ASX ANNOUNCEMENT

ASX: CVB

30 April 2024

Appendix 4C & quarterly activity report – period ended 31 March 2024

Summary of key activities

- During Q3 FY24, CurveBeam AI received purchase orders (POs) for 6 devices:
  - 3 HiRise™ POs from European customers
  - 2 LineUP® POs in the US
  - 1 PedCat® PO in the US

  This was a significant increase over the prior corresponding period (PCP) of 1 HiRise™ PO.

- Q4 FY24 to date, the Company has received POs for a total of 5 devices so far:
  - 2 HiRise™ POs in the US
  - 1 LineUP® PO in the US
  - 2 PedCat® POs in Europe

- A study of 500 patients published in March 2024 showed that CurveBeam AI's CubeVue Autometrics platform for presurgical planning in foot and ankle surgeries was 97% faster than manual methods while being as accurate.

- The first total knee replacement surgery (non-robotic) was planned and successfully completed using scans obtained on the HiRise™ device.

- The Company continues to advance the development of an enhanced HiRise™ within its targeted timeline and still expects launch in Q1 FY25. The Company is also still targeting FDA clearance in mid-CY25 for the bone mineral density (**BMD**) software module on the new enhanced HiRise™ device.

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 March 2024 (**Q3 FY24**).

Purchase Orders and Receipts

During Q3 FY24, CurveBeam AI received 3 POs for HiRise™, 2 for LineUP®, and 1 for PedCat®, a total of 6 devices for the quarter representing a significant increase on the prior corresponding period (pcp) of 1 HiRise™ PO. The 3 HiRise™ POs were from European customers while the LineUP® and PedCat® orders were from US customers.

Receipts from customers for Q3 FY24 were A$2.204m, up 65.8% from A$1.329m in Q2 FY24, and up 101.7% from the pcp of A$1.093m (Q3 FY23).

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The Company has also had a strong start to Q4 FY24, having received a total of 5 device POs so far (2 HiRise™ POs from the US and 1 LineUP® and 2 PedCat® POs from Europe).

Enhanced HiRise™ & Sales Pipeline

The Company continues to advance the development of an enhanced HiRise™ within its targeted timeline to facilitate validated custom protocols for personalised knee and hip procedures, including robotic surgical systems.

The following milestones were achieved with the enhanced HiRise™ during the quarter:

- All cadaver model scanning was completed in Q3 FY24 and all were available for vendor validation.
- 4 different datasets from 1 cadaver were provided to a major knee/hip robotic solutions provider for assessment. These datasets were successfully processed by multiple users with differing experience levels within the vendor's production team, meeting all of the acceptance criterion. This is a major step forward for the Company, as these datasets met all performance requirements for this major vendor.
- Additional cadaver datasets will be provided to this and other vendors in Q4 FY24 to establish consistency and robustness of the results.

The installation of 1 or more enhanced HiRise™ devices into orthopaedic practices for knee and hip scanning is still on target for Q4 FY24. If these initial orthopaedic practices demonstrate that the HiRise™ scans can be successfully utilised for custom knee procedures, it is anticipated that this will support further growth in the placement of HiRise™ devices.

The timeline for the enhanced HiRise™ remains unchanged:

1. **Q4 FY24:** Continued cadaver model validation by a major vendor, and orthopaedic surgeon validation of knee replacement protocols with human patients at selected US sites with the enhanced HiRise™.
2. **Q4 FY24/Q1 FY25:** Finalisation of validation of hip and knee protocols at these sites.
3. **Q1 FY25:** The enhanced HiRise™ will be available for commercial release.

BMD Software Module Development

The Company continues to remain confident in receiving 510(k) clearance for the BMD SaaS module on the enhanced HiRise™ 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 enrolment in the BMD clinical trial. The timeline for filing the BMD module with the FDA is unchanged at H2 CY24.

Other activities and events

1. **CubeVue Autometrics study** – Prof. Martinus Richter and others published a study in the March 2024 issue of Foot & Ankle Surgery, comparing manually performed anatomical foot & ankle measurements, to those produced on the Company's CubeVue Autometrics, an artificial intelligence (AI) aided platform. The study showed the AI-aided automated measurements were as accurate as surgeon generated manual measurements while being 97% faster. The paper concluded that the AI based tool is a validated method for presurgical planning.

   CubeVue Autometrics uses AI to identify and segment each individual bone and automatically calculate key biometrics of the foot utilising Deep Learning to generate a fully segmented bone model within an hour with no manual inputs required. This tool will be

powered by CurveBeam AI's Cloud, which will permit seamless dataset upload to the platform.

Key points from the paper include:

- 500 weight bearing CT (WBCT) scans were included in the validation study.
- Pathologies present in the scans included patients with ankle osteoarthritis (OA), Haglund deformity, hallux rigidus, flat foot, cavus foot, OA (not ankle).
- Automated measurements were not affected by the presence of metal.
- The automated measurement method was 97% faster than the manual method.

CubeVue Autometrics is investigational only and is not available for sale in the United States. The Company is targeting FDA clearance for the product in FY26. The published paper can be found at - https://www.sciencedirect.com/science/article/pii/S1268773124000419?via%3Dihub

2. **First total knee replacement surgery (non-robotic) planned with HiRise™ completed** – During the quarter, the first total non-robotic knee replacement (TKR) surgery was planned and successfully completed in the US based on a HiRise™ scan. The HiRise™ scan was used to create custom cut guides and custom prosthesis for the TKR surgery using the Conformis (restor3d) TKR product.

   The surgeon who performed the surgery, Dr Canaan Prater commented, "The scan itself is less claustrophobic, and a more pleasant process overall for the patient. Because the patient is weight bearing, I feel more confident in the hip knee alignment. This is a tool that enables us to give patients personalised implants that I am hopeful will pay off with long term reliability and higher satisfaction rates."

   Arun Singh, CurveBeam AI's COO, CTO-CT, & President – Americas & Europe said: "CurveBeam AI has reached another milestone with the first knee replacement successfully planned on a HiRise device. WBCT has been a game changer in foot & ankle orthopaedic medicine, and we look ahead to transformational advances in patient knee care enabled by this technology."

   The news article can be found at - https://curvebeamai.com/news/first-knee-replacement-surgery-planned-with-weight-bearing-ct-imaging-successfully-completed/

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 the ASX on 31 March 2024 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 raised	Use of Funds for the period to 31 March 2024**	% of funds used
Sales and marketing	13,165	*45%*	2,941	*18%*
New product development and R&D	4,203	*14%*	4,258	*26%*
Intellectual property costs	1,947	*7%*	364	*2%*
Costs of the Offer	3,469	*12%*	3,021	*18%*
Other working capital ***	6,456	*22%*	6,022	*36%*
Intercompany loan			0	*0%*
Total	**29,240**		**16,605**	

* 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 March 2024, so will not reconcile to the Appendix 4C movements which are for the entire nine months up to March 2024.

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

The Company considers that it remains on track to meet its business objectives that sit behind the use of funds statement.

Cashflows and runway

At section 8.5 of the Appendix 4C, cash at the end of Q3 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 2.63 quarters, versus 2.83 quarters in Q2 FY24.

The movement in 'Net cash used in operating activities' to A$4.475m from A$5.294m in Q2 FY24 is primarily accounted for as follows:

- Increased Receipts from Customers of $0.875m
- Reduction of Accounts Payable of $1.024m
- Q2 FY24 included $1.576m of R&D Tax Incentives received, versus nil in Q3 FY24
- Q3 FY24 Cash Expenditure otherwise decreased by $2.544m

Management is reviewing further opportunities to reduce cash outflows from operations to further support the cash runway of the Group.

We note that at item 3.5 of the App 4C there are proceeds from borrowing of $0.805m, being the borrowing facility against R&D Tax Incentives, pulling forward 6 months of cashflow to better match outgoings.

The Company's Directors continue to expect that there will be sufficient cash for two years from the Company's August 2023 listing, noting though that increasing HiRise™ sales and remaining proactive initiatives in reducing cash outflows will be key factors in achieving this. Whilst device POs for Q4 FY23 have been promising to date, further growth in HiRise™sales is highly dependent on completion of protocol validation and the commercial release of the enhanced HiRise™ based on the targeted timeline outlined above.

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 Appendix 4C, the Company made payments to related parties totaling A$215,000, 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 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

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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	**31 March 2024**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,204	5,188
1.2	Payments for		
	(a) research and development	(340)	(625)
	(b) product manufacturing and operating costs	(1,647)	(5,418)
	(c) advertising and marketing	(497)	(1,108)
	(d) leased assets	-	-
	(e) staff costs	(3,197)	(11,001)
	(f) administration and corporate costs	(1,102)	(5,938)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	104	307
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,576
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(4,475)**	**(17,019)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(93)
	(d) investments	-	-
	(e) intellectual property	(228)	(228)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
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 (refundable customer deposit)	547	547
2.6	**Net cash from / (used in) investing activities**	**319**	**226**

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	-	(1,873)
3.5	Proceeds from borrowings	805	1,501
3.6	Repayment of borrowings	-	(726)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments of lease liabilities)	(120)	(358)
3.10	**Net cash from / (used in) financing activities**	**685**	**23,544**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	14,957	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,475)	(17,019)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	319	226

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	685	23,544
4.5	Effect of movement in exchange rates on cash held	293	(130)
4.6	**Cash and cash equivalents at end of period**	**11,779**	**11,779**

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	11,779	14,957
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)**	**11,779**	**14,957**

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	215
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)	(4,475)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,779
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,779
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.63

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 April 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.