

Results for Announcement to the Market

Half-year ended: 31 December 2023

(previous corresponding period: Half-year ended 31 December 2022)

	%			\$'000
Revenue from ordinary activities	up	63%	to	793
Other income	up	18%	to	7,124
Loss from ordinary activities after tax attributable to members of 4DMedical Limited	down	(4%)	to	(15,606)
Net loss for the period attributable to members of 4DMedical Limited	down	(10%)	to	(14,792)

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Net tangible assets per ordinary security	0.04	0.11

Control gained or lost over entities

The Group gained 100% control over the equity interests in Imbio Inc. (**Imbio**) on 15 December 2023. The contribution of Imbio's profit from ordinary activities to 4DMedical Limited during the period was (\$28,064). Information regarding the transaction can be found in Note 7 Business Combinations. There were no other entities over which control was gained or lost during the period.

Dividend distribution & reinvestment plans

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

Investments in associates and joint ventures

Not applicable.

Other matters

Additional disclosure requirements in accordance with ASX Listing Rule 4.2A are contained in this report.

This report should be read in conjunction with the annual report for the year ended 30 June 2023, investor presentation for the half-year ended 31 December 2023 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

The Half-Year Financial Statements have been subject to a review by our auditors and the review report is included in this Half-Year Report.

The information set out above and in the attached Half-Year Report has been provided to the ASX in accordance with a resolution of the Board of Directors.



Dr. Andreas Fouras

Managing Director and Chief Executive Officer

28 February 2024
Carlton, VIC



Appendix 4D

Half-year Report

For the six months ended 31 December 2023

Contents

	Page
Directors' report	1
Auditor's independence declaration	5
Consolidated financial statements	
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	
1. Corporate information	10
2. Basis of preparation	10
3. Critical accounting judgements, estimates and assumptions	10
4. Revenue	11
5. Expenditure	12
6. Intangible assets	13
7. Business combinations	14
8. Issued capital and reserves	15
9. Contingent liabilities & contingent assets	16
10. Events after the reporting date	16
Directors' declaration	17
Independent auditor's review report	18
Corporate directory	20

Directors' report

Your directors submit their report on the consolidated entity consisting of 4DMedical Limited (the **Company** or **4DMedical**) and its controlled entities (referred to hereafter as the **Group**) for the half-year ended 31 December 2023.

Directors

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

Lilian Bianchi	Non-Executive Director & Chair (appointed to Chair position 02 November 2023)
Dr. Andreas Fouras	Managing Director
John Livingston	Executive Director
Julian Sutton	Non-Executive Director
Dr. Robert A. Figlin	Non-Executive Director
Dr. Geraldine McGinty	Non-Executive Director (appointed 25 September 2023)
Evonne Collier	Non-Executive Director (resigned 01 November 2023)
Bruce Rathie	Non-Executive Director and Chair (resigned 02 November 2023)

Operating and financial review

4DMedical is a global medical technology company transforming the ability to accurately and quickly understand the lung function 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. During the half-year, the Company acquired Imbio Inc. (**Imbio**), 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 heard anatomy.

Review of operations

- **Capital raise and Imbio acquisition**

On 15 December 2023, the Company acquired Imbio, a U.S.-based medical technology company specialising in lung and heart artificial intelligence (**AI**)-driven technology for an upfront consideration of US\$25 million plus contingent earnouts. The acquisition expanded 4DMedical's product offering by incorporating Imbio's suite of diagnostic products, including four FDA-cleared products, and is expected to enhance 4DMedical's growth strategy and accelerate the commercialisation of XV Technology® in the U.S., particularly in patient screening programs for lung and heart diseases. The acquisition was partly funded through a successful and well supported capital raising of \$35 million (before costs).

The acquisition aligns with 4DMedical's strategy to provide comprehensive lung diagnostics and opens opportunities for diagnostic screening programs. Imbio's portfolio complements 4DMedical's technology, aiming to revolutionise lung disease diagnosis and provide comprehensive cardiothoracic analysis. The acquisition holds the potential to address unexplained dyspnoea, improve lung cancer screening, and transform cardiothoracic perfusion assessment, leading to a deeper understanding of lung and cardiac disease.

Directors' report (continued)

- ***Philips Teaming Agreement***

In January 2024, 4DMedical signed a commercial agreement with Koninklijke Philips N.V. (NYSE: PHG, or "Philips"), a leading global healthcare company, to establish a strategic collaboration to advance solutions to evaluate Veterans with deployment-related respiratory disease (**DRRD**), interstitial lung disease (**ILD**) and other respiratory illnesses in North America.

Following the announcement late last year that the companies had entered into a Memorandum of Understanding (**MoU**) to expand the commercial reach and access for 4DMedical, the signing of this agreement represents a major step forward in the Company's commercialisation strategy, particularly within the VA. Philips and 4DMedical will work together to support the massive need to scale non-invasive lung screening in support of the PACT Act, which extended eligibility for benefits to an additional 4.5 million Veterans. Philips has long-established and significant existing partnerships with both the VA and the Department of Defense (**DoD**) going back 45 years, deploying 35% of the critical care information systems across the VA, and having Philips imaging solutions in 50% of VA hospitals.

- ***Centers for Medicare & Medicaid Services (CMS) reimbursement***

4DMedical announced a milestone in the commercialisation of its XV LVAS® procedure in the United States. The U.S. Centers for Medicare & Medicaid Services (**CMS**) assigned a reimbursement benefit of US\$299 for XV LVAS® scans conducted in hospital outpatient facilities for Medicare patients, effective 1 January 2024. This decision establishes a benchmark payment level for hospital outpatient procedures, influencing private health insurers in determining their pricing levels. The CMS reimbursement, obtained under 4DMedical's existing Category III CPT code, is a significant step toward achieving broader reimbursement across the U.S. healthcare system. This development is expected to accelerate the utilisation of XV LVAS®, supporting the Company's pursuit of a Category I CPT code. The inclusion of XV LVAS® in CMS payment rates widens access for Medicare patients and provides a funding source for providers, enhancing care delivery for individuals with lung diseases. CMS reimbursement will accelerate utilisation of XV LVAS® under 4DMedical's existing Category III CPT code, a key criterion for the American Marketing Association (**AMA**) when considering granting a Category I CPT code.

- ***FDA approval of CT LVAS™***

The Group received U.S. Food and Drug Administration (**FDA**) clearance for its CT-based ventilation product, CT LVAS™, expanding access to functional lung imaging in the U.S. The clearance follows the successful rollout of CT LVAS™ in Australia and is a significant step in the Company's strategy, utilising Computed Tomography (**CT**) imaging infrastructure for greater accessibility. With 43 CT scanners per million population in the U.S., compared to Australia's 70 in total, the clearance is expected to benefit individuals living with lung disease. The Company is working towards an application for a new Category III CPT code for CT LVAS™ reimbursement, aligning with its strategy for XV LVAS®. The clearance for CT LVAS™ will serve as a predicate for CT:VQ, offering a non-contrast alternative for diagnosing conditions such as pulmonary embolism.

- ***Integral Diagnostics distribution agreement***

The Group announced it entered into a distribution agreement with Integral Diagnostics (ASX:IDX), a prominent provider of medical imaging services in Australia and New Zealand.

The contract expands the reach of 4DMedical's XV Technology®, including XV LVAS® and CT LVAS™ product lines, across Integral Diagnostics' extensive network of 71 sites in Victoria, New South Wales, Queensland and Western Australia. The initial phase involves piloting at two Integral Diagnostics clinical sites in Ballarat, Victoria, with plans for a comprehensive marketing and engagement campaign to precede a wider rollout. This collaboration enables Integral Diagnostics to offer 4DMedical's core XV Technology® products, potentially reaching a broader patient base and providing access to insights from both XV LVAS® and CT LVAS™ software.

Directors' report (continued)

- ***SaaS contracts in Detroit and Memphis***

During the half, the Company announced agreements to offer its XV LVAS® scans in two imaging facilities in Detroit and Memphis, expanding the commercial availability of its technology in the U.S.

Following approval for reimbursement from the U.S. Centres for Medicare & Medicaid Services at a rate of US\$299 per procedure, PrecisionIR in Detroit, Michigan, and Memphis Vascular Center in Tennessee signed Software as a Service (**SaaS**) agreements to provide XV LVAS® scans in their outpatient clinics starting from 1 January 2024. These outpatient facilities offer a more accessible and patient-centric environment, potentially increasing the adoption of 4DMedical's technology. The agreements highlight the positive impact of reimbursement on the Company's uptake in the U.S. market.

- ***Other corporate updates***

During the half-year, Bruce Rathie resigned from the Board of Directors after four years in the position. Long standing non-executive Director Lilian Bianchi assumed the role of the Chair of the Board at the conclusion of the FY23 AGM. In addition, during the half-year, Evonne Collier resigned as non-executive director, with Dr. Geraldine McGinty being appointed as non-executive director. Dr. McGinty is an internationally recognised leader in health care strategy and imaging economics based in the U.S.

- ***Financial position and performance***

Revenue from ordinary activities of Group increased by 63% to \$0.8 million. Revenue during the half-year was derived from software licences and subscriptions, hardware leases, on-going preclinical hardware support and maintenance contracts, and revenue post Imbio acquisition (15 December 2023 to 31 December 2023). Other income during the half-year increased 18% to \$7.1 million comprising of Grant Income and Research & Development Tax Incentives.

The net loss from ordinary activities after tax for the Group was (\$15.6 million), down 4% compared to the corresponding comparative half-year. Operating expenditure (exclusive of finance costs) reported for the half-year was \$22.8 million, compared to \$21.5 million in the prior corresponding period. The increase is attributable to one-off acquisition related costs relating to Imbio as well as 4DMedical's continued commercialisation efforts, product development activities and growth in headcount.

The Group reported a cash balance of \$47.9 million at 31 December 2023.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group that occurred during the financial half-year that are not otherwise disclosed in this report.

Proceedings

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings in the financial half-year.

Directors' report (continued)

Matters subsequent to the end of the financial half-year

There have been no matters or circumstances which have arisen since the end of the financial half-year period that significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on the following page.

Signed in accordance with a resolution of the Directors:



Dr. Andreas Fouras

Managing Director and Chief Executive Officer

28 February 2024
Carlton, VIC



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

In relation to our review of the financial report of 4DMedical Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

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

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

PKF

PKF

Melbourne, 28 February 2024

Kaitlynn Brady

Kaitlynn Brady

Partner

Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2023

	Notes	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Revenue	4.1	792,505	485,868
Cost of sales		(50,470)	(33,325)
Gross income		742,035	452,543
Other income	4.3	7,124,470	6,041,625
Employee benefits expense	5.1	(12,036,395)	(10,810,621)
Other operating expenditure	5.2	(10,744,205)	(10,685,270)
Foreign currency (losses)/gains		(33,222)	5,818
Earnings before interest, taxes, depreciation & amortisation		(14,947,317)	(14,995,904)
Depreciation and amortisation expense		(1,518,609)	(1,210,692)
Interest expense	5.3	(126,770)	(153,810)
Interest income		1,032,137	131,231
Loss before income tax		(15,560,559)	(16,229,176)
Income tax expense		(45,895)	(2,148)
Loss for the period		(15,606,454)	(16,231,324)
Other comprehensive loss			
Exchange differences on translation of foreign operations	8.4	814,806	(130,540)
Total comprehensive loss for the period		(14,791,648)	(16,361,864)
Earnings per share (EPS):			
Basic loss for the period attributable to ordinary equity holders		(0.042)	(0.055)
Diluted loss for the period attributable to ordinary equity holders		(0.037)	(0.051)

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

Consolidated statement of financial position

As at 31 December 2023

	Notes	31 December 2023 \$	30 June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		47,879,279	69,576,373
Trade and other receivables		1,021,455	815,017
Inventories		1,112,137	665,010
Research and development tax incentive receivable		9,325,714	6,146,500
Other assets		2,319,258	1,336,550
Total current assets		61,657,843	78,539,450
Non-current assets			
Other receivables		44,800	44,800
Property, plant and equipment		5,130,393	5,515,964
Right-of-use assets		3,260,866	3,740,647
Intangible assets	6	73,640,269	5,082,656
Total non-current assets		82,076,328	14,384,067
Total assets		143,734,171	92,923,517
Liabilities and equity			
Current liabilities			
Trade and other payables		7,325,755	6,261,959
Contract liabilities		9,468,062	8,223,408
Lease liabilities		646,576	933,076
Employee benefit liabilities		1,479,616	1,302,010
Income tax payable		309,831	351,239
Deferred consideration	7	14,681,700	-
Total current liabilities		33,911,540	17,071,692
Non-current liabilities			
Lease liabilities		3,907,733	4,205,655
Employee benefit liabilities		100,139	185,793
Deferred consideration	7	14,681,700	-
Total non-current liabilities		18,689,572	4,391,448
Total liabilities		52,601,112	21,463,140
Net assets		91,133,059	71,460,377
Equity			
Issued capital	8.2	218,096,667	184,359,111
Other capital reserves	8.3	4,039,420	3,312,646
Other reserves	8.4	662,002	(152,804)
Accumulated losses		(131,665,030)	(116,058,576)
Total equity		91,133,059	71,460,377
Total liabilities and equity		143,734,171	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 half-year ended 31 December 2023

	Notes	Issued capital \$	Share based payment reserve \$	Other reserves \$	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		-	-	-	(15,606,454)	(15,606,454)
Other comprehensive loss		-	-	814,806	-	814,806
Total comprehensive loss for the period		-	-	814,806	(15,606,454)	(14,791,648)
Issue of share capital	8.2	35,000,000	-	-	-	35,000,000
Capital raising costs	8.2	(2,052,065)	-	-	-	(2,052,065)
Transfer of STIP cash provision to share-based payment reserve	8.3	-	521,620	-	-	521,620
Share-based payments expense during the year	8.3	-	1,179,189	-	-	1,179,189
Share-based payments expense during the year - options lapsed	8.3	-	(184,414)	-	-	(184,414)
Settlement of options - issued capital	8.3	198,728	(198,728)	-	-	-
Settlement of rights - issued capital	8.3	590,893	(590,893)	-	-	-
At 31 December 2023		218,096,667	4,039,420	662,002	(131,665,030)	91,133,059
At 1 July 2022		141,718,799	2,384,989	5,982	(84,598,778)	59,510,992
Loss for the period		-	-	-	(16,231,324)	(16,231,324)
Other comprehensive loss		-	-	(130,540)	-	(130,540)
Total comprehensive loss for the period		-	-	(130,540)	(16,231,324)	(16,361,864)
Share-based payments expense during the year	8.3	-	373,334	-	-	373,334
Share-based payments expense during the year - options lapsed	8.3	-	(78,725)	-	-	(78,725)
Settlement of options - issued capital	8.3	47,722	(47,722)	-	-	-
At 31 December 2022		141,766,521	2,631,876	(124,558)	(100,830,102)	43,443,737

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

Consolidated statement of cash flows

For the half-year ended 31 December 2023

	Notes	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Operating activities			
Receipts from customers		398,516	739,500
Payments to suppliers and employees		(12,912,488)	(11,076,366)
Research costs		(9,213,154)	(9,677,032)
Interest received		1,032,137	131,231
Interest and other costs of finance paid	5.3	(126,770)	(153,810)
Government grants and tax incentives		6,028,409	14,921,122
Net GST paid		52,676	94,967
Net cash flows used in operating activities		(14,740,674)	(5,020,388)
Investing activities			
Acquisition of entities	7	(39,518,937)	-
Purchase of property, plant and equipment		(97,505)	(132,588)
Purchase of intangibles		(88,014)	(156,878)
Capitalisation of development costs to intangible assets		(448,523)	(764,493)
Cash acquired from business combination	7	791,498	-
Net cash flows used in investing activities		(39,361,481)	(1,053,959)
Financing activities			
Proceeds from issues of equity securities	8.2	35,000,000	-
Transaction costs related to issues of equity securities	8.2	(2,052,065)	-
Receipts of lease incentives		-	1,343,932
Payment of principal portion of lease liabilities		(542,874)	(640,223)
Net cash flows from financing activities		32,405,061	703,709
Net decrease in cash and cash equivalents		(21,697,094)	(5,370,638)
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		47,879,279	45,743,899

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

Notes to the consolidated financial statements

For the half-year ended 31 December 2023

1. Corporate information

These condensed consolidated financial statements (hereinafter referred to as 'financial statements') incorporate the assets and liabilities of all subsidiaries of 4DMedical Limited for the half-year ended 31 December 2023. 4DMedical Limited is a publicly listed company limited by shares, incorporated and domiciled in Australia.

The registered office and principal place of business of 4DMedical Limited is Melbourne Connect, Level 7, 700 Swanston Street, Carlton, Victoria 3053.

The financial statements were authorised for issue on 28 February 2024 by the Directors of the Company.

The principal activities of the 4DMedical during the half-year ended 31 December 2023 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.

2. Basis of preparation

4DMedical Limited is a for-profit entity for the purpose of preparing financial statements.

The financial statements for the half-year ended 31 December 2023:

- i. Have been prepared in accordance with Accounting Standard *AASB134 Interim Financial Reporting* and the *Corporations Act 2001*.
- ii. Do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.
- iii. Adopt accounting policies consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.
- iv. Have been prepared on a going concern basis.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the 30 June 2023 consolidated financial statements.

Notes to the consolidated financial statements (continued)

4. Revenue

4.1 Revenue from contracts with customers

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

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Type of goods or service		
Lease income	436,398	-
Software-as-a-Service (SaaS)	356,107	55,118
Sale of goods	-	430,750
Total revenue from contracts with customers	792,505	485,868
Timing of revenue recognition		
Services transferred over time	458,500	50,000
Goods or services transferred at a point in time	334,005	435,868
Total revenue from contracts with customers	792,505	485,868
Geographical markets		
Australia	488,388	485,868
United States of America	304,117	-
Total revenue from contracts with customers	792,505	485,868

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

4.2 Performance obligations

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.

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.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. A manufacturer's warranty is provided on the sale of goods.

Notes to the consolidated financial statements (continued)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 are as follows:

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Within one year	1,151,521	300,000
More than one year	901,093	50,000
Total deferred revenue	2,052,614	350,000

The remaining performance obligations expected to be recognised in more than one year relate to the provision of software licences that are to be satisfied within three years of the contract date with this specific client. All the other remaining performance obligations are expected to be recognised within one year. The above table does not include deferred revenue relating to government grants.

4.3 Other Income

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Research and development tax incentive	2,833,891	2,438,428
Government grants	4,290,579	3,603,197
Total other income	7,124,470	6,041,625

5. Expenditure

5.1 Employee benefits expense

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Wages and salaries	8,910,753	8,111,522
Other employee and directors' benefits expense	2,130,866	2,404,491
Equity-settled share-based payments	994,776	294,608
Total employee benefits expense	12,036,395	10,810,621

5.2 Other operating expenditure

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Legal, professional and consultant expenses	4,316,970	2,093,054
Research and development expenses	2,066,426	3,695,698
Computer expenses	1,621,993	1,422,281
Travel expenses	675,081	723,760
General expenses	612,957	907,784
Sales and marketing expenses	536,490	977,279
Insurance expenses	491,249	495,116
Occupancy and utilities expenses	423,039	370,298
Total other expenses	10,744,205	10,685,270

5.3 Finance costs

	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
Interest expense on lease liabilities	122,410	150,667
Interest expense on insurance premium funding	4,360	3,143
Total finance costs	126,770	153,810

Notes to the consolidated financial statements (continued)

6. Intangible assets

Reconciliation of written down values at the beginning and end of the current financial half-year and previous financial year:

	31 December 2023 \$	30 June 2023 \$
<i>Goodwill</i>		
Opening net amount	-	-
Assets acquired from business combination (Note 7)	68,078,459	-
Net book value	68,078,459	-
<i>Development costs</i>		
Opening net amount	4,064,781	4,078,636
Additions	448,523	882,418
Amortisation charge for the period	(518,984)	(896,273)
Net book value	3,994,320	4,064,781
<i>Trademark and Patents</i>		
Opening net amount	999,771	966,899
Additions	77,440	309,980
Assets acquired from business combination (Note 7)	287,867	-
Assets written off	(94,416)	(251,998)
Amortisation charge for the period	(21,021)	(25,110)
Net book value	1,249,641	999,771
<i>Other intangible assets</i>		
Opening net amount	18,104	18,604
Assets acquired from business combination (Note 7)	307,432	-
Amortisation charge for the period	(7,687)	(500)
Net book value	317,849	18,104
Total intangible assets		
Opening net amount	5,082,656	5,064,139
Additions	525,963	1,192,398
Assets acquired from business combination (Note 7)	68,673,758	-
Assets written off	(94,416)	(251,998)
Amortisation charge for the period	(547,692)	(921,883)
Net book value	73,640,269	5,082,656

'Other intangible assets' includes licenses, branding and computer software.

Notes to the consolidated financial statements (continued)

7. Business combinations

On 15 December 2023, 4DMedical USA Inc, a wholly owned subsidiary of 4DMedical Limited, acquired 100% of the equity interests in Imbio Inc, for the total consideration of AUD\$67,670,418. 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 heard 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:

	AUD 15 Dec 2023
Fair Value of consideration at acquisition date	
Cash paid to the vendor for Imbio Inc.	37,370,476
Cash paid to the vendor as a working capital adjustment	2,148,461
Post-acquisition working capital adjustment	(1,744,899)
Deferred consideration for future performance	29,896,380
Total:	67,670,418

	AUD 15 Dec 2023
Recognised amounts of identifiable assets and liabilities	
Cash	791,498
Trade and other receivables	912,015
Prepayments	287,142
Fixed Assets	38,838
Intangible Assets	595,299
Trade and other payables	(2,019,399)
Deferred revenue	(911,999)
Employee benefits	(101,435)
Net Liabilities Acquired:	(408,041)

Residual Goodwill:	68,078,459
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	AUD 15 Dec 2023
Cash used to acquire business:	
Cash paid to vendor on acquisition date	39,518,937
Acquisition costs paid	2,486,326
Net cash used	42,005,263

Consideration transferred

The agreed 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 AUD\$39,518,937.

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.

- **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.

Notes to the consolidated financial statements (continued)

- **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 the maximum pay-out in relation to all three earn-out considerations, hence 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.

Goodwill on acquisition

Subsequent to the settlement of the Imbio transaction, residual goodwill is being independently valued and allocated against identifiable intangible assets. The Purchase Price Allocation (PPA) valuation will be completed in H2 FY24 and presented in the full-year 30 June 2024 financial statements.

Imbio's contribution to the Group results

Imbio generated revenue of AUD \$182,015 and incurred a net operating loss of AUD (\$28,064) from acquisition date (15 December 2023) to reporting date (31 December 2023). Imbio's half-year proforma revenue was AUD \$2,272,817 and net operating loss was AUD (\$5,714,088). Imbio's pre-acquisition transaction costs were approximately AUD \$2.8 million.

8. Issued capital and reserves

8.1 Terms and conditions of ordinary shares

	31 December 2023 \$	30 June 2023 \$
Ordinary shares	218,096,667	184,359,111

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

8.2 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
Issued shares	44,303,797	35,000,000
Conversion of options to issued capital	378,530	198,728
Conversion of rights to issued capital	1,068,901	590,893
Transaction costs relating to shares issued		(2,052,065)
As at 31 December 2023	390,883,800	218,096,667

During the period the Group successfully raised \$35.0 million before transaction costs, through the raise of 44.3 million new shares. Following shareholder approval at an EGM, participants under the Placement were issued one free attaching Share Option for every two New Shares issued under the placement.

Notes to the consolidated financial statements (continued)

8.3 Other capital reserves

	31 December 2023	30 June 2023
	\$	\$
Share-based payment reserve	4,039,420	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	521,620	-
Share-based payments expense during the year	1,179,189	1,097,796
Share-based payments expense during the year - options lapsed	(184,414)	(86,265)
Settlement of options - issued capital	(198,728)	(83,874)
Settlement of rights - issued capital	(590,893)	-
Balance at the end of the period	4,039,420	3,312,646

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

8.4 Other capital reserves

	31 December 2023	30 June 2023
	\$	\$
Foreign currency translation reserve	662,002	(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	814,806	(158,786)
Balance at the end of the period	662,002	(152,804)

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

9. Contingent Liabilities & Contingent Assets

The Group had no contingent liabilities or contingent assets as at 31 December 2023 and 31 December 2022.

10. Events after the Reporting Date

There have been no matters or circumstances which have arisen since the end of the financial half-year period that significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Directors' declaration

1. The Directors of the Company declare that, in the opinion of the Directors:
 - a) The consolidated financial statements and notes set out on pages 6 to 16 are in accordance with the *Corporations Act 2001* and:
 - i. comply with Australian Accounting Standard *AASB 134 Interim Financial Reporting, Corporations Regulations 2001* and other mandatory requirements.
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date.
 - b) There are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.
2. This declaration is made pursuant to the declaration given to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the directors.



Dr. Andreas Fouras
Managing Director and Chief Executive Officer

28 February 2024
Carlton, VIC



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 4DMedical Limited (the Company) and its subsidiaries (collectively the Group) which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of 4DMedical Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-Year Financial Report

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



Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's consolidated financial position as at 31 December 2023 and its consolidated financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A stylized, handwritten version of the PKF logo in black ink.

PKF

Melbourne, 28 February 2024

A handwritten signature in black ink that reads 'Kaitlynn Brady'.

Kaitlynn Brady

Partner

Corporate Directory

Directors

Ms. Lilian Bianchi

Non-Executive Director and Chair

Dr. Andreas Fouras

Managing Director and Chief Executive Officer

Dr. Robert Figlin

Non-Executive Director

Mr. John Livingston

Executive Director

Dr. Geraldine McGinty

Non-Executive Director

Mr. Julian Sutton

Non-Executive Director

Company secretary

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

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Share register

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Melbourne VIC 3000

Website

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