

4DMedical acquires Imbio and completes equity raising

Not for release to U.S. wire services or distribution in the United States

11 December 2023

Highlights

- 4DMedical has signed a binding agreement to acquire U.S.-based medical technology company Imbio
- Imbio is a recognised leader in lung and heart artificial intelligence (AI)-driven technology, with a focus on providing structural analysis that delivers visual qualitative and quantitative assessment of lung and heart anatomy
- The Acquisition expands 4DMedical's product offering to clinicians by incorporating Imbio's highly complementary suite of diagnostic products, including its four FDA-cleared products
- Imbio is forecast to deliver US\$3.0 million in revenue in CY2023, US\$6.3 million in CY2024, and to be cashflow positive in the first 12 months post integration
- 4DMedical successfully completed a capital raising of A\$35 million by way of a Placement to partly fund the Acquisition
- Subject to receiving shareholder approval, participants in the Placement will receive 1 free-attaching option for every 2 shares issued under the Placement
- The Placement was well supported by new and existing institutional investors
- Following the completion of the Placement, 4DMedical's pro forma net cash as at 30 September 2023 will be A\$53.9 million

Investor webinar

4DMedical will host an investor webinar at 11.00am on Wednesday, 13 December 2023 where Founder and CEO, Andreas Fouras, will discuss the Acquisition and answer shareholder questions.

Click [here](#) to register.

Melbourne, Australia, 11 December 2023: Respiratory imaging technology company 4DMedical Limited (ASX:4DX, "4DMedical", or the "Company") today announces that it has signed a binding agreement (Merger Agreement) for the acquisition of Imbio (Acquisition), a U.S.-based medical technology company that uses artificial intelligence (AI) to turn standard-of-care CT scans into personalised medicine for transforming the way patients are diagnosed, treated, and managed.

Transaction summary

Imbio will be acquired for an upfront purchase price of US\$25 million (approximately A\$38.5 million), plus a contingent earnout including one tranche of up to US\$10 million in CY2024 and two tranches of up to US\$5 million each in CY2025, all conditional on the achievement of key milestones as outlined in Schedule 1 below. Subject to obtaining shareholder approval, 4DMedical intends to settle any contingent earnout payable via the issue of new 4DMedical shares.



The upfront cash component of the Acquisition will be funded by the capital raise, raising A\$35 million by way of a placement (Placement) of approximately 44.3 million new fully paid ordinary shares (New Shares) within the Company's existing placement capacity, under ASX Listing Rule 7.1. The offer price of A\$0.79 per Placement Offer Share (Offer Price) represents a 17.3% discount to the last closing price on 6 December 2023, being the last day the Company traded its securities prior to the Placement.

Subject to obtaining shareholder approval, participants under the Placement will be issued one free attaching option (Option) for every two New Shares issued, with an exercise price of A\$1.365 and an expiry date of 31 December 2025. Subject to meeting the ASX quotation requirements, 4DMedical intends to apply for quotation of the Options on the ASX.

4DMedical Founder and CEO Andreas Fouras said:

I am extremely excited to join forces with the incredibly talented and committed Imbio team. Imbio's market-leading suite of AI solutions provide life-changing insights from CT scans, and perfectly complement 4DMedical's functional imaging technology. We now offer a comprehensive cardiothoracic imaging solution set to providers and their patients. Importantly, the Imbio acquisition also significantly boosts our capacity to improve the respiratory health of Veterans, especially for those impacted by toxic exposures during service.

Placement

The Lead Managers to the Placement were E&P Corporate Advisory Pty Limited and Bell Potter Securities Limited (the **Joint Lead Managers**).

The Placement raised A\$35 million through the issue of approximately 44.3 million New Shares. Subject to obtaining shareholder approval, participants under the Placement will be issued one free attaching option (**Option**) for every two New Shares issued under the Placement.

The Offer Price of A\$0.79 per New Share represents a 17.3% discount to the last close price of 4DMedical shares of A\$0.955 on Wednesday, 6 December 2023.

The proceeds of the Placement will be used to partly fund US\$25.0 million (subject to customary acquisition adjustments) reflecting the upfront cash consideration of the Acquisition and costs of the transaction.

Following the completion of the Placement, 4DMedical's pro forma net cash as at 30 September 2023 will be A\$53.9 million.

ASIC rules limit retail offerings via share purchase plan (SPP) in any 12-month period. Following the SPP during the May 2023 Capital Raise, an SPP was not possible again this year.

Acquisition highlights

Imbio is a leading medical imaging AI company transforming how patients with lung and cardiothoracic conditions are detected, diagnosed and treated. Physicians are provided with comprehensive information extracted from standard-of-care CT scans, optimising diagnoses and patient care outcomes through the use of Imbio's visual and quantitative reports.

The Acquisition aligns with 4DMedical's growth strategy by providing physicians with four additional lung diagnostic tools, thereby offering a comprehensive suite of products combining structure and function in assessing lung disease, effectively 'owning the lung'. Furthermore, the acquisition of Imbio will accelerate 4Dmedical's commercialisation of XV Technology® in the US, opening up exciting opportunities for patient



screening programs for chronic obstructive pulmonary disease (COPD), interstitial lung disease (ILD), lung cancer and heart disease, in the Australian and US markets.

Operating extensively through market leading channel partners within their Companion Diagnostics and General Radiology business units, Imbio expects to report revenue of US\$3.0 million in CY2023. Imbio is forecast to generate revenue of US\$6.3 million in CY2024, driven by contracted revenue and significantly expanded pipeline. Gross margin as a percentage of sales is forecast at 84%, with further margin accretion expected. The Acquisition accelerates 4DMedical in its pathway to profitability, with Imbio expected to be cashflow positive in its first full year of integration.

In addition, the Acquisition also presents significant revenue and cost synergies, with the combination of complementary products, extended reach of 4DMedical products, a sophisticated platform and technical efficiencies.

Finally, Imbio also provides another entry point into the United States Department of Veterans Affairs (VA), with an established program/agreement, and the combined product offering creates further opportunities to deliver comprehensive diagnostics screening programs.

Solving the clinical conundrum for doctors across multiple care areas

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

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

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

A second major category is lung cancer screening (LCS), which experts predict will be the primary driver of increased thoracic CT scan volumes globally for the next two decades. Notably, despite being fully reimbursable in the United States by law since 2015, estimates suggest that take-up rates are as low as 10-15% of eligible patients.

Australia and other countries plan to implement LCS, with Australia set to commence by July 2025. Established guidelines are constantly expanding the pool of eligible patients as evidence of cost savings and mortality benefits accumulate. This expansion is fuelled by reduced age and smoking requirements, inclusion of patients with occupational exposure to toxins, and consideration of regions with declining air quality.

For each confirmed case of lung cancer detected through LCS, a significantly larger number of early-stage structural cardiothoracic diseases are identified, leading to a considerable number of unreported non-cancerous lung and cardiac findings. These findings, including cardiovascular atherosclerosis, aortic aneurysms, and early stages of COPD, ILD, and pulmonary hypertension, could be automatically identified,



quantified, and flagged for further evaluation by 4DMedical's comprehensive technology platform. Early detection and intervention for these conditions could potentially prevent more costly and debilitating complications.

Finally, the combined development of product roadmaps using our joint clinical and engineering approaches will radically transform cardiothoracic perfusion assessment, leading to a deeper understanding of lung and cardiac disease. This will also open new avenues for drug and device development, as well as create exciting opportunities for contract research organisations (CROs). Additionally, the democratisation of this technology through the study of lower-dose and/or hybrid CT technologies (e.g. mobile settings, photon-counting, dual energy, etc.) holds promise for wider accessibility and broader application.

Outlook - growing momentum

4DMedical enters calendar year 2024 with accelerating momentum, with not only a transformational acquisition, but also on the back of landing significant achievements in 2Q FY2024:

- U.S. Medicare reimbursement for XV LVAS®, from 1 January 2024 (well ahead of schedule), will drive accelerated adoption of the technology;
- Immediate signing of contracts with radiology clinics in Memphis and Detroit;
- FDA clearance for CT LVAS™, broadening the accessibility of XV Technology® in the U.S., while also significantly de-risking the regulatory approval process for CT:VQ; and
- Signing a MoU with Philips, providing an accelerated and expanded pathway for commercialisation.

Philips, Imbio and the VA

4DMedical recently announced the signing of a Memorandum of Understanding (MoU) with Philips, a leading global healthcare company, which has an initial focus of offering 4D lung imaging as a critical screening solution for Veterans exposed to toxic burn pits. Philips has a long-established partnership with both the VA and DoD, providing over 35% of the critical care information systems across the VA as well as imaging solutions in over 50% of VA clinics.

4DMedical's products will be added to the Philips' catalogue and offered as a third-party solution. The intention is to expand access to both software and hardware solutions, including to other U.S.-based Federal agencies and commercial organisations in North America.

The acquisition of Imbio will greatly enhance the patient screening offering by providing both function through XV Technology® and structure through Imbio's product offering.



Key dates for capital raising

Event	Timing (Sydney time)
Trading halt	Thursday, 7 December 2023
Placement opens	Thursday, 7 December 2023
Placement closes	Friday, 8 December 2023
Capital raising results announced and trading halt lifted	Monday, 11 December 2023
Settlement of Placement	Thursday, 14 December 2023
Allotment of New Shares under the Placement	Friday, 15 December 2023
EGM held to approve issue of New Options under Placement	Monday, 22 January 2024
Issue of New Options under Placement	Tuesday, 23 January 2024

This timetable is indicative only and subject to change. The Company reserves the right to amend the dates at its discretion and without notice, subject to the ASX Listing Rules and the Corporations Act 2001 (Cth).

Merger Agreement

A summary of the material terms of the Merger Agreement is appended to this ASX Announcement at Schedule 1.

Schedule 1 – Key terms of the Merger Agreement

Transaction details	<ul style="list-style-type: none">4DMedical has entered into a binding agreement to acquire Imbio Inc. (Imbio) for a mix of upfront cash consideration and contingent consideration. Subject to obtaining shareholder approval, 4DMedical intends to settle the contingent consideration in the form of new scrip.
Seller and acquisition structure	<ul style="list-style-type: none">Imbio is to be acquired from Invenshure, LLC, Invenshure Fund I, LP and Invenshure Fund II, LP (collectively, Invenshure) and Imbio's other equity holders (collectively, the Sellers). Invenshure currently holds approximately 63% of equity interests in Imbio.The acquisition is structured as a merger. Imbio, inc. will be merged into a new wholly-owned subsidiary of 4DMedical USA Inc.. On completion, Imbio will thereby become a wholly-owned subsidiary of 4DMedical Limited.
Upfront consideration	<ul style="list-style-type: none">US\$25 million (approximately A\$38.5 million) in cash will be payable upfront on completion of the Acquisition by 4DMedical to the Sellers.
Contingent consideration	<ul style="list-style-type: none">Contingent consideration of up to US\$20 million to be paid on achievement of key milestones.Subject to receiving shareholder approval, 4DMedical intends to satisfy any contingent consideration payable by the issue of shares in 4DMedical, based on the share's 30-day volume weighted average price prior to the date of expiry of the relevant performance milestone



	<p>period. 4DMedical maintains the discretion to pay out any contingent consideration in cash.</p> <ul style="list-style-type: none"> The earnout payments are conditional on achieving the following milestones: <ul style="list-style-type: none"> CY2024 revenue growth – 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 forecast CY2023 revenue, up to a cap of US\$2.5 million of incremental revenue growth for a maximum earnout payment of US\$10 million. 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 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).
Conditions precedent	<ul style="list-style-type: none"> Completion of the acquisition is subject to: <ul style="list-style-type: none"> the successful completion of the Offer to raise at least US\$19.5 million; the absence of any material adverse changes in the financial conduct, results of operations and assets of Imbio's business; requisite Imbio stockholder approval being obtained from 90% of Imbio Securityholders; and other customary conditions precedent.
Escrow of contingent consideration shares	<ul style="list-style-type: none"> Insofar as any contingent consideration is satisfied via the issue of New Shares in 4DMedical (Earnout Shares), each tranche of Earnout Shares issued to the Sellers will be held in escrow for a period of (a) 45 days post issuance with respect to 25% of the tranche; (b) 90 days post issuance with respect to 25% of the tranche; (c) 135 days post issuance with respect to 25% of the tranche; and (d) 180 days post issuance for the final 25% of the tranche, subject to the ability to transfer to affiliates (with the escrow otherwise to remain in place).
Board observer seat	<ul style="list-style-type: none"> Until the later of (a) 31 March 2026; or (b) the expiration of all escrow periods for the Earnout Shares (if any), the Sellers will be granted the right to appoint an observer to attend all meetings of the 4DMedical board of directors and receive all information provided to the



	4DMedical's board of directors, subject to conventional limitations and 4DMedical's constituent documents and relevant policies.
Completion obligations	<ul style="list-style-type: none">Both parties are obliged to deliver customary deliverables at completion and the acquisition is subject to the conditions precedent described above.
Completion date	<ul style="list-style-type: none">The acquisition is expected to be completed on or around 15 December 2023.
Representations and warranties	<ul style="list-style-type: none">The Merger Agreement includes customary representations and warranties and some specific indemnities.
Indemnity Escrow Amount	<ul style="list-style-type: none">US\$2,500,000 of the purchase price is to be held in escrow as an indemnity escrow amount to fund potential claims by 4DMedical under the Merger Agreement. Subject to any claims, 50% of these funds are to be released from escrow 6 months after Closing and 50%, 15 months after Closing.
Monetary limit on claims by 4DMedical	<ul style="list-style-type: none">The general monetary limit on claims is the Indemnity Escrow Amount.With respect to Fundamental Representations, claims may be made against Invenshure up to its pro rata share of the Purchase Price (the Invenshure Cap). Similarly, claims may be made against other security holders up to their portion of the Purchase Price (in respect of Fundamental Representations specific to such security holders).4DMedical has a right to offset against the earnout consideration, subject to certain limitations.
Time limits on claims by 4DMedical	<ul style="list-style-type: none">Fraud, wilful misconduct or intentional misrepresentation: 6 years.Fundamental Representations: 3 years.Other representations and warranties: Indemnity Escrow Amount: 15 months from Closing.
Transition Services	<ul style="list-style-type: none">Invenshure, Imbio and 4DMedical have agreed to enter into an agreement for the provision of transition services by Invenshure to Imbio for up to 12 months.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

-ENDS-

Authorised by the 4DMedical Board of Directors.



Contacts

Corporate

Chief Finance Officer
Simon Glover

sglover@4dmedical.com

Administration

Company Secretary
Naomi Lawrie

companysecretary@4dmedical.com

Media Enquiries

The Capital Network (TCN)
Julia Maguire

julia@thecapitalnetwork.com.au

About 4DMedical

4DMedical Limited (ASX:4DX) is a global medical technology company that has created a step change in the capacity to accurately and quickly understand the lung function of patients with respiratory diseases.

Through its flagship patented XV Technology®, 4DMedical enables physicians to understand regional airflow in the lungs and identify respiratory deficiencies earlier and with greater sensitivity as they breathe. This technology powers 4DMedical's FDA-cleared XV Lung Ventilation Analysis Software (XV LVAS®) – the first modality to dynamically quantify ventilation throughout the lungs, and its Computed Tomography-enabled counterpart software, CT LVAS™.

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

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