

Key Sales Milestones

July 7, 2016 – Minnesota, United States and Melbourne, Australia – Osprey Medical (ASX:OSP) today announced record sales results for the second quarter of CY2016, reflecting strong adoption by physicians and hospitals of Osprey's technology protecting patients from the harmful effects of X-ray dye.

Key sales milestones

- Strong unit sales growth of 45% for the DyeVert and AVERT Systems in Q2 2016 as compared to Q1 2016
- Original sales territory in San Antonio, Texas was profitable/cash-flow breakeven in June 2016, with over 65% of San Antonio hospitals purchasing from Osprey equating to 40% penetration of chronic kidney disease (CKD) patients
- Seven consecutive quarters of growth in units sold and sampled since the first customer sale

Clear sales momentum

Osprey had another successful quarter with strong unit sales growth of 45% for the DyeVert and AVERT Systems in Q2 2016 as compared to Q1 2016. This represents unit sales growth of 440% for the quarter compared to the previous year's corresponding quarter. The average selling price of DyeVert is consistent at US\$355 for Q2 2016, with no change from Q1 2016.

The conversion rate of hospitals upgrading from samples to initial product orders remains high at approximately 85%, with 29 hospitals having now purchased the AVERT or DyeVert Systems. The time from sample evaluation to initial orders has reduced in Q2 2016, reflecting strong take-up of the DyeVert System and the shortened time for customer acquisition.

"Osprey has now recorded seven consecutive quarters of growth in units sold and samples, reflecting a strong endorsement from the cardiovascular physician community of Osprey's dye reduction technologies. Increasing market acceptance of the DyeVert System and positive testimonials from customers supports continued sales momentum in the future," Osprey Chief Executive Mike McCormick said.

San Antonio sales territory

Osprey piloted its commercialization efforts in San Antonio, Texas, as a blueprint for US sales force expansion; the sales history over seven consecutive quarters (Q4 2014 to Q2 2016) provides the greatest insight into physician take-up of Osprey's dye savings products. Pleasingly, this territory was profitable/cash-flow breakeven in June, with 100 units sold compared to the cash-flow breakeven requirement of 75 units sold per month. Ongoing developments and results in San Antonio further enhance Osprey's confidence in relation to sales efforts in subsequent territories.

Sales growth of the DyeVert system has accelerated in San Antonio with seven new hospitals purchasing the product since it was launched in December 2015, with 65% of hospitals (15 of 23) now using the device. San Antonio physicians have now used DyeVert or AVERT Plus on 667 CKD patients, representing 40% of all CKD patients treated.

Recent sales traction in the largest hospital system in San Antonio, the Methodist Health Care System, where 47 units were sold in Q2, highlights the exciting growth potential in the near future.

“The continued increases in hospital purchases of the new DyeVert System and encouraging market share growth highlight the strong commercial prospects of Osprey’s products,” Mr McCormick said.

The Appendix 4C quarterly report will be published by July 21, 2016.

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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.