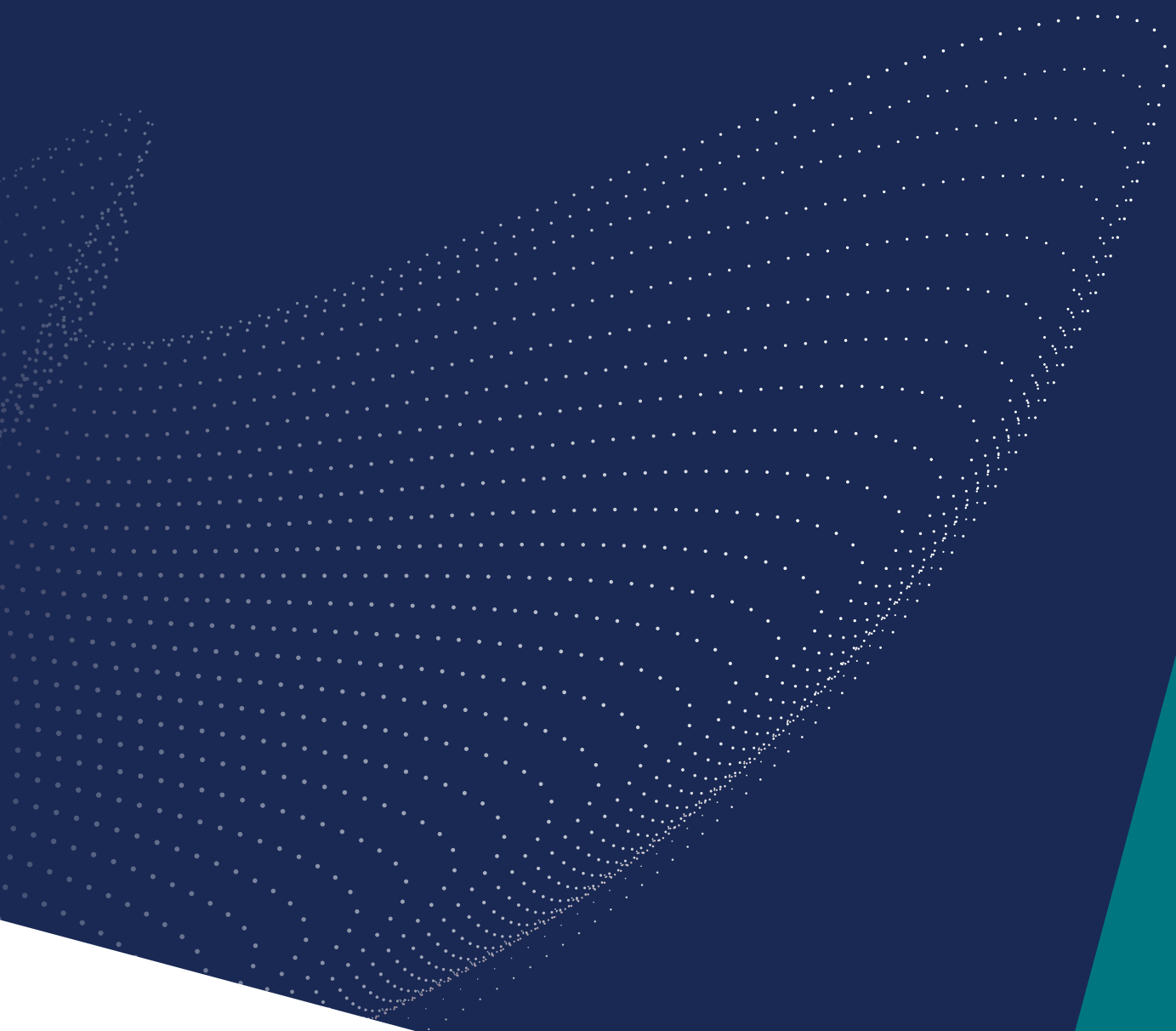
4DMedical™



Annual Report 2024

See beyond the structure


4DMedical

WHO WE ARE

4DMedical is a global medical technology company changing the outcome for patients with lung disease by revolutionising respiratory imaging and ventilation analysis.

OUR VISION

We believe in a world where people with lung disease have better outcomes and more hope.

OUR MISSION

Improving global health by providing unique and non-invasive imaging technologies enabling unprecedented insight into pulmonary functioning.

Contents

FY24 Highlights

- 4DMedical signs reseller agreement to have Philips as an authorised reseller throughout the U.S., representing a transformative commercial pathway for 4DMedical's product suite, leveraging Philips' long established and significant commercial partnerships.
- US$40 million acquisition of Imbio. Imbio's AI-driven technology includes a suite of four FDA-cleared diagnostic products, accelerating the pathway to 'owning the lung'. This accelerates 4DMedical's product development pipeline and commercialisation of XV Technology® into established Imbio contracts.
- U.S. Reimbursement granted for XV LVAS® and CT LVAS™ from the U.S. Centers for Medicare and Medicaid Services (CMS), accelerating the utilisation of XV LVAS® under the existing Category III CPT code.
- U.S. Food and Drug Administration (FDA) clearance for CT LVAS™.
- Execution of software-as-a-service contracts with outpatient practices in Detroit and Memphis to perform commercial XV LVAS® scans.
- 4DMedical signed an agreement with Blackford Analysis Inc to distribute Imbio's medical imaging AI Solutions.
- Research agreements signed with West Los Angeles VA, VA Center for Innovations in Quality, Effectiveness and Safety (IQuESt) and Vanderbilt University Medical Center (VUMC).
- 4DMedical presented 15 posters and spoke at two Innovation Hubs over the three days of the American Thoracic Society (ATS) conference in San Diego, California.
- Inclusion in ASX All Ordinaries Index, marking 4DMedical as one of Australia's top 500 listed companies.

▲ 422%

Increase in revenue

$3.8m

FY24 operating revenue from customers

$0.7m

FY23 operating revenue from customers

$14.8m

Total income

Includes:

$4.5m

R&D tax credits

$6.5m

Total grant income

Medical Research Future Fund income, plus State Government of Victoria grants

$3.8m

Operating revenue

$30.6m

Cash reserves
(Zero debt)

145

Total staff

(3.4%)

Reduction in underlying 4DMedical operating expenses
after excluding ongoing and one-off transaction expenses associated with Imbio.

$30.3m

Net operating expenditure
Represents 4DMedical underlying operating expenses after allowing for R&D tax incentives and grant revenue, and excluding ongoing and one-off transaction expenses associated with Imbio.

Chair Address

Dear Shareholders,

On behalf of the board of directors of 4DMedical Limited, I am pleased to present the Annual Report for the year ended 30 June 2024. The past year has seen 4DMedical achieve commercial revenue, widen our customer base and build focused pathways to growth in the U.S. market. The recent signing of the reseller agreement with Philips significantly expands our U.S. reach and commercial opportunities.

I would like to express my sincere thanks to our investors, both institutional and retail, who have supported 4DMedical commercialisation and especially the acquisition of Imbio.

Total Income for FY24 was $14.8 million, comprising operating revenue of $3.8 million and other income of $11.0 million. Net underlying expenditure for FY24 was $30.3m (allowing for R&D tax incentives, and grant revenue, and excluding ongoing and one-off transaction expenses associated with Imbio). In addition, the Company made significant investments in go-to-market initiatives in the U.S., integration of the Imbio operations, and attending two major global industry conferences during the year which yielded excellent results.

The Company reported a net loss after tax of $36.0 million for FY24 and had a net cash balance of $30.6 million at the end of the period, with zero debt.

In FY24, 4DMedical made significant strides across all operations. The Company focused on U.S. commercialisation delivering revenue and laying foundations for future growth.

In December 2023 we acquired Imbio, a leading medical imaging AI company, bringing new revenue streams and providing 4DMedical with a complete lung detection product portfolio; in effect "owning the lung". Imbio's worldwide channel partnerships have also brought additional entry points for all 4DMedical products.

Our commercial strategy of strong U.S., global and Australian partnerships is enabling revenue opportunities to develop. Most recently, 4DMedical signed a distribution agreement to have Philips as an authorised reseller throughout the U.S.. This transformative agreement allows for the expansion of our technologies particularly with the U.S. Department of Veterans Affairs (VA).

We achieved U.S. reimbursement for both XV LVAS® and CT LVAS™. This is a pivotal advancement for 4DMedical as, with CMS reimbursement in place, XV LVAS® and CT LVAS™ can be made accessible at more than 4,000 Medicare-certified hospitals nationwide. The establishment of this payment benchmark for outpatient procedures gives private insurers a solid reference point, and may lead to even higher reimbursement rates.

The release of Vanderbilt 'burn pit' trial data highlighted XV Technology® ability to detect constrictive bronchiolitis in Veterans. Additionally, a commercial pilot within the Military Health System (MHS) was initiated, demonstrating XV Technology®'s potential in treating active military personnel. Scanning of Veterans continues through our growing network of locations across the VA. This has furthered our revenue opportunities within the VA and our core mission to enhance care for Veterans.

In Australia, 4DMedical continued to expand the access to CT LVAS™, accelerating the rollout across the I-MED Radiology Network, Integral Diagnostics and Jones Radiology.

Organisationally, the Company saw the appointment of Dr Geraldine McGinty as non-executive director, significantly expanding the Company's expertise with respect to reimbursement in the U.S. market.

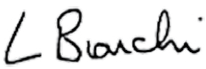
These achievements, coupled with the Company's inclusion in the ASX All Ordinaries Index, position 4DMedical for continued success.

As 4DMedical continues to innovate and expand, it remains committed to providing life changing respiratory diagnostics and enhancing patient care. The progress made in FY24 sets a solid foundation for future growth and success.

My gratitude and appreciation are extended to my fellow directors, and I recognise the contribution of our globally dispersed staff to the continuing success of 4DMedical. We have much to do, but with the momentum we have garnered in FY24, I look forward to next year with great confidence.

Sincerely,

"4DMedical is well positioned and has the right product portfolio to capitalise on an extensive worldwide market."



Ms Lil Bianchi
Non-Executive Director and Chair
4DMedical

Managing Director/ Chief Executive Officer's Letter

Dear Shareholders,

It is with great sense of purpose that I present to you our FY24 Annual Report, recounting the developments and achievements of FY24. This year has been transformative for our Company, marked by progress in commercialisation through strategic alliances that have expanded access to key markets, the Imbio acquisition, reimbursement for XV LVAS® and CT LVAS™ technologies, and, in Australia, the increase in site locations and referring doctors.

Firstly, I would like to highlight the significance of the recent signing of the reseller agreement with Philips. The reseller agreement will allow for the combined 4DMedical and Imbio portfolios to be added to Philips' product catalogue and be offered as a third-party solution to its U.S. customer base. The 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 United States Department of Veterans Affairs (VA) and United States Department of Defense (DoD), where Philips has been providing innovative solutions for over 45 years, with 50% of VA clinics currently using 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 deployment. XV LVAS® is currently the leading non-invasive technology capable of assessing deployment-related respiratory diseases (DRRD).

Secondly, 4DMedical's comprehensive portfolio of CT-based products is extremely well placed to provide actionable insights to front line VA physicians treating patients with chronic lung disease, whilst also serving all physicians triaging respiratory conditions across the general population. This is particularly relevant when considering that Veterans have three times the rate of chronic lung diseases such as chronic obstructive pulmonary disease (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.

In December 2023, we took a significant step forward by acquiring Imbio, a leading AI medical imaging company specialising in lung and cardiothoracic diagnostics. This acquisition aligns with our growth strategy by providing physicians with additional lung diagnostic tools, thereby allowing the Company to offer a comprehensive suite of products that combine structure and function in assessing lung disease. Furthermore, Imbio's established presence within the VA provides 4DMedical with a stronger entry point into the U.S. healthcare market, positioning the Company as a more robust player in respiratory imaging with a comprehensive suite of AI-driven diagnostic tools.

In addition, the acquisition accelerates 4DMedical's commercialisation of XV Technology® in the U.S., enhancing the product offering that can be used with major partners, as well as exciting opportunities to enhance patient screening programs for COPD, interstitial lung disease (ILD), lung cancer and heart disease.

We are already seeing the value of the acquisition being realised, with significant growth in revenues from the established contracts, cost synergies, operational and technical efficiencies, and the expansion of our product portfolio, covering both structural and functional imaging.

Our commercialisation efforts in the U.S. were greatly boosted during the year by successfully gaining U.S. Centers for Medicare & Medicaid Services (CMS) reimbursement for our XV LVAS® and CT LVAS™ products. As a result, XV LVAS® and CT LVAS™ scans conducted in a U.S. hospital outpatient facility for Medicare beneficiaries may be billed to CMS with a reimbursement of US$299 and US$650.50 per scan, respectively. Importantly, this benchmark payment level serves as a guide for private health insurers in determining their pricing levels, which is typically at a much higher rate.

Coinciding with achieving reimbursement of our technology, our expansion efforts have also resulted in new agreements being secured with outpatient clinics in Detroit and Memphis, providing patients with easier access to XV LVAS® scans. These new facilities started offering imaging services in January 2024, representing a shift towards more patient-centric care outside traditional hospital settings.

In March 2024, we proudly announced our participation in a U.S. Department of Veterans Affairs Military Exposures Research Program (MERP) grant, awarded to the Nashville VA Medical Center and Vanderbilt University Medical Center. A major feature of this grant is the installation of the XV Scanner at Vanderbilt University Institute for Imaging Sciences (VUISS) in Nashville, Tennessee, in June 2024, which saw the first patients scanned by this innovative device within a clinical environment. These advancements and collaborations underscore our dedication to researching the impacts of toxic exposures in military settings, with a focus on deployment-related respiratory diseases among Veterans.

Our efforts in Australia have continued to gain momentum, driven by strategic partnerships with leading radiology networks including I-MED and Integral Diagnostics. During FY24, we launched several pilot programs that have facilitated wider access to our technologies for both specialists and general practitioners. A key milestone was the commercial agreement with Jones Radiology, which expanded access to CT LVAS™ across Adelaide, regional South Australia, and Alice Springs. We have also intensified our engagement with general practitioners in areas where our scanning services are available, a strategy that is being strongly supported by local respiratory physicians and radiologists. These efforts are critical to increasing the adoption of our technologies.

We have also made significant gains in the development of our CT-based ventilation-perfusion product (CT:VQ), with exciting clinical data being presented at the annual conference of the American Thoracic Society (ATS) in San Diego in May 2024. The development of this capability represents a significant breakthrough in respiratory imaging by providing vascular perfusion (blood flow) analysis without the need for radioactive tracers or contrast media. 4DMedical's CT:VQ technology enables quantification and visualisation of perfusion to be extracted from non-contrast paired inspiratory-expiratory CT scans. By extracting VQ information from standard non-contrast CT images rather than Nuclear Medicine VQ images, health care providers can avoid the significant expenditure involved in mitigating radiation risks associated with Nuclear Medicine VQ scanners, such as specialised facilities for handling and disposing of radioactive materials. With an estimated market size of >US$1 billion per annum, CT:VQ is generating unparalleled interest from clinicians and providers alike.

As we reflect on our achievements over the past year, it is clear that 4DMedical is on an exciting trajectory towards growth and success. Our strategic initiatives have strengthened our position in our key markets and laid the foundation for future expansion and innovation. We remain committed to advancing lung diagnostic technologies for the improvement of patient outcomes, and delivery of value to our shareholders.

Thank you for your continued support as we strive to make a profound impact on global healthcare through our pioneering technologies.

Sincerely,

Dr Andreas Fouras
Founder and CEO
4DMedical

Year in Review

Key Achievements month by month

2023

July

24 July
CTCM Funding ($1.1 million) to implement perfusion scanning on the XV Scanner.

November

13 November
Granted **US$299 reimbursement benefit for XV LVAS®** from the U.S. Centers for Medicare and Medicaid Services (CMS), accelerating the utilisation of XV LVAS® under the existing Category III CPT code.

20 November
4DMedical received **FDA clearance for its CT-based ventilation product (CT LVAS™)** from the U.S. Food and Drug Administration (FDA). Opening access of XV Technology® to VA and community radiology sites across the U.S.

22 November
Executed software-as-a-service contracts with outpatient practices in Detroit and Memphis to perform commercial XV LVAS® scans, illustrating the increased uptake from the **reimbursement** benefit and pathway to additional revenue.

26-29 November
Successful exhibition of the XV Scanner at the **Radiological Society of North America (RSNA)** conference in Chicago.

29 November
Memorandum of Understanding with Philips, to expand commercial sales opportunities, within the U.S. Veterans' Health Administration, for 4DMedical's XV Technology® when combined with Philips' mobile x-ray scanners.

October

6 October
"Advances in Functional Lung Imaging" featured on The Imaging Wire Show. **Watch the recording here**.

30 October
4DMedical continued to **expand its access network** through a contract with Integral Diagnostics for XV LVAS® and CT LVAS™

December

11-18 December
Acquisition of Imbio after successful capital raise of $35 million. Imbio's AI-driven technology includes a suite of four FDA-cleared diagnostic products, accelerating the pathway to 'owning the lung'. This accelerates 4DMedical's product development pipeline and commercialisation of XV Technology® into established Imbio contracts.

2024

January

22 January
4DMedical and Philips formalise MoU with Teaming Agreement for commercialisation expansion of XV Technology® within the U.S. Department of Veterans Affairs (VA).

February

26 February
4DMedical signed an **agreement with Blackford Analysis Inc** to distribute 4DMedical's extensive medical imaging AI Solutions. This combined with **agreements with Nuance and Aidoc**, extends 4DMedical's AI marketplace coverage worldwide.

27 February
4DMedical secured a **research agreement with VA Center for Innovations in Quality, Effectiveness and Safety (IQuESt)** to utilise Imbio's Lung Texture analysis in Veterans.

March

1 March
4DMedical announced the signing of an agreement with Vanderbilt University Medical Center (VUMC) as part of a grant awarded by the U.S. Department of Veterans Affairs.

18 March
4DMedical is included in the ASX All Ordinaries Index, marking it as one of Australia's top 500 listed companies.

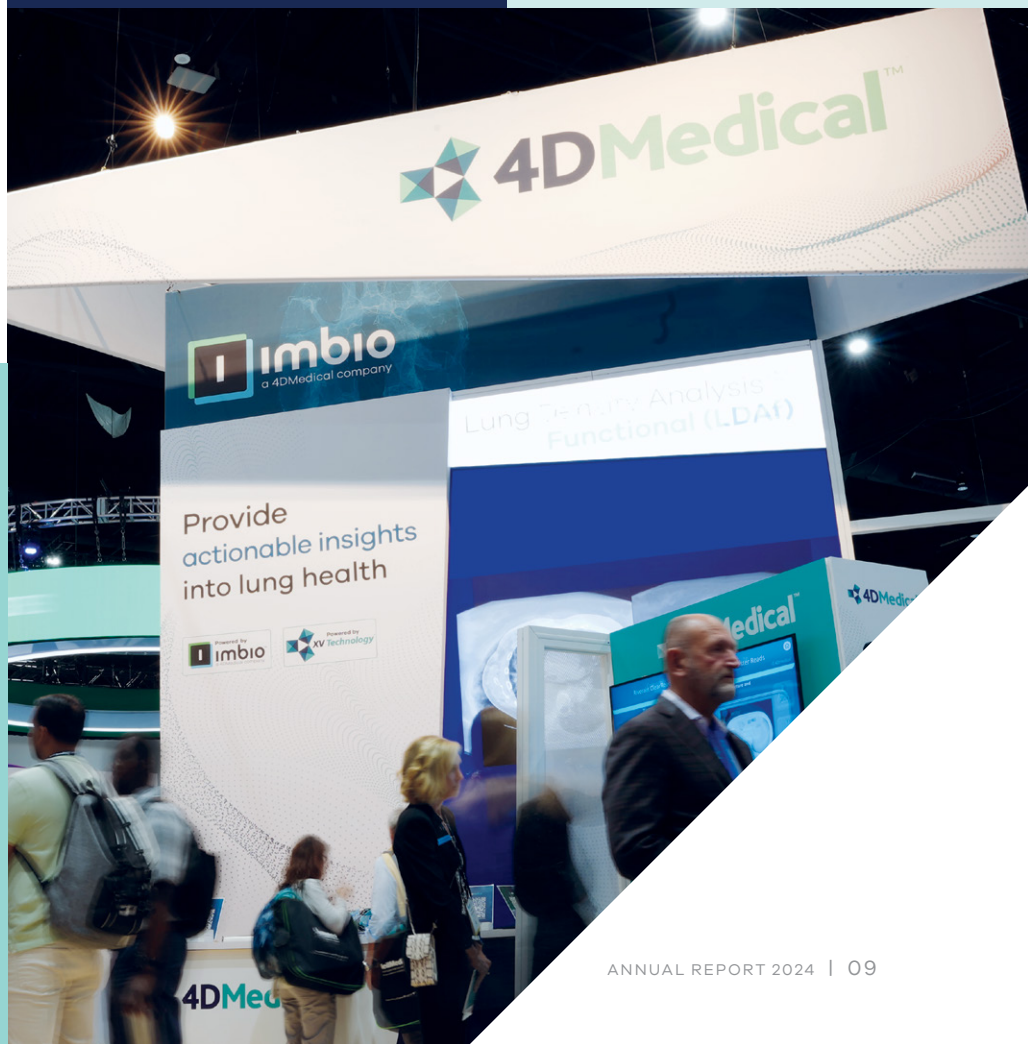
May

7 May
4DMedical signed a **research agreement** with West Los Angeles VA.

9 May
4DMedical gained **US$650.50 per scan reimbursement benefit for CT LVAS™** from the U.S. Centers for Medicare and Medicaid Services (CMS), accelerating the utilisation of CT LVAS™ under the existing Category III CPT code.

10 May
4DMedical exhibits at the European Society of Thoracic Imaging's annual Scientific meeting in Rome, Italy.

19-21 May
4DMedical presented 15 posters, and spoke at two Innovation Hubs over the three days of the **American Thoracis Society (ATS) conference in San Diego, California.**



Strategic Growth:
Driving Revenue and Accelerating Demand

	U.S. Government	U.S. Commercial	Global Partnerships	Australia
Enablers	Philips		Olympus	I-MED
	Reimbursement		Genentech	Jones Radiology
			Nuance/Aidoc/ Blackford	Integral Diagnostics
Sector	Veterans Affairs	Community-based Clinics	Global Pharma companies	Community Clinics
	Department of Defense	Academic Institutes	Global Device companies	Radiology Networks
	Federal and State Facilities	IDN's		Public Hospitals
		Radiology Networks		National Programs
Rationale	Unmet need to solve for respiratory issues, including deployment-related respiratory diseases (DRRD)	Largest lung diagnostic market with huge economic scale	Large burden of data needed where our technologies can accelerate progress	Early adoption of core technologies in key players to build influence and scale
	PACT Act – US$280 billion commitment over ten years, covers numerous respiratory illnesses as presumptive conditions. Healthcare eligibility to 6 million post-9/11 Veterans. Bi-partisan support of Veteran care. Philips has long established and significant existing partnerships.	Reimbursement rates established covering 4,000 facilities. Over 14,500 CT scanners deployed. Shortage of clinicians creates opportunity for AI tools and faster clinical insights.	Custom imaging biomarker development and patient selection tools shorten clinical trial time and expense in the multi billion-dollar pharma development sector. AI marketplaces increase access and coverage through deployment capabilities.	Australian radiology is innovative and readily accessible through community practices, networks and hospitals, with a high proportion of CT Scanners (33.9%). There are approximately 330,000 chest CT procedures performed annually through Medicare. Proximity and collaboration with our development team speeds up innovation.

Commercial partnerships

4DMedical and Philips Finalise Reseller Agreement

In January 2024, 4DMedical announced the execution of a Teaming Agreement with Philips, establishing a strategic partnership aimed at enhancing care for Veterans affected by deployment-related respiratory diseases (DRRD) and other pulmonary conditions.

Throughout FY24, both organisations have been working towards the finalisation of a reseller agreement, which was completed in September 2024. Under this five-year agreement, Philips will incorporate 4DMedical's XV Technology® and Imbio's product portfolio into its product catalogue, offering them as third-party solutions to its U.S. clientele. Philips will hold exclusive distribution rights for 4DMedical's products to U.S. government customers, including the Department of Veterans Affairs (VA) and the Department of Defense (DoD), as well as non-exclusive rights for other commercial customers in the U.S. market.

Strategic Opportunities

This agreement presents a significant commercial opportunity for 4DMedical by leveraging Philips' well-established network, particularly its long-standing relationships with the VA and DoD. Philips has been a trusted provider of imaging solutions to the VA for more than 45 years, with half of VA clinics currently utilising Philips' technologies.

The collaboration with the VA highlights two primary opportunities. First, 4DMedical and Philips aim to support the implementation of scalable, non-invasive lung screening programs in line with the PACT Act. This legislation represents a $280 billion investment over the next decade to address respiratory illnesses in Veterans exposed to airborne hazards during deployment. 4DMedical's XV LVAS® technology is positioned as a leading non-invasive tool for assessing DRRD, making it a key asset in this initiative.

Second, 4DMedical's portfolio of CT-based products will provide valuable clinical insights to VA physicians managing Veterans with chronic lung conditions. Veterans experience chronic respiratory diseases, such as COPD, at three times the rate of the general population. With the VA's annual healthcare budget exceeding $330 billion, there is considerable potential for these technologies to enhance care delivery.

CMS reimbursement for XV LVAS® and CT LVAS™

In FY24, 4DMedical was successful in establishing a new and distinct AMA Category III CPT code identifying the use of XV LVAS® by healthcare providers and payers. In November 2023, after review and consideration of the information and public comment provided by 4DMedical, CMS accepted the reimbursement request and finalised assignment of the Category III CPT code for XV LVAS® to the rate of US$299 per scan.

Centers for Medicare & Medicaid Services (CMS) is the federal agency providing health coverage through Medicare, Medicaid, the Children's Health Insurance Program, and the Health Insurance Marketplace. Medicare is an important public health insurance scheme for U.S. adults aged 65 years and over; as of 1 March 2023, there were 65.7 million people enrolled in the program.

In May 2024, 4DMedical was informed by the American Medical Association (AMA) that the CPT Editorial Panel Review identified two existing Category III CPT codes (0721T and 0722T) which may be used for reimbursement of CT LVAS™. These codes currently attract a reimbursement payment of US$650.50 per scan under the 2024 Medicare rulings for eligible facilities.

CMS reimbursement provides access to CT LVAS™ at potentially over 4,000 Medicare-certified hospitals across the country. This significant and positive change ensures that the CT LVAS™ technology, which can be performed on existing CT scanners, is available to Medicare beneficiaries afflicted with lung disease and provides a funding source for providers of the technology beyond full out-of-pocket payment. This benchmark payment level set for hospital outpatient procedures serves as a guide for private health insurers in determining their pricing levels, typically at a much higher rate. 4DMedical is actively working with a number of healthcare providers to provide rebateable CT LVAS™ scans within the U.S..

Commercial partnerships (cont.)

Expanded distribution in the U.S. and beyond

Following CMS reimbursement of XV LVAS® in 2023 4DMedical signed two new outpatient clinics in the U.S., expanding access to XV LVAS® scans in Detroit and Memphis with imaging available from 1 January 2024.

Outpatient facilities provide patients with an alternative to hospital networks, thereby increasing patient and referrer access to XV LVAS® scans, and in an environment that is often regarded as more convenient and patient-centric.

Beyond demonstrating the commercial impact of attracting reimbursement, these new distribution partners provide further evidence of the progress being made in 4DMedical's U.S. commercialisation efforts.

The Company has signed contracts directly, and through our distribution partners Olympus, Nuance and Aidoc. Notable commercial contracts were received from UCSF, Stanford, The Cleveland Clinic and Northwell Health. Within the last quarter, our Imbio portfolio has been contracted at several hospitals across Europe including Spain, Italy and France plus a multi-year contract in Brazil.

Australia

The commercialisation program continues to roll out across Australia with an increase in site locations and scans performed though the I-MED and Integral Diagnostics networks.

During FY24 several pilot programs were conducted across Australia with various radiology providers. These pilots included access for both Specialist and General Practitioners. In July 2024 Jones Radiology signed a commercial agreement to provide access to CT LVAS™ to its network across Adelaide, regional South Australia and Alice Springs. 4DMedical continues to work with their network of providers to improve access and create commercial opportunity. We anticipate that further commercial agreements will be signed in the coming months.

Increased numbers of Radiologists have been trained, building the capacity to report the growing number of scans to ensure patient reports are delivered in a timely manner to the ever-widening cohort of referrers. In addition, enhancements were implemented to improve the radiology workflow and visualisations with our CT LVAS™ partners.

The Group increased marketing and presence at key industry events, such as Thoracic Society of Australia and New Zealand and the Australian Lung Foundation's International Women's Day Dinner, is driving engagement and awareness, resulting in new opportunities for collaboration and scans throughout Australia.

4DMedical has recently extended its engagement efforts to include General Practitioners (GP) in geographies that align to the existing availability of scanning locations. Uptake from the GP market, with support from local Respiratory Physicians and Radiologists, has been pleasing and will be extended in FY25.

Imbio lung analysis portfolio extends 4DMedical's ownership of the lung

In FY24 4DMedical signed an agreement with Blackford Analysis Inc., a provider of AI-driven medical imaging solutions. This partnership is designed to enhance the distribution and integration of 4DMedical's products, particularly within the VA system, by leveraging Blackford's extensive network and expertise. This agreement coupled with existing agreements with Nuance and Aidoc cements the Imbio portfolio of lung analysis AI algorithms worldwide via these major AI marketplace providers.

Established licencing agreements with Riverain, Olympus, and Genentech provide additional opportunity for worldwide growth, facilitating ongoing partnerships through imaging based screening and preoperative qualification for patients.

4DMedical aims to accelerate the adoption of its technologies in the U.S., ensuring that more healthcare providers can offer advanced respiratory diagnostics to their patients.

Veteran Affairs Functional Lung Imaging Study (VAFLIS)

In FY24, 4DMedical signed a Cooperative Research & Development Agreement (CRADA) with West Los Angeles VA Medical Center for utilisation of 4DMedical's XV Technology® in the Veteran Affairs Functional Lung Imaging Study (VAFLIS). This study will utilise XV Technology® across the spectrum of chronic respiratory conditions presenting with undifferentiated symptoms.

The study will enrol a cohort of 40 patients and utilise XV Technology® to correlate regional ventilation and ventilation heterogeneity with quality of life, the six-minute walk test and dyspnoea scores, to determine if changes can be identified in lung function post treatment. The data collected will be used to optimise treatment pathways, including possible re-hospitalisation or further medical follow up.

Commercial partnerships (cont.)

Department of Veterans Affairs Medical Center, Houston, TX

4DMedical announced that it has entered a research agreement with the U.S. Department of Veterans Affairs Center for Innovations in Quality, Effectiveness and Safety (IQuESt), to conduct a research project utilising Lung Texture Analysis (Imbio LTA) to assess prevalence, diagnostic delays and mortality associated with interstitial lung abnormalities (ILA) and interstitial lung disease (ILD) in a national cohort of Veterans undergoing lung cancer screening (LCS).

Approximately 1 million Veterans are eligible for lung cancer screening and up to 25% of these patients are projected to have findings of ILA/ILD based on lung cancer screening demonstration project data. However, the prevalence of high-risk features for ILA progression are not well characterised. The Imbio LTA product will be utilised to retrospectively assess a random sample of 2,000 patients with ILA/ILD from the national cohort, in the project titled "Novel Machine Learning Tools to Reduce Diagnostic Delays Among Veterans with Pulmonary Fibrosis".

The Military Exposures Research Program (MERP) – Vanderbilt University

The Military Exposures Research Program (MERP) is an initiative of the U.S. Department of Veterans Affairs (VA) as part of its commitment to address evidence needs related to toxic exposures and health, often in partnership with education and research institutions. MERP grant funding by the VA enabled the installation of an XV Scanner at Vanderbilt University Institute for Imaging Sciences (VUISS) in Nashville, Tennessee, a hub for Veterans' health research.

The XV Scanner is used to improve understanding of toxic effects of burn pits under military conditions and overcome challenges of exposure assessment as part of the Post-Deployment Respiratory Illness in Veterans of Iraq and Afghanistan (PRIVIA) Study. Researchers intend for this study to positively impact Veterans by advancing their understanding of factors which cause deployment related respiratory disease (DRRD) and improving their ability to diagnose DRRD non-invasively. It is hoped that future studies may also inform their understanding of disease progression and create new surrogate endpoints for future clinical trials.

A group of VUMC pulmonologists, surgeons, pathologists and scientists collaborated for nearly two decades to gather and present the evidence to support passage of the PACT Act that these Veterans were potentially left with life-changing lung injuries and needed appropriate care.

The U.S. Department of Veterans Affairs (VA) has been tasked with meeting the screening and diagnostic needs of Veterans covered by the PACT Act and has funded research into XV Technology® for this purpose.

"As pulmonologists and imaging specialists, we were watching as this technology was being developed, and we wanted to be among the first to test it," said Bradley Richmond, MD, PhD, assistant professor of Allergy, Pulmonary, and Critical Care. "In the future, this could become an important method for diagnosing lung disease, possibly even in cases where currently available diagnostics do not reveal definitive areas of concern. I am excited VUIIS has brought this technology to Vanderbilt for testing across a range of lung conditions."

4DMedical and Philips Support American Legion on Capitol Hill

In July 2024 4DMedical supported the American Legion alongside co-sponsor Philips on the second anniversary of the passage of the Sgt. First Class Heath Robinson honouring our Promising to Address Comprehensive Toxins (PACT) Act. This event held at Capitol Hill Washington DC brought together key stakeholders within Veteran Affairs, Burn Pits 360 and Congressmen Rep. Greg Murphy, House Veterans Affairs Health Subcommittee member and Rep. Chris Pappas, House Veterans Affairs Disability Assistance and Memorial Affairs Subcommittee ranking member to discuss how the VA will screen for toxic exposure and what efforts are underway to efficiently triage Veterans who are identified as exposed to burn pits and experiencing symptoms.

American Thoracic Society (ATS)

4DMedical presented 15 posters, and spoke at two Innovation Hubs over the three days of the American Thoracic Society (ATS) conference in San Diego, California.

In FY24, 4DMedical attended the American Thoracic Society (ATS) conference in San Diego, California. Over the course of the three-day conference, 4DMedical delivered a comprehensive engagement with the pulmonology community through multiple innovative presentations and collaborations. The conference served as a platform to introduce our expanded portfolio of products to the pulmonology community.

Key highlights included:

- **Two Innovation Hub Presentations:** *"A New Tool Allowing Ventilation and Perfusion Analysis of Non-Contrast Chest CT,"* presented by Dr Andreas Fouras and Dr Trishul Siddharthan.

  "*Veterans in Crisis: Uncovering the Realities of Burn Pit Exposure and DRRD*" featured U.S. veteran panellists and was moderated by Rosie Torres and Dr. Greg Mogel. The panel built awareness of deployment-related respiratory disease and shared personal stories with ATS pulmonologists.

- **Poster Presentations:** The Medical and Clinical Affairs team presented a record 15 posters highlighting advancements in XV Technology® and developments in AI. Details of these posters can be found **here**.

- **Respiratory Innovation Summit (RIS):** 4DMedical presented a poster at ATS's RIS, showcasing the latest product developments in AI and Deep Learning. This presentation underlined our commitment to integrating cutting-edge technologies into pulmonology.

- **Oral Presentations:** Dr Andreas Fouras delivered two oral presentations, further demonstrating our continuous progress and thought leadership in the field of respiratory health.

Our participation at ATS 2024 underscored 4DMedical's dedication to advancing respiratory diagnostics and treatment through innovation, collaboration and a commitment to improving patient outcomes.

Product Portfolio

4DMedical: Leading Structural & Functional Lung Imaging Portfolio

A complete Lung Health Solution

Pulmonary Structure


Lung Density FDA
Emphysema, HAA, Fissures


Lung Texture CE
ILD's/Fibrosis


IQ-UIP FDA
IPF Screening


Lung Nodules FDA
Lung Cancer (Partner Solution)


Airway Analysis
Airway morphology*

Pulmonary Function


XV LVAS® FDA
Dynamic Ventilation Analysis


CT LVAS™ FDA
CT-based Ventilation Analysis


CT:VQ FDA
Next Gen VQ (Ventilation + Perfusion)


Functional LDA FDA
Air Trapping, Emphysema

Portfolio

Clinical Algorithms
CT and Fluoroscopy-based analysis software

SaaS delivery
Cardiothoracic health analysis software

AI tools
AI analysis software – rapid, quantifiable

Hardware support
XV Scanner™ and Permetium™

Achievements

CMS Reimbursement for XV LVAS® and CT LVAS™

FDA approval for XV LVAS® and CT LVAS™

Extensive Device and Pharma Partnerships contracts

85+ Global Patents

10 Clinical Products

Seven 510(k) Cleared

Worldwide Distribution

The strategic acquisition of Imbio enables 4DMedical to provide its referrers with a comprehensive portfolio of functional and structural lung analysis tools to a vast referrer base.

This portfolio, coupled with a cardiology analysis suite, is unique to 4DMedical and provides vast commercial opportunities.

Cardiovascular

CAC FDA
Coronary Calcification/Heart Disease

PHA FDA
Hypertension (RV/LV, MPA, Pa/Ao)

TAA
Aortic Aneurysm Analysis*

Pulmonary Vessel
FUTURE: Vascular morphology*

Total Lung Health Solution

Combined product suite
enabling access to key imaging modalities: CT, X-ray

Established networks
with market distributors

Market access
in USA, EU and AU

US reimbursement
for XV LVAS®, CT LVAS™ and LDAf (Medicare)

Expanded product pipeline
CTVQ + IQ-UIP

Timeline

2005
Dynamic, regional, functional 4D lung imaging using X-rays is conceived

2012
Company incorporated in Melbourne, Australia

2014
Successful human feasibility study completed using XV Technology®

2017
First in human data released

2020
4DMedical is listed on the Australian Stock exchange (ASX)

2023
4DMedical acquires Imbio, a leading cardiothoracic AI medical imaging company

FDA Cleared (Teal), CE Approved (Light Teal), FDA clearance in progress (Grey), pending submission (*).

Product Portfolio

Acquisition of Imbio

Better information means better decisions and better outcomes

4DMedical acquired Imbio, a leading medical imaging AI company transforming how patients with lung and cardiothoracic conditions are detected, diagnosed and treated.

The acquisition of Imbio aligns to 4DMedical's growth strategy by providing physicians with various additional lung diagnostic tools, thereby offering a comprehensive suite of products combining structure and function in assessing lung disease, effectively 'owning the lung'. Furthermore, the acquisition of Imbio accelerates 4DMedical's commercialisation of XV Technology® in the U.S., opening up exciting opportunities for patient screening programs for chronic obstructive pulmonary disease (COPD), interstitial lung disease (ILD), lung cancer and heart disease, in the Australian and U.S. markets.

Operating extensively through market leading channel partners within their General Radiology product offerings, Imbio also provides another entry point into the United States Department of Veterans Affairs (VA), with an established agreement, and the combined product offering creates further opportunities to deliver comprehensive diagnostics screening programs.

XV Technology® and Imbio portfolio come together to provide comprehensive lung analysis

Imbio's current portfolio complements the 4DMedical XV Technology® and provides validated and market-leading insights, working with a subset of highly specialised healthcare providers. By combining this toolset with 4DMedical's novel technology and automated point-of-care radiology workflows, 4DMedical will revolutionise lung disease diagnosis by making it simultaneously more comprehensive, objective, personalised, and, most importantly, more widely available.

The combined technology offering holds the potential to turn standard-of-care chest CTs into a much broader cardiothoracic analysis, immediately providing functional, structural and risk-based analysis for both lung and heart disease.

Improving the triage of unexplained dyspnoea (shortness of breath) presents a powerful opportunity to address the needs of a large population currently undergoing incomplete or inappropriate evaluations. These evaluations often rely on outdated technologies like spirometry and lack standardised workflows, leading to significant dissatisfaction among both doctors and patients. This ultimately results in inefficient utilisation of frontline medical resources, escalating healthcare costs, and longer wait times for specialised referrals in thoracic medicine and other fields.

Product Development

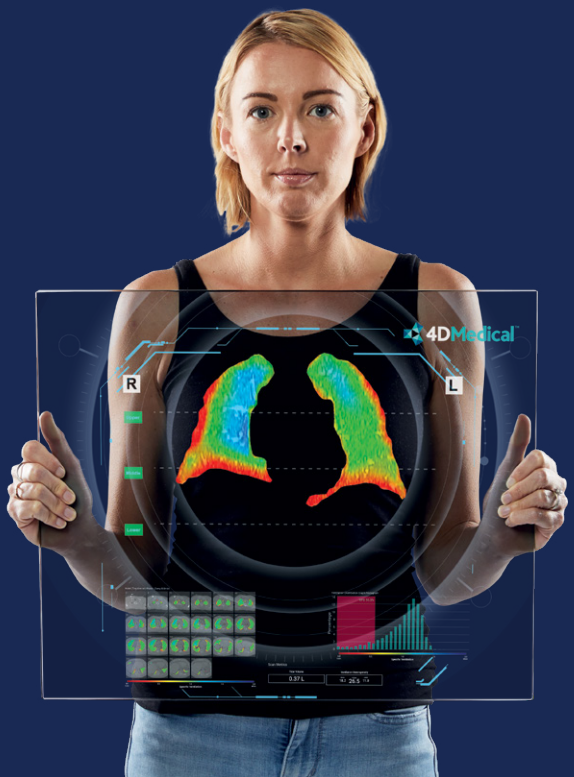
Unveiling of CT:VQ

Announced during the annual conference of the American Thoracic Society (ATS 2023) in Washington, DC our CT-based ventilation-perfusion product CT:VQ represents a significant technological breakthrough and milestone in an ambitious product development strategy.

This breakthrough technology provides in respiratory imaging by providing vascular perfusion analysis without the need for either injected radioactive tracers or contrast media.

CT:VQ technology enables quantitative perfusion data and visualisations to be extracted from non-contrast paired inspiratory-expiratory CT scans. It achieves this by measuring the regional motion of lung tissue, while also assessing local density changes to quantify regional blood-mass change.

Extracting VQ information from standard non-contrast CT images rather than nuclear medicine VQ images requiring radioactive contrast media, hospitals can avoid the significant capital expenditure involved in mitigating radiation risks of operating a nuclear medicine VQ scanner.



IQ-UIP

IQ-UIP is an AI algorithm that identifies patients with radiological usual interstitial pneumonia (UIP) pattern, the first-line diagnostic for IPF.

IQ-UIP can run in the background on images across the entire health system and notify trial investigators to prompt referrals to ILD care clinics and potential trial enrolment. Custom imaging biomarker development and patient selection tools shorten clinical trial time and expense in the multi billion-dollar pharma development sector.

Deployment of the XV Scanner in the United States

The ongoing development of the XV Scanner, supported by the MRFF grant, resulted in the delivery of a device to Vanderbilt University in late FY24. This scanner, a first to be exported to the United States, will be installed at the Institute for Imaging Sciences (VUISS) in Nashville, Tennessee, a hub for Veterans' health research.

Rollout of CT LVAS™

Embracing the wide availability of Computed Tomography (CT) imaging infrastructure, the release of breakthrough image processing software, CT LVAS™ provides clinicians and researchers with an almost identical report to 4DMedical's proven XV LVAS® product.

Australia is second only to Japan in density of CT scanners per capita, providing scale and accelerating adoption. CT LVAS™ significantly broadens the accessibility of functional lung imaging for Australians living with lung disease.

Seamless integration of this product line into automated workflow throughout imaging network partners represents a significant opportunity to drive revenue for the Company, exploiting a distribution framework for rapid commercialisation already in place.

Clinical Research

4DMedical's clinical research objective is to accelerate the commercialisation of its product portfolio to drive growth.

Scientific sharing at ATS 2024

4DMedical was a prominent participant in the poster presentation and symposia programs at the American Thoracic Society's annual conference during May.

4DMedical presented 15 posters at the conference. The highlights of these posters, presented by our Medical & Clinical Affairs team, included:

Comparison of CT-based Measurements of Ventilation and Perfusion to Ventilation and Gas Exchange Measurements in Hyperpolarized 129Xe MRI

P. Niedbalski, D.H. Lee, J. Choi, M. Castro, J. Dusting, A. Fouras

Aim: Comparison study of hyperpolarized 129Xe MRI (Xe-MRI) and quantitative CT (qCT) utilising 4DMedicals CT:VQ.

Outcome: The two measures of ventilation were reasonably well-matched, with the ventilation maps from CT:VQ and the gas exchange map from Xe-MRI showing stronger agreement.

https://www.atsjournals.org/doi/abs/10.1164/ajrccmconference.2024.209.1_MeetingAbstracts.A5217

Regional Lung Ventilation and Perfusion in Individuals with Post-acute Sequelau of SARS-CoV-2 Infection

M Ghamloush; J.P. Kirkness; H Farber; T Otvos; A Fouras; S Kay; N Hill

Aim: The purpose of this study was to describe regional ventilation and perfusion using 4DMedical's CT:VQ in individuals with Long COVID and dyspnoea, fatigue and exercise intolerance to determine if there are abnormalities that may be missed by commonly obtained testing.

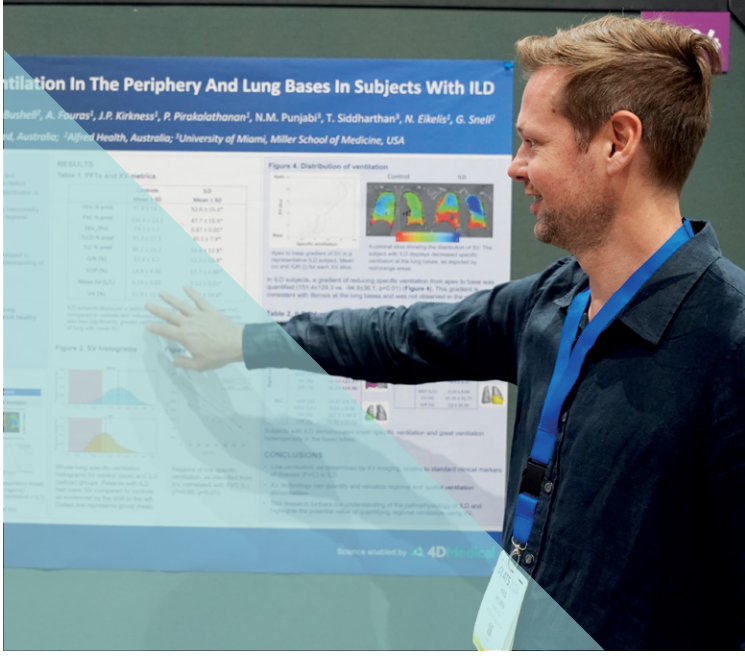
Outcome: Preliminary findings suggest that CT:VQ demonstrates distinct patterns in individuals with distinct symptoms. Individuals with Long COVID may demonstrate regional lung ventilation and perfusion abnormalities on CT:VQ distinct than healthy controls and providing clues about the underlying pathophysiology of persistent symptoms.

https://www.atsjournals.org/doi/10.1164/ajrccmconference.2024.209.1_MeetingAbstracts.A4267

Clinical trials

4DMedical is optimising successes in lung transplantation.

Led by Professor Greg Snell of Monash University, the Functional Lung Imaging in the Assessment of Severe Lung Disease for Lung Transplantation (FIT) Study successfully validated the use of XV Technology® for patients with end-stage lung diseases. Harnessing the power of XV Technology®, this innovative approach significantly enhances assessment of potential candidates for transplant surgery. 40 patients were imaged at Melbourne's Alfred Hospital in the course of this pioneering clinical trial. This successful trial has resulted in a number of papers that are due to be published in FY25.



Impact of Emphysema on Lung Expansion and Ventilation in COPD patients

N. Eikelis, G. Snell, B.Levvey, G.Westall, D.Bushell, A. Fouras, J.P. Kirkness, P. Pirakalathanan, K. Nilsen

Aim: Emphysema, a disease characterised by lung hyperinflation resulting from increased air trapping, leads to poor ventilation and, consequently, dyspnoea. Current standard of care tools such as computed tomography (CT) and Pulmonary Function Tests (PFTs) offer limited functional information at a regional lung level. This study explores the application of X-ray Velocimetry (XV) to quantify the impact of emphysema on lung expansion and ventilation, in patients with Chronic Obstructive Pulmonary Disease (COPD).

Outcome: The results of this study demonstrate that emphysema has a significant effect on lung expansion. In addition, XV-derived ventilation defects serves as a surrogate marker for gas trapping. XV Technology® provides a more in-depth insight into regional pulmonary function, thereby enabling a more comprehensive evaluation of the disease.

https://www.atsjournals.org/doi/abs/10.1164/ajrccmconference.2024.209.1_MeetingAbstracts.A4543

Fibrosis Reduces Ventilation In The Periphery And Lung Bases In Subjects With ILD

K. Nilsen, B.Levvey, G.Westall, D.Bushell, A. Fouras, J.P. Kirkness, P. Pirakalathanan, N.M. Punjabi, T. Siddharthan, N. Eikelis, G. Snell

Aim: Fibrotic interstitial lung diseases (ILD) are chronic and progressive diseases characterised by a restrictive ventilatory defect. The study aims to use X-ray Velocimetry (XV) to measure the effects of fibrosis on regional ventilation in patients with ILD.

Outcome: This study demonstrates that low ventilation, as determined by XV imaging, relates to standard clinical markers of disease (FVC) in ILD. Furthermore, XV can quantify and visualise regional and spatial ventilation abnormalities.

https://www.atsjournals.org/doi/10.1164/ajrccm-conference.2024.209.1_MeetingAbstracts.A2646

XV Technology® utilised to determine treatment pathways in neonates

Each year, approximately 15 million babies worldwide are born preterm, often arriving with underdeveloped lungs. To survive, many of these preterm infants require ventilation or supplemental oxygen, which, while lifesaving, can significantly damage their lungs.

This project undertaken at the South Australian Health and Medical Research Institute (SAHMRI) and funded by the Channel 7 Children's Research Foundation, aims to evaluate a novel prophylactic treatment designed to protect the lungs of preterm infants. The hypothesis is that the treatment will enhance future lung function, which will be measured non-invasively using 4DMedical XV Technology®.

For the study, lambs will undergo X-ray Velocimetry (XV) functional imaging using the XV Scanner installed at SAHMRI. This technology will enable detailed characterisation of the location and intensity of respiratory disease with high sensitivity and resolution, potentially leading to significant improvements in the management and outcomes of babies born preterm.

FY25 Outlook

Philips

Roll-out of Reseller Agreement creates large commercial coverage across multiple sectors in U.S. healthcare

US Government

Veterans Affairs

Department of Defense

Federal and State facilities and stakeholders

US Commercial

Community and Radiology Networks

Academic institutes

4DMedical™

Global Partnerships

Contract with Global Pharma/ Device companies

AI marketplaces

Australia

Continue to build partnerships within respiratory, cardiology and general practice

Australian National Lung Cancer Screening Program

Research and Product Development

CT:VQ FDA submission and approval

IQ-UIP FDA submission progressing with Breakthrough

XV Scanner

People and Culture

4DMedical understands that its people are the heartbeat of any organisation, driving innovation, fostering collaboration, and building a foundation for sustainable success. A strong, inclusive culture empowers individuals to reach their full potential, creating an environment where diverse perspectives thrive, and shared values unite. Investing in people and nurturing a positive culture not only enhances employee satisfaction and retention but also strengthens the organisation's ability to adapt, grow and lead in a rapidly changing world.

Total **145**

By gender

37% Females

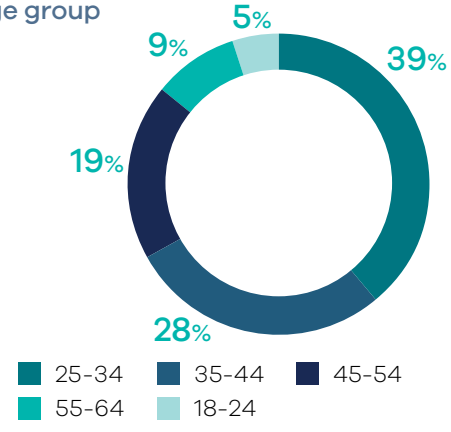
63% Males

By location

115 Aus

30 USA

By age group



Establishment of the 4DMedical Diversity and Inclusion Committee

In FY24 the 4DMedical Diversity and Inclusion (D&I) committee was established with a focus on increasing female participation at 4DMedical.

The D&I committee are reviewing female participation in:

- the percentage of female applicants for each role advertised; and
- the number of internal promotions awarded to female team members.

In FY25 the D&I Committee will focus on pathways for leadership within the female cohort and seek to understand how to support other cohorts within the organisation.

Gender Pay Gap

As shown in 4DMedical's 2023/2024 Workplace Gender Equality Agency (WEGA) report, 4DMedical's Gender Pay Gap, for total remuneration is 12.6%[1] compared to the Industry comparison Group of 14.3%.

4DMedical, in conjunction with its Diversity and Inclusion Committee are seeking ways to improve this gap, in an industry that is male dominated in both the graduate and professional populations.

12.6%
your average total remuneration GPG

14.3%
Industry Comparison Group

1 Workplace Gender Equality Agency (WEGA) reporting is only measured on employees residing in Australia. Data excludes employees in the United States of America.

Part of our community

This year the 4DMedical team participated in a number of events to support our local community.

Australia's Biggest Morning Tea

In FY24 the 4DMedical team shared their culinary efforts and participated in the Cancer Council's Australia's Biggest Morning Tea. Due to the high level of participation of the team, 4DMedical surpassed its fundraising target again, providing much needed funds to cancer research.

Can recycling program

Over the year the Melbourne Connect team have been collecting and recycling aluminium cans as part of the Victorian State Government recycling program. More than $2,000 has been collected and donated to local charities in the Parkville and Carlton areas.

Blood drive – Lifeblood Australia

In FY24 the Melbourne based team participated in Lifeblood's Blood drive month. The team were encouraged to donate blood and were supported to do so within work hours. A number of team members participated and contributed to more than 30 lives saved from their donations.

Cystic Fibrosis Fun Run

4DMedical has been a long time supporter of Cystic Fibrosis Australia and this year participated in the Great Strides fun run around Albert Park in Melbourne, to raise valued funds for research into Cystic Fibrosis.

Directors' & Financial Report

Directors' Report

The directors of 4DMedical Limited (the **Company** or **4DMedical**) and its controlled entities (the **Group**) present the Directors' Report, together with the financial report on the consolidated entity (referred to hereafter as the **Group**) for the financial year ended 30 June 2024.

Directors

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

Names, qualifications, experience and special responsibilities

Ms Lilian Bianchi (Non-Executive Director and Chair)
BSc(Econ), MSc, GAICD

Ms Lil Bianchi joined the Board in December 2019 and was appointed Chair effective 2 November 2023.

Lil is an experienced Non-Executive Director with a focus on innovative companies operating in highly regulated environments including health, finance and infrastructure.

Her CEO and executive career brought commercial leadership and digital transformation to global listed corporates through to tech startups across U.S., Australia, India, Singapore, UK and Europe. She has an international technology research background including programs in health and telecommunications. Her product expertise is in analytics, AI and SaaS where she took to market new products for diverse sectors including FinTech and Transport.

Lil has a Bachelor of Science degree in Economics, Master's in Computer Science, UK Securities and Investment Certificate, and is a Graduate of the Australian Institute of Company Directors.

Lil is a Non-Executive Director and member of the Innovation Committee for Qscan Radiology Group and Chair of Operational Risk and member of the Investment Committee for water infrastructure company Murrumbidgee Irrigation.

Lil is an independent director and is Chair of the Audit and Risk Committee.

Dr Andreas Fouras (Managing Director)
BEng, MEngSc(Res), PhD, MAICD

Dr Andreas Fouras is the founder, Managing Director and Chief Executive Officer (CEO) of the Group and has been a director of the Company since its incorporation in December 2012.

Andreas is also the Group's Chief Technology Officer, being the inventor of its core XV Technology®, maintaining a direct role in its evolution and development.

Andreas' career in academic research has a foundation gained within studying experimental fluid dynamics in the Department of Mechanical and Aerospace Engineering at Monash University in Melbourne, Australia. This research into wind tunnel quantification garnered recognition as a young leader in the scientific discipline of fluid dynamics, developing a number of new approaches to the imaging of gas and liquid flow.

Following completion of a Master's degree by research and a Doctorate (PhD), Andreas rapidly rose to the position of Professor of Mechanical and Aerospace Engineering and Director of the Laboratory for Dynamic Imaging. He received accolades from a wide range of premier research bodies including the National Health and Medical Research Council (NHMRC) and the American Asthma Foundation.

Andreas applied a novel concept to clinical use through the development of XV Technology®, uniquely measuring airflow within the breathing lungs at every stage of the breath, providing both high spatial and temporal resolution at very low doses. This research has been documented in over 100 peer reviewed publications and resulted in 72 patent applications with 40 granted.

In December 2012, Andreas founded 4DMedical resulting from a deeply held personal and professional desire for his work to reach and positively influence as many people afflicted by respiratory compromise as possible, through global clinical translation.

Andreas' leadership is evidenced as a commissioned officer in the Australian Army (Infantry) and through the prestigious Australian Davos Connection's Australian Leadership Award for 2013. Andreas was recognised by The University of Melbourne through appointment as an Honorary Professorial Fellow. It awards honorary appointments recognising individuals who make significant ongoing contributions through world-class, values-based teaching, research, research training, engagement, enterprise, leadership and service.

The focus of Andreas' substantial intellect and energy is now concentrated upon applying business acumen, drive and innovation to the successful commercialisation of 4DMedical's technologies.

Andreas is a member of the Medical Advisory Committee.

Dr Robert A. Figlin (Non-Executive Director)
MD, FACP

Dr Robert A. Figlin, MD, FACP, joined the Board in December 2016.

Robert is the Steven Spielberg Family Chair in Hematology-Oncology, Professor of Medicine and Biomedical Sciences, Deputy Director for Cedars-Sinai Cancer, and Deputy Director of the Samuel Oschin Comprehensive Cancer Institute.

Robert received his medical degree from the Medical College of Pennsylvania. He completed his residency and chief residency in internal medicine at Cedars-Sinai Medical Center and a fellowship in hematology/oncology at the David Geffen School of Medicine at UCLA. He is an Emeritus Professor of Medicine and Urology at the David Geffen School of Medicine at UCLA.

Prior to joining Cedars-Sinai, Robert was the Arthur and Rosalie Kaplan Endowed Chair of the Department of Medical Oncology and Therapeutics Research, and the Associate Director for Clinical Research at the City of Hope Comprehensive Cancer Center. Prior to that, Robert served as the Henry Alvin and Carrie L. Meinhardt Endowed Chair in Urologic Oncology and Professor of Medicine and Urology in the Divisions of Hematology/Oncology and Urologic Oncology at the David Geffen School of Medicine at UCLA. Robert joined the UCLA faculty as Assistant Professor of Medicine in the Division of Hematology/Oncology and was Co-Director of the Jonsson Comprehensive Cancer Center's Oncology Program.

He held the post of Medical Director of the Thoracic and Genitourinary Oncology Program in the Departments of Medicine, Surgery and Urology, and served as Program Director of Solid Tumor Developmental Therapeutics within the Cancer Center. Robert serves as Editor for Kidney Cancer Journal, and his studies have appeared in Clinical Cancer Research, Journal of Clinical Oncology, New England Journal of Medicine, The Lancet, JNCI, Lancet Oncology, and Journal of Urology, among others. He has authored over 400 peer reviewed articles, more than 70 book chapters, and has published as editor multiple books in kidney cancer.

A nationally recognised leader in genitourinary and thoracic oncology in the United States, Robert's research focuses on renal cell carcinoma and thoracic malignancies. He established and directs the Kidney Cancer Program at Cedars-Sinai Medical Center, which aims to understand the biology of kidney cancer and translate that knowledge into novel treatment approaches. His leadership is in developing novel anticancer drugs that avoid the toxicity associated with standard treatments and furthers Cedars-Sinai's tradition of compassionate patient care.

Robert is an independent director and Chair of the Medical Advisory Committee.

Mr John Livingston (Executive Director)
BAppSc (MedRad), GradDipHlthSc (HlthEdu), GradCertBusAdmin, GAICD

Mr John Livingston joined the Board in March 2018.

John was previously one of the founding partners of Lake Imaging, subsequently becoming part of Integral Diagnostics Ltd., where John was Chief Executive Officer and Managing Director. John was awarded the AGFA International Award for Development of Digital Imaging Solutions in 2005.

He has lectured in Australia and abroad on the digital radiology environment, as well as business strategies and systems within the commercial sector. John has considerable commercial experience, having worked with the team at Lake Imaging and later Integral Diagnostics through acquisitions and the establishment of Greenfield facilities across Australia. During his career at Integral Diagnostics, John lead the group through private equity investment with Advent Partners in 2014 and in 2015 John worked with Advent to list Integral Diagnostics on the ASX.

John is a former director of VicWest Community Telco and United Way; a current director at QScan, Comrad Medical Systems (Chairman) and Ballarat Clarendon College (past Chairman); and is a graduate member of the AICD.

John is a member of the Remuneration and Nomination Committee.

Dr Geraldine McGinty (Non-Executive Director)
MD, MBA, FACR

Dr Geraldine McGinty, MD, MBA, FCR, was appointed to the Board as a non-executive director on 25 September 2023.

Geraldine is an internationally recognised expert in health care strategy and imaging economics, and prominent advocate for patient-centred care. A Professor of Clinical Radiology and Population Health Sciences at Weill Cornell Medicine in New York City, she serves as Senior Associate Dean for Clinical Affairs.

Geraldine has broad knowledge of reimbursement and effectively negotiates difficult strategic and contractual issues at the intersection of technology and healthcare.

Between 2021 and 2023, Geraldine served on the Board of NextGen Healthcare (NASDAQ:NXGN), a company providing a range of software, services, and analytics solutions to medical and dental group practices. She was a member of the Compensation Committee.

In 2021 Geraldine also joined the Governing Authority of her alma mater, the National University of Ireland, Galway, and is a member of the Audit and Risk Committee.

From 2014-2021, Geraldine provided her expertise to the Industrial Development Authority (IDA Ireland) as a Non-Executive Director. In this capacity she advised the Irish government on foreign direct investment policy, and chaired the Audit, Risk and Finance Committee.

In May 2018, the American College of Radiology (ACR) recognised her expertise by electing her as its first woman Chair in the organisation's almost 100-year history.

Geraldine is an independent director and a member of the Medical Advisory Committee.

Mr Julian Sutton (Non-Executive Director)
BSc, CFA

Mr Julian Sutton joined the Board in September 2017.

Julian began his career as an actuarial analyst for Towers Perrin in Melbourne where he consulted to some of Australia's largest superannuation funds. He later worked for Towers Perrin in Brussels and London as an asset consultant before moving to Credit Suisse Asset Management and then Schroders Investment Management as a portfolio manager in their respective multi-manager teams.

After twelve years in London, Julian returned to Australia and formed a sales and marketing business helping best-in-class international fund management companies establish a presence in the Australian market.

Julian is actively involved in Australia's start-up industry. He was an early investor in 4DMedical and is also an investor and non-executive director at Perth-based biosensor company, VitalTrace.

Julian completed his Bachelor of Science degree at Monash University majoring in statistics and is a Chartered Financial Analyst (CFA) charterholder.

Julian is an independent director, Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Committee.

Mr Bruce Rathie (Non-Executive Director and Chairman) – Retired 2 November 2023
BCom, LLB, MBA, FIML, FAICD, FGIA

Mr Bruce Rathie joined the Board in December 2019.

Bruce is an experienced professional Non-Executive Director, having completed successful prior careers in law and finance. He holds degrees in law (LLB), commerce (BCom) and business (MBA Geneva). He is particularly strong in governance being a Fellow of the Australian Institute of Company Directors and holding its Diploma Company Director, a Fellow of Australian Institute of Managers & Leaders and a Fellow of the Governance Institute of Australia and holding its Graduate Diploma in Company Secretarial Practice (Governance).

His legal career included being partner of a prominent private law firm, then Senior Corporate Counsel to Robert Holmes à Court's Bell Resources Limited in the 1980s. After completing his MBA in Switzerland, he went into investment banking in 1986 which took him to New York for three years returning to Sydney in 1990. He spent the 1990s as an investment banker in Sydney, the last five as Director Investment Banking and Head of the Industrial Franchise Group at Salomon Brothers and then Salomon Smith Barney where he led the firm's joint lead manager roles in the privatisations or IPOs of Qantas, Commonwealth Bank and Telstra amongst other major transactions of the day.

Bruce has been a professional director since 2000 in roles with ASX listed and unlisted companies predominantly in the financial services, biotechnology and technology sectors.

He is currently a non-executive Director of Capricorn Mutual Limited (2015 – present; Chairman 2015 – 2022), ASX-listed PolyNovo Limited (ASX:PNV) (2010 – present), Capricorn Society Limited (2008 – present) and Cettire Limited (ASX:CTT)

(2020 – present). He is also Chairman of ASX-listed The Market Limited (ASX:MKT) (November 2023 – present) and CleanSpace Holdings Limited (ASX:CSX) (2021 – present).

Previously, he has been a non-executive director of ASX-listed companies Netlinkz Limited (ASX:NET) (April 2020 – November 2020), Compumedics Limited (ASX:CMP), Anteo Diagnostics Limited (Chairman) (ASX:ADO), USCOM Limited (ASX:UCM), Mungana Goldmines Limited and Datadot Technology Limited (Chairman) (ASX:DDT).

Bruce was an independent director and Chair of the Board until his retirement and a member of the Remuneration and Nomination Committee from 8 February 2023 until his retirement.

Ms Evonne Collier (Non-Executive Director) – Resigned 31 October 2023

BA, MBus, GradCertAppFin, GAICD

Ms Evonne Collier joined the Board in December 2021.

Ms Evonne Collier is a highly experienced leader combining current board (ASX, private, publicly unlisted) and governance experience with a successful career in Executive Director level marketing, innovation/technology and commercial roles managing large profit or loss and balance sheets across diverse industries in blue-chip, multi-national organisations. She has a track record in bringing high growth strategic direction to organisations including commercialising transformative, new to world products and services and an expert background in driving brand profile, customer experience/journeying and growing market share and sales across channels, including digital products/services.

Evonne has served as Chair and Non-Executive Director on various boards since 2011 and currently serves as Non-Executive Director of global SaaS analytics company, Sage Automation (Chair of the Digital Products Board) (November 2021 – present), Motorama Group Automotive Holdings (Chair Marketing and Digital Committee) (2017–present) and Apiam Animal Health Limited (ASX:AHM) (October 2022 – present) and is Chair of digi-health company Curae Health (October 2020 – present) and global e-Commerce Gym & Fitness Supplies. Ms Collier was previously Non-Executive Director and Chair of ASX listed entities Think Childcare (ASX:TNK) (2018 – 2021) and Vault Intelligence (ASX:VLT) (2018 – 2019), respectively.

Evonne was an independent director and Chair of the Remuneration and Nomination Committee until her resignation.

Company Secretary

The details of the Group's company secretary in office during the financial year ended 30 June 2024 and until the date of this report are as follows.

Ms Naomi Lawrie (General Counsel and Company Secretary)
LLB, BCom

Ms Naomi Lawrie was appointed Company Secretary of 4DMedical Limited on 28 April 2023.

Naomi is an experienced ASX-listed general counsel and company secretary with significant legal experience, including as a Partner of Corrs Chambers Westgarth. She has expertise in corporate and commercial law and has advised and consulted to companies in various industries, including health and technology. Prior to joining 4DMedical, Naomi was the General Counsel and Company Secretary at MedAdvisor Limited (ASX:MDR).

Naomi holds a Bachelor of Laws and a Bachelor of Commerce from The University of Melbourne.

Share register

MUFG Pension & Market Services (formally known as Link Market Services)

Level 12, 680 George Street
Sydney NSW 2000

Phone: (+61) 1300 554 474
Fax: (+61) 2 9287 0303

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

4DMedical Limited shares are listed on the Australian Securities Exchange (ASX: 4DX).

Principal activities

The principal activities of the Group during the financial year ended 30 June 2024 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 and CT scans into quantitative data to enhance the capacity of physicians to manage patients with respiratory diseases and diseases of the lung.

There have been no significant changes in the nature of these activities during the year.

Operating and financial review

4DMedical is a global medical technology company transforming the ability to accurately and quickly understand the lung function and structure of patients with respiratory diseases. Through its patented XV Technology® core product, 4DMedical is enabling physicians and researchers to gain unprecedented insight into regional airflow in the lungs, identifying respiratory deficiencies earlier and with greater sensitivity as patients breathe.

In FY24, 4DMedical made substantial advancements across its operations, focusing on the commercialisation and global expansion of its proprietary respiratory imaging technologies. The Company executed a strategic acquisition of Imbio, an AI-driven medical imaging company specialising in lung and cardiothoracic diagnostics. This acquisition significantly enhanced 4DMedical's product portfolio and market presence, particularly in the U.S. healthcare market.

Strategic partnerships enabling rapid growth in US

In January 2024, 4DMedical announced the execution of a Teaming Agreement with Philips, establishing a strategic partnership aimed at enhancing care for Veterans affected by deployment-related respiratory diseases (DRRD) and other pulmonary conditions. Throughout 2024, both organisations have been working towards the finalisation of a reseller agreement, which was signed in September 2024.

Under this five-year agreement, Philips will incorporate 4DMedical's XV Technology® and Imbio's product portfolio into its product catalogue, offering them as third-party solutions to its U.S. clientele. Philips will hold exclusive distribution rights for 4DMedical's products to U.S. government customers, including the Department of Veterans Affairs (VA) and the Department of Defense (DoD), as well as non-exclusive rights for other commercial customers in the U.S. market.

Acquisition of Imbio

In December 2023, 4DMedical completed the acquisition of Imbio, an AI-driven medical imaging company specialising in lung and cardiothoracic diagnostics. The acquisition aligns with 4DMedical's growth strategy by providing physicians with additional lung diagnostic tools, thereby allowing the Company to offer a comprehensive suite of products that combine structure and function in assessing lung disease.

Imbio's established presence within the VA provides 4DMedical with a stronger entry point into the U.S. healthcare market, positioning the company as a more robust player in respiratory imaging with a comprehensive suite of AI-driven diagnostic tools. Soon after the acquisition, 4DMedical entered another strategic partnership with Blackford Analysis Inc., a provider of AI-driven medical imaging solutions. By leveraging Blackford's extensive network and expertise, 4DMedical aims to accelerate the adoption of its technologies worldwide, ensuring that more healthcare providers can offer advanced respiratory diagnostics to their patients.

4DMedical has largely completed the integration of Imbio operations, bringing finance, information systems, and administrative functions in-house. Platform and software development integration is well advanced and proceeding as planned, with key staff secured to ensure continuity of business function.

In addition, the acquisition accelerates 4DMedical's commercialisation of XV Technology® in the U.S., enhancing the product offering that can be used with major partners, as well as exciting opportunities to enhance patient screening programs for chronic obstructive pulmonary disease (COPD), interstitial lung disease (ILD), lung cancer and heart disease. In the period post-acquisition, the team has been able to present the combined product portfolio to physicians, receiving overwhelmingly positive responses, with genuine excitement in the greater clinical utility.

Finally, the acquisition presents significant revenue and cost synergies through a combination of complementary products, extended reach for 4DMedical product lines, and technical efficiencies. The Company is already seeing the value of the acquisition, with significant growth in revenues from established contracts with medical device manufacturers, large pharma, and AI marketplaces, and the expansion of our product portfolio, covering both structural and functional imaging.

A complete Lung Health Solution

Pulmonary Structure +


Lung Density*
Emphysema, HAA, Fissures


Lung Texture**
ILDs/Fibrosis


IQ-UIP***
IPF Screening


Airway Analysis*
Airway morphology


Lung Nodules*
Lung Cancer (Partner Solution)

Pulmonary Function +


XV LVAS®*
Dynamic Ventilation Analysis (Fluoro)


CT LVAS™*
CT-based Ventilation Analysis


CT VQ***
Next Gen VQ (Ventilation + Perfusion)


Functional LDA*
Air Trapping + Emphysema

Cardiovascular


CAC*
Coronary Calcification/ Heart Disease


PH Assessment*
Hypertension (RV/LV, MPA, Pa/Ao)


Volumetric Diameter Mapping^
Aortic Aneurysm Analysis


Pulmonary Vessel
FUTURE: Vascular morphology

= Total Solution

Combined product suite
Enabling access to key imaging modalities: CT, X-ray

Market access
in USA, EU, and AU

Established networks
With market distributors

US reimbursement
for XV LVAS®, CT LVAS™ & LDAf (Medicare)

Expanded product pipeline
CT:VQ + IQ-UIP

*FDA Cleared, **CE Approved, ***FDA Clearance in progress, ^Pending regulatory submission.

U.S. Centers for Medicare & Medicaid Services (CMS) approves reimbursement for 4DMedical XV LVAS® and CT LVAS™

In FY24, 4DMedical successfully gained U.S. Centers for Medicare & Medicaid Services (CMS) reimbursement for its XV LVAS® and CT LVAS™ products. As a result, XV LVAS® and CT LVAS™ scans conducted in a U.S. hospital outpatient facility for Medicare beneficiaries may be billed to CMS with a reimbursement of US$299 and US$650.50, respectively.

CMS is the federal agency providing health coverage through Medicare, which is an important public health insurance scheme for U.S. adults aged 65 years and over, with an estimated 66 million people enrolled. CMS reimbursement provides access to XV LVAS® and CT LVAS™ at over 4,000 Medicare-certified hospitals across the U.S., ensuring these scans are available to Medicare beneficiaries suffering from lung disease. This provides a funding source for providers of the technology beyond full out-of-pocket payment. Importantly, this benchmark payment level serves as a guide for private health insurers in determining their pricing levels, which is typically at a much higher rate.

Continued commercialisation in the Australian Market

The commercialisation program continued to gain momentum across Australia in FY24 with an increase in site locations, referrers and scans delivered through an increasing number of radiology networks.

In October 2023, 4DMedical announced the signing of a distribution agreement with Integral Diagnostics (ASX:IDX), a leading provider of medical imaging services with 94 sites across Australia and New Zealand. More recently, in July 2024, 4DMedical signed a commercial agreement with Jones Radiology, an operator of 29 radiology clinics across South Australia and Alice Springs, following a successful pilot of CT LVAS™ conducted at three of Jones Radiology's sites, with scans referred from both specialists and GPs.

The Group increased marketing and educational sessions in FY24, including its presence at key industry events such as the Thoracic Society of Australian and New Zealand Annual Scientific Meeting. This is driving engagement with key thought leaders, increasing awareness, and resulting in new opportunities for collaboration and scans across Australia. With scans now being received from Respiratory Physicians, Cardiologists and GPs across Australia, we are seeing the number of scans grow month-on-month.

Looking further out, 4DMedical is uniquely positioned to support a nationwide rollout of the National Lung Cancer Screening program, due for commencement in July 2025, with the addition of the Imbio portfolio of lung diagnostic tools including the licenced FDA approved lung nodule detection software. This places 4DMedical in a unique position to support radiologists and referrers in the screening of these patients and provide insight into management of incidental findings.

In summary, FY24 was a year of significant operational achievements for 4DMedical. The Company's strategic acquisition of Imbio, coupled with its expansion in the U.S. market and key partnerships, has laid a strong foundation for future growth. The successful regulatory and reimbursement milestones, along with the ongoing innovation and clinical validation efforts, further enhance 4DMedical's position as a leader in respiratory imaging technology.

Overall, these strategic moves highlight 4DMedical's commitment to advancing lung diagnostic technologies, improving patient care, and driving growth in key markets. The Company continues to focus on expanding its technological offerings, strengthening partnerships, and exploring new market opportunities to solidify its position as a leader in the field of lung diagnostics.

Product development and research

In FY24, 4DMedical continued its progress in the development of its CT-based ventilation-perfusion product (CT:VQ), with further clinical data being presented at the annual conference of the American Thoracic Society (ATS) in San Diego in May 2024. The development of this capability represents a significant breakthrough in respiratory imaging by providing vascular perfusion (blood flow) analysis without the need for radioactive tracers or contrast media. 4DMedical's CT:VQ technology enables quantitative perfusion data and visualisations to be extracted from non-contrast paired inspiratory-expiratory CT scans. By extracting VQ information from standard non-contrast CT images rather than Nuclear Medicine VQ images, hospitals can avoid the significant expenditure involved in mitigating radiation risks associated with Nuclear Medicine VQ scanners, such as specialised facilities for handling and disposing of radioactive materials. With an estimated market size of >US$1 billion per annum, CT:VQ is generating significant interest from clinicians and facilities alike.

In addition, 4DMedical has been actively involved in research initiatives in FY24, particularly with the VA:

- In May 2024, the Company signed a Cooperative Research & Development Agreement (CRADA) with West Los Angeles VA to utilise XV Technology® across the spectrum of chronic respiratory conditions presenting with undifferentiated symptoms in a cohort of 40 patients.
- In March 2024, the Company announced its participation in a pivotal burn pit research grant awarded to the Nashville VA Medical Center by the Military Exposures Research Program (MERP).
- The Company entered into a research agreement with the VA's Center for Innovations in Quality, Effectiveness, and Safety (IQuESt) to utilise Imbio's Lung Texture Analysis (LTA) in a study assessing interstitial lung abnormalities in a national cohort of Veterans.

Financials

Operating results

During the financial year, the Group reported a comprehensive loss of $36.2m (FY23: comprehensive loss of $31.6m).

FY24 operating revenue was $3.8m, up 422% on pcp (FY23: $0.7m). This revenue was principally related to Software-as-a-Service ($3.0m), with the remainder related to lease and maintenance revenue. 4DMedical product revenue was $1.1m, up 53% on pcp (FY23: $0.7m), while Imbio product revenue was $2.7m for the post-acquisition period.

FY24 other income totalled $11.0m, reflecting MRFF and other grants, as well as R&D tax incentive payments. FY24 total reported income was $14.8m.

4DMedical operating expenses were down 3.4% on pcp, reflecting a reduction in R&D and clinical trial expenditure offset by increased investment in commercialisation.

Net underlying operating expenditure for FY24 was $30.3 million, allowing for R&D tax incentives, and grant revenue, and excluding ongoing and one off transaction expenses associated with Imbio.

Financial position

The Group has cash and cash equivalents of $30.6m as at 30 June 2024, compared to $69.6m as at 30 June 2023. The net assets of the Group as at 30 June 2024 were $70.9m, compared to $71.5m as at 30 June 2023.

Material business risks

The Group has a risk management framework to identify, assess and appropriately manage risks. Details of the risk management framework are set out in the 2024 Corporate Governance Statement, which is available on the Company's website. The Group's material business risks are outlined below. These are risks that may materially adversely affect the Group's business strategy, financial position or future performance. It is not possible to identify every risk that could affect the Group's business. Other risks besides those detailed below or in the financial statements could also adversely affect the Group's business and operations. Accordingly, the material business risks below should not be considered an exhaustive list of potential risks that may affect the Group.

Risk	Description
Barrier to entry	Competitors in the respiratory imaging sector may seek to minimise the ability of the Group to penetrate the market by seeking to impede or disrupt the Group's ability to establish product distribution and maintenance pathways.
Future profitability is uncertain	The Group is not yet profitable and has historically incurred losses. The Group is still in the early sales and commercialisation stage for its XV Technology®. Although FDA and TGA clearance has been obtained for the XV (Ventilation) product (XV LVAS®), CT LVAS™, Lung Density Analysis™ – Inspiration, Lung Density Analysis™ – Functional, Lung Density Analysis™, Lung Density Analysis™ and RV/LV products, there is no guarantee that regulatory approval will be obtained for any of the Group's other products or that regulatory approval of the Group's products will guarantee market adoption of its products, which is crucial for revenue generation and profitability.
Sufficiency of funding	The Directors consider that the Group has sufficient working capital to carry out its objectives. However, financial resources are limited and there is a risk that the Group may never achieve profitability. 4DMedical may be required to raise additional funds from time to time to finance the development and commercialisation of its products and other longer-term objectives. The ability to raise additional funding is subject to factors beyond the control of 4DMedical and its Directors. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, or at all.
Foreign exchange risk	The Group's financial position may be negatively affected by exchange rate fluctuations. In particular, the Group's revenue from operations are, and are expected to continue to be, substantially U.S. dollar denominated. The Group is subject to adverse exchange movements, particularly in the USD:AUD exchange rate.

Risk	Description
Intellectual property risks	The Group's success, in part, depends on its ability to obtain patents, maintain trade secret protections and operate without infringing the proprietary rights of third parties. If patents are not granted, or if granted only for limited claims, the Group's intellectual property may not be adequately protected and other third parties may be able to copy or reproduce the Group's intellectual property. The Group has developed and owns a range of proprietary items of intellectual property that management believe are novel and inventive. The granting of a patent does not guarantee that the rights of others are not infringed or that competitors will not develop technology to circumvent the patented technologies.
Key personnel risk	The successful operation of the Group in part relies on the Group's ability to retain its existing key management personnel who have intimate knowledge of the business and its products. The loss of any key members of management, or the inability to attract additional skilled individuals to key management roles, may adversely affect the Group's capacity to develop and implement its business strategies.
Changes in law	The legislative framework in key countries may vary without notice and adversely impact the Group's operations and profitability. Failure by the Group to comply with legislative or regulatory requirements may result in compliance orders being issued against the Group, financial penalties being levied against the Group, a cessation of its operations or reputational damage.
Regulatory risk	There is a risk that regulatory bodies will not grant the Group regulatory clearance to market its products or will significantly delay the grant of such clearances. Failure to receive regulatory clearance will have a negative impact on the Group's future revenue streams. In addition, changes to regulatory regimes may become more burdensome in the future. If this occurs, the Group may be required to dedicate more time and resources to ensuring that it complies with these regulations, which could adversely affect its financial performance and future prospects.
Superseding technology and competition from new entrants	There is a risk that new technology will be developed that will supersede the Group's technology. Although new technologies have significant development and commercialisation times, the Group cannot guarantee that its technology will not be superseded by a competitor. The Group's potential competitors may include companies with substantially greater resources and access to more markets. Therefore, competitors may succeed in developing products that are more effective or otherwise commercially superior to the Group's products.
Technology supplier risk	There is a risk that the Group's cloud delivery suppliers could breach their delivery agreements or another relevant contractual arrangement and that the Group would be required to replace one or more suppliers. A significant interruption to the Group's ability to deliver its SaaS products could adversely impact its business, operating results and financial performance. Further, the Group currently relies on third party software licensors to enable certain functionality and workflows in its software. If the Group's ability to rely on such third-party software is compromised, then its ability to service customers would be impacted.
Product liability	There are no assurances that there will not be unforeseen performance characteristics or defects arising in relation to the Group's products. Adverse events relating to its products could expose the Group to product liability claims, litigation or the removal of its regulatory approvals. Product liability claims also have the potential to damage the Group's reputation and the ongoing viability of the Group if there is a significant erosion in the reputation of the Group.
Commercialisation and distribution risk	There is a risk that the Group may fail to achieve commercialisation and distribution goals. The Group's technology needs to find acceptance in a competitive market. Market acceptance depends on numerous factors (including convincing current and potential consumers and partners of the attractiveness of the Group's products).
Future acquisitions	The Group may seek to acquire businesses or companies to achieve its objectives. There is a risk that any due diligence investigations undertaken by the Group may not identify issues which are material to the acquisitions which could result in additional liability affecting the Group.
Cyber security risk	The Group recognises the risks associated with cyber security and the potential impact on the Company's operations. A cyber security incident could lead to a breach of privacy, loss of and/or corruption of commercial sensitive information and/or a disruption of business processes. This may adversely impact customers and the Company's business activities and cause significant reputational damage.

Risk	Description
Privacy risk	The Group seeks to ensure that it has appropriate security measures and risk management systems in place to maintain the confidentiality and privacy of personal information collected from its customers, end-user patients, employees and others. However, those security measures are subject to various risks (including computer viruses, electronic theft, physical damage, third party provide failures or similar disruptions). The failure of the Group to maintain the confidentiality of this information could breach law and cause significant operational, financial and reputational damage.
Litigation	Legal proceedings and claims may arise from time to time in the ordinary course of the Group's business and may result in high legal costs, adverse monetary judgments and/or damage to the Group's reputation which could have an adverse impact on the Group's financial position or performance and the price of 4DMedical's shares.

Other corporate updates

In December 2023 the Group successfully raised $35.0 million before transaction costs, through the issue of 44.3 million new, ordinary fully paid 4DMedical shares. New shares offered under the Placement had one free attaching option for every two new shares issued. These options are listed (ASX:4DXO) with an exercise price of $1.365 and will expire on 31 December 2025. Transaction costs associated with the capital raised totaled $2.05 million with net proceeds of the capital raise totaling $32.95 million. The capital raise was undertaken to fund the cash consideration of the Imbio acquisition ($39.65 million). The placement was significantly oversubscribed and included the addition of several new institutional investors to the Company's register.

In June 2024 the Group secured an At-The-Market (ATM) funding facility with Alpha Investment Partners (AIP). ATM funding facilities are a type of equity offering that provide publicly traded companies with a mechanism to raise capital at prevailing market prices. Unlike traditional secondary offerings, which involve issuing a large block of shares all at once, ATM programs enable companies to raise capital incrementally over a company-specified period, at market prices. 4DMedical controls all major aspects of the placement process, having sole discretion as to whether it uses the ATM, the number of shares issued, as well as the minimum issue price of shares. 4DMedical placed 19 million shares from its Listing Rule 7.1 capacity at no consideration to AIP as collateral for the ATM facility. 4DMedical may, at any time, buy back those shares for no consideration subject to shareholder approval. There are no additional attaching options or other more expensive mechanisms common in traditional placements and structured financing solutions.

Options and rights

Options and performance rights granted

During the financial year and to the date of this report, the Company granted 29,874,681 options (FY23: 30,935,994) and 1,448,569 performance rights (FY23: 1,000,328) over unissued ordinary shares in 4DMedical. Further information on the grants is provided in Share-based payments Note 21 to the financial statements. Section 5 of the Remuneration Report provides the details of the grants received by Key Management Personnel. No grants have been made since the end of the financial year.

Shares under option and performance rights

Details of unissued shares of 4DMedical under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date
4DMedical Limited	35,232	Ordinary	$2.33	25/12/2024
4DMedical Limited	2,000,000	Ordinary	$0.40	31/12/2024
4DMedical Limited	25,010,541	Ordinary	$1.365	31/12/2024
4DMedical Limited	2,752,825	Ordinary	$0.40	1/03/2025
4DMedical Limited	1,028,346	Ordinary	$0.49	1/03/2025
4DMedical Limited	14,367	Ordinary	$2.33	15/03/2025
4DMedical Limited	944,749	Ordinary	$1.30	25/06/2025
4DMedical Limited	701,719	Ordinary	$2.60	1/07/2025
4DMedical Limited	22,151,863	Ordinary	$1.365	31/12/2025
4DMedical Limited	636,576	Ordinary	$0.79	6/06/2026
4DMedical Limited	24,132	Ordinary	$0.00	30/06/2026
4DMedical Limited	2,989,362	Ordinary	$0.4754	30/06/2026
4DMedical Limited	1,850,914	Ordinary	$0.9508	30/06/2026
4DMedical Limited	715,748	Ordinary	$0.51	1/10/2026
4DMedical Limited	307,258	Ordinary	$0.5153	1/12/2026
4DMedical Limited	2,624,014	Ordinary	$0.4688	15/01/2027
4DMedical Limited	656,004	Ordinary	$0.625	15/01/2027
4DMedical Limited	6,400,000	Ordinary	$1.20	15/03/2027
4DMedical Limited	162,045	Ordinary	$0.3553	3/04/2027
4DMedical Limited	22,157	Ordinary	$0.555	30/06/2027
4DMedical Limited	5,188,433	Ordinary	$0.80	30/06/2027
4DMedical Limited	174,775	Ordinary	$0.00	25/09/2027
4DMedical Limited	1,306,100	Ordinary	$1.60	3/11/2027
4DMedical Limited	36,750	Ordinary	$0.00	8/03/2028
4DMedical Limited	40,000	Ordinary	$0.00	21/03/2028
4DMedical Limited	12,826	Ordinary	$0.555	1/07/2028

Details of unissued shares of 4DMedical under performance rights as at the date of this report are:

Issuing entity	Number of shares under performance rights	Class of shares	Exercise price of performance right	Expiry date
4DMedical Limited	348,537	Ordinary	$0.00	n/a

The holders of these options and performance rights do not have the right, by virtue of the option or performance right, to participate in any share issue or interest issue of the Company or any other related body corporate.

Further information on the options and performance rights is provided in the Share-based payments Note 21 of the financial statements.

Shares issued

Details of shares or interests issued by 4DMedical during or since the end of the financial year as a result of exercise of an option or performance right are:

Number of shares issued	Class of shares	Amount paid for shares	Amount unpaid on shares
2,094,794	Ordinary	$0.00	$0.00

Further information on the options and performance rights is provided in the Share-based payments Note 21 of the financial statements.

Dividends

The directors do not recommend the payment of a dividend for the financial year ended 30 June 2024. No dividends have been paid or declared since the beginning of the financial year (FY23: none).

Significant changes in the state of affairs

Other than as disclosed in this report, there were no significant changes in the state of affairs of the Group during the financial year ended 30 June 2024.

Significant events after the reporting period

In September 2024, 4DMedical signed a 5-year reseller agreement with Philips in which 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. This agreement establishes a transformative commercialisation pathway for XV Technology® in the U.S. and is expected to leverage Philips' long established and significant existing commercial partnerships with both the VA and the Department of Defense (DoD).

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory in Australia.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act.

Indemnification and insurance of directors and officers

The Company has entered into deeds of access and indemnity with each of the directors of the Company and its subsidiaries, the Company Secretary and the Chief Financial Officer in accordance with the constitutions of the Company and its subsidiaries. Under these deeds, the Company indemnifies each Director and applicable officer for costs incurred, in their capacity as a director or officer, for which they may be held personally liable (to the extent permitted by law). No other indemnities have been given or paid during, or since the end of the financial period for any person who is, or has been an officer of the Group.

The Company has insured its Directors, the Company Secretary and its officers under its Directors' and Officers' Liability Insurance policy against any liability to the extent permitted by the *Corporations Act 2001*. Key person insurance has been in place for the financial year ended 30 June 2024 for an officer of the Company. The contracts of insurance prohibit disclosure of the amount of the premiums.

Indemnification of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor, PKF Melbourne Audit & Assurance Pty Ltd, of the Company or of any related body corporate against a liability incurred as auditor.

Auditor's independence

The directors have received a declaration from the auditor of 4DMedical. This is included on page 52. The auditor did not perform any non-audit services during the year.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Director's Report have been rounded off in accordance with that Class Order to the nearest dollar, unless stated otherwise.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the financial year ended 30 June 2024 and the number of meetings attended by each director (while they were a director or committee member) were as follows:

	Board meetings		Audit and Risk Committee		Remuneration and Nomination Committee		Medical Advisory Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ms Lil Bianchi	14	14	7	7	–	–	–	–
Dr Andreas Fouras	14	13	–	–	–	–	3	3
Dr Robert A. Figlin	14	12	–	–	–	–	3	3
Mr John Livingston	14	13	–	–	7	7	–	–
Dr Geraldine McGinty	11	11	–	–	–	–	3	3
Mr Julian Sutton	14	14	7	7	4	4	–	–
Mr Bruce Rathie	3	3	–	–	3	3	–	–
Ms Evonne Collier	3	3	–	–	3	2	–	–

Committee membership

Members acting on the committees of the Board during the year were:

Audit & Risk Committee	Remuneration and Nomination Committee	Medical Advisory Committee
Ms Lil Bianchi (Chair)	Mr Julian Sutton (Member and Chair from 31 October 2023)	Dr Robert A. Figlin (Chair)
Mr Julian Sutton	Mr John Livingston	Dr Geraldine McGinty (from 25 September 2023)
	Ms Evonne Collier (Chair until 31 October 2023)	Dr Andreas Fouras
	Mr Bruce Rathie (Member until 02 November 2023)	

Directors' interests in the shares and options of the Company

As at the date of this report, the relevant interests of the directors in the shares and options of 4DMedical were:

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares
Dr Andreas Fouras	65,701,465	8,981,426
Ms Lil Bianchi	93,306	–
Dr Robert A. Figlin	519,943	–
Mr John Livingston	1,925,352	636,576
Dr Geraldine McGinty	40,000	–
Mr Julian Sutton	480,800	6,205,162

Velocimetry Consulting Pty Ltd (an entity in which Dr. Andreas Fouras has more than 20% voting power) has entered into a Margin Loan Facility with Bell Potter Capital Limited as notified to the ASX on 1 September 2023. Pursuant to this contract, 64,838,000 shares in 4DMedical in which Dr Andreas Fouras has a relevant interest (as disclosed above) are held as security over the margin lending facility.

Remuneration Report

Letter from the Chair of the Remuneration and Nomination Committee

The past year has been one of significant progress for the business on delivering on its commercialisation strategy, which has been reflected in the evolution of its organisational structure and team member capability. Overall, total headcount finished at 145 for the reporting period, an increase due to the acquisition of the Imbio team. An organisation restructure was undertaken to align resources to ensure ongoing alignment and benefit from the expertise within both teams. This rationalisation saw several roles created to allow for ongoing growth both in the U.S. and Australia.

Throughout the year, the Company has maintained its strong commitment to health, safety and wellbeing, with the rollout of training programs and expansion of employee assistance programs to better support team members with respect to physical and mental health. In terms of Employee Satisfaction, the Company recorded a yearly average Net Promoter Score of 19, with a score above 10 indicating a very positive result. Employee wellbeing also scored highly with the most recent survey results averaging 3.85 (out of 5), aided by the rollout of the abovementioned programs.

Remuneration structures

The Board regularly reviews the Company's executive remuneration structure to ensure it continues to drive shareholder value and enables us to attract and retain the talent we need.

4DMedical continued with its LTI and STI plans, and the grant of performance rights to applicable U.S. employees as previously disclosed.

Remuneration Outcomes

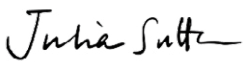
Our achievements over the financial year are reflected in the executive remuneration outcomes for the year.

Executives received an average of 85% of their STI for performance against key performance indicators for the 2024 financial year, which compares to 85% for the 2023 financial year.

The Board is confident that our remuneration structures continue to support 4DMedical's financial and strategic goals.

On behalf of the Board, I invite you to review the full report and thank you for your continued interest.

Sincerely,



Mr Julian Sutton
Chair of Remuneration and Nomination Committee

30 September 2024

Remuneration Report (cont.)

The Directors of 4DMedical Limited present the Remuneration Report for the Company and its controlled entities (the Group) for the year ended 30 June 2024. This report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

1. Key management personnel

This report details the remuneration arrangements for the Company's key management personnel (KMP) comprised of:

- non-executive directors (NEDs);
- executive directors; and
- key executives.

The KMP of the Group are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during the financial year.

Name	Position	Term in Position as KMP
Non-Executive Directors (NEDs)		
Lil Bianchi	Chair and Non-Executive Director	Appointed as Chair of the Board of Directors on 2 November 2023; previously a Non-Executive Director.
Julian Sutton	Non-Executive Director	Full financial year
Robert A. Figlin	Non-Executive Director	Full financial year
Geraldine McGinty	Non-Executive Director	Appointed 25 September 2023
Bruce Rathie	Chair and Non-Executive Director	Ceased 2 November 2023
Evonne Collier	Non-Executive Director	Ceased 31 October 2023
Executive Directors		
Andreas Fouras	Managing Director & Chief Executive Officer (CEO)	Full financial year
John Livingston	Executive Director & Strategic Advisor	Full financial year
Key Executives		
Simon Glover	Chief Financial Officer (CFO)	Full financial year
Matt Tucker	Chief Commercial Officer (CCO)	Full financial year

The focus of this Report is on the remuneration arrangements and outcomes for the KMP listed in the table above. It also outlines information about the remuneration policy more broadly.

2. Overview of executive remuneration

Overview of 4DMedical remuneration policy and structures

The Remuneration and Nomination Committee (RNC) is responsible for developing, reviewing, making recommendations and providing assistance and advice to the Board on the remuneration arrangements for NEDs and executives. The role of the RNC is set out in more detail in its charter, available on the Company's website at: https://4dmedical.com/investor/corporate-governance/.

The performance of the Group depends on the quality of its NEDs and executives. To that end, the Company's remuneration philosophy is to attract, motivate and retain high performing and high-quality talent.

The Group's executive reward framework is based on objectives to:

- accelerate growth and profitability;
- align executive rewards with achievement of strategic objectives and the delivery of shareholder value; and
- provide competitive remuneration packages that recognise both individual and organisational performance.

Remuneration Report (cont.)

The executive remuneration framework, and any potential changes to that framework, are assessed on the following guiding remuneration policy objectives:

- equitable remuneration structures and alignment with the long-term interests of the Company and its shareholders;
- attraction and retention of skilled executives;
- consistency with and promotion of the achievement of strategic objectives and adherence to the Group's values, policies and procedures;
- fairness of remuneration for the work undertaken having regard to employee remuneration in comparable positions, organisations and geographic locations;
- structuring of short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns;
- termination benefits which are justified and appropriate;
- supporting gender pay equality; and
- compliance with all relevant legal, tax and regulatory provisions.

The RNC and the Board have structured an executive remuneration framework that is market competitive, designed to retain and motivate the leadership team, and sets a standard for transparency and good corporate governance.

The determination of NED and executive remuneration is separately addressed below.

During the financial year, the Board engaged Mercer Consulting (Australia) Pty Ltd as its independent remuneration advisors with respect to NED remuneration. While the Group sought input from Mercer Consulting, this external advice was used as a guide only and no remuneration recommendations as defined by the *Corporations Act 2001* were provided.

Our executive remuneration policy and structures

The Company rewards executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that is aligned with the business strategy.

The Group's remuneration policy is designed to attract, retain and motivate highly qualified and experienced executives.

The executive's remuneration structure during the financial year had three components:

- fixed remuneration in the form of salary, superannuation contributions and benefits;
- short term incentives (STI) payable as a mix of cash and equity, subject to the achievement of financial and non-financial key performance indicators; and
- long term incentives (LTI) via participation in the Company's Long Term Incentive Plan, which rewards, retains and motivates executives in a manner aligned with long term shareholder value.

Elements of executive remuneration

Fixed remuneration

The fixed remuneration component consists of base salary, superannuation and other non-monetary benefits. It is designed to reward the scope of an executive's role and responsibilities, their skills, experience and qualifications and individual and group performance, and is set at a level to attract and retain executive talent with the appropriate capabilities to deliver the Company's objectives.

Fixed remuneration is generally positioned at the median of the relevant market and is reviewed and benchmarked periodically to ensure alignment with other organisations within the industry and market capitalisation as determined by the Board.

Fixed remuneration is generally reviewed annually, however, there is no guaranteed annual increase. Any adjustments to executive remuneration are approved by the Board, based on RNC recommendations.

Remuneration Report (cont.)

Performance based remuneration

The performance-based remuneration components for executives aligns reward with the achievement of annual and longer-term objectives of the Group, and the optimisation of shareholder value over the short and long term.

Performance based remuneration is provided in the form of an STI plan and an LTI plan.

STI

The STI plan provides executives with the opportunity to earn an annual incentive award which is delivered as a mix of cash and equity (options or performance rights).

The key objectives of the STI plan are to drive and reward outstanding performance against annual strategic financial and operational performance objectives, promote effective management of capital, and position the Company to continuously achieve its strategic objectives in future years.

The key features of the STI award plan can be summarised as follows:

How is it paid?	The STI is provided to executives in the form of a mix of cash and equity (options or performance rights).
How much is the STI opportunity?	Eligible executives are able to earn between 15% and 45% of their fixed annual remuneration as an STI. During the financial year ended 30 June 2024, the CEO was able to earn 45% of his fixed annual remuneration as an STI.
How is performance measured?	During the year, nine key performance indicators covering financial and non-financial were utilised. A summary of the measures and weightings as they applied to the CEO are set out in the table below:

Category	
Commercialisation, business development and strategic initiatives	45%
Financial	25%
Clinical Trials	10%
Product pipeline	20%
Total	**100%**

	The STI performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group and its shareholders.
When is it paid/granted?	The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the CEO (and, in the case of the CEO, by the Board). The Board approves the final STI award based on this assessment of performance. The STI is paid in cash and granted in options or performance rights three months after the end of the performance period.
Deferral terms	None.
What happens if an executive ceases employment?	If an executive resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year. If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year.

Remuneration Report (cont.)

LTI

The objective of the LTI plan is to assist in the motivation, retention and reward of executives, and to link the long-term reward for those executives with the creation of shareholder value through the allocation of equity awards which are subject to specific performance conditions.

Under the LTI plan, directors, senior executives and other key employees identified by the Board can be offered participation in the form of options and/or performance rights. The vesting of those options and/or performance rights will be subject to the satisfaction of appropriate service-based conditions and/or performance hurdles determined by the Board.

The key features of the LTI plan can be summarised as follows:

How is it paid?	The LTI is provided in the form of options and/or performance rights.
How much is the LTI opportunity?	Eligible directors, senior executives, and other key employees identified by the Board are able to earn between 20% and 45% of their fixed annual remuneration as an LTI. During the financial year ended 30 June 2024, the CEO had a target LTI opportunity of 45% of his fixed annual remuneration.
When is it vested?	Three years from the date of offer.
What happens if an executive ceases employment?	If an executive resigns or is terminated for cause, any unvested LTI awards are forfeited, unless otherwise determined by the Board. If an executive ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstances approved by the Board, the executive will generally be entitled to a pro-rata number of unvested options based on achievement of the performance measures over the performance period up to the date of ceasing employment (subject to Board discretion). The treatment of vested and unexercised awards will be determined by the Board with reference to the circumstances of cessation.

Prior to the establishment of the LTI plan, awards were granted to some directors and employees of the Company in the period from 15 January 2017 and 1 March 2020 in accordance with the Company's former remuneration and incentive arrangements. A number of those options and rights issued under those legacy arrangements remain in existence.

Target remuneration mix

The target remuneration mix for executives is as follows:

Position	Fixed Remuneration	STI	LTI
CEO	52%	24%	24%
Senior Strategist	100%	n/a	n/a
CFO	61%	15%	24%
CCO	61%	15%	24%

Remuneration Report (cont.)

3. Executive remuneration outcomes in FY24

Executive remuneration summary

The actual remuneration earned by executives, for the year ended 30 June 2024, is set out below:

		Short term benefits				Post-employment benefits	Long term benefits			
Executive	Financial year	Salary $	STI – Cash bonus[1] $	STI – Options and/or performance rights $	Other benefits $	Superannuation /Pension $	LTI – Options and/or performance rights $	Total remuneration $	Performance related %	Equity based %
Andreas Fouras	**2024**	**602,321**	**219,179**	**–**	**93,850**	**9,425**	**205,326**	**1,130,101**	**19%**	**18%**
	2023	556,895	167,069	–	82,675	–	181,431	988,070	17%	18%
John Livingston	**2024**	**201,396**	**–**	**–**	**–**	**22,154**	**–**	**223,550**	**0%**	**0%**
	2023	158,333	–	–	–	16,625	–	174,958	0%	0%
Simon Glover	**2024**	**331,714**	**41,500**	**34,793**	**–**	**27,399**	**64,748**	**500,154**	**8%**	**20%**
	2023	295,349	–	–	–	25,292	19,428	340,070	0%	6%
Matt Tucker	**2024**	**455,250**	**31,897**	**35,231**	**–**	**27,399**	**71,116**	**620,893**	**5%**	**17%**
	2023	228,718	–	–	–	15,662	–	244,380	0%	0%

1. Cash bonus paid during the financial year ended 30 June 2024 is in relation to services performed in the previous financial year.

Short term incentives (STIs)

STI offered for the financial year ended 30 June 2024

A total STI pool of US$359,863 and A$860,312 is offered for the financial year ended 30 June 2024, which is expected to be paid out as a mix of cash and equity (FY23: US$261,875 and A$628,723, respectively).

Who are the participants of the STI program?

The CEO, his functional direct reports and managers in the business identified as having the ability to influence the strategic outcomes of the business.

Outcomes of the STI program for the financial year ended 30 June 2024

Executives earned an average of 85% of their STI target for performance against key performance indicators, equating to total payments of US$221,284 and A$531,271 for the financial year ended 30 June 2024 (which is to be paid out as a mix of cash and equity three months after the end of the performance period). For the financial year ended 30 June 2023, Executives received an average of 85% of their STI target for performance against key financial performance indicators, equating to total payments to participants of US$221,284 and A$531,271 in total.

Long term incentives (LTIs)

LTI offered for the financial year ended 30 June 2024

The Company granted 6,518,665 options (FY23: 5,901,321 options) during FY24 under its Long Term Incentive Plan (FY24 LTIP). Furthermore, the Company granted 641,206 performance rights (FY23: 496,048 performance rights) during FY24 under its Long Term Incentive Plan.

Remuneration Report (cont.)

Who are the participants of the LTI program?

The CEO, his functional direct reports, and key senior leaders in the business identified as having the ability to influence the strategic outcomes of the business.

Outcomes of LTI program for the financial year ended 30 June 2024

The FY24 LTIP options do not vest until FY27 or later. Of the 641,206 performance rights granted during the financial year ended 30 June 2024, 509,708 vested during the financial year and 131,498 are expected to vest during FY24.

Employment contracts

Remuneration and other terms of employment for Executives are formalised in employment agreements. Details of Executive employment agreements as at 30 June 2024 are as follows:

Chief Executive Officer (CEO)

Name:	Andreas Fouras
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2020 (superseding an employment agreement dated 18 December 2015)
Term of agreement:	Open ended
Details:	Andreas has entered into an employment contract with 4DMedical R&D Inc. which governs his employment with the Group. Andreas receives a fixed annual remuneration of US$395,250 and the payment of health benefits (which include health insurance, dental and vision insurance). Andreas is eligible to participate in an STI arrangement each year. The target STI is 45% of fixed annual remuneration. Andreas is also eligible to participate in an LTI arrangement to a value equating to 45% of fixed annual remuneration per year unless otherwise agreed with the Company. Either party may terminate Andreas' employment by giving six months' notice. The Group may elect to make a payment in lieu of notice or can place Andreas on gardening leave for all or part of that notice period. The Group may terminate Andreas' appointment without notice in circumstances warranting summary dismissal. The employment contract contains express provisions protecting the Group's confidential information and intellectual property, along with post-termination non-compete obligations for a period of up to 12 months, subject to the usual legal constraints.

Senior Strategist

Name:	John Livingston
Title:	Senior Strategist
Agreement commenced:	1 May 2022, as amended 1 December 2022
Term of agreement:	Three (3) years
Details:	John receives a fixed remuneration of A$200,000 plus superannuation at legislated rates. As a full time equivalent of 0.25, John receives pro-rata employee entitlements for annual leave and other statutory requirements. In the financial year ended 30 June 2023, John participated in an LTI arrangement granted him 636,576 options with vesting conditions over a 3-year period tied to Australian and New Zealand revenue milestones. Either party may terminate John's employment by giving three months' notice. The Group may terminate John's appointment without notice in circumstances warranting summary dismissal. The employment contract contains express provisions protecting the Group's confidential, information and intellectual property.

Remuneration Report (cont.)

Chief Financial Officer (CFO)

Name:	Simon Glover
Title:	Chief Financial Officer
Agreement commenced:	25 July 2022
Term of agreement:	Open ended
Details:	Simon receives a fixed remuneration of A$341,000 plus superannuation at legislated rates. Simon is also eligible to participate in an LTI arrangement to a value equating to 40% of fixed annual remuneration per year unless otherwise agreed with the Company. Either party may terminate Simon's employment by giving three months' notice. The Group may terminate Simon's appointment without notice in circumstances warranting summary dismissal.

Chief Commercial Officer (CCO)

Name:	Matt Tucker
Title:	Chief Commercial Officer
Agreement commenced:	01 December 2022
Term of agreement:	Open ended
Details:	Matt receives a fixed remuneration of A$459,000 plus superannuation at legislated rates. Matt is also eligible to participate in an LTI arrangement to a value equating to 40% of fixed annual remuneration per year unless otherwise agreed with the Company. Either party may terminate Matt's employment by giving two months' notice. The Group may terminate Matt's appointment without notice in circumstances warranting summary dismissal.

4. Non-executive directors' remuneration

NED fee policy

Under the Constitution, the Board decides the total amount paid to each director as remuneration for his or her services as a director of the Company. However, under the Constitution (and the ASX Listing Rules), the total amount paid to all non-executive directors (NEDs) for their services must not exceed in aggregate in any financial year the amount fixed by the Company in an annual general meeting. The current aggregate limit for NED fees is $750,000 per annum (unchanged since the October 2021 Annual General Meeting).

NEDs are paid an annual fee as agreed with the Company for serving as a director, together with additional fees for chairing any Board committee.

In the financial year ended 30 June 2024, two non-executive directors (Lil Bianchi and Geraldine McGinty) elected to receive a portion of their remuneration in the form of zero-exercise price options in lieu of a component of their cash remuneration. Shareholder approval was obtained for these grants of options at the Extraordinary General Meeting held on 22 January 2024.

For the financial year ending 30 June 2025, it is proposed that directors will receive a component of their remuneration as equity (zero-exercise price options or restricted stock units (performance rights)), subject to shareholder approval.

To preserve independence and impartiality, the level of fees and equity received by NEDs, and the terms of the equity received, are not set with reference to measures of the Company's performance.

Remuneration Report (cont.)

NED fees

Details of the remuneration for the Chairman and NEDs for financial year ended 30 June 2024 are set out in the table below:

Non-Executive Directors	Financial year	Directors' fees and allowances (excl. super-annuation contributions) $	Post-employment benefits (incl. super-annuation contributions) $	Share based payments (options) $	Consulting fees $	Total $
Lil Bianchi	**2024**	**68,695**	**7,556**	**25,600**	**–**	**101,851**
	2023	70,769	7,431	–	–	78,200
Julian Sutton	**2024**	**73,441**	**24,490**	**–**	**149,200**[1]	**247,131**
	2023	61,719	20,677	–	135,200[1]	217,596
Robert A. Figlin	**2024**	**82,437**	**–**	**–**	**–**	**82,437**
	2023	63,200	–	–	–	63,200
Geraldine McGinty	**2024**	**30,063**	**–**	**25,600**	**–**	**55,663**
	2023	–	–	–	–	–
Bruce Rathie	**2024**	**30,852**	**3,394**	**–**	**–**	**34,246**
	2023	90,067	9,457	–	–	99,524
Evonne Collier	**2024**	**33,122**	**3,643**	**–**	**–**	**36,765**
	2023	66,244	6,956	–	–	73,200

1. Includes an allowance paid for additional services and duties performed in providing corporate finance and investor relation coverage to the Company

The Company does not have any other consultancy or services agreements in place with any of its NEDs, other than arrangements for special exertions.

Directors may be paid such an additional or special remuneration if they, at the request of the Board, perform any extra services or make special exertions. These special exertion payments are outlined in the Company's remuneration tables each year.

Directors may be reimbursed for all reasonable travelling and other expenses incurred by them in attending to the Company's affairs, including but not limited to attending and returning from Board meetings or any meetings of Board committees and in attending and returning from any general meetings of the Company.

There are no retirement benefit schemes for NEDs, other than statutory superannuation contributions.

Appointment letters

Non-executive directors do not have fixed term contracts with the Company. Each of the NEDs has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations for them as a director.

All directors including non-executive directors are subject to the annual one-third retirement requirement at the annual general meeting provided that directors must also retire by whichever is the longer period: the third annual general meeting following their appointment or the third anniversary date of appointment. All retired directors are eligible for re-election.

Remuneration Report (cont.)

5. Share-based compensation

Issue of shares

No shares were issued to Directors or KMPs as part of compensation during the year ended 30 June 2024 (FY23: none).

Details of options issued to Directors and KMP as part of compensation during the year ended 30 June 2024 are set out below:

Name	Award	Number of options granted	Grant date	Fair value per option at grant date ($)	Exercise price per share ($)	Vesting date	Expiry date	Fair value of options granted ($)
Lil Bianchi	FY24 Director Options	40,000	23-Jan-24	0.64	–	23-Jan-24	23-Jan-25	25,600
Andreas Fouras	FY24 LTIP Options – CEO	1,306,100	3-Nov-23	0.17	1.60	30-Jun-26	3-Nov-27	220,324
Geraldine McGinty	FY24 Director Options	40,000	23-Jan-24	0.64	–	23-Jan-24	23-Jan-25	25,600
Simon Glover	FY23 STIP Options	66,272	2-Oct-23	0.53	–	2-Oct-23	25-Sep-27	34,793
	FY24 LTIP Options	290,065	2-Oct-23	0.28	0.80	1-Jul-26	30-Jun-27	81,350
	FY24 LTIP Options	96,688	13-Mar-24	0.40	0.80	1-Jul-26	30-Jun-27	39,031
Matt Tucker	FY23 STIP Options	67,107	2-Oct-23	0.53	–	2-Oct-23	25-Sep-27	35,231
	FY23 LTIP Options	307,258	2-Oct-23	0.32	0.53	1-Dec-25	1-Dec-26	99,858
	FY24 LTIP Options	393,281	2-Oct-23	0.28	0.80	1-Jul-26	30-Jun-27	110,298
	FY24 LTIP Options	131,094	13-Mar-24	0.40	0.80	1-Jul-26	30-Jun-27	52,920

The value of options granted were determined at the time of grant. For details on the valuation of the options, including models and assumptions used, please refer to Note 21 of the Financial Statements. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

6. Additional disclosures relating to KMP

Shareholdings

The number of ordinary shares in the Company held during the financial year by each NED and KMP, including their personally related parties, is set out below:

Name	Balance at 1 July 2023	Received as part of remuneration	Additions	Disposals/ Other	Balance at 30 June 2024
Non-Executive Directors (NEDs)					
Lil Bianchi	53,306	–	–	–	53,306
Robert A. Figlin	519,943	–	–	–	519,943
Geraldine McGinty	–	–	–	–	–
Julian Sutton	480,800	–	–	–	480,800
Bruce Rathie	509,638	–	–	(509,638)	–
Evonne Collier	–	–	–	–	–
Executive Directors					
Andreas Fouras	65,701,465	–	–	–	65,701,465[1]
John Livingston	1,925,352	–	–	–	1,925,352
Key Executives					
Simon Glover	–	–	66,272	–	66,272
Matt Tucker	–	–	–	–	–

1. Includes 64,838,000 shares held by Velocimetry Consulting Pty Ltd, 11,277 shares held by Andreas Fouras and 852,188 shares held by Helen Fouras.

Other share-based holdings

The number of options and performance rights held during the financial year by each director and other KMP, including their personally related parties, is set out below:

Name	Type	Balance at 1 July 2023	Granted during the year	Exercised during the year	Expired/ Granted/ Forfeited from any other change	Balance at 30 June 2024	Vested and exercisable as at 30 June 2024	Vested not exercisable as at 30 June 2024
Non-Executive Directors (NEDs)								
Lil Bianchi	Options	–	40,000	(40,000)	–	–	–	–
Julian Sutton	Options	6,205,162	–	–	–	6,205,162	6,205,162	–
Geraldine McGinty	Options	–	40,000	(40,000)	–	–	–	–
Executive Directors								
Andreas Fouras	Options	8,589,326	1,306,100	–	–	9,895,426	6,036,693	3,858,733
John Livingston	Options	636,576	–	–	–	636,576	–	636,576
Key Executives								
Simon Glover	Options	482,109	453,025	(66,272)	–	868,862	–	868,862
Matt Tucker	Options	–	898,740	–	–	898,740	67,107	831,633

Other transactions with KMP and their related parties

No loans have been made to any of the KMP or their related parties during the financial year.

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

Dr Andreas Fouras
Managing Director & CEO

30 September 2024

Auditor's Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF 4DMEDICAL LIMITED

In relation to our audit of the financial report of 4DMedical Limited for the year ended 30 June 2024, 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 in relation to the audit.

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

PKF
Melbourne, 30 September 2024

Kaitlynn Brady
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 $	2023 $
Revenue	4.1	3,754,256	718,581
Cost of sales		(236,717)	(34,146)
Gross income		**3,517,539**	**684,435**
Other income	4.3	10,973,797	13,151,946
Employee benefits expense	4.4	(27,832,229)	(23,738,623)
Foreign currency (losses)/gains		345,865	(32,229)
Other operating expenses	4.5	(19,843,763)	(18,950,373)
Earnings before interest, taxes, depreciation & amortisation		**(32,838,791)**	**(28,884,844)**
Depreciation and amortisation expense	4.6	(4,064,790)	(2,565,338)
Net interest income	4.7	973,320	313,606
Loss before income tax		**(35,930,261)**	**(31,136,576)**
Income tax expense	6	(48,411)	(323,222)
Loss for the year		**(35,978,672)**	**(31,459,798)**
Other comprehensive loss			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(203,324)	(158,786)
Total comprehensive loss for the year		**(36,181,996)**	**(31,618,584)**
Earnings per share (EPS):			
Basic loss for the year attributable to ordinary equity holders	7	(0.11)	(0.10)
Diluted loss for the year attributable to ordinary equity holders	7	(0.11)	(0.10)

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 30 June 2024

	Notes	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	8	30,606,144	69,576,373
Trade and other receivables	9	1,259,855	815,017
Inventories	10	992,249	665,010
Research and development tax incentive receivable		4,628,057	6,146,500
Other assets		1,564,413	1,336,550
Total current assets		**39,050,718**	**78,539,450**
Non-current assets			
Other receivables	9	44,800	44,800
Property, plant and equipment	11	4,881,729	5,515,964
Right-of-use assets	12	3,863,657	3,740,647
Intangible assets	13	72,174,534	5,082,656
Total non-current assets		**80,964,720**	**14,384,067**
Total assets		**120,015,438**	**92,923,517**
Liabilities			
Current liabilities			
Trade and other payables	14	5,097,389	6,261,959
Contract liabilities	15	1,007,399	746,319
Government grant	16	5,197,485	6,570,640
Lease liabilities	12	944,592	933,076
Employee benefit liabilities		1,772,880	1,302,010
Income tax payable		318,595	351,239
Deferred consideration	17	7,548,500	–
Total current liabilities		**21,886,840**	**16,165,243**
Non-current liabilities			
Lease liabilities	12	4,176,016	4,205,655
Contract liabilities	15	718,410	906,449
Employee benefit liabilities		143,471	185,793
Deferred tax liabilities	17	7,067,052	–
Deferred consideration	17	15,097,000	–
Total non-current liabilities		**27,201,949**	**5,297,897**
Total liabilities		**49,088,789**	**21,463,140**
Net assets		**70,926,649**	**71,460,377**
Equity			
Issued capital	18	218,430,126	184,359,111
Share based payment reserve	18.3	4,889,898	3,312,646
Foreign currency translation reserve	18.4	(356,128)	(152,804)
Accumulated losses		(152,037,247)	(116,058,576)
Total equity		**70,926,649**	**71,460,377**
Total liabilities and equity		**120,015,438**	**92,923,517**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Issued capital (Note 18.2) $	Share-based payment reserve (Note 18.3) $	Foreign currency translation reserve (Note 18.4) $	Accumulated losses $	Total equity $
At 1 July 2023	**184,359,111**	**3,312,646**	**(152,804)**	**(116,058,576)**	**71,460,377**
Loss for the period	–	–	–	(35,978,672)	(35,978,672)
Other comprehensive loss	–	–	(203,324)	–	(203,324)
Total comprehensive loss for the period	–	–	(203,324)	(35,978,672)	(36,181,996)
Issue of share capital	35,000,000	–	–	–	35,000,000
Capital raising costs	(2,052,066)	–	–	–	(2,052,066)
Transfer of STIP cash provision to share-based payment reserve	–	521,869	–	–	521,869
Share-based payments expense during the year	–	2,362,878	–	–	2,362,878
Share-based payments expense during the year – options lapsed	–	(184,414)	–	–	(184,414)
Settlement of options – issued capital	454,196	(454,196)	–	–	–
Settlement of rights – issued capital	668,885	(668,885)	–	–	–
At 30 June 2024	**218,430,126**	**4,889,898**	**(356,128)**	**(152,037,247)**	**70,926,649**

	Issued capital (Note 18.2) $	Share-based payment reserve (Note 18.3) $	Foreign currency translation reserve (Note 18.4) $	Accumulated losses $	Total equity $
At 1 July 2022	**141,718,799**	**2,384,989**	**5,982**	**(84,598,778)**	**59,510,992**
Loss for the year	–	–	–	(31,459,798)	(31,459,798)
Other comprehensive loss	–	–	(158,786)	–	(158,786)
Total comprehensive loss for the year	–	–	(158,786)	(31,459,798)	(31,618,584)
Issue of share capital	44,959,245	–	–	–	44,959,245
Capital raising costs	(2,534,820)	–	–	–	(2,534,820)
Share-based payments expense during the year	–	1,097,796	–	–	1,097,796
Share-based payments expense during the year – options lapsed	–	(86,265)	–	–	(86,265)
Settlement of options – issued capital	132,013	–	–	–	132,013
Settlement of rights – issued capital	83,874	(83,874)	–	–	–
At 30 June 2023	**184,359,111**	**3,312,646**	**(152,804)**	**(116,058,576)**	**71,460,377**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024 $	2023 $
Operating activities		
Receipts from customers	2,888,038	2,205,684
Payments to suppliers and employees	(30,835,295)	(20,383,519)
Research costs	(16,123,531)	(18,950,585)
Interest received	1,237,280	607,566
Interest and other costs of finance paid	(263,961)	(293,960)
Government grants and tax incentives	12,682,969	15,077,975
Net GST paid	(452,382)	(915,855)
Net cash flows used in operating activities	**(30,866,882)**	**(22,652,694)**
Investing activities		
Payments to acquire entities	(39,654,487)	–
Cash received from business combination	788,290	–
Purchase of property, plant and equipment	(156,109)	(421,333)
Purchase of intangibles	(146,764)	(309,980)
Capitalisation of development costs to intangible assets	(871,370)	(882,418)
Net cash flows used in investing activities	**(40,040,440)**	**(1,613,731)**
Financing activities		
Proceeds from issues of equity securities (excluding convertible debt securities)	35,000,000	44,960,499
Proceeds from exercise of options	–	132,000
Transaction costs related to issues of equity securities or convertible debt securities	(2,052,065)	(2,534,820)
Receipts of lease incentives	–	1,343,932
Payment of principal portion of lease liabilities	(1,010,842)	(1,173,350)
Net cash flows from financing activities	**31,937,093**	**42,728,261**
Net (decrease)/increase in cash and cash equivalents	(38,970,229)	18,461,836
Cash and cash equivalents at the beginning of the period	69,576,373	51,114,537
Cash and cash equivalents at the end of the period	**30,606,144**	**69,576,373**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2024

1. Corporate Information

The consolidated financial statements of 4DMedical Limited (the Company or 4DMedical) and its controlled entities (collectively referred to as the Group) for the year ended 30 June 2024 were 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 public company limited by shares incorporated in Australia. The Company is listed on Australian Securities Exchange (ASX) (ASX code: 4DX).

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

The nature of the operations and principal activities of the Group are described in the directors' report. The information on the Group structure is provided in Note 22.

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis. The accounting policies adopted are consistent with those of the previous financial year.

The financial report is presented in Australian dollars ($).

The consolidated financial statements provide comparative information in respect of the previous periods.

2.2 Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of the normal business activities and realisation of assets and discharge of liabilities in the normal course of business. The Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after considerations of the following factors:

- The Board approved budget and most up to date cashflow forecasts indicate that positive cash reserves will be maintained for 12 months from the date of signing of this financial report and beyond.
- The commercialisation strategy is on track and well placed to deliver significant growth in both the short and long term. This includes, but is not limited to, the acquisition of significant contracts via Imbio, Medicare reimbursement relating to XV LVAS® and CT LVAS™ at US$299 and US$650.50 respectively, Philips teaming agreement and VA clinical trial progress.
- The Group has implemented cost reduction measures and will continue to review on an ongoing basis.
- The Group has the access to the 'At-The-Market' facility with Alpha Investment Partners which is a mechanism to raise capital at prevailing market prices. The Group remains confident that it also has the ability to request additional support from existing shareholders if financial assistance is required. The Group have a proven track record of raising funds from the listed market for acquisition and expansion purposes.

2.3. Compliance with International Financial Reporting Standards (IFRS)

The financial statements also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.4. Changes in accounting policies and disclosures

New standards and interpretations not yet adopted

The Group has not adopted any new or amended accounting standards or interpretations that have been issued but are not yet effective. These standards are not expected to have a material impact on the financial report.

2.5. Material accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

(c) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars ($).

Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at bank and bank guarantees relating to leased properties.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above.

(e) Inventories

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis;
- Finished goods and work in progress: purchase cost on a first-in/first-out basis.

(f) Research and development tax incentive receivable

The Company is eligible to obtain tax incentives from the Australian Tax Office as a result of its continued investment in research and development activities, which reduces research and development costs by offering tax offsets for eligible expenditure. This non-refundable tax offset reduces the tax due to be paid by the Company.

The receivable is recognised in the financial year in which the expenditure is incurred and the claim is lodged for receipt.

(g) Other assets

Prepayments and deposits are carried at amortised cost and represents goods and services paid for by the Group in advance prior to the end of the financial period that have not been received.

(h) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Furniture and fixtures 5–20 years
- Conference assets 15 years
- Leasehold improvements 3–8 years
- Workshop equipment 10 years
- Computer equipment 4–8 years
- Motor vehicles 5 years
- R&D hardware equipment 5 years

Assets under construction are not subject to depreciation.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Intangible assets

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is as follows:

	Trademarks and Patents	Development costs	Goodwill	Software
Useful live	Finite (20 years)	Finite (5 years)	Infinite	Finite (15 years)
Amortisation method used	Amortised on a straight-line basis over the useful life of the patent and trademarks. Assessed 6-monthly for any indicators of impairment.	Amortised on a straight-line basis over the useful life of the development costs. Amortisation reflects the pattern in which the asset's future economic benefits are expected to be consumed.	Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.	Amortised on a straight-line basis over the useful life of the software as per independent valuations undertaken post-acquisition.

Other intangible assets as per Note 13 are not material.

Development Costs

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in consolidated statement of profit or loss and other comprehensive income. During the period of development, the asset is tested for impairment when indicators of impairment are noted.

(j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense and may not be subsequently reversed.

(k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(m) Provisions and employee benefit liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave which are expected to be wholly settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Warranty provision

The Group provides a manufacturer's warranty for general repairs on defects of goods that may have existed at the time of sale. Provisions related to these warranties are recognised when the product is sold or the service is provided to the customer.

(n) Loans and borrowings

Loans and borrowings are measured initially at fair value, net of directly attributable transaction costs.

Loans and borrowings are derecognised when the obligation under the loan or borrowing is discharged, cancelled, or expires.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(p) Share-based payments

Certain employees (mostly senior executives) and directors of the Group receive part of their remuneration in the form of share-based payments, whereby employees and directors render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights. It is the intention of the Group that the options will be equity settled (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 21. Where it does not qualify for recognition as assets, the cost is recognised in employee benefits expense (Note 4.4), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions or the cost qualifies for recognition as assets.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(q) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(r) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements and that it typically controls the goods or services before transferring benefit to the customer.

Software-as-a-Service (SaaS)

The Group recognises revenue from ongoing support and maintenance and software licences over time, using an output method to measure progress towards complete satisfaction of the services, as the customer simultaneously receives and consumes the benefits provided by the Group.

Lease income

The Group derives revenue from leasing hardware to customers. The leases are classified as operating leases per AASB 16 *Leases* and recognised as performance obligations are met over the duration of the lease. There are no variable lease payments as a part of these arrangements.

(s) Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade and other receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost.

Allowance for expected credit losses (ECLs)

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(t) Finance income

Interest income is recorded using effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income.

(u) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; and
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3. Summary of significant accounting policies

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on information available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. At 30 June 2024 no deferred tax asset has been recognised with respect to unused tax losses.

Development costs capitalised to intangible assets

The treatment of development costs depends on whether there is an identifiable asset that will generate expected future economic benefits.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

An intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate all of the AASB 138 *Intangible Assets* requirements.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management and extrapolated for a further 2 years using a steady rate, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. Revenue and expenses

4.1 Revenue from contracts with customers

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

	2024 $	2023 $
Type of goods or service		
Software-as-a-Service (SaaS)	3,027,545	166,457
Lease income	704,598	436,400
Ongoing support and maintenance	22,113	40,663
Services	–	75,062
Total revenue from contracts with customers	**3,754,256**	**718,581**
Timing of revenue recognition		
Services transferred over time	2,949,656	6,559
Goods or services transferred at a point in time	804,600	712,022
Total revenue from contracts with customers	**3,754,256**	**718,581**
Geographical markets		
United States of America	2,929,556	175,871
Australia	824,700	542,710
Total revenue from contracts with customers	**3,754,256**	**718,581**

The Group has considered its internal reporting framework, management and operating structure and the directors' conclusion is that the Group has one operating segment. Refer to Note 5.

4.2 Performance obligations

Software-as-a-Service (SaaS)

The Group provides software licences and subscriptions for a fixed period or as a one-off transaction. The commencement of the satisfaction period of the performance obligation is considered to be when the related services are delivered. Subscription payments are received in advance, and the revenue is recognised monthly over the satisfaction period. For one-off transactions, the revenue is recognised immediately upon the execution of a scan and delivery of a report.

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. Refer to Note 2.5(r).

Lease Income

The Group provides hardware to customers under an operating lease model. The lease payments from operating leases are recognised as income on a straight-line basis over the lease term.

Contract Liabilities

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	2024 $	2023 $
Within one year	1,007,399	746,319
More than one year	718,410	906,449
Total contract liabilities	**1,725,809**	**1,652,768**

The remaining performance obligations expected to be recognised in more than one year relate to the provision of software licences that is to be satisfied within four years. All the other remaining performance obligations are expected to be recognised within one year. Refer to Note 15.

4.3 Other Income

	2024 $	2023 $
Government grants (Note 16)	6,508,558	7,684,770
Research and development (R&D) tax incentive	4,465,239	5,467,115
Misc income	–	61
Total other income	**10,973,797**	**13,151,946**

4.4 Employee benefits expense

	2024 $	2023 $
Wages and salaries	19,383,330	16,161,571
Other employee and directors' benefits expenses	6,270,434	6,565,521
Equity-settled share-based payments (Note 21)	2,178,465	1,011,531
Total employee benefits expense	**27,832,229**	**23,738,623**

4.5 Other expenses

	2024 $	2023 $
Legal, professional and consultant expenses	5,511,200	4,133,735
Acquisition expenses	2,318,185	–
Computer expenses	3,538,515	2,830,413
Clinical trial expenses	1,885,264	2,899,376
Travel expenses	1,827,630	1,601,153
Sales and marketing expenses	1,414,932	1,199,555
General expenses	1,375,219	1,408,826
Insurance expenses	358,337	317,180
Occupancy and utilities expenses	919,983	756,638
Research and development expenses	694,498	3,803,497
Total other expenses	**19,843,763**	**18,950,373**

4.6 Depreciation and amortisation expense

	2024 $	2023 $
Capitalised development cost	1,071,808	896,273
Right-of-use assets	920,307	931,576
Software acquired through business combination	914,717	–
Leasehold improvements	465,425	380,282
R&D hardware equipment	288,706	9,380
Computer equipment	252,999	260,129
Trademarks, patents and other intangible assets	75,413	25,611
Furniture and fixtures	35,585	29,646
Workshop equipment	19,419	17,549
Conference assets	18,411	12,892
Motor vehicles	2,000	2,000
Total depreciation and amortisation expense	**4,064,790**	**2,565,338**

4.7 Net interest income

	2024 $	2023 $
Interest expense on lease liabilities (Note 12)	255,251	287,458
Interest expense on insurance premium funding	8,709	6,502
Total finance costs	**263,960**	**293,960**
Interest income	1,237,280	607,566
Total finance income	**1,237,280**	**607,566**
Net interest income	**973,320**	**313,606**

5. Segment information

The Group is required to determine and present its operating segments based on the way in which financial information is organised and reported to the chief operating decision maker (CODM). The CODM has been identified as the Board of Directors on the basis that they make the key operating decisions of the Group and are responsible for allocating resources and assessing performance.

Key internal reports received by the CODM, primarily the management accounts, focus on the performance of the Group as a whole. The performance of the operations is based on EBITDA (earnings before interest, tax, depreciation and amortisation) and adjusted EBITDA which excludes the effects of significant items of income and expenditure that may have an impact on the quality of earnings. The accounting policies adopted for internal reporting to the CODM's are consistent with those adopted in the financial statements.

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

6. Income tax

6.1 Income tax expense

The major components of income tax expense for the years ended 30 June 2024 and 2023 are:

	2024 $	2023 $
Current income tax charge:		
Current income tax charge	48,411	323,222
Deferred tax:		
Relating to the origination and reversal of temporary differences	–	–
Income tax expense reported in the consolidated statement of profit or loss	**48,411**	**323,222**

6.2 Reconciliation between tax expense and the accounting loss multiplied by the Group's domestic tax rate for 2024 and 2023

	2024 $	2023 $
Accounting loss before income tax	**(35,930,261)**	**(31,136,576)**
At Company's statutory income tax rate of 25% (2023: 25%)	(8,982,565)	(7,784,144)
Research costs (permanent differences)	1,543,493	2,194,652
Other losses not recognised	7,487,483	5,912,714
Income tax expense reported in the statement of profit or loss	**48,411**	**323,222**

Carry forward tax losses

As at 30 June 2024, the Group has carry forward tax losses of $80,596,123 (FY23:: $64,675,655) which may be utilised to reduce future net taxable income subject to satisfying one of the tax loss utilisation tests contained within the *Income Tax Assessment Act 1997.*

7. Earnings per share

Basic EPS is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per share for the reporting period were as follows:

	2024 $	2023 $
Basic loss per share	(0.11)	(0.10)
Diluted loss per share	(0.11)	(0.10)

The following reflects the income and share data used in the basic and diluted EPS calculations:

	2024 $	2023 $
Loss attributable to ordinary equity holders	**(35,978,672)**	**(31,459,798)**

	2024	2023
Weighted average number of ordinary shares for basic earnings per share	370,473,442	300,013,539
Effect of dilution from:		
Options and rights	80,262,871	26,816,906
Weighted average number of ordinary shares adjusted for the effect of dilution	**450,736,313**	**326,830,445**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

8. Cash and cash equivalents

	2024 $	2023 $
Cash at bank	**30,606,144**	**69,576,373**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

8.1 Operating cashflow reconciliation

	2024 $	2023 $
Net loss for the year	(35,978,672)	(31,459,798)
Adjustments for:		
Depreciation and amortisation expense	4,064,790	2,565,338
Operating share based payment expense	2,178,465	1,011,531
Assets written down	3,299	92,786
Assets written off	106,307	270,168
Bad debts	13,320	40,172
Foreign exchange and other non-cash movements	(833,153)	24,162
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(444,838)	(532,312)
Increase in inventories	327,239	(663,501)
Increase in other assets	227,862	(723,794)
Increase/(decrease) in trade and other payables	(1,164,570)	3,060,794
(Increase)/decrease in research and development tax incentive receivables	146,002	(1,290,586)
Increase in employee benefit liabilities	428,548	336,509
Increase in contract liabilities	73,041	4,297,021
Decrease in other liabilities	18,123	–
Increase/(decrease) in income tax payable	(32,644)	318,816
Net cash flows used in operating activities	**(30,866,882)**	**(22,652,694)**

8.2 Changes in liabilities arising from financing activities

	1 July 2023 $	Cash flows – principal $	Interest and Current/ Non-Current reclassification $	30 June 2024 $
Current – Lease liabilities	933,076	(1,010,842)	1,022,358	944,592
Non-current – Lease liabilities	4,205,655	–	(29,639)	4,176,016
Total liabilities from financing activities	**5,138,731**	**(1,010,842)**	**992,719**	**5,120,608**

	1 July 2022 $	Cash flows – principal $	Interest and Current/ Non-Current reclassification $	30 June 2023 $
Current – Lease liabilities	1,100,445	(1,173,350)	1,005,981	933,076
Non-current – Lease liabilities	5,138,733	–	(933,078)	4,205,655
Total liabilities from financing activities	**6,239,178**	**(1,173,350)**	**72,903**	**5,138,731**

9. Trade and other receivables

	2024 $	2023 $
Current		
Trade receivables	1,062,742	584,405
GST receivable	159,212	230,162
Unbilled operating revenue	37,901	450
	1,259,855	**815,017**
Non-current		
Employee receivables	44,800	44,800
	44,800	**44,800**

(i) Trade receivables

No provision for expected credit losses has been recognised on trade receivables (FY23: none).

(ii) Employee receivables

The employee receivables are interest free, limited recourse loans to employees to facilitate the purchase of shares in the Group and do not have a specific repayment date. Repayment of the principal sum will be funded through after tax distributions or dividends paid by the Group. These loans were issued prior to IPO. If at the time of sale, transfer, buy-back or disposal of the shares a principal sum remains outstanding, the maximum amount payable by the borrower is limited to the value of the shares or the value of the loan (whichever is lower at that date). As at 30 June 2024, the Group had not impaired any of these loans because the market value of each share at that time was greater than the issue price.

10. Inventories

	2024 $	2023 $
Raw materials	992,249	665,010
Total inventories as held at cost	**992,249**	**665,010**

The Group does not carry a provision for stock obsolescence (FY23: none).

11. Property, plant and equipment

	Assets under construction $	R&D hardware equipment $	Furniture and fixtures $	Conference assets $	Leasehold improve-ments $	Workshop equipment $	Computer equipment $	Motor vehicles $	Total $
Cost or valuation									
At 1 July 2022	2,084,996	–	268,947	8,000	2,127,229	185,990	1,562,709	10,000	6,247,871
Additions	–	–	16,179	330,008	380,511	53,385	39,993	–	820,076
Transfer	(703,482)	703,482	–	–	–	–	–	–	–
Assets written down	–	–	–	(55,223)	–	–	–	–	(55,223)
Assets written off	(8,069)	–	–	(8,000)	(3,848)	(37,134)	(4,794)	–	(61,845)
Foreign exchange adjustment	–	–	5,394	–	–	–	6,406	–	11,800
At 30 June 2023	**1,373,445**	**703,482**	**290,520**	**274,785**	**2,503,892**	**202,241**	**1,604,314**	**10,000**	**6,962,679**
Cost or valuation									
At 1 July 2023	1,373,445	703,482	290,520	274,785	2,503,892	202,241	1,604,314	10,000	6,962,679
Additions	–	329,423	4,800	–	8,490	2,899	70,584	–	416,196
Assets acquired from business combination (Note 17)	–	–	127,101	–	–	–	147,203	–	274,304
Transfer	(1,373,445)	1,373,445	–	–	–	–	–	–	–
Assets written off	–	–	(98,334)	–	(3,360)	(1,350)	(108,768)	–	(211,812)
Foreign exchange adjustment	–	–	1,660	(110)	–	–	1,686	–	3,236
At 30 June 2024	**–**	**2,406,350**	**325,747**	**274,675**	**2,509,022**	**203,790**	**1,715,019**	**10,000**	**7,444,603**
Accumulated depreciation									
At 1 July 2022	–	–	77,287	1,236	56,599	53,277	573,540	1,279	763,218
Depreciation charge for the period	–	9,380	29,646	12,892	380,282	17,549	260,129	2,000	711,878
Assets written off	–	–	–	(1,598)	(1,791)	(28,357)	(3,749)	–	(35,495)
Foreign exchange adjustment	–	–	2,262	–	–	–	4,852	–	7,114
At 30 June 2023	**–**	**9,380**	**109,195**	**12,530**	**435,090**	**42,469**	**834,772**	**3,279**	**1,446,715**
Accumulated depreciation									
At 1 July 2023	–	9,380	109,195	12,530	435,090	42,469	834,772	3,279	1,446,715
Assets acquired from business combination (Note 17)	–	–	110,953	–	–	–	124,671	–	235,624
Depreciation charge for the period	–	288,706	35,585	18,411	465,425	19,419	252,999	2,000	1,082,545
Assets written off	–	–	(98,334)	–	(1,019)	(320)	(105,003)	–	(204,676)
Foreign exchange adjustment	–	–	1,364	(107)	–	–	1,410	–	2,667
At 30 June 2024	**–**	**298,086**	**158,763**	**30,834**	**899,496**	**61,568**	**1,108,849**	**5,279**	**2,562,874**
Net book value At 30 June 2023	**1,373,445**	**694,102**	**181,325**	**262,255**	**2,068,802**	**159,773**	**769,542**	**6,721**	**5,515,964**
Net book value At 30 June 2024	**–**	**2,108,264**	**166,984**	**243,841**	**1,609,526**	**142,222**	**606,170**	**4,721**	**4,881,729**

12. Right-of-use assets and lease liabilities

Group as a lessee

The Group has lease contracts for office premises and data centre facilities. These leases used in its operations generally have lease terms between three and seven 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 year:

	Right-of-use assets $
As at 1 July 2022	**4,865,718**
Lease modification	(92,787)
Derecognition of right-of-use asset	(100,708)
Depreciation expense	(931,576)
As at 30 June 2023	**3,740,647**
Additions	1,043,317
Depreciation expense	(920,307)
As at 30 June 2024	**3,863,657**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 $	2023 $
As at 1 July	**5,138,731**	**6,239,178**
Lease modification	1,043,317	–
Interest expenses on lease payments	255,251	287,458
Cash lease payments	(1,316,691)	(1,387,905)
At 30 June	**5,120,608**	**5,138,731**
Current	944,592	933,076
Non-current	4,176,016	4,205,655

The following are the amounts recognised in profit or loss:

	2024 $	2023 $
Depreciation expense of right-of-use assets	920,307	931,576
Interest expense on lease liabilities	255,251	287,458
Total amount recognised in profit or loss	**1,175,558**	**1,219,034**

The Group had total cash outflows for leases of $1,316,691 in FY24 (FY23: $1,387,905).

13. Intangible assets

	Goodwill $	Software $	Development costs $	Trademarks and Patents $	Other intangible assets $	Total $
Cost						
At 1 July 2022	–	–	4,078,636	1,055,598	27,188	5,161,422
Additions	–	–	882,418	309,980	–	1,192,398
Assets written off	–	–	–	(252,369)	–	(252,369)
At 30 June 2023	**–**	**–**	**4,961,054**	**1,113,209**	**27,188**	**6,101,451**
Cost						
At 1 July 2023	–	–	4,961,054	1,113,209	27,188	6,101,451
Additions	–	–	871,370	170,598	–	1,041,968
Assets acquired from business combination (Note 17)	42,712,533	24,903,975	–	636,539	687,284	68,940,331
Assets written off	–	(66,590)	–	(98,847)	–	(165,437)
Exchange differences	–	66,590	–	8,952	(56,921)	18,621
At 30 June 2024	**42,712,533**	**24,903,975**	**5,832,424**	**1,830,451**	**657,551**	**75,936,934**
Accumulated amortisation						
At 1 July 2022	–	–	–	88,699	8,584	97,283
Amortisation for the period	–	–	896,273	25,110	500	921,883
Assets written off	–	–	–	(371)	–	(371)
At 30 June 2023	**–**	**–**	**896,273**	**113,438**	**9,084**	**1,018,795**
Accumulated amortisation						
At 1 July 2023	–	–	896,273	113,438	9,084	1,018,795
Amortisation for the period	–	914,717	1,071,808	51,868	23,545	2,061,938
Assets acquired from business combination (Note 17)	–	–	–	349,839	381,098	730,937
Assets written off	–	(62,995)	–	–	–	(62,995)
Exchange differences	–	60,237	–	5,001	(51,512)	13,726
At 30 June 2024	**–**	**911,959**	**1,968,081**	**520,146**	**362,215**	**3,762,400**
Net book value At 30 June 2023	**–**	**–**	**4,064,781**	**999,771**	**18,104**	**5,082,656**
Net book value At 30 June 2024	**42,712,533**	**23,992,016**	**3,864,343**	**1,310,305**	**295,336**	**72,174,534**

14. Trade and other payables

	2024 $	2023 $
Current		
Trade payables	2,100,568	2,864,419
Other payables	2,996,821	3,397,540
	5,097,389	**6,261,959**

15. Contract liabilities

	2024 $	2023 $
At 1 July	**1,652,768**	**200,000**
Deferred operating revenue acquired from business combination	908,302	–
Operating revenue deferred during the year	762,998	2,049,598
Operating revenue released to the consolidated statement of profit or loss and other comprehensive income	(1,598,259)	(596,830)
At 30 June	**1,725,809**	**1,652,768**

Contract liabilities (Deferred operating revenue) include advances received to deliver SaaS products, hardware lease and ongoing support and maintenance services.

16. Government grants

	2024 $	2023 $
At 1 July	**6,570,640**	**4,314,835**
Funding received during the year	5,135,403	9,590,575
Funding for milestone achieved, yet to be received	–	350,000
Released to the consolidated statement of profit or loss and other comprehensive income	(6,508,558)	(7,684,770)
At 30 June	**5,197,485**	**6,570,640**

Australian Lung Health Initiative Pty Ltd (ALHI), a wholly owned subsidiary of 4DMedical was awarded a $28.9 million grant under the Australian Federal Government's Medical Research Future Fund (MRFF) Frontier Stage 2 initiative (the MRFF Grant). The MRFF Grant is funding the development of the XV Scanner, the world's first dedicated, low radiation dose lung function scanners integrated with 4DMedical's proprietary XV Technology®, over a period of five years. During the financial year, ALHI received a milestone payment of $4.64 million under the MRFF Grant.

4DMedical was awarded a $1.1 million grant under the Australian Federal Government's Clinical Translation and Commercialisation Medtech (CTCM) Program. The CTCM grant enables expansion of the XV Scanner capability beyond ventilation into prefusion. During the financial year, 4DMedical received two milestone payments totalling $0.49 million under the CTCM Grant.

The grants received from the Government are subject to satisfactory delivery of agreed project outcomes and compliance by the Group with its obligations under the grant agreement.

As grants are subject to milestone achievements, funding received is initially reflected on the consolidated statement of financial position, and will be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate.

17. Business combinations

On 15 December 2023 (settlement date), 4DMedical USA Inc, a wholly owned subsidiary of 4DMedical Limited, acquired 100% of the equity interests in Imbio Inc. (Imbio), for the total consideration of AU$60,241,096. Imbio is a recognised leader in lung and heart artificial intelligence-driven technology, with a focus on providing structural analysis that delivers visual qualitative and quantitative assessment of lung and heart anatomy. The acquisition aligns with 4DMedical's growth strategy by incorporating Imbio's highly complementary suite of diagnostic products combining structure and function in assessing lung disease, effectively 'owning the lung'.

Details of the acquisition are as follows:

Fair Value of consideration	USD	AUD
Cash paid to the vendor on settlement date – base consideration	25,000,000	37,370,476
Cash paid to the vendor on settlement date – working capital adjustment	1,437,272	2,148,461
Cash paid to the vendor post settlement date – working capital adjustment	90,688	135,660
Post-acquisition non-cash working capital adjustment	(1,167,298)	(1,744,899)
Contingent consideration for future performance	15,000,000	22,331,398
Total	**40,360,662**	**60,241,096**

Recognised amounts of identifiable assets and liabilities	USD 15 Dec 2023	AUD 15 Dec 2023
Cash	529,494	788,290
Trade and other receivables	610,118	908,319
Prepayments	192,091	285,978
Fixed assets	25,982	38,680
Intangible assets: Patents and Licenses	398,241	592,886
Intangible assets: Software	16,728,000	24,903,975
Deferred tax liability on acquired software assets	(4,681,097)	(6,969,029)
Trade and other payables	(1,350,932)	(2,011,213)
Deferred revenue	(610,107)	(908,302)
Employee benefits	(67,857)	(101,023)
Net Assets Acquired	**11,773,933**	**17,528,561**
Provisional Goodwill	**28,586,729**	**42,712,533**

Goodwill on acquisition

Subsequent to the settlement date of the Imbio transaction, independent valuation services were provided in relation to the material intangible assets acquired by 4DMedical as part of the acquisition of Imbio. Adopting the Mid-Purchase Price Allocation (PPA) valuation, the resultant identifiable intangible assets and goodwill acquired were as follows:

Recognised amounts of identifiable Software Assets	USD 15 Dec 2023	AUD 15 Dec 2023
Lung Density Analysis (LDA)	6,491,000	9,663,540
ICCP Platform (Cloud-based imaging platform)	5,103,000	7,597,142
CAC Scoring (Coronary Calcification)	2,115,000	3,148,727
RV/LV (left ventricle/right ventricle) & PHA (Pulmonary Hypertension Analysis)	1,949,000	2,901,593
IQ-UIP (UIP screening algorithm) & UIP-Dx (full quantitative algorithm for UIP)	1,070,000	1,592,973
Total Intangible Assets: Software	**16,728,000**	**24,903,975**
Provisional Goodwill	**28,586,729**	**42,712,533**

Accounting for the Imbio business combination is provisional at the reporting date. This will be finalised prior to the FY25 half-year financial report.

Consideration transferred

The agreed cash acquisition purchase price for Imbio was US$26,437,272 which included upfront consideration of US$25,000,000 and a net working capital adjustment of US$1,437,272. On acquisition date this equated to AU$39,518,937. In May 2024, the final working capital adjustment was calculated in accordance with the merger agreement, resulting in an additional payment of US$90,688 to the seller, equating to AU$135,660.

The merger agreement also included an additional consideration of up to US$20,000,000 on the condition of certain financial and non-financial targets being met. These are outlined below:

- **Earn-out 1 – CY2024 revenue:** Within 120 days after the end of CY2024, 4DMedical will pay the Sellers an amount equal to four times the incremental revenue growth (over US$3.5 million) of Imbio products in CY2024 from eligible forecasted CY2023 revenue, up to a cap of US$2.5 million of incremental revenue growth for a maximum earnout payment of US$10 million.
- **Earn-out 2 – CY2025 revenue:** Within 120 days after the end of CY2025, 4DMedical will pay the Sellers an amount equal to (1) the amount by which CY2025 revenue exceeds US$4.0 million (up to a cap of US$6.1 million of revenue in excess of CY2025 US$4 million revenue), multiplied by (2) 0.812, for a maximum earnout payment of US$5 million.
- **Earn-out 3 – New Product FDA Clearance by 31 December 2025:** 4DMedical will pay the Sellers an earnout amount equal to US$5 million if Imbio were to obtain FDA clearance by 31 December 2025 for anyone of Imbio's (1) 'IQ-UIP product, (2) Aortic Aneurysm product, or (3) next generation PE/PAH product (to be paid within 70 days of such performance milestone being satisfied).

Management expects to settle 50% of Earn-out 1, and the maximum of Earn-out 2 and Earn-out 3. This has been reflected on the Balance Sheet accordingly. 4DMedical intends to satisfy any earn-out consideration payable by the issue of shares in 4DMedical, based on the share's 30-day volume weighted average price (VWAP) prior to the date of expiry of the relevant performance milestone period. This expected payout is held at fair value.

Cash used to acquire business:	AUD
Cash paid to the vendor on settlement date – base consideration & working capital adjustment	39,518,937
Cash paid to the vendor post settlement date – working capital adjustment	135,660
Acquisition costs paid	2,318,185
Net cash used	**41,972,782**

Imbio's contribution to the Group results

Imbio generated revenue of AU$2,654,015 and incurred a net operating loss of (AU$1,297,760) from acquisition date (15 December 2023) to reporting date (30 June 2024).

Imbio's full year FY24 proforma revenue was AU$4,927,644 and net operating loss was (AU$7,051,943).

18. Issued capital and reserves

	30 June 2024 $	30 June 2023 $
Ordinary shares	**218,430,126**	**184,359,111**

18.1 Terms and conditions of ordinary shares

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

18.2 Movement in ordinary shares on issue

	No. of shares	$
As at 1 July 2022	**294,675,761**	**141,718,799**
Issued shares	50,022,117	44,959,245
Conversion of options to issued capital	249,600	132,013
Conversion of rights to issued capital	185,094	83,874
Transaction costs relating to shares issued		(2,534,820)
As at 30 June 2023	**345,132,572**	**184,359,111**

	No. of shares	$
As at 1 July 2023	**345,132,572**	**184,359,111**
Issued shares	44,303,797	35,000,000
Conversion of options to issued capital	763,325	454,196
Conversion of rights to issued capital	1,194,971	668,885
Transaction costs relating to shares issued		(2,052,066)
Ordinary shares issued via At-The-Market funding facility	19,000,000	–
As at 30 June 2024	**410,394,665**	**218,430,126**

In December 2023 the Group successfully raised $35.0 million before transaction costs, through the issue of 44.3 million new, ordinary fully paid 4DMedical shares. New shares offered under the Placement had one free attaching option for every two new shares issued. These options are listed (ASX:4DXO) with an exercise price of $1.365 and will expire on 31 December 2025. Transaction costs associated with the capital raised totalled $2.05 million with net proceeds of the capital raise totalling $32.95 million.

In June 2024 the Group secured an At-The-Market (ATM) funding facility with Alpha Investment Partners (AIP). ATM funding facilities are a type of equity offering that provide publicly traded companies with a mechanism to raise capital at prevailing market prices. Unlike traditional secondary offerings, which involve issuing a large block of shares all at once, ATM programs enable companies to raise capital incrementally over a company-specified period, at market prices. 4DMedical controls all major aspects of the placement process, having sole discretion as to whether it uses the ATM, the number of shares issued, as well as the minimum issue price of shares. 4DMedical placed 19 million shares from its Listing Rule 7.1 capacity at no consideration to AIP as collateral for the ATM facility. 4DMedical may, at any time, buy back those shares for no consideration subject to shareholder approval. There are no additional attaching options or other more expensive mechanisms common in traditional placements and structured financing solutions.

18.3 Share Based Payment Reserve

	30 June 2024 $	30 June 2023 $
Share-based payment reserve	**4,889,898**	**3,312,646**
Movement in the share-based payment reserve		
Balance at the beginning of the year	3,312,646	2,384,989
Transfer of STIP cash provision to share-based payment reserve	521,869	–
Share-based payments expense during the year	2,362,878	1,097,796
Share-based payments expense during the year – options lapsed	(184,414)	(86,265)
Settlement of options – issued capital	(454,196)	–
Settlement of rights – issued capital	(668,885)	(83,874)
Balance at the end of the period	**4,889,898**	**3,312,646**

The share-based payment reserve comprises of the value of the employee, non-employee and director share plans that were granted during the current and previous financial years. The balance represents the fair value of options vested but not exercised, and unvested options.

18.4 Foreign Currency Translation Reserve

	30 June 2024 $	30 June 2023 $
Foreign currency translation reserve	**(356,128)**	**(152,804)**
Movement in foreign currency translation reserve		
Balance at the beginning of the period	(152,804)	5,982
Exchange differences on translation of foreign operations	(203,324)	(158,786)
Balance at the end of the period	**(356,128)**	**(152,804)**

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

19. Capital management

The Group's capital includes issued capital, other capital reserves, accumulated losses and other equity. The objective of managing the Group's capital is to ensure the Group's ability to achieve sustained business growth and profitability so as to maximise shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the business. To maintain an optimal capital structure, the Group may return capital to shareholders or issue new shares subject to the Company's constitution and relevant regulations. The Group's policies in respect of capital management and allocations are reviewed by the Board of Directors and there has been no changes made during the year.

20. Financial risk management

20.1 Risk exposures and responses

The key risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk.

Interest rate risk

Exposure to interest rate risk is when the value of financial assets and liabilities fluctuates as a result in change in interest rates, affecting future cash flows or the fair value of fixed rate financial instruments. Given the capital structure and debt-free position of the Group, the exposure to interest rate risk is immaterial.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group's foreign exchange risk is deemed to be low and therefore has not entered into any forward foreign exchange contracts. The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Financial Assets		Financial Liabilities	
	30 June 2024 AU$	30 June 2023 AU$	30 June 2024 AU$	30 June 2023 AU$
Consolidated				
U.S. dollars	1,094,122	1,959,572	904,385	274,931

The Group had net financial assets denominated in USD of $189,737 (FY23: $1,684,642). Based on this exposure, had the Australian dollar weakened by 5% (FY23: 5%) against these foreign currencies with all other variables held constant, the Group's comprehensive loss before tax for the year would have been $9,487 lower (FY23: $84,232 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last six months each year and the spot rate at each reporting date. The realised foreign exchange loss recognised through the Income Statement for the year ended 30 June 2024 was $223,563 (FY23: $9,307).

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The Group's exposure to credit risk is immaterial.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through capital raising. The Group mitigates liquidity risk by ensuring it has sufficient funds on hand to meet its working capital and investment objectives, while also focusing on improving its operational cash flow. With the exception of non-current lease liabilities, all contractually fixed payments included in the consolidated statement of financial position as at 30 June 2024 are expected to be settled within one year of this date.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2024	On demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	> 5 years $	Total $
Lease liabilities (Note 12)	–	226,540	718,054	3,707,822	468,192	5,120,608
Trade and other payables (Note 14)	2,463,943	274,969	2,358,477	–	–	5,097,389
At 30 June 2024	**2,463,943**	**501,509**	**3,076,531**	**3,707,822**	**468,192**	**10,217,997**

Year ended 30 June 2023	On demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	> 5 years $	Total $
Lease liabilities (Note 12)	–	290,388	642,689	2,851,234	1,354,420	5,138,731
Trade and other payables (Note 14)	1,383,062	2,046,676	9,402,861	–	–	12,832,599
At 30 June 2023	**1,383,062**	**2,337,064**	**10,045,550**	**2,851,234**	**1,354,420**	**17,971,330**

20.2 Fair value estimation

Trade and other receivables

Trade receivables are non-interest bearing and generally on 30 days terms. An allowance for expected credit losses is made where there is objective evidence that a trade receivable is impaired. Fair value approximates carrying amount due to their short-term nature.

Trade and other payables

Trade payables are non-interest bearing and are normally settled on 30 days terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

21. Share based payments

During the year ended 30 June 2024, certain employees (including KMP) were granted 7,722,818 options (FY23: 5,901,321) and 1,488,569 rights (FY23: 496,048) under the 4DMedical Long Term Incentive Plan.

478,325 shares from the conversion of options (FY23: 249,600) and 1,479,971 shares from the conversion of rights (FY23: 185,094) were issued during the financial year. There are 6,963,836 options and 348,537 rights that were granted during the financial year but not yet vested under the Long Term Incentive Plan as at 30 June 2024 (FY23: 5,738,674 and 226,626, respectively).

The Group had the following share-based payment arrangements as at 30 June 2024:

Plan Reference	Date of grant	On Issue as at 1 July 2023	Issued during FY24	Lapsed during FY24	Exercised during FY24	Balance as at 30 June 2024	Vested not exercised	Unvested	Vesting conditions
2016 Options Offer (Other)	15/12/2016	3,280,018	–	–	–	3,280,018	3,280,018	–	50% to vest on/after 15 January 2017; and 50% on/after 30 June 2017
2017 Fundraiser's Offer	01/03/2017	6,400,000	–	–	–	6,400,000	6,400,000	–	Vesting is subject to the Fundraising Hurdle
2017 Options USA Offer	25/08/2017	22,157	–	–	–	22,157	22,157	–	50% on 1 July 2018 and 50% on 30 June 2019
2019 USA Options Incentive Offer	08/06/2018	12,826	–	–	–	12,826	12,826	–	50% on 1 July 2019 and 50% on 30 June 2020
2019 Incentive Offer	29/11/2019	2,000,000	–	–	–	2,000,000	2,000,000	–	50% on 1 January 2020 and 50% on 1 January 2021
FY20A Special Options Offer	19/02/2020	1,842,675	–	–	–	1,842,675	1,842,675	–	100% on 1 March 2020
2020 Introducer Options Offer A	24/02/2020	910,150	–	–	–	910,150	910,150	–	100% on 1 March 2020
2020 Introducer Options Offer B	29/05/2020	1,028,346	–	–	–	1,028,346	1,028,346	–	100% to vest after a successful IPO
FY21 Long Term Incentive Plan (Other)	24/07/2020	914,000	–	–	–	914,000	914,000	–	Complete 3 years service from grant date
FY21 Long Term Incentive Plan	24/07/2020	1,528,354	–	319,755	–	1,208,599	1,208,599	–	Complete 3 years service from grant date
FY21B Long Term Incentive Plan	24/02/2021	14,367	–	–	–	14,367	14,367	–	Complete 3 years service from grant date
FY21C Long Term Incentive Plan	24/02/2021	35,232	–	–	–	35,232	35,232	–	Complete 3 years service from grant date
FY22 Long Term Incentive Plan	17/06/2021	1,092,214	–	217,524	–	874,690	874,690	–	Complete 3 years service from grant date
FY22B Long Term Incentive Plan (Other)	01/09/2021	701,719	–	–	–	701,719	–	701,719	Must remain an employee for a period from 1 July 2021 until 30 June 2024

Plan Reference	Date of grant	On Issue as at 1 July 2023	Issued during FY24	Lapsed during FY24	Exercised during FY24	Balance as at 30 June 2024	Vested not exercised	Unvested	Vesting conditions
FY22B Long Term Incentive Plan	13/10/2021	70,059	–	–	–	70,059	70,059	–	Must remain an employee for a continuous period from grant date until 25 June 2024
FY22C Long Term Incentive Plan	20/05/2022	636,576	–	–	–	636,576	–	636,576	Based on the Australian Revenue generated by the Company, with number of options vested at each Revenue Milestone
FY23B Long Term Incentive Plan	26/08/2022	898,398	–	182,650	–	715,748	–	715,748	Complete 3 years service from grant date
FY23C Long Term Incentive Plan	18/11/2022	1,850,914	–	–	–	1,850,914	–	1,850,914	Must remain an employee for a period from 1 July 2022 until 30 June 2025
FY23A Long Term Incentive Plan	23/11/2022	2,989,362	–	–	–	2,989,362	–	2,989,362	Must remain an employee for a continuous period from grant date until 1 July 2025
FY23B U.S. Sales Incentive Rights	01/12/2022	339,939	–	–	339,939	–	–	–	Nil
FY24 AU Sales Incentive Options	28/07/2023	–	24,132	–	–	24,132	24,132	–	Nil
FY23C U.S. Sales Incentive Rights	15/04/2023	–	504,280	–	504,280	–	–	–	Nil
FY23 Long Term Incentive Plan	15/09/2023	–	469,303	–	–	469,303	–	469,303	Must remain an employee for a continuous period from grant date until 01 December 2025 & 03 April 2026 respectively
FY23 U.S. Sales Incentive Rights	19/09/2023	–	350,752	–	350,752	–	–	–	Nil
FY23 Short Term Incentive Plan	19/09/2023	–	563,100	–	388,325	174,775	174,775	–	Nil
FY24 Long Term Incentive Plan	22/09/2023	–	3,347,950	–	–	3,347,950	–	3,347,950	Must remain an employee for a continuous period from grant date until 1 July 2026
FY24 Long Term Incentive Plan – CEO	03/11/2023	–	1,306,100	–	–	1,306,100	–	1,306,100	Must remain an employee for a continuous period from grant date until 30 June 2026

Plan Reference	Date of grant	On Issue as at 1 July 2023	Issued during FY24	Lapsed during FY24	Exercised during FY24	Balance as at 30 June 2024	Vested not exercised	Unvested	Vesting conditions
FY24 Director Options	22/01/2024	–	80,000	–	80,000	–	–	–	Nil
FY24 Long Term Incentive Plan	13/03/2024	–	1,840,483	–	–	1,840,483	–	1,840,483	Must remain an employee for a continuous period from grant date until 1 July 2026
FY23 Short Term Incentive Plan	13/03/2024	–	36,750	–	–	36,750	36,750	–	Nil
FY24 Retention RSUs	13/03/2024	–	85,541	–	–	85,541	–	85,541	Must remain an employee for a continuous period from grant date until 15 December 2024
FY24 Options	19/03/2024	–	55,000	–	10,000	45,000	45,000	–	Nil
FY24 U.S. Sales Incentive Rights	19/03/2024	–	547,996	–	285,000	262,996	–	262,996	Nil
Total		**26,567,306**	**9,211,387**	**719,929**	**1,958,296**	**33,100,468**	**18,893,776**	**14,206,692**	

Movements during the year

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

	30 June 2024 $	30 June 2023 $
Recognised in employee and directors' benefits expense (Note 4.4)	2,178,465	1,011,531
Total net expense arising from share-based payment transactions	**2,178,465**	**1,011,531**

The following table illustrates the number of, and movements in, options during the year:

	2024 No. of options	2023 No. of options
Outstanding at 1 July	**26,227,367**	**23,198,141**
Granted during the year	7,722,818	5,901,321
Forfeited/lapsed during the year	(719,929)	(2,622,495)
Net settled and converted to issued capital during the year	(478,325)	(249,600)
Outstanding at 30 June	**32,751,931**	**26,227,367**
Vested and exercisable at 30 June	**18,869,644**	**15,496,172**

The following table illustrates the number of, and movements in, rights during the year:

	2024 No. of rights	2023 No. of rights
Outstanding at 1 July	**339,939**	**82,850**
Granted during the year	1,488,569	496,048
Forfeited/lapsed during the year	–	(53,865)
Net settled and converted to issued capital during the year	(1,479,971)	(185,094)
Outstanding at 30 June	**348,537**	**339,939**
Vested and exercisable at 30 June	**24,132**	**113,113**

The weighted average remaining contractual life for the options and rights outstanding as at 30 June 2024 was 1.99 years (FY23: 2.64 years).

The weighted average fair value of all options and rights granted during the year was $0.37 (FY23: $0.19).

The range of exercise prices for options outstanding at the end of the year was $0.36 to $2.60 (FY23: $0.40 to $2.60).

The following tables list the inputs to the models used for the plans for the year ended in 30 June 2024 and 30 June 2023 respectively:

	2024	
	Option plans	**Right plans**
Weighted average fair values at the measurement ($)	0.37	–
Expected volatility (%)	82	–
Risk-free interest rate (%)	3.65 – 4.34	–
Expected life of share options (years)	3.30 – 4.00	–
Weighted average share price ($)	0.57	0.64
Model used	Black-Scholes	n/a

	2023	
	Option plans	**Right plans**
Weighted average fair values at the measurement ($)	0.19	0.44
Expected volatility (%)	55	–
Risk–free interest rate (%)	0.50 – 3.27	–
Expected life of share options (years)	2.64	–
Weighted average share price ($)	0.48 – 0.51	0.37 – 0.66
Model used	Black-Scholes	Qualitative assessment

The fair value at grant date of the performance rights issued with non-market performance conditions is the share price at grant date.

The expected life of the options is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

22. Group information

Subsidiaries

The consolidated financial statements of the Group include the Company and the following subsidiaries:

Name of Entity	Principal Activities	Type of Entity	Country of incorporation	Country of tax domicile	% equity interest 2024	% equity interest 2023
Imbio Inc.	Artificial intelligence medical imaging solutions for chronic lung and cardiothoracic diseases	Company	USA	USA	100	–
4DMedical USA Inc.	Sales, marketing and distribution of 4DMedical's patented imaging solutions	Company	USA	USA	100	100
4DMedical R&D Inc.	Research and development in support of 4DMedical's technology development	Company	USA	USA	100	100
Australian Lung Health Initiative Pty Ltd	Deliver project milestones under the MRFF Research Plan Grant	Company	Australia	Australia	100	100
4DMedical USA Holdco LLC.	Holding Company	Company	USA	USA	100	–
4DMedical Employee Share Trust	Employee share trust established to acquire, deliver, allocate and hold shares under 4DMedical's employee equity plans for the benefit of its participants	Trust	Australia	Australia	100	100
4DMedical R&D Pty Ltd	Dormant	Company	Australia	Australia	100	100
4Dx Pte Ltd	Dormant	Company	Singapore	Singapore	100	100
4DMedical NZ Limited	Dormant	Company	New Zealand	New Zealand	100	100

23. Related party disclosures

Compensation of KMP of the Group

The total compensation of KMP for the Group was $2,474,698 (FY23: $1,747,477). In addition, the Group paid key person insurance for an officer of the Group of $7,472 during the year (FY23: $6,156).

	2024 $	2023 $
Categories of compensation:		
Short-term employee and directors' benefits	1,977,107	1,489,039
Post-employment benefits	86,377	57,579
Share-based payments	411,214	200,859
	2,474,698	**1,747,477**

24. Commitments and contingencies

Lease commitments

The Group has no lease contracts that have not yet commenced as at 30 June 2024 (FY23: none).

Contingencies

The Group has no contingent assets or contingent liabilities as at 30 June 2024 (FY23: none).

25. Events after the reporting period

In September 2024, 4DMedical signed a 5-year reseller agreement with Philips in which 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. This agreement establishes a transformative commercialisation pathway for XV Technology® in the U.S. and is expected to leverage Philips' long established and significant existing commercial partnerships with both the VA and the Department of Defense (DoD).

26. Auditor's remuneration

The auditor of 4DMedical is PKF Melbourne Audit & Assurance Pty Ltd.

	2024 $	2023 $
Amounts paid or payable to PKF Melbourne Audit & Assurance Pty Ltd:		
Audit or review of the financial report of the entity	105,210	94,500

PKF did not provide any non-audit related services to the Group in FY24 (FY23: none).

27. Information relating to the Parent

	2024 $	2023 $
Current assets	107,028,550	93,918,645
Total assets	118,105,340	105,700,026
Current liabilities	28,502,032	22,320,486
Total liabilities	32,821,519	26,711,934
Issued capital	218,430,126	184,359,112
Other capital reserves	4,888,405	3,312,645
Accumulated losses	(138,034,710)	(108,683,665)
Net assets	**85,283,821**	**78,988,092**
Loss for the year	**(29,351,045)**	**(24,813,257)**

The commitments and contingencies of the Parent are that of the Group, which are disclosed in Note 24.

Consolidated Entity Disclosure Statement

As required by the Treasury Laws Amendment (*Making Multinationals Pay Their Fair Share – Integrity and Transparency*) Act 2024, the following provides information about the subsidiaries included in the consolidated financial statements of 4DMedical Limited as at 30 June 2024.

Name of Entity	Type of Entity	Country of incorporation	Country of tax domicile	Equity interest %
Imbio Inc.	Company	USA	USA	100
4DMedical USA Inc.	Company	USA	USA	100
4DMedical R&D Inc.	Company	USA	USA	100
Australian Lung Health Initiative Pty Ltd	Company	Australia	Australia	100
4DMedical USA Holdco LLC.	Company	USA	USA	100
4DMedical Employee Share Trust	Trust	Australia	Australia	100
4DMedical R&D Pty Ltd	Company	Australia	Australia	100
4Dx Pte Ltd	Company	Singapore	Singapore	100
4DMedical NZ Limited	Company	New Zealand	New Zealand	100

As at 30 June 2024, none of the above entities was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity or a participant in a joint venture within the consolidated entity.

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 financial year ended 30 June 2024 are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the year ended on that date; and
      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
   b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1;
   c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
   d) in the Directors' opinion the consolidated entity disclosure statement required by subsection 295(3A) of the *Corporations Act 2001* is true and correct.
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 year ended 30 June 2024.

On behalf of the board

Dr Andreas Fouras
Managing Director & CEO

30 September 2024

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 4DMEDICAL LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of 4DMedical Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the Directors' Declaration of the Company and of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion, the financial report of 4DMedical Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	*How our audit addressed this matter*
Recognition and valuation of development costs as intangible assets As disclosed in Note 13 of the financial report, the carrying amount of the Group's internally developed software is $3.9m (2023: $4.1m). The accounting policy in respect of this asset is outlined in Note 2.4(i). Judgement is required in determining eligible development expenditure that should be capitalised, the distinction between development of new software and maintenance or upgrade of existing software and its ability to generate future economic benefits. We considered the recognition and valuation of development costs to be a Key Audit Matter due to the significant judgements applied in determining the nature of expenditure capitalised and the specific criteria that must be met for capitalisation in accordance with Australian Accounting Standards.	Our procedures included, but were not limited to, assessing and challenging: • the nature of the Group's development costs relative to the ongoing development projects and specifically incurred in the year to assess both the accuracy and completeness of amounts capitalised. • the key assumptions used and estimates made in capitalising development costs. • testing on a sample basis the accuracy of costs capitalised in compliance with AASB 138 *Intangible Assets* and the Group's accounting policy. • evidence of the Group's conclusion of the economic feasibility of the products relying on the application of the software, including Board approved budgets and business development plans. • the reasonableness of the determination of the useful life of the development cost assets. • the appropriateness of related disclosures in the financial statements.
Key Audit Matter	*How our audit addressed this matter*
Accounting for business combinations As disclosed in Note 17, during the year the Group completed the acquisition of 100% of the share capital in Imbio Inc ("Imbio"). The total consideration for the Imbio acquisition is $60.2m, comprising $37.9m cash and $22.3m in contingent consideration for future performance, which is payable in shares, over the next two calendar years. Management has utilised the services of an expert to assist with the purchase price allocation in relation to the acquisition. Under AASB 3 *Business Combinations* the Group is to apply fair value accounting for all aspects of the acquisition, whereby the difference between the fair value of consideration and the fair value of identifiable assets acquired, net of the fair value of liabilities assumed is treated as goodwill. We considered accounting for business combinations to be a Key Audit Matter due to the significant judgements applied in the accounting for the fair value of the	Our procedures included, but were not limited to, assessing and challenging: • the Group's accounting treatment against the requirements of AASB 3, key transaction agreements, and our understanding of the acquisition and respective industries. • the methodology applied to recognise the fair value of identifiable assets acquired and liabilities assumed. • the inputs of the components of the business combination to underlying support including settlement contracts. • Management's determination of the point at which control was gained of the entity. • the provisional allocation of the purchase price for the entity acquired to the identifiable assets acquired – including any intangibles other than goodwill – and liabilities assumed. • the accounting entries associated with the business combination.

consideration and the fair value of the identifiable assets acquired in accordance with Australian Accounting Standards.	• the related financial statement disclosures for consistency with the relevant financial reporting standards.
Key Audit Matter	***How our audit addressed this matter***
Cashflow forecasts The Group has incurred a net loss after tax of $36.0m (2023: $31.5m) and negative operating cash flows of $30.9m (2023: $22.7m) for the year ended 30 June 2024. The loss for the year was as a result of the costs of acquisition and integration of Imbio, and significant operational spend as the Group continues to execute its commercialisation strategy. The Group maintains a positive net asset position of $70.9m (2023: $71.5m), which is underpinned by a cash balance of $30.6m (2023: $69.6m), a successful capital raising announced to the market in December 2023 and the introduction of an "At-The-Market" (ATM) facility announced in June 2024. The Group has forecasted to maintain positive cash reserves which is dependent on the execution of its commercialisation strategy, access to the ATM facility and from the listed market as required, and ongoing cost reduction measures. The Group's cash flow forecast as presented by the directors includes judgements and estimates based on the directors' input of key market and operational assumptions. Given the loss after tax position and negative operating cash flows, we considered the appropriateness of these forecast assumptions to be a Key Audit Matter.	Our procedures included, but were not limited to, assessing and challenging: • the cash flow forecast prepared by Management for at least 12 months from the anticipated date of signing the financial statements and challenging the reasonableness of significant assumptions within the forecast. • reperforming calculations in the budget and cash flow forecast to determine the mathematical accuracy of the model. • the financial results subsequent to year end as well as historical forecast figures to assess the reliability of Management's forecasts. • the reasonableness and extent of Management's sensitivity analysis for at least the 12 months following the approval of the financial report. • the Group's access to funding facilities, including the ATM facility and the listed market. • remaining professionally sceptical and challenging of Management's plans for mitigating identified exposures. • the appropriateness and robustness of going concern disclosures in the financial report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, we consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 ; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of:

   i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

   ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of 4DMedical Limited for the year then ended complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF

PKF

Melbourne, 30 September 2024

Kaitlynn Brady

Kaitlynn Brady

Partner

ASX Additional Information

Additional information required by the Australian Securities Exchange and now shown elsewhere in this report is as follows. The information is current as at 13 September 2024.

(a) Distribution of equity securities

(i) Ordinary share capital

410,531,163 fully paid ordinary shares are held by 9,051 individual shareholders.

All issued ordinary shares carry one vote per share and carry a right to dividends.

(ii) Options and performance rights

77,786,736 options are held by 1,401 individual option holders (consisting of 22,151,863 quoted options and 55,034,873 unquoted options). 217,039 performance rights are held by 5 individual holders.

Options and performance rights do not carry a right to vote.

The number of securityholders, by size of holding, in each class are:

	Holders of fully paid ordinary shares	Percentage of ordinary shares on issue	Holders of options	Percentage of options on issue	Holders of performance rights	Percentage of performance rights on issue
1-1,000	1,829	0.26%	77	0.06%	–	0.00%
1,001-5,000	2,662	1.76%	359	1.18%	–	0.00%
5,001-10,000	1,277	2.42%	273	2.33%	–	0.00%
10,001-100,000	2,778	23.25%	618	16.08%	4	39.41%
100,001 and over	505	72.31%	74	80.35%	1	60.59%
	9,051	**100.00%**	**1,401**	**100.00%**	**5**	**100.00%**
Holding less than a marketable parcel	–	–				

(b) Substantial shareholders

Ordinary shareholders	Number	Fully paid percentage
Velocimetry Consulting Pty Ltd (substantial holding due to direct holdings)		
Dr Andreas Fouras (substantial holding due to direct holdings and having voting power in Velocimetry Consulting Pty Ltd above 20%)	65,701,465	16.00%
Helen Fouras (substantial holding due to direct holdings and having voting power in Velocimetry Consulting Pty Ltd above 50%)		

(c) Twenty largest holders of quoted equity securities

	Fully paid	
Holders of ordinary shares (ASX:4DX)	**Number**	**Percentage**
Velocimetry Consulting Pty Ltd	64,838,000	15.79%
Citicorp Nominees Pty Limited	23,268,218	5.67%
BNP Paribas Nominees Pty Ltd	19,897,389	4.85%
HSBC Custody Nominees (Australia) Limited	14,435,511	3.52%
Ryder Innovation Fund LP	4,551,274	1.11%
HSBC Custody Nominees (Australia) Limited – A/C 2	4,179,399	1.02%
Merrill Lynch (Australia) Nominees Pty Limited	3,573,454	0.87%
Mr Damen Diamantopoulos	3,090,000	0.75%
J P Morgan Nominees Australia Pty Limited	2,806,425	0.68%
Alex Petrou & Christine Petrou	2,484,471	0.61%
Mr Paul Tomlin	2,416,870	0.59%
BNP Paribas Noms Pty Ltd	2,101,511	0.51%
Pacific Custodians Pty Limited	2,040,978	0.50%
Mrs Irene Wai-Ping Lee & Miss Yvonne Lee & Mr Wilson Lee	1,997,346	0.49%
Sprout Group Pty Ltd	1,769,331	0.43%
BNP Paribas Nominees Pty Ltd	1,737,816	0.42%
Mr Dev Jayram	1,580,583	0.39%
Fang Family Investments Pty Ltd	1,517,437	0.37%
Endless Smiles Pty Ltd	1,500,000	0.37%
Wal Assets Pty Ltd	1,411,487	0.34%
	161,197,500	**39.27%**

	Fully paid	
Holders of quoted options (ASX:4DXO)	**Number**	**Percentage**
Citicorp Nominees Pty Limited	5,244,410	23.67%
Merrill Lynch (Australia) Nominees Pty Limited	1,962,025	8.86%
Mr William John Minehan	1,694,589	7.65%
Morgan Stanley Australia Securities (Nominee) Pty Limited	1,582,278	7.14%
Bilgola Nominees Pty Limited	1,436,090	6.48%
HSBC Custody Nominees (Australia) Limited	1,016,335	4.59%
Mr Samuel Martin Baker	1,000,000	4.51%
BNP Paribas Noms Pty Ltd	795,081	3.59%
J P Morgan Nominees Australia Pty Limited	730,743	3.30%
Hirsute Pty Ltd	628,409	2.84%
HSBC Custody Nominees (Australia) Limited – A/C 2	590,995	2.67%
Mr Edward Lewis Kuswanto	568,596	2.57%
Mr Damian Shannon Brugman & Mrs Lisette Alexandra Brugman	173,263	0.78%
Ms Olivia Lynne Grosser	126,000	0.57%
Mr Adrian John Blackwood Clifton-Jones	125,000	0.56%
Mr Rodney John Gray	115,686	0.52%
BNP Paribas Nominees Pty Ltd	114,399	0.52%
UBS Nominees Pty Ltd	112,587	0.51%
Sacrosanct Pty Ltd	105,425	0.48%
Mr Adam Christopher Evangelista	102,727	0.46%
	18,224,638	**82.27%**

(d) Unquoted equity security holdings greater than 20%

No person holds 20% or more of the equity securities in an unquoted class, except where the securities were issued or acquired under an employee incentive scheme.

(e) Restricted or escrow securities

Nil.

Corporate Governance Statement (CGS)

The directors and management are committed to conducting the business of 4DMedical Limited in an ethical manner and in accordance with the highest standards of corporate governance. 4DMedical Limited has adopted and has substantially complied with the ASX Corporate Governance Council's Principles and Recommendations (Fourth Edition) (Recommendations) to the extent appropriate to the size and nature of its operations.

In accordance with ASX Listing Rule 4.10.3, the Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, identifies and explains any Recommendations that have not been followed. The 2024 Corporate Governance Statement can be found on the Company's website at https://4dmedical.com/corporate-governance.

Corporate Information

Directors

Ms Lilian Bianchi
Non-Executive Director and Chair

Dr Andreas Fouras
Managing Director and Chief Executive Officer

Dr Robert A. Figlin
Non-Executive Director

Mr John Livingston
Executive Director

Dr Geraldine McGinty
Non-Executive Director

Mr Julian Sutton
Non-Executive Director

Company secretary

Ms Naomi Lawrie
E: CompanySecretary@4DMedical.com

ACN

161 684 831

Stock exchange

4DMedical Limited is a public company listed with the Australian Securities Exchange.

ASX: 4DX

Registered office

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700 Swanston Street
Carlton VIC 3053 Australia

T: +613 9545 5940
E: info@4DMedical.com

Share register

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Toll free: +61 1300 554 474
F: +612 9287 0303
F: +612 9287 0309 (proxy forms only)

E: registrars@linkmarketservices.com.au
W: www.linkmarketservices.com.au

External auditor

PKF Melbourne Audit & Assurance Pty Ltd

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Melbourne VIC 3000 Australia

Website

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