

Collaboration and clinical trials with leading healthcare providers represent important validation of technology, as part of well-defined commercialisation strategy

Q2 FY20 Highlights

- COVID-19 presents favourable market tailwinds and a unique opportunity to fast-track adoption of digital health and maternity care;
- HeraMED is well-placed to deliver high-quality pre and post-natal care to improve the safety, efficiency and cost of maternal healthcare and is focused on a fast-tracked adoption of its homecare-based solution;
- Solid progress on commercialisation strategy, as evidenced by extended collaboration agreement including project funding and a confirmed trial at Mayo Clinic in the United States and Joondalup Health Campus in Western Australia;
- Signed agreement with Freeman Road and PHI Group, a leading healthcare advisory group to secure further clinical studies and research projects in Australia;
- Progressed discussions with further leading healthcare providers in the US as potential partners;
- Signed distribution agreement with Advanced Pregnancy Solutions, a subsidiary of MedTech Edge Pty, an Australian medical devices and healthcare technology supplier to distribute and build exposure; and
- Successfully raised \$2.55m via a placement to sophisticated and institutional investors and an SPP; to strengthen the balance sheet and accelerate commercial rollout of the platform.

HeraMED Limited (ASX:HMD) (“HeraMED” or the “Company”), a medical technology company leading the digital transformation of maternity care with its proprietary remote monitoring maternity care platform, is pleased to provide an update on its progress for the three months period ending 30 June 2020 (Q2 FY20).

With a CE, TGA and FDA-cleared foetal ultrasonic heart rate monitor that is available for professional and home use, supported by a comprehensive in-home maternity care platform, HeraMED is very well-placed to deliver high quality pre and post-natal care to significantly improve the safety, efficiency and cost of maternal healthcare.

During the period, HeraMED made solid progress on its well-defined commercialisation strategy to collaborate with top-tier healthcare providers to drive adoption with an initial focus in USA and Australia, representing key regions of strategic growth. The Company achieved several milestones including the signing of two new strategic agreements in US and Australia and the commencement of a clinical study in Australia, a significantly improved pipeline across multiple geographies, and a strengthened distribution network in Australia.

The two important new agreements signed during the period relating to the clinical study pipeline included a key milestone in the US which was the extension of a collaboration with Mayo Clinic. Mayo Clinic are one of the largest and most widely acclaimed academic health systems in the world. An agreement was also signed with Freeman Road and PHI Group, a leading healthcare advisory group to secure further clinical studies in Australia. Importantly a clinical study has begun with Joondalup Health Campus in Western Australia to evaluate the technology against a hospital CTG machine, evaluating usability, ease of use and user satisfaction by the clinic.

The distribution network was strengthened by the signing of an exclusive agreement with Advanced Pregnancy Solutions, a subsidiary of MedTech Edge Pty an Australian medical devices and healthcare technology supplier, to distribute and build exposure.

CEO and Cofounder Mr. David Groberman said: “The growing global demand for innovative remote monitoring and maternity telehealth solutions continued during the period and we are humbled by the growing interest from leading healthcare providers in relation to both HeraCARE and HeraBEAT Plus.”

“We are proud and excited to extend our collaboration with Mayo Clinic. This new agreement is a major milestone for HeraMED, and further emphasizes the paradigm shift in the mindset of healthcare systems and the belief in the opportunity that HeraMED’s solutions are adding to virtual management of maternal and foetal wellbeing. Our strategy is to cooperate with top-tier healthcare providers to drive adoption; This achievement strengthens our relationship and aligns perfectly with our goals. We are confident it will become a significant catalyst in our goal to deliver accessible and high-quality care for pregnant moms and their providers.”

“During the period, we generated substantial clinical validation for our product offering with the commencement of a clinical study at Joondalup Health Campus in Western Australia.”

“HeraMED also completed a \$2.55 million capital raise, significantly strengthening the Company’s cash balance and demonstrating strong support from the market for the next phase of its commercialisation strategy.

During the next quarter, the Company will continue to focus on progressing its ongoing studies and leverage results and relationships to secure further validation across the US and Australia, to drive adoption and aligns with our commercial focus”

Agreement with Mayo Clinic and broader US strategy

HeraMED’s US market entry strategy focuses on leveraging relationships with healthcare institutions to initially target healthcare providers including hospitals and doctors. The HeraCARE platform is expected to deliver a number of complementary benefits to existing healthcare providers including cost reductions, increased satisfaction and overall better maternity care outcomes.

As part of this strategy HeraMED has extended its collaboration with Mayo Clinic, with a new agreement for the development of its HeraCARE pregnancy management platform.

Under the agreement, Mayo Clinic will provide project funding, expert medical know-how and guidelines in the field of prenatal care, and a license to Mayo’s library of educational content in the space. The agreement has commenced.

Importantly, a number of discussions are also underway with several other leading maternal healthcare providers across the US in relation to undertaking pilot studies of HeraCARE. The Company anticipates that these discussions will lead to further collaboration agreements, to be announced in the coming months. The Company will leverage the results and findings from ongoing testing and pilots to target additional healthcare providers globally.

Clinical study at the Joondalup Health Campus and broader Australian strategy

On 27 July 2020, HMD announced final approvals, including ethics committee approval to commence a clinical study at the Joondalup Health Campus in Western Australia.

The study is focused on evaluating the usability, acceptability, accuracy and reliability of remote pregnancy monitoring using HeraBEAT plus and strongly supports HMD’s strategy to build relationships and work with key opinion leaders in the healthcare industry. The Study is recruiting 60 expectant mothers over the age of 18 years with a singleton pregnancy from 12 weeks gestation and is attending the Joondalup Health Campus antenatal clinic. It is estimated that the study will complete within 2 months.

On completion of the study HMD anticipates it will have the required scientific and clinical data supporting the technology’s accuracy, usability, efficiency and acceptability by both clinical staff as well as expecting mothers. The data generated will help support an expedited rollout of the HeraCare platform to the Australian and international markets.

Furthermore, HeraMED has entered into a cooperation agreement with Freeman Road Pty Ltd to expand its Australian footprint and arrange and lead clinical studies to promote HMD’s telehealth offering, HeraBEAT and HeraCARE in the health sector.

Freeman Road, in cooperation with PHI (Partnering in Health Innovations) is a well-connected healthcare advisory group, founded by prominent Physician and Researcher Associate Professor, Dr. Paul Porter. The group has an extensive network of global consultants with diverse expertise and collaborating across several locations, including Perth, Queensland, Singapore, Boston, Oxford, Helsinki, and Israel.

HMD and Freeman Road will design and manage comprehensive pilots and clinical studies to evaluate the clinical effectiveness and acceptability of remote pregnancy monitoring using the medical-grade HeraBEAT foetal and Maternal heart rate device.

Exclusive agreement with Australian distributor

In line with its growth strategy, HMD signed an exclusive distribution agreement with one of MedTech Edge's wholly owned subsidiary, Advanced Pregnancy Solutions which was incorporated exclusively to focus on accelerating the commercialisation of HeraCARE.

Under the terms of the agreement, Advanced Pregnancy Solutions will leverage its extensive network to establish relationships with a broad range of top-tier medical institutions and pioneers to amplify HMD's exposure as an innovative telehealth solution and secure pilot projects and clinical studies ahead of commercial agreements.

Global markets

While the Company is primarily focusing on the US and Australia as key markets of strategic importance, it is also committed to supporting and cooperating with partners in several other territories.

Turkey: The first shipment of units has been sent and received by HeraMED's exclusive Turkish distributor Medizane following the completion of translation and localization of the collateral materials including product, marketing etc, and local ministry of health certifications. HMD and Medizane have been working in collaboration to analyse, evaluate and target potential clients with the updated platform and SaaS business model.

India: HeraMED's Indian distributor *Her Healthcare at Home* has been working closely with several leading physicians and key opinion leaders evaluating and validating the HeraBEAT plus solution. Feedback to date has been positive, allowing *Her Healthcare at Home* to begin promoting the technology to different medical organisations.

Brazil: Hapvida has deployed HeraBEAT devices throughout its network and HeraBEAT is now operating as a full pregnancy monitoring solution during labour as well as antenatal surveillance. This followed a stringent testing period which proved HeraBEAT as accurate and reliable. HeraMED and Hapvida have now entered discussions regarding the next stages of commercialisation cooperation.

Financial overview

Successful \$2.55 million via a placement to sophisticated investors and institutions as well as via an SPP. Proceeds from the placement will be used to strengthen the balance sheet and accelerate commercial rollout of the platform.

During the period, the company implemented cost saving measures including a reduction in employee salaries by 25% and a reduction in director compensation by 50%. These measures were implemented for the months March-June 2020. The cash balance as at 30 June 2020 was US\$2.264 million.

This announcement has been authorised by the Board of HeraMED Limited.

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About HeraMED Limited (ASX:HMD):

HeraMED is an innovative medical technology company leading the digital transformation of maternity care by revolutionising the pre and postnatal experience with its hybrid maternity care platform. HeraMED offers a proprietary platform that utilises hardware and software to reshape the Doctor/Patient relationship using its clinically validated in-home foetal and maternal heart rate monitor, HeraBEAT, cloud computing, artificial intelligence, big data and a digital social networking dashboard.

About HeraCARE

The Company's proprietary offering, HeraCARE, has been engineered to offer a fully integrated maternal health ecosystem designed to deliver better care at a lower cost, ensure expectant mothers are engaged, informed and well-supported, allow healthcare professionals to provide the highest quality care and enable early detection and prevention of potential risks.

Appendix 4C

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

Name of entity

HERAMED LIMITED

ABN

65 626 295 314

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (6 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	7	7
1.2 Payments for		
(a) research and development	(6)	(32)
(b) product manufacturing and operating costs	(12)	(31)
(c) advertising and marketing	(155)	(257)
(d) leased assets	(3)	(31)
(e) staff costs	(271)	(774)
(f) administration and corporate costs	(140)	(316)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	4	4
1.8 Other – GST/VAT refunds	140	165
1.9 Net cash from / (used in) operating activities	(437)	(1,265)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,596	1,596
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(119)	(119)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,477	1,477

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,194	2,045
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(437)	(1,265)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

Consolidated statement of cash flows		Current quarter \$USD'000	Year to date (6 months) \$USD'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,477	1,477
4.5	Effect of movement in exchange rates on cash held	32	9
4.6	Cash and cash equivalents at end of period	2,264	2,264

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$USD'000	Previous quarter \$USD'000
5.1	Bank balances	2,264	1,194
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,264	1,194

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$USD'000**

76

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

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$USD'000	Amount drawn at quarter end \$USD'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

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

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

N/A

8. Estimated cash available for future operating activities	\$USD'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(437)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,264
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,827
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.18

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

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

N/A

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

N/A

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

N/A

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.

29 July 2020

Date:

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

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