



G Medical Innovations Holdings Ltd
ARBN 617 204 743

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ASX: GMV

G MEDICAL raises US\$3.25m (A\$4.5m) from a New York based Fund to fund growth and expansion

Mobile and e-Health company **G Medical Innovations (ASX: GMV) (Company)** is pleased to announce it has successfully raised US\$3,250,000 (~A\$4,500,000) of its proposed multi-closings round of US\$5,000,000 (~A\$7,000,000) through an issue of convertible securities.

MEF I, L.P. is a New York based fund and will subscribe to 3,250,000 convertible securities. In addition, the investor will be granted options to purchase a certain number of shares at an exercise price which will be at a 15% premium to the closing price on the ASX on the day prior to the execution date.

Funds raised under this agreement will be used as working capital, funding for sales, marketing, potential acquisitions and ongoing research and development of G Medical's innovative mobile health solutions.

G Medical CEO Dr. Yacov Geva said, *"We are pleased to welcome MEF I to the register and complete this funding, which will be used to advance our sales and marketing and help us to further implement our global growth strategy."*

A summary of the material terms of the transaction is in the annexure to this announcement.

Corporate Advisors

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About G Medical Innovations

G Medical (**ASX: GMV**) was founded in August 2014, aiming to be at the forefront of the digital health revolution, developing the next generation of mobile health (mHealth) technologies. The Company leverages the experience and expertise of its Board to deliver best-in-class solutions to address this global opportunity.

The Company specialises in innovative next generation mobile and e-health solutions and services using its suite of devices and software solutions with a view to driving multiple and recurring revenue streams, across numerous verticals and territories.

For more information on G Medical, please visit www.gmedinnovations.com

Annexure – Material terms of the transaction

Investor	MEF I, L.P.
Investment amount	US\$3,250,000
Number of Convertible Securities	3,250,000
Face Value	US\$1.10 per Convertible Security
Purchase Date	29 October 2018
Use of proceeds	<p>General corporate and working capital purposes, including but not limited to acquisitions financing and repayment of existing debt to third parties as per existing loan agreements.</p> <p>The repayment of existing loans is limited to \$1,5000,000 of the amount raised. Thereafter, the remaining outstanding loans to Dr Geva will be repaid upon the Company generating revenues of at least \$10,000,000 during any continuous period of 12 months, or at the Company's discretion if the Convertible Securities are fully converted or redeemed.</p>
Options	The Investor will be issued 3,737,100 options, exercisable at A\$0.3910 each on or before the date that is 5 years after the date of issue.
Commitment Fee	673,729 shares.
Conversion	<ul style="list-style-type: none"> • Subject to the below, the Investor may, at its election, convert one or more of the Convertible Securities into Shares. • The conversion price will be a fixed conversion price of A\$0.3362 (Fixed Conversion Price). • If a Convertible Security is or becomes incapable of being converted into Shares, or conversion of a Convertible Security would result in a breach of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 (Cth), any foreign investment policy, other law or the Listing Rules, the company can refuse to convert the Convertible Security such that the Convertible Security is a debt instrument with no right of conversion into Shares.
Maturity	<ul style="list-style-type: none"> • The maturity date is 18 months after the Purchase Date.

	<ul style="list-style-type: none"> The Company must redeem the outstanding convertible securities on the Maturity Date by paying 115% of the Face Value of those outstanding convertible securities in cash.
Early redemption	<p>The Company may at any time, but no more frequently than once in every 45 days, redeem some or all of the outstanding convertible securities, provided there is no Event of Default subsisting.</p> <p>The redemption amount will be either:</p> <ul style="list-style-type: none"> if redemption occurs within 180 days of the Purchase Date: 110% of the Face Value of the Convertible Securities being redeemed; or if redemption occurs after 180 days of the Purchase Date: 115% of the Face Value of the Convertible Securities being redeemed.
Mandatory redemption	<p>If, apart from the US\$5,000,000 raising by the issue of the Convertible Securities as presently contemplated, the Company raises more than \$4,000,000 by way of debt or equity (or a combination), then the Investor may require the Company to redeem the outstanding convertible securities, with an aggregate Face Value of up to 50% of the amount raised in excess of the \$4,000,000 amount raised.</p> <p>The redemption amount payable will be calculated on the same basis as an early redemption as described above.</p>
Amortisation payments	<ul style="list-style-type: none"> On 29 January 2019 and the corresponding day of each month afterwards (each an Amortisation Payment Date), the Company must redeem Convertible Securities with an aggregate Face Value equal to US\$238,334 if either (or both): <ul style="list-style-type: none"> the average daily VWAP for that month is less than 110% of the Fixed Conversion Price; or the average daily dollar trading volume over that month is less than A\$90,000. The redemption must occur by the Company either, at its election: <ul style="list-style-type: none"> in cash, in which case, the redemption amount payable will be calculated on the same basis as an early redemption as described above; or in shares (subject to the receipt of prior shareholder approval and any necessary waivers of the ASX Listing Rules), with a deemed equal price equal to the lesser of: <ul style="list-style-type: none"> the Fixed Conversion Price; or 90% of the lowest daily VWAP over the 10 trading days immediately prior to the Amortisation Payment Date,

	<p>but not less than A\$0.20.</p> <ul style="list-style-type: none"> • The Company may only elect to redeem the Convertible Securities if, amongst other things: <ul style="list-style-type: none"> ○ the average dollar trading volume over any 10 trading days between the execution date and the Amortisation Payment Date is at least A\$90,000; ○ the average daily VWAP during any 5 trading days between the execution date and the Amortisation Payment Date is at least A\$0.225; and ○ no event of default or material adverse effect has occurred. • The Investor may elect to waive the payment of a monthly amortisation payment in accordance with this clause. In return for such waiver, and subject to the receipt of shareholder approval, the Company must issue the Investor 747,420 additional options. The maximum number of additional options that may be issued in the event that the Investor waived its entitlement to all 15 monthly amortisation payments is 11,211,301.
Security	The convertible securities are secured.
Interest	<ul style="list-style-type: none"> • There is no interest payable on the Convertible Securities. However, the Convertible Securities are issued at a 10% discount to their Face Value. • If an event of default occurs, an interest rate of 3% will apply and the Face Value will be increased by an additional 10%.
Representations and warranties	The Company has provided the Investor with customary representations and warranties.
Events of default	<p>The Convertible Note Agreement includes typical events of default, including, amongst other things, the following (in summary):</p> <ul style="list-style-type: none"> • the Company fails to comply in a material respect with any of its material obligations under any transaction document; • a representation or warranty of the Company being untrue or misleading in any material respect; • the Company or any of its subsidiaries are served with a statutory demand or a foreign equivalent that is not set aside within 10 business days; • an insolvency event occurs in respect of the Company or any of its subsidiaries;

	<ul style="list-style-type: none"> • the Company fails to comply with the Listing Rules in any material respect resulting in removal from the ASX Official List, or the Company is suspended for greater than five trading days in a rolling 12-month period; • the Company claims, or a Court finds on application of a third party that the agreement or a transaction under the agreement is wholly or partly void, voidable or unenforceable; • on application by a person other than the Investor or any of Affiliates, a Court of competent jurisdiction holds that a Transaction Document or a Contemplated Transaction is or has become wholly or partly void, voidable or unenforceable; • any third person commences any action, investigation or proceeding against any person or otherwise asserts any claim which seeks to restrain, challenge, limit, modify or delay the right of the Investor or the Company to enter into any Transaction Documents or to undertake any of the Contemplated Transactions (other than in a vexatious or frivolous proceeding); • a security interest over an asset of the Company or any of its subsidiaries is enforced; • any present or future liabilities, including contingent liabilities, of any the Company or any of its subsidiaries for an amount or amounts totalling more than A\$500,000 are not satisfied on time, or become prematurely payable. • the Company or any of its subsidiaries is in default under a document or agreement (including a Governmental authorisation) binding on it or its assets which relates to material financial indebtedness or is otherwise material; • a material adverse effect occurs; • the Company does not obtain a shareholder approval to the extent required; • there is any change in control of the Company or any of its subsidiaries; • any action is initiated by any competent authority with a view to striking the Company's name off any register of companies. • the Company or any person on behalf of the Company materially breaches any undertaking at any time given to the Investor or its solicitors or any condition imposed by the Investor in agreeing to anything.
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	<ul style="list-style-type: none"> the Company changes its constitution in a manner that materially and adversely varies the rights of the Investor without the Investor's prior written consent; the Company is found by a court of competent authority to have committed an offence under the <i>Corporations Act 2001</i>; the "Secured Property" under the general security agreement forming part of the transaction documents suffers a material diminution in value or utility or a material part of the "Secured Property" suffers total loss or destruction or damage beyond repair or damage to an extent which in the opinion of the Investor renders repair impractical or uneconomical; if any of the investment amount is used for an illegal or improper purpose or to finance an illegal improper or terrorism activity; if any of the "Secured Property" under the general security agreement forming part of the transaction documents is taken out of the effective management and control of the Company (except upon a permitted dealing with that property). <p>In an event of default occurs, and either:</p> <ul style="list-style-type: none"> is not capable of being remedied; or is capable of being remedied but has not been remedied to the satisfaction of the Investor within ten business days of the Investor notifying the Company of its occurrence; or there have been two or more previous events of default; and <p>the Event of Default has not been expressly waived by the Investor in writing, then the Face Value of each Convertible Security will automatically increase by 10% and the Investor may require the amount outstanding to be redeemed, terminate the agreement, and exercise any other rights it may have under the agreements or at law.</p> <p>Interest will also be payable at a rate of 3% per annum in the event of an event of default occurring.</p>
Company Covenants	<p>The agreement includes typical covenants from the Company including the Company and its subsidiaries (without the prior consent of the Investor):</p> <ul style="list-style-type: none"> not disposing of any assets unless it is in the ordinary course of business, if it has a value of greater than A\$1,000,000, at least 50% of the net proceeds are applied towards repayment of the Amount Outstanding; reduce its issued share capital or any uncalled liability in respect of its issued capital, except by means of a purchase or redemption of the share capital that is permitted under Australian Law, unless such

	<p>reduction is required in connection with a proposed listing of the Company on the NASDAQ Stock Exchange;</p> <ul style="list-style-type: none"> • not issuing any debt, equity or equity-linked securities with a variable interest rate, or convertible into securities at a rate which is variable based on the Share price or subject to other potential reset pricing; • undertake a share consolidation, unless such consolidation is required in connection with a proposed listing of the Company on the NASDAQ Stock Exchange; • change the nature of its business; • make an application under section 411 of the Corporations Act; • grant or allow any security interest over any of its assets; • make any payment to any party in reduction of the amount owing by the Company to them, other than as specifically permitted under the agreement; • list the Company on the NASDAQ Stock Exchange and on the initial public offering offer shares or depository interests at a per unit price less than A\$0.20 per share; • draw down on its facility with Acuity Capital Investment Management Pty Ltd as trustee for the Acuity Capital Holdings Trust, other than a draws of up to a total of \$500,000 at a per share price which is at least the Fixed Conversion Price; or • transfer the jurisdiction of its incorporation.
Investor covenants	<p>The Investor must not engage in any short selling of shares, and to not sell more than the greater of A\$35,000 of shares or 15% of the market traded volume of shares on the ASX and Chi-X on the relevant trading day. However, these covenants cease to apply if the daily VWAP of the Company's shares falls below A\$0.10 for any 5 consecutive trading days or there is an event of default.</p>
Fees	<p>Sunrise Securities LLC/INTE Securities LLC as the placement agent will be paid by the Company a cash fee of 6.5% of the purchase amount plus, 976,409 options exercisable at A\$0.391 each and expiring 5 years from the date of issue are to be issued to Amnon Mandelbaum (designee of the placement agent).</p>
Quotation	<p>The Convertible Notes will not be quoted on the ASX. However, the Company will apply for the Commitment Shares and the new shares issued on the conversion of the Convertible Notes to be quoted on the ASX.</p>



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Transferability	The Investor may transfer the Convertible Securities subject to the assignee executing a deed of covenant in favour of the Company.
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