ASX Announcement

BUSINESS UPDATE AND JUNE 2020 QUARTERLY APPENDIX 4C

- Three clinical sites currently operational at the Dresden Heart Centre, Haga Hospital and Amsterdam University Medical Centre with the Leipzig Heart Centre presently planning first procedures.
- An additional three sites expected to sign contracts and/or commence procedures in August or shortly thereafter.
- A further 14 sites are well progressed and in the third stage of Imricor's five-stage sales process, supporting an acceleration of lab rollouts during the last quarter of 2020, assuming no further COVID-19 related disruptions to European medical facilities.
- A strong and growing pipeline of potential clinical sites.
- Ongoing positive feedback from electrophysiologists regarding ease of adoption and success of procedures.
- Progress on the development of additional products to support expanded indications remains on plan with clinical trials of products to enable access to the left side of the heart expected to commence during 2021.
- Continuing to expand the Imricor workforce to support its growth strategy including the recent hire of a Director of Clinical Affairs and Regional Sales Manager – Eastern Germany.
- Net cash outflows from operations in second quarter of 2020 of US$2.677 million, with revenue impacted by hospital restrictions across Europe in response to the COVID-19 pandemic. A cash balance of US$11.425 million at 30 June 2020.

28 July 2020 – Minneapolis, United States – Imricor Medical Systems, Inc. (**Company** or **Imricor**) (**ASX:IMR**) today releases its Appendix 4C Quarterly Cash Flow Report for the period ended 30 June 2020 and provides a business update.

Progress of iCMR Lab Rollout

As previously advised, Imricor has recommenced the roll out of new clinical sites following stalling of the program due to the COVID-19 pandemic. Clinical sites are currently operational at the Dresden Heart Centre, Haga Hospital and Amsterdam University Medical Centre. First cases at the Leipzig Heart Centre, which along with Dresden has been established as a training Centre of Excellence, are presently being planned. It is expected that a further three sites will sign sales contracts and/or commence procedures in August or shortly thereafter, assuming no new COVID related delays.

Additionally, the Company has 14 more sites that are well progressed and in the third stage of Imricor's five-stage sales process, supporting an acceleration of lab rollouts during the last quarter of 2020, assuming no new COVID related delays.

Since commercial launch in late January 2020, feedback from electrophysiologists regarding ease of adoption and success of procedures has continued to be very positive.

Imricor's Chair and CEO, Steve Wedan said: "We are seeing good progress, in light of the pandemic, across our European sites as the medical community there has begun their post-COVID recovery. While restrictions during the lockdown months resulted in a backlog of atrial flutter ablation procedures, procedure volumes are taking some time to return to pre-COVID levels as healthcare professionals currently prioritise patients with more urgent and immediate needs.

"Our pipeline of potential sites remains very strong, with the medical community's interest in Imricor's products continuing to grow. Given current restriction on travel and gatherings, with the support of Drs Thomas Gaspar and Stefan Ulbrich of the Dresden Heart Centre we have continued to engage doctors through online seminars, supporting awareness and education. This format of physician engagement has been successfully extended to the Sana Group Purchasing Organisation network where our agreement facilitates access to approximately 80 sites for sales and marketing purposes.

"At this stage we are continuing with the release of our approved products in a controlled manner, supporting positive outcomes for patients and their healthcare professionals, and planning with our clinical partners for clinical trials next year to support expanded indications. Following the European summer vacation, we expect to see some acceleration in the establishment of new sites, particularly in the last quarter of 2020, assuming no material disruptions associated with the COVID-19 pandemic arise."

Pipeline Products

Imricor's research and development pipeline, focussed on the expansion of products for use in iCMR ablation procedures remains a clear priority. Early clinical success and physician engagement through online seminars, has driven increased appetite across the medical profession for products that enable the treatment of expanded indications under MRI, ie. for the treatment of arrythmias other than atrial flutter. In particular, focus is on procedures requiring access to the left side of the heart such as atrial fibrillation and ventricular tachycardia.

The Company is currently in the prototype phase for its steerable sheath and transseptal needle which, in the future, will enable access to the left side of the heart via the intra-atrial septum. It is anticipated that these products will be ready for clinical trial during 2021.

Development of Imricor's diagnostic catheter is also well progressed with the Company aiming for commercial release in mid-2021, pending CE mark approval. As a scaled down version of Imricor's ablation catheter, the diagnostic catheter will provide material improvements in gross margin through its inclusion in the two-catheter set[1] required for completion of atrial flutter ablation procedures.

Progress on FDA and TGA Approval

Imricor's strategy on FDA approval in the United States is progressing well having recently restarted meetings with the FDA. The Company continues to target a clinical trial during 2021-2022 to support FDA approval.

[1] Currently priced by Imricor as though comprising an ablation and diagnostic catheter, however currently comprising two ablation catheters.

The appointment of a local agent to facilitate both TGA approval and the eventual distribution of Imricor's products in the Australian market is a process which was slowed by COVID-19. The Company is currently qualifying the parties and expects to complete this process in the coming months.

Growth in Imricor's Workforce

Imricor has continued to expand its workforce to support its growth strategy, increasing employees to 48, an addition of seven since February 2020. Recent appointments include a Director of Clinical Affairs with over nine years of global clinical trial experience with Medtronic, and a Regional Sales Manager – Eastern Germany who joins Imricor next week with six years of sales experience in the cardiology space with Bioventrix and Medtronic.

The Company is pleased to have fully retained its manufacturing team since the COVID-19 outbreak, building inventory to support growth during the second half of 2020. The recent hiring of a Production Supervisor provides focus on the productivity of the manufacturing team and supports margin improvement over time. In the coming weeks Imricor will welcome an additional Manufacturing Engineer to support the continued growth of the Company's manufacturing efficiency, product line expansion, and volume.

Appendix 4C Cashflow for Q2 2020

During the quarter ended 30 June 2020 (Q2 2020) net cash outflows from operating activities were US$2.677 million. Receipts from customers during the period were US$0.173 million comprising the sale of consumable products. Revenue and associated cash receipts in Q2 2020 were impacted by the COVID-19 pandemic, which due to restricted hospital access, stalled the Company's lab roll out plans during the period. The easing of these restrictions saw Imricor resume the opening of new sites during early June, with iCMR ablations also recommencing at the established Dresden Heart Centre.

Payments made in relation to operating costs of US$2.850 million were down from the prior quarter due primarily to lower inventory purchases (following significant ramp up during the previous two quarters), decreased travel and recruitment fees, and differences in timing of payments of Board fees and annual licenses. These reductions were partially offset by increased staffing costs as Imricor continued to expand its workforce across multiple functional areas. Facility expense also increased in the quarter due to expansion of the engineering workspace as Imricor continues to invest in its research and development pipeline to support future growth through expanding indications.

Net cash outflows from investing activities were US$0.299 million during Q2 2020. Net cash inflows from financing activities were US$0.226 million in the period, consisting of US$0.339 in proceeds from the exercise of options and warrants less additional payment of transaction costs related to the institutional placement completed in February 2020 and payments on lease obligations.

At 30 June 2020, Imricor maintained a cash balance of US$11.425 million.

Imricor's Chair and CEO, Steve Wedan said "While clearly the impact of COVID-19 has been disappointing given our initial stage of commercialisation and early success in Dresden, we have continued to work hard during the period to expand our pipeline of potential new sites and further

the education on MR guided cardiac ablations procedures across the electrophysiology field. We are seeing these efforts deliver, with the strongest pipeline of potential iCMR labs since our inception and growing interest across the medical profession. We are excited about the growth opportunities ahead of us as we continue with our controlled roll out strategy throughout 2020 and look forward to continuing to update our investors as we deliver against these plans."

Investor Conference Call

The Company will host an investor conference call today at 09:00am AEST (6:00pm Tuesday 28 July CDT) with Steve Wedan, Chair and CEO and Lori Milbrandt, CFO.

Please register for the call using the link below:
https://catoandclive.zoom.us/meeting/register/tJYqdOivrDwvHdwTJ8sxIsJAGtAisieXXfNV

After registering, you will receive a confirmation email containing information about joining the meeting. It is recommended that participants wishing to ask questions on the call, join via computer rather than telephone.

Authorised for release by Steve Wedan, Executive Chair, President, and CEO.

ENDS

Further Information

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About Imricor

Imricor Medical Systems, Inc. (ASX:IMR) is a leading developer of innovative MRI-compatible medical devices which can be used to carry out MRI-guided cardiac catheter ablation procedures. Headquartered in the US, Imricor seeks to make a meaningful impact on patients, healthcare professionals, and healthcare facilities around the world by increasing the success rates and bringing down the overall costs of cardiac catheter ablation procedures.

Imricor's Products

Imricor is a pioneer and leader in developing MRI-compatible products for cardiac catheter ablation procedures, and believes it is the first company in the world to bring commercially viable and safe MRI-compatible products to the cardiac catheter ablation market.

The Vision-MR Ablation Catheter is the Company's prime product offering, specifically designed to work under real-time MRI guidance, with the intent of enabling higher success rates along with a faster and safer treatment compared to conventional procedures using x-ray guided catheters. The Vision-MR Ablation Catheter has been approved in the European Union with an indication for treating type 1 atrial flutter. Imricor intends to seek approval for expanded indications in the future. The Company is also in the early stages of pursuing the required regulatory approvals to place its key products on the market in Australia and the U.S.

The Company has also obtained approval within the EU for the sale of the Advantage-MR EP Recorder/Stimulator System and its consumable product, the Vision-MR Dispersive Electrode.

Imricor sells its capital and consumable products to hospitals and clinics for use in Interventional Cardiac Magnetic Resonance Imaging (iCMR) labs, in which ablation procedures using the Vision-MR Ablation Catheter can be performed. An iCMR lab is an interventional lab that is fitted with MRI equipment for use in cardiac diagnostic and interventional procedures. The installation of iCMR labs is driven primarily by MRI equipment vendors working collaboratively with Imricor. Vendors such as Koninklijke Philips N.V. and Siemens Healthcare GmbH help to target certain sites and support the design and construction of iCMR labs for those sites.

Foreign Ownership Restrictions

Imricor's CHESS Depositary Interests (**CDIs**) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (**Securities Act**) for offers 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. As a result of relying on the Regulation S exemption, the CDIs are 'restricted securities' under Rule 144 of the Securities Act. This means that you are unable to sell the CDIs into the US or to a US person for the foreseeable future except in very limited circumstances after the expiration of a restricted period, unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. To enforce the above transfer restrictions, all CDIs issued bear a 'FOR US' designation on the Australian Securities Exchange (**ASX**). This designation restricts any CDIs from being sold on ASX to US persons. However, you are still able to freely transfer your CDIs on 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.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on the Company's management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. These include, without limitation, EU commercial market acceptance and EU. sales of our product as well as our expectations with respect to our ability to develop and commercialise new products. Management believes that these forward-looking statements are reasonable when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Imricor does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Imricor may not actually achieve the plans, projections or expectations disclosed in forward-looking statements. Actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Annexure

The quarter ended 30 June 2020 is a period covered by the Uses of Funds statement as outlined in Imricor's prospectus dated 14 August 2019. A summary of expenditure to date is outlined below:

Use of funds	Prospectus dated 14 August 2019 & Pre-Quotation Disclosure released at the time of admission (US$m)	Actual Expenditure since admission on 30 August 2019 to 30 June 2020 (US$m)
Sales and marketing	1.475	0.773
Clinical and regulatory	5.418	3.124
Costs of the Offer	1.198	1.325
Other working capital[(a)]	1.536	2.887
All other[(a)]	-	2.999
Total	**9.627**	**11.108**

(a) Actual expenditure exceeds prospectus expectations as the prospectus anticipated that revenue from the commercialisation of Imricor's products would be used to fund other working capital as well as investments in inventory and operations, capital equipment and repayment of debt. This revenue was however not realised due to the delay in CE Mark approval and subsequent delay in commercial launch due to COVID-19.

Appendix 4C

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

Name of entity

Imricor Medical Systems, Inc.

ABN	**Quarter ended ("current quarter")**
633 106 019	30 June 2020

Consolidated statement of cash flows		**Current quarter $USD'000**	**Year to date (6 months) $USD'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	173	371
1.2	Payments for		
	(a) research and development	(225)	(476)
	(b) product manufacturing and operating costs	(428)	(1,109)
	(c) advertising and marketing	(94)	(167)
	(d) leased assets	-	-
	(e) staff costs	(1,569)	(2,978)
	(f) administration and corporate costs	(461)	(1,177)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(74)	(153)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,677)**	**(5,687)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(284)	(410)
	(d) investments	-	-
	(e) intellectual property	(15)	(70)
	(f) other non-current assets	-	(29)

Consolidated statement of cash flows		Current quarter $USD'000	Year to date (6 months) $USD'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(299)**	**(509)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	13,407
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	339	339
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(20)	(729)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(93)	(181)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**226**	**12,836**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	13,303	5,049
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,677)	(5,687)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(299)	(509)

Consolidated statement of cash flows		Current quarter $USD'000	Year to date (6 months) $USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	226	12,836
4.5	Effect of movement in exchange rates on cash held	872	(264)
4.6	**Cash and cash equivalents at end of period**	**11,425**	**11,425**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $USD'000	Previous quarter $USD'000
5.1	Bank balances	11,425	13,303
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**11,425**	**13,303**

6.	Payments to related parties of the entity and their associates	Current quarter $USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $USD'000**	**Amount drawn at quarter end $USD'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$USD'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,677)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	11,425
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	11,425
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	4.3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2020

Authorised by: Audit and Risk Committee

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.