



27 October 2021

ASX ANNOUNCEMENT (ASX:CBL)

QUARTERLY ACTIVITIES REPORT & APPENDIX 4C QUARTER ENDED 30 SEPTEMBER 2021

Highlights for the quarter

- Q1 FY22 Cash Receipts of \$0.94m
- Access to patients and clinicians is improving as markets reopen, and the sales pipeline is growing accordingly
- Reseller agreement signed with DNR Wheels in Singapore
- Rental Model activated in Australia adding a new revenue stream
- Pipeline of new products in the AAC market to launch in Q2 FY22
- Key investments into the business of people and infrastructure were made in Q1 to increase productivity and grow sales
- \$10.27m cash at 30 September 2021

Control Bionics Limited (ASX: CBL), is pleased to announce its Activity Report and Appendix 4C for the quarter ended 30 September 2021.

Commenting on the quarter, Control Bionics CEO, Robert Wong said:

“During the quarter, the extended challenges of COVID-19 restrictions globally had an effect on our revenue conversion, but our pipeline is growing and we are excited about our future in an easing environment. We’ve worked extremely hard during the quarter on preparing the company for growth with investments in people, global infrastructure and new product introductions to come in the next quarter”

Operational Performance

(a) North America

Q1 FY22 sales through North American operations were A\$0.73m.

The North American team has been strengthened with the appointment of Vice President - North America. The appointee brings 20 years of healthcare experience in a variety of roles from speech-language pathologist, sales, marketing, education and device marketing. This appointment will enhance our commitment and will help accelerate business development in the North American region.

Social media and online advertising campaigns, to help enhance presence, commenced in September and will continue through to Q2 FY22.

Our reseller in the New England area, Numotion, has trained their sales team and are conducting field demonstrations of CBL products. We are optimistic that the benefits of this relationship will begin to emerge during FY22.

(b) Australia

Q1 FY22 sales for the Australian operations were A\$0.28m, as the business was impacted by continuing COVID-19 lockdowns.

The sales team in Australia was strengthened by the appointment of a Head of Sales - Australia. The individual brings a strong clinical background, extensive knowledge of the Australian Healthcare System including the National Disability Insurance Scheme (**NDIS**), people management skills and sales experience, making an excellent addition to our team.

Control Bionics Australia has activated a rental model on a select line of products opening up new revenue lines. This model has been well received by the clinical environment. These rental plans are addressing a key market gap for clients who may not be able to access other funding sources.

We launched a significant brand marketing campaign to widen our market positioning to our audience of clinicians and to prepare for our increased product range which will launch in Q2 FY22.

(c) New Market Development

Control Bionics has entered into a reseller agreement with DNR Wheels Pte Limited, a leading distributor in Singapore of mobility, homecare and rehabilitation equipment and technology.

We have made progress in Japan, establishing a local presence, but our market entry has been frustrated by COVID-19 restrictions and development of the Japanese software version. We remain excited by the opportunity in Japan with a vast addressable market, but it will take a little more time to see regular revenues flowing in the latter of FY22.

We were extremely proud to be a finalist in this year's AFR Financial Review Boss Most Innovative Companies in Health Industries.

Corporate

In August 2021, 31,212 shares were issued upon conversion by employees of options previously issued under the CBL Employee Share Option Plan.

Product development

The Company continued to develop and extend its product range in order to target expanded sales opportunities. Notable actions in the quarter include:

- We worked diligently on preparing a wider product range which will see us go from two system offerings to four system choices. The new range will be released in Q2 FY22 and will include an eye-gaze only option with upgrade capability to our flagship NeuroNode Trilogy system, plus a new touch-based system for ambulatory users with conditions like autism and intellectual disabilities.
- In Q2 FY22, we will also release an innovative accessory to all our systems called

Cosmos Connect, which was developed in-house and allows our clients to control external devices like dining robots, toys, mobile phones and tablets and game consoles like Xbox™.

- We have commenced working with Deakin University in Melbourne on a wheelchair control project extending our core NeuroNode applications.

Quarterly cashflows and cash at bank

For the quarter, the consolidated group results reflected the following:

- Total net cash outflows of \$2.06m, principally from Operating and Investing activities of \$1.99m.
- Cash balance of \$10.27m as of 30 September 2021.

The significant impacts on cash flow during the quarter were as follows:

- Delayed conversion to sales of submitted funding applications in Australia and USA.
- One-off people costs related to recruitment of key senior management team (including the new Vice President - North America, Head of Sales - Australia, Head of Funding in the USA), and annual bonuses for key management, as reported in the 2021 Annual Report.

Cashflows for the quarter include related party payments of \$184,020 to two Executive Directors and their related parties and fees to Non-Executive Directors.

ASX Additional information

Pursuant to Listing Rule 4.7C.2, Control Bionics provides the following comparison of its actual expenditure since admission to the ASX on 7 December 2020 against the 'use of funds' statement in its Prospectus dated 26 October 2020.

Use of funds (A\$)	Prospectus estimate	Actual Expenditure to 30 September 2021
Sales and marketing	6,550,000	2,324,273
Research and development	3,000,000	662,457
Intellectual property protection	300,000	23,277
Regulatory and insurance approvals	500,000	238,439
Offer costs	1,500,000	208,233 ¹
Working capital and reserves	3,150,000	4,089,872
Total uses	15,000,000	7,546,550

¹ Total offer costs were \$1,579,864 of which \$1,360,200 was incurred prior to the date of listing (7 December 2020) and \$208,233 was incurred subsequent to the date of listing.

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. [View our NeuroNode Trilogy Product Video-link](#)

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

Investors and Media

Rob Wong - CEO

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Brett Crowley - Company Secretary

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For further information visit the website: <https://www.controlbionics.com/>

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 2021

Consolidated statement of cash flows	Current quarter (\$A'000)	Year to date (3 months) (\$A'000)
1. Cash flows from operating activities		
1.1 Receipts from customers	938	938
1.2 Payments for		
(a) research and development	(91)	(91)
(b) product manufacturing and operating costs	(720)	(720)
(c) advertising and marketing	(201)	(201)
(d) leased assets	(21)	(21)
(e) staff costs	(1,317)	(1,317)
(f) administration and corporate costs	(573)	(573)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) ¹	-	-
1.9 Net cash from / (used in) operating activities	(1,985)	(1,985)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(68)	(68)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter (\$A'000)	Year to date (3 months) (\$A'000)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(68)	(68)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	14	14
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) ¹	-	-
3.10	Net cash from / (used in) financing activities	14	14

Notes

¹ As disclosed in March 2021 Appendix 4C, \$774,961 reclassified in prior periods from 'Cash Flows from Financing Activities' to 'Cash Flows from Operating Activities' in relation to transaction costs (AASB 132) from the listing of shares during the IPO.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	12,331	12,331
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,985)	(1,985)

Consolidated statement of cash flows		Current quarter (\$A'000)	Year to date (3 months) (\$A'000)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(68)	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14	14
4.5	Effect of movement in exchange rates on cash held	(23)	(23)
4.6	Cash and cash equivalents at end of period	10,269	10,269

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,269	12,331
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,269	12,331

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

7.	Financing facilities Note: the term “facility’ includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A’000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,985)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,269
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,269
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.2
<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: Not applicable		
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: Not applicable		

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: Not applicable

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

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

Date: 26 October 2021

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.