

Quarterly Activity Report and Appendix 4C for Q4 FY2022

26 July 2022

Highlights

- 4DMedical secures a national contract with I-MED, Australia's largest diagnostic imaging network.
 - Substantial progress in the I-MED rollout with the growth from four to seven sites.
 - 4DMedical progresses its clinical pilot at Providence St. Joseph Hospital in Orange, California with first scans successfully delivered.
 - Findings from the COPD clinical trial undertaken at Johns Hopkins were presented at ATS and concluded 4DMedical's XV Technology™ showed significant promise as a tool to phenotype or classify disease.
 - 4DMedical makes two changes to its senior executive team with the appointment of Mr John Livingston as Senior Strategist and Executive Director, and Mr Simon Glover as Chief Financial Officer.
 - 4DMedical is well funded to progress commercialisation opportunities with cash balances of \$51.1 million and zero debt as of 30 June 2022.
 - To watch a presentation on the June quarter highlights by CEO Andreas Fouras, [click here](#).
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Melbourne, Australia, 26 July 2022: Respiratory imaging technology company 4DMedical Limited (ASX:4DX, "4DMedical", or the "Company") today announces its Quarterly Activity Report and Appendix 4C Cash Flow Report for the quarter ended 30 June 2022.

4DMedical expands I-MED relationship with national contract

On 28 June 2022, 4DMedical announced that it had signed a three-year national contract with I-MED Radiology Network (I-MED), Australia's largest outsourced provider of radiology, offering a range of diagnostic services to private and public hospitals through a network of 250 clinics spread across Australia.

The contract expands and formalises an existing commercial arrangement that resulted in the successful rollout of the Company's XV Technology™ across I-MED clinics located in Berwick, Brisbane, Wagga Wagga, Launceston, and Albury. 4DMedical has now delivered XV Lung Ventilation Analysis Software (XV LVAS™) scans to patients at each of these sites with disease indications including long COVID, asthma, Chronic Obstructive Pulmonary Disease (COPD) and silicosis. Since the end of the reporting period, 4DMedical's XV Technology™ has been installed at Traralgon in Victoria and St. Andrews in South Australia.

As 4DMedical expands its offering through a rapidly developing product pipeline, the I-MED collaboration may provide streamlined adoption across Australia without requiring extensive pilot programs for these new products.

In an associated positive development, 4DMedical and I-MED have agreed to establish a Lung Centre of Excellence leveraging 4DMedical's lung imaging technology. Combined with the nationwide agreement now in place, this centre of excellence will enable world-class research and development activities to advance diagnostic imaging throughout Australia.



Johns Hopkins clinical trial results presented at ATS

In mid-May investigators from Johns Hopkins and the University of Miami presented findings from their COPD study at the International Conference of the American Thoracic Society (ATS), which indicated that 4DMedical's XV LVAS™ technology showed significant promise as a tool to phenotype or classify COPD disease. This means that clinicians and investigators now have access to powerful imaging biomarkers that can regionally identify functional pathology. According to the World Health Organisation, COPD is the third leading cause of death worldwide.

Clinical trials remain a fundamental pillar of the Company's commercialisation strategy. In addition to driving awareness of 4DMedical's technologies amongst the medical community. The data from the clinical trials provide evidence for indication-specific use by clinicians. The Company currently has eight clinical trials running at hospitals in the US and Australia, including Cleveland Clinic, Duke, Vanderbilt, and The Alfred.

4DMedical makes key changes to its senior executive team

On 23 May, 4DMedical announced the appointment of experienced Company Director, John Livingston, as Senior Strategist and Executive Director. Mr Livingston has significant commercial experience in relation to business strategy, sales and systems in digital radiology, having previously been the Founder and CEO of Integral Diagnostics (ASX:IDX). He will be responsible for helping to drive sales revenue and will also assist by representing 4DMedical at industry events and in communications with key partners.

In another key hire made during the reporting period, 4DMedical appointed experienced ASX-listed MedTech CFO Simon Glover as its new Chief Financial Officer (CFO), effective 25 July. Mr Glover has significant corporate experience in relation to commercialisation, business strategy and a track record of driving revenue growth. He joins 4DMedical after three years serving SaaS MedTech MedAdvisor Limited (ASX:MDR) in the role of CFO.

Mr Glover is in a unique position to leverage his experience at MedAdvisor, which had global operations across the US, UK, Asia, and Australia. Prior to his time at MedAdvisor, Mr Glover held senior finance leadership roles for Coles Group (ASX:COL), Tabcorp Holdings Limited (ASX:TAH), Jetstar (ASX:QAN) and KPMG.

4DMedical well-funded to progress commercialisation strategy

4DMedical's cash balance as of 30 June 2022 was \$51.1 million. Cash received from operations for the quarter includes receipts of \$3.7 million in government grants and tax incentives and \$0.2 million from customer receipts including both hardware and SaaS revenues.

Operating cash outflows were \$12.0 million, mainly relating to payments for research and development, staff costs, administration, and general operating costs.

Based on the Company's net cash outlay expectations and allowing for an additional \$15.0 million in MRFF funds yet to be received and the existing strong cash balance of \$51.1 million, the Company has a significant cash runway of at least six quarters.



Use of Funds (Listing Rule 4.7C.2)

Uses of Funds	Prospectus dated 6 July 2020		Period ended 30 June 2022	
	Amount (\$'000)	%	Amount (\$'000)	% of total
Marketing through clinical trials and trade shows	\$15,230	30.5%	\$9,083	59.6%
Operating expenditure (inc. governance & working capital)	\$13,035	26.1%	\$19,344	148.4%
Product R&D and platform development	\$12,810	25.6%	\$18,341	143.2%
US sales and distribution (inc. clinical liaison & reimbursement)	\$3,075	6.1%	\$8,642	281.0%
Intellectual property and trademarks	\$1,450	2.9%	\$330	22.8%
Cost of the offer	\$4,400	8.8%	\$4,456	101.3%
Total from proceeds of issue of New Shares	\$50,000		\$60,196	

The expenditure for the 24 months ended 30 June 2022, as set out in the table above, is broadly in accordance with the Use of Funds outlined in the Company's prospectus dated 6 July 2020. The largest deviation relates to the significant underspend in marketing through tradeshow, with every relevant tradeshow in Australia and the USA since the IPO cancelled due to COVID.

Related Party Transactions (Listing Rule 4.7C.3)

Payments to related parties of \$0.3 million included in Item 6 of the attached Appendix 4C Cash Flow Report were for salaries and fees paid to executive and non-executive directors during the quarter ended 30 June 2022.

4DMedical Managing Director and Chief Executive Officer Dr Andreas Fouras said: *"The commercialisation of our unique medical technology continued in earnest over the June 2022 quarter. A key highlight was the very significant contract we signed with I-MED, Australia's largest outsourced provider of radiology. It will see our XV Technology™ rolled out across the country. We anticipate that 4DMedical will generate material additional revenues on the back of this now wider I-MED agreement.*

We were also thrilled to see the release of another package of study results indicating that 4DMedical's XV LVAS™ technology had significant promise as a tool to phenotype or classify COPD disease. Such trials remain a crucial component of our commercialisation strategy, and we are now eagerly awaiting the results of other studies being undertaken at US and Australian hospitals that are now in the wrap-up stage."

–ENDS–

Authorised by the 4DMedical Board of Directors.



Contacts

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About 4DMedical

4DMedical Limited (ASX:4DX) is a global medical technology company that has created a step change in the capacity to accurately and quickly understand lung function of patients with respiratory diseases.

Through its flagship patented XV Technology™, 4DMedical enables physicians to understand regional airflow in the lungs and identify respiratory deficiencies earlier and with greater sensitivity as they breathe. This technology powers 4DMedical's FDA-cleared XV Lung Ventilation Analysis Software (XV LVAS™), which is the first and only modality that can dynamically quantify ventilation throughout the lungs. It additionally exposes the patient to lower levels of radiation relative to other diagnostic methods, a clear advantage when disease progression and therapeutic effectiveness need to be regularly monitored.

XV LVAS™ reports are prepared utilising 4DMedical's Software as a Service delivery model using existing hospital imaging equipment or the company's own revolutionary XV Scanner.

To learn more, please visit: www.4dmedical.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

4DMedical Limited

ABN

31 161 684 831

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	207	430
1.2 Payments for		
(a) research and development	(4,976)	(16,813)
(b) product manufacturing and operating costs	(1)	(810)
(c) advertising and marketing	(934)	(2,538)
(d) leased assets	(308)	(923)
(e) staff costs	(3,019)	(10,681)
(f) administration and corporate costs	(2,901)	(6,543)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	15	93
1.5 Interest and other costs of finance paid	(80)	(179)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (GST inclusive)	3,735	12,643
1.8 Other (provide details if material)	8	51
1.9 Net used in operating activities	(8,254)	(25,270)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(103)	(2,647)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	(265)	(431)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Research and development tax incentive	-	-
2.6	Capitalisation of development costs to intangible assets	-	(423)
2.7	Other (provide details if material)	-	-
2.8	Net cash used in investing activities	(368)	(3,501)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other		
	(a) payment of lease liabilities	(261)	(995)
	(b) net cash paid for settlement of options	-	-
3.10	Net cash used in financing activities	(261)	(995)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	59,998	80,881
4.2	Net cash from/(used in) operating activities (item 1.9 above)	(8,254)	(25,270)
4.3	Net cash used in investing activities (item 2.8 above)	(368)	(3,501)
4.4	Net cash used in financing activities (item 3.10 above)	(261)	(995)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	51,115	51,115

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	51,115	59,998
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	51,115	59,998

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	294
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from operating activities (item 1.9)	(8,254)
8.2	Cash and cash equivalents at quarter end (item 4.6)	51,115
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	51,115
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 July 2022

Authorised by: Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.