

**Itamar Medical Reports Fourth Quarter and Full Year 2017 Financial Results, Record Revenue of Nearly \$21 million in 2017, Significant Decrease in Operating Loss**

*- Company evaluating potential U.S. listing -*

**Fourth Quarter 2017 Highlights**

- Record revenues of \$6 million, a 21% year-over-year increase
- WatchPAT™ revenues of \$4 million in the U.S.
- Gross margin maintained at 76%
- Non-GAAP cash-based operating loss of approximately \$0.5 million
- In February 2018, company made second and last payment of \$11 million principal of its Series L convertible note

**Caesarea, Israel – March 22, 2018 – Itamar Medical (TASE: ITMR)**, a company which develops, markets and sells non-invasive medical devices for the diagnosis and treatment of sleep apnea, with a focus on the cardiology market, today reported record revenues for the fourth quarter and full year ended December 31, 2017. As a result of a successful change in its business model and the increase in sales of probes and tests, the Company achieved continued and rapid revenue growth from its WatchPAT™ device (excluding revenues from the positive airway pressure, or PAP device) of 24% and 20%, respectively, in the year and quarter ended December 31, 2017.

"The record results achieved in 2017 demonstrate Itamar Medical's ability to leverage its technological advantage to capture a growing portion of the U.S. market for our products," said Gilad Glick, President and Chief Executive Officer of Itamar Medical. "It also reflects our ability to establish productive relationships with the majority of payors in the U.S. to facilitate reimbursement for our products and expand access to patients who may benefit from our innovative technology."

The Company also reported that its Board of Directors approved in principle to issue shares in a private offering to interested parties. As part of the private offering, Viola, the Company's controlling shareholder, Medtronic, Dr. Giora Yaron, Martin Gerstel and an institutional investor, will invest approximately \$5 million in Itamar Medical, in return for approximately 6.59% of the Company's outstanding shares. The private offering will be subject to final approval of the Company's Board of Directors and its shareholders and approval from the Tel Aviv Stock Exchange for listing the new shares.

Itamar Medical's Board is also examining the possibility of listing the Company's shares on NASDAQ through the American Depositary Receipt Program (ADR) and ADR certificates representing the Company's shares. Any potential listing of the Company's shares on NASDAQ is subject to obtaining the required approvals, including approvals from the U.S. Securities and Exchange Commission and NASDAQ.

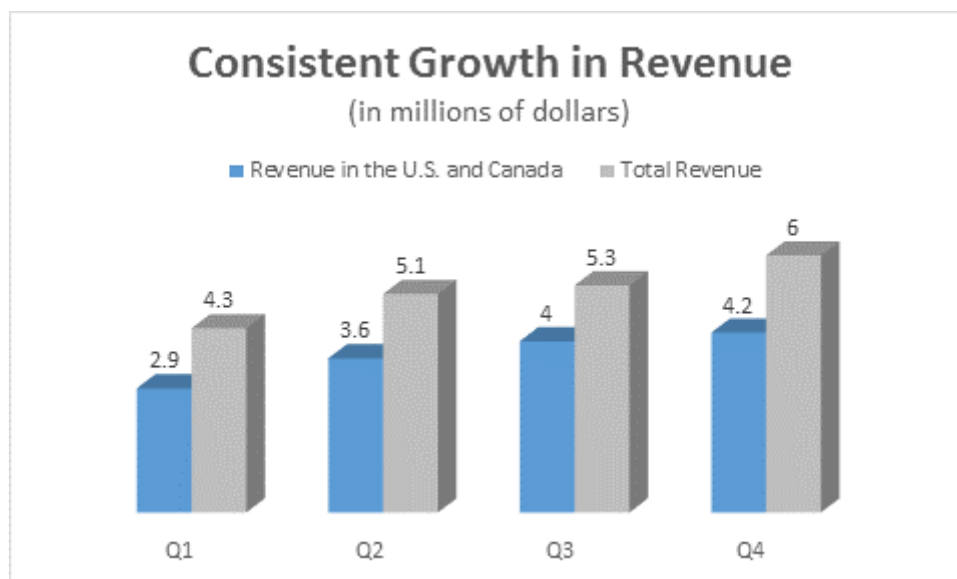
“The Board’s approval in principle of a private offering and listing in the United States on NASDAQ is based on the Company’s consistent achievements and potential for accelerated growth in the U.S., Japanese and European markets,” continued Mr. Glick. “Increasing the Company’s exposure to investors in the U.S. will raise the visibility of our products, further enhancing our growth potential.”

Itamar Medical has implemented a strategy focused on WatchPAT – the Company’s sleep apnea diagnosis device for cardiology patients, while changing its sales model and shifting from the sale of capital equipment to the sale of tests (Tests as a Service or “TaaS”). Sleep apnea is estimated to occur in about 25% of the adult population in the United States and there is growing recognition of the importance of diagnosing and treating this condition. This is especially important for the 50% of U.S. patients with heart disease. The Company’s revenues in North America from the sale of tests, probes and PAP devices now constitute approximately 63% of the Company’s total revenues from its WatchPAT device in this market. WatchPAT revenues in the U.S. reached a record of \$4 million in the fourth quarter of 2017.

Mr. Glick added: “2017 was a year in which WatchPAT was recognized by cardiologists in the U.S. and other countries as a product that can diagnoses sleep apnea in an easy and comfortable way without long waiting times and high co-pays and allows early treatment of heart patients. Our U.S. Total Sleep solution, TSS, which supports patients from diagnosis through treatment, is an important solution for U.S. cardiology medical centers and clinics. The tremendous costs of treating heart disease in the United States require medical centers to better manage sleep apnea, WatchPAT has an important role to play in improving the diagnosis, care and outcomes of individuals with sleep apnea, and we are excited about our opportunities for continued growth in 2018 and beyond.”

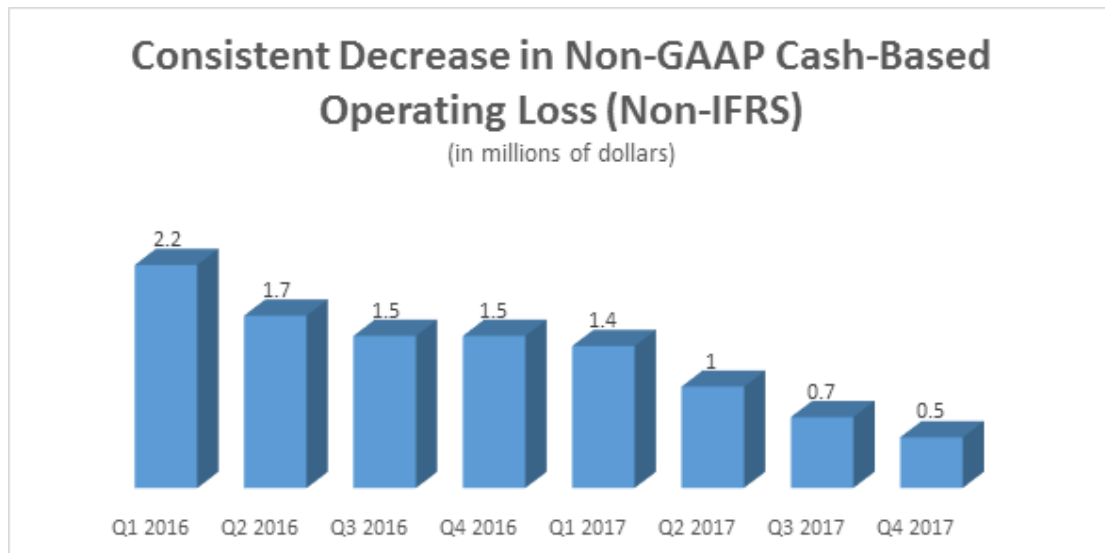
#### **Fourth Quarter and Full Year 2017 Financial Results**

In the fourth quarter of 2017, Itamar Medical’s revenues surpassed \$6 million, an increase of 21%, compared with revenues of \$5 million in the same quarter in 2016. Revenue for the year ended December 31, 2017 amounted to \$20.7 million, a 12% increase, compared with \$18.4 million in the year ended December 31, 2016. The increase in revenues is attributable to the successful transition to its TaaS sales model, which enables rapid penetration to new accounts without the need for large capital acquisition of WatchPAT devices. This model is expected to generate a steady flow of revenue for the Company as its U.S. customer base increases, and will reduce dependence on large capital sales.



Itamar Medical's gross profit for the fourth quarter of 2017 was \$4.6 million, an increase of 36%, compared with gross profit of \$3.4 million in the corresponding quarter last year. Gross profit for the year ended December 31, 2017 was \$15.7 million, an increase of 17%, compared with gross profit of \$13.5 million in the year ended December 31, 2016. The gross profit margin for the year and quarter ended December 31, 2017 remained high at 76% of total revenues. The improvement in gross profit and gross margin is due to streamlining of production implemented by the Company over the course of the past two years, as well as an increase in the volume of manufactured products, with a smaller increase in fixed production costs.

The non-GAAP cash-based operating loss in the fourth quarter of 2017 was approximately \$0.5 million, a 66% decrease, compared with approximately \$1.5 million in the corresponding quarter last year. The significant improvement in operating loss stems from an increase in revenues, an improvement in gross margin and a reduction in selling and marketing expenses, which occurred mainly in Japan and in the United States as a result of changes made in the middle management tier in the United States. Over the last eight quarters, the Company's operating loss has declined steadily from \$2.2 million in the first quarter of 2016 to \$0.5 million in the current quarter. The non-GAAP cash-based operating loss in the year ended December 31, 2017 amounted to \$3.7 million, a decrease of 47% compared with that of the year ended December 31, 2016.



#### **About Itamar Medical Ltd.**

Itamar Medical is engaged in research, development, sales and marketing of non-invasive medical devices for the diagnosis of respiratory disorders with focus on the cardiology market. 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™, an FDA-approved device to test endothelial dysfunction and to evaluate the risk of heart disease and other cardiovascular diseases. Itamar Medical is a public company traded on the Tel Aviv Stock Exchange and is based in Caesarea, Israel.

*All statements other than historical facts included in the foregoing press release regarding the Company's business strategy are "forward-looking information", as this term is defined in the Israeli Securities Law, 1968. These statements are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements are not guarantees of future performance, and actual results may materially differ. The forward-looking information involve risks, uncertainties, and assumptions, including the risks discussed in the Company's filings with the Israel Securities Authority. The Company does not undertake to update any forward-looking information.*

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