

HeraMED Limited
Appendix 4D
Half-year report

1. Company details

| | |
|-------------------|--------------------------------------|
| Name of entity: | HeraMED Limited |
| ABN: | 65 626 295 314 |
| Reporting period: | For the half-year ended 30 June 2024 |
| Previous period: | For the half-year ended 30 June 2023 |

2. Results for announcement to the market

| | | | | \$ |
|---|------|-------|----|-------------|
| Revenues from ordinary activities | down | 39.3% | to | 180,884 |
| Loss from ordinary activities after tax attributable to the owners of HeraMED Limited | down | 0.7% | to | (3,212,817) |
| Loss for the half-year attributable to the owners of HeraMED Limited | down | 0.7% | to | (3,212,817) |

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.

Comments

The presentation currency during the period changed to Australian Dollars \$AUD.

The loss for the Group after providing for income tax amounted to \$3,212,817 (30 June 2023: \$3,236,279).

3. Net tangible assets

| | 30 June 2024 Cents | 30 June 2023 Cents |
|---|-----------------------|-----------------------|
| Net tangible assets per ordinary security | 0.06 | (0.06) |

4. Control gained over entities

| | |
|---|-----|
| Name of entities (or group of entities) | N/A |
| Date control gained | N/A |

5. Loss of control over entities

Not applicable.

6. Dividends

There were no dividends paid, recommended or declared for the half-year ended 30 June 2024.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Not applicable.

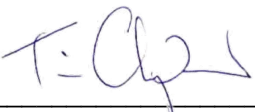
10. Audit review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half year financial report.

11. Attachments

The Half year financial report of HeraMED Limited for the half-year ended 30 June 2024 is attached.

12. Signed

Signed  _____

Date: 28 August 2024

Mr Timothy Chapman
Chairman

HeraMED Limited

ABN 65 626 295 314

Half year financial report - 30 June 2024

HeraMED Limited
Contents
30 June 2024

| | |
|---|----|
| Corporate directory | 2 |
| Directors' report | 3 |
| Auditor's independence declaration | 6 |
| Directors' declaration | 7 |
| Statement of profit or loss and other comprehensive income | 8 |
| Statement of financial position | 9 |
| Statement of changes in equity | 10 |
| Statement of cash flows | 11 |
| Notes to the financial statements | 12 |
| Independent auditor's review report to the members of HeraMED Limited | 20 |

HeraMED Limited
Corporate directory
30 June 2024

Board of Directors

Mr Timothy Chapman, Chairman
(appointed Non-executive Director on 11 March 2024 and Chairman on 20 June 2024)

Ms Anoushka Gungadin, Chief Executive Officer & Managing Director
(appointed 20 June 2024)

Mr David Hinton, Non-Executive Director

Company Secretary

Mr Cameron Jones (appointed 9 April 2024)

Registered Office

Suite 201
697 Burke Road
Camberwell, VIC 3124

Share Registry

XCEND
Level 2, 47 Pitt Street
Haymarket NDW 2000
Phone: +61 (2) 7208-8033
Email: support@xcend.co
Web: www.xcend.co

Group Auditors (Australia)

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower
5 Spring Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange
Level 105
20 Bridge Street
Sydney NSW 2000

ASX Code

HMD

HeraMED Limited
Directors' report
30 June 2024

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 2024. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were directors of HeraMED Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Tim Chapman, Chairman (appointed Non-executive Director on 11 March 2024 and Chairman on 20 June 2024)
Ms Anoushka Gungadin, Chief Executive Officer & Managing Director (appointed 20 June 2024)
Mr David Hinton, Non-Executive Director
Dr Ron Weinberger, Executive Chairman (resigned 1 May 2024)
Mr Doron Birger, Non-Executive Director (resigned 11 March 2024)
Ms Emily Slade, Non-Executive Director (resigned 17 January 2024)

Operating and financial review

During the period, the Group voluntarily changed its presentation currency from United States Dollars (USD) to Australian Dollars (AUD) in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to note 4 in the accompanying financial statements for more details.

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

Operating Results

The Group recorded revenues of \$180,884 for the half-year ended 30 June 2024 (30 June 2023: \$297,768) and a gross profit margin of \$92,578 (30 June 2023: \$236,680). The consolidated loss of the Group for the half-year ended 30 June 2024 after providing for income tax, amounted to \$3,212,817 (30 June 2023: \$3,236,279). Net assets of the Group as of 30 June 2024 amounted to \$1,173,336 (31 December 2023: \$686,032). As at 30 June 2024, the Group had cash and cash equivalents of \$1,405,499 (31 December 2023: \$1,061,924).

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 half-year ended 30 June 2024.

- Signed two-year agreement and Go-Live with Broward Health, one of the 10 largest public healthcare systems in the US.
- Continued successes at Telstra Health & Gold Coast University Hospital.
- Successful capital raising in 2Q2024 totalling \$2.75 million (before costs) supported by existing and new institutional and sophisticated investors.
- Completed an organisational restructure resulting in streamlined operations, right-sizing to further scale HeraMED, resulting in approximately A\$2.0 million annualised operating cost reduction. The benefits of the reduction in the operating cost base are anticipated to be realised from the second half of 2024.
- Anoushka Gungadin appointed as Managing Director and CEO, Tim Chapman as Chair of the Board, and Cameron Jones as CFO and Company Secretary.

USA – Commercial Deployment

Broward Health

HeraMED signed a two-year agreement with Broward Health in Florida for a controlled roll-out of the HeraCARE platform and HeraBEAT devices, with a targeted total pregnancies of 700, and first mums onboarded onto the program in June. Broward is one of the 10 largest public healthcare systems in the US and includes five safety net hospitals with more than 50 locations and offices, and a team of over 1,800 nationally recognised doctors.

New Customers and Channel Partners

As part of the strategic review, HeraMED announced on 11 June 2024 the termination of its partnership with US-based Fembridge following both parties being unable to agree on revised commercial terms. As part of its US-based commercial strategy, HeraMED is continuing to have commercial discussions with multiple other channel partners that specialise within specific customer verticals in the US.

To complement HeraMED's channel partner strategy on the back of the successful launch at Broward, direct discussions continue with a number of other large east coast US healthcare systems and partners that are aligned to the priorities of HeraMED to drive the business forward.

Australia – Commercial Deployment

Telstra Health

HeraMED signed a partner agreement with Telstra Health, Australia's largest e-health provider, allowing HeraCARE to join Telstra Health's Smart Marketplace of approved partners. HeraCARE has been successfully integrated with Telstra Health's MedicalDirector Clinical program. MedicalDirector is a leading clinical and practice management software used by Australian GPs. On 24 June 2024, the soft launch of HeraCARE within Telstra Health ecosystem through targeted GP clinics was announced. On completion of the soft launch, HeraMED anticipates marketing to the entire GP clinic customer base and onboarding of mums through Telstra Health's GP clinics practices by the end of calendar year 2024.

Gold Coast University Hospital (GCUH)

GCUH has launched a clinical trial for up to 90 pregnancies, with an objective to evaluate clinical usability, patient satisfaction, value for money and economic analysis on the HeraCARE platform. The trial has already delivered mutual and meaningful benefits whilst allowing HeraMED to gain significant insights into the practical application of the Company's solution in a real-world public hospital setting (a key vertical for HMD). The Company is currently waiting for formal reporting on various KPIs looking at the experiences of both clinical teams and mums.

General

In April 2024, HeraMED announced a number of leadership changes. Anoushka Gungadin was appointed as CEO & Managing Director following Dr Ron Weinberger stepping down from his executive roles. Cameron Jones, Managing Director of Bio101 Financial Advisory Pty Ltd ('Bio101') was appointed as CFO and Company Secretary of the Company following Jonathan Hart stepping down. In May, Dr Ron Weinberger resigned from the Board and was replaced by Tim Chapman who was appointed Chair of the Board on 10 May 2024. The Board intends to add additional directors who can provide skills, experience, networks and market knowledge during the next phase of commercialisation.

HeraMED conducted a strategic restructure and review in March & April 2024, with results announced in May. The outcome resulted in the Company rightsizing its operations to further scale HeraMED and resulted in an approximate annualised operating cost reduction of \$2.0 million. The benefits of the reduction in the operating cost base are anticipated to be realised from the second half of 2024. Following the review, HeraMED announced its new four-point strategic plan, centred around Customer First – Commercialisation Focus, Strategic Partnerships, Non-Dilutive Funding, and Brand Visibility.

Capital Raising

HeraMED successfully raised approx \$3.39 million during the half-year. This consisted of:

- \$415,000 raised via Placement approved by shareholders at General Meeting held on 23 February 2024 with an issue price of \$0.02 per share;
- \$224,713 raised through a non-renounceable pro-rata entitlement offer in February 2024 with an issue price of \$0.02 per share;
- \$2.35 million through the issue of Convertible Notes, converting to Ordinary shares at an issue price of \$0.01 per share upon shareholder approval at the 2024 Annual General Meeting held on 20 June 2024;
- \$350,000 through the issue of ordinary shares with an issue price of \$0.01 per share; and
- \$50,000 through an unsecured loan without interest from Tim Chapman, Chair of the Board, which converted into Ordinary Shares at an issue price of \$0.01 per share (same as Convertible Notes) upon shareholder approval at the 2024 Annual General Meeting.

Significant changes in the state of affairs

There were no significant changes other than as outlined in the Review of operations in the state of affairs of the Group during the financial half-year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Matters subsequent to the end of the financial half-year

The Group received a payment of \$300,725 (US\$200,000) from a customer for an outstanding invoice.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year report

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Mr Timothy Chapman
Chairman

28 August 2024

DECLARATION OF INDEPENDENCE BY JACKSON WHEELER TO THE DIRECTORS OF HERAMED LIMITED

As lead auditor for the review of HeraMED Limited for the half-year ended 30 June 2024, 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.



Jackson Wheeler
Director

BDO Audit Pty Ltd

Perth

28 August 2024

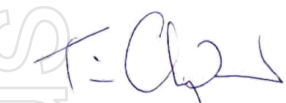
HeraMED Limited
Directors' declaration
30 June 2024

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 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company 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



Mr Timothy Chapman
Chairman

28 August 2024

HeraMED Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024

| | | Consolidated | 30 June |
|--|-------------|---------------------------|---------------------------|
| | | 30 June 2024 | 2023* |
| | Note | \$ | Restated \$ |
| Revenue | | | |
| Revenue | | 180,884 | 297,768 |
| Cost of Sales | | <u>(88,306)</u> | <u>(61,088)</u> |
| Gross profit | | <u>92,578</u> | <u>236,680</u> |
| Other income | | 117,223 | - |
| Expenses | | | |
| Research and development expenses | | (721,575) | (1,049,040) |
| General and administrative expenses | | (1,156,806) | (1,140,732) |
| Sales and marketing expenses | | (1,037,062) | (828,866) |
| Depreciation and amortisation expenses | | (175,865) | (307,143) |
| Share-based payment expenses | 11 | (345,039) | (134,981) |
| Other (losses)/gains | | <u>67,670</u> | <u>(49,661)</u> |
| Operating loss | | <u>(3,158,876)</u> | <u>(3,273,743)</u> |
| Finance income | | 3,958 | 42,538 |
| Finance expenses | | <u>(57,899)</u> | <u>(5,074)</u> |
| Loss before income tax expense | | <u>(3,212,817)</u> | <u>(3,236,279)</u> |
| Income tax expense | | <u>-</u> | <u>-</u> |
| Loss after income tax expense for the half-year attributable to the owners of HeraMED Limited | | <u>(3,212,817)</u> | <u>(3,236,279)</u> |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation | | <u>144,402</u> | <u>60,884</u> |
| Other comprehensive income for the half-year, net of tax | | <u>144,402</u> | <u>60,884</u> |
| Total comprehensive income for the half-year attributable to the owners of HeraMED Limited | | <u><u>(3,068,415)</u></u> | <u><u>(3,175,395)</u></u> |
| | | Cents | Cents |
| Basic earnings per share | 12 | (0.88) | (1.33) |
| Diluted earnings per share | 12 | (0.88) | (1.33) |

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 4

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

HeraMED Limited
Statement of financial position
As at 30 June 2024

| | | Consolidated | | 1 January |
|--------------------------------|-------------|---------------------|---------------------|---------------------|
| | Note | 30 June 2024 | 31 Dec 2023 | 2023 |
| | | \$ | \$ | Restated* |
| | | | | \$ |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 1,405,499 | 1,061,924 | 3,867,335 |
| Trade receivables | | 314,475 | 208,231 | 14,072 |
| Other receivables | | 198,994 | 295,350 | 362,737 |
| Inventories | | 339,605 | 361,464 | 253,315 |
| Total current assets | | <u>2,258,573</u> | <u>1,926,969</u> | <u>4,497,459</u> |
| Non-current assets | | | | |
| Property, plant and equipment | | 56,536 | 76,371 | 111,457 |
| Intangible assets | 5 | <u>786,201</u> | <u>949,897</u> | <u>1,534,487</u> |
| Total non-current assets | | <u>842,737</u> | <u>1,026,268</u> | <u>1,645,944</u> |
| Total assets | | <u>3,101,310</u> | <u>2,953,237</u> | <u>6,143,403</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | 6 | 687,084 | 759,589 | 738,478 |
| Borrowings | 7 | 192,627 | 260,550 | 263,305 |
| Other financial liability | 8 | 23,510 | 46,168 | 75,817 |
| Deferred revenue | | 397,138 | 439,014 | 90,225 |
| Total current liabilities | | <u>1,300,359</u> | <u>1,505,321</u> | <u>1,167,825</u> |
| Non-current liabilities | | | | |
| Other financial liability | 8 | <u>627,615</u> | <u>761,884</u> | <u>746,205</u> |
| Total non-current liabilities | | <u>627,615</u> | <u>761,884</u> | <u>746,205</u> |
| Total liabilities | | <u>1,927,974</u> | <u>2,267,205</u> | <u>1,914,030</u> |
| Net assets | | <u>1,173,336</u> | <u>686,032</u> | <u>4,229,373</u> |
| Equity | | | | |
| Issued capital | 9 | 35,804,219 | 34,156,340 | 31,040,171 |
| Foreign exchange reserves | 10 | 588,191 | 443,789 | 95,565 |
| Predecessor accounting reserve | 10 | 190,792 | 190,792 | 190,792 |
| Reserves | 10 | 8,911,411 | 7,003,571 | 6,967,285 |
| Accumulated losses | | <u>(44,321,277)</u> | <u>(41,108,460)</u> | <u>(34,064,440)</u> |
| Total equity | | <u>1,173,336</u> | <u>686,032</u> | <u>4,229,373</u> |

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 4

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

HeraMED Limited
Statement of changes in equity
For the half-year ended 30 June 2024

| Consolidated | Issued capital \$ | Share-based payment reserves \$ | Predecessor accounting reserve \$ | Foreign currency translation reserve \$ | Accumulated losses \$ | Total equity \$ |
|--|------------------------------|--|--|--|----------------------------------|----------------------------|
| Balance at 1 January 2023 (restated) * | 31,040,171 | 6,967,285 | 190,792 | 95,565 | (34,064,440) | 4,229,373 |
| Loss after income tax expense for the half-year | - | - | - | - | (3,236,279) | (3,236,279) |
| Other comprehensive income for the half-year, net of tax | - | - | - | 60,884 | - | 60,884 |
| Total comprehensive income for the half-year | - | - | - | 60,884 | (3,236,279) | (3,175,395) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Share-based payments | - | 121,387 | - | - | - | 121,387 |
| Balance at 30 June 2023 (restated) * | <u>31,040,171</u> | <u>7,088,672</u> | <u>190,792</u> | <u>156,449</u> | <u>(37,300,719)</u> | <u>1,175,365</u> |
| Consolidated | Issued capital \$ | Share-based payment Reserves \$ | Predecessor accounting Reserve \$ | Foreign currency translation Reserve \$ | Accumulated losses \$ | Total equity \$ |
| Balance at 1 January 2024 (restated) * | 34,156,340 | 7,003,571 | 190,792 | 443,789 | (41,108,460) | 686,032 |
| Loss after income tax expense for the half-year | - | - | - | - | (3,212,817) | (3,212,817) |
| Other comprehensive income for the half-year, net of tax | - | - | - | 144,402 | - | 144,402 |
| Total comprehensive income for the half-year | - | - | - | 144,402 | (3,212,817) | (3,068,415) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Contributions of equity(note 9) | 3,439,713 | - | - | - | - | 3,439,713 |
| Share-based payments | - | 345,039 | - | - | - | 345,039 |
| Other share issue costs | (1,791,834) | 1,562,801 | - | - | - | (229,033) |
| Balance at 30 June 2024 | <u>35,804,219</u> | <u>8,911,411</u> | <u>190,792</u> | <u>588,191</u> | <u>(44,321,277)</u> | <u>1,173,336</u> |

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 4

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

HeraMED Limited
Statement of cash flows
For the half-year ended 30 June 2024

| | Consolidated | 30 June 2023 |
|---|---------------------|---------------------|
| | 30 June 2024 | (Restated) * |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Receipts from customers | 131,646 | 592,617 |
| Payments to suppliers and employees | (2,832,031) | (3,181,311) |
| Interest received | 3,957 | 14,758 |
| | <u>(2,696,428)</u> | <u>(2,573,936)</u> |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | (58,770) | (1,695) |
| | <u>(58,770)</u> | <u>(1,695)</u> |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 992,196 | - |
| Proceeds from issue of convertible notes (refer to note 9) | 2,400,000 | - |
| Share issue transaction costs | (229,033) | - |
| Proceeds from borrowings | 260,000 | - |
| Repayment of borrowings | (335,522) | - |
| | <u>3,087,641</u> | <u>-</u> |
| Net cash from financing activities | | |
| | <u>3,087,641</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | 332,443 | (2,575,631) |
| Cash and cash equivalents at the beginning of the financial half-year | 1,061,924 | 3,867,335 |
| Effects of exchange rate changes on cash and cash equivalents | 11,132 | (229,780) |
| | <u>1,405,499</u> | <u>1,061,924</u> |
| Cash and cash equivalents at the end of the financial half-year | <u>1,405,499</u> | <u>1,061,924</u> |

* Prior year comparatives have been amended to AUD following a change in presentation currency; refer to Note 4.

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

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 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 28 August 2024.

a) 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 (ASX:HMD) up to the date of this report in accordance with the continuous disclosure requirements arising under the ASX Listing Rules.

b) Basis of measurement and reporting conventions including capital reorganisation

The half-year report has been prepared on an accrual 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. During the period, the Group voluntarily changed its presentation currency from United States Dollars (**USD**) to Australian Dollars (**AUD**) in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Refer to note 4 for more information. The half-year report is presented in Australian 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 or amended Accounting 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. Material accounting policies

Revenue recognition

Revenue is recognised based on the five-step model outlined in *AASB 15 Revenue from Contracts with Customers*.

The Company derives its revenue from:

- the sale of goods; and
- software licenses per month or per pregnancy.

Revenue from sale of goods

Revenue from sale of goods in the ordinary course of business is measured at the fair value of the consideration received or receivable. When the credit period is short and constitutes the accepted credit in the industry, the future consideration is not discounted.

Revenue is recognised when the performance obligation is satisfied, i.e., when control of the goods has transferred, being when the goods are shipped to the customer EXW (Ex Works). A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from software licenses per month or per pregnancy

Revenue derived from the software is recognised according to several models:

Per pregnancy model:

- In cases where HeraBEAT devices are leased, there is a single performance obligation which is met once the pregnancy is archived.
- In cases where HeraBEAT devices are sold, there are two (2) separate performance obligations; one performance obligation is met at the delivery of the HeraBEAT device to the client and the second performance obligation is met once the pregnancy is archived.

Per User per Month model:

The Company provides software licenses per user per month to the customer over time and the progress of the transfer of the service is measured in the same manner, that is, passage of time. The performance obligation in this case is met over time and therefore, the Company allocates the user per month multiplied by the number of licenses.

Third Party Hardware:

In addition to the above, the Company offers the option to buy third party hardware devices such as blood pressure cuffs and scales. The performance obligation in this case is met once the products are delivered to the client.

All other accounting policies adopted are consistent with the accounting policies adopted in HMD's last annual statements for the year ended 31 December 2023.

3. Material accounting policies (continued)

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 2024 of \$3,212,817 (30 June 2023: \$3,236,279), net cash outflows used in operating activities was \$2,696,428 (30 June 2023: \$2,573,936). As at 30 June 2024, the Group had cash and cash equivalents of \$1,405,499 (31 December 2023: \$1,061,924).

Whilst the Group 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 the sufficient funds will be available to finance the operations of the Group for the following reasons:

- the Group successfully raised \$3.4 million (before transaction costs) during the half year ended 30 June 2024;
- 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.

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. 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 capital through equity raisings. 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.

Critical accounting judgements, estimates and assumptions

Critical accounting judgements, estimates and assumptions are consistent with the ones adopted in HMD's last annual financial statements for the year ended 31 December 2023.

4. Restatement of comparatives

Change in presentation currency

During the period, the Group voluntarily changed both its presentation currency from United States Dollars (**USD**) to Australian Dollars (**AUD**) in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. This financial report for the period ended 30 June 2024 is the first financial report with results presented in AU dollars. All comparative financial information for the 31 December 2023 consolidated financial report, previously reported in United States dollars and the consolidated statement of financial position at the beginning of the comparative period, has been amended into AU dollars using the procedures outlined below:

- The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows have been translated to AU dollars using average exchange rates for the period, being AUD/USD exchange rate of 0.6762 for the comparative period ended 30 June 2023;
- Assets and liabilities in the consolidated statement of financial position have been translated to AU dollars using the exchange rates as at the relevant balance dates being AUD/USD exchange rate of 0.6826 and 0.6766 as at 31 December 2023 and 1 January 2023 respectively;
- The equity section of the consolidated statement of financial position has been translated into AU dollars using historical exchange rates; and
- All disclosures, including earnings per share disclosures have also been amended to AU dollars.

4. Restatement of comparatives (continued)

As a result of the change in presentation currency, the foreign currency translation reserve went from USD 92,650 to AUD 95,565 at 1 January 2023.

5. Intangible assets

| | 30 June 2024 \$ | 31 Dec 2023 (restated) * |
|---------------------------------|--------------------|-----------------------------|
| Cost (1) | 3,427,013 | 3,427,013 |
| Accumulated amortisation | (2,640,812) | (2,477,116) |
| Net carrying amount | <u>786,201</u> | <u>949,897</u> |
| Cost | | Development costs \$ |
| Balance at 1 January 2023 | | 3,427,013 |
| Additions | | - |
| Balance as at 31 December 2023 | | <u>3,427,013</u> |
| Balance as at 31 December 2023 | | 3,427,013 |
| Additions | | - |
| Balance as at 30 June 2024 | | <u>3,427,013</u> |
| Accumulated amortisation | | Development costs \$ |
| Balance at 1 January 2023 | | (1,906,081) |
| Amortisation expense | | (571,036) |
| Balance at 31 December 2023 | | <u>(2,477,117)</u> |
| Balance at 31 December 2023 | | (2,477,117) |
| Amortisation expense | | (163,696) |
| Balance at 30 June 2024 | | <u>(2,640,813)</u> |

(1) The Company capitalised development costs that are attributed to the HeraBEAT product and to HeraCARE.

(2) The Company has assessed the relevant impairment indicators for development costs and has not identified any indicators of impairment to the Company's intangibles in the current half-year. The Company has concluded that the carrying value of the intangibles at 30 June 2024 is recoverable.

6. Trade and other payables

| | 30 June 2024 \$ | Consolidated 31 Dec 2023 (restated)* \$ |
|---|--------------------|--|
| Trade and other payables | 462,917 | 363,408 |
| Employees' salaries and related liabilities | 202,107 | 228,806 |
| Accrued expenses | <u>22,060</u> | <u>167,375</u> |
| | <u>687,084</u> | <u>759,589</u> |

7. Borrowings

| | Consolidated 30 June 2024 | 31 Dec 2023 (restated)* |
|-----------------------------|------------------------------|----------------------------|
| | \$ | \$ |
| Loan from related party (i) | 192,627 | 260,550 |

(i) This represents a loan from Meytar (Digital) Engineering Ltd ("Meytar"), a company controlled by David Groberman and Tal Slonim (former directors of HeraMED Limited). In May 2024, Meytar agreed to amend the terms of the loan. The new terms are as following:

- The total amount of the debt inclusive of accrued interest, as described in the Company's most recent financial report, stood at \$177,859 USD as of December 31, 2023;
- An upfront payment of 20% of the total debt amounting to \$35,571.80 USD was made within three (3) business days of signing the updated agreement;
- The remaining 80% of the debt, totalling \$142,287.20 USD, shall be repaid in ten (10) equal monthly instalments of \$14,228.72 USD plus interest, with the final payment due in March 2025.
- If the Company raises capital exceeding AUD \$2.5 million in the second half of 2024, full repayment of the remaining debt shall be made no later than December 31, 2024.

Refer to note 15 for more information on repayments of the loan during the period.

8. Other financial liability

| | Consolidated 30 June 2024 | 31 Dec 2023 (amended)* |
|--|------------------------------|---------------------------|
| | \$ | \$ |
| Current liabilities | | |
| Liability for Israel Innovation Authority Grants | 23,510 | 46,168 |
| Non-current liabilities | | |
| Liability for Israel Innovation Authority Grants | 627,615 | 761,884 |
| | 651,125 | 808,052 |

HeraMED Israel received funding from the Israeli Innovation Authority ("IIA") for its participation in research and development costs, based on budgets approved by the IIA and subject to the fulfillment of specified milestones. HeraMED Israel is required to pay royalties to the IIA on proceeds from the sale of products in which the grants provided by the IIA contributed to the research and development. According to the funding terms, royalties between 3% and 4.5% are payable on sales of developed products funded, up to 100% of the grant received by HeraMED Israel, linked to the US dollar and bearing libor interest rates. In the case of failure of a financed project, HeraMED Israel is not obligated to pay any such royalties to the IIA nor repay any grant monies received for that project.

HeraMED Israel received grants prior to 1 January 2020, amounting to USD \$1,015,306 relating to two different products. There were no additional grants received in the half year to 30 June 2024 or in the 2023 financial year.

As at 30 June 2024, the WACC rate used by HeraMED Israel for the liability was 20% (2023: 20%).

The liability balance recognised by HeraMED Israel is based on the grant amount of USD \$809,866 and on HMD's future revenue estimates which are performed at the end of each reporting period.

9. Issued capital

Fully paid ordinary shares

| | 30 June 2024 | 31 Dec 2023 | 30 June 2024 | 31 Dec 2023 |
|------------------------|---------------------|--------------------|---------------------|--------------------|
| | Shares | Shares | \$ | \$ |
| Opening Balance | 321,264,191 | 242,657,048 | 34,156,340 | 31,040,171 |
| Issue of shares (i) | - | 36,857,143 | - | 2,580,000 |
| Issue of shares (ii) | - | 41,750,000 | - | 835,000 |
| Issue of shares (iii) | 11,235,627 | - | 224,713 | - |
| Issue of shares (iv) | 20,750,000 | - | 415,000 | - |
| Issue of shares (v) | 35,000,000 | - | 350,000 | - |
| Issue of shares (vi) | 5,000,000 | - | 50,000 | - |
| Issue of shares (vii) | 5,000,000 | - | 50,000 | - |
| Issue of shares (viii) | 235,000,000 | - | 2,350,000 | - |
| Share issue costs | - | - | (1,791,834) | (298,831) |
| | 633,249,818 | 321,264,191 | 35,804,219 | 34,156,340 |

(i) Issue of shares on 20 July 2023 at A\$0.07 per share pursuant to a Placement

(ii) Issue of shares on 22 December 2023 at A\$0.02 per share pursuant to a Placement

(iii) Issue of shares on 28 February 2024 at A\$0.02 per share pursuant to a rights issue

(iv) Issue of shares on 1 March 2024 at A\$0.02 per share pursuant to a Placement, approved by shareholders at general meeting on 23 February 2024

(v) Issue of shares on 10 May 2024 at A\$0.01 per share pursuant to a Placement

(vi) Issue of shares on 24 May 2024 for short-term loan

(vii) Issue of shares on 26 June 2024 at A\$0.01 per share following the conversion of related party loan of \$50,000

(viii) Issue of shares on 26 June 2024 at A\$0.01 per share following the conversion of 2,350,000 convertible notes

(b) 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, sales and marketing plans 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.

10. Reserves

| a) Share-based payment reserve | 30 June 2024 | 31 Dec 2023 |
|---|---------------------|---------------------|
| | \$ | (restated) |
| | | \$ |
| 141,275,921 (31 December 2023: 94,115,505) options on issue | 8,911,411 | 7,003,571 |
| Movement in share-based payment reserve | | 30 June 2024 |
| | | \$ |
| Opening balance at 01 Jan 2024 | | 7,003,571 |
| Issue options under employee incentive scheme | | 10,483 |
| Issue of broker options | | 1,562,801 |
| Issue options to management and advisors | | 334,556 |
| Closing balance at 30 June 2024 | | 8,911,411 |

10. Reserves (continued)

| b) Foreign Exchange Reserve | 30 June 2024 | 31 Dec 2023 |
|------------------------------------|---------------------|--------------------|
| | \$ | (restated) |
| | \$ | \$ |
| Closing balance | 588,191 | 443,789 |

The foreign currency translation reserve records exchange differences arising on translation from function currency to presentation currency. Refer to note 4 for more details on the impact of the change in functional currency from USD to AUD.

| c) Predecessor accounting reserve | 30 June 2024 | 31 Dec 2023 |
|--|---------------------|--------------------|
| | \$ | (restated) |
| | \$ | \$ |
| Closing balance | 190,792 | 190,792 |

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

11. Share-based payments

The vesting charge taken to the profit and loss in-respect of options and performance shares for the year was \$345,039. Details of the fair value assumptions underpinning these share-based payment arrangements are disclosed in previous years' financial reports of the Company and options issued during the period ending 30 June 2024 are outlined in the table below.

During the half year ended 30 June 2024, the Company recorded the following share-based payments:

The issue of 750,000 Options exercisable at A\$0.023 on or before 23 January 2027 pursuant to an employee incentive scheme. The options vest over 24 months.

The issue of 15,000,000 Options exercisable at A\$0.045 on or before 11 March 2027 to corporate advisors for acting as lead manager to the placement ("Broker Options"). The options vested immediately upon grant. The transaction has been accounted for as share issue costs and recognised within equity (note 9).

The issue of 67,500,000 Options exercisable at A\$0.01 on or before 26 June 2027 to corporate advisors for acting as the lead manager to the placement ("Broker Options"). The options vested immediately upon grant. The transaction has been accounted for as share issue costs and recognised within equity (note 9).

The issue of 17,000,000 Options exercisable at A\$0.02 on or before 26 June 2028 to Directors, management and advisors. The options vested immediately upon grant, other than 750,000 options which vest three months from grant.

The fair value of options issued during the period has been determined using the Black-Scholes pricing model. The valuation model inputs used to determine the fair value at the grant date are as follows:

| Grant date | Assumed expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|-------------------|----------------------------|----------------------------------|-----------------------|----------------------------|-----------------------|--------------------------------|---------------------------------|
| | | \$ | \$ | % | % | % | \$ |
| 23/01/2024 | 23/01/2027 | 0.021 | 0.023 | 105% | - | 4.35% | 0.014 |
| 11/03/2024 | 11/03/2027 | 0.018 | 0.045 | 112% | - | 4.35% | 0.009 |
| 26/06/2024 | 26/06/2027 | 0.025 | 0.010 | 123% | - | 4.35% | 0.021 |
| 20/06/2024 | 26/06/2028 | 0.027 | 0.020 | 123% | - | 4.35% | 0.022 |

On 1 May 2024, 7,500,000 options that had been issued to Dr Ron Weinberger lapsed upon his resignation as a Director.

12. Loss per share

| | 30 June 2024 | Consolidated 30 June 2023 (restated) |
|---|-----------------------|--|
| | \$ | \$ |
| Loss after income tax attributable to the owners of HeraMED Limited | (3,212,817) | (3,236,279) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 363,098,599 | 242,657,048 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 363,098,599 | 242,657,048 |
| | 30 June 2024 Cents | 30 June 2023 Cents |
| Basic earnings per share | (0.88) | (1.33) |
| Diluted earnings per share | (0.88) | (1.33) |

13. Dividends

The Company did not pay or propose any dividends in the half-year to 30 June 2024.

14. Commitments

The Group has no known commitments as at 30 June 2024.

15. Contingencies

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

The Group has no other known contingencies as at 30 June 2024.

16. Related party transactions

Transactions with related parties

The following related party transactions occurred during the half-year to 30 June 2024.

- On 9 April 2024, the Group appointed Anoushka Gungadin as Chief Executive Officer with fixed remuneration of US\$204,000 per annum
- USD \$49,801 (AUD \$75,552) partial repayment of loan held with Meytar (Digital) Engineering Ltd ("Meytar"), a company controlled by David Groberman and Tal Slonim (former directors of HeraMED Limited). Refer to note 7 for more details
- A loan of AUD \$50,000 from Director and Chair Timothy Chapman was made to the company which was subsequently converted to 5,000,000 shares at \$0.01 (1 cent) per share
- 5,000,000 Management and Advisor Options to Managing Director and CEO, Anoushka Gungadin
- 5,000,000 Management and Advisor Options to Director and Chair Timothy Chapman
- 3,000,000 Management and Advisor Options to Director, David Hinton

17. Events after the reporting period

The Group received a payment of \$300,725 (US\$200,000) from a customer for an outstanding invoice.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 2024, 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, material accounting policy information 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 2024 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 true and fair and 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 Group's financial position as at 30 June 2024 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 Pty Ltd

The image shows a handwritten signature in black ink. The signature appears to be 'JW' or 'Jackson Wheeler' in a stylized, cursive script. Above the signature, the letters 'BDO' are handwritten in a similar cursive style.

Jackson Wheeler

Director

Perth, 28 August 2024