



Appendix 4D

1 Details of the reporting period and the previous corresponding period

Current period:	1 July 2022 to 31 December 2022
Previous corresponding period:	1 July 2021 to 31 December 2021

2 Results for announcement to the market

Results		%		\$
2.1 (a) Revenue from ordinary activities	up	210	to	485,868
2.1 (b) Other income	up	31	to	6,041,625
2.2 Loss from ordinary activities after tax attributable to members	up	30	to	(16,231,324)
2.3 Net loss for the period attributable to members	up	31	to	(16,361,864)

2.4 Dividends

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

2.5 Record date for dividend entitlement

Not applicable.

2.6 Commentary

Revenue from ordinary activities of 4D Medical Limited (the "Company" or "4D Medical") and its controlled entities (the "Group") increased by 210% from \$0.2 million in the previous half year to \$0.5 million. Revenue during the half year was derived from hardware revenue, software-as-a-service analysis and licence fees, on-going preclinical hardware support and maintenance contracts, and other hardware associated revenue. Other income during the half year increased 31% from \$4.6 million in the prior corresponding period to \$6.0 million. Other income comprised mainly grant income, including \$3.6m reported by the wholly owned subsidiary, Australian Lung Health Initiative Pty Ltd under the Federal Government's Medical Research Future Fund initiative, and \$2.4 million in Research & Development Tax Incentive credits.

The net loss after tax for the Group was \$16.2 million, an increase of \$3.8 million from the corresponding comparative half year. Operating expenditure (exclusive of finance costs) reported for the half-year was \$22.7 million, compared to \$17.2 million in the prior corresponding period, up by \$5.5 million or 32%. Operating expenditures increased from prior corresponding period due to 4D Medical's continued commercialisation efforts, investment in clinical research and product development activities, growth in headcount and higher marketing expenditures through participation in international medical conferences and trade shows.

The Group reported a net cash balance of \$45.7 million, down \$5.4 million from the financial year ended 30 June 2022. During the half-year, 4D Medical received \$0.7 million from a customer contract of which \$0.2 million remains as deferred income on the consolidated statement of financial position as at 31 December 2022.

3 Net tangible assets/(liabilities) per ordinary share

Security	31 December 2022	31 December 2021 (cents)
Ordinary shares	0.11	0.22

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

Not applicable.

5 Dividend details

No dividends or distributions have been paid or are payable.

6 Dividend or distribution reinvestment plan details

Not applicable.

7 Investments in associates and joint ventures

Not applicable.

8 Audit

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



Half-Year
Financial Report
for the half year ended
31 December 2022



Financial report for the half year ended 31 December 2022

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Directors' report

Your directors submit their report on the consolidated entity consisting of 4DMedical Limited (the "Company" or "4DMedical") and its controlled entities (referred to hereafter as the "Group") for the half year ended 31 December 2022.

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.

Bruce Rathie	Non-Executive Director and Chairman
Dr Andreas Fouras	Managing Director
Lilian Bianchi	Non-Executive Director
Evonne Collier	Non-Executive Director
Dr Robert A. Figlin	Non-Executive Director
John Livingston	Executive Director
Julian Sutton	Non-Executive Director

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.

Review of operations

U.S. healthcare legislative progress and the Veterans Health Administration

The Company has maintained its close connections across the U.S. Department of Veterans ('VA'), and with hospitals and clinicians within the VA system as part of its near-term commercialisation strategy in the U.S. As previously reported, the U.S. legislature passed the *Sergeant First Class Heath Robinson Honoring Our PACT Act of 2022* ('PACT Act') enabling veterans to access quality health care with an additional USD\$280 billion in healthcare funding committed over ten years. Signed into law by President Joe Biden in August 2022, this provides an expansion of healthcare benefits for millions of Veterans exposed to toxic burn pits, utilised by the U.S. military across bases in the Middle East to indiscriminately dispose of hazardous and non-hazardous waste.

The PACT Act also relieves the veterans of the burden of proof that an illness is associated with exposure to toxic substances, with constrictive bronchiolitis ('CB') listed as a presumptive condition. Included in this legislation is the requirement for the Veterans Health Administration ('VHA') to provide toxic exposure screening to each of the 9 million veterans enrolled in the VHA health care program. 4DMedical already possesses the right to negotiate paid contracts within the VA system without the need for further reimbursement.

During the half year, 4DMedical announced a major success in the Vanderbilt University Medical Center ('Vanderbilt') 'burn pit' trial. The clinical trial demonstrated that XV Technology[®] can detect the presence of CB in veterans. Up until now, surgical biopsy has been the only way to diagnose CB, with existing Computed Tomography ('CT') and pulmonary function testing proving unable to reveal its impact. The success of this trial allows clinicians to use XV Technology[®] to detect CB using a non-invasive, scalable and cost-effective method without the risk of surgical complications or the need for post-operative recovery. The findings from the 'burn pit' trial have been submitted for publication.

On 29 September in Washington D.C., 4DMedical met with Congresswoman Mikie Sherrill (D-NJ) accompanied by Rosie Torres, a prominent Veterans advocate and founder of Burn Pits 360 who was instrumental in the passage of the PACT Act. In a formal media release following the meeting, Congresswoman Sherrill referenced 4DMedical saying, "I am pleased that the PACT Act is law, and now we must work quickly and efficiently to implement its key provisions. New and emerging technologies can not only expedite the implementation of PACT Act but also ensure every veteran has access to early treatment and the full benefits they deserve."

Clinical trial progress

Clinical trials provide essential data evidence for indication-specific use by clinicians whilst supporting the use of 4DMedical's technology amongst the medical community.

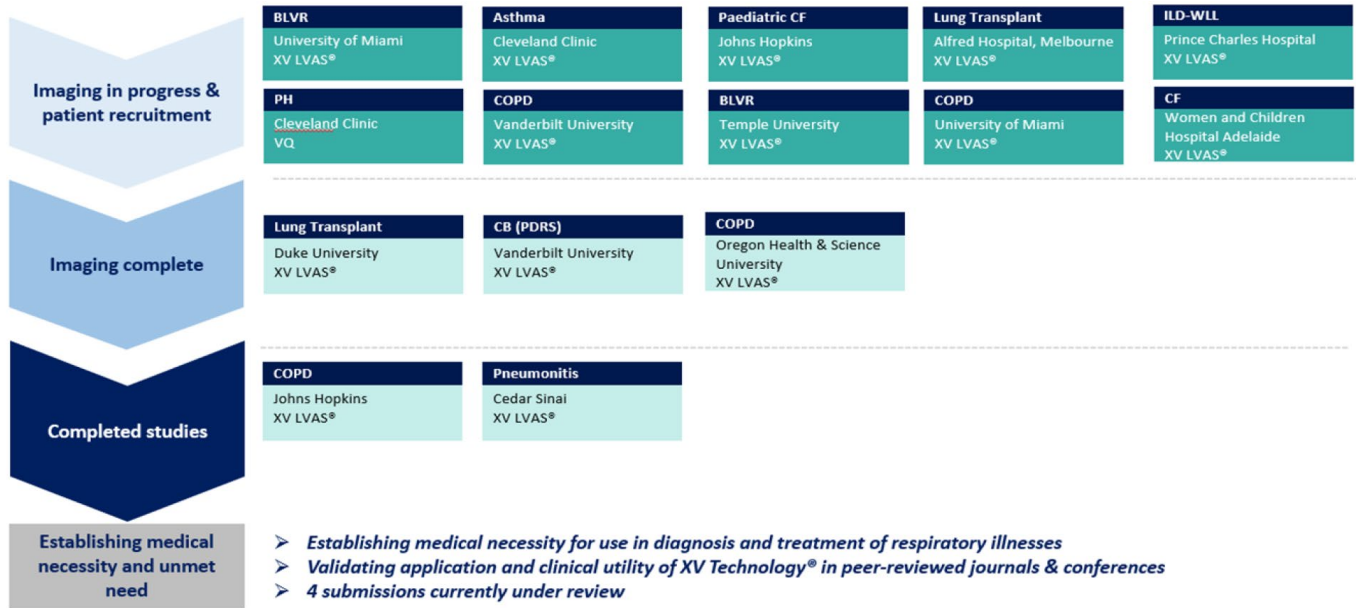


Directors' report

Operating and financial review (continued)

Clinical trial progress (continued)

During the half year, Duke University completed imaging on the final patient in its lung transplant clinical trial. The clinical trial employed XV Technology® to measure lung ventilation and in particular ventilation heterogeneity as a means to assess rejection in lung grafts. In addition, Temple University has imaged the first patient in its bronchoscopic lung volume reduction (BLVR) clinical trial. The progression of these clinical trials supports the efficacy of the technology and its clinical use in a wide array of respiratory diseases whilst supporting the commercialisation of XV Technology® in the U.S..



Successful application for addition of a new Category III CPT code

4DMedical submitted a CPT application to the AMA CPT Editorial Panel for review in September 2022, which resulted in the acceptance and release of two new Category III CPT codes. In accordance with the AMA's Category III code's early-release policy, these codes become effective on 1 July 2023, following the six-month implementation period, which began on 1 January 2023:

0807T: Pulmonary tissue ventilation analysis using software-based processing of data from separately captured cinefluorograph images; in combination with previously acquired computed tomography (CT) images, including data preparation and transmission, quantification of pulmonary tissue ventilation, data review, interpretation and report

0808T: in combination with computed tomography (CT) images taken for the purpose of pulmonary tissue ventilation analysis, including data preparation and transmission, quantification of pulmonary tissue ventilation, data review, interpretation and report

The issuance of the new distinct Category III CPT codes by the AMA represents a major milestone towards advancing US reimbursement for XV LVAS®, as healthcare providers and facilities will be able to submit claims directly to payers identifying when XV LVAS® is ordered for patients to quantify their pulmonary tissue ventilation. Establishing a clear billing pathway and tracking utilisation of the technology are critical components in achieving US commercialisation success.

CT LVAS™ released in Australia

In October, 4DMedical released its breakthrough image processing software, CT LVAS™, which provides an almost identical report to 4DMedical's proven XV LVAS® product in richness and fidelity, but utilises widely available CT imaging infrastructure instead of X-ray equipment.

Apart from Japan, Australia ranks above every other nation including the U.S. in terms of the density of CT scanners per head of population. The release of CT LVAS™ provides significant accessibility to Australians living with lung disease to functional lung imaging by leveraging readily available CT hardware.



Directors' report

Operating and financial review (continued)

Patients are expected to gain greater access to CT LVAS™ as 4DMedical leverages I-MED Radiology Network's (I-MED) extensive CT availability across its clinics nationwide. The software uses existing CT hardware and easily integrates into clinical workflows across the I-MED network. In line with the Company's commercialisation strategy, the I-MED agreement represents a critical opportunity to drive revenue for the Company, as it creates a framework for the rapid commercialisation of the CT LVAS™ product in Australia.

Other corporate updates

Highly experienced medical imaging executive, Mr Matt Tucker, joined 4DMedical as the Company's new Senior Vice President of Business Development and Strategy in early December. Mr Tucker gained his knowledge and skillset working for leading global healthcare companies including GE Healthcare, SonoSite and Philips.

During his tenure as Chief Executive Officer and President of GE Healthcare in Australia, Mr Tucker occupied a high-profile role in the nation's medical technology sector, and delivered growth across key metrics including revenue generation, customer satisfaction and retention, and profitability.

Mr Tucker is set to make a valuable contribution to the ongoing commercialisation of the XV Scanner hardware product line, emulating his success in GE Healthcare's turnaround strategy which resulted in market leadership across the ultrasound product space.

Financials

The net result after tax of the Group for the financial period ended 31 December 2022 was a loss of \$16.2 million (2021: \$12.5 million), an increase of \$3.8 million from the corresponding comparative half year.

Group revenue from hardware revenue, software-as-a-service licence fees, and on-going preclinical hardware support and maintenance contracts was \$0.5 million for the half year (2021: \$0.2 million), an increase of \$0.3 million or 210% from the previous corresponding period.

During the reporting period, the Group recorded \$6.0 million in other income (2021: \$4.6 million), higher by \$1.4 million or 31% from the previous half year. Other income comprised grant income totalling \$3.6 million, of which \$3.6 million was recorded by wholly owned subsidiary, Australian Lung Health Initiative Pty Ltd (ALHI) under the Federal Government's Medical Research Future Fund (MRFF) initiative, and \$2.4 million in Research & Development tax incentive credits recognised for the period ended 31 December 2022.

Operating expenditure (exclusive of net finance costs) for the Group was \$22.7 million, higher by 32% from \$17.2 million in the previous corresponding period driven by continued investments in clinical research activities underpinning product development and ramp up of 'go-to-market' and promotional efforts to support product distribution and the Company's commercialisation strategy. Accordingly, sales, marketing and travel expenses contributed to the increase by \$0.8 million from the previous half year as the Group increases its participation in international medical conferences and trade shows. Also contributing to higher operating expenditure is employee benefit expenses, which increased by \$1.9 million or 22% to \$10.8 million for the reporting period (2021: \$8.9 million). Headcount grew from 127 staff at the end of the last corresponding period to 133 as at 31 December 2022.

The Group reported a net cash balance of \$45.7 million, down \$5.4 million from the financial year ended 30 June 2022. During the half-year, 4DMedical received \$0.7 million from a customer contract of which \$0.2 million remains as deferred income on the consolidated statement of financial position as at 31 December 2022.

Significant events after the reporting period

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



Directors' report

Auditor's independence

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

Signed in accordance with a resolution of the directors.

Dr Andreas Fouras
Managing Director

28 February 2023



Auditor's independence declaration



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

In relation to our review of the financial report of 4DMedical Limited for the half-year ended 31 December 2022, 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 2023

Kaitlynn Brady

Kaitlynn Brady
Partner

Window Snip



Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2022

	Notes	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
Revenue	4.1	485,868	156,611
Cost of sales		(33,325)	(58,862)
Gross income		452,543	97,749
Other income	4.3	6,041,625	4,605,395
Employee benefits expense	4.4	(10,810,621)	(8,868,447)
Depreciation and amortisation expense		(1,210,692)	(536,915)
Foreign currency (losses)/gains		5,818	(2,024)
Other expenses	4.5	(10,685,270)	(7,764,990)
Finance income/(costs) - net	4.6	(22,579)	16,465
Loss before income tax		(16,229,176)	(12,452,767)
Income tax expense		(2,148)	-
Loss for the period		(16,231,324)	(12,452,767)
Other comprehensive loss			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	10.3	(130,540)	(41,475)
Total comprehensive loss for the period		(16,361,864)	(12,494,242)
Earnings per share (EPS):			
Basic, loss for the period attributable to ordinary equity holders		(0.06)	(0.04)
Diluted, loss for the period attributable to ordinary equity holders		(0.05)	(0.04)

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 2022

	Notes	31 December 2022 \$	30 June 2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	45,743,899	51,114,537
Trade and other receivables		153,689	2,145,188
Inventories		3,068	1,509
Research and development tax incentive receivable		2,438,367	4,222,764
Other assets		1,843,004	1,369,883
Total current assets		50,182,027	58,853,881
Non-current assets			
Trade and other receivables		58,320	44,800
Property, plant and equipment	6	5,680,165	5,484,653
Right-of-use assets	7	4,220,429	4,865,718
Intangible assets	8	5,360,172	5,064,139
Total non-current assets		15,319,086	15,459,310
Total assets		65,501,113	74,313,191
Liabilities and equity			
Current liabilities			
Trade and other payables		14,910,350	7,189,676
Contract liabilities		350,000	200,000
Loans and borrowings	9	1,151,654	1,100,445
Employee benefit liabilities		1,083,136	1,026,415
Income tax payable		-	42,282
Total current liabilities		17,495,140	9,558,818
Non-current liabilities			
Loans and borrowings	9	4,554,311	5,138,733
Employee benefit liabilities		7,925	104,648
Total non-current liabilities		4,562,236	5,243,381
Total liabilities		22,057,376	14,802,199
Net assets		43,443,737	59,510,992
Equity			
Issued capital	10.1	141,766,521	141,718,799
Other capital reserves	10.2	2,631,876	2,384,989
Other reserves	10.3	(124,558)	5,982
Accumulated losses		(100,830,102)	(84,598,778)
Total equity		43,443,737	59,510,992
Total liabilities and equity		65,501,113	74,313,191

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 2022

	Issued capital (Note 10.1) \$	Other capital reserves (Note 10.2) \$	Other reserves (Note 10.3) \$	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 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 (Note 11)	-	373,334	-	-	373,334
Share-based payments expense during the year - options have lapsed (Note 11)	-	(78,725)	-	-	(78,725)
Settlement of options - issued capital (Note 11)	47,722	(47,722)	-	-	-
At 31 December 2022	141,766,521	2,631,876	(124,558)	(100,830,102)	43,443,737
At 1 July 2021	141,587,808	1,771,037	3,647	(60,005,902)	83,356,590
Loss for the period	-	-	-	(12,452,767)	(12,452,767)
Other comprehensive loss	-	-	(41,475)	-	(41,475)
Total comprehensive loss for the period	-	-	(41,475)	(12,452,767)	(12,494,242)
Share-based payments (Note 11)	-	292,871	-	-	292,871
Share-based payments expense during the year - options have lapsed (Note 11)	-	(11,501)	-	-	(11,501)
At 31 December 2021	141,587,808	2,052,407	(37,828)	(72,458,669)	71,143,718

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 2022

	Notes	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
Operating activities			
Receipts from customers		739,500	148,742
Payments to suppliers and employees		(11,076,366)	(9,315,207)
Research costs		(9,677,032)	(8,054,717)
Interest received		131,231	54,870
Interest and other costs of finance paid		(153,810)	(38,405)
Government grants and tax incentives		14,921,122	-
Net GST paid		94,967	(442,366)
Other		-	12,921
Net cash flows used in operating activities		(5,020,388)	(17,634,162)
Investing activities			
Purchase of property, plant and equipment		(132,588)	(2,139,473)
Purchase of intangibles		(156,878)	(101,275)
Capitalisation of development costs to intangible assets		(764,493)	(422,629)
Net cash flows used in investing activities		(1,053,959)	(2,663,377)
Financing activities			
Receipts of lease incentives		1,343,932	-
Payment of principal portion of lease liabilities		(640,223)	(389,838)
Net cash flows (used in)/from financing activities		703,709	(389,838)
Net (decrease)/increase in cash and cash equivalents		(5,370,638)	(20,687,377)
Cash and cash equivalents at the beginning of the period		51,114,537	80,880,062
Cash and cash equivalents at the end of the period	5	45,743,899	60,192,685

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 2022

1 Corporate information

The financial report of 4DMedical Limited (the "Company") and its controlled entities (collectively referred to as the "Group") for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on the date the directors' declaration was signed.

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

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

The principal activities of the Group during the half year ended 31 December 2022 were medical research technology and development of a non-invasive respiratory imaging solution using four-dimensional imaging. This four-dimensional lung imaging technology utilises proven, patented mathematical models and algorithms to convert X-ray scans into quantitative data to enhance the capacity of physicians to manage patients with respiratory diseases and diseases of the lung.

There were no significant changes in the nature of these activities during the period.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

It is recommended that the half-year financial report be read in conjunction with the annual report prepared for the year ended 30 June 2022.

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

2.2 Changes in accounting policies, disclosures, standards and interpretations

New and amended standards and interpretations

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

3 Significant accounting judgements, estimates and assumptions

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

Accounting judgements, estimates and assumptions relating to taxes and development costs capitalised to intangible assets for the half-year ended 31 December 2022 remain consistent with that adopted in the 30 June 2022 financial statements.



Notes to the consolidated financial statements (continued)

4 Revenue and expenses

4.1 Revenue

Revenue from contracts with customers

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

	6 months to 31 December 2022	6 months to 31 December 2021
	\$	\$
Type of goods or service		
Sale of goods	430,750	-
Ongoing support and maintenance	-	34,157
Software licences	54,870	76,001
Services	248	46,453
Total revenue from contracts with customers	485,868	156,611

Timing of revenue recognition

Goods or services transferred at a point in time	435,868	-
Services transferred over time	50,000	156,611
Total revenue from contracts with customers	485,868	156,611

Geographical markets

Australia	485,868	50,000
United States of America	-	106,611
Total revenue from contracts with customers	485,868	156,611

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

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.

Ongoing support and maintenance

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

Software licences

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

Services

The Group provides services whereby the performance obligations are satisfied either over time with agreed upon services being rendered over a contractual period as specified in customer contracts; or at a point in time with the performance obligations satisfied upon customer delivery or acceptance of the service rendered.



Notes to the consolidated financial statements (continued)

4 Revenue and expenses (continued)

4.2 Performance obligations (continued)

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

	31 December 2022	31 December 2021
	\$	\$
Within one year	300,000	737,511
More than one year	50,000	150,000
	350,000	887,511

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 three years. All the other remaining performance obligations are expected to be recognised within one year.

4.3 Other income

	6 months to 31 December 2022	6 months to 31 December 2021
	\$	\$
Research and development tax incentive	2,438,367	1,229,585
Government grants	3,603,197	3,375,810
Other income	61	-
Total other income	6,041,625	4,605,395

4.4 Employee benefits expense

	6 months to 31 December 2022	6 months to 31 December 2021
	\$	\$
Wages and salaries	8,111,522	7,816,953
Other employee and directors' benefits expense	2,404,491	770,124
Equity-settled share-based payments	294,608	281,370
Total employee benefits expense	10,810,621	8,868,447



Notes to the consolidated financial statements (continued)

4 Revenue and expenses (continued)

4.5 Other expenses

	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
Computer expenses	1,422,281	1,010,007
Research and development expenses	3,695,698	2,430,922
Insurance expenses	495,116	502,008
Legal, professional and consultant expenses	2,093,054	1,940,117
Occupancy and utilities expenses	370,298	200,137
Sales and marketing expenses	977,279	627,448
Travel expenses	723,760	288,539
General expenses	907,784	765,812
Total other expenses	10,685,270	7,764,990

4.6 Finance costs - net

	6 months to 31 December 2022 \$	6 months to 31 December 2021 \$
Interest expense on borrowings and convertible notes	3,143	-
Interest expense on lease liabilities (Note 7)	150,667	38,405
Total finance costs	153,810	38,405
Interest income	(131,231)	(54,870)
Total finance income	(131,231)	(54,870)
Total finance (income)/costs - net	22,579	(16,465)

5 Cash and cash equivalents

	31 December 2022 \$	30 June 2022 \$
Cash at bank	45,743,899	51,114,537



Notes to the consolidated financial statements (continued)

6 Property, plant and equipment

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

	31 December 2022	30 June 2022
	\$	\$
<i>Furniture, fittings and equipment</i>		
Opening net amount	191,660	191,250
Additions	11,422	85,359
Assets written off	-	(55,618)
Transfer	-	10,266
Depreciation charge for the period	(14,617)	(31,933)
Foreign exchange adjustment	713	(7,664)
Net book value	189,178	191,660
<i>Conference assets</i>		
Opening net amount	6,764	30,560
Additions	153,663	-
Assets written off	-	(21,730)
Depreciation charge for the period	(1,120)	(2,066)
Net book value	159,307	6,764
<i>Leasehold improvements</i>		
Opening net amount	2,070,630	89,583
Additions	90,234	1,969,015
Assets written off	-	(54,079)
Transfer	-	123,297
Depreciation charge for the period	(179,622)	(57,186)
Net book value	1,981,242	2,070,630
<i>Workshop equipment</i>		
Opening net amount	132,713	40,808
Additions	5,865	114,546
Assets written off	(299)	(91)
Transfer	-	(10,266)
Depreciation charge for the period	(8,114)	(16,092)
Foreign exchange adjustment	20	3,808
Net book value	130,185	132,713
<i>Computer equipment</i>		
Opening net amount	989,169	713,480
Additions	17,948	545,827
Assets written off	-	(35,178)
Depreciation charge for the period	(131,390)	(233,924)
Foreign exchange adjustment	1,207	(1,036)
Net book value	876,934	989,169
<i>Assets under construction</i>		
Opening net amount	2,084,996	123,297
Additions	250,602	2,084,996
Transfer	-	(123,297)
Net book value	2,335,598	2,084,996



Notes to the consolidated financial statements (continued)

6 Property, plant and equipment (continued)

	31 December 2022	30 June 2022
	\$	\$
<i>Motor vehicles</i>		
Opening net amount	8,721	-
Additions	-	10,000
Depreciation charge for the period	(1,000)	(1,279)
Net book value	7,721	8,721
<i>Total property, plant and equipment</i>		
Opening net amount	5,484,653	1,188,978
Additions	529,734	4,809,743
Assets written off	(299)	(166,696)
Depreciation charge for the period	(335,863)	(342,480)
Foreign exchange adjustment	1,940	(4,892)
Net book value	5,680,165	5,484,653

7 Leases

Group as a lessee

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

	Right-of-use assets \$
As at 1 July 2021	1,628,255
Additions	4,313,085
Depreciation expense	(1,086,624)
Foreign exchange adjustment	11,002
As at 30 June 2022	4,865,718
Assets written down	(92,787)
Derecognition of right of use asset	(100,707)
Depreciation expense	(451,795)
As at 31 December 2022	4,220,429

The derecognition of right of use asset during the financial year as a result of entering into a finance sublease arrangement for a leased property.

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

	31 December 2022	30 June 2022
	\$	\$
As at 1 July 2022	6,239,178	1,688,807
Additions	-	5,534,841
Accretion of interest	150,667	179,559
Payments	(683,880)	(1,175,031)
Foreign exchange adjustment	-	11,002
As at end of reporting period (See Note 9)	5,705,965	6,239,178



Notes to the consolidated financial statements (continued)

8 Intangible assets

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

	31 December 2022	30 June 2022
	\$	\$
<i>Development costs</i>		
Opening net amount	4,078,636	3,252,045
Additions	764,493	826,591
Amortisation charge for the period	(411,216)	-
Net book value	4,431,913	4,078,636
<i>Other intangible assets</i>		
Opening net amount	985,503	634,121
Additions	159,836	417,991
Assets written off	(205,262)	-
Amortisation charge for the period	(11,818)	(66,609)
Net book value	928,259	985,503
<i>Total intangible assets</i>		
Opening net amount	5,064,139	3,886,166
Additions	924,329	1,244,582
Assets written off	(205,262)	-
Amortisation charge for the period	(423,034)	(66,609)
Net book value	5,360,172	5,064,139

9 Loans and borrowings

	31 December 2022	30 June 2022
	\$	\$
Current		
Lease liabilities (Note 7)	1,151,654	1,100,445
Non-current		
Lease liabilities (Note 7)	4,554,311	5,138,733

10 Issued capital and reserves

10.1 Issued capital

	31 December 2022	30 June 2022
	\$	\$
Ordinary shares	141,766,521	141,718,799

Terms and conditions of ordinary shares

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



Notes to the consolidated financial statements (continued)

10 Issued capital and reserves (continued)

10.1 Issued capital (continued)

Movement in ordinary shares on issue

	No. of shares	\$
As at 1 July 2021	294,491,837	141,587,808
Issue of share capital	183,924	130,991
As at 30 June 2022	294,675,761	141,718,799
Issued shares	-	-
Conversion of rights to issued capital	82,850	47,722
As at 31 December 2022	294,758,611	141,766,521

10.2 Other capital reserves

	31 December 2022	30 June 2022
	\$	\$
Share-based payment reserve	2,631,876	2,384,989

Movement in the share-based payment reserve

Balance at the beginning of the year	2,384,989	1,771,037
Share-based payments expense during the year	373,334	696,982
Share-based payments expense during the year - options lapsed	(78,725)	(83,030)
Settlement of options - issued capital	(47,722)	-
Balance at the end of the year	2,631,876	2,384,989

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.

10.3 Other reserves

	31 December 2022	30 June 2022
	\$	\$
Foreign currency translation reserve	(124,558)	5,982

Movement in foreign currency translation reserve

Balance at the beginning of the year	5,982	3,647
Exchange differences on translation of foreign operations	(130,540)	2,335
Balance at the end of the year	(124,558)	5,982

Foreign currency translation reserve

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



Notes to the consolidated financial statements (continued)

11 Share-based payments under the employee equity plan

During the half year ended 31 December 2022, certain employees (including key management personnel) were granted 5,901,321 options (2021: 828,311) and 80,567 rights (2021: Nil) under the 4DMedical Long Term Incentive Plan.

82,850 shares have been issued from the conversion of rights during the half year (2021: nil). There are 10,893,842 options (2021: 4,776,272) and 26,702 rights (2021: Nil) that have been granted but not yet vested as at date of this report.

203,073 options and 53,865 rights have lapsed at the date of this report.

The following tables list the inputs to the models used for the plans for the half year ended 31 December 2022 and 2021:

	2022	
	Option plans	Right plans
Weighted average fair values at the measurement (\$)	0.19	0.63
Expected volatility (%)	55	-
Risk-free interest rate (%)	0.50-3.27	-
Expected life of share options (years)	3.14	-
Weighted average share price (\$)	0.48-0.51	0.58-0.66
Model used	Black-Scholes	-

	2021	
	Option plans	Right plans
Weighted average fair values at the measurement (\$)	0.34	-
Expected volatility (%)	55	-
Risk-free interest rate (%)	0.50	-
Expected life of share options (years)	2.65	-
Weighted average share price (\$)	0.34	-
Model used	Black-Scholes	-

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

	31 December 2022	31 December 2021
	\$	\$
Recognised in employee benefits expense	294,608	281,370
Recognised in the cost of capitalised development costs	-	-
Total cost arising from share-based payment transactions	294,608	281,370

12 Commitments**Leases commitments**

The Group has no lease contracts that have not yet commenced as at 31 December 2022.

13 Events after the reporting period

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



Directors' declaration

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

1. In the opinion of the directors:
 - (a) the consolidated financial statements and notes of 4DMedical Limited for the half year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration is made pursuant to the declaration given to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2022.

On behalf of the board

A handwritten signature in black ink, appearing to read 'A. Fouras', written over a light blue horizontal line.

Dr Andreas Fouras
Managing Director

28 February 2023



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 2022, 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, notes comprising a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of 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 2022 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

Directors' Responsibilities for the Half-Year Financial Report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's consolidated financial position as at 31 December 2022 and its consolidated financial performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PKF
Melbourne, 28 February 2023

Kaitlynn Brady
Partner

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