



29 April 2022

Minnesota, United States and Melbourne, Australia – 29 April 2022- Osprey Medical Inc. (ASX:OSP) (**Osprey or the Company**) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 31 March 2022 (**1Q 2022 or the Quarter**).

Key Highlights

- Osprey has sought a trading halt as it evaluates its strategic and funding options including a possible sale of assets
- Achieved net revenue of US\$363k in 1Q 2022, on worldwide unit sales of 1,125
- Resilient revenue performance, reflecting Osprey’s proactive negotiations with distribution partners for a higher average sale price across the product portfolio
- Continued execution of lean management strategy has led to a reduced cost base and realised organisational efficiencies including an increase in average sales per sales representative of ~23%
- Closing cash balance of US\$2.6m (A\$3.5m¹) on 31 March 2022.

Osprey Medical CEO, Mr Mike McCormick commented:

“Osprey has been proactively managing our ever-changing environment by renegotiating averages selling prices with distributors to counteract any inflation concerns or uncertainty. The adversity that Osprey has faced in recent times has allowed us to become more robust and proactive in how we adapt. It is pleasing to see resilient revenue performance throughout the quarter, underpinned by our strategic partnerships and clinical validation with industry experts and opinion leaders, further increasing awareness of our technology. The need to protect patients’ kidneys from the dangers of angiography dye and ultimately reducing unintended hospital stays remains a key priority for our customers.”

Stable revenue achieved in 1Q 2022

In 1Q 2022, Osprey sold 1,125 units worldwide while achieving a net revenue of US\$363k. During the quarter, Osprey sold 973 units in the US and 152 units Outside the US (OUS). Reflective of the current environment, OUS markets were challenging during the quarter for Osprey’s distribution partners faced restricted access to hospitals and utilized existing warehouse inventories to cover demand. However, the Company has already received warehouse order sales for Q2 and is not expecting slower trends to continue.

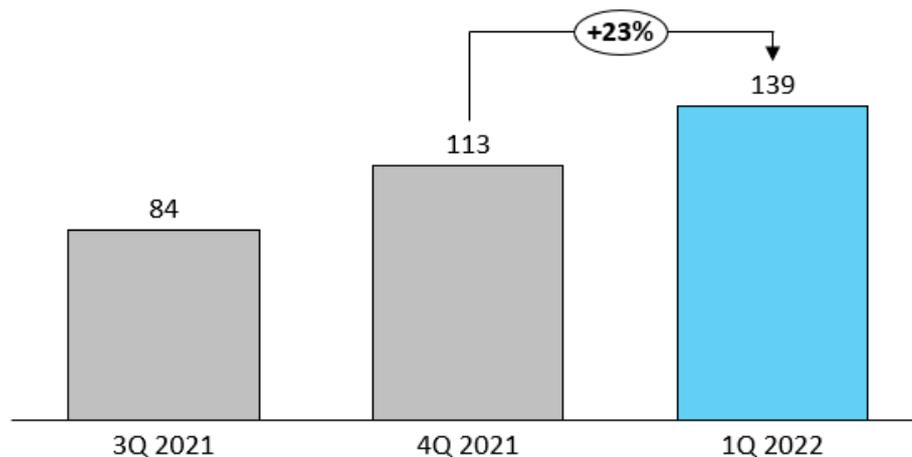
Pleasingly, Osprey's revenue profile has remained robust despite a reduction in unit sales due to strategic negotiations with the Company's distributors. Osprey has been able to negotiate a higher average sale price across its product portfolio which has helped strengthen revenues while mitigating any price increases from suppliers.

Lean management strategy leads to reduced cost base and organisational efficiencies

Osprey continues to employ a lean management strategy to minimise operational expenditure while assessing opportunities to realise organisational efficiencies. Pleasingly, the execution of this strategy has resulted in cash outflows for 1Q 2022 of US\$3.1m (down 22% from US\$4.0m in 1Q 2021) and net cash used in operating activities of US\$2.7m (down 22% from US\$3.5m in 1Q 2021).

In addition to reducing Osprey's cost base, the Company has optimised the direct US sales team resulting in a ~23% increase in sales productivity as shown in Figure 1. Efficiencies being driven by partnering with sales representatives and managers who are able to cover larger regions and leverage existing customer networks. The optimisation of Osprey's direct salesforce is consistent with the Company's broader vision to maintain a lean business model. Osprey hopes to continue to drive lower costs and ultimately build greater operating leverage.

Figure 1 – Average sales per sales representative



Financial and funding update

As of 31 March 2022, Osprey had a cash balance of US\$2.6m (A\$3.5m¹). Osprey has sought a trading halt as it evaluates its strategic and funding options, including a possible sale of assets.

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

This release has been authorised for lodgement to ASX by Mike McCormick, CEO of Osprey Medical and lodged by Brendan Case, Company Secretary.

¹ Assumes an A\$:US\$0.74 exchange rate

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Contact details:**Osprey Medical**

Doug Schoenberg

VP of Marketing

T: +1 (952) 955 8230

dschoenberg@ospreymed.com

Investors

Prash Jitendran

Vesparum Capital

T: +61 3 8582 4800

ospreymed@vesparum.com

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. Forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the Company's control (including but not limited to the COVID-19 pandemic), subject to change without notice and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

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. Given the current uncertainties regarding the impact of the COVID-19 on the trading conditions impacting the Company, the financial markets and the health services world-wide, investors are cautioned not to place undue reliance on the current trading outlook.

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,

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

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")

March 31, 2022

Consolidated statement of cash flows	Current quarter \$'000 USD	Year to date (3 months) \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	411	411
1.2 Payments for		
research and development	(484)	(484)
product manufacturing and operating costs	(146)	(146)
advertising and marketing	(377)	(377)
leased assets	-	-
staff costs	(1,787)	(1,787)
administration and corporate costs	(341)	(341)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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	(2,724)	(2,724)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
businesses	-	-
property, plant and equipment	(46)	(46)
investments	-	-
intellectual property	-	-
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 (3 months) \$'000 USD
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	businesses	-	-
	property, plant and equipment	-	-
	investments	-	-
	intellectual property	-	-
	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	(49)	(124)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,386	5,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,724)	(2,724)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46)	(46)

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

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date (3 months) \$'000 USD
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,616	2,616

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	2,616	5,386
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)	2,616	5,386

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	145
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p>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</p> <p><i>Payments represent remuneration paid to executive and non-executive directors.</i></p>		

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

7. Financing facilities	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
<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>		
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)	(2,724)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,616
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,616
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 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: No. The Company is currently considering its strategic and funding options, including a possible sale of assets.	
8.6.2 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: Yes. The Company is currently evaluating ways to conserve cash and to continue to fund future operations. The Company intends to update the market shortly on the outcome of that evaluation.	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: As stated above, the Company is currently considering its strategic and funding options and expects to update the market shortly.	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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 April 2022

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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
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.