

**4DMedical Limited**

ABN 31 161 684 831

**Appendix 4D****1 Details of the reporting period and the previous corresponding period**

Current period: 1 July 2021 to 31 December 2021

Previous corresponding period: 1 July 2020 to 31 December 2020

**2 Results for announcement to the market**

<b>Results</b>	<b>%</b>	<b>\$</b>
<b>2.1(a)</b> Revenue from ordinary activities	up 4 to	156,611
<b>2.1(b)</b> Other income	up 325 to	4,605,395
<b>2.2</b> Loss from ordinary activities after tax attributable to members	down (5) to	12,452,767
<b>2.3</b> Net loss for the period attributable to members	down (5) to	12,452,767

**2.4 Dividends**

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

**2.5 Record date for dividend entitlement**

Not applicable.

**2.6 Commentary**

Revenue from ordinary activities of 4DMedical Limited (the "Company" or "4DMedical") and its controlled entities (the "Group") increased by 4% from \$0.15 million in the previous half-year to \$0.16 million. Revenue during the half-year was generated from on-going preclinical hardware support and maintenance contracts and associated SaaS revenue. Other income during the half-year rose 325% from \$1.08 million in the prior corresponding period to \$4.61 million. This comprised of \$3.38 million in grant income reported by the wholly owned subsidiary, Australian Lung Health Initiative Pty Ltd (ALHI) under the Federal Government's Medical Research Future Fund (MRFF) initiative, and \$1.23 million in Research & Development Tax Incentive credits.

The net loss after tax for the Group was \$12.45 million, a decrease of \$0.69 million from the corresponding comparative half-year. Operating expenditure (exclusive of finance costs) reported for the half-year was \$17.17 million, compared to \$11.70 million in the prior corresponding period, up by \$5.47 million or 47%. The Group's operations grew with headcount doubling from the previous corresponding half-year. Operating expenditures were also higher as 4DMedical ramped up its commercialisation efforts and its continued investment in clinical research and product development activities.

The Group reported a net cash balance of \$60.19 million, down \$20.69 million from the financial year ended 30 June 2021.

**3 Net tangible assets/(liabilities) per ordinary share**

<b>Security</b>	<b>31 December 2021 (cents)</b>	<b>31 December 2020 (cents)</b>
Ordinary shares	0.22	0.16

**4 Control gained or lost over entities during the period, and those having material effect**

Not applicable.

**5 Dividend details**

No dividends or distributions have been paid or are payable.

**6 Dividend or distribution reinvestment plan details**

Not applicable.

**7 Investments in associates and joint ventures**

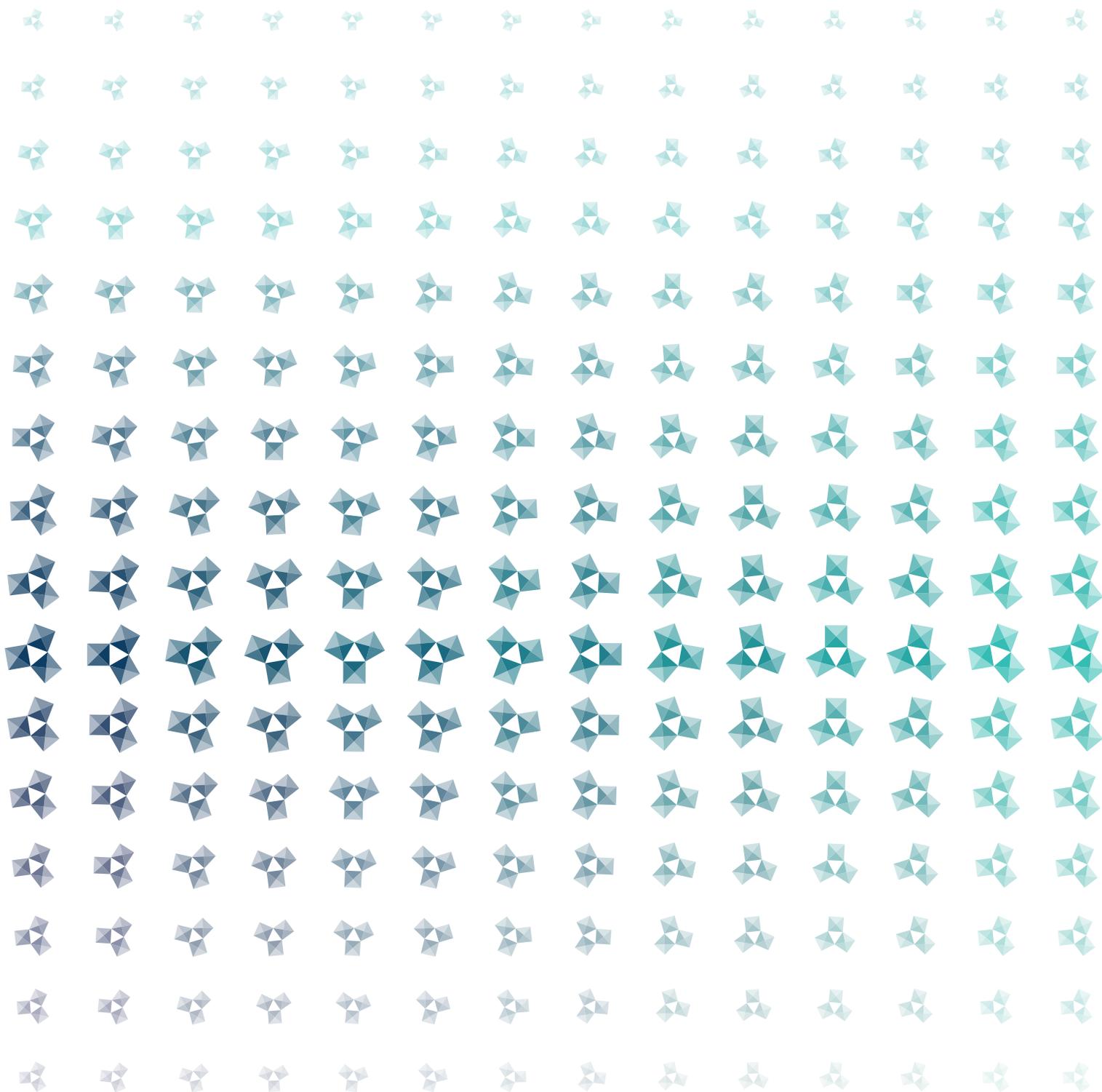
Not applicable.

**8 Audit**

The half-year report is not subject to an audit review report that includes a modified opinion, emphasis of matter or other matter paragraph.

# Half-Year Financial Report

for the half-year ended  
31 December 2021





# 4DMedical Limited ABN 31 161 684 831

Financial report for the half-year ended 31 December 2021

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# Directors' report

Your directors submit their report on the consolidated entity consisting of 4DMedical Limited (the "Company" or "4DMedical") and its controlled entities (referred to hereafter as the "Group") for the half-year ended 31 December 2021.

## Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period, unless otherwise stated.

<b>Bruce Rathie</b>	Non-Executive Director and Chairman
<b>Dr Andreas Fouras</b>	Managing Director
<b>Lilian Bianchi</b>	Non-Executive Director
<b>Dr Robert A. Figlin</b>	Non-Executive Director
<b>John Livingston</b>	Non-Executive Director
<b>Julian Sutton</b>	Non-Executive Director
<b>Evonne Collier</b>	Non-Executive Director (Appointed: 17 December 2021)
<b>Lusia Guthrie</b>	Non-Executive Director (Retired: 28 October 2021)

## Operating and financial review

4DMedical is a medical technology company aiming to deliver the global gold standard in respiratory diagnostics for all lung disorders. Through its technology 4DMedical provides clinicians with greater insights into diseases of the lung with a focus on providing better information to doctors and patients about lung function.

### Review of operations

#### Commercial rollout with I-MED and pilot progress

During the half-year, 4DMedical successfully initiated the commercial rollout of its XV Lung Ventilation Analysis Software (XV LVAS™) with I-MED Radiology Network (I-MED), Australia's largest diagnostic imaging provider. 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.

First respiratory scans were completed at I-MED's clinic in Berwick, Melbourne in December 2021, making 4DMedical's state-of-the-art respiratory technology available to general practitioners, specialists and their patients based in and around the Casey region of Victoria, Australia, on a pay-per-scan basis. In early January 2022, 4DMedical's XV LVAS software was also successfully installed at I-MED's Brisbane and Wagga Wagga sites.

The commencement of the commercial arrangement follows the successful completion of its pilot programs conducted at multiple clinical locations by 4DMedical in collaboration with I-MED. The pilot studies at these clinics provided valuable insights and important learnings and have usefully informed clinical interventions following interpretation of 4DMedical's Ventilation Reports by specialist thoracic radiologists and general practitioners. Patient indications successfully analysed by XV LVAS during the clinical pilot include asthma, silicosis, Chronic Obstructive Pulmonary Disease (COPD), and long COVID (i.e. persistent symptoms following COVID infection).

The Company continues to look to rapidly expand to selected locations across I-MED's nationwide network of clinics.

In addition to the commercial rollout with I-MED, 4DMedical continued to make progress with commercial pilots in the United States during the half-year. The Company has a strong near-term commercialisation pipeline in the U.S. market, particularly within the large and important Veterans Health Administration (VHA) healthcare system.

#### Clinical trials and product development

4DMedical continues to invest in its increasing product pipeline, primarily by adding features to the XV product line, and through investment in the upcoming Ventilation-Perfusion (VQ) product line. Clinical trials are utilised to verify and validate the technology to the Company and regulators (FDA and TGA), but as importantly, clinical trials provide ongoing confidence to current and potential users of the technology. The primary outcome of such clinical trials are scientific presentations and peer-reviewed publications and are likely to be a value multiplier in sales and marketing efforts.

During the half-year, 4DMedical commenced discussions with hospitals to potentially partner on clinical trials specific to the Company's contrast free VQ product software and XVD Scanner™. VQ is 4DMedical's first combination diagnostic tool that measures both airflow (ventilation) and blood flow (perfusion) in the lungs without the use of any contrast agents.



## Directors' report (continued)

### Operating and financial review (continued)

#### Review of operations (continued)

##### Clinical trials and product development (continued)

Ventilation-perfusion measurements provide valuable insights to clinicians by enabling earlier detection of and intervention in lung diseases.

The Company has also completed imaging in its Johns Hopkins COPD trial and results from this trial are expected to undergo analysis with results being disseminated via scientific conferences and peer reviewed journal publications.

##### XVD Scanner

The development of the Generation One prototype XVD Scanner, the world's first dedicated, low dose lung function scanner integrated with 4DMedical's proprietary XV Technology by the Company's wholly owned subsidiary, Australian Lung Health Initiative Pty Ltd has been progressing well in accordance with project plans during the half-year.

Powering up this first scanner in January 2022 validated its systems and functions, representing significant progress towards obligations to the Medical Research Future Fund (MRFF) against \$28.9 million of funding from the Australian Government's Department of Health.

4DMedical holds exclusive rights to commercialise XVD scanners worldwide and will receive 100 percent of revenue from hardware sales, in addition to software revenue from SaaS-enabled scanning operations using these scanners.

##### Other commercial partnerships and collaborations

In August 2021, 4DMedical signed its first pharmaceutical-focused contract with Novartis, one of the world's largest pharmaceutical developers and producers, for the commercial use of 4DMedical's XV LVAS. Novartis will use XV LVAS to assess patient outcomes as part of a clinical program focused on novel therapies to treat COPD. 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.

During the half-year, 4DMedical entered into 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.

##### Corporate updates

4DMedical appointed Ms Evonne Collier as an independent non-executive director of the Company on 17 December 2021. Ms Collier brings to 4DMedical considerable multinational experience across SaaS, sales and marketing in industries spanning MedTech, FinTech, Pharmaceutical/Health, eCommerce/Digital and FMCG.

Ms Collier is an experienced leader in business scale-up, transformation and digital disruption, and has served as non-executive director on various boards since 2011. Evonne currently serves as non-executive director of Sage Automation (global SaaS analytics), Curae Health (digi-healthtech), Sniip (SaaS FinTech), and Motorama Group Holdings.

### Financials

The net result after tax of the Group for the financial period ended 31 December 2021 was a loss of \$12.45 million (2020: \$13.14 million), a decrease of \$0.69 million from the corresponding comparative half-year.

The half-year result is in line with 4DMedical's continued effort in commercialising its FDA-cleared and TGA approved<sup>1</sup> XV LVAS and its investment into the Group product pipeline, including enhancing existing XV Technology capabilities such as the contrast free VQ product and XVD Scanner.

During the reporting period, the Group recorded an increase of \$3.53 million or 286% in total income to \$4.76 million (2020: \$1.23 million) from the previous half-year. Total income comprised operating revenue of \$0.16 million (2020: \$0.15 million) from on-going preclinical hardware support and maintenance contracts and associated SaaS revenue; and other income for the half-year of \$4.61 million, up 325% from \$1.08 million in the previous corresponding half-year. Other income for the Group included grant income of \$3.38 million reported by wholly owned subsidiary, ALHI under the MRFF initiative and \$1.23 million in Research & Development tax incentive credits.

Operating expenditure (exclusive of finance costs) for the Group was \$17.17 million, higher by \$5.47 million or 47% from the previous corresponding half-year. Operating costs increased in tandem with the growth of the Group's operations driven mainly by continued recruitment and increased headcount as well as increased expenditure in clinical research and product development activities. Employee benefit expenses were higher by 48% or \$2.89 million compared to the previous corresponding period, mainly due to higher wages and salaries as a result of headcount increasing to 127 employees as at 31 December 2021 (2020: 59). Research and development expenditure relating to growing 4DMedical's product pipeline, on-going clinical trials and collaboration expenses;

<sup>1</sup> Approval for inclusion in the Australian Register of Therapeutic Goods (ARTG).



## Directors' report (continued)

### Operating and financial review (continued)

#### Financials (continued)

and XVD Scanner product development costs increased by \$1.53 million in the current financial period to \$2.43 million for the Group. Sales, marketing, distribution and commercialisation related expenditures increased by \$0.14 million or 30% from the previous half-year. Compared to the previous corresponding period, 4DMedical reported an increase of \$0.44 million in general and administrative expenses.

The Group reported a net cash balance of \$60.19 million, down \$20.69 million from the financial year ended 30 June 2021.

#### Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

#### Auditor's independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Signed in accordance with a resolution of the directors.

Dr Andreas Fouras  
Managing Director

25 February 2022



# Auditor's independence declaration



## Auditor's Independence Declaration to the Directors of 4DMedical Limited

In relation to our review of the financial report of 4DMedical Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of 4DMedical Limited and the entities it controlled during the financial period.

PKF  
Melbourne, 25 February 2022

Steven Bradby  
Partner

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# Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2021

	Notes	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Revenue	4.1	156,611	150,728
Cost of sales		(58,862)	(77,250)
<b>Gross income</b>		<b>(97,749)</b>	<b>73,478</b>
Other income	4.3	4,605,395	1,084,243
Employee benefits expense	4.4	(8,868,447)	(5,976,657)
Depreciation and amortisation expense		(536,915)	(275,802)
Foreign currency (losses)/gains		(2,024)	33,119
Other expenses	4.5	(7,764,990)	(5,445,292)
Finance income/(costs) – net	4.6	16,465	(2,637,582)
<b>Loss before income tax</b>		<b>(12,452,767)</b>	<b>(13,144,493)</b>
Income tax expense		–	–
<b>Loss for the period</b>		<b>(12,452,767)</b>	<b>(13,144,493)</b>
<b>Other comprehensive loss</b>			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	10.3	(41,475)	(10,648)
<b>Total comprehensive loss for the period</b>		<b>(12,494,242)</b>	<b>(13,155,141)</b>
Earnings per share (EPS):			
Basic, loss for the period attributable to ordinary equity holders		(0.04)	(0.05)
Diluted, loss for the period attributable to ordinary equity holders		(0.04)	(0.05)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



# Consolidated statement of financial position

As at 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	60,192,685	80,880,062
Trade and other receivables		805,263	426,601
Inventories		571,309	153,374
Research and development tax incentive receivable		5,117,590	3,562,174
Other assets		1,603,290	826,785
<b>Total current assets</b>		<b>68,290,137</b>	<b>85,848,996</b>
<b>Non-current assets</b>			
Trade and other receivables		84,205	84,208
Property, plant and equipment	6	3,361,082	1,188,978
Right-of-use assets	7	1,229,388	1,628,255
Intangible assets	8	4,404,960	3,886,166
<b>Total non-current assets</b>		<b>9,079,635</b>	<b>6,787,607</b>
<b>Total assets</b>		<b>77,369,772</b>	<b>92,636,603</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables		3,043,355	6,037,774
Contract liabilities		887,511	955,200
Loans and borrowings	9	622,764	723,452
Employee benefit liabilities		714,318	437,100
Other liabilities		14,559	14,559
<b>Total current liabilities</b>		<b>5,282,507</b>	<b>8,168,085</b>
<b>Non-current liabilities</b>			
Loans and borrowings	9	676,205	965,355
Employee benefit liabilities		267,342	146,573
<b>Total non-current liabilities</b>		<b>943,547</b>	<b>1,111,928</b>
<b>Total liabilities</b>		<b>6,226,054</b>	<b>9,280,013</b>
<b>Net assets</b>		<b>71,143,718</b>	<b>83,356,590</b>
<b>Equity</b>			
Issued capital	10.1	141,587,808	141,587,808
Other capital reserves	10.2	2,052,407	1,771,037
Other reserves	10.3	(37,828)	3,647
Accumulated losses		(72,458,669)	(60,005,902)
<b>Total equity</b>		<b>71,143,718</b>	<b>83,356,590</b>
<b>Total liabilities and equity</b>		<b>77,369,772</b>	<b>92,636,603</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



# Consolidated statement of changes in equity

For the half-year ended 31 December 2021

	Issued capital (Note 10.1) \$	Other capital reserves (Note 10.2) \$	Other reserves (Note 10.3) \$	Accumulated losses \$	Total equity \$
<b>At 1 July 2021</b>	<b>141,587,808</b>	<b>1,771,037</b>	<b>3,647</b>	<b>(60,005,902)</b>	<b>83,356,590</b>
Loss for the period	–	–	–	(12,452,767)	(12,452,767)
Other comprehensive loss	–	–	(41,475)	–	(41,475)
Total comprehensive loss for the period	–	–	(41,475)	(12,452,767)	(12,494,242)
Share-based payments (Note 11)	–	292,871	–	–	292,871
Share-based payments expense during the year – options have lapsed (Note 11)	–	(11,501)	–	–	(11,501)
<b>At 31 December 2021</b>	<b>141,587,808</b>	<b>2,052,407</b>	<b>(37,828)</b>	<b>(72,458,669)</b>	<b>71,143,718</b>

	Issued capital (Note 10.1) \$	Other capital reserves (Note 10.2) \$	Other equity \$	Other reserves (Note 10.3) \$	Accumulated losses \$	Total equity \$
<b>At 1 July 2020</b>	<b>18,927,393</b>	<b>7,051,341</b>	<b>796,787</b>	<b>–</b>	<b>(38,585,371)</b>	<b>(11,809,850)</b>
Loss for the period	–	–	–	–	(13,144,493)	(13,144,493)
Other comprehensive loss	–	–	–	(10,648)	–	(10,648)
Total comprehensive loss for the period	–	–	–	(10,648)	(13,144,493)	(13,155,141)
Issue of share capital	50,000,000	–	–	–	–	50,000,000
Capital raising costs	(3,026,136)	–	–	–	–	(3,026,136)
Share-based payments (Note 11)	–	1,284,138	–	–	–	1,284,138
Conversion of rights to issued capital	2,716,482	–	–	–	–	2,716,482
Conversion of options to issued capital	2,453,949	–	–	–	–	2,453,949
Conversion of convertible notes to issued capital	26,653,174	–	(796,787)	–	–	25,856,387
Settlement of rights – issued capital	–	(2,961,151)	–	–	–	(2,961,151)
Settlement of options – issued capital	–	(628,676)	–	–	–	(628,676)
Buyback of options	–	(3,093,394)	–	–	–	(3,093,394)
<b>At 31 December 2020</b>	<b>97,724,862</b>	<b>1,652,258</b>	<b>–</b>	<b>(10,648)</b>	<b>(51,729,864)</b>	<b>47,636,608</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# Consolidated statement of cash flows

For the half-year ended 31 December 2021

Note	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
<b>Operating activities</b>		
Receipts from customers	148,742	100,685
Payments to suppliers and employees	(9,315,207)	(5,697,852)
Research costs	(8,054,717)	(3,784,505)
Interest received	54,870	12,449
Interest and other costs of finance paid	(38,405)	(22,631)
Government grants and tax incentives	–	379,979
Net GST paid	(442,366)	(60,979)
Other	12,921	(24,000)
<b>Net cash flows used in operating activities</b>	<b>(17,634,162)</b>	<b>(9,096,854)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,139,473)	(78,593)
Purchase of intangibles	(101,275)	(96,431)
Capitalisation of development costs to intangible assets	(422,629)	(227,126)
<b>Net cash flows used in investing activities</b>	<b>(2,663,377)</b>	<b>(402,150)</b>
<b>Financing activities</b>		
Proceeds from issues of equity securities (excluding convertible debt securities)	–	50,000,000
Transaction costs related to issues of equity securities or convertible debt securities	–	(4,178,638)
Net cash paid for settlement of options	–	(1,532,539)
Payment of principal portion of lease liabilities	(389,838)	(180,882)
<b>Net cash flows (used in)/from financing activities</b>	<b>(389,838)</b>	<b>44,107,941</b>
Net (decrease)/increase in cash and cash equivalents	(20,687,377)	34,608,937
Cash and cash equivalents at the beginning of the period	80,880,062	8,429,192
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>60,192,685</b>
		<b>43,038,129</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the consolidated financial statements

For the half-year ended 31 December 2021

## 1 Corporate information

The financial report of 4DMedical Limited (the "Company") and its controlled entities (collectively referred to as the "Group") for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on the date the directors' declaration was signed.

4DMedical Limited (the "Company") is a for-profit company limited by shares incorporated in Australia and is listed on Australian Securities Exchange (ASX) (ASX code: 4DX).

The registered office and principal place of business of the Company is Melbourne Connect, Level 7, 700 Swanston Street, Carlton, Victoria 3053.

The principal activities of the Group during the half-year ended 31 December 2021 were medical research technology and development of a non-invasive respiratory imaging solution using four-dimensional imaging. This four-dimensional lung imaging technology utilises proven, patented mathematical models and algorithms to convert X-ray scans into quantitative data to enhance the capacity of physicians to manage patients with respiratory diseases and diseases of the lung. There were no significant changes in the nature of these activities during the period.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The report is a condensed half-year financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report has also been prepared on a historical cost basis, and is presented in Australian dollars (\$).

The half-year financial report does not include all notes of the type normally included within the annual financial report and, therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full audited financial report prepared as at June of each year.

It is recommended that the half-year financial report be read in conjunction with the annual report prepared for the year ended 30 June 2021.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current period.

### 2.2 Changes in accounting policies, disclosures, standards and interpretations

#### New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period. The Group has not adopted any new or amended accounting standards or interpretations that have been issued but are not yet effective.

## 3 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Accounting judgements, estimates and assumptions relating to taxes and development costs capitalised to intangible assets for the half-year ended 31 December 2021 remain consistent with that adopted in the 30 June 2021 financial statements.



## Notes to the consolidated financial statements (continued)

### 4 Revenue and expenses

#### 4.1 Revenue

##### Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2021 \$	2020 \$
<b>Type of goods or service</b>		
Ongoing support and maintenance	34,157	84,478
Software licences	76,001	66,250
Services	46,453	–
<b>Total revenue from contracts with customers</b>	<b>156,611</b>	<b>150,728</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	–	–
Services transferred over time	156,611	150,728
<b>Total revenue from contracts with customers</b>	<b>156,611</b>	<b>150,728</b>
<b>Geographical markets</b>		
Australia	50,000	58,125
United States of America	106,611	92,603
<b>Total revenue from contracts with customers</b>	<b>156,611</b>	<b>150,728</b>

The Group has considered its internal reporting framework, management and operating structure and the directors' conclusion is that the Group has one operating segment.

#### 4.2 Performance obligations

##### Ongoing support and maintenance

Ongoing support and maintenance services are provided for a defined time period in which the customer has the ability to use the Group's support team in relation to goods purchased by the customer. The entitlement to this service is either considered over time or linked to output targets. Payment is received in advance, and the revenue is recognised over the satisfaction period and commences from the date the related goods are delivered.

##### Software licences

The Group provides software licences with the goods sold for a fixed period. The commencement of the satisfaction period of the performance obligation is considered to be when the related goods are delivered. Payment is received in advance, and the revenue is recognised monthly over the satisfaction period. The ongoing obligation for maintenance support is either considered over time or linked to output targets.

##### Services

The performance obligation is satisfied over-time and payment is generally due when services are performed.



## Notes to the consolidated financial statements (continued)

### 4 Revenue and expenses (continued)

#### 4.2 Performance obligations (continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	31 December 2021 \$	31 December 2020 \$
Within one year	737,511	137,918
More than one year	150,000	271,667
	<b>887,511</b>	<b>409,585</b>

The performance obligations expected to be recognised after one year relate to the provision of software licences that are to be satisfied within three years. All the other remaining performance obligations are expected to be recognised within one year.

#### 4.3 Other income

	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Research and development tax incentive	1,229,585	473,027
Government grants	3,375,810	571,216
Partner contribution	–	40,000
<b>Total other income</b>	<b>4,605,395</b>	<b>1,084,243</b>

#### 4.4 Employee benefits expense

	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Wages and salaries	7,816,953	3,758,670
Other employee and directors' benefits expense	770,124	947,519
Equity-settled share-based payments	281,370	1,270,468
<b>Total employee benefits expense</b>	<b>8,868,447</b>	<b>5,976,657</b>



## Notes to the consolidated financial statements (continued)

### 4 Revenue and expenses (continued)

#### 4.5 Other expenses

	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Computer expenses	1,010,007	271,661
Research and development expenses	2,430,922	896,812
Insurance expenses	502,008	406,663
Legal, professional and consultant expenses	1,940,117	2,854,404
Occupancy and utilities expenses	200,137	92,252
Sales and marketing expenses	627,448	482,578
Share-based payment expenses to third parties	–	32,069
Travel expenses	288,539	82,412
General expenses	765,812	326,441
<b>Total other expenses</b>	<b>7,764,990</b>	<b>5,445,292</b>

#### 4.6 Finance costs – net

	6 months to 31 December 2021 \$	6 months to 31 December 2020 \$
Interest expense on borrowings and convertible notes	–	2,627,400
Interest expense on lease liabilities (Note 7)	38,405	22,631
<b>Total finance costs</b>	<b>38,405</b>	<b>2,650,031</b>
Interest income	(54,870)	(12,449)
<b>Total finance income</b>	<b>(54,870)</b>	<b>(12,449)</b>
<b>Total finance (income)/costs – net</b>	<b>(16,465)</b>	<b>2,637,582</b>

### 5 Cash and cash equivalents

	31 December 2021 \$	30 June 2021 \$
Cash at bank	60,192,685	80,880,062

As at the date of this report, expected research and development tax incentive cash credits relating to the financial year ended 30 June 2021 are yet to be received.



## Notes to the consolidated financial statements (continued)

### 6 Property, plant and equipment

#### Reconciliation of carrying amounts at the beginning and the end of the period

	31 December 2021 \$	30 June 2021 \$
<i>Furniture, fittings and equipment</i>		
Opening net amount	191,250	167,291
Additions	65,221	49,570
Assets written off	(17,303)	(6,000)
Depreciation charge for the period	(14,133)	(19,611)
<b>Net book value</b>	<b>225,035</b>	<b>191,250</b>
<i>Conference assets</i>		
Opening net amount	30,560	38,124
Assets written off	–	(4,785)
Depreciation charge for the period	(1,107)	(2,779)
<b>Net book value</b>	<b>29,453</b>	<b>30,560</b>
<i>Leasehold improvements</i>		
Opening net amount	89,583	56,413
Additions	72,671	34,917
Assets written off	(54,080)	–
Transfer	123,297	–
Depreciation charge for the period	(5,060)	(1,747)
<b>Net book value</b>	<b>226,411</b>	<b>89,583</b>
<i>Workshop equipment</i>		
Opening net amount	40,808	55,881
Additions	32,343	–
Assets written off	–	(44)
Depreciation charge for the period	(7,708)	(15,029)
<b>Net book value</b>	<b>65,443</b>	<b>40,808</b>



## Notes to the consolidated financial statements (continued)

### 6 Property, plant and equipment (continued)

#### Reconciliation of carrying amounts at the beginning and the end of the period (continued)

	31 December 2021 \$	30 June 2021 \$
<i>Computer equipment</i>		
Opening net amount	713,480	485,689
Additions	380,334	368,568
Assets written off	–	(7,859)
Depreciation charge for the period	(104,651)	(132,918)
<b>Net book value</b>	<b>989,163</b>	<b>713,480</b>
<i>Assets under construction</i>		
Opening net amount	123,297	–
Additions	1,815,856	123,297
Transfer	(123,297)	–
<b>Net book value</b>	<b>1,815,856</b>	<b>123,297</b>
<i>Motor vehicles</i>		
Opening net amount	–	–
Additions	10,000	–
Depreciation charge for the period	(279)	–
<b>Net book value</b>	<b>9,721</b>	<b>–</b>
<i>Total property, plant and equipment</i>		
Opening net amount	1,188,978	803,398
Additions	2,376,425	576,352
Assets written off	(71,383)	(18,688)
Depreciation charge for the period	(132,938)	(172,084)
<b>Net book value</b>	<b>3,361,082</b>	<b>1,188,978</b>



## Notes to the consolidated financial statements (continued)

### 7 Leases

#### Group as a lessee

The Group has lease contracts for office premises used in its operations. Leases of office premises generally have lease terms between 3 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>Right-of-use assets \$</b>
<b>As at 1 July 2020</b>	<b>965,434</b>
Additions	1,261,281
Depreciation expense	(556,836)
Foreign exchange adjustment	(41,624)
<b>As at 30 June 2021</b>	<b>1,628,255</b>
Depreciation expense	(398,867)
<b>As at 31 December 2021</b>	<b>1,229,388</b>

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	<b>31 December 2021 \$</b>	<b>30 June 2021 \$</b>
<b>As at 1 July</b>	<b>1,688,807</b>	<b>1,002,847</b>
Additions	–	1,261,281
Accretion of interest	38,405	60,950
Payments	(428,243)	(594,614)
Foreign exchange adjustment	–	(41,657)
<b>As at end of reporting period (See Note 9)</b>	<b>1,298,969</b>	<b>1,688,807</b>



## Notes to the consolidated financial statements (continued)

### 8 Intangible assets

#### Reconciliation of carrying amounts at the beginning and the end of the period

	31 December 2021 \$	30 June 2021 \$
<i>Development costs</i>		
Opening net amount	3,252,045	2,749,012
Additions	422,629	503,038
<b>Net book value</b>	<b>3,674,674</b>	<b>3,252,045</b>
<i>Other intangible assets</i>		
Opening net amount	634,121	512,927
Additions	101,275	148,651
Amortisation for the period	(5,110)	(12,561)
Assets written off	–	(14,896)
<b>Net book value</b>	<b>730,286</b>	<b>634,121</b>
<i>Total intangible assets</i>		
Opening net amount	3,886,166	3,261,939
Additions	523,904	651,684
Amortisation for the period	(5,110)	(12,561)
Assets written off	–	(14,896)
<b>Net book value</b>	<b>4,404,960</b>	<b>3,886,166</b>

### 9 Loans and borrowings

	31 December 2021 \$	30 June 2021 \$
<b>Current</b>		
Lease liabilities (Note 7)	622,764	723,452
<b>Non-current</b>		
Lease liabilities (Note 7)	676,205	965,355



## Notes to the consolidated financial statements (continued)

### 10 Issued capital and reserves

#### 10.1 Issued capital

	31 December 2021 \$	30 June 2021 \$
<b>Ordinary shares</b>	<b>141,587,808</b>	<b>141,587,808</b>

#### Terms and conditions of ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

#### Movement in ordinary shares on issue

	No. of shares	\$
<b>At 1 July 2020</b>	<b>148,034,292</b>	<b>18,927,393</b>
Issued shares	98,222,583	90,836,810
Conversion of options to issued capital	3,230,913	2,453,949
Conversion of rights to issued capital	8,492,850	2,716,482
Conversion of convertible notes to issued capital	36,511,199	26,653,174
<b>At 1 July 2021</b>	<b>294,491,837</b>	<b>141,587,808</b>
<b>At 31 December 2021</b>	<b>294,491,837</b>	<b>141,587,808</b>

#### 10.2 Other capital reserves

	31 December 2021 \$	30 June 2021 \$
Share-based payment reserve	<b>2,052,407</b>	<b>1,771,037</b>
<b>Movement in the share-based payment reserve</b>		
Balance at the beginning of the year	1,771,037	7,051,341
Share-based payments expense during the year	292,871	1,402,917
Share-based payments expense during the year – options have lapsed	(11,501)	–
Settlement of rights – issued capital	–	(2,961,151)
Settlement of options – issued capital	–	(628,676)
Buyback of options	–	(3,093,394)
<b>Balance at the end of the year</b>	<b>2,052,407</b>	<b>1,771,037</b>

The share-based payment reserve comprised of the value of the employee, non-employee and director share plans that were granted during the half-year.



## Notes to the consolidated financial statements (continued)

### 10 Issued capital and reserves (continued)

#### 10.3 Other reserves

	31 December 2021 \$	30 June 2021 \$
Foreign currency translation reserve	(37,828)	3,647
<b>Movement in foreign currency translation reserve</b>		
Balance at the beginning of the year	3,647	–
Exchange differences on translation of foreign operations	(41,475)	3,647
<b>Balance at the end of the year</b>	<b>(37,828)</b>	<b>3,647</b>

#### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from translation of financial statements of foreign subsidiaries.

### 11 Share-based payments under the employee equity plan

During the half-year ended 31 December 2021, certain employees (including key management personnel) were granted 828,311 options (2020: 2,599,572) under the 4DMedical Long Term Incentive Plan.

No shares have been issued from the conversion of rights and options during the half-year (2020: 8,492,850 and 3,230,912, respectively). There are 4,776,272 (2020: 2,599,572) options that have been granted but not yet vested as at date of this report. 78,609 options lapsed at the date of this report.

The following tables list the inputs to the models used for the plans for the half-year ended 31 December 2021 and 2020:

	2021	
	Option plans	Fundraiser plans
Weighted average fair values at the measurement (\$)	0.34	–
Expected volatility (%)	55	55
Risk-free interest rate (%)	0.5	0.5
Expected life of share options (years)	2.65	–
Weighted average share price (\$)	0.34	–
Model used	Black-Scholes	Black-Scholes
	2020	
	Option plans	Fundraiser plans
Weighted average fair values at the measurement (\$)	0.39	–
Expected volatility (%)	55	–
Risk-free interest rate (%)	0.01	–
Expected life of share options (years)	4	–
Weighted average share price (\$)	0.73	–
Model used	Black-Scholes	–



## Notes to the consolidated financial statements (continued)

### 11 Share-based payments under the employee equity plan (continued)

The cost recognised for employee services received during the half-year and remunerated by equity-settled share-based payment transactions is shown in the following table:

	31 December 2021 \$	31 December 2020 \$
Recognised in employee benefits expense	281,370	1,270,468
Recognised in the cost of capitalised development costs	–	13,670
<b>Total cost arising from share-based payment transactions</b>	<b>281,370</b>	<b>1,284,138</b>

### 12 Commitments

#### Leases commitments

The Group has a lease contract for its Melbourne premises that had not commenced as at 31 December 2021. The future lease payments for this non-cancellable lease contract comprises \$746,760 payable within one year, \$3,257,715 payable within two to five years and \$2,754,963 thereafter.

### 13 Events after the reporting period

There were no significant events occurring after the reporting which may affect either the Group's operations or results of those operations or the Group's state of affairs.



## Directors' declaration

In accordance with a resolution of the directors of 4DMedical Limited, I state that:

1. In the opinion of the directors:
  - (a) the consolidated financial statements and notes of 4DMedical Limited for the half-year ended 31 December 2021 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
    - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration is made pursuant to the declaration given to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2021.

On behalf of the board

Dr Andreas Fouras  
Managing Director

25 February 2022



# Independent auditor's review report



## Independent Auditor's Review Report to the Members of 4DMedical Limited

### Conclusion

We have reviewed the accompanying half-year financial report of 4DMedical Limited (the Company) and its subsidiaries (collectively, the Group) which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's consolidated financial position as at 31 December 2021 and its consolidated financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

Melbourne, 25 February 2022

Steven Bradby

Partner

PKF Melbourne Audit &amp; Assurance Pty Ltd ABN 75 600 749 184

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