ASX ANNOUNCEMENT

ASX: CVB

30 October 2023

Appendix 4C & quarterly activity report – period ended 30 September 2023

Quarter Highlights

- CurveBeam AI received 4 purchase orders (**POs**) for HiRise™ devices in Q1 FY24, a 100% increase on the prior corresponding period (**pcp**) of 2 POs.
- CurveBeam AI's US partner, the Foot and Ankle division of Stryker (NYSE: SYK), continues to build a strong sales pipeline.
- Established subsidiary in Germany (Europe's largest market).
- Advancing enhancements to the HiRise™ platform to support expanded vendor partnerships in providing high resolution imaging for key surgical robotic systems.
- Progressing activities to support mid CY24 filing with the US FDA for a 510(k) clearance of the Company's AI-enabled bone mineral density (**BMD**) analysis and reporting software module that will operate on HiRise™.
- CurveBeam AI & HiRise™ featured at the American Orthopedic Foot & Ankle Society (**AOFAS**) Annual Meeting.
- CurveBeam AI listed on the ASX after raising A$25m at A$0.48 per share under its initial public offering (IPO).

Melbourne, Australia & Hatfield, Pennsylvania: CurveBeam AI Limited (ASX: CVB, "**CurveBeam AI**" or the "**Company**"), a fully integrated developer and manufacturer of point-of-care specialised weight bearing medical imaging (CT) equipment, supported by a targeted range of AI enabled SaaS-based clinical assessment solutions, is pleased to release its Appendix 4C and quarterly activity report for the period ended 30 September 2023 (**Q1 FY24**).

Definitions

In this report, CurveBeam AI's key metrics are defined and interpreted as follows:

- Purchase order – a signed purchase order (PO) for a CT scanner (device). The Company considers POs to be the key metric as it reflects actual sales at the time a sale is completed.
- Receipts from customers – any cash consideration received from a customer by CurveBeam AI. This can include initial deposits required at the time of an order being placed.
- Revenue – Revenue is recognised after the device (e.g., HiRise™) is delivered, installed and training has been completed. Depending on the customer site requirements, there can be several months delay from a signed purchase order to recognition of revenue. Thus, revenue may not be reflective of sales progress in each period.

The Company will report on POs and cash receipts in its Appendix 4C (quarterly) lodgements, while revenue will be reported in the Appendix 4E (full year report) and Appendix 4D (half year report).

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Purchase orders and Cash receipts

During Q1 FY24, CurveBeam AI received POs for four HiRise™ devices, doubling the number in the prior corresponding period of Q1 FY23 of two HiRise™ POs. CurveBeam AI achieved this result in a seasonally weak quarter given the holiday period in the US and Europe.

Of the four HiRise™ POs received during this quarter:

- Three were sales by Stryker, two sold units and one under Stryker's financing program.
- The remaining device was a sale into Denmark.

Receipts from customers for Q1 FY24 is A$1.655m, which is down from $2.756m in the prior corresponding period. Q1 FY23 saw an increase in cash receipts from past POs counter to normal seasonality, as a backlog of devices associated with COVID related supply chain disruptions began to clear. POs for the period of two units is more reflective of Q1 FY23 activity.

The program with Stryker launched in May 2023 with Stryker's Foot & Ankle division initially requiring time for education and preparation around the financing arrangements. Stryker now has a pipeline of US HiRise™ prospects and continues to advance these accounts. The Company considers that Stryker is the ideal partner to commercialise the HiRise™ in the US and CurveBeam AI confidently expects to see significant growth in POs in the coming quarters.

Stryker has multiple incentives to sell HiRise™ devices. Stryker has a full array of surgical hardware and implant choices to fit patient specific needs which require CT images for their custom cut guides. Having a HiRise™ installed in a surgeon's office only requires one patient visit, improving workflow for the surgeon, in addition to creating a new revenue stream for the surgeon. Stryker, through Q1 FY24, was able to advance several HiRise™ prospects and the Company remains confident that these efforts will be seen in signed POs for the second and subsequent quarters.

German subsidiary established

During Q1 FY24, CurveBeam AI established a German subsidiary to facilitate direct sales of HiRise™ devices in the German, Austrian and Dutch markets. The Company is building its sales support infrastructure and expects to see direct German sales in FY24.

HiRise™ optimisation targeted to expand opportunities in hip and knee

CurveBeam AI is developing enhancements to the HiRise™ platform, including a stronger X-Ray source for larger patients. This will enable higher resolution imaging of the hip and knee joints required for key surgical systems and patient specific instrumentation (**PSI**) from multiple providers. While enhanced scans will be made available to vendors in Q2 for validation purposes, the actual validation of datasets for robotics aided surgical systems is targeted for Q4 FY24. The Company is targeting commercial launch of the enhanced HiRise™ platform around mid-2024. The HiRise™ system upgrade is also critical for offering the AI SaaS based CT BMD module on the HiRise™ for the knee and hip total joint replacement market.

CurveBeam AI & HiRise™ featured at the 'American Orthopedic Foot & Ankle Society' (AOFAS) Annual Meeting

During September, CurveBeam AI senior management attended the AOFAS Annual Meeting alongside representatives of Stryker. The event provided an excellent opportunity to showcase CurveBeam AI's HiRise™ and pipeline including the AI-powered innovations.

Attendees were given a preview of the SkyRise™, CurveBeam AI's fourth generation weight bearing CT system, which is currently under development. A video on the SkyRise™ is available here: https://share.sparkfive.com/yckp76pw

HiRise™ was featured in Stryker's exhibit at the AOFAS Annual Meeting. Greg Brown, CEO and MD of CurveBeam AI commented on the conference, "*attending AOFAS in person was a very positive experience to see the genuine enthusiasm and belief in our HiRise™ system from both Stryker representatives, surgeons, and group surgeon practice administrators. On the Stryker stand, management got to speak with numerous prospects to see firsthand the opportunity HiRise™ has and where a lot of prospects are in the sales cycle. With the IPO completed, and with the investment to support this partnership, we remain very positive on our partnership with Stryker and the continued market adoption of HiRise™*".

BMD SaaS software module development progressing

CurveBeam AI continued to progress the BMD SaaS development during Q1 FY24, a targeted major revenue driver, towards US FDA clearance. For the BMD module clearance, the new enhanced HiRise™ platform is needed, and the Company has identified and started discussions with several US sites for enrolling/collecting patients for its clinical trial requirement to support the FDA submission. The Company expects to have the new scanners placed in sites by April 2024, based on the completion of electrical safety testing by the end of December 2023.

The filing of the submission for a 510(k) clearance of BMD on HiRise™ (proximal femur) with the FDA remains on target for mid calendar year 2024.

Other FDA submissions continue to progress in their preparation, or FDA review. These include OssView™ and CubeVue Autometrics™.

CurveBeam AI completed IPO, commenced trading on the ASX

On 23 August 2023, CurveBeam AI commenced trading on the Australian Securities Exchange (**ASX**) following completion of a fully underwritten public offer to raise A$25m that attracted the support of new and existing institutional investors.

The IPO comprised of 52.08m shares to raise A$25m at a price of A$0.48 per share, giving the Company an indicative market capitalisation of A$153.7m upon listing. Proceeds from the IPO are being used for sales and marketing, continued R&D, new product innovation, and further clinical trials.

Use of Funds (Listing Rule 4.7C.2)

The table below shows the Company's actual use of funds since the date of the Company's admission to 30 September 2023 against the updated use of funds schedule included in the Pre-Quotation Disclosure released to ASX on 21 August 2023.

Use of Funds	Per Pre-Quotation Disclosure*	% of funds raise	Use of Funds to 30 September 2023**	% of funds used
Sales and marketing	13,165	*45%*	574	*9%*
New product development and R&D	4,203	*14%*	899	*14%*
Intellectual property costs	1,947	*7%*	52	*1%*
Costs of the Offer	3,469	*12%*	2,080	*33%*
Other working capital	6,456	*22%*	2,677	*43%*
Total	**29,240**		**6,281**	

* As disclosed on Pre-Quotation Disclosure released on 21 August 2023, this reflects the Offer Proceeds of $25,000k, along with $4,240k cash on hand prior to receipt of Offer Proceeds.
** Use of Funds includes proceeds from listing date through to the quarter ending 30 September 2023, so will not reconcile to the Appendix 4C movements which are for the whole quarter.
*** Other working capital is comprised of the following items: Corporate & Administration, Finance, Quality & Regulatory, Warranty/Technical Support, IT, Inventory, and Lease Payments.

Cash runway

At section 8.5 of the Appendix 4C, cash at the end of Q1 FY24 is divided by cashflow from operating activities, to give the number of quarters of cash remaining at the rate of utilisation in the reporting quarter, yielding the result 2.97 quarters.

Q1 FY24, as outlined above, is a seasonally weak quarter, and the Company expects increased receipts from customers in future quarters as Stryker and other sales increase. As outlined in the Company's Prospectus, and with achieving the required sales objectives, the Directors believe the Company has sufficient working capital to carry out its stated objectives for at least 24 months following the Offer.

Q1 FY24 also included product manufacturing costs that were abnormally high at A$2.628m for a low cash receipts quarter of A$1.655m, as the Company has been building its inventory to meet anticipated demand from Stryker. A normalised figure for this quarter is ~A$1.1m.

Administration and Corporate Costs of A$2.592m included IPO related costs (not classified as cashflows from financing activities) of A$908k, being legal and other advisor fees, ASX's initial listing fee, and the IPO POSI insurance policy.

Payments to Related Parties (Listing Rule 4.7C.3)

In accordance with Listing Rule 4.7C.3 and as outlined in Section 6.1 of the Appendix 4C, the Company made payments to related parties totalling A$371,000, comprising executive and non-executive directors' fees, salary, and superannuation.

Approved for release by the Board of Directors.

About CurveBeam AI Limited

CurveBeam AI (ASX:CVB) develops, manufactures and sells specialised medical imaging (CT) scanners, coupled with AI SaaS-based clinical assessment solutions, to support medical practitioners in the management of musculoskeletal conditions. The Company's flagship CT scanner, HiRise™, performs weight bearing CT scans (WBCT) as well as traditional non weight bearing CT scans, providing a range of advantages over the use of traditional CT or MRI devices. Including first and second generation WBCT devices, a total of 170 devices have been placed by the Company worldwide to date, including placements at well recognised US medical institutions such as Mayo Clinic, HSS, Penn, Duke and UCLA. CurveBeam AI has more than 70 employees with its corporate office, AI and IP functions located in Melbourne, VIC, Australia and global operations headquarters in Hatfield, Pennsylvania, USA.

For further information go to https://curvebeamai.com

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
CURVEBEAM AI LIMITED (ASX : CVB)	
ABN	**Quarter ended ("current quarter")**
32 140 706 618	**30 September 2023**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,655	1,655
1.2	Payments for		
	(a) research and development	(161)	(161)
	(b) product manufacturing and operating costs	(2,628)	(2,628)
	(c) advertising and marketing	(139)	(139)
	(d) leased assets	-	-
	(e) staff costs	(3,442)	(3,442)
	(f) administration and corporate costs	(2,592)	(2,592)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	57	57
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(7,250)**	**(7,250)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(78)	(78)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(78)**	**(78)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	25,000	25,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,722)	(1,722)
3.5	Proceeds from borrowings	696	696
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments of lease liabilities)	(117)	(117)
3.10	**Net cash from / (used in) financing activities**	**23,857**	**23,857**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,158	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,250)	**(7,250)**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(78)	(78)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,857	23,857
4.5	Effect of movement in exchange rates on cash held	(143)	(143)
4.6	**Cash and cash equivalents at end of period**	**21,544**	**21,544**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	21,544	5,158
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**21,544**	**5,158**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	371
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(7,250)
8.2	Cash and cash equivalents at quarter end (item 4.6)	21,544
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	21,544
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.97

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 30th October 2023

Authorised by: By the board of directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.