

Commercialisation of the HeraCARE platform continues in Q4 FY21**Q4 FY21 and Subsequent Events Highlights**

- Joondalup Health Campus (JHC) enters into a full-scale commercial agreement to adopt the HeraCARE solution as its primary standard of care
- This is the first major hospital to adopt the comprehensive HeraCARE virtual and remote monitoring solution as part of their innovative care model for pregnancies
- This agreement validates HeraMED's commercialisation strategy undertaking clinical trials leading to paid pilots and then ultimately full commercial deployment within leading healthcare providers
- Obstetrix (Mednax) continues with paid pilots in San Jose, California and Atlanta, Georgia
- Clinical trials at Mayo Clinic, US; JHC, WA high-risk pregnancy (NST) and Sheba, Israel post-term have all continued to progress with results anticipated in the near term
- In October 2021, successfully raised ~A\$2.39 million via a convertible note with strong support from both new and existing institutional and sophisticated investors
- An additional A\$2.21 million was received through the exercise of various classes of options
- Focus continues to be on capitalising on growing pipeline of commercial opportunities globally underpinned by continued remote monitoring tailwinds as a result of COVID-19

HeraMED Limited (ASX:HMD) ("HeraMED" or the "Company"), a leader in 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 ending 31 December 2021 (Q4 FY21) and subsequent events.

Q4 FY21, and more specifically January 2022, represented a significant milestone for the commercialisation of the HeraCARE platform when HMD announced the first full commercial deployment at Joondalup Health Campus (JHC), WA. JHC will offer the HeraCARE solution as the primary standard of care for their audience of expecting mothers.

HeraMED CEO and Cofounder Mr. David Groberman: "This quarter was extremely successful and represented a significant step forward for our Company. The full-scale commercial adoption at JHC is a validation of the commercialisation strategy employed, providing confidence in our technology as well as our business model and have now met a strong market fit. We are already disrupting our industry and are on our way to becoming the market leader in enabling a large-scale adoption of telehealth and remote monitoring in pregnancy.

HeraMED's entire team across four continents is highly motivated by the recent success and are determined to continue pushing the Company to new heights bringing value to our shareholders. I believe this quarter and the recent commercial achievement at JHC is only the beginning. We are going into a transition period, moving stronger into a commercialisation stage. This year, we expect to see many additional exciting developments.

I would like to use this opportunity to express HeraMED's employees, management and Boards appreciation to our loyal shareholders, your patience and ongoing support is highly valuable and extremely important to all of us."

Joondalup Health Campus (JHC) commercial agreement

HeraMED CEO and Cofounder Mr. David Groberman said on signing the agreement: "This is a truly significant milestone for HeraMED. I am delighted we have reached this agreement with JHC as it demonstrates that our strategy of delivering clinical validation of the HeraCARE platform, which led to a successful paid pilot, provided the correct foundation for broader commercial rollout of HeraCARE within the hospital. 2022 will be a transformative year for HeraMED as we work towards delivering similar deployments with other key partners."

The JHC agreement represented HeraMED's first full-scale long-term commercial deployment of the HeraCARE platform.

The key terms of the agreement are as follows:

- The commercial agreement is a 12-month extension of the commercial terms agreed under the paid pilot.
- HMD and JHC will continue discussions to extend this agreement for an additional three years
- HMD will progressively deliver HeraCARE SaaS licences (including the HeraBEAT smart foetal monitors) to support JHC's services expansion
- It is anticipated that HMD will supply JHC approximately 400 licences each quarter over the next 12 months
- Total estimated HeraCARE licenses fee for year one based on the accumulated licenses over four quarters is expected to be approximately A\$220,000

HeraMED began working collaboratively with JHC in 2020 through a clinical trial that delivered clinical and functional validation of the HeraBEAT device, which forms the backbone of the HeraCARE solution. The accuracy of the HeraBEAT device was found to be excellent compared to the industry gold standard CTG (Phillips Avalon) machine. The Foetal Heart Rate (FHR) was detected on 100% of occasions by clinicians, and importantly, the FHR was detected on 100% of occasions by the expectant mothers when using the device without assistance.

On completion of the clinical trial and publication of the results in the globally renowned 'Green Journal', the leading scientific journal for gynaecology and obstetrics, HeraMED and JHC undertook a paid pilot of the HeraCARE platform.

The pilot focused on ensuring the HeraCARE platform was fully integrated with the existing workflows and clinical pathways. Parties focused on configuring and optimising the platform to accommodate JHC's requirements, as well as providing training to key stakeholders in the pilots, including midwives, clinicians, obstetricians, and expecting mothers. The paid pilot represented the last stage of the collaboration to incorporate the HeraCARE platform to introduce remote monitoring and care management for pregnant women. The interim results provided confidence for JHC and HMD to reach a commercial agreement of a full rollout of the HeraCARE solution within JHC.

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 pilot JHC paid A\$50 per user per month.

Obstetrix Medical Group (Mednax), US paid pilot continues

HeraMED's second paid pilot is underway with Obstetrix Medical Group, an affiliate of Mednax.

Obstetrix Medical Group is an affiliate of Mednax. Listed on the NYSE, with a market capitalisation of ~US\$2.4 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.

Obstetrix is licensing the full HeraCARE platform on a SaaS-based per user, per month model for its pilots. Prices for the pilot include a one-off hardware licence fee of approx. A\$180-200 per HeraBEAT device as well as a monthly software licence fee of approx. A\$50-60 per user. During the September quarter, HMD announced positive interim results at their initial pilot site in San Jose, California. These results led to a further pilot site established by Obstetrix in Atlanta, Georgia.

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.

HeraMED continues to work closely and collaboratively with Mednax on the successful completion of pilots underway at its two pilot sites in San Jose and Atlanta. Discussion continues at an operational level to ensure optimisation of the HeraCARE platform is delivered for the specific requirements of Mednax. In addition, HMD continues discussions with Mednax in their planning for a wider rollout.

Sheba Medical Centre, Israel's largest hospital

HeraMED has been working with Sheba Medical Centre 'Sheba', Israel's largest and most advanced hospital, for approximately 12 months. Sheba houses more than a quarter of all Israeli clinical research and provides care for ~1.6 million people annually. Sheba was recently ranked 9th as the world's best hospital in 2020 by Newsweek.

HeraMED's technology was initially adopted operationally in Q1 2021 due to the sharp increase in the number and severity of COVID-19 infections during pregnancy. The HeraBEAT smart pregnancy monitors were used in operational mode to enable telehealth-based services in Sheba's dedicated pregnancy COVID-19 unit. The HeraBEAT enabled real-time foetal and maternal heart rate monitoring and analysis by Sheba's midwives and obstetricians through the HeraCARE professional dashboard, limiting the amount of physical interaction to potentially reduce the risk of COVID-19 exposure and spread.

As the initial wave of COVID-19 concluded and HeraCARE successfully delivered its first operational stage, the parties continued to the second stage of the pilot. This involved a much broader study providing additional use cases such as high-risk pregnancies and post-term in which constant and real-time remote monitoring is required. This pilot included both in-hospital as well as in-home use-cases, and it is a part of Sheba BEYOND's vision to become a leader in virtual care and home admission services. The study is expected to be finalised during the first quarter of 2022, with HMD awaiting the final results and will update shareholders once the final report is received. Conclusion of this study will allow HMD to begin discussions around next steps on its path to commercial deployment.

Mayo Clinic clinical trial

In December 2020, HMD announced that the Mayo Clinic Institutional Review Board (IRB) has approved the Clinical Trial of HeraBEAT. The trial was established to recruit low-risk expectant mothers from the Mayo Clinic's Obstetrics and Gynaecology Department in Rochester, Minnesota. The overall study was designed to encompass an assessment of the HeraCARE solution's functionality, usability, and user acceptability, as well as an evaluation of the impact of the device on the expectant mothers' perception of foetal wellbeing, measured by standardised surveys.

Mayo Clinic, ranked as the #1 hospital and research institute in the US, follows a strict clinical trial ethical code. Results from the clinical trial will not be released before the final report is completed, carefully reviewed by the relevant stakeholders, and approved by their committee. HMD continues to work closely and in full cooperation with the team at Mayo and is looking forward to receiving the formal results in the near term. We will be happy to provide an update to the market on the clinical trial results once formal approvals have been received.

The Mayo Clinic, headquartered in Minnesota, USA, operates as a not-for-profit, academic medical organisation focused on integrating clinical practice, education and research and currently employs over 4,5000 physicians and scientists, as well as close to 60,000 administrative and allied health staff. The Mayo Clinic is considered one of the world's leading medical institutions and has been ranked first in the US News & World Report 2019-2020 'Best Hospitals Honour Roll' rankings¹.

Government tender in Spain

On 1 September, HeraMED announced that the HeraCARE technology solution had been shortlisted for the Catalonian Government's qualification tender as part of a comprehensive technology solution for obstetrics departments in nine hospitals in Catalonia, Spain, led by Hospital Hispania.

As part of the process, HeraMED has signed a binding MOU with leading medical technology company - Hospital Hispania. Headquartered in Madrid, with over 25 years of experience, Hospital Hispania offers innovative medical technologies and equipment aimed at optimising clinical processes in the obstetrics segment and represents a strategic partner for HeraMED in the Spanish market.

HMD has been advised that the Catalonian Government is currently reviewing the project details and offerings, including several additional layers of technology and services on top of HeraMED's pregnancy home monitoring solution. HMD will update the market in due course.

About HeraMED's commercialisation strategy

HeraMED's B2B commercialisation strategy can be summarised to the following four well-defined and measurable steps:

- Focus on establishing clinical credibility of the technology.
- Leading healthcare providers to undertake paid pilots.
- Enable broad adoption amongst healthcare providers.
- Finally, execute a 'Land and Expand' strategy across target markets.

Issue of convertible notes raising A\$2.39 million

On 18 October 2021, HeraMED announced that it had successfully raised ~A\$2.39 million via a placement of convertible notes with solid support from several key institutional investors ("ASX Announcement").

For more information on the key commercial terms of the convertible notes please see the ASX Announcement.

Exercise of options received a further ~A\$2.21 million

During the reporting period options various classes of options were exercised at both 20c and 25c exercise prices, allowing the Company to receive a further ~A\$2.21 million.

Financial overview

The cash balance as of 31 December 2021 was US\$3.56 million. Net cash of US\$841K was used in operating activities compared with US\$865K for the quarter ending 30 September 2021.

Advertising and marketing expenses totalled US\$44K, research and development expenses totalled US\$119K and staff costs was US\$466K in Q4 FY21.

The Company continues to invest in business development as well as sales and marketing initiatives, to capitalise on the growing pipeline of commercial opportunities that exist across several geographies underpinned by continued remote monitoring tailwinds globally.

Payments to related parties of the entity and their associates

In item 6 of the attached Appendix 4C cash flow report for the quarter, payments to related parties and their associates of US\$114K comprised director fees paid to executive and non-executive directors.

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

-ENDS-

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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 comprehensive professional digital patient management 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.

ⁱ <https://www.mayoclinic.org/about-mayo-clinic/quality/top-ranked>

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")

31 Dec 2021

Consolidated statement of cash flows	Current quarter \$USD'000	Year to date (12 months) \$USD'000
1. Cash flows from operating activities		
1.1 Receipts from customers	26	133
1.2 Payments for		
(a) research and development	(119)	(423)
(b) product manufacturing and operating costs	(22)	(57)
(c) advertising and marketing	(44)	(219)
(d) leased assets	(24)	(116)
(e) staff costs	(466)	(1,908)
(f) administration and corporate costs	(234)	(819)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST/VAT refunds	42	157
1.9 Net cash from / (used in) operating activities	(841)	(3,252)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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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)	-	20
2.6	Net cash from / (used in) investing activities	(3)	17

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,804
3.2	Proceeds from issue of convertible debt securities	1,806	1,806
3.3	Proceeds from exercise of options	1,549	1,631
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(121)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(119)	(119)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,236	5,001

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,214	1,903
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(841)	(3,252)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	17
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,236	5,001

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

4.5	Effect of movement in exchange rates on cash held	(46)	(109)
4.6	Cash and cash equivalents at end of period	3,560	3,560

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	3,560	1,214
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)	3,560	1,214

6.	Payments to related parties of the entity and their associates	Current quarter \$USD'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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

8.	Estimated cash available for future operating activities	\$USD'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(841)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,560
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,560
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.2

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

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

31 January 2022

Date:

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

Notes

- 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.
- 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.
- 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.
- 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".
- 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.