G Medical Innovations Holdings Ltd
ARBN 617 204 743

ASX Announcement **5 September 2018**

SEPTEMBER UPDATE

- *CE, FDA and CFDA audits scheduled for end September, results to be known early October*
- *US distribution of Prizma commences*
- *Appointment of UK Sales Manager marks entry into new territory*
- *Initial sales in Taiwanese territory via FCL*
- *Controlled Placement Facility executed with Acuity Capital*

Mobile and e-Health company **G Medical Innovations (ASX: GMV) ("the Company")** is pleased to provide an update on recent activities.

Guangzhou China, Production Facility

In a significant milestone, CE, CFDA and FDA regulatory audits of the Company's facility in China are due to commence on 22 September. Subject to the receipt of successful results from the audits, which are expected within three weeks from commencement, the Company will receive its certification and be able to commence the manufacture of units to be distributed into territories that require either CE, CFDA or FDA approvals in place, thereby allowing for utilisation of the Company's full production capacity in-country.

Hong Stock Exchange (HKSE) Initial Public Offering of its Chinese Subsidiary

As announced on 8 August 2018, the Company has engaged Global Investment Bank, UOB Kay Hian (Hong Kong) Ltd, as advisors to Hong Kong Initial Public Offering of its Chinese subsidiary with the initial market capitalisation to be at least HK$1,500,000,000 (~A$260 million), as required by HKSE. Further to this, the Company advises that it has been approached by several other institutions expressing interest in participating in the IPO to be lead by UOB. The Company advises that it is conducting early stage discussions with the various institutions and will update the market accordingly on their progress. Furthermore, the Company wishes to advise that it has also commenced preliminary discussions with institutions who participate in, and offer corporate services in other International Stock Exchanges, who have expressed interest in additional Listing opportunities for the Company. The Company will update the market as required.

G Medical Diagnostic Services (USA) [GMedDx]

The Company was pleased to report GMedDx revenues in its Half Yearly Report and Accounts (announced 30 August 2018). GMedDx is a significant value accreting wholly owned subsidiary of the Company, as well as a key arm to the Company's overall operations and strategy in the US. The Company released a dedicated presentation (on 17 July 2018) to outline GMedDx's operations and business activities to its shareholders. The Company remains focused and active in further growing GMedDx's current operations and service offerings within the US market, as well as further expanding its capabilities and footprint within this key territory.

US Distribution

The Company has now begun distribution of its FDA approved Prizma Medical device in the US. The Company's team within GMedDx is working with existing primary and speciality care service providers who will either purchase the Prizma directly from G Medical to then be issued (resold) to their patients under the care of the providers' physicians, or alternately patients will purchase directly from the Company via physician prescription. GMedDx will continue to provide the monitoring and support services via its existing Independent Diagnostic Testing Facility (IDTF) operations, which is eligible for Medicare reimbursement in the territory. Further to the existing service offerings within IDTF, a particular focus will extend towards Chronic Care Management (CCM), a key demographic whereby patients with chronic conditions account for ~99% of all Medicare spending and for ~84% of US national healthcare spending overall (Centres for Medicare & Medicaid Services, 2018)[1]. GMedDx will provide consultation services in accordance with the Medicare reimbursement approved CCM program, with a service fee of ~US$58 for a 20-minute consultation, and ~US$94 a 60-minute 'complex management' consultation, fully reimbursed by Medicare per patient per month.

GMedDx adoption of the Medically certified Prizma device into its existing infrastructure provides for the following competitive advantages:

- Personal Monitoring: PGHD making users more self-sufficient - engaged
- Comprehensive Health Profiling and Monitoring with options for 24/7 IDTF technician oversight
- Full Range of VSS (EKG, O2, Stress, Temperature, RR, HR, B/P, CI/CO, Stroke Volume)
- Future expansion of Bio-Parameters
- Improves USA healthcare care pathways, efficiency to improved health outcomes
- Healthcare trending to continuously analyses medical data to detect trends over time
- Sends configurable, automatic alerts, notifications and alerts to integrate with EHR, CCM, TeleHealth,
- Enables patients to instantly share data with predefined third parties
- New reimbursement CPT codes for remote technology monitoring
- Physician Portal Integration into EHR/CCM

United Kingdom Distribution

The Company has appointed effective immediately a sales manager in the UK, on a commission basis, to sell both the Prizma and GMP devices. The Company sees this expansion into the UK as a key milestone, with a significant number of opportunities present in large nursing homes and similar facilities within the UK. Initial units will be continue to be produced at the Company's Israeli facility, with the view to transfer and expand production to the China on production facility receiving regulatory approval (as discussed in the previous paragraph).

FCL MOU

The Company confirms the distribution of initial units under the MOU with First Channel Ltd ("FCL") to the Taiwanese territory. Whilst the Company remains confident of distributing the full quantum of units under the agreement, as previously disclosed the Tier 1 partners of FCL have not yet formalised a definitive arrangement with FCL, and thus FCL have not yet established their 'Letter of Credit' (details of the Tier 1 partners and 'Letter of Credit' are outlined in the release dated 10 November 2017). On this basis, the Company cannot categorically state that the full anticipated revenues under the previously disclosed Agreement with FCL can be achieved, until such time as the above have been formalised. The Company has also notified FCL of the cancelation of its "non-compete" clause under the existing MOU.

1. Centres for Medicare & Medicaid Services, Department of Health and Human Services, Presentation 2018 Connected Care, the Chronic Care Management Resource <http://go.cms.gov/ccm>

Corporate Update

The Company has entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides the Company with up to AUD$10 million of standby equity capital over the coming 28-month period. Importantly, the Company retains full control of all aspects the placement process, including having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on the Company to utilise the CPA and the Company may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on the Company securing debt or raising capital through other methods. If the Company does decide to utilise the CPA, the Company is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by the Company and a 10% discount to a Value Weighted Average Price (VWAP) over a period of the Company's choosing (again at the sole discretion of the Company). As collateral for the CPA, the Company has agreed to place 17,000,000 shares from its Listing Rule 7.1 capacity, at nil consideration to Acuity Capital (Collateral Shares) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval). An Appendix 3B and further details in relation to the CPA will follow shortly.

G Medical CEO Dr. Yacov Geva said, "As we move rapidly into commercial production and distribution for our medical devices across multiple international territories, as well as scaling up of our service operations in the US territory, it is paramount for the Company to establish flexibility in any expansion requirements, whilst most importantly maintaining control of our discretion to execute. We continue to look forward to updating our shareholders as G Medical moves confidently into our next phase of growth and operations."

-**ENDS**-

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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