

ASX / Media Release

First Half Revenues Increase 54% to US\$1.8 Million

14 August, 2019 - Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX: OSP) today released its Appendix 4D half yearly accounts for the period ending 30 June, 2019.

Key Highlights

- Continued strong unit sales growth in 1H 2019 with DyeVert™ unit sales up 68% over the prior corresponding period (pcp) to 5,400 units
- 1H 2019 net revenues grew 54% to US\$1.8m, driven by continued demand for Osprey's contrast dye minimisation platform of products
- Net Loss After Tax of US\$9.2m, up 5% compared to the pcp
- Partnership with Premier QUEST® hospitals to provide Burden of Illness Data
- Four significant scientific presentations at two major medical meetings highlighting CI-AKI and benefits of dye minimisation strategies with DyeVert
- Launch of the DyeMINISH™ multi-centre global patient registry
- Strengthening of sales and marketing function with a highly experienced Vice President of Sales

Commenting on the first half performance, Osprey Medical CEO Mike McCormick said, "Our progress during the first half of 2019 has been very pleasing as we recorded our 19th consecutive quarter of unit sales growth and achieved our first million-dollar quarter in sales. Importantly, as our business has grown, we have been fiscally prudent in our operating expenditures, with our net operating cash burn showing low single digit growth in the first half compared to the prior corresponding period.

Mr McCormick continued, "During the half we executed a number of significant business activities focussed on leveraging the very strong Burden of Illness¹ data across the Premier hospital network, including our partnership with Premier's 250 QUEST hospitals. Additionally, the recently announced US Government initiative to transform kidney care, via a Presidential Executive Order, is expected to enhance the education and awareness of kidney disease."

Strong unit sales growth and Execution of GPO Focused Strategy

Osprey recorded first half 2019 DyeVert worldwide unit sales growth of 68% to 5,400 units with total unit sales of all consumable products up 67% to 5,822 units. Worldwide gross sales revenue was up 57% to US\$1.85m and net revenues (inclusive of the administrative fees to the GPOs) were up 54% to US\$1.8m. Unit sales growth outpaced revenue growth during the half reflecting the cycling effect of a lower percentage of GPO-based sales in the pcp, and mix effects attributable to DyeTect/Syringe sales (422 units versus 262 units in the pcp).

Osprey continues to focus on its strategy of driving sales through contractual relationships with US multi-hospital systems referred to as Group Purchasing Organisations or GPOs. Osprey currently has four GPO contracts in place

¹ Prasad, A. et al. 2019. Acute Kidney Injury Incidence, Risk Factors, and Costs Among U.S. Patients Undergoing Percutaneous Coronary Procedures. American College of Cardiology Annual Meeting. Poster Presentation.

representing 50% US market coverage of addressable CKD patients undergoing a coronary angiogram and therefore at risk of a CI-AKI. First half 2019-unit sales attributable to a GPO contract were up 160% to 3,115 units versus the pcp. GPO-based sales represented 58% of Osprey's total US revenue in the first half, up from 38% in the pcp.

The Company anticipates growth to continue from new and existing hospital accounts associated with one of our four GPO contracts and the Company expects to sign at least one additional GPO contract in the second half of CY 2019.

Margin Expansion and Operating Expenditures

Osprey's product gross margins expanded 9 basis points (bps) to 52% versus 43% in the pcp, reflecting the benefits of materially higher product volumes on manufacturing overhead, careful management of input costs and stable product pricing. The Company expects gross margin improvements will continue as unit sales continue to grow.

Total operating expenditures grew 5% over the pcp to US\$9.4 million, as the Company continued to invest into initiatives designed to deliver sustainable long term growth for the business.

Osprey has a strong balance sheet with no debt and cash of US\$16.3m / A\$23.3m² as at 30 June 2019.

A Significant New Patient Registry Established: DyeMINISH

A major milestone for Osprey during the half was the establishment of the DyeMINISH global patient registry to evaluate the ongoing safety and performance of the DyeVert Contrast Reduction System during standard clinical use in a real-world patient population. The DyeMINISH registry is a retrospective, large-scale, multi-centre study with the first patient included on May 7, 2019. The registry is designed to enrol up to 10,000 participants and is expected to complete in late 2023.

Real-world evidence plays an increasingly critical role in health care and regulatory decision-making, payor coverage, policy development and clinical guideline revisions.

Appointment of New Vice President of Sales

During the half year, the Company appointed Mr Jim Surek as Vice President, Sales. Mr Surek brings a wealth of experience and expertise to Osprey. He has over 25 years of senior commercial sales experience in the medical device sector, at companies including Stimwave Technologies, Entellus Medical (acquired by Stryker Corporation (NYSE:SYK) in 2017 for US\$662 million), Advanced Bionics Cochlear acquired by Sonova (SIX:SOON) in 2009 for CHF510 million, Advanced Bionics/Pain management acquired by Boston Scientific in 2007 for \$3 billion (NYSE:BSX) and Medtronic (NYSE:MDT).

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² AUD/USD = 0.70

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About Osprey Medical (ASX: OSP)

Osprey Medical's vision is to make heart imaging procedures safer for patients with poor kidney function. The amount of dye (contrast) used during angiographic imaging procedures increases the patient's risk for dye-related kidney damage known as Contrast-Induced Acute Kidney Injury (CI-AKI). The Company's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker Institute. Its proprietary dye reduction and monitoring technologies are designed to help physicians minimize dye usage and monitor the dose of dye real time throughout the procedure. The Company's DyeVert™ System reduces contrast while maintaining image quality in a self-adjusting easy-to-use design that monitors dye usage. Osprey Medical's Board and Management are comprised of experienced and successful personnel with established track records covering medical device development, regulatory approvals, sales and marketing, and mergers-acquisitions. Osprey Medical's advisory board comprises world-recognised experts in heart and kidney diseases.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions, and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to commercialize our products including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrolment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position. Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Osprey does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Osprey may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Foreign Ownership Restriction

Osprey's CHES Depository Interests (CDIs) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of Osprey's CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.