



MESSAGE FROM
THE PRESIDENT
AND CEO

MIKE MCCORMICK

Dear Shareholders,

Welcome to our June 2019 investor newsletter. Since our last newsletter, Osprey Medical has made substantial commercial progress and achieved several exciting milestones, and I'm pleased to share these updates with you.

Highlights since our last newsletter include:

- Q1 2019 unit sales growth and increased hospital conversions
- Focus on Group Purchasing Organisations, receipt of Breakthrough Technology Award and purchasing agreement with Premier Inc
- FDA clearance and commercial launch of our next-generation system DyeVert EZ
- Launch of DyeMINISHTM patient registry and enrolment of first patient

In April this year, Osprey reported its 18th consecutive quarter of unit growth for its dye-reduction technologies. We are pleased to report accelerated sales of our DyeVert product range, with unit sales to 2,478 units in Q1 2019, a total increase of 73% since Q1 2018. Of these total unit sales, I am pleased to report our next-generation DyeVert EZ system, released in November 2018, has seen strong uptake from customers, with approximately 59% of total sales now attributed to DyeVert EZ. As a company we are committed to continuous innovation of our technology.

Overall sales momentum across our sales territories continues to grow. The total number of hospitals purchasing DyeVert reached 140 hospitals in Q1 2019, up 23% since Q1 2018. Although this has grown, our strategic focus is on penetrating deeper within existing customer accounts and increasing our conversion rate in the sample-to-purchase pipeline. The effectiveness of Osprey's field sales representatives has also grown substantially, with unit sales per rep increasing 66% over the past year. While our product is extremely simple to use, with minimal changes required to assimilate DyeVert into clinical practice, our experience in this growing market highlights a learning curve effect for both our sales reps and customers, alike. We have found an improvement in sales rep performance and higher DyeVert unit sales typically occurs in their second year of tenure. Accordingly, as our sales force matures and customers' experience with DyeVert grows, we do see a pull through effect on our sales volume at these centres (i.e. increased account penetration), which is extremely positive.

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Group Purchasing Organisations (GPO): Why the Breakthrough Technology status sets Osprey apart from other emerging companies

Osprey Medical's agreement with Group Purchasing Organisation (GPO) Premier® Inc, included recognition of the DyeVertTM Plus System as one of their selected Technology Breakthroughs in the lucrative US health market. This is a unique achievement for an early commercial, single product company. The agreement provides access into Premier's hospitals and drives revenue growth over the coming years

Osprey's sales growth strategy in the US, the world's biggest healthcare market, has shifted to focus on GPOs. Osprey has signed contracts with four US GPOs so far, including Premier Inc. But what is a GPO, what function do they serve in the US healthcare market, what do GPO agreements mean for Osprey?

What is a GPO?

A GPO is an entity that helps hospitals, nursing homes and home health agencies improve patient outcomes and lower healthcare costs through robust analytics, consulting, collective purchasing agreements and political advocacy. Analytics and consulting functions allow the GPO to manage member hospitals clinical, financial and operational data, transforming it into insights that help member hospitals improve performance across the continuum of care. One of the largest GPOs in the US, Premier, engaged its analytics team to understand the impact of Acute Kidney Injury (AKI) on patient outcomes and hospital costs. The analysis was published at the American College of Cardiology annual meeting and it showed AKI was a rising problem (18% AKI rate in 2012 rising to 28% in 2017) leading to poor patient outcomes and a \$1.6B spend for member hospitals.

For Osprey Medical, the DyeVert System's strong value proposition, established clinical guidelines, and total hospital AKI solution lead to a group purchasing agreement that enables their members, at their discretion, to take advantage of pre-negotiated pricing and terms to purchase the DyeVert system.

A relationship with GPOs leads to a more efficient contract process

A big advantage in dealing with GPOs is that it removes the time and effort of negotiating individual contracts with each hospital, improving the efficiency of Osprey's sales process. The GPO contract establishes the pricing and terms for each GPO member hospital. The DyeVert System's Breakthrough Technology designation from Premier signals to its members that the technology has been shown to improve patient care and lower overall cost of care, and this economic and clinical impact is worth evaluation.



Message from the President Continued...

Another core focus of our sales strategy is on securing agreements with Group Purchasing Organisations or GPOs. GPOs are multi-hospital systems that use collective purchasing power to obtain equipment and access other services to improve quality of care. Osprey already has agreements with a number of GPOs, and in 2018 entered a purchasing agreement with Premier Inc, one of the largest GPOs in the US with over 4,000 member hospitals. This agreement was secured in conjunction with the DyeVert Plus being awarded the Breakthrough Technology designation from Premier. The purchasing agreement allows Premier member hospitals to purchase DyeVert products at pre-negotiated pricing and represents a significant sales opportunity for our Company. During the most recent quarter, unit sales directly attributable to GPOs increased 158% to 1,374 units compared to the prior year, and we expect further growth in 2019 and beyond. Additional information on GPOs is contained in this newsletter.

I am also pleased with the growing volume of published data supporting kidney care protocols including DyeVert, which have demonstrated a reduction in Contrast-Induced Acute Kidney Injury (AKI) events in patients with Chronic Kidney Disease (CKD). Four posters were recently presented at American College of Cardiology® (ACC) meetings that observed AKI reduction ranging from 25 – 75% in hospitals, following implementation of a kidney care protocol that included the DyeVert system. You can read more about this data in our newsletter.

As of 31 March, Osprey continues to hold a strong balance sheet, with no debt and cash reserves of US\$20.1 million (A\$28.3 million). Our strong balance sheet follows a successful A\$14.3 million capital raising in Q4 2018, with funds being used to accelerate the Company's GPO-focused sales strategy. The raise included a A\$10 million private placement to investment manager Allan Gray. I'd like to thank and welcome our new shareholders to the Company.

Over the coming quarters, our focus remains on driving unit sales and new agreements with GPOs, further penetrating existing customer accounts, and growing our field sales representatives. Additionally, our new multi-centre, global patient registry, DyeMINISH, is anticipated to provide a scalable platform for real-world data acquisition, management, and analysis that will support peer reviewed publications of improved outcomes for CKD patients. Data generated by the registry will directly support our mission of improving clinical care for CKD patients undergoing angiography procedures.

On behalf of Osprey's Board and management, I'd like to thank our shareholders for your ongoing support of the Company. We look forward to further updating the market on sales momentum and new milestones in the upcoming quarter.

Yours faithfully,

Mike McCormick

Mike McCormick,

Osprey Medical President & CEO

Group Purchasing Organisations (GPO) Continued from page one...

Deal with GPO Premier provides enormous upside for Osprey
Osprey Medical President and CEO Mike McCormick said the pool of 4,000 potential customers under the Premier umbrella, compared to Osprey's current client base of ~150 hospitals – has enormous upside for Osprey.

Osprey is already generating revenue from the GPO contracts and expects more in the coming quarters.

Mr McCormick said selling DyeVert through the GPOs does not mean that Osprey will lower its average selling price, which has remained between \$US350 and \$US360 for the past 16 quarters (two years).

"What we have in the GPO contracts is \$US350, and it's a guaranteed price. We never sell lower than \$US350 and that's what the hospital pays us. We are obliged to pay administrative fees to the GPOs representing up to 5% of the selling price he said. ■

AKI FINANCIAL IMPACT: OBSERVED HOSPITAL CHARGES

Index Procedure	\$10,000	\$20,000	\$30,000	\$40,000
OVERALL PATIENTS NO AKI	\$12,567			
CKD PATIENTS WITHOUT AKI	\$15,362			
CKD PATIENTS WITH AKI			\$30,399	

Index Procedure + 30 Days				
OVERALL PATIENTS NO AKI	\$14,416			
CKD PATIENTS WITHOUT AKI	\$18,615			
CKD PATIENTS WITH AKI			\$34,767	

Index Procedure + 90 Days				
OVERALL PATIENTS NO AKI	\$15,946			
CKD PATIENTS WITHOUT AKI	\$22,003			
CKD PATIENTS WITH AKI			\$38,129	

AKI FINANCIAL IMPACT: DISCHARGE STATUS



5x

more likely to be discharged to hospice



2.8x

more likely to be discharged to nursing or rehab facility



2x

more likely to be transferred to acute care hospital

Be Kind to Kidneys message being shared with patients

An important initiative for Osprey Medical has been to build relationships with patient advocacy groups in the United States. The purpose for both the advocacy groups and Osprey is to educate patients on the issues of cardiac and kidney disease, and provide information so they can advocate for themselves in the US healthcare system.

AAKP, American Association of Kidney Patients, is one of the first advocacy groups Osprey has been collaborating with to get the Be Kind to Kidneys message in the hands of patients and their caregivers. For close to 50 years, AAKP has been dedicated to improving the quality of life for kidney patients through education, advocacy, patient engagement and the fostering of patient communities. AAKP engages with its large audience of patients and caregivers across multiple channels, including a bi-monthly magazine Renal Life, which reaches almost 28,000 subscribers, a Kidney Beginnings e-newsletter for individuals at risk for kidney disease or newly diagnosed, and a variety of social media interactions including Facebook Live sessions.

In Renal Life's July edition, focused on co-morbidities, Osprey has included a new patient-directed advertisement and an article educating readers on the critical link between the heart and kidneys including the issues that can occur. We have an awareness piece in the Kidney Beginnings e-newsletter for July and are collaborating with the AAKP team to develop content for their social media channels.

We are excited to be working with an organisation as trusted as AAKP in advocating for patients, and giving them an important platform of education, awareness, and empowerment. ■

Osprey partners with Premier to deliver AKI burden of illness reports to 150 QUEST hospitals



Several months after Osprey signed a Group Purchasing agreement with one of the largest GPOs in the US, Premier Inc., we are pleased to announce a new partnership that will see Osprey and Premier produce hospital-level AKI burden of illness reports for access by 150 QUEST hospitals affiliated with Premier.

QUEST is a hospital collaborative established by Premier in 2008, and stands for Quality, Efficiency, Safety and Transparency. QUEST's focus is to improve quality of care and reduce patient harm. QUEST hospitals are recognised leaders in quality of care improvement, and have reported avoiding over 200,000 deaths and saved US\$18 billion in costs between 2008 and 2016.

Osprey estimates that of the 150 QUEST hospitals the data is available to, less than five percent are implementing kidney care protocols that include Osprey's DyeVert system. Under the agreement, QUEST members can obtain their hospital's AKI Burden of Illness report, summarising the observed clinical and financial cost of AKI following angiography procedures. Osprey will then collaborate with QUEST member hospitals to help each hospital understand the size and scale of its AKI burden, and support them in implementing total kidney care solutions including the DyeVert System for the Cath Lab.

This creates a significant opportunity for Osprey to collaborate with key hospitals, using data and quality initiatives to improve patient care in reducing the rate of AKI in cardiac cath labs.

Osprey is very pleased to work with Premier on this partnership, and to support QUEST members to lower hospital costs and reduce the risk of AKI in patients with chronic kidney disease. QUEST Members will have access to these reports until March 30th 2020. ■

DyeMINISH Patient Registry launched in May 2019



Real-world evidence is playing an increasing role in healthcare, influencing regulatory decision-making, payor coverage, policy development and clinical guideline revisions in the US.

Last month, we were excited to announce the launch of our global 10,000 participant patient registry known as DyeMINISH™, which aims to evaluate the ongoing safety and performance of DyeVert in US hospitals. The registry was launched with the first patient enrolled on May 7 at St Elizabeth Healthcare in Edgewood, Kentucky.

DyeMINISH is being conducted as a retrospective, large-scale, multi-centre study, which aims to enroll 10,000 participants and will be completed in late 2023.

Osprey is pleased to collaborate with customers and medical advisors on the study, and its significant investment in the DyeMINISH Registry will provide a scalable platform for real-world data acquisition, management, and analysis that will support peer-reviewed publications of improved outcomes for Chronic Kidney Disease (CKD) patients. Data generated by the registry will directly support Osprey's mission of improving clinical care for CKD patients undergoing angiography procedures.

Read more about DyeMINISH here:

<https://www.dyeminishregistry.com> ■

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements, relating to Osprey Medical's business, which can be identified by the use of forward-looking terminology such as "promising," "plans," "anticipated," "will," "project," "believe," "forecast," "expected," "estimated," "targeting," "aiming," "set to," "potential," "seeking to," "goal," "could provide," "intends," "is being developed," "could be," "on track," or similar expressions, or by express or implied discussions regarding potential filings or marketing approvals, or potential future sales of product candidates. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. There can be no assurance that any existing or future regulatory filings will satisfy the FDA's and other health authorities' requirements regarding any one or more product candidates nor can there be any assurance that such product candidates will be approved by any health authorities for sale in any market or that they will reach any particular level of sales. In particular, management's expectations regarding the approval and commercialization of the product candidates could be affected by, among other things, unexpected clinical trial results, including additional analysis of existing clinical data, and new clinical data; unexpected regulatory actions or delays, or government regulation generally; our ability to obtain or maintain patent or other proprietary intellectual property.

DyeVert™ Systems Regulatory Status:

- Europe – CE Mark obtained
- Australia – TGA approval obtained
- United States – 510(k) cleared

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<http://eepurl.com/c-anbb>

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