



**G MEDICAL INNOVATIONS HOLDINGS LTD**

**ARBN 617 204 743**

**(A company incorporated in the Cayman Islands)**

# **PROSPECTUS**

**For the offer of 1,000 Shares at \$0.091 each to raise \$91**

**THIS PROSPECTUS IS BEING ISSUED UNDER SECTION 708A(11) OF THE CORPORATIONS ACT FOR THE PURPOSE OF FACILITATING SECONDARY TRADING OF THE EMPLOYEE SHARES, ADVISOR SHARES, MAGNA SHARES AND GEM SHARES.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

**THE SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A HIGHLY SPECULATIVE NATURE.**

## IMPORTANT INFORMATION

This Prospectus is dated 18 February 2020 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at 108 Outram Street, West Perth WA 6005, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 4.3).

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

This Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for Shares under the Offer will only be accepted on an Application Form that is attached to, or provided by the Company with a copy of this Prospectus in either paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of the Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is important and should be read in its entirety before deciding to participate in the Offer. This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 3.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 6. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

## CORPORATE DIRECTORY

### Directors

Dr Kenneth R Melani	Non-Executive Chairman
Dr Yavoc Geva	Executive Director
Dr Shuki Gleitman	Non-Executive Director
Dr Brendan de Kauwe	Non-Executive Director
Mr Urs Wettstein	Non-Executive Director
Prof.Zeev Rotstein	Non-Executive Director

### Company Secretary

Mr Brett Tucker

### Registered Office

108 Outram Street  
West Perth WA 6005

Telephone: 08 9482 0500

Website: [www.gmedinnovations.com](http://www.gmedinnovations.com)

**ASX Code:** GMV

### Share Registry\*

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000  
Telephone (domestic): 1300 288 664  
Telephone (international) +61 2 9698 5414  
Website: <https://www.automicgroup.com.au/>

### Auditors\*

BDO Ziv Haft  
Amot Bituach House Building B, 48  
Menachem Begin Road, Tel Aviv 66180

### Lawyers

DLA Piper Australia  
Level 31, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

*\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.*

## PROPOSED TIMETABLE

Event	Date*
Lodgement of Prospectus with ASIC and ASX	18 February 2020
Opening Date of Offer	18 February 2020
Closing Date of Offer	18 February 2020

*\* These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.*

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## RISK FACTORS

There are a number of risks associated with investing in the Company and in the share market generally. The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can affect the value of an investment in the Company.

An investment in the Company is speculative in nature and investors should be aware that they may lose some or all of their investment. Prospective investors should read this Prospectus in its entirety, and in particular, consider the risk factors detailed in Section 3.

## 1. DETAILS OF THE OFFER

### 1.1 The Offer

The Company is offering, pursuant to this Prospectus, up to 1,000 Shares (**New Shares**) at an issue price of \$0.091 each (**Offer**).

Shares issued under the Offer will be issued as fully paid ordinary shares and will rank equally in all respect with the existing Shares on issue. Refer to Section 4.1 for a summary of the rights and liabilities attaching to the Shares under the Offer.

The Company is only extending the Offer to specific parties on invitation from the Directors. The Company will only provide Application Forms to these parties.

The Company has made the following issues of Shares to employees on the following dates:

- (a) on 25 November 2019:
  - (i) 4,571,297 Shares following the conversion of 4,571,297 Restricted Share Units issued under the Company's Employee Incentive Plan; and
  - (ii) 2,325 Shares on conversion of unlisted Options each with an issue price of \$0.00001; and
- (b) on 29 January 2020:
  - (i) 2,354,794 Shares following the conversion of 2,354,794 Restricted Share Units issued under the Company's Employee Incentive Plan; and
  - (ii) 26,736 shares on conversion of unlisted Options each with an issue price of \$0.00001,

(together, **Employee Shares**).

On 25 November 2019, the Company issued 674,771 Shares to Grange Consulting Group Pty Ltd in lieu of cash payments for corporate secretarial services provided to the Company (**Advisor Shares**).

On 11 February 2020, the Company entered a deed of termination, settlement and release with MEF I, L.P. (**Magna**) in respect to existing convertible notes held by Magna, which were issued under a convertible securities agreement between the Company and Magna as varied from time to time (**Convertible Securities Agreement**), pursuant to which the Company has agreed to pay Magna the 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) in consideration for the cancellation of the existing convertible notes held by Magna and in full and final settlement of all amounts owing and claims arising out of or in connection with the Convertible Securities Agreement (**Deed of Termination, Settlement and Release**).

On 18 February 2020, the Company issued 2,197,803 Shares to Magna pursuant to the terms of the Deed of Termination, Settlement and Release (**Magna Shares**). Refer to the Company's ASX announcement dated 11 February 2020 and the Company's notice of general meeting as announced on 18 February 2020 for further details.

On or around 4 December 2019, the Company entered a capital commitment agreement with GEM Global Yield LLC SCS (**GEM Global**) and GEM Yield Bahamas Ltd in respect to the provision of a capital commitment facility of up to A\$30 million (**GEM Agreement**).

On 18 February 2020, the Company issued 2,660,000 Shares to GEM Global (and/or its nominees) pursuant to the terms of the GEM Agreement (**GEM Shares**). On or around 24

February 2020, following the lodgement of this Prospectus, the Company is proposing to issue up to 10,000,000 Shares to GEM Global (and/or its nominees). Refer to the Company's ASX announcements dated 4 December 2019 and the Company's notice of meeting as announced on 18 February 2020 for further details.

## 1.2 Purpose of the Offer

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). The Company has been suspended from trading on the ASX for more than 5 days in the last 12 months and as a result is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The primary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to the Employee Shares, Advisor Shares, Magna Shares and GEM Shares issued by the Company so that the holders of the Employee Shares, Advisor Shares, Magna Shares and GEM Shares, if they choose to, may sell those Employee Shares, Advisor Shares, Magna Shares and GEM Shares within the twelve months following their issue, without the issue of a prospectus. The Company did not issue the Employee Shares, Advisor Shares, Magna Shares and GEM Shares with the purpose of the persons to whom they were issued selling or transferring the Employee Shares, Advisor Shares, Magna Shares or GEM Shares or granting, issuing or transferring interests in the Employee Shares, Advisor Shares, Magna Shares or GEM Shares within 12 months of the issue, however this Prospectus provides them with the ability to do so should they wish.

Accordingly, the purpose of this Prospectus is to:

- (a) make the Offer; and
- (b) ensure that the on-sale of the Employee Shares, Advisor Shares, Magna Shares and GEM Shares do not breach section 707(3) of the Corporations Act by relying on the exemption to the secondary trading provisions in section 708A(11) of the Corporations Act.

### **1.3 Closing Date**

The Closing Date for the Offer is 5.00pm (WST) on 18 February 2020. The Company reserves the right, subject to the Corporations Act and the Listing Rules to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

### **1.4 Minimum subscription**

There is no minimum subscription in relation to the Offer.

### **1.5 Oversubscriptions**

The Company will not accept any oversubscriptions in relation to the Offer.

### **1.6 Applications**

The Company will send this Prospectus, together with the Application Form, to selected persons whom the Directors determine are eligible to participate in the Offer.

If you wish to subscribe for New Shares, you should complete and return the Application Form, which will be provided with a copy of this Prospectus by the Company at the Company's discretion, in accordance with the instructions in the Application Form.

### **1.7 ASX listing**

Application for Official Quotation by ASX of the New Shares will be made within seven days after the date of this Prospectus. If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of the Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

### **1.8 Allotment**

The issue of New Shares pursuant to the Offer will take place as soon as practicable after the Closing Date of the Offer. Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account, as required by the Corporations Act. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of all the New Shares under the Offer. The Directors reserve the right to reject any application or to allocate any Applicant fewer New Shares than the number applied for. Where the number of New Shares issued is less than the number applied for, or when no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date of the Offer. Interest will not be paid on moneys refunded.

The Company's decision on the number of New Shares to be issued to an Applicant under the Offer will be final.

### **1.9 Defects in applications**

If an Application Form is completed incorrectly or if the accompanying payment is the wrong amount, the Company may, in its absolute discretion, still treat the Application Form to be valid.

The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

## **1.10 Applicants outside Australia**

This Prospectus and any accompanying Application Form do not, and are not intended to constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **1.11 Risks of the Offer**

An investment in Shares of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are explained in Section 3.

## **1.12 Taxation Implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

## **1.13 Major Activities and Financial Information**

A summary of the activities and financial information relating to the Company for the year ended 31 December 2018 is in the Annual Report which was lodged with ASX on 29 March 2019.

A summary of the Company's activities for the three-month period ended 31 March 2019 is in the Quarterly Activities Report, which was lodged with ASX on 30 April 2019.

A summary of the Company's activities for the period ended 30 June 2019 is in the Appendix 4C, Quarterly Activities Report, which was lodged with ASX on 30 July 2019.

A summary of the Company's activities for the three month period ended 30 September 2019 is in the Appendix 4C, Quarterly Activities Report, which was lodged with ASX on 31 October 2019.

A summary of the Company's activities for the period ended 21 December 2019 is in the Appendix 4C, Quarterly Activities Report, which was lodged with ASX on 3 February 2020.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report are listed in Section 4.3.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that potential Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

## **1.14 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's security holding in the Company.



By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's or Group's agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Acceptance.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

## **1.15 Enquiries Concerning the Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on + 61 8 9482 0500.

## 2. EFFECT OF THE OFFER

### 2.1 Effect on the Capital Structure

The effect of the Offer on the capital structure on the Company, assuming the New Shares are issued, is as follows:

Class	Number
Shares on issue as at the date of this Prospectus <sup>1</sup>	416,152,913
New Shares to be issued under the Offer	1,000
<b>Total</b>	<b>416,153,913</b>

**Note:**

<sup>1</sup> Does not include the 10,000,000 Shares the Company proposes to issue to GEM Global (and/or its nominees) on or around 24 February 2020.

### 2.2 Market Price of Shares

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.20 per Share on 20 January 2020

Lowest: \$0.073 per Share on 18 November 2019

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.091 per Share on 17 February 2020.

### 2.3 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

### 3. RISK FACTORS

The Shares offered under this Prospectus should be regarded as speculative. An investment in the Company is not risk free, and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed:

#### 3.1 Company-Specific Risks

Set out below are details of the specific key risks that apply to the Company and its business:

(a) **Failure to obtain regulatory approvals**

The Company may not be able to obtain the necessary approvals and clearances for its products or sensors in a timely fashion or may not be able to obtain the necessary approvals and clearances at all. However, the Company considers that this is a very low risk for the reason that the Company has 25 years' experience in the industry and has had no issues in the past with clearing similar products and sensors. Further, the risk of not obtaining regulatory approval is reduced in some instances where measurements do not require clinical trials.

The Company is subject to continuous regulation, including quality regulations applicable to the manufacture of its devices, various reporting regulations and regulations that govern the promotion and advertisement of medical devices. The Company believes that it currently complies with such applicable regulations and that its policies and procedures are designed to ensure continuing compliance. However, there can be no guarantee of compliance.

Any new devices that the Company introduces to the market would need either new clearance or pre-market approval from the relevant regulatory bodies, unless there is an applicable exemption. The Company is not permitted to market its products and their associated services until it receives regulatory clearance. These approval processes can be expensive and time-consuming, and there can be no guarantee that the Company will obtain such clearance or approvals for any new devices.

The research, design, testing, manufacturing, labeling, selling, marketing and distribution of medical devices, such as the Company's products and product candidates, are subject to extensive regulation by the FDA and similar foreign regulatory agencies, with regulations that differ from country to country. There can be no assurance that, even after such time and expenditures, the Company will be able to obtain necessary regulatory clearances or approvals for its products and product candidates. In addition, during the regulatory process, other companies may develop other technologies with the same intended use as the Company's products.

The Company is also subject to numerous post-marketing regulatory requirements, which include labeling regulations and medical device reporting regulations, which may require the Company to report to different regulatory agencies if the Company's device causes or contributes to a death or serious injury, or malfunctions in a way that would likely cause or contribute to a death or serious injury. In addition, these regulatory requirements may change in the future in a way that adversely affects the Company.

Depending upon the severity of any failure of the Company to comply with any applicable regulations, the Company could be subject to enforcement actions, including but not limited to warning letters, fines, injunctions, consent decrees, civil monetary penalties, recalls or seizures of its devices, manufacturing restrictions, closure of its manufacturing plants, modifications or revocations of any clearances and approvals that it already holds or will hold, and/or criminal prosecution. If any such sanctions are imposed against the Company, such sanctions could harm the Company's reputation, and depending upon the severity, could have significant adverse impact upon the Company's ability to provide services and on its financial condition.

(b) **Deed of Termination, Settlement and Release**

As of the date hereof, substantially all of the Company's assets and assets of its Israeli subsidiary, were pledged as collateral under the Convertible Securities Agreement and the General Security Agreement with Magna. The Company has entered into a Deed of Termination, Settlement and Release pursuant to which the Company must pay the Settlement Amount to Magna on or before 31 March 2020 in consideration for the cancellation of Magna's convertible notes and in full and final settlement of all amounts owing and claims arising out of or in connection with the Convertible Securities Agreement. Under the Deed of Termination, Settlement and Release, Dr Yacov Geva has guaranteed that if the Company fails to make full payment of the Settlement Amount on or before 31 March 2020, he will pay Magna all or part of the Settlement Amount which remains outstanding on or before 3 April 2020, in full and final settlement of all amounts owing, arising out of or in connection with the Convertible Securities Agreement. If the Company fails to pay the Settlement Amount by 31 March 2020 and/or Dr Yacov Geva fails to pay the Settlement Amount by 3 April 2020 and the Company fails to comply with the terms of the Deed of Termination, Settlement and Release, the amounts outstanding under the Convertible Securities Agreement may become immediately repayable and Magna may enforce their security interests against the Company.

In addition, substantially all of the Company's assets and assets of its Israeli subsidiary, were pledged as collateral under the Convertible Securities Agreement and the General Security Agreement with certain other purchasers (collectively the **Convertible Securities Holders**) and under the Company's loan agreements with Bank Mizrahi Tsfahot. If the Company defaults on its obligations under any of these agreements, Magna, on behalf of the Convertible Securities Holders (as the collateral agent under the collateral agency agreement) and/or Bank Mizrahi Tsfahot will have the right to foreclose upon and sell, or otherwise transfer the collateral subject to its security interests. If the Convertible Securities Holders or Bank Mizrahi Tsfahot exercise their right to sell the assets pledged under their respective agreement, such sales may be completed at distressed sale prices, thereby diminishing or potentially eliminating the amount of cash available to the Company after repayment of the amounts outstanding under the either agreement. Such deleveraging of the Company could significantly impair its ability to effectively operate its business and may otherwise have a material adverse effect on its financial condition, results of operations and cash flows. Further, in such a circumstance, the Company could be forced to curtail or cease its business activities.

(c) **Future capital requirements**

The development of the Company's devices and software solutions may require additional financing in the future in order for research, development and commercialisation of the technology to progress at a competitive rate.

The Company may also require additional financing in connection with the development of products or services not yet identified by the Company.

No assurances can be given that the Company will be able to raise this additional funding, which may be a combination of debt and/or equity financing. To meet such

funding requirements, the Company may be required to undertake additional equity financing, which would be potentially dilutive to Shareholders depending on their participation in any equity raising. Debt financing, if available, may involve certain restrictions on operating activities or other financings.

The Company's ability to raise further equity or debt, and the terms of such transactions, will vary according to a number of factors, including the results achieved by the Company, stock market conditions, the overall risk appetite of investors along with access to credit markets and other funding sources.

An inability to obtain the required additional finance as and when required would delay progress on the development of the Company's devices and software solutions, which would have a material adverse effect on the Company's business, financial performance and prospects.

(d) **Changes in regulatory environment**

Healthcare laws and regulations and review procedures change frequently and may change significantly in the future. The Company may not be able to adapt its operations to address every new regulation, and new regulations may adversely affect its business. For instance, although the Company's Chinese subsidiary was granted acceptance to the "Green Channel" expedited Guangdong Provincial NMPA regulatory approval process for the Prizma, if the process becomes more onerous, costly or time-consuming, the Company will need to re-evaluate its Chinese commercialisation strategy and may need to invest more of its limited resources before even entering the Chinese market with its products. The Company's products and product candidates are also subject to the European Union Medical Device Regulations. There is no assurance that a review of its business by courts or regulatory agencies would not result in a determination that adversely affects its revenue and operating results, or that the healthcare regulatory environment review procedures of the FDA, NMPA and EEA notified bodies, among other similar foreign regulatory agencies, will not change in a way that delays or prevents the Company from marketing its products and services and as a result harming its revenue and operating results.

In addition, there is risk that the U.S. Congress may implement changes in laws and regulations governing healthcare service providers, including measures to control costs, or reductions in reimbursement levels, which may adversely affect the Company's business and results of operations.

Government payors, such as the Centers for Medicare & Medicaid Services (**CMS**) as well as insurers, have increased their efforts to control the cost, utilisation and delivery of healthcare services. From time to time, the U.S. Congress has considered and implemented changes in the CMS fee schedules in conjunction with budgetary legislation. Further reductions of reimbursement by CMS for services or changes in policy regarding coverage of tests or other requirements for payment, such as prior authorisation or a physician or qualified practitioner's signature on test requisitions, may be implemented from time to time. Reductions in the reimbursement rates and changes in payment policies of other third-party payors may occur as well. Similar changes in the past have resulted in reduced payments as well as added costs and have added more complex regulatory and administrative requirements. Further changes in federal, state, local and third-party payor regulations or policies in the United States or the Company's primary foreign markets may have a material adverse impact on its business. Actions by the FDA, CMS, and similar foreign regulatory agencies regulating insurance or changes in other laws, regulations, or policies may also have a material adverse effect on the Company's business.

(e) **US Food & Drug Administration regulations**

The Company, its affiliates, manufacturers and suppliers must, unless specifically exempt by regulation, follow the US Food & Drug Administration's (**FDA**) Quality System

Regulation (**QSR**) and, to the extent required, the equivalent regulation enacted in other foreign jurisdictions, such as the European Union (and if necessary, the regulations of its member states) and China, regarding the manufacturing process. If the Company, its affiliates, manufacturers or suppliers are found to be in significant noncompliance or fail to take satisfactory corrective action in response to adverse QSR inspectional findings, or to findings of similar foreign regulatory agencies, the FDA and these other similar foreign regulatory agencies could take enforcement actions against the Company, its affiliates, manufacturers and suppliers which could impair the Company's ability to produce its products in a cost-effective and timely manner in order to meet customers' demands. Accordingly, the Company's operating results could suffer.

(f) **Dependence on Clinical Trials**

To date, the Company has conducted clinical trials in Israel and China, demonstrating the safety, efficacy and convenience of its products for sales.

However, the success of these earlier clinical trials may not necessarily be predictive of the results of any future clinical trials. Trial results can also be susceptible to varying interpretations and analyses and there is no assurance that the Company's products will meet its end-points in future trials to support marketing clearance.

Negative results from clinical trials could limit the size of the market available to the Company and may adversely affect the Company's revenues, expected growth and business, financial condition and results of operations.

(g) **Patent application risk**

To date the Company has been granted three patents and applied for various other patents which are still pending through G Medical Innovations Holdings Ltd. There is no guarantee that these patent applications will be granted or that the Company will receive enforceable patent rights.

There is a risk that the Company will not be entitled to practice the inventions claimed in the patents, and that the working of its patented invention may be prevented by another patent or patent application which has an earlier priority date to the patent applications licensed to the Company.

Even if the Company succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties. The grant of a patent does not guarantee validity of that patent since it may be revoked on the grounds of invalidity at any time during its life. If none of the claims of a granted patent are valid, the patent is unenforceable.

Furthermore, even if they are unchallenged, current patent applications and any future patents may not adequately protect the Company's products or services and provide exclusivity for new products or services, or prevent others from designing around the Company's claims. Any of these outcomes could impair the Company's ability to prevent competition from third parties, which may have an adverse impact on business.

(h) **Protection of intellectual property rights**

The Company has trade secrets and other intellectual property rights that are important assets. The Company may therefore rely on a combination of confidentiality and license agreements with its consultants, employees, and third parties with whom it has relationships, as well as patents, domain names, trade secrets and copyright, to protect its brand and other intellectual property rights.

If the Company fails to adequately protect its intellectual property rights, competitors may gain access to its intellectual property, which would in turn harm its business.

The Company may be required to incur significant expenses in monitoring and protecting its intellectual property rights. The Company may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management. In addition, unauthorised use of the Company's brand or intellectual property by third party products or services may not only result in potential revenue loss, but also have an adverse impact on the Company's brand value and the market perception of the quality of its products.

Competitors may infringe the Company's intellectual property. If the Company were to initiate legal proceedings against a third-party to enforce a patent covering one of its new products or services, the defendant could counterclaim that the patent covering the Company's product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement.

In addition, the uncertainties associated with litigation could have a material adverse effect on the Company's ability to raise the funds necessary to continue its clinical trials, continue research programs, license necessary technology from third parties, or enter into development partnerships that would help the Company bring its new products or services to market.

Changes in either the law or interpretation of the laws in Australia and or other countries may diminish the value of any of the Company's intellectual property and/or afford it less protection. The laws of foreign countries may not protect the Company's rights to the same extent as the laws of Australia.

**(i) Intellectual property rights of third parties**

It is inherently difficult to conclusively assess the Company's freedom to operate without infringing on third-party rights. The Company's competitive position may be adversely affected if existing patents or patents resulting from patent applications issued to third parties or other third-party intellectual property rights are held to cover the Company's products or services or elements thereof, or the Company's manufacturing or uses relevant to its development plans. In such cases, the Company may not be in a position to develop or commercialise products or services or product candidates (and any relevant services) unless it successfully pursues litigation to nullify or invalidate the third-party intellectual property right concerned, or enter into a license agreement with the intellectual property right holder, if available on commercially reasonable terms. There may also be pending patent applications that if they result in issued patents, could be alleged to be infringed by the Company's new products or services. If such an infringement claim should be brought and be successful, the Company may be required to pay substantial damages, be forced to abandon its new products or services or seek a license from any patent holders. No assurances can be given that a license will be available on commercially reasonable terms, if at all.

It is also possible that the Company has failed to identify relevant third-party patents or applications. For example, U.S. patent applications filed before November 29, 2000 and certain U.S. patent applications filed after that date that will not be filed outside the United States remain confidential until patents issue. Patent applications in the United States and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering the Company's new products or services could have been filed by others without the Company's knowledge. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover the Company's services, new products or the use of the Company's new products. Third-party intellectual property right holders may also actively bring infringement claims against



the Company. The Company cannot guarantee that it will be able to successfully settle or otherwise resolve such infringement claims. If the Company is unable to successfully settle future claims on terms acceptable to the Company, it may be required to engage in or continue costly, unpredictable and time-consuming litigation and may be prevented from or experience substantial delays in pursuing the development of and/or marketing its new products or services. If the Company fail in any such dispute, in addition to being forced to pay damages, it may be temporarily or permanently prohibited from commercialising its new products or services that are held to be infringing. The Company might, if possible, also be forced to redesign its new products so that it no longer infringes the third-party intellectual property rights. Any of these events, even if the Company were ultimately to prevail, could require the Company to divert substantial financial and management resources that it would otherwise be able to devote to the business.

(j) **Protecting intellectual property rights globally**

Filing, prosecuting, and defending patents on products and services, as well as monitoring their infringement in all countries throughout the world would be prohibitively expensive, and the Company's intellectual property rights in some countries can be less extensive than those in the United States or Australia. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States or Australia.

Competitors may use the Company's technologies in jurisdictions where it has not obtained patent protection to develop its own products or services and may also export otherwise infringing products or services to territories where the Company has patent protection, but enforcement is not as strong as that in the United States. These products or services may compete with the Company's products or services. Future patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for the Company to stop the marketing of competing products or services in violation of the Company's proprietary rights generally. Proceedings to enforce the Company's patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert the Company's efforts and attention from other aspects of its business, could put its future patents at risk of being invalidated or interpreted narrowly and its patent applications at risk of not issuing and could provoke third parties to assert claims against the Company. The Company may not prevail in any lawsuits that it initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, the Company's efforts to monitor and enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that the Company develops or licenses;

(k) **Customer acquisition strategy**

The Company's business will be dependent upon success in its customer acquisition strategy.

If the Company fails to maintain a high quality of service or a high quality of device technology, it may fail to retain existing users or add new users. If users decrease their level of engagement, the Company's revenue, financial results and business may be significantly harmed.

The Company's future success depends upon building a commercial operation in the US and China, as well as entering additional markets to commercialise its products and services. The Company believes that its expanded growth will depend on the further



development, regulatory approval and commercialisation of its products, which the Company anticipates can be used by nearly all targeted individuals. If the Company fails to expand the use of its products and services in a timely manner, it may not be able to expand its markets or to grow its revenue, and its business may be adversely impacted.

The size of the Company's user base and its users' level of engagement are critical to the Company's success. The Company's financial performance will be significantly determined by its success in adding, retaining and engaging active users. If people do not perceive the Company's products to be useful, reliable and trustworthy, the Company may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. A decrease in user retention, growth or engagement could render less attractive to developers, which may have a material and adverse impact on the Company's revenue, business, financial condition and results of operations.

Any number of factors could negatively affect user retention, growth and engagement, including:

- (i) users increasingly engaging with competing products;
- (ii) failure to introduce new and improved products;
- (iii) inability to successfully balance efforts to provide a compelling user experience with the decisions made with respect to the added value services provided;
- (iv) inability to continue to develop products for mobile devices that users find engaging, that work with a variety of mobile operating systems and networks and that achieve a high level of market acceptance;
- (v) inability to successfully balance efforts to provide a compelling user experience with the decisions made with respect to the added value services provided;
- (vi) changes in user sentiment about the quality or usefulness of the Company's products and services or concerns related to privacy and sharing, safety, security or other factors;
- (vii) inability to manage and prioritise information to ensure users are presented with content that is interesting, useful and relevant to them;
- (viii) adverse changes in the Company's products that are mandated by legislation or regulatory agencies, both in Australia and elsewhere; or
- (ix) technical or other problems preventing the Company from delivering products or services in a rapid and reliable manner or otherwise affecting the user experience.

(I) **Commercialisation of technology**

The research and development of mobile and e-health solutions and services, and the commercialisation of the results of that work can be considered a high-risk undertaking.

Investment in research and development companies cannot be assessed on the same fundamentals as trading and manufacturing companies. The Company is partly reliant on the success of its research and development of its devices and software solutions as mobile and e-health solutions and services and the effective and successful commercialisation of the products and services.

There is no guarantee that the research and development will produce a commercially effective, successful or competitive device or software solution. The failure to achieve the objectives of the research and development process may prevent the Company commercialising its devices and technologies. The failure of the research and development process to generate a commercially effective, successful or competitive device or technology may have a materially adverse effect on the Company's performance and prospects.

(m) **Market acceptance and identification of new markets**

The Company has developed, and are engaged in the development of, mobile and e-health solutions and services using its suite of devices and software solutions. The Company's success will depend on the acceptance of its products and services in the healthcare market. The Company is faced with the risk that the marketplace will not be receptive to its products and services over competing products and that it will be unable to compete effectively. Factors that could affect the Company's ability to successfully commercialise its current and any potential future products and services include:

- (i) the challenges of developing (or acquiring externally-developed) technology solutions that are adequate and competitive in meeting the requirements of next-generation design challenges; and
- (ii) the dependence upon physicians' acceptance of the Company's products and their willingness to prescribe the Company's product to their patients for the sale of the Company's products and provision of its services.

The Company cannot assure that the its current products or any future products, and services, will gain broad market acceptance. If the market for the Company's current products in development fails to develop or develops more slowly than expected, or if any of the services and standards supported by the Company do not achieve or sustain market acceptance, its business and operating results would be materially and adversely affected.

(n) **Referrals from physicians**

The Company will be partially dependent upon referrals from physicians for the sale of its products and provision of its services. The loss of a significant number of patient referrals by physicians prescribing the Company's monitoring services may have an adverse effect on the Company's future revenues, which could have an adverse effect on the Company's business, financial condition and results of operations.

The Company's success in obtaining referrals will be directly influenced by its ability to develop and maintain relationships with physicians and physician groups in a manner consistent with government regulations affecting such relationships. Such relationships are subject to various federal and state anti-fraud and abuse laws that prohibit sales and marketing activities that are routinely accepted in other industries. If the Company is unable to maintain such relationships and create new relationships in compliance with applicable laws, referrals for the Company's services will decline, which may have an adverse effect on the Company's revenues and business, financial condition and results of operations.

(o) **Non-payment by customers**

The Company runs the risk of delayed payments or even non-payment by its customers, which consist principally of wholesalers, distributors, pharmacies, hospitals, clinics and government agencies.

This risk is accentuated by recent concentrations among distributors, as well as by current global credit and economic conditions, including the worldwide economic

slowdown. The USA poses particular customer credit risk issues, because of the concentrated distribution system.

The Company may also be exposed to large wholesalers in other markets, like China, India and South America. An inability of one or more of these wholesalers, distributors, pharmacies, hospitals, clinics and government agencies to honour their debts to the Company may decrease revenues and profits and adversely affect the Company's business and results of operations.

In some countries such as China or the United Kingdom, customers are or will be public or subsidised health systems. The economic and credit conditions in these countries may lead to an increase in the average length of time needed to collect on accounts receivable or the ability to collect 100% of receivables outstanding.

**(p) Dependence upon reimbursement by third parties**

The Company will be highly dependent on reimbursement by third parties in relation to its revenue streams. Such reimbursement may vary based on the particular service or device used in providing services and is based on the identity of the third party. The Company's ability to maintain a leading position in the monitoring market depends on its relationships with private third parties.

The Company contracts with private third parties to allow it to receive reimbursement from insurance companies for monitoring fees. The loss of a significant number of private third party contracts may have an adverse effect on the revenues the Company derives from monitoring services, which could have an adverse effect on its business, financial condition and results of operations.

Over the past few years, reimbursement rates from some third parties have declined, in some cases significantly. There can be no assurance that this trend will not continue or apply to more third parties. In addition, there is no assurance that third parties' reimbursement will continue to cover the Company's monitoring services at all, or, if covered, will reimburse them at commercially viable rates.

In addition, private third parties may not reimburse any new services offered by the Company or reimburse those new services at commercially viable rates. The failure to receive reimbursement at adequate levels for the Company's existing or future services may adversely affect the Company's revenues and expected growth. This could have an adverse effect on the Company's business, financial condition and results of operations.

**(q) Reimbursement by government third party**

While the Company will establish policies and procedures that will be designed to enable it to operate in compliance with the applicable Medicare rules, there can be no assurance that if reviewed by applicable government agencies or carriers, the Company will be found to be in compliance with every applicable rule. Failure to comply with applicable governmental rules could result in an inability to collect from the government, the requirement to return funds already paid, civil monetary penalties, criminal penalties and exclusion from the Medicare program.

Further, future reimbursement to health care providers from Medicare is subject to statutory and regulatory changes, retroactive rate adjustments and administrative rulings, all of which could materially decrease the range of services covered or the reimbursement rates paid for the Company's services in the future. Any limitation or reduction in reimbursement rates for the Company's monitoring services by such government payors, may cause such private third party insurers and private third party payors to limit or reduce the rates at which they are reimbursing the Company's monitoring services.

Healthcare reforms, changes in healthcare policies and changes to third-party coverage and reimbursements and any future changes to such legislation, may affect demand for the Company's products and services and may have a material adverse effect on its financial condition and results of operations. There can be no assurance that current levels of reimbursement will not be decreased in the future, or that future legislation, regulation, or reimbursement policies of third-parties will not adversely affect the demand for the Company's products and services or the Company's ability to sell products and provide services on a profitable basis.

The adoption of significant changes to the healthcare system in the United States, Europe, the EEA or other jurisdictions in which the Company may market its products and services, could limit the prices the Company is able to charge for its products and services or the amounts of reimbursement available for the Company's products and services, could limit the acceptance and availability of the Company's products and services, reduce medical procedure volumes and increase operational and other costs.

The Company cannot predict whether future healthcare initiatives will be implemented at the federal or state level or internationally, or the effect that any future legislation or regulation will have on the Company. The expansion of government's role in any country's healthcare industry may result in decreased profits to the Company, lower reimbursements by third-parties for procedures in which the Company's products and services are used, and reduced medical procedure volumes, all of which may adversely affect the Company's business, financial condition and results of operations.

**(r) Dependence on payors**

Commercial payors may choose to terminate or not renew their contracts with the Company for any reason and, in some instances, can change the reimbursement rates they agree to pay. A commercial payor who terminates or does not renew their contract with the Company may, or may not, alter their coverage of the Company's services. In the event any of the Company's key commercial payors terminate their agreements with the Company, elect not to renew or enter into new agreements with the Company upon expiration of their current agreements, or do not renew or establish new agreements on terms as favourable as are currently contracted, the Company's business, operating results and prospects would be adversely affected.

**(s) Dependence on third party manufacturers and suppliers**

While the Company manufactures its products at its in-house laboratories, the Company relies on third parties to supply it with the raw materials it uses to manufacture its products. The Company do not own or operate manufacturing facilities for clinical or commercial production of product lines other than its current products and the Company lack the resources and the capability to manufacture its other products on a commercial scale. Therefore, the Company rely on a limited number of suppliers who provide these raw materials and manufacture and assemble certain components of the Company's products. The Company's suppliers may encounter problems during manufacturing for a variety of reasons, including, for example, failure to follow specific protocols and procedures, failure to comply with applicable legal and regulatory requirements, equipment malfunction and environmental factors, failure to properly conduct their own business affairs, and infringement of third-party intellectual property rights, any of which could delay or impede their ability to meet the Company's requirements. The Company's reliance on these third-party suppliers also subjects it to other risks that could harm its business, including:

- (i) the Company is not a major customer of many of its suppliers, and these suppliers may therefore give other customers' needs higher priority than the Company's;
- (ii) the Company may not be able to obtain an adequate supply in a timely manner or on commercially reasonable terms;

- (iii) the Company's suppliers, especially new suppliers, may make errors in manufacturing that could negatively affect the efficacy or safety of the Company's products or cause delays in shipment;
- (iv) the Company may have difficulty locating and qualifying alternative suppliers;
- (v) switching components or suppliers may require product redesign and possibly submission to the FDA, EEA notified bodies, and the NMPA or other similar foreign regulatory agencies, which could significantly impede or delay the Company's commercial activities;
- (vi) one or more of the Company's sole or single-source suppliers may be unwilling or unable to supply components of the Company's products; or
- (vii) the Company's suppliers may encounter financial or other business hardships unrelated to the Company's demand, which could inhibit their ability to fulfill the Company's orders and meet its requirements.

The Company may not be able to quickly establish additional or alternative suppliers if necessary, in part because it may need to undertake additional activities to establish such suppliers as required by the regulatory approval process. Any interruption or delay in obtaining products from the Company's third-party suppliers, or the Company's inability to obtain products from qualified alternate sources at acceptable prices in a timely manner, could impair the Company's ability to meet the demand of its customers and cause them to switch to competing products. Given the Company's reliance on certain single-source suppliers, the Company is especially susceptible to supply shortages because it does not have alternate suppliers currently available.

(t) **In-house manufacturing**

While the Company has its own manufacturing facility in China, the Company intends to use a third-party technology manufacturer in Israel to support its current demand until it has larger volumes of orders. Once the Company meets such volumes of orders, the Company anticipates that its expenses will increase substantially if and as the Company initiate manufacturing in its facilities. If the Company's manufacturing operation or any contracted manufacturing operation is unreliable or unavailable, the Company may not be able to move forward with its intended business operations and its entire business plan could fail. There is no assurance that the Company's manufacturing operation or any third-party manufacturers will be able to meet commercialised scale production requirements in a timely manner or in accordance with applicable standards.

(u) **Ability to replace current manufacturing capabilities**

If the Company's manufacturing facility suffers any type of prolonged interruption, whether caused by regulator action, equipment failure, critical facility services (such as water purification, clean steam generation or building management and monitoring system), fire, natural disaster or any other event that causes the cessation of manufacturing activities, the Company would be exposed to long-term loss of sales and profits. There are limited facilities which are capable of contract manufacturing some of the Company's products and product candidates. Replacement of the Company's current manufacturing capabilities will have a material adverse effect on its business and financial condition.

(v) **Third party service providers**

The success of certain services that the Company provides are dependent upon third-party service providers. For instance, the Company is dependent upon third-party service providers to provide analysis of medical results. If the Company fails to maintain these relationships, it would be forced to seek alternative providers to provide such

analyses, which the Company may not find available on commercially reasonable terms, or at all.

As the Company expands its commercial activities, an increased burden will be placed upon the quality of medical results analyses. Interruptions or delays, for any length of time, could have a material adverse effect on the Company's business and operating results. Frequent or persistent interruptions in the Company's ability to provide quality and timely analyses could cause permanent harm to its reputation and could cause current or potential users of the Company's products and services, or prescribing physicians, to believe that the Company's systems are unreliable, leading them to switch to the Company's competitors. Such interruptions could result in liability claims and litigation against the Company for damages or injuries resulting from the disruption in service.

**(w) Employees and key consultants**

The future performance of the Company depends to a large extent on the continued services of members of its current management including, in particular, Dr. Yacov Geva, Chief Executive Officer and Executive Director. Any of the Company's employees and consultants may leave the Company at any time, subject to certain notice periods. The loss of the services of any of the Company's executive officers or any key employees or consultants would adversely affect its ability to execute its business plan and harm the Company's operating results.

**(x) Dependence on highly skilled managerial, scientific and technical personnel**

The Company requires its management team to act decisively to apply and adapt its business model in the rapidly changing markets in which it will compete. In addition, the Company will rely upon technical and scientific employees or third-party contractors to effectively establish, manage and grow its business. Consequently, the Company's future viability will depend largely on its ability to attract and retain highly skilled managerial, sales, scientific and technical personnel. In order to do so, the Company may need to pay higher compensation or fees to its employees or consultants than currently expected and such higher compensation payments would have a negative effect on the Company's operating results. Competition for experienced, high-quality personnel is high and the Company cannot assure that it will be able to recruit and retain such personnel. The Company may not be able to hire or retain the necessary personnel to implement its business strategy. The Company's failure to hire and retain such personnel could impair its ability to develop new products and services, and manage its business effectively.

**(y) Managing the Company's growth**

The Company's management may need to divert a disproportionate amount of its attention away from day-to-day activities and devote a substantial amount of time to managing growth activities. The Company may not be able to effectively manage the expansion of its operations, which may result in weaknesses in its infrastructure, operational mistakes, loss of business opportunities, loss of employees and reduced productivity among remaining employees. The Company's expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional medical device products. If the Company's management is unable to effectively manage its growth, the Company's expenses may increase more than expected, its ability to generate and/or grow revenue could be reduced and it may not be able to implement its business strategy. The Company's future financial performance and ability to commercialise medical device products and services and compete effectively will depend, in part, on its ability to effectively manage any future growth.



(z) **Market competition**

Many of the Company's competitors have long histories and strong reputations within the industry. They have significantly greater brand recognition, financial and human resources than the Company. They also have more experience and capabilities in researching and developing testing devices, obtaining and maintaining regulatory clearances and other requirements, manufacturing and marketing those products than the Company. There is a significant risk that the Company may be unable to overcome the advantages held by its competition, and its inability to do so could lead to the failure of its business and the loss of your investment.

Competition in the electronic health devices and more specifically mobile health devices markets is high, which can lead to, among other things, price reductions, longer selling cycles, lower product margins, loss of market share and additional working capital requirements. If the Company's competitors offer significant discounts on certain products or services, the Company may need to lower its prices or offer other favorable terms in order to compete successfully. Moreover, any broad-based changes to the Company's prices and pricing policies could make it difficult to generate revenues or cause the Company's revenues to decline. If the Company's competitors develop and commercialise products and services that are more effective or desirable than products and services that the Company may develop, the Company may not convince its customers to use its products and services. Any such changes would likely reduce the Company's commercial opportunity and revenue potential and could materially adversely impact its operating results.

(aa) **Medical or product liability claims**

Generally, health care companies are subject to claims alleging negligence, product liability, breach of warranty or malpractice that may involve large claims and significant defence costs whether or not such liability is imposed. These claims may be brought by individuals seeking relief for themselves, or increasingly, by groups seeking to represent a class.

The Company provides information to health care providers and payors upon which determinations affecting medical care will be made, and claims could be made against the Company for liabilities resulting from adverse medical consequences to patients.

In addition, the Company could have potential legal liability in the event that its devices fail to correctly record or transfer patient information or if the Company improperly responds in communications with patients using its services.

If any of the Company's current or future products and services that the Company makes or sells (including items that it sources from third-parties) are defectively designed or manufactured contain defective components, are misused, have safety or quality issues, have inadequate operating guidelines, or if someone claims any of the foregoing, whether or not meritorious, the Company may become subject to substantial and costly litigation. Misusing the Company's devices or services or failing to adhere to the operating guidelines could cause significant harm to patients, including death. The foregoing events could lead to recalls or safety alerts, result in the removal of a product or service from the market and result in product liability or similar claims being brought against the Company.

Any product liability claims brought against the Company could divert management's attention from the core business, be expensive to defend and result in sizable damage awards against the Company. While the Company maintains product liability insurance, it may not have sufficient insurance coverage for all future claims. Any product liability claims brought against the Company, with or without merit, could increase the Company's product liability insurance rates or prevent the Company from securing continuing coverage, could harm the Company's reputation in the industry and could reduce revenue. Product and services liability claims in excess of the Company's

insurance coverage would be paid out of cash reserves harming the Company's financial condition and adversely affecting its results of operations.

(bb) **Breaches of data security**

In the ordinary course of the Company's business, the Company and certain of its third-party service providers, collect, process, and store sensitive data, including intellectual property, personal and medical information about the Company's patients and the Company's proprietary business information. The secure maintenance and transmission of this information is critical to the Company's operations and business strategy. The Company relies on commercially available systems, software, tools and domestically available monitoring to provide security for processing, transmitting and storing this sensitive data.

In the event that patients authorise or enable the Company to sell their personal data to third-parties and/or access their data on the Company's systems, the Company cannot ensure the complete integrity or security of such data in its systems as the Company would not control that access. Third-parties may also attempt to fraudulently induce the Company's employees, patients or physicians who use the Company's technology, into disclosing sensitive information. Third-parties may also otherwise compromise the Company's security measures in order to gain unauthorised access to the information the Company stores. This could result in significant legal and financial exposure, a loss in confidence in the security of the Company's services, interruptions or malfunctions in the Company's services, and, ultimately, harm to the Company's future business prospects and revenue.

A security breach or privacy violation that leads to disclosure or modification of, or prevents access to, patient information, including protected health information, could harm the Company's reputation, compel the Company to comply with disparate state breach notification laws, require the Company to verify the correctness of database contents and otherwise subject the Company to liability under laws that protect personal data, resulting in increased costs or loss of revenue. If the Company is unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures in a timely manner, the market perception of the effectiveness of the Company's security measures could be harmed, the Company's operations could be disrupted, its brand could be adversely affected, demand for its products and services may decrease, the Company may be unable to provide its service, it may lose sales and customers, and it may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information, including sensitive patient data. The Company may be required to expend significant capital and financial resources to invest in security measures, protect against such threats or to alleviate problems caused by breaches in security. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm. Although the Company has invested in its systems and the protection of its data to reduce the risk of an intrusion or interruption, and the Company monitors its systems on an ongoing basis for any current or potential threats, the Company can give no assurances that these measures and efforts will prevent all intrusions, interruptions, or breakdowns.

Also, the Company's information technology networks and infrastructure may still be vulnerable to damage, disruptions or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters or other catastrophic events. Any such compromise could disrupt the Company's operations, damage its reputation and subject the Company to additional costs and liabilities, any of which could adversely affect its business.

A growing number of legislative and regulatory bodies have adopted consumer notification requirements in the event of unauthorised access to or acquisition of certain types of personal data. Such breach notification laws continue to evolve and may be



inconsistent from one jurisdiction to another. Complying with these obligations could cause the Company to incur substantial costs and could increase negative publicity surrounding any incident that compromises user data. If the Company or these third parties are found to have violated such laws, rules or regulations, it could result in government-imposed fines, orders requiring that the Company or these third parties change the Company's or their practices, or criminal charges, which could adversely affect the Company's business.

(cc) **Technological change**

The market for monitoring services and products is characterised by rapid technological change, medical advances, changing consumer requirements, short device lifecycles and evolving industry standards. Any one of these factors could reduce the demand for the Company's services and devices or require substantial resources and expenditures for research, design and development to avoid technological or market obsolescence. The Company's success will depend on its ability to enhance its current technology, services and systems and develop or acquire and market new technologies to keep pace with technological developments and evolving industry standards, while responding to changes in customer needs. A failure to adequately develop or acquire device enhancements or new devices that will address changing technologies and customer requirements adequately, or to introduce such devices on a timely basis, may have a material adverse effect on the Company's business, financial condition and results of operations. The Company might have insufficient financial resources to improve existing devices, advance technologies and develop new devices at competitive prices. Technological advances by one or more competitors or future entrants into the field may result in the Company's present services or devices becoming non-competitive or obsolete, which may decrease revenues and profits and adversely affect the Company's business and results of operations.

(dd) **Compliance with Cayman Islands and Australian laws**

As a Cayman Islands company, the Company will need to ensure its continuous compliance with Cayman Islands law and, since the Company is listed on the ASX and registered as a foreign company in Australia, the Company will also need to ensure continuous compliance with relevant Australian laws and regulations, including the Listing Rules and certain provisions of the Corporations Act.

To the extent of any inconsistency between Cayman Islands and Australian law and regulations, the Company may need to make changes to its business operations, structure or policies to resolve such inconsistency. If the Company is required to make such changes, this is likely to result in additional demands on management and extra costs. Because the Company is incorporated and registered in the Cayman Islands, certain provisions of the Corporations Act, including in relation to takeovers and substantial holdings do not apply to it. The Company has therefore incorporated into its Constitution shareholder protection provisions that are similar to the provisions of the Corporations Act. In these circumstances, any claim against the Company for a contractual breach of its Constitution would need to be brought in the Cayman Islands. Any such claim would be contractual in nature and may therefore not have the same level of enforceability as a claim under the Corporations Act. As a result of the Company being incorporated in the Cayman Islands, it may also be difficult for investors to effect service of process upon the Company within Australia and/or to enforce any judgments contained in a court other than the Cayman Islands courts against the Company.

(ee) **International operations**

Other than the Company's headquarters and other operations which are located in the Cayman Islands, the Company currently has significant international operations, and the Company's business strategy incorporates additional significant international expansion, particularly in anticipated expansion of regulatory approvals of its products. Doing business internationally involves a number of risks, including but not limited to:

- (i) multiple, conflicting and changing laws and regulations such as privacy regulations, tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- (ii) failure by the Company to obtain regulatory approvals for the use of the Company's products and services in various countries;
- (iii) additional potentially relevant third-party patent rights;
- (iv) complexities and difficulties in obtaining protection and enforcing the Company's intellectual property;
- (v) difficulties in staffing and managing foreign operations;
- (vi) complexities associated with managing multiple regulatory, governmental and reimbursement regimes;
- (vii) limits in the Company's ability to penetrate international markets;
- (viii) financial risks, such as longer payment cycles, difficulty collecting accounts receivable, the impact of local and regional financial crises on demand and payment for the Company's products and exposure to foreign currency exchange rate fluctuations;
- (ix) natural disasters, political and economic instability, including wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions;
- (x) certain expenses including, among others, expenses for travel, translation and insurance; and
- (xi) regulatory and compliance risks that relate to maintaining accurate information and control over sales and activities.

Any of these factors could significantly harm the Company's future international expansion and operations and, consequently, the Company's results of operations.

Additionally, operating an international business with a sales force managed from Australia and with distributorships and sales in a number of legal jurisdictions will necessarily require substantial input from a variety of legal counsel and expose the Company to legal costs that may be disproportionately high relative to its revenues, and will be incurred regardless of whether the Company derives revenues from a given jurisdiction or at all.

(ff) **Chinese government**

China has recently only permitted provincial and local economic autonomy and private economic activities. The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through regulation and state ownership. The Chinese government's continued attempts at managing the Chinese economy through a variety of macroeconomic policies, even if effected properly, or new practices, which the Chinese government does not have experience with, may further slow China's economy growth and/or cause great social unrest, all of which would have a negative effect on the Company's business and results of operations. The Company's ability to operate in China may be harmed by changes in its economic policies and regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property and other matters. The Company believes that its operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments

of these jurisdictions may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on the Company's part to ensure compliance with such regulations or interpretations.

Accordingly, government actions in the future, including any decision not to continue to support recent economic reforms and to return to a more centrally planned economy or regional or local variations in the implementation of economic policies, could have a significant effect on economic conditions in China or particular regions thereof, and could require the Company to divest itself of any interest the Company then holds in Chinese properties or joint ventures.

(gg) **Uncertainties in Chinese legal system**

The Chinese legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. Since these laws and regulations are relatively new and the Chinese legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and the enforcement of these laws, regulations and rules involves uncertainties.

The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, the interpretation and enforcement of these laws and regulations involve uncertainties. Since Chinese administrative and court authorities have significant discretion in interpreting and implementing statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection the Company enjoy. These uncertainties may affect the Company's judgment on the relevance of legal requirements and its ability to enforce its contractual rights or tort claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from the Company.

(hh) **Political, economic and military instability in State of Israel**

The Company's operating subsidiary, along with its management team and research and development facilities are located in Israel. In addition, the vast majority of the Company's officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect the Company's business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring Arab countries, the Hamas militant group and the Hezbollah. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its trading partners could adversely affect the Company's operations and results of operations. Ongoing and revived hostilities or other Israeli political or economic factors, such as, an interruption of operations at the Tel Aviv airport, could prevent or delay the Company's regular operation, product development and delivery of products. If continued or resumed, these hostilities may negatively affect business conditions in Israel in general and the Company's business in particular. In the event that hostilities disrupt the ongoing operation of the Company's facilities and operations may be materially adversely affected.

In addition, since 2010 political uprisings and conflicts in various countries in the Middle East, including Egypt and Syria, are affecting the political stability of those countries. In Syria, a country bordering Israel, a civil war is taking place. In addition, it is widely believed that Iran, which has previously threatened to attack Israel, has been stepping up its efforts to achieve nuclear capability. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza and Hezbollah in Lebanon. Additionally, the Islamic State of Iraq and Levant, or ISIL, a violent jihadist

group, is involved in hostilities in Iraq and Syria. The tension between Israel and Iran and/or these groups may escalate in the future and turn violent, which could affect the Israeli economy in general and the Company in particular. Any potential future conflict could also include missile strikes against parts of Israel, including the Company's offices and facilities. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and certain other countries. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions, could harm the Company's results of operations and could make it more difficult for the Company to raise capital. Parties with whom the Company does business with may sometimes decline to travel to Israel during periods of heightened unrest or tension, forcing the Company to make alternative arrangements when necessary in order to meet its business partners face to face. Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Similarly, Israeli companies are limited in conducting business with entities from several countries. For instance, the Israeli legislature passed a law forbidding any investments in entities that transact business with Iran. In addition, the political and security situation in Israel may result in parties with whom the Company has agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements.

The Company's employees and consultants in Israel, including members of its senior management, may be obligated to perform one month, and in some cases longer periods, of military reserve duty until they reach the age of 40 (or older, for citizens who hold certain positions in the Israeli armed forces reserves) and, in the event of a military conflict or emergency circumstances, may be called to immediate and unlimited active duty. The Company's operations could be disrupted by the absence of a significant number of its officers, directors, employees and consultants related to military service. Such disruption could materially adversely affect the Company's business and operations. Additionally, the absence of a significant number of the employees of the Company's Israeli suppliers and contractors related to military service or the absence for extended periods of one or more of their key employees for military service may disrupt its operations.

The Company's insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East or for any resulting disruption in its operations. Although the Israeli government has in the past covered the reinstatement value of direct damages that were caused by terrorist attacks or acts of war, the Company cannot assure you that this government coverage will be maintained or, if maintained, will be sufficient to compensate the Company fully for damages incurred and the government may cease providing such coverage or the coverage might not suffice to cover potential damages. Any losses or damages incurred by the Company could have a material adverse effect on its business. Any armed conflicts or political instability in the region would likely negatively affect business conditions generally and could harm the Company's results of operations and product development.

(ii) **Payment to Israeli employees**

The Company enters into agreements with its Israeli employees pursuant to which such individuals agree that any inventions created in the scope of their employment are assigned to the Company or owned exclusively by the Company, depending on the jurisdiction, without the employee retaining any rights. A significant portion of the Company's intellectual property has been developed by the Company's Israeli employees during the course of their employment for the Company. Although the Company's Israeli employees have agreed that any rights related to their inventions are owned exclusively by the Company, the Company may face claims demanding remuneration in consideration for employees' service inventions. As a consequence of

such claims, the Company could be required to pay additional remuneration or royalties to its current and/or former employees, or be forced to litigate such claims, which could negatively affect the Company's business.

(jj) **International price controls**

In some countries, particularly countries of the European Union (and those of the EEA) and China, each of which has developed its own rules and regulations, pricing may be subject to governmental control under certain circumstances. In these countries, pricing negotiations with governmental agencies can take considerable time after the receipt of marketing approval for a medical device candidate. To obtain reimbursement or pricing approval in some countries, the Company may be required to conduct a clinical trial that compares the cost-effectiveness of its product to other available products. If reimbursement of the Company's products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, the Company may be unable to achieve or sustain profitability.

(kk) **Acquisitions**

The Company has grown through acquisitions of companies and technology, including through the Company's acquisition of CardioStaff Diagnostic Services Inc. (renamed G Medical Diagnostic Services), in November 2017 and Telerhythmics in November 2018. Acquisitions bring risks associated with the Company's assumption of the liabilities of an acquired company, which may be liabilities that the Company were or are unaware of at the time of the acquisition, potential write-offs of acquired assets and potential loss of the acquired Company's key employees or customers. Additionally, potential disputes with the seller of an acquired business or its employees, suppliers or customers could adversely affect the business, operating results and financial condition. If the Company fails to properly evaluate and execute acquisitions, business may be disrupted and the Company's operating results and prospects may be harmed.

The Company may not be successful in identifying and acquiring suitable acquisition targets at acceptable cost. Acquisitions may require additional funding on acceptable terms, which may or may not be available at the relevant time.

The Company will experience competition in making acquisitions from larger companies with significantly greater resources.

Furthermore, integrating acquired companies or new technologies into the Company's business may prove more difficult than the Company anticipated. The Company may encounter difficulties in successfully integrating its operations, technologies, services and personnel with that of the acquired company, and the Company's financial and management resources may be diverted from the Company's existing operations. Offices in multiple states create a strain on the Company's ability to effectively manage its operations and key personnel.

(ll) **Insurance coverage**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover or insurers may decline to continue to insure the Company's operations or reduce available coverage. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(mm) **Financial loss in commercialising products**

Since inception, the Company has devoted substantially all of its financial resources to develop its products and related services. The Company has financed operations primarily through the issuance of equity securities. The amount of the Company's future

net losses will depend, in part, on on-going development of its products and related services, the rate of future expenditures and the Company's ability to obtain funding through the issuance of securities, strategic collaborations or grants. The Company expect to continue to incur significant losses until it is able to successfully commercialise its products and services globally. The Company anticipate that expenses will increase substantially if and as the Company:

- (i) continue the development of its products and services;
- (ii) establish a sales, marketing and distribution infrastructure to commercialise its products and services;
- (iii) seek to identify, assess, acquire, license and/or develop other products and services and subsequent generations of its current products and services;
- (iv) seek to maintain, protect and expand its intellectual property portfolio;
- (v) seek to attract and retain skilled personnel; and
- (vi) continue to support its operations as a public company, its product development and planned future commercialisation efforts.

The Company's ability to generate future revenue from product and service sales depends heavily on its success in many areas, including but not limited to:

- (i) addressing any competing technological and market developments;
- (ii) negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- (iii) establishing and maintaining resale and distribution relationships with third-parties that can provide adequate (in amount and quality) infrastructure to support market demand for its products;
- (iv) launching and commercialising current and future products and services, either directly or with a collaborator or distributor; and
- (v) maintaining, protecting and expanding its portfolio of intellectual property rights, including patents, trade secrets and know-how.

(nn) **Dividends**

The Company has never declared or paid cash dividends, and does not anticipate paying cash dividends in the foreseeable future. Therefore, you should not rely on an investment in Shares as a source for any future dividend income. The Directors have complete discretion as to whether to distribute dividends. Even if the Directors decide to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on the Company's future results of operations and cash flow, capital requirements and surplus, the amount of distributions, if any, received by the Company from its subsidiaries, its financial condition, contractual restrictions and other factors deemed relevant by the Directors.

## **3.2 General Risks**

(a) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in



the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

(b) **Foreign Exchange Risks**

The Company incur expenses in U.S. dollars, Australian dollars, NIS, Pounds Sterling, Chinese yuan (RMB), Macedonian denars, and Euros, but the Company's financial statements are denominated in U.S. dollars. Accordingly, the Company faces exposure to adverse movements in currency exchange rates. The Company's foreign operations will be exposed to foreign exchange rate fluctuations as the financial results are translated from the local currency into U.S. dollars upon consolidation. Specifically, the U.S. dollar cost of the Company's operations in Israel and China is influenced by any movements in the currency exchange rate of the NIS. Such movements in the currency exchange rate may have a negative effect on the Company's financial results. If the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions will result in increased revenue, operating expenses and net income. Similarly, if the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions will result in decreased revenue, operating expenses and net income. As exchange rates vary, sales and other operating results, when translated, may differ materially from the Company or the capital market's expectations.

(c) **Economic conditions and other global or national issues**

General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including wars, terrorist acts, sabotage, subversive activities, security operations, labor unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations. In this context it is important to observe that the Company's is headquartered in Israel, a country that has been involved in multiple armed conflicts and is under a constant threat of terrorism.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

There is no guarantee that there will be an active market for the Company's securities at the price of the Offer, nor that an active market for the Company's securities will develop in the future. If an active market for the Company's securities does not develop it may be difficult to sell Shares offered pursuant to this Prospectus.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology or telecommunications and fabless semiconductor stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(e) **Price of Shares**

As a publicly-listed company on ASX, the Company will be subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its Share price. The price at which Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase or not decrease following the commencement of quotation on ASX, even if the Company's earnings increase.

Further, after the end of the relevant escrow periods affecting Shares in the Company, a significant sale of then tradeable Shares (or the market perception that such a sale might occur) could have an adverse effect on the Company's Share price.

(f) **Force Majeure**

The Company, now or in the future, may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

### **3.3 Investment speculative**

The risk factors set out in this Prospectus ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. These factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.



## 4. ADDITIONAL INFORMATION

### 4.1 Rights and Liabilities Attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares of the Company. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. Full details of the rights attaching to the Shares of the Company are in the Constitution of the Company, a copy of which is available for inspection at the Company's registered office during normal business hours or can be obtained from the Company's website at [www.gmedinnovations.com.au](http://www.gmedinnovations.com.au).

#### (a) General description of share capital

The Company's current authorised share capital (representing the current maximum par value of Shares that can be issued by the Company) is US\$1,000,000, currently consisting of a single class of 1,000,000,000 Shares of par value US\$0.001 each. As of the date of this Prospectus, there are 416,152,913 issued and outstanding Shares. Immediately upon completion of the Offer there will be 416,153,913 issued and outstanding Shares (assuming that the Offer is fully oversubscribed through an issue of 1,000 Shares at \$0.091 per Share to raise \$91). Each Share is non-assessable save to the extent that the par value of such Share has not been fully paid. All Shares are, and will on completion of the Offer, be fully paid. The Shares are not redeemable.

The Constitution permits the Company:

- (i) to increase its share capital by the creation of additional shares, or to reduce its authorised share capital by the cancellation of shares, by way of Ordinary Resolution;
- (ii) to consolidate the shares forming the share capital of the Company into a lower number of shares of a proportionally larger par value, or subdivide the shares forming the share capital of the Company into a larger number of shares of a proportionally lower par value, by way of Ordinary Resolution; and
- (iii) subject to Cayman Islands Companies Law, to reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way, by Special Resolution.

#### (b) Powers of directors generally, and with respect to share capital

- (i) Under the Constitution, the Board may exercise all the powers of the Company except any powers that the Cayman Islands Companies Law or the Constitution requires the Company to exercise by way of Special Resolution.
- (ii) The Board may issue additional Shares in the capital of the Company from time to time as they may determine.
- (iii) Subject to the ASX Listing Rules, the Cayman Islands Companies Law and the Constitution, the Board may offer, issue, allot or otherwise dispose of Shares in the capital of the Company (including Shares) to such persons, in such manner, on such terms and having such rights and being subject to such restrictions, as they may from time to time determine, and may divide the Share capital of the Company into any number of separate classes of shares having different rights (including, without limitation, voting, dividend, return of capital, conversion and redemption rights), restrictions, preferences and privileges.
- (iv) Subject to the ASX Listing Rules, the Cayman Islands Companies Law, the Constitution and any rights conferred on the holders of any shares or attaching

to any class of shares, the Board may cause the Company to repurchase or otherwise acquire Shares in such manner, upon such terms and subject to such conditions as they think fit. Pursuant to the Cayman Islands Companies Law, the repurchase of any Share may be paid out of the Company's capital.

(c) **General meetings and voting**

The Constitution provides that the Company shall in each calendar year hold an annual general meeting, and that the maximum period between annual general meetings shall not exceed 15 months. The Directors may convene a general meeting of the Company whenever the Directors think fit and must do so if required to do so pursuant to valid Shareholders' requisition.

(d) **Notice of meetings**

At least 28 clear days' notice must be given of any annual general meeting or other general meeting of the Company, save that a general meeting (including an annual general meeting) shall be capable of being held on shorter notice if it is so agreed by 90% of the holders of shares in the capital of the Company entitled to attend and vote at such meeting.

The notice convening a general meeting must include details of:

- (i) the place, the date and time of the meeting;
- (ii) subject to the requirements of the ASX Listing Rules, the general nature of the business to be transacted at the meeting;
- (iii) if a Special Resolution is to be proposed at the meeting, the intention to propose the Special Resolution as such; and
- (iv) the ability to appoint a proxy, and the place (and, if applicable, electronic address) for the purposes of delivery of proxy appointments.

(e) **Quorum Requirements**

A quorum for a general meeting is two shareholders present in person, by proxy or by a duly authorised representative and entitled to vote on the business to be transacted.

If a quorum is not present within 30 minutes after the time set for a general meeting, the meeting:

- (i) if called on a requisition of Shareholders, is dissolved; and
- (ii) in any other case, is adjourned to the same time and place in the next week, or to such other day, time and place as determined by the Board (and if no quorum is present at the resumed meeting within 30 minutes after the time set for the meeting, the Shareholder present shall constitute quorum).

(f) **Manner of voting**

The Constitution provides that, at any general meeting, a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is demanded. On a show of hands, each Shareholder present in person or represented by proxy or by authorised representative shall have one vote.

A poll may only be demanded:

- (i) before the show of hands on that resolution is taken;

- (ii) before the result of the show of hands on that resolution is declared; or
- (iii) immediately after the result of the show of hands on that resolution is declared.

In the event that a poll is demanded, each Shareholder present in person or represented by proxy or by authorised representative has one vote for each Share held by that Shareholder.

A poll may be demanded by the chairman of the meeting, at least five (5) Shareholders entitled to vote at the meeting, and/or a Shareholder or Shareholders holding not less than ten per cent (10%) of the total voting rights of all Shareholders having the right to vote at the relevant general meeting.

(g) **Voting Thresholds**

Generally, all matters to be transacted at a general meeting are passed as Ordinary Resolutions, save for certain matters specified under the Constitution or the Cayman Islands Companies Law as requiring a Special Resolution.

To be passed at a general meeting:

- (i) Ordinary Resolutions require the affirmative vote of a simple majority of the votes cast by such Shareholders as, being entitled to do so, attend and vote at the general meeting in person, by proxy, or by authorised representative; and
- (ii) Special Resolutions require the affirmative vote of not less than two-thirds majority of the votes cast by such Shareholders as, being entitled to do so, attend and vote at the general meeting in person or by proxy.

Special Resolutions and Ordinary Resolutions may also be passed by a unanimous written resolution of all the shareholders having the right to attend and vote at the general meeting.

(h) **Dividends**

Subject to the Cayman Islands Companies Law and the Constitution, the Board may declare dividends and distributions out of the realised or unrealised profits of the Company, out of the share premium account (provided that the Company will, immediately following that dividend or distribution, be able to pay its debts as they fall due in the ordinary course of business), or as otherwise permitted by the Cayman Islands Companies Law. Except as provided by the Constitution or the rights attached to any Shares, dividends shall be declared and paid according to the amounts paid up on the nominal value of the Shares on which the dividend is paid. Dividends may be declared and paid in cash or by cheque, warrant, money order or by a bank or other funds transfer system. Any dividend unclaimed after a period of three years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(i) **Variation of Rights attaching to Shares**

Subject to Cayman Islands Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares may be varied, modified or abrogated in such manner as those rights and/or the Constitution may provide or, if no such specific provision is made, either:

- (i) with the consent in writing of holders of not less than two-thirds of the issued shares of that class; or

- (ii) with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by not less than a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy).

For the purposes of the foregoing, the Board may treat two or more or all of the classes of shares as forming one class of shares if the Board consider that such classes of shares would be affected by the proposed variation in the same way. Rights attaching to a class of shares shall not be deemed to be varied by the creation or issue of further shares with rights that are equal to the rights of such existing class of shares.

(j) **Takeover provisions**

Chapter 6 of the Corporations Act applies to the Company as if it were a listed company incorporated in Australia and was the target where referred to in that Chapter, subject to the following:

- (i) any requirement for a document to be lodged with ASIC will be taken to be satisfied if the document is given to the ASX instead;
- (ii) any references to ASIC in Chapters 6A, 6B and 6C of the Corporations Act, other than those relating to lodgement of documents, will be taken to be references to the board of Directors;
- (iii) references to the Takeovers Panel will be taken to be references to the Supreme Court of Western Australia and any courts of appeal therefrom; and
- (iv) any Takeover Bid must be made in compliance with the provisions of Chapter 6 of the Corporations Act and Australian policy as they apply to the Company, except to the extent any non-compliance is approved in writing by the Board of Directors.

These provisions seek to protect the interests of Shareholders where a person seeks to acquire a substantial interest in, or control of, the Company. The Constitution prohibits a person from acquiring an interest in issued voting shares of the Company if any person's voting power in the Company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%. Exceptions to the prohibition apply (for example, acquisitions with Shareholder approval, 3% creep over 6 months and rights issues that satisfy prescribed conditions). Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in the Company.

The Constitution requires every person who is a substantial holder (that is, they and their associates hold 5% or more in the voting power of the Company) to notify the Company and ASX that they are a substantial holder and to give prescribed information in relation to their holding if:

- (i) the person begins to have, or ceases to have, a substantial holding in the Company;
- (ii) the person has a substantial holding in the Company and there is a movement of at least 1% in their holding; or
- (iii) the person makes a takeover bid for securities of the Company.

A person has a substantial holding if the total votes attached to voting shares in the Company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the Company, or the person has made a takeover bid for voting shares in the Company and the bid period has started and not yet ended.

(k) **Appointment and Removal of Directors**

(i) Appointment and removal by shareholders

Subject to any requirements as to minimum or maximum number of directors then applying to the Company, the Company may by Ordinary Resolution:

- (A) remove any director before the expiration of his or her period of office (but without prejudice to any claim for damages that such director may have for breach of any contract of service between him or her and the Company);
- (B) appoint one or more additional persons as directors, either to fill vacancies or as additional directors (provided that no person other than a director seeking re-election following retirement by rotation (as described below) shall be capable of appointment by Ordinary Resolution unless, at least 30 business days before the general meeting at which such person's appointment is to be considered, notice in writing duly signed by the nominee giving his or her consent to the nomination shall have been left at the registered office of the Company).

(ii) Appointment by Directors

The Board has the power to appoint at any time any person who is willing to act as a director, either to fill a vacancy or as an additional director (subject to any requirements as to minimum or maximum number of directors then applying to the Company). Any Director so appointed shall (unless such Director has been designated as the "managing director" in accordance with the ASX Listing Rules) retire at the next annual general meeting after such appointment and shall be eligible to stand for re-election as a director at such meeting.

(iii) Rotational Retirement of Directors

At each annual general meeting, one-third of the directors who are subject to retirement by rotation shall retire from office (or if their number is not a multiple of three, the number nearest to but not exceeding one-third). If there are fewer than three directors who are subject to retirement by rotation, one of them shall retire from office at the annual general meeting. For these purposes, any Director that has been designated as the "managing director" in accordance with the ASX Listing Rules and any Director required to retire by virtue of being appointed by the directors since the previous annual general meeting are not counted as directors who are subject to retirement by rotation. The directors to retire by rotation at each annual general meeting shall be, so far as necessary to obtain the number required, first, any Director who wishes to retire and not offer himself or herself for re-election, and secondly, those directors who have been longest in office since their last appointment or re-appointment. A Director who retires by rotation at an annual general meeting may, if willing, be reappointed by Ordinary Resolution.

(iv) Size of the Board and Board Vacancies

The Constitution provides that, unless determined otherwise by Ordinary Resolution, there shall be a minimum of two directors, and no maximum.

(l) **Indemnification of Directors**

The Constitution contains provisions indemnifying the Company's past and existing directors and officers (excluding an auditor) to the maximum extent permitted by law

against any liability incurred by that person in or as a result of acting in such capacity, unless such liability arose as a result of the actual fraud or wilful default of such person.

(m) **Requirements for advance notification of Shareholder nominations and proposals**

The Constitution establishes advance notice procedures with respect to nomination of candidates for election as Directors other than nominations made by or at the direction of the Board or a committee of the Board.

(n) **Shareholder right to call Shareholder meeting**

The Constitution does not contain any specific rights for shareholders to require matters or proposals to be put to vote at any annual or other general meeting, save that:

- (i) Shareholders have the ability to nominate a person to be put forward for election as a Director at a general meeting;
- (ii) Shareholders holding Shares which at the relevant date represent in aggregate not less than one-tenth of the paid up Share capital of the issued Shares carrying the right of voting at general meetings of the Company have the right, by written requisition to the Company, to require a general meeting to be called by the Board for the transaction of any business specified in such requisition.

The Board must call a general meeting when so requisitioned within 21 days of the receipt of such requisition. If the Board do not proceed to so convene a general meeting within 21 days of the receipt of the requisition, any of the requisitionists representing a majority of the total voting rights of all of them may themselves convene a general meeting to be held within three months following the expiry of such 21 day period.

## **4.2 Company is a Disclosing Entity**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required



the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the Annual Report being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 4.3 below).

### 4.3 Copies of Documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer, a copy of:

- (a) the Annual Report, being the last financial year for which an annual financial report was lodged with ASIC in relation to the Company before the issue of the Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date Lodged	Subject of Announcement
08/04/2019	Director Resignation
12/04/19	Appendix 3Z- Final Director's Interest Notice – Skontos
23/04/2019	Release of Securities from Escrow
24/04/2019	Results of Meeting
29/04/2019	Appendix 3B
01/05/2019	Quarterly Activities and Cashflow Report
08/05/2019	Release of Securities from Escrow
16/05/2019	Execution of US Provider Agreements
16/05/2019	News Article Clarification
17/05/2019	Appendix 3B - escrow release

17/05/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
17/05/2019	Appendix 3Y - Change of Director's Interest Notice - Malani
17/05/2019	Appendix 3Y - Change of Director Interest Notice - De Kauwe
20/05/2019	Nasdaq Public Offering Prospectus Release
22/05/2019	Appendix 3Y - Change of Director Interest Notice - De Kauwe
23/05/2019	Notice of Annual General Meeting
23/05/2019	Cleansing Notice and Appendix 3B
27/05/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
04/06/2019	Company Presentation
04/06/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
13/06/2019	Change of Director's Interest Notice - Correction
17/06/2019	Appendix 3B
24/06/2019	Results of Meeting
12/07/2019	Cleansing Notice and Appendix 3B
18/07/2019	Cleansing Notice and Appendix 3B
18/07/2019	Appendix 3Y - Change of Director's Interest Notice - Melani
18/07/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
18/07/2019	Appendix 3Y - Change of Director Interest Notice - Wettstein
18/07/2019	Appendix 3Y - Change of Director Interest Notice - Gleitman
18/07/2019	Appendix 3Y - Change of Director Interest Notice - De Kauwe
18/07/2019	Appendix 3Y - Change of Director Interest Notice - Rotstein
30/07/2019	Company Update
30/07/2019	Appendix 4C - quarterly
02/08/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
14/08/2019	Cleansing Notice and Appendix 3B
22/08/2019	Trading Halt
23/08/2019	US Listing Update
26/08/2019	Cleansing Notice and Appendix 3B
02/09/2019	Half Yearly Report and Accounts
06/09/2019	Trading Halt
06/09/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
10/09/2019	Suspension from Official Quotation
17/09/2019	Suspension from Official Quotation
02/10/2019	Suspension Update
09/10/2019	Response to ASX Query
14/10/2019	Appendix 3Y - Change of Director's Interest Notice - Geva
22/10/2019	Response to ASX Query
22/10/2019	Reinstatement to Official Quotation



31/10/2019	Appendix 4C - quarterly
04/11/2019	Change of Registered Office
27/11/2019	Appendix 3B
27/11/2019	Pause in Trading
27/11/2019	Trading Halt
29/11/2019	Suspension from Official Quotation
04/12/2019	G Medical Secures \$30 million Funding Facility
04/12/2019	Reinstatement to Official Quotation
05/12/2019	Appendix 3B
12/12/2019	G Medical Continues Rapid Growth in USA
23/12/2019	Appendix 3Y – Change of Director's Interest Notice
24/12/2019	Appendix 3Y – Change of Director's Interest Notice – Amended
27/12/2019	Appendix 3Y – Change of Director's Interest Notice – Geva
06/01/2020	Appendix 3Y – Change of Director's Interest Notice - Geva
16/01/2020	Appendix 3Y - Change of Director's Interest Notice - Geva
16/01/2020	Proposed issue of Securities - GMV
17/01/2020	Prizma Clinical Trials Completed for China Approval Process
20/01/2020	Taiwan FDA Approval Granted for Prizma
23/01/2020	G Medical Approved to Trade on US OTCQB Market
29/01/2020	Proposed issue of Securities - GMV
29/01/2020	Appendix 2A
03/02/2020	Quarterly Activities Report and Appendix 4C
05/02/2020	Company Secretary Appointment/Resignation
06/02/2020	Distribution Agreement Secures European Market Entry
11/02/2020	Proposed Capital Raising & Cancellation of Con Notes
11/02/2020	Proposed issue of Securities – GMV
12/02/2020	Appendix 3Y Correction – Geva
18/02/2020	Notice of General Meeting
18/02/2020	Proposed issue of Securities – GMV
18/02/2020	Appendix 2A

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at 108 Outram Street, West Perth WA 6005:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5 and the consents provided by the Directors prior to the issue of this Prospectus.

#### 4.4 Information Excluded from Continuous Disclosure Notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

#### 4.5 Determination by ASIC

ASIC has not made a determination that would prevent the Company from relying on section 713 of the Corporations Act in issuing Shares under this Prospectus.

#### 4.6 Directors' Interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or Shares offered under this Prospectus.

#### 4.7 Directors' Interests in Securities

The Directors' relevant interests in Securities at the date of this Prospectus are detailed below:

Director	No. of Shares	No. of Existing Performance Rights	No. of Listed/Unlisted Options
Dr Kenneth R Melani	3,809,438	685,335 Class C performance rights	-
Dr Yacov Geva	201,591,322	49,745,275 Class C performance rights	-
Dr Shuki Gleitman	500,000	-	-
Dr Brendan de Kauwe	3,170,455	681,818 Class C performance rights	2,500,000 unlisted Options
Mr Urs Wettstein	1,150,000	-	-

Prof.Zeev Rotstein	-	500,000 performance rights	371,976 unlisted Options
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## 4.8 Directors' Remuneration

The Constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal shares.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Directors received the following remuneration for the preceding two financial years:

Director	Year	Short Term Benefits US\$	Superannuation	Share Based Payments \$US	Total \$US
Dr Kenneth R Melani	2019	-	-	71,204	71,204
	2018	19,208	-	-	19,208
Dr Yacov Geva	2019	360,000	-	-	360,000
	2018	360,000	-	-	360,000
Dr Shuki Gleitman	2019	-	-	71,204	71,204
	2018	7,683	-	-	7,683
Dr Brendan de Kauwe	2019	-	-	71,204	71,204
	2018	7,683	-	-	7,683
Mr Urs Wettstein	2019	-	-	71,204	71,204
	2018	7,683	-	-	7,683
Prof.Zeev Rotstein	2019	-	-	73,594	73,594
	2018	-	-	-	-

## 4.9 Interests of Other Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

DLA Piper Australia will be paid fees of approximately \$10,000 (plus GST) in relation to the preparation of this Prospectus.

Automic Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to issue of the Shares under the Offer, and will be paid for these services on standard industry terms and conditions.

#### **4.10 Expenses of Offer**

The estimated expenses of the Offer are \$3,206 (ASIC lodgement fee) and \$10,000 (legal expenses).

#### **4.11 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Computershare Investor Services Pty Limited and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be made for additional statements.

#### **4.12 Consents**

DLA Piper Australia has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian solicitors to the Company. DLA Piper Australia has not authorised or caused the issue of this Prospectus or the making of the Offer. DLA Piper Australia makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Automic Pty Ltd has given, and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as Australian share registry of the Company. Automic Pty Ltd has not authorised or caused the issue of this Prospectus or the making of the Offer. Automic Pty Ltd makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

BDO Ziv Haft has given and, as at the date hereof, has not withdrawn, its written consent to being named in this Prospectus as the Company's auditor. BDO Ziv Haft has not authorised or caused the issue of this Prospectus or the making of the Offer. BDO Ziv Haft makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in or omissions from any part of this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement with ASIC of this Prospectus.

## 5. DIRECTORS' STATEMENT AND CONSENT

This Prospectus is authorised by each of the Directors. This Prospectus is signed for and on behalf of Company by:



Dr Yacov Geva

Chief Executive Officer and Executive Director

Dated: 18 February 2020

## 6. GLOSSARY

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Acceptance** means a valid acceptance of Shares under the Offer made pursuant to this Prospectus on an Application Form.

**Advisor Shares** has the meaning given in Section 1.1.

**Annual Report** means the financial report lodged by the Company with ASIC in respect to the year ended 31 December 2018 and includes the corporate directory, Director's report, auditor's independence declaration, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, notes to the consolidated financial statements, together with an independent auditor's report for the period up to 31 December 2018.

**Applicant** means a person who submits an Application Form.

**Application** means a valid application for Shares under the Offer made on an Application Form.

**Application Form** means the application form provided by the Company with a copy of this Prospectus.

**ASIC** means Australian Securities and Investments Commission.

**ASX Settlement** means ASX Settlement Pty Limited ACN 008 504 532.

**ASX** means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Closing Date** means 18 February 2020.

**CMS** has the meaning given in Section 3.1(d).

**Company** means G Medical Innovations Holdings Ltd (ARBN 617 204 743).

**Constitution** means the Constitution of association of the Company as at the date of this Prospectus.

**Convertible Securities Agreement** means the convertible securities agreement entered into by the Company and Magna as varied from time to time.

**Convertible Securities Holders** has the meaning given in Section 3.1(b).

**Corporations Act** means *Corporations Act 2001* (Cth).

**Deed of Termination, Settlement and Release** has the meaning given in Section 1.1.

**Directors** mean the directors of the Company as at the date of this Prospectus.

**EEA** means the European Economic Area.

**EU** means the European Union.

**Employee Incentive Plan** means the global equity incentive plan adopted by the Company on 26 December 2016.



**Employee Shares** has the meaning given in Section 1.1.

**FDA** has the meaning given in Section 3.1(e).

**GEM Agreement** has the meaning given in Section 1.1.

**GEM Global** has the meaning given in Section 1.1.

**GEM Shares** has the meaning given in Section 1.1.

**General Security Agreement** means the general security agreement between the Company and Magna.

**Group** means the Company and its related bodies corporate.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Listing Rules** means the listing rules of ASX.

**Magna** has the meaning given in Section 1.1.

**Magna Shares** has the meaning given in Section 1.1.

**New Shares** has the meaning given in Section 1.1.

**NMPA** means the National Medical Products Administration.

**Offer** has the meaning given in Section 1.1.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**Option** means an option to acquire a Share.

**Ordinary Resolution** has the meaning given in the Corporations Act.

**Prospectus** means this prospectus dated 18 February 2020.

**QSR** has the meaning given in Section 3.1(e).

**Restricted Share Units** means a Share subject to any restrictions imposed by the board of Directors from time to time pursuant to the Employee Incentive Plan.

**Section** means a section of this Prospectus.

**Securities** mean any securities including Shares or Options issued or granted by the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Special Resolution** has the meaning given in the Corporations Act.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

