G Medical Innovations Holdings Ltd
ARBN 617 204 743

**ASX Announcement** 31 January 2020

# Quarterly Activities Report: G Medical continues international growth initiatives

- **A$30m funding facility secured to significantly fast track US and global sales growth**
- **US growth in remote patient monitoring services continued – year on year growth of ~95%**
- **Receipts from customers totalled US$1.4m – US$5.42m receipts from customers received in CY2019**
- **Post period GMV completed clinical trials for Prizma to gain China NMPA approval**
- **Taiwan FDA approval for Prizma also gained subsequent to the end of the period**

Mobile and e-Health company **G Medical Innovations Holdings Limited (ASX: GMV) ("G Medical" "the Company")**, is pleased to provide the following update to shareholders on its progress for the three-month period ended 31 December 2019 (Q4 2019). The Company advises that an additional update, from CEO and Executive Director Dr Yacov Geva will follow this announcement in early February 2020.

The Company achieved a number of milestones during the quarter, including a A$30m funding facility to fast track growth, as well as ongoing expansion in the USA and other key markets.

**A$30 million funding facility to fast track global growth:**
G Medical secured capital commitments of A$30m over a three-year period, from Luxembourg based GEM Global Yield LLC SCS ("GEM Global" or "GEM"). The funding allows GMV the financial flexibility to rapidly grow in established markets.

GEM Global, a leading investment group based in Luxembourg, is providing the facility. GEM has been established for nearly thirty years and is a US$3.4Bn alternative investment group that manages a diverse set of investment vehicles focused on emerging markets across the globe.

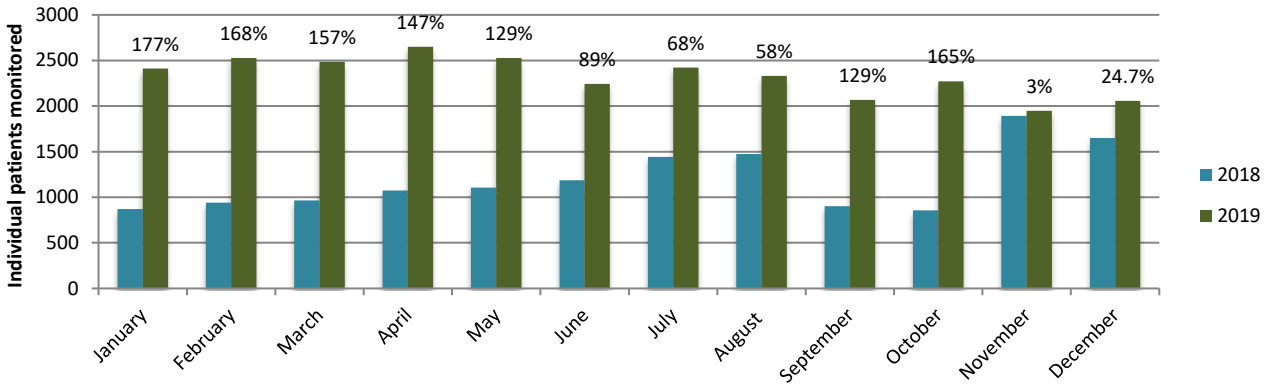
The funding provides G Medical with the financial flexibility to aggressively expand its sale force in the USA and other markets. The Company currently has a US sales team of five representatives that generated approximately US$5.5m in annual revenue for the period.

The Company is now aiming to employ an additional 20 sales representatives in 2020, which will contribute to a total of 60 targeted by 2022.

Terms of the funding agreement can be found in the Company's previous ASX announcements relating to the development (refer ASX announcement: 4 December 2019).

**Ongoing growth in the USA:**
G Medical continued to witness growth of its remote patient monitoring services during the period. During CY2019 the Company provided its services to a total of 27,946 patients, a 94.5% increase on CY 2018 (CY 2018:

14,361). A full monthly breakdown, including percentage increases from prior calendar year period, is outlined below:




The Company advises that growth during November and December 2019 was slower than other months due to US holidays undertaken during those months, including Thanksgiving and Christmas.

G Medical is confident that it will achieve continued growth during CY2020 following, but not limited to the potential provision of remote independent diagnostics testing facility services to an existing, strategic client in early 2020. This client is a major hospital and has the potential to add up to 5,000 patients per year.

Discussions with additional providers across the country are ongoing and G Medical looks forward to updating shareholders as developments progress.

**Corporate:**
Receipts from customers totalled US$1,404,000 for the period, which contributed to a total of US$5,422,000 received for CY2019. The majority of sales were generated from remote independent diagnostics testing facility services.

G Medical is confident that it will witness an increase in receipts from customers during CY2020. The Company is progressing a number of initiatives to drive growth, including the expansion of its US sales force, as well as agreements in markets such as China, Taiwan and the United Kingdom. G Medical will update shareholders as these developments progress.

Whilst the Company had a negative cash position of US$93,000 at the end of the period, the Company has over US$25m in unused financing facilities at the end of the period, which it can deploy over the course of CY2020 to CY2022.

**Prizma clinical trials completed for China NMPA approval:**
Subsequent to the end of the period, G Medical completed the necessary trials required to obtain National Medical Products Administration (NMPA) (formerly China Food and Drug Administration or CFDA) approval for the use of its Prizma device in the People's Republic of China.

G Medical completed the trial of 208 patients across three of its partner hospitals and took measurements for electrocardiography (ECG), blood-oxygen saturation (SPO2) and body temperature using the Prizma device benchmarked against the relevant 'gold standard' hospital diagnostic equipment.

G Medical is interpreting the data generated from trials and aims to lodge a dossier of results with the NMPA. G Medical expects to lodge the information in the coming months and is confident that approval will be granted in the second half of CY 2020.

Receiving NMPA approval will allow GMV to commence commercial sales and services within the Chinese market. Board and management look forward to updating shareholders as developments progress.

**Taiwan Food and Drug Administration approval:**
In another development subsequent to the end of the period, the Company received notification through its partner, First Channel Ltd. (FCL), that its Prizma medical device has been granted regulatory approval by the Taiwan Food and Drug Administration (FDA).

FCL has a deadline of 4 April 2020 to provide the FDA with ancillary Prizma product information (including packaging and labelling) to allow for collection of the permit license in respect of the granted FDA regulatory approval.

G Medical has a non-exclusive Memorandum of Understanding with FCL and will commence negotiations in good faith to execute a binding agreement to detail specific matters surrounding the distribution and service level requirements including but not limited to distribution partners, cloud services, call centre operations and end-customer solutions for the Prizma in Taiwan (refer ASX announcement: 10 November 2017).

Discussions with FCL are underway to delineate a commercial strategy for the Taiwanese market. The Company looks forward to providing updates to shareholders as they become available.

**Outlook:**
G Medical expects to deliver on a number of objectives during the current period and beyond:

- Expand US sales force to drive growth in large addressable market;
- Lodge required documentation to progress NMPA clearance for Prizma device in China;
- Pursue additional regulatory approvals for Prizma device and VSMS Patch; and
- Progress agreements with additional and new potential partners in Taiwan, China, USA and the United Kingdom.

**Management commentary:**
**CEO and Executive Director Dr Yacov Geva said:** "The period ended 31 December 2019 has marked one of achievement for G Medical.

"The funding facility secured from GEM is a tremendous vote of confidence for GMV and will allow the Company the necessary financial flexibility to aggressively expand its sales force in the USA, which will assist in growth and add to our revenue profile. This will add to the impressive growth that the Company is witnessing from its remote patient monitoring services year on year.

"The completion of the clinical trials in January 2020, to progress NMPA approval for the Prizma device in China is also a major step forward for the Company. Management are continuing to review and compile the data generated from these trials and will lodge the required documentation with the NMPA when appropriate.

"Board and management look forward to providing further updates on initiatives in the near term."

Authorised for release by Dr Yacov Geva, CEO and Managing Director of the Company.

**Ends**

**Released through:** Henry Jordan, Six Degrees Investor Relations: +61 (0) 431 271 538

**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 using its suite of proprietary devices and software solutions, as well as patient service operations, 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 cash flow report for entities subject to Listing Rule 4.7B

| **Name of entity** | |
|---|---|
| G Medical Innovations Holdings Ltd | |
| **ABN** | **Quarter ended ("current quarter")** |
| 617 204 743 | 31 December 2019 |

| **Consolidated statement of cash flows** | | **Current quarter $US'000** | **Year to date (12 months) $US'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 1,404 | 5,422 |
| 1.2 | Payments for | | |
| | (a) research and development | (73) | (549) |
| | (b) product manufacturing and operating costs | (238) | (1,214) |
| | (c) advertising and marketing | (51) | (464) |
| | (d) leased assets | - | - |
| | (e) staff costs | (1,410) | (7,292) |
| | (f) administration and corporate costs | (263) | (1,824) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | (43) | (303) |
| 1.6 | Income taxes paid | (1) | 23 |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | (14) | (51) |
| **1.9** | **Net cash from / (used in) operating activities** | **(689)** | **(6,252)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (27) | (395) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | (35) |

| Consolidated statement of cash flows | | Current quarter $US'000 | Year to date (12 months) $US'000 |
|---|---|---|---|
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) 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** | **(27)** | **(430)** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 654 | 6,226 |
| 3.6 | Repayment of borrowings | (205) | (2,259) |
| 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** | **449** | **3,967** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 181 | 2,634 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (689) | (6,252) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (27) | (430) |

| Consolidated statement of cash flows | | Current quarter $US'000 | Year to date (12 months) $US'000 |
|---|---|---|---|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 449 | 3,967 |
| 4.5 | Effect of movement in exchange rates on cash held | (7) | (12) |
| **4.6** | **Cash and cash equivalents at end of period** | **(93)*** | **(93)*** |

*Refer total unused financing facilities available at item 7.5 in respect of GMV's ability to continue meet its obligations going forward

| 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 | (93) | 181 |
| 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)** | (93) | 181 |

| 6. | Payments to related parties of the entity and their associates | Current quarter $US'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | - |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

| **7.** | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $US'000** | **Amount drawn at quarter end $US'000** |
|---|---|---|---|
| 7.1 | Loan facilities | | |
| 7.2 | Credit standby arrangements | 2,365 | 2,365 |
| 7.3 | Other – Loans from controlling shareholder | 10,240 | 6,095 |
| | Other – Convertible Notes | 3,051 | 3,051 |
| | Other – Funding facility | 21,000 | - |
| 7.4 | **Total financing facilities** | **36,656** | **11,511** |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | 25,145 |

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1- The Company received several loans from Bank Mizrahi Tfahot in Israel. As of December 31, 2019, the total amount of these loans is: US$ 1.177 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 loans payments.

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

As of December 31, 2019, the total amount of these loans is US$ 1.188 M and include mainly loans from private people/institutions and bear interest of 4%-12% per annum.

7.3- Loans from controlling shareholder (Yacov Geva) - Yacov Geva has entered into a credit line agreement in May 2018, to provide the Company up to US$ 3 M. The agreement was amended and effective as of October 1, 2018 the aggregate amount available to the company is US$ 10 M.

On April 24, 2019 our shareholders approved the conversion of approx. US$ 3.3 million that had been drown from the 2016 and 2018 credit line into an aggregate of 14,706,719 shares.

On June 24, 2019 our shareholders approved additional conversation of US$ 2 M that had been drown from the 2018 credit line into an aggregate of 14,532,771 shares.

As of December 31, 2019, amount drawn of Yacov Geva loans totalled at US$ 6.095 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. Until December 2019, the company redeemed 998,331 Convertible Notes and the Convertible Notes remaining as of September 30, 2019 is US$ 3,051,669. The Fixed conversion price is A$ 0.3362, the maturity date is 18 months after the purchase date and the payment is 129.6% of the face value related to $ 2,275,002 of the Convertible Notes and 115% of the face value related to $ 776,667 of the Convertible Notes.

Funding facility -

The company has secured capital commitments of up to A$30 million (~ US$21 million) over a three year period from Luxembourg based GEM Global Yield LLC SCS .

Subject to the terms of a Capital Commitment Agreement, the Company may choose to, on one or more occasions within the three year period, subject to conditions precedent draw down on the facility by giving GEM 15 trading days' notice to subscribe for fully paid ordinary shares in the Company. The number of shares which GMV may draw down under a notice is capped at 1,000% of the average daily number of GMV shares traded on ASX during the 15 trading days prior to that draw down notice, subject to adjustments.

If the Company issues a draw down notice, the subscription price of the shares to be issued to GEM (or its nominees) will be 90% of the higher of:

- the average closing bid price of GMV shares as quoted by ASX over the pricing period, being the 15 consecutive trading days after GMV gives the draw down notice to GEM (subject to certain adjustments); or
- a fixed floor price nominated by the Company in its draw down notice.

| 8. | Estimated cash available for future operating activities | $US'000 |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (689) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | (93) |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | 25,145 |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 25,052 |
| 8.5 | **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)** | 35 |

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

## 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.

31 January 2020

Date: .....

Yacov Geva

Authorised by: .....
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.