

G MEDICAL INNOVATIONS HOLDINGS LIMITED

APPENDIX 4E - PRELIMINARY ANNUAL REPORT

1. DETAILS OF REPORTING PERIOD

Name of Entity	G Medical Innovations Holdings LTD. (“the Company”)
ARBN	617 204 743
Reporting Period	12 months ended 31 December 2019
Previous Corresponding Period	12 months ended 31 December 2018

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	12 months ended	12 months ended	Increase/	Amount
	31 Dec 2019	31 Dec 2018	(decrease)	change
	US\$	US\$	%	US\$
Revenues from ordinary activities	5,526	3,062	80%	2,464
Profit/(loss) from ordinary activities after tax attributable to members	(15,013)	(16,262)	8%	1,249
Net profit/(loss) for the year attributable to members	(15,013)	(16,262)	8%	1,249
Net tangible asset/(deficiency) per share	(0.031)	(0.019)		
		Amount Per	Franked Amount Per	
		Security	Security	
Final Dividend		Nil		Nil
Interim Dividend		Nil		Nil
Previous Corresponding Period		Nil		Nil
Record Date for Determining Entitlements		Not Applicable		

3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

6. STATEMENT OF RETAINED EARNINGS/CHANGES IN EQUITY

Refer to attached financial statements.

7. DIVIDENDS/DISTRIBUTIONS

No dividends declared in current or prior year.

8. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

9. NET TANGIBLE ASSETS PER SHARE

	31 Dec 2019	31 Dec 2018
Net tangible asset backing per ordinary security	(0.031) cents	(0.019) cents

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

Control gained over entities

No changes during the period

Loss of control over entities

No changes during the period

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of associate or joint venture entity		N/A
Reporting entity's percentage holding in this entity		N/A
Contribution to net profit/(loss) (where material)	Current Period	Previous Period
	N/A	N/A
Aggregate share of profits/(losses) of the above entity (where material)	Current Period	Previous Period
	N/A	N/A

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Refer to financial statements following.

13. FOREIGN ENTITIES

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

14. AUDIT

The preliminary report is based on accounts which are in the process of being audited.

15. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION

The Board of mobile and e-Health company G Medical Innovations Holdings Ltd ("G Medical" or "the Company") (ASX: GMV) are pleased to provide shareholders with the following commentary on its activities and financial results for the year ended 31 December 2019 ("CY2019").

CY2019 marked a period of significant growth for G Medical. This was evident in a significant increase in revenue, which was achieved through the expansion of operations in the United States, a strengthened Board and the progression of regulatory approval in key markets.

Financials:

Revenue from ordinary activities increased considerably during the period to US\$5,5526,000. This marks an 80% increase on the previous corresponding period (CY 2018: US\$3,062,000).

The majority of revenue was generated in the United States which achieved ongoing sales growth and can be attributed to a number of provider agreements secured during the period.

This considerable growth in revenue is evidence of the progress that G Medical is making in a large addressable market. The Board and management anticipate that this will continue and look forward to updating shareholders as developments progress.

The loss from ordinary activities was US\$15,013,000, down 8% in CY 2019 on the previous period (CY2018: 16,262,000). The Company believes that this will continue to decrease over the current period.

US provider agreements:

G Medical announced a number of provider agreements through its wholly owned subsidiary GMEDx, including agreements with Prime Health Services and Ancillary Care Services. Both initiatives significantly increased the Company's footprint in the US market and provided exposure to a large potential patient base. Further, it allowed the Company to access Medicare reimbursements for eligible patients.

Underpinning additional US growth, the Company also executed provider agreements with Humana Military, Molina Health Care of Texas and Monila Health Care of Ohio.

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These agreements provide G Medical with a large addressable market, which it can leverage to drive growth and increase revenue.

Realised growth in USA:

The multiple US provider agreements secured during the period underpinned considerable growth for G Medical. During CY2019 the Company provided its services to a total of 27,946 patients, a 94.5% increase on CY2018 (CY2018: 14,361).

G Medical is confident that growth will continue during CY2020. The Company remains in discussions with a number of additional providers and is aiming to update the market on developments as soon as possible.

Loan facility finalised with Executive Director and CEO Dr Yacov Geva:

G Medical formalised the terms of a loan agreement with CEO, Executive Director and the Company's largest shareholder Dr Yacov Geva.

The unsecured loan amount is for US\$10 million with any amounts received up to the date of signing. The repayment date was scheduled as 30 April 2019, however Dr Geva chose to convert US\$3,317,500 of the loan to 14,706,719 fully paid ordinary shares in G Medical. This was approved at an Annual General Meeting on 24 April 2019.

Further to this, at a separate Annual General Meeting (held 24 May 2019), Dr Geva converted an additional US\$2,000,000 from the loan facility, to 14,532,771 fully paid ordinary shares. During CY2019, Dr Geva also purchased 742,168 shares on-market for \$182,566 (\$0.246 per share) (refer ASX announcement: 13 June 2019).

The Board and management would like to thank Dr Geva for his continued support and faith in the future of G Medical.

US listing initiatives:

To broaden investor exposure and defray capital expenditure, G Medical withdrew its NASDAQ registration statement on form F1 filing (refer ASX announcement: 20 May 2019) and instead pursued a listing on the OTCQB ("OTC") market.

The OTC market provides G Medical with access to individual and institutional American investors, and an entry point into one of the world's largest capital markets, at a nominal cost with no additional compliance requirements. Further, the listing is non-dilutive for shareholders, as no capital is required to be raised and no additional shares will be issued on the OTCQB market.

G Medical determined that the NASDAQ listing and associated capital raising was not in the best interests of shareholders. Subsequent to the end of the period, G Medical was approved to trade on the OTCQB under code GMMVF.

Board and management appointments:

G Medical strengthened its Board with the appointment of leading cardiologist, Professor Zeev Rostein as a Non-executive Director.

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Professor Rostein is an internationally recognised medical professional and an expert in health management systems with decades of experience in consultancy positions and academic roles.

He is currently Director General at Hadassah Medical Organisation and holds the Associate Clinical Professor position at the Hebrew University Jerusalem and the Sackler School of Medicine Tel Aviv University. Professor Rostein has also acted as an expert consultant on the construction of several major medical facilities in La Paz, Equatorial Guinea and Moscow.

G Medical also advised the resignation of Non-executive Director Mr Sam Skontis and President of Business Development Mr Louis Antoniou. The Company thanks Mr Skontis and Mr Antoniou for their tireless hard work and contributions.

A\$30 million funding secured to fast track global growth initiatives:

G Medical secured capital commitments of A\$30 million over three years from Luxembourg-based institution GEM Global Yield LLC SCS ("GEM").

GEM is a leading global alternative investment group that has been established for nearly three decades. The group has US\$3.4Bn under management and has a diverse set of investment vehicles in its portfolio focused on emerging markets across the globe.

The funding allows G Medical 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\$5.5 million 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).

China National Medical Products Administration (NMPA) approval process:

During the period, G Medical experienced some delays in the National Medical Products Administration (formerly China Food and Drug Administration or CFDA) approval process for the use of its Prizma device in the People's Republic of China.

The delays were caused by the sudden, unexpected death of the principal investigator ("PI") assigned to G Medical's clinical trial process. The NMPA sought to nominate and appoint another PI to allow for completion of trials. This process took around three months to complete.

Following the appointment, G Medical progressed the trials and is now interpreting the data, with the aim 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.

Guangzhou Yimei Innovative Medical Science and Technology Co., Ltd operations:

Operations within G Medical's Chinese subsidiary Guangzhou Yimei Innovative Medical Science and Technology Co., Ltd ("Yimei") continued during the period on a number of R&D and business development fronts.

Yimei was successful in obtaining Chinese software copyright registration for the Prizma smartphone app, and subsequently the Chinese version of the Prizma Android app was released

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

to the Tencent App Store, meaning the Prizma iOS app is ready for release on the China Apple store. Further, Yimei commenced designs for a medical smartwatch and software requirement analysis is also underway for blood pressure measurement.

Yimei also showcased at a number of exhibits and events ahead of the launch of the Prizma device in the People's Republic of China. These showcases coincided with a multi-faceted marketing approach purposefully designed for specific territories.

FDA approval process for the G Medical Proprietary Patch (GMP):

To meet recently established requirements as an 'Extended Holter' in US territories, G Medical commenced research and development initiatives to introduce a range of new features to its proprietary patch. The second generation offering will now include protection circuit for defibrillator compatibility, mechanical design alterations and algorithm upgrades.

The Company advises that no further clinical trials are required to progress the second generation patch through the FDA approval process and following its introduction, it will be one of the most advanced solutions available.

Yacov Geva

Chief Executive Officer & Managing Director

Forward Looking Statement

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Alderan Resources Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

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Appendix 4E

Preliminary Final Report for the year ended 31 December 2019

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2019	December 31, 2018
	<u>US\$ in thousands</u>	
CURRENT ASSETS:		
Cash and cash equivalents	-	2,634
Restricted cash	717	714
Inventories	378	1,355
Trade receivables, net	556	705
Other accounts receivable	723	973
Intangible assets, net	-	1,254
Total current assets	<u>2,374</u>	<u>7,635</u>
NON-CURRENT ASSETS:		
Other assets	71	242
Goodwill	2,844	2,844
Property, plant and equipment, net	<u>3,481</u>	<u>3,455</u>
Total non-current assets	<u>6,396</u>	<u>6,541</u>
TOTAL ASSETS	<u>8,770</u>	<u>14,176</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2019	December 31, 2018
US\$ in thousands (Except for share data)		
CURRENT LIABILITIES:		
Short term bank credit	93	-
Short term loan and current portion of long term loans	1,073	1,290
Trade payables	3,329	2,392
Loan from controlling shareholder	6,781	6,342
Convertible Securities	757	-
Derivative liabilities – warrants	443	888
Deferred taxes	18	369
Short term portion of lease liability	363	-
Other accounts payable	4,244	1,005
Total current liabilities	17,101	12,286
NON-CURRENT LIABILITIES:		
Convertible securities	-	3,035
Deferred taxes	5	23
Long term lease liability	248	-
Long term loans	1,292	1,422
Total non-current liabilities	1,545	4,480
SHAREHOLDERS' EQUITY (DEFICIT):		
Ordinary shares; \$0.001 par value, 1,000,000,000 shares authorized, 410,472,294 and 361,032,266 shares issued and outstanding as of December 31, 2019 and 2018, respectively.	410	361
Other reserve	1,500	1,500
Translation and other funds	2	(1)
Additional paid in capital	48,051	39,880
Accumulated deficit	(63,340)	(48,327)
G Medical innovations holdings ltd. Shareholder's equity (deficit)	(13,377)	(6,587)
Non-controlling interest	3,501	3,997
Total Equity (Deficit)	(9,876)	(2,590)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,770	14,176

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31, 2019	Year ended December 31, 2018
<u>US\$ in thousands (Except for share data)</u>		
Revenues:		
Products	12	40
Services	5,514	3,022
Total revenues	5,526	3,062
Cost of Revenues:		
Cost of sales of products	1,047	99
Cost of services	4,702	2,895
Total cost of revenues	5,749	2,994
Gross loss (profit)	223	(68)
Operating Expenses:		
Research and development expenses	2,552	4,145
Selling, general and administrative expenses	10,004	13,107
Operating loss	12,779	17,184
Financial income	(263)	(858)
Financial expenses	3,847	995
Financial expenses, net	3,584	137
Loss before taxes on income	16,363	17,321
Income tax expense (benefit)	(857)	(345)
Loss for the period	15,506	16,976
Foreign currency translation differences	3	(1)
Other comprehensive income	3	(1)
Net comprehensive loss	15,509	16,975
Net comprehensive loss for the year attributed to:		
Non-controlling interests	496	713
G Medical innovations holdings ltd. shareholders'	15,013	16,262
Basic loss per share attributable to G Medical innovations holdings ltd. Shareholders in USD	(0.04)	(0.05)
Weighted average common shares outstanding:	387,499,928	345,513,078

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY)DEFICIT(

G Medical innovations holdings ltd. shareholders' equity
(deficit)

	Share capital	Other reserve	Translation reserve	Additional paid in capital	Accumulated deficit	Total	Non-controlling Interest	Total Shareholders' equity (deficit)
	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 year:								
Share based compensation	11	-	-	1,551	-	1,562	-	1,562
Options exercise into shares	*	-	-	(*)	-	*	-	*
Conversion of Convertible Securities to shares	9	-	-	1,334	-	1,343	-	1,343
Conversion of loan from controlling shareholder into shares	29	-	-	5,286	-	5,315	-	5,315
Total comprehensive loss	-	-	3	-	(15,013)	(15,010)	(496)	(15,506)
Balance at December 31, 2019	410	1,500	2	48,051	(63,340)	(13,377)	3,501	(9,876)
Balance at January 1, 2018	340	1,500	-	38,723	(32,065)	8,498	4,710	13,208
Changes during the year:								
Issuance of shares, net	21	-	-	946	-	967	-	967
Options exercise into shares	*	-	-	(*)	-	*	-	*
Share based compensation	-	-	-	211	-	211	-	211
Total comprehensive loss	-	-	(1)	-	(16,262)	(16,263)	(713)	(16,976)
Balance at December 31, 2018	361	1,500	(1)	39,880	(48,327)	(6,587)	3,997	(2,590)

* Represents an amount lower than \$ 1 thousand

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$ in thousands)

	Year ended December 31, 2019	Year ended December 31, 2018
	<u>US\$ in thousands</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the year	(15,509)	(16,975)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,951	3,098
Change in fair value of derivative	(331)	(500)
Revaluation of restricted cash	(3)	3
Share based compensation	1,442	211
Accrued interest of long term loans	97	(32)
Changes in deferred taxes	(369)	(447)
Change in fair value of Convertible Securities	2,572	(199)
Decrease (Increase) in trade receivable, net	149	(272)
Decrease (Increase) in other accounts receivable and other assets	186	(451)
Decrease (Increase) in inventories	977	(1,124)
Increase in trade payables	940	1,029
Decrease in other accounts payable	(280)	(144)
Accrued interest loan from controlling shareholder	868	280
Capital loss from sale of fixed assets	-	5
Change of lease liability	1	-
Exchange rate differences	12	62
Net cash used in operating activities	<u>(6,297)</u>	<u>(15,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(429)	(2,365)
Investment in newly-consolidated subsidiary, net (See appendix B)	-	(1,922)
Proceeds from sale of fixed assets	-	91
Restricted cash	-	(660)
Net cash used in investing activities	<u>(429)</u>	<u>(4,856)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares, net	-	967
Short term bank credit	93	-
Receipts of short term loan from controlling shareholder	4,889	5,570
Receipts of convertible securities and issuance of warrants	-	3,844
Receipts of long term loans from bank	1,337	59
Payment of lease liability	(434)	-
Repayment of loans	(1,781)	(1,590)
Net cash provided by financing activities	<u>4,104</u>	<u>8,850</u>
Increase in cash and cash equivalents	(2,622)	(11,462)
Effects of exchange rate changes on cash and cash equivalents	(12)	(62)
Cash and cash equivalents at beginning of the year	<u>2,634</u>	<u>14,158</u>
Cash and cash equivalents at the end of the year	<u>-</u>	<u>2,634</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(\$ in thousands)

APPENDIX A-Amount paid during the year for:

	Year ended December 31, 2019	Year ended December 31, 2018
	<u>\$ in thousands</u>	
Interest	144	213
Tax	<u>2</u>	<u>44</u>

APPENDIX B- Investment in newly-consolidated subsidiary:

	Year ended December 31, 2019	Year ended December 31, 2018
	<u>\$ in thousands</u>	
Working capital other than cash	-	(151)
Long term assets	-	(108)
Fixed assets	-	(317)
Deferred tax liability	-	465
Long term liabilities	-	8
Loans	-	-
Issuance of shares	-	-
Goodwill	-	(314)
Insurance agreements	-	(1,505)
Total cash payment	<u>-</u>	<u>(1,922)</u>

APPENDIX C –NON-CASH ACTIVITIES:

	Year ended December 31, 2019	Year ended December 31, 2018
	<u>\$ in thousands</u>	
Recognition of the right of use against a lease liability	(1,070)	-
Conversion of convertible securities into shares	785	-
Conversion of loan from controlling shareholder into shares	5,318	-
Purchase of property, plant and equipment	9	(85)
Issuance of shares to be held in collateral for no consideration	-	17