



G Medical Innovations Holdings Ltd  
ARBN 617 204 743

**ASX Announcement**

31 January 2018

# G MEDICAL QUARTERLY REPORT SUMMARY

## Highlights

- *Medical Grade consumer and professional products – gaining FDA and CE products approvals*
- *Founding Chinese local operation including production line with major production capabilities to support business commitments*
- *Establishing a US based Independent Diagnostic Testing Facility (IDTF)*
- *Setting the infrastructure for a complete B2C sales channel for the Prizma Smartphone Medical Case*
- *Signed significant MOUs providing future orders streamline*

G Medical Innovations was established in 2014 and has since undergone a remarkable journey. We continue to pursue our goal of developing breakthrough technologies that increase healthcare efficiency. We do this by streamlining the way physicians and caregivers diagnose and monitor patients, and by empowering patients to self-manage their health. To this end, we offer two products verticals – the PRIZMA G2 Medical Smartphone Case and the Patch/VSMS Holter and auto detect for continuous patient monitoring. Empowered by Medical Call Centre service and Service Data Portal, data collected turns into a tool for empowering medical care level throughout patients' treatment lifecycle.

## What we achieved in the last quarter of 2017

### Capital Raising

In November, we completed a successful capital raising of A\$13.5 million which was the key to ensure that G Medical had the financial capacity to accelerate its commercialisation of its medical devices and service offerings in line with the demand under its new partnerships and the Company's aggressive business strategy.

### Medical Call Centre Establishment

In December, we announced the completion of the acquisition of Cardistaff, an Independent Diagnostic Testing Facility (IDTF) with a presence in Texas and Ohio, which will serve as our national monitoring call centre for the USA market.

CardioStaff is a Medicare and Medicaid designated IDTF that provides physicians, practices and hospitals with 24/7 patient medical monitoring services. This acquisition complements G Medical's strategy to provide national coverage medical call centre services and enter the reimbursement space in the USA.

## **Establishing Production Capabilities – Chinese Production Line**

G Medical is committed to meet its delivery obligations and expand production capabilities. With an already operating production line in Israel and a production line setup for operation in April 2018 in China, we are ready to reach production capabilities of up to a million units in the first year.

At its first year of operation, we expect the Chinese office to include about 50 employees and to have four active product lines ready to operate 16-18 hours a day. With local capabilities of manufacturing, QA, QC and independent purchasing, this production site is due to be completely localized and independent.

## **FDA and CE approval**

We are proud to announce that we have received FDA, CE and TGA approvals for the PRIZMA, and CE approval for the patch/VSMS (currently awaiting for patch/VSMS FDA approval), enabling G Medical to swiftly proceed to sales in the major markets. We continue to pursue our regulatory strategy and expand our product offerings in different territories as we submitted multiple FDA and CE applications for different product functions (in accordance with our roadmap) and they are expected to be approved in the next few months.

In addition, we expect to achieve another milestone with the receipt of CFDA approval in China estimated for April 2018.

Such certifications, being delivered in quick succession demonstrates the preparation and groundwork being laid ahead of commercialisation and the benefit that G Medical's technologies will deliver to the market.

## **Launching Prizma B2C Direct Sales Channel**

G Medical is anticipating launching a direct sales online store during February 2018. This will allow direct connection with the market, offering the Prizma with a number of service levels: service data portal and medical call centre.

Soon, consumers from all over the world will be able to purchase a Prizma directly and sign up for supporting services where they are provided in their country. Being able to the enter the consumer space directly, required setting up an infrastructure that allows the company independently to service Prizma users worldwide.

## **Looking forward**

It is anticipated that 2018 will be a year of great commercial growth. We have established and continue to work toward presenting solid product offerings, production capabilities, sales team and marketing reach infrastructures.

Our R&D department continues to work on developing next-generation products that are estimated to enter the market in 2019.

**-ENDS-**

## **Corporate Advisors**

### **Otsana Capital**

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## **About G Medical Innovations**

G Medical (**ASX:GMV**) was founded in August 2014, aiming to be at the forefront of the digital health revolution, developing the next generation of mobile health (mHealth) technologies. The Company brings forth the experience and expertise of its Board to deliver best-in-class solutions to address this global opportunity.

The Company specialises in innovative next generation mobile and e-health solutions and services using its suite of devices and software solutions with a view to driving multiple and recurring revenue streams, across numerous verticals and territories.

For more information on G Medical, please visit [www.gmedinnovations.com](http://www.gmedinnovations.com)

## 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**

G Medical Innovations Holdings Ltd

**ARBN**

617 204 743

**Quarter ended ("current quarter")**

31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	22	22
1.2 Payments for		
(a) research and development	(404)	(1,267)
(b) product manufacturing and operating costs	(413)	(457)
(c) advertising and marketing	(336)	(839)
(d) leased assets	-	-
(e) staff costs	(1,458)	(3,686)
(f) administration and corporate costs	(1,164)	(2,412)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	205	263
1.6 Income taxes paid	(24)	(89)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	190	176
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,382)</b>	<b>(8,289)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,180)	(1,492)
(b) businesses (see item 10)	-	-
(c) investments	8	8

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1,172)</b>	<b>(1,484)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	9,497	18,462
3.2 Proceeds from issue of convertible notes	-	179
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(356)
3.5 Proceeds from borrowings	32	2,147
3.6 Repayment of borrowings	(538)	(2,153)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(100)	4,900
<b>3.10 Net cash from / (used in) financing activities</b>	<b>8,891</b>	<b>23,179</b>

**Notes:**

Item 3.9 relates to the US\$5M received from Chinese fund Guangzhou Sino-Israel Bio-Industry Investment Fund (LLP) into the Chinese JV bank account for a 30% fully diluted equity interest, where G Medical controls 70%, as announced to the ASX on 20 June 2017.

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	9,821	752
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,382)	(8,289)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (12 months) \$US'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,172)	(1,484)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,891	23,179
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>14,158</b>	<b>14,158</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	14,158	9,821
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,158</b>	<b>9,821</b>

**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

<b>Current quarter \$US'000</b>
58
-

The amount represented in 6.1 relates to the remuneration payable to the Directors and to the President and CEO.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$US'000
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	

8. <b>Financing facilities available</b> <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	4,275	4,275
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.		

Loans in the amount of US\$2.334 M were received from Bank Mizrahi Tfahot in Israel. The loans are denominated in US Dollars and NIS and bear interest rates of Libor + 2.5%-3% and prime+ 0.5%.

The Company's major shareholder provides a guarantee for these loans payments.

Loans in the amount of US\$ 1.941 M were part of CardioStaff acquisition and include mainly loans from private people/institutions and bear interest of 4%-12%.

9. <b>Estimated cash outflows for next quarter</b>	\$US'000
9.1 Research and development	500
9.2 Product manufacturing and operating costs	1,000
9.3 Advertising and marketing	600
9.4 Leased assets	-
9.5 Staff costs	2,800
9.6 Administration and corporate costs	1,000
9.7 Other (provide details if material)	2,400
<b>9.8 Total estimated cash outflows</b>	<b>8,300</b>

**Notes:**

9.7 includes expenditure for the purchase of fixed assets for approximately US\$1,900k and the repayment of borrowings for approximately US\$500k.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	CardioStaff Corporation	N/A
10.2 Place of incorporation or registration	United States	N/A
10.3 Consideration for acquisition or disposal	US\$1M in G Medical fully paid ordinary shares	N/A
10.4 Total net assets	US\$ -3.3 M	N/A
10.5 Nature of business	Independent Diagnostic Testing Facility	N/A

### 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: 31 January 2018  
 .....

Print name:

..... 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.