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G Medical Innovations Holdings Ltd. (GMVD - \$0.39 - Buy)

Next-Generation Clinical Decision Support Systems | Initiate Buy | PT \$4

Key Points

Healthcare Providers IoT Endpoint Market. IoT spending by healthcare providers will grow from \$25 billion in 2020 to \$63 billion in 2030 at a compound annual growth rate of 10%. Chronic condition management will have the largest revenue growth of \$23 billion. GMVD product and service portfolio are positioned at the demand sweet spot.

Remote Monitoring for Chronic Conditions. To manage chronic conditions from home, global remote monitoring for chronic conditions will grow from one in 48 people with a clinical device to one in 16 with a device in 2030. GMVD strategy squarely addresses these healthcare trends.

Market Impact. To keep noncritical patients away from the ER and reduce avoidable, expensive hospital admissions, remote monitoring for chronic conditions, which account for more than 75% of all healthcare spending, will grow from \$17 billion to over \$40 billion by 2030. GMVD products and services are purpose-built to match demand trends.

IoT Adoption Matures. As chronic diseases account for more than 75% of all healthcare spending, IoT-enabled remote patient monitoring offers the potential to deliver care in the community by eventually offering hospital-grade monitoring at home. Four chronic disease segments (diabetes, cardiac, hypertension, and respiratory conditions) comprise the bulk of chronic disease spending. These are the focus subsegments for GMVD.

Digital Care Delivery. Advanced analytics, AI, and virtual care are themes underlying GMVD products and services. GMVD technologies streamline and transform clinical workflows while reducing unwarranted variations in care delivery and decision-making.

Medicine and Technology become Integrated. GMVD product line consists of Prizma medical device, a clinical-grade device that can transform a smartphone into a medical monitoring device, enabling healthcare providers and individuals to monitor, manage and share a wide range of vital signs and biometric indicators. GMVD is also developing a Wireless VSMS that provides full, continuous, and real-time monitoring of vital signs and biometrics.

Reimbursement Approval. GMVD devices and monitoring services have gained CPT code reimbursement approval at more than 150 leading healthcare insurance providers in the U.S. **Existing regulatory approvals:** GMVD has the CE mark for Prizma device and Extended Holter Patch System, U.S. FDA clearance for Prizma device, and OTC authorization for Prizma device and Extended Holter Patch System based on EUA policy.

Business Model. G Medical's business model includes a one-time payment from the clinic for the sale of the Prizma, G-Patch, or Spider device. In a revenue share model with the physician, the Company receives a monthly fee per patient use from the clinic.

At-home Testing Kits. The Company decided to develop comprehensive home testing solutions to expand patient services and as part of its vision to move towards a home-based healthcare system. **U.S. Consumer Market.** GMVD signed with Ideology 360, the firm that the Company is working with to penetrate the U.S. consumer market.

Summary

GMVD Prizma, Spider, and G-patch family of products measure important data points like ECG, blood pressure, oxygen saturation, blood glucose level, heart rate, and body temp stress. GMVD owns and operates two HIPPA-compliant call centers with 24/7 call center service and remote cardiac monitoring. As medicine and technology become integrated, GMVD is well-positioned to capture market share and grow. GMVD burn rate has improved from \$1.5 million monthly in calendar 2022, to an estimated current burn of \$250K-\$300K monthly.

Rating, Price and Target

Symbol	GMVD
Rating	Buy
Price	\$0.39
Price Target	\$4.00

Market Data

Market Cap (M)	\$3.6
Shares Outstanding (M)	9.5
Average Daily Volume (000s)	246.0
Float (M)	7.5
Total Debt (M)	\$5.7
Net Cash/Debt (\$M)	\$(1.7)
Dividend	NM

General: We estimate the current cash position at \$4 million. Net proceeds were approximately \$8.5 million from the sale of 5,470,000 Ordinary Shares and 6,530,000 Pre-Funded Warrants offered in April 2023.

FYE Dec	2022A	2023E	2024E
EPS ¹	(18.76)	(0.35)	0.03
Revenue (M) (\$)	4.4	13.2	34.5

¹The number of shares currently is 9,457,263. Less the trustee shares of 5,699, the traded amount is 9,451,564 shares.

Company Description

G Medical Innovations is a healthcare company developing next generation mHealth and telemedicine solutions and monitoring service platforms, especially for cardiovascular disease, pulmonary disease, and diabetes. The Prizma medical device is a clinical-grade device that can transform smartphone into a medical monitoring device. The Extended Holter and Monitoring Cardiac Telemetry Patch services, utilizes patient-worn biosensors with algorithms for real time analysis and transmission. The company is also developing its Wireless Vital Signs Monitoring System, that provides real-time monitoring of a wide range of vital signs and biometrics. The company recently expanded its business activities into at-home laboratory testing kits. The company's pipeline includes development of kits for drug detection, heavy metal and toxicology.

Please see analyst certification and important disclosures on page 13 of this report.

Next-Generation Clinical Decision Support Systems

Overview

G Medical Innovations is a mHealth and digital health company that develops and markets clinical and consumer medical-grade health monitoring solutions and offers end-to-end support for remote monitoring and telemedicine projects. G Medical is at the forefront of the digital health revolution in developing the next generation of mobile technologies and services designed to empower consumers, patients, and providers to better monitor, manage and improve clinical and personal health outcomes, especially for CVD, pulmonary disease, and diabetes. The business and revenue stream is segmented into monitoring services and home collection kits for lab testing.

Figure 1. G Medical Innovations Holdings Ltd. - Overview

- GMVD develops and markets **clinical and consumer medical-grade remote monitoring systems** focused on chronic diseases as well as develop and market **at-home testing kits** which will be delivered to and processed by its CLIA certified lab, once operational, in Q2 2023.
 - GMVD utilizes sophisticated *Deep Neural Networks based on AI-backed ECG software* which is used as a powerful secondary analysis tool.
 - GMVD has developed *At-Home Testing Kits* to collect samples of blood, saliva, stool, and urine to be used to detect a multitude of common and less common disorders. Sales of the at-home testing kits will begin during Q3 2023.
- GMVD is at the forefront of the digital health and at-home testing revolution meant to empower consumers, patients and health care providers to better monitor, manage and improve clinical health outcomes.
- GMVD focuses on chronic diseases such as cardiovascular disease, pulmonary disease, diabetes and obesity.
- GMVD has recorded **\$21 million in revenue** from sales of devices & monitoring services in the last 4 and a half years.
- **7 granted patents** covering key aspects of its devices.

Sources: Company Reports

Takeaways

Summary

As medicine and technology become integrated, G Medical is well positioned to capture market share and grow in this business area.

Demand drivers for G Medical Telehealth and Monitoring Solutions include: The need to reduce labor spend and staffing shortages through automation; Persistent healthcare industry focus on patient safety and risk management requirements; Advancements in AI, IoT, gesture analysis, facial recognition, casualty and predictive analytics; Increased interest in and acceptance of virtual care delivery options.

We estimate that the company's burn rate has improved from \$1.5 million monthly in calendar 2022, to an estimated current burn of \$250K-\$300K monthly. We estimate the company's current cash position at \$4 million.

Figure 2. G Medical Innovations Holdings Ltd. - Consolidated Balance Sheet

	As of	
	June 30, 2022	
	Actual	As Adjusted ¹
<i>(In thousands, except per share data)</i>		
Cash and cash equivalents	\$ 1,509	\$ 9,416
Total assets	10,278	18,185
Long term debt	905	905
Accumulated deficit	103,655	103,713
Total shareholders' equity (deficit)	(1,240)	7,359

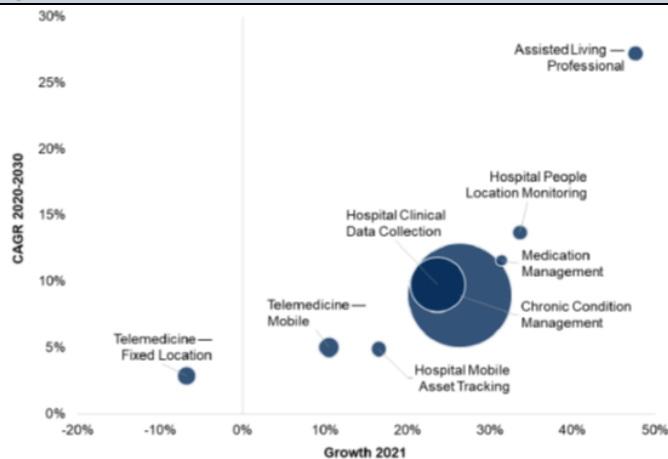
As adjusted gives effect to April 2023 offering of 5.5 million Ordinary Shares at \$0.80 per Ordinary Share and 6.6 million Pre-Funded Warrants at \$0.79 per Pre-Funded Warrant

Sources: Company Reports

Healthcare Providers IoT Endpoint Market

IoT spending by healthcare providers will grow from \$25 billion in 2020 to \$63 billion in 2030 at a compound annual growth rate of 10%¹. Chronic condition management will have the largest revenue growth of \$23 billion. G Medical products and service portfolio is targeted at the demand sweet spot of the market.

Figure 3. Healthcare IoT Endpoint Electronics and Communications Revenue by Use Case, Worldwide



Sources: Gartner 2021

Remote Monitoring for Chronic Conditions

To manage chronic conditions from home, global remote monitoring for chronic conditions will grow from one in 48 people with a clinical device to one in 16 with a device in 2030. To save staff time, clinical monitoring will grow from one device per global hospital bed in 2020 to four devices in 2030. U.S. care homes will optimize scarce resources by increasing healthcare monitoring devices used around the premises from two devices per resident to 17 devices per resident between 2020 and 2030. G Medical's strategy squarely addresses these healthcare trends.

Market Impact

To keep noncritical patients away from the ER and reduce avoidable, expensive hospital admissions, remote monitoring for chronic conditions, which account for more than 75% of all healthcare spending, will grow from \$17 billion to over \$40 billion by 2030.

The need for automated monitoring in the hospital, which augments clinical staff capabilities, will cause the annual shipments of clinical data collection devices to more than double between 2020 and 2030.

Spending on assisted-living devices in the U.S. will grow from \$0.2 billion in 2020 to \$2.0 billion in 2030 to increase staff's ability to monitor care home residents.

G Medical products and services are purpose-built to match demand trends.

Figure 4. Healthcare IoT Endpoint Electronics and Communications Revenue, 2020-2030 (\$B)

Use Case (\$ B)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	CAGR '20-'30
Ambulance Management	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.05	5%
Assisted Living Professional	0.4	0.6	0.9	1.2	1.5	1.9	2.3	2.8	3.4	4.0	4.7	27%
Chronic Condition Management	17.2	21.8	25.7	28.7	30.3	31.7	33.6	35.6	37.6	39.2	40.6	9%
Healthcare Automated Assistance	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	9%
Hospital Clinical Data Collection	4.9	6.1	6.9	7.3	7.8	8.3	9.1	10.0	10.9	11.7	12.5	10%
Hospital Hygiene Monitoring	-	-	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	33%
Hospital Mobile Asset Tracking	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	5%
Hospital People Location Monitoring	0.4	0.6	0.7	0.8	0.9	1.1	1.2	1.3	1.4	1.4	1.5	14%
Medication Management	0.3	0.3	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	12%
Telemedicine Fixed Location	0.6	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.8	0.8	0.8	3%
Telemedicine Mobile	0.7	0.8	0.9	0.9	1.0	1.1	1.1	1.1	1.1	1.2	1.2	5%
Total	25.1	31.4	36.7	40.6	43.5	46.3	49.6	53.2	56.9	60.2	63.2	10%

Sources: Gartner 2021

¹ Sources: Gartner 2021

IoT Adoption Matures

As IoT adoption matures, healthcare organizations’ focus is shifting from internal initiatives that improve efficiency within primary care establishments to external initiatives that directly impact patients’ interactions with their healthcare provider.

The main area of external initiative investment is remote patient monitoring to manage chronic conditions, which is the largest area of investment in IoT throughout the forecast period. As chronic diseases account for more than 75% of all healthcare spending, IoT-enabled remote patient monitoring offers the potential to deliver care in the community by eventually offering hospital-grade monitoring at home. Four chronic disease segments (diabetes, cardiac, hypertension, and respiratory conditions) comprise the bulk of chronic disease spending and are immediate candidates for adopting IoT. These are the focus subsegments for G Medical.

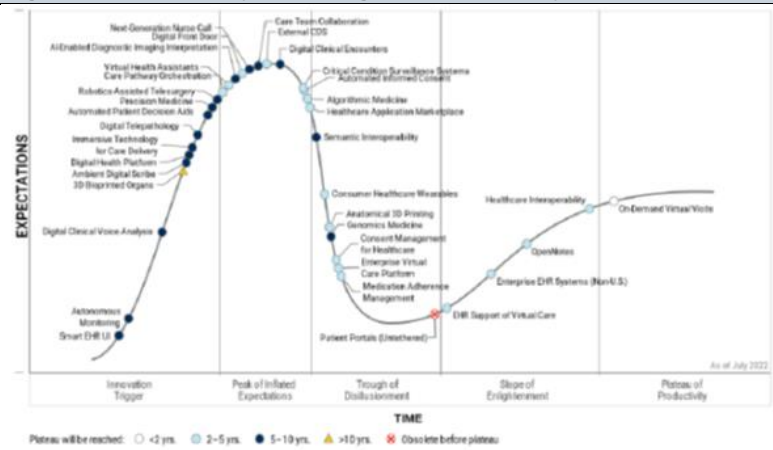
Clinicians monitoring patients with chronic conditions at home and caring for them virtually comprise the largest segment. The chronic condition management segment is forecast to account for over 60% of healthcare IoT electronics revenue through 2030. This is driven by the increasing number of people suffering from chronic diseases, in-home monitoring becoming increasingly cost-effective due to economies of scale, higher acceptance levels, and better sensor accuracy.

Digital Care Delivery

Healthcare providers are adjusting strategy and operations in response to business drivers such as cost optimization, increased consumer expectations, clinical staff shortages, and new funding models. For many, the transformation of clinical care is at the heart of a new strategic plan enabling a shift from traditional care venues, clinical service providers, and business models. This shift comes as new market entrants, like G Medical, offer a range of digital-first direct-to-consumer health and wellness services.

Advanced analytics, AI, and virtual care are themes underlying G Medical’s products and services. The company’s technologies streamline and transform clinical workflows while reducing unwarranted variations in care delivery and decision-making.

Figure 5. Business Cycle for Digital Care Delivery



Sources: Gartner 2022

Healthcare Market is Tightly Regulated

The healthcare market is tightly regulated, and new solutions must pass stringent approval processes that can slow adoption. However, a market strategy that has regulatory approval, compliance, clinical proof, and scalability at its core can drive rapid take-up. As digital and out-of-hospital care grows, health systems are increasingly connecting more medical devices. Therefore, remote monitoring solutions must be built from the start with compliance and security capabilities alongside clinical capabilities.

G Medical product lines consist of Prizma device, the G-Patch for extended holter, the Spider for MCT, and the new Patch. The company is also developing a VSMS.

In August 2017, the company received 510(k) clearance (under prescription) for Prizma device from the U.S. FDA, and in September 2017 received CE mark. In April 2020, the U.S. FDA granted OTC authorization based on an EUA policy (which remained in force until May 11, 2023) during which time the company was allowed to sell the Prizma device directly to consumers without a physician’s prescription.

In November 2017, the Company received the CE mark for its Extended Holter Patch System. In May 2020, the U.S. FDA approved under EUA the use of the Patch to detect QT prolongation syndrome in a hospital setting for remote monitoring of the QT interval prolongation of an ECG.

G Medical Telehealth Devices and Monitoring Solutions

The company’s Mobile Cardiac Telemetry monitors utilize Deep Neural Network based AI backend electrocardiogram processing software, which is used as a secondary analysis tool. G Medical has two U.S. Centers for Medicare & Medicaid Services approved independent diagnostic testing facilities, staffed with experienced clinicians and billing teams, nationwide insurance contracts, and diagnostic monitoring tools, including the G-Patch devices for extended holter, the Spider device for mobile cardiac telemetry, and the Prizma device for remote patient monitoring.

Figure 6. G Medical Telehealth Devices and Monitoring Solutions

- Devices share data between patients and doctors
- AI based algorithms for real-time alerts
- FDA cleared
- Patented technologies
- Reimbursed by insurers
- Scalable manufacturing
- Medicare-Certified independent diagnostic testing facilities
- Continuous Monitoring Online and Call Center
- Experienced Clinicians On-call

Sources: Company Reports

Medicine and Technology become Integrated

The company’s product line consists of Prizma medical device, a clinical-grade device that can transform a smartphone into a medical monitoring device, enabling healthcare providers and individuals to monitor, manage and share a wide range of vital signs and biometric indicators. The company is also developing a Wireless Vital Signs Monitoring System that provides full, continuous, and real-time monitoring of a wide range of vital signs and biometrics. The services include IDTF and private monitoring.

Figure 7. Telehealth Landscape

GMVD is a one-stop shop multifunctional platform of devices and monitoring services to enable the highest data monetization across the entire tele-health ecosystem

Service	G MEDICAL	BioTelemetry	ALIVECOR	IRHYTHM	biotres	HeartBeam (Not Approved by the FDA)
Real Time Abnormal ECG Detection	✓	✓				
Remote Call Center Monitoring	✓	✓		✓	✓	
Long Term Care	✓		✓			✓
High Risk Patient Monitoring	✓	✓		✓		
Vital Signs Monitoring	✓					

Sources: Company Reports

Reimbursement Approval

G Medical devices and monitoring services have gained CPT code reimbursement approval at more than 150 leading healthcare insurance providers in the U.S.

Figure 8. Telehealth Reimbursement Approval

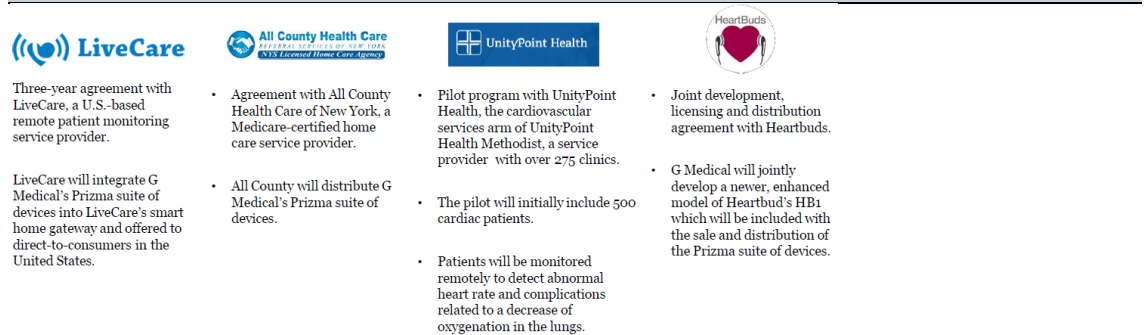
GMVD Devices Have Gained CPT Code Reimbursement Approval at more than 150 of the Leading HealthCare Insurance Providers

Sources: Company Reports

Business Model

G Medical's business model includes a one-time payment from the clinic for the sale of the Prisma, G-Patch, or Spider device. In a revenue share model with the physician, the company receives a monthly fee per patient use that the clinic also pays.

Figure 9. Penetration in the U.S. Healthcare System



Sources: Company Reports

At-Home Testing Kit Market

The company made a strategic decision to develop comprehensive home testing solutions to expand patient services and as part of its vision to move towards a home-based healthcare system. The company's wholly-owned subsidiary, G Medical Health and Wellness has developed different at-home tests to collect samples of blood, saliva, stool, urine, or a vaginal swab. Once purchased, the user can collect the sample in privacy and send the sample to the company's certified lab for analysis. The company has developed five families of tests, 31 in total, which mainly test for viruses related to sexual diseases and inflammation. The prices for the at-home testing kits will range from \$49 to \$259.

Figure 10. At-Home Testing Kit Market

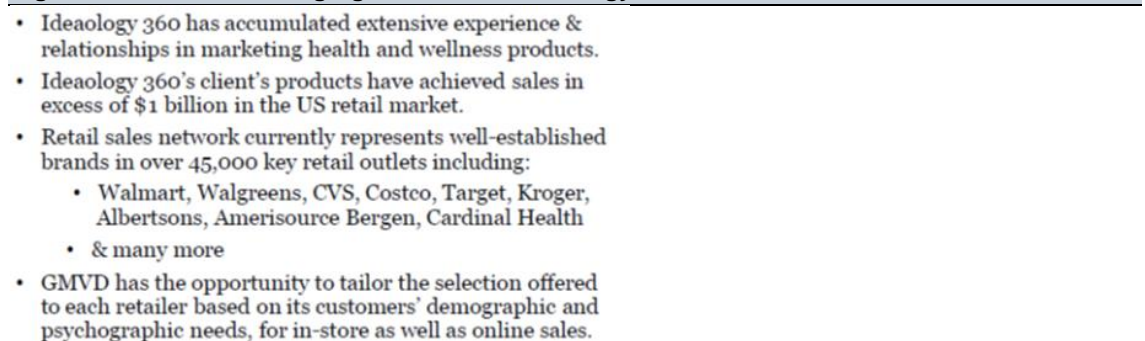


Sources: Company Reports

U.S. Consumer Market

G Medical signed with Ideology 360, the firm that the company is working with to penetrate the U.S. consumer market. Ideology 360 has 20 years of experience and a track record with similar solutions, with retail outlets including CVS, Walgreens, Target, and Cardinal Health.

Figure 11. Sales Consulting Agreement with Ideology 360



Sources: Company Reports

Financial Metrics

For the year ended December 31, 2022, G Medical reported revenues of \$4.4 million and gross profit of \$784K.

We estimate that the company's burn rate has improved from \$1.5 million monthly in calendar 2022, to an estimated current burn of \$250K-\$300K monthly. We estimate the company's current cash position at \$4 million.

Figure 12. G Medical Innovations Holdings Ltd.- Operational Overview

	Year Ended	
	December 31,	
	2022	2021
<i>(In thousands, except per share data)</i>		
Revenues		
Services	\$ 4,404	\$ 4,911
Products	16	50
Total revenues	4,420	4,961
Cost of revenues		
Cost of services	3,523	3,386
Cost of sales of products	113	66
Total cost of revenues	3,636	3,452
Gross profit	784	1,509

Sources: Company Reports

Summary

G Medical's Prisma, Spider, and G-patch family of products measure important data points like ECG, blood pressure, oxygen saturation, blood glucose level, heart rate, and body temp stress. The Company owns and operates two HIPPA-compliant call centers in Memphis, Tennessee, and Austin, Texas, with 24/7 call center service and remote cardiac monitoring. Patients can create their medical information reports and share these reports remotely or when visiting their physicians.

Existing regulatory approvals: The company has the CE mark for Prizma device and Extended Holter Patch System, U.S. FDA clearance for Prizma device, and OTC authorization for Prizma device and Extended Holter Patch System based on a EUA policy (QT prolongation syndrome in hospitals).

The home testing solutions are an expansion of patient services and part of the move towards a home-based health care system. In June 2022, the Company entered into a wholesale sales consulting agreement with Ideology 360 to assist in developing and implementing a strategic plan for online and retail sales of at-home test kits.

As medicine and technology become integrated, G Medical is well positioned to capture market share and grow in this business area.

Figure 13. Investment Summary

- FDA cleared tele-health devices with CPT code reimbursement approval at more than 150 leading health insurance providers in the US.
- CMS approved independent diagnostic testing facilities.
- Commercial agreements in place for the marketing, sale and distribution of our *Prizma* suite of devices.
- \$21 million in revenue from sales of our devices & monitoring services in the last 4 and a half years.
- 7 granted patents covering key aspects of our devices.
- 31 at-home testing kits expected to be available in Q3 2023 online and in US retail stores.

Sources: Company Reports

Valuation

Our 12-month price target is \$4, based on 1x fiscal 2024 forecast sales per share estimate. This valuation multiple is within the peer group's valuation range (Figure 18), with higher growth prospects and profitability.

We forecast revenues to grow from \$4.4 million in fiscal 2022 to \$34.5 million in fiscal 2024. Over the same period, we expect operating income to improve from (\$22.0) million to \$250K. We estimate the cash burn to improve from \$1.5 million monthly in calendar 2022 to the current estimated burn of \$250K-\$300K monthly.

The number of shares currently is 9,457,263. Less the trustee shares of 5,699, the traded amount is 9,451,564 shares.

Risks include Nasdaq notice of delisting received on February 16, 2023. The Prizma device and Extended Holter Patch System are expected to be manufactured by a third party in China, which has all the applicable regulatory approvals. However, the Company currently uses a contract manufacturer in Israel to meet its manufacturing requirements. Manufacturers in Israel are generally more expensive than in China.

Competitive Advantages

The monitoring services industry is competitive and characterized by rapidly advancing technologies emphasizing proprietary products and software.

Competitive success will depend upon constant investments in innovative, pioneering technological solutions. The Company has strong R&D capabilities, and the management team is led by individuals with over 25 years of experience developing mobile-embedded medical sensors and software.

The primary U.S. competitors in arrhythmia monitoring services include iRhythm Technologies and Philips Healthcare. Other competitors that sell standard Holter monitors and analysis systems include GE Healthcare, Mortara Instrument, and Hill-Rom Holdings.

Competitors in the mHealth space include AliveCor, Qardia, and Tytocare. In the mHealth space, G Medical may compete directly or indirectly with Teledoc Health, DarioHealth, and Itamar Medical.

Financial Results

Results of Operations - Year Ended December 31, 2022

Revenues and Cost of Revenues

Total revenue consists of services and sale of products, and cost of revenues consists of cost of services and cost of products. Most of the business activity is in the U.S. Most of the revenues are from services and Current Procedural Terminology (CPT) reimbursements from medical call centers (IDTF). Revenues include cardiac monitoring services, Extended Holters, and Holters services.

Operating Expenses

Operating expenses consist of R&D expenses and SG&A expenses.

Revenue and Cost of Revenue

Total revenues for the year ended December 31, 2022 were \$4.4 million, primarily services (99% of revenues). This compares to \$4.9 million for the year ended December 31, 2021.

The cost of revenues for the year ended December 31, 2022, was \$3.6 million, which consists primarily of cost of services (96% of cost of revenues). This compares to \$3.5 million for the year ended December 31, 2021. The increase of cost of revenues was mainly from payroll and related expenses.

Figure 14. G Medical Innovations Holdings Ltd. – Operational Results

	Years Ended	
	January 31,	
	2022	2021
<i>(In thousands, except per share data)</i>		
Revenues		
Services	\$ 4,404	\$ 4,911
Products	16	50
Total revenues	4,420	4,961
Cost of revenues		
Cost of services	3,523	3,386
Cost of sales of products	113	66
Total cost of revenues	3,636	3,452
Gross profit	784	1,509
Operating loss	22,113	10,968
Total loss	25,066	14,888

Sources: Company Reports and ThinkEquity Estimates

Operating Expenses

The R&D expenses for the year ended December 31, 2022, were \$2.3 million compared to \$1.7 million for the year ended December 31, 2021. The increase was primarily attributable to an increase in subcontractors' and payroll-related expenses.

The SG&A expenses for the year ended December 31, 2022, were \$20.6 million compared to \$10.8 million for the year ended December 31, 2021. The increase was primarily from share-based compensation expenses and payroll-related expenses.

Operating loss

Operating loss for the year ended December 31, 2022 was \$22.1 million compared to an operating loss of \$10.9 million for the year ended December 31, 2021. The increase reflects the increase in SG&A and R&D expenses.

Financial Expense and Income

Unrealized gains on equity securities for the three months ended January 31, 2023, were \$1.9 million compared to \$0 for the prior year period.

Financial expense and income consist of interest, bank fees, and revaluation of the derivative liability.

The company reported net financial income for the year ended December 31, 2022, of \$8.2 million compared to net financial expenses of \$3.6 million for the year ended December 31, 2021.

Loss from Continuing Operations

The total loss from continuing operations for the year ended December 31, 2022, was \$13.9 million compared to \$14.6 million for the year ended December 31, 2021.

Liquidity and Capital Resources

As of December 31, 2022, the company had \$295K in cash and cash equivalents.

The company estimates net proceeds of approximately \$8.7 million from the sale of 5,470,000 Ordinary Shares and 6,530,000 Pre-Funded Warrants offered in April 2023. Ordinary Shares 7,441,564 outstanding after this offering.

Figure 15. G Medical Innovations Holdings Ltd. – Balance Sheet Summary

	December 31, 2022	December 31, 2021
<i>(In thousands, except per share data)</i>		
Cash and cash equivalents	\$ 295	\$ 6,034
Trade receivables, net	593	507
Total current assets	1,993	8,551
Property, plant and equipment, net	2,647	1,753
Total assets	4,852	10,517
Trade payables	4,655	2,332
Total current liabilities	9,113	8,281
Total liabilities	9,396	13,329
Accumulated deficit	(115,263)	(90,634)
Total shareholders' deficit	(4,571)	(2,812)
Working capital	(7,120)	270

Sources: Company Reports and ThinkEquity Estimates

Cash Flows

Net cash used in operating activities was \$18.5 million during the year ended December 31, 2022, compared to net cash used in operating activities of \$11.5 million during the year ended December 31, 2021.

Net cash used in investing activities was \$2.1 million during the year ended December 31, 2022, compared to net cash used in investing activities of \$17K during the year ended December 31, 2021.

Net cash provided by financing activities was \$14.9 million for the year ended December 31, 2022, compared to net cash provided by financing activities of \$17.3 million for the year ended December 31, 2021.

Figure 16. G Medical Innovations Holdings Ltd. – Cash Flow Summary

	Year Ended	
	December 31,	
	2022	2021
<i>(In thousands, except per share data)</i>		
Net cash used in operating activities	\$ (18,479)	\$ (11,494)
Net cash provided by (used in) investing activities	(2,123)	(17)
Net cash provided by financing activities	14,863	17,267
Cash and cash equivalents, end of period	295	6,034

Sources: Company Reports and ThinkEquity Estimates

Risks

The company faces risks, which include, but are not limited to the following:

G Medical has a limited operating history on which to assess the prospects for the business. The Company has generated little revenue from sales of its products and has incurred losses since inception.

G Medical is likely to need to raise additional funding before it can expect to become profitable from sales of its products and services.

G Medical may fail in completing the development and commercialization of its products and services and generating significant revenues.

The expansion of home testing kit business presents challenges to the company's ability to manage its business.

The company's success depends upon market acceptance of its products and services.

The company will depend upon its customer acquisition strategy and integrating acquired companies and technology.

G Medical stopped operations in its COVID-19 testing-related business. This has led to the write-off of inventory and fixed assets in fiscal year 2022.

G Medical may be unable to compete effectively in its industry.

Revenue will be impacted if third-party payors do not provide adequate coverage and reimbursement for using the company's products and services.

The company may be unable to obtain the necessary clearances or approvals from the U.S. FDA.

The monitoring centers are subject to rules and regulations governing Independent Diagnostic Testing Facility and state licensure requirements. Failure to comply with these rules could prevent the Company from receiving reimbursement from Medicare and commercial payors.

G Medical is a Cayman Islands exempted company with limited liability.

The company's principal manufacturing facility is located in China, and G Medical plans to operate in the Chinese market. However, the company currently uses a contract manufacturer in Israel to meet its manufacturing requirements. Manufacturers in Israel are generally more expensive than in China.

Nasdaq Notice of Delisting. On February 16, 2023, the company received a letter that Nasdaq had determined to delist its Ordinary Shares and tradeable warrants from Nasdaq based on non-compliance with the minimum \$2.5 million stockholders' equity requirement and providing a submission of information that contained material misrepresentations in relation to extraordinary general meeting of shareholders, which was adjourned on February 9, 2023 and ultimately held and concluded on February 16, 2023.

For additional risk considerations, please refer to the company's SEC filings.

Figure 17. G Medical Innovations Holdings Ltd. - Income Statement, FY2020-2024E*(In thousands, except per share amounts. Fiscal year December 31)*

	FY2020	FY2021	FY2022	FY2023E	FY2024E
Revenue:					
Products Prizma	\$ 41	\$ 50	\$ 16	\$ 1,341	\$ 3,000
Products Test Kits	-	-	-	499	1,500
Services	4,859	4,911	4,404	11,343	30,000
Total revenue	4,900	4,961	4,420	13,183	34,500
Total cost of revenue	4,233	3,452	3,636	7,168	17,250
Gross profit (loss)	667	1,509	784	6,014	17,250
	14%	30%	18%	46%	50%
Operating expenses:					
Research and development expense	1,315	1,680	2,292	1,634	1,000
Selling, general and administrative expenses	11,652	10,797	20,605	11,910	16,000
Total costs and expenses	12,967	12,477	22,897	13,544	17,000
Operating income (loss)	(12,300)	(10,968)	(22,113)	(7,530)	250
Other income:					
Financial income	344	870	17,546	1,523	500
Financial expense	750	4,492	9,375	82	100
Financial income (expense), net	(406)	(3,622)	8,171	1,441	400
Loss before taxes	(12,706)	(14,590)	(13,942)	(6,089)	650
Income tax expense (benefit)	(18)	(3)	16	23	50
Loss from continuing operations	(12,688)	(14,587)	(13,958)	(6,112)	600
Loss from discontinued operations	-	(301)	(11,108)	-	-
Total loss	(12,688)	(14,888)	(25,066)	(6,112)	600
Loss attributed to:					
Non-controlling interests	152	130	437	107	(10)
G Medical Innovations Holdings Ltd. shareholders'	12,536	14,457	13,521	3,297	(324)
Loss from discontinued operations	-	301	11,108	2,708	(266)
G Medical Innovations Holdings Ltd. shareholders'	12,688	14,888	25,066	6,112	(600)
Diluted loss per share from continuing operations	\$ (59.67)	\$ (44.57)	\$ (18.76)	\$ (0.35)	\$ 0.03
Diluted loss per share from discontinued operations	-	(0.92)	(15.41)	(0.29)	0.03
	(59.67)	(45.49)	(34.17)	(0.64)	0.06
Weighted average number of common share outstanding	210,070*	324,452*	720,854	9,500,000	10,000,000

*On November 15, 2022, the Company's shareholders approved a 35-for-1 consolidation (a reverse stock split of 35:1) of the Company's ordinary shares

**Ordinary shares outstanding 7,441,564 after the 5,470,000 ordinary share offering in April 2023

The number of shares currently is 9,457,263. Less the trustee shares of 5,699, the traded amount is 9,451,564 shares.

Sources: Company Reports and ThinkEquity Estimates

Figure 18. G Medical Innovations Holdings Ltd. —Valuation Comparable, Prices as of 6/15/2023

(Amounts listed in USD. Numbers in millions, except per share data)

Company	Stock Price ⁽¹⁾	Market Value of Equity	Enterprise Value ⁽²⁾	Enterprise Value as a Multiple of:						Price as a Multiple of:		Projected EPS Growth	PEG Ratio		
				Sales			EBITDA			EBIT				CY+1 EPS	CY+2 EPS
				LTM	CY+1	CY+2	LTM	CY+1	CY+2	LTM					
DarioHealth Corp.	4.10	108.1	91.4	3.43x	2.92x	1.92x	NM	NM	NM	NM	NM	NM	0.0%	NM	
Koninklijke Philips N.V.	20.37 ⁽³⁾	18,754.3	26,458.0	1.34	1.32	1.26	82.0	9.2	7.8	NM	17.1	12.9	33.7%	0.4	
iRhythm Technologies, Inc.	103.72	3,160.4	3,115.1	7.24	6.44	5.38	NM	NM	100.1	NM	NM	NM	18.0%	NM	
American Well Corporation	2.34	657.2	183.1	0.66	0.66	0.59	NM	NM	NM	NM	NM	NM	0.0%	NM	
General Electric Company	105.41	114,787.3	118,050.3	1.51	1.87	1.74	13.6	16.6	12.0	19.9	51.5	26.0	10.0%	2.6	
Teladoc Health, Inc.	25.20	4,124.5	4,840.2	1.96	1.85	1.71	NM	16.1	14.2	NM	NM	NM	0.0%	NM	
Accolade, Inc.	13.81	1,016.9	1,013.2	2.79	2.65	2.17	NM	NM	91.9	NM	NM	NM	0.0%	NM	
Veradigm Inc.	11.55	1,262.0	988.2	0.65	1.61	1.54	8.6	5.9	5.5	13.7	14.5	14.2	(12.2%)	NM	
Veeva Systems Inc.	201.32	32,256.3	28,699.6	13.19	12.12	10.18	67.9	34.4	27.2	73.0	44.0	37.0	20.9%	1.8	
Biotricity, Inc.	0.70	38.0	55.4	6.13	4.36	NM	NM	NM	NM	NM	NM	NM	0.0%	NM	

High	13.19x	12.12x	10.18x	82.0x	34.4x	100.1x	73.0x	51.5x	37.0x	33.7%	2.6x
Average	3.89	3.58	2.94	43.0	16.4	37.0	35.5	31.8	22.5	7.0%	1.6
Median	2.37	2.26	1.74	40.8	16.1	14.2	19.9	30.6	20.1	0.0%	1.8
Low	0.65	0.66	0.59	8.6	5.9	5.5	13.7	14.5	12.9	(12.2%)	0.4

G Medical Innovations Holdings Ltd	0.38	2.8	7.4	1.68x	NM	0.36x	NM	NM	NM	NM	NM	NM	0.0%	NM
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(1) Financial data provided by S&P Capital IQ as of 06/15/2023

(2) Calculated as Market Value of Equity plus total debt, non-controlling interest and preferred stock, less cash & equivalents.

(3) Converted to USD from EUR at an exchange rate of 1.092.

Sources: S&P CapIQ, Google Finance, and ThinkEquity Estimates

Figure 19. G Medical Innovations Holdings Ltd. – 3 Year Price Target and Rating History



Date	Key Development
6/20/2023	G Medical Innovations Holdings Ltd. Initiate Buy. PT \$4

Sources: S&P CapIQ, Google Finance, and ThinkEquity Estimates

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This Equity Ratings Distribution reflects the percentage distribution for rated equity securities for the twelve month period June 30, 2019 through June 30, 2020. Within the twelve month period ended June 30, 2020, ThinkEquity, LLC has provided investment banking services to 54% of companies with equity rated a Buy, 0% of companies with equity rated a Hold and 0% of companies with equity rated a Sell. As of June 30, 2020, ThinkEquity, LLC had twenty-three stocks under coverage: Buy 23 (100%), Hold 0 (0%), Sell 0 (0%).

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All companies under coverage:		All companies under coverage to which it has provided investment banking services in the previous 12 months:	
Buy (1)	100.00%	Buy (1)	72.97%
Hold (2)	0.00%	Hold (2)	0%
Sell (3)	0.00%	Sell (3)	0%