

ASX / Media Release

Global expansion strategy progress strengthens revenues in the first half of 2021

17 August 2021 - Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX: OSP) today released its Appendix 4D half yearly accounts for the period ending 30 June 2021.

Key Highlights

- Revenue up 33% on prior corresponding period (pcp)
- Operating cost reduction strategy leads to 20.3% reduction in cash used in operating activities to US\$6.04m compared to pcp
- Landmark agreement with global giant, GE Healthcare, contributes 25% of worldwide unit sales, and has expanded to include distribution rights in Canada
- Independent Sales Agency (ISA) coverage expanded to include 26 US states, with recurring sales through ISA achieved during the period
- Appointment of Steven Brandt as Non-Executive Director to the Board along with Martin Emerson subsequent to the half year to strengthen Osprey's global expansion strategy
- Business remains well capitalised with a cash balance of US\$11.0m as of 30 June 2021

Osprey Medical CEO, Mr Mike McCormick commented:

"The first half of 2021 was marked by an uncertain global environment as countries around the world continue to combat the pandemic to varying degrees of success. Despite these uncertainties, Osprey was able to generate positive momentum driven by a rebound in sales and simultaneous reduction in expenditure compared to 1H 2020. In the US, it was pleasing to see repeat sales through our ISA partners following on from initial sales earlier in the period. Outside the US, recovery from COVID-19 has been slower in Europe and the ANZ regions. However, consistent demand from GE Healthcare provides a positive outlook, especially when factoring in increasing vaccination rates and the recent expansion of the GE agreement to include distribution in Canada. We have also had the pleasure of welcoming Steven Brandt to the Osprey Board during 1H 2021 and are excited to further strengthen our international expansion and commercialisation strategy by leveraging his extensive healthcare experience."

Financial performance and operating cost reduction

The first half of 2021 saw Osprey building positive momentum coming out of COVID-19. While a full scale rebound from the pandemic is difficult until countries in Europe and ANZ regions achieve vaccination rates similar to the US, it is pleasing to see growth in all regions compared to the previous half year (2H 2020).

In 1H 2021, Osprey's unaudited worldwide sales revenue was at US\$1.1m up 33% over the prior corresponding period (pcp). DyeVert units sold totalled 3,527 units which represents a 3% increase over the pcp; however, in June of 2020 Osprey offered its COVID recovery program In Kind for Kidneys and during this program ~1000 units were shipped at no charge. When comparing units sold on a normalised basis (removing free units) DyeVert unit sales were up ~44% to pcp.

Along with the impressive increase in revenue for the period, Osprey initiated an aggressive cost reduction program in 2020 to mitigate the effects of COVID-19 pandemic. Since then, the Company has continued to look for new opportunities to drive down costs whilst maintaining product quality and consistency. The results from this program

continue to impress with net cash outflows from operating activities of US\$6.04m in 1H 2021, down 20.3% compared to US\$7.6m in 1H 2020. Subsequently, Osprey saw a 12.7% decline in operating loss compared to pcp, with an operating loss of US\$6.5m in 1H 2021.

GE Healthcare distribution agreement

Despite a slower rebound out of COVID-19 compared to the US; Europe and the ANZ have shown positive momentum during H1 2021 with 870 total units sold in the regions through Osprey's distributor agreements. The distributor agreements include Osprey's exclusive agreement with GE Healthcare (Europe, Middle East, Asia) and the Regional Health Care Group (RHCG) (ANZ region), both of which were signed last year.

Under the agreement with GE Healthcare (announced 30 July 2020), the global giant will exclusively distribute Osprey's product portfolio in Europe, Russia, Middle East, Africa, Central Asia and Turkey. Additionally, Osprey recently received approval from Health Canada for a Medical Device License (MDL) for the DyeVert Systems, meaning that the Company now has the opportunity to distribute in Canada. Following on from this approval, Osprey has signed an exclusive 4-year distribution agreement with GE Healthcare Canada Inc. for commercialisation of the DyeVert System in Canada. The milestone agreement is already fulfilling its strategic objective of growing OUS sales and materially contributing to Osprey's revenue.

US Expansion strategy

In 2020 Osprey announced the long-term strategy of increasing US sales coverage with cost effective Independent Sales Agency agreements (ISAs). Osprey currently has 8 ISA agreements in place, covering 26 states in the US which the Company did not previously have access to. Combined with the 16 states currently serviced by Osprey's direct salesforce, the Company now has an active presence in 42 US states. Additionally, the strategy has begun to show results with repeat sales achieved through ISAs during H1 2021, which represented ~9% of total US DyeVert unit sales.

Director appointments to strengthen global expansion

In line with US expansion, Osprey was pleased to announce the appointment of Steven Brandt to the Board of Directors during the period (announced 01 July 2021). Steven brings over 35 years of healthcare experience, including 10 years as acting Vice President for Thoratec Corporation where he oversaw a rapid expansion of global revenues from \$104m to \$500m. Steven's wealth of experience is a welcome addition to the Company where his insight and expertise will be used to further advance Osprey's expansion strategy.

Subsequent to the half year, Osprey was pleased to announce the appointment of Martin Emerson to the Board of Directors (announced 12 August 2021). With over 35 years of experience in the healthcare field and a track record of successes in market development, geographic expansion and existing market growth, Mr Emerson is a welcome addition to the Osprey board. Mr Emerson's extensive experience in healthcare include CEO positions in companies such as American Medical Systems, Galil Medical and his current position as the President and CEO of Monteris Medical.

Well capitalised to support future growth objectives

As of 30 June 2021, Osprey had a cash balance of US\$11.0m. As part of last year's capital raising, 1.1bn unquoted options were issued at an option exercise price of 1.4c and with an expiry date of 15 February 2021. In total, the exercise of all Options issued under the prospectus resulted in A\$14.9m being raised by the Company before costs, of which A\$13.2m was raised in the most recent issue of CDIs. Furthermore, Osprey received a second loan under the US Paycheck Protection Program (PPP) of \$US1.1m. The PPP Loan was fully forgiven on August 5th, 2021. These proceeds will go towards funding the ongoing commercial growth of Osprey.

In light of the COVID-19 pandemic, the Company will continue to demonstrate appropriate fiscal restraint such that it can continue its current activities during these uncertain times.

This release dated 17 August 2021 has been authorised for lodgement to ASX by Mike McCormick, CEO of Osprey Medical.

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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. 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, 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.