

ASX APPENDIX 4D

Half Year Financial Report to 30 June 2020

1. DETAILS OF REPORTING PERIOD

Name of Entity	G Medical Innovations Holdings Ltd ("the Company")
ARBN	617 204 743
Reporting Period	30 June 2020
Previous Corresponding Period	30 June 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	30 JUNE 2020 US \$'000	30 June 2019 US \$'000	Increase/ (decrease) %	Amount change US\$
Revenues from ordinary activities	2,010	2,908	(31%)	(898)
Profit/(Loss) after tax from ordinary activities attributable to members	(4,900)	(6,839)	28%	1,939
Profit/(Loss) after tax attributable to members	(4,900)	(6,839)	28%	1,939

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

G Medical Innovations Holdings Ltd (the Company) reports on half year results as of 30 June 2020.

During H1 2020 the company generated revenues of US\$ 2.01 million versus US\$ 2.908 million in H1 2019 and decreased its net loss from US\$ 6.839 million in H1 2019 to US\$ 4.9 million in H1 2020.

The Company advises that the decrease in revenue was partly due to a sudden and significant drop in patient numbers being monitored through its Independent Diagnostic Testing Facilities ("IDTF") in the United State. This drop was primarily due to the movement restrictions and other difficulties for patients in accessing healthcare related to COVID-19.

3. NET TANGIBLE ASSETS PER SHARE

	30 JUNE 2020	30 June 2019
Net tangible asset backing per ordinary security	(0.013) cents	(0.018) cents

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	N/A
Date control lost	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Consolidated profit/(loss) from ordinary activities of the controlled entity (or group of entities) whilst controlled during the whole of the corresponding period (where material)	N/A

5. DIVIDEND DETAILS

No dividend has been paid or recommended to be paid for the half-year ended 30 June 2020

6. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not applicable

7. DETAILS OF ASSOCIATE AND JOINT VENTURE ENTITIES

Not applicable

8. FOREIGN ENTITIES

The interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

9. AUDIT

The interim financial information for the six-month period ended 30 June 2020 presented has been reviewed and are not subject to any audit dispute or qualification.



Yacov Geva
Chief Executive Officer

Date: August 31, 2020

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

**G MEDICAL INNOVATIONS HOLDINGS
LTD ARBN 617 204 743**

(A company incorporated in the Cayman Islands) and its subsidiaries

CORPORATE DIRECTORY

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CONTENTS

DIRECTORS' REPORT	6
REVIEW REPORT ON INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS	9
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	10
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS	12
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT	13
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS	14
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS	16
DIRECTORS' DECLARATION	27
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS (ORIGINAL)	28
AUDITORS INDEPENDENT DECLARATION (ORIGINAL)	29

DIRECTORS' REPORT

The Directors of G Medical Innovations Holdings Limited (the **Company**) and controlled entities (the **Group** or **Consolidated Entity**) submit the following report for the half year ended 30 June 2020 (**Financial Period**).

DIRECTORS

The names and the particulars of the Directors of the Company to the date of this report are:

NAME	STATUS	APPOINTED/RESIGNED
Dr Yacov Geva	President and Chief Executive Officer	Appointed 3 October 2014
Dr Kenneth R Melani	Non-Executive Chairman	Appointed 21 August 2014
Dr Shuki Gleitman	Non-Executive Director	Appointed 24 February 2017
Dr Brendan de Kauwe	Non-Executive Director	Appointed 24 February 2017
Mr Urs Wettstein	Non-Executive Director	Appointed 24 February 2017
Professor Zeev Rotstein	Non-Executive Director	Appointed 5 March 2019

COMPANY SECRETARY

Mr Brett Tucker - Appointed 5 February 2020

REVIEW AND RESULTS OF OPERATIONS

G Medical Innovations Holdings Ltd (The Company) reports on the half year results as of 30 June 2020 on a net loss of US\$ 4.9 million versus a loss of US\$ 6.839 million in the comparable period of 2019.

The Company decreased its revenues to US\$ 2.01 million from US\$ 2.908 million in H1 2019. The decrease was influenced by the effect of the corona virus in 2020.

The revenues were offset by the following costs:

- Cost of revenues decreased from US\$ 2.68 million in H1 2019 to US\$ 2.53 million. Cost of services representing a decrease of US\$ 0.518 million related to decrease in salaries and related expenses on one side and an increase of US\$ 0.174 million related to depreciation expenses on the other side. The cost of sales of products increased due to write off inventory in the amount of approximately US\$0.261 million.
- The operating expenses dropped from US\$ 6.982 million in H1 2019 to US\$ 4.11 million, due to the Company decision to implement operational efficiencies. A decrease of US\$ 0.704 million related to salaries and related expenses reflecting a decrease in the number of employees, a decrease of US\$ 0.414 million is related to subcontractors and advisors and a decrease of US\$ 0.790 million related to depreciation and amortization expenses.
- The finance expenses decreased from finance expenses, net of US\$ 1.116 million in H1 2019 to US\$ 0.356 million in H1 2020. That includes:
 - Decrease of US\$ 0.272 million attributed to the finance expenses as a result of early redemption of Convertible securities in early 2020.
 - Decrease of US\$ 0.313 million attributed to the finance expenses as a result of adjusting derivative liability.
 - Decrease of US\$ 0.198 million attributed to decrease of interest on loans received from our controlling shareholder, as a result of a decrease in the amount of the loans, mainly as a result of the conversion of loans into shares in 2020.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Shareholders' of G Medical Innovations Holdings Ltd and its subsidiaries on page 29 forms part of the Directors' Report for the half year ended 30 June 2020.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to be 'Dr Yacov Geva', written in a cursive style.

Dr Yacov Geva
President and Chief Executive Officer
August 31, 2020



REVIEW REPORT ON INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS

Introduction

We have reviewed the accompanying consolidated statements of financial position of G medical innovations holdings Ltd. and its subsidiaries (the "Company") as of June 30, 2020 and the related consolidated statements of comprehensive loss, changes in shareholders' deficit and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Company as of June 30, 2020, and of its consolidated financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard IAS 34.

Emphasis of a matter

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$4,981 thousand for the six-month period ended June 30, 2020 and generated \$68,240 thousand of accumulated deficit since inception. As stated in the note, these events or conditions, along with other matters, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our review opinion is not modified in respect of this matter.

Tel-Aviv, Israel August 31, 2020

Ziv haft
Certified Public Accountants
(Isr.)
BDO Member Firm

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2020 Unaudited \$ in thousands	Dec 31, 2019 Audited \$ in thousands
CURRENT ASSETS			
Cash and cash equivalents		543	-
Restricted deposit		629	717
Inventories		124	378
Trade receivables, net		584	556
Other accounts receivable		651	723
Total current assets		2,531	2,374
NON-CURRENT ASSETS			
Other assets		71	71
Goodwill		2,844	2,844
Property, plant and equipment, net		2,920	3,481
Total non-current assets		5,835	6,396
TOTAL ASSETS		8,366	8,770
CURRENT LIABILITIES			
Short term bank credit		-	93
Short term loan and current portion of long-term loans		1,153	1,073
Trade payables		3,388	3,329
Loan from controlling shareholder	6	2,162	6,781
Convertible securities	4	-	757
Derivative liabilities - warrants	4	318	443
Short term portion of lease liability		419	363
Financial liability		932	3,566
Other accounts payable		1,241	678
Total current liabilities		9,613	17,083
NON-CURRENT LIABILITIES			
Deferred taxes		-	23
Long term lease liability		163	248
Long term loans		1,943	1,292
Total non-current liabilities		2,106	1,563

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION CONTINUED

	Note	June 30, 2020 Unaudited \$ in thousands	Dec 31, 2019 Audited \$ in thousands
SHAREHOLDERS' EQUITY (DEFICIT)			
Ordinary shares; \$0.001 par value, 1,000,000,000 shares authorized, 664,371,554 and 410,472,294 shares issued and outstanding as of June 30, 2020 and December 31, 2019, respectively.	5	665	410
Other reserve		1,500	1,500
Translation reserve		2	2
Additional paid in capital		59,300	48,051
Accumulated deficit		(68,240)	(63,340)
G Medical Innovations Holdings Ltd. Shareholders' Deficit		(6,773)	(13,377)
Non-controlling interest		3,420	3,501
Total Deficit		(3,353)	(9,876)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		8,366	8,770

The accompanying notes are an integral part of the financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Six months period ended June 30, 2020 Unaudited \$ in thousands	Six months period ended June 30, 2019 Unaudited \$ in thousands
Revenues			
Services	3A1	1,981	2,907
Products		29	1
Total Revenues		2,010	2,908
Cost of Revenues:			
Cost of Services		2,214	2,592
Cost of Sales of products		320	85
Total Cost of Revenues		2,534	2,677
Gross profit (loss)		(524)	231
Operating Expenses:			
Research and development expenses		699	1,274
Selling and marketing		571	989
General and administrative expenses		2,840	4,719
Operating Loss		4,634	6,751
Financial income		(205)	(156)
Finance expenses		561	1,272
Loss before taxes		4,990	7,867
Income tax benefit		(9)	(709)
Loss for the period		4,981	7,158
Other comprehensive income, net of tax:			
Items that will or may be reclassified to profit or loss:			
Exchange gains arising on translation of foreign operations		-	-
Other comprehensive income		-	-
Net comprehensive loss		4,981	7,158
Net comprehensive loss for the six months period attributed to:			
Non-controlling interests		81	319
The Company's shareholders		4,900	6,839
Basic loss per share attributable to G Medical innovations holdings ltd. shareholders'		US\$(0.009)	US\$(0.019)

The accompanying notes are an integral part of the financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

For the six months period ended June 30, 2020:

	Share capital	Other reserve	Translation and other funds	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholders' deficit
Unaudited								
US\$ In thousands								
Balance at January 1, 2020	410	1,500	2	48,051	(63,340)	(13,377)	3,501	(9,876)
Changes during the period:								
Issuance of ordinary shares, net	131	-	-	5,173	-	5,304	-	5,304
Share based compensation	11	-	-	467	-	478	-	478
Conversion of financial liability to shares	20	-	-	702	-	722	-	722
Conversion of loans from controlling shareholder into shares	93	-	-	4,907	-	5,000	-	5,000
Comprehensive loss for the period:								
Loss for the period	-	-	-	-	(4,900)	(4,900)	(81)	(4,981)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(4,900)	(4,900)	(81)	(4,981)
Balance at June 30, 2020	665	1,500	2	59,300	(68,240)	(6,773)	3,420	(3,353)

For the six months period ended June 30, 2019

	Share capital	Other reserve	Translation and other funds	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholders' deficit
Unaudited								
US\$ In thousands								
Balance at January 1, 2019	361	1,500	(1)	39,880	(48,327)	(6,587)	3,997	(2,590)
Changes during the period:								
Issuance of ordinary shares, net	-	-	-	-	-	-	-	-
Share based compensation	2	-	-	450	-	452	-	452
Conversion of convertible securities to shares	4	-	-	878	-	882	-	882
Conversion of loans from controlling shareholder into shares	29	-	-	5,289	-	5,318	-	5,318
Comprehensive loss for the period:								
Loss for the period	-	-	-	-	(6,839)	(6,839)	(319)	(7,158)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(6,839)	(6,839)	(319)	(7,158)
Balance at June 30, 2019	396	1,500	(1)	46,497	(55,166)	(6,774)	3,678	(3,096)

The accompanying notes are an integral part of the financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months period ended June 30, 2020 Unaudited \$ in thousands	Six months period ended June 30, 2019 Unaudited \$ in thousands
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(4,981)	(7,158)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,031	1,630
Share based compensation	478	452
Conversion of convertible securities to shares	-	350
Change in derivatives	(439)	(240)
Accrued interest of long-term loans	52	46
Changes in deferred taxes	(9)	(219)
Change in fair value of convertible securities	-	334
Increase in trade receivable	(28)	(116)
Decrease in other accounts receivable	39	318
Decrease in inventories	254	22
Increase in trade payables	59	261
Increase (decrease) in other accounts payable	785	(555)
Accrued interest on loan from controlling shareholder	260	460
Exchange rate differences	-	22
Change in restricted deposit	6	(2)
Net cash used in operating activities	(2,493)	(4,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(207)	(299)
Purchase of other assets	-	(34)
Deposit in restricted deposit	82	-
Net cash used in investing activities	125	(333)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED

	Six months period ended June 30, 2020 Unaudited \$ in thousands	Six months period ended June 30, 2019 Unaudited \$ in thousands
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of ordinary shares	5,789	-
Loan received from controlling shareholder	121	2,980
Receipts of long-term loans	873	1,337
Principal paid on lease liabilities	(259)	(256)
Repayment of long-term loans	(194)	(1,593)
Short-term bank credit	(93)	-
Repayment of convertible loan and financial liability	(3,076)	-
Net cash provided by financing activities	3,161	2,468
Decrease in cash and cash equivalents	543	(2,260)
Cash and cash equivalents at beginning of the period	-	2,634
Effects of exchange rate changes on cash and cash equivalents	*	(22)
Cash and cash equivalents at the end of the period	543	352

* Represents an amount lower than US\$ 1 thousand.

APPENDIX A-Amount paid/(received) during the period for:

APPENDIX A	Six months period ended June 30, 2020 Unaudited \$ in thousands	Six months period ended June 30, 2019 Unaudited \$ in thousands
Amount paid/ (received) during the period for:		
Interest	289	56
Tax	-	(26)

APPENDIX B -NON-CASH ACTIVITIES:

APPENDIX B	Six months period ended June 30, 2020 Unaudited \$ in thousands	Six months period ended June 30, 2019 Unaudited \$ in thousands
Non-Cash Activities:		
Conversion of convertible securities into shares	722	419
Conversion of convertible securities into financial liability	682	-
Purchase of property, plant and equipment	-	289
Conversion of loan from controlling shareholder into shares	5,000	5,318
Non-cash issuance expenses in warrants	485	-

The accompanying notes are an integral part of the financial statements.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 1 - DESCRIPTION OF BUSINESS:

Overview:

G Medical Innovations Holdings Ltd. (“G Medical” and together with its subsidiaries, the “Company”) was incorporated in October 2014 under the Cayman Island law. G Medical's registered address is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands.

In May 2017, the Company was admitted to the official list on the Australian Stock Exchange (“ASX”) under the symbol “GMV”.

The Company is ushering into a new era of healthcare and wellness by utilizing its patent-pending wireless technologies, and proprietary information technology and service platforms, to empower a new generation of consumers, patients and providers to improve quality of life. The Company develops the next generation of mobile technologies that will empower consumers and providers to better monitor, manage, and improve clinical and personal health outcomes. The Company offers a suite of both consumer and clinical grade products and platforms which are positioned to reduce inefficiencies in healthcare delivery, improve access, reduce costs, increase quality of care, and make healthcare more personalized and precise.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company incurred a net loss of \$4,981 for the six-month period ended June 30, 2020 and generated \$68,240 of accumulated deficit since inception. These events and conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company raised in August 2020 a net amount of approximately \$3.35 million and in a process to raise additional fund through an IPO on Nasdaq. The Company will use the expected proceeds for its ongoing operations. The interim condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with International Accounting Standards (the “IAS”) 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report. The Company has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements. Details of the impact of this amendment are given below. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS:

A. World event - Coronavirus (COVID 19):

The world is currently experiencing an event with macroeconomic consequences, originating from the spread of the Corona virus (COVID 19) in many countries around the world (hereinafter - "the Coronavirus" or the "Event"). Following the Event, many countries, including Israel, are taking significant steps to try to prevent the spread of the Coronavirus, such as restrictions on civilian movement, gatherings, transit restrictions on passengers and goods, closing borders between countries, etc. As a result, the Event and the actions taken by the various countries have significant implications on many economies as well as capital markets worldwide.

In March 2020, the only departments that operated in the Company's subsidiary in Israel were finance and research and development departments, and their operation was in a limited capacity, the other departments were on leave of absence from March 17 ,2020 till April 30 2020, and then returned to normal work routine.

The Company's subsidiary in China was working remotely until May 25, 2020 and then returned to normal work routine. The Company's subsidiaries in the USA are working partly remotely.

As the event is still an ongoing event, the Company cannot estimate the potential effect on its short and mid-term activities and financial results.

The World Health Organization declared COVID-19 a global health emergency on January 30, 2020. Since then, the Company has experienced significant disruption to its operations in the following respects:

- Decreased demand for the Company medical services as a consequence of social distancing requirements and recommendations.
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Company primary products.

The significant events and transactions that have occurred since December 31, 2019 relate to the effects of the global pandemic on the Company's interim consolidated financial statements for the six months ended June 30, 2020 and are summarized as follows.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS (CONT.):

A. World event - Coronavirus (COVID 19) (cont.):

1. Decrease in sales and cash flows

The Company experienced a decline in sales during the second quarter of 2020 and adjusted its operational expenses accordingly. It is unclear whether this reduction in sales is temporary and whether such sales may be recoverable in the future. If sales continue to decline, or if such lost sales are not recoverable in the future, the Company's business and results of operations will be significantly adversely affected. The extent to which COVID-19 impacts the Company's business and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the Coronavirus and the actions to contain the Coronavirus or treat its impact, among others.

2. Government grant (PPP loan)

In April 2020, under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") in United States the U.S subsidiary signed an agreement to receive a long-term loan (the "PPP loan") in the amount of approximately \$0.9 million from Bank of America. The PPP loan is accounted for as a liability until all conditions for waiver will be met. According to the terms of the PPP loan, the payments will be deferred for six months from the funding date and no collateral or personal guarantees are required. The PPP loan has a maturity of two years and bear an interest rate of 1%.

3. Goodwill impairment assessment

The Company experienced a decline in service revenue during the months of March and April 2020 and an increase in May and June 2020. It is unclear whether the reduction in sales in March and April 2020 or the increase in sales in May and June 2020 was temporary. The Company considered the reduced sales and reductions in the budgeted revenue as indicators of impairment. As of June 30, 2020, the US subsidiaries Cash Generating Unit's ("CGU") book value was lower than its value in use calculations based on a cash flow projection covering a budget for a four-year period up to 2024, and thereafter a steady growth. Therefore, no impairment was recorded.

The assumptions used in the June 30, 2020 impairment valuation were: 30% discount rate, gross margin was 60%, EBITDA margin was 11.6% and growth rate was 0.7%. The growth rate and EBITDA margin assumptions apply only to the period beyond the budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for the fourth year.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS (CONT.):

B. Financial liability:

During 2020, a statement agreement was signed between the Company and MEF I, L.P (“Magna”) which held about 80% from the convertible securities, according to which the Company agreed to terminate the convertible securities agreement and pay by the end of March 2020 \$3,566 in cash and shares to MEF I, L.P. This amount includes ordinary shares, which the Company will issue, worth AUD 200 thousand (approximately \$140) to MEF I, L.P. in quantity according to the closing bid price of the shares on the trading day, immediately prior to the date upon which the shares are issued.

On April 7, 2020, the Company announced to the ASX that it has extended the repayment date of the settlement amount owing to MEF I, L.P under the deed of termination settlement and release to April 30, 2020. Under the terms of the deed of variation, in consideration for the grant of the extension, the Company issued to Magna on April 30, 2020 a number of fully paid ordinary shares of the Company equivalent to \$722 and paid \$3,001 in cash.

The financial liability balance of \$932 as of June 30, 2020, is related to other convertible securities holders. The amount was classified from of convertible securities to financial liability since the convertible security term ended in April 30, 2020 and the remaining balance is due and payable.

C. Lease agreements:

During 2020, the Company has signed new leases agreements, in Israel, China and Macedonia, which are accounted for in accordance with IFRS 16. In Israel, the lease ends on December 31, 2020 and there is an option of extending the contract for another year, in China the lease ends on April 30, 2021 and in Macedonia, the lease ends on January 31, 2021.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 4 - FAIR VALUE MEASUREMENT:

The following table sets out the Company's liabilities that are measured at fair value in the financial statements:

	Fair value measurements using input type			Total
	Level 1	Level 2	Level 3	
	June 30, 2020 (Unaudited)			
Derivative liability - warrants	-	-	(318)	(318)
Convertible securities	-	-	-	-
	Fair value measurements using input type			
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Derivative liability - warrants	-	-	(443)	(443)
Convertible securities	-	-	(757)	(757)

The fair value measurements of the warrants in the table above were estimated using the Black Scholes model, based on a variety of significant unobservable inputs and, thus, represent a level 3 measurement within the fair value hierarchy.

As of June 30, 2020, the key inputs that were used in warrants: the risk-free interest rate - 0.25% - 0.4%, the expected volatility - 95 % and the AUD/USD exchange rate -0.6885.

As of December 31, 2019, the key inputs that were used in warrants and the convertible securities were: the risk-free interest rate - 0.92%, the expected volatility - 82% and the AUD/USD exchange rate - 0.7011.

The following tables describes the change in the Company's liabilities that are measured at level 3 in the financial statements:

	Derivative liability
Derivative liability - warrants as of December 31, 2019	(443)
Issuance of financial instruments	(137)
Change in fair value	262
Derivative liability - warrants as of June 30, 2020	(318)

	Convertible Securities
Convertible securities as of December 31, 2019	(757)
Repayment of convertible securities	75
Classification into financial liability	682
Convertible securities as of June 30, 2020	-

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 5 - SHAREHOLDERS' EQUITY (DEFICIT):

The following tables describes the change in the Company's liabilities that are measured at level 3 in the financial statements:

The ordinary shares in the Company confer upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends, if and when declared.

	Number of shares			
	June 30, 2020		December 31, 2019	
	Authorized	Issued and outstanding	Authorized	Issued and outstanding
Ordinary shares of US\$0.001 par value	1,000,000,000	664,371,554	1,000,000,00	410,472,294

During the six-month period ended June 30, 2020, the Company issued:

1. 18,659,656 ordinary shares upon repayment of financial liability (See also Note 3B).
2. 93,339,307 ordinary shares upon conversion of the Company's controlling shareholder loans (See also Note 5).
3. 85,528,236 ordinary shares pursuant to a private placement, at a price of AUD 0.07 (approximately \$0.045) per share. The company issued 5,650,000 options as issuance expenses in July 2020 (See also Note 9).
4. In November 2019, the Company entered into a capital commitment agreement (hereinafter the "GEM Agreement"), with GEM Global Yield Fund LLC SCS and GEM Yield Bahamas Ltd (together "GEM"). The GEM agreement secures a capital equity line of up to AUD 30 million from GEM. In addition, according to the GEM Agreement, the Company issued to GEM warrants to purchase 25,000,000 ordinary shares at an exercise price of AUD 0.265 per share. The warrants will expire on November 29, 2024. In 2020 and 2019, the Company issued 12,500,000 and 12,500,000 warrants in two batches, at an exercise price of AUD 0.265. During the six-month period ended June 30, 2020, the Company issued 18,254,273 ordinary shares to GEM pursuant to the terms of the GEM agreement and utilized AUD 1,270 thousand (approximately \$840). Upon issuance, the Company deducted the prepaid fees from equity.
5. On September 5, 2018, the Company entered into a controlled placement agreement (the "Controlled Placement Agreement") with Acuity Capital Investment Management Pty Ltd (hereinafter "Acuity") which provides the Company with up to AUD 10,000 thousand (approximately \$7,200) of standby equity over a period of 28 months. Pursuant to the Controlled Placement Agreement, the Company issued to Acuity an option to require the Company to issue and allot, subject to prior notice, ordinary shares at an exercise price per ordinary share equal to the greater of (i) 90% of the VWAP of the Company ordinary shares traded by Acuity on ASX

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 5 - SHAREHOLDERS' DEFICIT (CONT.):

During the six-month period ended June 30, 2020, the Company issued (cont.):

5. (cont.):

during a valuation period and (ii) a floor price for such valuation period, to be determined by the Company from time to time. subject to the terms of the shares.

As part of the agreement in 2020, Acuity has exercised its option to purchase 20,300,000 Ordinary Shares, for aggregate net proceeds of AUD 1,825 (approximately \$1,347), also the Company and Acuity agreed to increase the equity capital limit from 17,000,000 to 27,000,000 and the Company issued to Acuity 10,000,000 Ordinary Shares to be held in collateral for no consideration. As of June 2020, Acuity holds 23,700,000 ordinary shares.

Options and shares granted to employees and service providers:

1. During the six months period ended June 30, 2020, the Company issued 11,043 ordinary shares pursuant to the exercise of outstanding options.
2. During the six months period ended June 30, 2020, the Company issued to its directors, officers, employees and consultants, 11,106,745 ordinary shares.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 6- RELATED PARTIES AND SHAREHOLDERS:

The following transactions arose with related parties:

Transaction	Period of six months ended June 30, 2020	Period of six months ended June 30, 2019
	Unaudited	Unaudited
Short term employee benefits	536	590
Post-employment benefits	73	90
Share based compensation (management)	283	25
Share based compensation (directors)	112	345

Liabilities to related parties:

Transaction	Period of six months ended June 30, 2020	December 31 2019
	Unaudited	Audited
Key management personnel (other accounts payable)	308	652
Loans from a controlling shareholder	2,162	6,781

In May 2018, the Company signed an agreement to receive a short-term loan up to 3 million from its major shareholder. The loan bears an interest of 10% per annum with a repayment date of April 30, 2019 and is unsecured. The agreement was amended in October 2018, such that the aggregate amount available to the Company is 10 million. The loan is unsecured, and bears multiple fixed interest rates, calculated on a linear basis from the disbursement date of each installment of the principal amounts: (i) 10% per annum for all amounts drawn until October 1, 2018 and (ii) 12% per annum for all amounts drawn as of October 1, 2018. Upon lender's discretion, this loan agreement extended until December 31, 2020 at a fixed interest rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the principal amount and until its repayment in accordance with the terms hereunder. If the loan agreement will be extended, for any reason whatsoever to December 31, 2019, the loan amount shall bear interest at a fixed rate of 15% per annum, calculated on a linear basis from the disbursement date of each installment of the principal amount from April 30, 2019 up to its repayment in full accordance with the terms hereunder. During 2019, amounts of \$3,317 and \$2,000 were converted to 14,706,719 and 14,532,771 ordinary shares, respectively.

During the six-month period ended June 30, 2020, the Company received from its controlling shareholder an additional amount of \$968 on the same terms of the loan agreement as mentioned above and a commitment to finance the Company in the foreseeable future.

During March 2020, the general meeting of the Company approved loan conversion to shares of its controlling shareholder in the amount of \$5,000 to 93,339,307 ordinary shares respectively. In addition, during May 2020, the Company has repaid part of the loan in the amount of \$847.

As of June 30, 2020, the total amount of this loan is \$2,162.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 7 - SEGMENT REPORTING:

The Company accounts for its segment information in accordance with IFRS 8 “Segment Reporting” which establishes annual and interim reporting standards for operating segments of a Company based on the Company’s internal accounting methods.

Operating segments are based upon its internal organization structure, the manner in which our operations are managed and the availability of separate financial information. The Company has two operating segments:

components segment and project- services segment.

- **Products:**
Development, manufacture and marketing of trans-telephonic and wireless diagnostic equipment for the medical industry and consumer market. Mobile medical device platform designed for self-testing of vital signs for the consumer market.
- **Patient Services:**
Cardiac monitoring services of MCT, Event, Holter and Extended Holter.

Summarized financial information by segment, based on the Company’s internal financial reporting system utilized by the Company’s chief operating decision makers, follows:

For the six months period ended June 30, 2020:

	<u>Products and other:</u>	<u>Patient Services:</u>	<u>Total:</u>
	<u>Unaudited</u>		
Revenues from external customers	<u>29</u>	<u>1,981</u>	<u>2,010</u>
Segment loss	1,739	1,828	3,567
Unallocated general and administrative expenses			1,067
Finance expenses, net			<u>356</u>
Loss before taxes on income			<u>4,990</u>

For the six months period ended June 30, 2019:

	<u>Products and other:</u>	<u>Patient Services:</u>	<u>Total:</u>
	<u>Unaudited</u>		
Revenues from external customers	<u>1</u>	<u>2,907</u>	<u>2,908</u>
Segment loss	3,233	3,030	6,263
Unallocated general and administrative expenses			488
Finance expenses, net			<u>1,116</u>
Loss before taxes on income			<u>7,867</u>

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

The Israeli subsidiary's assets and rights were pledged as a floating charge to secure bank borrowings in addition to a lien on the Company's car.

NOTE 9 - SUBSEQUENT EVENTS:

A. Incentive performance rights and ordinary shares granted to employees and directors

On July 16, 2020, the general meeting approved the Company's proposal to issue shares and incentive performance rights to the directors and certain key management personnel and employees of the Company at total quantity of 74,999,996 which includes 10,000,000 ordinary shares and 64,999,996 performance rights. The vesting milestones and conditions of the incentive performance rights are as follows:

- Class A Incentive Performance Right - vests upon achieving a market capitalization of greater than \$100,000, which will be calculated based on:
 1. The Company's 20-day VWAP of shares on the ASX (adjusted by the AUD/USD exchange rate quoted on the Reserve Bank of Australia prior to the last trading day pursuant to which the Company's VWAP of Shares is being calculated); or
 2. If applicable, the Company's closing market price on a trading day on Nasdaq, (Conversion Price) multiplied by the total issued Share capital of the Company.
- Class B Incentive Performance Right - vests upon achieving a market capitalization of greater than \$150,000.
- Class C Incentive Performance Right - vests upon achieving a market capitalization of greater than \$200,000.
- Class D Incentive Performance Right - vests upon achieving a market capitalization of greater than \$250,000.

All the incentive performance rights will be calculated based on the conversion price multiplied by the total issued share capital of the Company and the incentive Performance Rights will expire 3 years from the date of issue. On July 23, 2020, the Company issued 16,166,666 Performance Rights related to class A, B, C and D and 3,000,000 ordinary shares to the Directors of the Company.

B. Related parties

In July 2020, the general meeting of the Company approved controlling shareholder loan conversion to shares in the amount of \$1,950 to 47,060,527 ordinary shares.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(US\$ in thousands)

NOTE 9 - SUBSEQUENT EVENTS (CONT.):

C. Issuance expenses

In July 2020, the Company issued 5,650,000 options as issuance expenses.

D. Ordinary shares granted to service providers

In July 2020, the Company issued to service providers 599,500 ordinary shares.

E. Ordinary shares

In August and August 2020, the Company issued 100,000,000 ordinary shares pursuant to a private placement, at a price of AUD 0.05 (approximately \$0.034) per share, for an aggregate amount of AUD 5,000 thousand (approximately 3,420\$).

F. Acuity issuance

On August 13, 2020, the Company issued 16,300,000 ordinary shares to Acuity to increase the ordinary shares amount held as collateral under its Controlled Placement Agreement to a total of 40 million ordinary shares (collateral shares).

G. Ordinary shares granted to directors

On August 13, 2020, the Company issued 500,000 ordinary shares to the Company's director on the conversion of performance rights issued in July 2019 as a performance incentive.

DIRECTORS' DECLARATION

In the opinion of the directors of G Medical Innovations Holdings Ltd (the "Company"):

1. The financial statements and notes, as set out on pages 10 to 26 is in accordance with the International Financial Reporting Standards:
 - a. comply with International Accounting Standard IAS 34 "Interim Financial Reporting" and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the Company and its controlled entities financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and.
2. There are reasonable grounds to believe that G Medical Innovations Holdings Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



Dr. Yacov Geva
President & Chief Executive Officer
August 31, 2020



REVIEW REPORT ON INTERIM FINANCIAL INFORMATION
TO THE SHAREHOLDERS OF
G MEDICAL INNOVATIONS HOLDINGS LTD.

Introduction

We have reviewed the accompanying consolidated statements of financial position of G medical innovations holdings ltd. and its subsidiaries (the "Company") as of June 30, 2020 and the related consolidated statements of comprehensive loss, changes in shareholders' deficit and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review


We conducted our review in accordance with International standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

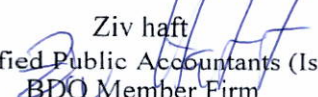
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the Company as of June 30, 2020, and of its consolidated financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standard IAS 34.

Emphasis of a matter

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of \$4,981 thousand for the six-month period ended June 30, 2020 and generated \$68,240 thousand of accumulated deficit since inception. As stated in the note, these events or conditions, along with other matters, indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our review opinion is not modified in respect of this matter.


Tomer Flom
Partner

August 31, 2020


Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

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**DECLARATION OF INDEPENDENCE BY BDO ZIV HAFT TO THE DIRECTORS G
MEDICAL INNOVATIONS HOLDINGS LTD.**

As lead auditor for the review of G Medical Innovations Holdings Ltd. for the half- year ended June 30, 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of G Medical Innovations Holdings Ltd. and the entities it controlled during the period.

Tel-Aviv, Israel
August 31, 2020

Ziv haft

Certified Public Accountants (Isr.)
BDO Member Firm