



ASX ANNOUNCEMENT

26 April 2019

HeraMED sets strong foundation for growth during Q1 2019

- Exclusive distribution agreement secured in Australia with Dale Group International for a minimum of 9,000 HeraBEAT units in the next 3 years - first order received
- Agreement with Hapvida, one of Brazil's major healthcare providers, marks the first deployment of HMD's pregnancy monitoring service, HeraCARE
- Manufacturing agreement with Quasar secured to increase HeraBEAT device production at an improved cost
- HeraMED to continue international expansion initiatives during the current period and beyond

Medical technology company, **HeraMED Limited (ASX:HMD)** ("HeraMED" or the "Company") is pleased to provide an update on its progress for the three month period ended 31 March 2019 (Q1 FY2019).

Exclusive Australian distribution agreement secured:

HeraMED secured a binding and exclusive distribution agreement with Australia's leading baby and toddler product supplier, Dale Group International. Under the agreement, Dale Group International became the exclusive Australian distributor of HeraMED's medical grade, pregnancy foetal monitoring device, HeraBEAT. As part of the deal, it was stipulated that Dale Group must satisfy a commitment to order a minimum of 9,000 HeraBEAT units over a three year period.

Dale Group International is a privately held baby and toddler product distributor that has an extensive network of major retailers including Baby Bunting, BigW and an additional 300 independent baby product retailers nationwide.

HeraMED has received its first purchase order of 250 units from the Dale Group International, marking the Company's inaugural sales in Australia.

Agreement with major Brazilian healthcare group:

In a milestone, HeraMED received its first order for its cloud based, software as a service (SaaS) pregnancy monitoring service HeraCARE, from Hapvida Saude. Hapvida is one of Brazil's largest healthcare providers, medical insurance companies and hospital owners.

This was the maiden order for HeraMED's SaaS and cloud based platform, which will be utilised in a pilot trial valued at US\$60,000. This cost encompasses 100 HeraBEAT foetal heart rate monitors, software set up fees, a software development licencing kit and 24 months' worth of monthly subscription fees for cloud based data monitoring services.

Establishing this feature is the first instance that HeraMED will generate additional revenues through its SaaS based business model, HeraCARE. The Company will continue to provide updates around the trial as it progresses.

Manufacturing agreement to increase production and improve cost efficiencies:

To allow HeraMED to immediately increase HeraBEAT device production and improve manufacturing costs, the Company signed a manufacturing agreement with globally respected medical device manufacturer, Quasar.

Quasar is a leading original equipment manufacturer for companies including Johnson & Johnson, Medtronic, Biosense, and Unilever. Quasar will provide HeraMED with a high-quality manufacturing partner and will ensure the Company's HeraBEAT device is built to the highest standards.

The development leaves HeraMED well placed to immediately increase device production and allows for cost effectiveness in the manufacturing process. This cost effectiveness has the potential to improve HeraMED's gross margins, providing the Company the ability to leverage this, as international expansion continues.

Appointment of Dr Arturo Weschler MD to lead Orion Artificial Intelligence operations:

HeraMED considerably strengthened its management team during the quarter, following the appointment of leading digital healthcare executive Dr Arturo Weschler MD, as VP of Innovation to lead HeraMED's OrionAI project.

OrionAI is HeraMED's cloud based, machine learning Software-as-a-Service (SaaS) platform, being developed with the Mayo Clinic. The technology harnesses and utilises big data to analyse and evaluate thousands of records in real time, enabling unprecedented analysis accuracy and potentially detecting pregnancy complications before they become a problem, thus having a dramatic impact on the lives of both expecting mothers and unborn children.

Dr Weschler has unparalleled experience in the healthcare sector, most notably in his role as Chief Information Officer at the Tel Aviv Sourasky Medical Centre one of Israel's largest healthcare organisations. As VP of Innovation, he will actively promote OrionAI to medical institutions and hospitals globally. HeraMED is progressing discussions with medical institutions and hospitals regarding OrionAI and has received positive feedback.

Financial overview:

HeraMED notes that receipts from customers were US\$88K. Expenditure for the quarter was \$US776K, with forecast expenditure of US\$1,341K for the next quarter.

HeraMED advises that the expected increase in expenditure during the next quarter is primarily due to the scheduling of manufacturing costs and associated payments. Initially, these costs were expected to be split during the previous and current quarters. The Company advises that current estimations include partial advance payments for the manufacture of 5,000 HeraBEAT units.

Following discussions with Quasar, HeraMED believes that it has also optimised payment terms so that they will be spread across several months.

HeraMED has US\$3,334m (A\$4.75m) cash at bank as at 31 March 2019.

Management commentary:

HeraMED CEO and Co-founder Mr David Groberman said: "HeraMED has achieved a number of milestones during the quarter, leaving the Company well placed to continue its growth objectives.

"HeraMED has progressed operations on all business fronts, securing a manufacturing agreement and an Australian distribution agreement for its HeraBEAT device, as well as receiving the first order for its SaaS based HeraCARE model. Further to this, the Company strengthened its professional team with the appointment of Dr Weschler to lead its Orion Artificial Intelligence operations.

"Subsequent to the end of the quarter, HeraMED has also progressed its market entries into both Australia and the United Kingdom. The Company remains in advanced discussions with hospitals, medical organisations and distribution partners to drive product uptake from a top down and bottom up approach and looks forward to updating shareholders on these developments as they progress."

-ENDS-

HeraMED Limited

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About HeraMED Limited (ASX:HMD):

HeraMED Limited is an innovative medical technology company delivering smart pregnancy monitoring solutions for home and professional use. HeraMED provides peace of mind to expecting parents by solving problems associated with the reliability of pre-natal analysis, as well as the cost and shortage in fundamental services through end-to-end medical grade solutions utilising monitoring devices, cloud based platforms and AI capabilities.

HeraMED is commercialising the worlds most advanced, smart medical grade ultrasound monitoring device HeraBEAT. The device has passed multiple clinical trials and secured approval by key regulatory bodies including TGA (Australia), CE (Europe) and AMAR (Israel) for commercial sale.

The Company has partnerships with two leading medical organisations, the Mayo Clinic and TEVA Pharmaceutical Industries Inc. (NYSE: TEVA). HeraMED diversifying its product range and services with the launch of SaaS services and cloud based monitoring systems.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

HeraMED Limited

ABN

65 626 295 314

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	88	88
1.2 Payments for		
(a) research and development	(34)	(34)
(b) product manufacturing and operating costs	(37)	(37)
(c) advertising and marketing	(129)	(129)
(d) leased assets	(15)	(15)
(e) staff costs	(355)	(355)
(f) administration and corporate costs	(218)	(218)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – GST/VAT refunds	20	20
1.9 Net cash from / (used in) operating activities	(680)	(680)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4)	(4)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:	-	-
	(a) property, plant and equipment		
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(4)	(4)

3.	Cash flows from financing activities	-	-
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(92)	(92)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(92)	(92)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,034	4,034
4.2	Net cash from / (used in) operating	(680)	(680)

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

	activities (item 1.9 above)		
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(92)	(92)
4.5	Effect of movement in exchange rates on cash held	76	76
4.6	Cash and cash equivalents at end of quarter	3,334	3,334

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	3,334	4,034
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,334	4,034

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter
\$US'000

177

-

Item 1.2 includes directors' fees and salaries.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter
\$US'000

-

-

-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
-		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	77
9.2 Product manufacturing and operating costs*	413
9.3 Advertising and marketing	124
9.4 Leased assets	-
9.5 Staff costs	419
9.6 Administration and corporate costs	306
9.7 Other	2
9.8 Total estimated cash outflows	1,341

* Includes estimated advanced payments for production.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

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

Sign here: 
Company Secretary

Date: 26 April 2019

Print name: Mr Stephen Buckley

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.