resources that are readily available to the customer, and each unit of product is separately identifiable from other products in the arrangement. Costs related to products delivered are recognized in the period incurred, unless criteria for capitalization of costs are met. Cost of sales consists primarily of direct labor, manufacturing overhead, materials, and components

The Company excludes from revenue taxes collected from a customer that are assessed by a governmental authority and imposed on and concurrent with a specific revenue-producing transaction. The transaction price for the products is the invoiced amount and may be impacted by variable consideration for certain customers, which are recorded as a reduction of revenue.

Revenue is recognized upon the transfer of control of the products, which is based on shipment terms. The Company includes shipping and handling fees in revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of sales.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flow from the use of the asset is less than the carrying amount of that asset. To date, there have been no such losses.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Lease Expense

Operating leases are included in operating lease right of use (“ROU”) assets and operating lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, we use our incremental borrowing rate based on the information available at the lease commencement date as the rate implicit in the lease is not readily determinable. The determination of our incremental borrowing rate requires management judgment based on information available at lease commencement. The operating lease ROU assets also include adjustments for prepayments and accrued lease payments, and exclude lease incentives as needed based on the lease agreement. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise such options. Operating lease cost is recognized on a straight line basis over the expected lease term. Lease agreements that include lease and non-lease components are accounted for as a single lease component. Lease agreements with a noncancelable term of less than 12 months are not recorded on our consolidated balance sheet.

Loan Payable

On April 23, 2020, the Company entered into a loan pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), as administered by the U.S. Small Business Administration (the “SBA”). The loan, in the principal amount of $1,325,122 (the “first PPP Loan”), was disbursed by Silicon Valley Bank on April 23, 2020, pursuant to a Paycheck Protection Program Promissory Note and Agreement. The Company received forgiveness for the full amount of the first PPP Loan and all accrued interest on May 20, 2021 and as a result recorded a gain on the forgiveness of $1,325,122 on the consolidated statements of operations.

On February 10, 2021, the Company entered into a loan pursuant to the Paycheck Protection Program under the CARES Act, as administered by the SBA. The loan, in the principal amount of $1,080,743 (the “second PPP Loan”), was disbursed by Platinum Bank on February 10, 2021, pursuant to a Paycheck Protection Program Promissory Note and Agreement. The Company met the PPP’s loan forgiveness requirements and received forgiveness for the full amount of the second PPP Loan on August 5, 2021, and as a result recorded a gain on the forgiveness of $1,080,743 on the consolidated statements of operations. The Company accounted for its PPP Loans as debt in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, debt and accrued interest in accordance with the interest method under FASB ASC 835-30. If the loan was forgiven in whole, and legal release was received, the Company reduced the liability by the amount forgiven and recorded a gain on extinguishment in the consolidated statement of operations.

Research and Development Costs

Research and development costs are charged to expense as incurred. The Company has acquired licenses to intellectual property that do not have multiple uses and records such acquisition costs as research and development as incurred. Consideration for such intellectual property includes current and future payments of cash, issuance of common stock, and warrants to acquire common stock.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce net deferred tax assets when it believes it is more likely than not that all or part of its deferred tax assets will not be realized.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Stock-Based Compensation

The Company accounts for stock-based payment transactions when it receives employee or supplier goods and services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments using a fair value based method. The Company uses the Black Scholes Merton (BSM) option pricing model to determine the fair value of stock-based awards. The fair value of stock-based awards is recognized over the requisite service period.

The Company evaluates change in options for modification treatment in order to determine whether to recognize the grant date fair value of the newly issued options or the incremental grant date fair value as the stock-based compensation expense. There were no modifications to stock options for both years ended December 31, 2021 and 2020.

Issuance of Stock

The Company issues new shares of stock upon the exercise of stock options, warrants, and converted instruments.

Recent Accounting Pronouncements

During June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, "Measurement of Credit Losses on Financial Instruments." ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, and November 2019, the FASB also issued ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses", ASU No. 2019-04, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses"; ASU No. 2019-05, "Targeted Transition Relief"; and ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses." ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company does not believe that the adoption of ASU No. 2016-13 (as amended) will have a material effect on its results of operations, financial position, or cash flows.

Subsequent Events

For the year ended December 31, 2021, the Company has evaluated, for potential recognition and disclosure, events that occurred prior to the issuance of the consolidated financial statements for the year ended December 31, 2021, on February 25, 2022.

Going Concern

The consolidated financial statements are prepared on a going concern basis. Management evaluates the ability for the entity to continue as a going concern for at least twelve months from the date the consolidated financial statements are issued. In the event management concludes that there is substantial doubt regarding the Company's ability to continue as a going concern, the assumption is emphasized in the consolidated financial statement disclosures, including management's plan to mitigate the conditions that cause substantial doubt. If substantial doubt regarding the Company's ability to continue as a going concern is alleviated, the Company provides disclosures regarding the conditions or events that raised substantial doubt, management's evaluation of the significance of those conditions or events, and management's plans that alleviated the substantial doubt.

NOTE 2 - Liquidity

The accompanying consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. The Company had a loss for the year ended December 31, 2021, had an accumulated deficit as of December 31, 2021, and does not have adequate liquidity to fund its operations twelve months from the issuance date of these consolidated financial statements. These conditions raise substantial doubt about its ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result if the Company is unable to continue as a going concern. To provide additional working capital, management intends to seek additional financing during the second quarter of the year 2022. If the Company is not able to raise additional working capital, it would have a material adverse effect on the operations of the Company and its ability to sell its products into the market.

NOTE 3 - Fair Value Measurements

Generally, fair value is determined on the exchange price which would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company discloses each major asset and liability category measured at fair value on either a recurring or nonrecurring basis and establishes a three tier fair value hierarchy which prioritizes the inputs used in fair value measurements. The three tier hierarchy for inputs used in measuring fair value is as follows:

- Level 1 Observable inputs such as quoted prices in active markets
- Level 2 Inputs other than the quoted prices in active markets that are observable either directly or indirectly
- Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
As of December 31, 2021:				
Cash and cash equivalents – money market securities	$ 783,459	$ 783,459	$ –	$ –
As of December 31, 2020:				
Cash and cash equivalents – money market securities	$ 783,753	$ 783,753	$ –	$ –

NOTE 4 - Leases

The Company leases space for our corporate headquarters in Minnetonka, Minnesota, under a non-cancelable operating lease which expires in May 2023. This lease has escalating lease terms and also includes a tenant incentive that was recorded at the time the lease was originally entered into. The lease does not contain contingent rent provisions or renewal options. Further, the lease does not have significant rent escalation holidays, concessions, or other build-out clauses.

The cost components of our corporate headquarters operating lease were as follows for the periods ended December 31, 2021 and 2020:

	2021	2020
Operating lease cost	$ 120,699	$ 120,699
Variable lease cost	75,369	81,868
Totals	$ 196,068	$ 202,567

Variable lease costs consist primarily of taxes, insurance, and common area or other maintenance costs for our leased corporate headquarters which are paid based on actual costs incurred by the lessor.

NOTE 4 - Leases (cont.)

Maturities of our lease liabilities for our corporate headquarters operating lease are as follows at December 31, 2021:

2022	164,704
2023	69,960
Total lease payments	234,664
Less: interest	(9,365)
Present value of lease liabilities	$ 225,299

The remaining lease term as of December 31, 2021 and 2020, is 1.4 years and 2.4 years, respectively, and the discount rate was 5.5% for both years ended December 31, 2021 and 2020. The cash outflow for operating leases for the years ended December 31, 2021 and 2020, was $159,908 and $155,250, respectively.

NOTE 5 - Employee Benefits

The Company provides a 401k plan as a benefit to its employees. In April 2018, the Company started a 5% match of qualified payments under the 401K plan. Under the plan, eligible employees may contribute amounts through payroll deductions supplemented by employer contributions for investment in various investments specified in the plan. The Company discontinued the company match as of March 31, 2020. Company contributions to the plan were $62,881 for the year ended December 31, 2020.

NOTE 6 - Intangible Assets

In June 2007, the Company capitalized $174,049 of purchased value and an additional $52,962 related to the corresponding deferred tax liability as an intangible asset, reflecting the value of the intellectual property acquired from VK Pty. The intellectual property is expected to have a useful life equal to the life of the underlying patent applications. Such life will extend, on average, 18 years from 2007 to 2025. Amortization is recorded on a straight line basis beginning at acquisition date, resulting in amortization expense of $12,496 for both years ended December 31, 2021 and 2020. Amortization expense will be $12,496 in each of the next three years and be fully amortized in the fourth year resulting in $8,331 of amortization.

NOTE 7 - Income Taxes

Osprey Medical is a C corporation under the U.S. Internal Revenue Code.

The Company incurred income tax expense of $2,329 and $5,277 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Company has recorded a valuation allowance to offset its net deferred tax assets due to uncertainty surrounding realization of the net deferred tax assets.

The Company has accumulated net operating losses to be carried forward to future years in the amount of $128,364,322 applicable to income subject to federal income tax and $109,688,915 applicable to income subject to state income tax as of December 31, 2021. These federal tax and state tax carryforwards begin to expire in 2028 and 2023, respectively. Utilization of these net operating losses to offset future taxable income may be limited.

NOTE 7 - Income Taxes (cont.)

Income tax expense (benefit) consists of the following:

	2021	2020
Current:		
Federal	$ –	$ –
State	2,329	5,277
Foreign	–	–
	2,329	5,277
Deferred:		
Federal	(1,816,000)	(2,828,000)
State	(81,000)	(27,000)
	(1,897,000)	2,855,000
Deferred tax asset valuation allowance	(1,897,000)	(2,855,000)
Total provision	**$ 2,329**	**$ 5,277**

Income tax expense differs from the amount computed at the statutory federal income tax rate of 21% due principally to nondeductible expenses, different rates for foreign jurisdictions, and the recognition of a valuation allowance against the net deferred tax asset.

Significant components of deferred tax assets and liabilities as of December 31 are as follows:

	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 30,674,000	$ 28,800,000
Research and development credit	1,463,000	1,575,000
Accrued vacation	160,000	117,000
Stock-based compensation expense	236,000	173,000
	32,533,000	30,665,000
Deferred tax liability:		
Intangible assets	(10,000)	(13,000)
Property and equipment	19,000	(7,000)
	9,000	(20,000)
Net deferred tax asset	32,542,000	30,645,000
Valuation allowance	(32,542,000)	(30,645,000)
	$ –	$ –

The valuation allowance for deferred tax assets changed by $1,897,000 and $2,855,000 for the years ended December 31, 2021 and 2020, respectively.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and any related interest and penalties as income tax expense on the Company's consolidated statement of operations.

NOTE 8 - Common Stock

During the years ended December 31, 2021 and 2020, there were no options exercised.

In February 2021 and March 2021, the Company issued 4,712,275 shares of common stock at a price of $2.18 per share. As a result of the total financing, the Company raised $10,281,870 in gross proceeds, before issuance costs of $16,063.

During August 2021, the Company performed a 1-for-100 reverse stock split to decrease the number of outstanding shares of the Company's stock. The reverse stock split did not affect any stockholder's proportionate equity interest in the Company, and the par value of the stock remains at $0.0001 per share following the reverse stock split while the number of shares of the Company's common stock was proportionally reduced. As a result, the aggregate par value of the Company's outstanding common stock was reduced, while the aggregate additional paid-in capital was correspondingly increased. Total shareholders' equity was not affected. All shares and per share information has been retroactively adjusted following the effective date of the reverse stock split for all periods presented. After the effectiveness of the reverse stock split, the Company's outstanding shares of common stock are 12,829,271, giving effect to fractions of shares, which were rounded up into whole shares as a result of the reverse stock split.

As a result of the reverse stock split, the Company amended its Certificate of Incorporation to authorize a total of 100,000,000 shares of common stock.

In May 2020, the Company authorized an additional 18,700,000 shares of common stock resulting in a total amount authorized of 30,000,000 as of December 31, 2020. These amounts have been adjusted for the reverse stock split noted above.

In April 2020 and June 2020, the Company issued 5,334,951 shares of common stock at a price of $1.55 per share. As a result of the total financing, the Company raised $8,254,590 in gross proceeds, before issuance costs of $320,614. Included in the issuance costs were $31,145 paid to Brandon Capital Partners, a related party with ownership in the Company. As part of the issuance of common stock, the Company also offered each common stockholder that participated in the raise the option to purchase additional shares of common stock through February 15, 2021, at a share price of $2.18 per share. On October 15, 2020, the Company issued 622,848 shares of common stock at a price of $1.98 per share. As a result of the financing the Company raised $1,233,225 in gross proceeds before issuance costs of $12,167. The total common stock available for purchase was 5,334,951, and as of the year ended December 31, 2020, 4,712,275 remained available to purchase shares of common stock. All of these shares have been purchased as of March 2021, and no additional shares remain available to purchase shares as of December 31, 2021. In 2020, the options are accounted for within equity in the consolidated financial statements.

As of December 31, 2021 and 2020, the common shares outstanding were 12,829,271 and 8,116,996, respectively. As of both December 31, 2021 and 2020, there are no preferred shares outstanding.

NOTE 9 – Weighted Average Shares Calculation

Basic loss per share is computed by dividing net loss by the weighted average shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock warrants and options, if dilutive. Diluted loss per share does not include any of these dilutive effects in its calculation. The number of additional dilutive shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from the exercise were used to acquire shares of common stock at the average market price during the reporting period.

Shares used in the loss per share computations for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Weighted average common shares outstanding – basic	12,228,487	5,916,875
Dilutive effect of stock option and warrants	–	–
Weighted average common shares outstanding – diluted	12,228,487	5,916,875

As of December 31, 2021 and 2020, stock options shares of 725,946 and 169,546, respectively, were not included as their effect is anti-dilutive due to the loss for the years. In addition, options for the purchase of additional common stock granted to common stock holders that participated in the raise during the year ended December 31, 2020, of 4,712,275 were not included as their effect is anti-dilutive due to the loss for the year ended December 31, 2020.

NOTE 10 - Stock-Based Compensation

The Company had a stock incentive plan (the 2006 Plan) that provided for the issuance of incentive and nonqualified stock options to employees and directors, for the purpose of encouraging key officers, directors, employees, and consultants of the Company to remain with the Company and devote their best efforts to the business of the Company. The 2006 Plan expired in 2016, and 3,295 shares then outstanding remain available for exercise as of December 31, 2021. On August 29, 2016, the Company's stockholders approved a new stock option plan (the 2016 Plan) with the same directive as the old plan. Under the 2016 Plan, incentive stock options must be granted at exercise prices not less than 100% of the fair value of the Company's stock as of the grant date. If incentive options are granted to persons owning more than 10% of the voting stock of the Company, the Plan provides that the exercise price shall not be less than 110% of the fair value of the Company's stock as of the grant date. These options have exercise and vesting terms established by the Option Committee of the Company's Board of Directors at the time of each grant, but in no event are the options exercisable after ten years from the date of grant. The options granted are subject to time-based vesting ranging from immediate vesting to vesting 48 months after the date of grant. The Board of Directors approved an increase in the 2016 Plan of 440,000 shares in June 2020 and 600,000 shares in May 2021 and evergreen adjustments of 4% on December 31, 2021 and 2020, or 49,638 and 24,652 shares, respectively. The Company has reserved 1,290,582 shares of common stock for issuance under the 2006 and 2016 Plans as of December 31, 2021. As of December 31, 2021, options issued under the 2006 and 2016 Plans were 725,946.

The following table presents the weighted average assumptions used to estimate the fair values of the stock options granted to employees and nonemployees in the periods presented, using the BSM option pricing formula: The risk free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life and expected volatility are based on the average reported lives and volatilities of our company.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Risk free interest rate	0.51% - 1.16%	0.30% - 1.46%
Expected volatility	84.91% - 85.68%	72.81% - 73.81%
Expected life (in years)	5.92	5.92
Dividend yield	0.00%	0.00%
Weighted average estimated fair value of options granted	$2.02	$4.00

The following table summarizes the activity for outstanding employee and non-employee stock options:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2019	183,734	$ 19.89	8.43	$ –
Granted	1,355	3.52		
Expired/ Cancelled	(15,543)	(16.48)		
Balance as of December 31, 2020	169,546	$ 20.11	7.38	$ –
Granted	579,237	2.84		
Expired	–	–		
Cancelled	(22,837)	(18.78)		
Balance as of December 31, 2021	725,946	$ 6.38	9.16	$ –
Exercisable as of December 31, 2019	119,261	$ 17.08	8.41	$ –

The aggregate intrinsic value is calculated as the difference between the weighted average exercise price of the underlying awards and the Company's publicly traded stock price as of December 31, 2021.

The Company recognized stock-based compensation expense related to stock options of $574,895 and $539,309 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, $1,363,572 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted average period of approximately two years. To the extent the forfeiture rate is different than anticipated, stock-based compensation related to these awards will be different from the Company's expectations.

SHAREHOLDER INFORMATION

Overview

The Company's securities are listed for quotation in the form of CHESS Depositary Interests (**CDIs**) on the Australian Securities Exchange (**ASX**) and trade under the symbol "OSP." Each share of common stock (**Share**) is equivalent to 2 CDIs. Legal title to the Shares underlying the CDIs is held by CHESS Depositary Nominees Pty Ltd (**CDN**), a wholly owned subsidiary of the ASX. The Company's securities are not quoted on any other exchange.

Except where noted, the shareholder information below was applicable as at 6 April 2022, except as otherwise stated. To avoid double-counting, the holding of Shares held by CDN (underpinning the CDIs on issue) have been disregarded in the presentation of the information below, unless otherwise stated.

The Company's share capital was as follows:

Type of security	Number of securities
Total number of issued Shares (1)	12,829,271
Total number of issued CDIs	25,658,542

(1) Includes Shares held by CDN.

Substantial Holders

The names of substantial holders in the Company and their respective stock holdings (to the best of the Company's knowledge) follow below:

Names of holders as disclosed in substantial holding notices given to the Company	Number of CDIs held	Percentage of voting power
MRCF3 SERVICES (H) PTY LTD ATF MRCF3 (H) TRUST	7,021,450	27.36%
MRCF3 SERVICES (SW) PTY LTD ATF MRCF3 (SW) TRUST	4,228,500	16.48%
MRCF3 SERVICES (HP) PTY LTD ATF MRCF3 (HP) TRUST	2,368,912	9.23%
FUNDS AND INVESTMENT MANDATES FOR WHICH ALLAN GRAY AUSTRALIA PTY LTD ACTS AS INVESTMENT MANAGER	2,351,614	9.17%

Distribution of CDIs

Range	Number	% of issued capital	No. of holders
1 – 1,000	620,339	2.42	2,094
1,001 – 5,000	1,679,423	6.55	691
5,001 – 10,000	1,253,528	4.89	168
10,001 – 100,000	3,918,067	15.27	138
100,001 and over	18,187,185	70.88	19
Total	**25,658,542**	**100.00**	**3,110**

The above holdings do not include CDN.

Unmarketable Parcels

Based on the market price on 6 April 2022, there were 2,280 security holders holding less than a marketable parcel (i.e. a parcel of securities of less than $500).

Osprey Medical Top 20 Holders

Set out below is a schedule of the 20 largest holders of securities in the Company, including the number and percentage of securities held by those holders as at 6 April 2022.

	Name of registered holder	No. of CDIs held	% of total CDIs
1	MRCF3 SERVICES (H) PTY LTD	7,021,450	27.36
2	MRCF3 SERVICES (SW) PTY LTD	4,228,500	16.48
3	MRCF3 SERVICES (HP) PTY LTD	2,368,912	9.23
4	CITICORP NOMINEES PTY LIMITED	716,425	2.79
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	569,624	2.22
6	MR TIANYU ZHU	543,079	2.12
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	407,429	1.59
8	MR LIGANG ZHU	399,939	1.56
9	MRCF3 SERVICES (AS) PTY LTD	343,021	1.34
10	NATIONAL NOMINEES LIMITED	215,536	0.84
11	DIXSON TRUST PTY LIMITED	200,000	0.78
11	PAUL MCCARTHY NOMINEES PTY LIMITED <PMA SUPER FUND A/C>	200,000	0.78
12	MR BAHRAM REZAEI	164,000	0.64
13	BNP PARIBAS NOMINEES PTY LTD	157,677	0.61
14	78 QUARRY ROAD PTY LTD <DAVID FERGUSSON FAMILY A/C>	150,000	0.58
15	HAVENRANCH PTY LIMITED <RACKLYEFT RET FUND ACCOUNT>	137,171	0.53
16	MR AMIRPOYA ERBEZIN ZANJANI	136,000	0.53
17	SACAVIC PTY LTD <MORRIS SUPER FUND A/C>	120,000	0.47
18	BBF1 IIF PARTNERSHIP LP	108,422	0.42
19	CAPPAFIELD PTY LTD <CAPPAFIELD SUPER A/C>	100,000	0.39
19	MR STEVEN RUBIC	100,000	0.39
20	N B T PTY LTD <ASTOR SUPER FUND A/C>	97,000	0.38
Total CDIs held by top 20 CDI Holders		**18,484,185**	**72.04**
Total CDIs held by all other CDI Holders		**7,174,357**	**27.96**
Total CDIs		**25,658,542**	**100.00**

Distribution of Options (not listed on ASX)

As at 6 April 2022, there were 725,946 options on issue to purchase shares of common stock (equivalent to 1,451,892 CDIs) under the Company's 2006 and 2016 Stock Incentive Plans.

Range	Number	% of Options issued	No. of holders
1 – 1,000	6,700	0.92	24
1,001 – 5,000	8,759	1.21	5
5,001 – 10,000	47,382	6.53	6
10,001 – 100,000	346,754	47.76	11
100,001 and over	316,351	43.58	1
Total	**725,946**	**100.00**	**47**

Restricted Securities

There were no ASX restricted securities or securities subject to voluntary escrow as at 6 April 2022.

Voting Rights

Every holder of Shares present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Shareholders.

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of Shareholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Registry before the meeting;
- inform Osprey that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or
- convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI Holder wishes to sell their investment on the ASX, it would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting. For information on the process for converting CDIs to common stock, please contact the CDI registry.

One of the above steps must be undertaken before CDI holders can vote at Shareholder meetings.

Proxy forms, CDI voting instruction forms, and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders.

Holders of issued but unexercised options are not entitled to vote.

Australian Corporate Governance Statement

The Board of Directors has confirmed that the Company's corporate governance framework complies in almost all respects with the ASX's Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th Edition) ("Recommendations") and that where it does not comply, it is due to the current relative size of the Company, its stage of development, and the scale and nature of its operations.

The Company's Corporate Governance Statement and further details in relation to the Company's governance framework are set out in a dedicated corporate governance information section of the Company's website https://ospreymed.com/investors/corporate-governance/. This section of the Company's website contains copies of all of the corporate governance policies and Board Committee charters.

ASX Listing Rule 10.15.11 Disclosure

In accordance with ASX Listing Rule 10.15.11, details of securities issued under the Company's employee incentive plan to directors (or their associates) over the 2021 financial year are provided below.

Approval for the issue of Options in lieu of non-executive director fees to Mr John Erb, Mrs Sandra Lesenfants, and Mr Neville Mitchell for the period 1 October 2020 to 30 June 2021 was obtained under ASX Listing Rule 10.14 at the Company's annual meeting held on 19 June 2020. The following Options in lieu of non-executive director fees were issued over 2021:

- Mr Erb received 25,376* Options;
- Mrs Lesenfants received 13,435* Options;
- Mr Mitchell received 19,406* Options.

** Updated to reflect the impact of the reverse stock split of 100:1 approved by stockholders on 3 September 2021.*

Stockholders at the annual meeting held on 11 May 2021 granted approval under ASX Listing Rule 10.14 for the issue of the following Options to Mr McCormick, Mr Erb, Ms Lesenfants, and Mr Mitchell in May 2021:

- Mr McCormick received 250,000* Options;
- Mr Erb received 15,000* Options;
- Mrs Lesenfants received 5,000* Options;
- Mr Mitchell received 7,000* Options.

In addition, at the Special Meeting of Stockholders held on 3 September 2021, approval was granted under ASX Listing Rule 10.14 for the issue of 12,835* Options to both Mr Steve Brandt and Mr Martin Emerson.

** Updated to reflect the impact of the reverse stock split of 100:1 approved by stockholders on 3 September 2021.*

Required Statements

(a) There is no current on-market buy-back of the Company's securities.

(b) The Company is incorporated in the state of Delaware in the United States of America.

(c) The Company is not subject to Chapters 6, 6A, 6B, and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of shares (i.e., substantial holdings and takeovers).

(d) The Company's securities are not quoted on any exchange other than the ASX.

(e) Under the Delaware General Corporation Law, shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and by-laws do not impose any specific restrictions on transfer. The Company's 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 the Company'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.

(f) The name of the Australian Company Secretary is Mr Brendan Case.

(g) The address and telephone number of the Company's principal registered office in Australia is:
Level 13, 41 Exhibition Street
Melbourne, Victoria 3000
+ 61 410 442 393

(h) Register of securities
Link Market Services
Level 1, 333 Collins Street
Melbourne, Victoria 3000
Telephone: + 61 3 9615 9800
Facsimile: + 61 2 9287 0303
www.linkmarketservices.com.au

(i) The Company:

- on 23 February 2021 issued 912,789,986 CDIs (representing 456,394,993 shares) (see ASX announcement dated 23 February 2021);
- on 3 March 2021 issued 29,643,330 CDIs (representing 14,821,665 shares) (see ASX announcement on 3 March 2021); and
- following approval from Stockholders, in September 2021, completed a 100:1 stock consolidation with the main purposes being to align the Company's share price with its listed peers, reduce volatility, and appeal to more institutional investors (see ASX announcement on 23 September 2021).

CORPORATE DIRECTORY

Board of Directors and Australian Secretary	Executive Team
Mr John Erb, Non-executive Chairman Mr Steve Brandt, Non-executive Director Mr Martin Emerson, Non-executive Director Mrs Sandra Lesenfants, Non-executive Director Mr Mike McCormick, President & CEO Mr Neville Mitchell, Non-executive Director Dr Christopher Nave, Non-executive Director Mr Brendan Case, Australian Secretary	Mr Mike McCormick, President & CEO Mr Vic Fabano, VP Operations Ms Melanie Hess, VP of Regulatory Affairs, Quality, Clinical, & Compliance Mr Rod Houfburg, VP Research & Development Ms Nancy Ness, CFO Mr Doug Schoenberg, VP Marketing Education & Reimbursement
Company – U.S. Office & Headquarters 5600 Rowland Drive, Suite 250 Minnetonka, MN 55343 United States of America +1 952 955 8230	**Company – Registered Office in Australia** Level 13, 41 Exhibition Street Melbourne, Victoria 3000 + 61 410 442 393
Auditor Baker Tilly Virchow Krause, LLP 225 S Sixth Street, Ste 2300 Minneapolis, Minnesota 55402-4661 USA Telephone: + 1 612 876 4500 Facsimile: +1 612 238 8900 www.bakertilly.com	**Share Registry** Link Market Services Level 1, 333 Collins Street Melbourne, Victoria 3000 Australia Telephone: + 61 3 9615 9800 Facsimile: + 61 2 9287 0303 www.linkmarketservices.com.au
Investor Relations Prash Jitendran Vesparum Capital T: (61) 3 8582 4800 ospreymed@vesparum.com Mr Doug Schoenberg VP of Marketing, Education, & Reimbursement T: (952) 955 8234 dschoenberg@ospreymed.com	**Annual Meeting of Stockholders Date and Place** The Annual Meeting of stockholders will be held as a virtual meeting on Thursday, 2 June 2022 at 10.00am Australian Eastern Standard Time (Wednesday, 1 June 2022 at 7.00pm U.S. Central Time).
ASX Code OSP	

www.ospreymed.com