

Appendix 4E

ASX Preliminary Financial Report

Name of Entity:	4DMedical Limited
ABN:	31 161 684 831
Reporting period:	year ended 30 June 2022
Previous corresponding period:	year ended 30 June 2021

Results for announcement to the market

Results		%		\$
Revenue from ordinary activities	up	386	to	1,054,300
Other income	up	122	to	12,316,525
Loss from ordinary activities after tax attributable to members	up	15	to	24,592,876
Net loss for the year attributable to members	up	15	to	24,590,541

Dividends

The directors do not recommend the payment of a dividend for the reporting year.

Commentary on results for the period

The net loss after tax for 4DMedical Limited (the Company) and its controlled entities (the Group or 4DMedical) for financial year 2022 was \$24.59 million, up by \$3.17 million or 15% from the previous corresponding year (2021: \$21.42 million). Total income for the Group for financial year 2022 was 13.37 million, an increase of 132% from the previous year with operating expenditures for financial year 2022 at \$37.03 million, higher by 51% compared to the previous year.

During the year, 4DMedical significantly increased its revenue from ordinary activities by \$0.84 million or 386% from \$0.22 million in the previous year to \$1.05 million. Revenue during the year was mainly generated from the sale of 4DMedical's Permetium™ preclinical scanner and associated XV Technology™ to the University of Michigan totalling \$0.87 million. The preclinical scanner, funded by the U.S. National Institute of Health (NIH) was commissioned in March this year. The Group also recorded \$0.18 million (2021: \$0.22 million) in ongoing preclinical hardware support and maintenance contracts and associated Software-as-a-Service (SaaS) revenue.

Other income recorded by the Group for financial year 2022 was \$12.32 million, higher by 122% compared to the prior corresponding period. Other income comprised R&D Tax Incentive credits of \$3.57 million and grant income of \$8.75 million, which includes \$8.46 million reported by the wholly owned subsidiary, Australian Lung Health Initiative Pty Ltd (ALHI) under the Federal Government's Medical Research Future Fund Frontiers (MRFF) initiative.

Operating expenditure reported for 2022 was \$37.03 million, compared to \$24.46 million in the prior corresponding period, driven by investment in research and development and its 'go to market' capabilities to support commercialisation.

The Group reported a net cash balance of \$51.11 million as at 30 June 2022 compared to \$80.88 million as at 30 June 2021. Cash balances decreased from the previous year on the back of continued research and development expenditure and ramp up of commercialisation activities. During the year, the Group also received \$12.64 million in government grant and R&D Tax Incentive refunds.

Appendix 4E (continued)

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

	2022 cents	2021 cents
Basic earnings per share	(0.08)	(0.08)
Diluted earnings per share	(0.08)	(0.08)

Basic and diluted earnings per share remains unchanged at 0.08 cents per share in the current year. Weighted average number of shares adjusted for the effect of dilution from share based payments was 317.79 million shares, higher by 34.34 million shares compared to the prior corresponding period.

Net tangible assets per security

	2022	2021
Net tangible asset per security	0.17	0.26

Dividend reinvestment plans

Not applicable

Control gained or lost over entities having a material effect

Not applicable

Details of aggregate shares of profits/(losses) attributable to joint ventures

Not applicable

Other significant information in relation to financial performance and financial position

Refer to commentary on results for the period.

Audit status

This report is based on financial statements which are in the process of being audited.

Appendix 4E (continued)

Please refer to the attached (unaudited) financial statements for the year ended 30 June 2022:

- Consolidated statement of profit or loss and other comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Abbreviated notes to the consolidated financial statements



Dr Andreas Fouras
Managing Director
19 August 2022

Appendix 4E (continued)

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

		2022	2021
	Notes	\$	\$
Revenue		1,054,300	216,978
Cost of sales		(773,683)	(91,853)
Gross income		280,617	125,125
Other income	1	12,316,525	5,550,207
Employee benefits expense	2	(19,214,984)	(11,428,932)
Depreciation and amortisation expense		(1,495,713)	(741,481)
Foreign currency (losses)/gains		(28,663)	40,514
Other expenses	3	(16,320,494)	(12,293,467)
Finance costs - net	4	(86,956)	(2,657,189)
Loss before income tax		(24,549,668)	(21,405,223)
Income tax expense		(43,208)	(15,308)
Loss for the year		(24,592,876)	(21,420,531)
Other comprehensive income			
Exchange differences on translation of foreign operations		2,335	3,647
Total comprehensive loss for the year		(24,590,541)	(21,416,884)

Appendix 4E (continued)

Consolidated statement of financial position

As at 30 June 2022

		2022	2021
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		51,114,537	80,880,062
Trade and other receivables		2,145,188	426,601
Inventories		1,509	153,374
Research and development tax incentive receivable		4,222,764	3,562,174
Other assets		1,369,883	826,785
Total current assets		58,853,881	85,848,996
Non-current assets			
Trade and other receivables		44,800	84,208
Property, plant and equipment		5,484,653	1,188,978
Right-of-use assets		4,865,718	1,628,255
Intangible assets	5	5,064,139	3,886,166
Total non-current assets		15,459,310	6,787,607
Total assets		74,313,191	92,636,603
Liabilities and equity			
Current liabilities			
Trade and other payables	6	7,189,676	6,037,774
Contract liabilities		200,000	955,200
Loans and borrowings	7	1,100,445	723,452
Employee benefit liabilities		1,026,415	437,100
Other liabilities		-	14,559
Income tax payable		42,282	-
Total current liabilities		9,558,818	8,168,085
Non-current liabilities			
Loans and borrowings	7	5,138,733	965,355
Employee benefit liabilities		104,648	146,573
Total non-current liabilities		5,243,381	1,111,928
Total liabilities		14,802,199	9,280,013
Net assets		59,510,992	83,356,590
Equity			
Issued capital		141,718,799	141,587,808
Other capital reserves	8.1	2,384,989	1,771,037
Other reserves	8.3	5,982	3,647
Accumulated losses		(84,598,778)	(60,005,902)
Total equity		59,510,992	83,356,590
Total liabilities and equity		74,313,191	92,636,603

Appendix 4E (continued)

Consolidated statement of changes in equity

For the year ended 30 June 2022

	Issued capital	Other capital reserves (Note 8.1)	Other equity (Note 8.2)	Other reserves (Note 8.3)	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$
At 1 July 2021	141,587,808	1,771,037	-	3,647	(60,005,902)	83,356,590
Loss for the year	-	-	-	-	(24,592,876)	(24,592,876)
Other comprehensive income	-	-	-	2,335	-	2,335
Total comprehensive income/(loss) for the year	-	-	-	2,335	(24,592,876)	(24,590,541)
Issue of share capital	130,991	-	-	-	-	130,991
Share-based payments	-	696,982	-	-	-	696,982
Share-based payments expense during the year - options lapsed	-	(83,030)	-	-	-	(83,030)
At 30 June 2022	141,718,799	2,384,989	-	5,982	(84,598,778)	59,510,992

Appendix 4E (continued)

Consolidated statement of changes in equity (continued)

For the year ended 30 June 2022

	Issued capital	Other capital reserves (Note 8.1)	Other equity (Note 8.2)	Other reserves (Note 8.3)	Accumulated losses	Total deficit
	\$	\$	\$	\$	\$	\$
At 1 July 2020	18,927,393	7,051,341	796,787	-	(38,585,371)	(11,809,850)
Loss for the year	-	-	-	-	(21,420,531)	(21,420,531)
Other comprehensive income	-	-	-	3,647	-	3,647
Total comprehensive income/(loss) for the year	-	-	-	3,647	(21,420,531)	(21,416,884)
Issue of share capital	96,066,271	-	-	-	-	96,066,271
Capital raising costs	(5,229,461)	-	-	-	-	(5,229,461)
Share-based payments	-	1,402,917	-	-	-	1,402,917
Conversion of rights to issued capital	2,716,482	-	-	-	-	2,716,482
Conversion of options to issued capital	2,453,949	-	-	-	-	2,453,949
Conversion of convertible notes to issued capital (Note 8)	26,653,174	-	(796,787)	-	-	25,856,387
Settlement of rights - issued capital	-	(2,961,151)	-	-	-	(2,961,151)
Settlement of options - issued capital	-	(628,676)	-	-	-	(628,676)
Buyback of options	-	(3,093,394)	-	-	-	(3,093,394)
At 30 June 2021	141,587,808	1,771,037	-	3,647	(60,005,902)	83,356,590

Appendix 4E (continued)

Consolidated statement of cash flows

For the year ended 30 June 2022

	2022	2021
Note	\$	\$
Operating activities		
Receipts from customers	429,515	696,467
Payments to suppliers and employees	(21,117,120)	(12,947,405)
Research costs	(16,813,234)	(9,310,089)
Interest and other costs of finance paid	(179,559)	(60,950)
Government grants and tax incentives	12,643,235	7,168,618
Interest received	92,603	31,161
Net GST paid	(324,718)	(60,663)
Other tax paid	-	(13,143)
Deposits paid	-	(24,000)
Net cash flows used in operating activities	(25,269,278)	(14,520,004)
Investing activities		
Purchase of property, plant and equipment	(2,647,155)	(576,352)
Purchase of intangibles	(430,991)	(148,651)
Research and development tax incentive	-	371,680
Capitalisation of development costs to intangible assets	(422,629)	(227,126)
Net cash flows used in investing activities	(3,500,775)	(580,449)
Financing activities		
Proceeds from issues of equity securities	-	96,000,000
Transaction costs related to issues of equity securities or convertible debt securities	-	(6,382,474)
Payment of principal portion of lease liabilities	(995,472)	(533,664)
Net cash paid for settlement of options	-	(1,532,539)
Net cash flows (used in)/from financing activities	(995,472)	87,551,323
Net (decrease)/increase in cash and cash equivalents	(29,765,525)	72,450,870
Cash and cash equivalents at the beginning of the year	80,880,062	8,429,192
Cash and cash equivalents at the end of the year	51,114,537	80,880,062

Appendix 4E (continued)

Abbreviated notes to the consolidated financial statements

For the year ended 30 June 2022

1 Other income

	2022	2021
	\$	\$
Research and development tax incentive	3,567,941	4,069,632
Government grants	8,748,169	1,259,734
Other income	415	220,841
Total other income	<u>12,316,525</u>	<u>5,550,207</u>

2 Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	15,212,048	9,048,979
Other employee and directors' benefits expenses	3,257,993	909,219
Equity settled share-based payment (Note 8.1)	613,952	1,402,917
Tax exempt direct share issue	130,991	67,817
Total employee benefits expense	<u>19,214,984</u>	<u>11,428,932</u>

3 Other expenses

	2022	2021
	\$	\$
Computer expenses	2,674,487	1,056,649
Research and development expenses	4,443,625	2,358,017
Insurance expenses	1,072,401	886,626
Legal, professional and consultant expenses	4,206,253	5,375,410
Occupancy and utilities expenses	539,273	277,154
Sales and marketing expenses	1,372,679	964,648
Travel expenses	1,010,538	302,996
General expenses	1,001,238	1,039,899
Share-based payment expenses to third parties	-	32,068
Total other expenses	<u>16,320,494</u>	<u>12,293,467</u>

4 Finance costs - net

	2022	2021
	\$	\$
Interest expense on borrowings and convertible notes	-	2,627,400
Interest expense on lease liabilities	179,559	60,950
Total finance costs	<u>179,559</u>	<u>2,688,350</u>

Interest income	(92,603)	(31,161)
Total finance income	<u>(92,603)</u>	<u>(31,161)</u>

Total finance costs - net	<u>86,956</u>	<u>2,657,189</u>
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Appendix 4E (continued)

Abbreviated notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

5. Intangible assets

	Development costs	Other intangible assets	Total
	\$	\$	\$
Cost			
At 1 July 2020	2,749,012	586,048	3,335,060
Additions	503,033	148,651	651,684
Assets written off	-	(17,670)	(17,670)
At 30 June 2021	3,252,045	717,029	3,969,074
At 1 July 2021	3,252,045	717,029	3,969,074
Additions	826,591	417,991	1,244,582
Assets written off	-	(52,234)	(52,234)
At 30 June 2022	4,078,636	1,082,786	5,161,422
Amortisation			
At 1 July 2020	-	73,121	73,121
Amortisation for the period	-	12,561	12,561
Assets written off	-	(2,774)	(2,774)
At 30 June 2021	-	82,908	82,908
At 1 July 2021	-	82,908	82,908
Amortisation for the period	-	66,609	66,609
Assets written off	-	(52,234)	(52,234)
At 30 June 2022	-	97,283	97,283
Net book value			
At 30 June 2021	3,252,045	634,121	3,886,166
At 30 June 2022	4,078,636	985,503	5,064,139

Appendix 4E (continued)

Abbreviated notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

6. Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	1,810,298	448,201
Other payables	1,064,543	985,643
Government grants	4,314,835	4,475,033
GST payable	-	128,897
	7,189,676	6,037,774

7. Loans and borrowings

	2022	2021
	\$	\$
Current		
Lease liabilities	1,100,445	723,452
Non-current		
Lease liabilities	5,138,733	965,355

Convertible notes

The convertible notes with a coupon rate of 10%, issued by the Company during the previous financial year were converted to issued capital as a result of the IPO on 7 August 2020. See below for reconciliation from face value of convertible notes to the value that was converted to issued capital.

	2022	2021
	\$	\$
Face value	-	16,281,965
Other equity securities - value of conversion rights (Note 8.2)	-	-
	-	16,281,965
Interest expense*	-	10,371,209
Convertible notes before conversion to share	-	26,653,174
Converted to share capital	-	(26,653,174)
	-	-

*Interest expense is calculated by applying the effective interest rates between 42.00% and 49.72% to the liability component. The interest expense disclosed above is the cumulative expense recognised from the date of issue of the convertible notes.

Appendix 4E (continued)

Abbreviated notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

8. Reserves and other equity

8.1 Reserves

	2022	2021
	\$	\$
Share-based payment reserve	2,384,989	1,771,037
	2022	2021
	\$	\$
Movement in the share-based payment reserve		
Balance at the beginning of the year	1,771,037	7,051,341
Share-based payments expense during the year (Note 2)	696,982	1,402,917
Share-based payments expense during the year - options lapsed (Note 2)	(83,030)	-
Settlement of rights - issued capital	-	(2,961,151)
Settlement of options - issued capital	-	(628,676)
Buyback of options	-	(3,093,394)
Balance at the end of the year	2,384,989	1,771,037

The share-based payment reserve comprised of the value of the employee and director share plans that were granted 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:

	2022	2021
	\$	\$
Recognised in employee and directors' benefits expense (Note 2)	613,952	1,402,917
Total expense arising from share-based payment transactions	613,952	1,402,917

8.2 Other equity

	2022	2021
	\$	\$
Value of conversion rights - convertible notes	-	-
	2022	2021
	\$	\$
Movement in conversion rights		
Balance at the beginning of the year	-	796,787
Conversion of convertible notes to issued capital	-	(796,787)
Balance at the end of the year	-	-

Conversion rights of convertible notes

The amount shown for other equity securities is the value of the conversion rights relating to the convertible notes (Note 7).

Appendix 4E (continued)

Abbreviated notes to the consolidated financial statements (continued)

For the year ended 30 June 2022

8. Reserves and other equity (continued)

8.3 Other reserves

	<u>2022</u>	<u>2021</u>
	\$	\$
Foreign currency translation reserve	<u>5,982</u>	<u>3,647</u>

Foreign currency translation reserve

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

9. Events after the reporting period

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

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