

G Medical Innovations Holdings Ltd

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G Medical Innovations acquires revenue generator and large patient base

G Medical Innovations Holdings Ltd (ASX:GMV) (FRA:9GM) client base has expanded to up to 35 million extra insured patients in the US amid its efforts to make its presence known on two more stock exchanges.

Earlier this month the company swept up the additional patient pool when its US subsidiary G Medical Innovations USA Inc executed an agreement to acquire cardiac diagnostic monitoring services provider Telerhythmics LLC.

READ: G Medical Innovations acquires Telerhythmics, expands US footprint

G Medical's Delaware-based subsidiary was to pay a US\$1.95 million figure upfront to the seller, Nasdaq-listed imaging technology company Digirad Corp (NASDAQ:DRAD).

Tennessee-based Telerhythmics was founded in 1996 and provides on-site and remote arrhythmia-monitoring services to doctors and physicians.

These services include mobile cardiac telemetry, cardiac event monitoring, Holter monitoring and pacemaker analysis.

The acquisition has 100 commercial payor agreements, covering 30-35 covered lives.

G Medical Innovations Holdings Ltd (ASX:GMV) CEO Yacov Geva sits down with Proactive Investors' Christine Corrado in New York to update investors on the mobile and e-health company's move to list on the Nasdaq.

Youtube channel <https://t.co/cZJFNXdIBU>

— G Medical (@GMedicalInno) October 17, 2018

G Medical president and CEO Dr Yacov Geva welcomed the buy-up, reporting on November 2: "Acquiring Telerhythmics further strengthens our company's US footprint as we further focus our efforts to become a leader in complete end-to-end and comprehensive vital-signs medical monitoring and cardiac diagnostic services across the US.

"Telerhythmics brings additional payer contracts, clinical and commercial scalability, access to current monitoring technologies and an existing platform to launch our proprietary medical devices with the aim to further grow our market share in this important area of digital health delivery."

READ: G Medical Innovations receives regulatory approval for China production facility

Price: A\$0.19

Market Cap: A\$75.64M

1 Year Share Price Graph



Share Information

Code: GMV

Listing: ASX

52 week High Low
A\$0.45 A\$0.18

Sector: Tech

Website: www.gmedinnovations.com

Company Synopsis:

G Medical Innovations Holdings Ltd (ASX:GMV) is listed on the Australian Securities Exchange.

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Medicare and Medicaid-designated independent diagnostic testing facility Telerhythmics wrote US\$3.174 million in revenues in the first nine months of 2018, with further revenues expected from G Medical's new investment.

The Cayman Islands-headquartered parent company is eyeing off a leadership position in the US cardiac diagnostic and remote vital signs monitoring healthcare services market and is backing up that plan with acquisitions and planned expansions to additional capital markets.

Four-year-old company G Medical put a listing on the Nasdaq Stock Market on its to-do list for 2019, recruiting a New York underwriter in October 2018 to help with an initial public offering (IPO).

UK-based Geva spoke to Proactive Investors' Stocktube video channel presenter Christine Corrado about the IPO, confirming: "We are planning on doing a listing on NASDAQ and this will happen early next year, probably early (March quarter)

"A company like us, a natural market is NASDAQ."

Geva highlighted the US market was about 10 times the size of the Australian market, and the idea of listing on the market had been "embedded in the company roadmap."

The size of the NASDAQ initial offering is expected to be announced at a later date to the markets.

Besides its activities in Australia, the US, the UK and the Cayman Islands, the company also has subsidiaries in China, Hong Kong, Macedonia and Israel.

Core product offering

Biometrics and mobile-device medical technology company G Medical has two discrete audiences in mind for its core offerings.

Geva told Stocktube: "The main idea of the company is being a (true) vertical company: one, being a very strong technology company ... and a service company.

"Service means monitoring of patients — this is what we did in the past for many, many years, so we know exactly what the patient needs and what the individual needs.

"It's not just developing some type of gadget and trying to sell it, because we are not in the gadget business, we are in the really-healthier business."

READ: G Medical Innovations moving towards US public offering and Nasdaq listing

Examples of the company's technology products include the European CE-certified G Medical Patch and the Prizma medical smartphone case.

The Prizma biometrics smartphone monitoring device has Australian

Therapeutic Goods Administration approval, MEDSAFE certification, US FDA and European CE mark Class II approvals.

Geva told Stocktube: "We have a very clear focus of developing two main products.

"One is for the individual, to check the vital signs and check it on any smartphone and can measure from ECG to body temperature to oxygen separation to blood pressure, express analyses, your glucose levels and you name it.

"The other product is geared more to the physicians, hospitals — patients will wear the patch where we will be able to record the data of the patients and be able to diagnose the patient if the patient has a problem."

NASDAQ IPO effort

G Medical began its NASDAQ IPO push in earnest in October 2018, estimating the process could extend to the March 2019 financial quarter, taking four to five months.

The company has a current market capitalisation of A\$110.8 million (US\$79.98 million).

Besides Telerhythmics, G Medical bought up another US investment in the US, Cardiostaff Diagnostic Services Inc, in December 2017.

Medical technologies pioneer Geva is a major shareholder in the company, holding a 57.51% voting interest as of April 2018.

Geva founded LifeWatch AG, which was previously known as Card Guard AG and Card Guard Scientific Survival Ltd, and led it to IPO before stepping down as chairman and CEO in 2014.

He extended a US\$3 million loan to G Medical in May 2018, expressing continued confidence in its efforts in October 2018 by increasing the unsecured loan's value to US\$10 million.

READ: G Medical Innovations a leading gainer on news of proposed Hong Kong listing of Chinese subsidiary

The medical technologies professional of 28 years and former chief mechanical engineer for a Vishay Intertechnology USA business in Israel believes in G Medical's product offerings.

Geva told Stocktube's New York studio: "The products that we are developing (are) really what we need and (are) not gadgets.

"The Prisma, the jacket that we have for the smartphones, is direct-to-consumer, can be sold online or through distributors and sell-along companies (such as prospective sellers) AT&T (Inc.), Horizon (Telcom, Inc.).

"The medical side of (the company's offering), the patch, is a reimbursed

product where the insurance companies, including Medicare, would pay for."

Both products are offerings that target the mobile health (mHealth) market which is growing rapidly from the US\$19.9 billion size it was globally in 2016.

Research portal Statistica estimated last year the mHealth market would almost triple in size to US\$58.8 million by 2020.

Corporate leader Geva's additional funding extended at arm's length at competitive terms was announced last month and came as the company progressed its capital markets expansion plan.

Besides the proposed NASDAQ list, the company is hoping to list its Chinese subsidiary, Guangzhou Yimei Innovative Medical Science and Technology Co. Ltd (GYIMSTC Ltd), on the main board of The Stock Exchange of Hong Kong Limited.

G Medical estimated in August 2018 the subsidiary's initial market capitalisation would be at least HK\$1.5 million (A\$265,305.17, US\$191,498.70), with funds raised expected to assist with working capital and help build manufacturing facilities for the mobile health solutions business.

First revenues

G Medical generated first revenues of US\$1 million in Australia's 2017-18 financial year which ended on June 30, 2018.

The company reduced its net loss by US\$13.2 million, or 80.9%, to US\$8.5 million in the fiscal year.

G Medical ended June 2018 with US\$3.2 million cash, increasing its holdings by \$200,000 to \$3.4 million by September 30, 2018.

Telerhythmics' US\$1 million-plus quarterly revenue base is expected to further boost its parent company's revenue in the 2018-19 financial year.

GM Medical has US FDA approval for a suite of medical technologies and plans to sell its products into the US, Chinese, Japanese and European markets.

— With Christine Corrado

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