

Q2 2022 Quarterly Activity Report & Appendix 4C

Key Highlights:

- Successful completion of interim enrolment in pivotal SOLVE trial of WiSE®, in line with timing expectations
- Secured US\$50/A\$72.6¹ million growth capital facility with Runway Growth Capital, LLC for non-dilutive funding flexibility and to support commercialisation activities over the medium term
- Strong cash position of US\$79.3/A\$115.1¹ million as of 30 June 2022

Sunnyvale, California; 27 July 2022: EBR Systems, Inc. (ASX: “EBR”, “EBR Systems”, or the “Company”), developer of the world’s only wireless cardiac pacing system for heart failure, is pleased to release its Quarterly Activity Report and Appendix 4C for the June quarter (“Q2 2022”).

John McCutcheon, EBR Systems’ President & Chief Executive Officer said:

“We have come a long way since our IPO late last year, further de-risking the business and strengthening EBR’s investment proposition. The completion of interim enrolment for the pivotal SOLVE trial is a significant milestone and value catalyst. We remain confident that we will achieve the 6-month primary endpoints, resulting in a successful pivotal trial and the basis for FDA approval. Our confidence is underpinned by outcomes from previous clinical trials of WiSE®, which have exceeded the performance endpoints set for the SOLVE trial.

Our clinical, regulatory, R&D, manufacturing, financing, and commercial strategies have been carefully constructed and targeted to ensure that we are optimising our resources to generate value for securityholders in every step of the journey. In addition to existing cash reserves from the IPO, EBR executed an agreement for a 5-year US\$50m non-dilutive growth capital facility with Runway Growth Capital, LLC, which will provide additional balance sheet flexibility to support EBR’s progress through its clinical, regulatory, and commercial milestones, including the FDA approval process and commercialisation of WiSE®, whilst ultimately protecting shareholder value.”

Completed interim enrolment in pivotal SOLVE-CRT IDE study

On 1 July 2022, EBR successfully completed interim enrolment of 183 patients in its pivotal SOLVE-CRT IDE (“SOLVE”) trial of WiSE®. Through the trial that involves patients with acute lead failures, chronic lead failures, high-risk upgrades, and leadless upgrades, EBR is evaluating the efficacy and safety of WiSE® technology. Previous trials of WiSE® exceeded the safety and efficacy endpoints set for the SOLVE trial, with over 300 patients treated with WiSE® to date. In addition, EBR has had extensive engagement with the FDA, and WiSE® has been awarded Breakthrough Device Designation which provides access to greater initial payment coverage in the U.S.

Executed on US\$50m growth capital facility

The Company executed an agreement with leading venture debt provider, Runway Growth Capital, LLC, for a US\$50m growth capital facility that will span a period of 5 years. The arrangement will involve a series of tranches with the initial payment of US\$20m drawn immediately and subsequent stages being conditional upon significant milestones.

¹Assumes an A\$:US\$0.689 exchange rate

With the current economic factors of escalating interest and inflation rates and plummeting market indices, additional funding provides EBR with considerable balance sheet flexibility and protection of shareholder value during a time of uncertainty in a market where the fair value of early-stage medical device interventions is not recognised appropriately. Access to the additional capital will support growth endeavours and further commercialisation activities for the medium to long term.

For more details on the structure of the agreement, please refer to the announcement titled 'EBR Systems secures US\$50m growth capital facility', released on 1 July 2022.

Corporate Update

EBR Systems held its Annual Meeting of Stockholders on 12 May 2022. All resolutions were decided and passed by way of poll. The results of the meeting are set out in the announcement titled 'Results of 2022 Annual Meeting of Stockholders', released on 12 May 2022.

EBR will further support patient implants and clinical sites in addition to continuing regular business activities inclusive of presenting at numerous distinguished cardiology conferences, investor conferences and publishing in medical journals.

The Company also attended the 2022 Heart Rhythm Society (HRS) Conference in San Francisco, the leading conference worldwide on cardiac pacing and electrophysiology, representing more than 7,000 medical, allied health and science professionals from over 90 countries, specialising in cardiac rhythm disorders.

Payments made to related parties as described in item 6.1 of the Appendix 4C were for executive director remuneration.

Net operating cash outflows for the quarter was US\$8.6/A\$12.5² million, mostly relating to clinical and regulatory costs, staff costs, the advance purchase of manufacturing materials to prevent supply chain disruptions, and the final accrued interest payment due at the payoff of an existing note payable.

Use of Funds (Listing Rule 4.7C.2)

In section 8.4 of the Replacement Prospectus dated 28 October 2021 and released on the ASX Market Announcements Platform on 23 November 2021, the Company provided a proposed use of funds statement to demonstrate that it expected to have sufficient working capital to carry out its business objectives as stated below to at least mid-2024. The table below shows the use of funds from the date of admission to the ASX, 24 November 2021, while the Appendix 4C covers the period 1 April 2022 to 30 June 2022.

Use of Proceeds	Total per the Prospectus (US\$/A\$ ³ million)	Actual expenditure 24/11/21 to 30/06/2022 (US\$/A\$ ³ million)
Capital expenditure towards manufacturing	4.3/6.2	0.2/0.3
Sales and Marketing	18.5/26.8	1.2/1.7
Regulatory and Clinical	14.0/20.3	10.6/15.4
Research and Development	16.5/24.0	2.9/4.2
Costs of the Offer and U.S. Private Placement	5.6/8.1	5.5/8.0
General and Administrative Costs and Working Capital	16.9/24.6	6.6/9.6
Totals	75.8/110.0	27.0/39.2

² Assumes an A\$:US\$0.689 exchange rate

ENDS

This announcement has been authorised for release by the EBR Systems Finance Disclosure Committee, a committee of the Board of Directors.

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About EBR Systems (ASX: EBR)

Silicon Valley-based EBR Systems (ASX: EBR) is dedicated to superior treatment of cardiac rhythm disease by providing more physiologically effective stimulation through wireless cardiac pacing. The patented proprietary Wireless Stimulation Endocardially (WiSE) technology was developed to eliminate the need for cardiac pacing leads, historically the major source of complications and reliability issues in cardiac rhythm disease management. The initial product is designed to eliminate the need for coronary sinus leads to stimulate the left ventricle in heart failure patients requiring Cardiac Resynchronisation Therapy (CRT). Future products potentially address wireless endocardial stimulation for bradycardia and other non-cardiac indications.

EBR Systems' WiSE® Technology

EBR Systems' WiSE technology is the world's only wireless, endocardial (inside the heart) pacing system in clinical use for stimulating the heart's left ventricle. This has long been a goal of cardiac pacing companies since internal stimulation of the left ventricle is thought to be a potentially superior, more anatomically correct pacing location. WiSE technology enables cardiac pacing of the left ventricle with a novel cardiac implant that is roughly the size of a large grain of rice. The need for a pacing wire on the outside of the heart's left ventricle – and the attendant problems – are potentially eliminated. WiSE is an investigational device and is not currently available for sale in the US.

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.

EBR 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. EBR 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

EBR'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 EBR'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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EBR Systems, Inc.

ABN

654 147 127

Quarter ended ("current quarter")

June 30, 2022

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	415	766
1.2 Payments for		
(a) research and development	(426)	(788)
(b) product manufacturing and operating costs	(3,492)	(5,769)
(c) advertising and marketing	(223)	(321)
(d) leased assets	(182)	(307)
(e) staff costs	(3,919)	(7,779)
(f) administration and corporate costs	(306)	(709)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	44	48
1.5 Interest and other costs of finance paid	(469)	(513)
1.6 Income taxes paid	(1)	(3)
1.7 Government grants and tax incentives	8	8
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(8,551)	(15,367)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(86)	(134)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(86)	(134)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	41	250
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(566)
3.5	Proceeds from borrowings	20,000	20,000
3.6	Repayment of borrowings	(1,800)	(2,400)
3.7	Transaction costs related to loans and borrowings	(759)	(759)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	17,482	16,525

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	70,419	78,242
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,551)	(15,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(86)	(134)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	17,482	16,525
4.5	Effect of movement in exchange rates on cash held	3	1
4.6	Cash and cash equivalents at end of period	79,267	79,267

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	79,267	70,419
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	79,267	70,419

6.	Payments to related parties of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	101
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payments represent remuneration paid to executive directors.</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
7.1	Loan facilities	50,000	20,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	50,000	20,000
7.5	Unused financing facilities available at quarter end		30,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	On 30 June 2022, the Company entered into a loan and security agreement with Runway Growth Finance Corp, whereby the Company has the availability to borrow up to \$50 million US dollars. As of 30 June 2022, the Company has borrowed \$20 million. The loan accrues interest at the Prime Rate plus 4.90%. Interest is payable on the 15 th calendar day of each month, and the loan matures on 15 June 2027.		

8.	Estimated cash available for future operating activities	US\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(8,551)
8.2	Cash and cash equivalents at quarter end (item 4.6)	79,267
8.3	Unused finance facilities available at quarter end (item 7.5)	30,000
8.4	Total available funding (item 8.2 + item 8.3)	109,267
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	12.8
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 July 2022

Authorised by: the EBR Systems Finance Disclosure Committee, a committee of the Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.