CurveBeam LLC and its controlled entities

Annual Report

For the Year Ended 30 June 2021

CurveBeam LLC and its controlled entities

Contents

For the Year Ended 30 June 2021

Corporate Directory
30 June 2021

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Auditor

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Southbank VIC 3006
Australia

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Level 19, 123 Pitt Street, Sydney NSW 2000

Director's Report
30 June 2021

The managing director and Chief Executive Officer, Arun Singh, presents his report, together with the consolidated financial statements of the Group, being the CurveBeam LLC (the Company) and its controlled entities, for the financial year ended 30 June 2021.

Principal activities

The principal activities of the Group during the financial year were research, design, manufacture and sale of cone beam CT imaging equipment for orthopedic specialties, including the bi-lateral weight-bearing CT imaging system, HiRise.

No significant change in the nature of these activities occurred during the year.

Operating results and review of operations

The consolidated loss of the Group amounted to $1,960,245 (2020: $6,693,412).

This amounts to a decrease in net loss of $4,733,167, primarily as a result of the following notes:

- Increase in sales revenue
  Sales increasing from $4,193,090 in the June 2020 year to $5,398,215 in the June 2021, being an increase of $1,205,125, primarily as a result of additional units sold in the year. This has an impact at the gross profit level of $963,842.

- Forgiveness of part of the Paycheck Protection Program loan in the June 2021 year amounting to $447,653.

- Additional expenditure in the comparative June 2020 year.
  This additional expenditure was in relation to:

  - $2,000,000 of legal settlement costs (see Events after the reporting date for more details);

  - $468,619 of additional share-based payments (see Incentive share for details);

  - $530,889 of additional R&D costs in relation to additional research carried on in that period.

Incentive shares

A total of 546,250 incentive shares were issued during the 30 June 2021 year (1,014,869 issued in the June 2020 year), resulting in $546,250 and $1,014,869 in share-based payments recognised in the statement of profit or loss, respectively. Refer to Note 23 for additional details.

Significant changes in state of affairs

During the year, the Company issued 1,057,100 common units in the company raising a total of $976,446, and issued convertible notes raising a total of $475,725.

Aside from the above, there have been no other significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

In January 2022, the Group received confirmation that its application for forgiveness of the Paycheck Protection Program loan with the Small Business Administration had been accepted and the loan had been forgiven.

Director's Report
30 June 2021

Events after the reporting date (continued)

In April 2022, the Group converted all the convertible notes held into common units in the Group, except for $65,000 still outstanding and due to be repaid.

During the year ended 30 June 2020, the Group entered into arbitration with a third party contractor. This was settled in April 2022 by way of an agreement to transfer $2,000,000 to the third party, which has been recognized as an expense in the 2020 financial year. The settlement was finalized in September 2022.

On 14 September 2022, the Group entered into an exclusive co-promotion and distribution agreement with the foot and ankle division of Stryker.

Subsequent to year-end, the Group signed a confidential non-binding heads of agreement with StraxCorp Pty Ltd, an Australian based software-as-a-medical-device business to explore a merger, in order to support the Group’s strategic plans in the United States and other markets.

On 2 September 2022 the Group signed this merger agreement. The Merger is subject to meeting conditions precedent which include the following, among others:

- approval of the Merger by CurveBeam shareholders; and
- the required majority of holders of StraxCorp Convertible Notes in consenting to the amendment of the Convertible Note Deed.
- the completion of the conversion of StraxCorp to a public company. StraxCorp also changed its name to CurveBeam AI Limited.

On 12 October 2022, the conditions precedent to this acquisition were met and the merger was finalized.

The Group continues to be affected by the silicon chip shortages, being an indirect result of the COVID pandemic of 2020 and 2021.

Aside from the above, no other matters or circumstances have arisen since the end of the financial year which 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 financial years.

Future developments and results

Refer to the principal activities and review of operations sections above for additional information on the likely developments and expected results of operations.

Further information has not been included in this report because the director believes it would like likely to result in unreasonable prejudice to the consolidated entity.

Impact of COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by US and other governments, as well as the travel and trade restrictions imposed by US and other countries through financial periods ended June 2020 and June 2021, have caused disruption to businesses and economic activity. For the Group this has particularly impacted its ability to procure components that require chips.

In response to COVID-19, the US Governments’ implemented policies and measures through calendar years 2020 and 2021 with the aim of containing the virus, with most jurisdictions requiring extended social and workplace restrictions. Other than as outlined above, these measures have not had any material impact on the business.

Director's Report
30 June 2021

Impact of COVID-19 (continued)

The Group's business operations currently remain resilient in the face of the challenges presented by these continuing social and workplace restrictions.

Proceedings on behalf of group

No person has applied for leave of court 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.

Signed in accordance with a resolution of the Director:

Director: ....
Arun Singh

Dated this 14th day of March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
Revenue	4	**5,398,215**	4,193,090
Cost of sales	5	**(2,981,738)**	(2,740,455)
Gross profit		**2,416,477**	1,452,635
Other income	4	**482,193**	13,344
Human resource expenses	7(a)	**(3,062,460)**	(3,437,418)
Administrative, insurance and information technology expenses	7(b)	**(186,975)**	(162,899)
Legal and professional fees	7(c)	**(93,904)**	(107,284)
Sales and marketing expenses		**(723,454)**	(847,942)
Research and development expenses		**(280,635)**	(804,649)
Regulatory expenses		**(112,640)**	(262,186)
Travel and entertainment expenses		**(51,004)**	(145,193)
Finance expenses	6	**(223,937)**	(224,798)
Foreign currency exchange gains/(losses)		**(5,510)**	35,874
Depreciation and amortisation expense		**(116,395)**	(179,379)
Legal settlement expense	7(d)	**-**	(2,000,000)
Other expenses		**(2,001)**	(23,517)
Loss before income tax		**(1,960,245)**	(6,693,412)
Income tax expense	8	**-**	-
Loss for the year		**(1,960,245)**	(6,693,412)
Other comprehensive income/(loss) for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(1,960,245)**	(6,693,412)
Loss attributable to:			
Members of the parent entity		**(1,893,157)**	(6,547,623)
Non-controlling interest		**(67,088)**	(145,789)
		(1,960,245)	(6,693,412)
Total comprehensive loss attributable to:			
Members of the parent entity		**(1,893,157)**	(6,547,623)
Non-controlling interest		**(67,088)**	(145,789)
		(1,960,245)	(6,693,412)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**1,104,852**	194,798
Trade and other receivables	10	**718,022**	444,367
Inventory	11	**1,618,421**	1,065,068
Other assets	12	**24,564**	16,669
TOTAL CURRENT ASSETS		**3,465,859**	1,720,902
NON-CURRENT ASSETS			
Other financial assets	13	**33,654**	-
Property, plant and equipment	14	**192,036**	225,164
Right-of-use assets	15	**336,292**	420,365
Other assets	12	**15,589**	15,589
TOTAL NON-CURRENT ASSETS		**577,571**	661,118
TOTAL ASSETS		**4,043,430**	2,382,020
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**2,687,287**	2,179,823
Borrowings	18	**488,822**	447,653
Lease liabilities	15	**84,263**	77,181
Short-term provisions	17	**287,433**	289,003
Contract liabilities	19	**1,620,657**	1,318,309
TOTAL CURRENT LIABILITIES		**5,168,462**	4,311,969
NON-CURRENT LIABILITIES			
Trade and other payables	16	**2,000,000**	2,000,000
Borrowings	18	**11,910,294**	11,206,596
Lease liabilities	15	**309,338**	393,600
Other financial liabilities	20	**1,833,967**	1,259,591
TOTAL NON-CURRENT LIABILITIES		**16,053,599**	14,859,787
TOTAL LIABILITIES		**21,222,061**	19,171,756
NET LIABILITIES		**(17,178,631)**	(16,789,736)
EQUITY			
Issued capital	21	**8,488,751**	7,512,305
Share-based payment reserves	23	**9,092,326**	8,546,076
Embedded derivative		**219,806**	171,152
Accumulated losses	22	**(34,891,637)**	(32,998,480)
Total equity attributable to equity holders of the Company		**(17,090,754)**	(16,768,947)
Non-controlling interests		**(87,877)**	(20,789)
TOTAL EQUITY		**(17,178,631)**	(16,789,736)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Issued Capital	Accumulated Losses	Share-based payment Reserves	Embedded Derivative	Non-controlling Interests	Total
	$	$	$	$	$	$
Balance at 1 July 2020	**7,512,305**	**(32,998,480)**	**8,546,076**	**171,152**	**(20,789)**	**(16,789,736)**
Profit attributable to members of the parent entity	**-**	**(1,893,157)**	**-**	**-**	**-**	**(1,893,157)**
Profit attributable to non-controlling interests	**-**	**-**	**-**	**-**	**(67,088)**	**(67,088)**
Transactions with owners in their capacity as owners						
Share-based payment transactions	**-**	**-**	**546,250**	**-**	**-**	**546,250**
Shares issued during the year	**976,446**	**-**	**-**	**-**	**-**	**976,446**
Additional conversion options from issue of convertible notes	**-**	**-**	**-**	**48,654**	**-**	**48,654**
Balance at 30 June 2021	**8,488,751**	**(34,891,637)**	**9,092,326**	**219,806**	**(87,877)**	**(17,178,631)**

2020

	Issued Capital	Accumulated Losses	Share-based payment Reserves	Embedded Derivative	Non-controlling Interests	Total
	$	$	$	$	$	$
Balance at 1 July 2019	6,564,420	(26,450,857)	7,531,207	147,044	-	(12,208,186)
Profit attributable to members of the parent entity	-	(6,547,623)	-	-	-	(6,547,623)
Profit attributable to non-controlling interests	-	-	-	-	(145,789)	(145,789)
Transactions with owners in their capacity as owners						
Share-based payment transactions	-	-	1,014,869	-	-	1,014,869
Shares issued during the year	947,885	-	-	-	-	947,885
Recognition of NCI on issued capital	-	-	-	-	125,000	125,000
Additional conversion options from issue of convertible notes	-	-	-	24,108	-	24,108
Balance at 30 June 2020	7,512,305	(32,998,480)	8,546,076	171,152	(20,789)	(16,789,736)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**5,874,561**	4,680,135
Proceeds from government grants and COVID support programs		**-**	447,653
Payments to suppliers and employees		**(7,007,733)**	(7,460,483)
Interest paid		**(76,632)**	(35,570)
Net cash provided by/(used in) operating activities	29	**(1,209,804)**	(2,368,265)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**-**	(72,050)
Net cash provided by/(used in) investing activities		**-**	(72,050)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from related party loans		**744,867**	1,317,741
Proceeds from issue of shares		**976,446**	1,072,885
Proceeds from issue of convertible notes		**475,725**	166,000
Repayment of lease principal		**(77,180)**	(70,534)
Net cash provided by/(used in) financing activities		**2,119,858**	2,486,092
Net increase/(decrease) in cash and cash equivalents		**910,054**	45,777
Cash and cash equivalents at beginning of year		**194,798**	149,021
Cash and cash equivalents at end of financial year	9	**1,104,852**	194,798

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

The consolidated financial report covers CurveBeam LLC and its controlled entities ('the Group'). CurveBeam LLC is a for-profit limited liability company, incorporated and domiciled in USA.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in US dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Director on 14 March 2023. The director has the power to amend and reissue the consolidated financial statements.

1 Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This annual financial report for the year ended 30 June 2021 is the first CurveBeam LLC annual financial report to be prepared in accordance with Australian Accounting Standards and interpretations, including AASB 1 First time Adoption of Australian Accounting Standards with a transition date of 1 July 2019.

Financial records of the Group until 30 June 2019 had been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards only. The Group's adoption of AASB 1 did not have any impact on the financial position, financial performance and cash flows of the Group. As such these financial statements do not include an opening balance sheet.

These financial statements have been prepared solely for the purpose of the Group seeking admission into the Australian Stock Exchange (ASX) through a public offering ('IPO') and therefore are not prepared to fulfill any statutory requirement.

Changes to presentation

Comparative information is reclassified where appropriate to enhance comparability and provide more appropriate information to users.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

A list of controlled entities is contained in Note 27 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

2 Summary of Significant Accounting Policies (continued)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Device sales, as well as other operating revenue, are recognised at a point-in-time, usually being when the device has been installed and is ready for use, or when the good or service associated with the other operating revenue has been completed. Deposits for device sales are usually recognised in advance of installation, and are categorised as a contract liability until the device has been installed. No significant element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. The group’s obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 17.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Extended warranty revenue

Extended warranty revenue is recognised over the period of which the warranty relates to, and can range from 12 to 48 months. Revenue is recognised on a straight-line basis over this period, as the warranty services provided are likely to be at any point of the warranty period. Warranty services consist of customer support, annual maintenance, in addition to replacement parts and labour.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities (continued)

The financial liabilities of the Group comprise trade payables and convertible notes. Refer to note 20 for the accounting policy relating to convertible notes.

(g) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(i) Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As at 30 June 2021 and 2020, the Group's lease activities are limited to head office lease.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Computer equipment has a useful life of 5 years, and all tools and office equipment has a useful life of 7 years.

Fixed asset additions under $6,000 are recognised immediately in the statement of profit or loss. All assets over $6,000 are depreciated over their useful lives to the Group.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

2 Summary of Significant Accounting Policies (continued)

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Binomial or Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(o) Going concern

The Director of the Group has prepared this financial report on the basis that the group will continue to operate as a going concern and that the debts of the business will continue to be settled as and when they fall due. The group recorded a net loss before tax for the financial year ended 30 June 2021 of $1,960,245 (2020: loss of $6,693,412), its current liabilities exceed its current assets by $1,702,603, its total liabilities exceed its total assets by $17,178,631 as at that date and the Group recorded a negative cash flow from operations of $1,209,804 for the financial year ended 30 June 2021.

The net current liability balance of $1,702,603 as at 30 June 2021 includes non-cash provision for warranty of $287,433 and contract liabilities of $1,620,657. Additionally, the PPP loan balance of $488,822 was forgiven by the US government subsequent to year end. Finally, CurveBeam AI Limited (the new parent entity of the Group, subsequent to the merger detailed in note 33) also advanced funds subsequent to year end for deposits on machines and to fund working capital. In accordance with its plans, the Group will require additional external debt and equity funding to support the execution of its strategy and its operational expenditure until it reaches scale and is in a profitable position.

2 Summary of Significant Accounting Policies (continued)

(o) Going concern (continued)

Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon:

- sale of goods continuing and growing in line with management's forecasts
- the Company obtaining continued equity funding, through additional issue of convertible notes or shares, and also includes pursuing a potential listing or potential sale transaction
- the long-term debt not being repaid in the 12 months from the date of signing
- the conversion of the convertible notes into shares upon sale transaction.

Additional information over the above is disclosed at note 33, events occurring after the reporting date.

The Group has previously demonstrated its ability to raise external debt and equity funding. On 31 October 2022, CurveBeam AI Limited (the new parent entity of the Group, subsequent to the merger detailed in note 33) finalised a capital raise, raising $10,701,000 AUD, before costs.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the director believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

(p) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Critical Accounting Estimates and Judgments

The director makes estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

3 Critical Accounting Estimates and Judgments (continued)

COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using recent comparable equity transactions, along with taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax for the period. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Warranty provision

At each reporting period, the Group considers its legal and constructive obligations warranties and maintenance on devices sold. Typically, the Group makes provision for warranty based on the manufacturers requirements in each of the jurisdictions in which it operates, as well as taking into account the history of repairs required, and expected costs of materials and labour the Group has assumed in respect of providing those warranty services. This requires judgment from management and an assessment of future warranty requirements.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

4 Revenue and Other Income

Revenue

	2021 $	2020 $
- Sales of devices	**4,636,798**	3,765,961
- Warranty revenue	**549,637**	327,769
- Other operating revenue	**211,780**	99,360
Total revenue	**5,398,215**	4,193,090

Timing of revenue recognition

	2021 $	2020 $
Revenue at a point in time	**4,848,578**	3,865,321
Revenue over time	**549,637**	327,769
Total revenue	**5,398,215**	4,193,090

Other Income

	2021 $	2020 $
- Fair value gain/(loss) on financial assets	**34,540**	-
- Grant income - Paycheck Protection Program	**447,653**	-
- Other income	**-**	13,344
Total other income	**482,193**	13,344

5 Cost of Sales

	2021 $	2020 $
Direct material costs	**2,662,718**	2,394,942
Indirect warranty, installation and servicing expenses	**219,448**	243,931
Freight costs	**99,572**	101,582
	2,981,738	2,740,455

6 Finance Expenses

	2021 $	2020 $
Interest on convertible notes	**147,305**	189,228
Other interest expense	**76,632**	35,570
Total finance expenses	**223,937**	224,798

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

7 Expenses

(a) Human Resource Expenses

	2021	2020
	$	$
Human Resource Remuneration	**2,516,210**	2,422,549
Share-based payments	**546,250**	1,014,869
	3,062,460	3,437,418

(b) Administrative, Insurance and Information Technology Expenses

	2021	2020
	$	$
Administrative expenses	**87,704**	55,731
Information technologies and systems	**59,627**	67,359
Insurance expense	**39,644**	39,809
	186,975	162,899

(c) Legal and Professional Fees

	2021	2020
	$	$
Legal and accounting fees	**93,904**	107,284
	93,904	107,284

(d) Legal settlement expense

During the year ended 30 June 2020, the Group entered into arbitration with a third party contractor in relation to a royalty on a R&D Collaboration Agreement. The arbitration was settled in April 2022 by way of an agreement to transfer $2,000,000 to the third party in settlement for royalties owing, disputed royalties, and buying out rights to all future royalties, which has been recognized as an expense in the 2020 financial.

8 Income Tax Expense

Numerical reconciliation of operating loss to prima facie income tax expense:

	2021	2020
	$	$
Operating loss before income tax	**(1,960,245)**	(6,693,412)
Tax benefit at the US tax rate of 21% (2020: 21%)	**(411,651)**	(1,405,617)
Tax effect of amounts that are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible expenditure included in P&L	**186,808**	718,446
Non-assessable income and other deductible expenditure	**(155,800)**	(62,753)
Tax losses distributed to partnership	**380,643**	749,924
Income tax expense	**-**	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

8 Income Tax Expense (continued)

Numerical reconciliation of operating loss to prima facie income tax expense: (continued)

The consolidated group is set-up as a partnership, as such the current and historical tax losses have been distributed to the owners and there is no unused tax benefit for which a deferred tax asset would be recognized.

9 Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank	**1,104,852**	194,798
	1,104,852	194,798

10 Trade and Other Receivables

	2021 $	2020 $
CURRENT		
Trade receivables	**718,022**	444,367
Provision for doubtful debts	**-**	-
	718,022	444,367

Credit risk

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2021 is determined as follows, the expected credit losses incorporate forward looking information.

	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total $
30 June 2021					
Expected loss rate (%)	**-**	**-**	**-**	**-**	
Gross carrying amount ($)	**328,475**	**3,325**	**20,000**	**366,222**	**718,022**
ECL provision	**-**	**-**	**-**	**-**	**-**
30 June 2020					
Expected loss rate (%)	-	-	-	-	
Gross carrying amount ($)	319,565	493	15,000	109,309	444,367
ECL provision	-	-	-	-	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

11 Inventory

	2021 $	2020 $
CURRENT		
At cost:		
Raw materials	**1,618,421**	1,065,068
	1,618,421	1,065,068

Refer to note 5 for details of inventory expensed during the period (amounting to $2,662,718). There was no write-down of inventory recognised or reversed in the period, and no inventory is pledged as security.

12 Other Assets

	2021 $	2020 $
CURRENT		
Prepayments	**24,564**	16,669
	24,564	16,669

	2021 $	2020 $
NON-CURRENT		
Rent security deposit	**15,589**	15,589
	15,589	15,589

13 Other Financial Assets

	2021 $	2020 $
NON-CURRENT		
Options in StraxCorp	**33,654**	-
	33,654	-

14 Property, plant and equipment

	2021	2020
	$	$
Office furniture		
At cost	**166,050**	166,856
Accumulated depreciation	**(52,602)**	(44,814)
Total office furniture	**113,448**	122,042
Computer equipment		
At cost	**90,437**	90,437
Accumulated depreciation	**(78,749)**	(74,219)
Total computer equipment	**11,688**	16,218
Tooling		
At cost	**647,036**	647,036
Accumulated depreciation	**(580,136)**	(560,132)
Total tooling	**66,900**	86,904
Total property, plant and equipment	**192,036**	225,164

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office furniture	Computer Equipment	Tooling	Total
	$	$	$	$
Year ended 30 June 2021				
Balance at the beginning of year	**122,042**	**16,218**	**86,904**	**225,164**
Disposals	**(806)**	**-**	**-**	**(806)**
Depreciation expense	**(7,788)**	**(4,530)**	**(20,004)**	**(32,322)**
Balance at the end of the year	**113,448**	**11,688**	**66,900**	**192,036**

	Office furniture	Computer Equipment	Tooling	Total
	$	$	$	$
Year ended 30 June 2020				
Balance at the beginning of year	17,493	9,909	74,314	101,716
Additions	112,338	10,262	49,450	172,050
Depreciation expense	(7,789)	(3,953)	(36,860)	(48,602)
Balance at the end of the year	122,042	16,218	86,904	225,164

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

15 Leases

Right-of-use assets

	Buildings $
Year ended 30 June 2021	
Balance at beginning of year	**420,365**
Depreciation charge	**(84,073)**
Balance at end of year	**336,292**

	Buildings $
Year ended 30 June 2020	
Balance at beginning of year	504,438
Depreciation charge	(84,073)
Balance at end of year	420,365

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year $	1 - 5 years $	> 5 years $	Total undiscounted lease liabilities $	Lease liabilities included in this Consolidated Statement Of Financial Position $
2021					
Lease liabilities	**101,957**	**333,900**	**-**	**435,857**	**393,601**
2020					
Lease liabilities	98,987	435,857	-	534,844	470,781

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2021 $	2020 $
Interest expense on lease liabilities	**(21,807)**	(25,570)
Depreciation of right-of-use assets	**(84,073)**	(84,073)
	(105,880)	(109,643)

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

15 Leases (continued)

Consolidated Statement of Cash Flows

	2021	2020
	$	$
Total cash outflow for leases	**(98,987)**	(96,104)

16 Trade and Other Payables

	2021	2020
	$	$
CURRENT		
Trade payables	**1,625,711**	1,541,721
Sales tax payable	**551,635**	366,259
Accrued expense	**509,941**	271,843
	2,687,287	2,179,823

	2021	2020
	$	$
NON-CURRENT		
Settlement payable (refer to note 7d)	**2,000,000**	2,000,000
	2,000,000	2,000,000

17 Provisions

	2021	2020
	$	$
CURRENT		
Provision for warranty	**287,433**	289,003
	287,433	289,003

18 Borrowings

	2021	2020
	$	$
CURRENT		
Government stimulus – Paycheck Protection Program loan[a]	**488,822**	447,653
	488,822	447,653

a) The Paycheck Protection Program established by the CARES Act, is implemented by the Small Business Administration with support from the Department of the Treasury. This program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead.

18 Borrowings (continued)

	2021	2020
	$	$
NON-CURRENT		
Loan from related parties[a]	**11,910,294**	11,206,596
	11,910,294	11,206,596

a) For details of loan from related parties, refer to Note 28.

19 Contract Liabilities

	Note	2021	2020
		$	$
CURRENT			
Contract liabilities[a]		**1,620,657**	1,318,309
		1,620,657	1,318,309

a) Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods (e.g. installed the machines) or services (e.g. provided warranty services) to the customer.

Movement in Contract Liabilities

	2021	2020
	$	$
Opening balance	**1,318,309**	851,219
Release of revenue recognised in period	**(886,594)**	(412,974)
Additional deposits received in period	**1,188,942**	880,064
Closing balance	**1,620,657**	1,318,309

20 Other Financial Liabilities

	2021	2020
	$	$
NON-CURRENT		
Convertible note	**1,833,967**	1,259,591
	1,833,967	1,259,591

During the current and prior years, the Group entered into convertible note agreements with a range of note holders.

The terms and conditions of the convertible notes vary, but in general, the following conditions apply:

- Interest accrues on the convertible notes at a simple interest rate of 10% per annum. It can either be repaid in cash or capitalised to the loan value

- The convertible notes convert into common units in the capital of the Group upon written notice from the holder to do so 10 days prior to the anniversary of issue, or anytime after the maturity of the convertible note.

20 Other Financial Liabilities (continued)

- The convertible notes convert into common units at the issue price of $1.00 per common unit.
- The maturity date range from 18 months to 36 months from the date of issue
- The convertible note can be redeemed for cash upon a default event or upon maturity.

Given the structure of the convertible notes, the was determined that, in line with Australian Accounting Standards Board guidelines AASB 9 and AASB 132, the convertible notes are to be treated as liabilities with an embedded derivative component classified as equity. As a part of this process, it was determined that the effective interest rate applicable to the convertible notes on a standalone liability basis would be 15%.

All convertible notes were converted into common units in the Company, refer to Subsequent Events note for additional details.

21 Issued Capital

	2021 $	2020 $
8,568,378 (2020: 7,511,278) Ordinary shares	**8,488,751**	7,512,305

(a) Ordinary shares

	2021 No.	2020 No.
At the beginning of the reporting period	**7,511,278**	6,578,278
Shares issued during the period	**1,057,100**	933,000
At the end of the reporting period	**8,568,378**	7,511,278

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, including convertible notes, the ability to adjust the size and timing of dividends paid to shareholders, or repayment of convertible notes and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

22 Accumulated Losses

	2021	2020
	$	$
Accumulated losses at the beginning of the financial year	**(32,998,480)**	(26,450,857)
Total loss for the year	**(1,893,157)**	(6,547,623)
Retained earnings at end of the financial year	**(34,891,637)**	(32,998,480)

23 Share-based payment reserves

	2021	2020
	$	$
Opening balance	**8,546,076**	7,531,207
Share-based payments during the year	**546,250**	1,014,869
	9,092,326	8,546,076

This reserve records the cumulative value of employee service received for the issue of incentive shares. Incentive shares do not confer voting rights but otherwise constitute equity in the company. They will convert to shares upon sale of the consolidated group.

(a) Share-based payment transactions during the period

During the 2021 financial year 546,250 (2020: 1,014,869) incentive shares were issued to contractors, senior managers and employees of CurveBeam.

(b) Equity-settled transactions

The fair value of each incentive share is estimated on the date of the grant based on the recent issue price of common units in the company. During the period, fair value was determined to be $1 per incentive share issued. Grant date was determined to be when the offer to the employee was made, and expense recognised on the same date, given there are no vesting conditions attached to the incentive shares.

(c) Movement during the year

The following table illustrates the movements in options, during the year ended 30 June 2021:

	2021	2020
	No.	No.
Outstanding at the beginning of the year	**8,546,076**	7,531,207
Granted during the year	**546,250**	1,014,869
Outstanding at the end of the year	**9,092,326**	8,546,076

24 Contracted Commitments

The Group did not enter to any contractual commitments or agreement during the financial year (30 June 2020: None).

25 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks
- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:
- Trade receivables
- Cash at bank
- Trade and other payables

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

30 June 2021

	Weighted average Interest rate	Within 1 Year	1 to 5 Years	Over 5 Years	Total contractual cash flows	Total carrying value
	%	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	4	2,687,287	2,000,000	-	4,687,287	4,687,287
Paycheck Protection Program	-	488,822	-	-	488,822	488,822
Related party payables	-	-	11,910,294	-	11,910,294	11,910,294
Convertible notes	10	-	1,462,499	-	1,462,499	1,833,967
Lease liabilities	5	101,957	333,900	-	435,857	393,601
Total		3,278,066	15,706,693	-	18,984,759	19,313,971

25 Financial Risk Management (continued)

30 June 2020

	Weighted average Interest rate	Within 1 Year	1 to 5 Years	Over 5 Years	Total contractual cash flows	Total carrying value
	%	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	5	2,179,823	2,000,000	-	4,179,823	4,179,823
Paycheck Protection Program	-	447,653	-	-	447,653	447,653
Related party payables	-	-	11,206,596	-	11,206,596	11,206,596
Convertible notes	10	-	970,003	-	970,003	1,259,591
Lease liabilities	5	98,987	435,857	-	534,844	470,781
Total		2,726,463	14,612,456	-	17,338,919	17,564,444

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity, and a failure to make contractual payments for a period greater than 1 year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

25 Financial Risk Management (continued)

(i) Foreign exchange risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity is most exposed to fluctuations in the EUR/USD, GBP/USD and AUD/USD foreign exchange rate.

Should this rate increase or decrease by 10% it would increase or decrease the loss after tax for the year by $8,962.

(ii) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(iii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Such risk is managed through diversification of investments across industries and geographic locations.

26 Key Management Personnel Remuneration

The following persons were deemed to be key management personnel of CurveBeam LLC during the financial year:

Arun Singh, Chief Executive Officer
Ryan Conlon, Director of Regulatory Affairs and Electromechanical Engineering
Vinti Singh, Director of Marketing
Turner Dean, VP of Sales

Compensation

The aggregated compensation made to key management personnel is set out below:

	2021	2020
	$	$
Short-term benefits	**205,029**	154,196
Share-based payments	**265,500**	278,000
	470,529	432,196

Arun Singh also holds 5,650,278 shares and 2,724,000 incentive shares in CurveBeam LLC as at 30 June 2021 (June 2020: 5,650,278 shares and 2,574,000 incentive shares, respectively).

Arun receives compensation primarily by way of incentive shares, with an agreement to receive 150,000 incentive shares per year, which are issued at a nominal value of $1 per share.

Turner Dean is an employee of CurveBeam Mobile LLC, his salary was paid by that entity.

27 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2021	Percentage Owned (%)* 2020
Subsidiaries:			
CurveBeam Mobile LLC*	Florida, USA	**45**	45

*Although the parent entity holds less than 50% interest in CurveBeam Mobile LLC, it has been determined that CurveBeam has control over this entity.

28 Related Parties

The Group's main related parties are as follows:

Key management personnel

For details of key management personnel remuneration, refer to Note 26.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

The company provides funding to CurveBeam Mobile, a subsidiary of the entity, as and when required. During June 2021, the company reimbursed expenses of $80,000 to CurveBeam Mobile.

CurveBeam Mobile held a minor loan payable to Turner Dean, amounting to $26,250 at year-end (FY20: $52,874). There are no fixed repayments or interest attached to this loan.

Receivable from and payable to related parties

There were no amounts receivable from, or payable to related parties.

Loans to/from related parties

As at 30 June 2021, the company had a loan payable to Arun Singh, the CEO and a shareholder in the business amounting to $11,884,044 (June 2020: $11,153,722).

The loan is not secured over any assets or property of the group and does not attract any interest. It is repayable as and when the company is able to do so.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

29 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	$	$
Total loss for the year	**(1,960,245)**	(6,693,412)
Adjustments for:		
- depreciation	**116,395**	179,379
- share options expensed	**546,250**	1,014,869
- interest on convertible notes	**147,305**	189,228
- receipts from government grants and COVID support programs	**-**	447,653
- fair value movements on investments	**(34,540)**	-
- other non-cash operating expenses	**1,692**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(273,655)**	(29,263)
- (increase)/decrease in prepayments	**(7,895)**	(2,394)
- (increase)/decrease in inventories	**(553,353)**	(809,077)
- increase/(decrease) in income in advance	**302,348**	467,090
- increase/(decrease) in trade and other payables	**507,464**	2,736,594
- increase/(decrease) in provisions	**(1,570)**	131,068
Cashflows from operations	**(1,209,804)**	(2,368,265)

30 Auditors' Remuneration

	2021	2020
	$	$
Remuneration of the auditor PricewaterhouseCoopers for:		
- auditing or reviewing the financial statements	**63,000**	74,500
	63,000	74,500

31 Contingencies

In the opinion of the Director, the Company did not have any contingencies as at 30 June 2021 (30 June 2020:None).

32 Parent entity

The following information has been extracted from the books and records of the parent entity, CurveBeam LLC and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, CurveBeam LLC has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

32 Parent entity (continued)

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2021	2020
	$	$
Statement of Financial Position		
Assets		
Current assets	**3,463,947**	1,711,989
Non-current assets	**566,038**	648,779
Total Assets	**4,029,985**	2,360,768
Liabilities		
Current liabilities	**4,999,217**	6,203,519
Non-current liabilities	**15,947,349**	12,806,914
Total Liabilities	**20,946,565**	19,010,433
Equity		
Issued capital	**8,488,751**	7,512,305
Share-based payment reserves	**9,092,326**	8,546,076
Embedded derivative	**219,806**	171,152
Accumulated losses	**(34,717,463)**	(32,879,198)
Total Equity	**(16,916,580)**	(16,649,665)
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(1,905,354)**	(6,574,130)
Total comprehensive income	**(1,905,354)**	(6,574,130)

Guarantees

The parent entity has not entered into a Deed of Cross-Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2021 or June 30, 2020.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2021 or June 30, 2020.

33 Events Occurring After the Reporting Date

In January 2022, the Group received confirmation that its application for forgiveness of the Paycheck Protection Program loan with the Small Business Administration had been accepted and the loan had been forgiven.

In April 2022, the Group converted almost all the convertible notes held into common units in the Group, except for $65,000 still outstanding and due to be repaid.During the year ended 30 June 2020, the Group entered into arbitration with a third party contractor. This was settled in April 2022 by way of an agreement to transfer $2,000,000 to the third party, which has been recognised as an expense in the 2020 financial year. The settlement was finalized in September 2022.

On 14 September 2022, the Group entered into an exclusive co-promotion and distribution agreement with the foot and ankle division of Stryker.

Subsequent to year-end, the Group signed a confidential non-binding heads of agreement with StraxCorp Pty Ltd, an Australian based software-as-a-medical-device business to explore a merger, in order to support the Group's strategic plans in the United States and other markets.

On 2 September 2022 the Group signed this merger agreement. The Merger is subject to meeting conditions precedent which include the following, among others:

- approval of the Merger by CurveBeam shareholders; and
- the required majority of holders of StraxCorp Convertible Notes in consenting to the amendment of the Convertible Note Deed.
- the completion of the conversion of StraxCorp to a public company. StraxCorp also changed its name to CurveBeam AI Limited.

On 12 October 2022, the conditions precedent to this acquisition were met and the merger was finalized.

The Group continues to be affected by the silicon chip shortages, being an indirect result of the COVID pandemic of 2020 and 2021.

Aside from the above, no other matters or circumstances have arisen since the end of the financial year which 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 financial years.

34 Statutory Information

The registered office and principal place of business of the Company is:

CurveBeam LLC
2800 Bronze Dr Ste 110 Hatfield
Pennsylvania, United States

CurveBeam LLC and its controlled entities

Director's Declaration

The director of the Group declares that:

1. the consolidated financial statements and notes for the year ended 30 June 2021:

    a. comply with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as stated in basis of preparation in Note 1 to the consolidated financial statements

    b. give a true and fair view of the financial position and performance of the consolidated group.

2. In the director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Director.

Director ....
Arun Singh

Dated this 14th day of March 2023

Independent auditor's report

To the members of CurveBeam, LLC

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of CurveBeam, LLC (the Company) and its controlled entities (together the Group) as at 30 June 2021 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

Material uncertainty related to going concern

We draw attention to Note 2(o) in the financial report, which indicates that the Group incurred a net loss of $1,960,245 and cash outflow from operations of $1,209,804 during the year ended 30 June 2021 and, as of that date, the Group's current liabilities exceed its current assets by $1,702,603, its total liabilities exceed its total assets by $17,178,631. As a result, the Group is dependent upon obtaining continued equity funding through additional issue of convertible notes or shares, including pursuing a potential listing, the long term debt not being repaid in the 12 months from the date of signing and the conversion of the convertible notes into shares upon sale transaction. These conditions, along with other matters set forth in Note 2(o), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter : basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes in connection with the proposed IPO. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for CurveBeam, LLC and its members and should not be used by parties other than CurveBeam, LLC and its members. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PwC Securities Ltd

Paul Lewis

Paul Lewis
Authorised Representative of PwC Securities Ltd

Melbourne
14 March 2023

CurveBeam LLC and its controlled entities

Annual Report

For the Year Ended 30 June 2022

CurveBeam LLC and its controlled entities

Contents

For the Year Ended 30 June 2022

Corporate Directory
30 June 2022

Registered office | Principal place of business

CurveBeam LLC
2800 Bronze Drive
Suite 110
Hatfield, PA 19440
United States
Phone: +1 267 483 8087
Fax: +1 267 483 8086

Auditor

PricewaterhouseCoopers
Level 19/2 Riverside Quay
Southbank VIC 3006
Australia

Legal Counsel (USA)

Sheppard Mullin
30 Rockefeller Plaza
New York, NY 101120015
Phone: +1 2126538700

Solicitor (Australia)

Johnson Winter & Slattery
Level 29/111 Eagle St
Brisbane City QLD 4000
Australia

Director's Report
30 June 2022

The managing director, Arun Singh, presents his report, together with the consolidated financial statements of the Group, being the CurveBeam LLC (the Company) and its controlled entities, for the financial year ended 30 June 2022.

Principal activities

The principal activities of the Group during the financial year were research, design, manufacture and sale of cone beam CT imaging equipment for orthopedic specialties, including the bi-lateral weight-bearing CT imaging system, HiRise.

No significant change in the nature of these activities occurred during the year.

Operating results and review of operations

The consolidated loss of the Group amounted to $3,963,923 (2021: loss of $1,960,245).

This amounts to an increase in net loss of $2,003,678, primarily as a result of the following notes:

- Increase in human resources expenses
  Human resources expenses increased by $1,171,333 compared to the prior comparative period (an increase of 38%) primarily due to additional share based payments expenses of $684,212 (refer to Note 24), as well as increase in employees during the period as a result of growth in the operations.
- Increase in legal and professional expenses
  Legal and professional expenses increased by $648,161 compared to the prior comparative period (an increase of 690%), primarily related to costs incurred for the merger (see Significant Changes in State of Affairs)
- Increase in sales and marketing expenses
  Sales and marketing expenses increased by $324,490 compared to the prior comparative period (an increase of 45%), related to additional trade shows carried on in the period.
- Increase in research and development expenses
  Research and development expenses increased by $326,062 compared to the prior comparative period (an increase of 116%), related to additional projects undertaken during the year.

The above negative impacts on net loss for the period were offset by:

Other income increased by $222,001, due to forgiveness of part of the Paycheck Protection Program loan in the June 2022 year amounting to $488,822.

Incentive shares

A total of 1,029,552 incentive shares were issued during the year ended 30 June 2022 (546,250 issued during the year ended 30 June 2021), resulting in $1,230,462 and $546,250 in share-based payments recognised in the statement of profit or loss, respectively. Refer to Note 24 for additional details.

Significant changes in state of affairs

During the year, the Company issued 6,800,587 common units in the company for a total of $7,764,085 by issue of common units in the company, which included the following (see note 22 for full details):

- 3,355,064 shares issued for partial settlement of loan in lieu of cash, with a total value of $3,955,064;
- 1,959,398 shares issued on conversion of convertible notes, with a total value of $1,932,307;
- 1,286,125 shares issued on capital raisings completed, raising $1,456,891

Director's Report
30 June 2022

Significant changes in state of affairs (continued)

The Company also issued convertible notes raising a total of $110,066.

In January 2022, the Group received confirmation that its application for forgiveness of the Paycheck Protection Program loan with the Small Business Administration had been accepted and the loan had been forgiven.

In April 2022, the Group converted all the convertible notes held into common units in the Group, except for $65,000 expected to be repaid in cash.

During the year, the Group signed a confidential nonbinding heads of agreement with StraxCorp Pty Ltd, an Australian based software-as-a-medical-device business to explore a merger, in order to support the Group's strategic plans in the United States and other markets.

On 2 September 2022 the Group signed this merger agreement. The Merger is subject to meeting conditions precedent which include the following, among others:

- approval of the Merger by CurveBeam shareholders; and
- the required majority of holders of StraxCorp Convertible Notes in consenting to the amendment of the Convertible Note Deed.
- the completion of the conversion of StraxCorp to a public company. StraxCorp also changed its name to CurveBeam AI Limited.

On 12 October 2022, the conditions precedent to this acquisition were met and the merger was finalized.

Aside from the above, there have been no other significant changes in the state of affairs of entities in the Group during the year.

Events after the reporting date

On 14 September 2022, the Group entered into an exclusive co-promotion and distribution agreement with the foot and ankle division of Stryker.

On 21 March 2023, the Group entered into an agreement to acquire the CT device distribution rights from a German based distributor for a gross amount of €435,000.

The Group continues to be affected by the silicon chip shortages, being an indirect result of the COVID pandemic of 2020, 2021 and 2022.

Aside from the above, no other matters or circumstances have arisen since the end of the financial year which 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 financial years.

Future developments and results

Refer to the principal activities and review of operations sections above for additional information on the likely developments and expected results of operations.

Further information has not been included in this report because the director believes it would like likely to result in unreasonable prejudice to the consolidated entity.

Director's Report
30 June 2022

Impact of COVID-19

The outbreak of COVID-19 and the subsequent quarantine measures imposed by US and other governments, as well as the travel and trade restrictions imposed by US and other countries through financial periods ended June 2021 and June 2022, have caused disruption to businesses and economic activity. For the Group this has particularly impacted its ability to procure components that require chips.

In response to COVID-19, the US Governments' implemented policies and measures through calendar years 2021 and 2022 with the aim of containing the virus, with most jurisdictions requiring extended social and workplace restrictions. Other than as outlined above, these measures have not had any material impact on the business.

The Group's business operations currently remain resilient in the face of the challenges presented by these continuing social and workplace restrictions.

Proceedings on behalf of group

No person has applied for leave of court 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.

Signed in accordance with a resolution of the Director:

Director: ....
Arun Singh

Dated this 3rd day of May 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue	4	**5,418,179**	5,398,215
Cost of sales	5	**(2,434,341)**	(2,981,738)
Gross profit		**2,983,838**	2,416,477
Other income	4	**704,194**	482,193
Human resource expenses	7(a)	**(4,233,793)**	(3,062,460)
Administrative, insurance and information technology expenses	7(b)	**(274,923)**	(186,975)
Legal and professional fees	7(c)	**(742,065)**	(93,904)
Sales and marketing expenses		**(1,047,944)**	(723,454)
Research and development expenses		**(606,697)**	(280,635)
Regulatory expenses		**(133,142)**	(112,640)
Travel and entertainment expenses		**(143,279)**	(51,004)
Finance expenses	6	**(156,991)**	(223,937)
Foreign currency exchange gains/(losses)		**(36,864)**	(5,510)
Depreciation and amortisation expense		**(186,385)**	(116,395)
Other expenses		**(89,872)**	(2,001)
Loss before income tax		**(3,963,923)**	(1,960,245)
Income tax expense	8	**-**	-
Loss for the year		**(3,963,923)**	(1,960,245)
Other comprehensive income/(loss) for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(3,963,923)**	(1,960,245)
Loss attributable to:			
Members of the parent entity		**(3,963,923)**	(1,893,157)
Non-controlling interest		**-**	(67,088)
		(3,963,923)	(1,960,245)
Total comprehensive loss attributable to:			
Members of the parent entity		**(3,963,923)**	(1,893,157)
Non-controlling interest		**-**	(67,088)
		(3,963,923)	(1,960,245)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**699,078**	1,104,852
Trade and other receivables	10	**1,487,937**	718,022
Inventory	11	**2,742,683**	1,618,421
Other assets	12	**121,744**	24,564
TOTAL CURRENT ASSETS		**5,051,442**	3,465,859
NON-CURRENT ASSETS			
Other financial assets	13	**22,145**	33,654
Property, plant and equipment	14	**125,568**	192,036
Intangible assets	15	**46,685**	-
Right-of-use assets	16	**252,219**	336,292
Other assets	12	**15,589**	15,589
TOTAL NON-CURRENT ASSETS		**462,206**	577,571
TOTAL ASSETS		**5,513,648**	4,043,430
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**4,480,890**	2,687,287
Borrowings	19	**-**	488,822
Lease liabilities	16	**91,807**	84,263
Short-term provisions	18	**202,543**	287,433
Contract liabilities	20	**3,922,070**	1,620,657
Other financial liabilities	21	**65,000**	-
TOTAL CURRENT LIABILITIES		**8,762,310**	5,168,462
NON-CURRENT LIABILITIES			
Trade and other payables	17	**-**	2,000,000
Borrowings	19	**9,019,360**	11,910,294
Lease liabilities	16	**217,531**	309,338
Other financial liabilities	21	**-**	1,833,967
TOTAL NON-CURRENT LIABILITIES		**9,236,891**	16,053,599
TOTAL LIABILITIES		**17,999,201**	21,222,061
NET LIABILITIES		**(12,485,553)**	(17,178,631)
EQUITY			
Issued capital	22	**16,252,836**	8,488,751
Share-based payment reserves	24	**10,322,788**	9,092,326
Embedded derivative		**7,260**	219,806
Accumulated losses	23	**(39,068,437)**	(34,891,637)
Total equity attributable to equity holders of the Company		**(12,485,553)**	(17,090,754)
Non-controlling interests		**-**	(87,877)
TOTAL EQUITY		**(12,485,553)**	(17,178,631)

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Issued Capital	Accumulated Losses	Share-based payment Reserves	Embedded Derivative	Non-controlling Interests	Total
	$	$	$	$	$	$
Balance at 1 July 2021	**8,488,751**	**(34,891,637)**	**9,092,326**	**219,806**	**(87,877)**	**(17,178,631)**
Profit attributable to members of the parent entity	**-**	**(3,963,923)**	**-**	**-**	**-**	**(3,963,923)**
Transactions with owners in their capacity as owners						
Share-based payment transactions	**-**	**-**	**1,230,462**	**-**	**-**	**1,230,462**
Shares issued during the year	**7,422,945**	**-**	**-**	**-**	**-**	**7,422,945**
Transfer of NCI to retained earnings	**125,000**	**(212,877)**	**-**	**-**	**87,877**	**-**
Transfer of embedded derivative to issued capital upon conversion of convertible notes	**216,140**	**-**	**-**	**(216,140)**	**-**	**-**
Additional conversion options from issue of convertible notes	**-**	**-**	**-**	**3,594**	**-**	**3,594**
Balance at 30 June 2022	**16,252,836**	**(39,068,437)**	**10,322,788**	**7,260**	**-**	**(12,485,553)**

2021

	Issued Capital	Accumulated Losses	Share-based payment Reserves	Embedded Derivative	Non-controlling Interests	Total
	$	$	$	$	$	$
Balance at 1 July 2020	7,512,305	(32,998,480)	8,546,076	171,152	(20,789)	(16,789,736)
Profit attributable to members of the parent entity	-	(1,893,157)	-	-	-	(1,893,157)
Profit attributable to non-controlling interests	-	-	-	-	(67,088)	(67,088)
Transactions with owners in their capacity as owners						
Share-based payment transactions	-	-	546,250	-	-	546,250
Shares issued during the year	976,446	-	-	-	-	976,446
Additional conversion options from issue of convertible notes	-	-	-	48,654	-	48,654
Balance at 30 June 2021	8,488,751	(34,891,637)	9,092,326	219,806	(87,877)	(17,178,631)

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**6,948,932**	5,874,561
Payments to suppliers and employees		**(9,823,927)**	(7,007,733)
Interest paid		**(33,370)**	(76,632)
Net cash provided by/(used in) operating activities	30	**(2,908,365)**	(1,209,804)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(7,529)**	-
Purchase of financial asset at amortised cost		**(22,145)**	-
Net cash provided by/(used in) investing activities		**(29,674)**	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from related party loans		**1,104,130**	744,867
Proceeds from issue of shares		**1,456,891**	976,446
Proceeds from issue of convertible notes		**110,066**	475,725
Repayment of lease principal		**(101,958)**	(77,180)
Net cash provided by/(used in) financing activities		**2,569,129**	2,119,858
Net increase/(decrease) in cash and cash equivalents		**(368,910)**	910,054
Cash and cash equivalents at beginning of year		**1,104,852**	194,798
Effect of exchange rates on cash holdings in foreign currencies		**(36,864)**	-
Cash and cash equivalents at end of financial year	9	**699,078**	1,104,852

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

The consolidated financial report covers CurveBeam LLC and its controlled entities ('the Group'). CurveBeam LLC is a for-profit limited liability company, incorporated and domiciled in USA.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in US dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Director on 3 May 2023. The director has the power to amend and reissue the consolidated financial statements.

1 Basis of Preparation

These general purpose consolidated financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements have been prepared solely for the purpose of the Group seeking admission into the Australian Stock Exchange (ASX) through a public offering ('IPO') and therefore are not prepared to fulfill any statutory requirement.

Changes to presentation

Comparative information is reclassified where appropriate to enhance comparability and provide more appropriate information to users.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

A list of controlled entities is contained in Note 28 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

2 Summary of Significant Accounting Policies (continued)

(b) Business combinations (continued)

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Device sales, as well as other operating revenue, are recognised at a point-in-time, usually being when the device has been installed and is ready for use, or when the good or service associated with the other operating revenue has been completed. Deposits for device sales are usually recognised in advance of installation, and are categorised as a contract liability until the device has been installed. No significant element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 18.

Extended warranty revenue

Extended warranty revenue is recognised over the period of which the warranty relates to, and can range from 12 to 60 months. Revenue is recognised on a straight-line basis over this period, as the warranty services provided are likely to be at any point of the warranty period. Warranty services consist of customer support, annual maintenance, in addition to replacement parts and labour.

2 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial liabilities (continued)

The financial liabilities of the Group comprise trade payables and convertible notes. Refer to note 21 for the accounting policy relating to convertible notes.

(g) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

2 Summary of Significant Accounting Policies (continued)

(i) Leases (continued)

(i) Right-of-use asset

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(ii) Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As at 30 June 2022 and 2021, the Group's lease activities are limited to head office lease.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Computer equipment has a useful life of 5 years, and all tools and office equipment has a useful life of 7 years.

Fixed asset additions under $6,000 are recognised immediately in the statement of profit or loss. All assets over $6,000 are depreciated over their useful lives to the company.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

2 Summary of Significant Accounting Policies (continued)

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Binomial or Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(o) Going concern

The Director of the Group has prepared this financial report on the basis that the group will continue to operate as a going concern and that the debts of the business will continue to be settled as and when they fall due. The group recorded a net loss before tax for the financial year ended 30 June 2022 of $3,963,923 (2021: loss of $1,960,245), its current liabilities exceed its current assets by $3,710,868, its total liabilities exceed its total assets by $12,485,553 as at that date and the Group recorded a negative cash flow from operations of $2,908,365 for the financial year ended 30 June 2022.

The net current liability balance of $3,710,868 as at 30 June 2022 includes non-cash provision of warranty of $202,543 and contract liability of $3,922,070. Finally, CurveBeam AI Limited (the new parent entity of the Group, subsequent to the merger detail in note 34) also advanced funds for deposits on machines and to fund working capital.

In accordance with its plans, the Group will require additional external debt and equity funding to support the execution of its strategy and its operational expenditure until it reaches scale and is in a profitable position.

2 Summary of Significant Accounting Policies (continued)

(o) Going concern (continued)

Therefore, the continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon:

- sale of goods continuing and growing in line with management's forecasts
- the Company obtaining continued equity funding, through additional issue of convertible notes or shares, and also includes pursuing a potential listing or potential sale transaction
- the long-term debt not being repaid in the 12 months from the date of signing
- the conversion of the convertible notes into shares upon sale transaction.

Additional information over the above is disclosed at note 34, events occurring after the reporting date.

The Group has previously demonstrated its ability to raise external debt and equity funding. Subsequent to year end in October 2022 and February 2023, CurveBeam AI Limited (the new parent entity of the Group, subsequent to the merger detailed in note 34) finalised a pre-IPO capital raise, having raised $25,000,000 AUD, before costs by way of convertible note issue.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the director believe that the Group will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

(p) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Critical Accounting Estimates and Judgments

The director makes estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

3 Critical Accounting Estimates and Judgments (continued)

COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using recent comparable equity transactions, along with taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax for the period. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Warranty provision

At each reporting period, the Group considers its legal and constructive obligations warranties and maintenance on devices sold. Typically, the Group makes provision for warranty based on the manufacturers requirements in each of the jurisdictions in which it operates, as well as taking into account the history of repairs required, and expected costs of materials and labour the Group has assumed in respect of providing those warranty services. This requires judgment from management and an assessment of future warranty requirements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

4 Revenue and Other Income

Revenue

	2022	2021
	$	$
- Sales of devices	**4,369,657**	4,636,798
- Warranty revenue	**699,267**	549,637
- Other operating revenue	**349,255**	211,780
Total revenue	**5,418,179**	5,398,215

Timing of revenue recognition

	2022	2021
	$	$
Revenue at a point in time	**4,718,912**	4,848,578
Revenue over time	**699,267**	549,637
Total revenue	**5,418,179**	5,398,215

Other Income

	2022	2021
	$	$
- Fair value gain/(loss) on financial assets	**(32,193)**	34,540
- Gain on stocktake adjustment	**220,141**	-
- Grant income - Paycheck Protection Program	**488,079**	447,653
- Other income	**28,167**	-
Total other income	**704,194**	482,193

5 Cost of Sales

	2022	2021
	$	$
Direct material costs*	**1,841,763**	2,647,964
Other direct costs	**404,208**	-
(Gain)/loss in movement of warranty provision	**(14,175)**	154,933
Freight cost and other indirect charges	**202,545**	178,841
	2,434,341	2,981,738

*Direct material costs above include a credit adjustment to record the valuation of pre-owned devices in stock amounting to $289,043.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

6 Finance Expenses

	2022	2021
	$	$
Interest on convertible notes	**51,348**	147,305
Other interest expense	**105,643**	76,632
Total finance expenses	**156,991**	223,937

7 Expenses

(a) Human Resource Expenses

	2022	2021
	$	$
Human Resource Remuneration	**3,003,331**	2,516,210
Share-based payments	**1,230,462**	546,250
	4,233,793	3,062,460

(b) Administrative, Insurance and Information Technology Expenses

	2022	2021
	$	$
Administrative expenses	**108,005**	87,704
Information technologies and systems	**126,554**	59,627
Insurance expense	**40,364**	39,644
	274,923	186,975

(c) Legal and Professional Fees

	2022	2021
	$	$
Legal and accounting fees	**742,065**	93,904
	742,065	93,904

8 Income Tax Expense

Numerical reconciliation of operating loss to prima facie income tax expense:

	2022	2021
	$	$
Operating loss before income tax	**(3,963,923)**	(1,960,245)
Tax benefit at the US tax rate of 21% (2020: 21%)	**(832,424)**	(411,651)
Tax effect of amounts that are non-deductible/(non-taxable) in calculating taxable income:		
Non-deductible expenditure included in P&L	**324,561**	186,808
Non-assessable income and other deductible expenditure	**(138,960)**	(155,800)
Tax losses not recognised	**646,823**	380,643
Income tax expense	**-**	-

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2022

9 Cash and Cash Equivalents

	2022 $	2021 $
Cash at bank	**699,078**	1,104,852
	699,078	1,104,852

10 Trade and Other Receivables

	2022 $	2021 $
CURRENT		
Trade receivables	**1,617,809**	718,022
Provision for doubtful debts	**(129,872)**	-
	1,487,937	718,022

Credit risk

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2022 is determined as follows, the expected credit losses incorporate forward looking information.

	Current	> 30 days past due	> 60 days past due	> 90 days past due	Total $
30 June 2022					
Expected loss rate (%)	**-**	**-**	**-**	**20**	**8**
Gross carrying amount ($)	**458,134**	**410,713**	**97,300**	**651,662**	**1,617,809**
ECL provision	**-**	**-**	**-**	**(129,872)**	**(129,872)**
30 June 2021					
Expected loss rate (%)	-	-	-	-	-
Gross carrying amount ($)	328,475	3,325	20,000	366,222	718,022
ECL provision	-	-	-	-	-

11 Inventory

	2022 $	2021 $
CURRENT		
At cost:		
Finished goods	**801,033**	-
Raw materials	**1,941,650**	1,618,421
	2,742,683	1,618,421

Refer to note 5 for details of inventory expensed during the period (amounting to $2,130,806). There was no write-down of inventory recognised or reversed in the period, and no inventory is pledged as security.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

12 Other Assets

	2022 $	2021 $
CURRENT		
Prepayments	**121,744**	24,564
	121,744	24,564

	2022 $	2021 $
NON-CURRENT		
Rent security deposit	**15,589**	15,589
	15,589	15,589

13 Other Financial Assets

	2022 $	2021 $
NON-CURRENT		
Investment in Standing CT	**22,145**	-
Options in StraxCorp	**-**	33,654
	22,145	33,654

14 Property, plant and equipment

	2022 $	2021 $
Office furniture		
At cost	**212,518**	166,050
Accumulated depreciation	**(138,693)**	(52,602)
Total office furniture	**73,825**	113,448
Computer equipment		
At cost	**98,201**	90,437
Accumulated depreciation	**(86,152)**	(78,749)
Total computer equipment	**12,049**	11,688
Tooling		
At cost	**647,036**	647,036
Accumulated depreciation	**(607,342)**	(580,136)
Total tooling	**39,694**	66,900
Total property, plant and equipment	**125,568**	192,036

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

14 Property, plant and equipment (continued)

Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Office furniture	Computer Equipment	Tooling	Total
	$	$	$	$
Year ended 30 June 2022				
Balance at the beginning of year	**113,448**	**11,688**	**66,900**	**192,036**
Additions	**-**	**7,764**	**-**	**7,764**
Disposals	**-**	**-**	**-**	**-**
Depreciation expense	**(39,623)**	**(7,403)**	**(27,206)**	**(74,232)**
Balance at the end of the year	**73,825**	**12,049**	**39,694**	**125,568**

	Office furniture	Computer Equipment	Tooling	Total
	$	$	$	$
Year ended 30 June 2021				
Balance at the beginning of year	122,042	16,218	86,904	225,164
Disposals	(806)	-	-	(806)
Depreciation expense	(7,788)	(4,530)	(20,004)	(32,322)
Balance at the end of the year	113,448	11,688	66,900	192,036

15 Intangible Assets

	2022	2021
	$	$
Patent		
Cost	**75,000**	-
Accumulated amortisation and impairment	**(28,315)**	-
Net carrying value	**46,685**	-
Total Intangible assets	**46,685**	-

15 Intangible Assets (continued)

Movements in carrying amounts of intangible assets

	Patent	Total
	$	$
Year ended 30 June 2022		
Balance at the beginning of the year	**-**	**-**
Additions	**75,000**	**75,000**
Amortisation	**(28,315)**	**(28,315)**
Closing value at 30 June 2022	**46,685**	**46,685**

16 Leases

Right-of-use assets

	2022	2021
	$	$
Balance at beginning of year	**336,292**	420,365
Depreciation charge	**(84,073)**	(84,073)
	252,219	336,292

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Consolidated Statement Of Financial Position
	$	$	$	$	$
2022					
Lease liabilities	**105,016**	**228,884**	**-**	**333,900**	**309,338**
2021					
Lease liabilities	101,957	333,900	-	435,857	393,601

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2022

16 Leases (continued)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2022	2021
	$	$
Interest expense on lease liabilities	**(17,694)**	(21,807)
Depreciation of right-of-use assets	**(84,073)**	(84,073)
	(101,767)	(105,880)

Consolidated Statement of Cash Flows

	2022	2021
	$	$
Total cash outflow for leases	**(101,957)**	(98,987)

17 Trade and Other Payables

	2022	2021
	$	$
CURRENT		
Trade payables	**1,542,270**	1,625,711
Sales tax payable	**622,796**	551,635
Accrued expense	**470,448**	509,941
Settlement payable	**1,845,376**	-
	4,480,890	2,687,287

	2022	2021
	$	$
NON-CURRENT		
Settlement payable	**-**	2,000,000
	-	2,000,000

During the year ended 30 June 2020, the Group entered into arbitration with a third party contractor in relation to a royalty on a R&D Collaboration Agreement. The arbitration was settled in April 2022 by way of an agreement to transfer $2,000,000 to the third party in settlement for royalties owing, disputed royalties, and buying out rights to all future royalties, which has been recognized as an expense in the 2020 financial. Payment to the third party was finalised in September 2022.

18 Provisions

	2022	2021
	$	$
CURRENT		
Provision for warranty	**202,543**	287,433
	202,543	287,433

19 Borrowings

	2022	2021
	$	$
CURRENT		
Government stimulus – Paycheck Protection Program loan(a)	-	488,822
	-	488,822

a) The Paycheck Protection Program established by the CARES Act, is implemented by the Small Business Administration with support from the Department of the Treasury. This program is providing small businesses with the resources they need to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead.

	2022	2021
	$	$
NON-CURRENT		
Loan from related parties(a)	**9,019,360**	11,910,294
	9,019,360	11,910,294

a) For details of loan from related parties, refer to Note 29.

20 Contract Liabilities

	2022	2021
	$	$
CURRENT		
Contract liabilities(a)	**3,922,070**	1,620,657
	3,922,070	1,620,657

a) Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods (e.g. installed the machines) or services (e.g. provided warranty services) to the customer.

Movement in Contract Liabilities

	2022	2021
	$	$
Opening balance	**1,620,657**	1,318,309
Release of revenue recognised in period	**(1,991,227)**	(886,594)
Additional deposits received in period	**4,292,640**	1,188,942
Closing balance	**3,922,070**	1,620,657

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

21 Other Financial Liabilities

	2022 $	2021 $
CURRENT		
Convertible note	**65,000**	-
Total	**65,000**	-

	2022 $	2021 $
NON-CURRENT		
Convertible note	**-**	1,833,967
	-	1,833,967

During the current and prior years, the Group entered into convertible note agreements with a range of note holders.

The terms and conditions of the convertible notes vary, but in general, the following conditions apply:

- Interest accrues on the convertible notes at a simple interest rate of 10% per annum. It can either be repaid in cash or capitalised to the loan value
- The convertible notes convert into common units in the capital of the Group upon written notice from the holder to do so 10 days prior to the anniversary of issue, or anytime after the maturity of the convertible note.
- The convertible notes convert into common units at the issue price of $1.00 per common unit.
- The maturity date range from 18 months to 36 months from the date of issue
- The convertible note can be redeemed for cash upon a default event or upon maturity.

Given the structure of the convertible notes, the was determined that, in line with Australian Accounting Standards Board guidelines AASB 9 and AASB 132, the convertible notes are to be treated as liabilities with an embedded derivative component classified as equity. As a part of this process, it was determined that the effective interest rate applicable to the convertible notes on a standalone liability basis would be 15%.

The majority of convertible notes were converted into common units in the Company, refer to Issued Capital note for additional details.

22 Issued Capital

	2022 $	2021 $
15,368,965 (2021: 8,568,378) Ordinary shares	**16,252,836**	8,488,751

22 Issued Capital (continued)

(a) Ordinary shares

	2022	2022	2021	2021
	$	No.	$	No
At the beginning of the reporting period	8,488,751	8,568,378	7,512,305	7,511,278
Convertible notes converted into shares	1,932,307	1,959,398	462,538	462,538
Embedded derivatives transferred to issued capital upon convertible note conversion	216,141	-	-	-
Shares issued for settlement of loan in lieu of cash*	3,955,064	3,355,064	-	-
Shares issued to acquire interest in subsidiary**	125,000	125,000	-	-
Shares issued in exchange for patent rights	75,000	75,000	-	-
Shares issued during the period	1,456,891	1,286,125	513,908	594,562
Exchange differences on foreign share issue	3,682	-	-	-
At the end of the reporting period	**16,252,836**	**15,368,965**	**8,488,751**	**8,568,378**

*Refer to Note 27 for details of shares issued for partial settlement of loan.
**In January 2022, $125,000 of shares in CurveBeam LLC was issued to acquire 55% of CurveBeam Mobile

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, including convertible notes, the ability to adjust the size and timing of dividends paid to shareholders, or repayment of convertible notes and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios.

23 Accumulated Losses

	2022	2021
	$	$
Accumulated losses at the beginning of the financial year	**(34,891,637)**	(32,998,480)
Total loss for the year	**(3,963,923)**	(1,893,157)
Transfer of NCI to retained earnings	**(212,877)**	-
Retained earnings at end of the financial year	**(39,068,437)**	(34,891,637)

24 Share-based payment reserves

	2022	2021
	$	$
Opening balance	**9,092,326**	8,546,076
Share-based payments during the year	**1,230,462**	546,250
	10,322,788	9,092,326

This reserve records the cumulative value of employee service received for the issue of incentive shares. Incentive shares do not confer voting rights but otherwise constitute equity in the company. They will convert to shares upon sale of the consolidated group.

(a) Share-based payment transactions during the period

During the 2022 financial year 1,029,552 (2021: 546,250) incentive shares were issued to contractors, senior managers and employees of CurveBeam.

(b) Equity-settled transactions

The fair value of each incentive share is estimated on the date of the grant based on the recent issue price of common units in the company. During the period, fair value was determined to be $1.20 (2021: $1) per incentive share issued. Grant date was determined to be when the offer to the employee was made, and expense recognised on the same date, given there are no vesting conditions attached to the incentive shares.

(c) Movement during the year

The following table illustrates the movements in options, during the year ended 30 June 2022:

	2022	2021
	No.	No.
Outstanding at the beginning of the year	**9,092,326**	8,546,076
Granted during the year	**1,029,552**	546,250
Outstanding at the end of the year	**10,121,878**	9,092,326

25 Contracted Commitments

The Group did not enter to any contractual commitments or agreement during the financial year (30 June 2021: None).

26 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

26 Financial Risk Management (continued)

The most significant financial risks to which the Group is exposed to are described below:

Specific risks
- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:
- Trade receivables
- Cash at bank
- Trade and other payables

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

30 June 2022

	Weighted average Interest rate	Within 1 Year	1 to 5 Years	Over 5 Years	Total contractual cash flows	Total carrying value
	%	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	4	4,480,890	-	-	4,480,890	4,480,890
Related party payables	-	-	9,019,360	-	9,019,360	9,019,360
Convertible notes	10	65,000	-	-	65,000	65,000
Lease liabilities	5	105,016	228,884	-	333,900	309,338
Total		4,650,906	9,248,244	-	13,899,150	13,874,588

26 Financial Risk Management (continued)

30 June 2021

	Weighted average Interest rate	Within 1 Year	1 to 5 Years	Over 5 Years	Total contractual cash flows	Total carrying value
	%	$	$	$	$	$
Financial liabilities due for payment						
Trade and other payables	4	2,687,287	2,000,000	-	4,687,287	4,687,287
Paycheck Protection Program	-	488,822	-	-	488,822	488,822
Related party payables	-	-	11,910,294	-	11,910,294	11,910,294
Convertible notes	10	-	1,462,499	-	1,462,499	1,833,967
Lease liabilities	5	101,957	333,900	-	435,857	393,601
Total		3,278,066	15,706,693	-	18,984,759	19,313,971

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables

Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity, and a failure to make contractual payments for a period greater than 1 year.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

26 Financial Risk Management (continued)

(i) Foreign exchange risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The consolidated entity is most exposed to fluctuations in the EUR/USD, GBP/USD and AUD/USD foreign exchange rate.

Should this rate increase or decrease by 10% it would increase or decrease the loss after tax for the year by $4,469.

(ii) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(iii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

Such risk is managed through diversification of investments across industries and geographic locations.

27 Key Management Personnel Remuneration

The following persons were deemed to be key management personnel of CurveBeam LLC during the financial year:

Arun Singh, Chief Operating Officer
Ryan Conlon, Director of Regulatory Affairs and Electromechanical Engineering
Vinti Singh, Director of Marketing
Turner Dean, VP of Sales

Compensation

The aggregated compensation made to key management personnel is set out below:

	2022	2021
	$	$
Short-term benefits	**209,917**	205,029
Share-based payments	**170,700**	265,500
	380,617	470,529

Arun Singh also holds, directly or indirectly, 9,005,342 common units and 2,874,000 incentive shares in CurveBeam LLC as at 30 June 2022 (30 June 2021: 5,650,278 shares and 2,574,000 incentive shares, respectively).

Arun receives compensation primarily by way of incentive shares, with an agreement to receive 150,000 incentive shares per year, which are issued at a nominal value of $1.25 per share. Additionally, during the 30 June 2022 financial year, Arun converted $955,064 of his loan into 955,064 common units at $1.00 per share, and $3,000,000 of his loan into 2,400,000 common units at $1.25 per share.

Turner Dean is an employee of CurveBeam Mobile LLC, his salary was paid by that entity.

28 Interests in Subsidiaries

Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2022	Percentage Owned (%)* 2021
Subsidiaries:			
CurveBeam Mobile LLC*	Florida, USA	**100**	45

*On January 2022, CurveBeam acquired the remaining 55% of CurveBeam Mobile and it became a fully owned subsidiary of the group.

29 Related Parties

The Group's main related parties are as follows:

Key management personnel

For details of key management personnel remuneration, refer to Note 27.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

The company provides funding to CurveBeam Mobile, a subsidiary of the entity, as and when required. During the year ended 30 June 2022, the company reimbursed expenses of $225,000 to CurveBeam Mobile.

CurveBeam Mobile held a minor loan payable to Turner Dean, amounting to $13,250 at year-end (30 June 2021: $26,250). There are no fixed repayments or interest attached to this loan.

Receivable from and payable to related parties

There were no amounts receivable from, or payable to related parties.

Loans to/from related parties

As at 30 June 2022, the company had a loan payable to Arun Singh, the director of the business amounting to $9,006,110 (30 June 2021: $11,884,044).

The loan is not secured over any assets or property of the group and does not attract any interest. It is repayable as and when the company is able to do so.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

30 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	$	$
Total loss for the year	**(3,963,923)**	(1,960,245)
Adjustments for:		
- depreciation	**186,385**	116,395
- share options expensed	**1,230,463**	546,250
- interest on convertible notes	**60,551**	147,305
- other non-cash interest	**63,070**	-
- receipts from government grants and COVID support programs	**(488,079)**	-
- fair value movements on investments	**32,193**	(34,540)
- other non-cash operating expenses	**9,415**	1,692
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(809,916)**	(273,655)
- (increase)/decrease in prepayments	**(97,180)**	(7,895)
- (increase)/decrease in inventories	**(1,124,261)**	(553,353)
- increase/(decrease) in income in advance	**2,301,412**	302,348
- increase/(decrease) in trade and other payables	**(251,771)**	507,464
- increase/(decrease) in provisions	**(56,724)**	(1,570)
Cashflows from operations	**(2,908,365)**	(1,209,804)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022	2021
	$	$
Cash and cash equivalents (note 9)	**699,078**	1,104,852
Borrowings (note 19)	**(9,019,360)**	(12,399,116)
Lease liabilities (note 16)	**(309,338)**	(393,601)
Other financial liabilities (note 21)	**(65,000)**	(1,833,967)
Net debt	**(8,694,620)**	(13,521,832)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

30 Cash Flow Information (continued)

	Liabilities from financing activities				Other assets	
	Borrowings	Leases	Other financial liabilities	Sub-total	Cash at bank	Total
	$	$	$	$	$	$
Net debt as at 1 July 2020	(11,654,249)	(470,781)	(1,259,591)	(13,384,621)	194,798	(13,189,823)
Financing cash flows	(744,867)	77,180	(475,725)	(1,143,412)	910,054	(233,358)
Portion of convertible note classified as equity	-	-	48,654	48,654	-	48,654
Foreign exchange adjustments	-	-	-	-	-	-
Debt converted to equity	-	-	-	-	-	-
Other changes						
Interest expense	-	-	(223,937)	(223,937)	-	(223,937)
Interest payments (presented as operating cashflows)	-	-	76,632	76,632	-	76,632
Net debt as at 30 June 2021	**(12,399,116)**	**(393,601)**	**(1,833,967)**	**(14,626,684)**	**1,104,852**	**(13,521,832)**
Net debt as at 1 July 2021	**(12,399,116)**	**(393,601)**	**(1,833,967)**	**(14,626,684)**	**1,104,852**	**(13,521,832)**
Financing cash flows	**(1,104,130)**	**101,957**	**(110,066)**	**(1,112,239)**	**(368,910)**	**(1,481,149)**
Portion of convertible note classified as equity	**-**	**-**	**3,594**	**3,594**	**-**	**3,594**
Foreign exchange adjustments	**743**	**-**	**-**	**743**	**(36,864)**	**(36,121)**
Debt converted to equity	**3,955,064**	**-**	**1,932,307**	**5,887,371**	**-**	**5,887,371**
Other changes						
Interest expense	**528,079**	**(17,694)**	**(90,238)**	**420,147**	**-**	**420,147**
Interest payments (presented as operating cashflows)	**-**	**-**	**33,370**	**33,370**	**-**	**33,370**
Net debt as at 30 June 2022	**(9,019,360)**	**(309,338)**	**(65,000)**	**(9,393,698)**	**699,078**	**(8,694,620)**

31 Auditors' Remuneration

	2022	2021
	$	$
Remuneration of the auditor PricewaterhouseCoopers for:		
- auditing the financial statements	**90,000**	63,000
	90,000	63,000

32 Contingencies

In the opinion of the Director, the Company did not have any contingencies as at 30 June 2022 (30 June 2021: None).

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2022

33 Parent entity

The following information has been extracted from the books and records of the parent, CurveBeam LLC and has been prepared in accordance with Australian Accounting Standards.

The financial information for the parent entity, CurveBeam LLC has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2022 $	2021 $
Statement of Financial Position		
Assets		
Current assets	**5,049,307**	3,463,947
Non-current assets	**607,508**	566,038
Total Assets	**5,656,815**	4,029,985
Liabilities		
Current liabilities	**8,643,151**	4,999,217
Non-current liabilities	**9,038,641**	15,947,349
Total Liabilities	**17,681,792**	20,946,566
Equity		
Issued capital	**16,252,836**	8,488,751
Share-based payment reserves	**10,322,788**	9,092,326
Embedded derivative	**7,260**	219,806
Accumulated losses	**(38,607,862)**	(34,717,463)
Total Equity	**(12,024,978)**	(16,916,580)
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**(3,890,400)**	(1,905,354)
Total comprehensive income	**(3,890,400)**	(1,905,354)

Guarantees

The parent entity has not entered into a Deed of Cross-Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 or 30 June 2021.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2022 or 30 June 2021.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2022

34 Events Occurring After the Reporting Date

On 14 September 2022, the Group entered into an exclusive co-promotion and distribution agreement with the foot and ankle division of Stryker.

During the period, the Group signed a confidential non-binding heads of agreement with StraxCorp Pty Ltd, an Australian based software-as-a-medical-device business to explore a merger, in order to support the Group's strategic plans in the United States and other markets.

On 2 September 2022 the Group signed this merger agreement. The Merger is subject to meeting conditions precedent which include the following, among others:

- approval of the Merger by CurveBeam shareholders; and
- the required majority of holders of StraxCorp Convertible Notes in consenting to the amendment of the Convertible Note Deed.
- the completion of the conversion of StraxCorp to a public company. StraxCorp also changed its name to CurveBeam AI Limited.

On 12 October 2022, the conditions precedent to this acquisition were met and the merger was finalized.

On 21 March 2023, the Group entered into an agreement to acquire the CT device distribution rights from a German based distributor for a gross amount of €435,000.

The Group continues to be affected by the silicon chip shortages, being an indirect result of the COVID pandemic of 2020, 2021 and 2022.

Aside from the above, no other matters or circumstances have arisen since the end of the financial year which 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 financial years.

35 Statutory Information

The registered office and principal place of business of the Company is:

CurveBeam LLC
2800 Bronze Drive
Suite 110
Hatfield, PA 19440
United States

CurveBeam LLC and its controlled entities

Director's Declaration

The director of the Group declares that:

1. the consolidated financial statements and notes for the year ended 30 June 2022:

   a. comply with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as stated in basis of preparation in Note 1 to the consolidated financial statements

   b. give a true and fair view of the financial position and performance of the consolidated group.

2. In the director's opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Director.

Director ....
Arun Singh

Dated this 3rd day of May 2023

Independent auditor's report

To the members of CurveBeam, LLC

Our opinion

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of CurveBeam, LLC (the Company) and its controlled entities (together the Group) as at 30 June 2022 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

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

Material uncertainty related to going concern

We draw attention to Note 2(o) in the financial report, which indicates that the Group incurred a net loss of $3,963,923 and cash outflow from operations of $2,908,365 during the year ended 30 June 2022 and, as of that date, the Group's current liabilities exceed its current assets by $3,710,868 and its total liabilities exceed its total assets by $12,485,553. As a result, the Group is dependent upon obtaining continued equity funding through additional issue of convertible notes or shares, including pursuing a potential listing, the long-term debt not being repaid in the 12 months from date of signing and the conversion of convertible notes into shares upon sale transaction. These conditions, along with other matters set forth in Note 2(o), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter - basis of accounting and restriction on use

We draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for internal purposes in connection with the proposed IPO. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for CurveBeam LLC and its members and should not be used by parties other than CurveBeam LLC and its members. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PwC Securities Ltd

Paul Lewis

Paul Lewis
Authorised Representative of PwC Securities Ltd

Melbourne
3 May 2023