ASX: CVB

30 January 2024

Appendix 4C & quarterly activity report – period ended 31 December 2023

Summary of key activities

- During Q2 FY24, CurveBeam AI received purchase orders (POs) for four (4) HiRise™ scanners, up from two (2) in the prior corresponding period (pcp).
- Seven (7)[1] POs were received for the six-month period to 31 December 2023 versus four (4) in the pcp.
- CurveBeam AI's US distribution partner, the foot and ankle division of Stryker Corporation, Inc., has continued to build a pipeline of advanced sales prospects amongst the 5,800 group orthopaedic practices in the US.
- The Company is continuing development of an enhanced HiRise™, a higher X-ray energy CT with clearer images for a broader range of patient body types, required for custom protocols for hip and knee robotic surgical systems.
- The development and validation of the enhanced HiRise™ is expected to be completed by Q4 FY24 for knees, with hips to follow soon after. This is targeted to satisfy the requirements of several large group orthopaedic practices in the Company's pipeline and lead to a step change in Stryker's HiRise™ placements in the US.
- The enhanced HiRise™ will expand the Company's addressable market into hip and knee procedures. In the US, there are approx.1.6 million hip and knee total joint replacements, versus approx. 350,000 ankle-related procedures per annum.
- The Company is still targeting FDA clearance in mid-CY25 for the new enhanced HiRise™ bone mineral density (**BMD**) software module. FDA submission for the BMD module is now expected in H2 CY24.
- The Company maintains a prudent approach to capital management and has undertaken several cost reduction initiatives during Q2 FY24. The Company's Directors believe that the Company continues to have sufficient working capital for at least 24 months from its August 2023 IPO based on current expectations.

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 medical imaging (CT) equipment, supported by a range of AI enabled SaaS-based clinical assessment solutions, is pleased to announce its Appendix 4C and quarterly activity report for the period ended 31 December 2023 (**Q2 FY24**).

Purchase Orders and Receipts

During Q2 FY24, CurveBeam AI received four (4) purchase orders (POs) for HiRise™ scanners, representing a 100% increase on the prior corresponding period (pcp) of two (2) POs. Two devices were purchase orders from US customers and two were purchase order from customers in Italy and Germany. Receipts from customers for Q2 FY24 were $1.33m, down from $1.66m in Q1 FY24.

[1] One reported HiRise PO in Q1 FY24 has been delayed pending completion of hip and knee validation protocols.

Telephone: +61 3 9620 0250
Email: info@curvebeamai.com
Website: curvebeamai.com

Corporate Office
Level 10, 10 Queen Street
Melbourne, Victoria, 3000, Australia

Global Operations Headquarters
2800 Bronze Dr., Suite 110
Hatfield, PA 19440 USA

Enhanced HiRise™ & Sales Pipeline

There are 5,800 group orthopaedic practices in the US being targeted for the placement of HiRise™ scanners, in addition to hospitals-based systems. The Company is targeting this market though its co-promotion and distribution relationship with Stryker's foot and ankle division.

Most group practice prospects either have an existing hip and knee robotic surgical system or have plans for a robotic system in the foreseeable future. As such a single WBCT solution to meet all lower limb pre-surgical imaging requirements has emerged as a pre-requisite for several prospective customers. The enhanced HiRise™ is expected to satisfy this requirement.

The targeted timeline for the enhanced HiRise™ is as follows:

1. **By end of Q3 FY24:** Validation of the enhanced HiRise™ scans, for robotic surgical systems, on four stationary body type cadavers, for knee and hip protocols.
2. **Q4 FY24:** Real world customer validation of knee replacement protocols at selected upgraded US sites of the enhanced HiRise™
3. **Q4 FY24/Q1FY25:** Validation of hip protocols to follow soon after knee at these sites.
4. **Q1 FY25:** It is anticipated the enhanced HiRise™ will be available for commercial release.

Validation of knee and hip protocols on the enhanced HiRise™ are expected to lead to a step change in Stryker's HiRise™ placements in the US from Q4 FY24.

In the US, there are approx.1.6 million hip and knee total joint replacements, versus approx. 350,000 ankle-related procedures per annum[2]. With the prospect of the release of the enhanced HiRise™, the pipeline of potential customers continues to grow.

BMD Software Module Development

The Company continues to remain confident in receiving 510(k) clearance for the enhanced HiRise™ BMD SaaS module from the FDA in mid-CY25. Finalisation of the BMD module requires the final validated scan specifications for the enhanced HiRise ™. Once this step is complete, the Company can start targeting enrolment in the BMD clinical trial. As stated above, the new timeline for filing the BMD module with the FDA is targeted for H2 CY24.

CurveBeam AI presented to investors at Bell Potter Healthcare Conference

During the quarter, CurveBeam AI CEO and MD, Greg Brown, presented as part of the Bell Potter Healthcare Conference, which saw a range of life sciences companies present to an audience of institutional and sophisticated investors.

A copy of the presentation was released to ASX on 14 November 2023. A replay of the presentation can be viewed at: https://www.youtube.com/watch?v=mnhJKhUAE30

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 31 December 2023 against the updated use of funds schedule included in the Pre-Quotation Disclosure released to ASX on 21 August 2023.

[2] Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company

Use of Funds	Per Pre-Quotation Disclosure*	% of funds raised	Use of Funds for the period to 31 December 2023**	% of funds used
Sales and marketing	13,165	*45%*	1,915	*15%*
New product development and R&D	4,203	*14%*	2,863	*23%*
Intellectual property costs	1,947	*7%*	154	*1%*
Costs of the Offer	3,469	*12%*	3,021	*24%*
Other working capita ***	6,456	*22%*	4,636	*37%*
Total	**29,240**		**12,588**	

* 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 31 December 2023, so will not reconcile to the Appendix 4C movements which are for the entire six months ending 31 December 2023.

*** Other working capital is comprised of the following items: Corporate & Administration, Finance, Quality & Regulatory, Warranty/Technical Support, IT, Inventory, and Lease

The Company considers that it is "on track" in terms of meeting its business objectives that sit behind the use of funds statement.

Cash runway

At section 8.5 of the Appendix 4C, cash at the end of Q2 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 2.83 quarters.

With a change now expected in orders commencing from Q4 FY24 (as discussed above), the Company has undertaken cost reduction initiatives during Q2 FY24, without impacting on the key strategic objectives. The Company's Directors continue to expect that there will be sufficient cash for two years from the August 2023 listing, given its current expectations for the business including achieving required sales objectives.

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 totaling A$290,000, comprising executive and non-executive directors' fees, salary, and superannuation.

Definitions

As previously noted, 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 a key metric as it reflects actual sales at any given time.
- 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) lodgments, while revenue will be reported in the Appendix 4E (full year report) and Appendix 4D (half year report).

Release approved 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 as well as traditional non weight bearing CT scans, providing a range of advantages over the use of traditional CT or MRI devices. 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

Investor / media enquiries

Matthew Wright
NWR Communications
+61 (0) 451 896 420
matt@nwrcommunications.com.au

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	**31 December 2023**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,329	2,984
1.2	Payments for		
	(a) research and development	(124)	(285)
	(b) product manufacturing and operating costs	(1,143)	(3,771)
	(c) advertising and marketing	(472)	(611)
	(d) leased assets	-	-
	(e) staff costs	(4,362)	(7,804)
	(f) administration and corporate costs	(2,244)	(4,836)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	146	203
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,576	1,576
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(5,294)**	**(12,544)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(15)	(93)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 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**	**(15)**	**(93)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	(151)	(1,873)
3.5	Proceeds from borrowings	-	696
3.6	Repayment of borrowings	(726)	(726)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments of lease liabilities)	(121)	(238)
3.10	**Net cash from / (used in) financing activities**	**(998)**	**22,859**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	21,544	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,294)	(12,544)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(93)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(998)	22,859
4.5	Effect of movement in exchange rates on cash held	(279)	(422)
4.6	**Cash and cash equivalents at end of period**	**14,958**	**14,958**

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	14,958	21,544
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)**	**14,958**	**21,544**

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	290
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)	(5,294)
8.2	Cash and cash equivalents at quarter end (item 4.6)	14,958
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	14,958
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.83

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 January 2024
.....

Authorised by: By the board
.....
(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.