

## ASX / Media Release

### Quarterly results and COVID-19 update

**30 April 2020 - Melbourne, Australia and Minnesota, United States** – Osprey Medical (ASX: OSP) today released its Appendix 4C – Quarterly Cash Flow Report for the period ending 31 March 2020.

#### Key Highlights

- Subsequent to quarter end, Osprey raised A\$12.5M through an Entitlement Offer and a US Government COVID-19 relief loan
- In 1Q 2020 total worldwide unit sales of 1,775, down 33% to the pcp due to postponed elective heart procedures as a result of COVID-19; pipeline remains resilient
- Discussions with GE Healthcare to commercialise Osprey's product outside of the US are on track to be finalised in 2Q 2020
- Cost out programme currently underway to ensure Osprey successfully navigates the COVID-19 pandemic
- Accelerated enrolments in the DyeMINISH clinical registry with first publication expected in the back half of 2020
- Held cash balance of US\$3.3m / A\$5.3m<sup>1</sup> as at 31 March 2020, which excludes Capital raised from the Entitlement offer and US Government COVID-19 relief loan

Osprey Medical CEO, Mr. Mike McCormick commented:

*“Through these challenging times, our first priority continues to be the health, safety and well-being of our employees, customers, and their patients. While we believe strongly in the long-term prospects of our business, we did see a material reduction in 1Q 2020 revenues as elective heart procedures were postponed due to COVID-19. We have implemented several measures to reduce operating expenses to enable us to navigate the impact of the pandemic. Our business remains strong with many growth catalysts, including the GE Healthcare distribution agreement expected to be finalised in 2Q 2020, additional publications this quarter on the importance of dye minimization for AKI reduction and strong momentum in the DyeMINISH clinical registry. We expect that once we are through this period of uncertainty, the strong foundation we have built will position us well for sustained growth.”*

#### Funding update – capital raising and US COVID-19 relief loan

To support continued commercial growth, Osprey has raised A\$12.5M subsequent to the quarter end from a A\$10.3M Entitlement offer and an A\$2.2M US Government COVID-19 relief loan.

On 3 April 2020, Osprey announced that it was undertaking a 3 for 1 renounceable entitlement offer at an issue price of A\$0.012 per CHES Depositary Interest (CDI) to raise up to A\$15.5m. As announced on 29 April 2020, Osprey has now successfully raised A\$10.3m and is currently in the process of placing the shortfall. Funds from the capital raising will go towards continued expansion in the US and support GE Healthcare's commercialisation efforts in Europe and the Middle East.

On 29 April 2020, Osprey announced that it has received loan proceeds of US\$1,325,122 (A\$2,157,828) under the US government's Paycheck Protection Program (PPP). The PPP is a COVID-19 relief program providing loans to US-based

small businesses for the purposes of paying for payroll, rent, and utilities; with loan amounts forgiven when used for these purposes. Osprey expects that approximately 50% of its loan will be forgiven and the remaining amount will be subject to a 1% interest rate which will be payable within 2 years.

Osprey ended the quarter with cash of US\$3.3m / A\$5.3m<sup>1</sup> on hand. This excludes the additional cash received from the Entitlement Offer and COVID-19 loan relief benefits. The business remains well capitalised and well positioned to pursue its growth objectives.

### **Unit sales and financial performance**

In 1Q 2020, worldwide unit sales of DyeVert product declined off the back of COVID-19 as hospitals moved to postpone elective heart procedures and transition into the GE Healthcare distribution agreement in Europe and the Middle East. In total, worldwide unit sales this quarter were down 33% relative to the pcp with Osprey selling 1,775 units. In the US, total DyeVert portfolio units sold of 1,755 units, down 26% to the pcp. In Europe, unit sales declined as the business transitions towards the GE Healthcare distribution agreement.

Despite the drop-off in unit sales, our pipeline remains robust and we are well positioned to re-engage with key customers following the pandemic.

Unaudited worldwide quarterly sales revenue was at US\$584,407 in 1Q 2020, down 29% to the pcp. Osprey recorded cash receipts of US\$766,856 during the quarter, down 10% to the pcp. In 1Q 2020, net cash used in operating activities of US\$4.8m was 2% below pcp.

### **GE Healthcare Arrangements**

On 20 December 2019, Osprey entered into a non-binding term sheet with GE Healthcare. The term sheet requires the parties to negotiate in good faith toward the execution of a four year exclusive distribution agreement to enable GE Healthcare to commercialise Osprey's product portfolio in Europe, Russia, Middle East, Africa, Central Asia and Turkey.

Discussions are progressing and a formal and definitive distribution agreement is anticipated to be entered into during 2Q 2020.

### **Renewed sales focus completed by a cost out program**

Due to the impact of the COVID-19 pandemic on elective cardiology procedures, Osprey is shifting its focus on growth territories. This renewed focus is also being complemented by a cost out program which involves:

- 33% reduction in the sales force with all remaining sales team members taking a 20% temporary reduction in base salary.
- 35% of the Internal office-based staff were furloughed with all remaining staff members taking 20% temporary reduction in base salary
- Independent Non-Executive Directors have forgone compensation 1 April 2020 - 31 Sept 2020 and pending shareholder approval will take stock options in lieu of cash compensation for the period 1 October 2020- 30 June 2021
- Reductions in non-essential marketing, sales, product development, and general and administrative expenses

Despite the pandemic, Osprey continues to maintain streamlined manufacturing, assembly, fulfillment, and other related processes in order to continuing to provide products to our customers. For employees involved in such operation-critical processes, we have implemented several recommended best practices to protect the health and safety of our workforce.

Osprey will continue to monitor the impact of COVID-19 on business conditions and will stage further reductions, if necessary, and will reinstate furloughed employees as business conditions recover.

### **DyeMINISH Registry Accelerates Enrolment**

The DyeMINISH™ Registry has approximately 1,100 enrolments across 8 US cardiovascular centers since study initiation in mid-2019 and in the last two months has seen a sharp rise in subject enrolments. The COVID-19 crisis has slowed many clinical trials that require in-person subject visits resulting in the increased availability of clinical researchers to participate in retrospective data collection for the DyeMINISH registry. We expect this pattern of accelerated enrolments to continue throughout 2Q 2020 and we expect the first publication surrounding study methods in the back-half of 2020.

DyeMINISH is a global patient registry evaluating the ongoing safety and performance of the DyeVert Contrast Reduction System during standard clinical use in a real-world patient population. This project is part of Osprey Medical's efforts to evaluate contrast media volume threshold setting practices, contrast media usage, and the incidence of adverse events associated with angiographic procedures in which the DyeVert System was used to minimize contrast media volume delivered to patients. Health outcomes for DyeVert patients will be compared using a propensity-matched retrospective control group cohort.

Recently, three significant abstracts demonstrating the DyeVert system and a kidney protection protocol resulted in Acute Kidney Injury reduction were accepted for presentation at the Society for Cardiovascular Angiography and the EuroPCR Scientific Sessions. Due to the global pandemic these Scientific Congresses were canceled; however, online publication is anticipated. Clinical publications are important in building awareness within the clinical community of DyeVert, its impact on AKI reduction outcomes, and are an important determinant in Osprey's sales and marketing initiatives.

<sup>1</sup> AUD/USD = 0.614

### **Conference Call Details**

**Osprey Medical is hosting an investor conference call** Thursday 30 April 2020 at 9:00am Australian Eastern Standard Time (7:00am Hong Kong/Singapore, 6:00pm Wednesday, 29 April 2020 Minneapolis, MN).

#### **Call details:**

Australia Toll Free	1800 908 299
Alternate Australia Toll Free	1800 455 963
Australia Local Number	+61 2 9007 8048
Hong Kong	800 968 273
Singapore	800 101 2702
United States	1 855 624 0077

**Conference ID: 1005886**

***This release dated 30 April 2020 has been authorised for lodgement to ASX by Mike McCormick, CEO of Osprey Medical and lodged by Brendan Case, Company Secretary.***

– ENDS –

**Contact details:**

**Investors & Media**

Dr Thomas Duthy  
Investor Relations  
M: (61) 402 493 727  
[tduthy@ospreymed.com](mailto:tduthy@ospreymed.com)

**Company**

Doug Schoenberg  
VP of Marketing  
T: (952) 955 8230  
[dschoenberg@ospreymed.com](mailto:dschoenberg@ospreymed.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. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to commercialize our products including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrolment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position. Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Osprey does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Osprey may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

**Foreign Ownership Restriction**

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

## Appendix 4C

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

**Name of entity**

Osprey Medical, Inc.

**ABN**

152 854 923

**Quarter ended ("current quarter")**

March 31, 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$'000 USD</b>	<b>Year to date (3 months) \$'000 USD</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	767	767
1.2 Payments for		
(a) research and development	(499)	(499)
(b) product manufacturing and operating costs	(215)	(215)
(c) advertising and marketing	(785)	(785)
(d) leased assets	-	-
(e) staff costs	(3,675)	(3,675)
(f) administration and corporate costs	(370)	(370)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,762)</b>	<b>(4,762)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(244)	(244)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$'000 USD	Year to date (3 months) \$'000 USD
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(244)</b>	<b>(244)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,277	8,277
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,762)	(4,762)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(244)	(244)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

## 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
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,271</b>	<b>3,271</b>

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	3,271	8,277
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,271</b>	<b>8,277</b>

6. <b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$'000 USD</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	202
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

*Payments represent remuneration paid to executive and non-executive directors.*

7. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$'000 USD</b>	<b>Amount drawn at quarter end \$'000 USD</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 <b>Unused financing facilities available at quarter end</b>	-
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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. <b>Estimated cash available for future operating activities</b>	<b>\$'000 USD</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,762)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,721
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,721
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>0</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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 Due to the impact of the COVID-19 pandemic on elective cardiology procedures, Osprey has and will continue to take significant cost reduction measures including:

- 33% reduction in the sales force with all remaining sales team members taking a 20% temporary reduction in base salary
- 35% of the Internal office-based staff were furloughed with all remaining staff members taking 20% temporary reduction in base salary
- Independent Non-Executive Directors have forgone compensation 1 April 2020 - 31 Sept 2020 and pending shareholder approval will take stock options in lieu of cash compensation for the period 1 October 2020- 30 June 2021
- Reductions in non-essential marketing, sales, product development, and general and administrative expenses

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: On 29 April 2020 Osprey announced the completion of its partially underwritten 3 for 1 renounceable entitlement offer (**Entitlement Offer**) announced to the ASX on 3 April 2020. The total amount raised under the Entitlement Offer (including the underwritten commitments) was \$10.3M. As advised to the market on 29 April 2020, the Board of Osprey reserves the right to issue the Shortfall CDIs (and attaching New Options) on the same terms and conditions as the Entitlement Offer (except as set out in the Prospectus released on 3 April 2020) at its discretion to third parties (which may include Eligible Holders) within 3 months after the Entitlement Offer Closing Date of 24 April 2020.

On 29 April 2020, Osprey announced that it has received loan proceeds of US\$1,325,122 under the US government's Paycheck Protection Program (PPP). The PPP is a COVID-19 relief program providing loans to US-based small businesses for the purposes of paying for payroll, rent, and utilities; with loan amounts forgiven when used for these purposes. Osprey expects that approximately 50% of its loan will be forgiven and the remaining amount will be subject to a 1% interest rate which will be payable within 2 years.

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 : The funds raised under the Entitlement Offer and the SBA-PPP will assist the Company to accelerate commercial expansion in the United States, support GE Healthcare's commercial efforts, support ongoing clinical evidence and product portfolio development and be used for general working capital purposes..

### 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: .....

Authorised by: The Osprey Disclosure Committee, a committee of the Board of Directors.

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. This report has been authorized to be released to the market by the Osprey Disclosure Committee, a committee of the Board of Directors.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.