

Quarterly Cash Flow Report

April 18, 2017 – Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 31 March 2017.

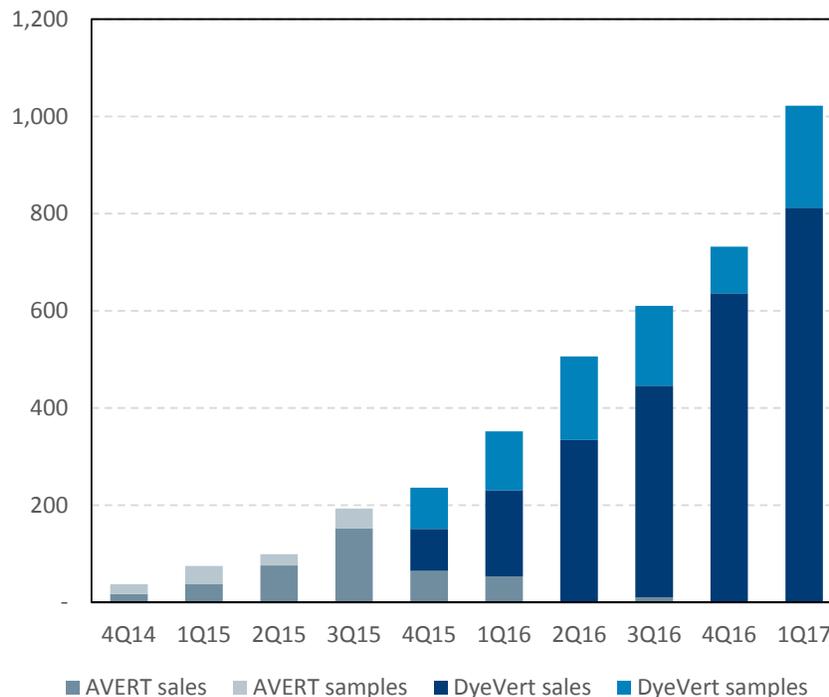
Key financial details

- The sales territory in Atlanta, Georgia became **Osprey’s second profitable territory** with 235 units sold in Q1 2017, above the cash-flow breakeven point of 225 units
- **Atlanta achieved profitability almost twice as fast as Osprey’s pilot sales territory**, taking only 1 year to become cash-flow positive, compared to nearly 2 years for San Antonio, Texas
- Cash receipts from customers of US\$291k, **up 41% on Q4 2016** (and 351% on Q1 2016)
- Continued strong sales momentum with quarter-on-quarter **unit sales growth of 28%** on Q4 2016
- The number of units sampled in the quarter grew by 119% and the pipeline of hospitals in the evaluation-to-purchase phase remains strong which represent **leading indicators for unit sales growth in Q2 2017**
- Strong balance sheet with cash of US\$18.2m at 31 March 2017 (A\$24.3m at AUD/USD FX rate of \$0.75)

Clear sales momentum

Osprey reported its tenth consecutive quarter of growth for its dye saving technologies. DyeVert unit sales grew by 28% to 812 units in Q1 2017, as compared to 636 units sold in Q4 2016. Compared with Q1 2016, this represents growth of 351%.

Quarterly unit sales & samples since inception



Customers purchasing the DyeVert System expanded to 55 hospitals in Q1 2017, up 28% over Q4 2016. Importantly, approximately 70% of sales in the quarter came from existing accounts which shows that Osprey has a strong business and that growth is not just being driven by opening new accounts or adding new sales reps.

Additionally, sample evaluations experienced significant growth with 210 units recorded for 1Q 2017, up 219% over 4Q 2016. The growth of DyeVert samples reflects strong interest from physicians who are eager to evaluate the device. There are currently 39 hospitals in the evaluation-to-purchase stage reflecting a strong pipeline of future DyeVert customers. The growth of new customers and strong pipeline of evaluating customers demonstrates the rapid Physician adoption of the DyeVert System.

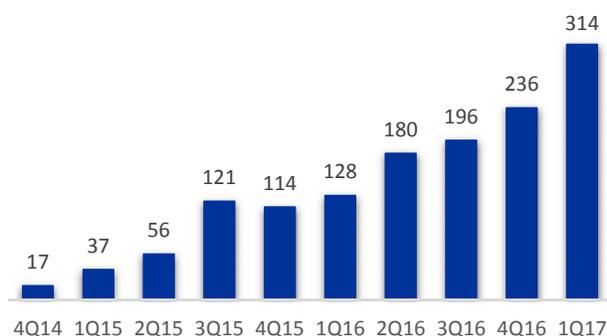
Pleasingly, the average selling price of the DyeVert System rose slightly to \$355, reflecting the strong customer value proposition of the DyeVert System.

Cash receipts from customers increased to US\$291k in Q1 2017, notably this was a 41% increase over Q4 2016. Cash receipts generated in Q1 2017 alone were 50% of all cash receipts generated in FY2016, demonstrating Osprey’s strong growth trajectory. On a full-quarter basis, sales reached US\$290k, up 233% over Q1 2016 (US\$87k).

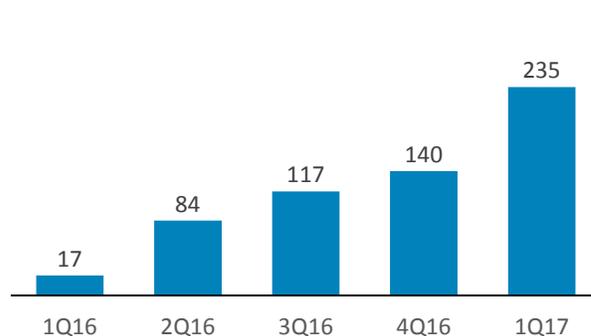
Profitable in two sales territories

Osprey now has two sales territories that have reached profitability. Atlanta, Georgia and San Antonio, Texas were both profitable in Q1 2017 with 235 and 314 units sold respectively, compared to the estimated cash-flow breakeven requirement of 225 units sold per quarter. In terms of penetration in each city, 70% of San Antonio hospitals (16 of 23) and 50% of Atlanta hospitals (11 of 22) now use the device. Notably, the rate of sales adoption in Atlanta has been significantly faster than San Antonio, with Atlanta achieving profitability in 1 year compared to nearly 2 years for San Antonio. This was a direct result of the leverage and experience gained from the sales blueprint developed in San Antonio.

Quarterly unit sales in San Antonio¹



Quarterly unit sales in Atlanta



Notes:

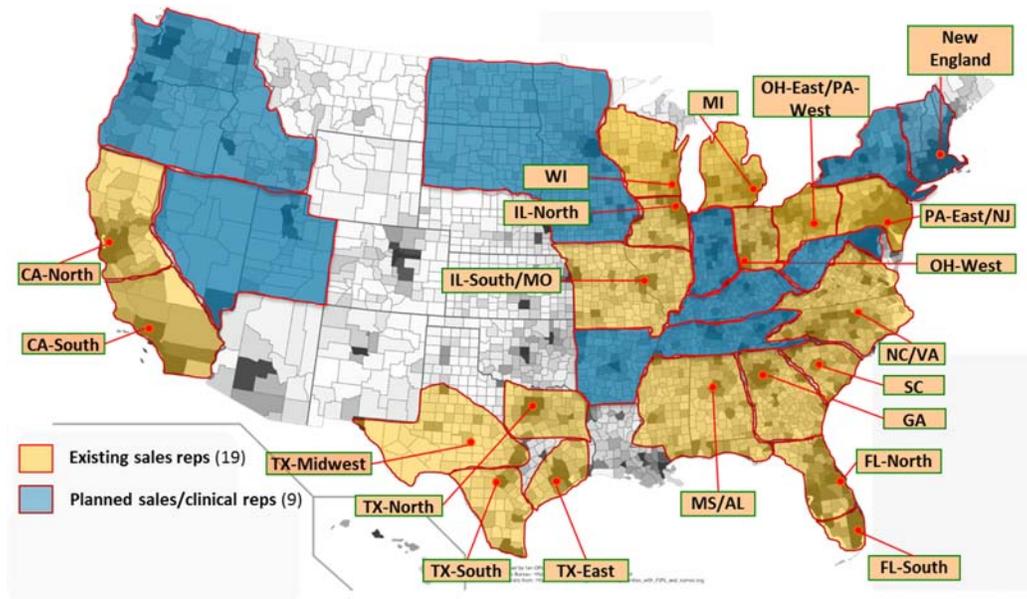
- 1. Quarterly unit sales fell in Q4 2015 following the introduction of the DyeVert System, as hospitals sampled the new product

San Antonio and Atlanta have additional sales opportunities in the neighbouring cities within their geography area, and >5 hospitals from these cities are in the evaluation-to-purchase cycle reflecting a strong pipeline of future customers. The continued growth in hospital penetration in these areas demonstrates the clear potential for strong market adoption in other sales territories.

Sales force expansion

In Q1 2016, Osprey increased its sales force to 19 sales reps. The sales reps hired are seasoned medical device sales reps with at least 10 years previous selling experience. Pleasingly, many also spent their early career in the hospital as nurse and cardiovascular technologists. This experience is augmented with a deep onboarding, product education and training process to ensure rapid acclimation in the sales process.

Osprey intends to hire new reps where there is a high incidence of chronic kidney disease. Planned new territories to be hired in 2017 are indicated on the map below in blue, which is expected to bring the sales force to approximately 28 people by the end of 2017.



DyeVert Plus receives FDA Clearance

During the quarter, Osprey announced that it had received FDA clearance for its next generation technology, DyeVert™ PLUS Contrast Reduction System. DyeVert PLUS is expected to accelerate sales growth in 2017 and beyond, with first sales expected in Q2 2017. Osprey is focused on introducing DyeVert PLUS to new customers initially at a higher price point than DyeVert. However, it is expected that most customers will move towards purchasing DyeVert PLUS exclusively over the next few quarters.

Mike McCormick, Osprey President and CEO said: “We are pleased to see Atlanta, Georgia become our second profitable territory, particularly given it achieved this quicker than our first territory in San Antonio. It is a testament to our sales strategy and the unmet clinical need for our products that are driving such strong sales momentum. With more than 5,000 procedures now conducted using our dye saving devices, and key opinion leading scientific publication and presentations, awareness of the need and value of our products is growing rapidly.”

Osprey Medical is hosting an investor conference call on Wednesday 19th April at 11.00am Australian Eastern Daylight Savings Time.

Call details:

Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	+612 9007 3187
Hong Kong	800 966 806
Singapore	800 101 2785
United States	1855 8811 339

Conference Identification: 720157

Contact details:**Media**

Amanda Loh
Buchan Consulting
T: (613) 8866 1210
aloh@buchanwe.com.au

Investors

Rebecca Wilson
Buchan Consulting
M: (61) 417 382 391
rwilson@buchanwe.co.au

Company

Doug Schoenberg
VP of Marketing
T: (952) 955 8230
dschoenberg@ospreymed.com

About Osprey

Osprey Medical is focused on protecting patients from the harmful effects of X-ray dye (contrast) used during commonly performed angiographic imaging procedures. The Company's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker IDI Heart and Diabetes Institute. Its proprietary dye reduction and monitoring technologies are designed to help physicians minimize dye usage. The Company's DyeVert™ System is a next-generation product that reduces contrast while maintaining image quality in a self-adjusting easy-to-use design. 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.