



27 July 2021

ASX ANNOUNCEMENT (ASX:CBL)

**QUARTERLY ACTIVITIES REPORT & APPENDIX 4C
QUARTER ENDED 30 JUNE 2021**

Highlights for the quarter

- Q4 FY21 Cash Receipts of \$1.05m, up 36% vs Q3 FY21.
- Lead indicators of sales pipeline continue to improve with increased access to patients and clinicians in the US and Australia yielding a growing number of trial units in the field to underpin a growing sales pipeline.
- Continuing investment in key sales, marketing and operational infrastructure and people as set out in the IPO Prospectus.
- Reseller agreement signed with Numotion in the US. After 30 June, a reseller agreement was signed with DNR Wheels in Singapore.
- \$12.3m cash at 30 June 2021.

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

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

“We achieved a strong sales result in the June Quarter. Heightened market awareness and sales development in USA and Australia have seen increased access to markets given the company’s focus on revenue generating activities.

Momentum in our international expansion continues to improve despite COVID disruptions. Reseller agreements are also key to our growth, and we are excited to be working with DNR Wheels in Singapore with our best-in-class Neuronode Trilogy Product line.

The sales pipeline is stronger going into the new financial year.”

Operational Performance

(a) USA

In the June 2021 quarter, external sales through US operations were A\$0.9m.

The US sales team have been effective at securing growth in sales and a further increase of trial units in the field. The sales pipeline is stronger going into the new financial year and we expect to see returns from the investments made over the last six months.

Our reseller in the New England area, Numotion, has trained their sales team and are already conducting field demonstrations of CBL products. We are optimistic that the benefits of this relationship will begin to emerge during FY2022.

(b) Australia

In the June 2021 quarter, sales for the Australian operations were \$0.2m.

Changes to approval processes within National Disability Insurance Scheme (**NDIS**) have seen delays of some funding approvals. We are now working directly with NDIS to better understand their decision-making and funding approach guidelines to reduce time delays for funding approvals.

Control Bionics completed the annual NDIS audit and registration processes in the previous Quarter.

Growth in the sales pipeline seen in the previous Quarter continues despite continued business interruption from COVID lockdowns.

(c) New Market Development

As announced to the ASX on 7 April 2021, Control Bionics entered into a reseller agreement with US-based Numotion.

After 30 June 2021, Control Bionics entered the Singapore market with the appointment of leading disability distribution/reseller, DNR Wheels.

Covid conditions in Japan and software translation have slowed our entry into the Japanese market, but we have completed client in-market trials and feedback has been positive with our preferred distribution partner. We have signed a letter of intent and are working towards signing a distributor/reseller agreement.

Corporate

During the June 2021 quarter, 93,638 shares were issued upon conversion by employees of options previously issued under the CBL Employee Share Option Plan.

Quarterly cashflows and cash at bank

For the June 2021 quarter, the consolidated group results reflected the following:

- Net cash outflows from Operating and Investing activities of \$1.15m.
- There was a small outflow of \$0.09m to purchase fixed assets.
- Net cash inflows from Financing activities were minimal at \$0.04m, representing proceeds from exercise of options.
- Total net cash outflows of \$1.20m.
- Cash balance of \$12.3m as at 30 June 2021.

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

- Continued investment in key sales, marketing and operational infrastructure and people as set out in the IPO Prospectus.
- Sales conversion remains somewhat delayed due to COVID-19 impact, and seasonality influences on insurance applications in USA. The Australian business is starting to see a turnaround in approval processes for NDIS.

- Additional production related costs related to investment in trial stock and demonstration units for new sales staff.

Cashflows for the quarter include related party payments of \$121,774 to two Executive Directors and their related parties and three Non-Executive Directors relating to employee salaries and directors' fees.

ASX Additional information

Pursuant to Listing Rule 4.7C.2, Control Bionics provides the following comparison of its actual expenditure (see below) 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 June 2021
Sales and marketing	6,550,000	1,625,116
Research and development	3,000,000	312,318
Intellectual property protection	300,000	5,925
Regulatory and insurance approvals	500,000	149,106
Offer costs	1,500,000	208,233 ¹
Working capital and reserves	3,150,000	2,516,951
Total uses	15,000,000	4,817,649

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 an assistive technology device company that enables people with communication challenges to participate more fully in daily life. It's augmentative and alternative communication (AAC) offerings help people with a range of conditions to find their 'voice.' Control Bionics' Trilogy product line is the only AAC product to harnesses three modalities—touch, eye, and NeuroNode control — giving users the ultimate, personalized opportunity to express themselves.

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 June 2021

Consolidated statement of cash flows	Current quarter (\$A'000)	Year to date (12 months) (\$A'000)
1. Cash flows from operating activities		
1.1 Receipts from customers	1,052	3,333
1.2 Payments for		
(a) research and development	(103)	(323)
(b) product manufacturing and operating costs	(566)	(1,936)
(c) advertising and marketing	(209)	(347)
(d) leased assets	(16)	(62)
(e) staff costs	(936)	(2,567)
(f) administration and corporate costs	(363)	(1,360)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	240
1.8 Other (provide details if material) ¹	-	(775)
1.9 Net cash from / (used in) operating activities	(1,148)	(3,803)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(86)	(128)
(d) investments		
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter (\$A'000)	Year to date (12 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	(86)	(128)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	15,602
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	42	68
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,584)
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	-	775
3.10	Net cash from / (used in) financing activities	42	14,861

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	13,528	1,428
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,148)	(3,803)

Consolidated statement of cash flows		Current quarter (\$A'000)	Year to date (12 months) (\$A'000)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(86)	(128)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	42	14,861
4.5	Effect of movement in exchange rates on cash held	(5)	(27)
4.6	Cash and cash equivalents at end of period	12,331	12,331

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	12,331	13,528
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)	12,331	13,528

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	122
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)	(1,148)
8.2	Cash and cash equivalents at quarter end (item 4.6)	12,331
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	12,331
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.8
	<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 July 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.