

# HeraMED Limited ACN 626 295 314

# **Prospectus**

#### **Public Offer**

For an offer of up to 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000 before costs (**Public Offer**) with a minimum subscription requirement to raise at least \$5,000,000.

# **Important**

This Prospectus is an important document and it should be read in its entirety. Please read the instructions in this Prospectus and the relevant Application Form regarding acceptance of an Offer. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under an Offer. The Securities offered by this Prospectus should be considered highly speculative.

# Contents

Impo	ortant Information	3
Corp	porate Directory	5
Lette	er from the Board	6
Key I	Information	7
Inve	estment Overview	9
1.	Details of the Offers	19
2.	Company and Business Overview	28
3.	Risk Factors	45
4.	Investigating Accountant's Report	53
5.	Intellectual Property Report	75
6.	Key Persons and Corporate Governance	80
7.	Material Contracts	91
8.	Additional Information	101
9.	Definitions	109
Publ	lic Offer Application Form	112
Vend	dor Offer Application Form	114
Note	eholder Offer Application Form	116
Man	nagement Offer Application Form	118
Brok	ker Offer Application Form	120



# **Important Information**

#### General

This Prospectus is issued by HeraMED Limited ACN 626 295 314 (**Company**).

This Prospectus is dated 15 October 2018 and a copy was lodged with ASIC on that date. Neither ASIC nor ASX take responsibility for the contents of this Prospectus.

Within 7 days of the date of this Prospectus, the Company will make an application to ASX for the Shares offered pursuant to this Prospectus to be admitted for quotation on ASX.

No Securities will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus.

Persons wishing to apply for Securities pursuant to an Offer must do so using the relevant Application Form attached to or accompanying this Prospectus. Before applying for Securities, investors should carefully read this Prospectus so that they can make an informed assessment of the rights and liabilities attaching to the Securities, the assets and liabilities of the Company, its financial position and performance, profits and losses, and prospects.

Any investment in the Company should be considered highly speculative. Investors who do not understand this document should consult their stockbroker, lawyer, accountant or other professional adviser before deciding to apply for Securities under an Offer.

No person is authorised to give any information or to make any representation in relation to an Offer which is not contained in this Prospectus. Any such information or representations may not be relied upon as having been authorised by the Directors.

#### **Prospectus availability**

The Corporations Act allows distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the Company's website at www.hera-med.com. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 6189 1155.

#### **Exposure Period**

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Investors should be aware that this examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

#### **Corporate Restructure**

Prior to being admitted to the ASX, the Company will become the sole shareholder of HeraMED Israel (as defined herein) and, accordingly, the ultimate parent company of HeraMED Israel pursuant to the Acquisition Agreement. The Offers will not proceed unless and until completion occurs under the Acquisition Agreement. Unless the context requires, references to HeraMED and its member companies assume that completion of the Acquisition Agreement has already occurred and that the structure of HeraMED is as set out in Section 2.3. Further details of the Acquisition Agreement are set out in Section 7.1.

#### Foreign investor restrictions

The offers of Securities under this Prospectus do not constitute offers in any jurisdiction outside Australia. The Offers are not made to persons or places to which, or in which, it would not be lawful to make such an offer of Securities. Any persons in such places who come into possession of this Prospectus should seek advice on and comply with any legal restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are



resident in countries other than Australia should consult their professional advisers as to whether any regulatory or other consents are required or whether any other formalities need to be considered and followed.

# No cooling off rights

Applicants have no cooling off rights in relation to Securities for which they apply. This means that an applicant is not permitted or entitled to withdraw its application once submitted, other than in certain circumstances under the Corporations Act.

#### **Risk factors**

Before deciding to invest in the Company, investors should read the entire Prospectus and, in particular, in considering the prospects of the Company, investors should consider the risk factors that could affect the financial performance and assets of the Company. Investors should carefully consider these factors in light of personal circumstances (including financial and taxation issues). The Securities offered by this Prospectus should be considered highly speculative. See Section 3 for information relating to risk factors.

#### Disclaimer

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

Certain statements in this Prospectus constitute forward looking statements. These forward looking statements are identified by words such as "may", "could", "believes", "expects", "intends", and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

This Prospectus uses market data and third party estimates and projections. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. The Company has not independently verified this information but has taken reasonable care in reproducing it. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. Estimates involve risks and uncertainties and are

subject to change based on various factors, including those in Section 3.

#### **Financial amounts**

All references in this Prospectus to "\$", "A\$", "AUD", "dollars" or "cents" are references to the currency of Australia unless otherwise stated.

All references in this Prospectus to "NIS" are references to the currency of Israel.

All references in this Prospectus to "US\$" or "USD" are references to the currency of the United States.

Any discrepancies between the totals and sums of components in tables contained in this Prospectus are due to rounding.

All currency conversions from USD to AUD have been converted at a rate of 1AUD to 0.71USD being he foreign currency exchange rate as at 12 October 2018 published online by the Reserve Bank of Australia unless otherwise stated.

All currency conversions from NIS to AUD have been converted at a rate of 1AUD to 2.5820 being the foreign currency exchange rate as at 12 October 2018 published online at www.investing.com unless otherwise stated.

#### Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorsed this Prospectus or its contents, or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are for illustration only and may not be to scale.

#### **Definitions and time**

A number of terms and abbreviations used in this Prospectus have defined meanings which appear in Section 9.

All references to time relate to the time in Perth, Western Australia unless otherwise stated or implied.

# **Governing law**

This Prospectus and the contracts that arise from the acceptance of the applications under this Prospectus are governed by the law applicable in Western Australia and each applicant submits to the exclusive jurisdiction of the courts of Western Australia.



# **Corporate Directory**

#### **Directors**

Dr. Ron Weinberger Non-Executive Chairman

David Groberman Executive Director and CEO

Tal Slonim
Executive Director and COO

David Hinton Non-Executive Director

Doron Birger Non-Executive Director

# **Company Secretary**

Stephen Buckley

# **Registered Office**

C/- Nova Legal Level 2, 46-50 Kings Park Road West Perth WA 6005

Telephone: +61 8 6189 1155

Email: info@hera-med.com

# Website

www.hera-med.com

# **ASX** code

**HMD** 

#### **Corporate Advisers**

Twenty 1 Corporate Pty Ltd Suite 7, Level 1, 134 Main Street Osborne Park WA 6017

Zaza Investments Pty Ltd C/- Harden East & Conti Level 1, 20 Kings Park Road West Perth WA 6005

#### **Lead Manager**

Twenty 1 Corporate Pty Ltd Suite 7, Level 1, 134 Main Street Osborne Park WA 6017

# **Investigating Accountant**

BDO Corporate Finance (WA) Pty Ltd 38 Station St Subjaco WA 6008

#### Legal Adviser (Australia)

Edwards Mac Scovell Level 7, 140 St Georges Terrace Perth WA 6000

#### Legal Adviser (Israel)

Pearl Cohen Zedek Latzer Baratz Azrieli Sarona Tower, 121 Menachem Begin Rd., Tel-Aviv 6701203, Israel

# **Share Registry**

Automic Registry Services Level 2, 267 St Georges Terrace Perth WA 6000

# **Auditor (Israel)**

BDO Israel Amot BDO House 48 Menachem Begin Rd. Tel Aviv, Israel

#### **Auditor (Australia)**

BDO Audit (WA) Pty Ltd 38 Station St Subiaco WA 6008



#### **Letter from the Board**

15 October 2018

**Dear Investor** 

On behalf of the Board, I am pleased to present this Prospectus to you and offer you the opportunity to invest in HeraMED Limited (**Company**).

This Prospectus has been issued by the Company for an offer of up to 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000 before costs (**Public Offer**), with a minimum subscription requirement of \$5,000,000. The funds raised will primarily be used to fund the growth of the Company's business, product R&D, expenses and working capital.

The Company is excited by the opportunities created from the Public Offer and the listing of its Shares on the ASX. These developments will enable the Company to bring better and more advanced foetal and prenatal care to pregnant mothers and babies worldwide. The Public Offer will enable the Company to broaden distribution of its HeraBEAT product – the first medical grade smart foetal heartbeat monitoring system having a smartphone interface.

The Public Offer will also fund development of the next generation of foetal heartbeat monitoring solutions that will use computerised algorithms to automatically monitor and analyse collected data, and alert when an anomaly is detected that indicates a risk to the foetus or a need for the doctor's or the mother's intervention or action.

Investors should note that the Company is in the early stages of its growth. Accordingly, any investment made in the Company should be considered highly speculative. Information about certain risks associated with an investment in the Company is set out in Section 3, which I encourage you to read carefully.

We would like to thank our existing investors for all of their support to date, and we look forward to welcoming new Shareholders who would like to participate in the future of the Company.

Yours sincerely

**David Groberman** 

Managing Director and CEO

David Groberman

HeraMED Limited



# **Key Information**

Key financial information	Minimum Subscription (\$5,000,000)	Maximum Subscription (\$6,000,000)
Issue price of Shares under the Public Offer	\$0.20	\$0.20
Shares offered under the Public Offer	25,000,000	30,000,000
Shares to the Vendors	37,400,000	37,400,000
Shares to the Corporate Advisers and Facilitators	6,600,000	6,600,000
Shares to the Noteholders	17,200,000	17,200,000
Deferred Consideration Shares to Vendors	19,550,000	19,550,000
Deferred Consideration Shares to Corporate Advisers	3,450,000	3,450,000
New Options to the Noteholders	8,600,000	8,600,000
New Options to the Lead Manager	7,500,000	7,500,000
New Options to the Executive Directors	7,500,000	7,500,000
Market Capitalisation upon completion of the Public Offer <sup>1</sup>	\$17,240,000	\$19,240,000
Cash proceeds from the Public Offer (before costs)	\$5,000,000	\$6,000,000
Total Shares upon completion of the Offers	86,200,000	91,200,000
Total Deferred Consideration Shares upon completion of the Offers	23,000,000	23,000,000
Total Options upon completion of the Offers	23,600,000	23,600,000

#### Notes:

- 1. Market capitalisation for the Company is determined by multiplying the total number of Shares on issue by the price at which the Shares trade on the ASX from time to time. In the table above, the market capitalisation is calculated at the issue price of each Share under the Offer, being \$0.20. Please note that there is no guarantee that the Shares will be trading at \$0.20 upon the Company listing.
- 2. Please refer to Section 1.8 for further details relating to the proposed capital structure of the Company.



Key events	Date
Lodgement of this Prospectus with ASIC	15 October 2018
Opening Date for the Offers	23 October 2018
Closing Date for the Offers	16 November 2018
Issue of Securities under the Offers  Completion of the Acquisition	29 November 2018
Holding statements sent to Shareholders	29 November 2018
Shares commence trading on the ASX	4 December 2018

**Note:** The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to apply for Shares under this Prospectus.



# **Investment Overview**

This Section is not intended to provide full information for investors intending to apply for Securities offered under this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More info
HeraMED		
Who is the issuer of this Prospectus?	HeraMED Limited ACN 626 295 314 ( <b>Company</b> ).	Section 2.1
Who is the Company and what does it do?	The Company is an Australian public company limited by shares that was registered on 21 May 2018.  The Company has entered into an agreement for the acquisition of 100% of the share capital of Hera Med Ltd. ( <b>Acquisition</b> ), a company incorporated in Israel with Company Registration No. P.C. 51-467654-3 ( <b>HeraMED Israel</b> ), which has developed a foetal heart beat monitor designed for both home and professional use called 'HeraBEAT'.  The Company and HeraMED Israel are referred to collectively as <b>HeraMED</b> .	Section 2.1
Who is HeraMED Israel?	HeraMED Israel, was incorporated on 5 October 2011 in Israel as a technology start-up developing innovative, connected pregnancy monitoring solutions for home and professional use. Harnessing state-of-the-art technology with superior user experience design / user interface design ( <b>UX/UI</b> ), our innovations are medically accurate, scientifically optimised, safe and affordable.  HeraMED Israel's first commercial product, HeraBEAT™ is a medical grade, foetal heart rate monitor mainly for home use.  Led by a team of medical professionals, skilled engineers, product developers and marketing experts, the company HeraMED Israel has set out to redefine the pregnancy experience.  HeraMED offers comprehensive hardware solutions supported by software applications focused on foetal well-being and parental assurance.	Section 2.1
What is HeraMED's flagship product?	HeraBEAT™  HeraMED Israel's first product, HeraBEAT™, is a medical-grade, clinically-validated, smart and connected Ultrasound Foetal Doppler device predominantly for use by an expectant mother to self-monitor her foetus' heart rate (FHR) at home. HeraBEAT is simple to use and wirelessly communicates with any smartphone (iOS/Android) via Bluetooth Low Energy.	Section 2.6



Topic	Summary	More info
What other products and services does HeraMED have in development?	Service model and cloud based support  HeraMED Israel is developing a service-based model leveraged predominantly by the automated transmission of collected data but expanding beyond this.	Section 2.10
	In this premium model, the expectant mother would send her collected data to a remote, cloud-based server and from there to a healthcare provider who will be able to remotely monitor and assess the measurements.	
	Orion – AI powered pregnancy monitoring	
	HeraMED Israel is applying the multiple analytical capacities of big-data along with machine learning functionalities to develop a superior alternative to the current pregnancy monitoring which requires human intervention by a trained obstetriciangynaecologist for a subjective, time-consuming, visual analysis of FHR pattern recognition and wellbeing assessment.	
What is HeraMED's business model and strategy?	HeraMED's preliminary business model relies on direct sales of HeraBEAT devices to consumers through distributors. HeraMED anticipates that its solutions in development will allow it to further implement a service fee model through physicians, clinics, hospitals and health service organisations as well as cloud and Software as a Service (SaaS) based service models.	Section 2.4
	HeraBEAT direct sales	
	(a) Business to business - This involves sales directly to healthcare providers, health maintenance organisations ( <b>HMOs</b> ), insurers and employers, telemedicine service companies and to small and rural clinics.	
	(b) Business to business to customer – This involves targeting relevant pharmaceutical companies and medical/consumer distributors as well as e-commerce channels and online marketplaces to promote, market and sell HeraBEAT.	
	HeraMED Israel has entered into a Distribution Agreement with TEVA for the distribution of HeraBEAT in Israel. See Section 7.4 for further information.	
	Service-based model	
	HeraMED further plans to develop business to business sales implementing a service model that will be leveraged by the growing number of HeraBEAT hardware units hitting the markets but which can also operate and expand independently. Transmission of collected data to healthcare professionals will allow a significantly more effective use of HeraMED's products and build market acceptance.	



Topic	Summary	More info
	SaaS and Cloud based model	
	For partners and providers only interested in using the HeraBEAT device and its connected data capabilities, HeraMED plans to offer cloud-based SaaS expert support which will allow the data to stream from HeraBEAT devices to HeraMED's medical cloud (to be developed by HeraMED) and from there to the partner's electronic medical record ( <b>EMR</b> ) or any specific physician's remote access database.	
	HeraMED plans to charge a fixed fee per unit per month. In some cases, additional setup, integration, and software developer's kit ( <b>SDK</b> ) usage fees will apply.	
What is the	For the half year ended 30 June 2018, HeraMED Israel had:	Section 4
financial position and performance of HeraMED?	<ul> <li>total revenue of US\$27,000;</li> <li>total R&amp;D, G&amp;A, and selling and marketing expenses of US\$578,000; and</li> <li>net losses of US\$599,000.</li> </ul>	
	As at 30 June 2018, HeraMED Israel had:	
	<ul> <li>a cash balance of US\$1,492,000;</li> <li>total assets of US\$3,305,000;</li> <li>total liabilities of US\$2,888,000;</li> <li>net assets of US\$417,000; and</li> <li>total equity of US\$417,000.</li> <li>Assuming Minimum Subscription, the pro forma financial position of the Group upon listing indicates:</li> <li>a cash balance of US\$4,537,000;</li> <li>total assets of US\$5,898,000;</li> <li>total liabilities of US\$1,048,000;</li> <li>net assets of US\$4,850,000; and</li> <li>total equity of US\$4,850,000.</li> </ul> Assuming Maximum Subscription, the pro forma financial position of the Group upon listing indicates: <ul> <li>a cash balance of US\$5,231,000;</li> <li>total assets of US\$6,592,000;</li> <li>total liabilities of US\$1,048,000;</li> <li>net assets of US\$5,544,000; and</li> <li>total equity of US\$5,544,000.</li> </ul> Further financial information regarding the Group is set out in the Investigating Accountant's Report at Section 4.	
	Applicants should note that past performance is not a reliable indicator of future performance.	



Topic	Summary			More info
Offers	Offers			
What is the Public Offer?	The Company is offering up to 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000, before costs ( <b>Public Offer</b> ).			
What is the Minimum Subscription?	The minimum subsc ( <b>Minimum Subscrip</b>	•	blic Offer is \$5,000,000	Section 1.5
What is the Maximum Subscription?	The maximum subscription (Maximum Subscription)	•	blic Offer is \$6,000,000	Section 1.1
What are the conditions to the Public Offer?	<ul><li>completion of the Company</li></ul>	Minimum Subscrip f the Acquisition; ar being satisfied wi	nd ith its ability to comply	Section 1.4
Why is the Public Offer being conducted?	with Chapters 1 and 2 of the Listing Rules.  The principal purposes of the Public Offer are to:			
Why are the Additional Offers being conducted?	The Additional Offers are being made to select persons to facilitate secondary trading of the Shares to which they relate.			Section 1.2
How does HeraMED intend to use its	The Company intend	ls to use funds as fo	ollows:	Section 1.7
funds?	Use of Funds	Minimum Subscription	Maximum Subscription	
	Existing cash reserves	\$1,524,839	\$1,524,839	
	Funds raised under the Public Offer	\$5,000,000	\$6,000,000	



Topic	Summary			More info
	Total	\$6,524,839	\$7,524,839	
	R&D, Engineering, Regulation & Clinical	\$1,506,189	\$1,506,189	
	Marketing & Sales	\$1,205,888	\$1,205,888	
	General & Administration	\$1,742,585	\$1,742,585	
	Costs of the Offer	\$969,528	\$1,030,578	
	Loan Repayment	\$204,508	\$204,508	
	Working Capital	\$896,141	\$1,835,091	
	Total	\$6,524,839	\$7,524,839	
What will be the capital structure of the Company upon	The capital structure Offers is summarise	•	ny upon completion of	the Section 1.8
completion of the Offers?		Subscription	Subscription	
Offers:	Shares under Public Offer	25,000,000	30,000,000	
	Shares to Vendors	37,400,000	37,400,000	
	Shares to Noteholders	17,200,000	17,200,000	
	Shares to Corporate Advisers	6,600,000	6,600,000	
	Total Shares	86,200,000	91,200,000	
	Deferred Consideration Shares to Vendors	19,550,000	19,550,000	
	Deferred Consideration Shares to Corporate Advisers	3,450,000	3,450,000	
	New Options to Noteholders	8,600,000	8,600,000	
	New Options to Lead Manager	7,500,000	7,500,000	
	New Options to Executive Directors	7,500,000	7,500,000	
	Fully diluted share capital	132,800,000	137,800,000	

# Risks

Investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 3, and other general risks applicable to all investments in listed shares, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. This section summarises only some of the risks which apply to an investment in the Company and investors should refer to Section 3 for further information.

No Existing Market	HeraMED believes that HeraBEAT, its leading product, is the first   Section 3.1(a	ı)
	genuine, medical grade, consumer-targeted solution that allows	
	an expecting mother to self-monitor foetal heart beat and other	
	pregnancy data. HeraMED may therefore have to create	



Topic	Summary	More info
	demand for its products and educate the market as to their benefits. This process may be expensive and time-consuming and may not succeed or may proceed at a slower pace than the Company anticipates.	
Early Stage Business	HeraMED's business operations are at an early stage, and the commercialisation of HeraMED's products has not yet been proven at any scale. HeraMED's success will depend on its ability to implement its business plan, the ability to commercialise its products and the ability to successfully implement its R&D plans.	Section 3.1(b)
No Large Scale Manufacturing	Only a few hundred units of the HeraBEAT product have so far been produced and used. The success of this product will require further production of many thousands of units and large-scale manufacturing expertise that will both maintain reliability and quality standards and efficient production processes and costs. Initiating mass-production may be a protracted process, and shortages of products available to the market may frustrate end-user demand.	Section 3.1(c)
IIA Royalty Obligations and Technology Transfer Limitations	Some of the funding for the development of HeraMED Israel's technology came from loans from the Israel Innovation Authority (IIA), a division of the Government of Israel. The IIA imposes restrictions under Israel's R&D law on any Israeli company whose technology was supported by IIA loans (Supported Tech). HeraMED Israel will be required to pay royalties to the IIA from the revenues from the sale of Supported Tech, up to the principle amount of the IIA loan.	Section 3.1(f)
	Royalty payments to the IIA may adversely affect the Company's profitability relative to its competitors who do not have such royalty obligations. The additional payments to the IIA that may be triggered by manufacturing the Company's products outside of Israel may limit the profitability of the Company's manufacturing in low-cost countries.	
Dependency on Partners	HeraMED's continued growth depends in large part on implementing a service-based business model. This requires HeraMED to develop a network of partners or reach other arrangements with heath care professionals, health care organisations and commercial medical service providers in various countries. HeraMED Israel has taken initial steps to implement such arrangements, but it is not certain that any such arrangements will be successful or will be on terms that are favourable to HeraMED.	Section 3.1(g)
Development Hurdles	HeraMED's continued growth depends in large part on its future technological development. In particular, HeraMED intends to implement a service-based business model for remote sharing and analysis of pregnancy data using cloud storage and artificial intelligence. There is no assurance that HeraMED will be able to reach these development goals with its available money, or at	Section 3.1(h)



Topic	Summary	More info
	all, and there is no assurance that users or health care providers will adopt and rely on such technologies.	
Regulatory Approvals	The regulatory requirements for HeraMED's products will depend on the local policies of the ministry of health or similar government agency in the jurisdictions in which it operates. HeraMED Israel has so far received regulatory approval for sales of its products in the European Union, Israel and additional countries which relies on the CE approval such as India, but not in other major markets such as the United States, the PRC. HeraMED may not be able to obtain the necessary approvals for use and sale of its products in certain countries in a timely fashion or at all.	Section 3.1(n)
Regulatory Restrictions	In some countries, HeraMED's products may be subject to continuing regulation including quality assurance, ongoing monitoring and reporting, and restrictions on promoting or advertising its products. Some of these regulations change over time and are enforced unpredictably.	Section 3.1(o)
	Failure by the Company to comply with applicable regulations may subject HeraMED to enforcement actions such as warning letters, fines, or other penalties. Such failure may also attract negative publicity to HeraMED and its products and could harm HeraMED's reputation and adversely impact its ability to develop its business.	
Intellectual Property	HeraMED Israel has applied for patents covering some of the technologies included in HeraMED's products. These patent applications are still pending, and there is no guarantee that patents will be granted. Even if they are granted, there can be no assurance that they will deter or prevent competing products from being marketed. Further, such patents could be partially or wholly invalidated at any time in the future, leaving HeraMED without intellectual property protection. Likewise, there is a risk that patents held by others will prevent HeraMED from selling its own products or will require HeraMED to pay license fees on such other patents.  If HeraMED fails to adequately protect its intellectual property rights, competitors may gain access to its intellectual property, which would in turn harm its business.	Section 3.1(p)
Key Persons		
Who are the Company's Directors	<ul> <li>Dr. Ron Weinberger – Non-Executive Chairman;</li> <li>David Groberman – Managing Director and Chief Executive Officer;</li> <li>Tal Slonim – Executive Director and Chief Operating Officer;</li> <li>David Hinton - Non-Executive Director; and</li> </ul>	Section 6.2



Topic	Summary		More info
	Doron Birger – Non-Executive Di		
Who comprises the senior management team of HeraMED?	nior Executive Directors, David Groberman and Tal Slonim. The team's skills are spread across the organisation, particularly in		Section 6.4
	In addition to the Executive Direct management team comprises:		
	<ul> <li>Sivan Sadan – Chief Financial Off</li> <li>Dr. Josef Tovbin – Chief Medical Ady Jakubovitz – Vice President of Michael Nenner – Chief Technolog</li> <li>Dganit Litinski – Vice President R</li> </ul>	Advisor; of Business Development; ogy Officer; and	
What are the significant interests	The Directors' annual remuneration will of superannuation and other statutory	·	Section 6.6
of the Directors?	<ul> <li>Dr. Ron Weinberger – AUD\$90,000;</li> <li>David Groberman – US\$162,000 (~AUD\$227,432);</li> <li>Tal Slonim – US\$126,000 (~AUD\$176,892); and</li> <li>David Hinton – AUD\$50,000; and</li> <li>Doron Birger – AUD\$50,000.</li> </ul> More information on the security holdings, interests and remuneration of the Directors is set out in Section 6.6.		
Key Contracts	tracts		
What material contracts is HeraMED a party to?	The material contracts of HeraMED include the:		Section 7
Other Details			
What are the important dates of	The indicative timetable for the Offers	is as follows:	Page 8
the Offers?	Key events	Date	
	Prospectus lodged	15 October 2018	
	Opening Date	23 October 2018	
	Closing Date	16 November 2018	
	Securities issued	29 November 2018	
	Acquisition completes		



Topic	Summary		More info	
	Holding Statements sent	29 November 2018		
	Trading on ASX commences	4 December 2018		
	The above dates are indicative only a notice.			
What is being offered and who is entitled to participate?	The Company is inviting applications for Public Offer for a minimum of 25,000 30,000,000 Shares at an issue price of \$6,000,000 before costs ( <b>Public Offer</b> )  The Additional Offers are only open to	Sections 1.1 and 1.2		
What are the conditions of the Public Offer?	The Public Offer is conditional upo occurring:  the Company raising the Minimu completion of the Acquisition; are the Company being reasonably comply with the admission requand 1 and 2 of the Listing Rules.  If any of the Conditions are not satisfied not proceed with the Public Offer and	Section 1.3		
No. financial	Monies received.			
No financial forecasts	The Company believes that revenue businesses are uncertain in light of no outside its control. In light of these fact ASIC Regulatory Guide 170, the Director is unable to provide potential investor profit or cash flow projections or forecastificient working capital based on estate 12-month period, without any revenue Potential investors should take into account of financial forecast in considering the Company's Shares.	umerous factors that are tors and having regard to ors find that the Company ors with reliable revenue, casts – other than having timated expenditures for ue.	Section 4	
What rights and liabilities attach to the Securities being offered?	<ul> <li>Certain key rights and liabilities attaching to:</li> <li>the Shares are described in Section 8.1; and</li> <li>the New Options are described in Section 8.2.</li> </ul>		Sections 8.1 and 8.2	
Are the Offers underwritten?	The Offers is not underwritten.		Section 1.9	
Will any capital raising fees be payable in respect of the Offers?	The Lead Manager will receive a fee of GST) of the total amount raised un addition, the Lead Manager (and/or in 7,500,000 New Options. No capital raise respect to the Additional Offers.	der the Public Offer. In ts nominees) will receive	Section 1.11	



Topic	Summary	More info
Will the Securities issued under the Offers be quoted?	The Company will apply to ASX for quotation of the Shares offered under this Prospectus under the code "HMD". No other Securities offered under this Prospectus will be quoted on the ASX.	Section 1.15
How do I apply for Shares under an Offer?	All Application Forms must be completed in accordance with their instructions and, for the Public Offer, must be accompanied by a cheque in Australian dollars for the full amount of the application being \$0.20 per Share. Cheques must be made to "HeraMED Limited – Subscription Account" and should be crossed "Not Negotiable".  Applications under the Public Offer must be for a minimum of	Section 1.2
	10,000 Shares (\$2,000).	
When will I know if my application under the Public Offer was successful?	Holding statements confirming allocations under the Public Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 29 November 2018.	Section 1.14
Can I speak to a representative about the Public Offer?	Questions relating to the Public Offer and completion of Application Forms can be directed to the Company on +61 8 6189 1155.	Section 1.20
Will any Securities be subject to escrow?	No Shares issued under the Public Offer will be subject to escrow. The Company anticipates that ASX will impose escrow on certain Securities issued under the Additional Offers.	Section 1.8
What is the Company's dividend policy?	The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time	Section 1.19
What are the tax implications of investing in Securities under the Offers?	The tax consequences of any investment in Securities will depend upon the applicant's particular circumstances. Investors should obtain their own tax advice before deciding to invest.	Section 8.9



#### 1. Details of the Offers

#### 1.1 Public Offer

Under this Prospectus, the Company is offering up to 30,000,000 Shares at an issue price of \$0.20 each to raise up to \$6,000,000 (**Public Offer**), with a minimum subscription requirement of \$5,000,000.

The Public Offer is open to the general public however non-Australian resident investors should consider the statements and restrictions set out in Sections 1.10 before applying for Shares.

The Shares to be issued under the Public Offer are of the same class and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to Shares can be found in Section 8.1.

Applications for Shares must be made on the Public Offer Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares should refer to Section 1.3 and the Application Form for further details and instructions.

#### 1.2 Additional Offers

In addition, the Company is offering:

- (a) 37,400,000 Shares to the Vendors (and/or their nominees) as part of the consideration payable by the Company for the Acquisition (**Vendor Offer**);
- (b) 17,200,000 Shares and 8,600,000 New Options to the Noteholders (and/or their nominees) upon conversion of the Convertible Notes (**Noteholder Offer**);
- (c) 7,500,000 New Options to be issued in equal proportions to the Executive Directors (and/or their nominees) (**Management Offer**); and
- (d) 7,500,000 New Options to the Lead Manager (and/or its nominees) as part of the consideration payable for broking services provided to the Company in connection with the Public Offer (Broker Offer),

(together, the Additional Offers).

The Company is issuing these Securities under this Prospectus so that they are issued with disclosure and therefore the Securities (including Shares issued upon any exercise of the New Options) will not be subject to the 12 month on-sale restrictions in Section 707(3) of the Corporations Act. Importantly, however, some of these Securities will be subject to ASX imposed escrow for 12 to 24 months. See Section 1.9 for further details on escrow arrangements.

The Company is not offering the Securities under the Additional Offers for the purpose of the Additional Offerees selling or transferring their Securities. However, the Company considers that such persons should be entitled, if they wish, to on-sell their Securities prior to the expiry of 12 months, subject to any escrow restrictions.

The Shares to be issued under the Vendor Offer and Noteholder Offer are of the same class as the Public Offer and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attached to Shares can be found in Section 8.1. Shares will be issued under the Vendor Offer and Noteholder Offer at the same time as Shares are issued under the Public Offer.



The terms of the New Options are set out in Section 8.2. Shares issued pursuant to any exercise of New Options will be of the same class and will rank equally in all respects with existing Shares on issue.

Applications for Securities under the Additional Offers must be made using the relevant Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Applications may only be made by the Additional Offerees (and/or their respective nominees) for the relevant number of Securities that they are due to receive (as applicable). Persons wishing to apply for Securities should refer to the relevant Application Form for further details and instructions. No additional funds or consideration are payable by applicants under the Additional Offers.

# 1.3 Applications and Payment

Applications for Shares under the Public Offer can only be made using the Public Offer Application Form accompanying this Prospectus. The Public Offer Application Form must be completed in accordance with the instructions set out on the back of the form.

Applications under the Public Offer must be for a minimum of 10,000 Shares (i.e. \$2,000). No brokerage, stamp duty or other costs are payable by applicants. Cheques must be made payable to "HeraMED Limited – Subscription Account" and should be crossed "Not Negotiable". All Application Monies will be paid into a trust account.

Completed Public Offer Application Forms and accompanying cheques must be received by the Company before 5.00pm WST on the Closing Date by being posted or delivered to the following address:

Post	Delivery
HeraMED Limited	HeraMED Limited
PO Box 982	Level 2, 46-50 Kings Park Road
West Perth WA 6872	West Perth WA 6005

Applicants are urged to lodge their Public Offer Application Forms as early as possible after the Exposure Period as the Public Offer may close early without notice.

A lodged Public Offer Application Form together with a cheque for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Public Offer Application Form. The Public Offer Application Form does not need to be signed to be valid. If the Public Offer Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board's decision as to whether to treat an application as valid and how to construe, amend or complete the Public Offer Application Form is final.

It is the responsibility of applicants outside Australia to obtain all necessary approvals in order to be issued Shares under the Public Offer. The return of a Public Offer Application Form or otherwise applying for Shares under the Public Offer will be taken by the Company to constitute a representation by the applicant that it:

- (a) has received a printed or electronic copy of this Prospectus accompanying the form and has read it in full;
- (b) agrees to be bound by the terms of this Prospectus and the Constitution;



- (c) makes the representations and warranties in Sections 1.12 and 8.10 (to the extent that they are applicable) and confirms its eligibility in respect of an offer of Shares under the Public Offer;
- (d) declares that all details and statements in the Public Offer Application Form are complete and accurate;
- (e) declares that it is over 18 years of age and has full legal capacity and power to perform all of its rights and obligations under the Public Offer Application Form;
- (f) acknowledges that once the Public Offer Application Form is returned or payment is made its acceptance may not be withdrawn;
- (g) agrees to being issued the number of new Shares it applies for at \$0.20 each (or such other number issued in accordance with this Prospectus);
- (h) authorises the Company to register it as the holder(s) of the Shares issued to it under the Public Offer;
- (i) acknowledges that the information contained in this Prospectus is not investment advice or a recommendation that the Shares are suitable for it, given its investment objectives, financial situation or particular needs; and
- (j) authorises the Company and its officers or agents to do anything on its behalf necessary for the new Shares to be issued to it, including correcting any errors in its Application Form or other form provided by it and acting on instructions received by the Share Registry using the contact details in the Public Offer Application Form.

#### 1.4 Conditions

The Public Offer is conditional upon the following events occurring:

- (a) the Company raising the Minimum Subscription (see Section 1.5 for further information);
- (b) completion of the Acquisition (see Section 7.1 for further information); and
- (c) the Company being reasonably satisfied of its ability to comply with the admission requirements under Chapters 1 and 2 of the Listing Rules.

If the conditions are not satisfied then the Company will not proceed with the Public Offer and will repay all Application Monies received without interest in accordance with the Corporations Act.

#### 1.5 Minimum Subscription

The minimum subscription requirement for the Public Offer is \$5,000,000, representing the subscription of 25,000,000 Shares at an issue price of \$0.20 each (**Minimum Subscription**). No Shares will be issued until the Public Offer has reached the Minimum Subscription. Subject to any extension, if the Minimum Subscription has not been achieved within 4 months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

# 1.6 Purpose of the Public Offer

The principal purposes of the Public Offer are to:

(a) accelerate the commercialisation of HeraBEAT;



- (b) expand sales through signing additional distribution agreements in the UK, Germany and other European countries, as well as India and other regions;
- (c) exploit the opportunities under the Cooperation Agreement with Mayo;
- (d) accelerate development of HeraMED's next-generation Orion solution;
- (e) establish further production lines whether inside or outside of Israel;
- (f) prepare FDA and TGA filings for HeraBEAT;
- (g) provide funds for the purposes set out in Section 1.6;
- (h) complete the Acquisition;
- (i) facilitate HeraMED's listing on the ASX;
- (j) provide the Company with access to equity capital markets for future funding needs; and
- (k) enhance the public and financial profile of HeraMED to facilitate its growth.

#### 1.7 Use of Funds

The Company intends to apply funds as follows:

Item	Minimum Subscription		Maximum Subscription	
Available funds	Amount	Proportion	Amount	Proportion
Existing cash reserves <sup>1</sup>	\$1,524,839	23%	\$1,524,839	20%
Funds from the Public Offer	\$5,000,000	77%	\$6,000,000	80%
Total	\$6,524,839	100%	\$7,524,839	100%
Use of funds			1	1
Expenses of the Offers <sup>1</sup>	\$969,528	14.9%	\$1,030,578	13.7%
R&D, Engineering, Regulation & Clinical <sup>2</sup>	\$1,506,189	23.1%	\$1,506,189	20.0%
Marketing & Sales <sup>3</sup>	\$1,205,888	18.5%	\$1,205,888	16.0%
Loan Repayment <sup>4</sup>	\$204,508	3.1%	\$204,508	2.7%
Corporate expenditure (General & Administration) <sup>5</sup>	\$1,742,585	26.7%	\$1,742,585	23.2%
Other general and working capital <sup>6</sup>	\$896,141	13.7%	\$1,835,091	24.4%
Total	\$6,524,839	100%	\$7,524,839	100%

# Notes:

- 1. This amount is as at 30 September 2018.
- 2. See Section 8.7 for further information.



- 3. Research and development, engineering, regulation and clinical costs include relevant labour costs as well as payment to third party consultants and contractors. The primary activities of HeraMED in relation to research and development and engineering will be progressing the development of its existing and future products as referred to in Sections 2.6 and 2.10, seeking regulatory approvals such as FDA and TGA as referred to in Section 2.7, and ongoing maintenance of HeraMED's ISO and CE certificates.
- 4. Sales, marketing and business development expenses include costs in relation to relevant labour costs, third party consultants and contractors, costs of samples for marketing purposes, costs incurred in attending conferences, trade shows, corporate events, the cost of business development staff and associated travel expenses.
- 5. Pursuant to the Credit Line Agreement summarised in Section 7.6.
- 6. The Company's anticipated expenditures for the 12 months from completion. This includes wages, director fees, contractor fees, rent and outgoings, insurance, accounting, audit, legal, listing and registry fees, and other items of a general administrative nature.
- 7. Other general and working capital may be used for corporate expenditure items or in connection with any project, investment or acquisition, as determined by the Board at the relevant time.

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the success of the Company's product R&D programs and marketing programs, as well as regulatory developments and economic conditions. In light of this, the Company reserves the right to alter the way the funds are applied.

The Directors are satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to carry out its objectives set out in this Prospectus.

The use of further debt or equity funding will be considered by the Company where it is appropriate to expand expansion efforts, accelerate a specific project or capitalise on further opportunities.

# 1.8 Capital Structure

The table below provides a summary of the capital structure of the Company upon completion of the Offers.

	Minimum Subscription		Maximum Subscription	
	Amount	Proportion	Amount	Proportion
Shares under Public Offer <sup>1</sup>	25,000,000	29%	30,000,000	32.89%
Shares to Vendors <sup>2</sup>	37,400,000	43.4%	37,400,000	41.01%
Shares to Corporate Advisers <sup>3</sup>	6,600,000	7.7%	6,600,000	7.24%
Shares to Noteholders <sup>4</sup>	17,200,000	20%	17,200,000	18.86%
<b>Total Shares</b>	86,200,000	100%	91,200,000	100%
Deferred Consideration Shares to Vendors <sup>5</sup>	19,550,000	14.72%	19,550,000	14.19%
Deferred Consideration Shares to Corporate Advisers <sup>6</sup>	3,450,000	2.6%	3,450,000	2.50%
New Options to Noteholders <sup>7</sup>	8,600,000	6.5%	8,600,000	6.24%



Fully diluted share capital	132,800,000	100%	137,800,000	100%
New Options to Executive Directors <sup>9</sup>	7,500,000	5.6%	7,500,000	5.44%
New Options to Lead Manager <sup>8</sup>	7,500,000	5.6%	7,500,000	5.44%

#### Notes:

- 1. The rights and liabilities attaching to the Shares are summarised in Section 8.1.
- 2. The Company has agreed to issue 37,400,000 Shares and 19,550,000 Deferred Consideration Shares to the Vendors (and/or their nominees) as consideration for the Acquisition.
- 3. These Shares are partial consideration to the Corporate Advisers (and/or their nominees) for corporate advisory services and facilitating the Acquisition. Refer to Section 7.2 for further information.
- 4. The Company has agreed to issue 17,200,000 Shares to the Noteholders (and/or their nominees) upon conversion of the Convertible Loan Agreements. Refer to Section 7.3 for further information.
- 5. The issues of the Deferred Consideration Shares to the Vendors (and/or their nominees) are subject to the Company achieving the milestones set out in Section 7.1(b)(ii), and comprise partial consideration for the Acquisition.
- 6. The Company has agreed to issue 3,450,000 Deferred Consideration Shares to the Corporate Advisers (and/or their nominees). The Deferred Consideration Shares are subject to the Company achieving the milestones set out in Section 7.2(a)(iv) and are conditional upon the Company obtaining any required Shareholder approval.
- 7. The Company has agreed to issue 8,600,000 New Options to the Noteholders (and/or their nominees) on the basis of one New Option for every two Shares issued to the Noteholders under the Convertible Loan Agreements.
- 8. The Company has agreed to issue 7,500,000 New Options to the Corporate Advisers (and/or their nominees) for corporate advisory services. A summary of the key terms of the Mandate is set out in Section 7.2.
- 9. The Company has agreed to issue 7,500,000 New Options in equal proportions to David Groberman and Tal Slonim (and/or their nominees) as part of their remuneration.

#### 1.9 Escrow

Under the Listing Rules, ASX may determine that securities issued to promoters, seed capital investors and sellers of classified assets have escrow restrictions placed on them. Such securities may be required to be held in escrow for up to 24 months from quotation of the Company's securities. Shares issued under the Public Offer will not be subject to escrow.

Prior to completion of the Public Offer, the Company will enter into escrow agreements with the recipients of restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX details of the Securities required to be held in escrow.

#### 1.10 Underwriting

None of the Offers are underwritten.

# 1.11 Capital Raising Fees

Under an agreement dated 22 February 2018 (as amended, **Mandate**), the Lead Manager agreed to raise a minimum of \$5 million for the Public Offer. The Lead Manager will receive a fee equal to 6% (exclusive of GST) of the total amount raised under the Public Offer. In addition, the Lead Manager (and/or its nominees) will receive 7,500,000 New Options. See Section 7.2 for a summary of the Mandate.

No capital raising fees will be paid with respect to the Additional Offers.

In addition, the Lead Manager raised for the Company a total of \$2,150,000 through the Convertible Loan Agreements (refer to Section 7.3 for a summary of the Convertible Loan Agreements). The Lead Manager received fees equal to \$129,000 (plus GST) for the funds raised through the Convertible Loan Agreements.



# 1.12 Foreign Investors Restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Securities in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of Securities offered pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained. See Section 8.10 for information on restrictions that apply to the Shares in certain jurisdictions outside Australia.

#### 1.13 Risk Factors

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 3. The Securities offered under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

### 1.14 Exposure Period

This Prospectus is subject to an Exposure Period of 7 days from the date of lodgement with ASIC. The Exposure Period may be extended by a further period of up to 7 days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

During the Exposure Period, this Prospectus can be viewed online on the Company's ASX announcements platform at www.asx.com.au or the Company's website at www.heramed.com, and hard copies of this Prospectus will be made available upon request to the Company. Applications received during the Exposure Period will not be processed until after expiration of the Exposure Period. No preference will be conferred on applications received during the Exposure Period and all such applications will be treated as if they were simultaneously received on the Opening Date.

# 1.15 Application Monies

All Application Monies will be held in a separate subscription account on behalf of applicants until the Shares are issued pursuant to the Public Offer. If the Minimum Subscription is not achieved within a period of 4 months of the date of this Prospectus, all Application Monies will be refunded in full without interest, and no Shares will be issued under the Public Offer. Any interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

# 1.16 Allocation and Issue of Securities

The Company reserves the right to reject any application or to issue a lesser number of Shares than that applied for under the Public Offer. If the number of Shares allocated is less than that applied for, or no issue is made, the surplus Application Monies will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Company's Shares, the issue of Securities will occur as soon as practicable after the Offers close. Holding statements will be sent to



successful applicants as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statement will do so at their own risk.

# 1.17 ASX Listing and Quotation

The Company will apply to ASX no later than 7 days from the date of this Prospectus for admission of the Company to the official list of ASX, and quotation of the Shares offered under this Prospectus under the code "HMD". Subject to any extension, if the Shares are not admitted to quotation within 3 months of the date of this Prospectus, no Shares will be issued, and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

The Company will not apply to ASX for quotation of any other Securities offered under this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant admission of the Company to the official list and quotation of the Shares being offered is not to be taken in any way as an indication by ASX as to the merits of the Company or the Shares.

#### 1.18 CHESS and Issuer Sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Rather, holding statements (similar to bank statements) will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will set out the number of Shares allotted under this Prospectus and the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register). Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the Listing Rules and the Corporations Act.

#### 1.19 Privacy Disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Securities will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company on +61 8 6189 1155.

#### 1.20 Financial forecasts

After considering ASIC Regulatory Guide 170, the Directors do not believe that they have a reasonable basis to reliably forecast future earnings of the Company and, accordingly, financial forecasts are not included in this Prospectus.



# 1.21 Dividends

The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the relevant time.

# 1.22 Enquiries

This Prospectus is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, lawyer, accountant or other professional adviser without delay.

Questions relating to the Public Offer and completion of the Public Offer Application Form can be directed to the Company on +61 8 6189 1155.



# 2. Company and Business Overview

Information contained in Section 2 reflects estimates of market conditions based on publicly-available sources. The Directors believe these are appropriate for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading; or that any material fact has been omitted which would render such information false or misleading.

#### 2.1 Overview

HeraMED Limited ACN 626 295 314 (**Company**) is an Australian public company registered on 21 May 2018. At completion of the Offers, the Company will wholly acquire Hera MED Ltd (Registration Number 51-467654-3) (**HeraMED Israel**), an Israeli company established in 2011, to form the corporate group of **HeraMED**.

HeraMED Israel is a technology start-up developing innovative, connected pregnancy monitoring solutions for home and professional use. Harnessing state-of-the-art technology with superior UX/UI, our innovations are medically accurate, scientifically optimised, safe and affordable.

Led by a team of medical professionals, skilled engineers, product developers and marketing experts, HeraMED has set out to redefine the pregnancy experience.

HeraMED offers comprehensive hardware solutions supported by software applications focused on foetal well-being and parental assurance.



# PROVIDING CONTINUOUS TRACKING & TREND BASED ANALYSIS



Pregnancy is not an illness; it is the ultimate expression of wellness. Our aim is to become a world leader in innovative, accessible, technology-driven products which change the way practitioners and expectant mothers approach and monitor the miracle of pregnancy. Our products have the potential to impact the lives of many people.

HeraMED Israel's first product, HeraBEAT™, is a medical-grade, clinically-validated, smart and connected¹ Ultrasound Foetal Doppler device predominantly for use by an expectant mother to self-monitor her foetus' heart rate (**FHR**) at home. HeraBEAT is simple to use and wirelessly communicates with any smartphone (iOS/Android) via Bluetooth Low Energy (**BLE**).

<sup>&</sup>lt;sup>1</sup> Connected device means an electronic device, generally connected to other devices (most commonly smartphones or tablets) or networks via various wireless protocols, that can operate to some extent interactively and autonomously.



28



A mother holds or straps the HeraBEAT device to her abdomen, and the collected data is transmitted to her smartphone where the relevant readings are displayed via a simple user interface.

HeraMED Israel is also developing a service model which includes a comprehensive, homecare pregnancy solution. This will allow collected data to be transmitted to a call centre where medically-trained staff can offer the home user not only an analysis of the measurement but also general pregnancy support, data and attention. Alternatively, the data can be directly shared with a healthcare professional who may continuously or periodically check and interpret the data to provide meaningful and actionable advice for pregnant women.

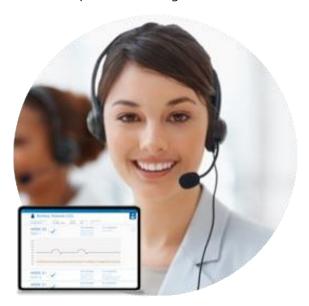


Image: The above image shows HeraMED's service model concept.

HeraMED Israel is also developing a next generation of advanced artificial intelligence (**AI**), machine-learning, computerised algorithms to automatically, accurately and objectively monitor and analyse the data so a healthcare professional or home user is informed of the wellbeing of the foetus. In addition to providing reassurance to the mother, this technology will alert when indicators of risk are found.



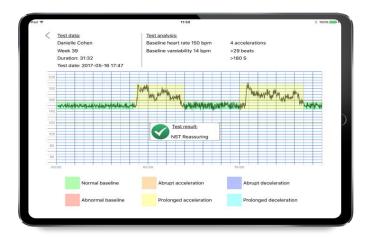


Image: The above image shows an illustration of 'Orion' – HeraMED's AI machine learning analysis software in development.

HeraMED is working closely with the medical community to produce better, more efficient tools and standards to monitor foetal and pregnancy wellness. HeraMED anticipates its solutions will drive a transformation of the doctor-patient relationship from today's episodic, visit-centric model to one which is home-based and self-operated; a model which will deliver better and more frequent care at a lower cost.

Using big-data and a fresh, innovative approach, HeraMED aims to create an industry shift from run-of-the-mill, impersonal pregnancy monitoring to an experience which is personalised and empathetic to the expecting mother.

# 2.2 History

HeraMED's operating entity, HeraMED Israel, was incorporated on 5 October 2011 in Israel. HeraMED Israel develops proprietary, innovative, connected foetal monitoring solutions. HeraMED Israel's first commercial product, HeraBEAT™ is a medical grade, foetal heart rate monitor mainly for home use.

In 2012, HeraMED was awarded a loan by a division of the Government of Israel *The Israel Innovation Authority* (**IAA**) (formerly the Office of the Chief Scientist) with an approved budget of approximately US\$625,000 (~AUD\$877,439). This comprised of 55% government funding and 45% matched funding by HeraMED's founders.

During 2013, HeraMED used these funds to develop a version one prototype which comprised an optimised ultrasound doppler transducer and basic electronics while carrying out preliminary proof of concept, bench and phantom testing.

In 2014, HeraMED was awarded a further IIA loan of approximately US\$1,150,000 (~AUD\$1,614,488) comprising 40% government funding and 60% matched funding by HeraMED's founders. HeraMED used these funds to improve the technology and produce a version two prototype - an operational sensor unit used for pregnancy and foetal heart rate monitoring with the project name *Compass*, (the project callsign for HeraBEAT). In 2014, HeraMED also began clinical trials of its pregnancy monitoring system in the Assaf Harofeh Medical Centre near Tel Aviv in Israel.

In November 2015, HeraMED secured an equity investment of US\$3,000,000 (~AUD\$4,211,709) from Hofon Pharmaceuticals Co Ltd., a subsidiary of Holley Pharmaceutical Group Co., Ltd., a company which invests in pharmaceuticals, medical technologies and medical services. Half of this investment was paid in 2015; and the second half on achievement of production standards and regulatory approval milestones.



During 2016, HeraMED continued to develop and optimise its technology based on feedback and data from clinical trials. The result was an operational sensor unit, including an integrated maternal heart rate (**MHR**) sensor, a mobile application and other advanced features. HeraMED secured a further IIA loan of US\$556,000 (~AUD\$780,570) during 2015 and 2016 for developing new technology to monitor contractions. Although this technology showed encouraging results, HeraMED chose to focus on its core ultrasound doppler technology.

In 2016, HeraMED focused its resources on continuing clinical trials, technology optimisation and implementation of the International Organisation for Standardisation's ISO13485 for medical devices, R&D and manufacturing.

In late 2016, HeraMED's product received Medical CE mark (Class IIa) approval from the British Standards Institution (**BSI**) allowing HeraBEAT to be sold as a medical device in the European Union.

Following the milestone achievements of ISO13485 and medical CE approval, Hofon Pharmaceuticals invested the second tranche of US\$1,500,000 (~AUD\$2,105,854).

In 2017, HeraMED refined its product design and established a manufacturing line in Israel to produce the first batch of HeraBEAT products.

In the same year, HeraMED obtained the Israeli Ministry of Health's approval for the sale of HeraBEAT as a medical device in Israel. HeraMED further negotiated with three leading Israeli Health Maintenance Organisations (**HMOs**) to include HeraBEAT in their pregnancy services packages which includes an insurance rebate to the customer of up to 75% of the device's purchase price.

During 2018, a soft launch released HeraBEAT for limited sales in Israel. A full launch is anticipated by the end of 2018 in partnership with HeraBEAT's exclusive distributor in Israel, Abic Marketing Ltd. (**TEVA**), a subsidiary of Teva Pharmaceutical Industries Limited (NASDAX:TEVA, TLV:TEVA) . See Section 7.4 for further information on the Distribution Agreement with TEVA.

In 2018, HeraMED also sold HeraBEAT units to potential distributors in the United Kingdom, Turkey, India, China and Brazil for their evaluation.

In May 2018, HeraMED Israel signed a Cooperation Agreement with the Mayo Foundation for Medical Education and Research (**Mayo**), a world-leading US medical centre which integrates clinical practice, education and research.

The Cooperation Agreement is proposed to:

- (a) accelerate the further development of the existing HeraBEAT product and its future Orion system through Mayo's research and development capabilities. Mayo has access to detailed data files of thousands of foetal monitoring sessions including physician annotation, analysis and pregnancy outcomes;
- (b) facilitate pilot projects for integration of HeraBEAT into Mayo's OB Nest Program which continuously demonstrates the commercial and clinical benefits of home-use foetal monitoring;
- (c) invite several leading physicians to cooperate in advancing the Orion and HeraBEAT projects; and
- (d) allow Mayo to provide HeraMED with clinical and regulatory assistance in conducting clinical trials in the US.



#### 2.3 Corporate Structure

Upon completion of the Offers, HeraMED Israel will become a wholly owned subsidiary of the Company to form the following corporate structure:



#### 2.4 Business Model

HeraMED's preliminary business model relies on direct sales of its HeraBEAT device to consumers through distributors. HeraMED anticipates that its solutions in development, as referred to in Section 2.10, will allow it to further implement a service fee model through physicians, clinics, hospitals and health service organisations as well as cloud and SaaS based service models. HeraMED has started selling in Israel (as a pilot and speed up learning curve) and plans to proceed in major EU countries such as the UK and Germany.

Further details of how HeraMED intends to generate revenue are set out below.

#### (a) HeraBEAT Direct Sales

HeraMED anticipates that sales will be made as follows:

- (i) <u>Business to Business.</u> Sales directly to healthcare providers, health maintenance organisations (**HMOs**), insurers and employers, telemedicine service companies and to small and rural clinics. HeraMED will leverage existing networks and partnerships; and additional contacts will be developed. We assess this track as a long-term opportunity.
- (ii) <u>Business to Business to Customer</u>. Set up 2 or 3-layered channels and partners network to promote, market and sell HeraBEAT. We target relevant pharmaceutical companies and medical/consumer distributors as well as e-commerce channels and online marketplaces. We assess this track as a short-to-medium term opportunity. For this B2B2C track, HeraMED has already initiated a set of marketing tools to support the sales operation in the relevant languages (website, supply chain management (**SCM**) platforms, content in relevant formats, etc.)

It is noted that under the Distribution Agreement signed earlier this year with TEVA, HeraMED is anticipated to generate a minimum of US\$2,000,000 (~AUD\$2,807,806) over the next three years in Israel alone. TEVA will also be responsible for associated marketing costs in Israel. See Section 7.4 for a summary of the Distribution Agreement.



#### (b) Service-Based Model

HeraMED further plans to develop B2B sales implementing a service model that will be leveraged by the number of HeraBEAT hardware units hitting the market but which can also operate and expand independently. Transmission of collected data to healthcare professionals will allow a significantly more effective use of HeraMED's products and build market acceptance.

Therefore, HeraMED intends to partner with hospitals and groups of healthcare professionals to enable the stream of collected data to such health care professionals who will review, analyse and act on the received data. This arrangement is intended to be part of a fee-based service to be made available by commercial telehealth players, hospitals or HMOs down to small clinics and even a single doctor. Its revenue share pricing model would split revenue between HeraMED and the service provider.

#### (c) SaaS and Cloud Based Model

For partners and providers only interested in using the HeraBEAT device and its connected data capabilities, HeraMED plans to offer cloud-based Software as a Service (SaaS) expert support which will allow the data to stream from HeraBEAT devices to HeraMED's medical cloud (to be developed by HeraMED) and from there to the partner's Electronic Medical Record (EMR) or any specific physician's remote access database.

HeraMED plans to charge a fixed fee per unit per month. In some cases, additional setup, integration, and software developer's kit (**SDK**) usage fees will apply.

Such arrangements would become even more attractive with the successful development of the proposed proprietary Orion AI algorithms by HeraMED which would automatically monitor data streams and issue real-time alerts to health care professionals when an anomaly is detected in the data.

HeraMED plans to offer any medical entity the ability to connect and upload its data to Orion where the fee will be based on a per analysis per reading basis.

It is proposed that Orion will eventually be offered to the home user and each expecting mother taking a reading at home will be invited to upload it for analysis. HeraMED plans to offer such a service based on a fixed monthly fee.

#### (d) Reimbursement

HeraMED anticipates that increased use, market acceptance and demonstrated benefits of its products and technology will encourage insurance companies and national health services to approve expense reimbursement for HeraMED's products and services.

We experienced a positive indication of this in our 'soft launch' in the Israeli market where three leading Israeli HMOs included the HeraBEAT in their pregnancy services packages and rebated up to 75% of the device's purchase price to their customers.

# 2.5 Industry Overview

#### (a) **Pregnancy and Foetal Heart Rate Monitoring**

Monitoring women throughout the course of pregnancy is a vital part of pregnancy management and crucial for the safety of both the mother and child.



The medical community is of the view that that the best indicator of foetal wellbeing is heart rate monitoring. Today, foetal heart monitoring is a standard part of every pregnancy check-up. Sometimes, it is combined with additional tests to determine whether the pregnancy is high-risk or has potential complications. Foetal heart rate can further assist and provide an indication for an onset of premature labour.

However, prenatal care in modern society has become a complex regimen of at least 14 clinical appointments - many more if the pregnancy is high-risk - often only to confirm the expectant mother and her foetus are healthy.

Current technologies are expensive, bulky, limited and designed for professional use only. The result is that pregnancy monitoring almost always requires a clinical setting, a nurse or doctor to conduct the measurement and the careful attention of a trained obstetrician-gynaecologist for a subjective, time-consuming, visual interpretation of FHR pattern recognition and assessment.

Expectant mothers pay a high price for unnecessary appointments in the form of time away from work and associated lost wages or personal days, child care costs, and so on.







The current generation of digitally-native parents simply expect more and have become accustomed to services which are tailored to their specific needs and delivered to their doorstep. A saying which reflects the standard expectation of both patients and providers is 'the patient will see you now'.

Healthcare organisations face the same problem in the form of the unnecessary use of costly medical resources including obstetric providers, clinic time and nursing support.

There is an increased understanding amongst professional stakeholders that an individual's lifetime health or diseases are most probably programmed at a very early stage whilst still in the womb.

However, measurements during pregnancy are mostly episodic and reactive when they should be continuous and proactive. Today's standards only allow for an infrequent snapshot of the baby's vital signs when the mother is on a routine visit while the scientific and medical community is eager to have a much wider perspective. This involves ongoing tracking with multiple data points and a trend-based analysis which can potentially have a dramatic impact on the lives of both mother and child.

#### (b) Foetal Dopplers

Foetal doppler devices are typically used in physicians' clinics or offices; or by midwives on home visits. They are hand-held, battery-powered devices which usually include a single ultrasound doppler transducer to produce audible tones of the foetal heartbeat from a speaker that creates 1:1 audio feedback.

Some foetal dopplers include a display which shows a monochromatic, 3-digit number indicating the FHR in beats per minute. Advanced foetal dopplers may include a wired or wireless connection to a computer, tablet or smartphone for



storage and display of the collected data. The price of these devices varies significantly but is frequently in the range of US\$500 to US\$1500 (~AUD\$701.95 to AUD\$2,106).

When used by a trained professional, foetal dopplers provide reasonably accurate results which may be relied on by a healthcare professional to provide advice to an expectant mother.

However, the effectiveness of foetal dopplers depends in large part on a significant prior knowledge, training and experience of the operator to properly manoeuvre the ultrasound transducer across a mother's abdomen to find a suitable location to measure FHR. The audio feedback is unfiltered and includes abdominal noise, digestion, maternal and other noises which the operator must understand and decipher. In the vast majority of cases, an inexperienced or untrained user will be unable to discern the various noises or obtain meaningful results from the collected data.



Image: Example of a foetal doppler.

Existing consumer and home-oriented foetal dopplers typically cost between US\$100 and US\$500 (~AUD\$143.39) to AUD\$701.95) but their accuracy, reliability and safety are significantly inferior to professional foetal monitors. The data they generate is of minimal value either to the mother or to a healthcare professional.

In many places such as Australia, the EU, the PRC, India and Canada, foetal dopplers may be bought over the counter although in the US a licenced physician's prescription is required.

# (c) Market Size

According to a report issued by the US National Institute of Health, there were about 213 million pregnancies worldwide in 2012. Our preliminary target markets encompass Israel, the EU, the US, Australia and the PRC, plus additional selected geographies, while our strategic expansion plan is proposed to later include regions such as India, South America and Indonesia. Our ability to penetrate these markets is subject to obtaining necessary regulatory approvals and engaging with distributors and manufactures to support sales.

The pregnancy market is unique as it is a renewable market of new potential clients each and every year.



In most of the more economically developed countries (**MEDC**), childbirth has become uniquely expensive, and maternity and newborn care constitute the single biggest category of hospital payouts for most commercial insurers and government health programs.

From 2004 to 2010, the prices paid by insurers in the US for pregnancy and childbirth — one of the most universal medical encounters — rose 49% for regular births and 41% for C-section births. The average total price charged for pregnancy and newborn care was about \$30,000 for a regular pregnancy and delivery and more than \$50,000 for a C-section (source: Truven Health Analytics, 2013). This demonstrates the significants costs involved with pregnancies and therefore the need to mitigate such costs.

However, almost half of the counties in the US don't have a single obstetrician/ gynaecologist and 56% are without a nurse midwife according to the American College of Nurse-Midwives (**ACNM**) in 2017.

The global market for foetal monitors in 2015 was estimated at US\$2.2 billion (source: Allied Market Research, 2017).

Major factors driving the growth of the market include:

- (i) increasing initiatives from government and non-government bodies in order to provide better maternal/foetal health;
- (ii) increasing maternal age and rise in premature birth spurring the demand for better tools and technologies;
- (iii) rising patient awareness levels and the 'do-it-yourself healthcare' trend fuelling demand for home-based pregnancy monitoring;
- (iv) untapped developing economies are expected to provide new growth opportunities; and
- (v) increasing healthcare awareness and augmented disposable income.

#### (d) **Health Care Benefits**

In 2011, a group at Mayo led by the Department of Obstetrics & Gynaecology launched an initiative to transform prenatal care from today's obsolete 'medicalised' model to an innovative wellness model. The approach called "*OB Nest*" allows women experiencing low-risk pregnancies to reduce their number of in-person visits from the standard 12 to fewer than 8.

This approach has improved mothers' - and often extended family - satisfaction with the prenatal care experience. Furthermore, it has freed-up obstetricians to focus on more critical and urgent tasks.

It was shown that with the right approach, supported by optimising technology, education and digital support systems, women were happy to become more active participants in their care and the wellness experience of pregnancy while reducing the associated costs and time commitment.



Value propositions for Pregnant Women & Families	Value propositions for Providers, Insurers & Governments
Reduce in-person clinic visits from 14 down to 8; potentially even fewer	Save professional work days per year
Potentially save \$1,000+ per pregnancy	Potentially save in expenses
Early warning in case of complications	Increase patient satisfaction, engagement and retention
Save work days for expecting mothers	Reduce litigation risks and insurance costs

Preterm (or premature) birth is the birth of a baby at fewer than 37 weeks gestational age and was the leading obstetric complication in the US in 2006 (source: National Center for Health Statistics, 2009). In 2004, 12.5% of babies were born preterm in the US alone with a total annual economic burden of more than US\$26 billion in 2005 (source: Institute of Medicine, 2007).

Preterm birth is the leading cause of death among children under 5 years old and approximately 75% of those children could have been saved with proper and timely intervention (source: World Health Organization, 2018).

A reliable foetal monitor could be a significant factor in the early recognition of potential pregnancy complications to potentially enabling lifesaving intervention.

# (e) Wearable Sensors and Mobile Health (mHealth)

Physiological sensors such as those used to monitor heart function, glucose levels and blood pressure are designed to be used by the patient continuously at home or in any other location and to communicate wirelessly with the patient's smartphone and from there to a healthcare professional or healthcare service.

mHealth devices free patients from the tethers of professional sensors which are commonly only available in the clinic or hospital.

According to research undertaken by McKinsey in 2016, 70% of patients aged 18 to 65 would be interested in digitally monitoring their health data; and 71% of consumers are interested in quantifying their health and lifestyle behaviour. We consider that this is illustrative of the importance of devices in meeting consumer needs and reducing health care costs.



#### 2.6 HeraBEAT™



HeraMED Israel's first product is HeraBEAT; a compact, smart, connected, medical grade, self-operated ultrasound doppler device for monitoring foetal heartbeat. It is self-operated by a pregnant woman and transmits and displays data on her smartphone.

HeraBEAT is accurate, user-friendly, safe and affordable. It combines unique sensing technology, electronic hardware, embedded software, smart algorithms and a mobile App to advance foetal health and prenatal maternal care. HeraBEAT is the subject of several pending patents (see Section 5 for further information on HeraMED's intellectual property rights).

A pregnant woman attaches HeraBEAT to her abdomen to monitor FHR in the comfort and privacy of her home. The multi-sensor unit communicates wirelessly through a Bluetooth low-energy (**BLE**) connection with any smartphone, where the results are presented on a clear and user-friendly display.

HeraBEAT automatically differentiates between foetal and maternal heart signals and filters out other noises and interferences. HeraBEAT integrates HeraMED Israel's proprietary ultrasound doppler technology which has been optimised for home use, with compact design and cost-effectiveness while maintaining rigorous medical grade quality and accuracy.

HeraBEAT provides a unique user experience which has been optimised and calibrated through numerous clinical trials. It enables an expectant mother to self-monitor foetal heartbeat anytime, anywhere with no need for prior experience or professional knowledge.

HeraBEAT's smartphone app provides step-by-step guidance which helps the expecting mother find an optimal location on her abdomen for the sensor. The device then captures FHR signals, filters, sorts and categorises the collected sounds and confirms that their pattern, intensity and other characteristics match those of a typical FHR signal.

HeraBEAT includes an optical sensor which uses photoplethysmography (optics which illuminates the skin and measure changes in light absorption) to capture maternal heart signals which are evaluated by an embedded algorithm to prevent confusion or cross talk between foetal and maternal heart sounds. This proprietary technology allows HeraBEAT to avoid the interference, distracting noises and confusion which plague other self-operated foetal monitors.



Once the FHR signal is captured, HeraBEAT automatically switches from search mode to track and measure mode where it collects data for audio and visual presentation. The collected data is stored on the expecting mother's smartphone where it can be easily shared with a medical professional for further analysis and consultation.

HeraBEAT also includes accelerometers coordinated to monitor the device's own movements to confirm that the mother holds and operates the device properly to maximise its accuracy.

HeraBEAT's technological sophistication is invisible to the user. To the expecting mother, its use is simple by following real-time, step-by-step instructions from her smartphone. The rest is done automatically by HeraBEAT's hardware, its embedded algorithms and the software in the smartphone App. The device's hand-held size and lightweight construction make it portable and comfortable to use, and its modular assembly processes make it readily affordable.



Image: The above shows the HeraBEAT ecosystem solution.

# 2.7 Regulatory Approval

HeraBEAT has been approved for use in the EU by the British Standards Institute (**BSI**) and has received CE Class IIa certification as a home use medical device for over-the-counter sales. Its accuracy, reliability and safety have been proven through rigorous laboratory testing, clinical trials and extensive field use.

HeraBEAT is further certified by the Israeli Ministry of Health (**AMAR**). HeraMED Israel is certified by BSI as ISO13485:2016 compliant and operates according to the strictest levels of quality assurance and standardisation which the medical industry requires













HeraMED has already started preparations for its 510K FDA submission. HeraBEAT has been defined and categorised as a class II device; approved for home use with the approval of a physician. HeraMED's standards (including ISO 13485:2016), documentation, reports and other necessary materials were all carefully articulated to match the requirements of the FDA. All our rigorous lab testing, safety certification and clinical trials were conducted to the best-possible standards and HeraMED anticipates that the FDA submission will be mostly supported by



existing data. However, some additions and possibly a small-scale usability study with US participants may be required.

# 2.8 Technological Advantage

HeraBEAT's technology screens out irrelevant sounds to identify and accurately monitor the foetal heart rate while minimising false-positive and false-negative readings. Its *guided search* function gives the mother real-time, step-by-step instructions to find the best location to mount the sensor on her abdomen to provide accurate readings. HeraBEAT captures FHR and MHR data and wirelessly transmits readings to her smartphone where data is presented and explained via a simple user-friendly interface. Collected data is stored on the smartphone for later use.

### Other benefits of HeraBEAT include:

- (a) ultra-wide doppler beam for minimum iterations and duration for locating the FHR;
- (b) ability to maintain accurate readings even with some movement by the foetus, the mother or the sensor;
- (c) optical sensor to differentiate MHR from FHR;
- (d) positioning detection for real-time monitoring of the device position and movements;
- (e) wireless Bluetooth low energy (**BLE**) communication for hassle-free smartphone connection and minimum energy consumption;
- (f) seamless integration into smartphone computational power, speakers, screen display, data storage and communication functions;
- (g) guided search for step-by-step user guidance with real-time feedback; and
- (h) noise elimination.

	Existing Solutions	HeraBEAT™
FHR Search & Detection	Challenging and time consuming to pinpoint correct placement on the mother's abdomen.	Unique wide doppler beam technology for guided search and minimal duration.
	FHR often confused with MHR or other abdominal noises.  Continuous blurred noise - no	Integrated sensors and algorithms measure and separate FHR from MHR and other sounds.
	conclusive feedback.	Smartphone App-guided search with real-time feedback for proper search manoeuvre and fast optimal positioning on the mother.



	Existing Solutions	HeraBEAT™
FHR Tracking	Minor movements of mother, foetus or device - even minor angling - may cause loss of reading and require repositioning and re-search.  Limited software capabilities and insufficient algorithms result in low stability and inaccurate reading.  Momentary FHR reading at best; no tracking.	Software automatically detects FHR lock to give clear and reliable reading.  Wide doppler beam helps maintain FHR reading for prolonged monitoring sessions.  Accelerometer and algorithm cancel motion artefacts and transients due to device or maternal movements.  FHR graph – comparable to gold standard hospital foetal monitors.
Outcome	Ambiguous reading that is confusing for home use.  Unstable readings require frequent repositioning and search.  Inaccurate reading.  Momentary FHR reading at best; no tracking.	Reliable results and simple data presentation.  Ability to seamlessly share data with professional.  Upgrade to foetal wellness based on Non-Stress-Test ( <b>NST</b> ) terminology.  Real time trending including history-based analysis.

# 2.9 Competitive Advantage

HeraBEAT is uniquely positioned as the only medical grade, foetal monitor designed to meet the needs of self-monitoring home users. Only HeraBEAT interfaces directly and wirelessly with a user's smartphone to share data, provide guidance, display data and use phone-based data storage capabilities. An expectant mother can easily and quickly use her smartphone to send collected data to a health care professional who can provide instructions, information or just assurance.

HeraBEAT's compact construction, sophisticated technology and reliance on the smartphone's display and processing power make it highly accurate, comparable only with the most professional, expensive hospital equipment yet also price-competitive even with low-end devices.

Its filtering technology and ease-of-use provide results comparable to more expensive devices which require extensive training and experience. HeraBEAT's proprietary algorithms have a critical function as part of the embedded software, making the device's readings robust and stable even in earlier gestational stages, and they are a crucial part of HeraMED's innovation.

In developed markets, HeraBEAT is a complementary solution targeted at millennial mothers; empowering them and unleashing control over their pregnancy. In emerging markets, HeraBEAT provides an affordable, hospital-grade solution to under-resourced populations.



### 2.10 Next Generation Solutions

### Service model and cloud-based support

HeraMED is developing a service-based model leveraged predominantly by the automated transmission of collected data but expanding beyond this.

In this premium model, the expectant mother can send her collected data to a remote, cloud-based server and from there to a healthcare provider who will be able to remotely monitor and assess the measurements.

HeraMED plans to broaden its portfolio and the level of support for expecting mothers by offering an extended suite of services including a call centre with 24/7 support for pregnant women. HeraMED would supply the technological infrastructure, medical knowledge and user support capabilities; and plans to partner with local telehealth and medical service providers in specific areas who will provide the actual services and handle end users.

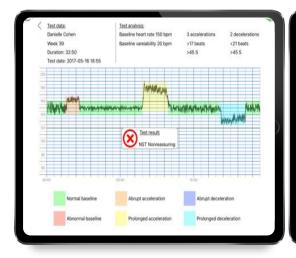
The call centre will act as an intermediate layer, capturing the data and evaluating it by medically-trained staff. The operator will then decide whether the information is stable, normal and reassuring - or concerning enough to require the involvement of a professional obstetrician-gynaecologist. The call centre will be supported by doctors who can review the data either in real time or periodically on demand.

A reviewing healthcare professional may then initiate contact with the expectant mother to provide her with instructions or other information. The expectant mother will be able to choose if she wants the information to be evaluated by a doctor from HeraMED's (and the partner's) pool of experts or by her own private consultant should the latter be available for providing such additional services via HeraMED's offering.

HeraMED would ensure that stored and transmitted data is compliant with privacy rules governing medical information including General Data Protection Regulation (**GDPR**) in the EU and the Health Insurance Portability and Accountability Act (**HIPAA**) in the US.

With such services deployed, expecting mothers could have further access to general pregnancy inquiries, concerns and consultation.

**ORION – AI Powered Pregnancy Monitoring** 



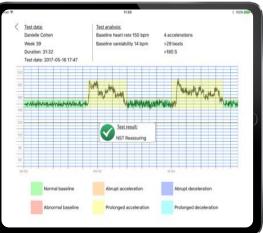


Image: The above shows HeraMED's 'Orion' AI concept.



In hospital or at home, pregnancy monitoring always requires human intervention by a trained obstetrician-gynaecologist for a subjective, time-consuming, visual analysis of FHR pattern recognition and wellbeing assessment.

However, there are often significant inconsistencies and inaccuracies in analysing and interpreting pregnancy monitor readings. In addition, almost half the counties in the US do not have a single obstetrician-gynaecologist and 56% are without a nurse midwife according to the American College of Nurse-Midwives (**ACNM**) in 2017.

We consider that the combination of these factors produces a situation that is unsustainable and puts the health of babies and expecting mothers at an unacceptable risk.

To help mitigate and potentially solve at least some of these challenges, HeraMED conceived its "Orion" project which is currently being developed in cooperation with Mayo (refer to the Cooperation Agreement, a summary of which is set out in Section 7.5). Mayo is known for its medical excellence and its long heritage of commercially-successful solutions driven by research and innovation.

Orion is the result of HeraMED's latest research achievements in pregnancy monitoring analysis. Applying the multiple analytical capacities of big-data along with machine learning functionalities, we consider that Orion could be a superior alternative to current manual, paper and expert-based analysis.

Our research is based on the fact that pregnancy monitoring data is generated at a rate that is far beyond any human capacity to analyse; and the increased understanding by professional stakeholders that an individual's lifetime health may be programmed while a child is still in the womb.

Furthermore, through sales of HeraBEAT units, HeraMED aims have access to a repository of foetal development data. With the user's consent, we plan to share aggregated data with the medical community with the goal of producing better, more efficient tools to predict foetal wellness while respecting our user's confidentiality and discretion.

Orion is trained to detect precursors which can indicate possible pregnancy complications before they become a problem. In Orion, we are integrating pregnancy monitoring datasets with Convolutional Neural Nets (**CNNs**) and deep learning algorithms in order to identify both existing as well as new risk factors.

It will empower physicians offering them an opportunity to escape tedious scut work and apply their knowledge in a more focused, intelligent and efficient way. In foetal medicine, the power of statistics and prediction can in many cases have a dramatic impact on the lives of both mother and child.

It is proposed that Orion will help health care professionals automatically monitor data streams and alert them only when intervention or some other action is required.

Orion is currently being developed as a device-agnostic tool which can analyse information regardless of its origin. The data would be streamed from a professional monitoring unit made by any manufacturer and generated from any location worldwide; or a simple hand-held monitor as long as the data is reliable and accurate.

The first commercial package is planned to be a decision support system for professionals. Ultimately, however, we envision the next stage to become a fully independent, objective algorithm which can potentially expand as an offering for home users. Orion would then be integrated and operated in harmony with the HeraBEAT device line creating a closed-loop ecosystem where the expecting mother can easily take a reading at home, upload it to the cloud to be automatically analysed by the algorithm and the result sent back to the expecting



mother's smartphone without any human intervention. In case there are warning signs, Orion would immediately send the necessary warnings notifications and recommendations to both the home user as well as the relevant healthcare provider.



### 3. Risk Factors

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free, and the Directors strongly recommend investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities under an Offer. Investors should also consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of its Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is or may be exposed.

### 3.1 Specific Risks

Set out below are specific risks that apply to the Company and its business:

### (a) No Existing Market

The Company believes that HeraBEAT, its flagship product, is the first genuine, medical grade, consumer-targeted solution that allows an expecting mother to self-monitor foetal heart beat and other pregnancy data. Though this makes the Company's product unique, it also means that there is no clear market-demand for such a solution. The Company will therefore have to create demand for HeraBEAT and any other products it develops, and educate the market as to their benefits. This process may be expensive and time-consuming and may not succeed or may proceed at a slower pace than the Company anticipates. Slow adoption of the Company's products by the market may deplete the Company's marketing resources and delay or prevent profitability.

To help mitigate this risk the HeraMED Israel has entered into the Distribution Agreement with TEVA (refer to Section 7.4 for further information).

### (b) **Early Stage Business**

The Company's business operations are at an early stage, and the commercialisation of HeraBEAT has not yet been proven at any scale. The Company's success will depend on the Company's ability to implement its business plan, the ability to commercialise the Company's products and the ability of the Company to successfully implement its R&D plans. The Company has historically had no or very low levels of revenues due to the early nature of its business. There can be no guarantee that the Company can or will be able to commercialise its products.

# (c) **No Large Scale Manufacturing**

Only a few hundred units of the Company's HeraBEAT product have so far been produced and used. The success of this product will require further production of many thousands of units and large-scale manufacturing expertise that will both maintain reliability and quality standards and efficient production processes and costs. Initiating mass-production may be a protracted process, and shortages of products available to the market may frustrate end-user demand. Though the Company anticipates outsourcing production to third parties, the Company does not have offices or permanent staff at the third-party manufacturing facilities to supervise such production and monitor quality and efficiency. Establishing such



offices and maintaining a qualified staff for this task may be expensive and therefore negatively impact the Company's financial performance.

### (d) Intense Customer Support Needs

Sales of HeraBEAT in multiple geographical regions will require the Company to provide pre-sale, marketing and customer support to users in different languages and from different cultures. Further, expecting mothers and consumers who are not familiar with foetal monitoring may require intensive and frequent customer support and assurance. High customer support costs may negatively impact the Company's profitability.

# (e) Competition

The market for foetal monitoring equipment is dominated by a limited number of large and well-funded, international medical technology conglomerates whose resources far exceed those currently available to the Company. There can be no assurance that the Company will be able to match or compete with the efforts of such competitors that release competing products to market. The Company notes, however, that it has applied for patent protection of its HeraBEAT technology (see section 5 for further information).

### (f) IIA Royalty Obligations and Technology Transfer Limitations

Some of the funding for the development of HeraMED's technology came from loans from the Israel Innovation Authority (**IIA**), a division of the Government of Israel. IIA imposes restrictions under Israel's R&D law on any Israeli company whose technology was supported by IIA loans (**Supported Tech**), including the following:

- (i) IIA loans carry an obligation to pay IIA royalties of 3% (first three years) or 3.5% (fourth year and onwards) from the revenues (not profits) from sales of all Supported Tech, up to the principal amount of the IIA loan received plus LIBOR interest. In some cases (e.g. funding of a project relying on previous funded IP) the royalty rates are higher (4% and 4.5% instead of 3% and 3.5% respectively).
- (ii) IP underlying Supported Tech may not be exported from Israel (e.g. upon an M&A) without IIA's pre-approval. In this case, the IIA may impose a royalty cap of 6 times (600%) the principal loan amount. It is noted that the Acquisition and the Offers will not trigger this restriction.
- (iii) Rights to manufacture Supported Tech outside of Israel may not be given without IIA's pre-approval. In this case, the IIA may impose a royalty cap of 3 times (300%) the principal loan amount if more than 90% of manufacturing (by added value) is outside of Israel; 150% of the principal if 50% 90% of manufacturing is outside of Israel; or 120% of the principal if less than 50% of manufacturing is outside of Israel. In all cases, the IIA has discretion under law to waive certain requirements or make certain concessions to supported Israeli companies. Royalty payments to the IIA may adversely affect the Company's profitability relative to its competitors who do not have such royalty obligations. The additional payments to the IIA that may be triggered by manufacturing the Company's products outside of Israel may limit the profitability of the Company's manufacturing in low-cost countries.



### (q) **Dependency on Partners**

HeraMED's continued growth depends in large part on implementing a service-based business model. This requires HeraMED to develop a network of partners or reach other arrangements with heath care professionals, health care organisations and commercial medical service providers in various countries. HeraMED has taken initial steps to implement such arrangements, but it is not certain that any such arrangements will be successful or will be on terms that are favourable to HeraMED.

HeraMED also relies on third parties for the distribution and production of its products. HeraMED Israel has executed the Distribution Agreement with TEVA for the distribution of its HeraBEAT product in Israel (refer to Section 7.4 for a summary of the Distribution Agreement. It has also engaged with a manufacturer to commence production of HeraBEAT units for the Distribution Agreement.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by any third parties that HeraMED engages with may have a material impact on HeraMED's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by HeraMED, it is not possible for HeraMED to predict or protect itself completely against all such contract risks.

### (h) **Development Hurdles**

HeraMED's continued growth depends in large part on its future technological development. In particular, HeraMED intends to implement a service-based business model for remote sharing and analysis of pregnancy data using cloud storage and artificial intelligence. HeraMED's strategic plan is to eventually offer user support, by means of artificial intelligence and telemetry technologies to supplement or replace the expensive time of heath care professionals with automatic analysis and interpretations of collected data. There is no assurance that HeraMED will be able to reach these development goals with its available money, or at all, and there is no assurance that users or health care providers will adopt and rely on such technologies.

### (i) Reliance on Reimbursement

Some of HeraMED's future products or services may be available only with a prescription and may be costly to purchase and use. The success of such future products and services may depend on reimbursement being available from health insurance providers or governments. Obtaining reimbursement approval may be costly and time-consuming or may never be achieved. Without reimbursement, some of HeraMED's products and services may not be viable.

# (j) Retention of Key Personnel

HeraMED's success depends on retaining its key management personnel, and attracting suitably qualified, new personnel. HeraMED intends to establish an incentive plan in the form of employee share options aimed at assisting the recruitment and retention of personnel. Despite these measures, there is no guarantee that HeraMED will be able to attract and retain suitably qualified management and technical personnel. A failure to do so could materially and adversely affect the Company, its operating results and financial prospects.



### (k) Limited Cash

The Company estimates that money raised under the Public Offer will be enough for HeraMED to execute its business objectives over the next 24 months. However, the Company may have to raise more money in the future to finance technology development, commercialisation of its products and other longer-term objectives. Such fundraising may dilute Shareholders, may be on terms unfavourable to the Company or may not be available at all.

Under the Mandate, the Company has agreed to issue Shares to the Corporate Advisers upon the satisfaction of certain milestones (i.e. Deferred Consideration Shares). For so long as a milestone remains achievable, the Shares underlying the milestone will be under an agreement to issue Shares, and will therefore be deducted from the Company's available placement capacity under Listing Rule 7.1. This may limit the Company's ability to raise funds through a placement of securities without obtaining prior Shareholder approval, and therefore may negatively impact the Company's access to capital. See Section 7.2 for a summary of the Mandate.

# (l) Operations in Israel

Nearly all of HeraMED's senior staff and its primary operations are located in Israel and will likely remain there for the foreseeable future. Israeli industrial production has in the past and may in the future be subject to significant disruptions from domestic or foreign violent episodes. Such disruptions could materially and adversely affect the Company's operations and negatively impact its profitability.

# (m) Foreign Exchange Rate and Currency Risk

HeraMED's financial statements are presented in US dollars, however HeraMED's expected sales are from various international markets. As a result, HeraMED's revenues may be highly sensitive to fluctuations in exchange rates. As HeraMED's business is proposed to operate in several jurisdictions, costs and expenses incurred in a foreign country will be in the foreign country's denomination. Accordingly, there might be a loss incurred when the foreign currency is converted into US dollars. As HeraMED does not have hedging arrangements in place, foreign exchange rate movements could adversely impact its business, financial performance and operations.

### (n) Regulatory Approvals

The regulatory requirements for HeraBEAT and any other developed products will depend on the local policies of the ministry of health or similar government agency in the jurisdictions in which it intends to operate (for example TGA in Australia, FDA in the US, CFDA in the PRC, ANVISA in Brazil, etc.) and may be different from country to country. HeraMED has so far received regulatory approval for the sale of HeraBEAT in the EU, Israel and additional countries which rely on the CE approval such as India, but not in other major markets such as the US, the PRC etc. HeraMED may not be able to obtain the necessary approvals or renew existing approvals for use and sale of its products in certain countries in a timely fashion or at all. Further, in some countries, receiving regulatory approvals for HeraMED's devices may require repeating some testing and even conducting additional clinical trials that might be expensive. Such delays and costs may impair HeraMED from reaching profitability.

### (o) Regulatory Restrictions

In some countries, HeraMED's products may be subject to continuing regulation including quality assurance, ongoing monitoring and reporting, and restrictions on



promoting or advertising its products. Some of these regulations change over time and are enforced unpredictably. An example of this is the recently introduced General Data Protection Regulations in Europe which add significant challenges for companies that collect personal user information. Meeting such regulatory compliance may prove expensive and may reduce HeraMED's profitability. Failure by the Company to comply with applicable regulations may subject it to enforcement actions such as warning letters, fines, or other penalties. Such failure may also attract negative publicity to HeraMED and could harm HeraMED's reputation and adversely impact its ability to develop its business.

# (p) Intellectual Property

HeraMED Israel has applied for patents covering some of the technologies included in HeraBEAT. These patent applications are still pending, and there is no guarantee that patents will be granted. Even if they are granted, there can be no assurance that they will deter or prevent competing products from being marketed. Further, such patents could be partially or wholly invalidated at any time in the future, leaving HeraMED without intellectual property protection. Likewise, there is a risk that patents held by others will prevent HeraMED from selling its own products or will require HeraMED to pay license fees on such other patents.

HeraMED intends to apply for registration of the trademarks "HeraMED", "HeraBEAT" and other trade names in certain territories but has not done so yet.

HeraMED has know-how, trade secrets and other intellectual property that are important assets. HeraMED relies on a combination of confidentiality and license agreements with its consultants, employees and third parties with whom it has relationships, as well as patents, domain names and copyright, to protect its brand and other intellectual property rights.

If HeraMED fails to adequately protect its intellectual property rights, competitors may gain access to its intellectual property, which would in turn harm its business.

HeraMED may be required to incur significant expenses in monitoring and protecting its intellectual property rights. HeraMED may initiate or otherwise be involved in litigation against third parties for infringement or to establish the validity of its rights. Any litigation, whether or not it is successful, could result in significant expense to HeraMED and cause a distraction to management. In addition, unauthorised use of HeraMED's brand or intellectual property by third parties may not only result in potential revenue loss, but also have an adverse impact on HeraMED's brand value and the market perception of the quality of its products.

### (q) Liability and Law Suits

Medical device companies are frequently subject to claims alleging negligence, product liability, breach of warranty or malpractice that may involve large claims and significant defence costs whether or not such liability is imposed. These claims may be brought by individuals seeking relief for themselves or, increasingly, by groups seeking to represent a class.

HeraMED provides information to and about pregnant women, and claims could be made against HeraMED for liabilities resulting from adverse medical consequences to such women or their babies. In addition, HeraMED could be liable if its products fail to correctly record, identify or transfer foetal data or if HeraMED improperly responds to communications with patients using its products. Such potential claims may be costly to defend, could consume management resources and could adversely affect HeraMED's reputation and business.



Further, under the Mandate, the Company will be required to issue Shares to the Corporate Advisers in the event certain milestones are achieved (i.e. Deferred Consideration Shares). If Shareholder approval is sought and not obtained then the Company may need to compensate the Corporate Advisers in some other manner (for example, by cash) due to defaulting on the agreed issue of Shares. There can be no assurance that a resolution would be reached between the parties on reasonable terms or at all, which may negatively impact the performance of the Company. See Section 7.2 for a summary of the Mandate.

### (r) **Insurance**

HeraMED has insurance coverage to cover claims generally experienced by companies engaged in its businesses. The current insurance policies in place are believed to be reasonable to adequately cover HeraMED's operations. However, there is a risk that HeraMED is not fully insured against all liabilities and if HeraMED incurs any uninsured losses, there may be a risk to the Company's assets. If HeraMED was to suffer one or more significant claims in the future, or was required to, or elected to, undertake certain actions in response to these claims, such as a product recall as a result of alleged product defects, such claims or actions could have a material adverse effect on HeraMED's business, financial condition and results of operations. If HeraMED incurs substantial losses or liabilities, its insurance coverage may become prohibitively expensive or unavailable.

#### 3.2 General Risks

### (a) Speculative Investment

The Securities to be issued under this Prospectus should be considered highly speculative. There is no guarantee as to the payment of dividends, return of capital or the market value of the Securities from time to time. The price at which an investor is able to trade Shares may be above or below the price paid for Shares under the Public Offer. Whilst the Directors commend the Public Offer, investors must make their own assessment of the risks, consult with professionals and determine whether an investment in the Company is appropriate in their own circumstances.

### (b) **No Independent Valuation**

No independent valuation of HeraMED has been undertaken for the purposes of the Offers. Valuations of medical device companies before significant commercial use of their products are inherently imprecise. The Directors do not believe that an independent valuation would be meaningful, given the likely qualifications and limitations in such valuations, and the difficulties and high cost of determining the likely commercial success of the Company, its technologies and product given the further development work and sales required.

### (c) Market for Shares

Prior to the Public Offer there has been no public market for the Shares. It is possible that even after the Public Offer, there will be limited trading activity in the Shares and that it may be difficult or impossible to sell or buy large blocks of the Shares, particularly given that a significant portion of Shares will initially be subject to ASX imposed escrow (see Section 1.9 for further information). Prices of the Shares may be highly volatile. No assurance can be given that an active market will develop in the Shares, or that the Shares will trade at or above the price under the Public Offer after the Shares have been listed on ASX.



### (d) Stock Market Volatility

The Company's achievements, the day to day performance of the share market and general market/economic conditions may impact HeraMED and the price at which its Shares trade on the ASX. The share market has in the past and may in the future be affected by a number of factors, including:

- (i) general economic conditions;
- (ii) investor sentiment towards a particular industry sector;
- (iii) interest rates;
- (iv) market confidence;
- (v) trading activities including short selling;
- (vi) currency exchange rates;
- (vii) force majeure events;
- (viii) political instability; and
- (ix) changes in government policy.

### (e) Tax

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation point of view and generally. To the maximum extent permitted by law, HeraMED, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

# (f) Force majeure risk

Events may occur within or outside the markets in which HeraMED operates that could impact upon the global, Israeli and Australian economies, the operations of HeraMED and the market price of the Shares. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease, and other man-made or natural events or occurrences that can have an adverse effect on the demand for HeraMED's services and its ability to conduct business. Given HeraMED has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occur.

# (g) Accounting Standards

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may adversely impact the Company's reported financial statements.

### (h) Other Risks

This list of risk factors above is not an exhaustive list of the risks faced by HeraMED or by investors in the Company. The risk factors described in this Section as well as risk factors not specifically referred to above may in the future materially affect the



financial performance of the Company and the value of its Shares. Therefore, the Securities offered under this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or their market value.

**Important:** Investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities under an Offer.



4. Investigating Accountant's Report













15 October 2018

The Directors

HeraMED Limited

C/- Nova Legal

Level 2, 46-50 Kings Park Road

WEST PERTH WA 6005

**Dear Directors** 

# INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by HeraMED Limited ('HeraMED' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of HeraMED and Hera Med Ltd, a company incorporated in Israel ('HeraMED Israel') which is to be acquired by the Company under a Share Sale agreement, for the Initial Public Offering of shares in HeraMed, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 30 million Shares at an issue price of \$0.20 AUD each to raise up to \$6 million AUD before costs ('the Offer'). The Offer is subject to a minimum subscription level of 25 million shares to raise \$5 million AUD before costs.

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

# Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required

by International Financial Reporting Standards ('IFRS') and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the 'Historical Financial Information') of HeraMED and HeraMED Israel included in the Prospectus:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and cash flows of HeraMED for the period ended 30 June 2018; and
- the audited historical Statement of Financial Position of HeraMED as at 30 June 2018.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in IFRS and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial report of HeraMED for the period ended 30 June 2018, which was audited by BDO Audit (WA) Pty Ltd in accordance with the Australian Auditing Standards. BDO Audit (WA) Pty Ltd issued an unmodified audit opinion on the financial report, without modification BDO Audit (WA) Pty Ltd noted an emphasis of matter in relation to going concern.

- the audited historical Statements of Profit or Loss and Other Comprehensive Income and cash flows for HeraMED Israel for the years ended 31 December 2016 and 2017 and reviewed for the six month period ended 30 June 2018; and
- the reviewed historical Statement of Financial Position as at 30 June 2018.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in IFRS and the company's adopted accounting policies. The Historical Financial Information has been extracted from the financial report of HeraMED Israel for the period ended 30 June 2018 and the years ended 31 December 2017 and 2016, which was audited by Ziv haft, a BDO Member Firm in accordance with the International Auditing Standards. Ziv haft issued an unmodified audit and review opinion on the financial reports, without qualification Ziv haft noted an emphasis of matter in relation to going concern.

# Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the 'Pro Forma Historical Financial Information') of HeraMED included in the Prospectus:

the pro forma historical Statement of Financial Position as at 30 June 2018.

The Pro Forma Historical Financial Information has been derived from the historical financial information of HeraMED, after adjusting for the effects of the subsequent events described in Section 6 of this Report and the pro forma adjustments described in Section 7 of this Report. The stated basis of preparation is the recognition and measurement principles contained in IFRS applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7 of this Report, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by HeraMED to illustrate the impact of the event(s) or transaction(s) described in Section 6 and Section 7 of the Report on HeraMED's financial position as at 30 June 2018. As part of this process, information about HeraMED's financial position has been extracted by HeraMED from HeraMED and HeraMED Israel's financial statements for the period ended 30 June 2018.

# 3. Directors' responsibility

The directors of HeraMED are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

# 4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

# 5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, and comprising:

- the audited historical Statement of Profit or Loss and Other Comprehensive Income and cash flows of HeraMED for the period ended 30 June 2018;
- the audited historical Statement of Financial Position of HeraMED as at 30 June 2018;
- the audited historical Statements of Profit or Loss and Other Comprehensive Income and cash flows for HeraMED Israel for the years ended 31 December 2016 and 2017 and reviewed for the six month period ended 30 June 2018; and
- the reviewed historical Statement of Financial Position as at 30 June 2018

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in the Appendices to this Report, and comprising:

• the pro forma historical Statement of Financial Position of HeraMED as at 30 June 2018,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

# 6. Subsequent Events

The pro-forma statement of financial position reflects the following events that have occurred subsequent to the period ended 30 June 2018:

- Payment of interest on Convertible Notes;
- The acquisition of HeraMED Israel, as set out in the Prospectus and the elimination of intercompany balances;
- The reclassification of prepaid expenses relating to capital raising costs relating to convertible notes of \$105,000 USD;
- The conversion of Convertible loans into 17,200,000 Ordinary shares and the issue of 8,600,000 options;
- The issue of 6,600,000 shares to consultants in connection with the acquisition of HeraMED.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of HeraMED not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

# 7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2018, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 30 million Shares at an offer price of \$0.20 AUD each to raise \$6 million AUD before costs pursuant to the Prospectus, based on the maximum subscription;
- Costs of the Offer are estimated to be \$1,030,578 AUD, which are to be offset against the contributed equity.
- The issue of 25 million Shares at an offer price of \$0.20 AUD each to raise \$5 million AUD before costs pursuant to the Prospectus, based on the minimum subscription;
- Costs of the Offer are estimated to be \$969,528 AUD, which are to be offset against the contributed equity;
- The repayment of a related party loan of \$148,000 USD;
- The issue of 7,500,000 New Options to management;
- The issue of 7,500,000 New Options to the Lead Manager; and

Conversion of Australian dollar balances into USD at an exchange rate of 0.7394.

# 8. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation

in due diligence procedures, for which professional fees will be received. BDO is the auditor of HeraMED.

# 9. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

**Adam Myers** 

Director

APPENDIX 1

HERAMED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed for the 6-month period ended 30-Jun-18 US \$'000	Audited for the year ended 31-Dec-17 US \$'000	Audited for the year ended 31-Dec-16 US \$'000	Reviewed for the 6-month period ended 30-Jun-17 US \$'000
Revenue	27	•		•
Cost of revenue	(31)	-		-
Gross profit/(loss)	(4)	-	-	-
Expenses				
Research and development expenses	(320)	(241)	(1,612)	(150)
General and administrative expenses	(188)	(276)	(359)	(139)
Selling and marketing expenses	(70)	(126)	(46)	(89)
Operating profit/(loss)	(582)	(643)	(2,017)	(378)
Finance expenses	(17)	(145)	(104)	(85)
Loss before income tax expense	(599)	(788)	(2,121)	(463)
Income tax benefit/(expense)	-	-	-	-
Net Loss for the period	(599)	(788)	(2,121)	(463)

This statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4. Past performance is not a guide to future performance.

APPENDIX 2
HERAMED
STATEMENT OF FINANCIAL POSITION

							Minimum	
			HeraMED Israel		Minimum raise I			Maximum raise
			Reviewed as at	Subsequent	Pro-forma	Pro-forma	Pro-forma	Pro-forma
		30-Jun-18	30-Jun-18	events	adjustments	adjustments	after issue	after issue
CURRENT ACCETS	Notes	\$000 USD	\$000 USD	\$000 USD	\$000 USD	\$000 USD	\$000 USD	\$000 USD
CURRENT ASSETS	•	220	4 402	(7)	2 022	2 527	4 527	F 224
Cash and cash equivalents	2	220	1,492	(7)	2,832	3,527	4,537	5,231
Other accounts receivable	3	2		(454)	-	-	23	23
Loan receivable	4	1,348	-	(1,348)	-	-	-	-
Inventories	_		58				58	58
TOTAL CURRENT ASSETS		1,570	2,025	(1,809)	2,832	3,527	4,618	5,312
NON CURRENT ASSETS								
Property plant & equipment		-	14	-	-	-	14	14
Intangible assets	_	-	1,266	-	-	-	1,266	1,266
TOTAL NON CURRENT ASSETS	_	-	1,280	-	-	-	1,280	1,280
TOTAL ASSETS	-	1,570	3,305	(1,809)	2,832	3,527	5,898	6,592
CURRENT LIABILITIES								
Trade accounts payable		5	51	-	-	-	56	56
Other accounts payable	5	-	465	(105)	-	-	360	360
Convertible loans	6	-	1,592	(1,592)	-	-	-	-
Loan from related party	7	-	148	-	(148)	(148)	-	-
TOTAL CURRENT LIABILITIES	-	5	2,256	(1,697)	(148)	(148)	416	416
NON CURRENT LIABILITIES								
Loan from related party		-	147	-	-	-	147	147
Liability for royalties		-	485	-	-	-	485	485
TOTAL NON CURRENT LIABILITIES	-	-	632	-	-	-	632	632
TOTAL LIABILITIES	-	5	2,888	(1,697)	(148)	(148)	1,048	1,048
NET ASSETS/(LIABILITIES)	=	1,565	417	(112)	2,980	3,675	4,850	5,544
EQUITY								
Ordinary share capital	8	-	-	-	5,424	6,102	5,424	6,102
Series A preferred shares			-			-	-	
Additional paid in capital			3,553			-	3,553	3,553
Reserves	9		859	-	1,152	1,152	2,011	2,011
Accumulated losses	10	(25)	(3,995)	-	(2,118)	(2,102)	(6,138)	(6,122)
Convertible notes	11	1,590	-	(112)	(1,478)	(1,478)	-	-
TOTAL EQUITY	-	1,565	417	(112)	2,980	3,675	4,850	5,544

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 3 and the prior year financial information set out in Appendix 4.

### **APPENDIX 3**

#### **HERAMED**

#### NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The Company has elected to present the statement of comprehensive loss using the function of expense method.

#### Use of estimates and assumptions in the preparation of the financial statements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### Foreign currency

The financial statements are prepared in US Dollars which is the functional currency of the Company. Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates". Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities at the rate of exchange applicable at the statements of financial position date;
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive loss.
- Expense items at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange at the date of the transaction.

### Cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability. A fair value measurement of a non-financial asset takes

into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of financial instruments by fair value hierarchy

Assets and liabilities presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.
- Level 3 Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

#### Financial assets

The Company classifies its financial assets depending on the purpose for which the asset was acquired. The Company accounting policy is as follows:

Loans and receivables: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognized at fair value and subsequently measured at amortized cost less any provision for impairment.

### Financial liabilities

The Company's financial liabilities are trade accounts payable, other accounts payable, related parties and other long-term liability, which are initially recognized at fair value net of direct transaction costs and subsequently measured at amortized cost using the effective interest rate method. After initial recognition, loans and receivables are measured using the effective interest method and less any impairment losses.

### De-recognition of financial instruments:

Financial assets: A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**Financial liabilities**: A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the creditor:

- · discharges the liability by paying in cash, other financial assets; or
- is legally released from the liability.

### Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset as follows. Financial assets carried at amortized cost:

There is objective evidence of impairment of loans and receivables if one or more events have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows. Evidence of impairment may include indications that the debtor is experiencing financial difficulties, including liquidity difficulty and default in interest or principal payments. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount

and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate at initial recognition).

If the financial asset has a variable interest rate, the discount rate is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. In a subsequent period, the amount of the impairment loss is reversed if the recovery of the asset can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal, which is limited to the amount of any previous impairment, is recorded in profit or loss.

### Property, plant and equipment

Property, plant and equipment are initially recognized at cost, including costs directly attributable to the acquisition of the property, plant and equipment and bringing it to the location and condition necessary for use. The cost of an item of property, plant and equipment is the amount equal to the cash price on the date of recognition. In periods subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation - the Company depreciates separately each part of the property, plant and equipment with a cost that is significant in relation to the total cost of the item. Depreciation expenses for each period are recognized in profit or loss, unless they are included in the carrying amount of another asset. (see also "Impairment of non-financial assets").

Depreciation is computed by the straight line method, based on the estimated useful lives of the assets, as follows:

	Annual depreciation rate (%)	
Computers and equipment	33	33
Furniture and office equipment	7-15	7

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### Intangible assets

Intangible assets include internally generated capitalized development costs (see also "Research and development costs"). Intangible assets with a finite useful life are amortized over their useful life. The amortization period and the amortization method for an intangible asset are reviewed at least at each year end and adjustments, where applicable, are made on a prospective basis. The carrying amount of these assets is reviewed whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable (see also "Impairment of non-financial assets").

Capitalized development costs are not being amortized yet because the development has not been completed and the assets are yet to be in use. Subsequent expenditure on capitalized intangible assets is capitalized only where it clearly increases the economic benefits to be derived from the asset to which it relates. All other expenditure, including that incurred in order to maintain an intangible assets current level of performance, is expensed as incurred. During the years 2017 and 2016 the Company capitalized development costs in the amounts of \$839 USD and \$286 USD, respectively.

Non-financial assets are subject to impairment tests annually on December 31 or sooner whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the non-financial asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to dispose), the asset is written down and impairment charge is recognized accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the smallest group of assets to which the asset belongs that generates cash inflow that are largely independent of cash inflows from other assets).

An impairment loss allocated to an asset, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, is limited to the lower of the carrying amount of the asset that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years and the assets recoverable amount. The reversal of impairment loss of an asset is recognized in profit or loss. Impairment charges are included in general and administrative expenses.

During the years ended December 31, 2017, and 2016, no impairment charges of non-financial assets were recognized.

### Research and development costs

Expenditure on research activities is recognized in profit or loss as incurred. Expenditure on internally developed products is capitalized if it can be demonstrated that:

- the product is technically and commercially feasible.
- adequate resources are available to complete the development
- there is an intention to complete the product so that it will be available for use or sale.
- the Company is able to sell the product
- use or sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria are recognized in the statement of comprehensive profit or loss as incurred.

### Earnings per share

Basic earnings or loss per share are calculated as net profit or loss, divided by the weighted average number of outstanding ordinary shares, during the period.

### Liability on governmental grants received

The Company measured its liability on governmental grants received, each period, based on discounted cash flows derived from Group's future anticipated revenues.

The grants received are accounted as forgivable loans, in accordance with IAS 20 (Revised), pursuant to the provisions of IAS 39. Accordingly, when the liability for the loan is first recognized, it is measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grants received and the fair value of the liability is accounted for upon recognition of the liability as a grant and recognized in profit or loss as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Changes in the projected cash flows are discounted using the original effective interest and recorded in profit or loss in accordance with the provisions of IAS 39.

At the end of each reporting period, the Group evaluates, based on its best estimate of future sales, whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid. If there is such reasonable assurance, the appropriate amount of the liability is derecognized

and recorded in profit or loss as an adjustment of research and development expenses. If the estimate of future sales indicates that there is no such reasonable assurance, the appropriate amount of the liability that reflects expected future royalty payments is recognized with a corresponding adjustment to research and development expenses.

#### **Employee benefits**

The Company contributes towards the Israeli state pension in accordance with local legislation where required. The only obligation of the Company is to make the required contributions. Costs related to such contributions are expensed in the period in which they are incurred.

The Company has several employee benefit plans as to Israeli employees:

- 1. Short-term employee benefits: Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.
- 2. Post-employment benefits: The Company's liability for severance pay is pursuant to Section 14 of the Severance Compensation Act, 1963 ("Section 14"), pursuant to which all the Company's employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies. Under Israeli employment law, payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. The fund is made available to the employee at the time the employer-employee relationship is terminated, regardless of cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the statements of financial position as the severance pay risks have been irrevocably transferred to the severance funds.

# Share based compensation

The Company measures the share based expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes and Merton (BSM) model which takes into account the terms and conditions upon which the instruments were granted.

## New accounting policies and disclosures

### Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative:

The amendments require entities to provide disclosure of changes in their liabilities arising from financing

activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The company has provided the information in note 7.

### New IFRSs in the period prior to their adoption

#### IFRS 9 Financial Instruments:

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortized cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognized at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in other comprehensive loss (without subsequent recycling to profit or loss).

For financial liabilities that are designated for measured at fair value, entities will need to recognize the part of the fair value change that is due to changes in their own credit risk in other comprehensive loss rather than profit or loss. The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward.

The new standard also introduces expanded disclosure requirements and changes in presentation. Further changes was made to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:

A new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

IFRS 9 is to be applied for annual periods beginning on January 1, 2018.

IFRS 9 will not have a material impact on the financial statements.

	Audited	Pro-forma after	after
		Offer	Offer 
	HeraMed		Maximum
NOTE 2. CASH AND CASH EQUIVALENTS	\$000 USD	\$000 USD	\$000 USD
Cash and cash equivalents	220	4,537	5,231
Adjustments to arrive at the pro-forma balance:			
Audited balance of HeraMED at 30 June 2018		220	220
Acquisiton of HeraMED Israel		1,492	1,492
Subsequent events:			
Payment of interest on convertible loan		(7)	(7)
	_	(7)	(7)
Pro-forma adjustments:			
Proceeds from shares issued under this Prospectus		3,697	4,437
Repayment of related party loan		(148)	(148)
Capital raising costs and listing expenses		(717)	(762)
		2,832	3,527
Pro-forma Balance	-	4,537	5,231

HeraM	led	Pro-forma after Offer Minimum \$000 USD	after Offer Maximum
Other accounts receivable	2	23	23
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018 Acquisiton of HeraMED Israel Subsequent events:		2 475	2 475
Elimination of intercompany balance		(349)	(349)
Reclassification of prepaid expenses		(105)	(105)
	_	(454)	(454)
Pro-forma Balance		23	23

	Audited HeraMed	Pro-forma after Offer Minimum	Pro-forma after Offer Maximum
NOTE 4. LOAN RECIEVABLE	\$000 USD	\$000 USD	\$000 USD
Loan receivable	1,348	-	-
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018 Acquisiton of HeraMED Israel Subsequent events:		1,348 -	1,348
Elimination of intercompany loan		(1,348)	(1,348)
	_	(1,348)	(1,348)
Pro-forma Balance		-	-

	Audited	Pro-forma after Offer	Pro-forma after Offer
	HeraMed		Maximum
NOTE 5. OTHER ACCOUNTS PAYABLE	\$000 USD	\$000 USD	\$000 USD
Other accounts payable	-	360	360
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018 Acquisiton of HeraMED Israel Subsequent events: Reclassification of prepaid listing expenses	-	- 465 (105) (105)	(105)
Pro-forma Balance	-	360	360

NOTE 6. CONVERTIBLE LOAN - LIABILITY Convertible loans	HeraMed	Pro-forma after Offer Minimum Pro-forma	after Offer Maximum
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018 Acquisiton of HeraMED Israel Subsequent events:		- 1,592	- 1,592
Payment of interest on convertible loan Elimination of intercompany balance	-	(7) (1,585) (1,592)	(7) (1,585) (1,592)
Pro-forma Balance	-	-	-

		Audited	Pro-forma	Pro-forma
			after	after
			Offer	Offer
	- F	leraMed	Minimum	Maximum
NOTE 7. LOAN FROM RELATED PARTY	\$	000 USD	\$000 USD	\$000 USD
Loan from related party		-	-	-
	<del></del>			
Adjustments to arrive at the pro-forma balance:				
Audited balance of HeraMED at 30 June 2018			-	-
Acquisiton of HeraMED Israel			148	148
Pro forma adjustments				
Repayment of related party loan			(148)	(148)
		_	(148)	(148)
Pro-forma Balance		_	-	-
			Dun farma	Day forms
			Pro-тогта after	Pro-forma
	30-Jun-18	30-Jun-18		after Offer
NOTE 8. ORDINARY SHARE CAPITAL	\$000 USD			
Ordinary share Capital	-		- 5,424	
	Number of	Number	\$	\$
	shares	of share	s	
	Minimum	Maximun	n	
Fully paid ordinary share capital HeraMED 30 June Audited	6,600,000	6,600,000	0 -	-
Pro forma adjustments	27 400 000	27 400 000	n	
Acquisition of HeraMED Israel  Recognition of share based payment to consultants for shares on issue	37,400,000	37,400,000	- 976	976
Conversion of convertible notes net of costs	17.200.000	17,200,00		
	,,,	.,,_00,00	., 0	.,
Pro-forma adjustments:				
Proceeds from shares issued under this Prospectus	25,000,000	30,000,000	3,697	4,437
Capital raising costs - Lead Manager options			(366)	(366)
Capital raising costs- cash expenses			- (360)	(422)
	79,600,000	84,600,000	5,424	6,102
	0/ 222 523	04 000 00		
Pro-forma Balance	86,200,000	91,200,00	0 5,424	6,102

Audited	Pro-forma after Offer	Pro-forma after Offer
HeraMed	Minimum	Maximum
NOTE 9. RESERVES \$000 USD	\$000 USD	\$000 USD
Reserves -	2,011	2,011
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018	-	-
Acquisiton of HeraMED Israel	859	859
Pro-forma adjustments:		
Issue of management options	366	366
Issue of Lead Manager options	366	366
Issue of noteholder options	420	420
	1,152	1,152
Pro-forma Balance	2,011	2,011

Options issued have been valued using the Black Scholes model, the key inputs used are

Exercise price 20c

Option life 3 years

Volatility 45%

This results in a value of \$0.066 AUD per option

	Audited	Pro-forma after Offer	Pro-forma after Offer
	HeraMed	Minimum	Maximum
NOTE 10. ACCUMULATED LOSSES	\$000 USD	\$000 USD	\$000 USD
Accumulated losses	(25)	(6,138)	(6,122)
_			
Adjustments to arrive at the pro-forma balance:			
Audited balance of HeraMED at 30 June 2018		(25)	(25)
Acquisiton of HeraMED Israel		(3,995)	(3,995)
Pro-forma adjustments:			
Acquisition cost - consultant shares		(976)	(976)
Issue of management options		(366)	(366)
Issue of noteholder options		(420)	(420)
Listing expenses		(357)	(340)
	_	(2,118)	(2,102)
Pro-forma Balance	_	(6,138)	(6,122)

NOTE 11. CONVERTIBLE LOAN - EQUITY	Audited HeraMed \$000 USD	Pro-forma after Offer Minimum \$000 USD	after Offer Maximum
Convertible notes	1,590	-	-
Adjustments to arrive at the pro-forma balance: Audited balance of HeraMED at 30 June 2018 Acquisiton of HeraMED Israel Subsequent events: Capital raising costs on convertible notes		1,590 - (105)	1,590 - (105)
Interest on convertible note		(7)	(7)
Conversion of loan to ordinary shares		(1,478)	(1,478)
	-	(1,590)	(1,590)
Pro-forma Balance	-	-	-

# NOTE 12: BUSINESS COMBINATION

The acquisition of HeraMED Israel by HeraMED is not considered to be a business combination under IFRS 3 Business Combinations, accordingly continuation accounting has been applied.

# NOTE 13: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

# NOTE 14: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the Prospectus.

# APPENDIX 4 HERAMED

# HISTORICAL FINANCIAL INFORMATION

# **HERAMED ISRAEL - CASH FLOW STATEMENTS**

	Reviewed for the	Audited for the	Reviewed for the	Audited for the
	6-month period ended	year ended	6-month period ended	year ended
	30-Jun-18	31-Dec-17	30-Jun-17	31-Dec-16
	USD \$'000	USD \$'000	USD \$'000	USD \$'000
Cash flows from operating activities				
Net loss for the period	(599)	(788)	(463)	(2,121)
Adjustments to reconcile net loss to net cash used in operating				
activities				
Depreciation and amortization	97	7	5	5
Change in convertible loan	3	-	-	-
Share based compensation	258	116	58	177
Increase in liability for royalties	27	106	45	465
Increase in trade payables	38	(1)	33	(2)
Increase in other accounts payable	72	10	42	51
Increase (decrease) in inventory	6	(64)	(33)	-
Accrued interest and exchange rate loan from related party	(8)	6	3	5
Change in restricted deposits due to exchange rates	-	-	-	-
Decrease (increase) in other accounts receivable	(4)	61	43	(11)
Net cash used in operating activities	(110)	(547)	(267)	(1,431)
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(2)	(2)	(21)
Capitalized development costs	(174)	(839)	(541)	(286)
Investment in restricted deposit	(2)	-	-	(4)
Net cash used in investing activities	(176)	(841)	(543)	(311)
Cash flows from financing activities				
Issuance of Preferred A shares, net	492	-	-	3,000
Receipt of loan from related party	-	81	22	62
Receipt of convertible loan	1,240	-	-	-
Net cash used in investing activities	1,732	81	22	3,062
Increase (Decrease) in cash and cash equivalents	1,446	(1,307)	(788)	1,320
Cash and cash equivalents at beginning of the year	46	1,353	1,353	33
Effects of exchange rate changes on cash and cash equivalents	-			
Cash and cash equivalents at the end of the period	1,492	46	565	1,353

Past performance is not a guide to future performance.

# HISTORICAL FINANCIAL INFORMATION

HERAMED LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the Period ended
	30-Jun-18
	\$ AUD
Revenue	
Other income	2,494
Total revenue and other income	2,494
Corporate and administration expenses	(36,149)
Loss for the period	(33,655)
Other Comprehensive loss for the period	-
Total comprehensive loss for the period	(33,655)

# STATEMENT OF CASH FLOWS

	Audited for the
	Period ended
	30-Jun-18
	\$ AUD
Cash flows from operating activities	
Payments to suppliers	(31,922)
Net cash (used) in operating activities	(31,922)
Cash flows from financing activities	
Proceeds from convertible notes	2,150,000
Proceeds from issue of shares	2
Loan to third party	(1,820,764)
Net cash provided by financing activities	329,238
Net increase in cash and cash equivalents	297,316
Cash and cash equivalents at the beginning of the period	
Cash and cash equivalents at the end of the period	297,316

Past performance is not a guide to future performance.

# 5. Intellectual Property Report



Pearl Cohen Zedek Latzer Baratz

Advocates, Patent Attorneys & Notaries

September 4, 2018

Hera Med Ltd. 6 Meir Ariel St. Netanya 4059300, ISRAEL

RE: HeraMED Israel Our Ref.: 982831-15-00

Dear Sirs,

This report has been prepared for inclusion in a prospectus to be issued by HeraMED Limited to be filed with the Australian Securities and Investments Commission for the purpose of raising funds through the issue of securities.

This report provides details of the patent applications that are included in intellectual property rights will be owned by HeraMED Israel.

#### Structure of the report

Section 1 provides background information relevant to the understanding of patents rights.

Section 2 identifies patent applications owned by HeraMED Israel.

Section 3 outlines the scope and limitations of this report.

#### 1. Patents- background information

A patent grants its owner exclusive right to manufacture, use, or sell an invention in the specific territory

where the patent has been registered. Patents are granted to inventions which were proved to be new, non-obvious and useful after examination in each specific territory the patent application has been filed in. Granted patents as well as patent applications are property of the inventor, the applicant or the assignee, which like any other form of property or business asset can be bought, sold, rented or hired. Patents are territorial rights so, for example, Australian patents will only give the holder rights in Australia (i.e., to prevent exploitation of the patented invention in Australia) and rights to stop others from importing the patented goods into Australia.

Patents are valid for 20 years from the date of the original filing, but patent rights are, in general, only enforceable from the date the patent is granted by the patent office of each specific jurisdiction. An applicant may enforce a patent after registration and, at least to some extent, in some jurisdictions from the publication of the patent application.

A patent is requested by filing a written application at a patent office of a specific country. The person or company filing the application is referred to as "the applicant". The applicant may be the inventor or its assignee. The application contains a description with an enabling disclosure that should allow a person skilled in the art to make and use the invention. Drawings illustrating the invention may also be



provided. The application must also include one or more claims that define what a patent covers or the "scope of protection".

The applicant can preserve the right to file additional applications of the same invention (sometimes referred to as divisional or continuation applications) in additional territories or jurisdictions while preserving the priority date of the first filed application base on several international treaty procedures. The main treaty is the Paris Convention for the Protection of Industrial Property. Any one of the member states of the Paris Convention preserves the right for one year to file in any other member state and receive the benefit of the original filing date as the priority date of any subsequent application filed within the above time frame. Any publication that was made after the priority date of an application, cannot be cited against this application and cannot negate novelty or serve as basis for an obviousness rejection.

Another important treaty is the Patent Cooperation Treaty (PCT), administered by the World Intellectual Property Organization (WIPO) and covering more than 150 countries. The Patent Cooperation Treaty provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. A patent application filed under the PCT is called an international application, or PCT application. However, a PCT application, although being examined, will not result in an international patent and a territorial application must be filed in selected jurisdictions within 30 months (e.g., in Australia, the US, Japan and Israel), 31 months (e.g., in Europe) or up to 32 months (e.g., in the PRC) from the priority date. A PCT application entering a "national phase" in the selected jurisdictions will be examined by the local patent office(s) where the application was filed. The local examiners may or may not take into consideration the examination report produced by a PCT examiner or by an examiner in another jurisdiction.

In most jurisdictions the patent application is subjected to an examination procedure (also known as patent prosecution) in which the local examiner examines whether the invention, as claimed, is new and non-obvious before granting the patent. Other grounds of rejections or objections may also be included in an examination report issued by the local examiner.

There can be no assurance that a filed patent application will result in a granted patent or that the scope of protection provided by any granted patent will be identical to the scope of the application as originally filed (it is rarely so). Furthermore, due to the difference in examination procedures in different jurisdictions, the scope of protection granted in one jurisdiction may be different from that provided by a granted patent in another jurisdiction. Furthermore, a granted patent does not guarantee validity of the patent since it may be revoked by a court on the ground of invalidity at any time during its life.

#### 2. Patent Applications included in HeraMED's Intellectual Property

HeraMED Israel currently has three (3) families of patent applications being handled by Pearl Cohen Zedek Latzer Baratz (Pearl Cohen). All three applications have been filed as international applications under the PCT. All such applications have reached the national phase, and have been filed with the patent offices of various countries, as listed below. HeraMED anticipates that at least some of these three applications will in the future be divided into one or more additional applications as part of its strategy to expand the coverage of its patent rights.

# International application No. PCT/IL2014/050977 (PCT '977)

"Medical device with integrated accelerometer for performance optimization"

PCT '977 was filed on November 10, 2014, claiming priority from US Provisional Patent Application no. 61/903,975, filed on November 14, 2013. On February 2016 PCT '977 received an International Preliminary Report on Patentability (IPRP) indicating that all claims 1-59 are novel, inventive and have industrial applicability. On May 2016, PCT '977 entered the national phase in the following jurisdictions:



Jurisdiction	Application Number	Status
PRC	201480072996.5	Pending
Europe	EP14861493.6	Pending
United States	15/036,860	Pending
Israel	245598	Pending – Notice of Allowance issued.

In view of the positive IPRP, the Israeli national phase application was filed under the Patent Prosecution Highway program, a path to speed the grant of the patent in Israel. A notice of allowance was issued by the ILPTO on August 14, 2018.

PCT '977 (and the national phase applications filed therefrom) discloses a medical device and a method for increasing safety of the medical device that includes at least one movable instrument having an active and an inactive configuration. The movable instrument may be operably coupled to at least one accelerometer, and the movable instrument may be in the active configuration when an acceleration measured by at least one accelerometer is within a predetermined range of acceleration in situ and in the inactive configuration when the acceleration is greater or lower than said range.

PCT '977 application further describes a foetal heart rate monitor (FHRM) and a method of increasing safety of a FHRM that includes at least one movable doppler transducer having a transceiving configuration and an inactive configuration; at least one movable doppler transducer may be operably coupled to at least one accelerometer and at least one movable doppler transducer may be in the transceiving configuration when the acceleration measured by said at least one accelerometer is within a predetermined optimal range of acceleration in situ and in the inactive configuration when the acceleration is greater or lower than the optimal range. The optimal range may comprise a lower essential human movement threshold and an upper movement threshold beyond which the foetal heart signal cannot be acquired.

# PCT '977 further describes:

- (a) Medical device auto-control Lower and upper motion / acceleration threshold;
- (b) Automated energy transmission control; and
- (c) User posture consideration Measurement optimization Based on Pressure / Acceleration and their combination.

HeraMED estimates that the applications include three different inventions as described above, and thus anticipates filing at least one additional divisional patent application that claims priority from the PCT '977.

#### International application No. PCT/IL2014/050730 (PCT '730)

"System for guidance and locating optimal position of Doppler US to measure foetal heart rate"

PCT '730 was filed on August 14, 2014, claiming priority from US Provisional Patent Application no. 61/875,722, filed on September 10, 2013. On May 2016, PCT '730 entered the national phase in the following jurisdictions:

Jurisdiction	Application Number	Status
PRC	201480061397 .3	Pending
Europe	EP14843822.9	Pending



United States	14/917,968	Pending	
Israel	244499	Pending	

PCT '730 (and the national phase applications filed therefrom) discloses a FHRM useful for locating and monitoring foetal heartbeat (FHB). The FHRM may include: at least one doppler transducer having at least one piezoelectric ceramic element placeable on an abdomen of an expectant mother for acquiring the FHB signal; at least one pressure sensing module; at least one processor for processing data received from the at least one doppler transducer and the at least one pressure sensing module; and at least one communication module for transmitting the processed data to a user. The at least one pressure sensing module and the at least one transducer may be operably coupled and the at least one pressure sensing module may be adapted to detect pressure of said abdomen on said at least one doppler transducer.

#### PCT '730 further describes:

- (a) A doppler transducer that may include a high frequency mode and a low frequency mode.
- (b) Aa doppler transducer that may include a high intensity mode and a low intensity mode.
- (c) FHRM that may have pressure sensing module for foetal heartrate search trigger and optimal attachment verification.
- (d) A plurality of pressure sensors for guiding placement of FHRM.
- (e) A method of guiding a user to place the FHRM according to a feedback.

HeraMED estimates that the applications include five different inventions as described above, and thus anticipates filing at least one additional divisional application from PCT '730.

# International application No. PCT/IL2016/050946 (PCT '946)

"System and method of detecting labor using electric impedance"

PCT '946 was filed on August 28, 2016, claiming priority from US Provisional Patent Application no. 62/212,616, filed on September 1, 2015.

On February 28, 2018, PCT '946 entered the national phase in the United States by filing U.S. Patent Application No. 15/756,064

PCT '946 and the US patent application filed therefrom disclose a method of detecting contractions in a user, the method may include providing alternating current with a determined frequency, through a first path in an abdominal tissue, between at least a first pair of electrodes positioned apart from each other over a first abdominal surface of the user. The method may further include repeatedly measuring a response of the abdominal tissue to excitation by the alternating current passing between at least a pair of electrodes, identifying at least one muscle contraction according to the changes in the response, and determining occurrence of uterine contractions based on at least one characteristic of the at least one muscle contraction. A system for detecting contractions in a user may include an alternating current generator, at least two electrodes, and a processor, operatively coupled to the at least two electrodes.

#### PCT '946 further describes:

- (a) Detecting contraction and labor based on changes in impedance.
- (b) Detecting optimal personal bio-impedance frequency.
- (c) Detecting contractions based on impedance patterns.
- (d) Using an accelerometer for labor detection.



(e) Separating skeletal muscle contractions from labor using a configuration of electrodes.

The Company estimates that the applications include five different inventions as described above, and thus anticipates filing at least one additional divisional application from PCT '946.

## 3. Limitation of this Report

This Report is not to be construed as a legal opinion as to the patentability or validity of the above listed patent applications.

It should be noted that a granted patent does not guarantee that exploiting the covered invention does not infringe other existing patents. Thus, this report does not provide any indication that the subject inventions may be commercially used in one or more jurisdictions without the risk of infringement of third parties' patents. We have not conducted any patent search nor a freedom to operate analysis, and did not assess whether or not the commercialization of HeraMED's products will infringe any third parties' patent or other intellectual property rights.

This report should not be construed as a representation that any of the above applications will be granted and what would be the scope of the claims of any granted patent. Examination proceedings in each jurisdiction are independent and the results of examination in one jurisdiction do not affect the results of examination in other jurisdictions.

Pearl Cohen Zedek Latzer Baratz (**Pearl Cohen**) has offices in the United States (New York, Boston, Los Angeles), the United Kingdom (London) and in Israel (Tel Aviv and Haifa). Pearl Cohen is not an Australian law firm and the above report is based on general concepts in patent and intellectual property law and is limited to the applications handled by Pearl Cohen listed above.

Yours sincerely,

Idan Frydman, Adv. Pearl Cohen Zedek Latzer Baratz

CC: Anna Moshe; Joel Stein, Lior Baruch



# 6. Key Persons and Corporate Governance

#### 6.1 Board of Directors

The Board is responsible for:

- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

Collectively, the Board has significant experience across a range of industries, including the medical device industry. Brief profiles of each Director are set out in Sections 6.2.

#### 6.2 Directors

#### **David Groberman**

Managing Director and Chief Executive Officer

David Groberman is a mechanical and bio-medical engineer with over 15 years of experience in developing multi-disciplinary medical technologies across a wide spectrum of the industry.

Prior to founding HeraMED Israel, Mr Groberman spent over 8 years as Co-Founder and Chief Technology Officer at Meytar R&D – one of the leading R&D service provider firms in Israel. Some of Meytar's most prominent clients are GE Healthcare, Philips Healthcare, Bayer, TEVA, ST Electronics, HP, Orbotech, Mazor Robotics, Pluristem and many others. During that time, Mr Groberman gained extensive, hands-on knowledge and capabilities, leading some of the most challenging projects in the field of multi-disciplinary medical and high-tech devices, ranging from implants to invasive mechanical, electro-mechanical and opto-mechanical instruments, surgical apparatuses and applicators, monitoring, diagnosis and scanning equipment.

Mr Groberman is an alumnus of the IDF elite computer science unit MAMRAM.

Mr Groberman holds a B.Sc. cum laude from the faculty of engineering in Tel-Aviv University.

Mr Groberman was appointed as a Director on 25 September 2018.

#### **Tal Slonim**

Executive Director and Chief Operating Officer

Tal Slonim is a qualified engineer and operations manager with over 20 years of experience. Alongside his roles as co-founder and Chief Operating Officer at HeraMED Israel, Mr Slonim is also the co-founder and part-time Chief Executive Officer of Meytar R&D, one of Israel's top R&D services firms.

Mr Slonim brings vast knowledge, hands-on capabilities and profound experience in system design of multi-disciplinary, integrated solutions as well as transition to mass manufacturing and production line erection and validation.

Mr Slonim holds a B.Sc. cum laude from the faculty of engineering in Ben-Gurion University and an MBA from Bar-ilan University.

Mr Slonim was appointed as a Director on 27 September 2018.



#### Dr. Ron Weinberger

Non-Executive Chairman

Dr. Weinberger is an experienced technology and business development executive, with a demonstrated history of building significant value at multiple levels in the medical device industry.

Dr. Weinberger is the former Executive Director and Chief Executive Officer of Nanosonics Limited (ASX: NAN), currently a \$950 million market cap healthcare company, and has over 20 years' experience in developing and commercialising medical devices.

During his time at Nanosonics, Dr. Weinberger co-developed their platform technology, launched their breakthrough product Trophon globally and created the North American sales team to work alongside GE Healthcare. He also developed the distribution strategy for Europe having partnered with Toshiba Medical Systems (now Canon Medical Systems) and Miele Professional.

Dr. Weinberger was instrumental in transforming Nanosonics from a research and development company to one of Australia's leading medical device commercialisation success stories.

Dr. Weinberger holds a Ph.D. in Medical Biochemistry from the University of Newcastle and Bachelor of Science (Hons) in Molecular Pharmacology from the University of Sydney.

Dr. Weinberger currently holds no directorships in ASX-listed entities.

Dr. Weinberger was appointed as a Director on 21 August 2018 and is considered to be an independent Director.

#### **David Hinton**

Non-Executive Director

Mr Hinton is an experienced company executive in the information communication and technology sector. He is currently Chief Financial Officer and Company Secretary of Empired Limited (ASX:EPD) a \$200 million revenue IT services company with operations in five countries.

Prior to this he had a similar role with Amcom Telecommunications Limited, a successful national telecommunications company, from 2005 until 2015 when it was involved in a \$1.6b merger with Vocus Group. He has been involved in several strategic acquisitions in the technology sector and has extensive knowledge in the execution of corporate transactions, debt raising and stakeholder management in the ASX listed company environment.

Previously, Mr Hinton was a senior finance executive in a leading diversified ASX listed company and worked for Ernst & Young.

Mr Hinton has a Bachelor of Business Degree, is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand, a graduate of the Australian Institute of Company Directors and a member of the Governance Institute of Australia. He is also on the Board of Auspire – The Australia Day Council of WA.

Mr Hinton currently does not hold any directorships in ASX-listed entities.

Mr Hinton was appointed as a Director on 21 August 2018 and is considered to be an independent Director.



#### **Doron Birger**

Non-Executive Director

Mr Birger is the former chairman of the board of directors of Given Imaging (Nasdaq/TASE-GIVN), and was a board member, during different periods, in a variety of publicly traded companies (including Elbit Systems, Elbit Ltd, Netvision and Starling) as well as chairman and board member of many private companies.

During such period, he was involved in investments, merger exits, public offerings on Nasdaq and private equity rounds totalling billions of dollars.

Mr Birger currently serves as a board member and consultant to variety of technology companies, and conducts many voluntary and public activities.

Mr Birger holds a BA and an MA in economics from HUJI – Hebrew University of Jerusalem.

Mr Birger currently holds no directorships in ASX-listed entities.

Mr Birger was appointed as a Director on 5 October 2018 and is considered to be an independent Director.

## 6.3 Company Secretary

#### **Stephen Buckley**

Mr Buckley has more than 35 years' experience in financial markets having worked in both Australia and New Zealand. He is a Graduate of the Australian Institute of Company Directors and is the Managing Director of Company Secretary Solutions Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services.

#### 6.4 Senior Management

HeraMED has a highly experienced management team led by its Executive Directors, David Groberman and Tal Slonim. The team's skills are spread across the organisation, particularly in medical technologies R&D, obstetrics and gynaecology, clinical trials and regulation, business development, marketing and sales, and financial management. In addition to the Executive Directors, HeraMED's senior management team comprises the following:

#### **Dr. Josef Tovbin**

Chief Medical Adviser

Dr. Josef Tovbin is the Head of Labor and Delivery Ward at the new digital Assuta Ashdod medical centre – widely considered the most innovative and advanced hospital in Israel. Prior to Assuta, Dr. Tovbin was the Head of Labor and Delivery Ward at Assaf Harofeh Medical centre, one of the largest hospitals in Israel with over 10,000 births a year. Dr Tovbin is a specialist in obstetrics, gynecology, infertility and ultrasound.

Dr Tovbin is a member of the Israeli Society of Obstetrics and Gynecology, the Israeli Society of Ultrasound in Obstetrics and Gynecology and the International Society of Ultrasound in Obstetrics and Gynecology – ISUOG.

Dr Tovbin graduated from the Sackler Faculty of Medicine – Tel-Aviv University.

## **Ady Jakubovitz**

Vice President of Business Development

Ady Jakubovitz is an experienced serial entrepreneur with a demonstrated history of working and leading sales and marketing teams. Mr Jakubovitz has previously held positions as HP's



country sales manager, Executive VP at Matrix, a leading software integration house, and iMER Co-founder and CEO. Mr Jakubovitz is highly skilled in strategic planning, entrepreneurship, and BD. Mr Jakubovitz graduated from Technion - Israel Institute of Technology.

#### Sivan Sadan

Chief Financial Officer

Sivan Sadan has over 20 years of experience in financial management, investment banking and venture capital. In January of 2006, Mrs Sadan founded Or Capital Ltd, a boutique financial advisory firm specialising in capital raising, M&A and general financial guidance.

Mrs Sadan has previously held key positions as part of the management team at Tamir Fishman & Co., acting as Managing Director, Head of Corporate Finance, CO-CEO of Tamir Fishman Underwriting and partner at Tamir Fishman Ventures.

Mrs Sadan served as an external director on the board of Poalim IBI, a leading underwriting company in Israel, held partially by Bank Hapoalim (one of the largest commercial banks in Israel).

Sivan Sadan holds a Bachelor of Arts (Hons.) (Economics and Management) and an MBA (Finance) from Tel Aviv University.

#### **Michael Nenner**

Chief Technology Officer

Michael Nenner brings a combination of professionalism and creativity to HeraMED.

Coming from a diverse background of serving as a high ranked marine officer in the IDF's navy submarine flotilla, and an arts and music enthusiast as a professional drummer.

During his service in the IDF, Mr Nenner became an expert in advanced weapons technology and specifically focused in Sonar technology.

Mr Nenner holds a B.Sc in Engineering at Tel Aviv University, and has been working in R&D and management of multi-disciplinary medical and monitoring devices for 4 years before joining HeraMED.

#### **Dganit Litinski**

VP Regulation and Quality Assurance

Dganit Litinsky has over 15 years of experience in regulatory affairs and quality assurance management in medical device companies. Ms Litinsky has expertise in ISO 13485 and worldwide regulatory submissions including CE and FDA.

Ms Litinsky has previously held key positions as part of the management team at Pollogen Ltd., a company specialising in medical and aesthetic devices RF based for variable dermatological treatments, acting as VP Regularity Affairs and Quality Assurance (**RA QA**) and at Hip Hope Technologies Ltd., a company specialising in medical wearable protective devices for the elderly, acting as VP RA QA. In both companies Ms Litinsky initiated the quality management system and managed all regulatory submissions and certifications of the company products. Ms Litinsky also held the RA QA management position at Radiancy Ltd.

In addition to her position at HeraMED, Ms Litinsky serves as a consultant for several Israeli start-up companies.

Ms Litinsky holds a B.Sc. in materials science engineering from Ben Gurion University.



#### 6.5 Director Interests

Other than as set out below or elsewhere in this Prospectus, no existing Director or proposed Director holds at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- (c) the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to an existing Director or proposed Director to induce them to become, or qualify as, a Director or for services in connection with the formation or promotion of the Company or the Offers.

#### 6.6 Remuneration

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders, which is \$300,000 per annum.

The remuneration of Directors is reviewed annually by the Company.

The Directors are also entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses the Directors may incur when travelling to or from meetings or when otherwise engaged in the business of the Company.

The annual salaries paid to the Directors for the 2 financial years prior to the date of this Prospectus, and paid or payable to the Directors for the current financial year to 30 September 2018, and the proposed annual salaries payable to the Directors from completion of the Offers, are set out below.

Director	FY 2016	FY 2017	FY 2018 to 30 September 2018	From completion of Offers
David Groberman <sup>1</sup>	US\$144,003	US\$96,351	US\$60,254 <sup>2</sup>	US\$180,000 <sup>3</sup>
Groberman	(~AUD\$202,166)	(~AUD\$135,267)	(~AUD\$252,703)	(~AUD\$252,703)
Tal Slonim <sup>4</sup>	US\$106,427	US\$71,415	US\$31,804 <sup>5</sup>	US\$126,000 <sup>6</sup>
	(~AUD\$149,413)	(~AUD\$100,260)	(~AUD\$176,892)	(~AUD\$176,892)
Dr. Ron Weinberger <sup>3</sup>	Nil	Nil	Nil	A\$90,000
David Hinton <sup>4</sup>	Nil	Nil	Nil	A\$50,000
Doron Birger <sup>5</sup>	Nil	Nil	Nil	A\$50,000



#### Notes:

- 1. Under Israeli law, Mr Groberman is also entitled to statutory benefits which equate to 29.83% of his salary (i.e. US\$53,694 from completion of the Offers) and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%).
- 2. This amount does not include a one off performance bonus of US\$25,000 which is currently payable by HeraMED Israel to Mr Groberman.
- 3. Mr Groberman will also receive 3,750,000 New Options via the Management Offer.
- 4. Under Israeli law, Mr Slonim is also entitled to statutory benefits which equate to 29.83% of his salary (i.e. US\$37,586 from completion of the Offers) and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%).
- 5. This amount does not include a one off performance bonus of US\$25,000 which is currently payable by HeraMED Israel to Mr Slonim.
- 6. Mr Slonim will also receive 3,750,000 New Options via the Management Offer.
- 7. Dr. Weinberger was appointed as a Director on 21 August 2018. Amounts include any statutory superannuation.
- 8. Mr Hinton was appointed as a Director on 21 August 2018. Amounts include any statutory superannuation.
- 9. Mr Birger was appointed as a Director on 5 October 2018. Amounts include any statutory superannuation.

#### 6.7 Securities

Set out below are the anticipated relevant interests of the Directors in the securities of the Company upon completion of the Offers:

Director	Shares	New Options <sup>1</sup>	Deferred Consideration Shares <sup>2</sup>
David Groberman <sup>3</sup>	8,407,888	3,750,000	4,421,998
Tal Slonim <sup>4</sup>	8,407,888	3,750,000	4,421,998
Dr. Ron Weinberger <sup>5</sup>	200,000	100,000	Nil
David Hinton	Nil	Nil	Nil
Doron Birger	Nil	Nil	Nil

#### Notes:

- 1. The terms and conditions of the New Options are set out in Section 8.2.
- 2. The issue of the Deferred Consideration Shares is subject to the Company achieving the milestones set out in Section 7.1(b)(ii).
- 3. Mr Groberman will receive the Shares and Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement summarised in Section 7.1. Further, Mr Groberman will receive the New Options as part of his remuneration. See Section 8.4 for Mr Groberman's anticipated voting power in the Company upon completion of the Offers.
- 4. Mr Slonim will receive the Shares and Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement summarised in Section 7.1. Further, Mr Slonim will receive the New Options as part of his remuneration. See Section 8.4 for Mr Slonim's anticipated voting power in the Company upon completion of the Offers
- 5. Dr Weinberger advanced to the Company \$25,000 pursuant to a Convertible Loan Agreement which is convertible into 200,000 Shares together with 100,000 free-attaching New Options.

#### 6.8 Board Composition

The Board currently comprises of two Executive Directors and three Non-Executive Directors. Dr. Ron Weinberger has assumed the responsibility of the chairman of the Board.

The Board considers an independent Director to be a Non-Executive Director who is not a substantial Shareholder or a member of management and who is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of that Director's judgment. Of the Board, Dr. Ron



Weinberger, David Hinton and Doron Birger are considered to be independent Directors, giving the Company a majority of independent Directors, which is in line with the Recommendations.

# 6.9 Corporate Governance Policies

The Board recognises the importance of good corporate governance and establishing the accountability of the Board and management. To the extent relevant and practical, the Company has adopted a corporate governance framework that is consistent with the Corporate Governance Principles and Recommendations (3rd Edition) published by ASX Corporate Governance Council (**Recommendations**).

The Board has adopted the following suite of corporate governance policies which are available on the Company's website, including:

Board Charter

Audit and Risk Committee Charter

Nomination Committee Charter

Disclosure – Continuous Disclosure

Trading Policy

Shareholder Communications Strategy

Corporate Code of Conduct

Remuneration Committee Charter

Performance Evaluation

Disclosure – Risk Management

Diversity Policy

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

As HeraMED's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

The Company is required to report any departures from the Recommendations in its annual financial report. At the date of this Prospectus, the Company complies with the Recommendations other than to the extent set out below.



# **Corporate Governance Statement**

The Board of Directors of HeraMED Limited (**Company**) is responsible for the corporate governance of the Company. The Board guides and monitors the Company's business on behalf of its shareholders. The Company and its Board are fully committed to achieving and demonstrating the highest standards of accountability and transparency in their reporting and see the continued development of the Company's corporate governance policies and practices as fundamental to the Company's successful growth.

To the extent applicable, in light of the Company's size and nature, the Board has adopted *The Corporate Governance Principles and Recommendations* (*Third Edition*) as published by ASX Corporate Governance Council (**Recommendations**). However, the Board also recognises that full adoption of the Recommendations may not be practical or provide the optimal result given the particular circumstances of the Company.

The Company's full Corporate Governance Plan is available from the Company's website.

Recom	Recommendation			Comment
Princip	ole 2: S	tructu	re the Board to add value	
A listed	d entity	should	d have a board of an appropriate size, composition, skills and com	mitment to enable it to discharge its duties effectively.
2.1	The I		of a listed entity should: a nomination committee which: has at least three members, a majority of whom are	The Board is not currently of a sufficient size and structure to establish a nomination committee. At present, the full Board carries out the duties that would ordinarily be assigned to a nomination committee under the written terms of reference for that committee.
		(2) (3)	is chaired by an independent director,  and discloses	The Board is responsible for the appointment of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination.
	<ul> <li>(4) the charter of the committee;</li> <li>(5) the members of the committee; and</li> <li>(6) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul>	the members of the committee; and	The Board regularly reviews the composition of the Board to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.	
		As the Company grows in size, it is planned that the Company will establish a separate nomination committee with its own nomination committee charter.		
	(b)	proc	does not have a nomination committee, disclose that fact and the tesses it employs to address board succession issues and to tree that the board has the appropriate balance of skills,	



Recor	nmenda	tion		Comment
	knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.			
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.		and diversity that the board currently has or is looking to	The composition of the Board is reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.  As the Company grows in size, it is planned that the nomination committee will maintain and disclose a board skills matrix.
	•	_	rd integrity in corporate reporting I have formal and rigorous processes that independently verify ar	nd safeguard the integrity of its corporate reporting.
4.1	The (a)	have (1) (2) and (3) (4) (5) if it of proof interproof	of a listed entity should:  e an audit committee which:  has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and  is chaired by an independent director, who is not the chair of the board,  disclose:  the charter of the committee;  the relevant qualifications and experience of the members of the committee; and  in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or does not have an audit committee, disclose that fact and the cesses it employs that independently verify and safeguard the grity of its corporate reporting, including the processes for the ointment and removal of the external auditor and the rotation he audit engagement partner.	The Board is not currently of a sufficient size and structure to establish an audit committee. At present, the full Board carries out the duties that would ordinarily be assigned to an audit under the written terms of reference for that committee.  As the Company grows in size, it is planned at the Company will establish a separate audit committee with its own audit committee charter.  Under the Board's charter, the specific responsibilities of the Board include to recommend to shareholders the appointment of the external auditor and to meet with the external auditor when required and without management being present.  The Board meets with the Company's auditors at regular intervals to continually assess and monitor the performance of the external auditors.



Recomn	nendation	Comment
•	e 7: Recognise and manage risk entity should establish a sound risk management framework and periodically	review the effectiveness of that framework.
7.1	The board of a listed entity should:  (a) have a committee or committees to oversee risk, each of which:  (1) has at least three members, a majority of whom are independent directors; and  (2) is chaired by an independent director, and disclose:  (3) the charter of the committee;  (4) the members of the committee; and  (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.  The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back quarterly to the Board.  The Company's process of risk management and internal compliance and control includes:  (a) identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks.  (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls.  (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.  As the Company grows in size, it is planned at the Company will establish a separate audit and risk committee with its own committee charter.
7.3	<ul> <li>A listed entity should disclose:</li> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	The Company does not have an internal audit function.  Management oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.  The Board reviews reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.



Recor	nmendation	Comment
		When the Board is of a sufficient size and nature, it will establish and delegate to an Audit and Risk Committee responsibility for implementing the Company's risk management system.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	The Company believes it does not have any material exposure to economic, environmental or social sustainability risks and as such does not produce a sustainability report.
Princi	ple 8: Remunerate fairly and responsibly	
	d entity should pay director remuneration sufficient to attract and retain high qualed to all the creation of the high quality senior executives and to align their interests with the creation of	, , , , , , , , , , , , , , , , , , ,
8.1	The board of a listed entity should:  (a) have a remuneration committee which:  (1) has at least three members, a majority of whom are independent directors; and  (2) is chaired by an independent director, and disclose:  (3) the charter of the committee;  (4) the members of the committee; and  (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	The full Board is responsible for the determination of the remuneration of directors and senior executives and ensuring that such remuneration is appropriate and not excessive.  Where considered necessary, the Board may engage a remuneration consultant to assist with setting and reviewing the Company's executive and non-executive remuneration policies to ensure the Company attracts and retains executives and Directors who will create value for shareholders.  As the Company grows in size, it is planned at the Company will establish a separate remuneration committee with its own remuneration committee charter.
	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	



## 7. Material Contracts

Set out in this Section 7 is a summary of the material contracts to which the Company or HeraMED Israel is a party that may be material in terms of the Offers, for the operation of the business of HeraMED, or otherwise may be relevant to a potential investor in the Company.

The whole of the provisions of the contracts are not repeated in this Prospectus and any intending applicant who wishes to gain full knowledge of the content of the material contracts should inspect the same at the registered office of the Company.

#### 7.1 Acquisition Agreement

On or about 26 June 2018, the Company, Hera Med Ltd (Israeli Registration Number 51-467654-3) (**HeraMED Israel**) and the shareholders of HeraMED Israel (**Vendors**) entered into a share swap agreement pursuant to which the Company agreed to acquire 100% of the issued capital of HeraMED Israel from the Vendors (**Acquisition Agreement**).

The key terms of the Acquisition Agreement are as follows:

- (a) (**Conditions**): The Acquisition Agreement is conditional upon the satisfaction (or waiver) of the following:
  - (i) the Company raising the Minimum Subscription;
  - the Company receiving conditional approval by ASX to admit the Company's securities to the Official List and those conditions being to the reasonable satisfaction of the Company;
  - (iii) the parties obtaining all necessary regulatory approvals; and
  - (iv) the Vendors providing the Company with executed restriction agreements in the form required by ASX with respect to their proportion of the Consideration Shares.
- (b) (**Consideration**): In consideration for the acquisition of 100% of the issued capital of HeraMED Israel the Company has agreed to issue to the Vendors (and/or their nominees) (on a pro-rata basis):
  - (i) 37,400,000 Shares at completion; and
  - (ii) deferred consideration of:
    - (A) 5,525,000 Shares subject to the Company obtaining FDA approval for HeraBEAT to be used as a clinical medical device in the US on or before the date that is 12 months from the Company being admitted to the Official List;
    - (B) 5,525,000 Shares subject to the Company reaching cumulative revenue of \$7,500,000, which shall be verified by an independent auditor's report, within 24 months of being admitted to the Official List; and
    - (C) 8,500,000 Shares subject to the Company reaching cumulative revenue of \$15,000,000, which shall be verified by an independent auditor's report, within 36 months of being admitted to the Official List,

(together, the **Deferred Consideration Shares**). The Company has been granted a waiver of Listing Rules 7.1 and 10.11 to allow it to issue Deferred Consideration Shares to the Vendors upon satisfaction of the milestones set out above and without having to obtain Shareholder approval.

The Acquisition Agreement otherwise contains terms and conditions considered standard for an agreement of this nature.

#### 7.2 Mandate

The Company and HeraMED Israel have entered into a corporate advisory mandate (as amended) with Twenty 1 Corporate Pty Ltd ACN 614 272 230 (**T1C**) and Zaza Investments Pty Ltd ACN 613 660 067 (**Zaza**) (**Mandate**) pursuant to which:

- (a) T1C is engaged as lead manager with respect to the Public Offer and the fundraising pursuant to the Convertible Loan Agreements; and
- (b) T1C and Zaza are engaged as corporate advisers to the Company for a period of twenty-four (24) months with effect from 22 February 2018 which will be extended to the date that is twenty-four (24) months after completion of the Public Offer if completion occurs (**Term**),

(together, the Services).

The key terms and conditions of the Mandate are as follows:

- (a) (Fees): In consideration for the provision of the Services, the Company has agreed to:
  - (i) (Capital raising Fees): pay T1C (or its nominee) an amount equal to 6% of the capital raised, and actually received by the Company, under the Public Offer and pursuant to the Convertible Loan Agreements;
  - (ii) (**Monthly Retainer**): pay US\$7,500 (~AUD\$10,529) per month to each of T1C and Zaza during the Term;
  - (iii) (**Success Fee**): pay US\$12,500 on completion of the Public Offer and issue 3,300,000 Shares to each of T1C (or its nominees) and Zaza (or its nominees); and
  - (iv) (**Deferred Consideration Shares**): subject to 7.2(b), issue deferred consideration of:
    - (A) 446,875 Shares subject to the Company obtaining FDA approval for HeraBEAT to be used as a clinical medical device in the United States of America on or before the date that is 12 months from the Company being admitted to the Official List;
    - (B) 446,875 Shares subject to the Company reaching cumulative revenue of AUD\$7,500,000, which shall be verified by an independent auditor's report, within 24 months of being admitted to the Official List; and
    - (C) 687,500 Shares subject to the Company reaching cumulative revenue of AUD\$15,000,000, which shall be verified by an independent auditor's report, within 36 months of being admitted to the Official List,

(together, the **Deferred Consideration Shares**).

- (b) (Conditions to Deferred Consideration Shares): The following applies to the Deferred Consideration Shares:
  - (i) if a milestone is achieved and the Company is required to obtain shareholder approval for the issue of Shares (**Approval**), the Company will use its reasonable endeavours to obtain the Approval;
  - (ii) the Company will include a statement in the notice of meeting seeking the approval that the Board recommends that shareholders vote in favour of the Approval, subject to the Directors complying with their director duties; and
  - (iii) the Company will not be in default of its obligation to issue Shares pursuant to the satisfaction of a milestone, and the Corporate Advisers cannot take legal action, unless and until the Company has not issued the Shares within 6 months of the date that the milestone was satisfied.
- (c) (**Termination**): The Mandate will terminate without further liability to the Company or HeraMED Israel upon the following:
  - (i) expiration of the Term;
  - (ii) if the Minimum Subscription has not been raised by 28 February 2019.

Further, either party may terminate the Mandate immediately by providing written notice to the other party if:

- (iii) a party does not rectify any breach of the Mandate within 21 days after receiving written notice identifying the breach;
- (iv) if any warranty or representation given or made by it is not complied with or proves to be materially untrue; or
- (v) the party undergoes an insolvency event.

The Mandate otherwise contains terms and conditions that are considered standard for an agreement of this nature.

# 7.3 Convertible Loan Agreements

The Company has entered into loan agreements (**Convertible Loan Agreements**) with various lenders (**Lenders**) pursuant to which it has been provided with aggregate loans of up to AUD\$2,150,000 (**Convertible Loan**).

A summary of the material terms of the Convertible Loan Agreements are set out below:

- (a) (Interest): The Convertible Loan is provided on an interest-free basis.
- (b) (**Conversion**): The Convertible Loan shall automatically convert into Shares at a deemed conversion price of \$0.125:
  - (i) in the event the Public Offer completes prior to 24 February 2019 (**Sunset Date**), on the day that the Company issues Shares under the Public Offer; or
  - (ii) in the event the Public Offer does not complete prior to the Sunset Date, on the Sunset Date:

The Convertible Loan Agreements otherwise contain terms and conditions that are considered standard for agreements of their nature.

# 7.4 Distribution Agreement – Teva

In June 2018, HeraMED Israel entered into an exclusive license and distribution agreement (**Distribution Agreement**) with Abic Marketing Ltd. (a subsidiary of TEVA) (**Distributor**).

The key terms and conditions of the Distribution Agreement are set out below.

- (a) (**Appointment**): HeraMED Israel appoints the Distributor as its exclusive distributor for the distribution and sale of HeraBeat in Israel (**Territory**).
- (b) (**Licence**): HeraMED Israel grants the Distributor an exclusive licence to promote, distribute, market and sell HeraBeat in the Territory.
- (c) (**Minimum Annual Quantities**): The Distributer shall remain the exclusive distributer of HeraBeat in the Territory provided that the Distributor purchases the following minimum annual quantities (**MAQ**):
  - (i) Year 1 2,500 HeraBeat devices at US\$140 ( $\sim$ AUD\$197) each;
  - (ii) Year 2 5,000 HeraBeat devices at US\$140 (~AUD\$197) each; and
  - (iii) Year 3 8,000 HeraBeat devices at US\$130 (~AUD\$183) each.

In the event that the Distributor does not meet at least 85% of the MAQ in any year and has not reached the MAQ for that year together with the consecutive year at the end of such consecutive year, HeraMED Israel has the right to:

- (i) revoke the Distributor's exclusivity in the Territory by providing thirty (30) days' written notice to the Distributor; or
- (ii) terminate the Distribution Agreement by providing ninety (90) days' written notice to the Distributor.
- (d) (Marketing) The Distributer will allocate a qualified sales and distribution personnel as it considers necessary, which will consist of competent sales and marketing experts. The Distributer will initiate, at its expense, marketing programs aimed at the 'medical community', health maintenance organizations and/or insurance companies, and use its best efforts to provide support to business customers. Such marketing programs must be approved by HeraMED.

The Distributer will designate a marketing manager who will be an experienced project manager in the relevant field, and will serve as principal contact for the respective purposes of technical and business communications with HeraMED. In addition, HeraMED will designate its own project manager.

- (e) (Technical Support) The Distributer will allocate a staff of trained personnel sufficient to provide technical support to customers and/or users of HeraBEAT in Israel as it considers necessary and will respond to and complete all service calls from such users in a prompt and professional manner.
- (f) (**Term**): The Distribution Agreement has an initial term of 8 years and will be automatically renewed for additional one (1) year terms unless terminated by either party in accordance with the terms of the Distribution Agreement.
- (g) (**Termination**): The Distribution Agreement may be terminated by:

- (i) either party by giving one (1) year's notice in writing to the other party, without cause or liability provided that HeraMED Israel may not terminate within the first two years from the commencement date;
- (ii) either party if the other party is in material breach of the Distribution Agreement and which breach, in the case of a breach capable of being remedied, has not been remedied within 60 (sixty) days of a receipt of a written request to remedy the breach;
- (iii) the Distributor, in whole or in part, solely for reasons of medical safety, or legal or regulatory grounds; and
- (iv) either party if the other party is, admits to being or is declared insolvent, or voluntary or involuntary proceedings are instituted by or against it in bankruptcy, or receivership, or for a winding-up or for the dissolution or reorganization of its assets.

The Distribution Agreement contains representations and warranties by HeraMED Israel provided to the Distributor. These include but are not limited to representations and warranties relating to HeraBeat, and indemnities relating to breach of warranties and specifications. Under the Distribution Agreement, HeraMED Israel must obtain and maintain product liability insurance including contractual liability, with a limit of US\$1 million per occurrence.

The Distribution Agreement otherwise contains terms and conditions that are considered standard for an agreement of this nature, including, but not limited to, with respect to intellectual property.

# 7.5 Cooperation Agreement – Mayo

On 2 May 2018 (**Effective Date**), HeraMED Israel and Mayo Foundation for Medical Education and Research, a Minnesota charitable corporation (**Mayo**) entered into a know-how license agreement (**Cooperation Agreement**).

The key terms and conditions of the Cooperation Agreement are set out below.

- (a) (**Grant**): Mayo has granted HeraMED Israel:
  - (i) a worldwide exclusive license (with the right to sublicense), within the field of Fetal Monitoring Analysis Software (**Field**), to make, have made, use, offer for sale, sell, and import Licensed Products (as defined in the Agreement); and
  - (ii) a worldwide non-exclusive license, with the right to sublicense, within the Field and Territory, to use the Know-How and Materials (as defined in the Cooperation Agreement) to develop, make, have made, use, offer for sale, sell, and import Licensed Products (as defined in the Cooperation Agreement).
- (b) (**Know-how Commitment**): For a period of one-year from the Effective Date, unless terminated earlier, a representative of Mayo commits to confer with HeraMED Israel on a non-exclusive basis in the Field to develop and test Licenced Products.
- (c) (**Consideration**): As consideration for entering the Cooperation Agreement, Mayo received shares in HeraMED Israel, which will effectively convert into 729,531 Shares and 383,686 Deferred Consideration Shares in the Company pursuant to the Acquisition Agreement.
- (d) (**Intellectual Property**) HeraMED has the first right to register intellectual property rights developed under the agreement.

- (e) (**Term**): The Cooperation Agreement commenced on the Effective Date, and will end on the date that HeraMED Israel notifies Mayo that HeraMED Israel has discontinued sale of all Licensed Products.
- (f) (**Termination**): The Agreement may be terminated:
  - (i) by Mayo, by a 30 days prior written notice to HeraMED Israel on the occurrence of material breach of the Cooperation Agreement, including without limitation, the failure to make any required royalty or fee payments, and HeraMED Israel fails to cure such breach, Mayo may also, at its sole option, convert any or all exclusive licenses granted to non-exclusive licenses.
  - (ii) by Mayo, on the occurrence of any of the following events:
    - (A) HeraMED Israel or any sublicensee directly or indirectly brings any action or proceeding against Mayo or its affiliates; or
    - (B) HeraMED Israel ceases conducting business in the normal course, becomes insolvent or bankrupt, makes a general assignment for the benefit of creditors, admits in writing its inability to pay its debts as they are due, permits the appointment of a receiver for its business or assets or avails itself of or becomes subject to any proceeding under any statute of any governing authority relating to insolvency or the protection of rights of creditors.

The Cooperation Agreement otherwise contains terms and conditions that are considered standard for an agreement of its nature.

#### 7.6 Credit Line Agreement – Meytar

HeraMED Israel and Meytar (Digital) Engineering Ltd (**Meytar**), a company controlled by Messrs. David Groberman and Tal Slonim (i.e. the Executive Directors), entered into a Credit Line Agreement dated 21 December 2017 (**Credit Line Agreement**). As of 30 June 2018, the amount of US\$295,484 (~AUD\$414,831) (**Principal**) was owing by HeraMED Israel to Meytar.

The key terms and conditions of the Credit Line Agreement are set out below.

- (a) (**Interest**): The Principal shall bear interest from the date of payment of the Principal at a rate equivalent to the minimal interest amount recognised and attributed by the Israel Tax Authority.
- (b) (**Repayment**): Repayment of the Principle shall take place as follows:
  - (i) half of the Principal shall be repaid upon the consummation by HeraMED Israel of an equity investment/aggregate sales transaction or series of transactions which are in aggregate amount of at least US\$3,000,000; and
  - (ii) the second half of the Principal is to be repaid at the earlier of the date HeraMED Israel pays dividends or 21 December 2022.
- (c) (Accelerated Repayment): Amongst other events, upon the consummation of an IPO the Principal must be repaid in full.
- (d) (Waiver of accelerated repayment): the parties have agreed that despite the requirement to repay the Principal in full in accordance with clause (c) above, half the Principal will be repaid upon completion of the Public Offer with the second half to be repaid at the earlier of the date HeraMED Israel pays dividends or 21 December 2022.

The Credit Line Agreement otherwise contains terms and conditions that are considered standard for an agreement of its nature.

# 7.7 Executive Services Agreements

On 1 January 2016 (as amended on 1 August 2018), HeraMED Israel entered into executive employment agreements with:

- (a) Mr David Groberman pursuant to which Mr Groberman was appointed as the Chief Executive Officer (**CEO**); and
- (b) Mr Tal Slonim pursuant to which Mr Slonim was appointed as Chief Operating Officer (**COO**),

(together, the **Executive Directors**) of HeraMED Israel (**Executive Services Agreements**). Pursuant to the Acquisition, the Executive Directors have also entered into engagement letters with the Company (**Executive Engagement Letters**), which their arrangements as Executive Directors of the Company, and are subject to completion of the Acquisition Agreement.

A summary of the key terms of the Executive Services Agreements and the Executive Engagement Letters effective from completion of the Public Offer are set out below.

# (a) (Salary):

- (i) the CEO is entitled to a monthly salary of US\$15,000 (~AUD\$21,059); and
- (ii) the COO is entitled to a monthly salary of US\$10,500 (~AUD\$14,741).
- (b) (**Statutory Benefits**) In accordance with Israeli law, each Executive Director is entitled to statutory benefits which equate to 29.83% of its salary and include severance payments (8.33%), pension payments (7.5%), advanced study fund (7.5%) and social security (6.5%).
- (c) (**Term**): Each Executive's engagement commenced on 1 January 2016, and continues until the Executive's engagement is validly terminated in accordance with its terms.
- (d) (Termination by either Party): Each Executive Services Agreement may be terminated be either party by providing ninety (90) days' written notice to the other party (Notice Period), during which period the Executive must continue to perform his duties until the conclusion of the Notice Period.
- (e) (**Termination by the Company**): HeraMED Israel may terminate an Executive Services Agreement immediately, without notice or payment for the Notice Period, in the event the Executive Director commits a serious breach.
- (f) (**Termination Benefits**): In the event the Executive Director's employment is terminated by the Company (other than in the event of a material breach) or is terminated by the Executive Director for good reason, the Executive Director shall be entitled to receive 12-months' gross salary to be paid over a twelve (12) month period, and any unvested incentive securities will automatically vest. However, the termination benefits are limited by and subject to Listing Rule 10.19, and the Company may seek Shareholder approval for the purposes of Listing Rule 10.19 at a future time. Further, the Company intends to obtain Shareholder approval of the termination benefits for the purposes of section 200B and 200E of the Corporations Act prior to completion of the Offers.
- (g) (Compliance with Australian Laws): Pursuant to the Executive Engagement Letters, any provision contained in the Executive Services Agreements that is not consistent with, or is

in breach of the Corporations Act, the ASX Listing Rules, or any Australian law, has no force or effect.

The Executive Services Agreements and the Executive Engagement Letters otherwise contain terms and conditions which are considered standard for agreements of their respective nature, including those relating to confidentiality and intellectual property.

It is noted that each Executive Director will also receive 3,750,000 New Options as part of its remuneration, and a one off performance bonus of US\$25,000 (~AUD\$35,098) is currently payable by HeraMED Israel to each Executive Director.

#### 7.8 CFO Agreement

On 1 July 2018, HeraMED Israel entered into a service agreement with Or Capital Ltd (**Or Capital**) (an entity associated with Ms Sivan Sadan) for the provision of CFO services in connection with the development of the ongoing and future business of HeraMED (**CFO Agreement**).

A summary of the key terms of the CFO Agreement is set out below:

- (a) (**Salary**): A monthly fee of 29,000 NIS (~AUD\$11,240) (plus value added tax (**VAT**)) is payable to Or Capital for provision of the CFO services.
- (b) (IPO Bonus): Upon successful completion of the Public Offer, Or Capital is entitled to a one-off cash bonus of 25,000 NIS (~AUD\$9,690) (plus VAT).
- (c) (**Options**): Subject to the implementation of an employee share option plan and the Company obtaining any necessary approvals, the Company has agreed to issue Or Capital options, with a nominal exercise price, to acquire such number of Shares that equates to 0.5% of the Company (on a fully diluted basis) upon completion of the Public Offer (**Option Issue**). In the event the Option Issue has not been completed by 31 December 2019, and subject to the continuous employment of Or Capital until 1 January 2020, Or Capital shall be entitled to a one-off cash payment of US\$50,000 (~AUD\$70,195) in lieu of the Option Issue.
- (d) (**Term**): The CFO Agreement commenced on 1 July 2016 and shall continue until terminated in accordance with its terms.
- (e) (**Termination**): Either party may terminate the CFO Agreement by providing the other party with ninety (90) days written notice.
- (f) (**Termination for cause**): The Company may terminate the CFO Agreement immediately for cause (as defined in the CFO Agreement).

The CFO Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature, including those relating to confidentiality, and intellectual property.

#### 7.9 JT Agreement

On or about 1 July 2018 (**Effective Date**), HeraMED Israel entered into a consultancy agreement with JT Holdings (2017) Ltd (**JT Holdings**) pursuant to which JT Holdings, through Mr Ady Jakubovitz, agreed to provide "Vice President of Business Development" services (**Services**) to HeraMED Israel (**JT Agreement**).

The key terms and conditions of the JT Agreement are set out below.

(a) (**Salary**): A monthly fee of 33,333 NIS (~AUD\$12,919) (plus VAT) is payable to JT Holdings for provision of the Services.

- (b) (IPO Bonus): Upon successful completion of the Public Offer, JT Holdings is entitled to a one-off cash bonus of 45,000 NIS (~AUD\$17,440) (plus VAT).
- (c) (**Commission**): JT Holdings shall be entitled to a sales commission of:
  - (i) 5% from the sales of the first 3,000 HeraBEAT units;
  - (ii) 3% from the sales of the next 17,000 HeraBEAT units;
  - (iii) 2.5% from the sales of any HeraBEAT units above 20,000; and
  - (iv) 1.5% from the sales of any HeraBEAT units above 150,000.
- (d) (**Term**): The JT Agreement commenced on the Effective Date and shall continue until terminated in accordance with its terms.
- (e) (**Termination**): The JT agreement may be terminated as follows:
  - (i) by either party by providing the other party with sixty (60) days written notice; or
  - (ii) by HeraMED Israel immediately for cause (as defined in the JT Agreement).

The JT Agreement otherwise contains terms and conditions that are considered standard for an agreement of its nature, including with respect to intellectual property.

# 7.10 Employment Agreement – Michael Nenner

On 1 January 2013 (**Effective Date**), HeraMED Israel entered into an employment agreement with Michael Nenner, pursuant to which Mr Nenner was employed as the Vice President of Research & Development (**Nenner Agreement**) (as amended).

The key terms and conditions of the Nenner Agreement are set out below.

- (a) (**Salary**): On and from 1 January 2017, Mr Nenner is entitled to a gross monthly salary of NIS 27,200 (~AUD\$10,542) plus overtime compensation of 4,800 NIS (~AUD\$1,860).
- (b) (**Term**): The Nenner Agreement commenced on the Effective Date and shall continue until terminated in accordance with its terms.
- (c) (**Termination**): The Nenner agreement may be terminated as follows:
  - (i) by either party by providing the other party with thirty (30) days written notice; or
  - (ii) by HeraMED Israel immediately for cause (as defined in the Nenner Agreement).

The Nenner Agreement otherwise contains terms and conditions that are considered standard for an agreement of its nature, including with respect to intellectual property.

# 7.11 Non-Executive Director Engagement Letters

The Company entered into engagements letter with each of Ron Weinberger, David Hinton and Doron Birger for their appointments as Non-Executive Directors. The remuneration payable to the Directors is set out in Section 6.6.

The letters are otherwise on terms and conditions that are considered standard for agreements of this nature.

# 7.12 Deeds of access, indemnity and insurance

The Company has entered into deeds of access, indemnity and insurance with each Director which confirm each Director's right of access to certain books and records of the Company for a period of 7 years after the Director ceases to hold office. This 7-year period can be extended where certain proceedings or investigations commence before the 7 years expires. The deeds also require the Company to provide an indemnity for liability incurred as an officer of the Company, to the maximum extent permitted by law.

Under the deeds, the Company must arrange and maintain Directors' and Officers' insurance during each Director's period of office and for a period of 7 years after a Director ceases to hold office. This 7-year period can be extended where certain proceedings or investigations commence before the 7 years expires.

The deeds are otherwise on terms and conditions considered standard for deeds of this nature in Australia.

# 7.13 Escrow agreements

Please see Section 1.9 for details of the escrow agreements to be entered into by the Company prior to admission to the official list of ASX. The escrow agreements will be on ASX's standard terms and conditions as set out in Appendix 9B of the Listing Rules.

## 8. Additional Information

# 8.1 Rights and Liabilities Attaching to Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, Listing Rules and the Company's Constitution. A copy of the Company's Constitution is available upon request by contacting the Company on +61 6189 1155.

#### **Ranking of Shares**

At the date of this Prospectus, all shares are of the same class and rank equally in all respects. Shares issued pursuant to this Prospectus will rank equally with existing Shares.

# **Voting rights**

Subject to any special rights or restrictions (at present there are none), at any meeting each member present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held.

# **Dividend rights**

Subject to any rights or restrictions attached to a class of Shares, the Company may pay Dividends as the Directors resolve but only out of profits of the Company.

## Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of 75% of the Shares, or with the sanction of a special resolution passed at a general meeting.

#### **Transfer of Shares**

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and the Listing Rules, the Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Listing Rules require or permit the Company to do so.

## **Annual general meetings**

Each shareholder is entitled to receive notice of, and to attend and vote at, annual general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and Listing Rules.

# Rights on winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution:

- (a) divide among the shareholders the whole or any part of the Company's property; and
- (b) decide how the division is to be carried out between the Shareholders.

Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus must be divided among the member in the proportions which the amount paid (including amounts credited) on the Shares of a member is of the total amounts paid and payable (including amounts credited) on the Shares of all members.

# 8.2 New Options

The terms and conditions of the options are:

## (a) Entitlement and issue price

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option. The New Options will be issued for nil cash consideration.

#### (b) Exercise Price

Subject to clause 8.2(j) (Reconstruction of capital), the amount payable upon exercise of each New Option will be \$0.25 (**Exercise Price**).

#### (c) Expiry Date

Each New Option will expire at 5:00 pm (WST) on the date that is 36 months after issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

#### (e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

# (g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

If a notice delivered under 8.2(g)(ii) above for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do

all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

## (h) Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

#### (i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

#### (j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

#### (k) Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

# (l) Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

#### (m) Unquoted

The Company will not apply for quotation of the New Options on ASX.

# (n) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

# 8.3 Continuous Disclosure

The Company will be a "disclosing entity" for the purposes of Part 1.2A of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations which will require it to disclose to ASX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company will post information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

#### 8.4 Substantial Holders

Subject to who applies for Shares under the Public Offer, the Company anticipates that the only persons (and/or their nominees) who will have a voting power in the Company of 5% or more upon

completion of the Offers are set out below. Prior to quotation of the Company's Shares on the ASX, the Company will announce to ASX details of its top 20 Shareholders by number of Shares.

Holder	Minimum Subscription		Maximum Subscription	
	Shares	Voting power	Shares	Voting power
Holley Pharmaceutical Group Co., Ltd	9,402,212	10.91%	9,402,212	10.31%
David Groberman <sup>1</sup>	8,407,888	9.75%	8,407,888	9.22%
Tal Slonim <sup>2</sup>	8,407,888	9.75%	8,407,888	9.22%

#### Notes:

- 1. Mr Groberman will also hold 3,3750,000 New Options as part of his remuneration and the rights to 4,421,998 Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement.
- 2. Mr Slonim will also hold 3,3750,000 New Options as part of his remuneration and the rights to 4,421,998 Deferred Consideration Shares as a Vendor pursuant to the Acquisition Agreement.

## 8.5 Expert and Adviser Interests

Other than as set out below or elsewhere in this Prospectus, no expert, promoter, underwriter or other person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, at the date of this Prospectus, or has held in the 2 years prior to the date of this Prospectus, an interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offers; or
- (c) the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of the Company or the Offers.

Twenty 1 Corporate Pty Ltd has acted as lead manager to the Public Offer and a corporate adviser to the Company. Total fees payable to Twenty 1 Corporate Pty Ltd for these services are set out in Section 7.2.

Zaza Investments Pty Ltd has acted as a corporate adviser to the Company. Total fees payable to Zaza Investments Pty Ltd for these services are set out in Section 7.2.

BDO Corporate Finance (WA) Pty Ltd has prepared the Investigating Accountant's Report which is included in Section 4. Total fees payable to BDO Corporate Finance (WA) Pty Ltd for these services are approximately USD\$14,000 plus GST.

Pearl Cohen has acted as the Israeli legal adviser to the Company and has prepared the Intellectual Property Report included in Section 5. Total fees payable to Pearl Cohen for these services are approximately \$100,000 plus GST.

Edwards Mac Scovell has acted as the Australian legal adviser to the Company in relation to the Public Offer. Total fees payable to Edwards Mac Scovell for these services are approximately \$60,000

plus GST. Further amounts may be paid to Edwards Mac Scovell under its normal time based charges.

#### 8.6 Consents

Each of the parties referred to below:

- (a) does not make the Public Offer;
- (b) has not authorised or caused the issue of this Prospectus;
- (c) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below.

Twenty 1 Corporate Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the lead manager to the Public Offer and a corporate adviser to the Company in the form and context in which it is named.

Zaza Investments Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as a corporate adviser to the Company in the form and context in which they are named.

BDO Corporate Finance (WA) Pty Ltd has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the investigating accountant to the Company in the form and context in which it is named and to the inclusion of the Investigating Accountant's Report in Section 4 in the form and context in which it is included.

Pearl Cohen has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Israeli legal adviser to HeraMED Israel in the form and context in which it is named and to the inclusion of the Intellectual Property Report in Section 5 in the form and context in which it is included.

Edwards Mac Scovell has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the Australian legal adviser to the Company in relation to the Offers in the form and context in which it is named.

Automic Registry Services has given, and has not before lodgement of this Prospectus withdrawn, its written consent to be named in this Prospectus as the share registry to the Company in the form and context in which it is named.

There are a number of persons referred to elsewhere in this Prospectus who have not made statements included in this Prospectus and there are no statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

# 8.7 Expenses of the Offers

The estimated expenses of the Offers (exclusive of GST) are set out below.

Expense	Minimum Subscription	Maximum Subscription
Capital raising fees	\$300,000	\$360,000
Corporate advisory fees	\$242,240	\$242,240
Accounting (Israel)	\$79,593	\$79,593
Accounting (Australia)	\$25,608	\$25,608
Tax	\$19,379	\$19,379
Legal (Israel)	\$100,000	\$100,000
Legal (Australia)	\$60,000	\$60,000
Insurance	\$48,400	\$48,400
ASX fees	\$81,102	\$82,152
ASIC fees	\$3,206	\$3,206
Printing and registry costs	\$10,000	\$10,000
Total	\$969,528	\$1,030,578

### 8.8 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and no Director is aware of any material legal proceedings that are pending or threatened against the Company.

#### 8.9 Taxation

The tax consequences of any investment in Securities will depend upon each applicant's particular circumstances. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers by consulting their own professional tax advisers. Accordingly, the Company strongly recommends that all applicants obtain their own tax advice before deciding on whether or not to invest. Neither the Company, its Directors nor any of its advisers accept any liability or responsibility in respect of the taxation consequences of an investment in Securities under an Offer.

# 8.10 Foreign Investor Restrictions

This Prospectus does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. No action has been taken to register or qualify Securities that are offered under this Prospectus or otherwise permit a public offering of the Securities in any jurisdiction outside Australia.

# (a) Hong Kong

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong You are advised to exercise caution in relation to an Offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Securities have not been offered or sold and will not be offered or sold in Hong Kong by means of any document other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (SFO) and any rules made under that ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (CO) or which do not constitute an offer to the public within the meaning of that ordinance.

This document is only distributed in Hong Kong to professional investors as defined in the SFO and any rules made under that ordinance. This document has not been, and will not be, registered as a prospectus under the CO.

Further no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or ready by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are, or are intended to be, disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that ordinance. This document and the information contained in it may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong. No person allotted Securities may sell, or offer to sell, such Securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Securities.

### (b) Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves

with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

# 8.11 Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director and proposed Director has consented to the lodgement of this Prospectus with ASIC and the issue of this Prospectus, and has not withdrawn that consent.

### 9. Definitions

A\$ means an Australian dollar.

**AIFRS** means Australian International Financial Reporting Standards.

**Acquisition** means the proposed acquisition of 100% of the issued capital in HeraMED Israel by the Company pursuant to the Acquisition Agreement.

**Acquisition Agreement** means the share swap agreement between the Company, HeraMED Israel and the Vendors dated on or about 21 June 2018 as summarised in Section 7.1.

**Additional Offerees** means the Vendors, the Noteholders, the Corporate Advisers, the Lead Manager and the Executive Directors (and/or their nominees), as applicable.

**Additional Offers** means the Vendor Offer, the Management Offer, the Broker Offer and the Noteholder Offer.

**Application Form** means a Public Offer Application Form, a Vendor Offer Application Form, a Management Offer Application Form, a Noteholder Offer Application Form or a Broker Offer Application Form, as applicable.

**Application Monies** means the amount of money payable for Shares under the Public Offer at \$0.20 each.

**ASIC** means Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

**ASX Settlement** means ASX Settlement Pty Limited ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the official settlement and operating rules of ASX Settlement.

**Board** means the board of Directors.

**Broker Offer** means the offer of 7,500,000 New Options to the Lead Manager (and/or its nominees) as consideration for broking services provided to the Company in connection with the Public Offer.

**Broker Offer Application Form** means a "Broker Offer Application Form" in the relevant form accompanying this Prospectus pursuant to which the Lead Manager (and/or its nominees) may apply for New Options under the Broker Offer.

**CFDA** means the China Food and Drug Administration.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date that the Public Offer close being 5.00pm (WST) on 16 November 2018, or any other time and date determined by the Company.

**Company** means HeraMED Limited ACN 626 295 314.

**Constitution** means the constitution of the Company.

**Convertible Loan Agreements** means the convertible loan agreements entered into between the Company and the Noteholders as summarised in Section 7.3.

**Convertible Notes** means the convertible notes issued under the Convertible Loan Agreements.

Corporations Act means the Corporations Act 2001 (Cth).

Corporate Advisers means T1C and Zaza.

**Deferred Consideration Shares** means the Shares to be issued to the Vendors and the Corporate Advisers subject to the satisfaction of the milestones set out in Sections 7.1(b)(ii) and 7.2(b) (as applicable).

**Director** means a director of the Company.

**EU** means the European Union.

**Executive Directors** means David Groberman and Tal Slonim.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus which period may be extended by up to a further 7 days.

**FDA** means the US Food & Drug Administration.

**Group** or **HeraMED** means the Company and HeraMED Israel, or either one of them, as the context requires.

**HeraBEAT** means the medical grade, foetal heart rate monitor developed by HeraMED as described in Section 2.6.

**HeraMED Israel** means Hera Med Ltd, a company incorporated in Israel with Registration Number P.C. 51-467654-3.

**Investigating Accountant's Report** means the investigating accountant's report prepared by BDO Corporate Finance (WA) Pty Ltd and included in Section 4.

**Lead Manager** means Twenty 1 Corporate Pty Ltd ACN 614 272 230 (Australian Financial Services Authorised Representative Number 1254690).

Listing Rules means the official listing rules of ASX.

**Management Offer** means the offer of 7,500,000 New Options to the Executive Directors (and/or their nominees) as part of their remuneration.

**Management Offer Application Form** means a "Management Offer Application Form" in the relevant form accompanying this Prospectus pursuant to which a relevant member of the Company's management team (and/or its nominees) may apply for Securities under the Management Offer.

**Mandate** means the corporate mandate between the Company, HeraMED Israel and the Corporate Advisers summarised in Section 7.2.

**Maximum Subscription** means the subscription of 30,000,000 Shares at an issue price of \$0.20 each to raise \$6,000,000 before costs under the Public Offer.

**Minimum Subscription** means the subscription of 25,000,000 Shares at an issue price of \$0.20 each to raise \$5,000,000 before costs under the Public Offer.

**Noteholder Offer** means the offer of 17,200,000 Shares and 8,600,000 New Options to the Noteholders (and/or their nominees) upon conversion of the Convertible Notes.

NIS means Israeli new shekel, the currency of Israel.

**Noteholder Offer Application Form** means a "Noteholder Offer Application Form" in the relevant form accompanying this Prospectus pursuant to which a Noteholder (and/or its nominees) may apply for Securities under the Noteholder Offer.

**Noteholders** means the holders of the Convertible Notes.

**Offers** means the Public Offer, the Vendor Offer, the Management Offer, the Noteholder Offer and the Broker Offer, and **Offer** means any one or more of them, as the context requires.

Official List means the official list of ASX.

**Opening Date** means the date that the Public Offer open being 9:00am WST on 23 October 2018 (subject to any extension of the Exposure Period), or any other time and date determined by the Company.

**New Option** means an option issued on the terms set out in Section 8.2.

PRC means the People's Republic of China.

**Prospectus** means this prospectus dated 15 October 2018.

**Public Offer** means the offer of up to 30,000,000 Shares under this Prospectus at an issue price of \$0.20 each to raise up to \$6,000,000 before costs.

**Public Offer Application Form** means a "Public Offer Application Form" in the relevant form accompanying this Prospectus pursuant to which a person may apply for Shares under the Public Offer

**Section** means a section of this Prospectus.

**Security** means an equity security (as that term is defined in the Listing Rules) of the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Automic Registry Services.

Shareholder means a holder of one or more Shares.

T1C means Twenty 1 Corporate Pty Ltd ACN 614 272 230.

**TEVA** means Abic Marketing Ltd., a subsidiary of Teva Pharmaceutical Industries Limited.

**UK** means the United Kingdom.

US means the United States of America.

US\$ or USD means a US dollar.

**Vendor Offer** means the offer of 37,400,000 Shares to the Vendors (and/or their nominees) as partial consideration for the purposes of the Acquisition.

**Vendor Offer Application Form** means a "Vendor Offer Application Form" in the relevant form accompanying this Prospectus pursuant to which a Vendor (and/or its nominees) may apply for Securities under the Vendor Offer.

Vendors means the shareholders of HeraMED Israel, and Vendor means any one of them.

WST means Western Standard Time, being the time in Perth, Western Australia.

Zaza means Zaza Investments Pty Ltd ACN 613 660 067.

### **Public Offer Application Form**

	••		
	eraMED Limited		
ill c	out this Application Form if you wish to apply for Shares in HeraMED Limited under the Public Offer Please read the Prospectus dated 15 October 2018.  Follow the instructions to complete this Application Form (see reverse).  Print clearly in capital letters using black or blue pen.		
	Offer class	oc at E OOnm WST on	16 November 2019

	Number of Shares you are applying f	or						В	otal	amo	unt						
_	num of 10,000 Shares to be applied for.																
	Write the name(s) you wish to regist Applicant 1	er the S	Shares	in <i>(s</i>	see reve	erse f	or in	structio	ons)								
						$\top$											
	Name of Applicant 2 or < Account Des	ignation	1 >	ļ													
						Т						Т		Τ	П		
	Name of Applicant 3 or < Account Des	ignation	1 >														
	Name of Applicant 3 of Account bes	griation				T			Π			Т		T	Τ		
	Write your postal address here Number / Street																
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	Enter your Tax File Number(s), ABN, Applicant #1  Applicant #3  Cheque payment details – PIN Cheque Please enter details of the cheque(s) the	e(s) Here		A	pplican	t #2			our		ue or	banl	c draf	t pay	able	to	
	Enter your Tax File Number(s), ABN, Applicant #1  Applicant #3  Cheque payment details – PIN Cheque Please enter details of the cheque(s) th 'HeraMED Limited – Subscription Account	e(s) Here	e mpany	this.	Applica	t #2			our					. ,			
	Enter your Tax File Number(s), ABN, Applicant #1  Applicant #3  Cheque payment details – PIN Cheque Please enter details of the cheque(s) the	e(s) Here	e mpany	A	Applica	t #2			our				k draf ue Ar	. ,			
	Enter your Tax File Number(s), ABN, Applicant #1  Applicant #3  Cheque payment details – PIN Cheque Please enter details of the cheque(s) th 'HeraMED Limited – Subscription Account	e(s) Here	e mpany	this.	Applica	t #2			our					. ,			

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of HeraMED Limited (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

#### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are crossreferenced to each section of the Application Form.

#### Instructions

names.

- If applying for Shares insert the number of Shares for which you wish to subscribe at Item A (not less than 10,000). Multiply by \$0.20 to calculate the total for Shares and enter the dollar amount at B.
- Write your full name. Initials are not acceptable for first G.
- Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

- Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN / ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Complete cheque details as requested. Make your cheque payable to 'HeraMED Limited - Subscription Account', cross it and mark it 'Not negotiable'. Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
- Enter your contact details so we may contact you regarding your Application Form or Application Monies.

### NB: Your registration details provided must match your CHESS account exactly.

### **Correct form of Registrable Title**

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	Correct form of Registrable Title	Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<j a="" c="" d="" family="" smith=""></j>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<est a="" c="" john="" lte="" smith=""></est>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

Post or deliver your completed Application Form with cheque(s) attached to the following address:

Mail to: Deliver to: HeraMED Limited HeraMED Limited

PO Box 982 Level 2, 46-50 Kings Park Road

West Perth WA 6872 West Perth WA 6005

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact the Company on +61 8 6189 1155.

### **Privacy Statement**

# **Vendor Offer Application Form**

### **HeraMED Limited**

ACN 626 295 314

Fill ou x x x x x	t this Application Form if you wish to apply for Shares in HeraMED Limited under the Vendor Offer You must be a Vendor to apply under the Vendor Offer. Please read the Prospectus dated 15 October 2018. Follow the instructions to complete this Application Form (see reverse). Print clearly in capital letters using black or blue pen.
	Offer closes at 5.00pm WST on 16 November 2018
A	Number of Shares you are applying for
В	Write the name(s) you wish to register the Shares in (see reverse for instructions)
	Applicant 1
	Name of Applicant 2 or < Account Designation >
	Name of Applicant 3 or < Account Designation >
С	Write your postal address here
	Number / Street
	Number 7 Street
	Suburb/Town State Postcode
	Suburb/Town State Postcode
D	CHESS participant – Holder Identification Number (HIN)  X
Ε	Enter your Tax File Number(s), ABN, or exemption category
	Applicant #1 Applicant #2
	Applicant #3
F	Contact telephone number (daytime/work/mobile)

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of HeraMED Limited (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares in the Company.

#### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- A. If applying for Shares insert the number of Shares for which you wish to subscribe at Item A.
- E. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN / ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Write your full name. Initials are not acceptable for first names.
- F. Enter your contact details so we may contact you regarding your Application Form.
- C. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- D. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

#### NB: Your registration details provided must match your CHESS account exactly.

#### **Correct form of Registrable Title**

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	e of Investor Correct form of Registrable Title	
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<j a="" c="" d="" family="" smith=""></j>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<est a="" c="" john="" lte="" smith=""></est>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

Post or deliver your completed Application Form to the following address:

Mail to:Deliver to:HeraMED LimitedHeraMED Limited

PO Box 982 Level 2, 46-50 Kings Park Road

West Perth WA 6872 West Perth WA 6005

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact the Company on +61 8 6189 1155.

### **Privacy Statement**

# **Noteholder Offer Application Form**

Fill out this Application Form if you wish to apply for Shares and Options in HeraMED Limited

# **HeraMED Limited**

ACN 626 295 314

	the Noteholder Offer.	
ζ	You must be a Noteholder to apply under the Noteholder Offer.	7
K	Please read the Prospectus dated 15 October 2018.	_
ζ	Follow the instructions to complete this Application Form (see reverse).  Print clearly in capital letters using black or blue pen.	
	Finit cleanly in capital retters using black or blue peri.	
	Offer closes at 5.00pm WST on 16 November 2018	
Α		
^	Number of Shares and Options you are applying for	
D		i
В	Write the name(s) you wish to register the Shares and Options in (see reverse for instructions)	
	Applicant 1	
	Name of Applicant 2 or < Account Designation >	
	Name of Applicant 3 or < Account Designation >	
		ł
С	Write your postal address here	I
C	write your postal address nere	
	Number / Street	
	Suburb/Town State Postcode	
		ì
D	CHESS participant – Holder Identification Number (HIN) Important please note if the name & address details above in	
	x sections C & D do not match exactly with your registration details held at CHESS, any Shares and Options issued as a result of your	
	application will be held on the Issuer Sponsored subregister.	
	,,	i
Ε	Enter your Tax File Number(s), ABN, or exemption category	
	Applicant #1 Applicant #2	
	Applicant #3	
		h
_		
F	Contact telephone number (daytime/work/mobile)	

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of HeraMED Limited (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Shares and Options will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Shares and Options in the Company.

#### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- A. If applying for Shares and Options insert the number of Shares and Options for which you wish to subscribe at Item A.
- E. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN / ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Write your full name. Initials are not acceptable for first names.
- F. Enter your contact details so we may contact you regarding your Application Form.
- C. Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint applicants, only one address can be entered.
- D. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.

### NB: Your registration details provided must match your CHESS account exactly.

#### **Correct form of Registrable Title**

Note that ONLY legal entities can hold Shares and Options. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

pe of Investor Correct form of Registrable Title		Incorrect form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith	John Smith Family Trust
Deceased Estates	<j a="" c="" d="" family="" smith=""></j>	John Smith (deceased)
Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<est a="" c="" john="" lte="" smith=""></est>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

Post or deliver your completed Application Form to the following address:

Mail to:Deliver to:HeraMED LimitedHeraMED Limited

PO Box 982 Level 2, 46-50 Kings Park Road

West Perth WA 6872 West Perth WA 6005

It is not necessary to sign or otherwise execute the Application Form. For questions on how to complete the Application Form, please contact the Company on +61 8 6189 1155.

#### **Privacy Statement**

# **Management Offer Application Form**

# **HeraMED Limited**

ACN 626 295 314

	at this Application Form if you wish to apply for Options in HeraMED Limited or the Management Offer.  You must be an Executive Director to apply under the Management Offer. Please read the Prospectus dated 15 October 2018. Follow the instructions to complete this Application Form (see reverse). Print clearly in capital letters using black or blue pen.  Offer closes at 5.00pm WST on 16 November 2018
A	Number of Options you are applying for
В	Write the name(s) you wish to register the Options in (see reverse for instructions)  Applicant 1
	Name of Applicant 2 or < Account Designation >
	Name of Applicant 3 or < Account Designation >
C	Write your postal address here
	Number / Street
	Suburb/Town State Postcode
D	CHESS participant – Holder Identification Number (HIN)  X   Important please note if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Options issued as a result of your application will be held on the Issuer Sponsored subregister.
Ε	Enter your Tax File Number(s), ABN, or exemption category  Applicant #1  Applicant #3
F	Contact telephone number (daytime/work/mobile)

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of HeraMED Limited (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Options will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Options in the Company.

#### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

#### Instructions

- A. If applying for Options insert the number of Options for which you wish to subscribe at Item A.
- E. Enter your Australian tax file number (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN / ABN of each joint applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- Write your full name. Initials are not acceptable for first names.

joint applicants, only one address can be entered.

- Enter your postal address for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For
- D. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.
- F. Enter your contact details so we may contact you regarding your Application Form.

#### NB: Your registration details provided must match your CHESS account exactly.

#### **Correct form of Registrable Title**

Note that ONLY legal entities can hold Options. The application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below:

Type of Investor	e of Investor Correct form of Registrable Title	
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Partnerships	Mr Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	<est a="" c="" john="" lte="" smith=""></est>	Smith Investment Club
Superannuation Funds	Mr John David Smith & Mr Ian Lee Smith	John Smith Superannuation Fund

#### Lodgement

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Mail to:Deliver to:HeraMED LimitedHeraMED Limited

PO Box 982 Level 2, 46-50 Kings Park Road

West Perth WA 6872 West Perth WA 6005

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### **Privacy Statement**

# **Broker Offer Application Form**

### **HeraMED Limited**

ACN 626 295 314

	at this Application Form if you wish to apply for the Broker Offer. You must be the Lead Manager to apply unde Please read the Prospectus dated 15 October Follow the instructions to complete this Applic Print clearly in capital letters using black or bl	r the Bro 2018. ation For	ker Offe	er.													
								Offer	clos	es at	5.00p	m W	ST or	16 N	oven	nber 2	2018
Α																	
	Number of Options you are applying f	or															
В	Write the name(s) you wish to registe	r the O	otions	in (	see rev	erse	for	instru	ction	ıs)							
	Applicant 1	,		(						-,							
	Applicant 1		$\top$			Π			T	T			T	ТТ	$\top$	$\top$	
	Name of Applicant 2 or < Account Desig	nation >															
			$\top$			Π			T	T			T	ТТ	$\top$		
	Name of Applicant 3 or < Account Desig	nation >							_								_
	Name of Applicant of Anodount Desig								Т	Т		Т	Т	T	$\top$		
C	Write your postal address here																
	Number / Street																_
	Suburb/Town										State	<u> </u>		Pos	stcode	е .	
							T		T				7				
D	CHESS participant – Holder Identifica	tion Nu	mber (	HIN		section held a	ns C at CH	please & D do ESS, a I on the	not in	match tions	exact issued	ly with I as a	your result	registr	ration	details	S
Ε	Enter your Tax File Number(s), ABN,	or exem	ption	cate	egory												
	Applicant #1			Ap	plicant	#2							_				
	Applicant #3																
F	Contact telephone number (daytime/we	ork/mob	ile)														

By submitting this Application Form, I/We declare that this application is completed and lodged according to the Prospectus and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the Constitution of HeraMED Limited (Company). I/We was/were given access to the Prospectus together with the Application Form. I/We represent, warrant and undertake to the Company that our subscription for the above Options will not cause the Company or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Options in the Company.

### YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

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#### **Privacy Statement**