

Quarterly Activity Report and Appendix 4C for Q1 FY2022

25 October 2021

Highlights

- 4DMedical broadened its potential commercialisation pathways beyond hospitals and healthcare imaging networks when it signed a contract with multinational pharmaceutical company, Novartis, to use XV Lung Ventilation Analysis Software (XV LVAS™) in a U.S. pharmaceutical-led clinical program to validate therapies to treat chronic obstructive pulmonary disease (COPD)
- Successful completion of Phase One of 4DMedical's XV LVAS clinical pilot program with I-MED Radiology Network (I-MED) with overwhelmingly positive feedback from radiologists and patients. Phase Two will be completed over the remaining year to assess a potential commercial partnership
- Partnered with Kailo Medical to automate the processing of information from X-ray equipment at Australian healthcare centres, generating XV LVAS reports in the cloud
- Clinical trial data expected to be announced at international medical conferences over the next quarter
- Strong cash position with \$72.2 million held at 30 September 2021

4DMedical Limited (ASX:4DX, “4DMedical”, or the “Company”), a medical technology company focused on commercialising its FDA-cleared and TGA- approved respiratory imaging platform, is pleased to release its Quarterly Activity Report and Appendix 4C Cash Flow Report for the quarter ending 30 September 2021.

Contract with Novartis

In August 2021, the Company announced that it had signed its first pharmaceutical-focused contract with Novartis for the commercial use of 4DMedical’s XV Lung Ventilation Analysis Software (XV LVAS™). As one of the world’s largest pharmaceutical developers and producers, Novartis will use XV LVAS to assess patient outcomes as part of a clinical program focused on novel therapies to treat Chronic Obstructive Pulmonary Disease (COPD) – the third highest cause of death in the world.

The clinical program with Novartis will be conducted at the University of Miami in the U.S., under 4DMedical's Functional Lung Imaging Research Program to advance breakthrough lung technologies. The contract is not material in terms of revenue, however, it does expand the Company’s commercial product offering to the pharmaceutical and medical device industries.

Clinical pilot program with I-MED Radiology Network

Following the successful completion of Phase One of its clinical pilot with I-MED Radiology Network (I-MED) in Victoria, the Company announced the commencement of Phase Two. 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.

Phase One of the clinical pilot involved implementing XV LVAS at an I-MED imaging clinic in Melbourne, where patients with various respiratory diseases were referred a scan and radiologists



gained familiarity with the technology. Patient indications successfully analysed by XV LVAS during the clinical pilot include asthma, silicosis, COPD, and long COVID (i.e. persistent symptoms following COVID infection).

The Phase One clinical pilot program received overwhelmingly positive feedback from both patients and clinicians – a post pilot survey found that 86% of respondent doctors agreed that XV LVAS scans were significantly beneficial to the treatment of their patients. Having confirmed the compatibility with I-MED's imaging infrastructure, Phase Two of the clinical pilot will allow additional radiologists to become familiar with XV LVAS' application. It will be completed in a different Australian state over the remainder of the year to further assess a potential commercial partnership with I-MED.

Partnership with Kailo Medical

During the quarter, 4DMedical entered a partnership with leading integration provider Kailo Medical (Kailo) to enable automatic cloud processing of XV LVAS at healthcare centres. Kailo is the trusted provider of imaging workflow products located in hundreds of public and private hospitals, state health departments and medical imaging networks across Australia.

The partnership builds upon the Company's existing relationships with other workflow orchestration providers, such as Laurel Bridge Software, Inc in the U.S., and will act as the information pipeline between fluoroscopy equipment installed at Australian healthcare centres and cloud processing of its XV LVAS reports. The Company has been working with Kailo on an informal basis and has confirmed the key terms and conditions, including unit economics, with the signing of this commercial partnership.

A key element of 4DMedical's software-as-a-service customer fulfilment model is the use of DICOM (Digital Imaging and Communications in Medicine) – the international standard for transmitting medical imaging information and data. This includes the deidentification of medical imaging information when it is stored and transmitted, capabilities supported by Kailo's technology.

Clinical trial and clinical pilot updates

The Company anticipates the results from some of its clinical trials will begin to be presented at key international conferences and published in medical journals over the next quarter. In addition to driving awareness of 4DMedical's technologies amongst the medical community, this clinical trial data will provide important evidence for indication-specific use by clinicians and drive future revenue.

During the quarter, 4DMedical also commenced discussions with hospitals to potentially partner on clinical trials specific to the Company's contrast free Ventilation Perfusion (VQ) software product and XVD Scanner.

2021 Annual General Meeting

The 2021 Annual General Meeting (AGM) of 4DMedical will be held as a virtual meeting only on Thursday 28 October 2021 at 2.00pm (AEDT), due to continuing government-mandated social gathering restrictions.

Shareholders are invited to participate in the Meeting through the Company's virtual meeting platform at: <https://agmlive.link/4DXAGM21>.

The business of the AGM will be as follows:

1. receive the FY21 Financial Report of the Company;



2. adopt the FY21 Remuneration Report;
3. re-elect Dr Robert A. Figlin as a non-executive director;
4. increase the directors' fee pool to \$750,000;
5. grant of options to the Managing Director & CEO;
6. (a) ratify the prior issue of shares – March 2021 placement (LR 7.1);
(b) ratify the prior issue of shares – April 2021 share purchase plan (LR 7.1);
7. (a) ratify the prior issue of shares – Tax Exempt Employee Share Plan (LR 7.1); and
(b) provide standing approval under the Tax Exempt Employee Share Plan.

Other corporate updates

During the quarter, CEO Andreas Fouras presented at the NWR Communications Virtual Investor Conference on 3 August 2021. Please refer to the following link to view a reply of the presentation: <https://www.youtube.com/watch?v=69DW1JRqFXI&list=PLG3W9i74unvsDyt7ct9QWku1ZKTGHDPnz&index=18>

Financials

4DMedical's cash balance was \$72.2 million as at 30 September 2021. Net operating cash outflows for the quarter was \$8.2 million, mostly relating to payments for research and development, staff costs, administration, and general operating costs.

Use of Funds (Listing Rule 4.7C.2)

Uses of Funds	Prospectus dated 6 July 2020		Period ended 30 September 2021	
	Amount (\$'000)	%	Amount (\$'000)	% of total
Marketing through clinical trials and trade shows	\$15,230	30.5%	\$4,950	32.5%
Operating expenditure (inc. governance & working capital)	\$13,035	26.1%	\$13,281	101.9%
Product R&D and platform development	\$12,810	25.6%	\$9,208	71.9%
US sales and distribution (inc. clinical liaison & reimbursement)	\$3,075	6.1%	\$4,710	153.2%
Intellectual property and trademarks	\$1,450	2.9%	\$227	15.7%
Cost of the offer	\$4,400	8.8%	\$4,456	101.3%
Total from proceeds of issue of New Shares	\$50,000		\$36,832	

The expenditure for the 15-month period ended 30 September 2021 as set out in the table above is in accordance with the Use of Funds outlined in the Company's prospectus dated 6 July 2020 and there are no material variances against the estimated use of funds.



Related Party Transactions (Listing Rule 4.7C.3)

Payments to related parties of \$0.4 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 30 September 2021.”

–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 aiming to deliver 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 4DMedical technology accurately and quickly scans lung function as the patient breathes, to assist in providing sensitive, early diagnosis, and to monitor changes over time. Our Software-as-a-Service (SaaS) scans deliver much more complete results, showing even subtle variations in lung function down to the finest details, using lower levels of radiation than traditional methods.

Respiratory diagnostics is a US\$31 billion per annum global industry. Through its technology, 4DMedical provides clinicians with greater insights into diseases of the lung. 4DMedical is focused on providing better information to doctors and patients about lung function. Better information means better decisions, and better outcomes.

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 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(3,279)	(3,279)
(b) product manufacturing and operating costs	(1)	(1)
(c) advertising and marketing	(333)	(333)
(d) leased assets	(151)	(151)
(e) staff costs	(2,365)	(2,365)
(f) administration and corporate costs	(2,095)	(2,095)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	30
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(17)	(17)
1.9 Net cash used in operating activities	(8,231)	(8,231)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(268)	(268)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(37)	(37)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	-	-
2.7	Other (provide details if material)	-	-
2.8	Net cash used in investing activities	(305)	(305)

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	(191)	(191)
	(b) net cash paid for settlement of options	-	-
3.10	Net cash used in financing activities	(191)	(191)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	80,881	80,881
4.2	Net cash used in operating activities (item 1.9 above)	(8,231)	(8,231)
4.3	Net cash used in investing activities (item 2.6 above)	(305)	(305)
4.4	Net cash used in financing activities (item 3.10 above)	(191)	(191)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	72,154	72,154

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	72,154	80,881
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)	72,154	80,881

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	389
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. 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 used in operating activities (item 1.9)	(8,231)
8.2 Cash and cash equivalents at quarter end (item 4.6)	72,154
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	72,154
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	9
<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 October 2021

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.