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Annual Report 2023

EBR

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EBR Systems is driven to deliver superior treatment for millions of patients suffering from cardiac rhythm diseases by developing safe, clinically superior, cost-effective and reliable therapies using wireless cardiac stimulation.

Contents

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Operational Highlights

Secured funding to support regulatory activities and initial commercial launch via a US$21.6 million capital raise and US$20.0 million drawdown from EBR's growth capital facility with Runway Growth Capital.

Operating expenses

US$34.5m

Cash, cash equivalents, & marketable securities

US$73.4m

(at 31 Dec 2023)

Net cash used in operating activities

US$32.7m

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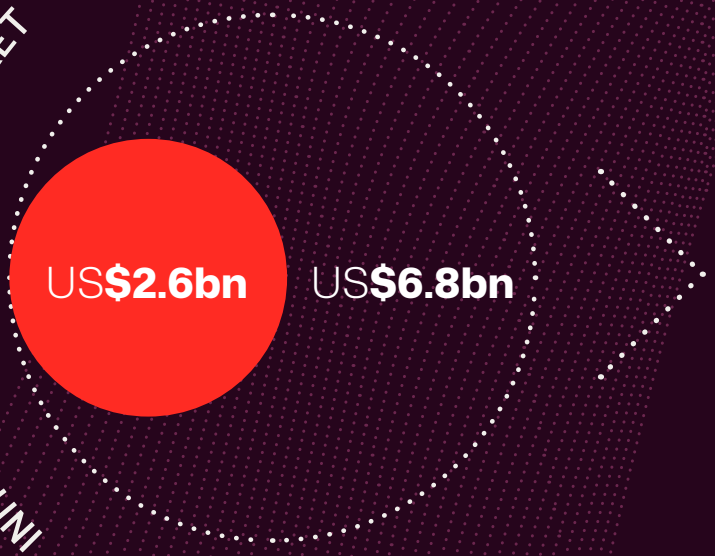
US$2.6 billion initial total available market

The WiSE® technology platform can be expanded for use into other patient groups, increasing EBR's market opportunity and underpinning future growth.



EXPANSION OPPORTUNITY

New Patient Groups, Indications and Geographies

- First-line CRT treatment
- De novo implants for bradycardia
- International expansion
- Leadless upgrade

Rapid market adoption of leadless pacemakers validates commercial opportunity of the WiSE CRT leadless system

Note: Expanding into any additional clinical indications and/or patient groups may require supporting data from clinical studies, additional regulatory approvals, and establishing payment coverage or reimbursement.

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Executive Chairman and CEO Letter

Dear Shareholders,

We are proud to present EBR Systems' 2023 Annual Report. It has been a transformative year for the Company, in which we are pleased to have delivered on several major operational milestones critical to our long-term success.

During 2023, we announced positive results from our pivotal SOLVE-CRT (**SOLVE**) study which demonstrated WiSE to be safe, well tolerated, and effective for improving heart function. Specifically, WiSE showed it was capable of reversing heart failure symptoms and improving physiologic function of the heart. This outcome was the culmination of decades of research and development and underpins the hard work we have been doing to deliver safe and effective cardiac resynchronisation therapy for patients globally. We also released further clinical data from our randomised sub-study, strengthening the conclusions of our main SOLVE study.

Clinical, industry, and investor community outreach remain core objectives for us, which is evident by the number of leading conferences at which we have presented throughout the year. During 2023, we were proud to have the positive results from our pivotal SOLVE study presented at the Heart Rhythm Society Conference in New Orleans and clinical data from our randomised sub-study presented at the Asia-Pacific Heart Rhythm Society Scientific Session in Hong Kong. The company was also invited to present at several distinguished events including the Wilson Annual Drug & Device Conference, AusBioInvest Conference, Bell Potter Healthcare Conference and Bioshares Biotech Summit.

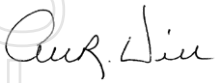
We strengthened the management team during the year with the addition of Rick Kuntz, M.D. as consulting Chief Scientific Officer, and Gary Doherty as Chief Financial Officer. Dr Kuntz previously served as Senior Vice President, Chief Medical and Scientific Officer of Medtronic, overseeing health policy, reimbursement of clinical research activities and corporate technology. Dr Kuntz's guidance will be valuable as we progress through the final stages of FDA review and expand the clinical applications for WiSE. Mr Doherty's proven track record developing high performing finance functions at medical device companies will be essential for the Company as we prepare for the initial stages of commercialisation. Finally, we continued the buildout of our broader team in support of our ongoing R&D activities, enhanced manufacturing capabilities, and in anticipation of commercialisation efforts.

We also improved our financial position by executing a capital raise that was strongly supported by new and existing investors. Together with a further drawdown from our growth capital facility with Runway Growth Capital, this financing significantly bolsters our cash reserves and provides the Company with a path through to early commercialisation.

In the forthcoming year, submission of our final pre-market approval (**PMA**) application to the FDA, and the official publication of the SOLVE dataset in a peer-reviewed medical journal will be important milestones. We will continue to be visible at scientific and investor conferences and to meet with our retail investor base in the capital cities. We remain on track to submit the final PMA module in Q3 CY24 and look forward to maintaining active engagement with the FDA and progressing commercialisation activities.

On behalf of the Board, we thank you for your investment in and on-going support of EBR. We have an exciting 12 months ahead and we look forward to updating you on the Company's progress as we execute on our regulatory and commercial plans. We would also like to take this opportunity to thank the entire EBR Systems team for their hard work and dedication in driving the Company to this point. We look forward to delivering value to our shareholders through timely execution against our 2024 major milestones.

Sincerely,



ALLAN WILL
Executive Chairman
EBR Systems Inc

JOHN McCUTCHEON
President and Chief Executive Officer
EBR Systems Inc

Leading Transformative Therapy

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We remain focused on our path to commercialisation – specifically, on meeting our FDA submission timelines.

Operational Review 2023

Strategic focus

Achieved primary efficacy and safety endpoints in the pivotal SOLVE-CRT trial

Reported positive results from the SOLVE-CRT randomised sub-analysis

Advanced regulatory and commercialisation plans

SOLVE-CRT results

EBR achieved a transformative milestone during the year, announcing positive top-line data from its pivotal SOLVE-CRT trial. The trial met both primary endpoints after an interim analysis and enrollment was stopped early for success. This validates that the WiSE CRT System provides safe and effective cardiac resynchronisation therapy (**CRT**) and represents a significant breakthrough in the treatment of heart failure. Positive pivotal trial results pave the way to FDA approval and market adoption.

Solve randomised sub-analysis

In addition to the pivotal SOLVE-CRT trial results, EBR announced supporting positive data from its analysis of SOLVE-CRT's randomised sub-study portion. The randomised phase consisted of 108 patients who all received the WiSE implant and were randomised in a 1:1 ratio to either the Treatment Group or Control Group. Results from the randomised sub-study further validate that the WiSE-CRT System is effective in treating heart failure patients.

Advanced regulatory and commercialisation plans

EBR continues to meet regulatory milestones as part of the company's phased Pre-market Approval Application (**PMAA**) modular submission approach. The Company remains on track to submit its fifth and final module in Q3 2024. FDA approval is targeted at 180 days after the final submission subject to additional FDA questions.

The Company is preparing for the initial stages of commercialisation, targeting first sales during Q2 2025. EBR's commercialisation strategy focuses on leveraging partnerships with existing US SOLVE-CRT sites, supplemented by new, additional high volume CRT sites. Execution of the commercialization strategy will be via a direct sales force.

Growth opportunities

Expansion of total addressable market at launch driven by increase in target ASP in the US and the increasing uptake of leadless pacemakers

Increase in Target US ASP

Due to favourable reimbursement schemes associated with FDA Breakthrough Device Designation, along with recently updated CPT codes and assignment to an interim APC code, we increased our target ASP in the US from $35,000 to a range of $35,000 to $45,000 per system.

Increased uptake of leadless pacemakers

Medtronic's first leadless pacemaker, Micra VR, received FDA approval in 2016. Since then, they have launched the Micra AV in 2020, followed by their second-generation series of devices, Micra VR2 and Micra AV2 in 2023. Medtronic has placed Micra devices in more than 200,000 patients and continues to report double digit sales growth.

Abbott received FDA approval for their Aveir VR single chamber pacemaker in 2022. In 2023 they received approval for their dual chamber leadless pacemaker, Aveir DR. The dual chamber pacemaker segment is approximately five times larger than the single chamber pacing market.

These leadless pacemakers are indicated for bradycardia pacing only. It has been reported that up to 30% of patients with a pacemaker develop pacing-induced heart failure within 4 years. This is significant because the WiSE CRT System provides the only means to upgrade a leadless pacemaker to CRT.

Strategic Report

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Corporate update

Strengthened leadership team with appointment of Gary Doherty as Chief Financial Officer and Dr Rick Kuntz as consulting Chief Scientific Officer

Mr Doherty was appointed as Chief Financial Officer in September 2023 and brings over 30 years of experience across technology, healthcare, and finance to the role. Mr Doherty has a proven track record of developing high performing finance functions and medical device companies including his previous role as CFO of Acutus Medical (NASDAQ:AFIB), a medical technology company specializing in cardiac arrhythmia and atrial fibrillation treatment. EBR looks forward to leveraging Mr Doherty's experience as the Company prepares for initial commercialisation.

Dr Kuntz was appointed in February 2023 and brings over 15 years of experience in the healthcare sector, formerly occupying positions of Senior Vice President, Chief Medical and Scientific Officer of Medtronic and founding CEO of the Harvard Clinical Research Institute. During the year Dr Kuntz provided valuable guidance and counsel during the final stages of the pivotal SOLVE-CRT trial and EBR looks forward to continuing to leverage his insights as the Company continues to execute on its regulatory and commercialisation strategy.

Financial update

Successfully concluded a US$21.6m capital raise

Released the US$20.0m second tranche of the capital facility with Runway Growth Capital

US$21.6 million capital raise

EBR successfully raised US$21.6 million during the year, consisting of a US$19.8m Placement and US$1.8 million Share Purchase Plan. The capital raise was strongly supported by EBR's existing CDI holders as well as new institutional and sophisticated investors.

US$20.0 million drawdown of capital facility

EBR drew down US$20 million in the second tranche of its growth capital facility with Runway Growth Capital. EBR first executed the agreement with Runway Growth Capital on 1 July 2022 with the first US$20 million tranche drawn upon execution of the agreement. The second tranche unlocked on 6 June 2023 following announcement of the positive SOLVE-CRT trial data.

WiSE® Technology Overview

Introduction

EBR is a United States-based company developing the WiSE® CRT System, an implantable, cardiac pacing device able to provide stimulation to endocardial (inside the heart) heart tissue for the treatment of heart failure conditions without requiring the use of leads.

EBR has initially developed WiSE CRT for use in conjunction with another implanted pacemaker to provide cardiac resynchronisation therapy (**CRT**) to patients who are unable to receive CRT from a traditional lead-based system or are at substantial risk of complications from an upgrade procedure. EBR estimates this initial application has an addressable market of US$2.6 billion in the Company's major target markets of the U.S., Germany, France, the U.K., Australia, and other select E.U. countries. In the future, and subject to supporting clinical data and regulatory approvals, the use of WiSE CRT may be broadened to include other CRT patient groups or cardiac pacing applications.

EBR completed interim enrolment in the pivotal SOLVE study in June 2022, and subsequently stopped enrolment for early trial success. The results, presented during a Late Breaking Clinical Trial session at the 2023 Heart Rhythm Society Conference, showed the study met both its primary efficacy and safety end points. The Company is anticipating that it will complete its FDA regulatory submission in Q3 2024 and will commence commercialisation activities upon final FDA approval. The Company plans to commercialise the device in Australia and certain European countries following its U.S. launch and upon local regulatory approvals.

Heart Failure

The market for EBR's leadless WiSE CRT system is for use in patients with moderate to severe heart failure who require CRT. The initial market for WiSE CRT is for use in patients who have failed conventional, lead-based CRT, or who are at high risk of implanting a lead. Another large and growing market is in patients who have an existing leadless, right ventricle pacing device. In these patients, WiSE CRT is the only means of upgrading to totally leadless CRT.

Prevalence and Incidence of Heart Failure

Heart failure belongs to a group of diseases called cardiovascular diseases. Heart failure is a complex clinical syndrome that results from functional or structural impairment of the heart that results in the dysfunction of the left ventricle (**LV**).

Heart failure is a significant public health problem with an estimated prevalence in 2020 of 6.9 million people in the U.S., and around 64 million people worldwide. It is expected that 8.5 million people in the United States will suffer heart failure by 2030, and it is the leading cause of hospitalisation in the U.S. in people over age 65. Approximately 30 to 40% of patients with heart failure have a history of hospitalisation which is linked with worse health and clinical outcomes.

Over 850,000 new cases of heart failure are diagnosed in the U.S. each year. It is estimated that approximately 20% of heart failure patients are classified as having moderate to severe disease. Around 10% of all heart failure patients in the

U.S. meet the criteria for CRT, due to the ventricles of the heart contracting at slightly different times (dyssynchronous contractions).

Healthcare Burden of Heart Failure

Heart failure is a major and growing medical and economic problem, with high prevalence and incidence rates worldwide.

The economic burden of heart failure on healthcare systems is considerable and is expected to increase as its prevalence grows.

An analysis in 2012 estimated the global cost of heart failure to be US$108 billion per annum, with US$65 billion attributed to direct costs (e.g., treatments, hospitalisations, drugs, and devices) and US$43 billion to indirect costs (e.g., transportation, allied healthcare provision and rehabilitation). In the U.S., approximately 1% to 2% of the total U.S. healthcare budget is spent on heart failure. The total U.S. cost of care (direct and indirect costs) for heart failure in 2020 was estimated to be US$43.6 billion. Without improvements in outcomes, the annual total cost of care for heart failure patients in the U.S. is projected to increase to US$69.7 billion by 2030.

Drivers of Heart Failure

The risk of developing heart failure increases with age. There are several factors that increase the risk of developing heart failure including:

- high blood pressure (hypertension);
- coronary heart disease (**CHD**);
- previous heart attack;
- family history; and
- diabetes.

In addition to ageing, the prevalence of heart failure in the population is expected to continue to increase, driven by factors including:

- poor diet and nutrition;
- insufficient activity and exercise;
- increasing levels of obesity; and
- smoking.

Cardiac Rhythm Management Devices

The first cardiac pacing device was developed in the 1950s and formed the foundation for the medical device company, Medtronic plc. Since then, cardiac pacing devices have continued to play a key role in the clinical management of patients with heart disease.

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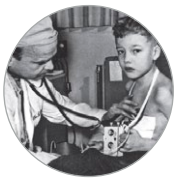
History of cardiac pacing devices

1950s	1950s	1958	2015	2016
AC-powered pacemakers tethered to an extension cord (Furman)	Battery-powered transistorised "wearable" pacemakers (Lillehei/Bakken)	First fully implantable pacemaker (Elmqvist/ Senning)	Implantable pacemaker – basic system had not evolved significantly	Leadless pacemaker – the entire device is placed within cardiac chambers
				

	1950s	1980s	1990s
CRM Applications	Pacing – Pacemakers	Implantable Cardiac Defribilation – ICDs	Cardiac Resynchronisation Therapy – CRTs

Source: adapted from S.K. Mulpuru et al (2017), J. Am. Coll. Cardiol. 69:189-210.

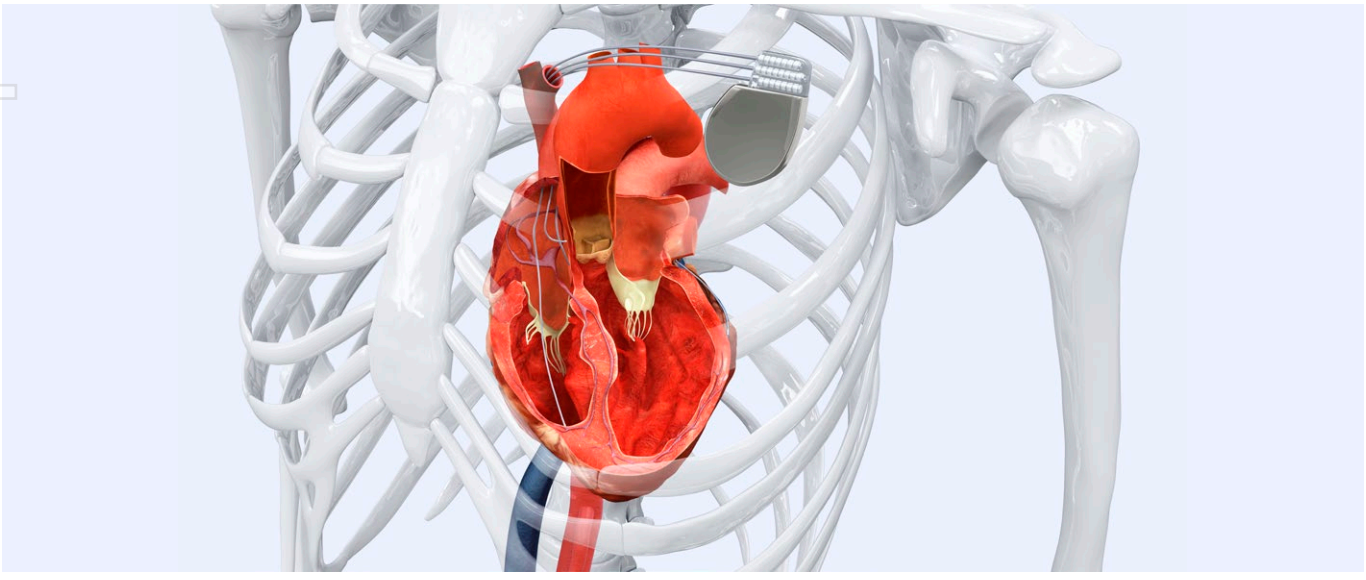
Cardiac rhythm management (**CRM**) devices are devices that monitor a patient's heart rhythm and normalise different types of irregularities by delivering small, electrical shocks to the heart tissue. The three most common therapeutic CRM devices are:

- **Pacemakers**: which stimulate contractions of the heart if it slows or becomes irregular;
- **Defibrillators**: which deliver an electric shock to reset the heart's rhythm when types of cardiac arrhythmia occur; and
- **CRT devices**: which synchronise the contraction of the left and right ventricles of the heart.

Pacemakers

Due to disease, tissue damage or medication, the heart rate of some patients may tend to slow, a condition called bradycardia. Permanently implanted pacemakers (**PPMs**) detect if the beating of the heart becomes slow or irregular and corrects it using small, electrical impulses to stimulate contractions.

Diagram showing an implanted pacemaker (PPM)



The pattern of pacing delivered is controlled by an implantable pulse generator (**IPG**) and can be adjusted over time as a patient's needs change. Some patients are entirely dependent on their pacemakers to make their heart beat, while others are paced occasionally and only when required.

WiSE® Technology Overview *continued*

a. Implantation of PPMs

The chambers of the heart where the pacing electrodes are placed may also vary:

- **single lead** (single chamber pacing) – in the right ventricle or right atrium;
- **two leads** (dual chamber pacing) – in the right ventricle and right atrium;
- **leadless pacemaker** – direct implant into the right atrium or right ventricle to treat bradycardia.

Each year, it is estimated that over 200,000 pacemakers are implanted in U.S. patients with bradycardia. Estimates for the number of individuals around the world who are living with an implanted pacemaker range from 1.25 million to 3 million people.

b. Leadless Pacemakers

The most recent advance in the evolution of pacemakers has been the advent of leadless cardiac pacing systems. The most frequent complications with pacemakers are usually associated with their leads. To overcome this, leadless pacing systems have recently been developed in which the IPG and stimulating electrode are combined into a single unit that can be fully implanted inside the heart chamber. The three leading CRM device companies (Medtronic plc, Boston Scientific, and Abbott) have each developed such leadless cardiac pacemakers.

Increasing use of leadless pacemakers

Major players have introduced leadless pacing technology:

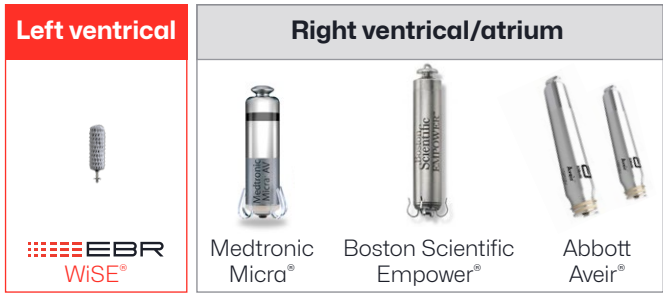
- Medtronic continue to report double digit growth for Micra seven years after their launch
- Abbott received FDA approval for their single chamber Aveir device in 2022 and their dual-chamber leadless device in 2023

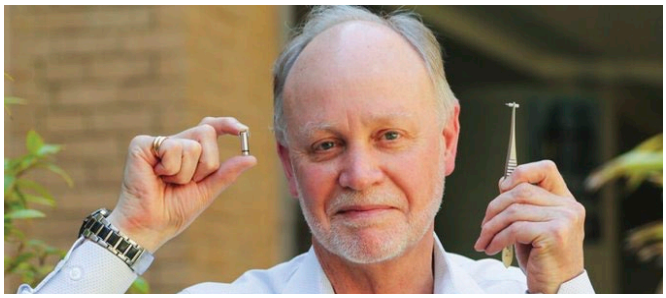
However, the size of leadless pacemakers restricts use to right ventricle (RV) & right atrium (RA) bradycardia pacing:

- Too large to completely endothelialise (0.80-1.0cc)
- Interference with valves if placed basally
- Risk of blood clots and size prohibit LV placement

WiSE is the only leadless solution for LV Pacing including cardiac resynchronisation therapy (CRT) and leadless conduction system pacing (CSP):

- 0.05cc in volume (5% to 6% the volume of other leadless pacemakers)





Dr. Jeffrey Alison, Monash Hospital, Melbourne
Micra on the left, WiSE® held by tweezers on the right.

WiSE is not currently being clinically investigated for conventional pacing of the heart.

Defibrillators (ICDs)

Implantable cardioverter defibrillators, or ICDs, are implantable devices that deliver an electrical shock to the heart when certain types of abnormal heart rhythm (cardiac arrhythmias) are detected to prompt the heart to return to its normal rhythm.

Two cardiac arrhythmias that ICDs are used to correct are ventricular tachycardia (speeding up of the heart) and ventricular fibrillation (rapid twitching of the heart muscle). If these arrhythmias are left untreated and allowed to progress, they can result in cardiac arrest, and potentially death. The electrical shock delivered by an ICD is designed to interrupt the progression of these arrhythmias and prompt the heart to return to its normal rhythm.

ICD devices have a very similar design to pacemaker devices and are comprised of an IPG, a lead responsible for stimulation implanted in the right ventricle, and up to two additional leads for stimulating other chambers of the heart. As well as managing arrhythmias, an ICD may also provide pacing activity for the heart.

ICDs are typically implanted in patients who have survived a cardiac arrest attributable to ventricular tachycardia or ventricular fibrillation and are at high risk of experiencing additional cardiac arrhythmias in the future.

Approximately 150,000 ICDs are implanted in the U.S. each year. Multiple clinical studies have demonstrated that ICDs improve clinical outcomes and significantly reduce mortality in patients with heart failure.

Leadless pacing technology

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Cardiac Resynchronisation Therapy

Cardiac Resynchronisation Therapy (**CRT**) refers to the use of implanted pacemakers to synchronise the contractions of the left and right sides of the heart.

In addition to the usual PPM or ICD leads implanted in the right ventricle and/or right atrium, CRT requires an additional lead to stimulate the left ventricle. Due to the risk of thromboembolism (formation of blood clots) this lead is not usually implanted inside the left side of the heart, but instead is implanted in the coronary sinus (**CS**) which is a vein on the outside of the heart.

What is CRT?

Many patients with heart failure have an enlarged left ventricle which can delay its contraction. When this happens, the right and left ventricles contract at slightly different times (dyssynchronous) and effectively work against each other, making the heart less efficient.

CRT refers to the use of electrical stimulation to synchronise the contractions of the right and left ventricles. When CRT is used in this manner, it is referred to as biventricular pacing (**BiV pacing**). This is the first application for which WiSE has been developed.

How does CRT work?

CRT uses electrical stimulation to coordinate the contractions of the right and left ventricles of the heart. This is achieved using an IPG with electrodes placed to stimulate the right and left ventricles. Implanted CRT devices may also provide pacing alone (referred to as **CRT-P**) or pacing and defibrillation (referred to as **CRT-D**), depending on a patient's requirements.

CRT requires electrical stimulation to be delivered to the left ventricle. Unlike the right side of the heart, leads cannot be placed on the inside of the left side due to the risk of clot formation. To avoid this, a stimulating lead for the left side is usually placed in a blood vessel called the CS that runs on the outside surface of the left ventricle. While this traditional placement can provide adequate left ventricular pacing in many patients, procedural limitations can result in suboptimal lead placement. In some patients, placement of a lead in the CS is not an option due to their anatomy or disease condition. Furthermore, pacing from the epicardial surface is not physiologic (i.e. normal) since normally stimulation progresses from the inside of the heart to the outside (i.e., from the endocardium to the epicardium).

When CRT is required in patients who already have an implanted PPM or ICD, WiSE provides an alternative option for upgrading to CRT. WiSE may be particularly helpful for patients whose anatomy or disease condition puts them at a high risk from the procedures for placing a lead in the coronary sinus (**CS**). Another advantage of WiSE is that it provides stimulation of the left ventricle from the inside endocardial surface thereby utilising the native conduction system more normally.

Therapeutic Benefits of CRT

CRT has been demonstrated to improve clinical outcomes in multiple clinical trials. A meta-analysis of nearly 100 studies which included over 9,000 patients reported that CRT provides significant benefits to patients including:

- a 41% reduction in the risk of heart failure events;
- 59% of CRT recipients demonstrating functional improvement at six months;
- a 37% decrease in hospitalisations;
- a 22% reduction in all-causes mortality;
- improved heart function; and
- improved quality of life.

In patients who receive effective CRT, reverse remodelling is also observed. Reverse remodelling refers to structural changes in the heart muscle that reverse the enlargement of the left ventricle that is responsible for heart failure. Reverse remodelling is considered a positive indication of underlying clinical improvement.

In addition to improving clinical outcomes, several studies have shown that the reduced healthcare costs arising from lower hospitalisation rates and ongoing clinical management requirements can make CRT a cost-effective intervention.

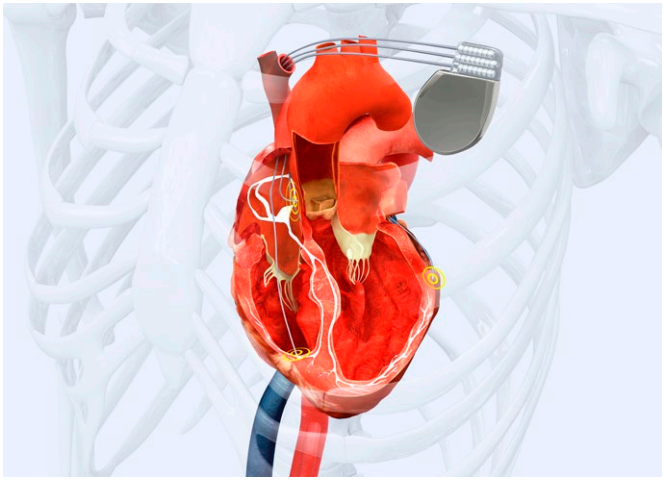
Current Limitations to Providing CRT

a. Inability to Provide CRT

Most limitations that prevent patients from being provided with effective CRT arise from the use of leads. Specifically:

- The successful placement of an effective lead in the CS is not achieved in at least 5% of patients due to the patient's anatomy or disease condition;
- Each year 2%-6% of patients who initially received effective CRT have their leads subsequently fail, move position, or develop other chronic problems.

Placement of leads for lead-based CRT systems



Without a functional CS lead to stimulate the left ventricle, these patients are unable to receive effective CRT using existing devices. These patients represent a key target patient population for WiSE.

WiSE® Technology Overview *continued*

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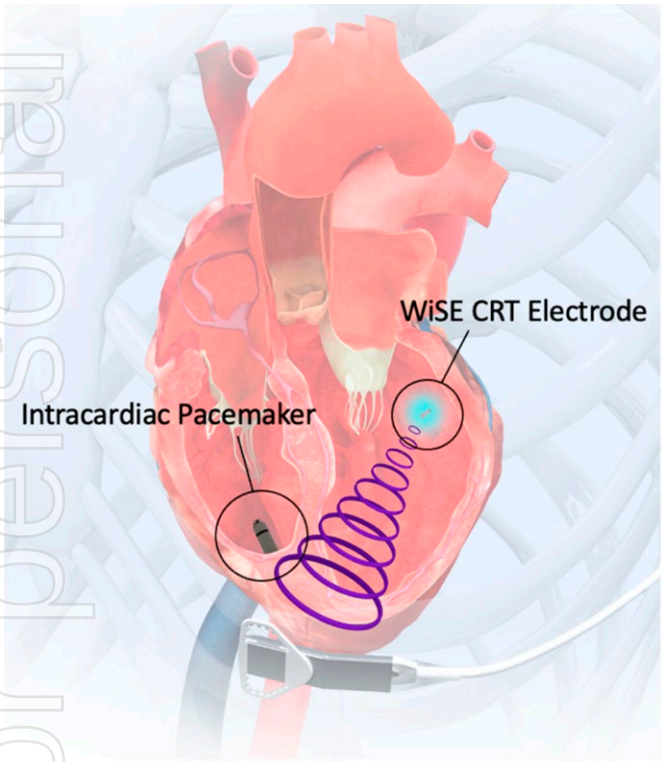
b. High Risk for Conventional Upgrade

Patients with pacemakers and defibrillators can progress to develop heart failure that requires BiV pacing. It is estimated that up to 60% of patients who require an upgrade from an existing pacemaker are at greater risk of complications from a lead-based CRT device due to potential problems arising from their anatomy or disease condition. These patients provide an opportunity for WiSE to be marketed as an alternative approach able to overcome these limitations.

c. Upgrade Leadless Pacemaker to CRT

Patients with a leadless pacemaker are also at risk of developing pacing induced heart failure. Approximately 30% of pacemaker patients develop this within 4 years. Patients with a leadless pacemaker do not have an option to upgrade to CRT with a traditional pacing lead in the coronary sinus. The only means to provide CRT in conjunction with a leadless pacemaker is with the WiSE System.



Totally Leadless CRT System

d. Failure to Respond

Approximately 30% of patients implanted with a CRT are classified as 'non- responders' (**NR**) to CRT. Non-response to CRT may occur due to multiple factors. However, the technical constraints of traditional, transvenous epicardial CRT mean those factors can be challenging to overcome. A recent study looking at healthcare expenditure associated with NRs, identified there are additional healthcare costs associated with this group.

In EBR's SELECT-LV clinical trial, 85% of patients improved based on cardiac health metrics.

Based on the patient inclusion criteria agreed with the FDA, this patient group will not be included in the Company's PMA submission for FDA approval.

e. Endocardial Stimulation is More Physiologic

With conventional CRT devices, the lead to stimulate the left ventricle cannot be placed inside the heart chamber for endocardial pacing due to the risk of clot formation, which can cause a heart attack or stroke. For this reason, this lead is normally placed in the CS where it stimulates the ventricle from outside the chamber (epicardial pacing.)

Stimulation from inside the heart chamber, or endocardial pacing, is more like normal conduction (i.e., more physiologic). Endocardial pacing has been shown to improve both left and right ventricular function. While there are a few techniques for delivering left ventricular endocardial pacing using leads, these are highly invasive and usually not considered suitable for routine or long-term use.

Due to its small size (slightly larger than a grain of rice), the WiSE electrode can be safely implanted inside the left ventricle to deliver endocardial pacing. Furthermore, because the options for its placement are not confined by the heart vasculature, it can be placed in a more optimal position based upon the physiological responsiveness of different sites.

Future Directions in Cardiac Pacing

Significant advances in pacing technology have been made over the last 50 years including: multi-chamber pacing, improved rate responsiveness, device size reduction, internet-based remote monitoring, and marked increases in battery longevity. However, the basic system format of using an IPG connected to one or more leads to stimulate the heart muscle tissue, has remained unchanged over this time.

Many pacemaker-related complications arise from the use of leads. This has driven the recent evolution of pacemaker systems which do not require leads. Apart from WiSE, the leadless pacemakers which have been developed are all single component systems. In such systems, the entire device is placed within the cardiac chamber. Advantages of this approach over lead-based systems include greater energy efficiency, system simplicity, and ease of implantation. However, these systems also have certain limitations, including the need to retrieve the device in future years due to battery depletion, risk of cardiac perforation and uncertain thrombus and infection risk. Additionally, because of their size and thrombogenicity (tendency to generate and release clots that might cause heart attack or stroke) they cannot be used within the left ventricle.

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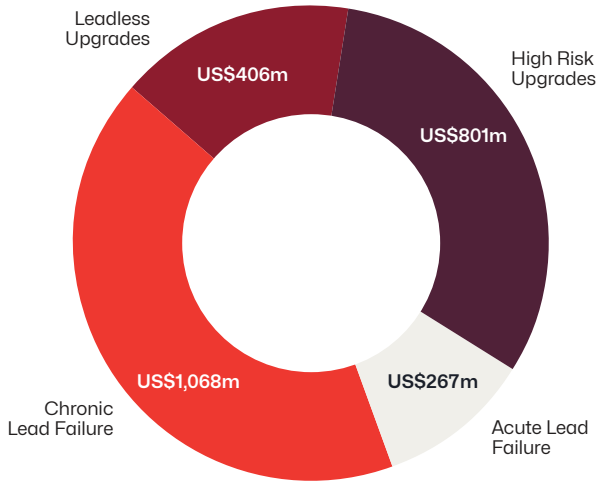
Target markets for WiSE CRT

The initial target patient group for WiSE consists of patients who are unable to receive CRT with the existing lead-based systems, and for patients who are considered at risk for a CRT upgrade from a previously implanted PPM or ICD. EBR estimates this has an addressable market opportunity of approximately US$2.6 billion in the U.S., Germany, France, the U.K., Australia, Benelux, and Scandinavia. EBR is initially targeting regulatory approval in the U.S., followed by Australia, UK, and EU.

Initial Addressable Market (US$2.6bn)



Initial Target Patient Groups for WiSE

The four key patient profiles that comprise the initial target patient group for WiSE are:

a. Acute Lead Failures (**LF – acute**);
b. Chronic Lead Failures (**LF – chronic**);
c. High risk upgrades (**HRU**); and
d. Leadless upgrades (**LU**).

a. Lead Failures – acute

In at least 5% of patients, placement of an effective lead in the CS is not achieved due to the patient's anatomy or disease condition ("LF – acute" patients.) Based on the estimated size of this patient group, EBR believes the addressable market of LF – acute patients is approximately 5% of new CRT implants.

b. Lead failures – chronic

"LF – chronic" patients have a CRT system that has had the lead to the left heart switched off or the lead has become otherwise ineffective. This may be for many reasons, but often relates to the lead failing or not functioning properly.

Reported lead failure rates for CRT range from 2% – 6%. Based on this, EBR believes the annual addressable market for LF- acute patients may be approximately 4% of patients living with an implanted CRT device.

As the median survival time for a patient after being implanted with a CRT device is five years, EBR estimates that the number of patients living with an implanted CRT device may be approximately five times the estimated annual implantation rate.

c. High Risk Upgrades

Patients with pacemakers and defibrillators can develop heart failure that requires BiV pacing. These patients are referred to as HRUs if they have a high risk of complications from upgrading to a lead-based CRT device. Approximately 25% of CRT implants are upgrades from other cardiac pacing devices (PPMs and ICDs). It is estimated that up to 60% of patients who require an upgrade from an existing pacemaker are at greater risk due to potential complications arising from their anatomy or disease condition.

On this basis, EBR estimates approximately 15% of CRT implants are for HRU patients who may benefit from the use of WiSE rather than a lead-based CRT device

d. Leadless Upgrades

Patients with leadless pacemakers are also at risk of developing pacing induced heart failure and subsequently require BiV pacing. Unlike a conventional pacemaker, it is not possible to implant a CS lead to pace the left ventricle. The only means to provide these patients with BiV pacing is with the WiSE System. Based on the current implant rate of leadless pacemakers and published rate of pacing induced heart failure, EBR estimates initial market opportunity of US$406 million, which will continue to increase as adoption of leadless pacing continues.

Emerging leadless market for cardiac pacing

The most recent advance in the evolution of pacemakers has been the advent of leadless cardiac pacing systems. Most of the complications associated with pacemakers have been due to leads. Leadless pacing systems have the pulse generator and the stimulating electrode in a single unit that can be fully implanted inside the heart chamber.

Overview of Leadless Pacemakers for Cardiac Pacing

The three major CRM device companies (Medtronic, Boston Scientific, and Abbott) have each developed leadless cardiac pacemakers that can be implanted in the right ventricle, with Abbott also having a device that can be used in the right atrium.

Leadless devices are expected to play an increasingly important role in the future pacemaker market. This has been reflected in the rapid growth of sales demonstrated by Medtronic's Micra device since it received FDA approval in 2016.

WiSE® Technology Overview *continued*

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Leadless Pacemakers for Cardiac Pacing

Wireless Cardiac Rhythm Management Landscape[1]

CRT (left ventricle)	Bradycardia (right ventricle/atrium)	Defibrillation (extravascular)
 EBR Systems WiSE®	 Medtronic – Micra® Implant  Boston Scientific Empower®  Abbott Aveir®	 Boston Scientific Emblem®  Medtronic EV ICD®

Medtronic – Micra®

Medtronic's Micra was the first leadless pacemaker to receive FDA approval. In 2020, the FDA approved a second leadless pacemaker for Medtronic, Micra AV, that is also implanted in the right ventricle but has an additional capability of being able to sense the contraction of the right atrium to create atrioventricular synchrony. Both versions of Micra can only be implanted in the right ventricle due to their size. In May 2023, the FDA approved their second-generation leadless devices the Micra VR2 and Micra AV2. They continue to report double digit growth.

Abbott – Aveir®

Abbott's Aveir VR single chamber leadless pacemaker received FDA approval in April 2022. As with Micra, the Aveir VR can only be implanted in the right ventricle due to its size. The Aveir DR dual chamber leadless pacemaker received FDA approval in July 2023. As dual chamber pacing makes up approximately 80% of the pacing market, the entry of the Aveir DR has the potential to expand the entire leadless pacing market.

Boston Scientific – Empower®

Boston Scientific's leadless Empower pacemaker is currently being investigated in a clinical trial. As with the other leadless pacemakers, Empower can only be implanted in the right ventricle due to its size.

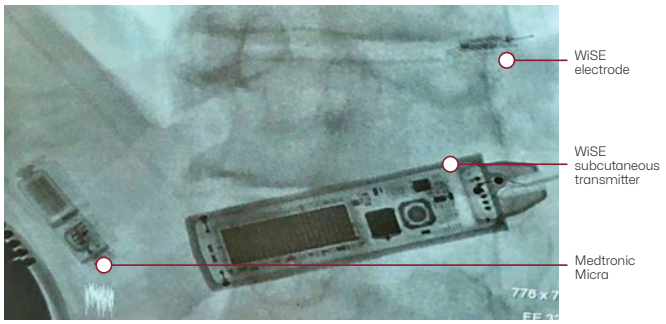
Opportunity for WiSE

While the leadless pacemakers currently on the market are for bradycardia indication, it is anticipated that the entry of Abbott's Aveir DR dual chamber device could further increase the adoption of leadless pacemakers.

It has been reported that up to 30% of patients with pacemakers develop pacing induced heart failure within four years. Thus, many of the patients implanted with leadless pacemakers may require an upgrade to CRT at a later date. The WiSE CRT System is the only device able to upgrade these patients to CRT.

A 14-patient clinical study, presented during Asia-Pacific Heart Rhythm Society meeting in 2022, demonstrated that WiSE is able to work in conjunction with Medtronic's Micra to provide BiV pacing and an entirely leadless option for upgrading these patients. Only WiSE can provide these patients with an entirely leadless upgrade solution.

X-Ray From Patient Receiving Leadless CRT Using Micra and WiSE



Remuneration Report

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EBR Systems is a Delaware domiciled company that is listed on the Australian Securities Exchange and as such is subject to remuneration disclosure requirements that are suitable for reporting in both in Australia and the United States.

This remuneration report provides details of the remuneration arrangements for EBR System's key management personnel (**KMP**):

- Non-executive Directors (**NEDs**)
- President and Chief Executive Officer (**CEO**), John McCutcheon; and
- Chief Financial Officer (**CFO**), Gary Doherty.

KMP are those persons who, directly and indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company.

Role of the Board and Nomination and Remuneration Committee

The Board and its Nomination and Remuneration Committee (established in October 2021) are responsible for reviewing and approving remuneration and incentive policies and practices. The Company has a clear distinction between the structure of non-executive directors' remuneration and that of the President and CEO, John McCutcheon and CFO, Gary Doherty.

The primary purpose of the Nomination and Remuneration Committee is to support the Board in relation to:

a. Board composition, competencies and diversity;
b. Board succession planning generally;
c. establishing processes for the identification and recruitment of suitable candidates for appointment to the Board;
d. establishing and implementing processes for reviewing the performance of individual directors, the Board as a whole, and Board committees;
e. determining the executive remuneration policy;
f. determining the non-executive director remuneration policy;
g. reviewing all equity based incentive plans and making recommendations to the Board regarding their adoption and implementation; and
h. ensuring that the remuneration policies of EBR are balanced and do not reward behaviour that is inconsistent with its values.

The Nomination and Remuneration Committee is composed of four non-executive directors: Karen Drexler (Chair), Allan Will, Chris Nave and Trevor Moody. The Nomination and Remuneration Committee Charter is available on the Company's website https://ebrsystemsinc.com/investors/

Use of external remuneration policies

From time to time the Nomination and Remuneration Committee may, at its discretion, appoint external advisors or instruct management to compile information as an input to decision making.

Principles of compensation

The remuneration framework of EBR Systems is designed to support and reinforce its principal strategic objectives.

The purpose is to create a reward and incentive framework that produces remuneration outcomes that are aligned to corporate financial and operation performance, as well as the interest of stockholders, having regard to high standards of corporate governance.

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, experience and responsibilities, while being market competitive and enabling the Company to structure awards that may conserve cash reserves due to the current stage of development.

Remuneration Report *continued*

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Remuneration structure

EBR Systems' executive compensation packages include a mix of fixed and variable compensation, and short and long term performance based incentives.

Employment arrangements with President and Chief Executive Officer

Mr McCutcheon commenced his employment as President and Chief Executive Officer on 17 June 2019.

Mr McCutcheon is entitled to a base annual salary of US$500,000 (subject to annual review). Mr McCutcheon is also eligible for an annual incentive bonus of up to 60% of his base salary based on annual performance targets determined by the Board. Mr McCutcheon must be employed by the Company at the time of the bonus determination to qualify for payment.

Mr McCutcheon is eligible for the Company's standard benefits which are offered to all employees, including medical insurance, paid-time off and reimbursement of reasonable business expenses incurred in performing duties (e.g. travel expenses).

Mr McCutcheon was granted a total of 675,000 Options in FY23 (further details follow below).

Mr McCutcheon's employment is on an "at-will" basis and may be terminated at any time, with or without cause or advanced notice, at the option of either the Company or Mr McCutcheon. Mr McCutcheon and the Company have also entered into a Severance and Change of Control Agreement, under which Mr McCutcheon may be entitled to certain additional benefits if his employment terminates involuntarily in connection with a change of control of the Company.

Employment arrangements with Chief Financial Officer

Gary Doherty has been employed as the Company's Chief Financial Officer since 11 September 2023. Mr Doherty is entitled to a base annual salary of US$350,000 (subject to annual review). Mr Doherty is also eligible for an annual incentive bonus of up to 40% of his base salary in cash based on annual performance targets determined by the Board. Mr Doherty must be employed by the Company at the time of the bonus determination to qualify for payment.

Mr Doherty is eligible for the Company's standard benefits which are offered to all employees, including medical insurance, paid leave and reimbursement of reasonable business expenses incurred in performing duties (e.g. travel expenses).

Mr Doherty was granted a total of 3,618,062 Options in FY23 (further details follow below).

Mr Doherty's employment is on an "at-will" basis and may be terminated at any time, with or without cause or advanced notice, at the option of either the Company or Mr Doherty. Mr Doherty and the Company have also entered into a Severance and Change of Control Agreement, under which Mr Doherty may be entitled to certain additional benefits if his employment terminates involuntarily in connection with a change of control of the Company.

Other employment arrangements with Key Managers

The other Key Managers are generally employed on an at-will basis and may be terminated at any time, with or without cause or advanced notice, at the option of either the Company or the employee. Key Managers and the Company have also entered into Severance and Change of Control Agreements, under which Key Managers may be entitled to certain additional benefits if their employment terminates involuntarily in connection with a change of control of the Company. The offer letters provide for a fixed cash compensation and an initial grant of Options and in certain cases, the ability to earn an annual bonus. Each employee is eligible for the Company's standard benefits.

Employment arrangements with Executive Chair

Allan Will is engaged as the Executive Chair of EBR and the terms of his engagement are contractually governed by letter agreement with EBR. Mr Will's role includes consulting and advisory meetings with the CEO and the senior management team.

Mr Will's compensation from Listing is US$5,200 per month (equivalent to US$62,400 on an annualised basis). Mr Will was granted 182,159 Options in FY23 (further details follow in the table below).

Mr Will is eligible for the Company's standard benefits which are offered to all employees, including medical insurance, paid-time off and reimbursement of reasonable business expenses incurred in performing duties (e.g. travel expenses).

Mr Will and the Company have also entered into a Severance and Change of Control Agreement, under which Mr Will may be entitled to certain additional benefits if his employment terminates in connection with a change of control of the Company.

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Change of Control Agreements

The Company has entered into Severance and Change of Control Agreements with Allan Will and certain of the Key Managers (including Mr McCutcheon and Mr Doherty) providing for certain benefits in the event that they are involuntarily terminated in connection with a change of control transaction.

The benefits include:

- six (6) to twelve (12) months base salary (at the rate in effect at the time of such termination) and in some cases, one-half (1/2) of the employee's target bonus for the year in which the termination occurred;
- six (6) months of continued health insurance; and
- any outstanding options become fully vested and exercisable, and if the employee holds any restricted stock, any repurchase right shall lapse.

The above benefits are only triggered if the Company or its assets are sold (including a merger or consolidation into another corporation where the Shareholders do not hold more than 50% of the voting power) and the relevant employee is terminated without cause, or the employee resigns following a material change in his or her position (including a material reduction in the nature or scope of employee's authority, duties or responsibilities and a reduction in the employee's then-current compensation by more than 5% (excluding across-the-board reductions)).

Non-Executive Directors' fees and appointment letters

Under the Company's Bylaws, the directors decide the total amount paid to all directors as remuneration for their services as a director of EBR. However, under the Listing Rules, the total amount paid to all directors (excluding the salary of any executive director) for their services must not exceed in aggregate in any financial year the amount fixed by EBR in a general meeting. This amount has been fixed at US$800,000.

The cash fees to be paid by EBR to each non-executive director are US$40,000 per annum. In the case of the Australian non-executive directors, this amount is inclusive of statutory superannuation.

In addition, each Chair of a Board committee will receive an annual fee of US$15,000 (inclusive of statutory superannuation, if applicable) for his/her services as Chair of that committee. Directors will receive an additional annual fee of US$7,500 (inclusive of statutory superannuation, if applicable) for being a member of a Board committee (other than the Chair).

Dr Nave has directed the Company to pay his director fees to BCP3 Pty Ltd, a company in which Dr Nave is managing director and a shareholder.

Each of the non-executive directors of the Company (or in the case of Dr Nave, those directors' nominees) may also receive future grants of securities subject to the Listing Rules and Board approval. The non-executive directors of the Company were each granted 182,159 Options in FY23 (further details follow in table below).

Directors may be reimbursed for travel and other expenses incurred in attending to EBR's affairs.

Each non-executive director has entered into an appointment letter with EBR, confirming the terms of their appointment, roles and responsibilities and EBR's expectations of them as directors.

Restrictions on EBR's U.S. Directors and Officers Buying CDIs on the ASX

The outstanding CDIs traded on ASX bear a "FOR US" designation, which currently prevents any U.S. persons from buying CDIs on the ASX. This designation is intended to fulfill a condition of a no-action letter issued by the U.S. Securities and Exchange Commission to enable EBR's Initial Public Offering on the ASX in November 2021. As a result, EBR's U.S.-based directors and officers are restricted from buying CDIs on the ASX.

Share options

Options granted

The following Options were granted during FY23:

- 295,000 Options with exercise price of US$0.42, expiring 15 March 2033
- 1,767,954 Options with exercise price of US$0.44, expiring 04 April 2033
- 2,318,500 Options with exercise price of US$0.66, expiring 22 May 2033
- 481,000 Options with exercise price of US$0.53, expiring 22 August 2033
- 3,618,062 Options with exercise price of US$0.54, expiring 14 September 2033
- 80,000 Options with exercise price of US$0.39, expiring 28 November 2033
- 502,500 Options with exercise price of US$0.39, expiring 30 November 2033
- 195,000 Options with exercise price of US$0.42, expiring 29 December 2033.

Board of Directors

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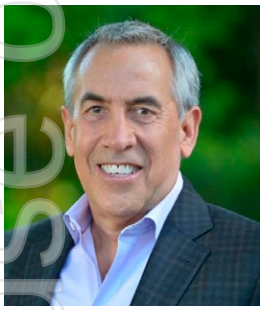
The Board of Directors of the Company comprise the following Directors:

Name	Description
	**ALLAN WILL** *B.S., M.S.* **Executive Chairman** Mr Will is an operating executive with extensive experience founding, funding, operating, and selling medical device companies. Prior to EBR Systems, he led the negotiation of Ardian's acquisition by Medtronic for over $800 million. Mr Will was also founding Managing Director at Split Rock Partners and a Partner at St. Paul Venture Capital. Previously, he was Founder, Chairman & CEO of The Foundry, co-founding 11 companies there including Ardian, Evalve (acquired by Abbott Laboratories for $450 million), and Concentric Medical (acquired by Stryker for $135 million). Earlier in his career, Mr Will served as CEO of AneuRx, acquired by Medtronic, growing to over $150 million the year of launch. Prior to that, he was President & CEO of Devices for Vascular Intervention, growing the business to 550 employees, $100 million revenue run rate, and acquisition by Eli Lilly. Mr Will holds more than 30 issued patents and earned his Master of Science in Management from MIT and Bachelor of Science in Zoology from the University of Maryland.
	**KAREN DREXLER** *B.S.E., M.B.A.* **Non-Executive Director** Ms Drexler is a serial entrepreneur with expertise in the fields of digital health, medical devices, and diagnostics. Currently serving on the boards of two other public companies, ResMed, Inc. and Outset Medical Inc., focusing on the compensation, nominating, and governance committees. Ms Drexler also serves on the boards of two private companies: VIDA Diagnostics Inc., an artificial intelligence-powered lung imaging solutions company, and Tivic Health Systems, Inc., a bioelectric medicine company focused on relief of congestion and sinus pain. She also acts as a senior strategic advisor for other early-stage companies and spent 11 years on the board of the Keller Center for Innovation in Engineering Education at Princeton University. Ms Drexler is an active mentor and advisor to Astia, a global nonprofit that supports high-potential female founders, as well as a mentor with StartX, the Stanford University incubator. She graduated magna cum laude with a Bachelor of Science in Chemical Engineering from Princeton University and earned an MBA with Honors from the Stanford University Graduate School of Business.
	**BRONWYN EVANS** *B.E., PH.D., A.M.* **Non-Executive Director** Dr Evans is an experienced leader and CEO with a broad technical background across multiple industry sectors, including medical technology, manufacturing, power generation and distribution, and technical regulation and standards. Currently the CEO of Engineers Australia, she also serves as the Chair of Building 4.0 CRC and as Director at GME Pty Ltd. Prior to her role with Engineers Australia, Dr Evans was the CEO of Standards Australia. She has previously held positions in innovation initiatives, including Chair of MTPConnect (the Industry Growth Center for Medical Technologies and Pharmaceuticals) and was a member of the Industry 4.0 Advanced Manufacturing Forum Leadership group. Dr Evans has been recognized as one of Australia's 100 most influential engineers and as one of 100 Women of Influence. She holds a Bachelor of Engineering (Honors I) and a Ph.D. in Electrical Engineering from the University of Wollongong. Additionally, she holds an Honorary Doctorate from Swinburne University and is an Honorary Fellow of the University of Wollongong and Engineers Australia and a Fellow of the Australian Academy of Technological Sciences and Engineering.

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Name	Description

TREVOR MOODY *B.ENG., M.S.*

Non-Executive Director

Mr Moody has served as a Director of EBR since 2017. He served as Medical Device Partner at M.H. Carnegie & Co. (from October 2013 to April 2022), where he made investments in medical device companies. He has also served since January 2010 as President of TM Strategic Advisors LLC, a management consultancy. Mr Moody was previously a General Partner at Frazier Healthcare Ventures, a large U.S. based private equity and venture capital firm. Currently a Director of Cardiac Dimensions Pty Ltd., Renew Medical Pty Ltd., The Brain Protection Company Pty Ltd., and CurvaFix, Inc., Mr Moody also serves on the board of Angel Flight West, a not-for-profit that provides free air transport for patients requiring long-distance travel for medical treatment. He holds a B.Eng. from the University of Southern Queensland and an M.S. in Management from the Massachusetts Institute of Technology (Sloan School).

CHRISTOPHER NAVE *B.SC., PH.D.*

Non-Executive Director

Dr Nave has served as a Director of EBR since 2017. He is a Founder and Managing Director of Brandon Capital Partners and the CEO of the Medical Research Commercialization Fund. Dr Nave previously served as the Director of Commercialization at the Baker Heart Research Institute. Currently a Director of The Australian Investment Council, Azura Ophthalmics, Inc., Certa Therapeutics Pty Ltd., Global Kinetics Corporation Ltd., OccuRx Pty Ltd., Osprey Medical Inc., PolyActiva Pty Ltd., and Que Oncology, Inc. Dr Nave was Chairperson of Fibrotech Therapeutics Pty Ltd. at the time of its successful sale to Shire Plc and a Director of Spinifex Pharmaceuticals, Inc. at the time of its sale to Novartis International AG. He holds a B.Sc. (Honors) and a Ph.D. in Endocrinology and Physiology from the University of Melbourne and is a member of the Australian Investment Council.

DAVID STEINHAUS *A.B., M.D.*

Non-Executive Director

Dr Steinhaus retired in 2019 as Vice President and General Manager of the Heart Failure Business for the Cardiac Rhythm and Heart Failure Division at Medtronic plc. He joined Medtronic in 2005, after 20 years of cardiology (electrophysiology) practice. Dr Steinhaus' responsibilities at Medtronic included bringing the physician voice to CRHF, identifying future opportunities in new product development, and serving as a liaison to government agencies, professional societies, and medical groups. Closely associated with research and academia, performing extensive clinical studies in implantable cardiac devices and leads, he served as Chair of the Department of Cardiology and Director of the Electrophysiology Department at the Mid America Heart Institute and St. Luke's Hospital and Director of the Electrophysiology Fellowship Program at the University of Missouri at Kansas City School of Medicine. Since leaving Medtronic, he has served as a consultant and board member to multiple medical device companies. He graduated magna cum laude from Harvard College and received his medical doctorate from Harvard Medical School as part of the Harvard M.I.T. program in Health Sciences and Technology, with AOA honors.

JOHN McCUTCHEON *B.A., M.B.A.*

Executive Director, President, and Chief Executive Officer

Mr McCutcheon has over 35 years of sales, marketing, and general management experience in medical devices. Mr McCutcheon started his career at American Hospital Supply (acquired by Baxter International) and has spent the past 20 years at start-ups, including DVI (acquired by Eli Lily), Perclose (acquired by Abbott Laboratories), Emphasys Medical (acquired by Pulmonx), Ventus Medical, and Ceterix Orthopaedics (acquired by Smith & Nephew). He has served on numerous Boards including Emphasys Medical, Ventus Medical, Disc Dynamics, Zeltiq (ZLTQ), Advanced Stent Technologies (acquired by Boston Scientific), and LuMend (acquired by Johnson & Johnson). Mr McCutcheon holds Bachelor of Arts degrees in Economics and Psychology from the University of California, Los Angeles, and a Master of Business Administration from the UCLA Anderson Graduate School of Management.

Leadership Team

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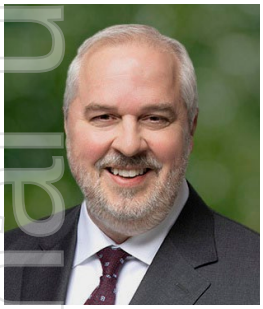
The senior management team of the Company comprise the following:

Name	Description
	ALLAN WILL *B.S., M.S.* **Executive Chairman** See page 18 for biography.
	JOHN McCUTCHEON *B.A., M.B.A.* **Executive Director, President, and Chief Executive Officer** See page 19 for biography.
	**GARY W. DOHERTY** *B.S.* **Chief Financial Officer** Mr Doherty was appointed as Chief Financial Officer in September 2023 and brings over 30 years of experience across technology, healthcare and finance to the role. Mr Doherty has a proven track record of developing high performing finance functions and medical device companies including his previous role as CFO of Acutus Medical (NASDAQ:AFIB), a medical technology company specializing in cardiac arrhythmia and atrial fibrillation treatment. Prior to this, he held key positions at Volcano Corporation (acquired by Philips) for 12 years. Mr Doherty holds a Bachelor of Science degree in Business Administration and Finance, from the San Diego State University.
	**MADHURI BHAT** *B.A., M.B.A.* **Chief Regulatory Officer** Ms Bhat has over 20 years of experience in public affairs, public policy, clinical, quality, and regulatory roles in medical devices. She led several successful pivotal clinical trials and multiple registries and secured regulatory approvals and clearances in the US and internationally for Class II and III cardiovascular systems. Most recently, Ms Bhat served as Consulting Vice-President RA/Clinical for companies in the reproductive, GI, neurological, urological, and cardiovascular domains such as Kyma Medical (acquired by Zoll) as the Founder/Principal of her own consulting company. Prior to that, Ms Bhat was the VP of RA/QC at Barrx Medical (acquired by Covidien, then Medtronic), VP of RA/Clinical at Corventis (acquired by Medtronic), and she held management positions at Guidant and Abbott Vascular. Ms Bhat is a book author on child advocacy and serves as visiting faculty at San Jose State University. She holds a Bachelor of Science in Biology from the University of Mumbai, a diploma in Mass Communications from Sophia Polytech, and a Master of Public Policy from Duke University.
	**MICHAEL HENDRICKSEN** *B.S., M.S.* **Chief Operating Officer** Mr Hendricksen has over 25 years of medical device product development and manufacturing experience. Prior to joining EBR Systems, Mr Hendricksen served as Chief Operating Officer at Ceterix Orthopaedics where he led the development of the NOVOSTITCH Pro Meniscal Repair System. Ceterix was acquired in 2019 by Smith+Nephew at which time Mr Hendricksen assumed the role of Site Leader, where he scaled and integrated operations not only for Ceterix but also for Tusker Medical, another Smith+Nephew acquisition. Before Ceterix, Mr Hendricksen was Vice President of R&D at Foundry NewcoXI and served in engineering roles of increasing responsibility at Emphasys Medical, Cardica, and IDEO Product Development. Mr Hendricksen is an inventor on over 80 issued patents, and he holds a Master of Science in Mechanical Engineering from Stanford University and a Bachelor of Science in Mechanical Engineering from Northwestern University.

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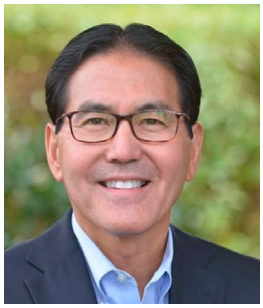
Name	Description



SPENCER H. KUBO *A.B., M.D.*

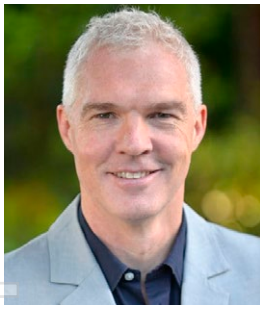
Chief Medical Officer

Dr Kubo joined EBR in January 2019 and holds the same position at Heart Leaflet Technologies, where he oversees clinical trials for a next-generation Transcatheter Aortic Valve Replacement (TAVR). Dr Kubo's career also includes roles as Executive Director of Merck's Academic and Professional Affairs department, Professor of Medicine, Co-Director of Clinical Cardiology, and Medical Director of the Heart Failure-Heart Transplantation Program at the University of Minnesota. Renowned for his research in heart failure, he has published over 250 papers and abstracts. Dr Kubo earned his undergraduate degree in biology from Dartmouth College and his MD from Cornell University Medical College. He is a Fellow of both the American College of Cardiology and the American Heart Association.

N. PARKER WILLIS *B.S., M.S., Ph.D.*

Chief Technology Officer

Dr Willis is an electrical engineer with extensive experience in signal processing applications and has worked in medical devices for over 20 years, all in technical leadership capacities for development of novel technologies for cardiac electrophysiology. He previously held senior positions at Boston Scientific and Cardiac Pathways. Dr Willis is an inventor on more than 28 issued patents. He earned his Bachelor of Science in Electrical Engineering from the University of California, San Diego, and his Master of Science and Ph.D. from the University of Illinois Urbana-Champaign.



ANDREW SHUTE *B.S.*

Senior Vice President of Business Development

Mr Shute has over 20 years of medical device experience and has led the successful commercialization of new technologies and products working in the corporate, start-up, and distributor settings. He brings a strong business, clinical training, and sales management background to the team, including positions at St. Jude Medical, Endocardial Solutions, and Getz Brothers. Mr Shute received his Bachelor of Science from the University of Wollongong, Australia. Mr Shute currently holds the position of Chairman of the Cardiac Rhythm Management section of the Association of British Healthcare Industries Ltd (ABHI).

Consolidated Balance Sheets

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 14,578,752	$ 15,456,338
Marketable securities	3	57,736,274	48,073,019
Non-trade receivables and unbilled reimbursements, net	5	230,734	443,919
Prepaid expenses		1,446,634	2,004,441
Other current assets		382,522	607,543
Total current assets		74,374,916	66,585,260
Property and equipment, net	5	1,088,771	1,577,044
Right of use operating lease asset	6	1,719,590	1,941,138
Marketable securities	3	1,125,554	985,957
Other assets		589,646	589,624
TOTAL ASSETS		**$ 78,898,477**	**$ 71,679,023**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable		$ 1,856,134	$ 2,092,474
Accrued expenses and other liabilities	5	4,095,347	3,470,107
Interest payable	7	224,309	99,167
Operating lease liability	6	250,876	216,817
Current portion of notes payable, net	7	21,496	51,590
Total current liabilities		6,448,162	5,930,155
Other liabilities		76,946	482,448
Operating lease liability	6	1,670,230	1,921,106
Notes payable, net	7	39,646,687	19,396,221
Total liabilities		47,842,025	27,729,930
Commitments and contingencies (Note 14)			
STOCKHOLDERS' EQUITY			
Common stock, $0.0001 par value; 600,000,000 shares authorized, 307,020,758 and 270,752,201 shares issued and outstanding at December 31, 2023 and 2022, respectively	9	30,703	27,077
Additional paid-in capital		342,721,880	320,749,696
Accumulated deficit		(312,659,408)	(277,622,520)
Accumulated other comprehensive income		963,277	794,840
Total stockholders' equity		31,056,452	43,949,093
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**$ 78,898,477**	**$ 71,679,023**

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Operations

	Notes	Twelve-Months Ended December 31, 2023	2022
Operating expenses:			
Research and development		$ 15,822,355	$ 13,228,782
Sales and marketing		6,894,312	8,107,645
Clinical and regulatory		5,134,460	7,283,693
General and administrative		6,697,820	5,406,095
Total operating expenses		34,548,947	34,026,215
Loss from operations		(34,548,947)	(34,026,215)
Other (expense) / income			
Interest expense	7	(4,483,731)	(1,525,795)
Other income	2	4,000,399	2,464,922
(Loss) / gain on foreign currency	2	(2,984)	483
Total other (expense) / income		(486,316)	939,610
Loss before income tax		(35,035,263)	(33,086,605)
Income tax expense	12	(1,625)	(1,600)
Net loss		$ (35,036,888)	$ (33,088,205)
Net loss per common share:			
Basic and diluted	13	$ (0.12)	$ (0.12)
Weighted-average number of shares outstanding:			
Basic and diluted	13	288,875,373	269,608,916

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Comprehensive Loss

	Notes	Twelve-Months Ended December 31, 2023	2022
Net loss		$ (35,036,888)	$ (33,088,205)
Other comprehensive income / (loss)			
Change in unrealized gains / (losses) on marketable securities	4	171,135	(118,218)
Foreign currency translation adjustments		(2,698)	(113,750)
Other comprehensive income / (loss)		168,437	(231,968)
Comprehensive loss		$ (34,868,451)	$ (33,320,173)

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Stockholders' Equity

	Notes	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Total Stockholders' Equity
Balance at December 31, 2021		267,985,340	$ 26,800	$ 319,378,429	$ (244,534,315)	$ 1,026,808	$ 75,897,722
Exercise of stock options	9	2,766,861	277	421,317	-	-	421,594
Stock-based compensation	11	-	-	869,557	-	-	869,557
Adjustment to common stock issuance costs	9	-	-	80,393	-	-	80,393
Net loss		-	-	-	(33,088,205)	-	(33,088,205)
Other comprehensive loss		-	-	-	-	(231,968)	(231,968)
Balance at December 31, 2022		270,752,201	27,077	320,749,696	(277,622,520)	794,840	43,949,093
Exercise of stock options	9	380,217	38	54,834	-	-	54,872
Stock-based compensation	11	-	-	1,305,811	-	-	1,305,811
Issuance of common stock, net of issuance costs	9	35,888,340	3,588	20,611,539	-	-	20,615,127
Net loss		-	-	-	(35,036,888)	-	(35,036,888)
Other comprehensive income		-	-	-	-	168,437	168,437
Balance at December 31, 2023		307,020,758	$ 30,703	$ 342,721,880	$ (312,659,408)	$ 963,277	$ 31,056,452

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

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	Notes	Twelve Months Ended December 31, 2023	2022
Cash flows from operating activities:			
Net loss		$ (35,036,888)	$ (33,088,205)
Adjustment to reconcile net loss to cash used in operating activities:			
Depreciation and amortization	4	752,257	652,432
Amortization of deferred loan costs and discount on notes payable	7	476,037	210,137
Lease amortization	6	413,517	413,518
Stock-based compensation	11	1,305,811	869,557
Provision for doubtful accounts	5	40,485	(3,685)
Accretion of discount on marketable securities	3	(1,344,781)	(559,563)
Changes in operating assets and liabilities:			
Non-trade receivables and unbilled reimbursements		86,837	507,323
Prepaid expenses		556,143	(288,603)
Other assets		206,424	(452,964)
Accounts payable		(86,347)	726,456
Accrued expenses and other liabilities		215,483	1,237,650
Interest payable		126,294	(183,089)
Operating lease liability	6	(408,786)	(396,882)
Net cash used in operating activities		(32,697,514)	(30,355,918)
Cash flows from investing activities:			
Purchase of property and equipment	5	(354,054)	(730,179)
Purchase of marketable securities		(77,461,260)	(50,617,631)
Maturities and sales of marketable securities		69,174,324	2,000,000
Net cash used in investing activities		(8,640,990)	(49,347,810)
Cash flows from financing activities:			
Repayment of notes payable	7	-	(2,400,000)
Proceeds from notes payable	7	20,000,000	20,000,000
Payments of deferred loan costs	7	(204,075)	(794,317)
Proceeds from common stock offering	9	21,615,076	421,594
Payment of common stock offering costs	9	(999,949)	-
Proceeds from exercise of stock options	9	54,872	(213,326)
Net cash provided by financing activities		40,465,924	17,013,951
Effect of exchange rate change on cash		(5,006)	(96,225)
Net change in cash and cash equivalents		(877,586)	(62,786,002)
Cash and cash equivalents, beginning of the period		15,456,338	78,242,340
Cash and cash equivalents, end of the period		$ 14,578,752	$ 15,456,338
Supplemental disclosure of cash flow information			
Cash paid for interest expense		$ 3,881,400	$ 1,498,747
Cash paid for income taxes		$ 775	$ 1,600

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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Note 1 - Business and organization

Business overview

EBR Systems, Inc. and subsidiaries (collectively, "EBR", "we", "our" or the "Company") is a United States-based company dedicated to the superior treatment of cardiac rhythm disease by providing physiologically effective stimulation through leadless endocardial pacing. The Company is in the final phase of its U.S. pivotal trial and has already submitted several modules to the Food and Drug Administration ("FDA"). The Company targets final submission in 2024.

The Company completed its initial public offering of CDIs ("CHESS Depositary Interests") and began trading on the Australian Securities Exchange ("ASX") on November 24, 2021 under the symbol "EBR".

The Company operates wholly-owned foreign subsidiary entities in Australia, EBR Systems (AUST) Pty Ltd ("EBR-AU"), and the United Kingdom, EBR Systems (UK) Limited ("EBR-UK"), which establish clinical trials in Australia and the United Kingdom, respectively, and work on intellectual property development. EBR-AU was incorporated on February 23, 2017 and EBR-UK was incorporated on July 31, 2015.

Note 2 - Summary of significant accounting policies

Basis of presentation

These consolidated financial statements include the accounts of EBR Systems, Inc. and its subsidiaries, and are prepared in accordance with U.S. GAAP. The Company has eliminated all intercompany transactions and balances during consolidation.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates, judgments, and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Significant estimates and assumptions made by management include the estimated lives of long-lived assets, the fair value of stock-based awards issued, clinical trial accrual, and the valuation allowance on deferred taxes.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value, which is defined as the price that would be received from the sale of an asset or paid to transfer a liability on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. The fair value measurement guidance establishes a fair value hierarchy which requires the Company to maximize the use of observable inputs when measuring fair value. The following levels of inputs may be used to measure fair value:

- Level 1: Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.
- Level 2: Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs are observable in active markets are Level 2 valuation techniques.

Notes to the Consolidated Financial Statements *continued*

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- Level 3: Valuation techniques in which one or more significant inputs are unobservable. Such inputs reflect our estimate of assumptions that market participants would use to price an asset or liability.

Foreign currency translation

The functional currencies of our foreign subsidiaries are their local currencies. Accordingly, the Company translates the foreign currency financial statements into US Dollars using the reporting period-end or average exchange rates. Assets and liabilities of these subsidiaries were translated at exchange rates as of the balance sheet dates. Expenses are translated at average rates in effect for the periods presented. The cumulative translation adjustment is included in the accumulated other comprehensive income within stockholders' equity. Gains and losses arising from the settlement and remeasurement of monetary assets and liabilities denominated in currencies other than a subsidiary's functional currency are included in "(Loss) / gain on foreign currency" in the period in which they occur.

Employee benefits

The Company maintains an employee retirement/savings plan (the "Retirement Plan") that permits participants to make tax-deferred contributions by salary reductions pursuant to Section 401(k) of the Internal Revenue Code. The Company may make discretionary contributions. For the twelve-month periods ended December 31, 2023 and 2022, the Company did not make any contributions.

Segment information

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer is the CODM. The CODM reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, management has determined that the Company operates as one operating segment that is focused exclusively on the advancement of the Company's wireless cardiac pacing system. Net assets outside of the U.S. were less than 10% of total net assets as of December 31, 2023 and 2022.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash. Cash equivalents are reported at fair value.

Marketable securities

Marketable securities, all of which are available-for-sale, consist of U.S. treasury bonds, U.S. government notes, and corporate debt securities. Marketable securities are carried at fair value, with unrealized gains and losses reported as accumulated other comprehensive income, except for losses from impairments which are determined to be other-than-temporary. For the twelve-month periods ended December 31, 2023 and 2022, there were no losses from impairments. Realized gains and losses and declines in value judged to be other-than-temporary are included in the determination of net loss and are included in other income and expense. Interest and dividends on available-for-sale securities are included in other income and expense. See Note 3, "Cash, cash equivalents, and marketable securities" for additional disclosure on marketable securities.

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Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. The Company's cash and cash equivalents are primarily held at U.S. financial institutions that management believes are of high credit quality. Such deposits exceed federally insured limits.

Non-trade receivables and unbilled reimbursements

Non-trade receivables are recorded for amounts due to the Company related to reimbursements of clinical trials expenses based upon contracted terms. Unbilled reimbursements represent amounts for services that have been rendered but for which reimbursements have not been billed. See Note 5, "Consolidated balance sheet components" for additional information on non-trade receivables and unbilled reimbursements.

Property and equipment

Property and equipment is carried at acquisition cost less accumulated depreciation. The cost of normal, recurring, or periodic repairs and maintenance activities related to property and equipment are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. The estimated useful lives by asset classification are generally as follows:

Equipment	3 - 8 years
Computer software	3 years
Leasehold improvements	Lesser of 15 years or the remainder of the lease

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for potential impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that carrying value exceeds fair value. Fair value is determined using various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, depending on the nature of the asset. For the twelve-month periods ended December 31, 2023 and 2022, the Company did not recognize any impairment charges associated with long-lived assets.

Leases

At the inception of a contract, the Company determines whether the contract is or contains a lease based on all relevant facts and circumstances. Leases with a term greater than 12 months are recognized on the balance sheet date as right of use ("ROU") assets and current and non-current lease liabilities, as applicable. The Company has elected not to recognize on the balance sheet leases with terms of 12 months or less. The Company includes lease option extensions in the assessment of the lease arrangement when it is reasonably certain the option will be exercised.

Lease liabilities and the corresponding right of use assets are recorded based on the present value of lease payments to be made over the lease term. The discount rate used to calculate the present value is the rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate. The Company's incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Certain adjustments to the right of use asset may be required for items such as initial direct costs or incentives received.

Notes to the Consolidated Financial Statements *continued*

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Lease payments on operating leases are recognized on a straight-line basis over the expected term of the lease. Lease payments on financing leases are recognized using the effective interest method. See Note 6, "Leases" for additional disclosure on leases.

For all asset classes of its leases, the Company has elected to account for the lease and non-lease components together for existing classes of underlying assets.

Revenue Recognition

To date the Company's sole product is in the late stages of FDA approval, as such no revenue has been recorded from the sale of products. Once the Company receives FDA approval, revenue from product sales will be recognized upon the transfer of control, which is generally upon shipment or delivery, depending on the delivery terms set forth in the customer contract. Provisions for discounts, rebates and sales incentives to customers, and returns and other adjustments will be provided for in the period the related sale is recorded.

Research and development

Research and development costs are expensed when incurred. Research and development costs include costs of other research, engineering, and technical activities to develop a new product or service or make significant improvement to an existing product or manufacturing process.

Stock-based compensation

The Company recognizes stock-based compensation expense related to employees over the requisite service period based on the grant-date fair value of the awards. The fair value of options granted is estimated using the Black-Scholes option valuation model. The Company recognizes the grant-date fair value of an award as compensation expense on a straight-line basis over the requisite service period, which typically corresponds to the vesting period for the award. The Company elects to account for forfeitures as they occur and, upon forfeiture of an award prior to vesting, the Company reverses any previously recognized compensation expense related to that award. See Note 11, "Stock-based compensation" for additional details.

Other Income

The Company periodically receives reimbursements of clinical trial expenses, which are recorded as other income in the accompanying consolidated statements of operations. During the twelve-month periods ended December 31, 2023 and 2022, the Company recorded reimbursements of $57 and $842,551, respectively. During the twelve-month periods ended December 31, 2023 and 2022, the Company received refundable tax incentives from the Australian Taxation Office of $718,902 and $504,207, respectively, which are recorded as other income in the accompanying consolidated statements of operations. The Company earned interest income, including accretion of discount, from investments in marketable securities of $3,281,440 and $1,118,163, which is also included in other income for the twelve-month periods ended December 31, 2023 and 2022, respectively.

Income taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities reflect the tax effects of net operating losses, tax credits, and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. These are determined using enacted

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tax rates in effect for the year in which such temporary differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

The Company records deferred tax assets to the extent the Company believes these assets will more likely than not be realized. In making such a determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. When we establish or reduce the valuation allowance against our deferred tax assets, our provision for income taxes will increase or decrease, respectively, in the period that determination to change the valuation allowance is made.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements on a particular tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We recognize both accrued interest and penalties, where appropriate, related to unrecognized tax benefits in the provision for income taxes.

Earnings per share

Basic income or loss per share is determined by dividing net income or loss by the weighted average common shares outstanding during the period. Diluted income or loss per share is determined by dividing net income by diluted weighted average shares outstanding during the period. Diluted weighted average shares reflect the dilutive effect, if any, of potential common shares. To the extent their effect is dilutive, employee equity awards and other commitments to be settled in common stock are included in the calculation of diluted income or loss per share based on the treasury stock method. Potential common shares are excluded from the calculation of dilutive weighted average shares outstanding if their effect would be anti-dilutive at the balance sheet date based on a treasury stock method or due to a net loss.

Recently issued accounting pronouncements

In November 2023, FASB issued Accounting Standards Update ("ASU") 2023-07, *Improvements to Reportable Segment Disclosures.* This ASU improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the ASU enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and other disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2023. The Company believes that adoption of ASU 2023-07 will not have a material impact on the Company's consolidated financial statements.

In December 2023, FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures.* The ASU focuses on income tax disclosures around effective tax rates and cash income taxes paid. ASU 2023-09 is effective for public filers for fiscal years beginning after December 15, 2024. The Company believes the adoption of ASU 2023-09 will not have a material impact on the Company's consolidated financial statements.

Notes to the Consolidated Financial Statements *continued*

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Note 3 – Cash, cash equivalents, and marketable securities

Cash, cash equivalents, and marketable securities consisted of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents:		
Cash	$ 975,310	$ 332,255
Money market funds	11,615,762	15,124,083
US Treasury securities	1,987,680	-
Total cash and cash equivalents	$ 14,578,752	$ 15,456,338
Marketable securities, short-term:		
US Treasury securities	$ 18,991,771	$ 12,341,584
Corporate bonds	14,836,424	10,023,089
Commercial Paper	21,113,569	23,808,415
Asset backed securities	-	1,899,931
US Government Agency bonds	2,794,510	-
Total marketable securities, short-term	$ 57,736,274	$ 48,073,019
Marketable securities, long-term:		
Asset backed securities	$ 1,125,554	$ 985,957
Total marketable securities, long-term	$ 1,125,554	$ 985,957
Total cash, cash equivalents, and marketable securities	$ 73,440,580	$ 64,515,314

During the year ended December 31, 2023 marketable securities were sold or matured for proceeds of $69,174,324 with a realized gain of $276. During the year ended December 31, 2022, marketable securities matured for proceeds of $2,000,000 with no gain or loss realized. See Note 4, “Fair Value Measurements” for additional information regarding the fair value of cash equivalents and marketable securities.

The following tables summarizes the unrealized gains and losses related to the Company’s available-for-sale marketable securities, by major security type, as of December 31, 2023 and 2022:

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	As of December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized (losses)	Fair Value
Marketable securities				
US Treasury securities	$ 18,972,928	$ 18,843	$ -	$ 18,991,771
Corporate bonds	14,811,749	25,601	(926)	14,836,424
Commercial paper	21,101,403	17,445	(5,279)	21,113,569
Asset backed securities	1,126,999	-	(1,445)	1,125,554
US Government Agency bonds	2,796,078	1,297	(2,865)	2,794,510
Total marketable securities	$ 58,809,157	$ 63,186	$ (10,515)	$ 58,861,828

	As of December 31, 2022			
	Amortized Cost	Unrealized Gains	Unrealized (losses)	Fair Value
Marketable securities				
US Treasury securities	$ 12,382,149	$ -	$ (40,565)	$ 12,341,584
Corporate bonds	10,068,768	-	(45,679)	10,023,089
Commercial paper	23,808,415	-	-	23,808,415
Asset backed securities	2,917,862	-	(31,974)	2,885,888
Total marketable securities	$ 49,177,194	$ -	$ (118,218)	$ 49,058,976

The following table shows the unrealized losses and fair values for those marketable securities that were in an unrealized loss position as of December 31, 2023 and 2022, aggregated by major security type and the length of time the marketable securities have been in a continuous loss position:

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	As of December 31, 2023					
	In Loss Position for Less Than 12 Months		In Loss Position for 12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	$ 2,285,253	$ (926)	$ -	$ -	$ 2,285,253	$ (926)
Commercial paper	9,439,882	(5,279)	-	-	9,439,882	(5,279)
Asset backed securities	-	-	1,125,554	(1,445)	1,125,554	(1,445)
US Government Agency bonds	1,506,668	(2,865)	-	-	1,506,668	(2,865)
Total	$ 13,231,803	$ (9,070)	$ 1,125,554	$ (1,445)	$ 14,357,357	$ (10,515)

	As of December 31, 2022					
	In Loss Position for Less Than 12 Months		In Loss Position for 12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US Treasury securities	$ 12,341,584	$ (40,565)	$ -	$ -	$ 12,341,584	$ (40,565)
Corporate bonds	10,023,089	(45,679)	-	-	10,023,089	(45,679)
Asset backed securities	2,885,888	(31,974)	-	-	$ 2,885,888	$ (31,974)
Total	$ 25,250,561	$ (118,218)	$ -	$ -	$ 25,250,561	$ (118,218)

The contractual maturities of the Company's marketable securities as of December 31, 2023 were as follows:

	Fair Value
One year or less	$ 57,736,274
One year to two years	1,125,554
Total	$ 58,861,828

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Note 4 – Fair value measurement

Management's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy, as discussed in Note 2, "Summary of significant accounting policies". At December 31, 2023 and 2022, the fair value measurement of the Company's financial assets measured on a recurring basis were as follows:

	Fair Values as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 11,615,762	$ -	$ -	$ 11,615,762
US Treasury securities	1,987,680	-	-	1,987,680
Marketable securities				
US Treasury securities	-	18,991,771	-	18,991,771
Corporate bonds	-	14,836,424	-	14,836,424
Commercial paper	-	21,113,569	-	21,113,569
Asset backed securities	-	1,125,554		1,125,554
US Government Agency bonds	-	2,794,510	-	2,794,510
Total	$ 13,603,442	$ 58,861,828	$ -	$ 72,465,270

	Fair Values as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 15,124,083	$ -	$ -	$ 15,124,083
Marketable securities				
US Treasury securities	-	12,341,584	-	12,341,584
Corporate bonds	-	10,023,089	-	10,023,089
Commercial paper	-	23,808,415	-	23,808,415
Asset backed securities	-	2,885,888	-	2,885,888
Total	$ 15,124,083	$ 49,058,976	$ -	$ 64,183,059

Notes to the Consolidated Financial Statements *continued*

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In the Company's consolidated balance sheets, the carrying values of non-trade receivables, other assets, accounts payable and accrued expenses approximated their fair values due to the nature and relatively short maturities. The fair value of debt approximates its carrying value as it is variable rate debt or has relatively short maturities.

Note 5 – Consolidated balance sheet components

Non-trade receivables and unbilled reimbursements, net

Non-trade receivables and unbilled reimbursements include reimbursement of clinical trial expenses incurred. Non-trade receivables and unbilled reimbursements consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Non-trade receivables	$ 237,128	$ 280,457
Unbilled reimbursements	135,772	265,143
Non-trade receivables and unbilled services	372,900	545,600
Less: allowance for doubtful accounts	(142,166)	(101,681)
Non-trade receivables and unbilled services, net	$ 230,734	$ 443,919

During the twelve-month period ended December 31, 2023, the provision for doubtful accounts totaled $40,485. During the twelve-month period ended December 31, 2022, the benefit from doubtful accounts totaled $3,685.

Property and equipment, net

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Equipment	$ 3,159,822	$ 2,981,787
Computer software	574,780	572,180
Leasehold improvements	499,148	415,590
Total property and equipment	4,233,750	3,969,557
Less accumulated depreciation and amortization	(3,144,979)	(2,392,513)
Total property and equipment, net	$ 1,088,771	$ 1,577,044

Depreciation and amortization expense on property and equipment was $752,257 and $652,432 for the twelve-month periods ended December 31, 2023 and 2022, respectively.

Accrued expenses and other liabilities

Accrued expenses and other liabilities consisted of the following at December 31, 2023 and 2022:

	2023	2022
Accrued compensation and related liabilities	$ 2,324,040	$ 1,980,453
Accrued development expenses	875,501	697,908
Accrued warranty reserve	826,924	734,400
Accrued other expenses	68,882	57,346
Accrued expenses and other liabilities	$ 4,095,347	$ 3,470,107

Note 6 – Leases

The Company has an operating lease for its corporate headquarters and laboratory space, located in Sunnyvale, California. The lease expires June 30, 2024, with an option to extend the lease an additional sixty-months, which

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was used in the calculation of the right of use asset and lease liability. The Company held no other lease agreements at December 31, 2023. In January 2024, the Company signed an addendum to the operating lease, extending the expiration of the lease through June 30, 2025. Additionally, the addendum adjusted the monthly rent from $35,606 per month to $50,000 per month.

Amounts reported in the consolidated balance sheet for operating leases in which the Company is the lessee as of December 31, 2023 and 2022, were as follows:

	2023	2022
Right of use asset	$ 1,719,590	$ 1,941,138
Lease liability, current	250,876	216,817
Lease liability, noncurrent	1,670,230	1,921,106
Remaining lease term	5.50 years	6.50 years
Discount rate	10.00%	10.00%

The following table presents the components of lease costs in our statements of operations for the twelve-month periods ended December 31, 2023 and 2022:

	2023	2022
Operating lease costs	$ 413,517	$ 413,518
Variable lease costs	122,664	172,029
Short-term lease costs	-	570
Total lease expense	$ 536,181	$ 586,117

Future lease payments for non-cancellable operating leases as of December 31, 2023, were as follows:

Years Ended December 31,	
2024	$ 421,050
2025	433,682
2026	446,692
2027	460,093
2028	473,896
Thereafter	$ 240,450
Total undiscounted lease payments	2,475,863
Less: effects of discounting	(554,757)
Total operating lease liabilities	$ 1,921,106

Note 7 - Notes payable

At December 31, 2023 and 2022, notes payable consisted of the following:

	2023	2022
Current portion of notes payable	$ 21,496	$ 51,590
Long-term portion of notes payable	41,800,000	20,921,496
Less: unamortized deferred loan costs	(734,579)	(714,968)
Less: unamortized discount	(1,418,734)	(810,307)
Notes payable, net	$ 39,668,183	$ 19,447,811

Notes to the Consolidated Financial Statements *continued*

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The following table presents information regarding the Company's notes payable principal repayment obligations as of December 31, 2023:

Years Ended December 31,		
2024	$	21,496
2025		-
2026		-
2027		41,800,000
Total minimum payments	$	41,821,496

Runway Growth Finance Corp

On June 30, 2022, the Company entered into a loan and security agreement with Runway Growth Finance Corp. The debt is secured against substantially all assets of the Company, except for the Company's intellectual property but includes all proceeds from the sale of intellectual property. The loan agreement provides three term loan tranches. The Company received the initial draw of $20,000,000 in June 2022. The Company received positive interim analysis data, sufficient to proceed with the clinical trial and premarket approval submission to the U.S. Food and Drug Administration, which allowed the Company to draw the second tranche of $20,000,000 in June 2023. As of December 31, 2023 and 2022, the outstanding principal balance was $41,800,000 and $20,900,000, respectively. The final tranche provides $10,000,000 and the draw period commences on the date the Company has received approval from the FDA for the WiSE CRT System and ends on June 30, 2024.

Interest on the term loan accrues on the principal amount outstanding at a floating per annum rate equal to the greater of the rate of interest noted in The Wall Street Journal Money Rates section, as the "Prime Rate" or 4.00% plus a margin of 4.9% and is payable monthly in arrears and shall be computed on the basis of a 360-day year for the actual number of days elapsed. The Company is required to make interest only payments from July 2022 to May 2027. The note payable has a maturity date of June 15, 2027, at which time any unpaid interest, outstanding principal balance, and a final payment of 4.5% of the original principal amount borrowed shall be due in full. If the Company repays the loan prior to maturity, the Company will be required to pay a prepayment fee of 2% - 0.5% of the outstanding principal balance. The Company is also required to pay a 3% success fee of the funded principal amount of the term loan at the time of a liquidity event, as defined in the loan and security agreement. The success fee is enforceable within 10 years from the execution date of the agreement.

The Company has accounted for the final payment of $1,800,000 as a discount of the note that will be amortized over the life of the loan using the effective interest method. Amortization of the discount was $291,573 and $89,693 during the twelve-month period ended December 31, 2023 and 2022, respectively. This amount was recorded as additional interest expense in the accompanying consolidated statements of operations. As of December 31, 2023 and 2022, the note has been shown net of unamortized discounts of $1,418,734 and $810,307, respectively.

The Company incurred loan costs of $998,393, which are being amortized over the life of the loan using the effective interest method. Amortization of loan costs was $184,464 and $79,350 for the twelve-month period ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the note has been shown net of unamortized loan costs of $734,579 and $714,968, respectively.

The Company is subject to customary financial and reporting covenants under the loan and security agreement. As of December 31, 2023, the Company was in compliance with all debt covenants.

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Bank of America Leasing & Capital, LLC

In May 2021, the Company entered into an equipment purchase agreement for the purchase of certain software totaling $128,974. The purchase agreement requires 30 equal payments of $4,299 beginning December 1, 2021 through May 1, 2024. At December 31, 2023 and 2022, the outstanding principal balance was $21,496 and $73,086, respectively, of which $21,496 and $51,590 was included in the current portion of notes payable at December 31, 2023 and 2022, respectively.

Silicon Valley Bank – 2020

In March 2020, the Company entered into a loan and security agreement with Silicon Valley Bank and other lenders party thereto. The loan agreement provided for a term loan facility that included three tranches in a principal amount of $3,000,000, which if drawn would result in an aggregate outstanding principal amount of $9,000,000. As of December 31, 2022, the Company had repaid the outstanding principal balance under the loan agreement.

Interest on the term loan accrued on the principal amount outstanding at a floating per annum rate equal to the greater of 7.25% or 2.50% above the Prime Rate and is payable monthly in arrears. The Company was required to make interest only payments from April 2020 to June 2020. Thereafter, thirty monthly principal payments of $200,000 per month plus interest commencing July 2020 and continuing until the maturity of the note in December 2022.

During the twelve-month period ended December 31, 2022, the Company recorded interest expense of $61,424, which is included in the accompanying consolidated statements of operations. Additionally, the Company was required to make a final payment of $420,000 at the time the term loan was paid in full. This amount was recorded as additional interest expense over the life of the term loan. During the twelve-month period ended December 31, 2022, the Company recorded interest expense of $152,727, which is included in the accompanying consolidated statements of operations.

The Company incurred loan costs of $83,114, these costs were amortized over the life of the loan. Amortization of the loan costs was $30,245 during the twelve-month period ended December 31, 2022, which is included in interest expense in the accompanying consolidated statements of operations.

The note payable described above was issued with fully vested detachable warrants, that expire in March 2030. The note has been discounted using the relative fair value approach for the fair value of the warrants and the fair value of the debt. Amortization of the discount was $10,848 in the twelve-month period ended December 31, 2022, which is included in interest expense in the accompanying consolidated statements of operation.

Note 8 – Convertible preferred stock

As of December 31, 2023 and 2022, 10,000,000 shares of convertible preferred stock were authorized, of which no shares were issued or outstanding.

Note 9 – Common stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Common stockholders are entitled to receive dividends, as may be declared by the Company's board of directors. As of December 31, 2023 and 2022, no dividends have been declared.

Notes to the Consolidated Financial Statements *continued*

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As of December 31, 2023 and 2022, 600,000,000 shares were authorized, of which 307,020,758 shares and 270,752,201 shares, respectively, were outstanding.

The Company completed its initial public offering and began trading on the Australian Securities Exchange ("ASX") on November 24, 2021 under the symbol "EBR". The ASX uses an electronic system called CHESS for the clearance and settlement of trades on the ASX. The State of Delaware does not recognize the CHESS system of holding securities or electronic transfers of legal title to shares. To enable companies to have their securities cleared and settled electronically through CHESS, CHESS depository instruments called CDIs are issued. CDIs are units of beneficial ownership in shares and are traded in a manner similar to shares of Australian companies listed on the ASX. The legal title to the shares are held by a depository, CDN, which is a wholly-owned subsidiary of the ASX, and is an approved general participant of ASX Settlement.

In June 2023, the Company completed an offering of 27,472,527 CDIs representing the same number of common stock at $0.91 Australian dollars per share, for proceeds of $15,604,896, net of $895,314 of related offering costs. In July 2023, the Company issued an additional 8,415,813 CDIs representing the same number of common stock at $0.91 Australian dollars per share, for proceeds of $5,010,231, net of $104,634 of related offering costs.

Additionally, the Company has reserved the following shares of common stock for issuance as of December 31, 2023:

Conversion of Common Stock warrants	19,789,379
2013 Equity Incentive Plan	22,155,837
2021 Equity Incentive Plan	38,280,567
Total shares of Common stock reserved for issuance	80,225,783

Note 10 – Warrants

Equity classified common stock warrants

The Company has issued the following warrants to purchase shares of its common stock, which are outstanding as of December 31, 2023 and 2022. These warrants are exercisable any time at the option of the holder until their expiration date.

	Number of Shares	Weighted average exercise price	Weighted average remaining contractual term
Balance at January 1, 2022	19,811,028	$ 0.58	8.27
Issued	-	-	-
Expired	(21,649)	11.50	-
Balance at December 31, 2022	19,789,379	0.57	7.28
Issued	-	-	-
Expired/forfeited	-	-	-
Balance at December 31, 2023	19,789,379	$ 0.57	6.28

Note 11 – Stock-based compensation

The Company and its stockholders adopted an equity incentive plan (the "2013 Plan") in 2013, which reserved shares of the Company's common stock for the granting of incentive and nonqualified stock options to employees,

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directors, and consultants. On October 14, 2021, the Company replaced the 2013 Plan with the 2021 Plan, as the 2013 Plan was expiring. Under the 2021 Plan, 38,280,567 shares of common stock are reserved. The Company may grant options to purchase common stock, stock appreciation rights, restricted stock awards and other forms of stock-based compensation. Stock options generally vest over four years and expire no later than 10 years from the date of grant. The Board of Directors has the authority to select the employees to whom options are granted and determine the terms of each option, including i) the number of shares of common stock subject to the option; ii) when the option becomes exercisable; iii) the option exercise price, which must be at least 100% of the fair market value of the common stock as of the date of grant and iv) the duration of the option, which may not exceed 10 years.

As of December 31, 2023, options to purchase a total of 16,058,745 shares of common stock remained outstanding and 22,221,822 shares remain available for grant under the 2021 Plan. As of December 31, 2023, options to purchase a total of 22,155,837 shares of common stock remained outstanding under the 2013 Plan. As of December 31, 2023, no shares of common stock remain available for grant under the 2013 Plan.

Stock option activity for the twelve-month period ended December 31, 2023, was as follows:

	Shares	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)
Outstanding at January 1, 2023	32,217,927	$ 0.24	7.15
Granted	9,258,016	0.53	
Cancelled	(2,881,144)	0.28	
Exercised	(380,217)	0.14	
Outstanding at December 31, 2023	38,214,582	$ 0.31	7.09
Vested and expected to vest at December 31, 2023	38,214,582	$ 0.31	7.09
Exercisable at December 31, 2023	25,818,009	$ 0.22	6.21

The fair value of the options granted to employees is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the calculation, including the expected term (weighted-average period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, an assumed risk-free interest rate and expected dividends. The Company uses the simplified calculation of expected life and volatility is based on an average of the historical volatilities of the common stock of several publicly traded entities with characteristics similar to those of the Company. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company uses the straight-line method for expense attribution. The weighted-average grant-date fair values of stock options granted during the twelve-month periods ended December 31, 2023 and 2022, was $0.37 per share and $0.29 per share, respectively.

Notes to the Consolidated Financial Statements *continued*

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The following assumptions were used to calculate the grant-date fair value of employee stock options granted during the twelve-month periods ended December 31, 2023 and 2022:

	2023	2022
Expected term (in years)	7.00	7.00
Expected volatility	68.03% - 72.08%	58.38% - 79.90%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	3.38% - 4.44%	1.94% - 3.49%

The following table presents classification of stock-based compensation expense within the accompanying consolidated statements of operations for the twelve-month periods ended December 31, 2023 and 2022:

	2023	2022
Research and development	$ 390,033	$ 261,577
Sales and marketing	203,812	174,799
Clinical and regulatory	81,741	64,024
General and administrative	630,225	369,157
Total	$ 1,305,811	$ 869,557

At December 31, 2023, there was $3,951,293 of unamortized stock-based compensation cost, respectively, related to unvested stock options which is expected to be recognized over a weighted average period of 3.15 years.

Note 12 – Income taxes

The Company did not record any income tax expense for the twelve-month periods ended December 31, 2023 and 2022. The Company has historically incurred operating losses and maintains a full valuation allowance against its net deferred tax assets.

The components of loss before income taxes are as follows:

	2023	2022
Domestic	$ (34,789,313)	$ (32,645,503)
Foreign	(245,950)	(442,702)
Total	$ (35,035,263)	$ (33,088,205)

The components of income tax expense are as follows:	2023	2022
Current income tax expense:		
Federal	$ -	$ -
State	1,625	1,600
Foreign	-	-
Total current income tax expense	$ 1,625	$ 1,600
Deferred income tax expense:		
Federal	$ -	$ -
State	-	-
Foreign	-	-
Total deferred tax expense	$ -	$ -
Net deferred tax assets	$ 1,625	$ 1,600

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The Company's effective tax rate of 0.01% and 0.01% for the twelve-month periods ended December 31, 2023 and 2022, respectively, differs from the statutory U.S. federal rate as follows:

	2023	2022
Statutory tax rate	$ (7,321,441)	$ (6,973,527)
R&D credit generation	(344,374)	(370,183)
State and foreign tax benefit	(3,773,101)	(6,463,619)
Other non-deductible expenses	651,633	1,554,541
Change in valuation allowance	10,788,908	12,254,388
Effective tax rate	$ 1,625	$ 1,600

The tax effects of temporary differences that give rise to significant components of the deferred tax assets are as follows:

	2023	2022
Deferred tax assets:		
Net operating loss	$ 57,255,000	$ 48,332,000
Other accruals	870,000	829,000
Stock based compensation	457,000	249,000
Credit carryforwards	2,473,000	1,967,000
Intangible assets	12,343,000	13,409,000
Research & development capitalization	4,816,000	2,686,000
Fixed assets	39,000	-
Total deferred tax assets	78,253,000	67,472,000
Deferred tax liability		
Fixed assets	-	(9,000)
Total deferred tax liability	-	(9,000)
Net deferred tax asset before valuation allowance	78,253,000	67,463,000
Valuation allowance	(78,253,000)	(67,463,000)
Net deferred tax assets	$ -	$ -

As of December 31, 2023, the Company recorded the portion of its deferred tax assets that was determined to meet the more likely than not threshold. Significant judgment is required in determining the Company's provision for income taxes, recording valuation allowances against deferred tax assets and evaluating the Company's uncertain tax positions. Due to net losses since inception and the uncertainty of realizing the deferred tax assets, the Company has a full valuation allowance against its net deferred tax assets. To the extent that the Company generates positive income and expects, with reasonable certainty, to continue to generate positive income, the Company may release all, or a portion of, the valuation allowance in a future period. This release would result in the recognition of all, or a portion of, the Company's deferred tax assets, resulting in a decrease to income tax expense for the period such release is made. As of December 31, 2023, the Company's valuation allowance was $78,253,000, which increased by approximately $10,790,000 for the twelve-month period ended December 31, 2023.

On August 16, 2022, the United States enacted the Inflation Reduction Act ("IRA"), which introduces, among other items, an excise tax that would impose a 1% surcharge on stock repurchases, net of stock issuances beginning in 2023. Beginning in fiscal 2024, the IRA also introduced a 15% book minimum tax on Companies

Notes to the Consolidated Financial Statements *continued*

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with average adjusted financial statement earnings that exceed $1 billion. As the Company's average adjusted financial statement earnings do not exceed this threshold, the Company is not an "Applicable Corporation". These provisions are not expected to impact the Company based on the current financial positions.

Net operating loss ("NOL") carryforwards and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service ("IRS") and may become subject to annual limitation due to ownership changes that have occurred previously or that could occur in the future under Section 382 of the Internal Revenue Code, as amended and similar state provisions. These ownership changes may limit the amount of carryforwards that can be utilized annually to offset future taxable income. In general, an ownership change, as defined by Section 382, results from transactions increasing the ownership of certain shareholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company has not conducted a study to assess whether a change of control has occurred or whether there have been multiple changes of control since inception due to the significant complexity and cost associated with such a study. If the Company has experienced a change of control, as defined by Section 382, at any time since inception, utilization of the net operating loss carryforwards or research and development tax credit carryforwards would be subject to an annual limitation under Section 382, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax-exempt rate, and then could be subject to additional adjustments, as required. Any limitation may result in expiration of a portion of the net operating loss carryforwards or research and development tax credit carryforwards before utilization. Further, until a study is completed, and any limitation is known, no amounts are being presented as an uncertain tax position.

As of December 31, 2023, the Company had federal NOL carryforwards of $191,303,120, available to reduce taxable income, of which $45,622,855 expire beginning 2023 and $145,680,265 do not expire. As of December 31, 2023, the Company had state NOL carryforwards of $173,133,821 available to reduce future state taxable income of which $170,893,173 expire beginning 2028 and $2,240,648 do not expire.

As of December 31, 2023, the Company had federal and state research and development credit carryforwards of $1,810,383 and $1,721,880, respectively. The federal research and development credit carryforwards expire beginning in 2035 and the state credit carryforwards do not expire.

The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. Due to NOL carryforwards not being utilized, all periods are open to potential examinations.

The Company's policy is to classify interest and penalties related to unrecognized tax benefits, if and when required, as a component of interest expense, in the accompanying consolidated statements of operations. The Company had not recorded any interest or penalties for the twelve-month periods ended December 31, 2023 and 2022.

As of December 31, 2023, the Company's uncertain tax positions totaled $1,059,676, which are netted against the underlying deferred tax assets. The entire balance in uncertain tax positions would cause a decrease in the effective income tax rate upon recognition, but that decrease would be offset by a change in the valuation allowance given the full valuation allowance position of the Company.

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The following is a roll-forward of the Company's liability related to uncertain tax positions at December 31, 2023 and 2022:

	2023	2022
Balance at January 1	$ 1,012,850	$ 656,159
Increase for current period tax positions	287,704	309,267
Decrease for release of FIN 48 reserves	(240,878)	-
Increase/(decrease) for prior period tax positions	-	47,424
Balance as December 31	$ 1,059,676	$ 1,012,850

Note 13 – Net loss per share

The following tables sets forth the computation of basic and diluted net loss per share attributable to common stockholders at December 31, 2023 and 2022:

	2023	2022
Numerator – basic & diluted:		
Net loss attributable to common stockholders, basic and diluted	$ (35,036,888)	$ (33,088,205)
Denominator:		
Weighted-average number of shares outstanding, basic and diluted	288,875,373	269,608,916
Net loss per share attributable to common stockholders, basic and diluted	$ (0.12)	$ (0.12)

The following potentially dilutive shares were not included in the calculation of diluted shares outstanding for the periods presented as the effect would have been anti-dilutive at December 31, 2023 and 2022:

	2023	2022
Outstanding warrants	19,789,379	19,789,379
Outstanding stock options	38,214,582	32,217,927
Total dilutive shares	58,003,961	52,007,306

Note 14 – Commitments and contingencies

Purchase commitments

The Company purchases raw materials, manufacturing equipment, and various services from a variety of vendors. During the normal course of business, in order to manage manufacturing lead times and help ensure an adequate supply of certain items, we enter into agreements with suppliers that either allow us to procure goods and services when we choose or that establish purchase requirements over the term of the agreement. In certain instances, our purchase agreements allow us to cancel, reschedule, or adjust our purchase requirements based on our business needs prior to firm orders being placed. Consequently, only a portion of our purchase commitments are firm and noncancelable. As of December 31, 2023, the Company's obligations under such arrangements were approximately $3,500,000.

Contingencies

The Company is party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss with respect to any currently pending legal proceeding is remote. However, litigation is inherently uncertain, and it is

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not possible to definitively predict the ultimate disposition of any of these proceedings. The Company does not believe that there are any pending legal proceedings or other loss contingencies that will, either individually or in the aggregate, have a material adverse impact on the Company's consolidated financial statements.

Note 15 – Subsequent Events

The Company has evaluated subsequent events that have occurred through February 27, 2024, which is the date that the consolidated financial statements were available to be issued and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated financial statements except as discussed in Note 6 above.

Independent Auditor's Report

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Deloitte.

Deloitte & Touche LLP
100 South Mill Avenue
Suite 1800
Tempe, AZ 85281-2804
USA

Tel:+1 602 234 5100
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Audit and Risk Committee of EBR Systems, Inc.

Opinion

We have audited the consolidated financial statements of EBR Systems, Inc. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

Independent Auditor's Report *continued*

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internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

February 27, 2024

Shareholder Information

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Overview

The Company has CHESS Depositary Interests (**CDIs**) quoted on the Australian Securities Exchange (**ASX**) trading under the symbol EBR. Each CDI represents an interest in one share of common stock of the Company (**Share**). Legal title to the Shares underlying the CDIs is held by CHESS Depositary Nominees Pty Ltd (**CDN**), a wholly owned subsidiary of the ASX.

Except where noted, all information provided below is current as at 25 March 2024. To avoid double-counting, the holding of Shares by CDN (underpinning the CDIs on issue) has been disregarded in the presentation of the information below, unless otherwise stated.

The Company's share capital was as follows:

Type of Security	Number of Securities
Total number of issued CDIs/Shares[1]	308,090,258
Total number of issued Options	36,517,994
Total number of issued Warrants[2]	19,789,379

1. Includes Shares held by CDN.
2. Including 3,032,515 warrants issued by EBR Systems (Aust) Pty Ltd which on exercise, are automatically exchanged for the issue of new Shares in the Company.

Substantial Holders

The names of substantial holders in the Company and their respective stock holdings (to the best of the Company's knowledge) follow below:

HESTA

Holder of Relevant Interest	Registered Holder	Person entitled to be Registered Holder	Nature of Relevant Interest	Class and Number of Securities	Person's Votes
MRCF3 Services (H) Pty Ltd ATF MRCF3 (H) Trust	MRCF3 Services (H) Pty Ltd	MRCF3 Services (H) Pty Ltd	Registered Holder	23,118,914 CDIs	7.50%
H.E.S.T. Australia Limited as Trustee of Health Employees Superannuation Trust Australia (HESTA)	MRCF3 Services (H) Pty Ltd	MRCF3 Services (H) Pty Ltd	Power to control voting and disposal of securities	15,875,392 CDIs	5.15%
Brandon Capital Partners	MRCF3 Services (H) Pty Ltd	MRCF3 Services (H) Pty Ltd	Power to control voting and disposal of securities	7,243,522 CDIs	2.35%

HOSTPLUS

Holder of Relevant Interest	Registered Holder	Person entitled to be Registered Holder	Nature of Relevant Interest	Class and Number of Securities	Person's Votes
MRCF3 Services (HP) Pty Ltd ATF MRCF3 (HP) Trust/ MRCF3 (HP) Pty Ltd ATF MRCF3 Part C Trust	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	Registered holder	28,966,591 CDIs	9.40%
HOST-PLUS Pty Ltd as Trustee of Hostplus Pooled Superannuation Trust (HOSTPLUS)	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	Power to control voting and disposal of securities	26,551,391 CDIs	8.62%
Brandon Capital Partners	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	MRCF3 Services (HP) Pty Ltd/MRCF3 (HP) Pty Ltd	Power to control voting and disposal of securities	2,415,200 CDIs	0.78%

Shareholder Information *continued*

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Brandon Capital Partners

Holder of Relevant Interest	Registered Holder	Person entitled to be Registered Holder	Nature of Relevant Interest	Class and Number of Securities	Person's Votes
Brandon Capital Partners	MRCF3 Services (H) Pty Ltd	MRCF3 Services (H) Pty Ltd	Power to control voting and disposal of securities	7,243,522 CDIs	2.35%
	MRCF3 (HP) Pty Ltd/ MRCF3 Services (HP) Pty Ltd	MRCF3 (HP) Pty Ltd/ MRCF3 Services (HP) Pty Ltd	Power to control voting and disposal of securities	2,415,200 CDIs	0.78%
	MRCF3 Services Pty Ltd	MRCF3 Services Pty Ltd	Power to control voting and disposal of securities	7,243,522 CDIs	2.35%
	MRCF3 Services (SW) Pty Ltd	MRCF3 Services (SW) Pty Ltd	Power to control voting and disposal of securities	2,415,200 CDIs	0.78%
	MRCF3 Services (CSL) Pty Ltd	MRCF3 Services (CSL) Pty Ltd	Power to control voting and disposal of securities	1,557,250 CDIs	0.51%
	MRCF3 Pty Ltd	MRCF3 Pty Ltd	Power to control voting and disposal of securities	48,432 CDIs	0.02%
Total					6.79%[1]

M.H. Carnegie Funds

Holder of Relevant Interest	Registered Holder	Person entitled to be Registered Holder	Nature of Relevant Interest	Class and Number of Securities	Person's Votes
Carnegie Healthcare Fund, LP	Carnegie Healthcare Fund, LP	Carnegie Healthcare Fund, LP	Registered Holder	14,952,663 CDIs	4.85%
Carnegie Innovation Fund No.2 L,P	Carnegie Innovation Fund No.2 L,P	Carnegie Innovation Fund No.2 L,P	Registered Holder	14,162,839 CDIs	4.60%
MHC Fund Services 2A Pty Ltd Atf Carnegie Private Opportunities Fund No. 2A	MHC Fund Services 2A Pty Ltd	MHC Fund Services 2A Pty Ltd	Registered Holder	3,323,193 CDIs	1.08%
MHC Fund Services B Pty Ltd ATF MHC HOSTPLUS Co Investment Trust	MHC Fund Services B Pty Ltd	MHC Fund Services B Pty Ltd	Registered Holder	7,833,287 CDIs	2.54%
Total					13.07%

Split Rock Partners

Holder of Relevant Interest	Registered Holder	Person entitled to be Registered Holder	Nature of Relevant Interest	Class and Number of Securities	Person's Votes
SPVC VI, LLC	SPVC VI, LLC	Spvc Vi, LLC	Registered Holder	6,996,473 CDIs	2.27%
Split Rock Partners, LP	Split Rock Partners, LP	Split Rock Partners, LP	Registered Holder	19,732,458 CDIs	6.40%
Total					8.67%

1. The total percentage of votes held by investors advised or managed by Brandon Capital Partners is 25.92% (inclusive of the votes outlined above).

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Distribution of CDIs[2] and Shares

Range	Number	% of Issued Capital	No. of Holders
1 – 1,000	222,455	0.07	322
1,001 – 5,000	2,721,786	0.88	826
5,001 – 10,000	5,067,235	1.64	603
10,001 – 100,000	35,173,814	11.42	1,125
100,001 and over	264,904,968	85.98	144
Total	**308,090,258**	**100.00**	**3,020**

Unmarketable Parcels

Based on the market price on 26 March 2024, there were 133 security holders holding less than a marketable parcel (i.e. a parcel of securities of less than $500).

Distribution of Options

Range	Number	% of Options issued	No. of holders
1 – 1,000	500	0.00	1
1,001 – 5,000	5,000	0.01	1
5,001 – 10,000	81,000	0.22	9
10,001 – 100,000	2,809,638	7.69	52
100,001 and over	33,621,856	92.07	37
Total	**36,517,994**	**100.00**	**100**

Distribution of Warrants

Range	Number	% of Warrants issued	No. of holders
1 – 1,000	720	0.00	1
1,001 – 5,000	17,605	0.09	7
5,001 – 10,000	5,872	0.03	1
10,001 – 100,000	383,205	1.94	9
100,001 and over	19,381,977	97.94	22
Total	**19,789,379**	**100.00**	**40**

2. The below holdings do not include CDN.

Shareholder Information *continued*

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Top 20 Holders of CDIs and Shares

Set out below is a schedule of the 20 largest holders of quoted securities in the Company, including the number and percentage of securities held by those holders as at 26 March 2024. Related but separate legal entities are not aggregated for the purposes of the table below.

	Name of registered holder	No. of CDIs and Shares held	% of total of CDIs and Shares
1	Split Rock Partners LP	19,732,458	6.40
2	MRCF3 Services (H) Pty Ltd <MRCF3 (H) A/C>	18,480,532	6.00
3	MRCF3 Services (HP) Pty Ltd <MRCF3 (HP) A/C>	16,823,969	5.46
4	Carnegie Innovation Fund No 2 LP	14,162,839	4.60
5	CHV III LP	12,818,782	4.16
6	J P Morgan Nominees Australia Pty Limited	12,626,615	4.10
7	Argo Investments Limited	10,782,633	3.50
8	MRCF3 Services (HP) Pty Ltd <MRCF3 (HP) A/C>	10,203,745	3.31
9	MRCF3 Services Pty Ltd <MRCF3 (AS) A/C>	8,782,983	2.85
10	Carnegie Healthcare Fund LP	8,776,909	2.85
11	HSBC Custody Nominees (Australia) Limited	8,479,971	2.75
12	SPVC VI LLC	6,996,473	2.27
13	MHC Fund Services B Pty Ltd <MHC HOSTPLUS Co-Invt A/C>	6,615,306	2.15
14	Carnegie Venture Captial Pty Ltd <Carnegie Healthcare F/LP A/C>	6,175,754	2.00
15	MRCF3 Services (SW) Pty Ltd <MRCF3 (SW) A/C>	6,161,947	2.00
16	MRCF5 Services (TS) Pty Ltd <MRCF5 (TS) A/C>	6,111,111	1.98
17	Mr Allan Will <AR Will U/A DT 6/14/12 A/C>	5,827,224	1.89
18	MRCF3 Services (H) Pty Ltd <MRCF3 (H) A/C>	4,638,382	1.51
19	MRCF3 Services (SW) Pty Ltd <MRCF3 (SW) A/C>	4,629,630	1.50
20	UBS Nominees Pty Ltd	4,158,387	1.35
	Total CDIs and Shares held by Top 20	**192,985,650**	**62.64**
	Total CDIs and Shares held by all other holders	**115,104,608**	**37.36**
	Total	**308,090,258**	**100.00**

Restricted Securities

There were no ASX restricted securities or securities subject to voluntary escrow as at 26 March 2024.

Voting Rights

Every holder of Shares present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Shareholders.

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of Shareholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Registry before the meeting;
- inform the Company that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or

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- convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI Holder wishes to sell their investment on the ASX it would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting.

One of the above steps must be undertaken before CDI holders can vote at Shareholder meetings.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders by the Company.

Holders of issued but unexercised options and warrants are not entitled to vote.

Australian Corporate Governance Statement

The Board of Directors has confirmed that the Company's corporate governance framework complies in almost all respects with the ASX's Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th Edition) (**Recommendations**) and that where it does not comply, it is due to the current relative size of the Company, its stage of development, and the scale and nature of its operations.

The Company's Corporate Governance Statement and further details in relation to the Company's governance framework are set out in a dedicated corporate governance information section of the Company's website https://ebrsystemsinc.com/investors/. This section of the Company's website contains copies of all of the corporate governance policies and Board Committee charters.

Options issued to Directors under the 2021 Equity Incentive Plan

Details of the options to purchase Shares (**Options**) issued to directors of the Company during the 2023 financial year under the 2021 Equity Incentive Plan (**Plan**) are provided in the Remuneration Report of this Annual Financial Report. The expiry date of the Options issued is 4 April 2033 and their exercise price is US$0.44. Approval for the issue of the Options to the directors of the Company, other than the Options issued to an entity nominated by Dr Christopher Nave, was obtained under ASX Listing Rule 10.14 at the 2023 Annual Meeting of the Company.

The Options issued to the entity nominated by Christopher Nave, being MRCF BTF Service (BCPIT) Pty Ltd as trustee for the MRCF BTF (**BCP Investment**) Trust, was approved in accordance with ASX Listing Rule 10.11 by stockholders at the 2023 Annual Meeting and was outside of the 2021 Equity Incentive Plan.

Required Statements

a. There is no current on-market buy-back of the Company's securities.

b. The Company is incorporated in the state of Delaware in the United States of America.

c. The Company is not subject to Chapters 6, 6A, 6B and 6C of the *Corporations Act 2001* (Cth) dealing with the acquisition of shares (ie, substantial holdings and takeovers).

d. The Company's securities are not quoted on any exchange other than the ASX.

e. Under the Delaware General Corporation Law, shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or bylaws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and bylaws do not impose any specific restrictions on transfer. The Company's CDIs were issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**US 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 the Company'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 US Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a "FOR US" designation on the ASX. This designation restricts any CDIs from being sold on the ASX to US persons. However, you still may freely transfer your CDIs on the ASX to any person other than a US person. In addition, hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

f. Since the Company's listing on ASX in November 2021, it has used the cash it had at the time of admission in a way consistent with its business objectives.

g. The name of the Australian Company Secretary is Brendan Case. The name of the US Company Secretary is John Sellers.

h. The address and telephone number of the Company's registered office in Australia is:
Level 13, 41 Exhibition Street
Melbourne, Victoria 3000
+ 61 410 442 393

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Corporate Directory

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Board of Directors and Secretaries

Allan Roger Will
Executive Chair

John Graham McCutcheon
President, CEO and Executive Director

Christopher Dean Nave
Non-executive Director

Trevor John Moody
Non-executive Director

Bronwyn Joy Evans
Non-executive Director

David Mark Steinhaus
Non-executive Director

Karen Ruth Drexler
Non-executive Director

Brendan Thomas Case
Australian Company Secretary

John Hatchett Sellers
Unites States Company Secretary

Company – US Office and Headquarters

480 Oakmead Parkway,
Sunnyvale, CA 94085, USA

Phone: +1 408 720 1906

Website: www.ebrsystemsinc.com

Company Address of Registered Office

251 Little Falls Drive,
Wilmington, DE 19808,
County of New Castle, USA

US Auditor

Deloitte & Touche LLP
100 South Mill Avenue
Suite 1800
Tempe, AZ 85281 -2904, USA

Phone: +1 602 234 5100

Website: www.deloitte.com

Investor Relations

Vesparum Capital
Joel Seah

Phone: +61 3 8582 4800

Email: EBRSystems@vesparum.com

ASX Code

EBR

Executive Team

Allan Roger Will
Executive Chair

John Graham McCutcheon
President, CEO and Executive Director

Gary William Doherty
Chief Financial Officer

Company – Registered Office in Australia

Level 13, 41 Exhibition Street
Melbourne, Victoria 3000, Australia

Phone: + 61 410 442 393

Name of Securities Registry:

CDI Registry:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne, Victoria 3001, Australia

Share Registry:

Computershare Trust Company, N.A
150 Royall Street
Canton, Massachusetts 02021, USA

Computershare Investor Services Pty Limited:

Phone: 1300 850 505 (within Australia) or
Phone: +61 3 9415 4000 (outside Australia)

Annual Meeting of Stockholders

The Annual Meeting of stockholders will be held as a virtual meeting on Thursday, 30 May 2024 at 9:00am Australian Eastern Standard Time (Wednesday, 29 May 2024 at 4:00pm U.S. Pacific Daylight Time).

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