



31 January 2025

ASX ANNOUNCEMENT (ASX:CBL)

QUARTERLY ACTIVITIES REPORT & APPENDIX 4C QUARTER ENDED 31 DECEMBER 2024

Highlights

- **Record U.S. revenue:** The U.S. business delivered its **strongest sales quarter in years**, generating **nearly US\$1 million**, driven by increasing market penetration. We also received our **first reimbursements under the new** Healthcare Common Procedure Coding System's (HCPCS) code from both public and private insurers, **paving the way for increased revenue and improved margins** in our U.S. market.
- **Cash receipts up nearly 30%** over the corresponding quarter in FY24 and **5% quarter-on-quarter**, reflecting strong demand and improving collections.
- **First commercial NeuroStrip® agreements:** Expansion into **U.S. sports performance ('Neuro Bounce')** and **Japanese rehabilitation (Stroke Lab)**, diversifying into new high-growth markets beyond assistive communication.
- **Cost optimisation in the U.S.:** Implemented **A\$700,000 in annualised cost savings**, with full impact expected in H2 FY25.
- **Successful \$2.47 million capital raise** from new and existing shareholders to support **growth initiatives into calendar 2025**.
- **First sales in the UK & Ireland** following the **Smart Box distribution agreement**, expanding Control Bionics' European footprint.
- **DROVE commercialisation on track:** Three live demonstration sites in Australia, first distribution partnership secured with Motion Specialities (QLD), finalising our partnership with Cleveland Metro Health as our clinical trial partner for FDA approval with **FDA submission still expected mid-2025**.
- **New Chairman appointed: Dr. Samuel Straface** joins the Board, bringing extensive U.S. healthcare and neurophysiology expertise.

Control Bionics Limited (ASX: CBL), is pleased to announce its Activity Report and Appendix 4C for the quarter end 31 December 2024.

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

"This quarter has been one of the most pivotal in Control Bionics' history. With **record U.S. revenue**, our first HCPCS reimbursements, and major steps into **U.S. sports and Japanese rehabilitation**, we are demonstrating the **scalability of our technology across multiple industries**.

Our focus remains on accelerating revenue growth, achieving profitability in each of our core markets, and expanding NeuroStrip® into high-potential applications like sports science and

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health diagnostics. With clear commercialisation pathways, and a growing market presence, we are well-positioned to deliver sustained value for shareholders in 2025 and beyond.”

Quarterly cashflows and cash at bank

The Group reports net cash outflows of \$1.7M for Q2 FY25 primarily driven by:

- **Nearly \$1.0 million invested in inventory to fulfill existing orders** – The company strategically increased stock levels to meet confirmed demand, positioning itself for **higher cash receipts in future quarters**.
- **Cash receipts exceeded \$1.4 million**, driven by strong U.S. sales and improving National Disability and Insurance Scheme (NDIS) approvals.
- **US\$100,000 initial investment in Neuro Elite Athletics** to acquire 20% stake in Neuro Elite Athletics – the U.S.-based company behind the NeuroBounce program - to support expansion.
- **Successful capital raise of \$2.3 million** (after transaction costs) through a **Rights Issue and Placement** during the quarter.
- **Minimal restructuring costs** (less than **US\$20,000**).

Control Bionics **expects an improvement in cash flows** in the coming quarter, supported by:

- **Continued progress in reducing NDIS funding backlog of approvals**, which have been a key driver of delayed cash receipts.
- **A\$700,000 in annualised cost reductions** in U.S. operations, with **full impact expected in H2 FY25**.
- **Strong sales revenue in Q2 FY25**, which are expected to **convert into higher cash receipts in Q3 FY25**.
- **US\$179,000 second tranche of the ALS Association funding** due in Q3 FY25.

Cash at bank was nearly \$1.0M at the end of Q2 FY25.

Regional and Market Performance

(a) North America

- **Strongest U.S. sales quarter in years:** Revenue approached **US\$1 million**, reflecting growing demand and first **HCPCS reimbursements**.
- **Restructured U.S. sales team in November**, improving cost alignment. Full benefits of **A\$700,000 in annualised savings** expected in H2 FY25.
- **Growing industry interest:** Several U.S. competitors have expressed interest in distributing NeuroNode within the **AAC market**.
- **A major U.S. university became a new customer**, with expected **repeat orders** in 2025.

(b) Australia

- **NDIS approvals resumed**, helping clear backlog, though **inconsistencies remain** with December 2024 very quiet for approvals. As of **21 January 2025, \$1 million+ in funding approvals is still pending**.

- **Australia H2 FY25 revenue projected to grow 20%+ vs. H1 FY25**, driven by improving sales execution and market conditions. January 2025 has seen more than \$170,000 in sales.

(c) Japan

- **Steady YoY revenue growth** in Japan.
- **The new NeuroStrip® partnership with Stroke Lab marks a major move into the rehabilitation market, expanding Control Bionics' commercial footprint.** Stroke Lab is the first to adopt our NeuroStrip application for rehabilitation, and they are enthusiastic about the exciting commercial potential it brings.

(d) Other markets

- **First UK & Ireland sales** completed following the **Smart Box distribution agreement**. Training, education and marketing are well underway.
- **Discussions with additional European partners** are ongoing.

(d) NeuroBounce Investment – Expanding into Sports Science

- **December 2024:** Acquired a **20% stake in Neuro Elite Athletics (NeuroBounce)**.
- **Proven results:** NeuroBounce athletes increased their vertical leap by **7.5cm to 24cm in just four weeks**, exclusively using **NeuroStrip® technology**.
- **Revenue model:** NeuroBounce generates revenue through set-up fees, recurring Software as a Service (SaaS) subscriptions, and per-athlete fees, with each program expected to generate approximately US\$25,000 annually. Control Bionics will receive direct revenue from hardware sales, software subscriptions, and its share of NB distributions.
- **Australian Expansion:** Control Bionics holds **exclusive licensing rights to bring NeuroBounce to Australia** in 2025.

Strategic Focus for 2025

Control Bionics is focused on **six key strategic priorities** in FY25:

- **Achieve profitability in core markets** – Strengthening the **U.S., Australia, and Japan operations** to ensure each market achieves **EBITDA and cash flow positivity**.
- **Scaling the NeuroNode Business** – Expanding **NeuroNode-only sales** across key regions.
- **DROVE Commercialisation** – First **DROVE sales & partnerships** in Australia and submission of **FDA application** by mid-2025.
- **NeuroStrip® Expansion** – Driving adoption in **sports science, rehabilitation, and health diagnostics**.
- **Accelerating Growth** – Identifying strategic **partnerships, acquisitions, and licensing opportunities** to more rapidly scale the business.
- **Building a High-Performance Organisation** – Strengthening leadership, operations, and execution to support sustainable long-term growth.

Investor Outlook

With record U.S. revenue, higher sales volumes, and improving cash flow drivers, Control Bionics is positioned for strong growth in H2 FY25. The expansion of NeuroStrip®, first commercial agreements, and an increasing U.S. sales pipeline all signal a high-value trajectory for shareholders.

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	1,512
Product manufacturing	983
Administration and corporate	431
Research and development	62
Advertising and marketing	102

Related Party Payments

Related party payments as noted in Item 6.1 of the Appendix 4C comprise a total amount of \$213,305 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 has a 20% investment in Neuro Elite Athletics to drive rapid growth of their NeuroBounce program in the US and Australia.

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

Investors and Media

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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")

31 December 2024

Consolidated statement of cash flows	Current quarter (\$A'000)	Year to date (6 months) (\$A'000)
1. Cash flows from operating activities		
1.1 Receipts from customers	1,403	2,744
1.2 Payments for		
(a) research and development	(62)	(163)
(b) product manufacturing and operating costs	(983)	(1,644)
(c) advertising and marketing	(102)	(229)
(d) leased assets	(3)	(3)
(e) staff costs	(1,512)	(3,121)
(f) administration and corporate costs	(431)	(828)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	6
1.5 Interest and other costs of finance paid	(13)	(32)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	740
1.8 Other (provide details if material) ¹	-	-
1.9 Net cash from / (used in) operating activities	(1,698)	(2,530)

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2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(157)	(157)
	(c) property, plant and equipment	(1)	(1)
	(d) investments	(78)	(78)
	(e) intellectual property	(43)	(86)
	(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	(279)	(322)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,471	3,441
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	(155)	(164)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(23)	(521)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,293	2,756

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	646	1,058
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,698)	(2,530)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(279)	(322)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,293	2,756
4.5	Effect of movement in exchange rates on cash held	10	10
4.6	Cash and cash equivalents at end of period	972	972

5.		Current quarter \$A'000	Previous quarter \$A'000
1.1	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		
5.1	Bank balances	972	646
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)	972	646

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6.		Current quarter \$A'000
1.2	Payments to related parties of the entity and their associates	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	213
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.		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1.3	Financing facilities Note: the term "facility" includes all forms of financing arrangements available to the entity.		
1.4	Add notes as necessary for an understanding of the sources of finance available to the entity.		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Insurance Funding Arrangement) – see below	-	-
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.		
	<div style="border: 1px solid black; height: 40px; width: 100%;"></div>		

8.		\$A'000
	1.5 Estimated cash available for future operating activities	
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,698)
8.2	Cash and cash equivalents at quarter end (item 4.6)	972
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	972
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.6
	<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?	
	<p>Answer:</p> <p>No, the Company is expecting an improvement in cash flows resulting from continued improvement in NDIS funding approvals and cost saving measures already implemented across the business. Further, sales volumes for the quarter ended 31 December 2024 were strong across the business which will benefit future quarters as these sales are converted into receipts from customers in the next quarter. In addition, the second tranche of funding from the ALS Association in the US of US\$179k is due during the 3rd quarter of FY25.</p>	
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?	
	<p>Answer:</p> <p>CBL actively profiles the company and its strategy to investors and potential investors. CBL believes it will be able to raise capital if required in the short term to ensure that it can continue to fund its operations.</p>	
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?	
	<p>Answer:</p> <p>Yes, 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.</p>	
	<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: 31 January 2025

Authorised by: By the Board