

4DMEDICAL

PROVIDING UNPRECEDENTED INSIGHTS INTO LUNG DISEASES

BY DR ANDREW MOUCHACCA,
FLINDERS INVESTMENT PARTNERS



Andrew has worked in equity markets since 1999, and together with Richard Macdougall established Flinders Investment Partners in 2015. The core focus of Flinders is investments in Australian listed small companies. His analytical experience has focused on broad industry coverage and the management of small and microcap portfolios. Andrew has a PhD in Engineering Science from the University of Melbourne where he also completed his Bachelor of Engineering Degree in Chemical Engineering. He has also completed a Graduate Diploma in Applied Finance and Investment from the SIA.

THE RAPIDLY SHIFTING FOCUS TO BETTER UNDERSTAND LUNG HEALTH IS DRIVING DEMAND FOR INNOVATIVE MEDICAL TECHNOLOGY. MEDICAL TECHNOLOGY DEVELOPER 4DMEDICAL (ASX: 4DX) IS AT THE FOREFRONT OF THIS SHIFT IN COMMERCIALISING ITS PROPRIETARY XV TECHNOLOGY™, PROVIDING UNPRECEDENTED INSIGHTS INTO LUNG DISEASES.

GROUND-BREAKING TECHNOLOGY

Despite the challenges of COVID-19 restrictions and the impost on health services last year, 4DX has secured several major milestones, including FDA 510(k) clearance and TGA approval for its respiratory imaging software-as-a-service (SaaS) product, XV Lung Ventilation Analysis Software (XV LVAS™) – a next-generation lung-function diagnostics tool.

XV LVAS completely integrates with existing hospital imaging equipment to acquire cinefluoroscope sequences that are sent to the 4DX cloud for processing. Following processing, clinicians receive a highly visual colour-coded report with the patients' regional ventilation measured across the entire lung and during all phases of the breath.

RAPIDLY GROWING MARKET

4DX's opportunity stems from the substantial global lung diagnostic market, estimated to be worth US\$31 billion per annum. Compared to existing lung diagnostics, 4DX's technology is low radiation dose, capital light and easily integrated into clinical systems via a software model. The company's market opportunity has increased with the prevalence of COVID-19, with more people likely to suffer from long-term lung complications.

COMPELLING PARTNERSHIPS & PATHWAY

As demonstrated by previous medical companies, the capacity to partner with globally recognised hospitals and institutions can be a pivotal factor in accelerating penetration of the market. 4DX is looking to capitalise on this effect and has built an extensive program of clinical trials and pilots focused on validating application of its technology to the world's most prevalent and costly lung diseases.

Focused on penetrating the US market, 4DX has ramped up commercialisation activities through partnerships with Johns Hopkins University, University of Miami, St. Joseph's Hospital and the Respiratory Compromise Institute.

As it penetrates the market, trials and pilots will act as a springboard for the company. With leading institutions trialling the technology, doctors across the US are gaining familiarity and knowledge of this software and its capabilities. This places 4DX in a strong position in leveraging the support of key opinion leaders in the US.

4DX has also received significant validation locally this year after receiving a grant close to \$30 million over five years from the Australian Government's Medical Research Future Fund (MRFF). The grant will be used to accelerate development of its XVD Scanner, combining XV Technology software with a dedicated hardware platform.

GOING FORWARD

4DX has had a good start as a listed company, after a strongly supported IPO at \$0.73 last year that raised \$55.79 million, it is currently trading at ~\$1.30/s. Combined with a subsequent capital raising it reported cash on hand of \$76.5 million at the end of the March quarter. COVID-19 has been a headwind in terms of delaying the sales effort, particularly in the US, as access to decision makers at hospitals has been restricted. Positively, the situation has been improving in line with the strong vaccination uptake in the US and infection rates dropping, and as such the delayed sales and marketing process should ramp up going forward. This is the basis for increasing returns for investors as the company can now effectively demonstrate the strengths of its technology.