



G Medical Innovations Holdings Ltd
ARBN 617 204 743

ASX Announcement

30 April 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2019

Mobile and e-Health company G Medical Innovations Holdings Ltd (“G Medical” or “the Company”) (ASX:GMV) provides the following update on the Company’s activities during the quarter ended 31 March 2019.

Hygea Purchase Orders and Implementation

As announced 30 January 2019, the Company executed a significant purchase order with Hygea Holdings Corp (“Hygea”) and two subsidiaries of Hygea, Palm Medical Group and AllCare Management Services, Inc. for a total of up to ~US\$21.85 million. The Company has successfully initiated the implementation of the G Medical Patch (extender Holter monitor) within all Hygea’s wholly owned cardiologist physicians. The phase 1 launch of the Patch (extender Holter monitor), throughout Hygea’s Integrated Physician Association (IPA) network will allow for more than 250 Cardiologists, representing more than 400,000 patients, to have access to the new Patch technology.

Further, the Company has commenced a pilot program with the initial Prizma units with the ‘Primary Care Physicians’ within Hygea’s wholly owned Independent Group Practices (IPG) for the monitoring of their ‘chronic condition’ patients. Once the pilot program is fully implemented, the Prizma is anticipated to be adopted across the IPG network, representing an opportunity for more than 2,500 physicians treating approximately 3.3 million patients.

Guangzhou China, Production Facility

As previously announced (30 October 2018), the Company’s Guangzhou Production Facility holds all required certifications from the regulatory bodies (CFDA, FDA, CE) for medical device production. Device production commenced during the quarter for both the Company’s Prizma and G Medical Patch (GMP) products and the Company will continue to scale its operations to satisfy purchase orders at hand, and to meet ongoing and anticipated requirements.

IDTF Operations in the USA

Since the Telerhythmics acquisition (announced 2 November 2018), the Company has successfully integrated the operations between Telerhythmics and its Cardiostaff facilities. With the workflow and synergies between the two operations now being capitalised upon, the amalgamation is realising month on month growth in patient numbers. Typical patient monitoring and chronic care services provisions range in duration from 1 day to 30 days in the monitoring services and potentially years for chronic care services. The Company anticipates that the growth in revenue related to these operations to be more adequately reflected over the next 2 quarters, as well as from device sales. Additionally, changes to Medicare rebates of remote patient monitoring (RPM) are expected to come into effect during 2019 and may potentially further underpin more rapid growth of this revenue stream.

NASDAQ listing

The dual listing of the Company on the NASDAQ has continued to progress with the Company undertaking the final processes surrounding the F1 submission with the US Securities and Exchange Commission. In addition to the shareholder approval received at the General Meeting on 24 April 2019, for matters associated with the dual listing, the Company anticipates being able to make the US prospectus public in the coming weeks.

HKSE Listing

As previously announced to the ASX on 8 August 2018, the Company is in the process of the listing of its Chinese subsidiary on the HKSE. The listing process continues to progress, with a listing anticipated within the third quarter of 2019. The Company has been working closely with its legal counsel and lead manager UOB, to prepare the A1 submission for the regulator. Further, the Company is currently in discussions with several additional potential underwriters to join UOB in the anticipated IPO.

United Kingdom

The Company has successfully completed its G Medical Patch (extended Holter monitor) pilot program with the region and is now moving to expanding the programs as well as commercialising multiple accounts with its affiliates. The Company looks forward to updating its shareholders on material developments as they unfold.

Yacov Geva Loan Agreement

At the General Meeting of 24 April 2019, shareholders approved the conversion of a portion of the Company's loan with the CEO Dr Geva to fully paid ordinary shares in the Company ("Shares"). The Board of Directors thanks Dr Geva and this exemplifies the continued support and faith the CEO has in the future of the Company. The conversion of the portion of the loan into up to 14,706,719 Shares is anticipated to occur shortly.

Board Appointment

On 5 March 2019, the Company welcomed world renowned Cardiologist Professor Zeev Rothstein to the Board of Directors. Professor Rotstein currently serves as the Director General, Hadassah Medical Organization; Associate Clinical Professor, The Hebrew University of Jerusalem; Associate Clinical Professor, Sackler School of Medicine Tel Aviv University; and Associate Clinical Professor, The Hebrew University of Jerusalem.

CFDA

Having received granting of the 'Green Channel' by the CFDA, the Company has been undergoing an accelerated process with the relevant regulator and has successfully completed its existing clinical trials for the Prizma. Additional work is currently being finalised to capture further broader clinical data and medical anomalies, which is anticipated to be completed in May 2019 and will form part of the final regulatory documentation. In parallel, the Company is in progress with the regulatory processes for the G Medical Patch. The Company looks forward to providing its shareholders continual updates on the CFDA approval as further information from the regulator is received.

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 leverages 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

About G Medical Products

G Medical offers a suite of consumer and professional clinical-grade products (with regulatory approval) that are positioned to streamline healthcare services, improve remote access to medical data, reduce costs, improve quality of care, and make healthcare more personalized and precise. Currently the Company is focusing on two main verticals.

The 'Prizma' Medical Smartphone Case is one of two key products developed by G Medical and is aimed at everyday consumers focused on their medical health and wellbeing. The 'Prizma' allows consumers to turn their smartphone into a mobile medical monitor to measure a wide range of vital signs, with the added advantage that users are able to store their medical data in the cloud and share it with third parties such as healthcare professionals and family members.

G Medical also offers a professional real-time patient continuous monitoring solution, G Medical's Vital Signs Monitoring System (VSMS) and G Medical Patch (GMP). This modular solution measures a wide range of vital signs that are automatically presented in a call centre (IDTF) or a hospital setting. The GMP assists in diagnosing patient complaints and conditions remotely, from pre-hospitalisation, hospitalisation and through to post discharge home-based settings.

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

ABN

617 204 743

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	1,226	1,226
1.2 Payments for		
(a) research and development	(376)	(376)
(b) product manufacturing and operating costs	(293)	(293)
(c) advertising and marketing	(184)	(184)
(d) leased assets	-	-
(e) staff costs	(2,179)	(2,179)
(f) administration and corporate costs	(566)	(566)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(15)	(15)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(22)	(22)
1.9 Net cash from / (used in) operating activities	(2,409)	(2,409)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(151)	(151)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
(d) intellectual property	-	-
(e) other non-current assets	(25)	(25)
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 (restricted deposits)	-	-
2.6 Net cash from / (used in) investing activities	(176)	(176)

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	-	-
3.5 Proceeds from borrowings	2,487	2,487
3.6 Repayment of borrowings	(1,504)	(1,504)
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	983	983

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	2,634	2,634
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,409)	(2,409)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(176)	(176)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	983	983

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(39)	(39)
4.6	Cash and cash equivalents at end of quarter/ year to date	993	993

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	993	2,634
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)	993	2,634

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

Current quarter \$US'000
-
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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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

Current quarter \$US'000
-
-

- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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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	2,568	2,568
8.2 Credit standby arrangements	-	-
8.3 Other (Loan from controlling shareholder)	10,933	7,653
Other (Convertible Notes)	3,708	3,708
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.		

8.1- The Company received several loans from Bank Mizrahi Tfahot in Israel. As of March 31, 2019, the total amount of these loans is: US\$ 1.434 M.

The loans are denominated in US Dollars and NIS and bear interest rates of Libor + (2.5%) and prime+ (0.5%- 0.85%) per annum.

The Company's major shareholder provides a guarantee for part of these loan payments.

Upon CardioStaff acquisition, additional long- term loans were added to the Company balance.

As of March 31, 2019, the total amount of these loans is US\$ 1.134 M and include mainly loans from private people/institutions and bear interest of 4%-12% per annum.

8.3- Loans from controlling shareholder (Yacov Geva)- In addition to the previous loan to the Company of approximately US\$0.54 M including the accrued interest (bear interest of Libor +3%), Yacov Geva has entered into a loan agreement in May 2018, to provide the Company with a loan of up to US\$ 3 M. As of March 31, 2019, as part of an amendment to the loan agreement, the Company received additional funds and has the option to receive a loan in the aggregate amount of up to US\$ 10 M, include the amounts already received from Yacov Geva.

As of March 31, 2019, the total amount of these loans including the accrued interest is amounting to US\$ 7.11 M.

Convertible Notes-

The Company issued, in the last quarter of 2018, 4,050,000 Convertible Notes at a face value of US\$ 4.455 M. The Fixed conversion price is A\$ 0.3362, the maturity date is 18 months after the purchase date and the payment is 115% of the face value of the outstanding Convertible Notes. As of March 31, 2019, US\$ 0.342 M were converted to equity and the Convertible Notes remaining as of March 31, 2019 is US\$ 3.708 M.

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	400
9.2 Product manufacturing and operating costs	800
9.3 Advertising and marketing	250
9.4 Leased assets	-
9.5 Staff costs	2,300
9.6 Administration and corporate costs	700
9.7 Other (provide details if material)	300
9.8 Total estimated cash outflows	4,750

Notes:

9.7 includes expenditure for the purchase of fixed assets for approximately US\$100k and the repayment of borrowings for approximately US\$200k.

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.

[lodged electronically without signature]

30 April 2019

Sign here:

Date:

(Director/Company secretary)

Steven Wood

Print name:

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.