



## ASX ANNOUNCEMENT

31 January 2019

### December Quarterly Activity Report

**HeraMED Limited (ASX: HMD)**, a provider of innovative, connected pregnancy monitoring solutions for home and professional use offers this report on its activities for the quarter ended 31 December 2018.

This period was dominated by the Company's ASX listing efforts which ended with a successful, oversubscribed AU\$6 million IPO. In parallel, the Company achieved several significant milestones and progressed its plans actively as outlined below:

- First Purchase Order from Teva Pharmaceutical Industries Limited (NASDAQ: TEVA, TLV: TEVA) for 1,000 HeraBEAT units.
- Comprehensive Australian distribution agreement signed (January 2019) with Dale Group International, a leading baby and toddler product supplier, including a commitment to distribute a minimum of 9,000 units over the first three years.
- 100 HeraBEAT units supplied to Indian agent Consultus Group for pilots and evaluation.
- Regulatory and clinical efforts bear fruits as the Company obtains TGA (Therapeutic Goods Administration) approval in Australia for HeraBEAT and BSI (The British Standards Institute) updated certification including the new medical quality standard ISO13485:2016.

### Cash Flows

Whilst this quarter still reflected significant R&D and manufacturing expenditures it also showed an increase in marketing and sales efforts; this trend will continue during 2019 as the Company applies more focus and resources in this area, whilst still allocating suitable resources for its core R&D capabilities and new products, solutions and services.

### Business operations

#### Products and Technology

The completion of the manufacturing line in Israel for HeraBEAT smart fetal HR (heart rate) monitor and the manufacture of the first batch of 2,000 units, were the subject of the Company's focus this quarter. They are expected to be completed by the end of first calendar quarter 2019.

In parallel, the Company continues to invest in developing the "HeraCARE" service, cloud-based infrastructure to allow third parties to integrate HeraBEAT into their offering with real-time data upload and professional dashboard allowing experts to review and analyse the fetal HR results distantly. This SaaS-based service, whilst still under development, is intended to open additional market opportunities in many verticals. Additional efforts were invested in the R&D of the Company's next generation of advanced pregnancy monitor (i.e. "EchoBEAT"). EchoBEAT is planned to demonstrate superior technology advantages and ground-breaking medical and clinical value.

The "Orion" AI project in cooperation with Mayo Clinic continues to gain support from clinical experts and the Company started negotiations for integrating additional data sources and clinical collaboration with several leading institutes.

## Sales and Customer Success

In Q4 the Company steadily started to grow its sales and business development activities. Teva issued the first order of 1,000 HeraBEAT units whilst marketing activities in Israel were increased. With TGA approval for HeraBEAT in Australia, the Company managed to sign an exclusive distribution agreement for Australia and New-Zealand with Dale Group International. Dale Group International is a privately held baby and toddler product distributor that supplies major retailers including Baby Bunting, BigW and more than 300 baby product retailers across the country. The agreement includes a commitment to distribute a minimum of 9,000 units over the first three years, generating a minimum of circa AU\$1.9 million over the first three years. The agreement further covers an extensive collaboration in marketing (digital and offline) activities as well as comprehensive customer support.

We continue to receive positive customer feedback about the strong impact that HeraBEAT has on the emotional and physical well-being of pregnant mothers.

## Outlook for 2019

The Company is now funded and focused on delivering its commercial goals in existing and new markets. The Company will work with existing distribution networks in Israel and Australia to ensure there is strong adoption of HeraBEAT by consumers in these regions. With respect to building new markets, efforts will be focused primarily on identifying distributors and partners for the EU starting with the UK and Germany. The Company plans to hire an EU commercial leader and increase the EU staff to include sales, marketing staff and experts.

The Company strongly believes in the e-commerce channel supported by digital marketing and leveraging social networks. To support this approach, the Company has allocated resources to its B2C platform, content creation and social networking platform. We anticipate a strong outlook for 2019 calendar year, working closely with our partners in existing markets, developing new ones with both business to business and direct customer strategies while developing the next generation of HeraMED products to transform pregnancy care.

**-ENDS-**

For more information, please visit [www.hera-med.com](http://www.hera-med.com).

### **HeraMED Limited**

CEO and Co-Founder

David Groberman

M: +972-52-6991188

E: David@hera-med.com

Company Secretary

Stephen Buckley

T: +61 (0)8 6189 1155

E: stephen@companysecsol.com.au

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

HeraMED Limited

**ABN**

65 626 295 314

**Quarter ended ("current quarter")**

31 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter</b>	<b>Year to date*</b>
	<b>\$US'000</b>	<b>(3 months)</b>
		<b>\$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	14	14
1.2 Payments for		
(a) research and development	(13)	(13)
(b) product manufacturing and operating costs	(42)	(42)
(c) advertising and marketing	(52)	(52)
(d) leased assets	-	-
(e) staff costs	(326)	(326)
(f) administration and corporate costs	(214)	(214)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST/VAT refunds	70	70
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(563)</b>	<b>(563)</b>

\* This Appendix 4C is the first one lodged by HeraMED Limited (HMD) following completion of the acquisition of HeraMED Ltd (Israel) on 10 December 2018 and ASX listing on 10 December 2018.

In accordance with Accounting Standards, the acquisition of HeraMED Ltd (Israel) has been accounted for as a reverse acquisition. As a result, the consolidated statement of cash flows comprises the cash transactions of HeraMED Ltd (Israel) for the period 1 January 2018 – 31 December 2018 and the cash transactions of HMD for the period 10 December 2018 – 31 December 2018.

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1)	(1)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – cash on reverse acquisition	5	5
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>4</b>	<b>4</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	4,228	4,228
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(467)	(467)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(146)	(146)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,615</b>	<b>3,615</b>

**Note:**

Payments disclosed under 3.6 above were made pursuant to a Credit Line Agreement dated 21 December 2017 with Meytar (Digital) Engineering Ltd a company controlled by Messrs David Groberman and Tal Slonim.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,009	1,009
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(563)	(563)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,615	3,615
4.5	Effect of movement in exchange rates on cash held	(31)	(31)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,034</b>	<b>4,034</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	4,034	1,009
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,034</b>	<b>1,009</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$US'000</b>
154
-

Item 1.2 includes directors' fees and salaries paid to Messrs Ron Weinberger (US\$23K), David Groberman (US\$71K), Tal Slonim (US\$56K) and David Hinton (US\$4K).

7. Payments to related entities of the entity and their associates	Current quarter \$US'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
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9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	50
9.2 Product manufacturing and operating costs*	505
9.3 Advertising and marketing	80
9.4 Leased assets	-
9.5 Staff costs	394
9.6 Administration and corporate costs	233
9.7 Other – includes estimated payments for legal costs associated with the IPO	119
<b>9.8 Total estimated cash outflows</b>	<b>1,381</b>

\* Includes estimated advanced payments for production.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	HeraMED Ltd	-
10.2	Place of incorporation or registration	Israel	-
10.3	Consideration for acquisition or disposal	Refer to note (a) below	-
10.4	Total net assets	Refer to note (b) below	-
10.5	Nature of business	Technology development	-

(a) The acquisition of HeraMED Ltd (Israel) was treated as a reverse takeover transaction. Vendor consideration was 33,728,841 ordinary shares. Full terms and conditions of the acquisition can be found in the Prospectus dated 15 October 2018 and the Supplementary Prospectus dated 23 November 2018 (Both Prospectuses are to be read in conjunction with each other).

(b) The net assets of HeraMED Ltd (Israel) prior to the reverse takeover transaction are based on the audited accounts as at 30 June 2018 and as disclosed in the Investigating Accountant's Report included in the Prospectus dated 15 October 2018 and the Supplementary Prospectus dated 23 November 2018 (Both Prospectuses are to be read in conjunction with each other).

### Compliance statement

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

Sign here:   
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**Company Secretary**

Date: 31 January 2019

Print name: Mr Stephen Buckley

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.