

4DMedical signs Philips reseller agreement for U.S. market

27 September 2024

Highlights

- 4DMedical announces the signing of a comprehensive distribution agreement with Philips, establishing a transformative commercialisation pathway in the U.S.
 - Philips will have exclusive distribution rights to the 4DMedical suite of products with U.S. government customers and non-exclusive rights with all other U.S. customers
 - 5-year agreement will leverage Philips' long established and significant existing commercial partnerships with both the VA and the Department of Defense (DoD)
 - An investor webinar will be held on Tuesday, 1 October
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Melbourne, Australia, 27 September 2024: 4DMedical Limited (ASX: 4DX, "4DMedical", or the "Company"), a leader in respiratory imaging technology, today announces the signing of a distribution agreement that appoints Philips as an authorised reseller across the United States.

4DMedical and Philips advance to a reseller agreement

In January 2024, 4DMedical announced it had signed a Teaming Agreement with Philips to establish a strategic collaboration to advance solutions to evaluate Veterans with deployment-related respiratory disease (DRRD) and other respiratory conditions as part of a broader lung screening initiative. Since then, 4DMedical and Philips teams have been collaborating to develop solutions for toxic exposure and lung screening using 4DMedical software and Philips fluoroscopy and CT systems.

In parallel, the parties have been working towards this reseller agreement under which the 4DMedical and Imbio portfolios have been added to Philips' product catalogue and will be offered as a third-party solution to its U.S. customer base. The 5-year agreement will give Philips exclusive distribution rights to the 4DMedical suite of products with its U.S. government customers (including the VA and DoD) and non-exclusive rights with all other U.S. commercial customers.

Initial transfer pricing for all products has been established, whereby Philips will earn margins between 20% and 35% (varying by product) on end-customer sales of XV LVAS[®], CT LVAS[™] and Imbio products. In order for Philips to maintain exclusive rights to U.S. government customers, the agreement stipulates minimum thresholds for annual sales targets within that sector, across the 5-year term.

Near-term opportunities and market size

This agreement establishes a transformative commercial pathway for 4DMedical's product suite in the U.S., leveraging Philips' long-established and significant existing commercial partnerships. These existing relationships are particularly strong within the VA and DoD, where Philips has been providing innovative solutions for over 45 years; 50% of VA clinics currently use Philips imaging solutions.

The opportunities within the VA are twofold. Firstly, 4DMedical and Philips will work together to support the need for scalable, non-invasive lung screening in support of the PACT Act. The PACT Act represents a US\$280 billion commitment over ten years, covering numerous respiratory illnesses as presumptive conditions, providing healthcare eligibility to 6 million Veterans exposed to airborne hazards while on

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deployment. XV LVAS® and LDAf are currently the two leading non-invasive technologies capable of assessing DRRD.

Secondly, 4DMedical's comprehensive portfolio of products is extremely well placed to provide actionable insights to frontline VA physicians treating patients with chronic lung disease, whilst also serving all physicians triaging respiratory conditions across the entire Veteran population. This is particularly relevant when considering that Veterans have three times the rates of chronic lung diseases such as COPD compared to the general population. It is also worth noting that the VA annual healthcare budget is more than US\$330 billion per annum.

Outside the VA, the market opportunity in the U.S. is large, with a Frost & Sullivan reporting an estimate of 10.9 million Thoracic CT scans performed in 2019 on approximately 14,500 scanners, with an associated expenditure of US\$5.7 billion. Recent news of CMS reimbursement for XV LVAS® and CT LVAS™, paying US\$299 and US\$650 per scan respectively, creates a compelling mechanism for 4DMedical and Philips to leverage this opportunity.

Investor webinar

An investor webinar is scheduled for Tuesday, 1 October, with details to be announced shortly.

A full press release is being scheduled between the two companies and will provide further details later in the year to align with major industry events.

4DMedical MD/CEO and Founder Andreas Fouras said:

The agreement with Philips sets a new benchmark in lung health and transforms our ability to deliver our technology to patients and their doctors. Together, Philips and 4DMedical will deliver lung function analyses for all lung disorders, including unexplained dyspnoea (shortness of breath), asthma, COPD, and interstitial lung disease (ILD).

Philips is a market leading brand with a commanding commercial presence across government and non-government sectors. Central to the collaboration between Philips and 4DMedical is a drive to address the significant health challenges faced by Veterans due to military toxic exposures. This ongoing collaboration is a pivotal strategy to provide advanced care and support for those who have bravely served.

I would like to sincerely thank the Philips and 4DMedical team members who have undertaken the extensive due diligence to ensure this opportunity can be realised. An agreement of this nature with a company like Philips, who have a shared passion to improve healthcare for all, adds momentum to our mission and will undeniably accelerate our commercialisation success.

–ENDS–

Authorised by the 4DMedical Board of Directors.

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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 the 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[®]) – the first modality to dynamically quantify ventilation throughout the lungs, and its Computed Tomography-enabled counterpart software, CT LVAS[™].

XV LVAS[®] and CT LVAS[™] reports are prepared using 4DMedical's Software as a Service delivery model using existing hospital imaging equipment or the Company's revolutionary XV Scanner.

In December 2023, 4DMedical acquired Imbio, a leader in artificial intelligence medical imaging solutions for chronic lung and cardiothoracic diseases. Imbio's regulatory-cleared solutions transform the way patients are discovered, diagnosed, and treated, enabling physician productivity and more personalised care for patients.

To learn more, please visit www.4dmedical.com and www.imbio.com