

HeraMED Limited

ABN 65 626 295 314

Annual Report - 31 December 2024

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HeraMED Limited
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HeraMED Limited
Corporate directory
31 December 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 NSW 2000
Phone: +61 (2) 7208-8033
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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

Chairman's Letter

HeraMED Limited – 2024 Annual Report

Dear Shareholders,

2024 was a year of transformation, resilience, and progress for HeraMED. The Company has set a clear course for the future, with a refreshed leadership team, a strategic vision, and strong momentum in delivering innovative maternity care solutions that redefine the pregnancy journey.

A New Chapter in Leadership & Strategy

In April 2024, HeraMED underwent a significant leadership transition, welcoming Anoushka Gungadin as Chief Executive Officer and Managing Director and Cameron Jones as Chief Financial Officer. Their combined expertise in scaling innovative healthtech businesses and driving commercial success has brought renewed focus to the Company. Under their leadership, we launched our 4-point strategic plan in May 2024, designed to accelerate commercialisation, deepen customer engagement, and strengthen our position as a global leader in digital maternity care.

I am pleased to report that we have made tangible progress across all four pillars of this plan during 2024:

1. Driving Commercial Growth – Broward Health Leads the Way

A major highlight of 2024 has been our collaboration with Broward Health, which stands as the most significant deployment of our HeraCARE platform in 2024. This partnership is now building an evidence base that demonstrates the impact HeraCARE can have in delivering greatly improved care outcomes for pregnant mothers while optimising healthcare resources. With in excess of 400 mothers now onboarded to HeraCARE at Broward our focus with their teams is about scaling our solution to become the standard of care for maternity at Broward. Broward's successful implementation is a testament to the scalability and effectiveness of our solution, serving as a blueprint for further expansion in the U.S. and beyond.

2. Enhancing Product Innovation & Adoption

HeraCARE continues to evolve as a best-in-class digital maternity care solution, with several key advancements made in 2024:

- The platform now offers 9 live care plans, providing personalised maternity care pathways for expectant mothers,
- We launched Spanish-language support, broadening accessibility for diverse patient populations with further languages to be launched in 2025,
- Looking ahead to 2025, our focus will be on integrating with Epic, one of the world's leading electronic health record (EHR) systems, to streamline interoperability for healthcare providers, and
- We are also prioritising the introduction of digital reimbursement capabilities, either directly within HeraCARE or through strategic partnerships, ensuring healthcare providers can seamlessly access financial support for adopting digital maternity care solutions.

These developments reinforce HeraCARE's value proposition, positioning us as a leading partner for hospitals and healthcare providers embracing digital transformation.

3. Strengthening Strategic Partnerships

Partnerships remain a cornerstone of our growth strategy. In 2024, we forged new alliances with key stakeholders across healthcare, technology, and research, including groups such as the UTS, Founda Health B.V. and Metronomic Inc further embedding HeraMED within the global digital health landscape. In 2025, we will continue to work with these partners allowing HeraCARE to be launched in new verticals and geographies. We will also continue drive existing discussions with other potential global partners who can assist in scaling and supporting the growth and adoption of HeraCARE.

The expansion of our advisory board, including the appointments of Vivek Krishnan in December 2024 and Cheryle Royle and Sharon Howell in 2025, provides further support to our executive leveraging top-tier expertise in scaling new healthcare solutions effectively and opening new opportunities.

4. Optimising Financial Sustainability & Expanding Non-Dilutive Funding

We have taken decisive steps to strengthen our financial foundation, ensuring that we are well-positioned for long-term success. In late 2024, we successfully raised a further \$4.1 million through two capital raisings, welcoming several leading impact and institutional funds onto our share register. This additional funding has provided the resources necessary to accelerate commercial initiatives and support expansion efforts. Additionally, we continue to maintain a disciplined approach to operational efficiency and costs ensuring we maximise our cash runway.

A key focus area has been securing non-dilutive funding through government and industry grants. In late 2024, we launched our dedicated grant strategy, and we have submitted three grant applications—two in Australia and one in the European Union. As we expand our industry and research partnerships, we anticipate a significant increase in targeted grant submissions throughout 2025. This initiative will provide additional funding streams to support our innovation pipeline while maintaining shareholder value.

Looking Ahead

As we enter 2025, HeraMED is poised for continued growth. With Broward Health leading the way as a model deployment, we are actively pursuing new market opportunities to replicate this success. Our commitment to innovation, customer success, and strategic execution remains unwavering.

On behalf of the Board, I extend my deepest gratitude to our shareholders, partners, and the entire HeraMED team for their dedication and belief in our mission. The future is bright, and we are just getting started.

Sincerely,



Tim Chapman
Chairman
HeraMED Limited

HeraMED Limited
Directors' report
31 December 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of HeraMED Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

Directors' Report

The Directors present their report, together with the financial statements of HeraMED Limited ("the Company", "HeraMED" or "HMD") and its wholly-owned subsidiaries, Hera Med Ltd ("HeraMED Israel") and HeraMED US Inc. ("HeraMED USA"), altogether ("the Group") for the financial year ended 31 December 2024.

Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

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)

Principal Activities

The principal continuing activities of the Group during the year was an innovative medical data and technology company leading the digital transformation of maternity care by revolutionising the prenatal and postpartum 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, and big data. 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.

Dividends

There were no dividends paid or recommended during the financial year ended 31 December 2024 (2023: Nil).

Review of operations

HeraMED Limited recorded revenues of \$481,227 for the year ended 31 December 2024 (2023: \$606,226). The Group incurred a loss before finance expenses of \$5,451,413 (2023: \$6,669,276) and a total loss for the year ended 31 December 2024 of \$5,490,578 (2023: \$6,775,173) The net assets of the Group have increased by \$2,085,077 from \$686,032 at 31 December 2023 to \$2,771,109 at 31 December 2024. As at 31 December 2024, the Group's cash and cash equivalents were \$3,128,626 compared to \$1,061,924 at 31 December 2023. During the year ended 31 December 2024, the Group raised a total of \$7,559,712 (before transaction costs).

Highlights during the year

- Change of Leadership & Strategic Review
- Anoushka Gungadin appointed as Managing Director and CEO, Tim Chapman as Chair and Cameron Jones as CFO and Company Secretary
- Launch of Strategic Four-Point plan
- Over \$7m in new capital raised post change of leadership
- HeraCARE launched in top 10 US health system, Broward Health based in Florida
- Significant progress made at Broward with 400 mothers onboarded to HeraCARE, 31,000 data measurements recorded and 9 care plans established and live including 3 postpartum care plans
- Numerous critical inventions made by HeraCARE
- Accumulated total mothers on the platform was in excess of 4,000 as at 31 December 2024
- Over 400,000 data measurements now recorded on HeraCARE
- HeraMED enters LOI to establish first EU channel partner agreement with Founda Inc
- HeraMED enters LOI new US channel partner agreement with Metronomic to develop an integrated and dedicated post partum care solution
- Grant Strategy launched - 2 applied for in Australia, 1 applied for in Europe

HeraMED Limited
Directors' report
31 December 2024

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 role. In addition, Cameron Jones, was appointed as CFO and Company Secretary of the Company following Jonathan Hart stepping down as Company Secretary and Ido Toronchik as CFO. In May, Dr Ron Weinberger also resigned from the Board and was replaced by Tim Chapman as Chair of the Board.

HeraMED conducted a strategic restructure and review in March & April 2024, with results announced in May 2024. The outcome resulted in the Company right-sizing its operations to further scale HeraMED and resulted in an approximate annualised operating cost reduction of \$2.0 million. 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.

Since announcing the 4-point Strategic Plan in May 2024, the Company has made strong progress on each element of the plan.

A key pillar to the Company's commercialisation strategy is its 'customer first' focus to ensure HeraCARE is absolutely fit for purpose for each customer. HeraMED's most significant customer deployment for 2024 was at Broward Health, located in Florida USA. At 8th February 2025, Broward had registered 425 mothers onto HeraCARE since going live on 17th June 2024. The deployment of HeraCARE within Broward Health continued to build momentum over the reporting period. Success at this point can be defined by the success of the 9 care plans now live at Broward with mothers being onboarded across all 9 care plans on a weekly basis. These care plans support patients with specific conditions including chronic hypertension, gestational diabetes, mental health (both ante-natal and postpartum), financial hardship as well as low-risk pregnancies. Importantly approximately half of the mothers have been onboarded to post-partum care plans to monitor mental health over the next 12 months.

In building these care models with Broward and establishing a new standard of care at a top 10 US health system, the learnings generated are invaluable as HeraCARE begins to scale. Through the successful integration and deployment at Broward, HeraMED is now engaging deeply with further health systems in Florida seeking to replicate our success at Broward.

HeraMED executed a LOI with Metronomic to develop and implement an integrated postpartum care solution in the US. Metronomic has developed a specialist maternity care platform and patient app, Materno. Materno is currently deployed into 11 clinics across 3 states which covers an annual audience of 14,000 pregnancies. Postpartum care, and specifically mental health monitoring, saw significantly increased financial support in 2024 via expanded reimbursement programs in US. At April 2023, 31 states and the District of Columbia have extended Medicaid postpartum coverage to 12 months. If all states implemented this 12-month postpartum coverage extension, approximately 1.5 million people would have 12 months of postpartum coverage. In Florida for example, a care provider can receive up to US\$900 for providing mental health support for mothers in postpartum care for up to 12 months. This amount varies from state to state and can be up to US\$3,000. HeraMED and Metronomic are now integrating care plans within HeraCARE with the financial reimbursement and billing capability of Materno to create a complete solution. The teams are now working to select an initial healthcare provider to trial the integrated solution. This commercial opportunity is expected to significantly grow as further states evolve their postpartum financial support.

Additionally, HeraMED entered into a LOI with Founda. Founda's has built a powerful interoperability platform eliminating the friction of data availability between diverse healthcare providers by enabling them to exchange data through healthcare standards. Through this potential partnership, HeraMED will utilise Founda's platform to integrate HeraCARE with EHR's (Electronic Health Records) within hospital systems, further enhancing HeraCARE's attractiveness to healthcare providers. HeraMED has now completed its integration into Founda's platform with both teams working to identify a hospital in Europe/US for an initial deployment of the joint Founda- HeraCARE solution.

In Australia, HeraMED continued to work with key partners Gold Coast University Hospital (GCUH), Telstra Health and PHI. At GCUH, HeraMED continues to wait for the formal final report which is being reviewed and finalised by the GC clinical team. GCUH has completed its clinical trial for high-risk pregnancies. The objective of the trial was to evaluate clinical usability, patient satisfaction, value for money and economic analysis of 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).

Telstra Health announced the soft launch of HeraCARE within its ecosystem in June 2024. 4 GP Clinics were initially recruited as part of the soft launch designed to test GP workflows as well as optimise care and commercial models once integration of HeraCARE into MedicalDirector was completed. HeraMED continues to work with Telstra Health with market testing and research on the 'packaging' of the solution for GPs.

**HeraMED Limited
Directors' report
31 December 2024**

At PHI, through Simply Women and JOGG, PHI had at active 2024. Collectively 372 mothers were onboarded with approx. 180 pregnancies currently active on HeraCARE. The Company is developing a case study on the success of HeraCARE within Simply Women and JOGG assessing productivity within the clinics and improved care outcomes for mothers expected to be completed during the March 2025 quarter. Simply Women and JOGG are expanding the care plans they offer to their mums and HeraMED is working with them to customise their care plans and the smart messaging bundles according to their care protocols.

A further pillar to the 4-point plan is generating non-dilutive funding channels through government and industry grants. The grant strategy was launched in late 2024. Currently 3 grants have been applied for with an expectation the Company will receive confirmation on if it has been successful with two of those grants in the very near term. Grant funding has been a strong focus for the business over recent months with the number of grant submissions made expected to significantly expand over 2025.

Finally, we have begun to expand our advisory team with the appointments of Vivek Krishnan, Cheryle Royle and Sharon Richardson Howell. Each bring experience and network that will help the Company scale HeraCARE. Vivek Krishnan, a seasoned healthcare technology leader, was appointed to support the scaling of HeraCARE in 2025. Mr. Krishnan, is the former Chief Technology Officer of Alcidion (ASX:ALC) and the founder of AgileMed, and brings decades of deep technology and healthcare innovation experience. Cheryle Royle was appointed due to her decades long experience in Australian healthcare. Cheryle started her career as a registered Nurse & Midwife progressing to becoming CEO of a number of hospitals in both Victoria and Queensland, retiring from her role as CEO St Vincent's Private Hospital Brisbane in 2017. A pioneer in healthcare leadership, Cheryle was awarded a Telstra Businesswomen's Award in Victoria (1998) and has been a Judge for Telstra Best of Business Awards since 2021. Dr Howell has held leadership roles spanning healthcare, technology, and academia, including as Chief Performance Officer, Clinical Solutions, at Fortune 25 company Centene Corporation. In this role, she was responsible for overseeing population health and medical management solutions aimed at improving physical and mental health outcomes across Medicaid, Medicare, and Marketplace populations.

Managing the risks associated with our strategy

In developing, refining and executing on our strategy, the Company constantly assesses the key risks to our business and puts in place controls and strategies to mitigate these risks in an appropriate manner. The Company is aware of the macro-economic risks impacting the environment that we operate, as well as the risk factors that pertain to medical device companies and other factors impacting HeraMED. Where the risk relates to factors within the control of management, we make further comments. These risk factors are not exhaustive and other risks may impact the value of the investment that shareholders in the Company.

Business risks

Future capital needs

In developing, refining and executing on our strategy the Company constantly assesses the key risks to our business and puts in place controls and strategies to mitigate these risks in an appropriate manner. The Company is aware of the macro-economic risks impacting the environment that we operate, as well as the risk factors that pertain to medical device companies and other factors impacting HeraMED. Where the risk relates to factors within the control of management, we make further comments. These risk factors are not exhaustive and other risks may impact the value of the investment that shareholders in the Company.

Early-stage business

The Company's business operations are at an early stage, and the commercialisation of HeraCARE has not yet been proven at scale. The Company's success will depend on its ability to implement its business plan, the ability to commercialise the Company's products and the ability of the Company to successfully implement its R&D plans. There can be no guarantee that the Company can or will be able to commercialise its products.

Regulatory approvals and restrictions

The regulatory requirements for HeraBEAT and HeraCARE and any other developed products will depend on the local policies of the ministry of health or similar government agency in the jurisdictions in which it intends to operate (for example TGA in Australia, FDA in the US, CFDA in the PRC, etc.) and may be different from country to country. In some countries, the Company's products may be subject to continuing regulation including quality assurance, ongoing monitoring and reporting, and restrictions on promoting or advertising its products. Some of these regulations change over time and are enforced unpredictably. Meeting such regulatory compliance may prove expensive and failure to meet regulatory requirements may negatively impact the Company's business. Failure by the Company to comply with applicable regulations may subject it to enforcement actions such as warning letters, fines, or other penalties. Such failure may also attract negative publicity to HeraMED and could harm the Company's reputation and adversely impact upon its ability to develop its business. There is also the risk that Company's intellectual property is challenged or not adequately protected.

Operations in Israel

The Company has operations and personnel in Israel. The region in general is subject to confrontation and unrest. Such disruptions could materially and adversely affect the Company's operations and negatively impact its business. Israeli operations and industrial production may be subject to significant disruptions from domestic or foreign violent episodes. Such disruptions could materially and adversely affect the Company's operations and negatively impact its business.

Foreign exchange rate and currency risk

The Company's financial statements are presented in Australian dollars however the Company's expected sales are from various international markets. As a result, the Company's revenues and cash flows may be highly sensitive to fluctuations in exchange rates. As the Company's business is proposed to operate in several jurisdictions, costs and expenses incurred in a foreign country will be in the foreign country's denomination. Accordingly, there might be a loss incurred when the foreign currency is converted into Australian dollars. As the Company does not currently have hedging arrangements in place, foreign exchange rate movements could adversely impact upon its business, financial performance and operations.

Intellectual property

The Company has know-how, trade secrets and other intellectual property that are important assets. The Company relies on a combination of confidentiality and license agreements with its consultants, employees and third parties with whom it has relationships, as well as patents, domain names and copyright, to protect its brand and other intellectual property rights. If the Company fails to adequately protect its intellectual property rights, competitors may gain access to its intellectual property, which would in turn harm its business. The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. The Company may initiate or otherwise be involved in litigation against third parties for infringement or to establish the validity of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management. In addition, unauthorised use of the Company's brand or intellectual property by third parties may not only result in potential revenue loss, but also have an adverse impact on the Company's brand value and the market perception of the quality of its products.

Competition and new technologies

The industry in which the Company is involved is subject to increasing domestic and global competition, which is fast-paced and fast-changing. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively, or negatively affect the operating and financial performance of the Company's business. For instance, new technologies could overtake the advancements made by the Company's products. In that case, the Company's revenues could be adversely affected.

Cybersecurity

The Company's products, services and systems may be used in critical company, customer or third-party operations, or involve the storage, processing and transmission of sensitive data, including valuable intellectual property, other proprietary or confidential data, regulated data, and personal information of employees, customers and others. Successful breaches, employee malfeasance, or human or technological error could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of company, customer, or other third party data or systems; theft of sensitive, regulated, or confidential data including personal information and intellectual property; the loss of access to critical data or systems through ransomware, destructive attacks or other means; and business delays, service or system disruptions or denials of service. The Company has in place various protections in order to take all reasonable steps to protect its data from unauthorized access, loss or modification.

Third-party risks

The operations of the Company require the involvement of a number of third parties, including suppliers, contractors and clients. Such risks include the financial failure, default, contractual non-compliance or the conduct on the part of such third parties may have a material impact on the operations and performance of the Company. It is not possible for the Company to predict or protect the Company against all such risks.

Reputational risks

The Company operates in a fast-changing environment, and negative publicity can spread quickly, whether true or false. Negative comments by disgruntled customers about the Company may have a disproportionate effect on the Company's reputation and its ability to earn revenues and profits. Additionally, complaints by such customers can lead to additional regulatory scrutiny and a consequential increase compliance burden in responding to regulatory inquiries. This could negatively impact on the Company's business.

Retention of key personnel

The Company's success depends on retaining its key management personnel, and attracting suitably qualified, new personnel. There is no guarantee that the Company will be able to attract and retain suitably qualified management and technical personnel. A failure to do so could materially and adversely affect the Company, its operating results and financial prospects.

Liability and lawsuits

Medical device companies can be subject to claims alleging negligence, product liability, breach of warranty or malpractice that may involve large claims and significant defence costs whether or not such liability is imposed. These claims may be brought by individuals seeking relief for themselves or, increasingly, by groups seeking to represent a class. There are no such claims against the Company at the date of this Annual Report.

Other risks

This list of risk factors above is not an exhaustive list of the risks faced by HeraMED or by investors in the Company. The risk factors described in this Section as well as risk factors not specifically referred to above may in the future materially affect the financial performance of the Company and the value of its Shares.

Significant changes in the state of affairs

There were the following significant changes to the Company or the state of its affairs during the year:

- Resignation of Dr Ron Weinberger as Executive Chairman
- Resignation of Doron Birger and Emily Slade as Non-Executive Directors
- Appointment of Mr Tim Chapman as Chairman.
- Appointment of Ms Anoushka Gungadin as Managing Director and Chief Executive Officer
- Placement of shares raising \$7,559,712 (before transaction costs).

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**HeraMED Limited
Directors' report
31 December 2024**

Information on directors

Name: Tim Chapman (appointed Non-executive Director on 11 March 2024 and Chairman on 20 June 2024)
Title: Chairman
Qualifications: BCom
Experience and expertise: Mr Chapman has over 25 years' experience in financial services, having advised on a myriad of corporate transactions and capital raisings for public and private companies through IPOs, private placements, reverse takeovers as well as many mergers and acquisitions. More recently Mr Chapman has focused on advising and as a board member for a number on companies which have developed technologies enabling new care models through remote care across not only maternity but cardiac and diabetic management as well as aged care.
Interests in shares and options: 5,277,778 ordinary shares
13,166,666 unlisted options
Directorship held in other listed companies: InteliCare Holdings Limited (ASX:ICR)

Name: Anoushka Gungadin (appointed 20 June 2024)
Title: Chief Executive Officer & Managing Director
Qualifications: BSc, MBA
Experience and expertise: Anoushka Gungadin is an experienced CEO, Board Director, and cross-border executive, with a career spanning across four continents. Anoushka is the Managing Director and Chief Executive Officer of HeraMED, an ASX-listed femtech company focused on redefining maternity and pregnancy. She is a council member of Deakin University. She is the Australian lead for TiE Women, a global mentoring and investment platform for female entrepreneurs. She is a speaker and author on inclusive leadership and cultural intelligence.

Her previous experience includes founding CEO of the Australia India Chamber of Commerce set up to drive bilateral economic relationships. She headed up finance and clients accounts for Gide, the International French law firm for 10 years in Beijing. She has consulted and worked with brands including Mondelez, L'Oréal, Bank of Indonesia, Reliance, Rhipe-Crayon and more. A trained economist, she holds an MBA and is a certified professional coach.
Interests in shares and options: 5,850,000 unlisted options
15,800,000 performance rights
Directorship held in other listed companies: NIL

Name: David Hinton
Title: Non-Executive Director
Qualifications: B.Bus, FCA, GAICD, FGIA, ICSA
Experience and expertise: Mr Hinton has an extensive career in the information and technology sectors and is currently Chief Financial Officer and Company Secretary of Empired Limited, an IT and software services provider and prior to that Amcom Telecommunications Ltd. He holds a Bachelor of Business Degree and is a Fellow of Chartered Accountants Australia and New Zealand, and of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors. Mr Hinton is also Chairman of Valo Therapeutics Oy and a Director of the not-for-profit Auspire - The Australia Day Council of Western Australia. He is also the Independent Audit Committee member of the Australian Institute of Marine Science.
Interests in shares and options: 430,000 ordinary shares
3,000,000 unlisted options
Directorship held in other listed companies: NIL

HeraMED Limited
Directors' report
31 December 2024

Meetings of directors

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. During the financial year, 10 board meetings were held.

	<u>Held</u>	<u>Attended</u>
Tim Chapman (i)	10	10
Anoushka Gungadin (ii)	10	10
David Hinton	10	7
Ron Weinberger (iii)	3	1
Doron Birger (iv)	-	-
Emily Slade (v)	-	-

(i) Appointed Non-Executive Director on 11 March 2024 and Chairman on 20 June 2024

(ii) Appointed 20 June 2024

(iii) Resigned 1 May 2024

(iv) Resigned 11 March 2024

(v) Resigned 17 January 2024

Options

At the date of this report, the number of Options on issue are as follows:

Security Code	Expiry Date	Grant Date	Exercise Price \$	Number of Options
HMDAS	02/06/2025	02/06/2021	\$0.20	7,440,000
HMDAX	09/08/2027	09/08/2022	\$0.15	250,000
HMDAW	28/07/2027	02/08/2022	\$0.14	850,000
HMDAY	27/01/2027	27/01/2023	\$0.15	350,000
HMDAZ	20/07/2026	20/06/2023	\$0.12	18,428,587
HMDAZ	20/07/2026	19/09/2023	\$0.12	12,000,000
HMDAAC	23/01/2027	23/01/2024	\$0.02	750,000
HMDAAD	11/03/2027	11/03/2024	\$0.05	15,000,000
HMDAAF	26/06/2028	26/06/2024	\$0.01	67,500,000
HMDAAE	26/06/2027	26/06/2024	\$0.02	17,000,000
HMDAAG	24/12/2028	24/12/2024	\$0.02	50,000,000

Performance rights

15,800,000 performance rights were approved by shareholders at the General Meeting held on 19 December 2024 to be granted to Anoushka Gungadin, as a long-term incentive following appointment as Managing Director & CEO on 20 June 2024. No other performance rights had been issued prior to this grant and no other subsequent performance rights have been granted.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnity and insurance of officers

During the year, HeraMED Limited paid a premium to insure directors and officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group. Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the policy. The Company has agreed, to the extent permitted by law, to indemnify each Director and Company Secretary of the Company against any and all reasonable liabilities incurred in respect of or arising out of any act in the course of their role as an officer of the Company.

Environmental regulation

HeraMED products are compliant with ROHS and WEEE EU directives:

- Directive EU 2015/863 of the European Parliament and of the Council of 2 July 2015 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, as amended by (EU) 2017/2102 (RoHS 3).
- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE).

Likely developments and expected results of operations

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Information on future developments, prospects, and business strategies have only been referred to in the operating and financial review section. For further information on the Company's business strategies and material risks, refer also to the Prospectus lodged during the period which is available on the Company website or ASX Announcements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from their report on the financial report. No payment has been made to indemnify BDO Audit Pty Ltd during or since the financial year.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

In the event that non-audit services are provided by BDO Audit Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with the general standard of independence for auditors. These include:

- all non-audit services are reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor; and
- non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Corporate governance

The directors support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. The Company's Corporate Governance Statement and its compliance with ASX guidelines can be found on the Company's website at www.hera-med.com. The policies and compliance as stated were in place for the whole year and are current as at the date of this report.

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2024 has been received and can be found on page 19 of the financial report.

Remuneration report (audited)

This remuneration report, which forms part of the directors' report, for the year ended 31 December 2024 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (Act) and its regulations. This information has been audited as required by section 308(3) of the Act. Unless otherwise stated, all figures in the Remuneration Report are in the Company's presentation currency, the AU Dollar("\$").

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is presented under the following sections:

- Introduction
- Remuneration governance
- Executive remuneration arrangements
- Non-executive director fee arrangements
- Relationship between remuneration and consolidated entity performance
- Details of remuneration
- Additional disclosures relating to equity instruments
- Loans to key management personnel (KMP) and their related parties
- Other transactions and balances with KMP and their related parties
- Voting of Shareholders at last year's annual general meeting

1. Introduction

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprises the directors of the Company and identifies key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointed
Directors		
Ron Weinberger (i)	Executive Chairman	21 August 2018
Tim Chapman (ii)	Chairman	20 June 2024
Anoushka Gungadin	Managing Director & CEO	20 June 2024
David Hinton	Non-Executive Director	21 August 2018
Doron Birger (iii)	Non-Executive Director	5 October 2018
Emily Slade (iv)	Non-Executive Director	13 September 2022
Other key management personnel		
Ido Toronchik (v)	Chief Financial Officer	8 November 2023

(i) Resigned 1 May 2024

(ii) Appointed Non-Executive Director on 11 March 2024 and Chairman on 20 June 2024

(iii) Resigned 11 March 2024

(iv) Resigned 17 January 2024

(v) Resigned 9 April 2024

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a Remuneration Committee Charter.

During the financial year, the Company did not engage any remuneration consultants.

3. Executive remuneration arrangements

The key terms and conditions of the appointment of Ms Anoushka Gungadin as CEO and Managing Director are as follows:

- A base salary of A\$308,000 per annum exclusive of statutory superannuation.
- The appointment may be terminated by either party upon providing 4 months' written notice from either party.

4. Non-executive director fee arrangements

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of A\$300,000 per annum and any increase is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company. Total fees for non-executive directors for the financial year were \$104,212 (2023: \$263,564) and covered main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

5. Relationship between remuneration and consolidated entity performance

The Board considers that at this time, evaluation of the Consolidated Entities financial performance using generally accepted measures such as profitability, total shareholder return or benchmarking are not relevant, given the company's focus on scaling its commercial operations and investing in market expansion.

6. Details of Remuneration

The Key Management Personnel of HeraMED Limited includes the current and former directors of the Company and Key Management Personnel of HeraMED Limited during the year ended 31 December 2024.

31 December 2024	Short term salary, fees & commissions \$	Superannuation & social benefits (1) \$	Cash bonus \$	Other \$	Share-based payments (2) \$	Proportion of remuneration based on performance %	Total \$
Directors:							
Ron Weinberger (3)	37,111	3,795	-	16,667	-	-	57,573
Tim Chapman (4)	40,323	-	60,000	108,000	99,338	51.79%	307,661
Anoushka Gungadin (5)	154,000	14,966	-	23,021	160,739	45.57%	352,726
David Hinton	44,944	5,056	-	-	59,603	54.38%	109,603
Doron Birger (6)	9,265	-	-	-	-	-	9,265
Emily Slade (7)	4,167	458	-	-	-	-	4,625
KMP:							
Ido Toronchik (8)	49,355	-	-	-	-	-	49,355
Total	339,165	24,275	60,000	147,688	319,680		890,808

(1) Dr Weinberger, Mrs Gungadin, Mr Hinton and Ms Slade are entitled to statutory superannuation of 11.0% up to 30 June 2024 and 11.5% as from 1 July 2024.

(2) Refer to Section 6 below for further information on share-based payments granted to key management during the year. The value included in the share-based payment column is calculated using sophisticated financial models. The expense is apportioned from the grant date to the date the options or performance rights vest. As at the date of this report, no KMP options have been exercised and this amount does not represent a cash benefit to the KMP.

(3) Resigned 1 May 2024. Amount in 'Other' represents consulting fees paid for services provided.

(4) Appointed Non-Executive Director on 11 March 2024 and Chairman on 20 June 2024. Amount in 'Other' represents cash bonus and consulting fees for involvement in investor relations and capital raising activities as agreed by the Board.

(5) Appointed Managing Director and CEO on 20 June 2024.

(6) Resigned 11 March 2024.

(7) Resigned 17 January 2024.

(8) Resigned 9 April 2024. Amount disclosed represents fees paid to Shimony & Co for bookkeeping, accounting and CFO services for FY2024. Mr Toronchik is a partner at Shimony & Co.

**HeraMED Limited
Directors' report
31 December 2024**

31 December 2023	Short term salary, fees & commissions \$	Superannuation & social benefits (1) \$	Other \$	Share- based payments (2) \$	Proportion of remuneration based on performance %	Total \$
Directors:						
Ron Weinberger	231,397	11,714	-	7,234	2.89%	250,345
David Groberman (3)	224,861	45,938	50,155	-	-	320,954
Tai Slonim (4)	20,083	4,370	81,297	-	-	105,750
David Hinton	46,281	4,975	-	-	-	51,256
Doron Birger	49,791	-	-	-	-	49,791
Emily Slade (5)	51,257	5,510	-	-	-	56,767
Other KMP:	-	-	-	-	-	-
Ido Toronchik (6)	161,645	-	-	-	-	161,645
Sivan Sadan (7)	148,139	33,352	10,212	33,268	14.79%	224,971
Total	933,454	105,859	141,664	40,502		1,221,479

(1) Mr Groberman, Mr Slonim and Mrs Sadan are entitled to benefits as described in section 3 above. In the case of Mr Hinton and Dr Weinberger and Ms Slade, statutory superannuation of 10.5% up to 30 June 2023 and 11% as from 1 July 2023.

(2) Refer to Section 6 below for further information on share-based payments granted to key management during the year.

(3) Resigned 8 November 2023. Amount in 'Other' represents pay out of statutory annual leave.

(4) Resigned 20 April 2023. Amount in 'Other' represents termination benefits paid on resignation.

(5) Resigned 17 January 2024.

(6) Appointed CFO on 8 November 2023. Amount disclosed represents fees paid to Shimony & Co for bookkeeping, accounting and CFO services for FY2023. Mr Toronchik is a partner at Shimony & Co.

(7) Transitioned to Executive Vice President, Business Development on 1 October 2023. Amount in 'Other' represents vacation accrual.

Options Granted

During the financial year, the following options were granted to KMP:

Grantee	No. of options	Exercise price (cents)	Grant date	Expiry date	Grant date fair value (cents)
Anoushka Gungadin ¹	5,000,000	2.00	20/06/2024	26/06/2028	2.00
Timothy Chapman ¹	5,000,000	2.00	20/06/2024	26/06/2028	2.00
David Hinton ¹	3,000,000	2.00	20/06/2024	26/06/2028	2.00

¹Options granted to KMP on 26 June 2024 vested immediately upon grant.

Performance Rights Granted

During the financial year, the following performance rights were approved by shareholders to be granted to KMP:

Grantee	Tranche	Number of Performance Rights	Vesting hurdle	Expiry Date - Exercise no later than	Fair Value of performance rights at grant (cents)
Anoushka Gungadin	1	2,633,860	Share price of 100% premium to share price at date of issue within 12 months of issue	18 months from vesting	1.14
Anoushka Gungadin	2	2,633,860	Share price of 200% premium to share price at date of issue within 24 months of issue	18 months from vesting	1.34
Anoushka Gungadin	3	2,632,280	Share price of 300% premium to share price at date of issue within 5 years of issue	18 months from vesting	1.82
Anoushka Gungadin	4	2,633,860	7,500 paid mums (accumulated) on HeraCARE platform by 30 June 2026	31 December 2027	2.10
Anoushka Gungadin	5	2,633,860	11,500 paid mums (accumulated) on HeraCARE platform by 30 June 2026	31 December 2027	2.10
Anoushka Gungadin	6	2,632,280	23,000 paid mums (accumulated) on HeraCARE platform by 30 June 2027	31 December 2028	2.10

Share price measured on a 20 day volume weighted average (VWAP). The share price at issuance will be determined as the 5 day VWAP prior to and including the date of issue.

Should a vesting hurdle not be achieved by the stipulated date then the performance rights for that respective tranche, by the Expiry Date no later than date then the performance rights for that respective tranche will lapse, unless determined otherwise by the Board.

Should the employee leave the Company, then any unvested performance rights will automatically lapse, unless determined otherwise by the Board.

In the event of a change of control, 50% of unvested performance rights will automatically vest with the Board having the discretion to vest all unvested performance rights. In this situation, the Board has the authority to convert unvested performance rights into shares. The Board will not unreasonably withhold approval for accelerated vesting in change of control event that benefits shareholders.

7. Additional disclosures relating to equity instruments

KMP Shareholdings

5,071,667 shares were acquired by KMP during the 2024 financial year (2023: 215,000 shares).

Fully paid ordinary shares of HeraMED limited

31 December 2024	Balance at the start of the year	Other (v)	Shares acquired during the year	Cessation as director/ KMP	Balance at the end of the year
Directors:					
Ron Weinberger (i)	801,000	-	-	(801,000)	-
Tim Chapman (ii)	-	277,778	5,000,000	-	5,277,778
Anoushka Gungadin (iii)	-	-	-	-	-
David Hinton (iv)	358,333	-	71,667	-	430,000
Total	1,159,333	277,778	5,071,667	(801,000)	5,707,778

(i) Resigned 1 May 2024.

(ii) Appointed Non-Executive Director on 11 March 2024 and Chairman on 20 June 2024. 5,000,000 ordinary shares issued on 26 June 2024 at A\$0.01 per share following the conversion of related party loan of \$50,000.

(iii) Appointed Managing Director and CEO on 20 June 2024.

(iv) 71,667 shares acquired on 28 February 2024 at A\$0.02 per share.

(v) Number of shares held upon appointment as Director.

KMP Options Holdings

Options of HeraMED Limited

31 December 2024	Balance at the start of the year	Other (iv)	Options issued during the year	Options expired during the year	Balance at the end of the year	Vested and exercisable	Unvested
Directors:							
Ron Weinberger (i)	7,500,000	-	-	(7,500,000)	-	-	-
Tim Chapman (ii)	-	8,166,666	5,000,000	-	13,166,666	5,000,000	8,166,666
Anoushka Gungadin (iii)	-	850,000	5,000,000	-	5,850,000	5,200,000	650,000
David Hinton	-	-	3,000,000	-	3,000,000	3,000,000	-
Total	7,500,000	9,016,666	13,000,000	(7,500,000)	22,016,666	13,200,000	8,816,666

(i) Resigned 1 May 2024.

(ii) Appointed Non-Executive Director on 11 March 2024 and Chairman on 20 June 2024.

(iii) Appointed Managing Director and CEO on 20 June 2024.

(iv) Number of options held upon appointment as Director.

Options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met, until their expiry date.

Performance rights of HeraMED Limited

	Balance at the start of the year	Performance rights issued during the year	Balance at the end of the year	Vested and exercised	Unvested	Maximum amount remaining to be expensed \$
31 December 2024						
Anoushka Gungadin	-	15,800,000	15,800,000	-	15,800,000	225,270
	-	15,800,000	15,800,000	-	15,800,000	225,270

8. Loans from key management personnel (KMP) and their related parties

Director Loan

During the period the Group entered into a \$50,000 non-interest bearing loan from Timothy Chapman, a director of the Company (or his associate).

The Loan was convertible at \$0.01 (1 cent) per Share (5,000,000 shares in total). Shareholders approved the issue of Shares on conversion of the Director Loan at the AGM on 20 June 2024 and the Company converted the Director Loan and issued 5,000,000 Shares on 26 June 2024.

9. Other transactions and balances with KMP and their related parties

There were no other transactions with members of the Group's key management personnel and/or their related parties during the year.

10. Voting of shareholders at last year's annual general meeting

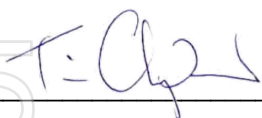
The 2023 annual general meeting was held on 20 June 2024. The Company received 99.02% "For" votes cast on its Remuneration Report for the 2023 financial year. The Company did not receive any specific feedback at the 2023 Annual General Meeting regarding its remuneration practices.

This is the end of the audited remuneration report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Tim Chapman - Chairman

28 February 2025

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

As lead auditor of HeraMED Limited for the year ended 31 December 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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 February 2025

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HeraMED Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

		Consolidated	
	Note	2024	2023
		\$	Restated*
			\$
Revenue			
Revenue	4	364,328	606,226
Cost of sales		<u>(145,746)</u>	<u>(242,191)</u>
Gross profit		<u>218,582</u>	<u>364,035</u>
Other Revenue			
Other income		116,899	-
Expenses			
Research and development expenses	5	(1,335,773)	(2,115,123)
General and administrative expenses	5	(2,545,426)	(2,525,319)
Sales and marketing expenses	5	(1,222,426)	(1,693,094)
Depreciation and amortisation expense	5	(326,245)	(663,666)
Share-based payment expenses	20	<u>(357,024)</u>	<u>(36,109)</u>
Operating loss		<u>(5,451,413)</u>	<u>(6,669,276)</u>
Finance income	5	9,129	28,977
Finance expenses	5	<u>(48,294)</u>	<u>(134,874)</u>
Loss before income tax expense		<u>(5,490,578)</u>	<u>(6,775,173)</u>
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of HeraMED Limited		<u>(5,490,578)</u>	<u>(6,775,173)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>190,908</u>	<u>79,377</u>
Other comprehensive income for the year, net of tax		<u>190,908</u>	<u>79,377</u>
Total comprehensive loss for the year attributable to the owners of HeraMED Limited		<u>(5,299,670)</u>	<u>(6,695,796)</u>
		Cents	Cents
Basic earnings per share	9	(1.03)	(2.60)
Diluted earnings per share	9	(1.03)	(2.60)

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 3.

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

HeraMED Limited
Consolidated statement of financial position
As at 31 December 2024

		Consolidated		1 January
	Note	2024	2023	2023
		\$	Restated*	Restated*
			\$	\$
Assets				
Current assets				
Cash and cash equivalents	10	3,128,626	1,061,924	3,867,335
Trade receivables		34,287	208,231	14,072
Other receivables	11	175,893	295,350	362,737
Inventories	12	374,835	361,464	253,315
Total current assets		<u>3,713,641</u>	<u>1,926,969</u>	<u>4,497,459</u>
Non-current assets				
Property, plant and equipment	13	37,679	76,371	111,457
Intangible assets	14	732,876	949,897	1,534,487
Total non-current assets		<u>770,555</u>	<u>1,026,268</u>	<u>1,645,944</u>
Total assets		<u>4,484,196</u>	<u>2,953,237</u>	<u>6,143,403</u>
Liabilities				
Current liabilities				
Trade and other payables	15	661,874	759,589	738,478
Borrowings	16	82,089	260,550	263,305
Other financial liabilities	17	74,918	46,168	75,817
Deferred revenue		235,250	439,014	90,225
Total current liabilities		<u>1,054,131</u>	<u>1,505,321</u>	<u>1,167,825</u>
Non-current liabilities				
Other financial liabilities	17	658,956	761,884	746,205
Total non-current liabilities		<u>658,956</u>	<u>761,884</u>	<u>746,205</u>
Total liabilities		<u>1,713,087</u>	<u>2,267,205</u>	<u>1,914,030</u>
Net assets		<u>2,771,109</u>	<u>686,032</u>	<u>4,229,373</u>
Equity				
Issued capital	18	38,933,176	34,156,340	31,040,171
Foreign exchange reserves		365,850	174,942	95,565
Predecessor accounting reserves		190,792	190,792	190,792
Reserves	19	9,611,482	7,003,571	6,967,285
Accumulated losses		(46,330,191)	(40,839,613)	(34,064,440)
Total equity		<u>2,771,109</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 3.

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

HeraMED Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024

Consolidated	Issued capital \$	Share-based payment reserves \$	Predecessor accounting reserves \$	Foreign currency translation reserves \$	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 year	-	-	-	-	(6,775,173)	(6,775,173)
Other comprehensive income for the year, net of tax	-	-	-	79,377	-	79,377
Total comprehensive income for the year	-	-	-	79,377	(6,775,173)	(6,695,796)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 20)	-	36,286	-	-	-	36,286
Issue of shares	3,415,000	-	-	-	-	3,415,000
Share issue costs	(298,831)	-	-	-	-	(298,831)
Balance at 31 December 2023 (restated)*	<u>34,156,340</u>	<u>7,003,571</u>	<u>190,792</u>	<u>174,942</u>	<u>(40,839,613)</u>	<u>686,032</u>
Consolidated	Issued capital \$	Share-based payment reserves \$	Predecessor accounting Reserves \$	Foreign exchange reserve \$	Retained profits \$	Total equity \$
Balance at 1 January 2024 (restated)*	34,156,340	7,003,571	190,792	174,942	(40,839,613)	686,032
Loss after income tax expense for the year	-	-	-	-	(5,490,578)	(5,490,578)
Other comprehensive income for the year, net of tax	-	-	-	190,908	-	190,908
Total comprehensive income for the year	-	-	-	190,908	(5,490,578)	(5,299,670)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 20)	-	357,024	-	-	-	357,024
Issue of shares	7,559,712	-	-	-	-	7,559,712
Share issue costs	(2,782,876)	2,250,887	-	-	-	(531,989)
Balance at 31 December 2024	<u>38,933,176</u>	<u>9,611,482</u>	<u>190,792</u>	<u>365,850</u>	<u>(46,330,191)</u>	<u>2,771,109</u>

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 3.

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

HeraMED Limited
Consolidated statement of cash flows
For the year ended 31 December 2024

		Consolidated	
	Note	2024	2023
		\$	(Restated)*
			\$
Cash flows from operating activities			
Receipts from customers		607,552	782,063
Payments to suppliers and employees (inclusive of GST)		(5,429,529)	(6,509,596)
Interest received		9,057	22,057
Finance costs paid		(1,482)	(6,942)
		<u> </u>	<u> </u>
Net cash used in operating activities	10	<u>(4,814,402)</u>	<u>(5,712,418)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,097)
		<u> </u>	<u> </u>
Net cash used in investing activities		-	(2,097)
Cash flows from financing activities			
Net proceeds from equity instruments of the Company		7,082,833	3,191,635
Proceeds from borrowings		260,087	-
Repayment of borrowings		(464,772)	-
Repayment of lease liabilities		-	(152,227)
		<u> </u>	<u> </u>
Net cash from financing activities		<u>6,878,148</u>	<u>3,039,408</u>
Net increase/(decrease) in cash and cash equivalents		2,063,746	(2,675,107)
Cash and cash equivalents at the beginning of the financial year		1,061,924	3,937,173
Effects of exchange rate changes on cash and cash equivalents		2,956	(200,142)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	10	<u><u>3,128,626</u></u>	<u><u>1,061,924</u></u>

* Prior year comparatives have been amended into AUD following a change in presentation currency; refer to note 3.

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

HeraMED Limited
Notes to the consolidated financial statements
31 December 2024

1. Summary of material accounting policies

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 full-year financial report was authorised for issue by the directors on 28 February 2025.

Basis of preparation of the financial report

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

(b) Basis of measurement and reporting conventions including capital reorganisation

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, 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 3 for more information. Unless stated otherwise, all figures in this report are in the Company's presentation currency, the Australian Dollar("\$"). The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

(c) 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. HeraMED Limited recorded revenues of \$481,227 for the year ended 31 December 2024 (31 December 2023: \$606,226). The Group incurred a loss for the full-year ended 31 December 2024 of \$5,490,578 (31 December 2023: \$6,775,173), net cash outflows used in operating activities was \$4,814,402 (31 December 2023: \$5,712,418). As at 31 December 2024, the Group had cash and cash equivalents of \$3,128,626 (31 December 2023: \$1,061,924).

Whilst the Group is expected to be cash-flow negative in the foreseeable future as a result of investments in ramping up sales and development of new products, the ability of the Group to continue as a going concern is dependent on securing additional funding through equity or debt or a combination of both 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 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 ongoing operations of the Group for the following reasons:

- the Group successfully raised \$7.6 million (before transaction costs) during the full year ended 31 December 2024 and is confident in its ability to raise further capital if and when required;
- 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.

1. Summary of material accounting policies (continued)

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 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 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.

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its wholly-owned subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

1. Summary of material accounting policies (continued)

(e) Financial instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. An impairment exists if one or more events that have occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Trade receivables

Trade receivables, which generally have 0-60 day terms, are recognised and carried at original invoice amount. Collectability of trade receivables is reviewed on an ongoing basis using an expected credit loss for assessing impairment. An impairment provision will be recognised when there is objective evidence that HeraMED will not be able to collect the receivable. Bad debts will be written off when identified.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average principle and includes expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) 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.

1. Summary of material accounting policies (continued)

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.

(i) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computers and equipment - 3 years
- Furniture and office equipment - 7 to 15 years

Depreciation of intangible assets is based on a straight-line method over the estimated useful life of the intangible assets, estimated by the company at 6 years.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

1. Summary of material accounting policies (continued)

(j) Employee Benefits

Post employment benefits

The liability for severance pay is in accordance with its obligations under Israeli employment law (Section 14 of the Severance Compensation Act, 1963). All Israel based employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies or pension funds. Under Israeli employment law, payments in accordance with Section 14 release the employer from any future severance payments. The funds are made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the statements of financial position as the severance pay risks have been irrevocably transferred to the insurance companies or pension funds.

Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

(k) Equity-settled compensation

The Group measures the share-based expense and the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes option valuation model which takes into account the terms and conditions upon which the instruments are granted.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The Share-based payment reserve records the cost of share-based payments.

(n) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in AU dollars which is the parent's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise, the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

1. Summary of material accounting policies (continued)

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

(o) Segment information identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

(p) Share-based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes pricing model. For share-based payments with non-market vesting conditions, the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Performance Rights

Performance rights are valued based on the nature of their vesting conditions:

Market-based vesting conditions The fair value is determined using an up-and-in trinomial model with a Parisian barrier adjustment.

Non-market-based vesting conditions: The fair value is determined using the market price of the underlying shares at the grant date, adjusted for the expected vesting conditions.

The expense related to performance rights is recognised on a straight-line basis over the vesting period. Upon vesting, performance rights convert into ordinary shares. Performance rights with market-based conditions expire after a specified period following vesting. Performance rights with non-market-based conditions have a set expiry date determined at issuance.

The accounting treatment for share-based payments, including options and performance rights, is in accordance with AASB 2 – Share-based Payment.

(q) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

1. Summary of material accounting policies (continued)

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria as set out above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Critical accounting judgements, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates and judgements

Share-based payments

The Group initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or right, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market-based vesting conditions.

The assessment of whether non-market-based vesting conditions will be met involves judgement, including consideration of the Group's historical performance, expected future operational and financial outcomes, and external factors that may impact the achievement of the relevant milestones. Management reviews these assumptions regularly and adjusts the recognition of share-based payment expenses accordingly.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 20.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on the fair value less cost of disposal. The Company reviews intangible assets for impairment once a year or more frequently if events or changes in circumstances indicate that there is impairment. An impairment loss is recognised if the recoverable amount of the cash-generating unit to which goodwill has been allocated is lower than the carrying value of the cash-generating unit.

The Directors make estimates and judgements in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based and are based on current trends and economic data, obtained both externally and within the Group.

Liability for Israel Innovation Authority grants

The Company measured its liability on governmental grants received, each period, based on discounted cash flows derived from the Group's future anticipated revenues. The grant is repayable upon the Group commencing product commercialisation and generating revenue from the sale of the product, with repayments being based on 3%-4.5% of each dollar of revenue. As required by AASB 9 *Financial Instruments*, the liability has been recognised at fair value on initial recognition and subject to management's estimate of the discount rate and the timing and quantity of future revenues.

At the end of each reporting period, the Company evaluates, based on its best estimate of future sales, whether it is expected that the liability recognised, in whole or in part, will not be repaid (since the Company will not be required to pay royalties). If it is not expected that the liability will be settled by the Group, the appropriate amount of the liability is derecognised and recorded in profit or loss as a revaluation of research and development expenses. If the estimate of future sales indicates that there is no such reasonable assurance, the appropriate amount of the liability that reflects expected future royalty payments is recognised with a corresponding adjustment to financial expenses or income.

1. Summary of material accounting policies (continued)

Development costs

Costs relating to the development of HeraBEAT are capitalised in accordance with AASB 138 *Intangible Assets*. Capitalised costs include all direct costs associated with the development of the asset. The development asset is amortised over a 6-year period from the capitalisation date which is determined by the useful life of the asset, ability to use or sell the asset, generation of future benefits and the ability to measure the costs reliably and whether the costs, including payroll costs are directly attributable to relevant projects.

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 relevant to its operations and effective for an accounting period that begins on or after 1 January 2024.

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

3. 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 31 December 2024 is the second 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 consolidate statement of cash flows have been translated to AU dollars using average exchange rates for the period, being AUD/USD exchange rate of 0.6646 for the comparative period ended 31 December 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.

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.

4. Revenue

	2024	2023
	\$	(restated) \$
Major products/service lines		
Revenue from sale of goods	139,296	5,785
Revenue from software	225,032	600,441
	<u>364,328</u>	<u>606,226</u>
Revenue recognition		
At a point in time	139,296	5,785
Over time	225,032	600,441
	<u>364,328</u>	<u>606,226</u>

Geographical information

The Group's revenue from external customers by geographical location are detailed below:

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4. Revenue (continued)

	2024	2023
	\$	(restated)
		\$
United States of America	327,168	300,678
Australia	37,160	280,157
Israel	-	25,391
	<u>364,328</u>	<u>606,226</u>

Information about major customers

Included in revenues are revenues of approximately \$274,408 (2023: \$540,704) which arose from sales to the Group's largest customer. No other single customer contributed 10 percent or more to the Group's revenue in either 2024 or 2023.

5. Expenses

	2024 \$	2023 (restated) \$
Loss before income tax includes the following specific expenses:		
Research and development expenses		
- Payroll and related expenses	678,899	1,002,366
- Professional services	621,732	1,059,841
- Other expenses	35,142	52,916
Total research and development expenses	<u>1,335,773</u>	<u>2,115,123</u>
General and administrative expenses		
- Payroll and related expenses	837,880	772,921
- Non-executive directors' remuneration	104,212	272,211
- Professional services	1,240,630	1,087,608
- Compliance expenses	93,715	108,073
- Insurances	88,428	87,752
- Rent expenses	29,011	49,233
- Other expenses	151,550	147,521
Total general and administrative expenses	<u>2,545,426</u>	<u>2,525,319</u>
Selling and marketing expenses		
- Payroll and related expenses	407,201	516,084
- Professional services	455,360	1,074,924
- Other expenses	359,865	102,086
Total selling and marketing expenses	<u>1,222,426</u>	<u>1,693,094</u>
Depreciation and amortisation expenses		
- Depreciation of plant and equipment (note 13)	40,132	77,137
- Amortisation of intangible assets (note 14)	286,113	586,529
Total depreciation and amortisation expenses	<u>326,245</u>	<u>663,666</u>
Finance expenses/(income)		
- Interest expenses and bank fees	1,195	12,535
- Foreign exchange losses	-	122,339
- Costs relating to issue of convertible notes	47,099	-
- Revaluation of IIA loan and interest income	(9,129)	(28,977)
Total finance expenses/(income)	<u>39,165</u>	<u>105,897</u>

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6. Income tax

The financial statements for the year ended 31 December 2024 comprise the results of HeraMED Limited, HeraMED Israel and HeraMED USA. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 25% (2023: 25%). The applicable tax rate in Israel is 23% (2023: 23%) and 21% in USA (2023: 21%).

(a) Income tax expense	2024 \$	2023 (restated) \$
<i>Current liabilities</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(b) The income tax expense for the year can be reconciled to the accounting loss as follows:	2024 \$	2023 (restated) \$
Loss for the year before tax	(5,490,578)	(6,775,173)
Prima facie income tax (benefit) at domestic tax rate	(1,372,644)	(1,693,793)
Effect of different tax rate of group entities operating in a different jurisdiction	166,040	157,558
Effect of expenses that are not deductible in determining taxable income	(6,435)	111,252
Effect of unused tax losses not recognised as deferred tax assets	1,213,039	1,424,982

Tax losses

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Company or its subsidiaries as the case maybe satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Company in realising the benefit.

7. Related party transactions

(a) Key Management Personnel Compensation

The remuneration of directors and other members of key management personnel during the year was as follows:

	Note	2024 \$	2023 (restated) \$
Short-term salary and fees		399,165	1,075,118
Social and other benefits		171,963	105,859
Share based payments	20	<u>319,680</u>	<u>40,502</u>
		<u>890,808</u>	<u>1,221,479</u>

Refer to note 20 for options and performance rights issued to KMP in the period.

(b) Loans from key management personnel (KMP) and their related parties

Details of loans made to the Group by directors and key management or their related parties are set out below:

7. Related party transactions (continued)

2024	Balance at the start of the year \$	Interest payable for the year and foreign exchange rate valuation \$	Repayments made during the year \$	Converted to equity during the year \$	Foreign Currency Movement \$	Balance at the end of the year \$
<i>Meytar (Digital) Engineering Ltd</i>	260,550	13,619	(205,176)	-	13,096	82,089

2023	Balance at the start of the year \$	Interest payable for the year and foreign exchange rate valuation \$	Repayments made during the year \$	Converted to equity during the year \$	Foreign Currency Movement \$	Balance at the end of the year \$
<i>Meytar (Digital) Engineering Ltd</i>	263,304	(2,754)	-	-	-	272,070

Meytar (Digital) Engineering Ltd (Meytar) is a company controlled by Messrs Groberman and Slonim (former directors of the HeraMED Limited). The loan bears interest which for the year was an average of 2.9%. Interest expense during the year was \$4,963 (2023: \$4,468)

Terms of the loan agreement between the Company and Meytar disclosed in note 16.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

8. Auditor's remuneration

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2024 \$	2023 (restated) \$
Auditor remuneration		
Auditing and reviewing the financial reports (BDO) - Australia	72,781	53,611
Auditing and reviewing the financial reports (BDO) - Israel	77,506	81,941
Auditing and reviewing the financial reports (BDO) - USA	-	12,359
	<u>150,287</u>	<u>147,911</u>
Non-audit remuneration		
Taxation services (BDO) - Australia	-	10,349
Taxation services (BDO) - Israel	-	11,220
	<u>-</u>	<u>21,569</u>

9. Loss per share

	2024 \$	2023 (restated) \$
Loss after income tax attributable to the owners of HeraMED Limited	<u>(5,490,578)</u>	<u>(6,775,173)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>531,720,017</u>	<u>260,462,332</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>531,720,017</u>	<u>260,462,332</u>
	Cents	Cents
Basic earnings per share	(1.03)	(2.60)
Diluted earnings per share	(1.03)	(2.60)

10. Cash and cash equivalents

	2024 \$	2023 (restated) \$
<i>Current assets</i>		
Cash at bank	<u>3,128,626</u>	<u>1,061,924</u>

(a) Cash and cash equivalents

The Group's exposure to the risks associated with cash are disclosed in note 22.

(b) Reconciliation of loss after income tax to net cash flows from operating activities

	2024 \$	2023 (restated) \$
Loss for the year	<u>(5,490,578)</u>	<u>(6,775,173)</u>
Non-cash flows in loss after income tax		
Adjustments for:		
Share based payments expense	357,024	36,109
Depreciation and amortisation	326,245	663,666
Change in Israel Innovation Authority grants	(74,178)	(6,710)
Interest and foreign exchange revaluation of borrowings	(9,129)	(429)
Other finance costs and exchange differences	97,664	272,342
	<u>697,626</u>	<u>964,978</u>
Changes in assets and liabilities		
Decrease/ (increase) in trade and other receivables	293,401	(130,103)
Decrease/ (increase) in inventory	(13,371)	(149,342)
Increase/ (decrease) in deferred revenue, trade and other payables	<u>(301,480)</u>	<u>377,222</u>
	<u>(21,450)</u>	<u>97,777</u>
Cash flow (used in) operating activities	<u>(4,814,402)</u>	<u>(5,712,418)</u>

HeraMED Limited
Notes to the consolidated financial statements
31 December 2024

11. Other receivables

	2024	2023
	\$	(restated) \$
<i>Current assets</i>		
Other receivables	90,718	119,469
Prepaid expenses	48,000	132,384
Deposits	37,175	43,106
Advances to suppliers	-	391
	<u>175,893</u>	<u>295,350</u>

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group's exposure to the risks associated with trade and other receivables are disclosed in note 22.

12. Inventories

	2024	2023
	\$	(restated) \$
<i>Current assets</i>		
Inventory - at cost	<u>374,835</u>	<u>361,464</u>

13. Property, plant and equipment

	2024	2023
	\$	(restated) \$
<i>Non-current assets</i>		
Cost	211,917	199,490
Less: Accumulated depreciation	(174,238)	(123,119)
Net carrying amount	<u>37,679</u>	<u>76,371</u>
	<u>37,679</u>	<u>76,371</u>

14. Intangible assets

	2024	2023
	\$	(restated) \$
<i>Non-current assets</i>		
Intangible assets	<u>732,876</u>	<u>949,897</u>

14. Intangible assets (continued)

Cost	Development costs
	\$
Balance at 1 January 2023	3,427,013
Additions	-
Balance at 31 December 2023	<u>3,427,013</u>
Balance at 1 January 2024	3,427,013
Additions	-
Balance at 31 December 2024	<u>3,427,013</u>
Accumulated amortisation	Development costs
	\$
Balance at 1 January 2023	(1,906,081)
Amortisation expense	(586,529)
FX translation	15,493
Balance at 31 December 2023	<u>(2,477,117)</u>
Balance at 1 January 2024	(2,477,117)
Amortisation expense	(286,113)
FX translation	69,093
Balance at 31 December 2024	<u>(2,694,137)</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 full-year. The Company has concluded that the carrying value of the intangibles at 31 December 2024 is recoverable.

15. Trade and other payables

	2024	2023
	\$	(restated)
		\$
<i>Current liabilities</i>		
Trade payables	303,906	363,408
Employees' salary and related liabilities	137,239	228,806
Accrued expenses	<u>220,729</u>	<u>167,375</u>
	<u>661,874</u>	<u>759,589</u>

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value. The Group's exposure to the risks associated with trade and other payables are disclosed in note 22.

16. Borrowings

	2024 \$	2023 (restated) \$
<i>Current liabilities</i>		
Loan from related party (i)	<u>82,089</u>	<u>260,550</u>

(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 last financial report, stood at AUD \$260,550 as of 31 December 31 2023;
- An upfront payment of 20% of the total debt amounting to \$52,110 AUD was made within three (3) business days of signing the updated agreement;
- The remaining 80% of the debt, totalling \$208,440 AUD, shall be repaid in ten (10) equal monthly instalments of \$20,844 AUD plus interest, with the final payment due in March 2025; and
- If the Company raises capital exceeding AUD \$2.5 million in the second half of 2024, full repayment of the remaining debt is due.
- The remaining debt was fully settled on 2 January 2025.

Refer to note 22 for further information on financial instruments.

17. Other financial liabilities

	2024 \$	2023 (restated) \$
<i>Current liabilities</i>		
Liability for Israel Innovation Authority Grants	<u>74,918</u>	<u>46,168</u>
<i>Non-current liabilities</i>		
Liability for Israel Innovation Authority Grants	<u>658,956</u>	<u>761,884</u>
	<u><u>733,874</u></u>	<u><u>808,052</u></u>

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 AUD \$1,641,031 relating to two different products. There were no additional grants received in the full year to 31 December 2024 or in the 2023 financial year.

As at 31 December 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 AUD \$1,308,980 and on HMD's future revenue estimates which are performed at the end of each reporting period.

HeraMED Limited
Notes to the consolidated financial statements
31 December 2024

18. Issued capital

(a) Fully paid ordinary shares

	2024	2023	2024	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	-	224,712	-
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	-
Issue of shares (ix)	154,312,471	-	2,623,312	-
Issue of shares (x)	28,040,453	-	476,688	-
Issue of shares (xi)	60,000,000	-	1,020,000	-
Share issue costs	-	-	(2,782,876)	(298,831)
	<u>875,602,742</u>	<u>321,264,191</u>	<u>38,933,176</u>	<u>34,156,340</u>

(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.

(ix) Issue of shares on 29 October 2024 at \$0.02 per share pursuant to a Placement.

(x) Issue of shares on 24 December 2024 at \$0.02 per share pursuant to a Placement, approved by shareholders at general meeting on 19 December 2024.

(xi) Issue of shares on 24 December 2024 at \$0.02 per share pursuant to a Placement, approved by shareholders at a general meeting on 19 December 2024.

(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.

19. Reserves

(a) Share-based payment reserve

	2024	2023
	\$	(restated)
	\$	\$
189,568,587 (2023: 94,115,505) options on issue	<u>9,611,482</u>	<u>7,003,571</u>

19. Reserves (continued)

Movement in share-based payment reserve		2024
		\$
Opening balance at 1 January 2024		7,003,571
Issue options under employee incentive scheme		15,741
Issue of broker options	note 20	2,250,887
Issue options to management and advisors	note 20	<u>341,283</u>
Closing balance at 31 December 2024		<u><u>9,611,482</u></u>

(b) Foreign exchange reserve	2024	2023
	\$	(restated)
		\$
Closing balance	365,850	174,942

The foreign currency translation reserve records exchange differences arising on translation from function currency to presentation currency. Refer to note 3 for more details on the impact of the change in functional currency from USD to AUD.

(c) Predecessor accounting reserve	2024	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.

20. Share-based payments

The vesting charge taken to the profit and loss in-respect of options and performance shares for the year was \$357,024. 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 31 December 2024 are outlined in the table below.

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 (i)	23/01/2027	0.021	0.023	105%	-	3.80%	0.014
11/03/2024 (ii)	11/03/2027	0.020	0.045	112%	-	3.71%	0.011
26/06/2024 (iii)	26/06/2027	0.025	0.010	115%	-	4.10%	0.021
20/06/2024 (iv)	26/06/2028	0.025	0.020	115%	-	3.91%	0.020
24/12/2024 (v)	24/12/2028	0.020	0.020	115%	-	3.90%	0.014

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:

(i) 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.

(ii) 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 18).

20. Share-based payments (continued)

(iii) 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 18).

(iv) The issue of 15,500,000 Options exercisable at A\$0.02 on or before 26 June 2028 to Directors and management. The options vested immediately upon grant.

1,500,000 Options were issued to advisors. 50% of the Options to be issued to are be subject to vesting condition which requires the service provider to continue to be engaged by the Company for 3 months from the issue date and are subject to a 12 month escrow period commencing on the issue date of the Management and Advisor Options.

(v) The issue of 50,000,000 Options exercisable at A\$0.02 on or before 24 December 2028 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 18).

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

The issue of a total of 15,800,000 performance rights with the following terms:

Tranche	Number of Performance Rights	Vesting hurdle	Expiry Date - Exercise no later than
1	2,633,860	Share price of 100% premium to share price at date of issue within 12 months of issue	18 months from vesting
2	2,633,860	Share price of 200% premium to share price at date of issue within 24 months of issue	18 months from vesting
3	2,632,280	Share price of 300% premium to share price at date of issue within 5 years of issue	18 months from vesting
4	2,633,860	7,500 paid mums (accumulated) on HeraCARE platform by 30 June 2026	31 December 2027
5	2,633,860	11,500 paid mums (accumulated) on HeraCARE platform by 30 June 2026	31 December 2027
6	2,632,280	23,000 paid mums (accumulated) on HeraCARE platform by 30 June 2027	31 December 2028

Tranches 1-3 include market based vesting criteria. The fair value of the performance rights have been calculated using an up-and-in trinomial model with a Parisian barrier adjustment. The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant Date	Underlying spot price	Exercise Price	Effective life of the rights	VWAP Barrier	Adjusted VWAP Barrier	Risk free rate	Dividend Yield	Volatility
19/12/2024	\$0.021	nil	1.00	\$0.042	\$0.060	3.97%	-	110%
19/12/2024	\$0.021	nil	2.00	\$0.063	\$0.091	3.97%	-	110%
19/12/2024	\$0.021	nil	3.00	\$0.084	\$0.121	4.035%	-	110%

The fair value of the performance rights in tranche 4-6 have been calculated based on the market price of the underlying shares at the grant date (\$0.021), adjusted for the expected vesting conditions. Management have assessed the likelihood of tranches 4-6 vesting as 100%.

21. Operating segments

Segment information

Identification of reportable segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's has determined to have one sole operating segment that is consistent with the presentation of these consolidated financial statements.

22. Financial instruments

(a) Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

(b) Categories of financial instruments

	2024 \$	2023 (restated) \$
Financial assets		
Cash and cash equivalents	3,128,626	1,061,924
Trade receivables	34,287	208,231
Other receivables	175,893	295,350
	<u>3,338,806</u>	<u>1,565,505</u>
Financial liabilities		
Trade and other payables	661,874	759,589
Borrowings	82,089	260,550
Other financial liabilities	74,918	46,168
	<u>818,881</u>	<u>1,066,307</u>

The fair value of the above financial instruments approximates their carrying values.

(c) Financial risk management policies

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of those risks on the Group where such impacts may be material. The board receives financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

(d) Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see (e) below).

22. Financial instruments (continued)

(e) Interest rate risk management

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in Profit \$	Movement in Equity \$
Year ended 31 December 2024		
+/-1% in interest rates	30,465	30,465
Year ended 31 December 2023		
+/-1% in interest rates	8,014	8,014

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(g) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecasts and actual cash flows.

The following are the contractual maturities of financial liabilities as of 31 December:

	Interest rate	Less than 6 months	6-12 months	1-5 years	Overs years	Total contractual cash flows	Carrying amount
	%	\$	\$	\$	\$	\$	\$
31 December 2024							
Trade and other payables	-	661,874	-	-	-	661,874	661,874
Borrowings	2.90%	82,089	-	-	-	82,089	82,089
Other financial liabilities	-	-	74,918	658,956	-	733,874	733,874
		743,963	74,918	658,956	-	1,477,837	1,477,837
31 December 2023							
Trade and other payables	-	759,590	-	-	-	759,590	759,590
Borrowings	2.90%	130,276	130,274	-	-	260,550	260,550
Other financial liabilities	-	-	46,167	761,884	-	808,051	808,051
		889,866	176,441	761,884	-	1,828,191	1,828,191

22. Financial instruments (continued)

(h) Net fair value of financial assets and liabilities

Fair value estimation

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described below:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Due to the short-term nature of the receivables and payables, the carrying value approximates fair value.

A summary of significant unobservable inputs (Level 3 inputs) used in measuring other financial liability are as follows:

Other financial liability	2024	2023
	\$	(restated)
		\$
Principal amount	1,308,980	1,186,391
Discount rate (%)	20	20
Fair value	733,874	808,051

The Company performed a sensitivity analysis of the financial liability which are classified as level 3 financial instruments. The Company recalculated the fair value of the financial liability by applying a+/- 5% changes to the discount rate used. As of 31 December 2024, a 5% increase in the discount rate would decrease the fair value of the financial liability to \$640,772; a 5% decrease in the discount rate would increase the fair value of the financial liability to \$839,328.

(ii) Foreign currency risk

The currency risk is that risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency of the subsidiary company), the New Israeli Shekel and the Australian Dollar (functional currency of the parent company and the presentation currency of the Group).

HeraMED Limited
Notes to the consolidated financial statements
31 December 2024

23. Parent entity information

The following information of the legal parent HeraMED Limited has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in Note 1.

(a) Financial Position of HeraMED Limited

	2024	2023
	\$	(restated) \$
ASSETS		
Current assets	3,187,523	976,048
Non-current assets	25,698	60,063
TOTAL ASSETS	<u>3,213,220</u>	<u>1,036,110</u>
LIABILITIES		
Current liabilities	456,405	328,748
Non-current liabilities	-	-
TOTAL LIABILITIES	<u>456,405</u>	<u>328,748</u>
NET ASSETS	<u>2,756,816</u>	<u>707,362</u>
SHAREHOLDERS' EQUITY		
Issued capital	33,813,912	27,310,421
Reserves	8,412,691	5,922,095
Accumulated losses	39,469,788	32,525,154
SHAREHOLDERS' EQUITY	<u>2,756,816</u>	<u>707,362</u>

(b) Statement of profit or loss and other comprehensive income

	2024	2023
	\$	(restated) \$
Loss for the year	5,424,962	5,024,497
Other comprehensive income	-	-
Total comprehensive loss	<u>5,424,962</u>	<u>5,024,497</u>

(c) Guarantees entered into by HeraMED Limited in relation to the debts of its subsidiaries

There are no guarantees entered into by HeraMED Limited.

(d) Contingent liabilities of HeraMED Limited

There were no contingent liabilities as at 31 December 2024 (2023:nil).

(e) Commitments by HeraMED Limited

There were no commitments as at 31 December 2024 (2023: nil)

24. Controlled entities

The ultimate legal parent entity of the Group is HeraMED Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Controlled entities	Country of incorporation	Percentage Owned 2024	Percentage Owned 2023
Hera Med Ltd	Israel	100%	100%
HeraMED US Inc.	U.S.A	100%	100%

25. Commitments

The Group has no known commitments as at 31 December 2024.

26. 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 31 December 2024.

27. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

28. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 28 February 2025.

The directors are unaware of any other significant event or circumstance that has arisen since 31 December 2024 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those disclosed above.

HeraMED Limited
Consolidated entity disclosure statement
As at 31 December 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
HeraMED Limited	Body corporate	Australia	-	Australia
HeraMED Ltd	Body corporate	Israel	100.00%	Israel
HeraMED US Inc.	Body corporate	U.S.A	100.00%	United States

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Consolidated Entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determining of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied the following interpretations:

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been compiled with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group.

HeraMED Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Tim Chapman

Chairman

28 February 2025

INDEPENDENT AUDITOR'S REPORT

To the members of HeraMED Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of HeraMED Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Share-based Payments

Key audit matter	How the matter was addressed in our audit
<p>During the year, HeraMED Limited issued equity instruments to brokers, key management personnel and employees. These instruments constitute share-based payments in accordance with <i>AASB 2 Share Based Payments</i> and accordingly are required to be recognised at their fair value and expensed over the respective vesting (performance) period.</p> <p>In addition, arrangements from prior financial periods continue to vest and impact the current period financial statements.</p> <p>We have identified share-based payments as a key audit matter due to the judgement involved in determining the fair value of equity instruments.</p> <p>Refer to Note 1 and Note 20 for the Group’s accounting policy and disclosures relating to share-based payments.</p>	<p>Our audit procedures in this area included, but were limited to:</p> <ul style="list-style-type: none"> • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management’s determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assess the valuation inputs; • Engaging our valuation specialists to assess the reasonableness of management’s valuation inputs and model used; • Verifying the share-based payment expense has been recognised appropriately over the relevant vesting period; • Considering whether options issued to brokers were appropriately accounted for as capital raising costs within equity; and • Reviewing the adequacy of the financial report disclosures, including the Remuneration Report and related party disclosures.

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Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report


We have audited the Remuneration Report included in pages 13 to 18 of the directors' report for the year ended 31 December 2024.

In our opinion, the Remuneration Report of HeraMED Limited, for the year ended 31 December 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd



Jackson Wheeler

Director

Perth, 28 February 2025

HeraMED Limited
Shareholder information
31 December 2024

The shareholder information set out below was applicable as at 17 February 2025.

As at 17 February 2025, there were 1,254 holders of fully paid ordinary shares.

Voting rights

The voting rights attached to ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands, each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and deferred securities that the Company currently has on issue. Upon exercise of the options, the shares issued will have the same voting rights as existing ordinary shares.

Annual general meeting

The Annual General Meeting is scheduled to be held in May 2025.

Twenty (20) largest shareholders

The names of the twenty largest security holders of quoted equity securities are listed below:

Fully paid ordinary shares

Holder name	Holding	% IC
Melbourne Securities	38,750,000	4.43
Kyriaco Barber Pty Ltd	24,567,176	2.81
J P Morgan Nominees Australia	24,127,455	2.76
Ratdog Pty Ltd	23,200,000	2.65
Mr Christopher James Weed	21,382,353	2.44
ML Carr Pty Ltd	20,000,000	2.28
BNP Paribas Noms	19,201,587	2.19
Hunt Prosperity Pty Ltd	16,411,764	1.87
Always Holdings Pty Ltd	16,379,516	1.87
Boutique Capital Pty Ltd	14,000,000	1.60
Citicorp Nominees Pty Ltd	13,480,933	1.54
Ascension Growth (WA)	12,000,000	1.37
Mr Paul Gregory Brown	11,000,000	1.26
Charlton WA Pty Ltd	11,000,000	1.26
S & S Browne Assets Pty Ltd	10,537,792	1.20
Ripperday Pty Ltd	10,457,496	1.19
Kelverley Pty Ltd	10,000,000	1.14
Altshuler Shaham Trusts Ltd	9,709,170	1.11
Altshuler Shaham Trusts Ltd	9,709,170	1.11
Freeman Road Pty Ltd	9,466,690	1.08
Total	325,381,102	37.16

Substantial shareholders

Holders with more than 5% - NIL

Distribution of shareholders

Fully paid ordinary shares

HeraMED Limited
Shareholder information
31 December 2024

Holding ranges	Holders	Total units	% of issued capital
1 - 1,000	28	3,906	0.00
1,001 - 5,000	208	684,159	0.08
5,001 - 10,000	166	1,350,106	0.15
10,001 - 100,000	440	19,503,288	2.23
100,001 - 9,999,999,999	412	854,061,283	97.54
Totals	1,254	875,602,742	100.00%

Unmarketable Parcels - 24 Holders with a total of 553 shares, based on the trading price of \$1.00 on 17 February 2025.

Restricted securities

As at 17 February 2025, the Company did not have any restricted securities on issue.

Quoted securities

As at 17 February 2025, the Company did not have any restricted securities on issue.

Unquoted securities

As at 17 February 2025, the following unquoted securities were on issue:

Unlisted options expiring 9 August 2027 @ \$0.15 - 1 holder

Holder with more than 20%

Holder Name	Holding	% of issued capital
Michal Vasiliver	250,000	100.00

Unlisted options expiring 27 January 2027 @ \$0.15 - 1 holder

Holder with more than 20%

Holder Name	Holding	% of issued capital
Keith Koby	350,000	100.00

Unlisted options expiring 28 July 2027 @ \$0.1358 - 1 holder

Holder with more than 20%

Holder Name	Holding	% of issued capital
Anoushka Gungadin	850,000	100.00

Unlisted options expiring 23 January 2027 @ \$0.023 - 1 holder

Holder with more than 20%

Holder Name	Holding	% of issued capital
Keith Koby	750,000	100.00

Unlisted options expiring 11 March 2027 @ \$0.045 - 4 holders

Holder with more than 20%

Holder Name	Holding	% of issued capital
Slam Consulting Pty Ltd	4,500,000	30.00
Loxton Resources Pty Ltd	4,500,000	30.00
Inverness Capital Pty Ltd - Match Partners Invest A/C	4,500,000	30.00

Unlisted options expiring 26 June 2027 @ \$0.01 - 34 holders

Holder with more than 20%

Holder Name	Holding	% of issued capital
Astrid Hill Pty Ltd	15,000,000	22.22

HeraMED Limited
Shareholder information
31 December 2024

Unlisted options expiring 26 June 2028 @ \$0.02 - 5 holders

Holder with more than 20%

Holder Name	Holding	% of issued capital
Anoushka Gungadin	5,000,000	29.41
Inverness Capital Pty Ltd - Match Partners Invest A/C	5,000,000	29.41

Unlisted options expiring 24 December 2028 @ \$0.02 - 1 holder

Holder with more than 20%

Holder Name	Holding	% of issued capital
Mintaka Nominees Pty Ltd	50,000,000	100.00

Unlisted options expiring 20 July 2026 @ \$0.12 - 79 holders

Holder with more than 20% - NIL

Unlisted options expiring 2 June 2025 @ A\$0.20 - 12 holders

Holder with more than 20% - NIL

On-market buy back

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.