



17 October 2024

**ASX ANNOUNCEMENT (ASX:CBL)**

**QUARTERLY ACTIVITIES REPORT & APPENDIX 4C  
QUARTER ENDED 30 SEPTEMBER 2024**

**Highlights**

- Cash receipts from customers up almost 40% over the last quarter of FY24 driven by strong sales Q4FY24 in the US, combined with significant improvement in NDIS approvals in Australia.
- Australian sales saw a significant rebound in Q1FY25 (to be recognised between August and October 2024) as NDIS approval delay issues dissipated.
- The business was successful in achieving a HCPCS code to enable the NeuroNode to be sold as a separate item in the USA. This came into effect on 1 October 2024.
- Further to our NeuroNode Only strategy we were pleased to announce an exclusive distribution with SmartBox UK for the UK and Ireland.
- At the end of July 2024, we announced the investment by NorthStar Impact Fund in CBL. North Star subsequently agreed to underwrite \$150,000 in the recently announced rights issue.
- On 19 September 2024, the Company initiated a \$2.1m Rights Issue and a \$1.0m private placement. In total, the company raised \$2.68m in new capital. All relevant elements of the capital raise were approved by shareholders at the recent AGM.
- The Company received an R&D tax refund of ~\$738k for FY24 in late September 2024.

Control Bionics Limited (ASX: CBL), is pleased to announce its Activity Report and Appendix 4C for the quarter end 30 September 2024.

**Commenting on the quarter, Control Bionics CEO, Jeremy Steele said:**

'It's been a really busy quarter for the Group, with a number of very meaningful announcements that are the result of many months (and in some cases years) of work to deliver.

The Australian business has seen a significant uptick in NDIS approvals which is really pleasing. Through further refinement of our go to market strategy in Australia, the

launch of our long-term leasing solutions has seen our overall pipeline grow even as the NDIS more rapidly approve the existing backlog.

The US team have been focused on the launch of the new HCPCS code with preparation of materials to ensure we maximise the new funding available for the code.'

The new HCPCS code in the US, along with the announced partnership with Smart Box in the UK and Ireland demonstrate the progress the business is having with its NeuroNode Only strategy, with further discussions underway in Continental Europe for other distribution partners.

## **Operational Performance**

### **(a) North America**

The recent implementation of the new HCPCS code will provide a well-deserved boost to our selling operations in the US. The final quarter of the calendar year is typically the strongest and the US team has built a strong pipeline that they will work to convert to sales as the year comes to an end.

We are currently processing our first NeuroNode sales with the new HCPCS code and expect to use our initial experience to further refine our strategy to maximise the value of this new funding mechanism.

### **(b) Australia**

Australia invoiced more in Q1FY25 than it did in any quarter for FY24. In fact, in August and September 2024 the business invoiced more than in any quarter of FY24. This evidences the rapid turnaround in NDIS approvals and the quality of our underlying backlog which even following these approvals remains very strong.

With lease approvals underway we will build better return on capital as our asset base increases with devices in the field generating ongoing income.

### **(c) Japan**

An extremely hot summer slowed sales in Japan over the first quarter of FY25 however the pipeline remains strong with sales picking up towards the end of the quarter. The Japan team has built some strong relationships in the Sports and Rehab/biofeedback space for NeuroStrip with CBL's CEO Jeremy Steele meeting with these companies in the first week of October.

### **(d) Other markets**

Following the announcement of our distribution agreement in the UK and Ireland, we had a team in Europe for most of September to support the UK rollout and identify other partners for Continental Europe. We are expecting to make further announcements on our NeuroNode Only partnerships in the coming months.

## **(d) Product development**

The business continues to focus on the commercialisation of its newest products, the NeuroStrip and DROVE. Updates this quarter include:

- We have received our first 100 NeuroStrip devices following further refinement of the technology and are currently deploying them to early trial partners including Neuro Bounce.
- We are working with Neuro Bounce exploring how a closer partnership can accelerate the commercial rollout of the NeuroStrip.
- Recent meetings in Japan have identified opportunities in both the rehab and sports markets that will be pursued quickly.
- In Australia the DROVE team has identified 4 demonstration sites with installation occurring during October.
- In the US we are close to finalising the contracts with our Clinical Trials partner for the DROVE trials to commence before Christmas.

## **Quarterly cashflows and cash at bank**

The Group's results reflect the following:

- Cash receipts of over \$1.3m off the back of strong US sales in Q4FY24 and the improvement in NDIS approvals in Australia.
- Receipt of R&D Tax Incentive of \$736,794 with net proceeds of \$288,587 to the Company after the repayment of the debt facility with Radium Capital.
- Capital raised of \$970,480 including approximately \$525,000 from a strategic placement by North Star Impact Fund.
- Continued tightly controlled expenditure in Q1FY25 to maintain the Group's operating expenses at levels consistent with Q4FY24.

## **Business Strategy**

The key strategic pillars the business will focus on through FY25 are as follows:

- Grow each of the 3 operating businesses (USA, Australia, Japan) such that the selling operations in each market are EBITDA and cash positive.
- Build NeuroNode Only business globally.
- Deliver first commercial sales of DROVE autonomous wheelchair controller.
- Identify and execute on opportunities to more rapidly scale Control Bionics.
- Commercialise the NeuroStrip and associated App.
- Build a better organisation.

## ASX Additional information

### Expenditure on business activities

Pursuant to Listing Rule 4.7C.1, a summary of the expenditure incurred on the above business activities for the quarter:

Expenditure Category	Amount \$'000
Staff costs	1,609
Product manufacturing	661
Administration and corporate	397
Research and development	101
Advertising and marketing	127

### Related Party Payments

Related party payments as noted in Item 6.1 of the Appendix 4C comprise a total amount of \$184,291 paid to Executive Directors and their related parties and Board fees to Non-Executive Directors.

**This ASX announcement has been approved for release by the Board of Directors of Control Bionics Limited.**

### About Control Bionics:

Control Bionics is a medical device company assisting patients whose ability to communicate verbally or via text and social media is compromised by illnesses such as Motor Neurone Disease (MND) and Amyotrophic Lateral Sclerosis (ALS). Our core patented NeuroNode technology is a wireless wearable device that detects minute signals sent from the brain to any skeletal muscle and is captured as EMG (Electromyography) output. This output is then sent wirelessly via the NeuroNode to a personal computer, enabling speech and other computer controlled functions like email and texting. Our technology is integrated with eye gaze technology whereby the eye gaze enables a cursor to be moved about a computer screen, driven much like a mouse, and the NeuroNode acts as like the mouse button. Control Bionics is the only such product to harness three modalities – touch, eye and NeuroNode control – which combined yield unique benefits in terms of the ability of patients to express themselves with significantly faster speed and less fatigue.

Control Bionics recently extended its offering to mobility with the launch of DROVE – the autonomous wheelchair module. DROVE allows powered users the independence to operate their wheelchairs in their own homes for the first time. DROVE recently got approved by the TGA as a Class I medical device.

Control Bionics is currently commercialising its most recent advancement in its technology, the NeuroStrip®. This wearable, miniaturised EMG device provides the business with the opportunity to enter new markets such as health diagnostics, sports performance and rehabilitation to name only a few potential markets.

Control Bionics operates in North America, Australia, Singapore and Japan.

## **Investors and Media**

Jeremy Steele – CEO and Managing Director  
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Brett Crowley - Company Secretary  
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### **Investor Relations:**

Joe Durak  
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## Appendix 4C

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

**Name of entity**

Control Bionics Limited

**ABN**

45 115 465 462

**Quarter ended ("current quarter")**

30 September 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter (\$A'000)</b>	<b>Year to date (3 months) (\$A'000)</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,341	1,341
1.2 Payments for		
(a) research and development	(101)	(101)
(b) product manufacturing and operating costs	(661)	(661)
(c) advertising and marketing	(127)	(127)
(d) leased assets	-	-
(e) staff costs	(1,609)	(1,609)
(f) administration and corporate costs	(397)	(397)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(19)	(19)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	740	740
1.8 Other (provide details if material) <sup>1</sup>	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(832)</b>	<b>(832)</b>

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<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(43)	(43)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(43)</b>	<b>(43)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	970	970
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(9)	(9)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(498)	(498)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>463</b>	<b>463</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,058	1,058
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(832)	(832)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(43)	(43)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	463	463
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>646</b>	<b>646</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	646	1,058
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>646</b>	<b>1058</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	184
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*



7.	<b>Financing facilities</b> Note: the term “facility’ includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	<b>Total facility amount at quarter end \$A’000</b>	<b>Amount drawn at quarter end \$A’000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Insurance Funding Arrangement) – see below	(21)	(21)
7.4	<b>Total financing facilities</b>	<b>(21)</b>	<b>(21)</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>On 9 January 2024, Control Bionics Limited reactivated an insurance funding arrangement with The Bank of Queensland ("BOQ") whereby BOQ provide funding to renew policies. The outstanding balance of the insurance funding facility is \$20,933 as at 30 September 2024. Interest is payable at a rate of 4.35% and the funding facility is due for repayment on or before 31 December 2024.</p> </div>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(832)
8.2 Cash and cash equivalents at quarter end (item 4.6)	646
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	<b>646</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>0.8</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	No, the Company is expecting an improvement in cash flows as the issues that were being experienced with NDIS funding approvals have abated and the Company has seen a significant and steady increase in Australian sales in recent weeks. In addition, the Company continues to tightly manage corporate overheads.
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	Yes, the Company recently completed a Rights Issue and Placement in October 2024 which together raised ~\$2.7m in new capital for the business
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	The Company expects to continue its operations through increased efficiency of cash management in subsequent quarters and by securing financing from a variety of options and sources.
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 17 October 2024

Authorised by: By the Board