

ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 30 JUNE 2021

1. DETAILS OF REPORTING PERIOD

| | |
|-------------------------------|---------------------------------|
| Name of Entity | HeraMED Limited ("the Company") |
| ABN | 65 626 295 314 |
| Reporting Period | 30 June 2021 |
| Previous Corresponding Period | 30 June 2020 |
| Presentation Currency | US Dollars ("US\$") |

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | 30 June 2021 | 30 June 2020 | Increase/ (Decrease) | Amount change |
|--|---------------------|---------------------|---------------------------------|--------------------------|
| | \$ | \$ | % | \$ |
| Revenues from ordinary activities | 21,215 | 36,156 | (41.32%) | (14,941) |
| Profit/(loss) after tax from ordinary activities attributable to members | (1,737,465) | (1,345,797) | 29.10% | (391,668) |
| Profit/(loss) after tax attributable to members | (1,737,465) | (1,345,797) | 29.10% | (391,668) |

| | Amount Per Security | Franked Amount Per Security |
|--|--------------------------------|--|
| Final Dividend | Nil | Nil |
| Interim Dividend | Nil | Nil |
| Previous Corresponding Period | Nil | Nil |
| Record Date for Determining Entitlements | Not Applicable | |

Commentary on results:

For further information, refer to the review of activities contained in the directors' report, which forms part of the attached half-year financial report.

3. NET TANGIBLE ASSETS PER SHARE

| | 30 June 2021 | 30 June 2020 |
|--|---------------------|---------------------|
| | \$ | \$ |
| Net tangible asset backing per ordinary security | 0.65 cents | 1.06 cents |

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

| | |
|--|-----|
| Name of entity (or group of entities) | N/A |
| Date control gained | N/A |
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material) | N/A |
| Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material) | N/A |

Loss of control over entities

| | |
|--|-----|
| Name of entity (or group of entities) | N/A |
| Date control lost | N/A |
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material) | N/A |
| Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material) | N/A |

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 30 June 2021.

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not Applicable

8. FOREIGN ENTITIES

Not Applicable

9. AUDIT

This report has been based on accounts that have been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.

David Groberman

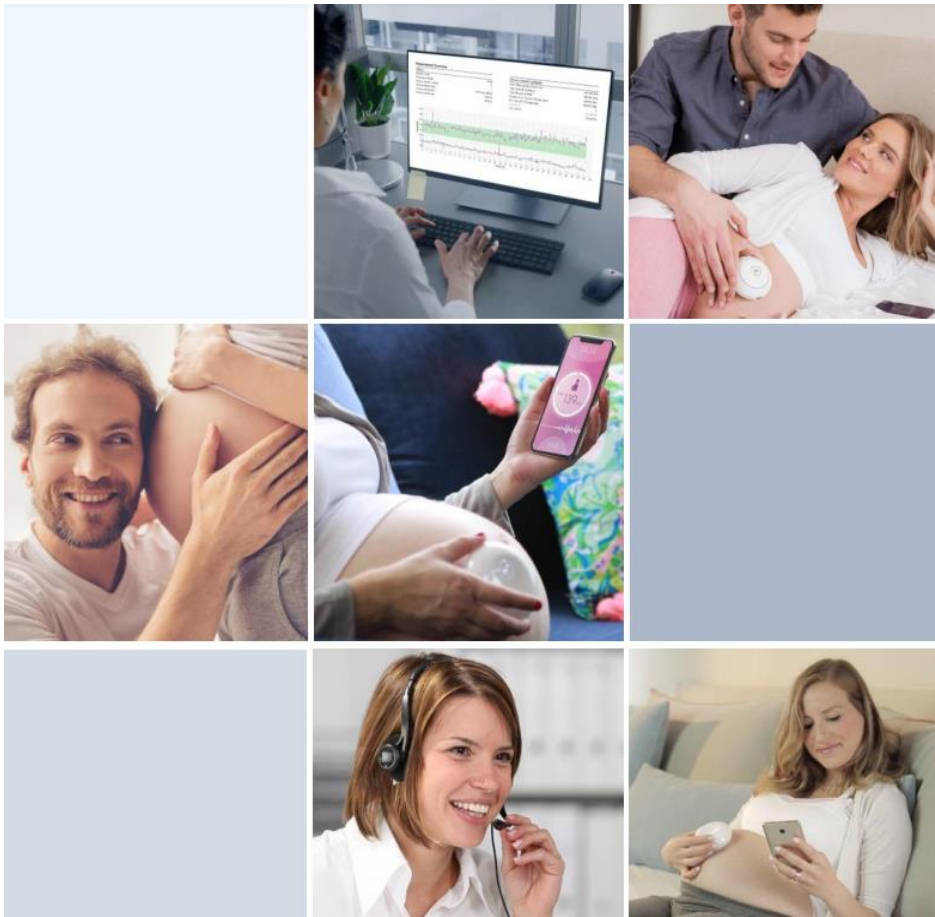
Mr David Groberman
Chief Executive Officer

27 August 2021



HERAMED LIMITED

ABN 65 626 295 314



**Half year report for the half-year ended
30 June 2021**

Corporate Directory

Board of Directors

| | |
|--------------------|--|
| Dr Ron Weinberger | Non-Executive Chairman |
| Mr David Groberman | Executive Director/Chief Executive Officer |
| Mr Tal Slonim | Executive Director/Chief Operating Officer |
| Mr David Hinton | Non-Executive Director |
| Mr Doron Birger | Non-Executive Director |

Company Secretary

Mr Jonathan Hart

Registered Office

Suite 4, Level 16
55 Clarence Street
Sydney, NSW 2000
Tel: +61 (2) 7251 1888

Group Auditors (Australia)

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

Legal Advisers

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

Share Registry

Automic Registry Services
Level 2, 267 St Georges Terrace
Perth WA 6000
Phone: 1300 288 664 (within Australia); +61 2 9698 5414 (outside Australia)
Fax: +61 8 9321 2337
Email: hello@automic.com.au
Web: www.automic.com.au

Stock Exchange

Australian Securities Exchange
Level 40, Central Park
152- 158 St Georges Terrace
Perth WA 6000

ASX Code

HMD

Half year report for the half-year ended 30 June 2021

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Directors' report

The directors of HeraMED Limited ("HeraMED" or "the Company") (ASX: HMD) submit herewith the half-year report of HeraMED Limited and its wholly-owned subsidiaries, Hera Med Ltd ("HeraMED Israel") and HeraMED US Inc. ("HeraMED USA"), altogether "the Group" for the half-year ended 30 June 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors of the Company during or since the end of the half-year are:

| | |
|--------------------|--|
| Dr Ron Weinberger | Non-Executive Chairman |
| Mr David Groberman | Executive Director/Chief Executive Officer |
| Mr Tal Slonim | Executive Director/Chief Operating Officer |
| Mr David Hinton | Non-Executive Director |
| Mr Doron Birger | Non-Executive Director |

The above-named directors have been in office since the start of the half-year to the date of this report.

Operating and financial review

Unless otherwise stated, all figures in this report as in the Company's presentation currency US\$ ("\$").

Operating results

The consolidated loss of the Group for the half-year ended 30 June 2021 after providing for income tax, amounted to \$1,737,465 (30 June 2020: \$1,345,797). Net assets of the Group as of 30 June 2021 amounted to \$2,019,072 (31 Dec 2020: \$1,998,183). As at 30 June 2021, the Group had cash and cash equivalents of \$2,070,821 (31 Dec 2020: \$1,903,949). During the period ended 30 June 2021, the Company raised ~\$1.8M (before transaction costs) (A\$2.3M before transaction costs) via a share placement of A\$0.09 per share to sophisticated and professional investors. The Company also received ~\$43K (A\$57K) from the exercise of unlisted options.

Review of operations

HeraMED Limited, 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 six months period ending 30 June 2021.

Highlights

- HeraCARE pilot agreement signed with US-based Obstetrix Medical Group, leaders in women's and children's health care.
- Commercial agreement signed with Joondalup Health Campus (Western Australia).
- Sheba Medical Centre undertakes an operational pilot study to test both the HeraBEAT device and HeraCARE platform.
- Extension of subscription for HeraCARE SaaS and cloud monitoring services for a further 24 months with Hapvida.
- Successfully raised \$1.8M (A\$2.3M) before transaction costs via a share placement to sophisticated and institutional investors.

Obstetrix Medical Group paid pilot

Obstetrix Medical Group is an affiliate of Mednax. Listed on the NYSE, with a market capitalisation of ~US\$2.5 billion, Mednax is one of the largest providers of women's and children's physician services in the U.S. via its network of over 2,300 physicians in 39 states and Puerto Rico. Mednax-affiliated clinicians and their practices provide vital care or diagnostics to 1 in 4 babies born in the U.S. Mednax companies and solutions include Pediatrix Medical Group, the nation's leading provider of maternal-fetal, newborn and pediatric subspecialty services, and Obstetrix Medical Group, a provider of obstetric and maternal-fetal services.

Since this pilot was first announced in May 2021, HeraMED's customer success team has been working closely with Obstetrix to ensure the HeraCARE platform is fully integrated with the workflows and clinical pathways. Both parties have been focused on configuring and optimising the platform to accommodate Obstetrix's requirements, as well as providing training to the project's staff. Obstetrix is licensing the hardware and software from HeraMED on a SaaS-based per user, per month model for the pilot.

The paid pilot represents the initial part of the agreement, including the purchase of 100 licenses to the HeraCARE software and devices, and will evaluate the functionality and suitability of the technology of the HeraCARE platform. Upon completion of the pilot, both Obstetrix and HeraMED will seek to enter into a comprehensive agreement for wider deployment and scaled commercial implementation of the technology.

Joondalup Health Campus (JHC) paid pilot agreement signed

The JHC agreement represented HeraMED's first commercial agreement on a Technology as a Service basis recurring revenue model, incorporating a paid pilot.

The paid pilot involving 100 expectant mothers, represents the initial phase of what is anticipated to become a comprehensive collaboration agreement for the deployment of HeraMED's Technology as a new standard of care for pregnancy under JHC innovative service.

JHC is one of Western Australia's largest hospitals, a leading medical institution, and a maternity care service provider to an average of 3,000 expectant mothers annually. For the paid pilot JHC will be paying A\$50 per user per month.

The HeraCARE solution will be used for remote monitoring and care management across a wide range of pregnancies. The HeraBEAT device will be used to monitor the fetal and maternal HR while being supervised and reviewed by the professional team at Joondalup. Furthermore, the HeraCARE platform will be used to integrate and aggregate additional medical data from smart connected devices such as blood pressure, weight, activity, mood, amongst others to be used in telehealth, remote, home-based consultations. This provides the physician with more data to better understand the physical and mental health of the pregnant woman.

On completion of the pilot, both parties intend to enter into a comprehensive collaboration agreement for the full deployment of the HeraCARE platform as a standard JHC service.

JHC is part of Australia's largest private hospital network; Ramsay Health Group and is well regarded as an early adopter of new technologies in general and specifically in obstetrics. It is particularly pleasing that JHC has chosen to adopt HeraMED's technology as it forms part of their strategic plan to become market leaders in adopting innovative care models based on digital health and home-based remote monitoring.

Events subsequent to the reporting period

Obstetrix Medical Group paid pilot

On 19 July 2021, HeraMED announced that the HeraCARE paid pilot had commenced at Obstetrix Medical Group. The paid pilot represents the initial part of the agreement, including the purchase of 100 licenses to the HeraCARE software and devices, and will evaluate the functionality and suitability of the technology of the HeraCARE platform. Upon completion of the pilot, both Obstetrix and HeraMED will seek to enter into a comprehensive agreement for wider deployment and scaled commercial implementation of the technology.

Sheba Medical Centre ('Sheba')

On 2 August 2021, HeraMED announced that Sheba, the largest hospital in Israel and the Middle East is expanding its cutting-edge FemTech pilot program to test both the HeraBEAT device and HeraCARE platform amongst women carrying postdate pregnancies, and high-risk pregnancies, both in the hospital and at home.

During the pilot, each party will cover its own costs; HeraMED will work closely with the professional team at Sheba to ensure the technology is successfully integrated into their workflows and IT infrastructure. This work is expected to underpin an efficient adoption for the anticipated full-scale, commercial deployment.

Joondalup Health Campus (JHC) paid pilot

On 13 August 2021, HeraMED announced that the HeraCARE paid pilot had commenced at JHC. The paid pilot of the HeraCARE technology solution is the initial phase of an anticipated commercial roll-out for use as standard service, offered to all pregnant mothers under JHC care. The paid pilot involving 100 expectant mothers commences with JHC paying A\$50 per user per month on a Technology as a Service (TaaS) recurring revenue model.

COVID-19

The impact of the coronavirus pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly evolving and is dependent on measures imposed by the different Governments, such as maintaining social distancing requirements, quarantine, travel restrictions, ability to deliver goods, possible recession in certain countries and more.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected the operations of the Group or the results of those operations.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

David Groberman

Mr David Groberman
Chief Executive Officer
27 August 2021
Tel Aviv, Israel



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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF HERAMED LIMITED

As lead auditor for the review of HeraMED Limited for the half-year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of HeraMED Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light grey circular watermark that says 'For personal use only'.

Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 27 August 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of HeraMED Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of HeraMED Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

The block contains two handwritten elements. At the top is the word 'BDO' written in a simple, blocky, handwritten style. Below it is a cursive signature that appears to read 'Dean Just'.

Dean Just

Director

Perth, 27 August 2021

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Groberman

Mr David Groberman
Chief Executive Officer
27 August 2021
Tel Aviv, Israel

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2021

| | Note | Half-year ended | |
|---|------|--------------------|--------------------|
| | | 30 Jun 2021 | 30 Jun 2020 |
| | | \$ | \$ |
| Revenue | | 21,215 | 36,156 |
| Cost of sales | | (8,144) | (31,583) |
| Gross profit | | 13,071 | 4,573 |
| Other income | | - | 6,567 |
| Research and development expenses | | (668,021) | (514,465) |
| General and administrative expenses | | (658,119) | (403,875) |
| Sales and marketing expenses | | (243,967) | (341,043) |
| Depreciation and amortisation expenses | | (132,790) | (129,057) |
| Share-based payments | | (62,859) | (55,877) |
| Other gains | | 4,000 | 113,161 |
| Loss before finance expenses | | (1,748,685) | (1,320,016) |
| Finance income | | 14,338 | 64 |
| Finance expenses | | (3,118) | (25,845) |
| Loss before income tax expenses | | (1,737,465) | (1,345,797) |
| Income tax expense | | - | - |
| Loss for the period | | (1,737,465) | (1,345,797) |
| Other comprehensive (loss)/income | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation differences, net of tax | | (29,243) | (118,091) |
| Other comprehensive (loss)/income for the period | | (29,243) | (118,091) |
| Total comprehensive loss for the period | | (1,766,708) | (1,463,888) |
| Loss attributable to: | | | |
| Owners of HeraMED Limited | | (1,737,465) | (1,345,797) |
| Total comprehensive loss attributable to: | | | |
| Owners of HeraMED Limited | | (1,766,708) | (1,463,888) |
| Loss per share: | | | |
| Basic and diluted (cents per share) | 9 | (1.02) | (1.27) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June 2021

| | Note | 30 Jun 2021 \$ | 31 Dec 2020 \$ |
|--------------------------------------|------|-------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 2,070,821 | 1,903,949 |
| Trade receivables | | 15,335 | - |
| Other receivables | | 183,962 | 233,767 |
| Inventory | | 77,738 | 69,274 |
| Total Current Assets | | 2,347,856 | 2,206,990 |
| Non-Current Assets | | | |
| Plant and equipment | | 13,904 | 16,410 |
| Right-of-use asset | | - | 5,586 |
| Intangible assets | 4 | 864,158 | 965,242 |
| Total Non-Current Assets | | 878,062 | 987,238 |
| Total Assets | | 3,225,918 | 3,194,228 |
| Current Liabilities | | | |
| Trade and other payables | | 529,774 | 498,536 |
| Lease liability | | - | 5,811 |
| Other financial liability | | 33,110 | 11,562 |
| Total Current Liabilities | | 562,884 | 515,909 |
| Non-Current Liabilities | | | |
| Borrowings | | 185,516 | 185,837 |
| Other financial liability | | 458,446 | 494,299 |
| Total Non-Current Liabilities | | 643,962 | 680,136 |
| Total Liabilities | | 1,206,846 | 1,196,045 |
| Net Assets | | 2,019,072 | 1,998,183 |
| Shareholders' Equity | | | |
| Issued capital | 5 | 15,014,694 | 13,375,173 |
| Share-based payment reserve | 6 | 2,580,333 | 2,432,257 |
| Predecessor Accounting reserve | 6 | (133,879) | (133,879) |
| Foreign exchange reserve | 6 | (54,864) | (25,621) |
| Accumulated losses | | (15,387,212) | (13,649,747) |
| Shareholders' Equity | | 2,019,072 | 1,998,183 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity as at 30 June 2021

| | Issued capital | Shares to be issued | Share-based payment reserve | Predecessor Accounting reserve | Foreign exchange reserve | Accumulated losses | Total |
|--|-------------------|---------------------|-----------------------------|--------------------------------|--------------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 January 2020 | 10,738,713 | 52,722 | 2,140,045 | (133,879) | (118,937) | (10,290,778) | 2,387,886 |
| Loss for the period | - | - | - | - | - | (1,345,797) | (1,345,797) |
| Other comprehensive loss | - | - | - | - | (118,091) | - | (118,091) |
| Total comprehensive loss for the period | - | - | - | - | (118,091) | (1,345,797) | (1,463,888) |
| Share issued | 1,657,598 | (52,722) | - | - | - | - | 1,604,876 |
| Share-based payments | - | - | 141,248 | - | - | - | 141,248 |
| Share issue costs | (215,135) | - | - | - | - | - | (215,135) |
| Balance at 30 June 2020 | 12,181,176 | - | 2,281,293 | (133,879) | (237,028) | (11,636,575) | 2,454,987 |
| Balance at 1 January 2021 | 13,375,173 | - | 2,432,257 | (133,879) | (25,621) | (13,649,747) | 1,998,183 |
| Loss for the period | - | - | - | - | - | (1,737,465) | (1,737,465) |
| Other comprehensive loss | - | - | - | - | (29,243) | - | (29,243) |
| Total comprehensive loss for the period | - | - | - | - | (29,243) | (1,737,465) | (1,766,708) |
| Shares issued | 1,846,825 | - | - | - | - | - | 1,846,825 |
| Share-based payments | - | - | 148,076 | - | - | - | 148,076 |
| Share issue costs | (207,304) | - | - | - | - | - | (207,304) |
| Balance at 30 June 2021 | 15,014,694 | - | 2,580,333 | (133,879) | (54,864) | (15,387,212) | 2,019,072 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the half-year ended 30 June 2021

| | Note | Half-year ended | |
|---|------|--------------------|--------------------|
| | | 30 Jun 2021 | 30 Jun 2020 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers | | 46,791 | 6,774 |
| Net receipts from grants | | - | 4,385 |
| Payments to suppliers and employees | | (1,566,904) | (1,229,750) |
| Interest received | | 33 | 64 |
| Net cash (used in) operating activities | | (1,520,080) | (1,218,527) |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | - | (2,151) |
| Payments for capitalised development costs | 4 | (29,199) | (15,390) |
| Net cash (used in) investing activities | | (29,199) | (17,541) |
| Cash flows from financing activities | | | |
| Net proceeds from equity instruments of the Company | | 1,725,818 | 1,476,856 |
| Deposit received from end of lease | | 20,072 | - |
| Repayment of lease liability | | - | (30,625) |
| Net cash provided by financing activities | | 1,745,890 | 1,446,231 |
| Net increase in cash and cash equivalents | | 196,611 | 210,163 |
| Cash and cash equivalents at the beginning of the period | | 1,903,949 | 2,045,612 |
| Impact of movement in foreign exchange rates | | (29,739) | 8,584 |
| Cash and cash equivalents at the end of the period | | 2,070,821 | 2,264,359 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Condensed notes to the consolidated financial statements for the half-year ended 30 June 2021

1. General information

HeraMED Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

These consolidated financial statements cover HeraMED Limited ("the Company") and its wholly-owned subsidiaries as a consolidated entity ("the Group"). The Company's wholly-owned subsidiaries are Hera Med Ltd ("HeraMED Israel") and HeraMED US Inc ("HeraMED USA"). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The Group's registered office and principal place of business is disclosed in the corporate directory.

This half-year financial report was authorised for issue by the directors on 27 August 2021.

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year report does not include full disclosure of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended that this half-year report be read in conjunction with any public announcements made by HeraMED Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the ASX Listing Rules.

Basis of measurement and reporting conventions including capital reorganisation

The half-year report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The half-year report is presented in United States dollars (\$) and all values are rounded to the nearest dollar unless otherwise stated.

2. Application of new and revised Australian Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

3. Significant accounting policies

The accounting policies adopted are consistent with the accounting policies adopted in HMD's last annual financial statements for the year ended 31 December 2020.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Group incurred a loss for the half-year ended 30 June 2021 of \$1,737,465 (30 June 2020: \$1,345,797), net cash outflows used in operating activities was \$1,520,080 (30 June 2020: \$1,218,527).

The COVID-19 pandemic is ongoing and it is not practicable to estimate the effects of the COVID-19 outbreak on the Group's financial position, liquidity and operations after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the different Governments around the globe.

Whilst the Company is expected to be cash-flow negative for the foreseeable future as a result of continued expenditures, the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its operational and technology development activities. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- the Group has recently been successful in raising equity and is planning to raise further funds;
- the level of expenditure can be managed; and
- the directors of HeraMED have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the sale of the Group's products and services.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional through equity raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

The directors plan to continue the Group's operations on the basis outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

Critical accounting judgements, estimates and assumptions

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that COVID-19 has had, or may have on the Group based on known information. This consideration extends to the nature of products and services offered, customers, supply-chain, staffing and geographic regions in which the Group operates. Other than as addressed in the Directors' Report and in specific notes, there does not currently appear to be any material impact on the financial statements with respect to events or conditions which may impact the Group unfavourably as at the reporting date.

4. Intangible assets

| | 30 Jun 2021 | 31 Dec 2020 |
|--------------------------|-------------|-------------|
| | \$ | \$ |
| Cost (1) | 1,687,294 | 1,658,095 |
| Accumulated amortisation | (823,136) | (692,853) |
| Net carrying amount | 864,158 | 965,242 |

| | Purchase license (2) | Development costs (1) | Total |
|-----------------------------|-------------------------|--------------------------|-----------|
| | \$ | \$ | \$ |
| Cost | | | |
| Balance at 1 January 2020 | 96,038 | 1,499,421 | 1,595,459 |
| Additions | - | 62,636 | 62,636 |
| Balance at 31 December 2020 | 96,038 | 1,562,057 | 1,658,095 |
| Additions | - | 29,199 | 29,199 |
| Balance at 30 June 2021 | 96,038 | 1,591,256 | 1,687,294 |

| | Purchase license | Development costs (1) | Total |
|---------------------------------|---------------------|--------------------------|-----------|
| | \$ | \$ | \$ |
| Accumulated amortisation | | | |
| Balance at 1 January 2020 | - | (439,269) | (439,269) |
| Amortisation expense | - | (253,584) | (253,584) |
| Balance at 31 December 2020 | - | (692,853) | (692,853) |
| Amortisation expense | - | (130,283) | (130,283) |
| Balance at 30 June 2021 | - | (823,136) | (823,136) |

(1) The Company capitalised development costs that are attributable to the HeraBEAT product.

(2) Prior to the acquisition of HeraMED Israel by the Company, HeraMED Israel issued shares to Mayo Foundation for Medical Education and Research ("Mayo") as consideration for a research and development collaboration license with Mayo.

5. Issued capital**(a) Share capital**

176,929,422 (31 Dec 2020: 150,038,908) fully paid ordinary shares.

30 Jun 2021
\$

31 Dec 2020
\$

15,014,694

13,375,173

(b) Movement in ordinary capital

| | No. of shares | Total (\$) |
|---|----------------------|-------------------|
| Opening balance as at 1 January 2021 | 150,038,908 | 13,375,173 |
| Placement (i) | 25,914,181 | 1,804,039 |
| Issue of shares (ii) | 691,151 | 11 |
| Issue of shares (iii) | 285,182 | 42,775 |
| Share issue costs | - | (207,304) |
| Closing balance as at 30 June 2021 | 176,929,422 | 15,014,694 |

(i) Issue of shares on 10 February 2021 at an issue price of A\$0.09 per share pursuant to a Placement.

(ii) Issue of shares on 3 May 2021 following exercise of 691,151 unlisted options at A\$0.00002 per option.

(iii) Issue of shares on 30 June 2021 following exercise of 285,182 unlisted options at A\$0.20 per option.

(c) Capital management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are deposited with major financial institutions.

(d) Deferred Consideration Shares

In addition to the number of shares disclosed above, there are also 10,000,000 deferred consideration shares to be issued (8,500,000 to Vendors and 1,500,000 to Corporate Advisors) subject to the satisfaction of certain performance milestones within 36 months of the date of quotation ("Deferred Consideration Shares").

The performance milestones are as follows:

- 8,500,000 Deferred Consideration Shares to Vendors to be issued subject to the Company reaching cumulative revenue of A\$15,000,000, which shall be verified by an independent auditor's report, within 36 months of listing on the ASX (by 12 Dec 2021).
- 1,500,000 Deferred Consideration Shares to Corporate Advisors to be issued subject to the Company reaching cumulative revenue of A\$15,000,000, which shall be verified by an independent auditor's report, within 36 months of listing on the ASX (by 12 Dec 2021).

The Deferred Consideration Shares will convert into ordinary shares on the achievement of the respective milestones.

For the half-year ended 30 June 2021, no share-based payment expense has been recognised in respect of these Deferred Consideration Shares as there had been no changes to management's assessed probabilities of milestone achievement since 31 December 2020.

6. Reserves

| | 30 Jun 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| a) Share-based payment reserve | | |
| 62,943,411 (31 December 2020: 46,841,807) options on issue | 2,580,333 | 2,432,257 |

Movement in share-based payment reserve

| | 30 Jun 2021 |
|--|------------------|
| | \$ |
| Opening balance at 1 January 2021 | 2,432,257 |
| Issue of 1,000,000 Advisor Options (refer to Note 7) | 85,217 |
| Issue of options (refer to Note 7) | 54,809 |
| Options to employees and CFO in prior years | 8,050 |
| Closing balance at 30 June 2021 | 2,580,333 |

| b) Foreign currency translation reserve | 30 Jun 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| Closing balance | (54,864) | (25,621) |

The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.

| c) Predecessor accounting reserve | 30 Jun 2021 | 31 Dec 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| Closing balance | (133,879) | (133,879) |

The reserve arises from the capital reorganisation and records the net liabilities of HeraMED Limited as at the acquisition date of 10 December 2018.

7. Share-based payments

During the half-year ended 30 June 2021, the Company recorded the following share-based payments:

- The issue of 1,000,000 Options exercisable at A\$0.20 on or before 31 May 2022 to corporate advisors, PAC Partners Securities Pty Ltd pursuant to a Placement in February 2021 ("Advisor Options"). The fair value of the options has been determined using Black-Scholes model as the fair value of the service provided could not be reliably measured.
- The issue of 7,440,000 Options (out of which, 1,200,000 granted to the CFO Mrs Sivan Sadan and 960,000 options are subject to certain vesting conditions) exercisable at A\$0.20 on or before 2 June 2025 to management, employees and service providers in Israel and USA under an employee incentive scheme ("ESOP"). The options have a 3-year vesting term. The fair value of the options has been determined using the Black-Scholes and Binomial pricing models as the fair value of the service provided could not be reliably measured. No expense has been recognised in relation to 960,000 performance options at 30 June 2021 as none of the vesting conditions have been met at the reporting date.

Fair Value

The inputs to the pricing models and valuations were as follows:

| | Advisor Options | ESOP |
|-----------------------------|-----------------|-------------|
| Number of options | 1,000,000 | 6,480,000 |
| Grant date | 31 May 2021 | 2 June 2021 |
| Exercise price | A\$0.20 | A\$0.20 |
| Expected volatility | 91% | 100% |
| Implied option life (years) | 1.0 | 4.0 |
| Expected dividend yield | nil | nil |
| Risk free rate | 0.07% | 0.44% |
| Valuation per option (A\$) | 0.1101 | 0.15 |
| Exchange rate | 1.292 | 1.291 |
| Valuation per option (US\$) | 0.0852 | 0.116 |
| Total valuation (US\$) | 85,217 | 751,600 |
| Total vested HY2021 | 1,000,000 | - |

Share-based payments expense

Share based payment expense at 30 June 2021 is comprised as follows:

| | 30 Jun 2021 | 30 Jun 2020 |
|--|-------------|-------------|
| | \$ | \$ |
| Share option plans | 62,859 | 55,877 |
| Total expense recognised in profit or loss | 62,859 | 55,877 |
| Issue of 1,000,000 Advisor Options | 85,217 | - |
| Issue of 2,250,000 Placement 1 Options | - | 47,601 |
| Issue of 2,322,419 Placement 2 Options | - | 37,770 |
| Total expense recognised in equity | 85,217 | 85,371 |
| Total share-based payments expense | 148,076 | 141,248 |

Options on issue

Options may be issued to external consultants or non-related parties without shareholders' approval, where the annual 15% capacity pursuant to ASX Listing Rule 7.1 has not been exceeded. Options cannot be offered to a director or an associate of a director except where approval is given by shareholders at a general meeting.

Each option converts into one ordinary share of HeraMED Limited on exercise. The options carry neither the right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following options were on issue at the reporting date:

| Number of Options | Grant Date | Exercise Price | Expiry Date |
|-------------------|------------------|----------------|------------------|
| 2,980,008 | 5 December 2018 | A\$0.00002 | 5 December 2021 |
| 23,600,000 | 5 December 2018 | A\$0.25 | 5 December 2021 |
| 1,200,000 | 15 August 2019 | A\$0.165 | 15 August 2024 |
| 25,000 | 15 August 2019 | A\$0.165 | 15 August 2024 |
| 574,000 | 15 August 2019 | US\$0.01 | 15 August 2024 |
| 2,000,000 | 22 August 2019 | A\$0.25 | 31 December 2021 |
| 2,250,000 | 19 February 2020 | A\$0.25 | 19 February 2022 |
| 3,672,419 | 14 July 2020 | A\$0.15 | 14 August 2022 |
| 5,500,000 | 14 July 2020 | A\$0.15 | 14 August 2022 |
| 4,349,229 | 21 July 2020 | - | 21 July 2022 |
| 8,093,499 | 31 May 2021 | A\$0.20 | 15 June 2022 |
| 1,000,000 | 31 May 2021 | A\$0.20 | 15 June 2022 |
| 7,440,000 | 2 June 2021 | A\$0.20 | 2 June 2025 |

There has been no alteration to the terms and conditions of the above options arrangements since the grant date.

8. Dividends

The Company did not pay or propose any dividends in the half-year to 30 June 2021.

9. Loss per share

Basic and diluted loss per share

| 30 Jun 2021 | 30 Jun 2020 |
|--------------------|--------------------|
| US cents per share | US cents per share |
| (1.02) | (1.27) |

9.1 Basic and diluted loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

Loss for the year attributable to the owners of the Company

| 30 Jun 2021 | 30 Jun 2020 |
|-------------|-------------|
| \$ | \$ |
| (1,737,465) | (1,345,797) |

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

| 30 Jun 2021 | 30 Jun 2020 |
|-------------|-------------|
| No. | No. |
| 169,516,511 | 105,914,739 |

10. Commitments

On 6 Feb 2020, the Company signed an agreement with Mayo Clinic under which the Company committed US\$122,319 for a clinical study to evaluate HMD's HeraBEAT Plus solution.

To date, the Company has made payments of \$23,032. As at 30 June 2021, under the agreement, the Company is committed to making payments over future periods, as follows:

| | 30 June 2021 \$ |
|---|--------------------|
| Within one (1) year | 99,287 |
| Later than one (1) year but not later than five (5) years | - |
| Later than five (5) years | - |

In July 2020, the Company signed another agreement with Mayo Clinic under which the Company committed \$20,000 per year for the library of educational content, which was implemented as part of the HeraCARE platform.

11. Contingencies

As disclosed in Note 5, as at 30 June 2021, there were a total of 10,000,000 deferred consideration shares that were previously issued to vendors and corporate advisors which will convert to ordinary shares on the achievement of specific non-market vesting conditions.

The Company is a party to a number of agreements with Mayo Clinic. Subject to Mayo Clinic's compliance with such agreements, the Company is to issue securities and/or pay royalties.

The Group has no other known contingencies as at 30 June 2021.

12. Related party transactions

During the half-year period ended 30 June 2021, the Company issued options to Mrs Sivan Sadan, the Chief Financial Officer as part of the Group's employee incentive plan (refer to Note 7 for details). There were no other transactions with related parties during the half-year other than those that were on the same basis as stated in the 31 December 2020 annual report.

13. Events occurring after the reporting period

On 2 August 2021, HeraMED announced that Sheba, the largest hospital in Israel and the Middle East is expanding its cutting-edge FemTech pilot program to test both the HeraBEAT device and HeraCARE platform amongst women carrying postdate pregnancies, and high-risk pregnancies, both in the hospital and at home.

On 13 August 2021, HeraMED commenced a paid pilot of its HeraCARE solution at the Joondalup Health Campus in Western Australia ("JHC"). The paid pilot involves 100 expectant mothers with JHC paying A\$50 per user per month on a Technology as a Service (TaaS) recurring revenue model. JHC (part of Ramsay Health Care) is one of Western Australia's largest hospitals, a leading medical institution and a maternity care service provider to an average of 3,000 expectant mothers annually.

COVID-19

The impact of the coronavirus pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly evolving and is dependent on measures imposed by the different Governments, such as maintaining social distancing requirements, quarantine, travel restrictions, ability to deliver goods, possible recession in certain countries and more.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected the operations of the Group or the results of those operations.