



G Medical Innovations Holdings Ltd
ARBN 617 204 743

ASX Announcement

11 February 2020

Proposed Capital Raising and Cancellation of Convertible Notes

Mobile and e-Health Company **G Medical Innovations Holdings Ltd** ("**G Medical**" or the "**Company**") (ASX: GMV) advises that it will be pursuing a capital raising and cancellation of convertible notes of the Company, which will comprise:

- subject to the Company obtaining shareholder approval, a placement of new fully paid ordinary shares in the Company (**Shares**) to professional and sophisticated investors to raise up to A\$10,000,000 (before costs) (**Placement**); and
- cancellation of the convertible notes issued to MEF I,L.P. (**Magna**) on the basis that the Company will pay to Magna an amount of US\$3,425,664.47 (**Settlement Amount**) and issue to Magna such number of Shares equivalent to A\$200,000 (based on the closing bid price of Shares prior to the date of issue) (**Settlement Shares**) in full and final settlement of the Company's outstanding debt to Magna.

G Medical is confident the recapitalisation of its existing debt with Magna will provide a strong foundation for future growth. Funds raised under the proposed capital raising will allow G Medical to pay Magna the required Settlement Amount, provide G Medical with the financial flexibility to expand its sales team in the United States, increase R&D efforts associated with G Medical's Prizma device and VSMS Patch, progress regulatory approvals (including FDA approval) in key markets and provide additional working capital requirements.

The Company advises that its A\$30m funding facility with leading investment group, GEM Global Yield Fund LLC SCS (**GEM Global**) (refer ASX announcement: 4 December 2019) will remain in place. The facility with GEM will complement the Company's use of working capital, allowing a more rapid scale up of operations in the coming quarters.

CEO and Managing Director Dr Yacov Geva said:

"Settling the Company's debt with Magna and progressing a capital raising to allow for additional working capital for the Company, will allow G Medical the financial flexibility to pursue its next phase of growth.

Following these initiatives, G Medical will be well positioned to realise its full potential. The Company will have the balance sheet flexibility and support from GEM Global to rapidly scale up US operations, complete R&D and regulatory approval processes in key markets and progress strategies to enter key markets where our products have been approved.

G Medical is seeking support from a range of institutional, strategic and sophisticated shareholders to progress the initiative and we look forward to updating shareholders on developments as they progress."

Details of Proposed Capital Raising

The Placement will be subject to the Company obtaining shareholder approval pursuant to Listing Rule 7.1 at a general meeting of shareholders (**General Meeting**) and the Company will shortly dispatch a notice of meeting to shareholders. It is presently proposed that the Placement will be made to a number of unrelated qualified, institutional, sophisticated and professional investors and the issue price under the Placement will be determined following the completion of a bookbuild and investor communications process undertaken for the Placement, scheduled to occur following the General Meeting.

Details regarding Deed of Termination in relation to Convertible Notes

The Company has executed a deed of termination, settlement and release with Magna (**Deed**) in respect to the convertible notes held by Magna pursuant to which the Company will pay to Magna the Settlement Amount and issue to Magna the Settlement Shares in full and final settlement of all amounts owing and all claims arising out of, in connection with, related to or incidental to the convertible securities agreement between Magna and the Company. Under the terms of the Deed, the Company will issue the Settlement Shares within 5 business days of execution and pay

the Settlement Amount by 31 March 2020. If the Company fails to pay the Cash Settlement, Mr Yacov Geva, CEO of the Company, will guarantee payment to Magna of the Settlement Sum in full and final settlement of all amounts owing, arising out of or in connection with the convertible securities agreement.

Under the terms of the Deed, Magna has also agreed to forbear from undertaking certain activities (including not exercising any of its rights or powers under the existing loan agreement and not converting any of its existing convertible securities into shares) until 3 April 2020 or full and final settlement under the Deed has occurred.

The Company will issue the Settlement Shares under the Company's existing Listing Rule 7.1 capacity. An Appendix 3B in respect of the proposed issue of the Settlement Shares will be provided to the ASX today.

The Company will provide shareholders with an update in respect to the progress of the recapitalisation and the Placement by way of further ASX announcements.

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 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.