

Inaugural clinical SaaS revenue as operations gain momentum

29 April 2022

Highlights

- 4DMedical deployed the world's first dedicated lung scanner, the XV Scanner, integrating the Company's proprietary XV Technology™ software with dedicated hardware
- The XV Scanner is expected to accelerate uptake of the Company's core SaaS product and offer multiple pathways to drive the Company's commercialisation plans
- 4DMedical progressed its clinical pilot at Providence St. Joseph Hospital in California with first scans successfully delivered
- Further expansion of the I-MED commercial rollout, with the radiology group's Brisbane, Wagga Wagga and Albury sites added during the quarter
- Operating cash inflow of \$9.0 million reported, including inaugural clinical SaaS revenue, and the second tranche payment under the MRFF grant
- 4DMedical's cash position remains strong, with cash balances of \$60.0 million as at 31 March, leaving the Company well-funded to progress commercialisation opportunities

Melbourne, Australia, 29 April 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 31 March 2022.

4DMedical's XV Scanner now deployed at the Prince of Wales Hospital in Sydney

In March 2022, 4DMedical announced it had successfully developed and deployed the world's first and only dedicated lung scanner, the XV Scanner, to the Prince of Wales Hospital in Sydney. The XV Scanner integrates 4DMedical's proprietary XV Technology™ software with purpose-built hardware, providing doctors and patients with unprecedented and highly visual insight into respiratory function via automated scans.

The XV Scanner opens the way for accelerated uptake in the Company's core SaaS product by facilitating access to XV Technology™ for more patients, including children and the very unwell (who are unable to be scanned using conventional imaging equipment), while increasing throughput and reducing costs for healthcare providers.

The scanner was unveiled at the Sydney hospital, meeting the key milestones under the Australian Federal Government's Medical Research Future Fund (MRFF) Frontier Stage 2 initiative ahead of schedule. The development of the XV Scanner was funded through MRFF's \$28.9m five-year grant awarded to 4DMedical subsidiary Australian Lung Health Initiative Pty Ltd. Please refer to the following [link](#) to view Federal Health Minister Greg Hunt discussing the XV Scanner.

First commercial revenue from XV LVAS™ software at I-MED clinics

4DMedical's XV LVAS™ software was successfully installed at I-MED Radiology Network (I-MED) clinics in Brisbane, Wagga Wagga and Albury during the quarter. The company received first payments for the delivery of XV LVAS™ scans at these initial I-MED clinics.

The Company continues to work towards installing its XV LVAS™ software in other selected locations across I-MED's nationwide network of clinics over coming months. I-MED is Australia's largest



outsourced provider of radiology, with more than 200 clinics nationwide, offering a range of diagnostic imaging services to private and public hospitals.

Imaging commences at Providence St. Joseph Hospital clinical pilot

Shortly after the end of the quarter, the Company announced the commencement of a key US-based clinical pilot, with first scans successfully occurring at Providence St. Joseph Hospital in Orange, California. Under this clinical pilot, 4DMedical's XV LVAS™ software is being commercially used to assist in screening for multiple respiratory conditions, including Chronic Obstructive Pulmonary Disease (COPD) and long-COVID.

St. Joseph Hospital is one of 52 hospitals within the Providence Health & Services network, the third largest not-for profit health system in the US.

These successful scans at St. Joseph Hospital build on previous and concurrent use of XV Technology™ in clinical trials undertaken at other US sites, including Johns Hopkins Medical Center, Cleveland Clinic, Vanderbilt University Medical Center, Duke University Hospital and the University of Miami.

In addition, 4DMedical continued to make progress towards other commercial pilots in the US during the quarter. The Company has a strong near-term commercialisation pipeline in the US market, particularly within the large and important Veterans Health Administration (VHA) healthcare system.

The VHA healthcare system represents the largest integrated healthcare system in the US, providing life-long care and services to eligible military veterans and their families. The US\$250B p.a. VHA operates 1,255 healthcare facilities, including 170 medical centres and 1,074 outpatient clinics, offering a variety of care plans to over 9 million veterans enrolled in the VA healthcare program. As announced last year, 4DMedical has won the right to paid contracts in the VHA without the need for further reimbursement.

4DMedical's CEO presents to Goldman Sachs Healthcare Conference

During the quarter, CEO Andreas Fouras presented at the Goldman Sachs Healthcare IT Series. Please refer to the following [link](#) to view the investor presentation from the event.

4DMedical well-funded to progress commercialisation strategy

4DMedical's cash balance was \$60.0 million as at 31 March 2022. Cash received from operations for the quarter included receipt of \$8.9 million (including GST) of the MRFF grant and \$0.1 million from customers including I-MED.

MRFF funding received to date total \$14.4 million including GST, of which \$8.9 million including GST was received during the quarter.

Operating cash outflows were \$8.4 million, mostly 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 plus the existing strong cash balance of \$60.0 million, the Company has a significant cash runway of at least seven quarters.



Use of Funds (Listing Rule 4.7C.2)

Uses of Funds	Prospectus dated 6 July 2020		Period ended 31 March 2022	
	Amount (\$'000)	%	Amount (\$'000)	% of total
Marketing through clinical trials and trade shows	\$15,230	30.5%	\$7,085	46.5%
Operating expenditure (inc. governance & working capital)	\$13,035	26.1%	\$17,212	132.0%
Product R&D and platform development	\$12,810	25.6%	\$15,133	118.1%
US sales and distribution (inc. clinical liaison & reimbursement)	\$3,075	6.1%	\$7,195	234.0%
Intellectual property and trademarks	\$1,450	2.9%	\$278	19.2%
Cost of the offer	\$4,400	8.8%	\$4,456	101.3%
Total from proceeds of issue of New Shares	\$50,000		\$51,359	

The expenditure for the 21-month period ended 31 March 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 tradeshows, with every relevant tradeshow in Australia and the US since the IPO through to the end of this reporting period cancelled due to COVID. This table includes expenditures funded by the MRFF grant.

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 was for salaries and fees paid to executive and non-executive directors during the quarter ended 31 March 2022.

–ENDS–

Authorised by the 4DMedical Board of Directors.

Contacts

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About 4DMedical

Based in Melbourne, Australia and Los Angeles, U.S., 4DMedical Limited was founded in 2012 and is listed on the Australian Securities Exchange (ASX:4DX).

4DMedical is a medical technology company focused on delivering the global gold standard in respiratory diagnostics for all lung disorders, including: coronavirus, asthma, chronic obstructive pulmonary disease (COPD), cystic fibrosis and cancer.



The unique and transformative XV Technology™ accurately and quickly scans lung function as the patient breathes, enabling early diagnosis and the monitoring of changes over time.

Our Software-as-a-Service (SaaS) delivered Ventilation Reports provide information and insights far beyond the capabilities of conventional modalities, showing subtle variations in lung function down to the finest details in specific regions of each lung, and with lower exposure to radiation than traditional methods.

Respiratory diagnostics is a US\$31 billion per annum global industry. 4DMedical is disrupting this sector and is committed to providing better information to doctors and patients about lung function.

Better information means better decisions and better outcomes.

Learn more: <https://4DMedical.com>

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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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	74	223
1.2 Payments for		
(a) research and development	(3,782)	(11,837)
(b) product manufacturing and operating costs	(591)	(809)
(c) advertising and marketing	(661)	(1,604)
(d) leased assets	(238)	(615)
(e) staff costs	(2,589)	(7,662)
(f) administration and corporate costs	(496)	(3,642)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	78
1.5 Interest and other costs of finance paid	(61)	(99)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	8,908	8,908
1.8 Other (provide details if material)	32	43
1.9 Net cash from/(used in) operating activities	619	(17,016)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(405)	(2,544)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets	(65)	(166)
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	(470)	(3,133)

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	(344)	(734)
	(b) net cash paid for settlement of options	-	-
3.10	Net cash used in financing activities	(344)	(734)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	60,193	80,881
4.2	Net cash from/(used in) operating activities (item 1.9 above)	619	(17,016)
4.3	Net cash used in investing activities (item 2.8 above)	(470)	(3,133)
4.4	Net cash used in financing activities (item 3.10 above)	(344)	(734)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	59,998	59,998

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	59,998	60,193
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)	59,998	60,193

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	304
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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.	<div style="border: 1px solid black; min-height: 100px; padding: 5px;"> N/A </div>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from operating activities (item 1.9)	619
8.2 Cash and cash equivalents at quarter end (item 4.6)	59,998
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	59,998
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A*
<p><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></p> <p>*When allowing for an additional \$15.0 million in MRFF funds yet to be received, and the existing cash balance of \$60.0 million, the Company has a cash runway of over seven quarters.</p>	
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?	
<div style="border: 1px solid black; min-height: 30px; padding: 5px;"> Answer: N/A </div>	
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?	
<div style="border: 1px solid black; min-height: 30px; padding: 5px;"> Answer: N/A </div>	

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

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.

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: 29 April 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.