CurveBeam AI

REPLACEMENT PROSPECTUS

CurveBeam AI Limited | ABN 32 140 706 618

Initial Public Offering of 52,083,333 Shares
at the Offer Price of $0.48 per Share.

Joint Lead Manager and Underwriter

BELL POTTER

Joint Lead Manager

LODGE CORPORATE

IMPORTANT INFORMATION

Offer

The Offer contained in this Prospectus is an invitation for you to apply for New Shares in CurveBeam AI Limited (ABN 32 140 706 618) (**CurveBeam AI** or the **Company**). This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act.

General

Defined terms and abbreviations (including technical terms and abbreviations) used in this Prospectus have the meanings given in the Glossary in Section 12.

Expiry date

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of the Original Prospectus.

Prospectus

This is a replacement Prospectus dated 28 July 2023 (**Prospectus**) and a copy of this Prospectus was lodged with ASIC on that date. This Prospectus replaces the prospectus dated 14 July 2023 (**Original Prospectus**) that was lodged with ASIC on that day (**Original Prospectus Date**).

This Prospectus differs from the Original Prospectus in the following key areas:

- the 'Opening Date' and 'Closing Date' in the 'Key information and important dates' Section has been revised, and corresponding changes have been made to this date throughout the Prospectus;
- additional information regarding the competitive landscape for the Company's AI-driven clinical assessment tools has been included at Section 2.5.5;
- additional information regarding the Company's development and application of AI software has been included at Section 3.6.1;
- additional information regarding the Company's planned deployment of AI software has been included at Section 3.6.2;
- Section 3.6.4 has been updated to include additional information regarding the 8-year prospective French study of OssView™;
- Section 3.7 has been updated to include additional information regarding the Company's manufacturing and supply chain;
- Section 3.10.2 has been updated to include additional information regarding the requirements for a 510(k) submission;
- the risk in Section 4.2.1(a) has been updated to clarify the impact of a delay in FDA clearance of BMD on HiRise™;
- the risk in Section 4.2.4(b) has been updated to clarify the impact if the Company is unable to drive market adoption of Company's AI solutions or if adoption is slower than expected;
- a new risk has been included at Section 4.2.7(f) in relation to AI bias; and
- additional source material has been included in footnotes throughout the Prospectus.

The lodgement of a replacement prospectus has also required certain references to 'this Prospectus' and 'the date of this Prospectus' to be amended to refer to the 'Original Prospectus' and 'Original Prospectus Date' respectively, and to reflect the fact that the Company has now applied to the ASX for admission to the Official List and for quotation of its Shares on the ASX.

Neither ASIC, the ASX nor any of their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Obtaining a copy of this Prospectus

A paper copy of this Prospectus is available to Australian residents, free of charge, by calling the Offer Information Line on 1300 850 505 (within Australia) or +61 03 9415 4000 (outside Australia) between 9:00am and 5:00pm during the Offer Period. This Prospectus is also available in electronic form to Australian residents at www.computersharecas.com.au/cvboffer. The Offer constituted by this Prospectus in electronic form is only available to persons in Australia. It is not available to persons in any other jurisdiction, including in the United States. If you are unsure about the completeness of this Prospectus received electronically, or a print-out of it, you should contact the Company.

Applications for New Shares under this Prospectus may only be made on the Application Form attached to or accompanying this Prospectus in its hard copy form, or its soft copy form which must be downloaded in its entirety from www.computersharecas.com.au/cvboffer. By making an Application, you declare that you were given access to this Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 8.8 for further information about Applications.

No cooling off rights

Cooling off rights do not apply to any investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Application for admission and quotation on the ASX

The Company has applied to be admitted to the Official List of the ASX and for quotation of Shares on the ASX. The fact that the ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Shares, the Offer or the Company.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the Exposure Period. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds under the Offer. The examination may result in the identification of certain deficiencies in this Prospectus, in which case Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received under this Prospectus during the Exposure Period will not be processed until after the expiry of the Exposure Period.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by the Applicant to the Company that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the U.S. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State of the U.S., and may not be offered or sold, directly or indirectly, in the U.S., except in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and any other applicable U.S. securities laws.

The Offer is not being extended to any investor outside of Australia, other than to certain Institutional Investors as part of the Institutional Offer in Permitted Jurisdictions. For details of selling restrictions that apply to Shares in certain jurisdictions outside of Australia, please refer to Section 8.12. This Prospectus may only be distributed in the U.S. to Institutional Investors by the Company and only if this Prospectus is accompanied by the U.S. Offering Circular.

Financial information and amounts

The Historical Financial Information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board and is expressed in Australian dollars, except where otherwise stated. The financial amounts referred to in this Prospectus are also expressed in Australian dollars, except where otherwise stated.

This Prospectus includes Forecast Financial Information based on a number of estimates and assumptions as described in Section 5.9 and Section 5.10. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

Forward looking statements

This Prospectus may contain forward looking statements (statements as to the future) which are typically identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'anticipates', 'intends' and other similar words.

You should consider that as such statements relate to future matters, they are subject to inherent risks, uncertainties and assumptions that could cause actual results or events to differ materially from those foreshadowed in the forward looking statement. Neither the Company, the Directors, nor any other person named with their consent in this Prospectus can assure you that any forward looking statement or projected result will be achieved.

The Company does not have an obligation (or intention) to update or revise forward looking statements contained in this Prospectus, or publish any prospective financial information in the future, regardless of new information, future events or any other factors which affect the information contained in this Prospectus, except where required by law. You are cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption continuing to be caused by COVID-19.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Industry Data

This Prospectus, including the overviews of the industry and the markets in which the Company operates in, uses market data, industry forecasts and projections (**Industry Data**). The Company has based some of this information on a report it commissioned from Frost & Sullivan on the orthopaedic and bone health imaging market. The report is dated April 2023 and reflects information sourced from public data available to Frost & Sullivan as of that date. The information contained in the report includes assumptions, estimates and generalisations that the Company believes to be reliable, but the Company cannot warrant or guarantee the completeness of such information.

Unless otherwise indicated, the Industry Data used in the Prospectus is current as at the date of the Prospectus. Investors should note that industry and market data and statistics are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions.

Reliance

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire securities in the Company under the Offer. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, the Directors of the Company, or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Privacy

By completing an Application Form, you are providing personal information to the Company and the Registry, which is contracted by the Company to manage Applications, and consent to the collection and use of that personal information in accordance with these terms. If you do not wish to provide this information, the Company may not be able to process your Application. The Company and the Registry will collect, hold and use your personal information in order to assess and process your Application, and if successful, administer shareholdings in the Company.

The Company and the Registry may disclose your personal information, for purposes related to your investment, to their agents and service providers, including:

- the Joint Lead Managers in order to assess your Application;
- the Registry for ongoing administration of the Company's registers;
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail; and
- legal and accounting firms, auditors and other advisers for the purpose of administering and advising on the Offer and associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company, or the Registry, details of which are set out elsewhere in this Prospectus.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Registry if any of the details you have provided change.

Reference to time

All references to time in this Prospectus refer to Australian Eastern Standard Time, unless stated otherwise.

Photographs and diagrams

Photographs used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus.

Use of trademarks

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third party trademarks used in this Prospectus are the property of their respective owners, and use is not intended to represent sponsorship, approval or association by or with CurveBeam AI.

Investment decision

The information in this Prospectus is not financial product advice or a recommendation to acquire securities in the Company and has been prepared without taking into account the objectives, financial situation or needs of individual investors. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should consult your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Shares. There are risks associated with an investment in the Company and the New Shares offered under this Prospectus should be regarded as a speculative investment. You should consider the risk factors set out in Section 4 of this Prospectus in light of your personal circumstances (including financial and tax issues). There may also be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

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KEY INFORMATION AND IMPORTANT DATES

Key dates

Lodgement of Original Prospectus with ASIC	14 July 2023
Opening Date	31 July 2023
Closing Date	7 August 2023
Settlement Date	15 August 2023
Allotment Date	16 August 2023
Expected dispatch of holding statements	18 August 2023
Shares expected to commence trading on a normal settlement basis on the ASX	23 August 2023

Dates may change

The above dates are subject to change and are indicative only. The Company reserves the right to change the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants, subject to the Corporations Act, the Listing Rules and other applicable laws. Applicants are encouraged to submit their Applications as early as possible after the Offer opens.

Any variations to the dates and times of the Offer will require the consent of the Joint Lead Managers (not to be unreasonably withheld).

How to invest

Completing and lodging an Application Form is the only way to apply for New Shares. Instructions on how to apply for New Shares are set out in Section 8.6 and on the back of the Application Form.

Questions

If you have any questions about the Application Form, please contact the Registry on 1300 850 505 (if calling within Australia) or +61 03 9415 4000 (if calling from outside of Australia) from 9:00am to 5:00pm Monday to Friday.

If you have any doubt as to what to do in relation to the Offer, you should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

Key Offer statistics

Company	CurveBeam AI Limited
Proposed ASX code	CVB
Securities offered	Fully paid ordinary shares
Offer Price	$0.48
Gross proceeds of the Offer	$25,000,000
Total New Shares available under the Offer	52,083,333
Total Shares on issue at Listing	320,239,646
Total Shares held by Existing Holders at Listing	268,156,313
Maximum Shares potentially issuable as Contingent Merger Consideration[1]	2,457,005
Noteholder Options, Plan Options and Rights at Listing	29,683,367
Indicative market capitalisation at Listing[2]	$153,715,030

Notes:

1. The figures for Contingent Merger Consideration in the table above include Shares issuable as Top-Up Merger Consideration in relation to the Contingent Merger Consideration.
2. Indicative market capitalisation is calculated as the Offer Price multiplied by the total number of Shares on issue at that price at Listing.
3. Additional information regarding the basis on which the table above has been prepared can be found under the heading "Basis of the capitalisation-related calculations and figures in this Prospectus" below.

Basis of the capitalisation-related calculations and figures in this Prospectus

In this Prospectus, where a figure is expressed to be, or to be based on, the number of Shares or other securities on issue at a particular time, the following principles will apply (except as otherwise stated).

Where the figure is expressed to be immediately prior to allotment under (or completion of) the Offer, the figure is calculated on the basis that the following are treated as having occurred (or not having occurred, as the case may be):

- the Note Conversion has completed and the Top-Up Merger Consideration in relation to the Closing Merger Consideration has been issued (with the Note Conversion to occur on 16 August 2023);[1]
- the Loan Shares have been converted to Shares;
- no Options are exercised or lapse before allotment; and
- the Convertible Notes convert into Shares at the conversion prices specified in Section 11.3. (This informs not only the number of Shares issued on the Note Conversion, but may also affect the number of Noteholder Options for the reasons given in Section 11.4 and the number of Shares issuable as Top-Up Merger Consideration as described in Section 11.6.)

Where the figure is expressed to be immediately following allotment under (or on completion of) the Offer, or on Listing, the figure is calculated on the basis above, except that it also takes into account the issue of the New Shares under the Offer and the issue of Plan Options and Rights to be issued on the Allotment Date as described in Sections 7.4.6(c) and 7.8.

Further, except as otherwise stated, the number of Shares described in this Prospectus as being likely to be issued as Contingent Merger Consideration (and Top-Up Merger Consideration in relation to Contingent Merger Consideration), is expressed on the assumption that there will be no Tax Claims against former members of CurveBeam US (see Section 11.6). However this assumption, where made, is only to facilitate the use of a single figure (and therefore a more concise disclosure) and should not be understood as representing any guidance, forecast or other projection as to whether there will be any Tax Claims. Except as otherwise stated, figures relating to the percentage ownership of Shares (whether on an undiluted or "fully diluted" basis) do not take into account the Shares potentially issuable on these bases. Further information about the Contingent Merger Consideration and associated Top-Up Merger Consideration, including a sensitivity analysis based on different rates of Tax Claims, is contained in Section 11.6.

In addition, figures in relation to Shares are presented on an undiluted basis except as otherwise stated. The only securities that are convertible into Shares are 10,742,972 Plan Options, 12,400,763 Noteholder Options and $44,067,000 (face value) in Convertible Notes (refer to Section 11.3), and from the Allotment Date, the additional 5,947,693 Plan Options and 591,939 Rights to be granted to employees, directors and contractors. Where a figure in this Prospectus is expressed to be, or to be based on, the "fully diluted" number of Shares in the Company, it takes these securities into account (to the extent on issue at the relevant time) on an as-converted basis.

Where a Security is a right to acquire (on exercise or conversion) a particular number of Shares, this Prospectus describes the Security by reference to that number. For instance, if a person holds Noteholder Options to acquire 10,000 Shares, this Prospectus describes the person as holding 10,000 Noteholder Options.

1. Figures are also prepared on the basis that the Company has issued the 36,963 Shares of Closing Merger Consideration (plus associated Top-Up Merger Consideration) issuable (subject to the completion of relevant paperwork) to the estate of, or successor to, the late former unitholder of CurveBeam LLC described in Section 11.6.

LETTER FROM THE CHAIR

Dear Investor

It is with great pleasure that I invite you to become a shareholder in CurveBeam AI Limited (**CurveBeam AI** or **Company**), a company that is targeting clinical advancement in the field of bone health and restoration of function through the development and manufacturing of specialised medical imaging equipment with artificial intelligence (**AI**) solutions for aiding in clinical assessment and management of musculoskeletal health conditions.

Musculoskeletal disorders affect approximately 1.7 billion people worldwide[2] with osteoporosis and osteoarthritis accounting for over 700 million of this number[3]. The consequences of undiagnosed bone fragility in particular can be severe, both in the general ageing population and in total joint replacement patients. Undiagnosed and untreated fragility can lead to the need for revision surgery, to fractures, chronic pain, disability, and reduced quality of life. CurveBeam AI aims to address these issues with faster and more efficient point of care clinical assessment tools in both orthopaedics and bone health.

CurveBeam AI has a range of CT devices, each with regulatory clearance for sale in key jurisdictions including the U.S, Germany, and Australia. Today, CurveBeam AI has supplied over 170 devices across 15 countries, and in the U.S. its existing customers include leading institutions such as Mayo Clinic, Duke Health and NYU Langone.

CurveBeam AI's target customers include orthopaedic surgeon groups, imaging chains and hospitals, which represents a potential addressable market in the U.S. for CurveBeam AI's HiRise™ weight bearing CT machine of approximately A$10 billion.

2. World Health Organization, Musculoskeletal health (14 July 2022) https://www.who.int/news-room/fact-sheets/detail/musculoskeletal-conditions
3. Sözen, T., Özışık, L., & Başaran, N. Ç. (2017). An overview and management of osteoporosis. European journal of rheumatology, 4(1), 46–56 and Long, H., Liu, Q., Yin, H., Wang, K., Diao, N., Zhang, Y., Lin, J., & Guo, A. (2022). Prevalence Trends of Site-Specific Osteoarthritis From 1990 to 2019: Findings From the Global Burden of Disease Study 2019. Arthritis & rheumatology (Hoboken, N.J.), 74(7), 1172–1183

The Company has a direct sales team based in the U.S., and distributors in a number of other key markets including Australia. The Company entered into a U.S.-only co-promotion and distribution agreement with the foot and ankle division of global leading medical technology group Stryker Corporation, Inc. in August 2022. The Company expects this partnership to support adoption of its weight bearing CT solutions in the U.S.

The Company expects to record A$11.0 million in operating revenue on a pro-forma basis for the financial period to 30 June 2023, supported by sales of the Company's next generation HiRise™ weight bearing CT scanner.

The HiRise™ has several advantages that the Company expects will be attractive to target customers. The advantages include the following:

- as far as the Company is aware, the HiRise™ is the first product capable of bilateral weight bearing CT imaging of the foot, ankle, knee & hips;
- the radiation dose of the HiRise™ is up to 66% less than traditional CT[4]; and
- the HiRise™ is smaller and lower-cost than traditional CT and MRI and requires limited radiation shielding infrastructure which facilitates installation at the point of care.

Subject to receiving necessary regulatory clearances, CurveBeam AI also expects to launch the first of its deep learning AI (**DLAI**) image processing modules in FY25 and make CT based bone mineral density (**BMD**) scanning available to existing customers on the HiRise™. BMD assessment with CT has established reimbursement in the U.S., and the BMD result in HiRise™ scans of the hip and knees will be delivered as a software-as-a-service (**SaaS**) offering to surgeons and targeted to be charged on a per scan basis under existing payer coverage.

Moving forward, the Company anticipates that its devices' attributes (speed of scanning, low radiation, and AI driven image analysis) will allow it to expand revenues by capitalising on the BMD and bone fragility SaaS opportunities. Beyond orthopaedics, the Company will target its InReach™ HRpQCT platform for improving fracture risk screening options, particularly in a point of care setting. The screening of all people over 65 years of age, to identify fracture risk and pre-emptively treat, could have a major impact on reducing the consequences of major fragility fractures in the elderly.

The purpose of the Offer is to provide funding and financial flexibility to drive CurveBeam AI's growth strategies, including U.S. sales, support its Stryker partnership and direct sales, support new product development, broaden the Company's shareholder base and provide a liquid market for the Shares, protect and expand the Company's intellectual property position and provide CurveBeam AI with the benefits of an increased brand profile that may arise from being a publicly listed entity.

The proposed Offer will raise A$25.0 million at A$0.48 per Share, comprising the offer of 52.1 million New Shares by CurveBeam AI. Upon completion of the Offer, new shareholders are expected to hold approximately 16.3% of CurveBeam AI's Shares. Existing securityholders will retain approximately 83.7% of CurveBeam AI's Shares, of which approximately 75.7% are expected to be the subject of mandatory and voluntary escrow agreements following the completion of the Offer, with a staged release.

This Prospectus contains detailed information about the Offer, the industry in which CurveBeam AI operates, CurveBeam AI's targeted growth strategies, and its financial and operating performance. Risk factors that could affect CurveBeam AI's business, including its financial position, performance and prospects, include risks in relation to regulatory clearances, reimbursement, product acceptance, reliance on distributors and clients and suppliers, and risks in investing in Shares generally. These and other risk factors are described in further detail in Section 4 and should be considered in detail before making any investment decision. It is important that you read this prospectus in its entirety, and if you have any queries consult with your accountant, financial adviser, stockbroker, lawyer or other professional adviser before making any investment decision.

On behalf of the Directors, I look forward to welcoming you as a Shareholder.

Yours sincerely

Mr Robert Lilley
Non-executive Chair

4. Conti, M. S., & Ellis, S. J. (2020). Weight-bearing CT Scans in Foot and Ankle Surgery. The Journal of the American Academy of Orthopaedic Surgeons, 28(14), e595–e603

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INVESTMENT OVERVIEW

1.1 Background

Topic	Summary	For more information refer to
Who is the Company?	CurveBeam AI (**CurveBeam AI** or the **Company**) is a fully integrated developer and manufacturer of specialised medical imaging (CT) equipment and supporting clinical assessment software aids that, through the use of image analysis, artificial intelligence (AI), and deep learning AI (DLAI), are designed (subject to relevant regulatory clearances being obtained) to automate the analysis of the high-quality images generated on its CT platform to assist in the clinical assessment and management of musculoskeletal health conditions. The business today has over 50 employees with corporate headquarters in Melbourne Australia, and manufacturing facilities and operating headquarters in Hatfield, Pennsylvania in the U.S.	Section 3
What is the Company's history?	CurveBeam AI Limited (formerly StraxCorp Pty. Ltd.) was incorporated in 2009 by researchers from the University of Melbourne in Australia to commercialise research using bone microstructure analysis to improve the assessment of bone fragility and subsequent fracture risk. The Company spent the next decade clinically validating bone microstructure analysis, to support fracture risk assessment, including analysing an 8-year prospective French study of 2,000 women, and developing proprietary AI and DLAI based software aids. In October 2022, the Company acquired its U.S. based equipment manufacture partner, CurveBeam, LLC (**CurveBeam US**), a Delaware limited liability company, via a share-based Merger (see Section 11.6 for details). CurveBeam US was founded in 2009 and researches, designs and manufactures extremity Cone Beam CT imaging equipment, with a focus on natural bilateral weight bearing CT of the lower extremity, for the orthopaedic and musculoskeletal specialties. Following completion of the Merger, the Company formally changed its name to CurveBeam AI Limited.	Section 3.2
What industry does the Company operate in?	CurveBeam AI provides medical imaging platforms and clinical assessment solutions focused on the orthopaedic market and general bone health screening and diagnostics. The Company's target customer groups include orthopaedic practices, imaging centres and hospitals.	Section 2
Why is the Offer being conducted?	The Offer is being conducted to: • provide funding and financial flexibility to support CurveBeam AI's U.S. sales growth, support its Stryker partnership and direct sales, new product development, and other future growth opportunities; • broaden the Company's Shareholder base and provide a liquid market for Shares; • protect and expand the Company's intellectual property position; • provide the Company access to listed capital markets to support future growth; and • provide CurveBeam AI with the benefits of an increased brand profile that may arise from being a publicly listed entity.	Section 8.2

1.2 Key features of the Company's products and services and business model

Topic	Summary	For more information refer to
What is the Company's product and service offering?	CurveBeam AI develops, manufactures and sells a range of specialised medical imaging (CT) scanners that are designed to support medical practitioners in the clinical assessment and management of musculoskeletal health conditions. The Company's flagship product is the HiRise™ CT scanner. This scanner has the combined ability to perform weight-bearing CT scans (that is, with patient standing in a normal, weight-bearing pose) as well as more traditional non-weight-bearing CT scans. The advantages of the HiRise™ include its high-resolution 3D imaging, lower radiation (when compared to traditional CT), speed of scanning and smaller size which enables it to be installed at point of care locations (e.g. orthopaedic practices). The Company has also developed supporting clinical assessment software aids that, through the use of AI and DLAI, are designed to automate the analysis of CT images to assess a patient's bone mineral density (BMD) and bone microstructural analysis (OssView™) to assist in the clinical assessment of fracture risk. The Company's OssView™ software application is targeted to assist in the assessment of fracture risk in non-osteoporotic patients.	Sections 3.5 and 3.6
What is the Company's business and revenue model?	The Company presently generates 100% of its revenue from the sale of CT devices (capital sales) together with revenue from associated service contracts and paid software upgrades. Currently, devices are sold on an upfront lump sum basis. However, going forward the Company expects customers will be able to access financing options via the Company's partnership with the U.S. foot and ankle group of Stryker Corporation in the U.S. or through the Company's own direct leasing options, which the Company is exploring. In the future, subject to regulatory clearance of the Company's AI offerings, the Company intends to commercialise its AI products which are expected to be utilised and sold as a software-as-a-service offering (SaaS) on a 'per month' or 'per scan' basis. Subject to receiving FDA clearance, CurveBeam AI expects to launch the first of its AI supported software modules in the U.S., and offer BMD scanning to existing customers on the Company's HiRise™ CT scanner. The Company expects its existing installed base of HiRise™ devices will be capable of utilising the new CT BMD and AI products for scans covering hip and knee replacements. CurveBeam AI believes that this will represent a significant opportunity as it allows orthopaedic surgeons to obtain a BMD scan as part of their routine imaging for the purposes of improving orthopaedic surgical planning. The Company also intends in the future to pursue a capitated revenue model for bone health and fragility screening i.e. a fixed payment amount per patient in the U.S. for its bone fragility screening device (InReach™ HRpQCT with OssView™).	Sections 3.3, 3.8 and 3.9

Topic	Summary	For more information refer to
What is the target market for the Company?	**Weight-bearing CT solutions:** The Company is focused on supplying natural bilateral weight bearing CT solutions for the orthopaedic and musculoskeletal specialties. CurveBeam AI's target customer market includes orthopaedic practices, imaging centres and hospitals, which represent a potential addressable market of approximately A$10 billion in the U.S. for the Company's HiRise™ scanner. **BMD assessments:** Subject to receiving necessary U.S. regulatory clearances for its AI supported software modules, CurveBeam AI expects to be in a position in FY25 to offer a BMD assessment capability on its HiRise™ scanner to customers in the U.S. CurveBeam AI estimates that the potential addressable market for BMD assessment on the HiRise™ in the U.S. is A$2.7bn+ per annum. **OssView™ and fragility screening:** Subject to receiving necessary U.S. regulatory clearances, the Company aims to provide a new clinical aid for bone microstructural assessment for determining fracture risk in both total joint replacement patients and over 65 year old population screening. The current market for screening for fracture risk is underserved due to the shortcomings of the current standard-of-care screening modality (DEXA) and the Company anticipates that its devices' specialised imaging and OssView™ will provide a step change in aiding clinicians in fracture risk assessment and management. CurveBeam AI estimates that the potential addressable market for population-based screening on the Company's InReach™ HRpQCT™ utilising its proprietary OssView™ in the U.S. is ~A$1.4bn per annum.	Sections 2.2, 2.3, 2.4, 2.5 and 3.3
What are the sales channels?	The Company has a direct sales team based in the U.S., a developing presence in Germany and distributors in a number of other key markets, including Australia. The Company entered into a U.S.-only co-promotion and distribution agreement with the U.S. foot and ankle division of global leading medical technology group, Stryker Corporation, Inc. in August 2022. The Company expects this partnership to support in targeting adoption of its weight bearing CT solutions in the U.S.	Section 3.8
Who are the Company's competitors?	The main competitors to the Company's imaging products include key bone imaging products in the X-ray and upright CT fields. These include the EOS Biplanar Full Body X-Ray, Siemens Multitom Rax Twin Robotic X-ray system and the Planmed Verity® (CT). Planmed's XFI® is also a potential future competitor of the HiRise™ but is not CE marked or FDA cleared. As far as the Company is aware, none of the competitors noted above offer SaaS based integrated AI image analysis presently, nor do any of them offer natural bilateral weight-bearing CT in true 3D. The Company is also not aware of any other company that has developed, or is developing, AI-driven software aids for BMD assessment and complete bone microstructure fragility risk.	Sections 2.2.5 and 2.5.5

Topic	Summary	For more information refer to
What is the Company's growth strategy?	The Company's growth plans include: • expanding sales of CT devices in international markets (principally the U.S. and Germany) in which its imaging equipment is regulatory cleared; • developing a recurring revenue stream through the commercialisation of its AI products (once FDA cleared), including through a BMD assessment on HiRise™ and fragility screening using OssView™ of healthy at-risk individuals; and • pursuing a capitated revenue model. The Company will also look to expand reimbursement coverage in the U.S. of its scans by both government (CMS – Medicare, Medicaid) and private payers through incentivising the purchase and use of the Company's products and services that are eligible for reimbursement.	Sections 3.8 and 3.9

1.3 Key investment highlights

Topic	Summary	For more information refer to
Significant unmet clinical needs	Bone fragility is a major health issue facing healthcare systems. While therapeutics can reduce the risk of fracture for at-risk patients, a treatment gap occurs as a result of the poor performance of existing diagnostic tools. **Imaging techniques** Traditional imaging techniques, such as X-rays or CT scans, are often performed with the patient in a non-weight bearing position (such as lying down), which may not provide a complete and accurate picture of the musculoskeletal system. Imaging the musculoskeletal system in a weight bearing position enables a more precise evaluation of joint alignment, weight distribution, and movement during weight-bearing activities, which can help identify conditions that may not be apparent with non-weight bearing imaging, such as joint instability or misalignment. This information can be critical for accurate diagnosis, treatment planning, and monitoring treatment progress, particularly for conditions that are influenced by weight-bearing activities, such as osteoarthritis, sports injuries, and spinal disorders. Weight bearing CT provides a more comprehensive and accurate evaluation of the musculoskeletal system by allowing for the assessment of bone and joint function under physiological loads. The Company's HiRise™ scanner combines Cone Beam CT with dual weight bearing and non-weight bearing scanning functionality. This combination offers several advantages over other imaging technologies.	Sections 2.1, 2.2.1, 2.2.2, 2.4, 2.5, 3.5 and 3.7

Topic	Summary	For more information refer to
Significant unmet clinical needs continued	**BMD and fragility assessments** Current BMD imaging is performed by DEXA, which markedly underserves the wider BMD screening opportunity in eligible healthy individuals. The Company anticipates that its offerings will allow it to unlock and capitalise on BMD testing for the total joint replacement market and for improving access for bone fragility screening in the broader market. Most fragility fractures today occur outside of DEXA BMD-defined osteoporosis. The Company anticipates that its clinical assessment tools will allow it to aid clinicians to better assess fracture risk in non-osteoporotic patients.	Sections 2.2.1, 2.2.2, 3.5, 2.4 and 2.5
Competitive weight bearing CT and bone fragility clinical assessment	CurveBeam AI's Hi-Rise™ CT scanner allows for true weight bearing imaging from hip to foot where patients stand on both feet for the duration of the scan. The Company considers that this, coupled with the high resolution CT scan and DLAI driven image analysis (once FDA cleared), places CurveBeam AI's weight-bearing CT solutions in a competitive position.	Section 3.5
A strong sales pipeline and partnerships with major distributors	The Company has executed a U.S.-only distribution agreement with the foot and ankle group of Stryker Corporation. Together with its direct sales staff and other regional distribution partnerships, CurveBeam AI expects this to drive growth in sales of its flagship HiRise™ scanner.	Section 3.8
Regulatory clearances of CT scanners in place with targeted clearances for AI products anticipated in FY24 and FY25	A number of CurveBeam AI's CT scanners are FDA cleared in the U.S., CE marked in the EU, and ARTG listed in Australia, including the key Company product, HiRise™. CurveBeam AI has filed for FDA clearance of its OssView™ scan at the wrist with InReach™ HRpQCT. The Company is targeting clearance in FY24. The Company expects to file for FDA clearance for BMD on HiRise™ scans of the proximal femur in FY24, with clearance targeted for FY25.	Section 3.10
Reimbursement already in place for existing CT products	The Company considers that reimbursement is favourable[5] for current CurveBeam AI CT scans in the U.S. and Germany based on existing policies for public insurance, demonstrated coverage by private health insurance companies and evidence of coverage and payment sufficient to justify acquisition of its products. In the U.S., there is an existing CPT code for diagnostic radiology of the lower extremities to cover the CT for lower extremity which covers scans undertaken with the Company's HiRise™, pedCAT™ and LineUP™ products.	Section 3.11

5. 'Favourable' reimbursement is defined by the Company as where there are enough reimbursed scans to pay for the device placement through a typical 4 to 5 year lease.

1.4 Financial information

Topic	Summary	For more information refer to
What is the historical and forecast financial performance of the Company?	See table below	Section 5.6

A$'000s	Pro forma historical	Pro forma historical	Pro forma forecast	Pro forma historical	Pro forma forecast	Statutory forecast
	FY21A	FY22A	FY23F	1HFY23A	2HFY23F	FY23F
Total revenue	7,198	7,422	11,025	5,573	5,452	7,595
EBITDA	(5,942)	(9,043)	(15,349)	(5,404)	(9,945)	(18,555)
EBIT	(6,187)	(9,501)	(17,331)	(6,072)	(11,258)	(20,487)
NLAT	(6,747)	(9,623)	(17,425)	(6,166)	(11,258)	(25,464)

The differences between the statutory and pro forma net (loss) after tax positions outlined above include adjustments for the merger of CurveBeam US and CurveBeam AI, the merger-related transaction costs expensed, incremental public company costs, convertible note interest expense and key personnel remuneration.

What is the Company's financial position before and after the Offer?

The below table presents the statement of financial position as at 31 December 2022, shown on both a statutory and pro forma basis for the impact of the Offer.

Section 5.13

	As at 31 December 2022		
	Reviewed A$'000s	Pro forma adjustments	Pro forma A$'000s
Total assets	59,539	44,150	103,689
Total liabilities	(66,897)	32,132	(34,765)
Net assets/(liabilities)	(7,357)	76,281	68,924
Total equity	(7,357)	76,281	68,924

1.5 Summary of key risks

There are a number of risks associated with an investment in the Company that may affect its financial performance, financial position, cash flows, distributions, growth prospects and share price. The following table is a summary of the specific key risks that the Company is exposed to. Further details about these and other general risks associated with an investment in the Company are set out in Section 4. An investment in an early-stage medical technology company such as the Company is speculative, and you should consult your professional advisers before deciding whether to apply for New Shares.

Topic	Summary	For more information refer to
Regulatory clearances	The Group will require, and intends to apply for, further regulatory clearances in key jurisdictions (U.S. and Europe) to execute its business plan. If current and proposed applications are unsuccessful, further applications with the FDA may be required, which could extend the clearance process by 2 to 3 years. Regulatory clearance processes are expensive, time consuming and have uncertain outcomes. No assurance can be given that the Group will obtain all clearances or targeted claims and that such clearances will not be subject to significant limitations.	Section 4.2.1(a)
Regulatory compliance	The Group's existing cleared products and future cleared products will be subject to continual review and periodic inspections by regulatory agencies. Potential costly follow-ups or post-marketing clinical studies may be required, and previously unknown problems may result in restrictions on the sale and marketing, and possibly the withdrawal from sales of previously cleared products. If the Group fails to comply with applicable regulatory requirements, relevant regulatory agencies may take a range of actions against the Group.	Section 4.2.1(b)
Reimbursement availability	The commercial success of the Group's products and services is critically dependent on the availability and amounts of available reimbursement. Without reimbursement, or an adequate level of reimbursement, there is little to no incentive for medical providers (and their patients) to use the Group's products and services. Whilst the Company believes that it has a favourable reimbursement position for its current, cleared CT products in the U.S. and Germany, in the future, reimbursement coverage for OssView™ will require a clinical trial to validate its benefits and the Group may need to implement a specific reimbursement strategy related to its SaaS modules (which can be a lengthy process). No assurance can be given that reimbursement will be provided for its SaaS modules at all, or that the level of reimbursement will be sufficient.	Section 4.2.2(a)
Development risk	An important aspect of the Group's business is to continue to invest in innovation and related product development opportunities. CT product and software development is expensive and inherently risky and products and solutions in development may not meet design objectives or be successful in either pre- or post-clinical testing. It often takes many years to develop medical software and CT devices to a point where there is a saleable product for economic, technical and/or regulatory reasons. Accordingly, even when such work is successful, it can be many years before the Group earns a return on its investment.	Section 4.2.3(b)
Market acceptance	Sales of the Group's products and services depends on the extent to which they are accepted by the market and the level of competitor activity. There is a risk that the Group's existing devices, and next generation devices, and future products may not gain targeted levels of market acceptance due to performance or increasing competition.	Section 4.2.4(a)

Topic	Summary	For more information refer to
Adoption of SaaS AI diagnostic solutions	The Group's long term revenue and profit growth is dependent on the utilisation of its SaaS based AI clinical assessment aids. It may be difficult to persuade some customers to change existing legacy on-premise and manual solutions, and adopt SaaS-based clinical assessment solutions like the Group's products.	Section 4.2.4(b)
Protection of IP	If the Group is unable to protect its IP, its competitors could develop and market products and services like those of the Group, and demand for the Group's products and services, or the price that the Group is able to charge for such products or services, may decline. Equally, if competitors are successful in obtaining patent protection of technologies relevant to the Group's activities, this may limit the Group's ability to execute its business strategy.	Section 4.2.5(a)
Manufacturing and supply chain risk	The Group's business plans contemplate increasing sales (and production) of its CT machines. If there is a rapid increase in orders, the Group will need to scale its manufacturing activities to meet customer orders in a timely way. A failure to do so could result in production delays, increased costs, and a delay in sales and customer dissatisfaction. The Group must also carefully monitor its supply chain and manage the risk of issues caused by external events. There is a risk that the Group's measures are insufficient in which case the Group risks not having enough product to meet demand.	Section 4.2.6
Additional funding risk	The Group may need to raise additional funds in the future to support its operations and business. The Group may elect to raise additional funds through the issuance of new equity securities, debt, or a combination of both. Additional financing may not be available on favourable terms, or at all, and such financing may be dilutive to Shareholders.	Section 4.2.7(b)
Key person risk	There is a risk that the Group may not be able to attract and retain key personnel or be able to find effective replacements for any departures. In particular, if the Group's CTO (AI), or CTO (CT) were to leave the Group, the Company would lose significant technical and business expertise which could have an adverse impact on the ability of the Group to implement its planned product development and business strategy.	Section 4.2.7(c)
Reliance on distributors	CurveBeam relies on distributors to distribute its products in many markets. The loss of a key distribution relationship, or an underperforming partner, may impact the Group's CT sales and revenue.	Section 4.2.7(d)
Cyber risk and data breach	There is a risk that the measures that the Group takes to prevent data breaches may prove to be inadequate which may result in successful cyber-attacks and unauthorised access to or use of data. Any data breaches or other unauthorised access to the Group's information technology systems or sensitive data may result in, among other things, reputational damage, a disruption of services or breaches of obligations under applicable laws or agreements. The Group may also incur costs as a result of rectifying system vulnerabilities or introducing additional safeguards to minimise the risk of data breaches.	Section 4.2.8(b)

Topic	Summary	For more information refer to
Taxation matters (post-merger)	The Merger Agreement between the Company and CurveBeam US includes a mechanism pursuant to which a portion of the consideration payable to the original unitholders in CurveBeam US was withheld to cover potential tax contingencies. There is a risk that potential tax liabilities may exceed the value of this contingent consideration or that tax liabilities arise or are identified after the contingent merger consideration is paid. If additional tax liabilities are identified, the Group would be required to pay such liabilities from its cash reserves. Any such payment will reduce the Group's cash reserves.	Section 4.2.11(b)

1.6 Directors and Key Managers

Topic	Summary	For more information refer to
Who are the Directors of the Company?	**Robert Lilley (Independent Non-executive Chair)** Mr Lilley was appointed to the Board in 2021 and has served in the role of Non-executive Chair since April 2021. Mr Lilley as over 35 years' experience in the medical device and diagnostics industries, and is also Chair of Immunexpress Pty Ltd, an Australian molecular diagnostics company. **Greg Brown (Chief Executive Officer and Managing Director)** Mr Brown has served as Chief Executive Officer of the Company since 2014 and was appointed to the Board in the same year. Mr Brown has over 35 years' experience in the healthcare industry, with a focus on medical devices (such as in vitro diagnostic medical devices) and personalised medicine. **Arun Singh (Chief Operating Officer, Chief Technology Officer (CT) & President (US Division), Executive Director)** Mr Singh has served as President, Americas and Europe, Chief Operating Officer and Chief Technology Officer (CT) of CurveBeam AI since 2022 and was appointed to the Board in March 2023. Mr Singh has over 34 years' experience in the technology industry, with a focus on medical imaging. Mr Singh was awarded the Lifetime Achievement Award by the American Association of Dental Maxillofacial Radiographic Technicians 2016 for his visionary contributions to the advancement of cone beam CT. **Hashan De Silva (Non-executive Director and Chair of Nomination and Remuneration committee)** Mr De Silva was appointed to the Board in 2021 as a nominee for Karst Peak Capital Limited, a significant investor in the Company. Mr De Silva is an experienced sell side and buy side investor in the Australian healthcare sector, and has held roles such as head of health care research at Karst Peak, and equity research analyst at CLSA Limited and Macquarie Group. Mr De Silva is currently a non-executive director of Pharmaxis Limited (ASX:PXS).	Section 7.1

Topic	Summary	For more information refer to
Who are the Directors of the Company? continued	**Kate Robb (Independent Non-executive Director and Chair of Audit and Risk committee)** Ms Robb was appointed to the Board in April 2023. Ms Robb has over 25 years' finance, governance, risk management and compliance experience and has held senior audit and risk roles in ASX-listed companies. Ms Robb is currently a non-executive director of Solvar Limited (ASX: SVR) and chairs the audit and risk committee of that company.	Section 7.1
Who are the Key Managers?	**Greg Brown (Chief Executive Officer)** Refer to Mr Brown's biography above. **Arun Singh (Chief Operating Officer, Chief Technology Officer (CT) & President (US Division))** Refer to Mr Singh's biography above. **Ura P Auckland (Chief Financial Officer & Company Secretary)** Mr Auckland has served as Chief Financial Officer and Company Secretary since 2020. Mr Auckland has approximately 20 years' experience in senior finance, operations and administrative roles in the technology and healthcare sectors. **Yu Peng (Chief Technology Officer (AI))** Dr Peng joined the Company in 2012 and has served as Chief Technology Officer (AI) since 2021. Dr Peng has over 15 years' experience in computer vision and machine learning. **Turner Dean (Vice President Sales)** Mr Dean joined CurveBeam US in 2018 as President and Chief Operations Officer of CurveBeam Mobile LLC, a former subsidiary of CurveBeam US and has served as Chief Sales Officer of the Company since 2022. Mr Dean has 45 years' experience in the healthcare and software industries. **Vinti Singh (Vice President Marketing)** Ms Singh joined CurveBeam US in 2012 and has served as Vice President of Marketing following the merger of CurveBeam AI and CurveBeam US in 2022. Ms Singh has extensive experience in journalism and marketing.	Section 7.2

1.7 Key people, interests and benefits

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information refer to</th></tr>
<tr><td>What are the Directors' security holdings?</td><td>The following table represents the Directors' respective interests in Securities on Listing.

<table>
<tr><th>Director</th><th>Securities</th><th>Holding % (fully diluted)</th></tr>
<tr><td>Robert Lilley</td><td>2,902,217 Shares
99,206 Noteholder Options
1,827,530 Plan Options
31,250 Rights</td><td>1.4%</td></tr>
<tr><td>Greg Brown</td><td>17,307,124 Shares
496,030 Noteholder Options
4,226,010 Plan Options</td><td>6.3%</td></tr>
<tr><td>Arun Singh</td><td>40,040,612 Shares
530,481 Plan Options</td><td>11.6%</td></tr>
<tr><td>Hashan De Silva</td><td>773,713 Shares
124,007 Noteholder Options
2,105,699 Plan Options, including 46,875 ZEPOs</td><td>0.9%</td></tr>
<tr><td>Kate Robb</td><td>1,046,875 Plan Options, including 46,875 ZEPOs</td><td>0.3%</td></tr>
</table>

Note: The figures above are subject to the notes to the table in Section 7.4.7, including the commentary regarding the additional Shares potentially issuable to Arun Singh in the future as Contingent Merger Consideration or associated Top-Up Merger Consideration (up to an additional 1,144,522 Shares, assuming no Tax Claims).</td><td>Section 7.4</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information refer to</th></tr>
<tr><td>What significant interests or benefits are payable to the Directors and other key persons connected to the Company or the Offer?</td><td>
<table>
<tr><th>Key person</th><th>Interest or benefit</th></tr>
<tr><td>Chair</td><td>Cash fee and equity award</td></tr>
<tr><td>CEO</td><td>Cash remuneration and equity awards (participation in LTI and STI plans)</td></tr>
<tr><td>Non-executive Directors</td><td>Cash fee and equity award</td></tr>
<tr><td>Key Managers (excluding CEO)</td><td>Cash remuneration and equity awards (participation in LTI and STI plans)</td></tr>
<tr><td>Joint Lead Managers</td><td>Fees for service</td></tr>
<tr><td>Other advisers</td><td>Fees for service</td></tr>
<tr><td colspan="2">The Company has entered into a royalty deed with three founders of the Company, as disclosed in Section 11.8.3.</td></tr>
</table>
</td><td>Sections 7.4, 7.6, 7.8, 7.9, 7.10 and 11.8.4</td></tr>
<tr><td>Who are the significant Existing Holders of the Company and what will their interests be after completion of the Offer?</td><td>The direct and indirect Share holdings of significant Existing Holders immediately prior to, and following allotment under, the Offer will be as follows:
<table>
<tr><th></th><th>Pre-allotment (% of Shares)</th><th>Post-allotment (% of Shares)</th></tr>
<tr><td>Arun Singh (Director)</td><td>14.9%</td><td>12.5%</td></tr>
<tr><td>Ilwella Pty Ltd</td><td>9.8%</td><td>8.2%</td></tr>
<tr><td>Firetrail Investments</td><td>12.3%</td><td>10.3%</td></tr>
<tr><td>Greg Brown (Director)</td><td>6.5%</td><td>5.4%</td></tr>
<tr><td>Karst Peak Capital</td><td>8.2%</td><td>6.8%</td></tr>
</table>
Note: The figures above are subject to the notes to the table in Section 8.3.2.

Existing Holders (including the above significant holders) will retain approximately 83.7% of the Shares following completion of the Offer.</td><td>Section 8.3.2</td></tr>
</table>

1.8 Summary of the Offer and the proposed use of funds raised

Topic	Summary	For more information refer to
Who is the issuer of the Prospectus?	CurveBeam AI Limited (ACN 140 706 618)	Section 3
What is the Offer?	The Offer is the offer provided under this Prospectus for investors to participate in the initial public offering of fully paid ordinary shares in the capital of the Company (**New Shares**) and an application for admission of the Company to the official list of the ASX. The Company will offer 52,083,333 New Shares (being $25,000,000 divided by the Offer Price). Successful Applicants under the Offer will pay the Offer Price.	Section 8
How is the Offer structured?	The Offer comprises: • the **Institutional Offer** – which is open to certain Institutional Investors in the Permitted Jurisdictions; and • the **Broker Firm Offer** – which is open to Australian resident retail investors who have received a firm allocation from their broker. No general public offer of New Shares will be made under the Offer.	
What will the capital structure of the Company be at Listing?	The final capital structure of the Company at Listing will depend on the precise Allotment Date. It is expected however, that at Listing the Company will have 320,239,646 Shares on issue along with 12,400,763 Noteholder Options, 16,690,665 Plan Options and 591,939 Rights. A further 2,457,005 Shares may be issued as Contingent Merger Consideration. Please see Section 11.6 for further information on the Contingent Merger Consideration. Please refer to Section 8.3.1 and the "Key Offer statistics" section (at the beginning of this Prospectus) for a detailed explanation of these matters.	Section 8.3.1 Key Offer statistics
Will the Company be adequately funded after completion of the Offer?	The Directors believe that on completion, the Company will have sufficient working capital from the funds raised from the Offer to carry out its stated objectives in this Prospectus for at least 24 months following the Offer.	Section 8.2
What rights and liabilities attach to the Shares being offered?	A description of Shares, including the rights and liabilities attaching to them, is set out in Section 11.7.	Section 11.7

Topic	Summary	For more information refer to
Will the Shares be quoted on the ASX?	The Company has applied to the ASX for Official Quotation of all Shares on the ASX under the ticker "CVB".	Section 8.9
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Bell Potter.	Section 11.8.5
What is the allocation policy applicable to the Offer?	The allocation of New Shares between the Broker Firm Offer and the Institutional Offer will be determined by Bell Potter in consultation with the Company, having regard to the allocation policies outlined in Section 8.5. With respect to the Broker Firm Offer, it will be a matter for the broker to determine how they allocate New Shares among their eligible clients. The broker (and not the Company or Bell Potter) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant New Shares. The allocation of New Shares among applicants in the Institutional Offer will be determined by Bell Potter in consultation with the Company.	Section 8.5
What is the minimum Application under the Offer?	Applications under the Offer must be for a minimum of 4,167 Shares (approximately $2,000).	Section 8.4
When will I know if my Application has been successful?	A holding statement confirming your allocation under the Offer will be sent to you if your Application is successful. It is expected that initial holding statements will be dispatched by post on or about 18 August 2023.	Section 8.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisitions of New Shares under the Offer.	Section 8.4
What are the tax implications of investing in the Shares?	The tax consequences of any investment in New Shares will depend on your personal circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 10
What is the Company's dividend policy?	No dividends are expected to be paid in the near term following Listing. The Directors will review this policy as appropriate.	Section 11.9

Topic	Summary	For more information refer to
How do I apply for the New Shares?	Applicants under the Broker Firm Offer should follow the instructions provided by their broker. Bell Potter have separately advised Institutional Investors of the application procedure under the Institutional Offer, except for Institutional Investors in the United States. To the extent permitted by law, an application by an Applicant under the Offer is irrevocable.	Section 8.6
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue of New Shares to Successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Sections 8.8 and 8.11
Where can I find more information?	Questions relating to this Prospectus can be directed to the Registry on 1300 850 505 (if calling within Australia) or +61 03 9415 4000 (if calling from outside of Australia). All enquiries in relation to the Broker Firm Offer should be directed to your broker. If you require assistance in completing the Application Form, require additional copies of this Prospectus, have any questions in relation to the Offer or you are uncertain as to whether obtaining New Shares is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant, tax advisor, financial advisor, or other independent professional advisor before deciding whether to invest.	Section 8.12
What are the escrow arrangements?	Following Listing, a number of Existing Holders will be restricted in dealing in some or all of their securities, by reason of escrows required by the ASX or agreed to voluntarily. The ASX imposed escrow is for a period of up to 24 months after Listing and the voluntary escrow arrangements range from 9 to 24 months. The Company expects that on Listing, approximately 202,911,916 Shares will be subject to escrow arrangements, being approximately 75.7% of all Shares not issued under the Offer and 63.4% of all Shares following the Offer. Final details of the escrow arrangements will be announced to the ASX prior to the Shares commencing trading on the ASX.	Section 11.11

1.9 Proposed sources and uses of funds associated with the Offer

The Offer is being conducted to:

- provide the Company with funding to support its growth strategies, including by investing in:
  - U.S. growth through supporting both its partnership with Stryker and direct sales; and
  - clinical trials to support expanded indications and claims;
- fund new product development and research & development;
- protect and expand the Company's intellectual property position;
- provide the Company with access to listed capital markets to support future growth;
- pay the costs of the Offer; and
- fund general working capital requirements.

The Offer is also being conducted to provide CurveBeam AI with the benefits of an increased brand profile that may arise from being a publicly listed entity and broaden the Company's Shareholder base and provide a liquid market for Shares.

Further details about the sources of the funds that will be used to carry out these objectives (including the proceeds under the Offer) and how those funds will be allocated are set out in the tables below and in Section 8.2.

Sources	Approximately $ '000	Uses
Cash proceeds received from issue of New Shares by the Company under the Offer	25,000	100%
Total	**25,000**	**100%**

Use of proceeds	(A$ '000)	% of funds raised
Sales and marketing	11,332	45%
New product development and R&D	4,103	16%
Intellectual property costs	1,947	8%
Costs of the Offer	3,269	13%
Other working capital	4,350	18%
Total	**25,000**	**100%**

The above table is a statement of current intentions as at the date of this Prospectus. Investors should be aware that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. The Board reserves the right to alter the way the funds are applied.

02
INDUSTRY BACKGROUND

2.1 Introduction

CurveBeam AI has two principal and overlapping areas of focus:

Medical imaging platforms and solutions for the orthopaedic market

CurveBeam AI develops, manufactures and distributes a range of Cone Beam computerised tomography (CT) imaging platforms, with a key focus being the supply of natural bilateral weight bearing CT scanners for the orthopaedic and musculoskeletal specialties. The Company's flagship product is its HiRise™ weight bearing and non-weight bearing CT device. The Company also manufactures dedicated non-weight bearing CT devices, which include the new InReach™ HRpQCT (high resolution peripheral quantitative computed tomography) scanner that has been designed for the point of care bone fragility screening market. CurveBeam AI's portfolio of imaging CT products have regulatory clearances in the U.S., Australia and Europe, as described in Section 3.10.1. The Company, through its strategic relationship with Stryker's U.S. Foot & Ankle division, (see Sections 3.8.1 and 11.8.1) and its own sales force in the U.S. and distribution network in other jurisdictions, is targeting growth in CT device sales, particularly in the orthopaedic market, where the Company believes there is significant unmet demand for the Company's high-resolution, point of care, open platform 3D imaging solutions and the software-based AI driven clinical assessment aids.

Bone health diagnostics

Bone Mineral Density (BMD) assessment – there is growing recognition that bone health is a critical factor in the diagnosis, treatment and management of a range of orthopaedic conditions and injuries. CurveBeam AI has developed sophisticated software that – utilising the images produced by the Company's HiRise™ – aids in the clinical assessment of bone health conditions (e.g., osteoporosis/osteopenia and osteoarthritis/arthritis) and fracture risk. In the United States, the Company aims to build a valuable SaaS business for opportunistic screening in the orthopaedics field with bone mineral density (**BMD**) and bone microstructural assessment to aid in surgical planning. In the U.S., bone mineral density results from CT scans are supported by reimbursement for referring clinicians. This provides the opportunity to target high-margin, ongoing revenue from the Company's installed base of CT machines.

Fragility screening – fragility fractures, particularly in the elderly, are a major cause of chronic disease morbidity, and represent a significant cost to healthcare systems in the United States, Europe and many other countries. While there are existing pharmacological treatments and other interventions that can significantly reduce the risk of fracture for at-risk patients, it has been demonstrated that existing diagnostic tools often fail to diagnose fracture risk in patients who go on to sustain fragility fractures. This poor performance as a diagnostic tool thereby limits practical options for therapeutic (including pharmacological) intervention as the patients in need of treatment cannot be reliably identified. CurveBeam AI's OssView™ software aids in the clinical assessment of fracture risk in elderly patients and early studies have indicated that it offers a significant improvement over existing approaches for assessing fracture risk. CurveBeam AI believes that, through the analysis of bone microstructure (rather than using conventional measures of BMD alone) there is an opportunity to establish – initially in the U.S. – a new benchmark clinical aid for clinicians to use in the assessment of fracture risk in non-osteoporotic patients. The Company's solution brings together its FDA cleared InReach™ HRpQCT scanner and, subject to FDA clearance, its OssView™ software. This has the potential to generate multiple revenue streams, including hardware sales, SaaS revenue and possibly a share of savings derived by capitated healthcare networks in the U.S.

Each of the market opportunities summarised above are discussed in more detail below. Section 3 describes in more detail the Company's products and services.

2.2 Medical imaging

2.2.1 Traditional imaging techniques

Medical imaging is the blanket term that aggregates technologies that are used to generate 2D or 3D renditions of the inner structures of the body. The information generated is subsequently used to aid in diagnosing and monitoring medical conditions as well as planning appropriate medical interventions. The principal technologies used for bone imaging are X-ray, CT, and to a lesser extent, MRI. Another medical imaging technique is DEXA, which can be used for measuring body composition and BMD and which is further described in Section 2.5.3.

X-ray

Long the mainstay of orthopaedic imaging, X-ray radiography retains its usefulness in the diagnosis of fractures and other skeletal traumas but is of limited use for bone disease diagnosis/monitoring or surgical planning. The technology is based on an X-ray beam which is projected through the body, where different tissues have different rates of absorbance of the rays, creating a representation of the body's internal structures – most notably skeletal structures. The X-rays are transmitted to a detector for recording or further processing by a computer.

X-ray radiography's main competitive advantage remains its relative ubiquity. Nearly all the estimated 6,000 standalone imaging centres in the U.S. and the 1,000 estimated imaging centres in Germany have X-ray imaging available in one form or another.[6] Additional relative advantages of X-rays include the limited amount of radiation dispensed per scan, as well as the relative flexibility afforded to operators with regard to patient posture (including the ability to perform weight bearing scans).

X-rays have several shortcomings as a diagnostic modality. These include the 2D, limited quality nature of X-ray radiographs and the inherent inconsistency of X-rays, which makes quantitative analysis of bone related processes (e.g., fracture healing) difficult. Thus, the interpretation of radiographs tends to be heavily reliant on the radiologists' level of experience and expertise. To make up for this, multiple X-rays are often required in different positions, thereby increasing absorbed radiation levels and time per examination.

Despite this, X-rays are the most widely administered form of imaging, with Frost & Sullivan estimating that more than 52 million X-rays are performed per year in the U.S.[7]

Biplanar X-ray systems

Biplanar X-ray systems, also known as upright radiography or digital radiography systems, are medical imaging devices that allow patients to be imaged standing, sitting or in other weight bearing positions. These systems typically consist of a vertical stand with an X-ray generator at the top and a digital detector or image intensifier at the bottom. The patient stands or sits between the two components, and X-rays are directed through the patient's body from the top to the bottom. Biplanar X-ray systems are often used to diagnose conditions affecting the spine, such as scoliosis or vertebral fractures, as well as to assess joint stability and alignment in weight bearing positions. They can also be used to evaluate patients with certain lung conditions, as standing or sitting images can show changes in lung function that may not be visible on traditional X-rays taken while lying down. Biplanar X-ray systems have several advantages over traditional X-rays taken while lying down. By imaging the patient in a weight bearing position, doctors can more accurately assess the alignment and stability of joints and the spine, which can be important for diagnosing certain conditions. Additionally, biplanar X-rays may be more comfortable for some patients, as they do not require the patient to lie down on a hard surface for an extended period.

While advantageous in certain respects, biplanar X-ray systems suffer from several deficiencies. For example, their 3D imaging is simulated, and they are limited in their fields of view. This makes these systems less suited for total joint replacement (**TJR**) preoperative planning, or to evaluate complex fractures among a host of other conditions.

Standard Computed Tomography (CT)

CT is a type of medical imaging technology that uses X-rays to create detailed pictures of the inside of the body. During a CT scan, a patient lies on a table that moves through a large, doughnut shaped machine. The machine takes a series of X-ray images from different angles around the body and a computer combines them to create cross sectional pictures of the body's internal structures. These images can be used to diagnose a wide range of medical conditions such as bone fractures, internal bleeding and tumours. While CT scans involve exposure to ionising radiation, which can be harmful in high doses, the benefits of the diagnostic information they provide usually outweigh the risks. CT scans are generally considered safe for most patients, and the amount of radiation exposure from a typical CT scan is relatively low depending on where on the body the reading is taken.

Due to the nature of the modality, CT scans can generate significantly better resolution and offer improved diagnostic utility compared to X-ray radiography. However, the devices' larger footprint, radiation emission profile and very high costs typically mean that traditional CT scanners are generally only found in hospitals or dedicated imaging centres and radiology practices. In turn, particularly in the U.S., obtaining a CT scan is often time consuming and involves out of pocket expense for patients. Most notably in the context of CurveBeam AI's technology, traditional CT scanners are limited to scanning patients in the supine position (lying down) and offer no insights into functional (i.e., under stress) aspects of joint morphology.

6. Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.
7. Refer footnote 6.

MRI

MRI is a medical imaging technique that uses a powerful magnetic field and radio waves to create detailed images of the inside of the body. During an MRI patients lie in a supine position on a table that is inserted into a large tube containing rotating magnets. The resultant strong magnetic field then envelopes the body, which causes atoms to align, and radio waves are then transmitted through the body, causing the aligned atoms to produce signals that are detected by the MRI machine. The signals are processed by a computer to create detailed images, including organs, bones, and tissues. The images can be viewed from multiple angles and can help doctors diagnose a wide range of conditions.

An MRI is a painless and non-invasive procedure that does not use radiation, making it a safe imaging option for most people. However, the machine can be loud, so patients require earplugs or headphones during the procedure. Patients need to lie perfectly still for the procedure, which can take anywhere from 30 minutes to over an hour, depending on the part of the body being imaged.

MRIs provide superior imaging for soft tissues, but do not provide superior detail of skeletal features when compared to CT or X-ray radiography. The modality suffers from additional drawbacks, primarily related to the machines' size and cost, which limits their use to large hospital centres and dedicated radiology centres and clinics. Moreover, the length of examinations, and the common need for intravenous contrast agents, further limit patient throughput and make MRI unsuitable for mass screening of healthy patients.

2.2.2 Cone Beam and weight bearing CT scanners

Cone Beam CT

A variation of CT, Cone Beam CT is a medical imaging modality that can generate high-resolution 3D images of bones, soft tissues and dental structures.

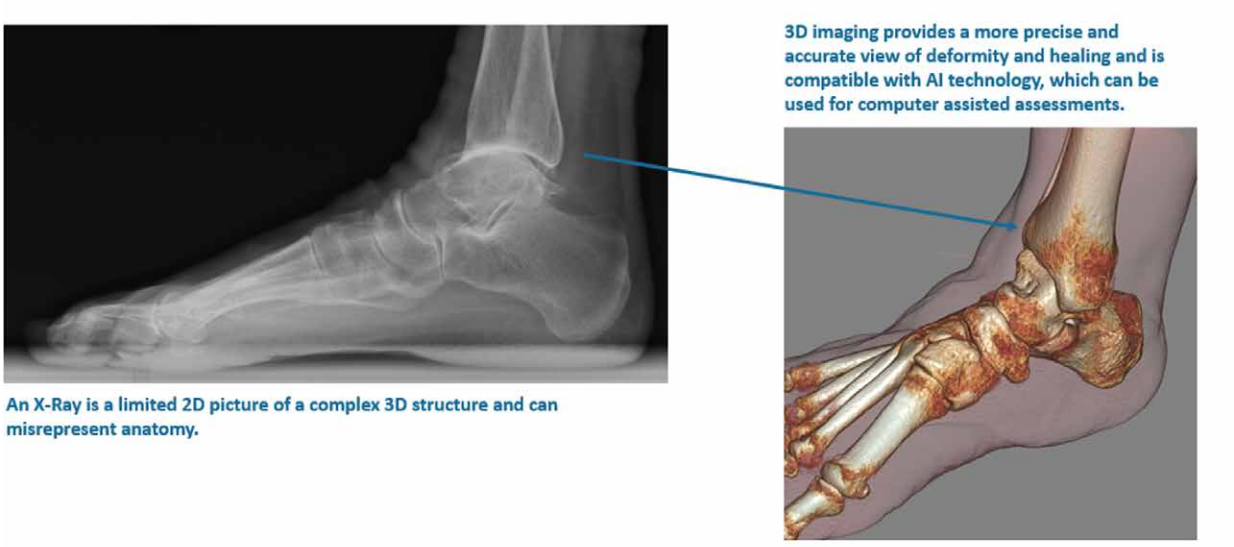
Cone Beam CT relies on a turning conical X-ray beam with the source at one end of its diameter, the target at the other end and the object in the middle. The virtual detector plane produces a network of interlacing lines and nuances known as a sinogram, interpreted by mathematical transformations. This provides a 3D cylindrical field of view divided into cubes or voxels, which are the 3D equivalent of 2D pixels. Resolution depends on detector resolution, software and memory. The Cone Beam CT process ensures that the reconstructed virtual 3D object matches the dimensions and density of the original object with high accuracy, avoiding perspective bias or superimposition, in a single examination.

Image 2.1: Rotating Cone Beam X-ray CT

Cone Beam CT has been used in dental imaging since 1998 for the evaluation of oral and maxillofacial structures and more recently in breast imaging, oncology and orthopaedics. Cone Beam CT has utility in orthopaedics where it is used to provide high resolution 3D scans of extremities such as the knee, hip/pelvis, hand, wrist, elbow, ankle and foot.

An example of Cone Beam CT's utility in orthopaedics is in assessing foot and ankle conditions. The foot and ankle constitute a complex anatomical structure. To fully comprehend the structural interactions within this region, a 3D perspective is essential. Conventional X-ray radiography cannot avoid superimposition of the anatomic structures and the spatial distribution of the X-ray beams, which causes distortion and fan effect with this perspective bias, limiting image utility.

Image 2.2: Comparison between 2D imaging and 3D imaging of an ankle



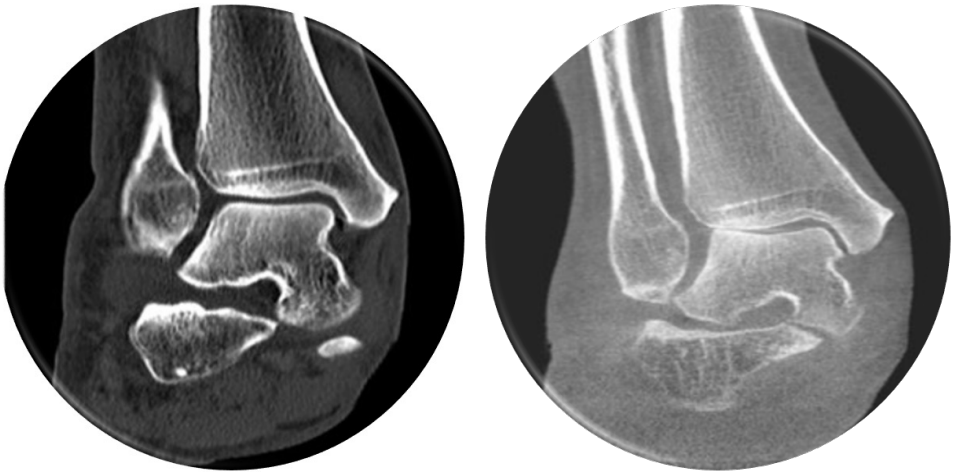
Weight bearing CT

Weight bearing CT is a medical imaging technique that uses Cone Beam CT technology to provide 3D images of bones and joints while the patient is standing, sitting or in another weight-bearing position. Weight bearing imaging techniques provide a more comprehensive and accurate evaluation of the musculoskeletal system by allowing for the assessment of bone and joint function under physiological loads.

Traditional imaging techniques, such as X-rays or CT scans, are often performed with the patient in a non-weight bearing position (such as lying down), which may not provide a complete and accurate picture of the musculoskeletal system. Imaging the musculoskeletal system in a weight bearing position enables a more precise evaluation of joint alignment, weight distribution and movement during weight-bearing activities, which can help identify conditions that may not be apparent with non-weight bearing imaging, such as joint instability or misalignment. This information can be critical for accurate diagnosis, treatment planning and monitoring treatment progress, particularly for conditions that are influenced by weight-bearing activities, such as:

- **Osteoarthritis:** Weight bearing CT can provide valuable information on joint alignment and cartilage degeneration that can help clinicians identify the severity and progression of osteoarthritis.
- **Sports injuries:** Weight bearing CT can be used to evaluate joint instability, bone fractures, and soft tissue injuries that may occur during high impact or weight-bearing activities, such as running or jumping.
- **Foot and ankle disorders:** Weight bearing CT can provide detailed images of the foot and ankle while bearing weight, which can help identify conditions such as flatfoot, high arch and foot deformities that may be difficult to diagnose with traditional imaging techniques.
- **Spinal disorders:** Weight bearing CT can help identify spinal alignment and degenerative changes in the discs and vertebrae that may contribute to chronic back pain and other spinal disorders.

Image 2.3: Weight bearing CT image demonstrating lack of cartilage as compared to non-weight bearing CT



Non-weight bearing image

Weight bearing image

2.2.3 Potential user groups for weight bearing CT scanners

There are various potential customer groups for weight bearing CT technology, including:

- **Imaging centres:** Almost half of outpatient imaging is undertaken at outpatient imaging centres which generally offer a range of imaging modalities, including X-ray, CT and MRI. Patients are typically referred to imaging centres for scans by primary care physicians or specialists to support the diagnosis of conditions, treatment planning and post-operative follow up.
- **Doctor's offices:** Doctor's offices, including point of care ambulatory clinics and specialist practices (such as orthopaedic practices), may utilise imaging equipment onsite to diagnose a patient's condition in a single visit. This is the case in most major markets, excluding Australia, where a radiologist is required to assess images. The use of weight bearing CT technology enables the physician to capture more of the value of imaging and treatment planning in-house, although the size and cost of some types of imaging devices as well as the need for skilled operators (e.g., in the case of traditional CT scanners, MRI scanners and DEXA machines) generally precludes their use in these settings.
- **Hospitals:** Hospitals may also provide imaging services to patients including for accident and emergency and for surgical purposes.

2.2.4 Estimated market size for installation of weight bearing CT scanners

In the U.S. and German markets combined, there are over 20,000 current and potential installation sites for weight bearing CT devices, including orthopaedic practices, standalone imaging centres and non-psychiatric hospitals. However, installations are also feasible in other healthcare settings, including general practice offices and other specialist practices, such as podiatry and rheumatology clinics. This further increases the available market opportunity for weight bearing CT.

In the U.S. alone, the Company estimates the potential addressable market for CurveBeam AI's HiRise™ weight bearing CT machine is approximately A$10 billion.[8]

8. Calculated by multiplying the indicative install price (direct to clinician and partner sales) of a HiRise™ in the U.S. by an estimated ~17,352 potential installation sites in the U.S.

Table 2.1: Potential weight bearing CT installation sites by type, U.S. and Germany

	Orthopaedic practices	Standalone imaging centres	Hospitals	Total
U.S.	5,892	>6,000	5,460	~17,352
Germany	~1,500	~1,000	1,887	~4,387

Source: Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.

2.2.5 Medical imaging – competitive landscape

CurveBeam AI's current focus in the medical imaging market is providing solutions where 3D imaging, in a weight bearing or non-weight bearing context, is preferred. There are number of competing products that, to varying degrees of efficacy, provide such functionality, as described below.

Key competitors – X-ray systems

Key competitors in the X-ray field include:

- **EOS Biplanar Full Body X-Ray:** the EOS Biplanar Full Body X-ray is a medical imaging system that uses two perpendicular X-ray beams to capture 2D detailed images of the entire body while the patient is standing or sitting in a natural posture. The EOS system uses a lower radiation dose than traditional X-ray systems and produces high resolution 2D images only that are then simulated into a 3D projection. While the EOS Biplanar Full Body X-ray offers a range of benefits over traditional X-ray systems and has utility in diagnosing and treating a variety of orthopaedic and spinal conditions, in the Company's view it has several drawbacks. These drawbacks include its large size and height (which mean it is not generally suitable for many point of care settings), relatively high costs (purchase price and running costs) compared to CurveBeam AI's solutions, general lack of suitability for certain use cases (e.g., foot and ankle surgical planning) and image quality.
- **Multitom Rax Twin Robotic X-ray system:** the Siemens Multitom Rax is a medical imaging system that combines two types of imaging technologies – X-ray and 3D bone imaging. This system is designed to provide a wide range of diagnostic imaging capabilities, including routine radiography, fluoroscopy, and CT exams and it allows for true weight bearing X-ray imaging. Common with other X-ray systems, the Siemens' system has a large footprint and is relatively costly to purchase, install and use.

Key competitors – CT systems

Key competitors in the upright CT field include:

- **Planmed Verity®:** the Planmed Verity® is a partial competitor to HiRise™. Unlike HiRise™ a single scan is limited to part of the foot, ankle and or knee of one leg. The system requires patients to place the leg to be imaged into a large CT ring and to put weight on it while the non-imaged leg is required to rest on the ring at a perpendicular angle to the body. This unnatural posture, which does not reflect natural weight bearing conditions, can be physically challenging for some patients, particularly elderly patients or those suffering from joint pain.
- **Planmed XFI®:** the Planmed XFI® is a potential future competitor of the HiRise™, which Planmed is currently promoting as a future product. In their pre-promotion material, Planmed state the device is not CE marked or FDA cleared. CurveBeam AI understands that the device will consist of a CT scanner that is designed to offer a weight bearing full body scan. CurveBeam AI anticipates that the Planmed XFI® will, unlike the HiRise™, be less suitable to a point of care setting due to its projected height and size requirements.

As far as the Company is aware, none of the competitors outlined in this Section offer SaaS based integrated AI image analysis presently, nor do any of them offer natural bilateral weight-bearing CT in true 3D.

2.3 Macro factors impacting demand for weight bearing CT and diagnostic tools

CurveBeam AI's key focus is supplying CT scanners, and SaaS delivered clinical aids/visualisation/surgical planning solutions, to the orthopaedic market. The diagnosis, treatment and management of musculoskeletal system diseases represents a significant and growing proportion of healthcare spending in many countries.[9] Musculoskeletal system diseases include conditions that affect:

- joints, such as osteoarthritis, rheumatoid arthritis, psoriatic arthritis, gout and spondyloarthritis;
- bones, such as osteoporosis, osteopenia and associated fragility fractures and traumatic fractures; and
- muscles, such as sarcopenia.

2.3.1 Musculoskeletal system diseases generally

Musculoskeletal disorders affect approximately 1.7 billion people worldwide. Musculoskeletal conditions limit mobility and dexterity, thereby lowering workforce participation through absenteeism and, in more extreme cases, leading to early retirement from work, lower levels of wellbeing and quality of life, and reduced ability to participate in society. At the same time, ageing populations across the western world and Asia mean that the number of people living with musculoskeletal conditions and associated functional limitations is rapidly increasing.

2.3.2 Osteoarthritis and joint replacements

Osteoarthritis is the most common form of arthritis, affecting an estimated 528 million people globally in 2019 – a number which has doubled since 1990. Osteoarthritis affects one in seven Americans, or over 32.5 million U.S. adults.[10] The annual medical costs attributable to osteoarthritis are estimated to be US$65.5 billion per year in the U.S. alone.[11] Osteoarthritis is a leading cause of disability in working age and older adults and ageing populations, in conjunction with increasing obesity, are anticipated to compound this trend. In Germany, a second key market of the Company, osteoarthritis affects more than 1 in 5 females (a prevalence of 21.8% of the total female population) and 1 in 7 males (13.9% of all males). A German population study commissioned by the Company also identified that in people who are 65 years of age and above, the incidence of osteoarthritis is, as expected, substantially higher, with 48.1% of females and 31.2% of males affected by the condition.[12]

Osteoarthritis is caused by joint damage when the protective cartilage that cushions the ends of the bones wears down over time. Ongoing damage to joints tends to be irreversible. As such, total joint replacements (**TJRs**) are sometimes recommended where nonsurgical treatments (such as medications, physical therapy and activity modifications) do not relieve a person's pain and disability. A TJR is a surgical procedure where an osteoarthritis affected or damaged joint is replaced with a metal, plastic or ceramic device called a prosthesis. The prosthesis is designed to replicate the movement of a normal, healthy joint.

TJR is a common treatment for osteoarthritis, and the number of procedures is increasing together with ageing populations, a rise in obesity rates, and the subsequent increase in the incidence of osteoarthritis. An estimated 1.06 million total knee replacements and 450,000 total hip replacements are performed each year in the U.S.[13] By 2030, these numbers are expected to increase by approximately 80%, with 1.92 million knee replacements and 850,000 hip replacements anticipated to be performed on an annual basis.[14] However, some analysts have predicted that the number of knee replacement surgeries in the U.S. will reach 3.5 million annually by 2030.

Additionally, there are a number of other corrective orthopaedic surgical procedures regularly performed including hallux valgus (bunion), adult acquired flatfoot deformity (**AAFD**) reconstructions, Charcot foot reconstructions and osteomyelitis surgeries.

9. Chen N, Fong DYT, Wong JYH. Health and Economic Outcomes Associated With Musculoskeletal Disorders Attributable to High Body Mass Index in 192 Countries and Territories in 2019, pg.2.
10. Frost & Sullivan, CDC, A National Public Health Agenda for Osteoarthritis, 2020 Update.
11. Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.
12. Refer footnote 11 above.
13. Refer footnote 11 above.
14. Refer footnote 11 above.

Table 2.2: Estimated total number of TJR (hip and knee) procedures in U.S. and Germany – current and forecast (2030)

	US		Germany	
	Current	Forecast (2030)	Current	Forecast (2030)
TJR (hip and knee)	1,563,300	2,776,800	448,000	528,000

Source: Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.

Table 2.3: Current estimated total number of TJR (excluding hip and knee) in U.S. and Germany

Procedure	US	Germany
TJR (ankle)	10,000	820
Hallux valgus corrections	200,000	80,000
AAFD reconstructions	10,000	Not available
Open reduction and internal fixation (ORIF) (calcaneus, pilon, ankle)	100,000	Not available
Triple arthrodesis	25,000	4,800

Source: Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.

2.4 Bone health – BMD assessment and undiagnosed bone fragility in TJR patients

Although a growing number of patients less than 65 years of age are receiving total joint replacements, most people currently living with implants are between 60-89 years of age. It is estimated that 23% and 43% of late-stage osteoarthritis patients needing a TJR have osteoporosis and osteopenia respectively (and therefore a higher fragility risk).[15] This is significant because an undiagnosed, untreated fragility is considered a major risk factor in a failed implant needing revision surgery. Improving the rates of identifying fragility in TJR patients, and therefore facilitating management of at risk patients, has been demonstrated to reduce revision rates. Revision surgery not only adversely impacts patients, it also results in significant additional healthcare costs.

Despite there being significant potential clinical and cost benefits in routinely assessing the BMD of TJR patients, one study has found that only 15% of patients undergoing primary TJR received a BMD assessment prior to surgery.[16] This is thought to be primarily because DEXA BMD assessment requires patients to travel with DEXA being generally limited to hospitals and major radiology clinics and therefore both less common and more difficult to access than traditional surgeon office point of care CT (which cannot assess BMD).

The Company therefore believes that its point of care weight bearing HiRise™ design provides an opportunity to improve screening rates for BMD through CT scans in TJR patients. This is because surgeons could use a pre-existing HiRise™ scan to also obtain a reimbursable BMD CT assessment. Thus, the capability of HiRise™ to provide a BMD assessment meets both an important, largely unmet clinical need and provides a financial benefit to surgeons doing so.

15. Cited by Anderson KD, Ko FC, Virdi AS, Sumner DR, Ross RD. in Biomechanics of implant fixation in osteoporotic bone, Current Osteoporosis Reports. 2020 Oct.
16. Refer footnote 15 above.

Initially, the Company will only offer a BMD assessment from a pre-existing HiRise™ scan. However, the Company plans in the future to further improve the clinical utility of a HiRise™ BMD assessment with an additional clinical aid in assessing fragility and fracture risk by offering, once regulatory clearance is obtained, a microstructural assessment at the ankle with the Company's proprietary OssView™ fracture risk clinical aid. By combining conventional BMD measures with the bone microstructure analysis capabilities of OssView™, it is expected that treating clinicians will be in a better position to identify untreated bone fragility and fracture risk and optimise surgical plans with the aim of reducing revision rates through better surgical planning and pre and post-operative management where required.

Given the existing U.S. healthcare guidelines that bone measurement testing be used to screen for osteoporosis to prevent osteoporotic fractures in women 65 years and older, the expected trajectory of TJR procedures, and the growing body of literature highlighting the link between osteoporosis and implant failure, the Company considers that this is a potentially significant market opportunity.

See Section 3.6 for further details of Company's target offering in this regard.

2.5 Bone health – fragility fracture risk screening opportunity

CurveBeam AI believes that, through the analysis of bone microstructure (rather than using conventional measures of BMD) there is an opportunity to establish a new clinical aid for medical providers to use in the assessment of fracture risk in non-osteoporotic patients that brings together its FDA cleared InReach™ HRpQCT scanner of the wrist and, subject to FDA clearance, its proprietary OssView™ software. Subject to OssView™'s efficacy being further demonstrated in future clinical trials and necessary regulatory clearances being obtained, the Company believes that OssView™ has the potential to be adopted in broader population screening programs for bone fragility in the elderly. This opportunity is discussed further in Section 2.5.3.

2.5.1 Osteoporosis, osteopenia and fragility fractures

Osteoporosis occurs when bone mineral density and bone mass decrease, or the structure and strength of bone decreases. It is a further progression from osteopenia which refers to below normal bone density. Osteoporosis significantly increases the risk of fractures (fragility fractures), particularly of the bones in the hip, spine, ankle and wrist. Osteoporosis and osteopenia are the major cause of fractures in postmenopausal females and older males (with prevalence higher in females than males), with most fractures occurring in patients suffering from osteopenia.

Fragility fractures are a major cause of chronic disease morbidity, ranking as the fourth leading cause in Europe[17]. Osteoporotic fractures in the elderly, particularly hip fractures, are associated with limited movement, chronic pain and disability, loss of independence, and decreased quality of life[18] and, in the U.S., 22% of patients who experience a hip fracture die within one year[19]. In the U.S., approximately 71% of osteoporotic fractures occur among women, and while women have higher rates of osteoporosis than men at any given age, men have a higher fracture-related mortality rate than women.

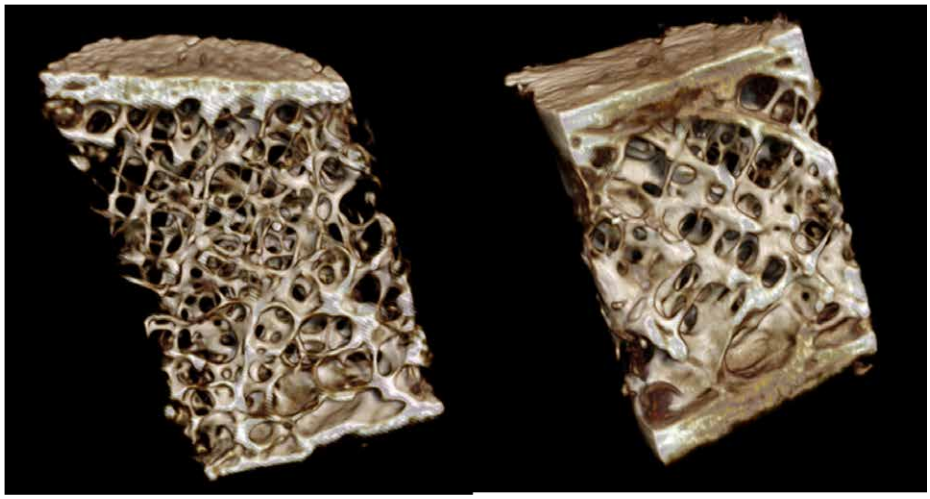
There is no surgical treatment for osteoporosis itself, although fragility fractures are often treated surgically. However, osteoporosis can be treated pharmacologically with antiresorptives (e.g., bisphosphonates and denosumab) as first line treatments, as well as with dietary and lifestyle changes such as increasing calcium and vitamin D intake and increasing highly osteogenic exercises and sports. Treatments have been found to be effective in reducing the risk of fractures.

Currently, osteoporosis is typically diagnosed by measuring a patient's BMD with a dual energy X-ray scanner (called a DEXA – see Section 2.5.3). However, while prevalent, BMD is considered a poor diagnostic for assessing the risk of fragility fracture which means that a large percentage of individuals with osteopenia who can be at high risk of fracture are not effectively diagnosed based on their BMD measurement, and hence are not provided with treatment and medications to prevent a first fracture[20].

17. Shen, Y., Huang, X., Wu, J., Lin, X., Zhou, X., Zhu, Z., Pan, X., Xu, J., Qiao, J., Zhang, T., Ye, L., Jiang, H., Ren, Y., & Shan, P. F. (2022). The Global Burden of Osteoporosis, Low Bone Mass, and Its Related Fracture in 204 Countries and Territories, 1990-2019. Frontiers in endocrinology, 13, 882241.
18. Bukata, S. V., Digiovanni, B. F., Friedman, S. M., Hoyen, H., Kates, A., Kates, S. L., Mears, S. C., Mendelson, D. A., Serna, F. H., Jr, Sieber, F. E., & Tyler, W. K. (2011). A guide to improving the care of patients with fragility fractures. Geriatric orthopaedic surgery & rehabilitation, 2(1), 5–37.
19. Downey, C., Kelly, M., & Quinlan, J. F. (2019). Changing trends in the mortality rate at 1-year post hip fracture – a systematic review. World journal of orthopedics, 10(3), 166–175.
20. Chapurlat, R., Bui, M., Sornay-Rendu, E., Zebaze, R., Delmas, P. D., Liew, D., Lespessailles, E., & Seeman, E. (2020). Deterioration of Cortical and Trabecular Microstructure Identifies Women With Osteopenia or Normal Bone Mineral Density at Imminent and Long-Term Risk for Fragility Fracture: A Prospective Study. Journal of bone and mineral research: the official journal of the American Society for Bone and Mineral Research, 35(5), 833–844.

Image 2.4: Impact of bone building medications (Romosozumab or ROMO) on bone structure vs placebo

Placebo (no ROMO) 12 months after ROMO



Source: Courtesy of Prof P Chavassieux, INSERM UMR 1033 Lyon, France.

2.5.2 Prevalence and economic burden of osteoporosis

Worldwide, 1 in 3 women over the age of 50 will experience osteoporosis fractures, as will 1 in 5 men aged over 50[21]. Osteoporosis affects over 14 million individuals in the U.S., with another 48 million suffering from low bone mass and being at risk of osteoporosis or osteopenia, the earlier manifestation of the disease.

Approximately 2 million fragility fractures occur each year in the U.S., costing the country's healthcare system around US$19 billion annually. However, relying on BMD defined osteoporotic fractures may underestimate the true prevalence of fragility fractures in the United States, and some sources indicate this may be a significant underestimate.[22]

2.5.3 Standard of care in osteoporosis and the unmet need in the prevention of fragility fractures

Screening for osteoporosis and fracture risk in the U.S. is performed using a bone mineral density (**BMD**) assessment and guidelines for BMD testing are set by the Bone Health and Osteoporosis Foundation, the American Association of Clinical Endocrinologists and the American College of Radiology. The guidelines are based on a patient's age, sex, and risk factors for osteoporosis and fracture and include, among others, that women aged 65 and older and men aged 70 and older should undergo BMD testing, regardless of their risk factors and BMD testing should be considered every one to two years for individuals at high risk of fracture.

The most common technology used to perform BMD assessments is dual-energy X-ray absorptiometry (**DXA** or **DEXA**). DEXA utilises two X-ray beams with different energy levels which are aimed at the patient's bones. When soft tissue absorption is subtracted out, the BMD can be determined from the absorption. Subsequent periodic screening can detect small changes in bone density.

21. Sözen, T., Özışık, L., & Başaran, N. Ç. (2017). An overview and management of osteoporosis. European journal of rheumatology, 4(1), 46–56.
22. An analysis of the AHRQ NIS and National Emergency Department Sample, and the CDC National Center for Health Statistics National Hospital Ambulatory Medical Care Survey (NHAMCS–Outpatient) and National Ambulatory Medical Care Survey (NAMCS–Physician Offices) for the years 2010 and 2011, showed 4.3 million fragility fracture visits, of which only 18% were hospital discharge visits. Wrist and arm fractures are the most likely fragility fractures to be treated outside a hospital.

Image 2.5: DEXA Scanner

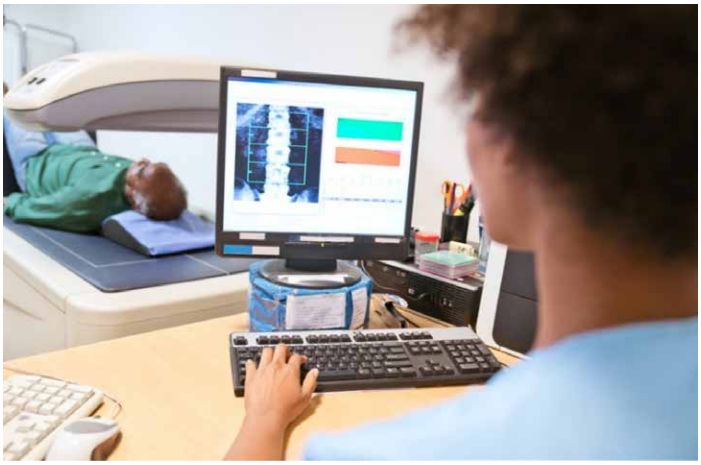
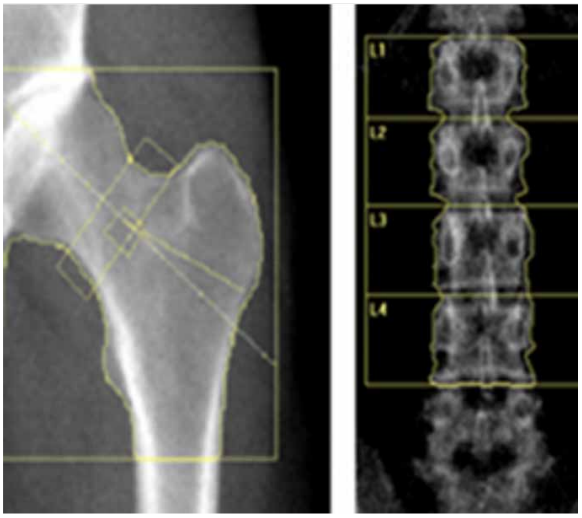


Image 2.6: DEXA BMD scan



While BMD assessment by DEXA is the clinical standard for determining fracture risk, DEXA derived BMD has several significant shortcomings.

Under-diagnosis of fracture risk

DEXA derived BMD is a relatively poor diagnostic tool for identifying patients at risk of fracture. Most older adults who sustain a fracture are classified as non-osteoporotic using DEXA BMD values, and therefore do not meet the clinical criteria for osteoporosis, meaning access to treatment in the U.S. under Medicare and Medicaid is limited.

Bones consist of two major elements: cortical bone (forming the solid skeletal structures) and trabecular or cancellous bone (forming the fine porous microstructures within bones that greatly contribute to their strength). Osteoporotic bone loss affects both cortical and trabecular bone. Cortical bone represents around 80% of the strength of bone. Cortical thickness and the number and size of trabeculae typically decrease with age, resulting in increased porosity. While trabecular bone loss occurs more rapidly than cortical bone loss (since trabecular bone is more porous its turnover is higher) it is the loss of both types that contributes to skeletal fragility.

However, often small changes in BMD can mask major microstructural changes in the cortical and trabecular elements of the bone. DEXA derived BMD measurements cannot identify a loss of bone microstructure, a major element leading to bone fragility. Thus, due to its inability to identify loss of bone microstructure, it is estimated that diagnosis of fracture risk using BMD fail to identify the majority of instances where the patient ultimately goes onto fragility fracture.

Image 2.7: Bone microstructure

3 electron micrographs – a normal bone density control & female patients of age

- Note – loss of bone microarchitecture is associated with ageing
- While loss of bone density contributes to fragility, the major cause of fragility is loss of microstructure
- Bone loss may reduce BMD modestly & it can mask major microstructural changes

Source: Courtesy of Prof Ego Seeman.

When DEXA does diagnose a loss of bone (which is a sign of osteoporosis), the patient's bone loss is often already extensive. While low BMD does increase the risk of fragility fracture, most fractures in postmenopausal women and elderly men occur without a BMD based diagnosis of osteoporosis (i.e., they occur in patients who are in the earlier phase of bone loss, osteopenia). Illustrative of this is the fact that after a first-time fragility fracture, BMD defined osteoporosis is estimated to exist in only 30% of cases using current BMD screening modalities.

Low screening rates

Due to the large footprint of a DEXA device, the length of trained operator time, and the test (up to 20 minutes with preparation time), DEXA machines are limited in throughput and are usually only found in large clinical centres.

In the U.S., approximately only 1 in 12 individuals recommended for screening (i.e., females aged 65 and over) is actually screened[23]. The consequences of this are that most patients at risk of fracture are not even screened before they suffer their first fragility fracture.

Further, despite the huge cost to the U.S. health care system of fragility fractures, the rate of screening for osteoporosis using DEXA has decreased precipitously, with only 9% of females and 5% of males receiving a DEXA scan within six months following an osteoporotic fracture,[24] a reduction that has amounted to nearly 3.7 million fewer DEXA scans being performed. This decline in screening rates is largely attributed to a reduction in Medicare reimbursement for DEXA scans in 2007. The National Osteoporosis Foundation in the U.S. estimates that lack of access has contributed to ~9,500 excess deaths per year due to hip fracture complications since 2008 (approximately 140,000 excess deaths since 2008).

Germany also has a very low rate of DEXA use across the target population cohort, with only 12.3% of elderly women reported to have received a scan (although data on the number of scans undertaken each year is not available).[25] This is one of the lowest rates in Europe and leading to a significant treatment gap in Germany.[26]

23. Frost & Sullivan, The Orthopedic and Bone Health Imaging Market Report, April 2023, commissioned by the Company.
24. Refer footnote 23 above.
25. Refer footnote 23 above.
26. Refer footnote 23 above.

2.5.4 CurveBeam AI's estimate of the U.S. market in consideration of DEXA shortcomings

A clinical tool that assesses bone microstructure and that can aid in the detection of fracture risk of patients in the early stages of bone fragility (where there exist proven treatments to reduce fracture risk) is an unmet need that, if delivered, has the potential to reduce first fragility fractures and substantial savings across healthcare systems by reducing the need for fracture related treatments and services.

CurveBeam AI believes that a representative U.S. market for an improved bone fragility diagnostic aid is the 30.6 million women aged over 65 years who are recommended to be screened for osteoporotic fractures by the U.S. Preventive Services Task Force Guidelines.

This represents a potential market in the United States for CurveBeam AI's InReach™ HRpQCT™ with OssView™ of ~A$2.75 billion, or ~A$1.4 billion per year based on a screening every 24 months.[27]

2.5.5 Competitive landscape – clinical assessment aids

As mentioned in Section 2.2.5, as far as the Company is aware, none of the weight bearing CT based competitors outlined in that Section offer SaaS based integrated AI image analysis for bone quality and segmentation presently. In addition, whilst other companies may have developed tools or software integrating AI-driven image analysis with universal CT scans to produce clinical reports for other applications (such as identifying fractures from pre-existing CT scans of the spine), the Company is not aware of any other companies that have developed, or are developing, AI-driven software aids for BMD assessment and complete bone microstructure fragility risk to aid in orthopaedic surgical planning for targeting aseptic loosening (failure of joint prostheses) and fracture prevention. Importantly, the Company's AI software is also unique to its weight bearing and wrist based high resolution point of care CT scanners, providing an integrated solution for point of care CT scanning and clinical assessment, for which there is currently no known competitor. The Company's intellectual property portfolio (as described in Sections 3.12 and 9) is expected to operate as a barrier to reduce the competitive risk to the Company in this regard.

As discussed in Section 2.5.3, BMD assessment is typically undertaken using DEXA (or sometimes CT). However, the Company believes its BMD assessment performed on HiRise™ offers significant benefits over existing technology for targeting both orthopaedic surgical planning and prevention of adverse events due to periprosthetic (joint replacement prostheses) fractures and aseptic loosening. See Sections 2.4 and 3.6.3 for a discussion on the benefits of BMD on HiRise™ and Section 3.6.4 for the benefits of OssView™.

27. 30.6 million women over 65 recommended for screening based on U.S. Preventive Services Taskforce screening recommendations x A$90 (the Company's anticipated fee for service using the current Medicare rate for bone microstructure studies (Category 1 CPT code 77089) of US$59 as the approximate benchmark for such fee), screened every 24 months (Medicare reimbursement is available every 24 months).

03

COMPANY OVERVIEW

3.1 Introduction to CurveBeam AI

CurveBeam AI is a manufacturer of specialised imaging equipment that has developed software that, through the use of artificial intelligence (**AI**), and deep learning AI (**DLAI**), automates the scan processing and analysis of the high quality images produced from the Company's CT devices to assist in the clinical assessment and management of musculoskeletal health conditions, with a focus on orthopaedic and bone health issues.

The Company is first to market with natural bilateral weight bearing and non-weight bearing CT, point of care imaging equipment with targeted proprietary AI solutions.

The Company's target customer groups include orthopaedic practices, imaging centres and hospitals.

3.2 History of CurveBeam AI

CurveBeam AI was incorporated on 23 November 2009 as StraxCorp Pty. Ltd. by researchers from the University of Melbourne in Australia to commercialise research using bone microstructure analysis to improve the assessment of bone fragility and subsequent fracture risk, addressing limitations of BMD testing and assumptions that osteoporosis is synonymous with bone fragility.

The Company has spent over 10 years clinically validating bone fragility assessment using bone microstructure analysis, including co-authoring a publication on the application of OssView™, in a 2000 woman, 8 year prospective study (combination of two cohorts) to the clinical endpoint of fragility fractures.

On 12 October 2022, the Company acquired CurveBeam US via an agreement and plan of merger, pursuant to which the members in CurveBeam US were issued shares in the Company. CurveBeam US is a Delaware limited liability company, headquartered in Hatfield, Pennsylvania in the U.S. On 30 September 2022, just prior to the completion of the merger, the Company changed its name to CurveBeam AI Limited. See Section 11.4 for further details of the merger.

CurveBeam US was founded in 2009 and researches, designs and manufactures extremity Cone Beam CT imaging equipment, with a focus on natural bilateral weight bearing CT of the lower extremity, for the orthopaedic and musculoskeletal specialties. Prior to its acquisition by the Company, CurveBeam US was the core hardware technology partner of the Company. The two companies entered into a product collaboration agreement in October 2018 pursuant to which they worked closely for the purposes of creating, testing and selling a modified CurveBeam US CT machine that works in conjunction with the Company's DLAI software to assess a patient's wrist bone microstructure and assists in the clinical diagnosis of bone fragility and fracture risk in patients.

The Company's corporate and AI development headquarters are in Melbourne, Australia. The Company's U.S. and manufacturing headquarters are in Hatfield, Pennsylvania, U.S. The Company has over 50 employees across both locations. The Company currently has supplied over 170 installed devices across 15 countries.

3.3 Business overview

The focus of CurveBeam AI's business is the sale of medical imaging (CT) devices and solutions to the orthopaedic market and the commercialisation of two bone health solutions that utilise images from the Company's CT scanners, InReach™ HRpQCT (OssView™ wrist only), and HiRise™ (CT BMD hip and OssView™ ankle). The scanners, in combination with AI and DLAI software, will provide automated, SaaS, assessments of patients' bone health to aid in the clinical assessment of bone fragility and fracture risk. The Company believes that, subject to relevant regulatory clearances being obtained, its OssView™ software has the potential to become a new clinical tool for clinicians when assessing fracture risk in non-osteoporotic patients before a first fracture.

Sale of medical imaging devices and solutions to the orthopaedic market

CurveBeam AI designs, manufactures and sells a range of Cone Beam CT scanners, offering non-weight bearing, weight bearing and dual function devices. The Company's imaging platforms are principally targeted to providing a cost-effective point of care imaging solution for the orthopaedic market. The Company's key product range of CT devices is described in Section 3.5.

The Company is targeting imaging equipment sales in international markets (principally the U.S. and Germany) in which its imaging equipment is regulatory cleared, with sales being generated through a combination of its own sales staff, distributors and strategic partners (U.S.). CurveBeam AI's CT scanners have already achieved traction in the key U.S. market, with sales of devices to orthopaedic surgeons and group practices, imaging centres, and hospitals in the U.S. With more than 170 first generation and second generation product placements globally, CurveBeam AI has an established client base to target an upgrade to HiRise™, the Company's most recent CT scanner offering. Key installation sites for its CT platforms include leading healthcare institutions such as the Mayo Clinic, Duke Health and NYU Langone.

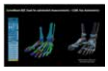
In August 2022, the Company entered into a co-promotion and distribution agreement with Stryker Corporation's, U.S. foot and ankle business, for the Company's HiRise™ devices. This arrangement is more fully described in Sections 3.8.1 and 11.8.1. Stryker Corporation is one of the world's leading medical technology companies specialising in orthopaedics. The Company expects this partnership to help improve the rate of adoption of its weight bearing CT solutions in its primary orthopaedic surgeon market in the U.S. In addition, the Company also plans to leverage the open platform capability of HiRise™ to incorporate the surgical planning protocols of other orthopaedic vendors to pursue direct supply opportunities to their customers.

Bone health clinical assessment tool

Subject to relevant regulatory clearances being sought, CurveBeam AI is targeting two key opportunities in bone health:

- **HiRise™ CT scan derived BMD assessment:** commercialisation of an automated SaaS BMD assessment on pre-existing scans from the HiRise™ involving the hip and knee, for the assessment of osteoporosis and osteopenia in total joint replacement patients being treated for co-existing musculoskeletal health conditions. In the case of TJRs, better understanding the fragility risk of the patient assists a clinician to better plan their surgery. Osteoporosis and osteopenia are major risk factors for adverse events in TJR patients. Once necessary regulatory clearances are obtained for BMD, the Company plans to offer both clinical assessments of osteoarthritis and bone fragility in one HiRise™ scan, thereby facilitating better planning and post-operative management of surgical interventions.
- **Targeting a new standard-of-care solution for bone fragility:** with an initial focus on the United States, CurveBeam AI is working to bring together the Company's FDA cleared InReach™ HRpQCT CT scanner and, subject to FDA clearance, its OssView™ SaaS software for the wrist, to provide a new clinical aid for bone microstructural assessment of fracture risk before a first fracture. It is designed to be a significant complement to existing approaches to assessing bone fragility and fracture risk.

Image 3.1: CurveBeam AI key products and market opportunity (orthopaedics and bone health)

	SOLUTION	PRODUCTS		REGULATORY/COMMERCIAL STATUS	US MARKET OPPORTUNITY	GROSS MARGIN	REVENUE OPPORTUNITY
ORTHOPAEDICS	Weight bearing CT for Orthopaedic visual diagnostic support and treatment planning	HiRise, PedCAT		In market	~A$10b[1] (capital sales)	~50%	US$410,000 per HiRise unit
	Next generation AI bone segmentation and 3D modelling	AutoMetrics		FDA filing targeted for FY24 User subscription based value-add tool			
BONE HEALTH	High resolution CT for assessing fracture risk with bone microstructure analysis of the wrist (OssView)	InReach HR-pQCT		• CT device FDA cleared • Filed OssView with FDA for the wrist • FDA Breakthrough Device Designation • FDA clearance targeted for FY24	~A$1.4b per annum[2] (OssView scan revenue)	Targeting 90%+	~US$100,000 - 125,000 future p.a SaaS target per HiRise[3] (for BMD scans only)
	AI processed Structural Fragility Score of the ankle (OssView)	AI Generated OssView Report on the HiRise ankle scan – opportunistic scan only		FDA filing targeted for FY24			
	AI driven bone mineral density assessment for hip to knee scans	AI Generated CT BMD Report on the HiRise at the hip – opportunistic scan only		FDA filing targeted for FY24	A$2.7b+ per annum[4] (BMD scan revenue)		

1. U.S. indicative install price (direct to clinician and partner sales) of HiRise™ x ~17,352 potential installation sites in the US (5,892 orthopaedic practices, 6,000+ Standalone imaging centres, 5,460 non-psychiatric hospitals).
2. 30.6m women over 65 recommended for screening based on US Preventive Services Taskforce screening recommendations x A$90, screened every 2 years (Medicare provides BMD reimbursement every 2 years).
3. Assumes 4 to 5 BMD CT scans per day, 6 days a week, 50 weeks a year at a target scan price of US$85 per scan ($85 x 100 to 125 scans per month).
4. US$100,000 (per target SaaS revenue in note 3) x $1.50 (being US$1.00 = A$1.50) x ~17,352 potential installation sites in the U.S.

3.4 Major CurveBeam AI milestones through the years

The Company's milestones throughout the years include:

- 2010 – Lancet publication on bone microstructure – *Intracortical remodelling & porosity in the distal radius & post-mortem femurs of women: a cross-sectional study*;
- 2012 – FDA clearance for pedCAT™ – weight bearing CT system for foot and ankle;
- 2013 – Randomised Control Study showing role of bone microstructure in monitoring therapy:
  - *Risedronate Slows or Partly Reverses Cortical and Trabecular Microarchitectural Deterioration in Postmenopausal Women* – The study focused on the efficacy of the use of the drug Risedronate to slow or reverse bone loss in postmenopausal women. High-resolution peripheral computed tomography was used to image the distal radius and tibia. Cortical porosity was quantified using the CurveBeam AI software;
- 2014 – Key studies published on microstructure for fracture risk and monitoring therapy:
  - Bone publication – *Randomised Control study, Differing effects of denosumab and alendronate on cortical and trabecular bone*;
  - *Cortical Porosity Identifies Women with Osteopenia at Increased Risk for Forearm Fractures*;
- 2017 – FDA clearance for InReach™ and InReach™ HRpQCT;
- 2018 – FDA clearance for CubeVue™ visualisation software;
- 2019 – FDA clearance for LineUP™ – weight bearing CT system for foot, ankle and knee;

- 2020 – Clinical study of OssView™ at the wrist applied to a combined cohort of 2000-woman in an 8-year prospective study to the clinical end point of fragility fracture – *Deterioration of Cortical and Trabecular Microstructure Identifies Women With Osteopenia or Normal Bone Mineral Density at Imminent and Long-Term Risk for Fragility Fracture: A Prospective Study*;
- 2020 – FDA clearance for HiRise™ – weight bearing CT system for foot, ankle, knee and hip; and
- 2022 – FDA Breakthrough Designation for OssView™ bone fragility software – still under review with the FDA targeting a 510k clearance.

3.5 Imaging products and solutions for the orthopaedic market

3.5.1 CT scanner product line-up

CurveBeam AI manufactures CT scanners that utilise Cone Beam CT technology to deliver high resolution 3D images. The Company's flagship product is its HiRise™ scanner that combines Cone Beam CT with dual weight bearing and non-weight bearing scanning functionality. The primary target market of the HiRise™ scanner is orthopaedic surgeons and healthcare imaging groups.

The InReach™ HRpQCT device has been developed as a platform for CurveBeam's yet-to-be FDA cleared OssView™ clinical aid for fracture risk assessment (wrist only) (see Section 3.6.4). The HiRise™ scanner is also capable of providing images for the purposes of the Company's BMD results, which also requires FDA regulatory clearance (see Section 3.6.1).

Image 3.2: Overview of key CurveBeam AI devices

HiRise™

2021

FDA, CE Mark, TGA

Foot, ankle, knee, hip weight bearing & non weight bearing CT

Also hand, wrist & Elbow

InReach™ HR-pQCT

2017

FDA & CE Mark

High resolution (80 micron) wrist CT for bone microstructure

InReach™

2017

FDA, CE Mark, TGA

High & lower resolution CT of the Hand, wrist, elbow & distal lower extremities

Weight Bearing CTs

Cone Beam CTs

The Company has an established track record of CT device sales, with an installed base of more than 170 CT devices globally, with ~75% of the placements located in the United States.

Image 3.3: CurveBeam AI device install base.

3.5.2 Visualisation and surgical planning software – CubeVue™ and CubeVue Autometrics™

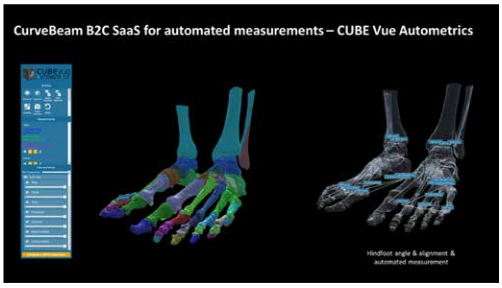
CurveBeam AI's weight bearing and high-resolution CT scanners generate detailed, high-resolution images. CurveBeam AI currently offers its orthopaedic client base its CubeVue™ software which fully integrates with the device platform to provide powerful 3D visualisation tools to enhance dataset analysis as well as provide interpretation and treatment planning tools. CubeVue has the capability to display dynamic 3D renderings, multiplanar slices and digitally reconstructed radiographs in about 4 minutes per scan region.

CurveBeam is currently in the process of developing CubeVue Autometrics™, an AI driven joint visualisation system for orthopaedic visualisation and planning. CubeVue Autometrics™ utilises artificial intelligence to identify each individual bone and automatically calculates key biometrics of a joint to provide a 3D model of the joint. It is designed to integrate with CurveBeam AI's weight bearing CT imaging data to enable physicians to visualise and clinically assess issues and plan surgeries.

CubeVue Autometrics' AI-driven visualisation analysis provides standardised, objective and consistent analysis of bone geometry and alignment in a scan available in approximately 20 minutes, replacing the need for surgeons to undertake labour intensive and less accurate manual measurements in the pre-surgical planning process.

CubeVue Autometrics™ will be offered via subscription model as a value-add service. The Company is targeting a filing with the FDA for Autometrics™ in FY24.

Image 3.4: Overview of CubeVue AutoMetrics™ solution



THE PROBLEM

Aids in bone segmentation for accurately identifying key anatomical points

- Orthopaedic pre-treatment planning involves understanding of the structure and alignment of the foot – 26 bones & 33 joints
- To segment the bones in the foot and properly assess bone geometry and alignment is labour intensive
- Typically, surgeons will make crude manual measurements on 2D radiographs
- No reimbursement in place at this point

THE SOLUTION

CurveBeam AI DLAI segmentation-as-a-service model

- Working 3D model with measurements in minutes for surgeons
- WBCT images drive improvements in accuracy & consistency
- CBAI has several key patents awarded in DLAI & non-AI for bone segmentation
- Targeting this IP for a platform solution for other CT modalities, in addition to WBCT (B2B)
- FDA filing expected in FY2024

3.5.3 CurveBeam AI's competitive advantages – CT imaging

CurveBeam AI considers that it provides a leading point of care CT imaging product for orthopaedics. Its products offer both weight bearing and non-weight bearing functionality (or, in the case of its flagship HiRise™ scanner, both).

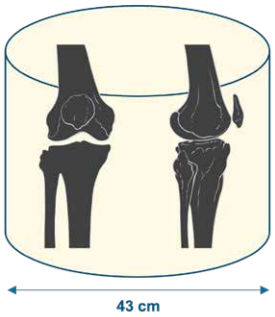
The Company believes that its HiRise™ scanner offers a market leading combination of features – which it believes the recent distribution agreement with the foot and ankle division of Stryker in the U.S. highlights and positions the Company to target growing device sales.

Advantages of Cone Beam CT in the Company's devices

Cone Beam CT, a feature of all the Company's CT imaging devices, offers a number of advantages over competing imaging technologies:

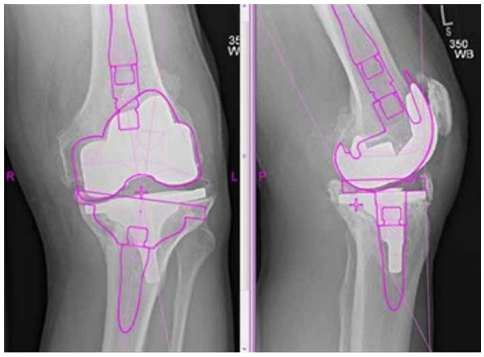
- **High Resolution 3D imaging:** CurveBeam AI's high resolution imaging provides significantly greater information relative to X-rays. In addition to providing greater information for clinical assessment, this high resolution imaging provides a platform for the Company's AI software solutions.
- **Radiation dose lower than traditional CT:** CurveBeam AI's CT results in a significantly lower radiation exposure than traditional CT (up to 66% less), a major advantage for patients who may require frequent imaging.
- **Smaller and lower cost hardware:** CurveBeam AI's CT machines are smaller and lower cost than traditional CT machines and require limited radiation shielding infrastructure. This enables the physical installation of CurveBeam AI's CT machines in point of care locations such as orthopaedic practices and group practices, imaging chains and hospitals, where the lower cost also makes it more economically feasible to do so.
- **Large scan area:** HiRise™ has a large scan area which can capture the entire lower extremity in one session, which is important for proper lower extremity evaluation and diagnosis. This allows CurveBeam AI to collect data points under gravitational load from hip to foot in standing 3D. Essentially, the HiRise™ can scan an entire leg in a single procedure.

Image 3.5: HiRise™ scan area



Even more information

The HiRise has a larger field-of-view than previous generations and can capture the entire lower extremity, including hips. As far as the Company is aware, no competitor offers this solution



Serves more applications

The HiRise serves various orthopaedic sub-specialties in total knee, hip and ankle replacement planning in addition to implant manufacturers and 3D printed solution providers

Advantages of weight bearing CT in the Company's devices

The Company's HiRise™ device offers weight bearing functionality. In a variety of use cases weight bearing CT offers several advantages over non-weight bearing CT:

- **Weight bearing CT is a new to market technology enabling imaging of the skeleton under natural weight:** As far as the Company is aware the HiRise™ is the first product capable of bilateral weight bearing CT of the foot, ankle, knee and hips.
- **Provides the true relative positioning of bones in joints under weight:** Weight bearing CT replicates anatomical structures under gravity and with muscle activation to demonstrate the true relative positioning of bones in joints under weight.
- **Reducing risk of revision surgery:** Weight bearing CT, in the form of the HiRise™, can help facilitate the assessment of bone fragility real-time, allowing fragility management as part of surgical planning, targeting to reduce the risk of revision surgery due to aseptic loosening and fragility fractures.
- **Enables development of new AI based assessment tools:** Provides a platform for additional AI solutions to facilitate fast and accurate surgical planning of foot and ankle conditions, knee and hip joint replacements and injuries.

3.5.4 A point of care solution

CurveBeam AI's Cone Beam CT imaging solutions are designed for use in a point of care setting and, in CurveBeam AI's view, provide both physicians and their patients with several benefits that make CurveBeam AI's products attractive relative to competing imaging technologies.

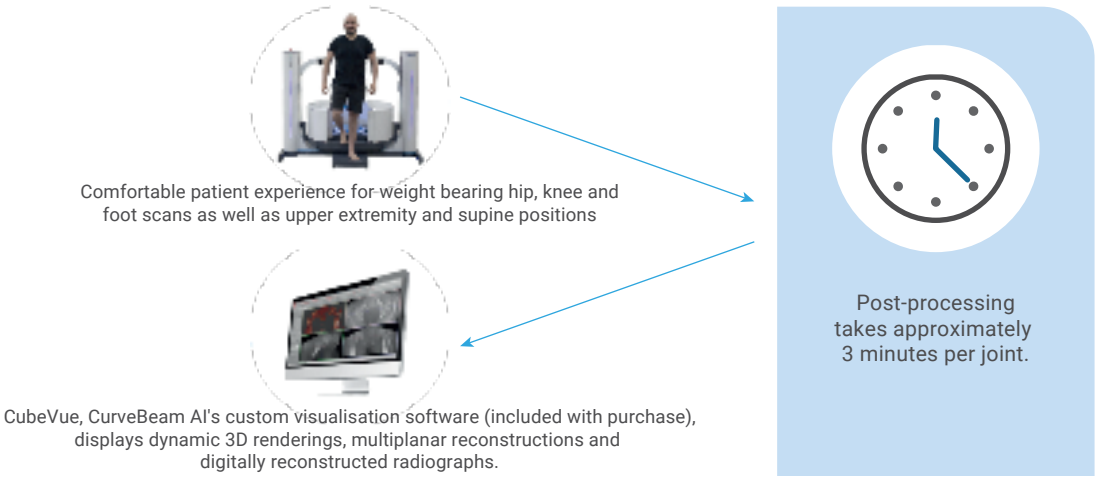
Physician benefits include:

- in-clinic scanning with lower cost equipment, and lower capital expenditure than a traditional CT scanner;
- faster in-clinic scanning allows for immediate results and follow up in one visit;
- increased and more relevant weight bearing imaging information enables improved treatment and patient satisfaction;
- decreases the loss of time for patients to be assessed due to referrals to outside imaging; and
- in-clinic scanning provides additional revenue to the doctor.

Patient benefits include:

- lower radiation dose than traditional CT;
- faster imaging and follow up improves patient satisfaction; and
- increased and more relevant information for the doctor that results in more informed diagnosis and treatment planning.

Image 3.6: HiRise™ – Weight bearing Cone Beam CT scan at a point of care facility



3.6 Bone health clinical assessment tools

CurveBeam AI is developing two advanced AI software tools designed to improve the ability of clinicians to assess bone fragility and fracture risk on the HiRise™ – BMD assessment at the hip and OssView™ at the ankle. These tools, in combination with the high quality weight-bearing scans provided by HiRise™, are designed to improve the clinical assessment of often co-existing musculoskeletal health conditions (osteoarthritis and bone fragility) in TJR patients. CurveBeam AI believes that its clinical assessment tools have the potential, if they are cleared by the FDA and other relevant regulators, to materially improve fracture risk assessment in patients undergoing TJR having undiagnosed bone fragility. Better identifying the comorbidity issue allows the surgeon to seek to reduce adverse events through improved surgical planning and optimised pre and post-surgical interventions.

3.6.1 Development and application of AI software

CurveBeam AI's AI computer vision and image processing algorithms and DLAI algorithms have been, and continue to be, developed and coded by the Company's in-house technology team in Melbourne. The Company has also collaborated with medical professionals (including surgeons, endocrinologists, and radiologists) to embed the necessary medical understanding into the coding process, and has partnered with academic institutions (e.g. the University of Melbourne) to explore frontier research in AI and DLAI. The Company's AI software is developed specifically for, and is designed to work optimally for, CT scans produced with CurveBeam AI's CT scanners. This integration enables efficient analysis of imaging results and reducing clinical assessment time to potentially a single patient visit (see Section 3.6.3).

The AI algorithms are developed and deployed as processing services within the Company's cloud environment to automate all the manual steps required today by trained radiologists, thereby, in the case of BMD, offering a surgeon the ability to report BMD from his or her in-office HiRise™ scanner. No deep learning occurs on the cloud. The AI services cater to different tasks, including image quality enhancement (metal artefact (implants) removal, noise reduction), image processing (anatomical structure segmentation, landmark detection), and condition/disease assessments. A processing "pipeline" is formed through the integration of these services, allowing scans from CurveBeam AI's scanners to be uploaded, processed, and analysed in the Company's cloud environment. Once a scan from a CurveBeam AI scanner is uploaded, it is processed automatically through this pipeline. Each service analyses and processes the scan sequentially, producing a clinical assessment report. For example, the HiRise™ BMD processing pipeline includes services such as bone segmentation, femoral landmark detection, femoral neck region of interest identification, and bone mineral density calculation. When a HiRise™ hip scan is uploaded to the cloud, it is processed through this specific pipeline, leading to the generation of an automated BMD report.

3.6.2 Planned deployment of AI software

The Company's in-house AI team manages the deployment of its AI software and uses Amazon Web Services (**AWS**) on-demand computing resources and data storage capacities. The Company's technological infrastructure is constructed as a collection of individual services rather than one large application. The service-oriented architecture allows for the independent scaling of different parts of the Company's application depending on demand. When a high volume of scans is uploaded for processing, the Company's monitoring systems will detect this increased traffic and automatically acquire additional computing resources to scale up the processing capability. Conversely, during periods of decreased analysis requests, the Company's systems will also automatically scale down by releasing unnecessary resources.

The Company has an on-going agreement with AWS based on their standard terms of service, which does not expire or require renewal for so long as the Company uses its services. Security and compliance are shared responsibilities between AWS and the Company, with AWS responsible for protecting the infrastructure that runs all the services in the cloud. This infrastructure consists of the hardware, software, networking, and facilities that run the cloud services. The Company is responsible for the application software and the configuration of the AWS-provided security group firewall.

3.6.3 BMD assessment (HiRise™ only)

CurveBeam AI is developing a SaaS based, AI generated BMD report, to assist surgeons in identifying fracture risk and potentially pre-treating bone fragility, as part of the treatment plan for a patient's other musculoskeletal condition(s) (e.g., advanced osteoarthritis and osteoporosis in TJRs). The Company intends to seek separate FDA clearances for both a CT BMD scan at the hip, and a bone microstructural assessment at the ankle (OssView™), for hip and knee replacement patients via the HiRise™. See Section 3.10.2 for further details on the clearances being targeted.

Subject to FDA clearance successfully being obtained, the Company's HiRise™ scanner will allow the initial CT scan for orthopaedic condition assessment and surgical planning to also be used as a CT scan for a BMD assessment for surgical planning. The BMD assessment is automated for the surgeon. This means that the surgeon has a fast result from the initial scan and removes the need for the patient to be sent for a second DEXA scan at another imaging centre (i.e. in one visit and one scan, a patient can have their surgery planned for both the orthopaedic (e.g. osteoarthritis) condition assessment and the bone health assessment (e.g. osteoporosis)).

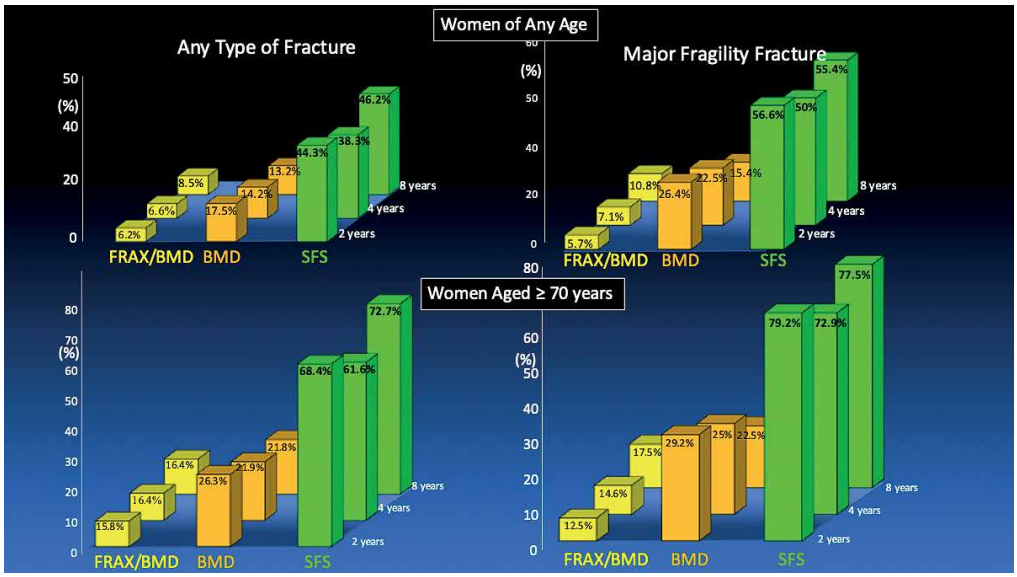
CurveBeam AI therefore believes that there is a significant opportunity to offer orthopaedic surgeons an ability to obtain a BMD scan as part of their routine imaging for the purposes of orthopaedic surgical planning and the management of both conditions together. The market opportunity therefore includes all patients having HiRise™ assessments for orthopaedic surgery (including TJR) in both the lower and upper limbs.

3.6.4 OssView™ – targeting a new clinical aid for assessing fracture risk

With an initial focus on the United States, CurveBeam AI is working to bring together the high resolution imaging functionality of the Company's FDA cleared InReach™ HRpQCT scanner, with its OssView™ clinical assessment report (once FDA cleared), to provide a new clinical aid for assessing fracture risk in non-osteoporotic patients.

A clinical study of OssView™ at the wrist undertaken in France found that including a measurement of microstructural deterioration in a BMD assessment (patients without osteoporosis) complements the use of BMD by identifying women still at imminent, intermediate, and long-term risk of fragility fracture who would otherwise remain undetected and untreated by measurement of BMD alone.[28] Image 3.7 below shows that, for non-osteoporotic women over 70 years, OssView™ (referred to as SFS) in this study identified over 7 of every 10 women who went on to break a bone in the next 2, 4 and 8 years. This test is better than BMD only (which identifies only ~3 of every 10 women) or BMD and a fracture risk assessment score (**FRAX**)[29] (which identifies under 2 of every 10 women who went on to break a bone in the next 2, 4, and 8 years).

Image 3.7: Example of performance of OssView™ (referred to below as SFS) in BMD defined non-osteoporotic women



Source: Courtesy of Prof E Seeman, University of Melbourne (OssView™ is SFS).

The study was conducted in postmenopausal French women, with a mean age of 67 years (range 42–96 years). 1,539 women were followed for 4 years and 561 women were followed for 8 years. Women with osteopenia or normal BMD accounted for ~80% of fragility fractures. Women having fractures had a higher SFS (OssView™ score), lower BMD, and a higher FRAX than women remaining fracture-free. In each BMD category (osteoporosis, osteopenia, normal BMD), fracture risk was better identified by a factor of two to three times by OssView™.

The Company considers that quantifying microstructural deterioration with OssView™ (SFS) will complement the HiRise™ BMD result for surgeons before TJR by identifying women without BMD defined osteoporosis, that are still at imminent and longer-term fracture risk. Surgical plans could then look to manage both conditions to target prevention of adverse events (e.g. aseptic loosening, periprosthetic fractures).

28. Chapurlat R, Bui M, Sornay-Rendu E, Zebaze R, Delmas PD, Liew D, et al. Deterioration of cortical and trabecular microstructure identifies women with osteopenia or normal bone mineral density at imminent and long-term risk for fragility fracture: a prospective study.
29. FRAX is a clinical questionnaire of risk factors to aid in the assessment of fracture risk.

The Company is also progressing the development of a HiRise™ CT scanner that will combine BMD CT with OssView™ at the ankle (subject to finalisation of development and future FDA clearance) to assist in the assessment of bone fragility and fracture risk in TJR patients.

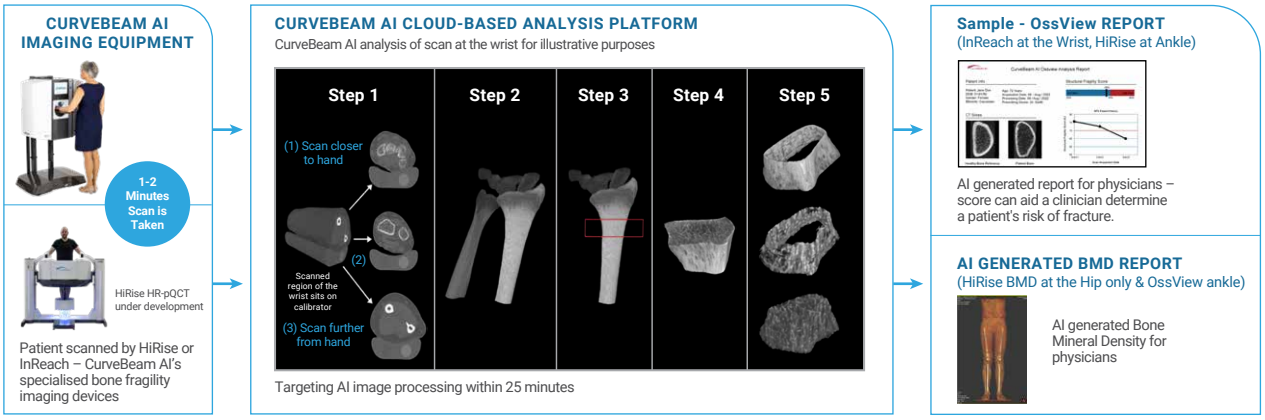
CurveBeam AI's InReach™ HRpQCT imaging equipment provides high resolution 3D models of the trabecular architecture and cortical porosity which are then processed by the Company's proprietary DLAI image processing software OssView™, to provide clinicians with a report that is designed to assist in the assessment of a patient's fracture risk. CurveBeam AI's clinical data, shown above, indicates its software tool can aid in improving the accuracy and reliability of clinical assessments of fracture risk in non-osteoporotic patients, compared to when BMD alone, or BMD together with a FRAX result are used.

CurveBeam AI's OssView™ has been given a FDA Breakthrough Device Designation. The Company is targeting FDA clearance of OssView™ on the InReach™ HRpQCT in FY24.

Following FDA clearance for OssView™ with the InReach™ HRpQCT, of the wrist, the Company intends to conduct a clinical validation trial with a large integrated healthcare network in the U.S. to demonstrate the added value of OssView™ over current BMD approaches alone. The Company's aim is to demonstrate clinical efficacy and care-cost reduction in the network's population health management program.

The Company is also targeting to support integrated health networks in the U.S. to achieve a Medicare Shared Savings Plan (**MSSP**) that will support payment by Medicare for healthcare networks using OssView™ screening at the wrist in elderly patients. Subject to a positive clinical validation trial, the Company believes it is possible to establish a price for the test and for payment in some key capitated healthcare networks of the U.S.

Image 3.8: CurveBeam AI's imaging equipment combined with OssView™



3.7 Manufacturing and supply chain

The Company manufactures devices at its manufacturing facility in Hatfield, Pennsylvania, U.S. The Hatfield facility contains the Company's integrated manufacturing, hardware and software development, customer care, IT and technical support, regulatory and quality and service and support units.

Certain "subassemblies" (the devices' mechanical structure and frame, most electronic and electromechanical components (e.g. circuit boards, motors, sensors, cables), statutory labels and the covers) are produced by third party ISO certified manufacturers (suppliers). The Company currently uses two suppliers which operate within short distance from the Hatfield facility. The manufactured quantities are split between the two suppliers at the Company's discretion and other suppliers within Pennsylvania and neighbouring states could be easily engaged by the Company to produce the sub-assemblies if required.

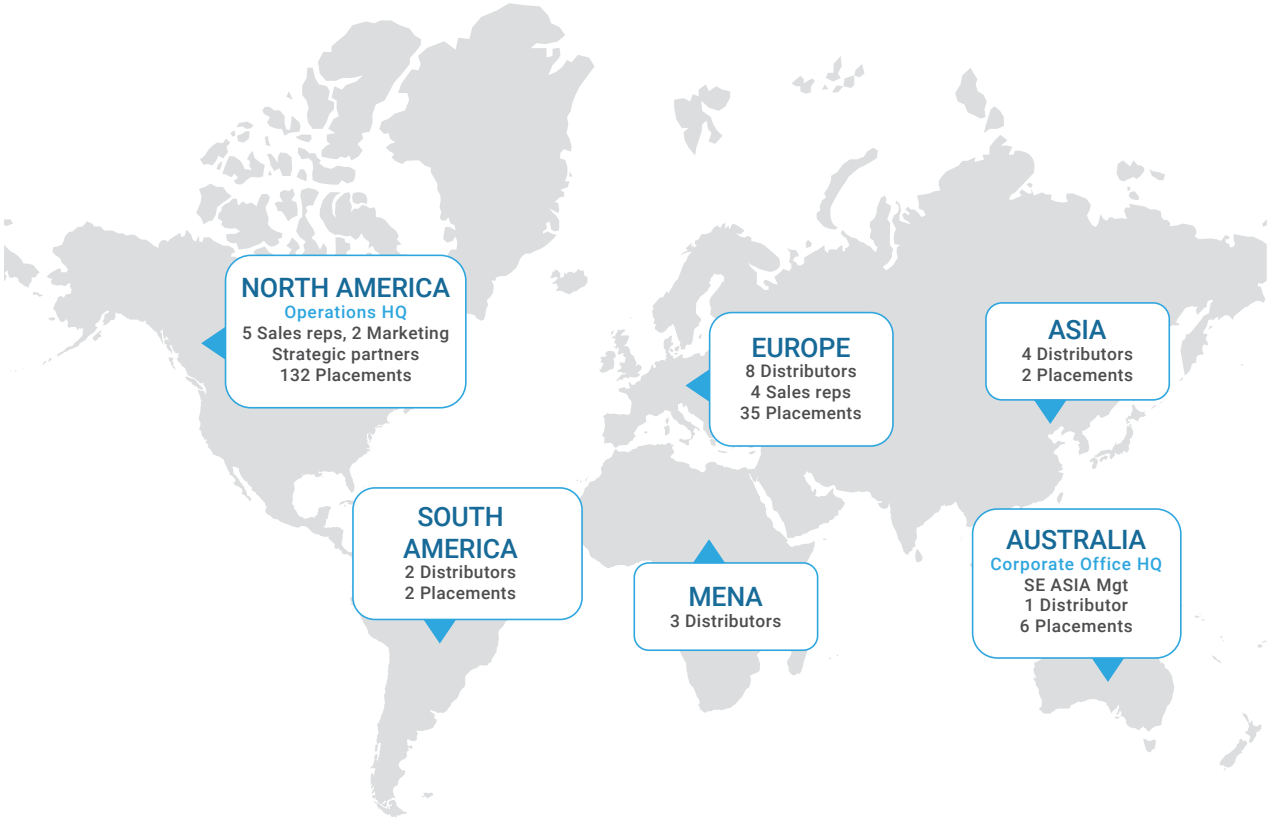
The Company currently has two manufacturing cells in place. Each cell can produce one HiRise™ unit every week (four per month). This equates to a facility capacity of ~96 HiRise™ units per year. The facility has capacity to expand to 10 cells if required, and multiple shifts, equating to a throughput of approximately 480 units per year. The Company considers that it has sufficient space in the Hatfield facility to meet the currently anticipated volumes of production.

CurveBeam AI has also secured key components to construct up to 100 HiRise™ units, providing supply chain security in the current market.

3.8 Growth and commercialisation strategy

CurveBeam AI utilises a combination of its own sales staff, distributors, and strategic partners to sell its weight bearing CT equipment globally.

Image 3.9: CurveBeam AI's global distribution footprint



CurveBeam AI's equipment sales are currently targeted to the parts of the healthcare system associated with the diagnosis, planning and management of orthopaedic issues.

The Company's key customer groups include:

- **Orthopaedic surgeons and group practices** – surgeon practices that have imaging capability;
- **Imaging chains** – large specialist imaging centres undertaking scans of patients referred from orthopaedic surgeons for orthopaedic surgical planning;
- **Hospitals (medium to large hospitals)** – can incorporate surgical planning for implants; and
- **Integrated healthcare networks** – imaging departments for today, new point of care solutions for the future.

The Company has demonstrated traction with over 170 installations worldwide, including top tier healthcare institutions including the Mayo Clinic, NYU Langone and Massachusetts General.

38 HiRise™ systems have been placed since FDA clearance of the scanner in late 2020, with ~75% of placements in the U.S. market.

CurveBeam AI is targeting to grow its installed base of HiRise™ systems across key global markets (e.g. Germany), with the ability to drive additional SaaS revenue from this install base through its AI modules, targeted for commencement in FY25.

The existing install base of HiRise™ scanners will be the Company's initial target customers for its BMD assessment software (once FDA cleared). Given surgeons could use a pre-existing HiRise™ scan to target reimbursement for BMD CT assessment (see Section 3.11.3), the Company believes this should motivate uptake. For new customers, BMD assessment will be offered as an integrated package with HiRise™. In the future, the Company plans to further improve the clinical utility of a HiRise™ BMD assessment with OssView™ at the ankle (once regulatory clearance is obtained).

3.8.1 Stryker Corporation Foot and Ankle Division U.S. partnership

In August 2022, CurveBeam US signed a co-promotion and distribution agreement for the U.S. with the foot and ankle business of Stryker Corporation (**Stryker**). Stryker is a market leader in orthopaedics with US$18bn in sales in FY22. Through its partnership with Stryker, the Company expects to be able to offer turnkey surgical solutions, and more flexible financing options for its HiRise™ weight bearing CT equipment, to foot and ankle surgeons.

Background on Stryker

Stryker is one of the world's leading medical technology companies. It is listed on the New York Stock Exchange, with a market capitalisation of over US$100 billion.

Stryker has several large product categories in orthopaedics, including foot and ankle and joint replacement. In 2022, Stryker held the highest market share for several key foot and ankle procedures, including primary ankle replacement, total ankle fusion and midfoot fixation.

Background and current status

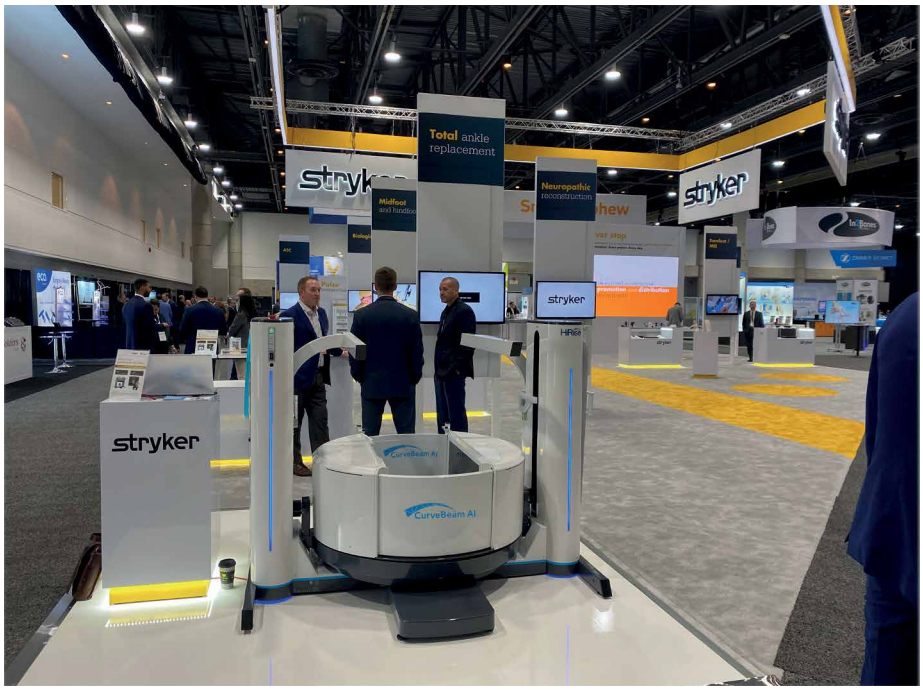
The U.S.-only partnership between the Company and Stryker's foot and ankle division, which is more fully described in Section 11.8.1, was announced at American Orthopedic Foot and Ankle Society (**AOFAS**) conference in September 2022, with CurveBeam AI's HiRise™ scanner on display at Stryker's AOFAS booth.

HiRise™ will be the first of the Company's imaging products to be sold through Stryker's U.S. foot and ankle division. The partnership provides for additional financing options to surgeons for the purchase of CurveBeam AI's equipment.

HiRise™ units supplied under this arrangement will be preloaded with Stryker's surgical planning protocols, further increasing Stryker's incentive to place devices. Stryker's sales managers were trained on CurveBeam AI equipment in January 2023.

In May 2023, Stryker officially launched its HiRise™ promotion, distribution and financing program, and qualified CurveBeam AI as an approved supplier. This includes access to Stryker's various attractive "Flex Financing" options for customers.

Image 3.10: CurveBeam AI's HiRise™ Weight Bearing CT machine at Stryker Corporation booth at the American Orthopaedic Foot and Ankle Society Conference September 2022



3.8.2 Open platform capability

The HiRise™ has an open platform capability, meaning that it is able to readily incorporate the surgical planning protocols of other key orthopaedic companies in both the lower and upper extremity weight bearing CT applications. The Company plans to leverage this open platform capability to pursue direct supply opportunities to the customers of the other vendors both in the United States and in other global markets.

3.9 Revenue model

CurveBeam AI currently generates all its revenue from the sale of its CT devices and associated service contracts and paid software upgrades.

Currently, devices are sold on an upfront lump sum basis. However, going forward the Company expects customers will be able to access financing options via the Company's partnership with Stryker in the U.S. The Company is also exploring offering its own financing solutions through direct leasing options to its customers in the US, Europe and Australia.

In the future, the Company also expects to generate the following ongoing revenues:

(a) SaaS/Scan based revenues associated with its AI products on HiRise™

Subject to regulatory clearance of the Company's AI offerings, the Company intends to commercialise its AI products which are expected to be utilised and sold on a 'per month' or 'per scan' basis.

The Company proposes to provide AI-based analysis of bone health scans via the HiRise™ only, for both BMD initially, and then Ossview™ at the ankle, in conjunction with imaging for orthopaedic surgical planning. The Company expects its existing install base of HiRise™ devices will be capable of utilising the new BMD and AI products for scans covering hip and knee replacements. The Company also intends to explore and develop other AI diagnostic tools for implementation and use across its device portfolio.

(b) Capitated revenue model for bone health and fragility screening

Subject to FDA clearance of OssView™ on the InReach™ HRpQCT scanner, CurveBeam AI intends to conduct a clinical validation study with a large United States' integrated healthcare network, with a view to having the InReach™ HRpQCT scanner installed at multiple locations enabling population-based screening for aiding in fracture risk assessment.

If the clinical validation trial is successful, CurveBeam AI is aiming to install several bone fragility screening devices (InReach™ HRpQCT) in clinics and FLS offices, being the point of care locations for bone fragility assessment of fracture risk and doctor driven treatment decisions. The Company expects to commercialise these locations via a capitated revenue model. Capitation is a type of a healthcare payment system in which a doctor or hospital is paid a fixed amount per patient for a prescribed period by an insurer. It pays a set amount for each enrolled patient whether a patient seeks care or not.

3.10 Regulatory overview

3.10.1 Current clearances

CurveBeam AI has obtained regulatory clearances which allow the sale of its weight bearing CT devices in several markets, including the U.S., Europe and Australia.

(a) United States' key regulatory clearances

Device name	Status	Permitted use
InReach™/ InReach™ HRpQCT	FDA 510(k) cleared	General purpose CT for hand, wrist, elbow, knee, foot and ankle regions. Indicated for paediatrics and adults (40-450lbs).
HiRise™	FDA 510(k) cleared	General purpose CT for pelvis and lower extremities. Indicated for paediatrics and adults (40-450lbs).
LineUP™*	FDA 510(k) cleared	2D general purpose CT and X-ray system for foot, knee, hand and elbow. Indicated for paediatrics and adults (50-400lbs).
pedCAT™* / pedCAT™ Premium*	FDA 510(k) cleared	3D imaging of foot and ankle. Indicated for paediatrics and adults (50-400lbs).

* LineUP™, pedCAT™ and pedCAT™ Premium are discontinued products and the Company is selling remaining stock. However, this has no bearing on regulatory clearance and the remaining stock may be marketed and sold in the U.S. market. The Company is developing a successor product to pedCAT™ Premium.

(b) Europe and Australia

CurveBeam AI also has CE mark and ARTG listing for the HiRise™ and InReach™ enabling the sale of these products in the European Union and Australia as well as the LineUP™ in Australia.

3.10.2 Regulatory pipeline

The Company is in the process of, or intends to apply for, FDA regulatory clearances for several of its AI visualisation and clinical assessment software solutions. The table below sets out the Company's current proposed pipeline of key filings, current status, proposed pathway and expected timing.

Device name	Status/Pathway	Expected timing
OssView™ (wrist) with InReach™ HRpQCT	510(k) review in progress with FDA.	Targeting FDA clearance in FY24.
BMD on HiRise™ scan of the proximal femur	Product still in development. The regulatory pathway will likely be a 510(k).	FDA filing targeted for FY24, with clearance targeted in FY25.
OssView™ (ankle) on HiRise™	Product still in development FDA filing dependent on a successful development program and a successful FDA clearance of OssView™ with InReach™ HRpQCT. The regulatory pathway will be targeted as a 510(k).	FDA filing targeted for FY24, with clearance targeted in FY25.
AutoMetrics™	Filing being prepared.	FDA filing targeted for FY24 with clearance targeted in FY25.
SkyRise™	Under development. The regulatory pathway will likely be a 510(k).	Beta site testing is targeted for FY25. FDA filing is targeted for FY25 with clearance targeted in FY26.

A 510(k) is a submission made to the FDA to demonstrate that the device to be marketed is as safe and effective, that is, substantially equivalent, to a legally marketed (predicate) device. The Company's predicate device for BMD CT is a manual processing software to measure bone density from CT scans. The Company will need to provide validation data showing the BMD results produced using the Company's HiRise™ CT technology is substantially equivalent as the results produced by the manual processing software.

The Company also intends to pursue CE marking of the above devices under the EU Medical Device Regulation, though the Company's immediate focus is obtaining FDA clearances for the U.S. as its principal market.

3.10.3 Breakthrough device designation

In July 2022, the FDA granted Breakthrough Device Designation (**BDD**) to the Company's AI solution, OssView™ at the wrist. The FDA grants this designation to certain devices it considers will provide for more effective treatment or diagnosis of life-threatening or irreversibly debilitating diseases or conditions. A BDD is not an FDA clearance itself, but a designation of how the file will be reviewed. It is no guarantee of FDA clearance being achieved.

The Breakthrough Devices Program offers companies prioritised review of their submission, and the opportunity to interact with the FDA's experts through several different program options to efficiently address topics as they arise during the premarket review phase, and receive feedback from the FDA and identify areas of agreement in a timely way.

3.11 Reimbursement

The Company considers reimbursement is 'favourable' for scans with current CurveBeam AI CT products in the U.S. and Germany based on existing policies and guidelines for public insurance, demonstrated coverage by private health insurance companies and evidence of coverage and payment sufficient to justify acquisition of its products. 'Favourable' reimbursement is defined by the Company as where there are enough reimbursed scans to pay for the device placement through a typical 4-to-5-year lease.

The Company is also targeting reimbursement for its future product pipeline as discussed below.

3.11.1 Current reimbursement in the United States

In the U.S., reimbursement requires a procedural code, with an assigned payment and medical coverage policy (coverage) to bill for procedures (like scans). The Center for Medicare and Medicaid Services (CMS) (**Medicare**) includes Current Procedural Terminology (**CPT**) codes which are utilised to report services provided by physicians and other healthcare professionals and providers, a fee schedule setting the reimbursement amount, and coverage determination that links the medical test (International Classification of Diseases ICD-10 codes) to the CPT procedure.

There is a CPT code for diagnostic radiology of the lower extremities to cover the CT for lower extremity which covers scans undertaken with HiRise™, pedCAT™ and LineUP™. The Medicare reimbursement rate for this CPT Code in 2022 was an average of US$138.77 per scan. Medicare payment is often lower than private insurance payment for the same coding. One site with HiRise™ reported that it achieves breaks-even on the costs of the device purchase, room conversion and labour for scanning with existing staff with as few as 1.5 reimbursed scans per day each month.

Private insurance in the U.S. also covers weight-bearing and non-weight bearing CT scans. Prior authorisation of the insurer is often required for a CT scan.

3.11.2 Current reimbursement in Germany

In Germany, eligibility for reimbursement is established by statutory health insurance (Gesetzliche Krankenversicherung or GKV). Reimbursement rates are regulated by a medical fee schedule called Gebührenordnung für Ärzte or GoÄ. The GoÄ defined rates can be augmented based on special situations and the type of insurance carried by the patient.

Reimbursement in Germany for the Company's products is based on digital volumetric tomography (**DVT**), which is an imaging method based on Cone Beam CT. HiRise™, pedCAT™ and LineUP™ can each be used for DVT.

Patients with GKV are only eligible for 2D diagnostics (through X-ray or in certain circumstances, CT and MRI), but have the option to pay for 3D diagnostics. Private insurance covers all CT and DVT.

3.11.3 Future reimbursement

Reimbursement for BMD is available in the U.S. for both screening at-risk patients and monitoring existing conditions. Reimbursement codes exist for multiple methods (including DEXA and CT). The conditions for reimbursement (e.g., age, gender, comorbidities, and other risk factors) are set out in Medicare and private insurance guidelines. The Company expects that the existing CPT code for BMD testing using CT, on a pre-existing scan, should be available for scans for BMD on HiRise™ (once FDA clearance is obtained). The CPT code applies where DEXA is not readily available.

Reimbursement coverage for OssView™ will require a clinical trial to validate the benefits of OssView™. As discussed in Section 3.6.4, the Company intends to work with a large integrated healthcare network in the U.S. to undertake the clinical trial.

3.12 Intellectual property

CurveBeam AI's intellectual property includes a combination of patents, trademarks, and unregistered intellectual property including trade secrets, know-how and unregistered trademarks.

The Company's intellectual property includes:

- 14 granted United States' patents and six pending United States' applications;
- 12 granted Australian patents and 2 pending applications; and
- 11 other granted patents, and 19 other pending applications.

The Company's patents cover the analysis of images to enable the AI driven segmentation and analysis of bones and other tissues to derive outputs for the Company's software solutions, including joint segmentation and the analysis of bone density and fragility.

The Company's trademarks cover the usage of key company and product names, logos and other imagery.

The Company intends to strengthen its patent protection through prosecuting pending applications, filing future patent applications and continue to develop its patent portfolio.

Further information can be found in Section 9.

3.13 New products

The SkyRise™ is CurveBeam AI's next generation point of care in weight bearing CT imaging platform with neck to foot capability. It utilises a patented dual technology scanner, capable of soft tissue and hard tissue assessment, in both non-weight bearing CT and weight bearing CT. It has a streamlined design with a small footprint and a low height requirement. It will cover the spine, neck and shoulder to existing arm and lower extremity imaging.

Development of SkyRise™, which is based on a modified HiRise™ platform, is well underway in its design requirements. Beta site testing is targeted for FY25.

Unlike scans of the limbs, scans of the spine can present additional obstacles such as the natural movement occurring in the body from breathing and the presence of metal implants. As such, the SkyRise™ will be additionally supported by unique AI driven, IP protected solutions around AI correction for movement and metal artefact and total body alignment for better surgical planning.

Image 3.11: SkyRise™ device

- Next generation point of care weight bearing CT imaging platform.
- It will cover the spine, neck and shoulder to existing arm and lower extremity imaging.
- Dual CT scanners.
- Prototyping stage – Beta site testing targeted for FY25.

In addition to the SkyRise™, the Company is also developing a successor product to pedCAT™ Premium to better access the U.S. podiatrist market.

04
RISKS

4.1 Introduction

An investment in the Company is speculative and involves a number of risks. This Section 4 describes some of the potential risks associated with the Company's business and activities, the industry in which the Company operates and an investment in Shares. In each case, if any of these risks eventuate, they may have a significant negative effect on the Company's business and prospects, its financial position and performance and the value of Shares.

There are also risks that are common to all investments in equity securities and which are not specific to an investment in the Company – for example, the general volatility of share prices in Australia and overseas and risks associated with other external events which are not related to the usual course of the Company's business, such as changes in tax regulations or accounting standards, general economic conditions, global pandemics, acts of terrorism, natural disasters or war.

The risks described in this Section 4 are not an exhaustive list of the risks to which the Company and its Shareholders are exposed, either now or in the future. Potential investors should read the entire Prospectus, consider their circumstances and consult with their professional advisers before deciding whether to apply for New Shares under the Offer.

4.2 Specific risks related to the Company

4.2.1 Regulatory risks

(a) Need for regulatory clearances

The Group will require further regulatory clearances in key jurisdictions, notably the U.S., to execute its business plan. In particular, achieving FDA clearance of the Company's AI products is critical to the Company's success in the U.S. The Company is currently seeking FDA clearance of OssView™ at the wrist on the InReach™ HRpQCT through the 510(k) pathway. If unsuccessful, the Group may need to lodge a De Novo Classification Request with the FDA, which could add up to a further two to three years to the clearance process and in turn could impact the ability of the Company to grow its longer-term business and delay any potential revenues generated by OssView™. In addition, as detailed in Section 3.10.2, the Group intends to seek FDA clearances for BMD on HiRise™ at the hip, OssView™ with HiRise™ at the ankle, Autometrics™ and SkyRise, each through the 510(k) pathway. If FDA clearance is delayed in relation to BMD on HiRise™ at the hip, the Company's primary driver of short-term revenues will be impacted. The Company would then focus on targeting revenue from its FDA cleared products.

Regulatory clearance processes are expensive, time consuming and have uncertain outcomes. Although the Company has no reason to believe that it will not obtain FDA clearance for its products, no assurance can be given that the Group will obtain all clearances or targeted claims. There are also risks of delays in filing or obtaining a decision on targeted claims, including:

- the FDA and other regulators requiring the Group to obtain (at potentially significant cost) more information to support a targeted claim; and
- clearances granted (if any) may be subject to significant limitations.

(b) Ongoing regulatory compliance requirements

The Group may face developmental and ongoing regulatory compliance difficulties and challenges in respect of existing cleared products and products that may be cleared in the future. Regulatory agencies subject a marketed device, its manufacturer and the manufacturer's facilities to continual review and periodic inspections. Potentially costly follow-ups or post-marketing clinical studies may be required and previously unknown problems may result in restrictions on the sale and marketing, and possibly the withdrawal from sale of previously cleared products. If the Group fails to comply with applicable regulatory requirements, relevant regulatory agencies may take a range of actions. This action may include:

- issuing warning letters;
- seeking civil or criminal penalties or imposing other restrictions or limitations on aspects of the Group's activities;
- revoking approval for the Group to supply a medical device, suspending the Group's regulatory clearances, restricting or changing the cleared indications for use;

- imposing additional safety reporting requirements;
- suspending ongoing clinical trials;
- refusing to approve pending applications or supplements to approved applications filed; or
- seizing or detaining devices or requiring a product recall.

4.2.2 Reimbursement

(a) Reliance on availability and levels of reimbursement

The commercial success of the Group's products and services is critically dependent on the availability and amounts of reimbursement available to end users of the Group's products and services (patients) and their medical providers from third-party healthcare payer organisations. These include government agencies, private healthcare insurers and other healthcare payers such as health maintenance organisations and self-insured employee plans. Without reimbursement, there is little to no incentive for medical providers (and their patients) to use the Group's products and services which can have a significant adverse impact on sales. The higher the level of reimbursement that can be achieved, the greater the incentive for customers to adopt and use the Group's products and services. Further, the level of reimbursement will impact the Group's pricing and marketing strategy, which itself can have a significant impact on overall levels of demand for the Group's products and services.

There is considerable public policy and government pressure to reduce healthcare costs and government and other third-party payers are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for new products. Initially, the Group is relying on established CT reimbursement coding in the U.S. and Germany and private payer payment and coverage to drive its CT platform business. Longer term for the SaaS business, reimbursement coverage for OssView™ will require a clinical trial to validate its benefits and the Group may need to implement other coding, payment and coverage strategies related to its AI modules, which will likely take several years to implement. No assurance can be given that coding, payment or reimbursement coverage will be provided at all or without substantial delay, or if reimbursement is provided, that the approved reimbursement amounts will be sufficient to enable the Group to sell its products on a profitable basis.

(b) Rates of reimbursement and payer coverage are subject to change

Levels of reimbursement are subject to periodic review and payers, including United States' Medicare, can without notice, deny or reverse reimbursement coverage and payments. In the U.S., payers are beginning to require supporting evidence around robotic planning CT scans and payer coverage can change quickly which will impact placements of CTs. Presently, in this U.S. market only, a BMD CT has a CPT code, payment and a United States' Medicare National Coverage Determination or NCD. NCDs can change rapidly and there is a risk that the presently available reimbursement could be lost.

4.2.3 Product development, testing and trials

(a) Clinical trials

All of the Group's clinical data to date is based on level three and four clinical evidence. Higher level trials may be needed to build support for claims, outcome benefits and payment economics and clinical trials carry significant risk on outcomes.

If the Group brings new products (CT or SaaS AI) to market for new clinical applications, it will require regulatory clearances for the commercial sale of such products. Clinical trials are expensive, time consuming, subject to delay and their outcome uncertain. There are numerous factors that could affect the timing of the commencement, continuation and completion of clinical trials that may delay the clinical trials or prevent the Group from completing these trials successfully. Due to the Group's reliance on contract research organisations, hospitals and investigators to conduct clinical trials, it is unable to directly control the timing, conduct and expense of clinical trials.

Ongoing and future clinical trials may not show sufficient safety or efficacy to obtain regulatory and reimbursement acceptance. Furthermore, success in pre-clinical and early clinical trials is not a guarantee of future results nor does it ensure that later large-scale trials will be successful.

(b) Development risk

An important aspect of the Group's business is to continue to invest in innovation and related product development opportunities. The Group believes that it must continue to dedicate resources to innovation efforts to develop the Group's AI software and CT technology product offering to attain and maintain its competitive position. However, product and software development are expensive and inherently risky and products and solutions in development may not meet design objectives or be successful in either pre- or post-clinical testing. Consequently, the Group may not realise some or all of the benefits of its investment in product development.

In addition, it often takes many years to develop medical software and devices to a point where there is a saleable product for economic, technical and/or regulatory reasons. Accordingly, even when such work is successful, it can be many years before the Group earns a return on its investment.

4.2.4 Markets

(a) Market acceptance

Ultimately, sales of the Group's products and services depend on the extent to which they are accepted by the market. There is a risk that the Group's existing HiRise™ and InReach™ devices, and next generation devices (SkyRise), with SaaS driven analysis, and future products may not gain targeted levels of market acceptance. The degree of market acceptance will depend on a variety of factors, including regulatory clearances, clinical trial outcomes, product performance (e.g., in the case of a CT device, the image quality achieved), peer review of clinical data, the level of support from target markets, the level of reimbursement coverage and payment, the clinical profile of competitive products and the success of marketing and sales efforts in existing and new accounts.

(b) Adoption of AI diagnostic solutions

The Group's long term revenue and profit prospects are highly dependent on the adoption and utilisation of its SaaS based AI clinical assessment aids. This requires the establishment and growth of the installed base of the Group's CT machines internationally (necessary to generate the CT scans that are analysed) and the adoption of the Company's AI solutions. It may be difficult to persuade some customers to change existing legacy on-premises and manual solutions, and adopt the SaaS-based AI solutions offered by the Company. If the Company is unable to drive market adoption of the Company's AI solutions or if adoption is slower than expected, this would have an adverse effect on the Company's growth strategy and potential revenues.

(c) Market size

The Group's revenue and profitability will depend not only on the extent to which it is able to penetrate a market, but also the size of that market. The Company's estimates of the size of the bone fragility screening market and the weight bearing and non-weight bearing markets are based on third party reports and research. The Company cannot guarantee that the assumptions and the data underlying these reports and research are correct or will not change over time. If markets are, in practice, smaller than anticipated, sale prospects and growth opportunities will suffer.

(d) Other clinical indications

The Group's ability to generate and grow future revenue in part depends on expanding the use of HiRise™, and the future SkyRise technology, into clinical assessment applications for osteoporosis, and osteoarthritis and other future assessment and surgical planning indications, covering the shoulder, spine, hip, knee and foot and ankle. The success of new applications such as those heavily dependent on clinical validation, regulatory clearances and reimbursement being obtained or established for these expected indications.

4.2.5 Intellectual property risks

(a) Protection of intellectual property

The Group's commercial success will depend in part on obtaining and maintaining patent and trade secret protection of its technologies and obtaining and maintaining trademark protection of its brand, as well as successfully defending and enforcing these patents, trade secrets, and trademarks against third parties, both in the United States and in other countries. If the Group is unable to protect its intellectual property, its competitors could develop and market products and services like those of the Group, and demand for the Group's products and services, or the price that the Group is able to charge for such products or services, may decline. Equally, if competitors are successful in obtaining patent protection of technologies relevant to the Group's activities, this may limit the Group's ability to execute its business strategy.

(b) Risk of future third party claims

The Company does not believe that its activities infringe any third party's intellectual property rights. However, in the future the Group may be subjected to infringement claims or litigation arising out of patents and pending applications of third parties. The defence and prosecution of intellectual property claims can be very costly and time consuming to pursue, and their outcome is uncertain. If the Group is determined to have infringed the rights of third parties, the Company could be prevented from selling some of its products, which would have a significant negative effect on the Company's business and financial position. The Company has not budgeted for potential legal costs of intellectual property claims and significant legal costs would have a negative effect on the Company's financial position.

4.2.6 Manufacturing and supply chain

(a) Increasing production

The Group's business plans contemplate increasing sales (and production) of its CT machines. If there is a rapid increase in orders for the Group's CT devices, the Group will need to scale its manufacturing activities to meet customer orders in a timely way. While the Group's manufacturing facility in Hatfield, Pennsylvania, in the United States has room for additional production cells, and several production employees with experience in scaling production activities quickly, there is no guarantee there will be no unexpected problems in scaling manufacturing. Increasing the number of cells, or a greater number of component orders not scheduled, could result in production delays, increased costs, and a delay in sales and customer dissatisfaction.

The Group must also carefully monitor its supply chain and manufacturing capability and manage the risk of issues, which may include stockpiling necessary components and materials. External events, like COVID-19 impacts on supply chains, can be unpredictable. There is a risk that the Group's measures are either unnecessarily conservative (and that unnecessary inventory is purchased and stored) or insufficient, (in which case the Group risks not having enough product to meet demand due to product shortages or supply chain issues). Sometimes critical components may not have multiple suppliers available to manage risks.

(b) Manufacturing issues

The Group, or its contract manufacturers and suppliers, may fail to achieve and maintain required manufacturing standards or obtain and maintain all licenses and approvals required for their manufacturing operations. Operating equipment and facilities may not operate as intended or be available because of unanticipated failures or other events outside of the Group's control (e.g., pandemics, fires, catastrophic breakdowns or deliberate acts of destruction). These events could result in device recalls or withdrawals, product shortages, delays or failures in product testing or delivery or other problems that could seriously harm the Group's business.

4.2.7 Operational and strategic risks

(a) Execution risk

The Company is an early stage growth company that has only generated losses to date. The Company is at a preliminary stage in the commercialisation of its HiRise™ and InReach™ devices and is yet to commercialise its various AI software applications, including OssView™ (InReach™ HRpQCT) and BMD on HiRise™. Scaling its operations and the Group's growth strategy includes (among other things) introducing new technologies, key market direct sales (Germany), products, alliance partners, services and markets. Scaling an organisation and successfully adapting to an ever-changing business and regulatory landscape is a challenge that many organisations and their management struggle to meet due to internal and external factors. While the Company is confident in the capacity of its people, there can be no guarantee that the Company will be able to successfully manage the many transitions.

(b) Additional funding risks

The Company may need to raise additional funds in the future to support its operations, expand its business, develop new or enhanced applications and services, respond to competitive pressures, support multiple strategic partners, acquire complementary businesses or technologies, or take advantage of unanticipated business opportunities. The Group may elect to raise additional funds through the issue of new equity securities, debt or a combination of both. Additional financing may not be available on favourable terms, or at all, and such financing may be dilutive to Shareholders.

(c) Key person risk and retention of skilled staff

The ability to retain key staff and attract new staff is critical to the Group's future success and its achievement of performance targets and strategic growth objectives. There is a risk that the Group may not be able to attract and retain key personnel or be able to find effective replacements for any departures. If the Group's Chief Technology Officer (AI), Dr Yu Peng, or Chief Technology Officer (CT) and founder of CurveBeam US, Arun Singh, were to leave the Group, the Company would lose significant technical and business expertise. The loss of the services of either of these two key executives could have an adverse impact on the ability of the Group to implement its business strategy.

(d) Reliance on distributors

CurveBeam AI relies on distributors to distribute its products in many markets, including the United States, France, Italy, Australia, and other Asian countries. The Group's capacity to grow sales in jurisdictions where distribution arrangements exist depend on the performance of its distributors and the Group's ability to effectively service them. The loss of a key distribution relationship (e.g. the Stryker relationship), or an underperforming partner, may impact the Group's CT sales and revenue.

(e) Foreign exchange risk

The Group's financial statements are presented in Australian dollars. A substantial portion of current sales revenue and costs are denominated in currencies other than Australian dollars, particularly U.S. dollars. Future changes in the exchange rates in the jurisdictions in which the Group operates may adversely impact the Group's financial performance. Changes in exchange rates can happen quickly and while the Group works on a natural hedging strategy based on forward estimations of spend in each currency, this does not guarantee that the Company cannot be adversely affected by exchange rate fluctuations.

(f) AI bias

The Company's AI and DLAI bone health software solutions utilise images obtained only from the Company's platforms and are based on specific protocols (including specific regions of interest). There is a risk that AI and DLAI analysis of images may suffer from unintended population bias. The risk of AI bias however, is reduced by the fact that the Company's software will be only used on the Company's CT platforms (rather than across multiple CT scanners of different manufacturers) and is further mitigated through appropriate population segmentation in clinical trials. If, however, the Company's AI software were to produce erroneous or biased results, the Group's reputation could be harmed, and the Company could be subject to legal claims (see also Section 4.2.9(b)).

The Company considers that other ethical concerns or risks which affect AI more generally do not apply, or do not apply in any material respect, to the Company's use of AI. This is because the Company's use of AI technology (i) is narrow, contained, and specific to well-identified unmet medical needs, (ii) does not replace the role of the clinician or radiologist (rather the technology is supplying a clinical assessment tool for the clinician – see Section 3.3); and (iii) is used on the Company's CT platforms thereby eliminating discrepancies which may arise because of universal applications of its AI across different CT manufactured platforms.

4.2.8 Information systems & technology

(a) Service interruption or failure in information technology and infrastructure systems

The Group relies on internal and external systems (including servers, the internet, hosting services, mobile carriers and the cloud environment) to operate and provide services to its customers. There is a risk that these systems may fail to perform as expected or be adversely impacted by several factors, some of which may be outside of the Group's control.

To operate without interruption or loss of data, both the Group and its service providers must guard against damage from fire, power loss and other natural disasters, communications failures, software and hardware errors, failures and crashes, security breaches, computer viruses, distributed denial-of-service attacks and similar disruptive problems and other potential service interruptions. The back-up/redundancy arrangements of the Group and third parties may not be adequate to avoid or sufficiently mitigate the consequences of any of these problems or events, or such systems and arrangements may not exist. In either case, this may result in a material disruption to the Group's delivery of services and operations and adversely affect its business and company reputation.

(b) Cybersecurity risk and data breach

The Group's products and services involve the collection and storage of sensitive data, proprietary information and confidential information, which could be vulnerable to data breaches. Although product design requirements and processes are in place to combat cyber security risk (including firewalls, encryption of client data, a privacy policy and policies to restrict unauthorised access), there is a risk that the measures that the Group takes to prevent data breaches may prove to be inadequate which may result in successful cyber-attacks, unauthorised access to or use of data, exposure or loss of data, and disruption to the Group's services. Any accidental or deliberate data breaches or other unauthorised access to the Group's information technology systems or sensitive data may result in reputational damage, a loss of confidence in the services the Company provides, loss of information integrity, a disruption of services or breaches of obligations under applicable laws or agreements. The Group may also incur costs because of rectifying system vulnerabilities or introducing additional safeguards to minimise the risk of data breaches.

(c) HIPAA

The Company's business model is heavily dependent on hosting and accessing protected health information (**PHI**) and electronic protected health information (**ePHI**). In the United States, the Health Insurance Portability and Accountability Act of 1996 (**HIPAA**) establishes national standards for the protection of certain PHI and ePHI. The Group's customer base often requires the Group to enter into agreements, primarily to ensure that as a third-party service provider, the Group is subject to the same obligations relating to the security of PHI/ePHI as those that apply directly to covered entities under HIPAA. While the Group targets HIPAA guidance in its product design and development, the Company seeks to mitigate the risk of an inadvertent disclosure of PHI and ePHI or a breach of privacy relating to PHI/ePHI. If the Group were to breach any of its obligations in this regard it may be exposed to claims for damages and suffer damage to its reputation and brand.

4.2.9 Healthcare and medical device industry risk

(a) Highly competitive landscape

The healthcare and medical device industries are highly competitive, and include companies with significantly greater financial, technical, human, research and development, and marketing resources than the Group. Advanced CT imaging and AI are increasingly competitive areas and it will be an ongoing challenge for the Company to build and maintain a market presence in such a dynamic environment.

There are a range of competitive risks that may affect the Group's ability to grow its market position and achieve profitability. These include:

- The activities of competitors may render the Group's current and future technologies and products obsolete or uncompetitive.
- Competitors may increase their market share at the expense of the Group by developing new or improved products, superior specifications and through other marketing activities such as marketing campaigns, product research and development, major strategic alliances with industry vendors and bodies, favourable distribution partnerships and price discounting.
- Competitors may be financially better placed to run higher level clinical trials for validating their products benefits.
- Competing products may be designed to be offered at lower prices or with more favourable reimbursement, through improved payment and coverage access.
- The Group may fail to anticipate and respond to changing opportunities, legislation, technology, or customer requirements in the industry as quickly as competitors.

(b) Product liability

The Group faces product liability exposure with respect to its products. This exposure is likely to increase as commercial sales increase. While the Group conducts safety and penetration testing of new and current technology and regularly reviews customer complaints, there is a risk that the Company's products could cause harm or injury to users or be used off label or not in accordance with instructions for use. Regardless of the merits or eventual outcome, a claim may result in decreased demand for the Group's products, injury to the Group's reputation, withdrawal of clinical trial participants, costly litigation, substantial monetary awards to physicians or patients and others, loss of revenues or an inability to sell the Group's products. To try and reduce the risk, the Company works with well recognised global insurance brokers to have the appropriate levels of targeted insurance coverage in place.

(c) Regulatory landscape

Government regulation of healthcare and medical devices creates risks and challenges with respect to the Group's compliance efforts and its business strategies. The healthcare and medical device industries are highly regulated and are subject to changing political, legislative, regulatory and other influences. Existing and new laws and regulations affecting the healthcare and medical device industries could create unexpected liabilities for the Group, could cause the Group to incur additional costs and could restrict its operations. Many healthcare and medical device laws are complex, and their application to specific products and services may not be clear. However, these laws and regulations may nonetheless be applied to the Group's products and services. The Group's failure to accurately anticipate the application of these laws and regulations, or other failure to comply, could create liability for the Group, result in adverse publicity and negatively affect its business.

(d) Decreased healthcare and medical device spending

The Group's revenue is derived from the healthcare and medical device industries and could be negatively affected by changes affecting healthcare and medical device spending. General reductions in expenditures by healthcare and medical device industry participants could result from, among other things, government regulation (e.g., U.S. Patent Protection and U.S. Affordable Care Act 2010) or private initiatives that affect the manner in which healthcare providers interact with patients, payers or other healthcare and medical device industry participants, including changes in pricing or means of delivery of healthcare and medical device products and services; consolidation of industry participants; reductions in government funding for healthcare and medical devices; and adverse changes in business or economic conditions affecting healthcare payers or providers, pharmaceutical or other healthcare and medical device industry participants.

Even if general expenditures by industry participants remain the same or increase, developments in the healthcare and medical device industries may result in reduced spending in some or all of the specific market segments that the Group serves or is planning to serve. In addition, the Group's customers' expectations regarding pending or potential industry developments may also affect their budgeting processes and spending plans with respect to products and services of the type the Group provides.

4.2.10 Taxation

The Group presently operates in several jurisdictions around the world including the United States, Australia, Germany and the United Kingdom. As a consequence, it is subject to numerous country specific taxation regulations beyond its control. Changes in rates of tax, tax laws and regulations, tax policy and guidance, and the approach of tax and revenue authorities, can impact the availability of tax benefits and concessions, the timing and amount of tax that the Group may ultimately be required to pay, and if the Group were to pay dividends in the future, the extent to which those dividends may be franked and the Group's tax compliance costs.

4.2.11 CurveBeam merger

(a) Integration risk

The Company acquired CurveBeam US in October 2022, combining CurveBeam US's CT design, manufacturing and sales capability with the AI/SaaS business of the Company. While both the Company and CurveBeam US have had a long operational history, and the combination of the two businesses into one has so far proceeded well, there is still considerable work to do to practically combine the two organisations; develop further integrated management, information technology and communication, risk and reporting systems; align and update financial and management accounting procedures, controls and policies, legal, contracting, employment, manufacturing, quality control, compliance and other operational activities and functions and forge a common culture. There is a risk that this integration process will be more difficult or less successful than expected, that more management time than is desired is required to address integration, that operations may be disrupted by integration activities, or that costs may be significantly more than expected.

(b) Taxation matters

The Merger Agreement pursuant to which the Company acquired CurveBeam US includes a mechanism pursuant to which a portion of the consideration payable to the original unitholders in CurveBeam US (in the form of Shares), was withheld to cover possible tax liabilities that were identified in due diligence (see Section 11.4). There is a risk that potential tax liabilities may exceed the value of this contingent consideration or that tax liabilities arise or are identified after the contingent merger consideration is paid. If additional tax liabilities are identified, the Group would be required to pay such liabilities from its cash reserves. While it may, depending on the quantum and timing of such liabilities, be able to reduce its liability to pay the contingent merger consideration in whole or in part, there will still be a cash outflow that will need to be funded. Any such payment will reduce the Group's cash reserves.

4.3 Risks related to an investment in Shares and the Offer

4.3.1 Liquidity in Shares

In accordance with the escrow requirements in Chapter 9 of the Listing Rules, at completion of the Offer the Company will enter into restriction agreements with certain Existing Holders. The Company has also entered, or will enter into voluntary escrow arrangements with certain Existing Holders. The Company expects that approximately 63.4% of the Shares on issue will not be able to be traded for a period after Listing. Given the number of Shares restricted from trading, there will only be liquidity with respect to approximately 36.6% of the Shares on issue at completion of the Offer until such time as applicable escrow periods end.

The New Shares issued under the Offer will only be listed on the ASX and will not be listed for trading on any other securities exchanges in Australia, the United States or elsewhere. As such, there can be no guarantee that an active market in Shares will develop or continue. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or become more volatile because of the relatively low volume of trading in the Company's securities. When trading volume is low, significant price movement can be caused by trading in a relatively small number of shares. If illiquidity arises, there is a risk that Shareholders will be unable to realise their investment in the Company.

4.3.2 Financial return dependent on capital growth

The Company anticipates that, for the foreseeable future, any earnings it generates will be retained to fund the development and growth of its business and that dividends will not be paid. As a result, a return on an investment in Shares will, for the foreseeable future, depends on capital growth (i.e., an increase the market price of Shares). There is no guarantee that Shares will appreciate in value or even maintain the same level as the Offer Price. Accordingly, there is a risk that investors may not achieve a positive return on their investment and may suffer a loss in the value of their investment.

05

FINANCIAL INFORMATION

5.1 Overview

The Financial Information of CurveBeam AI contained in this Section includes the following:

- The Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows for the financial years ended 30 June 2021 (**FY21**) and 30 June 2022 (**FY22**) and the six months ended 31 December 2022 (**1HFY23A**) with the six months ended 31 December 2021 comparative information (**1HFY22A**);
- the Statement of Financial Position as at 31 December 2022; and
- the Forecast Financial Information for the six months ending 30 June 2023 (**2HFY23F**).

The Statutory Financial Information and the Pro Forma Financial Information are together referred to as the Financial Information.

Figure 5.1: Overview of the Company's Financial Information

	Statutory Financial Information	Pro Forma Financial Information
Historical Financial Information	Statutory Historical Financial Information comprises the following: • Statutory historical statements of profit or loss and other comprehensive income for FY21 and FY22 (**Statutory Historical Annual Income Statements**) and 1HFY22A and 1HFY23A (**Statutory Historical Half Year Income Statements**) (together, the **Statutory Historical Income Statements**); • Statutory consolidated historical cash flows for FY21 and FY22 (**Statutory Historical Annual Cash Flows**) and 1HFY22A and 1HFY23A (**Statutory Historical Half Year Cash Flow**) (together, the **Statutory Historical Cash Flows**); and • Statutory consolidated historical statement of financial position as at 31 December 2022 (**Statutory Historical Statement of Financial Position**).	Pro Forma Aggregated Historical Financial Information comprises the following: • Pro forma aggregated historical statements of profit or loss and other comprehensive income for FY21 and FY22 (**Pro Forma Historical Annual Income Statements**) and 1HFY22A and 1HFY23A (**Pro Forma Historical Half Year Income Statements**) (together, the **Pro Forma Historical Income Statements**) together with a reconciliation to the statutory historical income statements; • Pro forma aggregated historical statement of cash flows for FY21 and FY22 (**Pro Forma Historical Annual Cash Flows**) and 1HFY22A and 1HFY23A (**Pro Forma Historical Half Year Cash Flows**) (together, the **Pro Forma Historical Cash Flows**) together with a reconciliation to the statutory historical statement of cash flows; and • Pro forma consolidated historical statement of financial position as at 31 December 2022 (**Pro Forma Historical Statement of Financial Position**).

	Statutory Financial Information	Pro Forma Financial Information
Forecast Financial Information	Statutory Aggregated Forecast Financial Information comprises the following: • Statutory aggregated forecast statement of profit or loss and other comprehensive income for FY23 (**FY23F**) (**Statutory Forecast Income Statements**); and • Statutory aggregated forecast statement cash flows for FY23F (**Statutory Forecast Cash Flows**).	Pro Forma Aggregated Forecast Financial Information comprises the following: • Pro forma aggregated forecast statement of profit or loss and other comprehensive income for FY23F (**Pro Forma Forecast Income Statements**) together with a reconciliation to the statutory forecast statement of profit or loss and other comprehensive income; and • Pro forma aggregated forecast statement of cash flows for FY23F (**Pro Forma Forecast Cash Flows**) together with a reconciliation to the Statutory Forecast Cash Flows.

Additional information

Also summarised in Section 5 are:

- the basis of preparation and presentation of the Financial Information (Section 5.2);
- information regarding non-IFRS financial measures (Section 5.5);
- a summary of key pro forma operating and financial metrics (Section 5.7);
- the pro forma adjustments to the Statutory Historical Income Statements and Statutory Forecast Income Statements, and reconciliations to the Pro Forma Historical Income Statements and the Pro Forma Forecast Income Statements respectively (Section 5.8);
- details of the cash and cash equivalents of the Company and its pro forma cash position at the assumed date of completion (Section 5.14);
- the Directors' best estimate assumptions underlying the Forecast Financial Information (Section 5.9);
- a description of the key drivers affecting the Company's business including key financial and operating metrics and management discussion and analysis of the Financial Information (Section 5.10);
- key sensitivities in respect of the Forecast Financial Information (Section 5.11); and
- a summary of the Company's proposed dividend policy (Section 5.17).

The Appendices also include:

- the Statutory Historical Income Statements including the reconciliations of the respective audited Historical Annual Income Statements and reviewed Historical Half Year Income Statements to the Statutory Aggregated Historical Income Statements;
- the Statutory Historical Cash flows including reconciliations of the respective audited and Historical Cash Flows and reviewed Historical Half Year Cash Flows; and
- a description of the Company's significant accounting policies.

The information in Section 5 should be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

Unless stated otherwise, all amounts disclosed in this Section are presented in Australian dollars and are rounded to the nearest $'000 as indicated throughout. Some numerical tables in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in tables contained in this Prospectus are due to rounding.

The Financial Information presented in this Prospectus has been reviewed by the Investigating Accountant in accordance with the Australian Standard on Assurance Engagements (**ASAE**) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, as stated in its Investigating Accountant's Report. Investors should note the scope and limitations of the Investigating Accountant's Report (refer to Section 6).

5.2 Basis of preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Company's Financial Information. The Financial Information in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of the Company together with the statutory and forecast financial performance and cash flows.

The Financial Information has been prepared in accordance with the recognition and measure principles prescribed by Australian equivalents to International Financial Reporting Standards (**AIFRS**), the accounting principles generally accepted in Australia. The significant accounting policies of the Company relevant to the Financial Information are set out in Appendix 1. The accounting policies of the Company have been consistently applied throughout the periods presented.

CurveBeam AI (formerly StraxCorp) merged with CurveBeam US on 12 October 2022 and therefore the financial results and cashflows of CurveBeam US on a statutory basis are only recognised in CurveBeam AI's financial information from the date of the merger to 31 December 2022. The Directors have therefore presented pro forma financial information for both CurveBeam AI and CurveBeam US as though the merger had occurred on 1 July 2020 in order for the historical financial information to be presented on a consistent basis with the forecast financial information.

The Pro Forma Historical Financial Information has been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows of the Company for the periods indicated. The Company believes that the Pro Forma Historical Financial Information provides useful information as it permits investors to examine the underlying financial performance and cash flows of the business presented on a consistent basis with the Pro Forma Forecast Financial Information.

The Forecast Financial Information is based on the specific and general assumptions of the Company set out in Section 5.9 and 5.10. The Forecast Financial Information presented in this Prospectus is unaudited.

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures, statements or comparative information required by Accounting Standards applicable to financial reports prepared in an accordance with the Corporations Act.

The Company's reporting and functional currency is Australian Dollars, the reporting and functional currency of CurveBeam US is United States Dollars. The historical income statements and cash flows of CurveBeam US have been converted to Australian Dollar by utilising the average United States Dollar to Australian Dollar FX rate for that year. The balance sheets of CurveBeam US have been converted to Australian Dollar by utilising the relevant United States Dollar to Australian Dollar FX rate at the date of conversion. The prevailing rates used are below. Any differences in relation to FX translations are due to rounding of the FX rate.

Table 5.1: Summary of FX rates applied (United States Dollar:Australian Dollar)

	FY21	FY22	1HFY23A	2HFY23F	1HFY22A
USD:AUD (average)	0.75	0.73	0.67	0.68	0.73
	30 Jun 21	**30 Jun 22**	**12 Oct 22**	**31 Dec 22**	
USD:AUD	0.75	0.69	0.63	0.68	

5.3 Basis of preparation of Historical Financial Information

The Company's Pro Forma Aggregated Historical Financial Information (other than the pro forma adjustments to the aggregated historical statement of comprehensive income, aggregated historical cash flows and consolidated historical statement of financial position and the results of those adjustments) has been derived from the Company's Statutory Historical Financial Information which is presented in Appendix 2. The Company's Statutory Historical Financial Information has been derived from the audited/reviewed historical financial statements of CurveBeam AI (formerly StraxCorp) and CurveBeam US. The schedules which reconcile StraxCorp and CurveBeam US's audited/reviewed consolidated financial statements to the Company's Statutory Aggregated Historical Financial Information are presented in Appendix 2 and Appendix 3.

The FY2021 and FY2022 financial statements of CurveBeam US were audited by PwC Securities Ltd in accordance with Australian Auditing Standards. The audit opinions issued to the Directors of CurveBeam US for FY2021 and FY2022 were unqualified but also included a material uncertainty in relation to CurveBeam US's ability to continue as a going concern and an emphasis of matter in regards to the basis of accounting and restriction on use that the audit was conducted in relation to the proposed IPO.

The FY2021 financial statements of StraxCorp Pty. Ltd. and the FY2022 financial statements of CurveBeam AI (formerly StraxCorp Pty. Ltd.) were also audited by PwC Securities Ltd in accordance with Australian Auditing Standards. The audit opinions issued to the Directors of StraxCorp Pty. Ltd. for FY2021 and CurveBeam AI for FY2022 were unqualified but included a material uncertainty regarding StraxCorp's and CurveBeam AI's ability to continue as a going concern and an emphasis of matter in regards to the basis of accounting and restriction on use that the audit was conducted in relation to the proposed IPO.

The Dec-22 financial statements of CurveBeam US were reviewed by PwC Securities Ltd. The review opinion issued to the Directors of CurveBeam US in relation to the six months ending December 2022 was unqualified but also included a material uncertainty in relation to CurveBeam US's ability to continue as a going concern and an emphasis of matter in regards to the basis of accounting and restriction on use that the review was conducted in relation to the proposed Offer.

The Dec-22 financial statements of CurveBeam LLC were reviewed by PwC Securities Ltd. The review opinion issued to the Directors of CurveBeam LLC in relation to the six months ending December 2022 was unqualified but also included a material uncertainty in relation to CurveBeam LLC's ability to continue as a going concern and an emphasis of matter in regards to the basis of accounting and restriction on use that the review was conducted in relation to the proposed Offer.

The Company's Statutory Historical Financial Information has been adjusted to include the impact of the following to form the Pro Forma Aggregated Historical Financial Information:

- incremental costs of being a listed entity;
- adjusting the Convertible Note interest following conversion to Shares in order to replicate the debt and equity profile of the Company subsequent to the Offer;
- adjustment to historical costs to replicate the go forward cost base of the Company;
- eliminating certain non-operating or non-recurring items including the costs incurred in relation to the Merger;
- adjusting for the revenues and costs of CurveBeam US for the period 1 July 2020 to 12 October 2022 (being the date of the merger); and
- one-off costs incurred in relation to the Offer.

Section 5.8 sets out the pro forma adjustments made to the Company's Statutory Historical Financial Information for FY21, FY22 and 1HFY23A.

Section 5.12 sets out the pro forma adjustments made to the Statutory Historical Annual and Forecast Cash Flows, and the pro forma adjustments to the Statutory Historical Half Year Cash Flows.

Investors should note that the past financial results are not a guarantee of future financial performance.

The Pro Forma Consolidated Historical Statement of Financial Position is derived from the Statutory Historical Statement of Financial Position of CurveBeam AI and is adjusted to reflect the impact of the Offer.

The Pro Forma Consolidated Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of the Company.

Refer to Section 5.14 for the pro forma adjustments made to the Statutory Historical Statement of Financial Position of CurveBeam US.

5.4 Basis of preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for the inclusion in this Prospectus. The basis of preparation of the Company's Statutory Aggregated Forecast Financial Information and the Company's Pro Forma Aggregated Forecast Financial Information is consistent with the basis of preparation of the Company's Pro Forma Aggregated Historical Financial Information.

The Forecast Financial Information has been prepared by the Company based on an assessment of current economic and operating conditions and on the general and specific assumptions regarding future events and actions set out in Section 5.9 and 5.10. The Forecast Financial Information should be read in conjunction with the general and specific assumptions set out in Section 5.9 and 5.10, the sensitivity analysis described in Section 5.11, the risk factors described in Section 4, the significant accounting policies set out in Appendix 1 and other information in this Prospectus.

The disclosure of these assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and the effect on the Forecast Financial Information if they do not occur, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by Grant Thornton Corporate Finance Pty Ltd but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report on the Historical and Forecast Financial Information (refer to Section 6).

The Directors believe the general and specific assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from the assumptions in preparing the Forecast Financial Information and that this may have a material positive or negative effect on the Company's actual financial performance, cash flows or financial position.

In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company, the Directors and management, and are not reliably predictable. Accordingly, none of the Company, its Directors and management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Company has no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law or regulation.

The Forecast Financial Information is presented on both a Statutory and a Pro Forma basis. The Statutory Aggregated Forecast Financial Information and the Pro Forma Aggregated Forecast Financial Information for FY23F include actual results for the six months ended 31 December 2022. The Statutory Forecast Results for FY23F also have regard to current trading performance up until the date of lodgement of the Prospectus.

In preparing the Pro Forma Forecast Financial Information, pro forma adjustments have been made to the Statutory Forecast Financial Information to:

- reflect the full year impact of incremental costs associated with being a public listed company;
- adjust for the impact of the Offer costs, which are largely recognised in the Statutory Forecast Financial Information in FY23F; and
- adjust for any other non-recurring and non-operational transactions.

Section 5.8 sets out the Pro Forma Adjustments made to the Statutory Forecast Financial Information and a reconciliation of the Statutory Forecast Financial Information to Pro Forma Forecast Financial Information.

5.5 Non-IFRS financial measures

CurveBeam AI uses certain measures to manage and report on its business that are not recognised under IFRS. These measures are collectively referred to as 'non-IFRS financial measures'. These non-IFRS financial measures do not have a prescribed definition under IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These measures are collectively referred in this Section 5 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as 'non-IFRS financial measures'. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with the IFRS. Although CurveBeam AI believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus.

In particular, the following non-IFRS financial measures are included:

- **EBITDA** – presented as net profit/(loss) before net interest income, income tax benefit/(expense), depreciation and amortisation;
- **EBIT** – is earnings before interest and tax;
- **Gross margin** – is the difference between revenue and cost of goods sold;
- **Gross margin %** – is the gross margin divided by the revenue;
- **No. of units sold or installed** – is the number of devices sold to distributors or installed with customers, that can therefore be recognised as revenue; and
- **Average revenue per unit** – is the revenue for the period divided by the number of units sold for the period.

Although the Directors believe these measures provide useful information about the financial performance of CurveBeam AI, they should be considered as supplements to the income statements that are presented in Section 5.6 and not as a replacement for them. These non-IFRS financial measures are not based on accounting standards, they do not have standard definitions and the way CurveBeam AI calculates these measures may differ from similarly titled measures by other companies. Potential investors should therefore not place undue reliance on these non-IFRS financial measures.

5.6 Pro Forma Historical and Forecast Results and Statutory Forecast Results

The table below presents the Pro Forma Historical Income Statements for FY21 and FY22 and the Pro Forma Forecast Income Statements for FY23F. Section 5.8 sets out a reconciliation between the Aggregated Statutory Historical and Forecast Income Statements to the Aggregated Pro Forma Historical and Forecast Income Statements.

Table 5.2: CurveBeam AI Aggregated Pro Forma Historical and Forecast Income Statements (A$)

		FY21	FY22	FY23F	1HFY23A	2HFY23F	FY23F
A$'000	**Notes**	**Pro-forma**	**Pro-forma**	**Pro-forma**	**Pro-forma**	**Pro-forma**	**Statutory**
Revenue	1	7,198	7,422	11,025	5,573	5,452	7,595
Cost of sales	2	(3,976)	(3,429)	(6,056)	(3,312)	(2,743)	(3,686)
Gross profit		**3,222**	**3,993**	**4,969**	**2,261**	**2,708**	**3,909**
Operating expense	3	(3,239)	(6,159)	(8,439)	(3,290)	(5,149)	(11,971)
Employee expenses	4	(7,362)	(9,371)	(12,783)	(4,860)	(7,923)	(11,539)
Other income	5	1,437	2,495	904	485	419	1,046
EBITDA		**(5,942)**	**(9,043)**	**(15,349)**	**(5,404)**	**(9,945)**	**(18,555)**
Depreciation and amortisation	6	(245)	(459)	(1,982)	(669)	(1,313)	(1,931)
EBIT		**(6,187)**	**(9,501)**	**(17,331)**	**(6,072)**	**(11,258)**	**(20,487)**
Finance costs	7	(7)	189	51	52	–	(381)
Net interest expense	8	(553)	(312)	(145)	(145)	–	(4,597)
NLAT		**(6,747)**	**(9,623)**	**(17,425)**	**(6,166)**	**(11,258)**	**(25,464)**

Notes:

1. **Revenue** includes primarily device sales for HiRise™, InReach™, pedCat™, and LineUP™ (less sales discounts). Other revenue streams include Warranty Revenue, SVCs, System Rental Income, Services Charges, and Miscellaneous Other Revenue.
2. **Cost of sales** includes materials, freight and shipping, and other costs such as installation, licence fees, and machine maintenance (less shrinkage and price adjustment).
3. **Operating expenses** includes occupancy, professional services and consulting, marketing, telecommunications and software, commissions, insurance, research and development, registration fees, and miscellaneous other expenses.
4. **Employee expenses** includes salaries and wages and share based payments.
5. **Other income** includes grant income received from the Australian Government for research and development activities undertaken by the Company and grant income for export marketing development.
6. **Depreciation and amortisation** is primarily incurred in relation to amortisation of patents and IP and depreciation of furniture and equipment and right-of-use assets.
7. **Finance costs** are gain/(loss) in fair valuation of deferred consideration.
8. **Net interest expense** is the net expense after taking into consideration interest income generated from cash balances as well as interest payable on debt facilities to the extent they will remain post Offer.

The table below represents the Pro Forma Historical Results for 1HFY23A and for 1HFY22A.

Table 5.3: CurveBeam AI Aggregated Pro Forma Historical Half Year income statements (A$).

		1HFY23A	1HFY22A
A$'000	Notes	Pro Forma	Pro Forma
Revenue	1	5,573	3,262
Cost of sales	2	(3,312)	(1,476)
Gross profit		**2,261**	**1,786**
Operating expense	3	(3,290)	(2,418)
Employee expenses	4	(4,860)	(3,955)
Other income	5	485	751
EBITDA		**(5,404)**	**(3,835)**
Depreciation and amortisation	6	(669)	(187)
EBIT		**(6,072)**	**(4,022)**
Finance costs	7	52	(124)
Net interest expense	8	(145)	(222)
Pro Forma NLAT		**(6,166)**	**(4,367)**

Note: Refer to notes under Table 5.2 for a description of the income statement line items.

5.7 Key financial and operating metrics

Set out below are the key pro forma historical financial and operating metrics for FY21, FY22, FY23F, including 1HFY23A and 2HFY23F.

Table 5.4: Key annual pro forma financial and operating metrics

	FY21	FY22	FY23F	1HFY23A	2HFY23F
	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
Revenue by type ($'000)					
Device sales					
HiRise™	3,801	3,557	7,187	3,326	3,861
InReach™	199	352	–	–	–
pedCAT™	168	171	–	–	–
LineUP™	2,010	1,905	1,528	954	575
Custom	–	–	173	–	173
Total device sales	**6,178**	**5,986**	**8,889**	**4,280**	**4,609**
Warranty	733	958	1,214	578	636
Other revenue	287	478	923	716	206
Total	**7,198**	**7,422**	**11,025**	**5,573**	**5,452**
Revenue by region ($'000)					
Europe	1,360	2,524	1,999	993	1,006
USA	4,119	3,121	6,312	3,287	3,026
Australia	330	341	577	–	577
Canada	370	–	–	–	–
Total device sales	**6,178**	**5,986**	**8,889**	**4,280**	**4,609**
Warranty	733	958	1,214	578	636
Other revenue	287	478	923	716	206
Total	**7,198**	**7,422**	**11,025**	**5,573**	**5,452**
Gross margin %	*44.8%*	*53.8%*	*45.1%*	*40.6%*	*49.7%*
Unit sales	*23*	*26*	*25*	*12*	*13*
Average revenue per unit (A$'000s)	*269*	*230*	*356*	*357*	*355*

5.8 Pro-Forma Adjustments to the Company's Aggregated Statutory Historical and Forecast Income Statements

Set out below is a reconciliation between the Statutory Historical and Forecast Income Statements net profit/(loss) after tax to the Pro Forma Historical and Forecast Results net profits/(loss) after tax:

Table 5.5: Company Pro Forma Adjustments to the Statutory Historical and Forecast Income Statement

$'000	Notes	FY21	FY22	FY23F	1HFY23A	2HFY23F
StraxCorp/ CurveBeam AI Statutory NLAT (A$)		**(2,821)**	**(8,545)**	**(25,464)**	**(8,665)**	**(16,799)**
CurveBeam US NLAT (A$)		**(2,614)**	**(5,430)**	**–**	**–**	**–**
Aggregated NLAT	A	**(5,435)**	**(13,975)**	**(25,464)**	**(8,665)**	**(16,799)**
CurveBeam US merger impact	1	–	–	(2,323)	(2,323)	–
Aggregated NLAT (including merger impact)		**(5,435)**	**(13,975)**	**(27,787)**	**(10,988)**	**(16,799)**
Convertible note interest	2	96	2,558	4,525	1,982	2,543
Merger costs	3	–	2,212	5,606	2,951	2,656
Key persons remuneration – StraxCorp	4	(41)	194	–	–	–
Key persons & family members remuneration – CurveBeam US	5	(820)	(238)	–	–	–
Incremental public company costs	6	(547)	(375)	(149)	(111)	(38)
P&L impact of FV of contingent consideration	7	–	–	381		381
Pro forma NLAT		**(6,747)**	**(9,623)**	**(17,424)**	**(6,166)**	**(11,258)**

Note: Refer to notes for Table 5.6 for description of Pro Forma Adjustments.

(a) StraxCorp acquired CurveBeam US pursuant to the Merger on 12 October 2022 and following the Merger, StraxCorp was renamed CurveBeam AI Limited. The 1HFY23A CurveBeam AI statutory NLAT is made up of 6 months of StraxCorp and 2.5 months of CurveBeam US, as such, there is no separate CurveBeam US NLAT for this period onwards.

Table 5.6: Company Pro Forma Adjustments to the Statutory Historical Half Year Income Statement

		Historical Period	
$'000	Notes	1HFY23A	1HFY22A
StraxCorp/ CurveBeam AI Statutory NLAT (A$)		**(8,665)**	**(3,143)**
CurveBeam US NLAT (A$)		**–**	**(2,039)**
Aggregated NLAT		**(8,665)**	**(5,182)**
CurveBeam US merger impact	1	(2,323)	–
Aggregated NLAT (including merger impact)		**(10,988)**	**(5,182)**
Convertible note interest	2	1,982	978
Merger costs	3	2,951	105
Key persons remuneration – StraxCorp	4	–	194
Key persons & family members remuneration – CurveBeam US.	5	–	(238)
Incremental public company costs	6	(111)	(223)
Pro forma NLAT		**(6,166)**	**(4,367)**

Notes: Description of pro forma adjustments:

1. **CurveBeam US merger impact** relates to the CurveBeam US incomes and expenses that were incurred from 1 July 2022 to the date of the Merger (12 October 2022).
2. **Convertible Note interest** relates to the interest expenses that accrued on the Convertible Notes which will not be incurred going forward as they are intended to convert to equity upon completion of the Offer.
3. **Merger costs** relate to the professional fees and travel costs incurred during the merger process of StraxCorp and CurveBeam US.
4. **Key person remuneration** – StraxCorp relates to reflecting the salaries and wages of senior management (CEO, CFO) in order for their wages across the Historical Period to represent a market rate for a similar position at a comparable listed company.
5. **Key persons & family members remuneration** – CurveBeam US relates to market salaries for the CTO and their working family members.
6. **Incremental public company costs** include the incremental expenditure required to be a publicly listed company including Board, insurance, audit, listing and ASX fees above what is currently being incurred by the Company.
7. Reversal of P&L impact of fair valuation relating to contingent consideration.

5.9 Forecast Financial Information

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section. In preparing the Forecast Financial Information, the Company has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance in FY23F. The Company believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole to be reasonable at the time of preparing the Prospectus. However, actual results are likely to vary from those forecast and any variation may be materially positive or negative.

The assumptions on which the Forecast Financial Information is based are, by their nature, subject to significant uncertainties and contingencies, many of which are outside the control of the Company and its Directors and management, and are not reliably predictable. Accordingly, none of the Company, its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 5.11, the risk factors set out in Section 4 and the Investigating Accountant's Report on Historical and Forecast Financial Information set out in Section 7. A reconciliation of the Pro Forma Forecast Results and Statutory Forecast Results is set out in Section 5.8.

5.9.1 General assumptions

In preparing the Forecast Financial Information, the following general Directors' best estimate assumptions have been adopted:

- no material change in the competitive operating environment in which the Company operates;
- no significant deviation from current market expectations in the geographies in which the Company operates and the economic conditions relevant to the Company;
- no material changes in any government legislation or regulation (including tax legislation), or government policy that has a material impact on financial performance or cash flows, financial position, accounting policies, or licensing agreements of Company;
- no changes in current tax legislation in jurisdictions where the Company operates;
- no material changes in key personnel and the Company maintains its ability to recruit and retain the personnel required to support future growth;
- no material changes in applicable IAS, AIFRS or other mandatory professional reporting requirements which have a material effect on the Company's financial performance, financial position, accounting policies, financial reporting or disclosure during the Forecast Period;
- no material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of the Company;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no material fine, penalty, dispute, litigation or other contingent liabilities arise or are settled to the detriment of the Company;
- no material changes to the Company's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- no material disruptions to the continuity of operations of Company nor other material changes in its business activities;
- no material change in the Company's corporate or capital structure other than the transactions contemplated under this Prospectus;
- no material amendment to or termination of any material agreement, contract or agreement other than as set out in, or contemplated by, this Prospectus;
- none of the risks listed in Section 4 eventuate, or if they do, none of them has a material adverse impact on the operations of the Company; and
- the Offer completes and the proceeds of the Offer are received in accordance with the timetable set out in the Key Dates section of this Prospectus.

5.9.2 Specific assumptions

The Forecast Financial Information is based on various best estimate assumptions, including a comparison to historical financial performance. In preparing the Forecast Financial Information, the Company has analysed historical financial performance, including the current rates of revenue and expenses, and applied assumptions, where appropriate across the Company. The assumptions set out below in Section 5.10 hould be read in conjunction with the sensitivity analysis set out in Section 5.11, the risk factors set out in Section 4, the Investigating Accountant's Report set out in Section 6 and other information contained in this Prospectus.

5.10 Management discussion and analysis of key historical and forecast metrics

The following information has been prepared using the Company's Aggregated Pro Forma Historical Financial Information for FY21, FY2022, 1HFY23A and 1HFY22A comparative information and the Company's Aggregated Pro Forma Forecast Financial Information for FY23F.

5.10.1 Revenue

As described in Section 3.1, CurveBeam AI develops and manufactures weight bearing CT imaging machines. It is also developing SaaS based DLAI approaches to measure BMD and assess bone fragility.

Figure 5.2 below sets out the drivers of revenue growth from FY21 to FY23F with device sale revenues being the primary factor in the increase in revenues in the forecast period. Revenue is recognised on installation for direct sales to customers (once all performance obligations have been satisfied); Sales to distributors are recognised on receipt by the distributor. The forecast revenue for FY23F is in relation to known or confirmed purchase orders or installation date only.

Figure 5.2: Historical and forecast revenue bridge (CurveBeam AI)

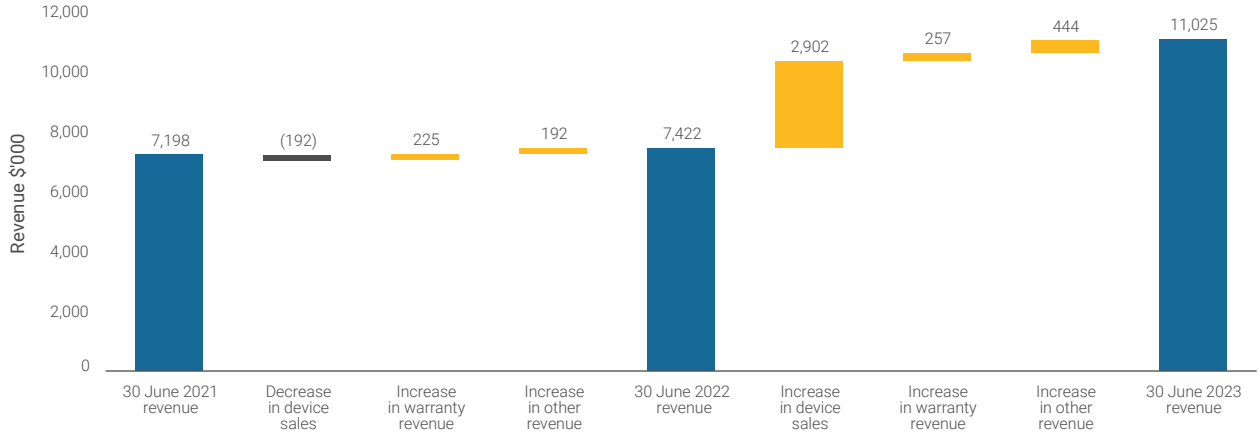
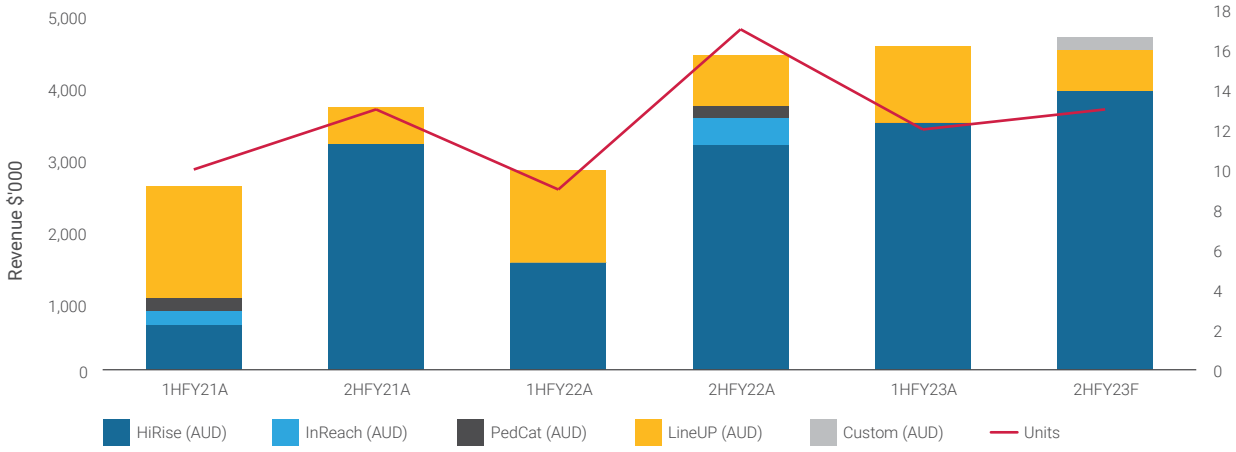


Figure 5.3: Pro forma half-yearly revenue by device type



Device revenues in 2HFY23F are forecast at similar levels to 1HFY23A. This is largely comprised of sales of the HiRise™ unit to direct customers as well as distributors, driven by the ramp up in commercialisation and ability to manufacture larger number of devices.

Figure 5.4: Pro forma half-yearly device revenue by region

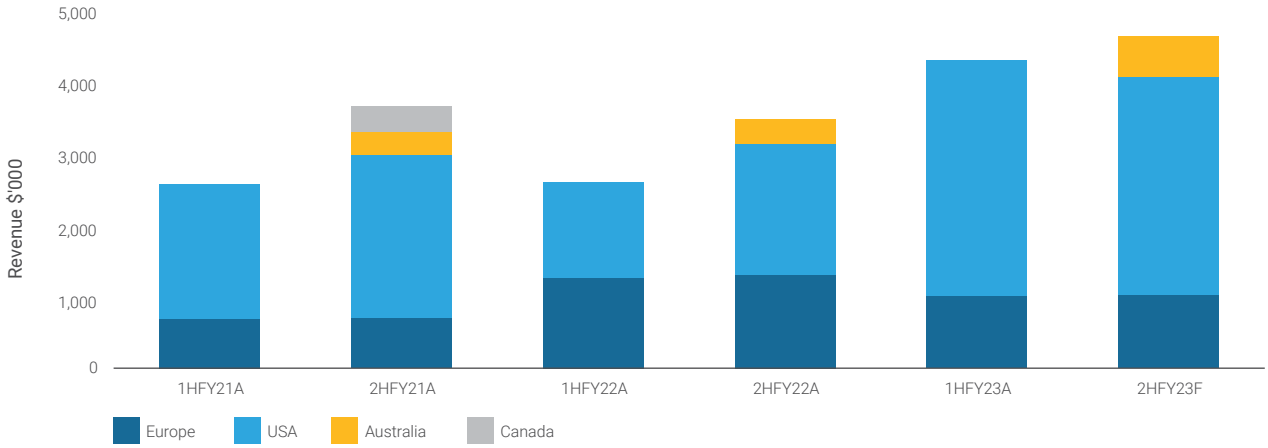


Table 5.7: Historical and forecast number of units sold/ installed and average price per unit (CurveBeam AI)

	FY21	FY22	FY23F	1HFY23A	2HFY23F
No. of units sold or installed					
HiRise™	13	14	18	8	10
InReach™	1	3	–	–	–
pedCAT™	1	1	–	–	–
LineUP™	8	8	6	4	2
Custom	–	–	1	–	1
Total	**23**	**26**	**25**	**12**	**13**
Average revenue per unit ($'000s)					
HiRise™	292	254	399	416	386
InReach™	199	117	–	–	–
pedCAT™	168	171	–	–	–
LineUP™	251	238	255	238	287
Custom	–	–	173	–	173
Average per unit	**269**	**230**	**356**	**357**	**355**

The total number of unit sales has increased over the Historical Period. Given the nature of the planned installation timelines, there is a high degree of confidence in FY23F as such the total number of unit sales to be completed are known. Revenue growth is primarily driven by higher sales of HiRise™ units. This also represents a change in product-mix, with the HiRise™ being a higher-priced product. The average revenue per unit sold is influenced by individual customer's negotiated sales prices.

5.10.2 Other income

Other income predominately relates to grants received from the Australian government in connection with carrying out research and development activities. The significant remaining income relates to sales of pre-owned devices.

5.10.3 Gross margin assumptions

Gross margin is revenue less the cost of sales which consist of machine materials and direct labour costs (such as installations). The Company has generated gross margins (excluding other income) of 44.8% and 53.8% in FY21 and FY22 respectively and is forecast to achieve gross margins of 45.1% in FY23F. The increase in gross margin in FY2022F is attributable to new pricing coming into effect, combined with the income generated from COGS shrinkage. The slight dip in FY23F is due to the first half of the year where expenses generated from COGS shrinkage were recorded, along with the costs associated with additional Medcom licences, and also providing a free device upgrade to a HiRise™ for one customer.

5.10.4 Operating expenses

CurveBeam AI presents its operating expense categories within the consolidated income statement on a functional basis. Table 5.8 below sets out the historical and forecast operating expenses on a Company Aggregated basis.

Table 5.8: Company Aggregated Pro forma operating expenses summary

	FY21	FY22	FY23F	1HFY23A	2HFY23F
$'000	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma
Employee expenses	**7,362**	**9,371**	**12,783**	**4,860**	**7,923**
Marketing	682	1,342	2,502	806	1,697
Travel	129	328	989	388	601
Research & development	403	831	658	361	297
Consulting & professional fees	1,037	2,287	2,197	970	1,226
Administration, Insurance, and IT	714	923	960	475	485
Occupancy	95	99	97	50	47
Other expenses	15	154	845	199	646
Registration	163	194	189	39	150
Other overheads	**3,238**	**6,158**	**8,438**	**3,289**	**5,149**
Total overheads	**10,600**	**15,529**	**21,221**	**8,149**	**13,072**

Notes:

1. **Employee expenses:** The labour costs include salaries and wages, bonuses & commissions, superannuation, leave provisions, payroll tax, insurance, share based payments, short term incentives and other employee benefits. CurveBeam AI used the pre-IPO funding to support expansion of the Company by increasing the number of FTEs in the Australian operation. Similarly, in 2HFY23F it is expected that there will be an additional 16 FTE's hired (six in Australia and the rest in the US).
2. **Marketing expenses** in the form of trade shows decreased historically on account of COVID-19 restrictions. With easing restrictions in FY22, these costs increased with further attendance forecast in FY23F.
3. **Travel** relates to domestic and international travel, which has increased over the period as border restrictions ease, and the Company can send staff to trade-shows, vendor meetings and client meetings in different states and countries.
4. **Research and development** are the tools, equipment, contractors, trials and permits, and materials for designing, testing, and improving new devices. There is a reduction anticipated in FY23 due to the HiRise™ device obtaining the required regulatory approvals.
5. **Consulting and professional fees** relates primarily to specialists assisting with TGA and FDA approvals, audit fees, and other external services for legal and accounting matters.
6. **Administration, Insurance, and IT costs** primarily relate to computer costs, including software subscriptions, internet, and cloud storage, Directors & Officers insurance, followed by Public, Product and Personal injury insurance, and other general costs (such as maintenance and warehousing costs). The amounts also include higher costs for a public company, such as listing fees (initial and annual), additional audit fees, and directors and their associated insurance.
7. **Occupancy** relates to council fees and ancillary occupancy expenses for the premises of CurveBeam AI in Australia and the United States. These are largely fixed in nature.
8. **Other expenses** are primarily legal fees related to intellectual property services. In FY23, there is also a component of contingency built-in for unexpected expenses.
9. **Registration expenses** relate to product application and registration fees for seeking approval of the HiRise™ device in global markets.

5.10.5 EBITDA

EBITDA margins were impacted by the increase in CurveBeam AI's cost base in FY22, primarily in employee expenses. The EBITDA margins in FY23F is also forecast to be impacted by an increase in overhead cost base to be incurred with a view to aid growth strategy, partially offset by increase in revenues forecast in FY23F.

5.10.6 Depreciation

Depreciation is driven by right-of-use assets, furniture and equipment, and commercial software. Amortisation is primarily patents/IP and regulatory clearances.

5.10.7 Finance costs

Finance costs are the net impact of the foreign exchange gains and losses during the period.

5.10.8 Net loss after tax

Being in the growth phase, the Company has been in a net loss position before tax throughout the Historical and Forecast Periods. As such the Company will not incur income tax expenses (and be a tax payer) due to the losses (both current and historical).

5.11 Sensitivity analysis

The Forecast Financial information is based on a number of estimates and assumptions as described in Section 5.9 and Section 5.10. These estimates and assumptions are subject to business, economic and competitive uncertainties, and contingencies, many of which are beyond the control of the Company, the Directors and management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below is a summary of the sensitivities of the 2HFY23F Forecast Financial Information relating to the Company to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions and assumes a full year impact. In practice, changes in assumptions may offset each other or be additive, and it is likely that Company's management would respond to any changes to seek to minimise any adverse net effect on the Company's revenue and EBITDA.

Table 5.9: 2HFY23F Company sensitivity analysis

Assumption ($'000)	FY23F Company Statutory EBITDA	2HFY23F Statutory EBITDA impact	FY23F Adjusted Statutory EBITDA	FY23F Company Statutory revenue	2HFY23F Statutory revenue impact	Adjusted Statutory revenue	Company Pro forma revenue	2HFY23F Statutory revenue impact	Adjusted Pro forma revenue
5% US$ appreciation	(18,555)	(661)	(19,216)	7,595	287	7,882	11,025	287	11,312
5% US$ depreciation	(18,555)	598	(17,957)	7,595	(260)	7,336	11,025	(260)	10,765
+2 2HFY23F device sales	(18,555)	287	(18,268)	7,595	709	8,304	11,025	709	11,734
-2 2HFY23F device sales	(18,555)	(287)	(18,842)	7,595	(709)	6,886	11,025	(709)	10,316
+5.0% Cost of sales	(18,555)	(137)	(18,692)						
-5.0% Cost of sales	(18,555)	137	(18,418)						
+5.0% Employee expenses	(18,555)	(396)	(18,951)						
-5.0% Employee expenses	(18,555)	396	(18,160)						
+5.0% Overhead expenses	(18,555)	(389)	(18,944)						
-5.0% Overhead expenses	(18,555)	389	(18,166)						

5.12 Pro-Forma Historical and Pro-Forma and Statutory Forecast Cash Flow

Set out in the table below is a summary of the Company's pro forma historical and forecast cash flows for FY21, FY22, and FY23F.

Table 5.10: Company Aggregated Pro Forma Historical and Forecast Annual Cash Flows and Statutory Forecast Annual Cash Flows (A$'000s)

	FY21	FY22	FY23F	1HFY23A	2HFY23F	FY23F
$'000	Pro forma	Pro forma	Pro forma	Pro forma	Pro forma	Statutory
CASH FLOWS FROM OPERATING ACTIVITIES						
NLAT	(6,747)	(9,623)	(17,425)	(6,166)	(11,259)	(25,464)
Net non-cash movements	1,464	1,745	3,874	665	3,209	8,399
Net working capital movements	750	(2,316)	(8,059)	(4,593)	(3,466)	(6,199)
Cash flows from operations	**(4,533)**	**(10,194)**	**(21,610)**	**(10,093)**	**(11,516)**	**(23,263)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Intangible asset purchase	(295)	(204)	–	–	–	–
PPE purchase	–	(102)	(45)	(45)	–	(45)
Related party promissory note advanced	–	–	–	–	–	(3,373)
German distribution rights acquisition	–	–	(460)	–	(460)	(460)
Investing cash flows	**(295)**	**(306)**	**(505)**	**(45)**	**(460)**	**(3,878)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue of convertible notes	594	15,902	23,054	10,162	12,892	23,054
Issue of shares	1,302	2,095	–	–	–	–
Other proceeds	3,289	2,649	–	–	–	–
Net proceeds from the Offer	–	–	21,731	–	21,731	–
Other payments	(663)	(587)	(1,425)	(946)	(479)	(1,291)
Net financing cash flows	**4,523**	**20,059**	**43,360**	**9,215**	**34,144**	**21,762**
Net cash flows	**(305)**	**9,559**	**21,245**	**(923)**	**22,168**	**(5,379)**
Cash at the beginning of the period	573	264	10,098	10,098	9,141	9,742
Effect of FX on cash holdings in foreign currencies	(4)	275	139	(34)	173	139
Closing cash balance	**264**	**10,098**	**31,482**	**9,141**	**31,482**	**4,502**

Notes: Description of cash flow items:

1. **Non-cash items** relate to movements in depreciation, amortisation, interest, share options expensed, unrealised gains/losses, government COVID-19 support, fair value movements on investments, and other non-cash operating expenses.
2. **Other proceeds** relate to those received from related party loans, R&D and insurance premium funding loans and the exercise of options.
3. **Other payments** include repayments of R&D and insurance premium funding, repayment of borrowings, repayment of related party loans, and payment of lease principal.

Table 5.11: Statutory to Pro Forma Cash Flow reconciliation summary

$'000	Notes	FY21	FY22	FY23F	1HFY23A	2HFY23F
Statutory net cash flow		**1,103**	**7,766**	**(5,379)**	**(2,818)**	**(2,560)**
Merger costs	1	–	2,212	5,606	2,951	2,656
Key person remuneration	2	(861)	(44)	–	–	–
Incremental public company costs	3	(547)	(375)	(149)	(111)	(38)
Reversal of FV of contingent consideration	4	–	–	381	–	381
Merger impact	5	–	–	(2,323)	(2,323)	–
Impact of CurveBeam US cashflows pre-merger	6	–	–	1,378	1,378	–
IPO raise	7	–	–	25,000	–	25,000
Additional IPO costs to be paid post 30 June 2023	8	–	–	(3,269)	–	(3,269)
Pro forma net cash flows		**(305)**	**9,559**	**21,245**	**(923)**	**22,168**

Notes: Description of pro forma adjustments:

1. **Merger costs** relates to the one-off costs associated with the Merger of the CurveBeam US and StraxCorp.
2. **Key person remuneration** relates to the market rates for key personal (CFO, CEO, and COO), along with working members of their families.
3. **Incremental public company costs** include the incremental expenditure required to be a publicly listed company including Board, listing and ASX fees, over and above what is currently being incurred by CurveBeam AI as a private company.
4. **Reversal of fair value of contingent consideration** relates to the P&L impact of the fair value of contingent consideration.
5. **Merger impact** relates to the 3.5 month P&L impact that occurred prior to the merger.
6. **Impact of CurveBeam US cashflows pre-merger** relate to the 3.5 months BS impact that occurred prior to the merger.
7. **IPO raise** is the cash to be received from the Offer.
8. **Additional IPO costs** represents the additional expenses to be incurred and paid for in relation to the IPO after 30 June 2023.

5.12.1 Discussion of operating cash flows

The Company's working capital cash outflows have increased during the historical and forecast periods due to the growth strategy that the Company has undertaken, with spending aimed at getting the HiRise™ ready for production and sale.

5.12.2 Discussion of investing cash flows

Capex is not a significant spend for CurveBeam AI, with the main acquisition forecast in FY23F being the re-purchase of distribution rights in Germany.

5.12.3 Discussion of financing cash flows

Historical financing cash flows largely relate to capital raising initiatives through both the raising of debt and equity as well as the proceeds from related parties. Forecast financing activities includes the Offer of A$25 million and associated Offer costs and as well as the issue of two tranches of Convertible Notes.

5.13 Actual and pro forma consolidated balance sheet as at 31 December 2022

The table below has been extracted from the reviewed consolidated historical statement of financial position of CurveBeam AI as at 31 December 2022 and adjusted to reflect the pro forma adjustments that have been made to the consolidated historical statement of financial position (further described in Section 5.14 and the pro forma consolidated historical statement of financial position as at 31 December 2022). See Section 5.1

The pro forma consolidated historical statement of financial position is provided for illustrative purposes and is not represented as being necessarily indicative of CurveBeam AI's view on its future financial position.

Table 5.12: Aggregated Statutory and Pro Forma Statement of Financial Position as at 31 December 2022

	Note	As at 31-Dec-22 Reviewed $'000	Pro forma Adjustments $'000	As at 31-Dec-22 Pro Forma $'000
Current assets				
Cash and cash equivalents		5,943	34,058	40,002
Inventory	1	6,768	–	6,768
Accounts receivables	2	2,502	–	2,502
Other current assets	3	1,740	–	1,740
Total current assets		**16,953**	**34,058**	**51,012**
Non-current assets				
Right of use asset		1,150	–	1,150
Intangible assets	4	20,989	–	20,989
PP&E		194	–	194
Non-current assets		34	–	34
Goodwill	5	20,185	10,091	30,277
Financial assets		33	–	33
Total non-current assets		**42,586**	**10,091**	**52,677**
Total assets		**59,539**	**44,150**	**103,689**
Current liabilities				
Trade and other payables	6	(6,144)	96	(6,048)
Contract liabilities	7	(4,729)	–	(4,729)
Provisions		(710)	119	(591)
Lease liabilities		(178)	–	(178)
Contingent consideration reserve		(8,432)	(407)	(8,839)
Total current liabilities		**(20,193)**	**(192)**	**(20,385)**
Non-current liabilities				
Financial liabilities		(32,324)	32,324	–
Lease liabilities		(1,052)	–	(1,052)
Provisions		(26)	–	(26)
Borrowings	8	(13,301)	–	(13,301)
Total non-current liabilities		**(46,704)**	**32,324**	**(14,380)**
Total liabilities		**(66,897)**	**32,132**	**(34,765)**
Net assets/(liabilities)		**(7,357)**	**76,281**	**68,924**
Equity				
Ordinary shares		17,526	80,551	98,076
Retained earnings		(26,761)	(4,944)	(31,705)
Reserves	9	1,860	675	2,534
Embedded derivative		18	–	18
Total equity		**(7,357)**	**76,281**	**68,924**

Notes: Description of significant balances:

1. **Inventory** relates to the completed units and individual components held by the Company.
2. **Accounts receivable** are the amounts owed to CurveBeam AI by customers.
3. **Other current assets** are primarily prepayments.
4. **Intangible assets** are patents and regulatory approvals related to the CurveBeam AI devices and software.
5. **Goodwill** mainly arising on the Merger of CurveBeam US and StraxCorp
6. **Trade and other payables** are the amounts owing to suppliers.
7. **Contract liabilities** are primarily warranties that get amortised over the life of the warranty, and customer deposits for devices.
8. **Borrowings** relate to a loan outstanding to Arun Singh, with repayments linked to CurveBeam device sales.
9. **Reserves** are made up of general reserves and the foreign currency translation reserve.

5.14 Pro-forma adjustments to consolidated Statement of Financial Position

The following transactions and events contemplated in this Prospectus which are to take place on or before completion of the Offer, referred to as the Pro Forma Adjustments, are presented as if they, together with the Offer, had occurred on or before 31 December 2022 and are set out below.

With the exception of the pro forma transactions noted below no material transactions have occurred between 31 December 2022 and the date of this Prospectus, which the Directors consider require disclosure.

The following subsequent event transactions have occurred:

- additional convertible notes issued during the week beginning 20 February 2023 amounting to $14.1 million (of which $0.2 million was already received prior to 31 December 2022);
- interest accrued on existing and additional convertible notes up to the allotment date (currently expected to be 16 August 2023) based on a 5% interest rate;
- repayment of US convertible note held in subsidiary;
- capital raising costs for the convertible notes issued after 31 December 2022;
- conversion of convertible notes along with accrued interest into equity on allotment date (currently expected to be 16 August 2023);
- fair valuation of contingent consideration resulting in an increase to goodwill of $10.1 million;
- balances within the contingent consideration reserve (related to the issue of anti-dilution shares for US shareholders) moved to equity;
- the New Incentive Plan was entered into in May 2023. At completion of the Offer, $968k of share-based options will have vested;
- exercise of employee options, by way of transfer of employee options from reserves to equity amounting to $59,000;
- exercise of employee share options in May and June, of which $76,000 was received in cash;
- conversion of 2,466,000 Class A shares into ordinary shares amounting to $0.4 million;
- the completion of the Offer, raising $25 million (52,083,333 New Shares at $0.48 per Share); and
- expenses associated with the Offer totalling $4.2 million, of which $1.8 million is to be capitalised and $2.2 million to be expensed in the profit and loss statement. The GST claimable as a result of Reduced Input Tax Credit provisions within the GST legislation totals $0.1 million.

5.15 Pro-forma capital structure summary

Table 5.13: Pro forma capital structure as at 31 December 2022

	No. of shares	Share capital	Accumulated losses	Reserves	Embedded derivative	Net assets
		$'000	$'000	$'000	$'000	$'000
As at 31 December 2022	**66,882,954**	**17,526**	**(26,761)**	**1,860**	**18**	**(7,357)**
Conversion of Con Notes	144,011,473	46,772	(1,186)	–	–	45,587
CurveBeam anti-dilution shares	54,538,086	10,065	(381)	–	–	9,684
Share based payments expense	–	–	(968)	968	–	–
Options exercised	257,800	135	–	(59)	–	76
Class A shares conversion	2,466,000	405	(171)	(234)	–	–
Pre-offer capital structure	**268,156,313**	**74,903**	**(29,466)**	**2,534**	**18**	**47,989**
The Offer	52,083,333	25,000	–	–	–	25,000
Offer costs	–	(1,830)	(2,236)	–	–	(4,066)
Total	**320,239,646**	**98,076**	**(31,704)**	**2,534**	**18**	**68,924**

Notes: Refer to pro forma transactions in Section 5.14 for further detail.

5.16 Pro-forma cash and cash equivalents

CurveBeam AI expects that it will have sufficient cash to fund its operational requirements and business objectives following the Offer.

Table 5.14: Pro forma cash and cash equivalents as at 31 December 2022

$'000	31-Dec-22
Reviewed cash and cash equivalents balance as at 31 December 2022	**5,943**
Pro forma transactions:	
Tranche 2 of Convertible Notes	14,109
US convertible note repayment	(96)
Capital raising costs	(847)
Cash received in lieu of options exercised by employees	76
Completion of the offer	25,000
Offer costs	(4,185)
Subtotal	**34,058**
Pro forma cash and cash equivalents	**40,002**

5.17 Dividend policy and forecast distribution

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to Shareholders and the issue of New Shares.

Dividends are not expected to be declared until the Company is cash flow positive.

5.18 Capitalisation and indebtedness

Table 5.15: Indebtedness and capitalisation as at 31 December 2022

	31 Dec 22	Pro forma adjustments	31 Dec 22
$'000s	**Reviewed**		**Pro forma**
Cash and cash equivalents	5,943	34,058	40,002
Financial liabilities	(32,324)	32,324	–
Borrowings	(13,301)	–	(13,301)
Total net indebtedness	**(39,682)**	**66,382**	**26,700**
Ordinary shares	17,526	80,551	98,076
Retained earnings	(26,761)	(4,944)	(31,705)
Reserves	1,860	675	2,534
Embedded derivative	18	–	18
Total equity	**(7,357)**	**76,281**	**68,924**
Total capitalisation & indebtedness	**(47,039)**	**142,663**	**95,624**

Note: Refer to pro forma transactions in Section 5.14 for further detail.

06

INVESTIGATING ACCOUNTANT'S REPORT

Grant Thornton

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27 July 2023

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

Grant Thornton Corporate Finance Pty Limited ("Grant Thornton Corporate Finance") has been engaged by CurveBeam AI Limited and its controlled entities ("CurveBeam AI" or the "Group") to prepare this report for inclusion in the replacement prospectus (the "Prospectus") to be issued by the Company on or about 27 July 2023 in respect of the public offering of shares in the Company (the "Offer") and admission to the Australian Securities Exchange ("ASX").

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") holds an Australian Financial Services Licence (AFS Licence Number 247140). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

Scope

Grant Thornton Corporate Finance has been engaged by the Directors to perform a limited assurance engagement in relation to the following financial information of the Combined Group:

Statutory Historical Financial Information

- The statutory historical statement of profit or loss and other comprehensive income for the years ended 30 June 2021 ("FY21") and 30 June 2022 ("FY22") and six months ended 31 December 2022 ("1HFY23A") with the six months ended 31 December 2021 comparative information ("1HFY22A") as set out in Appendix 2 of the Prospectus;

- The statutory consolidated historical cash flows for FY21, FY22, 1HFY23A and 1HFY22A comparative information as set out in Appendix 2 of the Prospectus; and

- The statutory consolidated historical statement of financial position as at 31 December 2022 as set out in Section 5.13 of the Prospectus;

(referred to as the "Statutory Historical Financial Information")

Pro forma Historical Financial Information

- The pro forma aggregated historical statement of profit or loss and other comprehensive income for the years ended 30 June 2021 ("FY21") and 30 June 2022 ("FY22") and six months ended 31 December 2022 ("1HFY23A") with the six months ended 31 December 2021 comparative information ("1HFY22A") as set out in Section 5.6 of the Prospectus;

- The pro forma aggregated historical statement of cash flows for FY21, FY22, 1HFY23A and 1HFY22A comparative information as set out in Section 5.12 of the Prospectus; and

- The pro forma consolidated historical statement of financial position as at 31 December 2022 as set out in Section 5.13 of the Prospectus;

(referred to as the "Pro forma Historical Financial Information")

The Statutory Historical Financial Information and Pro forma Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

The Statutory Historical Financial Information and Pro forma Historical Financial Information has been prepared for inclusion in the Prospectus and have been derived from the audited historical financial statements of CurveBeam AI Limited (formerly known as StraxCorp Pty Ltd) and CurveBeam LLC for FY21 and FY22 and reviewed historical consolidated financial statements for 1HFY23A (including the 1HFY22A comparative information).

The FY21 and FY22 financial statements of StraxCorp Pty Ltd were audited by PwC Securities Ltd in accordance with the Australian Auditing Standards and the applicable law. The audit opinion issued to the Directors of StraxCorp Pty Ltd for FY21 and FY22 were unqualified but included an emphasis of matter in relation to going concern. The review conclusions issued to the Directors of CurveBeam AI in relation to 1HFY23A and 1HFY22A were unqualified and also included an emphasis of matter in relation to going concern.

The FY21 and FY22 financial statements of CurveBeam LLC were audited by PwC Securities Ltd in accordance with the Australian Auditing Standards and applicable law. The audit opinions issued to the Directors for FY21 and FY22 were unqualified but included an emphasis of matter in relation to going concern. The review conclusions issued to the Directors of CurveBeam LLC in relation to 1HFY23A and 1HFY22A was unqualified and also included an emphasis of matter in relation to going concern.

As described in Section 5.2 of the Prospectus the basis of preparation is the recognition and measurement principles prescribed by International Financial Reporting Standards (IFRS) and the Company's adopted accounting policies included in Appendix 1 of the Prospectus.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information after adjusting for the effects of the pro forma adjustments described in Section 5.8, Section 5.12 and Section 5.13 of the Prospectus (the "Pro Forma Adjustments"). The stated basis of preparation of the Pro Forma Historical Financial Information is the recognition and measurement principles contained in IFRS and the Company's adopted accounting policies applied to the Pro Forma Adjustments as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

Statutory Forecast Financial Information

- The statutory forecast statement of profit or loss and other comprehensive income for FY23F as set out in Section 5.6 of the Prospectus; and
- The statutory forecast statement of cash flows for FY23F as set out in Section 5.12 of the Prospectus;

(referred to as the "Statutory Forecast Financial Information")

Pro forma Forecast Financial Information

- The pro forma forecast statement of profit or loss and other comprehensive income for FY23F as set out in Section 5.6 of the Prospectus; and
- The pro forma forecast statement of cash flows for FY23F as set out in Section 5.12 of the Prospectus;

(referred to as the "Pro forma Forecast Financial Information")

(the Statutory Forecast Financial Information and the Pro forma Forecast Financial Information together form the "Forecast Financial Information")

The Directors' best estimate assumptions underlying the Forecast Financial Information are described in Sections 5.9 of the Prospectus. The stated basis of preparation used in the preparation of the Forecast Financial Information is the recognition and measurement principles contained in AIFRS and the Company's adopted accounting policies.

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for FY23F. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year ending 30 June 2023. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take, and are also subject to uncertainties and contingencies, which are often outside the control of the Combined Group. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Combined Group, which are detailed in Section 4 of the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in Section 4 and Section 5.11 of the Prospectus. The sensitivity analysis set out in Section 5.11 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro Forma Adjustments made to the Statutory Aggregated Forecast Financial Information and included in the Pro Forma Aggregated Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information, based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: "*Assurance Engagements involving Corporate Fundraisings and/ or Prospective Financial Information*".

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

Our engagement did not involve updating or reissuing any previously issued audit or review reports on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances.

Statutory Historical Financial Information and Pro forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of the Statutory Historical Financial Information from the audited and reviewed historical financial statements of CurveBeam AI (formerly known as StraxCorp) and CurveBeam LLC covering the years ended 30 June 2021 and 30 June 2022 and six months ended 31 December 2022 (including the 6 months ended 31 December 2021 comparative information);
- consideration of the appropriateness of the pro forma adjustments described in Sections 5.8, 5.11 and 5.14 of the Prospectus;
- analytical procedures applied to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;
- a review of the work papers, accounting records and other documents of CurveBeam AI (formerly known as StraxCorp) and CurveBeam LLC and its auditors;
- a review of the consistency of the application of the stated basis of preparation and adopted accounting policies as described in the Prospectus used in the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information; and
- enquiry of the Directors, management and others in relation to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;

Forecast Financial Information

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions used in the preparation of the Forecast Financial Information;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and

- consideration of the pro forma adjustments applied to the Statutory Forecast Financial Information in preparing the Pro Forma Forecast Financial Information.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction outside of Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We have assumed, and relied on representations from certain members of management of CurveBeam AI, that all material information concerning the prospects and proposed operations of CurveBeam AI has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Conclusion

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention which causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of presentation and preparation as described in Section 5.2 and 5.3 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly, in all material aspects, in accordance with the stated basis of presentation and the pro forma adjustments as described in Section 5.2, Section 5.3 and Section 5.8 and Section 5.12 of the Prospectus.

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

i. the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;

ii. in all material respects, the Statutory Forecast Financial Information:

   a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 5.4 of the Prospectus;

   b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by CurveBeam AI and the recognition and measurement principles contained in IFRS; and

iii. the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

i. the Directors' best estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information do not provide reasonable grounds for the Pro Forma Forecast Financial Information;

ii. in all material respects, the Pro Forma Forecast Financial Information:

a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 5.4 of the Prospectus;

b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by CurveBeam AI and the recognition and measurement principles contained in IFRS, applied to the Statutory Forecast Financial Information and the Pro Forma Adjustments as if those adjustments had occurred prior to 30 June 2023; and

the Pro Forma Forecast Financial Information itself is unreasonable

Restriction on Use

Without modifying our conclusion, we draw your attention to Section 5.1 of the Prospectus which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, this Independent Limited Assurance Report may not be suitable for use for another purpose.

Consent

Grant Thornton Corporate Finance consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Liability

The liability of Grant Thornton Corporate Finance is limited to the inclusion of this report in the Prospectus. Grant Thornton Corporate Finance makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Independence or Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

Neil Cooke
Partner

#10223179v1

Grant Thornton Corporate Finance Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

Appendix A (Financial Services Guide)

This Financial Services Guide is dated 27 July 2023.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987 and Australian Financial Services Licence no 247140) ("Grant Thornton Corporate Finance") has been engaged by CurveBeam AI Ltd ("CurveBeam AI" or the "Company") to provide general financial product advice in the form of an Independent Limited Assurance Report (the "Report") in relation to the offer of shares in the Company (the "Offer"). This report is included in the replacement prospectus dated on or about 27 July 2023 (the "Prospectus"). You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity which engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee of $285,000 (excluding GST), which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, or its related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd. None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to, the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance - including its Partners, Directors, employees, associates and related bodies corporate - does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of CurveBeam AI in order to provide this report. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with CurveBeam AI (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

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Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Offer.

Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority (AFCA) (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to AFCA who can be contacted at:

Australian Financial Complaints Authority

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Email: info@afca.org.au

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance

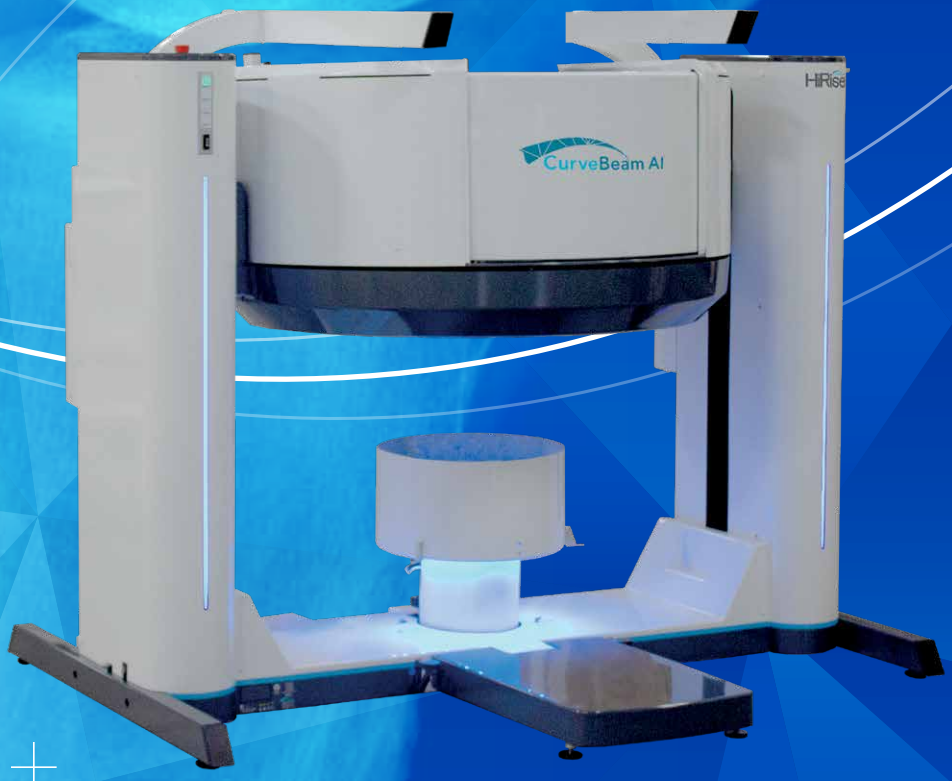
Grant Thornton Corporate Finance Pty Ltd

Level 17, 383 Kent Street

Sydney, NSW, 2000

07

BOARD, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE



07 BOARD, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

7.1 Board of Directors

The Board of Directors of the Company comprises the following Directors:

Robert Lilley
Independent Non-executive Chair
(Age: 77)
Joined the Board in April 2021

Mr Robert Lilley was appointed to the Board of the Company in 2021 and commenced as Chair in April 2021.

Mr Lilley has over 35 years' experience in the medical device and diagnostics industries. Mr Lilley previously served as senior vice president of global sales and marketing for Digene Corporation (Nasdaq:DIGE), a molecular diagnostics company, which was subsequently acquired by Qiagen N.V. (NYSE:QGEN).

Mr Lilley is currently the Chair of Immunexpress Pty Ltd, an Australian molecular diagnostics company.

Mr Lilley holds a BA from Yale University, U.S.

Greg Brown
Chief Executive Officer and Managing Director
(Age: 59)
Joined the Board in February 2014

Mr Greg Brown has served as the Chief Executive Officer of CurveBeam AI (formerly StraxCorp Pty. Ltd.) since 2014 and was appointed to the Board of the Company in the same year.

Mr Brown has over 35 years' experience in the healthcare industry, with a focus on medical devices (including in vitro diagnostic medical devices) and personalised medicine. Prior to joining CurveBeam, Mr Brown held marketing roles at Baxter Diagnostics (Australia and United Kingdom), Roche Molecular Systems Inc. (Switzerland and U.S.) and Digene Corporation (U.S. and Germany) and was Chief Executive Officer at ImpediMed Limited (ASX:IPD).

Until April 2023, Mr Brown was a director of Australian biotechnology company Immunexpress Pty Ltd. He is also a director of an Australian management consulting company, Cintra Consulting Pty Ltd. He has previously served as a director of Trinity Biotech plc (Nasdaq: TRIB), ImpediMed Limited (ASX:IPD), Minomic International Limited and the University of Queensland's commercialisation company, UniQuest Pty Ltd.

Mr Brown holds a BA in Applied Science Medical Laboratory Science from Queensland Institute of Technology and an MBA from Warwick Business School, Coventry, England.

Arun Singh
Chief Operating Officer, Chief Technology Officer (CT) and President (US Division); Executive Director
(Age: 64)
Joined the Board in March 2023

Mr Arun Singh has served as President, Americas and Europe, Chief Operating Officer and Chief Technology Officer (CT) of CurveBeam since 2022 (following the Merger of the Company with CurveBeam US) and was appointed to the Board of the Company in March 2023.

Mr Singh has over 34 years' experience in the technology industry, with a focus on medical imaging. Since 2009, he has served as President and Chief Executive Officer of CurveBeam US, prior to which Mr Singh co-founded and served as the Vice President and Chief Technology Officer of Imaging Sciences International Inc. (ISI), which was subsequently acquired by Danaher Corporation. While at ISI, Mr Singh was awarded the Lifetime Achievement Award by the American Association of Dental Maxillofacial Radiographic Technicians in 2016 for his visionary contributions to the advancement of Cone Beam CT.

Mr Singh holds a Masters of Science in Electrical Engineering from Ohio State University and a Bachelor of Science in Electronics and Communication Engineering from the Birla Institute of Technology, India.

Hashan De Silva
Non-executive Director
(Age: 35)
Joined the Board in October 2021

Mr Hashan De Silva was appointed to the Board of the Company in 2021 as a nominee of Karst Peak Capital Limited (**Karst Peak**).

Mr De Silva is an experienced sell side and buy side investor in the Australian healthcare sector. He is currently the Founder and Managing Partner of KP Rx, a specialist healthcare fund manager focused on innovative healthcare companies based in Australia and New Zealand. Previously he held the role of head of healthcare research at Karst Peak, an investment management firm based in Sydney and Hong Kong, which has a focus on biotechnology, health technology, medical devices and diagnostics.

Mr De Silva previously served as an equity research analyst in healthcare at CLSA Limited and at Macquarie Group.

Mr De Silva was appointed to the board of directors of Pharmaxis Limited (ASX:PXS) in January 2023.

Mr De Silva has a BSc (Medicine) and MComm (Finance) from the University of New South Wales and is a Chartered Financial Analyst charter holder from the CFA Institute.

Kate Robb
Independent Non-executive Director
(Age: 51)
Joined the Board in April 2023

Ms Kate Robb was appointed to the Board of the Company in April 2023.

Ms Robb has over 25 years' finance, governance, risk management and compliance experience. Ms Robb commenced her career at PwC and has held senior audit and risk roles at United Energy Limited (ASX:UEL), ANZ Banking Group Limited (ASX:ANZ) and AGL Energy Limited (ASX:AGL).

Ms Robb previously served as a non-executive director and chair of the audit committee of unlisted public company Sandringham Community Financial Services Ltd, a Bendigo Bank Community Bank.

Ms Robb was appointed to the board of directors of Solvar Limited (formerly Money3 Corporation Ltd) (ASX:SVR) (**SVR**) in September 2019. She is also chair of SVR's audit and risk committee and a member of the nominations and remuneration committee over the same time period.

Ms Robb holds a Bachelor of Business (Accounting) from Deakin University, is a member of Chartered Accountants Australia and New Zealand and is a Graduate of the Australian Institute of Company Directors.

The composition of the Board committees and a summary of the Company's corporate governance policies are set out in Section 7.12.3.

7.1.1 Independence of Directors

In considering the independence of the Directors, the Board has had regard to the factors relevant to assessing independence, as set out in the Fourth Edition of the ASX Corporate Governance Principles.

The Board considers that a Director is an independent Director where that director is free of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual security holder or other party. Based on this review, the Board has determined that:

- Greg Brown and Arun Singh are not considered to be independent Directors due to their executive roles with the Company;
- Hashan De Silva is not considered to be an independent Director due to being a board nominee and former employee of Karst Peak, an investor in Convertible Notes[30] (though Karst Peak's board nomination rights will cease upon the Company becoming Listed). In addition, Mr De Silva is entitled to 5% of any performance fees paid to Karst Peak by its investors in relation to Karst Peak's existing investment in the Company (but not future investments).
- Rob Lilley and Kate Robb are considered to be independent Directors.

7.2 Key Managers

The Company's management team is as follows:

 **Greg Brown** *Chief Executive Officer*	See Section 7.1.
 **Arun Singh** *Chief Technology Officer (CT) and President (US Division)*	See Section 7.1.

30. The Notes are held by KP TMP ASA 2, an exempted company incorporated in the Cayman Islands.

Ura Auckland
Chief Financial Officer

Mr Ura Auckland joined CurveBeam as Chief Financial Officer and Company Secretary in 2020.

Mr Auckland has nearly 20 years' of experience in senior finance, operations and administrative roles in the technology and healthcare sectors. Mr Auckland was previously the CFO and Company Secretary of ImpediMed Limited (ASX:IPD) and held various roles at PanBio Limited (ASX:PBO), including CFO, Company Secretary and Vice-President – Point of Care.

Mr Auckland holds a Bachelor of Business Accounting from Queensland Institute of Technology and a Graduate Diploma in Company Secretarial Practice from Chartered Secretaries Australia. Mr Auckland has also undertaken the CPA Program with the Australian Society of Certified Practising Accountants and the Senior Executive Program at Columbia University's Business School.

Yu Peng
Chief Technology Officer (AI)

Dr Yu Peng joined CurveBeam AI in 2012 and has served as Chief Technology Officer (AI) since 2021.

Dr Peng has over 15 years' experience in computer vision and machine learning and oversees technical strategy and development at CurveBeam, including medical image analysis, machine learning and cloud computing.

Dr Peng received his PhD in Computer Vision and Machine Learning from the University of Newcastle, Australia. Furthermore, Dr Peng also held a Visiting Professor position (honorary) in Artificial Intelligence (AI) at the University of Technology, Sydney, Australia from 2019 to 2022.

Turner Dean
Vice President Sales

Mr Turner Dean joined CurveBeam US in 2018 as President and Chief Operations Officer of CurveBeam Mobile LLC and has served as Vice President Sales and Chief Sales Officer of the Company since 2022.

Mr Dean has 45 years' experience in the healthcare and software industries. He was previously VP Sales and Director of Business Development for CrossTec Corp., and Executive VP of AZZLY, Inc. Mr. Dean co-founded and sold CrossTec Security (aka Activeworx, Inc.) to Tripwire, Inc. during his tenure at CrossTec Corp.

Mr Dean has a BS in Economics from the University of Wisconsin-Whitewater, U.S.

Vinti Singh
Vice President Marketing

Ms Vinti Singh joined CurveBeam US in 2012 and has served as Vice President of Marketing following the merger of CurveBeam AI and CurveBeam US in 2022.

Prior to joining CurveBeam US, Ms Singh was a reporter for Hearst Connecticut Media Group. In addition to her role as a reporter, Ms Singh assisted with the launch of Twitter handles for the Hearst Connecticut Media Group and assisted with design strategies and best practices.

Ms Singh has a BA in Journalism from the University of Missouri, U.S. and a Masters of Business Administration from Temple University, U.S. Ms Singh has also completed the Six Sigma Green Belt Certificate Program at Temple University's Fox School of Business and Management.

7.3 Disclosure

Each Director has confirmed that they anticipate that they will have sufficient time to fulfil their responsibilities as a Non-executive Director or executive Director (and employee), as the case may be, of the Company.

Each Non-executive Director has advised the Company that they hold current positions with other organisations (described above). However, no Director believes that any other commitment will interfere with their availability to perform their duties as a Director of the Company.

No Director or Key Manager has been the subject of (or was a director of a company that has been subject to) any legal or disciplinary action in Australia or elsewhere in the last ten years which is relevant to the performance of their role with the Company or which is relevant to an investor's decision as to whether to subscribe for New Shares under the Offer.

No Director or Key Manager has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

7.4 Directors and Key Managers' interests and benefits

7.4.1 Overview

This Section 7.4 to Section 7.6 sets out the nature and extent of the interests and fees of certain persons involved in the Offer and the Company.

Other than as set out below or elsewhere in this Prospectus:

- no Director or proposed Director has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer; and
- none of the following persons:
  - a Director or proposed Director of the Company;
  - each person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
  - a promoter of the Company; or
  - an underwriter to any part of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in any part of the Offer,

  holds or held at any time during the last two years an interest in:
  - the formation or promotion of the Company;
  - property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
  - the Offer,

or was at any time paid or agreed to be paid any amount (whether in cash, Shares or otherwise), or has been given or agreed to be given any other benefit, for services provided by such person in connection with the formation or promotion of the Company, or the Offer.

7.4.2 Employment arrangements with Greg Brown

Greg Brown serves as the Chief Executive Officer of the Company and is the managing Director.

Term	Description
Employer	Greg is employed by CurveBeam AI.
Fixed annual salary	Greg is entitled to receive an annual salary of $436,800 from Listing plus statutory superannuation (subject to annual review).
STI	Greg may for each financial year receive an amount equal to up to 30% of his fixed annual remuneration in cash and/or Rights under the New Incentive Plan as a short-term incentive (**STI**), having regard to the Company's assessment of his performance (which may include the achievement of key performance indicators). Unless otherwise determined by the Board, the allocation of the STI will be 50% in Rights (which, once granted, are subject to a further service condition) and 50% in cash. The issue of the Rights will be subject to any necessary shareholder approvals. The first performance period for the STI will commence from Listing to the end of 30 June 2024. Please see Section 7.10 for further details on the STI program.
LTI	Greg may receive up to $800,357 (equivalent to approximately 172.75% of his fixed annual remuneration (inclusive of superannuation)) as a long-term incentive (**LTI**) award under the New Incentive Plan (subject to any necessary shareholder approvals). On the Allotment Date, Greg will receive a LTI grant under the New Incentive Plan of Plan Options. The number of Plan Options to be granted to Greg is 964,286. The Plan Options will have an exercise price of $0.8016 (equal to a 67% premium to the Offer Price) and be subject to a three year service condition from grant. Plan Options may only be exercised once they have vested following satisfaction of the service condition. Please see Section 7.8 for further details and Section 7.7.3 for a summary of the New Incentive Plan. Greg has previously been issued: • 3,261,724 Plan Options issued in May 2023 under the New Incentive Plan for no cash consideration. The Plan Options have an exercise price of $0.543 each and are subject to a service condition with 50% of the Plan Options vesting on the first anniversary of the grant date and the remaining 50% vesting on the second anniversary of the grant date. The Plan Options have a six year term. • Loan Shares under the Long-Term Incentive Plan, the details of which are set out in Section 7.7.2; and • 17,900 options issued under the Former OPR with an exercise price of $0.16 each and an expiry date of 21 June 2024.

Term	Description
Termination	Greg may terminate his employment at any time on 12 months' written notice. The Company may terminate Greg's employment: • without notice for, amongst other things, failure to discharge his duties or responsibilities and misconduct (for example, due to theft, fraud, assault, sexual harassment or similar); or • by providing 12 months' written notice. Greg is not entitled to redundancy compensation if his employment is terminated or ceases for any reason. His notice provision applies in the case of redundancy. Following termination, Greg is subject to a 12 month global restraint against competing activities. The enforceability of the restraint clause is subject to all usual legal considerations. Following termination, Greg is also subject to a two year non solicitation period where he must not approach or solicit customers or prospective customers of the Group's business with a view to obtaining that custom for a similar or competing business. Upon Greg's employment ending, he must also immediately resign from all directorships, offices and positions held in any Group Member.

7.4.3 Employment arrangements with Arun Singh

Arun Singh serves as the Chief Operating Officer, Chief Technology Officer (CT) and President of the Americas and Europe of CurveBeam US and is an executive Director.

Term	Description
Employer	Arun Singh is employed by CurveBeam US (a wholly owned subsidiary of CurveBeam AI).
Fixed annual salary	Arun is entitled to an annual salary of US$295,000 (subject to annual review).
STI and LTI	Arun may, at CurveBeam US's sole discretion, be eligible to participate in the Company's STI and LTI plans. Arun may receive up to 30% of his fixed annual salary (calculated inclusive of healthcare coverage – currently US$9,737 per year) in cash and/or Rights under the New Incentive Plan as an STI, and up to 100% of his fixed annual salary as an LTI award under the New Incentive Plan. The allocation of the STI will be 50% in Rights (which, once granted, are subject to a further service condition) and 50% in cash, unless otherwise determined by the Board. The issue of the Rights will be subject to any necessary shareholder approvals. The first performance period for the STI will commence from Listing to the end of 30 June 2024. Please see Section 7.10 for further details on the STI program. On the Allotment Date, Arun will receive a LTI grant under the New Incentive Plan of Plan Options. The number of Plan Options to be granted to Arun is 530,481. The Plan Options will have an exercise price equal to $0.8016 (a 67% premium to the Offer Price) and be subject to a 3 year service condition. The Plan Options may only be exercised once they have vested following satisfaction of the service condition. Please see Section 7.8 for further details and Section 7.7.3 for a summary of the New Incentive Plan.
Other benefits	Arun may participate in CurveBeam US's retirement, health and welfare benefits plans pursuant to the terms of those plans. CurveBeam US may, in its sole discretion, modify or terminate any employee benefit plan to the extent permitted by law.

Term	Description
Termination	Arun may terminate his employment at any time with 12 months' written notice. CurveBeam US may terminate Arun's employment: • without notice for, amongst other things, failure to perform his duties and misconduct (for example, due to theft, fraud, assault, sexual harassment or similar). • without cause at any time. In such circumstances, the Company will be required to pay Arun his base salary for 12 months from the date of termination. • immediately in the event of a disability which renders Arun substantially unable to perform his duties for a period of 90 consecutive days. Arun is not entitled to redundancy compensation if his employment is terminated or ceases for any reason. His notice provision applies in the case of redundancy. Following termination, Arun is subject to a 12 month global restraint against competing activities and a 2 year non-solicitation period where Arun must not approach or solicit customers or prospective customers of the Group's business with a view to obtaining that custom for a similar or competing business. Arun is also subject to a 24 month restraint against making any public statement which disparages, defames or intentionally criticises the Company, the Group, the Board and other relevant parties. These non-compete, non-solicitation and non-disparagement restraints also apply during Arun's employment. Upon Arun's employment ending, he must immediately resign from all directorships, offices and positions held in any Group Member (unless otherwise agreed in writing).

7.4.4 Employment arrangements with Ura Auckland

Ura P Auckland serves as the Chief Financial Officer and Company Secretary of CurveBeam AI.

Term	Description
Employer	Ura is employed by CurveBeam AI.
Fixed annual salary	Ura is entitled to a base annual salary of $306,800 from Listing plus statutory superannuation (subject to annual review).
STI	Ura may for each financial year receive an amount of up to 30% of his fixed annual salary in cash and/or Rights under the New Incentive Plan as an STI, having regard to the Company's assessment of his performance (which may include the achievement of key performance indicators). Unless otherwise determined by the Board, the allocation of the STI will be 50% in Rights (which, once granted, are subject to a further service condition) and 50% in cash. The first performance period for the STI will commence from Listing to the end of 30 June 2024. Please see Section 7.10 for further details on the STI program.

Term	Description
LTI	Ura may receive up to 100% of his fixed annual salary as an LTI award under the New Incentive Plan. On the Allotment Date, Ura will receive a LTI grant under the New Incentive Plan of Plan Options. The number of Plan Options to be granted to Ura is 369,639. The Plan Options will have an exercise price equal to $0.8016 (a 67% premium to the Offer Price) and be subject to a 3 year service condition. The Plan Options may only be exercised once they have vested following satisfaction of the service condition. Please see Section 7.8 for further details and Section 7.7.3 for a summary of the New Incentive Plan. Ura has previously been issued: • Loan Shares under the Long-Term Incentive Plan, the details of which are set out in Section 7.7.2. • 2,446,294 Plan Options issued in May 2023 under the New Incentive Plan for no cash consideration. The Plan Options have an exercise price of $0.543 and are subject to a service condition with 50% of the Plan Options vesting on the first anniversary of the grant date and the remaining 50% vesting on the second anniversary of the grant date. The Plan Options have a six year term.
Termination	Ura may terminate his employment at any time with three months' written notice. The Company may terminate Ura's employment: • without notice for, amongst other things, failure to discharge his duties or responsibilities and misconduct (for example, due to theft, fraud, assault, sexual harassment or similar); or • by providing three months' written notice. Ura is not entitled to redundancy compensation if his employment is terminated or ceases for any reason. His notice provision applies in the case of redundancy. Following termination, Ura is subject to a nine month restraint against competing activities. The enforceability of the restraint clause is subject to all usual legal considerations. Following termination, Ura is also subject to a two year non-solicitation period where he must not approach or solicit customers or prospective customers of the Group's business with a view to obtaining that custom for a similar or competing business. Upon Ura's employment ending, he must also immediately resign from all directorships, offices and positions held in any Group Member.

7.4.5 Employment arrangements with other Key Managers

Other Key Manager's remuneration packages include a fixed remuneration component (including base salary and if applicable, statutorily required superannuation) and, in some instances, the potential to earn an STI up to a certain percentage of the respective executive's fixed annual salary plus superannuation or healthcare coverage (such percentage presently not exceeding 30%). Certain Key Managers and other executives have the potential to earn an LTI, subject to the terms of the New Incentive Plan.

The Key Managers' employment contracts may generally be terminated by either party on three or 12 months' notice. Contracts generally include a restraint of trade period ranging from three to 24 months following termination, enforceability of which is subject to legal requirements.

Details of the Company's incentive programs are set out in Sections 7.7.1, 7.7.2 and 7.7.3.

7.4.6 Non-executive Directors

The Company has entered into a letter of appointment with each of the Non-executive Directors. Non-executive Directors may resign at any time. They will also cease to be a Director if they are not re-elected at the relevant annual general meeting.

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Non-executive Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount of fees paid to the Non-executive Directors (subject to certain exceptions) must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the maximum aggregate remuneration of the Directors for the purposes of the ASX Listing Rules and Constitution is $450,000. The amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company.

(a) Cash fees

The Non-executive Director fees are as follows (inclusive of superannuation where applicable):

Director	Annual base fee
Rob Lilley	$130,000
Hashan De Silva	$50,000
Kate Robb	$50,000

No additional cash fee is payable for chairing or being a member of a Board committee, however, each Non-executive Director is receiving a grant of ZEPOs or Rights as remuneration for such roles (see below).

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from meetings of the Board or committees of the Board or general meetings.

Greg Brown and Arun Singh, being executive Directors, will not receive Director's fees or fees for being members of Board committees, whilst employees of the Company.

(b) Current equity awards

Non-executive Directors are entitled to participate in the New Incentive Plan (subject to any required shareholder approvals), but will not receive any performance based awards.

The Non-executive Directors have previously been issued the following Plan Options under the New Incentive Plan for no cash consideration:

Director	Number	Exercise price	Vesting	Expiry date
Rob Lilley	1,467,530	$0.543	Fully vested at Listing	11 May 2029
	360,000	$0.325	1/3 vesting 12 October 2023, 1/3 vesting 12 October 2024 and 1/3 vesting 12 October 2025	11 May 2029
Hashan De Silva	2,058,824	$0.543	Fully vested at Listing	11 May 2029
Kate Robb	1,000,000	$0.543	Fully vested at Listing	11 May 2029

(c) New equity awards

Each Non-executive Director will receive a grant of ZEPOs or Rights on the Allotment Date under the New Incentive Plan. The key terms of the grants of the ZEPOs and Rights are set out below:

Term	Description
Grant date	Allotment Date
Number	The number of ZEPOs or Rights to be granted to the Non-executive Directors on the Allotment Date will be as follows. Rob Lilley – 31,250 Rights Hashan De Silva – 46,875 ZEPOs Kate Robb – 46,875 ZEPOs
Consideration for grant	Nil
Exercise price	Nil
Vesting conditions	The ZEPOs and Rights will vest over a one year period, with 25% of the ZEPOs and Rights vesting on each three-month anniversary of the Allotment Date.
Service condition	Must be a Director on each relevant vesting date.
Exercise	Once the ZEPOs have vested, the Non-executive Director will be eligible to exercise their vested ZEPOs during a trading window under the Company's securities trading policy. Rights will be settled for Shares following each vesting date. On exercise, the Non-executive Director will be issued/transferred the corresponding number of Shares.
Other key terms and conditions	The ZEPOs expire 6 years after the grant date. The material terms of the New Incentive Plan are set out in Section 7.7.3. No loans will be provided to the Non-executive Directors by the Company in relation to these awards.

The Company has chosen to issue Rights and ZEPOs to the Non-executive Directors as it considers this to be a reasonable and appropriate, as well as a cost-effective, form of remuneration for the Board committee roles being undertaken by each Non-executive Director. Hashan and Kate are receiving a higher value of ZEPOs as each is chairing a Board committee – see Section 7.12.2.

7.4.7 Directors' interests in Shares and other securities

The Directors are not required by the Company's Constitution to hold any Shares. The Directors and their associates are entitled to apply for Shares under the Offer.

The table below shows the interests of each Director (whether held directly or by associates) in securities of the Company as at the date of this Prospectus and their expected interests following completion of the Offer:

	Securities held at Prospectus Date					Securities held following completion of Offer			
Director	Shares	Note-holder Options	Plan Options	Convertible Notes	Holding % (fully diluted)	Shares	Note-holder Options	Plan Options/ Rights	Holding % (fully diluted)
Rob Lilley	1,400,700	99,206	1,827,530	$450,000	1.7%	2,902,217	99,206	1,858,780	1.4%
Greg Brown	8,941,100	496,030	3,261,724	$2,500,000	7.2%	17,307,124	496,030	4,226,010	6.3%
Arun Singh	14,636,535	–	–	–	13.7%	40,040,612	–	530,481	11.6%
Hashan De Silva	–	124,007	2,058,824	$250,000	1.0%	773,713	124,007	2,105,699	0.9%
Kate Robb	–	–	1,000,000	–	0.3%	–	–	1,046,875	0.3%

Notes:

1. Figures for Convertible Notes relate to the aggregate face value of Convertible Notes held.
2. Figures for Shares (following the Offer) and for Noteholder Options (as at the date of this Prospectus and following the Offer) are based on the conversion prices for Convertible Notes described in Section 11.3 and assume an Allotment Date of 16 August 2023.
3. Figures for Shares as at the date of this Prospectus do not include Shares to be issued as Top-Up Merger Consideration under the Merger in relation to the Closing Merger Consideration (which will be issued on the Allotment Date).
4. On 31 March 2023, David Seeman retired as a Director. As the date of his retirement was less than six months before the date of this Prospectus, he remains a related party of the Company for the purposes of the Corporations Act. Subject to the other notes to the table, his interests in the Company are (or are expected to be) 434,200 Shares, 49,603 Noteholder Options and $300,000 of Convertible Notes as at the date of this Prospectus; and 1,449,723 Shares and 49,603 Noteholder Options following the Offer. Although David Seeman is not associated with Professor Ego Seeman in relation to the Company, Professor Seeman is the father of David Seeman and therefore also remains a related party of the Company for the purposes of the Corporations Act. The interests of Professor Seeman and his associates are described in Section 7.5.
5. Figures for Shares held by Greg Brown as at the date of this Prospectus include 800,000 Loan Shares to be converted to Shares on the Allotment Date.
6. Josh Brown is the adult son of Greg Brown and, as a child of a director, is therefore a related party of the Company. However, he is not associated with Greg Brown in relation to the Company. Accordingly, the 615,500 Shares held by Josh Brown (jointly with his wife, Ruby Brown, as trustees for the Brown Family Trust) (both before and after the Offer) have not been included in the figures for Greg Brown above.
7. Stuti Singh and Vinti Singh are the adult daughters of Arun Singh and, as children of a director, are therefore related parties of the Company. However, they are not associated with Arun Singh in relation to the Company. Accordingly, their Securities in the Company have not been included in the figures for Arun Singh above. Subject to the other notes to the table, their interests are (or are expected to be) as follows:
   a. Stuti Singh – 824,324 Shares as at the date of this Prospectus; and 2,255,077 Shares and 134,868 Plan Options following the Offer; and
   b. Vinti Singh – 932,047 Shares as at the date of this Prospectus; and 2,549,756 Shares and 323,683 Plan Options following the Offer.
8. Figures for Shares held by Arun Singh in the table above, and for Stuti and Vinti Singh in the note above, do not include any additional Shares to be issued as Contingent Merger Consideration (or associated Top-Up Merger Consideration). Assuming a conversion price for the 2021 Convertible Notes as described in Section 11.3, these are together expected to represent, for Arun Singh and his associates, an additional 1,144,522 Shares (assuming no Tax Claims) or 572,259 Shares (assuming Tax Claims for half the cap described in Section 11.6). The corresponding figures for Stuti Singh are 64,458 Shares (no Tax Claims) and 32,228 Shares (50% Tax Claims); and for Vinti Singh are 72,881 Shares (no Tax Claims) and 36,440 Shares (50% Tax Claims). If the maximum number of additional Shares to be issued as Contingent Merger Consideration (or associated Top-Up Merger Consideration) were to be issued on the Allotment Date (rather than as described in Section 11.6), Arun Singh's percentage ownership of Shares on Listing on a fully diluted basis would be 11.84%.
9. Figures for Hashan De Silva do not include Securities held by Karst Peak Capital and its associates (which are disclosed in Section 8.3.2). Mr De Silva was previously affiliated with Karst Peak Capital, but is not an associate of it.
10. Figures assume no Options are exercised or lapse before the Allotment Date.

7.4.8 Indemnification of Directors, officers and employees and insurance

The Company has entered into deeds of indemnity, insurance and access with each Director. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of seven years after the Director ceases to hold office. This seven-year period is extended where certain proceedings or investigations commence during the seven-year period but are not resolved until later.

Pursuant to the Constitution, the Company must indemnify Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate.

Pursuant to the Constitution, the Company may purchase and maintain insurance for each Director and executive officer of the Company to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven-year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

7.5 Interests of other promoters

The following table lists those founders of the Company who retain an interest in the securities of the Company (either directly or via associates). The table shows their respective interests (whether held directly or by associates) in securities of the Company as at the date of this Prospectus and their estimated interests following completion of the Offer.

Founder	Securities held at date of this Prospectus					Following Offer			
	Shares	Noteholder Options	Plan Options	Convertible Notes	Holding % (fully diluted)	Shares	Noteholder Options	Plan Options & Rights	Holding % (fully diluted)
Professor Ego Seeman	5,236,600	99,206	–	$650,000	2.6%	7,444,154	99,206	–	2.2%
Dr Aloys Mbala	1,418,400	–	–	–	0.5%	1,418,400	–	–	0.4%
Ali Ghasemzadeh	355,300	2,480	–	–	0.1%	370,775	2,480	123,193	0.1%
Eleanor Mackie	560,700	–	–	$20,000	0.2%	631,304	–	–	0.2%
Ann Bohte	40,000	–	–	–	0.0%	40,000	–	–	0.0%

Notes:

1. Figures for Shares held by Professor Ego Seeman as at the date of this Prospectus include 200,000 Loan Shares to be converted to Shares on the Allotment Date.

In addition, in March 2010, 330 Shares were issued to Raze Pty Ltd as trustee for the Raze Trust (**Raze**) in connection with the founding of the Company. (Raze is associated with Dr Roger Zebaze, another founder.) Raze subsequently subscribed for a further 3,876 Shares (for cash) as part of a fundraising round in September 2014. In September 2022, Raze sold all of its Shares to a total of ten buyer groups who were not associated with Raze or each other.[31]

Please also refer to the discussion in Section 11.8.3 regarding royalties payable in certain circumstances to three founders of the Company.

7.6 Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

(a) Bell Potter has acted as Joint Lead Manager to the Offer, and will receive the fees under the Underwriting Agreement described in Section 11.8.5.

(b) Lodge has acted as Joint Lead Manager to the Offer, and will receive the fees under the Joint Lead Manager Mandate Engagement described in Section 11.8.4.

(c) Johnson Winter Slattery (**JWS**) has acted as Australian legal adviser to the Company in connection with the Offer. The Company has paid or agreed to pay $862,040 (excluding GST and disbursements) for these services up to the date of the Original Prospectus. Further amounts may be paid to JWS in accordance with its normal time-based charges.

(d) Grant Thornton Corporate Finance Pty Ltd has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Report. The Company has paid, or agreed to pay, $285,000 (excluding GST and disbursements) for these services up to the date of the Original Prospectus. Further amounts may be paid to Grant Thornton Corporate Finance Pty Ltd in accordance with its normal time-based charges.

(e) Grant Thornton Australia Limited has acted as Australian tax adviser in connection with the Offer. The Company has paid, or agreed to pay, $144,530 (excluding GST and disbursements) for these services up to the date of the Original Prospectus. Further amounts may be paid to Grant Thornton Australia Limited in accordance with its normal time-based charges.

(f) Fleuchaus & Gallo Partnerschaft mbB has prepared the Intellectual Property Report included in this Prospectus. The Company has paid, or agreed to pay, €11,426 (excluding GST and disbursements) for this services up to the date of this Prospectus.

(g) Sheppard, Mullin, Richter & Hampton LLP has undertaken U.S. legal due diligence on the Company in connection with the Offer. The Company has paid or agreed to pay US$153,645 (excluding GST and disbursements) for these services up to the date of this Prospectus.

(h) Frost & Sullivan prepared a market report commissioned by the Company in connection with the preparation of the Prospectus. The Company has paid, or agreed to pay, $25,000 (excluding GST and disbursements) for this service up to the date of this Prospectus.

These amounts and other expenses of the Offer will be paid out of the funds raised under the Offer or cash otherwise available to the Company. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 8.2.

31. The 330 Shares originally issued to Raze were subject to a 1:100 share split in September 2014, so amounted to 33,000 Shares at the time of the disposal. The Shares were subject to a further 1:100 share split in September 2022 (after the disposal), so now amount to 3,300,000 Shares. The 3,876 Shares that Raze subscribed for as part of the September 2014 fundraising round were issued after the first share split. After taking into account the second share split (i.e. occurring after the disposal), they now amount to 387,600 Shares.

7.7 Equity incentive plans

7.7.1 Former Option Plan Rules

The Company's Option Plan Rules (**Former OPR**) were approved on 8 February 2016 to assist in the reward, retention and motivation of the Company's employees, Directors and consultants or contractors who were determined by the Board to be eligible to receive grants of options under the Former OPR.

A total of 148,600 Plan Options are on issue under the Former OPR as at the date of the Prospectus. All outstanding Plan Options under the Former OPR are vested. No further Plan Options will be issued under the Former OPR.

Under the Former OPR, in the event of any reorganisation of the issued share capital of the Company before the exercise an Plan Option, the Board may make appropriate adjustments to the number of Plan Options or the number of Shares to be delivered in respect of each Plan Option and/or the exercise price by taking into account the effect of the relevant reorganisation in a manner which neither disadvantages nor advantages the participants, nor adversely effects the rights of Shareholders, in any material respect.

If a holder of Plan Options under the Former OPR ceases to be employed by the Company, they may retain all vested Plan Options subject to a clawback for certain breaches, fraud or misconduct.

7.7.2 Long-Term Incentive Plan

The Company adopted the Long-Term Incentive Plan on 27 September 2022. No further awards are expected to be made under the Long-Term Incentive Plan.

Certain employees (including Greg Brown) and other service providers entered into loan agreements with the Company pursuant to which the Company loaned them monies for the purchase of non-voting A Class Shares (**Loan Shares**) under the Long-Term Incentive Plan.

The Loan Shares will convert at completion of the Offer to Shares and continue to be subject to loan repayment and any outstanding vesting conditions. The vesting conditions are all time-based service conditions, except in the case of the Loan Shares held by Greg Brown which also have performance conditions. The loan attaching to the Loan Shares is interest-free and limited recourse and must be repaid before the participants are entitled to deal in the Loan Shares.

The total number of Loan Shares granted is 2,466,000 and details of the Loan Shares, including loan amounts outstanding, are set out in the table below.

Participant	Number of Loan Shares held	Loan amount	Vesting date
Greg Brown	800,000	$260,000	1/3 of the Loan Shares vest on 12 October 2023 (being 12 months after the issue date), 1/3 of the Loan Shares vest on 12 October 2024, and the remaining 1/3 of the Loan Shares vest on 12 October 2025.
Ura Auckland	295,000	$95,875	177,000 Loan Shares have vested. Half of the remaining Loan Shares will vest on 12 October 2023 (being 12 months after the issue date) and the other half will vest on 12 October 2024.
Yu Peng	295,000	$95,875	177,000 Loan Shares have vested. Half of the remaining Loan Shares will vest on 12 October 2023 (being 12 months after the issue date) and the other half will vest on 12 October 2024.
Other participants	1,076,000	$349,700	Variable service-based vesting.
Total	**2,466,000**	**$801,450**	

If a participant ceases employment or engagement with the Group and is:

- a 'good leaver' (i.e., they cease employment or engagement due to death, total permanent disability or compassionate grounds, subject to the absolute discretion of the Board), the participant will retain all vested and unvested Loan Shares.
- not a 'good leaver', the participant will retain all vested Loan Shares and may, as determined by the Board, retain unvested Loan Shares. If certain other trigger events occur (e.g., the participants breaches any material obligation under the Long Term Incentive Plan or the participant breaches the loan agreement), the Board will retain discretion with respect to all Loan Shares.

Any Loan Shares not retained by the participant are subject to compulsory divestiture and the participant will be obliged to transfer those Loan Shares to the Company (or as the Company determines) in full and final satisfaction of the loan.

7.7.3 New Incentive Plan

The New Incentive Plan was adopted by the Board on 11 May 2023. To date, 10,594,372 Plan Options have been issued under the New Incentive Plan for nil consideration and with an exercise price of either $0.543 (as to 10,234,372 Plan Options) or $0.325 (as to 360,000 Plan Options) each.

The key features of the New Incentive Plan are outlined in the table below:

Term	Description
Eligibility	Eligible employees, Directors, officers or other service providers engaged by the Group, as determined by the Board.
Types of awards	The Company may grant securities or cash as incentives, subject to the terms of individual offers. The equity awards may be: • **Plan Options** are an entitlement to receive Shares subject to satisfaction of applicable conditions and payment of an applicable exercise price (if any). • **Rights** are an entitlement to receive Shares subject to the satisfaction of applicable conditions. • **Shares**, including Shares which are subject to dealing restrictions, vesting conditions or other restrictions or conditions.
Offers	Under the New Incentive Plan, the Board may make offers at its discretion, subject to any requirements for Shareholder approval. The Board has the discretion to specify the terms and conditions on which it will offer incentives in individual offer documents.
Vesting	The Board shall have the discretion to determine whether service or performance-based conditions (or both) must be met before awards will vest, with conditions to be specified in the relevant offer document. The Board shall have the discretion to waive a vesting condition or to ensure that a participant is not advantaged or disadvantaged by matters outside of management's control that materially affect the Group's performance.
Issue Price	Unless the Board determines otherwise, no payment is required for a grant of a Right, Plan Option or Share allocated under the Plan Rules.

Term	Description
Exercise	The Board will have the discretion to determine the exercise conditions (if any) that must be met before Plan Options and Rights may be exercised following vesting. Participants may elect to exercise their vested Plan Options or Rights via an exercise notice. Participants must pay an exercise price (if any) in order to exercise their vested Plan Options if required by the terms of the Plan Options. No amounts will be payable on exercise of Rights. In certain situations, the Board may, at its sole discretion, determine to settle the Rights or Plan Options in cash rather than Shares – with the cash payment equal to the value of the Shares that would be allocated to participants if Rights or Plan Options were Share-settled less any amount payable on exercise of the Rights or Plan Options. In relation to Plan Options (with an exercise price that is not nil), the Board may, on request from a participant, elect to "net settle" Plan Options on exercise. The Shares used to satisfy an award may be newly-issued Shares, transferred Shares or Shares allocated under an employee share trust. No employee share trust has been established as yet. Subject to any net-settling, each vested Plan Option or Right will entitle the participant to one Share.
Disposal restrictions	The New Incentive Plan allows for disposal restrictions to be placed on awards or Shares allocated under the New Incentive Plan. The details of each participant's disposal restrictions (if any) will be included in their invitation. Any disposal restriction period may be enforced through an employee share trust or via an ASX Holding Lock (administered by the Share Registry).
Cessation of employment	Under the New Incentive Plan, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee or other participant ceases employment or engagement with the Company.
Clawback	The New Incentive Plan provides the Board with clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	Unless the individual offer document states otherwise, on the event of a change of control, the Board may, by notice to participants, waive any vesting or exercise conditions, or determine that a vesting or exercise condition is satisfied, and the participant may notify the Company of exercise of their award, subject to the change of control event actually occurring. Under the New Incentive Plan, a change of control will occur if: • a person (together with its related bodies corporate) becomes entitled to more than 50% of the Company's issued Shares; • when a takeover bid is made and a person obtains voting power (as that term is defined in the Corporations Act) of more than 50% and the takeover bid has become unconditional; • when a court has sanctioned a compromise or arrangement (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company); or • there is a sale of all or substantially all of the business and assets of the Group.

Term	Description
Capital reconstructions, bonus issues and pro-rata issues	The New Incentive Plan includes specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions. Participants are not entitled to participate in new issues of securities by the Company prior to the vesting (and exercise, if applicable) of their Rights or Plan Options. In the event of a bonus issue or pro-rata issue, Plan Options will be adjusted in the manner allowed or required by the Listing Rules.
Life of awards	Rights and Plan Options will expire on the date that is 10 years from the relevant grant date, or any other date specified in an individual offer document.
Maximum number of securities that may be issued under New Incentive Plan	The maximum number of equity securities proposed to be issued under the New Incentive Plan is 35,000,000.

7.8 Key Manager and other employee grants under New Incentive Plan

The Company intends issue Plan Options and Rights under the New Incentive Plan to certain of its Key Managers and other staff members on the Allotment Date as follows:

Key Manager	Plan Options	Rights
Greg Brown	964,286	–
Arun Singh	530,481	–
Ura Auckland	369,639	–
Yu Peng	337,349	12,500
Turner Dean	359,647	–
Vinti Singh	323,683	–
Other employees	2,968,858	548,189
Total	**5,853,943**	**560,689**

The exercise price of the Plan Options will be $0.8016, a 67% premium to the Offer Price. The Plan Options have a six year term and vest on completion of continuous engagement with the Group for a period of three years from grant.

The Rights have no issue or exercise price. The Rights vest subject to continuous engagement with the Group over a two-year period with 50% of Rights vesting on the first anniversary of the grant date and the remaining 50% of the Rights vesting on the second anniversary of the grant date.

Plan Options and Rights were chosen to be issued to the Key Managers and other employees in order to align the interests of the employees with the Shareholders and to provide the employees with the opportunity to acquire Shares. No loan is being provided by the Company in connection with these grants.

Where an employee ceases employment or engagement with the Group, the following terms shall apply:

- In the event that the employee ceases employment or engagement with the Group due to permanent and total disablement or death, the participant will be considered to be a 'Good Leaver'. The Board also retains discretion to treat the participant as a Good Leaver in its absolute discretion even if they do not satisfy the conditions of a Good Leaver. If the employee is determined to be a Good Leaver, the employee will be entitled to retain all vested Plan Options and/or Rights and, subject to the discretion of the Board, may be entitled to retain some unvested Plan Options and/or Rights.
- In the event that the employee ceases employment or engagement with the Group but is not considered to be a Good Leaver, the participant will be entitled to retain any vested Plan Options and/or Rights, but will forfeit all unvested Plan Options and/or Rights (unless otherwise determined by the Board).
- If the participant ceases employment or engagement with the Group under any circumstances and retains any vested Plan Options and/or Rights following cessation of employment, the awards must be exercised within 60 days of cessation, otherwise the Plan Options will lapse and/or the Rights will be forfeited.

The grant of ZEPOs or Rights to the Non-executive Directors on the Allotment Date under the New Incentive Plan is discussed in Section 7.4.6(c).

7.9 Long term incentive program going forward

The Board has approved the establishment of a long term incentive program under which Key Managers and other senior management of the Group may be offered LTI awards to be decided by the Board on an annual basis, under the New Incentive Plan. The value of the LTIs granted is expected to be calculated as a percentage of the participant's total fixed annual salary. It is currently proposed that the LTIs will be granted as Plan Options, with an exercise price set at a percentage premium (to be determined each year by the Board) above the 10-day VWAP or closing price prior to grant.

The LTIs will be subject to the terms and conditions in an invitation letter and the New Incentive Plan. It is expected that the first grants of LTIs following the IPO will be made following release of the financial results for FY2024.

7.10 Short-term incentive program

The Board has approved the establishment of a short term incentive program under which participants (Key Managers or senior management of the Group) may be offered STI awards. It is proposed that Key Managers will receive 50% of their STI in cash and 50% in Rights under the New Incentive Plan (which will vest after a further period of continuous employment, subject to any clawback provisions). Other staff members will receive 100% of their STI in cash.

It is expected that STIs will be granted on an annual basis after the end of the Company's financial year. The maximum value of the STIs will be calculated as a percentage of the participant's total fixed annual salary (ranging from 10% to 30% depending on seniority and role). The amount paid and the value of the Rights granted will be determined by reference to performance against determined financial measures and nonfinancial measures over the financial year prior to grant. These performance measures will be determined by the Board and specified in a notice to participants. The Company intends to grant the first STIs under this short term incentive program in the second half of 2024 (by reference to performance measures relating to the period between Listing and 30 June 2024).

7.11 Related party interests

7.11.1 Current and proposed transactions

CurveBeam US is a debtor of Arun Singh under a promissory note originally issued on 1 January 2022. The promissory note was amended and restated on 19 June 2023. Details of the promissory note are set out in Section 11.8.2.

Other than as set out in the preceding paragraph and elsewhere in this Prospectus (including the remuneration arrangements with the Non-executive Directors described in Section 7.4.6), there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest.

7.11.2 Policy for approval of related party transactions

From Listing, the Audit and Risk Committee is responsible for reviewing and approving all transactions in which the Company is a participant and in which parties related to the Company, including its executive officers, Directors and certain other persons who the Board determines may be considered related parties of the Company (for the purposes of Chapter 2E of the Corporations Act), have or will have a material direct or indirect interest.

Certain transactions with related parties will also be subject to Shareholder approval under the Listing Rules.

7.12 Corporate governance

This Section explains how the Board oversees the management of the Company's business.

The Board is responsible for the overall corporate governance, operation and stewardship of the Company and, in particular, for the long term growth and profitability of the Company and promoting the strategies, values, policies and financial objectives of the Company.

7.12.1 Board Charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board. This charter outlines the manner in which the Board's powers and responsibilities will be exercised and discharged. It sets out the Board's composition and process as well as the relationship and interaction between the Board, Board committees and management.

The responsibilities of the Board include:

- approving budgets and major expenditure, overseeing accounting and reporting and overseeing timely and balanced disclosure;
- establishing an appropriate risk management framework for CurveBeam AI, and in doing so determining the level of risk that CurveBeam AI is prepared to accept;
- monitoring the effectiveness of CurveBeam AI's governance practices;
- authorising policies and overseeing the strategic direction of CurveBeam AI; and
- establishing goals for management and monitoring the achievement of these goals.

Except for matters specifically reserved for the Board, the Board is not responsible for the day-to-day affairs or management of CurveBeam AI, but will rely on the senior executive team to provide the Board with accurate, timely and clear information on CurveBeam AI's operations to enable the Board to perform its responsibilities.

7.12.2 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

Committee	Overview	Members
Audit and Risk	The Audit and Risk Committee will oversee the Company's financial reporting process on behalf of the Board and will make recommendations to the Board on the appointment, compensation and retention of external auditors. The Audit and Risk Committee will also oversee the establishment, methodology and implementation of the Company's risk management system and its resourcing.	Kate Robb (Chair), Hashan De Silva and Rob Lilley
Nomination and Remuneration	The Nomination and Remuneration Committee will: • establish processes for the identification of suitable candidates for appointment to the Board; • establish processes for reviewing the performance of individual Directors, the Board as a whole, and Board committees; • determine the executive remuneration policy and the Non-executive Director remuneration policy; and • review all equity based incentive plans.	Hashan De Silva (Chair), Kate Robb and Rob Lilley

7.12.3 Policies

The Board has approved the following policies to apply upon the Company's Listing on the ASX, each of which has been prepared having regard to the Listing Rules, the Corporations Act and the ASX Corporate Governance Principles and Recommendations.

Code of conduct — This policy sets out the Company's key values and the standards of ethical behaviour that the Company expects from its Directors, Key Managers and employees.

Securities trading policy — This policy sets out the Company's internal controls and procedures in relation to dealings in the Company securities by Directors, Key Managers and employees, and provides guidance on insider trading laws. This policy provides that Directors, employees, contractors and certain other persons must not deal in the Company's securities when they are aware of 'inside' information. Directors and certain key personnel must not deal in the Company's securities during certain blackout periods and must obtain prior clearance for any proposed dealing in the Company securities outside of a blackout period.

Continuous disclosure policy — This policy sets out the procedures and measures designed to ensure the Company's compliance with its continuous disclosure requirements. This policy also sets out the Company's practices for ensuring effective communication with its Shareholders and to encourage Shareholder participation at general meetings.

Risk management policy — This policy is designed to assist the Company to identify, assess, monitor and manage its risks, along with identifying material changes to its risk profile.

Diversity and inclusion policy — This policy aims to promote diversity amongst the Company's employees.

Whistleblower policy — This policy governs the receipt and treatment of complaints regarding illegal, unethical or otherwise improper conduct by the Company, or any of its employees.

Anti-bribery and anti-corruption policy — This policy sets out the Company's commitment to doing business with integrity and avoiding corruption in any form.

The above policies will be made available on the Company's website at https://investors.curvebeamai.com/.

7.12.4 ASX Corporate Governance Principles

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released Corporate Governance Principles and Recommendations for ASX listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptive, but are guidelines. However, under the Listing Rules, the Company will be required to provide a corporate governance statement in or with its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where it has not followed a recommendation for any part of the reporting period, it must identify the recommendation that has not been followed and state the period during which it has not been followed, and give reasons for not following it and state what (if any) alternative corporate governance practices the Company adopted. The Board anticipates that it will follow all of the recommendations, except as follows:

- The Company will not follow recommendation 2.4 (i.e., that a majority of the board of a listed entity should be independent directors) as at the date of admission to the official list of ASX. While the majority of the Board is not comprised of independent Directors, the roles of Chair (Rob Lilley) and Chief Executive Officer (Greg Brown) are exercised by separate individuals. The Board believes that each of the independent Directors (Rob Lilley and Kate Robb) brings objective and independent judgement to the Board's deliberations, and that the non-independent Directors (Greg Brown, Arun Singh and Hashan De Silva) make an invaluable contribution to the Company through their deep understanding of the Company's business. Consequently, having considered Company's immediate requirements as it transitions to an ASX-listed company, the Board believes that the composition of the Board reflects an appropriate range of skills, expertise and experience for the Company after listing.
- The Company will not follow recommendations 2.1 and 8.1 in full as at the date of admission to the official list of ASX because the chair of the Nomination and Remuneration Committee (Hashan De Silva) is not an independent director. While Hashan is not an independent director, he is a Non-executive Director and the Board considers that he is the most appropriate Director to chair the Nomination and Remuneration Committee as it transitions to an ASX-listed company. Prior to listing, Hashan has been actively involved in the setting of the Company's executive remuneration and board composition planning.
- Owing to the Company's stage of development and its small number of employees, the Company may face particular issues in relation to setting, reviewing, assessing and reporting on certain diversity measures. Consequently, the Company will not comply with Recommendation 1.5 (diversity) in full.

In addition, given its present size, the Company does not currently have an internal audit function but is intending to disclose the matters required by Recommendation 7.3 from Listing.

7.13 Continuous disclosure

Once listed on the ASX, the Company will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, it will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act. Accordingly, as described above at Section 7.12.3, the Company has adopted a continuous disclosure policy to take effect from Listing on the ASX which establishes procedures which are aimed at ensuring that Directors and Key Managers are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

The Company's continuous disclosure announcements will be available on its website at https:// investors.curvebeamai.com/, in addition to the announcements section of the ASX's website.

08

DETAILS OF THE OFFER

8.1 Overview of the Offer

This Prospectus relates to an initial public offering by the Company of New Shares at the Offer Price to raise gross proceeds of A$25,000,000.

A summary of the rights attaching to the Shares is set out in Section 11.7.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus. On completion of the Offer, all Shares will rank equally with each other.

8.2 Purpose of the Offer and sources and uses of funds

The Offer is being conducted to:

- provide the Company with funding and financial flexibility to support its growth strategies, including by investing in:
  - U.S. growth through supporting both its partnership with Stryker and direct sales; and
  - clinical trials to support expanded indications and claims;
- fund new product development and research and development;
- protect and expand the Company's intellectual property position;
- provide the Company access to listed capital markets to support future growth;
- pay the costs of the Offer; and
- fund general working capital requirements.

The Offer is also being conducted to provide CurveBeam AI with the benefits of an increased brand profile that may arise from being a publicly listed entity and broaden the Company's Shareholder base and provide a liquid market for Shares.

Details about the sources of the funds that will be used to carry out these objectives (including the proceeds under the Offer) and how those funds will be allocated are set out in the tables below.

Sources of proceeds	(A$ '000)	% of funds raised
Cash proceeds received from issue of New Shares by the Company under the Offer	25,000	100%
Total	**25,000**	**100%**

Use of proceeds	(A$ '000)	% of funds raised
Sales and marketing	11,332	45%
New product development and R&D	4,103	16%
Intellectual property costs	1,947	8%
Costs of the Offer	3,269	13%
Other working capital	4,350	18%
Total	**25,000**	**100%**

The above table is a statement of current intentions as at the date of this Prospectus. Investors should be aware that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The Directors believe that on completion of the Offer, the Company will have sufficient working capital from the funds raised from the Offer to carry out its stated objectives in this Prospectus for at least 24 months.

The Directors will consider raising further capital where and when appropriate based on its future capital requirements or to accelerate growth.

8.3 Capital and ownership structure

8.3.1 Capital structure

The following table sets out the Company's indicative capital structure immediately prior to, and following allotment under the Offer.

	Pre-allotment	Post-allotment		
	Number	Number	Undiluted %	Fully diluted %
Shares held by Existing Holders[1]	69,606,754	69,606,754	21.7%	19.8%
Shares issued on Note Conversion[2]	144,011,473	144,011,473	45.0%	40.9%
Top-Up Merger Consideration[3,4]	54,538,086	54,538,086	17.0%	15.5%
New Shares issued under Offer	–	52,083,333	16.3%	14.8%
Subtotal (Shares)	***268,156,313***	***320,239,646***	***100.0%***	***90.9%***
Contingent Shares[3,5]	2,457,005	2,457,005		0.7%
Noteholder Options[6]	12,400,763	12,400,763		3.5%
Plan Options[6,7]	10,742,972	16,690,665		4.7%
Rights[7]	–	591,939		0.2%
Subtotal	***25,600,740***	***32,140,372***		***9.1%***
Total (fully diluted)	**293,757,053**[8]	**352,380,018**		**100.0%**

Notes:

1. Figures do not include Shares to be issued as a result of the other matters listed in this table (including acquisitions under the Offer). The figures do however include the Loan Shares (see Section 7.7.2), and the 36,963 Shares remaining to be issued as Closing Merger Consideration to the estate or successor of a deceased former unitholder in CurveBeam US, discussed in Section 11.6.
2. Refer to Section 11.3 for details on the calculation of the number of Shares into which Convertible Notes convert.
3. The Top-Up Consideration in relation to the Closing Merger Consideration and Contingent Merger Consideration will be affected by the precise conversion price for the 2021 Convertible Notes. Refer to Section 11.6 for further information.
4. Includes Top-Up Merger Consideration in relation to the Closing Merger Consideration only. Top-Up Consideration in relation to the Contingent Merger Consideration is shown elsewhere in this table.
5. References in this table to "**Contingent Shares**" are to the estimated maximum number of Shares issuable as Contingent Merger Consideration (i.e. assumes no Tax Claims – see Section 11.6) and the associated Top-Up Merger Consideration. All percentage ownership figures in this table are calculated as though these Shares will be issued on the Allotment Date rather than as described in Section 11.6).
6. Assumes no Options are exercised or lapse before allotment.
7. Post-allotment figures include Plan Options and Rights to be issued on the Allotment Date, as described in Sections 7.4.6(c) and 7.8.
8. The pre-allotment calculations of the Company's fully diluted share capital in this column include Shares issued on Note Conversion (which are issued immediately prior to allotment of Shares under the Offer), and Top-Up Merger Consideration which will be issued as a consequence of the conversion of 2021 Notes (see note 3 and Section 11.6).

8.3.2 Ownership structure

The following table sets out the Company's ownership structure immediately prior to, and following allotment under, the Offer. The percentage figures are expressed on an undiluted basis.

Holder[1]	Pre-allotment		Post-allotment	
	Securities	**% of Shares**	**Securities**	**% of Shares**
Arun Singh (Director)	40,040,612 Shares 1,144,522 Contingent Shares	14.9%	40,040,612 Shares 1,144,522 Contingent Shares 530,481 Plan Options	12.5%
Ilwella Pty Ltd	26,204,189 Shares 1,240,079 Noteholder Options	9.8%	26,204,189 Shares 1,240,079 Noteholder Options	8.2%
Firetrail Investments	32,994,484 Shares 5,371,923 Noteholder Options	12.3%	32,994,484 Shares 5,371,923 Noteholder Options	10.3%
Greg Brown (Director)	17,307,124 Shares 496,030 Noteholder Options 3,261,724 Plan Options	6.5%	17,307,124 Shares 496,030 Noteholder Options 4,226,010 Plan Options	5.4%
Karst Peak Capital	21,857,867 Shares 1,240,079 Noteholder Options	8.2%	21,857,867 Shares 1,240,079 Noteholder Options	6.8%
Non-executive Directors	3,675,930 Shares 223,213 Noteholder Options 4,886,354 Plan Options	1.4%	3,675,930 Shares 223,213 Noteholder Options 4,980,104 Plan Options 31,250 Rights	1.1%
Other Key Managers	6,290,300 Shares 99,374 Contingent Shares 89,285 Noteholder Options 2,446,294 Plan Options	2.3%	6,290,300 Shares 99,374 Contingent Shares 89,285 Noteholder Options 3,836,612 Plan Options	2.0%
Other Existing Holders	119,785,807 Shares 1,213,109 Contingent Shares 3,740,154 Noteholder Options 148,600 Plan Options	44.7%	119,785,807 Shares 1,213,109 Contingent Shares 3,740,154 Noteholder Options 3,117,458 Plan Options 548,189 Rights	37.4%
Subtotal	**268,156,313 Shares** **2,457,005 Contingent Shares** **12,400,763 Noteholder Options** **10,742,972 Plan Options**	**100.0%**	**268,156,313 Shares** **2,457,005 Contingent Shares** **12,400,763 Noteholder Options** **16,690,665 Plan Options** **591,939 Rights**	**83.7%**

Holder[1]	Pre-allotment		Post-allotment	
	Securities	% of Shares	Securities	% of Shares
New Shares to be issued under the Offer	N/A		52,083,333 New Shares	16.3%
Total	**268,156,313 Shares** **2,457,005 Contingent Shares** **12,400,763 Noteholder Options** **10,742,972 Plan Options**		**320,239,646 Shares** **2,457,005 Contingent Shares** **12,400,763 Noteholder Options** **16,690,665 Plan Options** **591,939 Rights**	**100.00%**

Notes:

1. References in this table to "**Contingent Shares**" are to the estimated maximum number of Shares issuable as Contingent Merger Consideration (i.e. assumes no Tax Claims – see Section 11.6) and the associated Top-Up Merger Consideration. All percentage ownership figures in this table are calculated as though these Shares will be issued on the Allotment Date rather than as described in Section 11.6).
2. Where applicable, figures for a given holder includes or relates to associates of the named person.
3. Pre-allotment figures are calculated on the basis described in the "Key Offer statistics" section at the beginning of this Prospectus.
4. Post-allotment figures for Shares do not include any New Shares that the Existing Holders may subscribe for under the Offers. At the time of Listing, the Company will notify ASX of the interests of its Directors and substantial holders.
5. Post-allotment figures include Plan Options and Rights to be issued on the Allotment Date, as described in Sections 7.4.6(c) and 7.8.
6. Figures for Greg Brown do not include Securities held by his adult son (who is not associated with him in relation to the Company). Those Securities are however described in Section 7.4.7.
7. Figures for Arun Singh do not include Securities held by his adult daughters (who are not associated with him in relation to the Company). Their Securities are however described in Section 7.4.7.
8. Figures for Karst Peak Capital do not include Securities held by Hashan De Silva, who was previously affiliated with, but is not an associate of, Karst Peak Capital. Mr De Silva's Securities form part of the figures above for Non-executive Directors and are more fully described in Section 7.4.7.

8.3.3 Control implications of the Offer

The Directors do not expect that any Shareholder will control (as defined by section 50AA of the Corporations Act) the Company after completion of the Offer.

Details of the securities that are expected to be subject to escrow arrangements are contained in Section 11.11. On completion of the Offer, the Company's free float (as defined by the ASX Listing Rules) will not be less than 20%.

8.4 Terms and conditions of the Offer

What is the type of security being offered?	Ordinary Shares in the Company.
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 11.7.
What is the Offer Price?	$0.48

What is the Offer Period?	The key dates, including details of the Offer Period relating to each component of the Offer, are set out on page 3. The timetable is indicative only and may change. All times are stated in AEST. The Company, in consultation with the Joint Lead Managers, reserves the right to amend any and all of these times and dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company). If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest).
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Bell Potter.
What is the minimum and maximum Application size under the Offer?	Applications under the Offer must be for a minimum of 4,167 Shares (approximately $2,000). There is no maximum number or value of Shares that may be applied for under the Broker Firm Offer. Bell Potter and the Company reserve the right to treat any Applications under the Broker Firm Offer that are from persons who they reasonably believe may be Institutional Investors, as Applications in the Institutional Offer. Bell Potter and the Company also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 18 August 2023.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about 23 August 2023 on a normal settlement basis. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk. The Company, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the Company Offer Information Line, a broker or otherwise.
Are there any escrow arrangements?	Yes, details are provided in Section 11.11.
Are there any tax considerations?	Yes, details are provided in Section 10.

Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under the Offer.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Company Offer Information Line on 1300 850 505 (within Australia) or +61 03 9415 4000 (outside Australia) from 9:00am until 5:00pm, Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

8.5 Allocation policy

The allocation of New Shares between the Broker Firm Offer and the Institutional Offer and under the Institutional Offer will be determined by Bell Potter in consultation with the Company.

The factors that influence the allocation of New Shares between each component of the Offer and under the Institutional Offer include but are not limited to:

- the number of New Shares applied for by particular Applicants;
- whether the Institutional Investor is an existing securityholder;
- the spread requirements under the Listing Rules;
- the timeliness of the Application by particular Applicants;
- the Company's desire for an informed, active and liquid trading market following Listing;
- the Company's desire to establish a wide spread of both retail and institutional shareholders,
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long-term shareholders;
- the likelihood that particular Applicants will support the Company with aftermarket buying following Listing;
- overall level of demand under the Institutional Offer and the anticipated level of demand from brokers under the Broker Firm Offer; and
- any other factors that the Company and Bell Potter consider appropriate.

For Broker Firm Offer participants, the relevant broker will decide how it allocates New Shares among its retail clients, and it (and not the Company or Bell Potter) will be responsible for ensuring that retail clients who have received an allocation from it receive the relevant New Shares.

Bell Potter and the Company have absolute discretion regarding the allocation of New Shares to Applicants under the Offer and Bell Potter may reject or scale-back an Application. If you are not issued any New Shares, or you are issued fewer New Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act.

8.6 How to apply under the Offer

8.6.1 Institutional Offer

The Institutional Offer consists of an invitation to certain Institutional Investors in the Permitted Jurisdictions to apply for New Shares under this Prospectus and, for Institutional Investors in the United States, under the U.S. Offering Circular, which includes this Prospectus (see Section 8.10).

The Institutional Offer will be managed by the Joint Lead Managers. Full details of how to participate will be provided to eligible participants by the Joint Lead Managers.

Details of the arrangements for notification and settlement of allocations applying to participants in the Institutional Offer will be provided to participants by Bell Potter.

8.6.2 Broker Firm Offer

Who may apply?

The Broker Firm Offer is open to persons who have received an allocation from their broker and who are residents of Australia. If you have been offered an allocation by a broker having a firm allocation, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your broker to determine whether they may allocate New Shares to you under the Broker Firm Offer.

How to apply

Investors who have received an allocation of New Shares in the Broker Firm Offer must follow instructions provided by their broker.

Those Applicants must complete the Application Form at the back of this Prospectus. By making an Application, you declare that you were given a copy of this Prospectus, together with an Application Form. Please contact your broker if you require further instructions.

Any Application Form for a Broker Firm Offer must be stamped by a broker so that the correct allocation of New Shares is received.

How to pay

Applicants under the Broker Firm Offer should make payments in accordance with the directions of the broker from whom you received an allocation.

Timing for Applications and confirmation

Applicants under the Broker Firm Offer should send their completed Broker Firm Application Form and Application Monies to their broker by the Closing Date.

Please confirm with your broker the manner in which you should make your payment.

The Company, the Joint Lead Managers and the Registry take no responsibility for any acts or omissions committed by your broker in connection with your Application.

Closing Date for receipt of Applications

The Broker Firm Offer opens on 31 July 2023 and is expected to close on 7 August 2023. The Company may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer may be closed at any earlier date and time, without further notice. Your broker may also impose an earlier closing date.

Applicants applying for New Shares using a paper form under the Broker Firm Offer are encouraged to submit an Application Form and Application Monies to their broker as early as possible in advance of the Closing Date and to allow a sufficient period for mail processing time.

How to obtain a copy of this Prospectus

You may also obtain a copy of this Prospectus as follows:

- you can download an electronic copy at www.computersharecas.com.au/cvboffer; or
- request a copy from the Registry by calling the Company Offer Information Line on 1300 850 505 (within Australia) or +61 03 9415 4000 (outside Australia) between 9:00am and 5:00pm Monday to Friday.

While you may obtain a copy of these documents as set out above, your Application will not be accepted under the Broker Firm Offer if it is not lodged through your Broker.

8.7 Fees and costs associated with the Offer

No brokerage, commission or stamp duty is payable by Applicants on the acquisition of New Shares under the Offer.

8.8 Application Monies

All Application Monies will be held by the broker, the Company's Registry or the Joint Lead Managers, on trust in a separate account, until New Shares are issued to Successful Applicants.

Application Monies will be refunded in A$ to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Company will retain any interest earned on Application Monies.

8.9 Trading on the ASX

The Company has applied to the ASX for admission to the Official List of the ASX and for the Shares to be granted Official Quotation by the ASX. The Company is not currently seeking a listing of its Shares on any other stock exchange.

The admission of the Company to the Official List of the ASX and Official Quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription under the Offer.

The ASX takes no responsibility for the contents of this Prospectus. Trading in Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to Successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment may contravene the Listing Rules and do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies will be refunded without interest as soon as practicable.

Subject to the ASX granting approval for the Company to be admitted to the Official List of the ASX, the Company will issue New Shares to Successful Applicants as soon as practicable after the Closing Date. Commencement of trading on the ASX is expected to occur on 23 August 2023. Holding statements confirming Applicants' allocations under the Offer are expected to be sent to Successful Applicants on or around 18 August 2023. Applicants under the Offer will be able to call the Company's Offer Information Line on 1300 850 505 (within Australia) or +61 03 9415 4000 (outside Australia) between 9:00am and 5:00pm, from Monday to Friday to confirm their allocation.

Trading of Shares on the ASX is expected to commence on 23 August 2023 on a normal settlement basis.

If you sell Shares before receiving an initial holding statement, you may contravene the Listing Rules and do so at your own risk, even if you have obtained details of your holding from your broker or the Company's Offer Information Line.

8.10 Overseas Jurisdictions

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the Shares or the Offer under this Prospectus, or to permit a public offering of Shares in any jurisdiction other than Australia.

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law. Any failure to comply with such restrictions could constitute a violation of applicable securities laws. In particular, this Prospectus may be distributed in the United States only to Institutional Investors and only if this Prospectus is accompanied by the U.S. Offering Circular.

Each Applicant in the Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the offer and sale of the New Shares has not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;
- it is resident or domiciled in Australia or, if outside Australia, is an Institutional Investor;
- it is located in Australia at the time of the application and is not acting for the account or benefit of any person in the United States or any other foreign person, excluding Applicants who are Institutional Investors;
- if it is in the United States, it has executed and return a US Investor Certificate to the Company or a confirmation letter; and
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States or elsewhere outside Australia.

8.10.1 New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the **FMC Act**). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

8.10.2 United Kingdom

Neither this Prospectus nor any other document relating to the Offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated ("relevant persons"). The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

8.10.3 Singapore

This Prospectus and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the **SFA**) or another exemption under the SFA.

This Prospectus has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

8.10.4 Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this Prospectus may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

8.10.5 United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable US state securities laws.

This Prospectus may only be distributed in the United States to Institutional Investors and only if this Prospectus is accompanied by the U.S. Offering Circular.

8.11 Discretion regarding the Offer

The Company may, in consultation with the Joint Lead Manager, withdraw the Offer, or any part of it, at any time before the allotment of New Shares to Successful Applicants in the applicable part of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded. No interest will be paid on unsuccessful Applications.

The Company also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer New Shares than applied for.

If the Company amends the Closing Date, any such amendment will be announced through the ASX.

8.12 Questions or further information

If you have any queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, then you can:

- call the Company Offer Information Line on 1300 850 505 (toll free within Australia) or +61 03 9415 4000 (outside Australia) between 9:00am and 5:00pm, Monday to Friday; or
- visit www.computersharecas.com.au/cvboffer to download an electronic copy of the Prospectus.

If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

09

INTELLECTUAL PROPERTY REPORT

FLEUCHAUS & GALLO
Partnerschaft mbB | Patent- und Rechtsanwälte
Patentanwälte* – European Patent Attorneys+
European Trademark and Design Attorneys*

FLEUCHAUS & GALLO · Steinerstr. 15/A · 81369 München· Germany

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Rechtsanwalt
Wolfgang Babl
Of Counsel
Andrew J. Morton, Ph.D. (Physics)°
Wolfgang Gallo, Dipl.-Ing. (FH)° (Partner -2022)

CurveBeam AI Limited & its directors
Level 10
10–16 Queen Street
Melbourne VIC 3000
Australia

11 July 2023

RE: REPORT ON INTELLECTUAL PROPERTY FOR CURVEBEAM AI LIMITED (A.C.N. 140 706 618)

Dear Directors

This Report on Intellectual Property dated 11 July 2023 (herein, "the Report") has been prepared by Fleuchaus & Gallo Partnerschaft mbB (herein, "Fleuchaus & Gallo" or "this firm") for inclusion in a prospectus for a planned initial public offering by CurveBeam AI Limited (herein, "the Company") and its associated listing on the Australian Securities Exchange. The Report is being provided on information and belief, based on personal knowledge, firm records and consultation with the Company unless otherwise indicated. We believe the patent and trade mark status information contained in this Report to be current as of the above date. The Intellectual Property discussed in this Report includes that of the Company and that of its wholly owned U.S. subsidiary, CurveBeam, LLC and, except where indicated, references to the Company are intended to be references to the Company and its subsidiaries, including CurveBeam, LLC.

Background

Fleuchaus & Gallo currently represents the Company in intellectual property matters. Specifically, this firm prepares, prosecutes and maintains patents and patent applications for the Company.

This firm is an intellectual property firm located in Munich, Germany. There are six registered attorneys in this firm, including five patent attorneys and one intellectual property lawyer. All registered patent attorneys have technical degrees and extensive scientific and technical knowledge along with substantive patent prosecution and strategic counselling experience relating to their clients' technology.

Dr Andrew Morton was responsible for handling patent matters for the Company while an employee and partner at the Australian patent attorney firm, Griffith Hack, from mid-2009 until 2017, and has been responsible for handling patent matters for the Company, as an employee of this firm, since joining this firm in 2018. Dr Morton has a Bachelor of Science and a PhD in physics from the University of Melbourne, and is a registered Trans-Tasman (i.e. Australia and New Zealand) Patent Attorney.

Some of the Company's intellectual property matters (most particularly trade mark matters) are handled by Griffith Hack and some patent and trade mark matters in the name of CurveBeam, LLC are handled by Faegre Drinker Biddle & Reath, of Minnesota, U.S.A. In respect of those matters (to the extent relevant to

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° Nicht Partner der Partnerschaftsgesellschaft

this report), Fleuchaus & Gallo has been provided with the relevant details by Griffith Hack or by Faegre Drinker Biddle & Reath, but does not itself attest to the accuracy of that information.

Fleuchaus & Gallo has been paid a fee by the Company for its services in preparing this Report. Neither Fleuchaus & Gallo nor any of its employees has any entitlement to any securities in the Company nor has any other interest in the promotion of the Company. Other than providing this Report, Fleuchaus & Gallo has had no involvement in the preparation of this prospectus, nor has Fleuchaus & Gallo authorized or caused the issue of this prospectus.

The Company's Technology

The Company and CurveBeam, LLC have developed, and continue to develop, technologies for conducting medical imaging and for the automated analysis of medical images, of particular application to the imaging of bone including while bearing the patient's weight.

Principal among those products are CT instruments and image analysis software, including:

In Reach™ CT scanner	A point-of-care cone beam CT scanner for imaging the hand, wrist, forearm, elbow and lower extremities
PedCat™ Premium CT scanner	A weight-bearing, cone beam CT scanner for imaging the foot and ankle
LineUp™ CT scanner	A weight-bearing, cone beam CT scanner for imaging the foot, ankle and knee
HiRise™ CT scanner	A weight-bearing & non-weight-bearing, cone beam CT scanner for imaging the foot, ankle, knee and hip
SkyRise™ CT scanner	A weight-bearing & non-weight-bearing, cone beam CT scanner for imaging the foot, ankle, knee, hip, spine, shoulder and neck (currently in development)
CT BMD software	A software application that generates BMD (bone mineral density) reports from HiRise™ CT scans
SFS™ software	A software application used to triage BMD (bone mineral density) results from HiRise™ CT scans of the ankle, and—for patients over 70 years old—to screen non-osteoporotics from In Reach™ CT scans of the wrist
CubeVue™ software	A desktop software application that provides visualization tools to enhance analysis of datasets collected with CT scanners, including digitally creating synthesized x-ray views from original CT scans
Autometrics™ software	A software application that measures the geometric properties of bones to support orthopaedic specialists in the evaluation for pre- and post-surgical analysis
Axiometrics™ software	A software application that measures the geometric properties of bones to support orthopaedic specialists in the evaluation for pre- and post-surgical analysis

The HiRise™ CT Scanner

A key product of the Company, for example, is the HiRise™ CT Scanner. This scanner has the combined ability to perform weight-bearing CT scans (that is, with patient standing with their normal, weight-bearing pose) as well as more traditional recumbent CT scans. The HiRise™ CT Scanner is nonetheless sufficiently compact to be situated in a standard medical surgery.

In the weight-bearing configuration, the CT x-ray source and detector are translated vertically, completing a scan at each vertical position while the patient is standing (see figures 1 to 3). In the recumbent configuration, the CT x-ray source and detector are tipped by 90° (see figure 4) so that the feet and legs of the patient—reclining on a gurney—can be scanned (see figure 5).

Figure 1

Figure 2

Figure 3

Figure 4

Figure 5

The HiRise™ CT Scanner is complemented by the above image analysis software products. Those permit the rapid analysis of the medical images produced with the HiRise™ CT Scanner, the characterization of certain skeletal conditions, and the diagnosis of particular bone problems.

The Company's Intellectual Property

The Company's Intellectual Property includes unregistered intellectual property (such as trade secrets, know-how and unregistered trade marks) and registered intellectual property. This Report focuses on registered intellectual property in the form of patents for inventions and trade marks in respect of which the Company or CurveBeam, LLC, has or is pursuing exclusive rights (herein, "the Company's Intellectual Property").

In broad terms, a patent is a statutory monopoly of finite duration (typically being renewable for at most 20 years), protecting a new and inventive idea. The patent owner is given the exclusive right to exploit the invention (including to license the patent to others) for the life of the patent.

A trade mark is a sign indicating the origin of goods and/or services, and may be registered or unregistered. A trade mark registration confers a statutory monopoly in the use of the trade mark with the goods and/or services identified in the registration and is, in principle, renewable indefinitely (though vulnerable to deregistration if not used for an extended period).

This Report is intended to provide a general overview to aid the understanding of the content and scope of the Company's Intellectual Property. No legal opinion or advice is intended or offered herein. For more detailed information or advice, you should consult specialized counsel of your choosing.

The Company's Intellectual Property includes patents and patent applications owned by the Company or by CurveBeam, LLC, and trade mark registrations and applications owned by the Company or by CurveBeam, LLC. These are summarized below in Tables 1 to 10 (CurveBeam AI Limited patent matters), Tables 11 and 12 (CurveBeam, LLC patent matters), Table 13 (CurveBeam AI Limited trade marks), and Table 14 (CurveBeam, LLC trade marks). For example, Table 1 lists granted patents and pending applications of the Company's Intellectual Property that relate to a software application that distinguishes between different materials in a medical image (such as between different portions of a bone). US Patent No. 9,064,320 is directed to the Company's innovative technique, while US Patent No. 9,566,038 is directed to analysing a sample of more than one material using that technique, US Patent No. 9,877,691 is directed to quantifying the effects of a treatment of a subject, assessing a structure of bone during a treatment in a subject, and diagnosing or monitoring a disease or the effects of a disease in a subject using that technique. US Patent No. 10,182,781 is directed to the invention's application to assessing fracture risk of bone of a subject, the bone comprising a plurality of bone compartments, using that technique. Full details of the innovative technique is described in the respective patent specifications of the patents and patent applications listed in the table.

The Company's Intellectual Property includes 14 granted U.S. patents and ten pending U.S. applications, 12 granted Australian patents and two pending applications, 11 other granted patents, and 24 other pending applications.

These patents and patent applications are directed to technology incorporated into its products (including those listed above), including their methods of use. As noted above, the term of a patent is limited. Typically the term is limited to 20 years from the date the application was filed or from the earliest non-provisional priority date in the applicable country, but subject to the payment of periodic renewal fees to obtain the full 20 year term.

Through the Company's Intellectual Property, including US and Australian granted patents, we believe that the Company has significant patent protection, in particular for its SFS™, Autometrics™ and Axiometrics™ software.

The Company and CurveBeam, LLC are expected to strengthen their patent protection through prosecuting pending applications, filing future patent applications and by continuing current procedures for working with patent counsel to develop their patent portfolio.

The statement in the foregoing paragraph is not a legal opinion, however. The scope of protection provided by the Company's Intellectual Property is determined by the scope of the claims of the applicable patents, and the validity and enforceability of the patents cannot be guaranteed. Specifically, this report is not an opinion pertaining to the validity or enforceability of the Company's Intellectual Property or of the patentability of patent applications owned by, or licensed to, the Company. Pending applications discussed in this Report may or may not proceed to grant, and their claims may or may not remain in their present form. Granted patents may be challenged in post-grant proceedings before administrative bodies and courts in most countries, and may be revoked in such proceedings. Nonetheless, Fleuchaus & Gallo is not aware of any reasons why the granted patents identified in Tables 1 to 12 may be invalid or unenforceable or why the pending applications will not be granted in their current or similar form.

Patents and Applications of Others of Which the Company is Aware

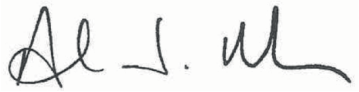
From time to time, the Company becomes aware of various patent documents due to third parties that may touch on or relate in some way to the Company's own intellectual property. As a matter of business

practice, those patents and applications are considered for more detailed review with respect to potential infringement and citation in the Company's patent applications.

Despite a large number of patent documents being known to the Company, Fleuchaus & Gallo is not aware of any infringement by the Company of patents of others. Furthermore, this firm is not aware of any existing claims, challenges or threats against the Company for infringement of third party intellectual property or that have been brought in the past five years. Fleuchaus & Gallo, however, can provide no assurance or guarantee that the Company's products or methods do not infringe a patent owned by a third party.

Patentability Over the Prior Art

The Company and CurveBeam, LLC have identified numerous prior art references, including patents, patent applications and other publications (not listed here) that they have provided to patent examiners during prosecution of the various patent matters identified below. References have also been identified by patent examiners during prosecution of those patent applications. Some of the patent claims have been amended to distinguish from these references, thereby narrowing the ultimate protection in view of the prior art and potentially strengthening the validity of those claims relative to these references.



Dr Andrew J. Morton
Registered Patent Attorney (AU)

Patents and Patent Applications

Table 1: Method & System for Image Analysis of Selected Tissue Structures (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2010292991	10 Sep 2010	2010292991	9 Jul 2015	Granted
Australia	2015203523	25 Jun 2015	2015203523	8 Feb 2018	Granted
Australia	2018200612	25 Jan 2018	2018200612	11 Jun 2020	Granted
U.S.A.	13/395379	10 Sep 2010	9,064,320	23 Jun 2015	Granted
U.S.A.	14/720,004	22 May 2015	9,378,566	28 Jun 2016	Granted
U.S.A.	15/191,079	23 Jun 2016	9,566,038	14 Feb 2017	Granted
U.S.A.	15/398,116	4 Jan 2017	9,877,691	30 Jan 2018	Granted
U.S.A.	15/879,126	24 Jan 2018	10,182,781	22 Jan 2019	Granted
Europe	21182562.5	10 Sep 2010	3940634	19 Jan 2022	Pending
China	201080051311.0	10 Sep 2010	102648482	12 Sep 2017	Granted
China	201710698270.8	19 Jan 2018	107610096	10 Aug 2021	Granted
Japan	2012-528197	10 Sep 2010	5859966	16 Feb 2016	Granted
Japan	2015-245868	17 Dec 2015	6208735	4 Oct 2017	Granted
Japan	2017-171266	6 Sep 2017	6475300	27 Feb 2019	Granted
This patent family concerns a method of analyzing medical images in order to identify the boundary between different tissues or different portions of a tissue (such as bone). The accurate identification of these boundaries then allows the more precise determination of various parameters of the tissues (such as bone density), with minimal contamination of the results by neighbouring tissues.					

Table 2: Method & Apparatus for Identifying a Gap between Objects in an Image (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2016314782	2 Sep 2016	2016314782	16 Jul 2021	Granted
U.S.A.	15/756,485	2 Sep 2016	10,706,574	7 Jul 2020	Granted
Europe	16840431.7	2 Sep 2016	3345159	3 Aug 2022	Granted
Validated in:	Belgium				In force
	France				In force
	Germany				In force
	Ireland				In force
	Italy				In force
	Spain				In force
	Switzerland/Liechtenstein				In force
	U.K.				In force
China	201680051032.1	2 Sep 2016	108027969	9 Nov 2021	Granted
Japan	2018-511759	2 Sep 2016	6833825	24 Feb 2021	Granted
This patent family concerns identifying gaps between—or separating—objects or structures in a medical image, which is of particular value in the analysis of biological tissue such as bone. This process is often referred to as segmentation, and is of the utmost importance in the automated analysis of biological tissues.					

Table 3: Method & Apparatus for Assigning Colours to an Image (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2014321129	10 Sep 2014	2014321129	16 Jan 2020	Granted
U.S.A.	15/021,752	10 Sep 2014	10,008,008	26 Jun 2018	Granted
U.S.A.	16/011224	18 Jun 2018	10,997,832	13 Apr 2021	Granted
U.S.A.	17/144734	8 Jan 2021	2021/0134016	6 May 2021	Pending
Europe	14844501.8	10 Sep 2014	3044753	20 Jul 2016	Pending
China	201480050458.6	10 Sep 2014	105765622	9 Apr 2021	Granted
China	202110259564.7	10 Sep 2014	112950747	11 Jun 2021	Pending
This patent family concerns an improved method of assigning or reassigning the colours in an image. Doing so allows an image—especially a medical image—to be more readily interpreted, in particular by a medical expert who is examining the medical image for pathology.					

Table 4: Method & Apparatus for Identifying and Quantifying Abnormality (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2017225901	28 Feb 2017	2017225901	10 Nov 2022	Granted
U.S.A.	16/081,701	28 Feb 2017	11,462,302	4 Oct 2022	Granted
U.S.A.	17/959,180	3 Oct 2022	2023/0112205	13 Apr 2023	Pending
Europe	17759003.1	28 Feb 2017	3423976	9 Jan 2019	Pending
China	201780025987.4	28 Feb 2017	109074432	21 Dec 2018	Pending
China	202310124797.5	16 Feb 2023	*unpublished*		Pending
Japan	2018-545854	28 Feb 2017	7160339	25 Oct 2022	Granted
This patent family concerns an improved method of identifying abnormality, without employing thresholds when identifying what is normal and what is abnormal. This facilitates more reliable diagnosis, especially in tissues (such as bone) whose properties vary greatly even amongst normal individuals.					

Table 5: Method & System for Image Segmentation and Identification/ Method and System for Image Annotation (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2019204365	21 Jun 2019	2019204365	3 Dec 2020	Granted
Australia	2020223750	28 Aug 2020	2020223750	11 Nov 2021	Granted
U.S.A.	16/448,252	21 Jun 2019	10,997,466	4 May 2021	Granted
U.S.A.	17/186,814	26 Feb 2021	2021/0182622	17 Jun 2021	Pending
Europe	20177152.4	28 May 2020	3754597	23 Dec 2020	Pending
China	202010565821.5	19 Jun 2020	112215858	12 Jan 2021	Pending
Japan	2020-101099	10 Jun 2020	2021-002338	7 Jan 2021	Pending
This patent family concerns the automated segmentation and identification of a tissue or other feature in a medical image. The segmentation stage automatically defines the extent of the tissue or feature, thereby isolating the tissue or feature. The identification stage automatically identifies that isolated tissue or feature. This method employs machine learning, such as A.I.					

Table 6: Method & System for Selecting a Region of Interest in an Image (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2019204372	21 Jun 2019	2019204372	20 Aug 2020	Granted
U.S.A.	16/448,285	21 Jun 2019	11,170,245	9 Nov 2021	Granted
U.S.A.	17/518,858	4 Nov 2021	2022/0058418	24 Feb 2022	Allowed
Europe	20177179.7	28 May 2020	3754598	23 Dec 2020	Pending
China	202010566588.2	19 Jun 2020	112115938	22 Dec 2020	Pending
Japan	2020-101111	10 Jun 2020	2021-000441	7 Jan 2021	Pending
This patent family concerns an automated method for selecting a region of interest in an image, such as a medical image. The method involves identifying recognisable landmarks in the image (such as specific features of a bone), and using those landmarks to generate accurate location data of an object of interest (such as the head of a bone). This method can employ machine learning.					

Table 7: Image Analysis Method and System for Assessing Bone Fragility (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
Australia	2019204376	21 Jun 2019	2019204376	15 Oct 2020	Granted
Australia	2021236468	21 Sep 2021	2019204376	21 Oct 2021	Pending
U.S.A.	16/448,460	21 Jun 2019	11,087,463	10 Aug 2021	Granted
U.S.A.	17/370,455	8 Jul 2021	2021/0334968	28 Oct 2021	Allowed
U.S.A.	18/214,104	26 Jun 2023	*unpublished*		Pending
Europe	20177205.0	28 May 2020	3754599	23 Dec 2020	Pending
China	202010564495.6	19 Jun 2020	112116552	22 Dec 2020	Pending
Japan	2020-101124	10 Jun 2020	2021-000442	7 Jan 2021	Pending
This patent family concerns the automated determination of the fragility of a bone based on medical image data and non-image data (such as a patient's medical records). This method also employs machine learning, such as A.I.					

Table 8: Method & System for Machine Learning Classification Based on Structure or Material Segmentation in an Image (CurveBeam AI Limited)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status

Australia	2019204380	21 Jun 2019	2019204380	5 Nov 2020	Granted
U.S.A.	16/448,474	21 Jun 2019	11,263,497	1 Mar 2022	Granted
U.S.A.	17/584,752	26 Jan 2022	2022/0147757	12 May 2022	Pending
Europe	20177226.6	28 May 2020	3754600	23 Dec 2020	Pending
China	202010563948.X	19 Jun 2020	112116609	22 Dec 2020	Pending
Japan	2020-101138	10 Jun 2020	2021-002339	7 Jan 2020	Pending
This patent family concerns an automated system for classifying a structure or material (e.g. a bone) in a medical image of a subject. The system includes a classifier that uses machine learning to determine how to classify the structure or material. The classifications may be, for example, “normal” or “abnormal”. In other cases, the classifications may be the probabilities of rates of disease or pathology progression, or probabilities of efficacy of certain treatment options.					

Table 9: Method & System for Material Decomposition in Dual- or Multiple-Energy X-ray Based Imaging (CurveBeam AI Limited)

Country	**Application No.**	**App. Date**	**Patent or Pub. No.**	**Date**	**Status**
Australia	2022204142	14 Jun 2022	2022204142	19 Jan 2023	Granted
U.S.A.	17/839,707	14 Jun 2022	*unpublished*		Allowed
U.S.A.	18/211,056	16 Jun 2023	*unpublished*		Pending
Europe	23178668.2	12 Jun 2023	*unpublished*		Pending
China	2023107075281	14 Jun 2023	*unpublished*		Pending
Japan	2023-097428	14 Jun 2023	*unpublished*		Pending
International	PCT/AU2023/050517	12 Jun 2023	*unpublished*		Pending
This patent family concerns the automated ‘decomposition’ of an image (such as a medical image), whereby different materials in the image are separated for subsequent analysis using machine learning. The different materials may be, for example, bone marrow, knee cartilage, a tumour, or muscle and fat. The method can also reduce the contamination of an image by metal artefacts, arising from—for example—metal implants or prostheses.					

Table 10: Method and System for Removing Foreign Material from Images (CurveBeam AI Limited)

Country	**Application No.**	**App. Date**	**Patent or Pub. No.**	**Date**	**Status**
Australia	2022221522	26 Aug 2022	*unpublished*		Pending
U.S.A.	17/896,164	26 Aug 2022	*unpublished*		Pending
International	PCT/AU2023/050635	10 Jul 2023	*unpublished*		Pending
This patent family concerns a method for reducing or removing foreign materials or artefacts due to the foreign material appearing in an image. This improves the clarity of the image so that an improved medical analysis or clinical diagnosis can be performed. The method employs machine learning.					

Table 11: System for three-dimensional measurement of foot alignment (CurveBeam, LLC)

Country	**Application No.**	**App. Date**	**Patent or Pub. No.**	**Date**	**Status**
Europe *Validated in*:	16856261.9	14 Oct 2016	3361949	17 Jun 2020	Granted
	Belgium		3361949	17 Jun 2020	In force
	Denmark		3361949	17 Jun 2020	In force
	France		3361949	17 Jun 2020	In force
	Ireland		3361949	17 Jun 2020	In force
	Italy		3361949	17 Jun 2020	In force
	Netherlands		3361949	17 Jun 2020	In force

	Switzerland/Liechtenstein		3361949	17 Jun 2020	In force
	U.K.		3361949	17 Jun 2020	In force
U.S.A.	15/293,550	14 Oct 2016	10,646,137	12 May 2020	Granted
This patent family concerns a system for determining the alignment of the foot and ankle from a 3D scanned image of a patient's foot and ankle while the patient is applying weight on the foot. The system detects the 3D coordinates of three or more landmarks or features on the patent's foot. The precise identification of foot/ankle alignment allows for improved planning for subsequent medical intervention.					

Table 12: Method for measuring the axial (transverse), coronal (frontal) and sagittal alignment of a lower limb (CurveBeam, LLC)

Country	Application No.	App. Date	Patent or Pub. No.	Date	Status
International	PCT/US2022/46907	17 Oct 2022	*unpublished*		Pending
U.S.A.	17/967,574	17 Oct 2022	*unpublished*		Pending
This patent family concerns a method of determining the axial alignment of a patient's leg based on a 3D scan of the leg, the identification of the level of hip version (or torsion of the femur) and the identification of tibial torsion. This method is also valuable in planning for subsequent medical intervention.					

Table 13: Trade Mark Registrations and Applications (CurveBeam AI Limited)

Country	App. or Reg. No.	Trade Mark	Goods	Status
Australia	1811813	Straximages	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
Australia	1811804	STS	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
China*	G1811804			Registered 11 May 2017
Japan*	1353499			Registered 11 May 2017
Madrid Protocol	1353499			Registered 11 May 2017
E.U.*	WO1353499		**Class 10**: Apparatus for instruments for medical imagery	Registered 11 May 2017
U.K.	UK0081353499			Registered 11 May 2017
Australia	1811814		**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
China*	1811814			Registered 11 May 2017
E.U.*	WO1355219			Registered 11 May 2017
Japan*	1355219			Registered 11 May 2017
Madrid Protocol	1355219			Registered 11 May 2017
U.K.	UK0081355219			Registered 11 May 2017
U.S.A.*	5488775		**Class 10**: Medical apparatus and instruments, namely, medical imaging apparatus and instruments	Registered 11 May 2017
Australia	1811805	STRAXCORP	**Class 10**: Medical apparatus and instruments including	Registered 28 Jun 2017

China*	1353576		apparatus and instruments for medical imagery	Registered 11 May 2017
E.U.*	WO1353576			Registered 11 May 2017
Japan*	1353576			Registered 11 May 2017
Madrid Protocol	1353576			Registered 11 May 2017
U.K.	UK0081353576			Registered 11 May 2017
U.S.A.*	5488754		**Class 10**: Medical apparatus and instruments, namely, medical imaging apparatus and instruments	Registered 12 Jun 2018
Australia	1811806	Strax	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
China*	G1353577			Registered 11 May 2017
E.U.*	WO1353577			Registered 11 May 2017
Japan*	1353577			Registered 11 May 2017
Madrid Protocol	1353577			Registered 11 May 2017
U.K.	UK0081353577			Registered 11 May 2017
U.S.A.*	5488755		**Class 10**: Medical apparatus and instruments, namely, medical imaging apparatus and instruments	Registered 12 Jun 2018
Australia	1811841	SPS	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
Madrid Protocol	1353578			Registered 11 May 2017
E.U.*	WO1353578		**Class 10**: Medical apparatus and instruments including apparatus and instruments for medicals imagery; all the aforementioned goods excluding orthopedic articles and artificial limbs.	Registered 11 May 2017
U.K.	UK0081353578			Registered 11 May 2017
Australia	2274460	SFS	**Class 9**: Image analysis software; image processing software; medical image processing software; medical image analysis software; apparatus for analysing images (other than for medical use); apparatus for displaying images; apparatus for generating images; apparatus for image processing; apparatus for the recording of images; apparatus for the reproduction of images; apparatus for the transmission of images; computer imaging systems; diagnostic imaging apparatus, other than for medical use; image analysing apparatus; image analysing instruments; imaging apparatus, not for medical purposes	Registered 10 Jan 2023
Australia	1811842		**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
E.U.*	WO1353579			Registered 11 May 2017
Japan*	1353579			Registered 11 May 2017
Madrid Protocol	1353579			Registered 11 May 2017
U.K.	UK0081353579			Registered 11 May 2017
U.S.A.*	5488757		**Class 10**: Medical apparatus and instruments, namely,	Registered

			medical imaging apparatus and instruments	12 Jun 2018
Australia	1811858	StrAx1.0	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
China	1353580			Registered 11 May 2017
U.K.	UK0081353580			Registered 11 May 2017
E.U.*	WO1353580			Registered 11 May 2017
Japan*	1353580			Registered 11 May 2017
Madrid Protocol	1353580			Registered 11 May 2017
U.S.A.*	5488758		**Class 10**: Medical apparatus and instruments, namely, medical imaging apparatus and instruments	Registered 12 Jun 2018
Australia	1811859	SMS	**Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery	Registered 28 Jun 2017
China	1811859			Registered 11 May 2017
U.K.	UK0081353581			Registered 11 May 2017
E.U.*	WO1353581			Registered 11 May 2017
Japan*	1353581			Registered 11 May 2017
Madrid Protocol	1353581			Registered 11 May 2017
Australia	2274467	OssView	**Class 9**: Image analysis software; image processing software; medical image processing software; medical image analysis software; apparatus for analysing images (other than for medical use); apparatus for displaying images; apparatus for generating images; apparatus for image processing; apparatus for the recording of images; apparatus for the reproduction of images; apparatus for the transmission of images; computer imaging systems; diagnostic imaging apparatus, other than for medical use; image analysing apparatus; image analysing instruments; imaging apparatus, not for medical purposes; **Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery, apparatus for analysing medical images and diagnostic imaging apparatus for medical use	Registered 10 Jan 2023
E.U.*	1697594			Registered 27 Oct 2022
U.K.*	WO1697594			Registered 27 Oct 2022
U.S.A.*	79/355973			Designated
Madrid Protocol	1697594			Registered 27 Oct 2022
Australia	2277996	OssMetrics	**Class 9**: Image analysis software; image processing software; medical image processing software; medical image analysis software; apparatus for analysing images (other than for medical use); apparatus for displaying images; apparatus for generating images; apparatus for image processing; apparatus for the recording of images; apparatus for the reproduction of images; apparatus for the transmission of images; computer imaging systems; diagnostic imaging apparatus, other than for medical use; image analysing apparatus; image analysing instruments; imaging apparatus, not for medical purposes; **Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery, apparatus for analysing medical images and diagnostic	Pending

			imaging apparatus for medical use	
Australia	2277995	OssAi	**Class 9**: Image analysis software; image processing software; medical image processing software; medical image analysis software; apparatus for analysing images (other than for medical use); apparatus for displaying images; apparatus for generating images; apparatus for image processing; apparatus for the recording of images; apparatus for the reproduction of images; apparatus for the transmission of images; computer imaging systems; diagnostic imaging apparatus, other than for medical use; image analysing apparatus; image analysing instruments; imaging apparatus, not for medical purposes; **Class 10**: Medical apparatus and instruments including apparatus and instruments for medical imagery, apparatus for analysing medical images and diagnostic imaging apparatus for medical use	Registered 31 Jan 2023
E.U.*	WO1697602			Registered 27 Oct 2022
U.K.*	WO1697602			Registered 27 Oct 2022
U.S.A.*	79/355976			Pending
Madrid Protocol	1697602			Registered 27 Oct 2022
Australia	1577881	strAx Q.C	**Class 10**: Products for medical imagery (apparatus)	Registered 22 Jul 2014

* International Registration Designations

Table 14: Trade Mark Registrations and Applications (CurveBeam, LLC)

Country	App. or Reg. No.	Trade Mark	Goods/Services	Status
U.S.A.	6170919	HIRISE	**Class 10**: Medical apparatus and instruments for imaging, namely, computed tomography (CT) imaging apparatus, x-ray imaging apparatus; radiological apparatus for diagnostic and medical purposes, namely, computed tomography (CT) imager; medical equipment, namely, computed tomography (CT) apparatus; X-ray scanners for use in medical imaging; medical imaging devices, namely, compact cone beam computed tomography devices for 3-D imaging; medical apparatus and instruments for imaging, namely, computed tomography (CT) imaging apparatus, x-ray imaging apparatus for imaging of the feet, hips and rotatable for the hand and elbow	Registered 6 Oct 2020
U.S.A.	6037885	HARMONY	**Class 9**: Computer software for determining forefoot and midfoot conditions; computer software for analysis/diagnosis of forefoot and midfoot conditions	Registered 21 Apr 2020
U.S.A.	5644026	LINEUP	**Class 10**: Medical apparatus and instruments for imaging, namely, computed tomography (CT) imaging apparatus, x-ray imaging apparatus; radiological apparatus for diagnostic and medical purposes, namely, computed tomography (CT) imager; medical equipment, namely, computed tomography (CT) apparatus; X-ray scanners for use in medical imaging; medical imaging devices, namely, compact cone beam computed tomography devices for 3-D imaging	Registered 1 Jan 2019
U.S.A.	4757074	IN REACH	**Class 10**: Medical apparatus and instruments for	Registered 16 Jun 2015

Madrid Protocol	1229516		imaging hands, wrists and elbows, namely, computed tomography (CT) imaging apparatus, x-ray imaging apparatus; radiological apparatus for diagnostic and medical purposes related to the hand, wrist and elbow; medical equipment, namely, computed tomography (CT) apparatus; X-ray scanners for use in imaging of the hand, wrist and elbow; medical imaging devices, namely, compact cone beam computed tomography devices for 3-D imaging of hand, wrist and elbow	Registered 25 Dec 2014
E.U.*	1229516			Registered 6 Nov 2015
U.K.	UK00801229516			Registered 6 Nov 2015
Taiwan	1698947			Registered 1 Apr 2015
Israel*	271055			Registered 1 Aug 2016
South Korea*	1229516			Registered 19 Oct 2015
Ukraine*	1229516			Registered 9 Dec 2015
Brazil	908007205			Registered 24 Jan 2017
U.S.A.	5387281	TALAS	**Class 9**: Computer software for determining foot and ankle offset in a 3D volume; computer software for determining the foot and ankle offset component from scanned image data	Registered 23 Jan 2018
Madrid Protocol	1297147			Registered 12 May 2016
Singapore*	40201608066R			Registered 7 Oct 2016
Australia*	1770188			Registered 10 Nov 2016
U.K.	UK00801297147			Registered 14 Oct 2016
E.U.*	1297147			Registered 14 Oct 2016
Japan*	1297147			Registered 27 Oct 2016
South Korea*	1297147			Registered 23 Jan 2017
U.S.A.	4102134	CURVEBEAM	**Class 42**: Scientific and technological services and research and design relating thereto, namely, development of advanced 3-D imaging equipment and solutions for medical imaging applications	Registered 21 Feb 2012
Madrid Protocol	1657579			Registered 14 Mar 2022
Australia*	2264475			Registered 24 Oct 2022
Brazil*	A0120574			Pending
Canada*	2180753			Pending
China*	1657579			Registered 11 Oct 2022
E.U.*	1657579			Registered 7 Sep 2022
Japan*	A0120574			Pending
South Korea*	A0120574			Pending
U.K.*	WO0000001657579			Registered 26 Jul 2022
U.S.A.	4155352	PEDCAT	**Class 10**: Medical imaging devices, namely, compact cone beam computed tomography devices for 3-D imaging of feet in both load bearing and non-load bearing positions	Registered 5 June 2012
Madrid Protocol	1099464			Registered 21 Sep 2011
China*	1099464			Registered 21 Sep 2011
E.U.*	1099464			Registered 15 Dec 2011

Israel*	1099464			Registered 7 Apr 2013
South Korea*	1099464			Registered 21 Sep 2011
Ukraine*	1099464			Registered 21 Sep 2011
Brazil	831228768			Registered 2 Dec 2014
Taiwan	1513218			Registered 16 Apr 2012
U.K.	UK00801099464			Registered 17 Oct 2012
Brazil	831228750	PODCAT	**Class 10**: Medical imaging devices, namely, compact cone beam computed tomography devices for 3-D imaging of feet in both load bearing and non-load bearing positions	Registered 2 Dec 2014
U.S.A.	4102135	CurveBeam	**Class 42**: Scientific and technological services and research and design relating thereto, namely, development of advanced 3-D imaging equipment and solutions for medical imaging applications	Registered 21 Feb 2012
U.S.A.	97/202,610	AUTOMETRICS	**Class 42**: Providing online non-downloadable software application for determining orthopedic measurements on skeletal structures; Providing online non-downloadable software application for performing AI-based bone segmentation, detection, and diagnosis	Allowed
Madrid Protocol	1673340			Registered 22 Jun 2022
Australia*	2288092			Registered 5 Oct 2022
Brazil*	A0124283			Pending
Canada*	2199504			Pending
E.U.*	1673340			Registered 8 Dec 2022
Japan*	A0124283			Pending
South Korea*	A0124283			Pending
U.K.*	WO00000001673340			Registered 20 Dec 2022
U.S.A.	97/202,584	AXIOMETRICS	**Class 42**: Providing online non-downloadable software application for determining orthopedic measurements on skeletal structures; Providing online non-downloadable software application for performing AI-based bone segmentation, detection, and diagnosis	Allowed
Madrid Protocol	1673338			Registered 22 Jun 2022
Australia*	2288088			Registered 29 Sep 2022
Brazil*	A0124282			Pending
Canada*	2199505			Pending
E.U.*	1673338			Registered 8 Dec 2022
Japan*	A0124282			Pending
South Korea*	A0124282			Pending
U.K.*	WO00000001673338			Registered 11 Oct 2022

* International Registration Designations

10
TAXATION

10 TAXATION

The taxation considerations of investing in Shares will depend on your particular circumstances. It is your responsibility to satisfy yourself of the particular taxation treatment that applies to you by consulting your own professional tax advisers before investing in Shares. Neither the Company nor any of its officers, employees, agents and advisers accepts any liability or responsibility in respect of the taxation consequences connected with an investment in Shares.

The purpose of this Section is to provide a general understanding of the Australian taxation implications for investors in CurveBeam AI who will acquire New Shares pursuant to the Offer.

This Section provides a general outline for Shareholders who hold their shares on capital account as an investor, rather than as a trader, and are therefore subject to the CGT regime contained in the ITAA 97. It should be further noted that this Section does not discuss the implications to shareholders who are:

- banks or insurance companies;
- exempt from Australian income tax; or
- investors subject to the Taxation of Financial Arrangements regime in Division 230 of the ITAA 1997 which have made elections to apply the fair value or reliance on financial reports methodologies.

This Section is based on the Australian income tax legislation and established interpretations of that legislation at the date of this letter – however, it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every investor.

This Section is general in nature and does not purport to provide advice to any particular investor, as the taxation position of each investor may vary depending on the specific circumstances of the investor. Investors are strongly encouraged to obtain separate professional tax advice relevant to their specific circumstances.

Further, the comments below do not address any taxation implications which might arise in countries other than Australia.

The information contained in this Section does not constitute financial product advice within the meaning of the Corporations Act. To the extent that this Prospectus contains any information about a financial product within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product.

This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any investor. Accordingly, any investor should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act.

Any investor should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

10.1 Taxation treatment of the acquisition of New Shares

Under the Offer investors will acquire New Shares which will constitute an equity interest for Australian tax purposes. There are no immediate income tax consequences to the acquirer on the acquisition of equity interests.

10.2 Taxation treatment of dividends

The treatment of the dividends which may be paid to investors will vary depending on whether or not the investor is an Australian resident or a non-resident Shareholder. The taxation treatment will also vary depending on the extent to which any dividends are franked.

10.2.1 Dividends received by Australian resident investors

Dividends received by Australian resident investors will be assessable income for Australian tax purposes. Generally, both the amount of the cash dividend received and an amount equal to the franking credits attached to a franked dividend must be included in assessable income in the year of receipt. Generally, an Australian resident shareholder would then be entitled to a franking offset against the income tax on this assessable dividend income. However, it is important to note that securities must be held 'at risk' for a period of 45 days, in order for any investor to be able to claim an offset for franking credits.

The level of franking credits attached to such dividends will depend on the level of franking credits generated and available to the Company, through the payment by it of Australian company tax.

The tax treatment in respect of the dividends from ordinary shares will vary depending on the nature of the investor, as follows:

(a) Individual investors

An individual receiving a dividend that is unfranked will include the amount of the dividend in their assessable income, with tax being paid at the individual's marginal rate of tax.

Where the dividend is fully or partly franked, the individual's assessable income is grossed up to include the franking credit attaching to the dividend. The individual should then be entitled to a tax offset equal to the amount of the franking credit.

Where the individual's marginal rate of tax is greater than the applicable corporate tax rate (which is currently 30%, unless the Company qualifies for the lower base rate entity tax rate of 25%), further tax will be payable on the grossed up dividend. This is commonly referred to as 'top-up tax'.

Where the individual's marginal rate of tax is less than the applicable corporate tax rate, a tax offset is available to reduce tax payable on other income or alternatively results in a refund of the excess franking credits.

(b) Corporate investors

A corporate investor receiving an unfranked dividend will pay tax on this dividend (net of any allowable deductions) at the applicable corporate tax rate (which is currently 30%, unless the Company qualifies for the lower base rate entity tax rate of 25%).

Where dividends are franked, the corporate investor will be entitled to offset the franking credit against its tax liability for the year. To the extent that the franking credit exceeds the corporate investor's tax liability, the excess can be converted into a carry forward loss and offset against future taxable profits (subject to the loss testing rules for companies). Generally a corporate investor cannot receive a refund of franking credits (noting there are limited exceptions for certain entities).

Further, the franked dividend may give rise to a franking credit in the corporate investor's franking account.

(c) Complying superannuation funds

Complying superannuation funds (which includes self-managed superannuation funds) are assessable on the dividend and gross up the franked dividend in the same way as individuals and corporate investors.

A complying superannuation fund investor receiving an unfranked dividend will pay tax on this dividend (net of any allowable deductions) at the rate of 15% (current, as at the date of this Prospectus).

Where dividends are franked, the complying superannuation fund investor will include in its assessable income the amount of dividend received and the amount of any franking credits attached to that dividend. The complying superannuation fund tax rate of 15% is then applied to the grossed up dividend. The franking credit is available to offset tax payable on other income of the complying superannuation fund or alternatively results in a refund of the excess franking credits.

(d) Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation fund) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a share of the tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

10.2.2 Dividends received by non-resident investors

The taxation treatment of dividends received by non-resident investors will depend on whether the dividends paid are franked or unfranked.

(a) Franked dividends

Non-resident investors will not be subject to Australian withholding tax on fully franked dividends.

However, non-resident investors may be subject to income tax on the receipt of such dividends in their local jurisdictions.

(b) Unfranked dividends

It may be necessary for the Company to withhold tax from unfranked dividends paid to non-resident Shareholders and remit the tax to the ATO. Where unfranked dividends are paid to non-resident Shareholders, and the unfranked dividend is not declared to be "conduit foreign income", dividend withholding taxes must be deducted from the gross dividends paid.

The withholding tax rate on the payment of unfranked dividends per Australia's domestic income tax law is the applicable corporate tax rate. However, where the investor is resident of a country with which Australia has entered into a double tax treaty, then the rate at which withholding tax is applied will generally be lower, typically ranging from nil to 15%.

Again, non-resident investors may still be subject to income tax on the receipt of such dividends in their local jurisdictions but may be entitled to a credit for the Australian withholding tax applied.

10.3 Taxation treatment of disposal of Shares

As noted above, the following overview of Australian tax implications associated with the disposal of Shares is confined to investors who hold their shares on capital account.

10.3.1 Disposal of Shares by Australian resident investors

The disposal of a Share by an investor will give rise to a CGT event where the investor holds their Share on capital account. Australian tax resident investors will:

- make a capital gain where the capital proceeds received on the disposal of the Share exceed the cost base of the Share; or
- make a capital loss where the capital proceeds received on the disposal of the Share are less than the reduced cost base of the Share.

The capital proceeds will generally be equal to the amount received for the disposal of the Share. Broadly, the cost base and reduced cost base (subject to modifications) of a Share will be equal to the issue price of the Share plus any incidental costs of acquisition and disposal (such as brokerage).

If an investor is an individual or complying superannuation entity and has held the Share for at least 12 months or more before disposal of the Share, the Shareholder will generally be entitled to a CGT discount for any capital gain made on the disposal of the Share. Where the CGT discount applies, any capital gain arising (after applying any available capital losses) may be reduced by:

- 50% in the case of individuals; or
- one third in the case of complying superannuation entities.

Investors that are companies are not entitled to a CGT discount.

Any resulting net capital gain is included in an investor's assessable income.

Where the disposal results in a net capital loss and the investor has no remaining capital gains to offset, the capital loss is carried forward and may be available to be offset against capital gains in future years (subject to the satisfaction of any applicable loss recoupment rules). Capital losses cannot be used to reduce ordinary assessable income (only capital gains).

10.3.2 Disposal of Shares by non-resident investors

Generally, for Australian income tax purposes, non-resident shareholders can disregard the capital gain or capital loss arising from the disposal of shares in Australian resident companies under Division 855 of the ITAA 1997.

Notwithstanding the above comments, certain non-resident shareholders will still be subject to Australian CGT where the Shares constitute TAP. Broadly, the Shares should only constitute TAP if both of the following requirements are satisfied:

- the investor (together with any associates) holds an interest of at least 10% of the Shares in the Company at the time of the disposal, or for a 12 month period in the 24 months preceding the disposal; and
- the Company is land rich for Australian income tax purposes (i.e., more than 50% of the market value of the Company's assets is comprised of Australian real property interests).

Based on the understanding that the Company is not currently land rich, any capital gain or loss arising to a non-resident investor on disposal of the Shares is not expected to relate to TAP and should therefore be disregarded. However, this would need to be assessed at the time of disposal.

10.4 Quotation of Tax File Number

It is not compulsory for Australian resident Shareholders to provide the Company with details of their TFN or ABN. However, a failure to quote a TFN or ABN (or proof of exemption) to the Company will result in the Company being required to withhold and remit tax at the top marginal rate (currently 45% plus 2% Medicare levy) from unfranked dividends paid to the relevant Australian resident Shareholder. The amount withheld in these circumstances should be available as a credit against the investor's tax liability.

10.5 GST

No GST is applicable to the issue or transfer of the Shares given that, under current law, shares in a company are an input-taxed financial supply for GST purposes. However, investors may incur GST on costs that relate to their participation in the proposed offer and should seek their own independent advice in relation to the GST implications.

10.6 Stamp duty

On the basis that the Company is not a landholder for stamp duty purposes in any Australian jurisdiction, no stamp duty should be payable by investors on acquisition of the Shares.

11

ADDITIONAL INFORMATION

11 ADDITIONAL INFORMATION

11.1 Incorporation and history

The Company was incorporated on 23 November 2009 as StraxCorp Pty. Ltd. by researchers from the University of Melbourne (primarily Professor Ego Seeman, Dr Roger Zebaze) in Australia to commercialise research using bone microstructure analysis to improve the assessment of bone fragility and subsequent fracture risk, addressing limitations of bone mineral density testing and assumptions that osteoporosis is synonymous with bone fragility.

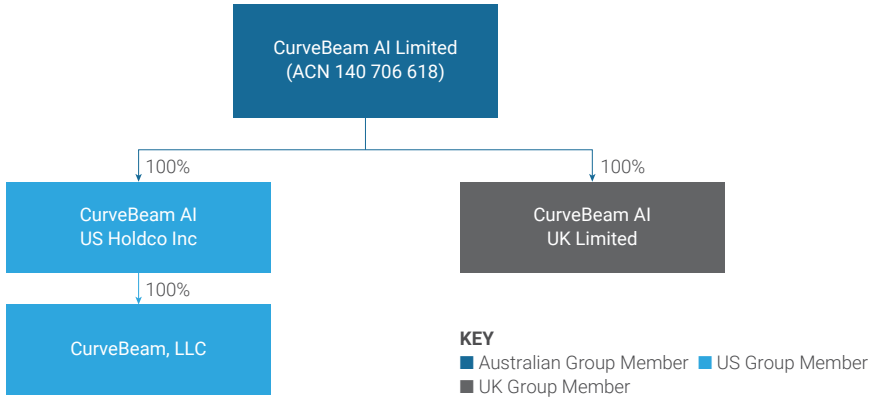
On 12 October 2022, the Company acquired CurveBeam US via an agreement and plan of merger, pursuant to which the members in CurveBeam US were issued shares in the Company. CurveBeam US is a Delaware limited liability company, headquartered in Hatfield, Pennsylvania in the United States of America. Further details of the Merger are set out in Section 11.6.

In conjunction with the merger, the Company changed its name to CurveBeam AI Limited and converted to an unlisted public company.

CurveBeam US was founded in 2009 and researches, designs and manufactures extremity cone beam computed tomography (CT) imaging equipment, with a focus on natural bilateral weight bearing CT of the lower extremity, for the orthopaedic and musculoskeletal specialties. Prior to its acquisition by the Company, CurveBeam US was the core hardware technology partner of the Company. The two companies entered into a product collaboration agreement in October 2018 pursuant to which they worked closely for the purposes of creating, testing and selling a modified CT machine to work in conjunction with the Company's AI software to diagnose and assess bone fragility and fracture risk in patients.

11.2 Corporate structure

The current corporate structure of the Group is set out below:



The following table summarises the companies in the Group:

Company name	Place of incorporation	Nature of business
CurveBeam AI Limited (ACN 140 706 618)	Victoria, Australia	Parent entity with 100% control over the Group. It is the entity that prepares consolidated group financial statements. See Section 3 for further details of its business.
CurveBeam AI US Holdco Inc	Delaware, United States of America	Non-operating holding company, incorporated for the purposes of effecting the Merger.
CurveBeam, LLC	Delaware, United States of America	Headquartered in Hatfield, Pennsylvania, designs, manufactures and distributes cone beam CT machines in the United States and other markets. See Section 3.2 for further details of its business.
CurveBeam AI UK Limited	United Kingdom	Recently established subsidiary that is intended to be the corporate vehicle through which the Group undertakes business activities in the United Kingdom.

The Company is currently in the process of incorporating a new subsidiary in Germany, which will be the corporate vehicle through which the Group undertakes business activities in that country.

11.3 Convertible Notes

The Company currently has convertible notes (Convertible Notes or Notes) on issue, which were issued in three successive rounds as detailed in the table below:

Description	Date of issue	Principal amount raised (before offer costs)	Aggregate outstanding principal and unpaid interest as at scheduled Allotment Date
2021 Convertible Notes	2 September 2021	$19,067,000	$21,000,736
Tranche 1 2022 Notes	1 November 2022	$10,701,000	$11,127,643
Tranche 2 2022 Notes	8 and 24 February 2023	$14,299,000	$14,644,012
Total		**$44,067,000**	**$46,772,391**

The Notes have a face value of $100 per note and bear interest at the rate of 5% per annum (calculated daily based on 365 day year). Interest capitalises automatically each half year and on the date that the Notes convert.

On the Allotment Date (currently scheduled for 16 August 2023), and immediately prior to the allotment of Shares under the Offer, the outstanding principal and accumulated unpaid interest on the Notes will automatically convert into Shares.

The conversion price will be determined according to formulae contained in the relevant Note documentation, having regard to the Offer Price, the share capital of the Company on the day prior to the Allotment Date (calculated in accordance with the terms of issue of the Notes) and specified valuation caps. The formulae differ as between the 2021 Notes and the Tranche 1 and 2 2022 Notes, but is consistent as between all investors in a tranche (and as between the Tranche 1 2022 Notes and the Tranche 2 2022 Notes).

Applying these formulas, the Notes will convert at a discount to the Offer Price. The conversion price of the Notes is detailed in the table below. The table also summarises the expected number of Shares into which Notes will convert for the 2021 Convertible Notes and the 2022 Convertible Notes (Tranche 1 and 2) respectively:

	Conversion price	Total Shares issued on conversion of Notes
2021 Convertible Notes	$0.31200	67,310,092
Tranche 1 2022 Notes	$0.33600	33,118,001
Tranche 2 2022 Notes	$0.33600	43,583,380
Total		**144,011,473**

Note: The total Shares issued on conversion of the Convertible Notes listed above are estimates only and will be affected by when the Allotment Date occurs. A delay in the Allotment Date will increase the unpaid interest, and therefore the aggregate outstanding principal and unpaid interest, on Notes and therefore the number of Shares to be issued on conversion of Notes.

11.4 Noteholder Options

The Company issued certain Noteholder Options to the subscribers for the 2022 Convertible Notes as an additional incentive to subscribe, which remain outstanding.

The number of Shares for which the Noteholder Options can be exercised will depend on the price at which the 2022 Convertible Notes are converted into Shares. From Listing, the Noteholder Options will have an exercise price of double the conversion price for the 2022 Convertible Notes. The Noteholder Options may be exercised at any time up until two years after Listing.

The table below outlines the expected number of Noteholders Options and their exercise price at Listing:

2022 Note conversion price	Number of Noteholder Options	Exercise price for Noteholder Options
$0.3360	12,400,763	$0.6720

Note: The exercise of Options before that date, or a delay in the Allotment Date beyond the date assumed for the purpose of this Prospectus, may affect these figures.

11.5 Plan Options

As at the date of the Prospectus, the Company has the following Plan Options on issue:

Expiry date	Exercise price per Share	Plan Options
15 April 2024	$0.16	3,400
15 June 2024	$0.16	56,800
21 June 2024	$0.16	35,800
2 July 2024	$0.32	3,300
31 October 2024	$0.32	45,900
2 July 2025	$0.32	3,400
11 May 2029	$0.325	360,000
11 May 2029	$0.543	10,234,372
Total		**10,742,972**

Please also refer to Sections 7.4.6(c) and 7.8 in relation to the additional Plan Options and Rights that will be issued on the Allotment Date.

Information regarding the vesting conditions for the Plan Options is disclosed in Section 7.

11.6 Merger

As noted in Section 11.1, on 12 October 2022, the Company acquired CurveBeam US pursuant to an Agreement and Plan of Merger dated 2 September 2022 (**Merger Agreement**), pursuant to which the members in CurveBeam US (**CurveBeam Members**) were issued Shares in consideration for the cancellation of their units in CurveBeam US and the acquisition of control of CurveBeam US by CurveBeam AI US Holdco Inc, a wholly owned subsidiary of the Company.

Pursuant to the merger, the Company issued to CurveBeam Members a total of 31,385,091 Shares (with a further 36,963 to be issued to the estate or successor of one unitholder subject to necessary paperwork being submitted, as discussed below) (**Closing Merger Consideration**). The Closing Merger Consideration constituted 47.0% of Shares then on issue.

Under the Merger Agreement up to a further 1,357,276 Shares (representing approximately 2.0% of the Shares then on issue), (subject to adjustment as described below) will be issuable to CurveBeam Members as deferred consideration (**Contingent Merger Consideration**).

The number of Shares that are required to be issued to CurveBeam Members as Contingent Merger Consideration will be reduced to the extent that CurveBeam US must pay, or provision is made for (or a contingent liability is recorded in respect of), certain agreed categories of tax related liabilities, on or before the second anniversary of the date of completion of the Merger relating to CurveBeam US's operations in the period prior to the completion of the Merger and these claims are either agreed, compromised or resolved in favour of the Company (**Tax Claims**). In general terms, for each US$1 million of Tax Claims (capped at US$2.28 million), the number of Shares to be issued as Contingent Merger Consideration will be reduced by 517,063.

The Merger Agreement incorporates a mechanism by which CurveBeam Members will be issued additional Shares to ensure that their aggregate percentage interest in the Company (calculated ignoring any changes in the capital structure of the Company that occur after, and which are not related to, the Merger) is maintained following the conversion of the 2021 Convertible Notes (**Top-Up Consideration**).

The Top-Up Consideration in relation to the Closing Merger Consideration will be issued on or about the Allotment Date. The Top-Up Consideration in relation to the Contingent Merger Consideration will be issued on or about the time the corresponding Contingent Merger Consideration is issued.

The following table summarises the Shares issued or potentially issuable in connection with the Merger (including Shares issuable to the estate or successor of the late CurveBeam Member discussed below):

	Number of Shares
Closing Merger Consideration	31,422,054
Top-Up Consideration in relation to Closing Merger Consideration	54,538,086
Contingent Merger Consideration and associated Top-Up Consideration, assuming Tax Claims of:	
– 100% of cap	–
– 50% of cap	1,228,449
– 0% of cap	2,457,005

Note: The Top-Up Consideration components listed above are estimates only. For the reasons described above, they will be affected by the conversion price for the 2021 Convertible Notes, which will in turn be affected by the precise number of Securities in the Company on issue (or other agreements or arrangements to issue Securities) as at the business day before the Allotment Date. The exercise or lapsing of Options before that date may affect the actual conversion price and therefore the Top-Up Consideration.

The Shares issued as Closing Merger Consideration, Contingent Merger Consideration (if any) and Top-Up Merger Consideration will be fully paid ordinary shares and are subject to the same rights and obligations and rank equally with all other Shares in the capital of the Company.

One former CurveBeam Member passed away before the necessary paperwork could be completed to permit the issue of their Merger consideration. The Company therefore remains obliged to issue 36,963 Shares as Closing Merger Consideration to the estate or successor of that CurveBeam Member, subject to the completion of that paperwork. If the paperwork is not completed before the Top-Up Consideration or Contingent Merger Consideration (or part thereof) is otherwise issuable, the issue of those Shares to the CurveBeam Member's estate or successor will also be deferred until that paperwork is completed.

11.7 Constitution and rights attaching to Shares

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, the ASX Listing Rules, the ASX Settlement Operating Rules and all applicable laws and regulations.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List.

You should consult with your own legal adviser if you require further information.

Rights of holders of Shares in the Company

Rights attaching to Shares	
Acquisition/transfer of Shares	Shares may be transferred by Proper ASTC Transfer (effected in accordance with the ASX Settlement Operating Rules, the Corporations Regulations and the Listing Rules) or by a written transfer in any form approved by the Board and permitted by relevant laws and the ASX requirements. The Directors may decline to register, or prevent registration of, a transfer of shares or apply a holding lock to prevent a transfer is accordance with the Corporations Act or the Listing Rules. If the Directors decline to register the transfer, the Company must give notice of the refusal as required by the Corporations Act and the Listing Rules.
Dividends and distributions	**Director discretion.** Directors may declare or determine to pay any dividends that, in their judgement, the financial position of the Company justifies. Interest is not payable on any dividend. **Reserves and profits carried forward.** Before declaring dividends, Directors may set aside out of profits an amount to retain as reserves, to be applied in any way profits are used, and can be invested or used in the Company's business in the interim. Setting aside an amount as a reserve does not require the Directors to keep the amount separate from the Company's assets, or prevent subsequent distribution to Shareholders, as the Directors think fit. **Distribution of assets.** Directors may direct payment of a dividend by the transfer or distribution of specific assets, including fully paid shares or debentures in any other company. Directors may also pay dividends to members out of any particular fund or reserve, or out of profits derived from any particular source. **Payment.** Payment or distribution may be paid by cheque sent through post, by electronic funds transfer or such other means as the Directors determine. **Capitalisation of profits**. Directors may resolve to capitalise any profits of the Company available for distribution, subject to the Listing Rules, the terms of any shares or share classes and any special resolution of the Company. **Unclaimed dividends.** Any dividends that are unclaimed for at least eleven months after having been paid to a Shareholder may be reinvested by the Directors into Shares in the Company or otherwise disposed of according to law.

Rights of holders of Shares in the Company

Variation of class rights	If the share capital is divided into different classes of shares, then the rights may be varied with either: (a) the consent in writing of the holders of 75% of the issued shares of that class; or (b) a special resolution passed at a general meeting of the holders of the shares of the class, with at least two holders of the class present in person (unless there is only one holder of shares in a class, then the quorum is that person). Any holder of shares of the class present may demand a poll.
Sale of non-marketable parcels	In accordance with the Listing Rules, the Board may sell shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel is defined in the Listing Rules and is generally a holding of equity securities with a market value of at least A$500.
Capital raising	
Issue of Shares	Subject to the Corporations Act, the Listing Rules, the Constitution and any special rights conferred on any Shareholders or share classes, the Directors have the power to issue securities and may determine the terms on which shares and options are issued.
Listing Rules	If any provision of the Constitution is inconsistent with the Listing Rules, the Listing Rules will prevail over the provisions of the Constitution.
Directors	
Directors – appointment, retirement and removal	**Number of Directors.** The minimum number of Directors is fixed at 3, and the maximum is set at 12, unless otherwise resolved by the Company as a general meeting. **Appointment.** The Shareholders may by resolution appoint any eligible person to be a Director. Shareholders do not have specific rights to appoint a Director. **Casual vacancies.** The Directors may appoint a Director as an addition to the Board, or to fill a casual vacancy, provided that the maximum number of Directors is not exceeded. **Retirement by rotation**. Apart from the Managing Director, (i) no Director may hold office beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected, and (ii) a Director appointed by the Directors as an addition to the existing Directors or to fill a casual vacancy holds office until the next Annual General Meeting following their appointment and is eligible for election at that meeting. Where required by the Corporations Act or the Listing Rules, the Company must hold an election of Directors at each Annual General Meeting. If there would otherwise be no vacancy on the Board, and no Director is required to retire under (i) and (ii) above, the Director who has been longest in office since their last election or appointment (other than the Managing Director) must retire.

Rights of holders of Shares in the Company

Directors – appointment, retirement and removal continued	**Immediate vacation of office.** A person will cease to be a Director if, they become bankrupt, they become mentally unfit to hold office, they are disqualified by law or they resign by notice in writing. Additionally, in circumstances where a Director becomes insolvent or makes any arrangement or composition with their creditors generally, or where an executive director (including the managing director) ceases to be an employee of the Company, unless determined otherwise by the Directors. However, a Director must be absent from Directors' meetings for more than three consecutive months without leave of absence before the Director ceases to hold office.
Decisions of Directors	Questions arising at a meeting of Directors are to be decided by a majority of votes of the Directors present and voting. When there is an equality of votes, the Chair has a casting vote in addition to their deliberative vote, unless only two directors are present and voting.
Remuneration	**Non-executive Directors.** The total remuneration for Non-executive Directors may not exceed an amount fixed by the Company in general meeting. Subject to the Corporations Act and the Listing Rules, this may be provided in cash or non-cash benefits such as a contribution to a superannuation fund or a grant of securities. **Executive Directors.** Any remuneration paid must not include a commission on, or percentage of, operating revenue. **Managing Director's Remuneration.** The Directors determine the managing director's remuneration, which may be by salary, commission, participation in profits, other methods or a combination of the above. **Expenses**. The Company reimburses directors for expenses incurred in connection with the business e.g., travelling and hotels.
Powers and duties	The Company is managed by the Directors, who may exercise all powers of the Company not to be exercised in a general meeting. The Directors may delegate powers. Directors are able to appoint officers, attorneys or agents of the Company, with such powers, discretions and duties as the Directors decide.
Indemnity	To the extent permitted by law, the Company may indemnify any person who is or has been an officer of the Company or related bodies corporate against any liability incurred by that person as an officer to a third party. The Company may execute a documentary indemnity in any form and on such terms that the directors think fit.
Shareholder meetings	
General meetings	**Attendance.** Shareholders can attend meetings in person, by proxy or body corporate representative. Shareholders can vote by attorney, electronically (if permitted by the Directors), or submit direct votes. **Adjournment.** Notice of an adjourned meeting must only be given if a meeting is adjourned for 60 days or more.

Rights of holders of Shares in the Company

Notice of Shareholder meetings	Each Shareholder is entitled to receive notice of, attend and vote at meetings of Shareholders of the Company and to receive all notices, reports and financial statements required to be sent to Shareholders under the Constitution, Corporations Act and the Listing Rules. The Company must give at least 28 days' written notice of a meeting of Shareholders. The Company's Constitution permits virtual or hybrid meetings (where permitted by law). Two Shareholders must be present (including by proxy or representative) to constitute a quorum for a general meeting.
Calling meetings	The Corporations Act requires the Directors to call a general meeting on the request of Shareholders holding at least 5% of the vote that may be cast at the general meeting. Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.
Voting at meetings	At a general meeting, every member present is entitled to one vote on a show of hands and, on a poll, one vote for each Share held by the member. Resolutions will be decided on a show of hands unless a poll is requested. Direct voting is permitted, and the Chair has the discretion to determine how a vote is to be cast.
Transactions requiring Shareholder approval	Under the Corporations Act, Shareholder approval is required for altering the Company's constitution, appointing or removing Directors, putting the Company into liquidation, changes to the rights attaching to shares and certain transactions affecting share capital (for example, share buybacks, share splits and share capital reductions). Generally, there is no Shareholder approval requirement for 'major transactions' under the Corporations Act, except that certain related party transactions require Shareholder approval. Under the Listing Rules, Shareholder approval is required for, amongst other things: (a) increases in the total amount of non-executive directors' fees; (b) directors termination benefits in certain circumstances; (c) certain transactions with related parties and parties of influence; (d) certain issues of shares; and (e) if the Company proposes to make a significant change to the nature or scale of its activities or proposes to dispose of its main undertaking.
Takeovers	
Proportional takeover provisions	The Company's Constitution contains proportional takeover provisions.

Rights of holders of Shares in the Company

Winding up	
Winding up	If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among any or all of the Shareholders the whole or part of the Company property and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.
Other	
Amendments to Constitution	Under the Corporations Act, the Constitution can be altered or revoked by special resolution (being a resolution approved by Shareholders holding at least 75% of Shares on issue).

11.8 Material contracts

11.8.1 Stryker Agreement

CurveBeam US is a party to a distribution agreement dated 24 August 2022 with Howmedica Osteonics Corp. (**Stryker**) pursuant to which CurveBeam US has appointed Stryker as the third party distributor of CurveBeam US's products in the United States (**Stryker Agreement**). The Company's products and related services delivered under the Stryker Agreement, which include the 1040-115 HiRise™ Weight Bearing CT System, 1030-115 LineUP™ Weight Bearing CT System, Custom Scan Procedure, including vendor integrations, LineUP™ Multi-Extremity Chair and Upper-Extremity Positioner, 100136/100197 CubeVue Enabled Viewing Workstation, and SWCV10 CubeVue Viewing Software license (**Company Products**), are covered by a five year warranty which extends to any third party which purchases a Company Product from Stryker. CurveBeam US can market, promote, sell or distribute its products in the United States through its direct employed sales force.

The Stryker Agreement has an initial three year term that expires on 24 August 2025, after which the term will automatically renew for successive two year terms unless notice of non-renewal is given.

During the term of the Stryker Agreement, Stryker is restricted from marketing, promoting, selling, or distributing Company Products outside the United States. Upon CurveBeam US's receipt of applicable regulatory approvals, it must negotiate in good faith any potential additions to the territory covered under the Stryker Agreement. CurveBeam US must also provide Stryker with prompt notice in the event it develops any new Weight-Bearing CT systems and related imaging or analysis software products or related accessories upon which Stryker has a right to add such new products to the Company Products it has an exclusive right to distribute.

The Stryker Agreement contains standard representations, warranties and indemnities. CurveBeam US is also required to indemnify Stryker in the following circumstances:

- for any alleged or actual infringement or misappropriation of any intellectual property rights of a third party;
- for acts, omissions, negligence, misconduct, or dishonesty in connection with its performance;
- for violation or failure to comply with any federal or state law, regulation, statute or ordinance;
- for failure to comply with confidentiality obligations;
- for a claim of any lien, security interest, or other encumbrance related to CurveBeam US's products or challenges to Stryker's right, title, and interest in any equipment that is the property of Stryker under the agreement;
- for injury to property or person caused by CurveBeam US while working on Stryker's premises or using Stryker's property; and
- for injury to property or person caused by a CurveBeam US product or installation or use of a CurveBeam US product.

11.8.2 Promissory note between CurveBeam US and Arun Singh

CurveBeam US, the Company, CurveBeam AI US HoldCo, Inc. and Arun Singh are parties to a promissory note dated 19 June 2023, which documents the terms of a loan from Arun Singh to CurveBeam US (**Promissory Note**).

As at the date of this Prospectus, the principal sum owing under the Promissory Note is US$9,081,586. Interest accrues on the unpaid principal sum at a rate of 3.72% per annum, and capitalises monthly.

The Promissory Note has a term of 10 years and unpaid principal and accrued but unpaid interest (**Loan Sum**) is repayable quarterly in arrears within 10 business days of the business day after the management accounts of the Group for the relevant quarter being finalised. The amount payable in a quarter is calculated as a percentage of the actual quarterly revenue received by CurveBeam US solely from device sales to third parties in that quarter on a sliding scale as follows:

Repayment percentage on revenue within band	Quarterly device revenue
2.5%	Greater than US$0 but less than or equal to US$2,500,000
5%	Greater than US$2,500,000 but less than or equal to US$5,000,000
7.5%	Greater than US$5,000,0000 but less than or equal to US$7,500,000
10%	Greater than US$7,500,000 but less than or equal to US$10,000,000
12.5%	Greater than US$10,000,000.

Quarterly device revenue excludes sales taxes and other related taxes, service revenues (including software as services charges related to device sales) and revenues derived from warranty sales. For example, if the quarterly device revenue is greater than $0 but less than or equal to $2,500,000, the repayment percentage is 2.5%. If the quarterly device revenue is $3,500,000 then the amount of the repayment is calculated as 2.5% of the first US$2,500,000) and 5% of the remaining US$1,000,000. CurveBeam US's obligation to make a repayment may be suspended if the making of the repayment would cause the Group to become insolvent or breach any representation, warranty or obligation owed to any third party financier.

The Promissory Note contains subordination provisions that subordinate the CurveBeam US's debt obligations to any senior institutional lender and to CurveBeam AI or CurveBeam AI US Holdco Inc. (**Intercompany Debt Obligations**). Following and during the continuance of any event of default under the Promissory Note, until all Intercompany Debt Obligations are fully discharged, CurveBeam US is restricted from repaying principal or interest only on the Promissory Note and Mr Singh is, among other things, restricted from taking enforcement action in connection with the Promissory Note, which included accelerating applicable obligations of CurveBeam US, accepting any payment of monies owing under the Promissory Note or commencing enforcement proceedings or otherwise taking any action to enforce CurveBeam US' obligations under the Promissory Note.

If, at the end of the term of the Promissory Note any portion of the Loan Sum is unpaid, CurveBeam US may, with the prior written agreement of Mr Singh (which may not be unreasonably withheld) elect to require that the Loan Sum is converted into Shares based on the volume weighted average price of Shares over the 30 days on which Shares were traded in the period immediately prior to the relevant conversion notice being given.

11.8.3 Royalty Deed

The Company and Professor Ego Seeman, Dr Aloys Mbala and Mr Ali Ghasemzadeh (**Founders**) are parties to a royalty deed dated 14 September 2020 (**Royalty Deed**) pursuant to which the Company agreed to pay royalties to the Founders in certain circumstances in consideration for additional commitments and releases from the Founders in connection with their contribution to certain of the Company's intellectual property.

Under the Royalty Deed, the Company is obligated to pay the Founders a royalty (up to an aggregate maximum of $3.5 million (**Royalty Cap**)), for each financial year in which the net profit earned by the Company from the promotion and supply of bone density analysis software exceeds $1 million (and the Company is cashflow is positive). The royalty payable under the Royalty Deed is payable within 90 days after the end of each financial year and is calculated at 1.1% of the invoiced fees paid under any agreement by the Company for the provision and utilisation of the subject intellectual property (less certain costs including, among others, agreement establishment costs, third party distributor fees, refunds, credits, royalties payable to other parties, GST and other similar taxes).

The royalty payable will be distributed to the Founders in the follow percentages:

- Professor Ego Seeman – 52%;
- Dr Aloys Mbala – 36%; and
- Mr Ali Ghasemzadeh – 12%.

If the royalty payable in one financial year (together with the royalties paid in previous years) will reach the Royalty Cap, then the balance of the Royalty Cap not yet paid will be distributed to the Founders in accordance with the above percentages.

The Company's obligations under the Royalty Deed continue until such time as the royalties paid meet the Royalty Cap subject to a right of the Company to terminate a Founder's right to receive payments under it in certain circumstances, including as a result of a breach of specified obligations (including non-compete obligations).

11.8.4 Joint Lead Manager Engagement

The Offer is being managed by the Joint Lead Managers pursuant to an engagement letter (**Joint Lead Manager Engagement**).

The Company and the Joint Lead Managers signed the Joint Lead Manager Engagement on 30 June 2023. Under the Joint Lead Manager Engagement, the Company appointed the Joint Lead Managers to arrange and manage the Offer. The following is a summary of the principal provisions of the Joint Lead Manager Engagement.

(a) Fees

Subject to the Joint Lead Managers satisfying their obligations under the Joint Lead Manager Engagement, the Company has agreed to pay the Joint Lead Managers:

(i) a management fee of 2.0% of the gross proceeds of the Offer;

(ii) a selling fee of 2.5% of gross proceeds of the Offer (on the basis that the Offer is underwritten); and

(iii) a settlement and underwriting fee of 1.5% of the gross proceeds of the Offer to be paid to Bell Potter as described in Section 11.8.5(a).

(b) Representations, warranties and undertakings

The Joint Lead Manager Engagement contains certain standard representations, warranties and undertakings provided by the Company to the Joint Lead Managers. The representations and warranties relate to matters including power, incorporation and authorisations, compliance with applicable laws and the Listing Rules, documents issued or published by or on behalf of the Company in respect of the Offer and the conduct of the Offer.

The Company undertakes that it will at all times keep the JLMs fully informed of all strategies, developments and discussions in relation to the Offer and no action that may materially affect the Offer will be taken without prior written consultation with the JLMs. The Company also agrees to notify the JLMs promptly of any material change affecting any of the above representations, warranties and undertakings.

(c) Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence by any indemnified party, the Company agrees to indemnify and hold harmless the Joint Lead Managers and their respective indemnified parties (for example, their related bodies corporate and each of their respective directors, officers, employees, advisers and representatives) against all losses directly or indirectly suffered or incurred by them in connection with the Offer, or otherwise in connection with the Joint Lead Manager Engagement.

(d) Termination

The Company or each JLM may terminate the Joint Lead Manager Engagement at any time on 14 days' written notice.

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence or material breach of the Joint Lead Manager Engagement, where the Company terminates the Joint Lead Manager Engagement and announces a similar equity capital raising to the Offer (**Capital Raising**) within 12 months from the date of termination of the Joint Lead Manager Engagement, the Company must pay the JLMs within 7 days of the Settlement Date for that Capital Raising, an amount equal to the fees stated in the Joint Lead Manager Engagement.

11.8.5 Underwriting Agreement

The Offer is being underwritten by Bell Potter pursuant to an Underwriting Agreement.

The Company and Bell Potter signed the Underwriting Agreement on 14 July 2023. Under the Underwriting Agreement, the Company appointed Bell Potter to act as underwriter for the Offer. Under the terms of the Underwriting Agreement, Bell Potter may, at its own cost, appoint co-managers or brokers to the Offer or sub-underwriters to sub-underwrite the Offer. The following is a summary of the principal provisions of the Underwriting Agreement.

(a) Fees

Subject to Bell Potter satisfying its underwriting obligations under the Underwriting Agreement, the Company has agreed to pay, Bell Potter an underwriting and settlement fee of 1.5% of the total proceeds of the Offer.

The Company has also agreed to reimburse Bell Potter for its reasonable out of pocket expenses incurred in respect of the Offer and legal fees up to a cap of $40,000 (exclusive of GST and disbursements).

(b) Representations, warranties and undertakings

The Underwriting Agreement contains certain standard representations, warranties and undertakings provided by the Company to Bell Potter. The representations and warranties relate to matters including power, incorporation and authorisations, compliance with applicable laws and Listing Rules, documents issued or published by or on behalf of the Company in respect of the Offer, the conduct of the Offer, the due diligence process, litigation, material contracts, solvency, intellectual property, insurance, internal controls, tax, ownership of assets, financing and financial information.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any representation, warranty or undertaking given by it under the Underwriting Agreement, or the occurrence of a termination event, or the non-satisfaction of any condition.

The Company's undertakings also include that they will not, during the period following the date of the Underwriting Agreement until 120 days after the Allotment Date, issue or agree to issue, offer for subscription or grant any option over, or indicate in any way that it may or will issue, agree to issue, offer for subscription or grant any option over, any shares, units, options or other securities of the Company (or securities convertible or exchangeable into equity of the Company), or permit any Group Member to do any of the foregoing, without the prior consent of Bell Potter, other than securities of the Company issued under the Offer, the Underwriting Agreement, an employee share plan, or as contemplated under the Prospectus or documents published or issued in connection with the Offer (**Offer Documents**).

The Company must also carry on its business and procure that each Group Member carries on its business, until 120 days after the Allotment Date in the ordinary course and not dispose of or charge, or agree to dispose of or charge, a Group Member's business, assets or property in whole or part, or enter into any material agreement or related commitment, without the prior written consent of Bell Potter, except as disclosed to Bell Potter or as contemplated in the Offer Documents.

(c) Indemnity

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence by any indemnified party, the Company agrees to indemnify and hold harmless Bell Potter and its respective indemnified parties (for example, their related bodies corporate and each of their respective directors, officers, employees, agents and advisers) against all losses directly or indirectly suffered or incurred by them in connection with the Offer or otherwise in connection with the Underwriting Agreement.

(d) Termination events

Bell Potter may terminate the Underwriting Agreement without cost or liability by notice to the Company if certain events occur at any time on or before 4:00pm on the Settlement Date, including the following:

(i) (**disclosures in Prospectus**) a statement contained in the Prospectus is misleading or deceptive (including by omission), is likely to mislead or deceive or becomes misleading or deceptive, or a material matter is omitted from the Prospectus;

(ii) (**Offer Documents do not comply**) The Offer Documents on the Lodgement Date or at the relevant time of issue, as applicable, does not comply with:

(A) the Corporations Act (including sections 710, 711, 715A or 716);

(B) the Listing Rules; or

(iii) any other applicable law;

(iv) (**ASX approval**) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, in relation to:

(A) the Company's admission to the official list of ASX;

(B) the quotation of all of the Shares on ASX,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(v) (**withdrawal**) the Company withdraws the Prospectus, or the Offer;

(vi) (**supplementary or replacement prospectus**) Bell Potter reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge that prospectus with ASIC in the form and with the content, and within the time, reasonably required by Bell Potter;

(vii) (**regulatory action**) a prescribed regulatory action is brought in relation to the Offer or the Prospectus or other Offer Documents;

(viii) (**section 730 notice**) a person (other than Bell Potter) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;

(ix) (**market fall**) at any time the S&P/ASX 200 closes at a level that is 90% or less of the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and remains below that level:

(A) at the close of trading on ASX for two consecutive business days; or

(B) at the close of trading on ASX on the business day immediately prior to the Settlement Date;

(x) (**repayment of application money**) any circumstance arises after lodgement of the Prospectus that results or will result in the Company either repaying the Application Monies received from Applicants or offering Applicants an opportunity to withdraw their applications for Offer Shares and be repaid their Application Monies;

(xi) (**insolvency**) the Company or any material Group Member becomes insolvent or suffers a prescribed insolvency event;

(xii) (**certificates**) the Company does not provide a certificate required by the Underwriting Agreement as and when required by the Underwriting Agreement or a statement in any such certificate is false, misleading, inaccurate or untrue or incorrect;

(xiii) (**directors, executives and public action**) any of the following occur:

(A) there is a change of director or senior executive of the Company other than as disclosed in the Prospectus

(B) a Director or senior executive of the Company is charged with an indictable offence;

(C) any government agency commences any public action against a Group Member, a member of management of the Group or any of a Group Member's directors, or announces that it intends to take that action;

(D) any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or

(E) a member of management or a director of a Group Member engages in any fraudulent conduct or activity;

(xiv) (**change in management**) a change to the Board of Directors or the CEO or the CFO occurs or is announced;

(xv) (**failure to issue**) the Company is or becomes unable, for any reason, to issue the Offer Shares on the Allotment Date;

(xvi) (**Government Agency action**) ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, a Director of the Company, the Offer, or the Offer Documents;

(xvii) (**Proceedings – persons other than ASIC**) a person other than ASIC commences any enquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer, or the Offer Documents and the enquiry, investigation or proceeding is not disposed of or withdrawn to Bell Potter's reasonable satisfaction on or before the fifth business day following commencement;

(xviii) (**transaction documents**) a material contract (defined as the agreements listed in this Section 11.8), the ASX restriction deeds and the voluntary escrow deeds referred to in Section 11.11:

(A) is without the prior written consent of Bell Potter, amended or varied;

(B) is breached;

(C) is terminated (whether by breach or otherwise);

(D) ceases to have effect, otherwise than in accordance with its terms; or

(E) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal; or

(xv) (**timetable delay**) any event set out in the timetable in the Prospectus is delayed for more than two business says, unless Bell Potter consents to a variation (that consent not to be unreasonably withheld or delayed) or requires a variation.

In addition, if one of the following events occurs and Bell Potter believes on reasonable grounds that the event: (a) has had (or is likely to have) a materially adverse effect on: (i) the marketing, success, outcome or settlement of the Offer, the willingness of investors to subscribe for Offer Shares, or the subsequent market for the Offer Shares; or (ii) the condition, trading, financial position, performance, profits and losses, results, business or operations of the Company or the Group from those expressly disclosed in this Prospectus or other Offer Documents; or (b) has (or is likely to) give rise to a contravention by Bell Potter of, or Bell Potter being involved in a contravention of, any regulatory requirement or applicable law, then Bell Potter may at any time on or before 4:00pm on the Settlement Date of the Offer, terminate the Underwriting Agreement, without cost or liability, by notice to the Company:

(xx) (**adverse change**) any adverse change occurs in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Group, including:

(A) any change in the nature of the business conducted by the Group or proposed to be conducted by the Group;

(B) in the earnings, prospects or forecasts, assets, liabilities, financial position or performance, profits, losses of the Group from those respectively disclosed in this Prospectus or other Offer Documents; and

(C) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group from those respectively disclosed in the Prospectus on the date the Prospectus is lodged or other Offer Documents;

(xxi) (**consent withdrawn**) any person (other than Bell Potter) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus withdraws that consent;

(xxii) (**disclosures in Offer Documents other than Prospectus**) a statement contained in Offer Documents (other than the Prospectus) is misleading or deceptive (including by omission) or likely to mislead or deceive, or becomes misleading or deceptive, or a material matter is omitted from the Offer Documents (other than the Prospectus);

(xxiii) (**new circumstance**) a new circumstance occurs in relation to the Company or the business of the Group that would have been required to be included in this Prospectus if it had arisen before this Prospectus was lodged with ASIC;

(xxiv) (**forecast incapable of being met**) any forecast or forward looking statement in this Prospectus or other Offer Documents becomes incapable of being met or unlikely to be met in the projected time;

(xxv) (**change in laws**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia, a new law, or ASIC, any of its delegates or the Reserve Bank of Australia, adopts any regulation or policy, which does or is likely to prohibit, regulate or restrict the Offer or reduce the level or likely level of valid Applications under the Offer;

(xxvi) (**breach of law or regulations**) the Company contravenes the Corporations Act, its constitution, the *Australian Securities and Investments Commission Act 2001* (Cth), the Listing Rules, the *Competition & Consumer Act 2010* (Cth) or any other applicable law or regulation;

(xxvii) (**warranties or representation untrue**) any of the warranties or representations by the Company in the Underwriting Agreement or the Joint Lead Manager Engagement are or become untrue or incorrect;

(xxviii) (**breach**) the Company defaults on or breaches one or more of its obligations under the Underwriting Agreement and the breach is either incapable of remedy or is not remedied by the Company within two business days after being given notice to do so by Bell Potter;

(xxix) (**restricted activities**) without the prior consent of Bell Potter, the Company or any other member of the Group:

(A) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than a certain permitted transaction or as contemplated in this Prospectus;

(B) ceases or threatens to cease to carry on business;

(C) alters its capital structure (debt or equity), other than as contemplated in the Prospectus or the Underwriting Agreement;

(D) amends its Constitution; or

(E) amends the terms of issue of the Offer Shares;

(xxx) (**adverse change in financial markets**) any of the following occurs:

(A) a general moratorium on commercial banking activities in Australia, the United States of America, the United Kingdom, New Zealand, Japan, the People's Republic of China, Singapore, Hong Kong, France, Germany, Italy or Spain, is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;

(B) trading in securities generally quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or the NASDAQ is suspended or limited in a material respect for at least one day on which that exchange is open for trading;

(C) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States, the United Kingdom, New Zealand, Japan, the People's Republic of China, Singapore, Hong Kong, France, Germany, Italy or Spain or the international financial markets or any adverse change in national or international political, financial or economic conditions; or

(D) a change or development involving a prospective adverse change in taxation affecting the Group or the Offer occurs;

(xxxi) (**hostilities**) there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of Australia, the United States, the United Kingdom, New Zealand, Japan, the People's Republic of China, Singapore, Hong Kong, France, Germany, Italy or Spain, or involving any diplomatic, military or political establishment of any of those countries elsewhere in the world; or

(xxxii) (**disclosures in due diligence**) the due diligence report or any other information supplied by or on behalf of the Group to Bell Potter in relation to the due diligence process in connection with the Offer, the Offer Shares, the Group, the Offer, or the Offer Documents is or becomes untrue, incorrect, misleading or deceptive (including by omission).

11.9 Dividend policy

The Company currently intends to invest all cash flow into the Business in order to maximise its growth. Accordingly, no dividends will be payable for the foreseeable future following the Listing. The payment and amount of any potential future dividends declared by the Company are subject to the discretion of the Directors and will depend upon, among other things, the Company's earnings, financial position, tax position and capital requirements.

Whilst the Company does not anticipate declaring any dividends in the foreseeable future, should it do so, the Company will declare any dividends in Australian dollars.

11.10 Litigation

As at the date of this Prospectus, so far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned and which are likely to have a material adverse impact on the business or financial position of the Company.

11.11 Escrow arrangements

Following Listing, a number of Existing Holders will be restricted in dealing in some or all of their securities, by reason of escrows required by the ASX or agreed to voluntarily.

In the case of ASX escrow, the ASX requires that certain persons such as related parties and promoters enter into restriction deeds under which they are restricted from dealing in a specified number of securities in the Company held by them. The restriction deeds will be in the form required by the Listing Rules over the securities and for periods determined by the ASX, and will restrict the ability of those persons to dispose of, create any security interest in or transfer effective ownership or control of the securities. The ASX also requires that similar restrictions be imposed on other Existing Holders in reliance upon a provision in the Company's constitution, which will be advised to the Existing Holders by the Company using a restriction notice under the Listing Rules.

A number of Existing Holders have also agreed to voluntary restrictions on some or all of the securities they hold at Listing (other than any Shares acquired under the Offer). The voluntary restrictions are on similar terms to the ASX restriction agreements.

The table below sets out the periods during which Existing Holders are expected to be restricted from dealing in their securities on issue at Listing pursuant to ASX and or voluntary escrow. Where an Existing Holder's securities are subject to both ASX escrow and voluntary escrow, those securities are counted in the table twice.

Escrowed party (and associates)	Type of escrow	End of escrow period	Indicative number of escrowed securities		
			Shares	Noteholder Options	Plan Options & Rights
Directors	ASX	24 months from Official Quotation	49,913,091	719,243	9,767,845
	Voluntary	24 months from Official Quotation	61,023,666	719,243	9,767,845
Other related parties and promoters	ASX	24 months from Official Quotation	12,679,554	151,289	581,744
	Voluntary	24 months from Official Quotation	12,864,487	99,206	458,551
	Voluntary	12 months from Official Quotation	1,449,723	49,603	–
Key Managers (excl. Directors and other related parties)	ASX	October 2023	160,714	89,285	–
	ASX	November 2023	338,828	–	–
	ASX	July 2024	641,300	–	–
	ASX	24 months from Official Quotation	157,289	–	–
	Voluntary	24 months from Official Quotation	3,740,544	89,285	3,525,429
Other investors	ASX	October 2023	8,273,210	4,596,210	–
	ASX	November 2023	11,145,929	–	–
	ASX	February 2024	15,833,676	6,827,375	–
	Voluntary	9 months from Official Quotation	58,971,104	3,720,234	–
	ASX	June 2024	84,049	–	–
	ASX	July 2024	32,904,054	–	–
	ASX	24 months from Official Quotation	5,243,958	17,361	–
	Voluntary	24 months from Official Quotation	106,863	17,361	–

Note: These figures are indicative only and, in the case of ASX escrow, are based on the in-principle confirmation regarding ASX escrow referred to in this Section 11.11 and Section 11.13. Please refer to the explanation in the "Key Offer statistics" section (at the beginning of this Prospectus) under the heading "Basis of the capitalisation-related calculations and figures in this Prospectus" for additional information regarding the basis on which these figures have been calculated.

For both voluntary escrow and (subject to the qualification below) ASX escrow, any Shares ultimately issued as Contingent Merger Consideration (or the associated Top-Up Merger Consideration) (see Section 11.6) will only be escrowed for the balance (if any) of the escrow period applicable to the respective holders' Closing Merger Consideration. For instance, in the case of Directors and other related parties and promoters, any Shares issued as Contingent Merger Consideration will be subject to ASX escrow for the balance of the 24 months commencing on the date the Company's Shares are first quoted on ASX.

However, the Company has received in-principle advice from ASX that in the case of persons who are not related parties or promoters, ASX escrow will apply to Shares issued as Contingent Merger Consideration (or the associated Top-Up Merger Consideration) for 12 months from the date of their issue; even if that results in an escrow period longer than for persons who are related parties or promoters. The Company intends to clarify or otherwise confirm this outcome in connection with its application for admission to the Official List of the ASX.

The Company expects that on Listing, approximately 202,911,916 Shares will be subject to escrow arrangements, being approximately 75.7% of all Shares not issued under the Offer, and 63.4% of all Shares following the Offer. These figures are subject to the qualifications in the footnotes to the table above.

Final details of the escrow arrangements will be announced to the ASX prior to the Shares commencing trading on the ASX.

11.12 ASIC relief

ASIC has made a declaration under subsection 741(1)(b) of the Corporations Act modifying subsections 707(3) and 707(4) so that the modified form of subsection 707(3) applies to sale offers, within 12 months of issue, of Shares issued as a result of:

(a) the conversion of the Convertible Notes on or about the Allotment Date;

(b) the offer to U.S. investors under the Institutional Offer;

(c) the exercise of the Noteholder Options; or

(d) the Contingent Merger Consideration and Top-Up Consideration under the Merger, and the 36,963 Shares remaining to be issued as Closing Merger Consideration (including any Contingent Merger Consideration and Top-Up Consideration which may be issued in relation to these Shares).

The effect of the declaration is that sale offers of such Shares within 12 months after their issue will not need disclosure under Chapter 6D of the Corporations Act.

11.13 ASX waivers and confirmations

The Company has received in-principle advice from ASX that it will provide certain waivers and determinations described below on receipt of the Company application for admission to the Official List of the ASX:

(a) a waiver of condition 12 of Listing Rule 1.1 (requiring each option to have an exercise price of at least 20 cents cash) to allow the Company to have certain Plan Options issued to employees, Directors and consultants with an exercise price of less than 20 cents on issue at the time of Listing.

(b) a waiver of Listing Rules 6.16, 6.21 and 6.22 to the extent necessary to permit the Company to have Plan Options on issue under the Former OPR which do not comply with the Listing Rules. The Former OPR is described in Section 7.7.1.

(c) certain determinations with respect of the mandatory ASX escrow requirements of certain Existing Holders.

11.14 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 11.14 contains a general description of these laws

11.14.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

11.14.2 *Foreign Acquisitions and Takeovers Act 1975* (Cth) and Federal Government Foreign Investment Policy

Generally, the FATA applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in the Company or foreign persons hold an Aggregate Substantial Interest in the Company, the Company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor is in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the federal treasurer of Australian (**Federal Treasurer**) and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

11.15 Offer expenses

The total estimated costs to the Company in connection with the Offer are as set out below.

Item	Estimated cost (including GST)
ASIC and ASX fees	$216,000
JLM and underwriting fees	$1,650,000
Legal fees	$1,407,000
Investigating Accountant and tax fees	$557,000
Design, printing, Registry and other Offer expenses	$355,000
Total	**$4,185,000**

11.16 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in this Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Each of the parties referred to in the table below has not authorised or caused the issue of this Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to such party's name and any statement or report included in this Prospectus with the consent of that party as described below.

Name of entity	Named as	Reports or statements
Bell Potter	Joint Lead Manager and underwriter to the Offer	–
Lodge	Joint Lead Manager	–
Johnson Winter Slattery	Australian legal adviser (excluding taxation matters)	–
Grant Thornton Corporate Finance Pty Ltd	Investigating Accountant	Investigating Accountant's Report (Section 6)
PricewaterhouseCoopers Securities Ltd	Auditor	–
Grant Thornton Australia Limited	Australian tax adviser	Summary of Australian taxation consequences (Section 10)
Computershare Investor Services Pty Limited	Registry	–
Fleuchaus & Gallo Partnerschaft mbB	Patent attorneys	Intellectual Property Report (Section 9)
Sheppard, Mullin, Richter & Hampton LLP	U.S. legal adviser	–
Frost & Sullivan	–	Statements attributed to "The Orthopedic and Bone Health Imaging Market Report" in the text of, or by footnote in, this Prospectus

The Company has included statements in this Prospectus made by, attributed to or based on statements made by certain third parties, including the National Osteoporosis Foundation, the American Association of Clinical Endocrinologists, the American College of Radiology, the National Center for Health Statistics, the U.S. Preventive Services Task Force and the Bone Health and Osteoporosis Foundation. The Company has also included statements in this Prospectus made by, attributed to or based on statements made in the following articles and publications:

(a) Long, H., Liu, Q., Yin, H., Wang, K., Diao, N., Zhang, Y., Lin, J., & Guo, A. (2022). Prevalence Trends of Site-Specific Osteoarthritis From 1990 to 2019: Findings From the Global Burden of Disease Study 2019. Arthritis & rheumatology (Hoboken, N.J.), 74(7), 1172–1183

(b) Conti, M. S., & Ellis, S. J. (2020). Weight-bearing CT Scans in Foot and Ankle Surgery. The Journal of the American Academy of Orthopaedic Surgeons, 28(14), e595–e603

(c) Shen, Y., Huang, X., Wu, J., Lin, X., Zhou, X., Zhu, Z., Pan, X., Xu, J., Qiao, J., Zhang, T., Ye, L., Jiang, H., Ren, Y., & Shan, P. F. (2022). The Global Burden of Osteoporosis, Low Bone Mass, and Its Related Fracture in 204 Countries and Territories, 1990-2019. Frontiers in endocrinology, 13, 882241

(d) Bukata, S. V., Digiovanni, B. F., Friedman, S. M., Hoyen, H., Kates, A., Kates, S. L., Mears, S. C., Mendelson, D. A., Serna, F. H., Jr, Sieber, F. E., & Tyler, W. K. (2011). A guide to improving the care of patients with fragility fractures. Geriatric orthopaedic surgery & rehabilitation, 2(1), 5–37

(e) Downey, C., Kelly, M., & Quinlan, J. F. (2019). Changing trends in the mortality rate at 1-year post hip fracture – a systematic review. World journal of orthopedics, 10(3), 166–175

(f) Chapurlat, R., Bui, M., Sornay-Rendu, E., Zebaze, R., Delmas, P. D., Liew, D., Lespessailles, E., & Seeman, E. (2020). Deterioration of Cortical and Trabecular Microstructure Identifies Women With Osteopenia or Normal Bone Mineral Density at Imminent and Long-Term Risk for Fragility Fracture: A Prospective Study. Journal of bone and mineral research: the official journal of the American Society for Bone and Mineral Research, 35(5), 833–844

(g) Sözen, T., Özışık, L., & Başaran, N. Ç. (2017). An overview and management of osteoporosis. European journal of rheumatology 4(1), 46–56.

The inclusion of statements made by, attributed to or based on statements made by these parties has not been consented to by the relevant party for the purpose of section 729 of the Corporations Act and are included in this Prospectus by the Company on the basis of ASIC Corporations (Consent to Statements) Instrument 2016/72 relief from the Corporations Act for statements used from books, journals or comparable publications.

11.17 Electronic Prospectus

The use of electronic disclosure documents is permitted under Chapter 6D of the Corporations Act. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Registry and the Registry will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

11.18 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

11.19 Statement of Directors

The Directors report that after due inquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Each Director has authorised and consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before its lodgement with ASIC.

This Prospectus is signed for and on behalf of the Company by:

Mr Greg Brown
Date: 28 July 2023

12
GLOSSARY

12 GLOSSARY

12.1 Technical glossary

2D	Two dimensional
3D	Three dimensional
AAFD	Adult acquired flatfoot deformity
AI	Artificial Intelligence
ARTG	Australian Register of Therapeutic Goods
BDD	Breakthrough Device Designation
BMD	Bone mineral density
CE	Conformité Européenne
CMS	Centers for Medicare & Medicaid Services
Cone Beam CT	CT that utilises a pyramid-shaped X-ray beam that falls on a flat panel detector
CT	Computerised tomography
DEXA	Dual-energy X-ray
DLAI	Deep Learning Artificial Intelligence
FDA	United States Food and Drug Administration
FLS	Fracture Liaison Services
IP	Intellectual Property
MRI	Magnetic resonance imaging
MSSP	United States' Medicare Shared Savings Plan
NCD	United States' Medicare National Coverage Determination
SFS	Structural fragility score
TGA	Australian Therapeutic Goods Administration
TJR	Total Joint Replacement
USPTO	United States Patent and Trademark Office
weight bearing CT	CT, using Cone Beam CT technology, where weight is placed on the musculoskeletal system

12.2 General glossary

1HFY22A	Has the meaning given in Section 5.1
1HFY23A	Has the meaning given in Section 5.1
2HFY23F	Has the meaning given in Section 5.1
A$, $ or **Australian dollar**	The lawful currency of Australia
AASB	Has the meaning given in Appendix 1
ABN	Australian Business Number
AEST	Australian Eastern Standard Time
Aggregate Substantial Interest	Has the meaning given in Section 11.14.2
AIFRS	Has the meaning given in Section 5.2
Allotment Date	The date on which New Shares are allotted under the Offer, currently expected to be 16 August 2023
Applicant	A person who submits a valid Application
Application	An application to subscribe for New Shares under this Prospectus which is made on an Application Form and accompanied by the relevant Application Monies
Application Form	An application form attached to or accompanying this Prospectus (including any online Application Form)
Application Monies	The aggregate amount of money payable by an Applicant for New Shares applied for under the Offer
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires
ASX Corporate Governance Principles and Recommendations	The Corporate Governance Principles And Recommendations of the ASX Corporate Governance Council
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX Settlement Operating Rules	The operating rules of the settlement facility provided by ASX Settlement
ATO	Australian Taxation Office
Bell Potter	Bell Potter Securities Limited (ACN 006 390 772)
Board or **Board of Directors**	The board of Directors of the Company
Broker Firm Offer	The invitation to Australian resident Retail Investors and Sophisticated Investors who have received a firm allocation from their broker to subscribe for New Shares under this Prospectus

CEO	Chief Executive Officer
Certificate of Incorporation	The Company's amended and restated certificate of incorporation which will be adopted with effect on the Allotment Date
CFO	Chief Financial Officer
CGT	Capital Gains Tax
Chair	The Chair of the Board
CHESS	Clearing House Electronic Subregister System
Closing Date	The date on which the Offer closes, currently expected to be 5:00pm on 7 August 2023
Closing Merger Consideration	Has the meaning given in Section 11.6
Company or **CurveBeam AI**	CurveBeam AI Limited (ACN 140 706 618) or, as the context request CurveBeam AI and its subsidiaries, as described in Section 11.2.
Company Products	Has the meaning given in Section 11.8.1
Constitution	The Constitution of the Company
Contingent Merger Consideration	Has the meaning given in Section 11.6
Convertible Note or **Notes**	Convertible notes issued by the Company and described in Section 11.3
Corporations Act	*Corporations Act 2001* (Cth)
Corporations Regulations	*Corporations Regulations 2001* (Cth)
CurveBeam US	CurveBeam, LLC
De Novo Classification Request	A request to the FDA to make a risk-based classification that a novel medical device, for which there is no legally marketed predicate device, is either a Class I or Class II device for which general controls alone, or general and special controls together, provide reasonable assurance of safety and effectiveness for the intended use
Director	A director of the Company
ePHI	Has the meaning given in Section 4.2.8(c)
Equity Award	Has the meaning given in Section 7.10
Existing Holder	A person holding Shares or other securities in the Company immediately prior to completion of the Offer
Exposure Period	The period between the date of this Prospectus and seven days after that date, or such later date (not exceeding 14 days after the date of this Prospectus) as ASIC may require
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth)
Financial Information	Has the meaning given in Section 5.1

Forecast Financial Information	Has the meaning given in Section 5.1
Former OPR	Has the meaning given in Section 7.7.1
Founders	Has the meaning given in Section 11.8.3
Fourth Edition	The 4th edition of the ASX Corporate Governance Principles and Recommendations released in February 2019
FY21	Has the meaning given in Section 5.1
FY22	Has the meaning given in Section 5.1
FY23F	Forecast financial year ending 30 June 2023
Group	The Company and its subsidiaries
Group Member	Each of CurveBeam or its subsidiaries
GST	Goods and Services Tax
HIPAA	Has the meaning given in Section 4.2.8(c)
Historical Financial Information	Has the meaning given in Figure 5.1 in Section 5.1
IAS	means International Accounting Standards
IFRS	means International Financial Reporting Standards
Industry Data	Has the meaning given in the 'Important Information' Section
Institutional Investor	An investor (and any person for whom it is acting) to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality with which the Company is willing to comply), and in particular: • if in Australia, persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act; • if in Hong Kong, a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; • if in New Zealand, it is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification); • if in Singapore, an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore); • if in the United Kingdom, (i) a "qualified investor" within the meaning of Article 2(e) of the UK Prospectus Regulation; and (ii) within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and • if in the United States, an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act

Institutional Offer	The invitation to subscribe for New Shares made to certain Institutional Investors in the Permitted Jurisdictions
Intellectual Property Report	The report set out in Section 9
Investigating Accountant's Report	The report set out in Section 6
ITAA 1997	*Income Tax Assessment Act 1997* (Cth)
Joint Lead Manager Engagement	Has the meaning given in Section 11.8.4
Joint Lead Managers or **JLMs**	Bell Potter and Lodge
Key Managers	The CEO and senior management team of the Company, as described in Section 7.2
Listing	Acceptance of the Company on the Official List
Listing Rules	The official listing rules of the ASX, as amended from time to time
Loan Shares	Has the meaning given in Section 7.7.2
Lodge	Lodge Corporate Pty Ltd (ACN 125 323 168)
Long-Term Incentive Plan	The long-term incentive plan adopted by the Company on 27 September 2022
LTIs	Long-term incentives
MENA	Middle East and North Africa
Merger	The Merger of CurveBeam AI and CurveBeam US, as described in Section 11.6
New Incentive Plan	The incentive plan adopted by the Board on 11 May 2023
New Shares	Shares offered for subscription, and to be issued, by the Company under the Prospectus
Non-executive Director	A Director who is not a Key Manager
Note Conversion	The conversion of the Convertible Notes into Shares as described in Section 11.3
Noteholder Option	An option to acquire Shares, issued in connection with the issue of the Convertible Notes, details of which are set out in Section 11.4
Offer	The Broker Firm Offer and the Institutional Offer
Offer Information Line	1300 850 505 (within Australia) or +61 03 9415 4000 (outside Australia) which will be open between 9:00am until 5:00pm, Monday to Friday during the Offer Period
Offer Period	The period from the Opening Date to the Closing Date (inclusive)
Offer Price	A$0.48 per New Share, being the amount payable in respect of each New Share under this Prospectus
Official List	The official list of entities that the ASX has admitted and not removed from listing on the ASX
Official Quotation	The official quotation of the Shares by the ASX

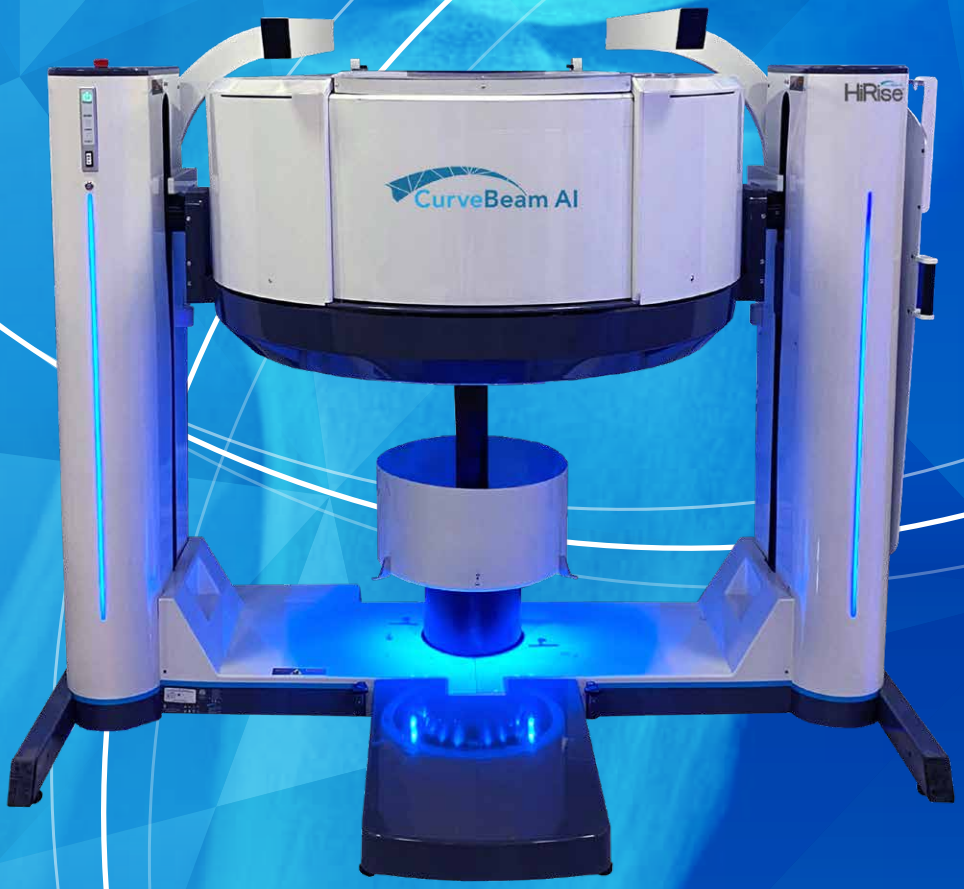
Opening Date	The date on which the Offer opens, currently expected to be Monday, 31 July 2023
Option	An option to acquire Shares; either a Plan Option or a Noteholder Option
Original Prospectus	The prospectus dated 14 July 2023 and lodged with ASIC on that date, which this Prospectus replaces.
Original Prospectus Date	The date on which the Original Prospectus was lodged with ASIC, being 14 July 2023.
Permitted Jurisdictions	Australia, New Zealand, the United Kingdom, Singapore, Hong Kong and the United States
PHI	Has the meaning given in Section 4.2.8(c)
Plan Options	An option to acquire Shares, issued under an equity incentive plan described in Section 7.7
Pro Forma Forecast Cash Flows	Has the meaning given in Section 5.1
Pro Forma Forecast Income Statements	Has the meaning given in Section 5.1
Pro Forma Historical Annual Cash Flows	Has the meaning given in Section 5.1
Pro Forma Historical Annual Income Statements	Has the meaning given in Section 5.1
Pro Forma Historical Cash Flows	Has the meaning given in Section 5.1
Pro Forma Historical Half Year Cash Flows	Has the meaning given in Section 5.1
Pro Forma Historical Half Year Income Statements	Has the meaning given in Section 5.1
Pro Forma Historical Income Statements	Has the meaning given in Section 5.1
Pro Forma Historical Statement of Financial Position	Has the meaning given in Section 5.1
Pro Forma Financial Information	Has the meaning given in Section 5.1
Promissory Note	The promissory note between CurveBeam US and Arun Singh dated 19 June 2023
Proper ASTC Transfer	Has the meaning given to that term in the Corporations Regulations
Prospectus	This document, dated 28 July 2023 for the issue of 52,083,333 Shares, including both hard copy and electronic versions, and any supplementary or replacement document
Q1, Q2, Q3 or **Q4**	The first, second, third or fourth quarter (as applicable) of a calendar year
R&D	Research and development

Registry	Computershare Investor Services Pty Limited or any other person that the Company appoints to maintain the register of Shares (or any related body corporate of the foregoing responsible for the maintenance of the Share register)
Regulation S	Regulation S promulgated under the U.S. Securities Act
Retail Investor	An investor who is not an Institutional Investor
Rights	Has the meaning given in Section 7.7.3
Royalty Deed	The royalty deed between StraxCorp (now CurveBeam AI) and the Founders dated 14 September 2020
SaaS	Software as a Service
Security	A security issued by the Company, including Shares, Noteholder options, Plan Options and Rights
Settlement Date	The date of settlement of the New Shares the subject of the Offer occurring under the Underwriting Agreement
SFA	*Securities and Futures Act*, Chapter 289 of Singapore
SFC	*Securities and Futures Ordinance* (Cap. 571) of the Laws of Hong Kong
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of Shares
Sophisticated Investors	Investors who are persons in Australia who are 'sophisticated investors' or 'professional investors' under sections 708(8) and 708(11) of the Corporations Act
Statutory Financial Information	Has the meaning given in Section 5.1
Statutory Forecast Cash Flows	Has the meaning given in 5.1
Statutory Forecast Income Statements	Has the meaning given in 5.1
Statutory Historical Annual Cash Flows	Has the meaning given in 5.1
Statutory Historical Annual Income Statements	Has the meaning given in 5.1
Statutory Historical Cash Flows	Has the meaning given in 5.1
Statutory Historical Half Year Cash Flow	Has the meaning given in 5.1
Statutory Historical Half Year Income Statements	Has the meaning given in 5.1
Statutory Historical Income Statements	Has the meaning given in 5.1

STIs	Short-term incentives
StraxCorp	StraxCorp Pty. Ltd., the former name of the Company prior to the Merger and its conversion to a public company
Stryker Agreement	Has the meaning given in Section 11.8.1
Substantial Interest	Has the meaning given in Section 11.14.2
Successful Applicant	An applicant who is allotted and issued New Shares under the Offer
TAP	Taxable Australian Property
Tax Claims	Has the meaning given in Section 11.6
TFN	Tax File Number
Top Up Merger Construction	Has the meaning given in Section 11.6
Underwriting Agreement	The agreement described in Section 11.8.4
U.S. Exchange Act	*U.S. Securities Exchange Act of 1934* (as amended to date and the rules and regulations promulgated thereunder)
U.S. or **United States**	The United States of America, its territories and provinces, any state of the United States of America and the District of Columbia
U.S Offering Circular	The offering circular that must accompany any distribution of the Prospectus in the U.S. to Institutional Investors
U.S. Person	Has the meaning given to it in Rule 902(k) under Regulation S
U.S. Securities Act	*U.S. Securities Act of 1933* (as amended to date and the rules and regulations promulgated thereunder)
ZEPOs	Zero exercise price options

APPENDIX 1

SIGNIFICANT ACCOUNTING POLICIES



APPENDIX 1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information presented in the Prospectus are set out below. These policies have been consistently applied to all the periods presented, 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 periods presented.

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

Basis of preparation

The Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act. These Financial Information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Historical cost convention

The Financial Information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the Financial Information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss (e.g., translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income).

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

Revenue and other income

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

All revenue is stated net of the amount of GST.

Income Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

GST

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on de-recognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (**ECL**) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets are more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and convertible notes.

Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (**CGU**) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Fixed asset additions under $6,000 are written off. All assets over $6,000 are depreciated over their useful lives to the company. Each year, the difference between depreciation based on the revalued carrying amounts of the assets charged to the income statement. Depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use as follows:

Fixed Assets Class Useful life

- Computer equipment between 1 and 3 years
- Office furniture between 1 and 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Intangible assets

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods.

Patents and trademarks	5 years
Brand	10 years
Intellectual Property	10 years
Strategic Distribution Agreement	10 years
Permits	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Brand, intellectual property, strategic distribution agreement and permits

The brand, intellectual property, strategic distribution agreement and permit intangible assets were acquired as part of a business combination They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis over their estimated useful lives.

Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Equity-settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using either the Binomial or Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest.

At the end of each reporting period, the Company revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

Contingent liability

The research and development grants received by the Company may be subject to review by AusIndustry and subsequent claw back of funds should there be a determination of non-conforming claims.

APPENDIX 2

STATUTORY FINANCIAL STATEMENTS TABLES

APPENDIX 2 STATUTORY FINANCIAL STATEMENTS TABLES

Statutory historical income statements

CurveBeam AI	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
$'000s	Audited	Audited	Reviewed	Reviewed
Income Statement				
Revenue and other income	795	1,672	2,806	721
Cost of sales	–	–	(958)	–
Consulting and professional fees	(1,448)	(3,791)	(2,769)	(1,113)
Human resource expenses	(1,340)	(2,957)	(3,629)	(1,270)
Administrative, insurance and information technology	(197)	(351)	(321)	(111)
Depreciation and amortisation expense	(90)	(203)	(618)	(85)
Occupancy costs	(70)	(70)	(40)	(35)
Travel and entertainment expenses	(65)	(131)	(290)	(26)
Research and development expenses	(29)	(0)	(196)	(0)
Marketing expenses	(1)	(22)	(367)	(2)
Product and market registration expenses	(13)	(13)	(26)	(13)
Finance expenses	(351)	(2,660)	(2,054)	(1,066)
IP Costs and Other expenses	(12)	(17)	(202)	(142)
Loss for the year	**(2,821)**	**(8,545)**	**(8,665)**	**(3,143)**

Statutory historical cash flows

CurveBeam AI	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
$'000s	Audited	Audited	Reviewed	Reviewed
Cash flow statement				
Cash flows from operating activities				
Receipts from customers	–	–	2,430	–
Receipts for R&D tax offset	611	652	1,430	–
Receipts from other grants	117	–	–	–
Receipts for COVID-19 stimulus	43	–	–	–
Interest received	0	11	18	7
Interest paid	(4)	(288)	(40)	(88)
Payments to suppliers and employees	(2,279)	(8,366)	(12,589)	(3,347)
Net cash provided by/(used in) operating activities	**(1,512)**	**(7,991)**	**(8,750)**	**(3,428)**
Cash flows from investing activities				
Cash acquired on acquisition of business	–	–	96	–
Related party promissory note advanced	–	–	(3,372)	–
Payment for intangible	(295)	(204)	–	(95)
Purchase of property, plant and equipment	–	(53)	(45)	(38)
Net cash provided by/(used in) investing activities	**(295)**	**(257)**	**(3,321)**	**(133)**
Cash flows from financing activities				
Proceeds from the issue of convertible notes (net of transaction costs)	(40)	15,829	10,162	15,739
Proceeds from related party loans	2,296	100	–	–
Proceeds from R&D and insurance premium funding loans	–	953	–	–
Proceeds from exercise of options	–	84	–	–
Repayment of related party loans	(560)	(447)	(7)	–
Repayment of R&D and insurance premium funding loan	–	–	(856)	(345)
Payment of lease liabilities	–	–	(46)	–
Net cash provided by/(used in) financing activities	**1,696**	**16,519**	**9,253**	**15,394**
Net increase/(decrease) in cash and cash equivalents held	**(111)**	**8,271**	**(2,818)**	**11,833**
Cash and cash equivalents at beginning of year	313	202	8,699	202
Effect of exchange rates on cash holdings in foreign currencies	–	225	63	–
Cash and cash equivalents at end of financial year	**202**	**8,699**	**5,943**	**12,035**

Statutory historical income statements

CurveBeam US	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
US$'000s	Audited	Audited	Reviewed	Reviewed
Income Statement				
Revenue	5,398	5,418	3,734	2,381
Cost of sales	(2,982)	(2,434)	(2,219)	(1,077)
Gross profit	**2,416**	**2,983**	**1,515**	**1,304**
Other income	482	704	0	33
Human resource expenses	(3,062)	(4,234)	(2,021)	(1,530)
Administrative, insurance and information technology	(187)	(275)	(127)	(150)
Legal and professional fees	(94)	(742)	(866)	(71)
Sales and marketing expenses	(723)	(1,048)	(576)	(437)
Research and development expenses	(281)	(607)	(225)	(334)
Regulatory expenses	(113)	(133)	(36)	(56)
Travel and entertainment expenses	(51)	(143)	(157)	(60)
Finance expenses	(224)	(157)	(60)	(101)
Foreign currency exchange gains/(losses)	(6)	(37)	(49)	(13)
Depreciation and amortisation expense	(116)	(186)	(72)	(74)
Other expenses	(2)	(90)	–	–
Loss for the year	**(1,960)**	**(3,964)**	**(2,674)**	**(1,488)**
Loss attributable to NCI	(67)	–	–	(4)
Loss attributable to members of parent entity	(1,893)	–	–	(1,484)

Statutory historical income statements

CurveBeam US	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
	0.75	0.73	0.67	0.73
A$'000s	Audited	Audited	Reviewed	Reviewed
Income Statement				
Revenue	7,197	7,422	5,573	3,262
Cost of sales	(3,976)	(3,334)	(3,312)	(1,475)
Gross profit	**3,221**	**4,086**	**2,261**	**1,786**
Other income	643	964	0	45
Human resource expenses	(4,083)	(5,800)	(3,016)	(2,096)
Administrative, insurance and information technology	(249)	(377)	(190)	(205)
Legal and professional fees	(125)	(1,016)	(1,293)	(97)
Sales and marketing expenses	(964)	(1,436)	(860)	(599)
Research and development expenses	(375)	(832)	(336)	(458)
Regulatory expenses	(151)	(182)	(54)	(77)
Travel and entertainment expenses	(68)	(196)	(234)	(82)
Finance expenses	(299)	(215)	(90)	(138)
Foreign currency exchange gains/(losses)	(8)	(51)	(73)	(18)
Depreciation and amortisation expense	(155)	(255)	(107)	(101)
Other expenses	(3)	(123)	–	–
Loss for the year	**(2,613)**	**(5,430)**	**(3,991)**	**(2,038)**
Loss attributable to NCI	(89)	–	–	(5)
Loss attributable to members of parent entity	(2,525)	–	–	(2,033)

Statutory historical cash flows

CurveBeam US	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
US$'000s	Audited	Audited	Reviewed	Reviewed
Cash flow statement				
Cash flows from operating activities				
Receipts from customers	5,875	6,949	3,970	2,413
Payments to suppliers and employees	(7,008)	(9,824)	(10,205)	(5,138)
Interest paid	(77)	(33)	(53)	(46)
Net cash provided by/(used in) operating activities	**(1,210)**	**(2,908)**	**(6,287)**	**(2,771)**
Cash flows from investing activities				
Purchase of property, plant and equipment	–	(7)	–	–
Purchase of financial asset at amortised cost	–	(22)	–	–
Net cash provided by/(used in) investing activities	**–**	**(30)**	**–**	**–**
Cash flows from financing activities				
Proceeds from related party loans	745	1,104	6,265	1,103
Proceeds from issue of shares	977	1,457	–	1,253
Proceeds from issue of convertible notes	476	110	–	53
Repayments of borrowings	–	–	(8)	–
Repayment of lease principal	(77)	(102)	(52)	(41)
Net cash provided by/(used in) financing activities	**2,120**	**2,569**	**6,205**	**2,368**
Net increase/(decrease) in cash and cash equivalents held	**910**	**(369)**	**(83)**	**(403)**
Cash and cash equivalents at beginning of year	195	1,105	699	1,105
Effects of exchange rate changes on cash and cash equivalents	–	(37)	(49)	–
Cash and cash equivalents at end of financial year	**1,105**	**699**	**568**	**702**

Statutory historical cash flows

CurveBeam US	30-Jun-21	30-Jun-22	31-Dec-22	31-Dec-21
	0.75	0.73	0.67	0.73
AS$'000s	Audited	Audited	Reviewed	Reviewed
Cash flow statement				
Cash flows from operating activities				
Receipts from customers	7,833	9,519	5,925	3,305
Payments to suppliers and employees	(9,344)	(13,458)	(15,231)	(7,038)
Interest paid	(103)	(45)	(79)	(63)
Net cash provided by/(used in) operating activities	**(1,613)**	**(3,984)**	**(9,385)**	**(3,796)**
Cash flows from investing activities				
Purchase of property, plant and equipment	–	(10)	–	–
Purchase of financial asset at amortised cost	–	(30)	–	–
Net cash provided by/(used in) investing activities	**–**	**(40)**	**–**	**–**
Cash flows from financing activities				
Proceeds from related party loans	993	1,512	9,351	1,511
Proceeds from issue of shares	1,303	1,996	–	1,7160
Proceeds from issue of convertible notes	635	151	–	73
Repayments of borrowings	–	0	(12)	–
Repayment of lease principal	(103)	(140)	(78)	(56)
Net cash provided by/(used in) financing activities	**2,827**	**3,519**	**9,261**	**3,244**
Net increase/(decrease) in cash and cash equivalents held	**1,213**	**(505)**	**(124)**	**(552)**
Cash and cash equivalents at beginning of year	260	1,514	1,043	1,514
Effects of exchange rate changes on cash and cash equivalents	–	(51)	(73)	–
Cash and cash equivalents at end of financial year	**1,473**	**958**	**846**	**962**

APPENDIX 3

STATUTORY TO PRO FORMA FINANCIAL INFORMATION RECONCILIATION

APPENDIX 3 STATUTORY TO PRO FORMA FINANCIAL INFORMATION RECONCILIATION

Year ended 30 Jun 21 $'000	StraxCorp (A$)	CurveBeam US (US$)	CurveBeam US (A$)	Jun 21 Aggregated	Total Adjustments	Jun 21 Pro-Forma
Revenues	–	5,398	7,198	7,198	–	7,198
Cost of goods sold	–	(2,982)	(3,976)	(3,976)	–	(3,976)
Gross margin	**–**	**2,416**	**3,222**	**3,222**	**–**	**3,222**
Other operating expenses	(1,835)	(1,451)	(1,934)	(3,769)	531	(3,238)
Employee expenses	(1,340)	(3,062)	(4,083)	(5,424)	(1,938)	(7,362)
Other income	795	477	636	1,430	6	1,437
EBITDA	**(2,380)**	**(1,620)**	**(2,160)**	**(4,540)**	**(1,400)**	**(5,941)**
Depreciation & amortisation	(90)	(116)	(155)	(245)	–	(245)
EBIT	**(2,470)**	**(1,736)**	**(2,315)**	**(4,785)**	**(1,400)**	**(6,186)**
Finance costs	–	–	–	–	(7)	(7)
Interest	(351)	(224)	(299)	(649)	96	(553)
NLAT	**(2,821)**	**(1,960)**	**(2,614)**	**(5,435)**	**(1,311)**	**(6,747)**

Year ended 30 Jun 22 $'000	CurveBeam AI (AUD)	CurveBeam US (USD)	CurveBeam US (AUD)	Jun-22 Aggregated	Total Adjustments	Jun 22 Pro-Forma
Revenues	–	5,418	7,422	7,422	–	7,422
Cost of goods sold	–	(2,503)	(3,429)	(3,429)	–	(3,429)
Gross margin	**–**	**2,915**	**3,993**	**3,993**	**–**	**3,993**
Other operating expenses	(4,397)	(3,044)	(4,170)	(8,567)	2,409	(6,158)
Employee expenses	(2,957)	(4,234)	(5,800)	(8,757)	(615)	(9,371)
Other income	1,672	747	1,023	2,696	(201)	2,495
EBITDA	**(5,681)**	**(3,616)**	**(4,953)**	**(10,635)**	**1,593**	**(9,041)**
Depreciation & amortisation	(203)	(186)	(255)	(459)	–	(459)
EBIT	**(5,885)**	**(3,802)**	**(5,209)**	**(11,093)**	**1,593**	**(9,500)**
Finance costs	–	–	–	–	189	189
Interest	(2,660)	(162)	(221)	(2,881)	2,570	(312)
NLAT	**(8,545)**	**(3,964)**	**(5,430)**	**(13,975)**	**4,353**	**(9,622)**

6 months ended 31 Dec-22 $'000	Dec-22 Actual	CurveBeam US pro forma (1 Jul 22-12 Oct 22)	Other pro-forma adjustments	Dec 22 Pro-Forma
Revenues	2,144	3,429	–	5,573
Cost of goods sold	(943)	(2,369)	–	(3,312)
Gross margin	**1,201**	**1,060**	**–**	**2,261**
Other operating expenses	(4,192)	(1,963)	2,866	(3,289)
Employee expenses	(3,629)	(1,206)	(25)	(4,860)
Other income	627	(79)	(63)	485
EBITDA	**(5,993)**	**(2,188)**	**(2,778)**	**(5,403)**
Depreciation & amortisation	(618)	(51)	–	(669)
EBIT	**(6,611)**	**(2,238)**	**(2,778)**	**(6,072)**
Finance costs	–	–	52	52
Interest	(2,054)	(85)	1,994	(145)
NLAT	**(8,665)**	**(2,323)**	**4,823**	**(6,165)**

6 months ended 31 Dec 21 $'000	StaxCorp (A$)	CurveBeam US (US$)	CurveBeam US (A$)	Dec-21 Aggregated	Total Adjustments	Dec-21 Pro-Forma
Revenues	–	2,381	3,262	3,262	–	3,262
Cost of goods sold	–	(1,078)	(1,476)	(1,476)	–	(1,476)
Gross margin	**–**	**1,304**	**1,786**	**1,786**	**–**	**1,786**
Other operating expenses	(1,318)	(1,114)	(1,527)	(2,845)	428	(2,417)
Employee expenses	(1,270)	(1,530)	(2,095)	(3,365)	(590)	(3,955)
Other income	595	29	39	635	116	751
EBITDA	**(1,992)**	**(1,311)**	**(1,796)**	**(3,789)**	**(46)**	**(3,835)**
Depreciation & amortisation	(85)	(74)	(102)	(187)	–	(187)
EBIT	**(2,077)**	**(1,386)**	**(1,898)**	**(3,975)**	**(46)**	**(4,021)**
Finance costs	–	–	–	–	(124)	(124)
Interest	(1,066)	(103)	(141)	(1,207)	985	(222)
NLAT	**(3,143)**	**(1,488)**	**(2,039)**	**(5,182)**	**816**	**(4,366)**

CORPORATE DIRECTORY

Board Members

Robert Lilley, Non-executive Chair
Greg Brown, Chief Executive Officer and Managing Director
Arun Singh, Chief Operating Officer, Chief Technology Officer (CT) & President (US Division)
Hashan De Silva, Non-executive Director
Kate Robb, Non-executive Director

Company Secretary

Ura P. Auckland

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ASX Code

ASX: CVB

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Ura Auckland, Chief Financial Officer
Yu Peng, Chief Technology Officer (AI)
Vinti Singh, Vice President Marketing

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CurveBeam AI