



Itamar Medical reports record financial results for the first quarter, with 26% increase in revenue to \$5.5 million and minimal operating loss

Company advances NASDAQ ADR registration

First quarter 2018 highlights

- Maintained gross profit of 77% of total revenues
- Cash basis (non-GAAP) operating loss of \$0.5 million
- Sharp sales growth in U.S. market for Test as a Service (TaaS) model
- U.S. launch of e-health platform interfaced with Philips' continuous positive airway pressure (CPAP) products

Itamar Medical (TA.ITMR), which develops, markets and sells non-invasive medical devices with a unique technology for sleep apnea diagnostic and a platform to manage the entire care pathway for patients suffering from this disease, today reported record revenues for the first quarter of 2018. The Company also improved its gross profit and maintained a minimal operating loss, results that are in line with the company's new sales model and strategic plan.

"Sleep apnea is believed to impact over half of the cardiovascular patients in the United States and is now considered an independent risk factor for the development and progression of cardiovascular diseases," said Gilad Glick, President and Chief Executive Officer at Itamar Medical. "We believe that the cardiology-related sleep market is rapidly maturing, and that implementation of our new TaaS model in this market is accelerating our entry into U.S. cardiac centers because cardiologists recognize the benefits that testing provides to their patients. Additionally, the consistent increase in WatchPAT revenues indicates that our product and service offerings are addressing critical clinical needs and on a path toward continued growth."

WatchPAT's U.S. product revenues increased 26% in the first quarter of 2018 compared with the same period in 2017. Itamar Medical continues to maintain a gross profit of 77% due in part to the launch of new service packages in the United States. These include WatchPAT Direct, a new communication and logistics solution for patients, and the launch of the SleepPath system, an e-health platform that helps cardiologists manage and monitor the diagnosis and treatment of sleep apnea similar to other cardiovascular risk factors such as hypertension, high cholesterol and smoking.

During the first quarter of 2018, the Company launched its cloud-based SleepPath system for the management and monitoring of sleep apnea in cardiology patients, especially those with atrial fibrillation. The system provides physicians with a daily, up-to-date and automatic state-of-the-art diagnosis and monitoring data for patients using Philips' CPAP products, and the company expects it will be a significant accelerator of revenue growth going forward.



During the first quarter of 2018, Itamar Medical increased its visibility and strength among its shareholders and several of Israel's leading institutional investors through the execution of separate investment agreements with the Viola Fund, Medtronic, Dr. Giora Yaron, Yellin Lapidot, Meitav Dash and Phoenix, which are expected to invest approximately \$6 million in Itamar Medical against 7.7% of the Company's shares. The completion of the transaction is subject to the approval of the General Meeting of shareholders, scheduled for May 23, 2018, and the Israeli Stock Exchange.

The Company also announced today that its management and Board of Directors are advancing the listing of the Company's shares on the NASDAQ stock exchange in the United States through the American Depositary Receipt Program (ADR). The program currently does not include plans to raise capital as part of the listing. The move is subject to obtaining the necessary approvals, including the approval of the SEC and NASDAQ, and is expected to significantly strengthen the Company's investor base.

First Quarter 2018 Financial Results

Revenues for the first quarter of 2018 totaled \$5.5 million, an increase of 26% compared to revenues of \$4.3 million in the first quarter of 2017. The company reported a 41% increase in WatchPAT product revenues, mainly as a result of an increase in the sale of disposable sensors and test kits in the United States. First quarter 2018 revenues from the sale of tests, sensors and PAP devices in North America increased to approximately \$3.2 million, compared with approximately \$2.6 million in the corresponding quarter last year. This accounts for about 65% of the Company's total revenues from the WatchPAT product. The continued increase in the number of tests and the increased rate of recognition of revenues from these sales are expected to enable Itamar Medical to continue its rapid growth.

Gross profit in the first quarter of 2018 was \$4.2 million, an increase of 29% compared with gross profit of \$3.3 million in the corresponding quarter last year. Gross margin for the first quarter of 2018 remained high and increased to 77% of total revenues. The improvement in gross profitability is due to streamlining production processes and an increase in production volume that helped reduce relative overhead cost.

Non-GAAP operating loss in the first quarter of 2018 was \$0.5 million, a 63% decrease compared to a cash-based loss of \$1.4 million in the corresponding quarter last year. The improvement in the operating loss stems from an improvement in gross profitability and a decrease in selling and marketing expenses, mostly outside the United States, and in research and development expenses.

Itamar Medical Forward Looking Information

This press release contains "forward-looking statements" as defined in the Securities Law, 5728-1968. Forward looking information is uncertain information regarding the future, which is based on existing information or assessments in the company and includes intentions or assessments of the Company, as at the date of publishing this press release or that is not solely dependent on the Company. It is possible that all or some of this information, will not materialize (at all) or will materialize in a different 1 Heart Failure and Sleep-Disordered Breathing — The Plot Thickens, Ulysses J. Magalang, M.D., and Allan I. Pack, M.B., Ch.B., Ph.D., N Engl J Med 2015; 373:1166-1167 manner, among other things, because of



changes in the Company's strategy, regulatory changes in the target market, competition and competitors in the target market, the degree of acceptance and the rate of penetrating WatchPAT by the medical community in the US, delay in obtaining or failure to obtain the FDA clearance for the new WatchPAT version and/or changes in the Company's financial situation and its business.

About Itamar Medical Ltd.

Itamar Medical Ltd. is a public company traded on the Tel Aviv Stock Exchange and based in Caesarea, Israel. Since its inception, the company has been engaged in research and development of non-invasive medical devices for differential diagnosis, including cardiology and respiratory disorders. The Company's flagship products, which are based on its unique technology, are WatchPAT™, a home-use diagnostic device for sleep breathing disorders, and EndoPAT™, the only FDA-approved device to test endothelial dysfunction and to evaluate the risk of heart disease and other cardiovascular diseases.

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