



CurveBeam AI Limited

ABN 32 140 706 618

Appendix 4D

Interim Financial Statements

for the half-year ending 31 December 2023

Directors	Rob Lilley (Non-Executive Chair) Greg Brown (Chief Executive Officer and Managing Director) Arun Singh (Executive Director) Kate Robb (Non-Executive Director) Hashan De Silva (Non-Executive Director)
Key Management Personnel	Greg Brown (Chief Executive Officer) Arun Singh (COO, CTO-CT, President US & Europe) Ura Auckland (Chief Financial Officer & Company Secretary) Dr Yu Peng (CTO-AI) S Turner Dean (Chief Sales Officer) Vinti Singh (Vice President Marketing)
Registered office / Principal place of business	Level 10, 10 Queen Street Melbourne VIC 3000
US Operations	2800 Bronze Drive Suite 110 Hatfield PA 19440 USA
Auditor	PricewaterhouseCoopers Level 19 2 Riverside Quay Southbank VIC 3006
Solicitor (Australia)	Johnson Winter & Slattery Level 29 111 Eagle St Brisbane City QLD 4000
Legal Counsel (USA)	Sheppard Mullin 30 Rockefeller Plaza New York, NY 101120015 Phone: +1 2126538700
Stock exchange listing	CurveBeam AI Limited shares are listed on the Australian Securities Exchange (ASX code: CVB)
Website	https://curvebeamai.com/

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1. Company details

Name of entity: CurveBeam AI Limited
 ABN: 32 140 706 618
 Reporting period: For the half-year ended 31 December 2023
 Previous period: For the half-year ended 31 December 2022

2. Results for announcement to the market

	December 2023 \$	December 2022 \$	Change \$	Change %
Revenues from ordinary activities	3,528,135	2,178,758	1,349,377	up 62%
Loss from ordinary activities after tax attributable to the owners of CurveBeam AI Limited	(14,166,289)	(8,665,161)	(5,501,128)	(up 63%)
Loss for the half-year attributable to the owners of CurveBeam AI Limited	(14,166,289)	(8,665,161)	(5,501,128)	(up 63%)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Group after providing for income tax amounted to \$14,166,289 (31 December 2022: \$8,665,161).

Refer to the Directors Report for a review of operations during the period.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>2.06</u>	<u>(135.03)</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of CurveBeam AI Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Signed



Greg Brown
Chief Executive Officer and Managing Director

Date: 28 February 2024

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of CurveBeam AI Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of CurveBeam AI Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Names	Position
Rob Lilley	Non-Executive Chair
Greg Brown	Chief Executive Officer and Managing Director
Arun Singh	COO, CTO-CT and President (US & Europe Division); Executive Director
Kate Robb	Non-Executive Director
Hashan De Silva	Non-Executive Director

The Nomination and Remuneration Committee is made up by Committee Chair Hashan De Silva, Kate Robb, and Rob Lilley, and the Audit and Risk Committee is comprised of Committee Chair Kate Robb, Hashan De Silva, and Rob Lilley.

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Principal activities

The principal activities of the Group was the fully integrated development and manufacture of point-of-care specialised weight bearing medical imaging (CT) equipment, supported by a targeted range of AI enabled SaaS-based clinical assessment solutions.

Review of operations

Background

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.

The statutory comparative reporting period includes the operations of the US CurveBeam, LLC ("CurveBeam") entity from the acquisition date of 12 October 2022 to 31 December 2022.

December 2023 half-year results

The revenue for the half year ending 31 December 2023 amounted to \$3,528,135 (December 2022: \$2,178,758).

The consolidated loss for the Group amounted to \$14,166,289 (December 2022: \$8,665,161).

The increase in the loss of \$5,501,128 was primarily due to the comparative period only including the results of the US operations for the two and a half months post acquisition, whereas the December 2023 results include the full six months.

Additionally, there was an increase in human resource expenditure, resulting from growth and normalisation of the acquired US entity. Finally, the listing on the Australian Securities Exchange during the year resulted in a number of one-off non-cash entries, including additional share based payments issued on listing date.

Significant changes in the state of affairs

On 23 August 2023, CurveBeam AI Limited ('CVB') was admitted to the Official List of ASX Limited ('ASX'). Official quotation of CVB's ordinary fully paid shares commenced at 11:00 AM AEST on 23 August 2023, following completion of its Initial Public Offer for \$25 million.

Immediately prior to the allotment of the shares offered under the IPO on 16 August 2023, 440,670 convertible notes and their accrued interest converted into 144,011,473 fully paid ordinary shares and 54,473,895 fully paid ordinary shares were issued to the former stockholders of CurveBeam LLC, which extinguished the majority of outstanding contingent consideration liabilities.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

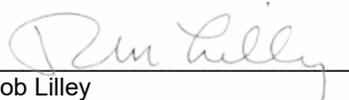
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Greg Brown
Chief Executive Officer and Managing Director



Rob Lilley
Non-Executive Chair

28 February 2024



Auditor's Independence Declaration

As lead auditor for the review of CurveBeam AI Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of CurveBeam AI Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'J. Roberts' with a stylized flourish at the end.

Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
28 February 2024

CurveBeam AI Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



		Consolidated	
	Note	December 2023 \$	December 2022 \$
Revenue			
Revenue	4	3,528,135	2,178,758
Cost of sales	5	<u>(1,792,259)</u>	<u>(958,458)</u>
Gross profit		<u>1,735,876</u>	<u>1,220,300</u>
Other income and expenses	6	630,627	575,304
Expenses			
Human resource expenses	7	8,691,257	3,628,827
Consultant and professional expenses	8	2,054,682	2,768,674
Administrative, insurance and information technology expenses	9	810,285	322,843
Marketing expenses		782,401	366,921
Research and development external expenditure		479,735	195,575
Travel and entertainment expenses		468,067	290,488
Occupancy costs		85,787	39,994
Product and market registration expenses		78,059	26,464
IP costs		223,514	148,913
Finance expenses	10	1,331,984	2,054,027
Depreciation and amortisation expense	11	1,378,892	618,039
Fair value of contingent consideration	18	5,979	-
Fair value of embedded derivatives	19	142,150	-
Total expenses		<u>16,532,792</u>	<u>10,460,765</u>
Loss before income tax expense		(14,166,289)	(8,665,161)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of CurveBeam AI Limited		(14,166,289)	(8,665,161)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>27,684</u>	<u>1,488,089</u>
Other comprehensive income for the half-year, net of tax		<u>27,684</u>	<u>1,488,089</u>
Total comprehensive income for the half-year attributable to the owners of CurveBeam AI Limited		<u>(14,138,605)</u>	<u>(7,177,072)</u>
		Cents	Cents
Basic earnings per share	24	(5.63)	(17.61)
Diluted earnings per share	24	(5.63)	(17.61)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated	
		December 2023 \$	June 2023 \$
Assets			
Current assets			
Cash and cash equivalents		14,957,775	5,157,621
Trade and other receivables	12	3,465,028	4,177,538
Inventories	13	9,237,508	8,660,822
Other assets		1,905,145	1,479,927
Total current assets		<u>29,565,456</u>	<u>19,475,908</u>
Non-current assets			
Property, plant and equipment		678,132	133,186
Right-of-use assets		861,905	1,012,455
Intangible assets	14	39,512,350	40,718,392
Other assets		150,997	23,513
Total non-current assets		<u>41,203,384</u>	<u>41,887,546</u>
Total assets		<u>70,768,840</u>	<u>61,363,454</u>
Liabilities			
Current liabilities			
Trade and other payables	15	3,873,650	5,526,934
Borrowings	16	740,735	1,073,855
Lease liabilities - office premises		275,448	279,852
Provisions		849,592	775,502
Contract liabilities	17	3,598,247	4,031,198
Contingent consideration	18	957,046	27,122,117
Total current liabilities		<u>10,294,718</u>	<u>38,809,458</u>
Non-current liabilities			
Borrowings	16	12,802,452	12,639,218
Lease liabilities - office premises		708,612	851,871
Provisions		36,910	21,059
Other financial liabilities	19	-	57,142,113
Total non-current liabilities		<u>13,547,974</u>	<u>70,654,261</u>
Total liabilities		<u>23,842,692</u>	<u>109,463,719</u>
Net assets/(liabilities)		<u>46,926,148</u>	<u>(48,100,265)</u>
Equity			
Issued capital	20	125,140,150	17,358,996
Share-based payment reserves		2,663,974	1,280,110
Embedded derivative reserve		1,224,952	1,224,952
Foreign currency translation reserve		1,376,960	1,349,276
Accumulated losses		(83,479,888)	(69,313,599)
Total equity/(deficiency)		<u>46,926,148</u>	<u>(48,100,265)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

CurveBeam AI Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Share based payments reserves \$	Embedded derivative reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2022	7,313,539	355,582	-	-	(18,095,564)	(10,426,443)
Loss after income tax expense for the half-year	-	-	-	-	(8,665,161)	(8,665,161)
Other comprehensive income for the half-year, net of tax	-	-	-	1,488,089	-	1,488,089
Total comprehensive income for the half-year	-	-	-	1,488,089	(8,665,161)	(7,177,072)
<i>Transactions with owners in their capacity as owners:</i>						
Share based payment transactions (note 25)	-	15,905	-	-	-	15,905
Shares issued on acquisition of business (note 21)	10,212,167	-	-	-	-	10,212,167
Additional conversion options from issue of convertible notes	-	-	17,995	-	-	17,995
Balance at 31 December 2022	17,525,706	371,487	17,995	1,488,089	(26,760,725)	(7,357,448)

The above statement of changes in equity should be read in conjunction with the accompanying notes

CurveBeam AI Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Share based payments reserves \$	Embedded derivative reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	17,358,996	1,280,110	1,224,952	1,349,276	(69,313,599)	(48,100,265)
Loss after income tax expense for the half-year	-	-	-	-	(14,166,289)	(14,166,289)
Other comprehensive income for the half-year, net of tax	-	-	-	27,684	-	27,684
Total comprehensive income for the half-year	-	-	-	27,684	(14,166,289)	(14,138,605)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments (note 25)	-	1,383,864	-	-	-	1,383,864
Shares issued on initial public offer (note 20)	25,000,000	-	-	-	-	25,000,000
Shares issued on conversion of convertible notes into ordinary shares (note 20)	58,241,659	-	-	-	-	58,241,659
Shares issued on acquisition of business (note 21)	26,178,281	-	-	-	-	26,178,281
Cost of capital raising incurred during the year (note 20)	(1,638,786)	-	-	-	-	(1,638,786)
Balance at 31 December 2023	125,140,150	2,663,974	1,224,952	1,376,960	(83,479,888)	46,926,148

The above statement of changes in equity should be read in conjunction with the accompanying notes

CurveBeam AI Limited
Statement of cash flows
For the half-year ended 31 December 2023



	Consolidated	
	December	December
	2023	2022
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,947,152	2,430,574
Receipts for R&D tax offset	1,574,252	1,430,137
Interest received	203,109	18,276
Interest paid	(44,527)	(39,854)
Payments to suppliers and employees	<u>(17,355,347)</u>	<u>(12,589,150)</u>
Net cash used in operating activities	<u>(12,675,361)</u>	<u>(8,750,017)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(81,707)	(44,986)
Cash acquired on acquisition of business	-	96,412
Related party promissory note paid	<u>-</u>	<u>(3,372,727)</u>
Net cash used in investing activities	<u>(81,707)</u>	<u>(3,321,301)</u>
Cash flows from financing activities		
Proceeds from the issue of convertible notes (net of transactions costs)	(17,752)	10,161,908
Proceeds from/(repayments of) related party loans	-	(6,687)
Proceeds from R&D loan	696,289	-
Proceeds from initial public offer	25,000,000	-
Costs of capital raising (capitalised to equity)	(1,806,685)	-
Payment of lease liabilities	(176,001)	(45,598)
Repayments of R&D and insurance premium funding loans	<u>(696,289)</u>	<u>(856,655)</u>
Net cash from financing activities	<u>22,999,562</u>	<u>9,252,968</u>
Net increase/(decrease) in cash and cash equivalents	10,242,494	(2,818,350)
Cash and cash equivalents at the beginning of the financial half-year	5,157,621	8,698,649
Effects of exchange rate changes on cash and cash equivalents	<u>(442,340)</u>	<u>63,129</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>14,957,775</u></u>	<u><u>5,943,428</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover CurveBeam AI Limited as a Group consisting of CurveBeam AI Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is CurveBeam AI Limited's functional and presentation currency.

CurveBeam AI Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office / Principal place of business	US operations
Level 10, 10 Queen Street Melbourne VIC 3000	2800 Bronze Drive Suite 110 Hatfield PA 19440 USA

Principal activities

The principal activities of the Group was the fully integrated development and manufacture of point-of-care specialised weight bearing medical imaging (CT) equipment, supported by a targeted range of AI enabled SaaS-based clinical assessment solutions.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Directors of the Group have 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 revenue of \$3,528,135 for the 6 months ending 31 December 2023 (December 2022: \$2,178,758), a net loss before tax for the 6 months ending 31 December 2023 of \$14,166,289 (December 2022: \$8,665,161), and cash outflows from operations of \$12,675,361 in the 6 months ending 31 December 2023 (December 2022: \$8,750,017). The Group had net assets of \$46,926,148 as at 31 December 2023 (June 2023: net liabilities of \$48,100,265).

The Group is continuing development on the enhanced HiRise, the development and validation of which is expected to be completed by Q4 FY24 for knees, with hips to follow soon after, and is targeted to satisfy the requirements of large orthopaedic practices in the Company's pipeline and expected to lead to a step change in Stryker HiRise placements in the US from Q1 FY25 onwards.

Note 2. Material accounting policy information (continued)

With the impact of enhanced Hi-Rise now expected from Q1 FY25, the company implemented cost reduction and cashflow management initiatives to preserve cash, without impacting on strategic objectives. The initiatives included short-term deferrals and reductions in HR costs, careful reduction in travel and in marketing spends, as well as working with suppliers to reduce cash outflows and excess inventory, while seeking to preserve the capacity to meet demand from Q1 FY25. The Group has also deferred repayments to a loan from its US based Executive Director, with his agreement.

As a result of these matters, the Group expects its existing cash reserves to support forecast cash flows over the next 12 months from the date of signing of the financial statements, as such the financial statements have been prepared assuming the Group will continue as a going concern.

Note 3. Operating segments

Identification of reportable operating segments

The Group has one operating segment, being the research, design, manufacture and sale of cone beam CT imaging equipment for orthopaedic specialties, which includes the development, validation and preparation for commercialisation of a HRpQCT Medical Device and Software as a Service (SaaS) platform.

However it operates across two geographical regions, being the United States and Australia. These operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Geographical information

	Sales to external customers		Geographical non-current assets	
	December 2023	December 2022	December 2023	June 2023
	\$	\$	\$	\$
United States of America	3,065,488	2,178,758	53,767,505	40,624,997
Australia	-	-	16,705,281	1,262,549
Europe	462,647	-	296,054	-
	<u>3,528,135</u>	<u>2,178,758</u>	<u>70,768,840</u>	<u>41,887,546</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

	Consolidated	
	December 2023	December 2022
	\$	\$
Sales of devices	2,764,189	1,811,035
Warranty service	653,972	287,817
Other operating revenue	109,974	79,906
	<u>3,528,135</u>	<u>2,178,758</u>

Note 4. Revenue (continued)

	Consolidated	
	December 2023	December 2022
	\$	\$
Timing of revenue recognition		
Revenue at a point in time	2,764,189	1,890,941
Revenue over time	763,946	287,817
	<u>3,528,135</u>	<u>2,178,758</u>

Note 5. Cost of sales

	Consolidated	
	December 2023	December 2022
	\$	\$
Direct material costs	1,355,148	665,188
Other direct costs	62,260	129,933
Indirect warranty costs	290,809	113,253
Freight costs	84,042	50,084
	<u>1,792,259</u>	<u>958,458</u>

Note 6. Other income and expenses

	Consolidated	
	December 2023	December 2022
	\$	\$
Research and development tax incentives	872,872	563,008
Interest income	203,109	11,627
Realised foreign currency gains/(losses)	(11,438)	38,623
Unrealised foreign currency gains/(losses)	(267,376)	13,892
Doubtful debt expense	(166,540)	(51,846)
	<u>630,627</u>	<u>575,304</u>

Note 7. Human resource expenses

	Consolidated	
	December 2023	December 2022
	\$	\$
Human resource remuneration	6,410,242	3,218,200
Human resource on-costs	880,569	394,723
Share-based payments	1,400,446	15,904
	<u>8,691,257</u>	<u>3,628,827</u>

Note 8. Consultant and professional expenses

	Consolidated	
	December 2023	December 2022
	\$	\$
Consulting and contracting	711,343	495,672
Professional fees	1,343,339	2,273,002
	<u>2,054,682</u>	<u>2,768,674</u>

Consultant and professional fees in December 2023 figure above includes \$497,111 of fees incurred in relation to the IPO on the ASX completed during the period.

Note 9. Administrative, insurance and information technology expenses

	Consolidated	
	December 2023	December 2022
	\$	\$
Administrative expenses	297,453	4,677
Information technologies and systems	328,723	191,007
Insurance expense	184,109	127,159
	<u>810,285</u>	<u>322,843</u>

Note 10. Finance expenses

	Consolidated	
	December 2023	December 2022
	\$	\$
Interest on convertible notes	847,804	1,702,728
Amortisation of capital raising costs	127,341	279,409
Other finance charges	356,839	71,890
	<u>1,331,984</u>	<u>2,054,027</u>

Note 11. Depreciation and amortisation expense

	Consolidated	
	December 2023	December 2022
	\$	\$
Depreciation on property, plant and equipment	46,037	24,116
Depreciation on right-of-use assets	145,709	63,767
Amortisation of patents	147,286	82,000
Amortisation of acquired intangible assets	1,039,860	448,156
	<u>1,378,892</u>	<u>618,039</u>

Note 12. Trade and other receivables

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Current assets</i>		
Trade receivables	2,908,196	2,704,002
Less: Loss allowance	(348,407)	(191,283)
	<u>2,559,789</u>	<u>2,512,719</u>
Research and development tax incentive receivable	816,642	1,518,022
GST receivable	88,597	146,797
	<u>905,239</u>	<u>1,664,819</u>
	<u>3,465,028</u>	<u>4,177,538</u>

Note 13. Inventories

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Current assets</i>		
Raw materials - at cost	7,423,893	5,499,503
Work in progress - at cost	18,183	18,755
Finished goods - at cost	1,760,640	3,142,564
Spare parts - at cost	34,792	-
	<u>9,237,508</u>	<u>8,660,822</u>

Note 14. Intangible assets

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	20,180,303	20,180,303
Patents – Strax Fam's 1 to 5 - at cost	780,069	780,069
Less: Accumulated amortisation	<u>(714,646)</u>	<u>(686,487)</u>
	65,423	93,582
Patents – Regulatory Approvals - at cost	-	34,128
Less: Accumulated amortisation	<u>-</u>	<u>(34,128)</u>
	-	-
Patents – AI - at cost	494,426	497,899
Less: Accumulated amortisation	<u>(227,550)</u>	<u>(181,549)</u>
	266,876	316,350
Brand - at cost	1,999,681	1,999,681
Less: Accumulated amortisation	<u>(242,154)</u>	<u>(142,991)</u>
	1,757,527	1,856,690
Intellectual Property - at cost	16,780,418	16,780,418
Less: Accumulated amortisation	<u>(2,032,040)</u>	<u>(1,199,915)</u>
	14,748,378	15,580,503
Strategic Distribution Agreement - at cost	1,369,797	1,369,797
Less: Accumulated amortisation	<u>(165,877)</u>	<u>(97,950)</u>
	1,203,920	1,271,847
Permits - at cost	819,646	819,646
Less: Accumulated amortisation	<u>(99,256)</u>	<u>(58,610)</u>
	720,390	761,036
Marketing and Distribution Rights - Cost	683,440	705,087
Less: Accumulated amortisation	<u>(113,907)</u>	<u>(47,006)</u>
	569,533	658,081
	<u>39,512,350</u>	<u>40,718,392</u>

CurveBeam AI Limited
Notes to the financial statements
31 December 2023

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

	Patents	Brand	IP	Strategic Distribution Agreement	Permits	Marketing and distribution rights	Goodwill	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	559,905	-	-	-	-	-	-	559,905
Additions	-	-	-	-	-	703,045	-	703,045
Additions through business combinations (note 21)	-	1,999,681	16,780,418	1,369,797	819,646	-	20,180,303	41,149,845
Exchange differences	(1,460)	-	-	-	-	(788)	-	(2,248)
Amortisation expense	(148,513)	(142,991)	(1,199,915)	(97,950)	(58,610)	(44,176)	-	(1,692,155)
Balance at 1 July 2023	409,932	1,856,690	15,580,503	1,271,847	761,036	658,081	20,180,303	40,718,392
Amortisation expense	(76,983)	(99,163)	(832,125)	(67,927)	(40,646)	(70,302)	-	(1,187,146)
Exchange differences	(650)	-	-	-	-	(18,246)	-	(18,896)
Balance at 31 December 2023	<u>332,299</u>	<u>1,757,527</u>	<u>14,748,378</u>	<u>1,203,920</u>	<u>720,390</u>	<u>569,533</u>	<u>20,180,303</u>	<u>39,512,350</u>

Impairment test for goodwill

Goodwill has been allocated to the group CGU segment for impairment testing.

Goodwill and indefinite life intangible assets, being intellectual property, were acquired as part of the acquisition of CurveBeam LLC on 12 October 2022 (see note 21). The Directors have identified no impairment indicators since acquisition and note the following factors in their assessment:

- There have been no significant detrimental changes in the technology, regulatory environment or economies in which the Group operates;
- The CT imaging market remains strong and a large number of prospective customers remain viable targets;
- There have been no obsolescence, restructuring or other internal indicators of impairment.

Note 15. Trade and other payables

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,082,872	2,422,291
Sales tax payable	683,891	1,052,298
Accruals	839,013	1,205,092
Payroll and related liabilities	267,874	847,253
	<u>3,873,650</u>	<u>5,526,934</u>

Note 16. Borrowings

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Current liabilities</i>		
Loan from related parties	<u>740,735</u>	<u>1,073,855</u>
<i>Non-current liabilities</i>		
Loan from related parties	<u>12,802,452</u>	<u>12,639,218</u>
	<u>13,543,187</u>	<u>13,713,073</u>

As at 31 December 2023, CurveBeam LLC, a subsidiary of the Group, had a loan payable to Arun Singh, the COO of the Group, amounting to \$13,543,187.

The loan is not secured over any assets or property of the subsidiary. It is repayable by the subsidiary on a quarterly basis, and required to be settled in full by 19 June 2033. Interest accrues on the principal amount at 3.72% per annum, compounded monthly.

Subsequent to year end, Arun Singh agreed defer payments on the loan until March 2025.

Note 17. Contract liabilities

	Consolidated	
	December 2023	June 2023
	\$	\$
<i>Current liabilities</i>		
Customer deposits	464,744	808,641
Deferred warranty	2,832,333	3,012,290
Other contract liabilities	301,170	210,267
	<u>3,598,247</u>	<u>4,031,198</u>

Note 17. Contract liabilities (continued)

	Consolidated	
	December 2023	June 2023
	\$	\$
Opening balance	4,031,198	-
Balance acquired on acquisition of subsidiary	-	6,228,896
Release of revenue recognised in period	(3,528,135)	(7,824,718)
Additional deposits received and invoices raised in period	3,584,510	6,980,341
Effects of FX	(489,326)	(1,353,321)
	<u>3,598,247</u>	<u>4,031,198</u>

Note 18. Contingent consideration

	December 2023	June 2023
	\$	\$
Contingent consideration		
Opening balance	27,122,117	-
Additions during the period*	-	8,431,925
Decreases during the period	-	(235,542)
Conversion to equity (note 20)	(26,178,281)	-
Fair value adjustments**	5,979	18,925,734
FX changes	7,231	-
	<u>957,046</u>	<u>27,122,117</u>

* Relates to contingent consideration payable on acquisition of CurveBeam LLC completed in October 2022. Refer to note 21 for further information.

** Fair value adjustment of the contingent consideration as at 30 June 2023 was based on the following inputs:

- Assessment of the total number of shares to be issued on conversion of convertible notes; a total 56,995,091 shares to be issued on conversion of convertible notes based on factors in place as at 30 June 2023. This is an additional 30,969,119 shares compared to the assessment on initial acquisition accounting, reflecting changes to shares to be issued to convertible note holders, as the actual terms of the IPO were determined, and amounts to an increase in the fair value of \$10,091,495.
- Assessment of the fair value per share at period end; 48 cents was used as the fair value per share, reflecting the IPO price which was finalised on 14 July 2023, with the signing of the underwriting agreement and lodgement of the prospectus with ASIC. This amounts to an increase in the fair value of \$8,834,239.

The closing balance of \$957,046 represents around 2,376,258 shares which may be issued to the prior CurveBeam LLC shareholders upon lodgement of the June 2024 financial statements.

Under AASB 3, the characteristics of the contingent consideration do not allow the fair value adjustment to be recorded in goodwill under the 'measurement period' provisions as a part of provisional accounting for business combinations.

Note 19. Other financial liabilities

	2021 Convertible Notes (1) \$	2022 Convertible Notes (2) \$	Total \$
Breakdown of convertible note value:			
Carrying value of financial liability host	12,157,067	17,755,241	29,912,308
Fair value of embedded derivative (liability)	11,235,764	10,975,189	22,210,953
Capital raising costs	(560,056)	(1,156,119)	(1,716,175)
Interest on convertible notes	5,392,308	1,342,719	6,735,027
Gross financial liability as of 30 June 2023	<u>28,225,083</u>	<u>28,917,030</u>	<u>57,142,113</u>

Breakdown of convertible note value:			
Carrying value of financial liability host	-	-	-
Fair value of embedded derivative (liability)	-	-	-
Capital raising costs	-	-	-
Interest on convertible notes	-	-	-
Gross financial liability as of 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>

	Financial liability host	Embedded derivative (liability)	<i>Total liability balance</i>	Embedded derivative (equity)	Total
Roll-forward of convertible note balance					
Opening balance as at 1 July 2022	13,287,934	6,909,933	20,197,867	-	20,197,867
Additional proceeds received during the year	25,000,000	-	25,000,000	-	25,000,000
Fair value transfer of embedded derivative on inception	(7,244,759)	5,932,086	(1,312,673)	1,312,673	-
Capital raising costs	(1,582,942)	-	(1,582,942)	(87,721)	(1,670,663)
Interest on convertible notes	4,568,700	-	4,568,700	-	4,568,700
Amortisation of capital raising costs during period	902,227	-	902,227	-	902,227
Fair value adjustment of embedded derivative at period end	-	9,368,934	9,368,934	-	9,368,934
Closing balance at 30 June 2023	<u>34,931,160</u>	<u>22,210,953</u>	<u>57,142,113</u>	<u>1,224,952</u>	<u>58,367,065</u>
Interest on convertible notes	830,053	-	830,053	-	830,053
Fair value adjustment of embedded derivative on conversion	-	142,150	142,150	-	142,150
Amortisation of capital raising costs during period	127,341	-	127,341	-	127,341
Conversion of convertible notes into equity	<u>(35,888,554)</u>	<u>(22,353,103)</u>	<u>(58,241,657)</u>	<u>-</u>	<u>(58,241,657)</u>
Closing balance at 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,952</u>	<u>1,224,952</u>

(1) 2021 Convertible Notes

The Convertible Note – Pre-IPO – 2021 relates to a capital raising completed in the 30 June 2022 financial year, refer to the June 2022 annual report for additional information on this financial instrument.

This convertible note converted into 67,310,092 ordinary shares upon completion of the initial public offer on the ASX on 16 August 2023.

Note 19. Other financial liabilities (continued)

(2) 2022 Convertible Notes

The Convertible Note – Pre-IPO – 2022 relates to a capital raising completed in the 30 June 2023 financial year, refer to the June 2023 annual report for additional information on this financial instrument.

This convertible note converted into 76,701,382 ordinary shares upon completion of the initial public offer on the ASX on 16 August 2023.

Note 20. Issued capital

	Consolidated			
	December 2023 Shares	June 2023 Shares	December 2023 \$	June 2023 \$
Ordinary shares	317,773,647	67,140,754	127,075,770	17,655,830
Cost of capital raising	-	-	(1,935,620)	(296,834)
	<u>317,773,647</u>	<u>67,140,754</u>	<u>125,140,150</u>	<u>17,358,996</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	354,609		7,313,539
Share split on a 1-for-100 basis*	30 September 2022	35,106,291	\$0.0000	-
Shares issued on acquisition of business	12 October 2022	27,840,700	\$0.3250	9,048,227
Shares pending issue for acquisition of business**	12 October 2022	3,581,354	\$0.3250	1,163,940
Issue of shares on exercise of options	15 May 2023	26,700	\$0.1600	4,272
Issue of shares on exercise of options	31 May 2023	39,100	\$0.1600	6,256
Issue of shares on exercise of options	31 May 2023	5,100	\$0.1083	552
Issue of shares on exercise of options	31 May 2023	186,900	\$0.3200	59,808
Transfer of value of options on exercise	30 June 2023	-	\$0.0000	59,236
Balance	30 June 2023	67,140,754		17,655,830
Conversion of 2021 convertible notes into ordinary shares***	16 August 2023	67,310,092	\$0.4281	28,818,035
Conversion of 2022 convertible notes into ordinary shares***	16 August 2023	76,701,382	\$0.3836	29,423,624
Issue of shares on acquisition of business	16 August 2023	54,538,086	\$0.4800	26,178,281
Issue of shares on initial public offer	23 August 2023	52,083,333	\$0.4800	25,000,000
Balance****	31 December 2023	<u>317,773,647</u>		<u>127,075,770</u>

* Following shareholder approval, on 30 September 2022 the Company split the shares held on a 1-for-100 basis

** These shares were formally issued on 22 February 2023.

*** The value of the 2021 and 2022 Convertible Notes transferred to equity includes the embedded derivative component of convertible notes. The actual issue price on IPO was \$0.312 and \$0.336, for the 2021 and 2022 Convertible Notes, respectively. The share price noted above reflects the effective share price used for accounting purposes.

**** The closing balance of shares on hand as per the ASX of 320,138,492 also includes 2,466,000 of loan funded shares, which are recorded by the Group for accounting purposes under the share based payment reserve, until the vesting conditions of the shares are met. The ASX figure also does not include 101,155 shares issued for acquisition of CurveBeam LLC, but pending registration with the shareholder.

Note 20. Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Share buy-back

There is no current on-market share buy-back.

Note 21. Business combinations

Acquisition of CurveBeam LLC

On 12 October 2022, CurveBeam AI Limited acquired 100% of the ordinary shares of CurveBeam LLC ('CurveBeam') for a total upfront consideration of \$10,212,167 settled by way of 31,422,054 shares, plus contingent consideration of \$8,431,925, comprising of additional shares.

CurveBeam researches, designs, and manufactures cone beam CT imaging systems for orthopaedic specialties, and since 2018 has been in an especially important two-way collaboration with the Company as the developer and manufacturer of the HR-pQCT platform to be paired with the SaaS platform. The merger is both a vertical and concentric merger that expands product and market access, global infrastructure, customer base, and installed global CT base for targeting expansion of the SaaS delivered AI solutions.

As at 31 December 2023, the consolidated entity has finalised its analysis of whether all identifiable intangible assets have been recognised and vendor warranties and representations met.

The acquired business contributed revenue of \$8,055,193 and a loss after tax of \$5,067,875 to the consolidated entity for the period from acquisition to 30 June 2023, and would have contributed revenue \$11,485,193 and a loss after tax of \$7,428,798 if the acquisition date had been the beginning of the annual reporting period.

Goodwill is not deductible for tax purposes.

Note 21. Business combinations (continued)

Details of the acquisition are as follows:

The fair values of the identifiable net assets acquired are detailed below:

	Fair value \$
Cash at bank	96,412
Trade and other receivables	2,228,487
Inventory	5,077,544
Other assets	245,152
Right-of-use assets	364,358
Plant and equipment	178,150
Brands	1,999,681
Intellectual property	16,780,418
Strategic distribution agreement	1,369,797
Permits	819,646
Deferred tax asset	5,242,386
Trade and other payables	(5,832,602)
Deferred revenue	(6,228,896)
Lease liabilities	(457,686)
Warranty provision	(322,984)
Borrowings	(17,750,036)
Other financial liabilities	(103,652)
Deferred tax liability	(5,242,386)
Net liabilities acquired	(1,536,211)
Goodwill	<u>20,180,303</u>
Acquisition-date fair value of the total consideration transferred	<u><u>18,644,092</u></u>
Representing:	
CurveBeam AI Limited shares issued to vendor	10,212,167
- Contingent Merger Consideration(b)	441,129
- Contingent Merger Consideration(c)	330,881
- Further Top up Merger Consideration(c)	<u>7,659,915</u>
	<u><u>18,644,092</u></u>

Deferred tax assessment on the acquired balance sheet noted there were deferred tax liabilities of \$5,242,386, in relation to the intangible assets acquired (other than goodwill).

A review of tax losses and other temporary deductible differences found there were sufficient deferred tax assets available on acquisition date to offset this balance.

No deferred tax balances have been recognised on the provisional balance sheet acquired, given the Group does not have taxable profits against which these deferred tax balances would be utilised.

Purchase Consideration

a) The fair value of shares issued on 12 October 2022 was found to be \$0.325, based on market transactions on or about this date.

b) 1,357,321 shares have been deferred from issue, contingent on the finalisation of the audit for the 30 June 2024 financial year. It is highly likely these shares will be issued and so have been included in purchase consideration, valued at \$0.325 per share, and classified as a liability on the balance sheet.

Note 21. Business combinations (continued)

c) Additional shares are to be issued upon conversion of convertible notes to ordinary shares. The exact amount to be converted is dependent on the number of convertible notes to be converted on IPO, at the date of acquisition the number of shares to be issued was estimated to be 24,587,063. This was valued at \$0.325 per share, and classified as a liability on the balance sheet.

Fair value adjustments for the contingent consideration detailed above was completed at 30 June 2023, refer to note 18 for further details.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 23. Non-cash investing and financing activities

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

	Consolidated					
	December 2023	December 2022				
	\$	\$				
Cash and cash equivalents	14,957,775	5,943,428				
Borrowings (note 16)	(13,543,187)	(13,301,258)				
Lease liabilities	(984,060)	(1,230,029)				
Other financial liabilities (note 19)	-	(32,323,917)				
	<u>430,528</u>	<u>(40,911,776)</u>				
31 December 2022	Liabilities from financing activities			Other assets		
	Borrowings	Leases	Other financial liabilities	Sub-total	Cash at bank	Total
	\$	\$	\$	\$	\$	\$
Net debt as at 1 July 2022	(856,655)	-	(20,197,867)	(21,054,522)	8,698,649	(12,355,873)
Financing cash flows	863,342	45,598	(10,161,908)	(9,252,968)	(2,818,350)	(12,071,318)
Net debt acquired on acquisition of company	(14,377,309)	(457,686)	-	(14,834,995)	-	(14,834,995)
New leases	-	(822,274)	-	(822,274)	-	(822,274)
Foreign exchange adjustments	1,112,489	15,422	-	1,127,911	63,129	1,191,040
Portion of convertible note classified as equity	-	-	17,995	17,995	-	17,995
Interest expense	(82,979)	(11,089)	(1,982,137)	(2,076,205)	-	(2,076,205)
Interest payments (presented as operating cashflows)	39,854	-	-	39,854	-	39,854
Net debt as at 31 December 2022	<u>(13,301,258)</u>	<u>(1,230,029)</u>	<u>(32,323,917)</u>	<u>(46,855,204)</u>	<u>5,943,428</u>	<u>(40,911,776)</u>

Note 23. Non-cash investing and financing activities (continued)

	Liabilities from financing activities			Sub-total	Other assets	
	Borrowings	Leases	Other financial liabilities		Cash at bank	Total
	\$	\$	\$	\$	\$	\$
31 December 2023						
Net debt as at 1 July 2023	(13,713,073)	(1,131,723)	(57,142,113)	(71,986,909)	5,157,621	(66,829,288)
Financing cash flows	-	176,001	17,752	193,753	10,242,494	10,436,247
Foreign exchange and other adjustments	482,198	5,549	-	487,747	(442,340)	45,407
Debt settled for shares	-	-	58,241,656	58,241,656	-	58,241,656
Finance expense	(356,839)	(33,887)	(975,145)	(1,365,871)	-	(1,365,871)
Interest payments (presented as operating cashflows)	44,527	-	-	44,527	-	44,527
Fair value changes	-	-	(142,150)	(142,150)	-	(142,150)
Closing balance as at 31 December 2023	<u>(13,543,187)</u>	<u>(984,060)</u>	<u>-</u>	<u>(14,527,247)</u>	<u>14,957,775</u>	<u>430,528</u>

Note 24. Earnings per share

	Consolidated	
	December 2023	December 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of CurveBeam AI Limited	<u>(14,166,289)</u>	<u>(8,665,161)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>251,771,857</u>	<u>49,197,317</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>251,771,857</u>	<u>49,197,317</u>
	Cents	Cents
Basic earnings per share	(5.63)	(17.61)
Diluted earnings per share	(5.63)	(17.61)

The weighted average number of ordinary shares for 31 December 2022 has been restated for the effect of the 1-for-100 share split completed in September 2022, in accordance with AASB 133 'Earnings per share'.

Note 25. Share-based payments

Options

The New Incentive Plan was established by the Group and approved by shareholders at a general meeting on 11 May 2023, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant rights and options over ordinary shares in the company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Note 25. Share-based payments (continued)

Options were granted to Key Management Personnel (KMP) and Non Executive Directors (NEDs) of CurveBeam AI Limited as part of the Company's Omnibus Incentive Plan on 10 May 2023, and as a part of the New Incentive Plan on 16 August 2023.

Set out below are summaries of options granted under the plan:

	Number of options December 2023	Number of options* December 2022
Outstanding at the beginning of the financial half-year	10,742,972	29,487
Granted	6,072,693	-
Forfeited	-	(25,090)
Options split on a 1-for-100 basis*	-	435,303
	<u>16,815,665</u>	<u>439,700</u>
Outstanding at the end of the financial half-year	<u>16,815,665</u>	<u>439,700</u>
Exercisable at the end of the financial half-year	<u>4,849,642</u>	<u>439,700</u>

* Exercise price and other changes shown inclusive of 1-for-100 share split complete in September 2022.

December
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
15/04/2016	15/04/2024	\$0.1600	3,400	-	-	-	3,400
15/04/2016	15/06/2024	\$0.1600	56,800	-	-	-	56,800
15/04/2016	21/06/2024	\$0.1600	35,800	-	-	-	35,800
16/04/2017	31/10/2024	\$0.3200	45,900	-	-	-	45,900
02/07/2018	02/07/2024	\$0.3200	3,300	-	-	-	3,300
02/07/2018	02/07/2025	\$0.3200	3,400	-	-	-	3,400
10/05/2023	09/05/2029	\$0.5430	1,630,862	-	-	-	1,630,862
10/05/2023	09/05/2030	\$0.5430	1,630,862	-	-	-	1,630,862
10/05/2023	11/05/2029	\$0.5430	1,000,000	-	-	-	1,000,000
10/05/2023	09/05/2029	\$0.5430	1,223,147	-	-	-	1,223,147
10/05/2023	09/05/2030	\$0.5430	1,223,147	-	-	-	1,223,147
10/05/2023	11/05/2029	\$0.5430	2,058,824	-	-	-	2,058,824
10/05/2023	11/05/2029	\$0.5430	1,467,530	-	-	-	1,467,530
10/05/2023	11/05/2029	\$0.5430	120,000	-	-	-	120,000
10/05/2023	11/05/2029	\$0.5430	120,000	-	-	-	120,000
10/05/2023	11/05/2029	\$0.5430	120,000	-	-	-	120,000
16/08/2023	16/08/2029	\$0.8016	-	5,853,943	-	-	5,853,943
16/08/2023	16/08/2029	\$0.0000	-	218,750	-	-	218,750
			<u>10,742,972</u>	<u>6,072,693</u>	-	-	<u>16,815,665</u>
Weighted average exercise price			\$0.5385	\$0.7727	\$0.0000	\$0.0000	\$0.6231

Note 25. Share-based payments (continued)

December
2022

Grant date	Expiry date	Exercise price*	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other**	Balance at the end of the half-year
26/04/2021	26/04/2027	\$0.3250	8,580	-	-	(8,580)	-
26/04/2021	25/04/2028	\$0.3250	2,860	-	-	(2,860)	-
26/04/2021	26/04/2029	\$0.3250	2,860	-	-	(2,860)	-
31/12/2020	31/12/2025	\$0.3250	10,790	-	-	(10,790)	-
15/04/2016	15/04/2023	\$0.1600	66	-	-	6,534	6,600
15/04/2016	15/04/2024	\$0.1600	34	-	-	3,366	3,400
15/04/2016	15/06/2023	\$0.1600	567	-	-	56,133	56,700
15/04/2016	15/06/2024	\$0.1600	568	-	-	56,232	56,800
15/04/2016	01/08/2023	\$0.1083	51	-	-	5,049	5,100
15/04/2016	21/06/2023	\$0.1600	358	-	-	35,442	35,800
15/04/2016	21/06/2024	\$0.1600	358	-	-	35,442	35,800
16/04/2017	07/06/2023	\$0.3200	1,836	-	-	181,764	183,600
16/04/2017	31/10/2024	\$0.3200	459	-	-	45,441	45,900
16/04/2017	02/07/2023	\$0.3200	33	-	-	3,267	3,300
02/07/2018	02/07/2024	\$0.3200	33	-	-	3,267	3,300
02/07/2018	02/07/2025	\$0.3200	34	-	-	3,366	3,400
			<u>29,487</u>	-	-	<u>410,213</u>	<u>439,700</u>
Weighted average exercise price			\$0.3133	\$0.0000	\$0.0000	\$0.2418	\$0.2466

* Exercise price shown inclusive of 1-for-100 share split complete in September 2022.

** Other changes include impact of 1-for-100 share split complete in September 2022.

Set out below are the options exercisable at the end of the financial half-year:

Grant date	Expiry date	December 2023 Number	December 2022 Number
15/04/2016	15/04/2023	-	6,600
15/04/2016	15/04/2024	3,400	3,400
15/04/2016	15/06/2023	-	56,700
15/04/2016	15/06/2024	56,800	56,800
15/04/2016	01/08/2023	-	5,100
15/04/2016	21/06/2023	-	35,800
15/04/2016	21/06/2024	35,800	35,800
16/04/2017	07/06/2023	-	183,600
16/04/2017	31/10/2024	45,900	45,900
16/04/2017	02/07/2023	-	3,300
02/07/2018	02/07/2024	3,300	3,300
02/07/2018	02/07/2025	3,400	3,400
10/05/2023	10/05/2029	1,467,530	-
10/05/2023	10/05/2029	120,000	-
16/08/2023	16/08/2029	3,058,824	-
16/08/2023	16/08/2029	54,688	-
		<u>4,849,642</u>	<u>439,700</u>

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 5.67 years (Dec 2022: 0.92 years).

Note 25. Share-based payments (continued)

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value using a Black-Scholes model at the grant date, are as follows. The vesting conditions include continuous employment for between 3 months and 36 months.

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/08/2023	16/08/2029	\$0.4800	\$0.8016	92.60%	-	4.10%	\$0.297
16/08/2023	16/08/2029	\$0.4800	\$0.0000	92.60%	-	4.10%	\$0.480

Loan Funded Plan

On 12 October 2022, following from shareholder approval for its Long Term Incentive Plan, the Company issued 2,880,000 Class A shares to senior managers and employees of CurveBeam AI Limited, under a loan funded share plan. On listing on the ASX, the Class A shares were converted to ordinary shares, however remain subject to the same vesting terms and voting rights.

The loans to acquire the shares are to be repaid by the repayment dates set out in the loan agreement. If the loan is not repaid by the repayment date, the Company will have recourse only to the cash proceeds received by the employee from a disposal of the loan funded shares and the distribution or after-tax amount in respect of a cash dividend received by the employee in respect of the loan funded shares.

Set out below are summaries of loan funded Class A Shares during the current and prior period:

	Consolidated	
	December 2023	December 2022
	Number	Number
Opening balance	2,466,000	-
Granted during the year	-	2,880,000
	<u>2,466,000</u>	<u>2,880,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 6.28 years (December 2022: 7.28 years).

As at 31 December 2023, the value of the loans in the loan funded share plan amounted to \$801,450 (December 2022: \$936,000).

Share Rights

On 16 August 2023, on completion of the initial public offer on the ASX, 582,611 share rights were granted to employees, issued under the New Incentive Plan. On 22 November 2023, on approval of the AGM, 72,917 share rights were granted to the Chairman.

	Consolidated	
	December 2023	December 2022
	Number	Number
Opening balance	-	-
Granted during year	655,528	-
Closing balance	<u>655,528</u>	<u>-</u>

Note 25. Share-based payments (continued)

The share rights do not have an exercise price, and were valued at the IPO share price of \$0.48. The vesting conditions include continuous employment for between 3 months and 24 months. They do not have an expiry date. As at 31 December 2023, 18,230 share rights had vested (December 2022: NIL).



Independent auditor's review report to the members of CurveBeam AI Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of CurveBeam AI Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the statement of financial position as at 31 December 2023, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of CurveBeam AI Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

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



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers
PricewaterhouseCoopers

J. P. A.
Jon Roberts
Partner

Melbourne
28 February 2024

In the directors' opinion:

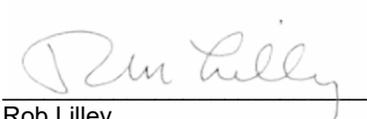
- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Greg Brown
Chief Executive Officer and Managing Director



Rob Lilley
Non-Executive Chair

28 February 2024