ASX ANNOUNCEMENT

ASX: CVB

31 July 2024

Appendix 4C & quarterly activity report – period ended 30 June 2024

Summary of key activities

- CurveBeam AI received purchase orders (POs) for 10 devices in Q4, up from 6 in Q3.
  - The 10 POs represent A$4.9m of revenue carried into FY25.
- Following the successful completion of the cadaver scans in Q3, the Company submitted its FDA 510(k) application (as a special 510(k)) for the enhanced HiRise™ in Q4 FY24 with FDA clearance announced soon after the end of the quarter.
- The Company has arranged US reference sites to undertake the first submissions of scans from the enhanced HiRise™ on patients to validate patient specific custom cut guides for a major robotic aided surgical system. This is the final step of live patient scan validations and is targeting completion in Q1 FY25.
- CurveBeam AI maintains a target of mid-CY25 for FDA clearance of the bone mineral density (**BMD**) software module.

Melbourne, Australia & Hatfield, Pennsylvania: CurveBeam AI Limited (ASX: CVB, "**CurveBeam AI**" or the "**Company**"), a developer of point-of-care specialised medical imaging (CT) equipment and AI-enabled SaaS-based clinical assessment solutions, is pleased to announce its Appendix 4C and quarterly activity report for the period ended 30 June 2024 (**Q4 FY24**).

Purchase Orders and Receipts

As per the sales update announced to the ASX on 9 July 2024, during Q4 FY24 CurveBeam AI received POs for 7 HiRise™, 1 LineUP®, and 2 PedCat®, for a total of 10 devices during the quarter. This represents a 150% increase on the prior corresponding period (pcp) of 4 POs. Of the 7 HiRise™ POs, 4 were from the US, and 3 were from Europe while the LineUP® order was from the US, and the PedCat® orders were from Europe. Three of the HiRise™ POs were through Stryker.

Device Purchase Orders	Q1	Q2	Q3	Q4
US	2	2	3	5
Rest of World	1	2	3	5
Total	3	4	6	10

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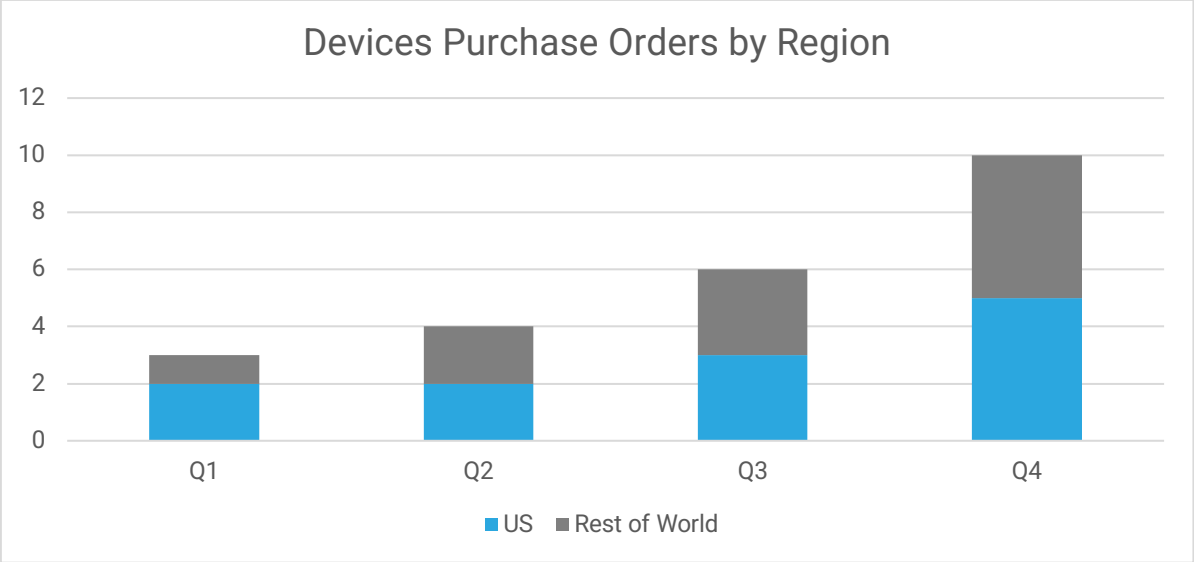


Receipts from customers for Q4 FY24 were A$1.953m, down marginally on Q3 FY24 of A$2.204m, bringing full year receipts from customers to A$7.141m.

As noted in the highlights above, the revenue recognition cycle of the Company averages 2 to 4 months from PO to install and full payment. The sales activity has generated orders which carry future installs and cash receipts of A$4.9m into FY25, and a further $A0.8m in receivables for recent installations to be collected.

Enhanced HiRise™ & Sales Pipeline

During the quarter, key steps were made in finalising the development of an enhanced HiRise™ to facilitate validated custom protocols for personalised knee and hip procedures, including for robotic aided surgical systems.

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

- The electrical and mechanical safety testing program was completed.
- The FDA 510(k) file for the enhanced HiRise™ was prepared and submitted. As noted, FDA clearance has been received and this was announced on 15 July 2024.
- The Company has arranged for reference sites to undertake the first submissions of scans from the enhanced HiRise™ on patients to validate patient specific custom cut guides for a major robotic aided surgical system.
- CurveBeam AI has an initial inventory of enhanced HiRise™ devices to begin delivering from Q1 FY25.

The final step of live patient scans for validating the enhanced HiRise™ for use with a major robotic aided surgical system in knee and hip surgery is targeted for completion in late Q1 FY25. The Company is working with the reference sites, targeting the first submission of pilot scans as the first step to ensure the device is optimised and staff trained (target is August and early September). Processing of scans at the robotic vendor typically takes up to ten days before the surgeons receive the surgical plan and custom guides. The use of pilot scans is a quality measure to assure robust results from the reference sites. Once the results for the processing of pilot scans are complete, the Company will target the release of site progress in processing scans in Q1 FY25. The validation of the enhanced HiRise™ for use with a major robotic aided surgical system is anticipated to help overcome a major hurdle that has hindered HiRise™ device placements in FY24.

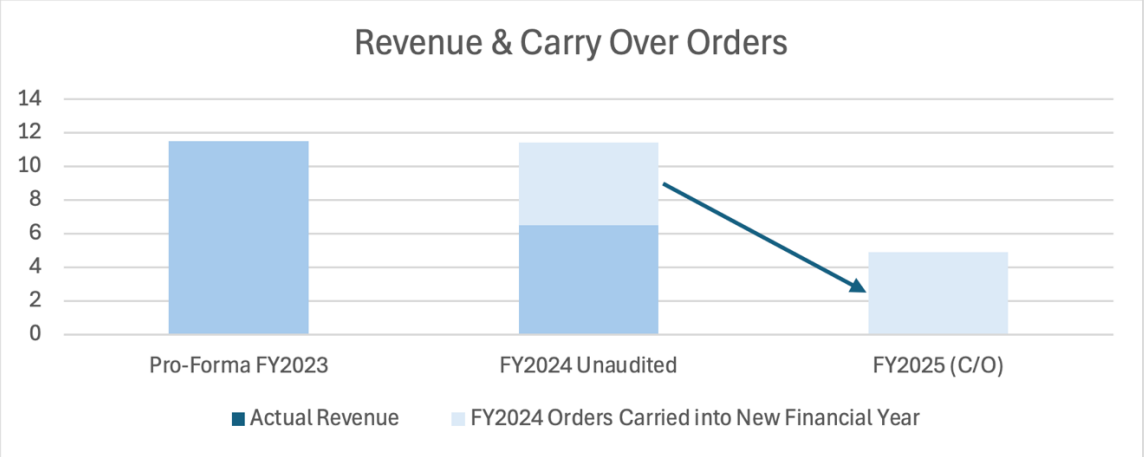
BMD Software Module Development

The Company continues to target FDA 510(k) clearance for the BMD SaaS module on the enhanced HiRise™ 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 to target sites for enrolment in the BMD clinical trial.

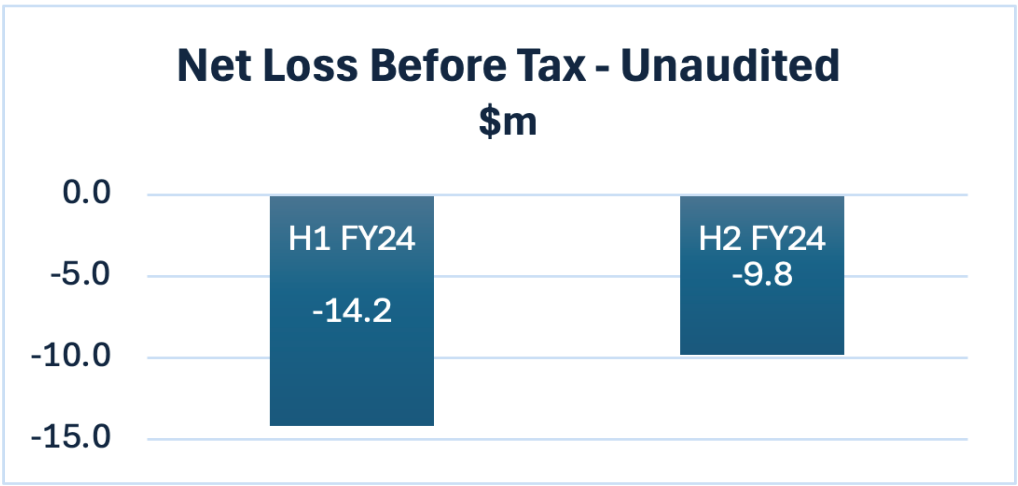
Update on expected FY24 Revenue and Net Loss

Full year revenue for FY24 is expected to be A$6.5m (unaudited), down from A$8.1m in FY23, or A$11.5m pro-forma for FY23 counting sales between 1 July 2022 and the merger date on 12 Oct 2022.

The POs received in 4Q FY24 represent A$4.9m which will be recognised in FY25 as devices are shipped and installed. As such, FY25 begins with ~75% of FY24's expected revenue already contracted placing the Company in a strong position to deliver robust growth alongside the launch of the enhanced HiRise™.



After a first half result net loss after tax (NLAT) of A$14.2m, the unaudited full year result is expected to be a NLAT in a range from A$23.0m to A$24.0m, giving a second half NLAT of A$9.8m at the upper end. The first half included some residual IPO costs, further convertible note conversion costs, and the second half reflected cost reductions made in response to lower-than-expected sales in the first half.



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The NLAT for the pcp FY23 was (A$51.2m), which included non-cash non-recurring accounting adjustments related to the merger and anticipated conversion of convertible notes. To further understand FY23 results, refer the ASX release titled 'Summary of Financial Results – FY2023' and 'Annual Report to Shareholders FY2023', both released on 28 September 2023.

Cashflows Used in Operations and Runway

Cashflows used in operations for Q4 FY24 was A$4.565m versus A$4.475m in Q3, an increase of A$0.090m. This was driven by the A$0.251m reduction in receipts from customers versus Q3 mentioned above, and a reduction in operating expenditure of A$0.198m reflecting a continued drive by the Company to control costs and manage cash.

Thus, outside receipts from customers, and other cashflows from operations, expenditure was A$6.585m in Q4, down from A$6.783m in Q3.

Management has maintained a consistent focus since the Company's IPO to conserve cash and minimise expenditure, whilst executing value creation programs that will drive future revenue.

The Company continues to review all opportunities to reduce cash outflows from operations and optimise the use of Company cash.

While the Company concludes the quarter with less than two quarters' cash, the Company is proposing to undertake an accelerated non-renounceable entitlement offer, which is the subject of the Trading Halt preceding this announcement.

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 up to 30 June 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 30 June**	% of funds used
Sales and marketing	13,165	*45%*	3,944	*19%*
New product development and R&D	4,203	*14%*	5,948	*28%*
Intellectual property costs	1,947	*7%*	546	*3%*
Costs of the Offer	3,469	*12%*	3,021	*14%*
Other working capital ***	6,456	*22%*	7,839	*37%*
Total	**29,240**		**21,298**	

* As disclosed on Pre-Quotation Disclosure released on 21 August 2023, this reflects the Offer Proceeds of $25,000k, along with $4,240k cash on hand prior to receipt of Offer Proceeds.

** Use of Funds includes proceeds from listing date through to the quarter ending 30 June 2024, so will not reconcile to the Appendix 4C movements which are for the entire twelve months up to June 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 continues to apply funds to meet the business objectives that sit behind the use of funds statement. The Board continues to believe that the Company is still on track to meet its

business objectives, though sales and marketing expenditure is slower than initially planned, with management applying investment carefully where traction can be achieved.

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$243,000, 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

Investor / media enquiries

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Appendix 4C

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

Name of entity	
CURVEBEAM AI LIMITED (ASX : CVB)	
ABN	**Quarter ended ("current quarter")**
32 140 706 618	**30 June 2024**

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,953	7,141
1.2	Payments for		
	(a) research and development	(156)	(781)
	(b) product manufacturing and operating costs	(1,357)	(6,775)
	(c) advertising and marketing	(242)	(1,350)
	(d) leased assets	-	-
	(e) staff costs	(3,315)	(14,316)
	(f) administration and corporate costs	(1,515)	(7,453)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	67	374
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**	**(4,565)**	**(21,584)**
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)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 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 (transfer of refundable deposit against receipts from customers)	(547)	-
2.6	**Net cash from / (used in) investing activities**	**(547)**	**(321)**

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	-	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)	(126)	(484)
3.10	**Net cash from / (used in) financing activities**	**(126)**	**23,418**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	11,779	5,158
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,565)	(21,584)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(547)	(321)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(126)	23,418
4.5	Effect of movement in exchange rates on cash held	(93)	(223)
4.6	**Cash and cash equivalents at end of period**	**6,448**	**6,448**

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	6,448	11,779
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)**	**6,448**	**11,779**

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	243
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)	(4,565)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,448
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,448
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	1.41

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: The Company expects net operating cash outflows to decrease in the coming quarters, as Purchase Orders and receipts from customers continue to strengthen, particularly following approval of FDA clearance of the Enhanced HiRise received on 15 July 2024. The Company closed the quarter with a significant amount of POs and around $2.4m of receivables on hand from recent installations, further indicating net operating cash outflows should decrease in the interim.

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: Yes, the Company is currently in trading halt pending the announcement of a proposed accelerated non-renounceable entitlement offer.

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: Yes, the Company expects to be able to continue its operations and to meet its business objectives from the increase in receipts from customers and completion of a successful capital raising.

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: 31st July 2024

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

Notes

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

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

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

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

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