30 October 2023

NON-RENOUNCEABLE RIGHTS ISSUE OFFER

UNDERWRITTEN TO OVER $1 MILLION

Control Bionics Limited is pleased to announce that it will be undertaking a pro rata non-renounceable rights issue (**Offer**) of ordinary fully paid shares to Eligible Shareholders, being persons who are registered as shareholders of the Company on the record date of 2 November 2023 (**Record Date**) and have a registered address in Australia or New Zealand.

The Company is raising capital to fund a specific set of new growth initiatives including the commercialisation of new products such as DROVE and the recently announced NeuroStrip, regulatory approvals required for export development of new and existing products and development of relevant new distribution channels in key export markets. Capital will also be used for increases in working capital to support business growth, both for the existing business and these new products.

With year-on-year revenue growth of more than 25% in FY23, the business continues to demonstrate the market's desire for our existing products. This growth rate is forecast to continue into FY24 and will be supplemented by Control Bionics' new products as they are brought to market during FY24. As announced during the recent AGM in October, Control Bionics unveiled the NeuroStrip which is a revolutionary advancement in wearable technology. The commercialisation of NeuroStrip and DROVE continue to be a priority for FY24, along with further success in our newest market of Japan.

Offer

Shareholders are being offered the opportunity to subscribe for 2 new fully paid ordinary shares in the Company (each, a **New Share**) for every 3 existing fully paid ordinary shares in the Company (each, a **Share**) held at 7pm (Sydney time) on 2 November 2023 at a price of $0.04 per New Share (**Issue Price**).

The Issue Price of $0.04 represents an approximately 33% discount to the last closing price on 26 October 2023, and an approximately 37.9% discount to the volume weighted average price of Shares for the 30 days prior to the announcement of the Offer.

If fully subscribed, the Offer will raise up to approximately $2.73 million (before costs).

Underwritten Offer

The Offer is underwritten to the extent of over $1 million.

Two of the three largest shareholders of CBL (Nightingale Partners Pty Ltd and Phoenix Development Fund Limited) have underwritten a total of $1,000,000.

In addition, CEO Jeremy Steele and Non-executive Directors Roger Hawke, Prof Rob Heard and Damian Lismore (either personally or through their related entities) have collectively committed a total of $140,000 to the Offer. This amount consists of their full entitlements plus an underwritten amount of $77,032.

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Further details

Shareholders who, at the Record Date, have an address registered in either Australia or New Zealand, will be eligible to participate in the Offer. All other shareholders will not be eligible to participate.

New Shares issued pursuant to the Offer will rank equally with existing fully paid ordinary shares currently on issue and the Company will apply to ASX for official quotation of the New Shares.

Eligible Shareholders may also apply for additional new shares (**Additional New Shares**), being New Shares in excess of their pro rata entitlement under the Offer. The allocation of Additional New Shares and any scale back will be subject to availability of Additional New Shares and will occur in the Company's absolute discretion.

Any New Shares offered under the Rights Issue that are not subscribed for by Eligible Shareholders will form part of the shortfall (**Shortfall**). The Directors reserve the right, subject to the Corporations Act and the Listing Rules, to allocate any Shortfall to Eligible Shareholders that apply for Additional New Shares or otherwise, to place any remaining Shortfall at their discretion within 3 months after the Closing Date (on the same conditions as New Shares and at a price not less than the Issue Price).

Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	100% of entitlements paid up	50% of entitlements paid up
Shares on issue at date of the offer	102,408,918	102,408,918
New shares offered under the offer	68,272,612	34,136,306
Total shares on completion of the offer	170,681,530	136,545,224

Use of Funds

It is intended that the proceeds from the Offer will be used in accordance with the table set out below.

Purpose	Amount $
New product development, production and Commercialisation of new products including DROVE and NeuroStrip	1,000,000
Software development for NeuroStrip	500,000

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Regulatory Approvals	500,000
Distribution channel development	300,000
Working capital and reserve	431,000
TOTAL	**2,731,000**

Timetable

The Offer is proposed to be conducted according to the following timetable:

Lodgement of Appendix 3B and Cleansing Notice for Rights Issue with ASX	30 October 2023
"Ex" Date (i.e. the date on and from which Shares trade on ASX without an Entitlement)	1 November 2023
Record Date (i.e. the time and date for determining Entitlements)	7pm (Sydney time) on 2 November 2023
Despatch of Offer Booklet and Entitlement and Acceptance Form to Eligible Shareholders	7 November 2023
Rights Issue Opening Date	7 November 2023
Last day to extend the offer Closing Date	21 November 2023
Rights Issue Closing Date	5pm (Sydney time) on 24 November 2023
Trading in New Shares on ASX on a "deferred settlement basis" begins	27 November 2023
Announcement of results of Rights Issue	29 November 2023
Issue of New Shares to successful applicants under the Rights Issue	29 November 2023
Trading in New Shares on ASX on a normal ("T+2") settlement basis begins	30 November 2023

All dates (other than the date of lodgement of the Offer Document with ASX) are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

On 7 November 2023, the Company will dispatch an Offer Document together with a personalised Entitlement and Acceptance Form to eligible shareholders. The Entitlement and Acceptance Form together with the appropriate application monies needs to be returned to the Company's share registry before 7pm (Sydney time) on the anticipated closing date of 24 November 2023.

The Offer Document includes details of the Offer and the risks associated with investing in the Company. It is recommended that you read the Offer Document carefully and, if you are interested in participating in the Offer, consult with your professional advisers.

This announcement is authorised by CBL's Chairman, Roger Hawke.

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)/ Amyotrophic Lateral Sclerosis (ALS), Spinal Cord Injury, Traumatic Brain Injury and Cerebral Palsy among others. 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 Electromyography (EMG) signals which are processed on personal computers, smartphones and tablets to generate text, text to speech, email and other computer-controlled functions. 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 produces the only system to harness three modalities – touch, eye movement and EMG 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.

In October 2023 Control Bionics announced the launch of its next generation NeuroNode device, the NeuroStrip. The ultra-lightweight device features a direct to skin electrode which has comprehensive physiological telemetry and is a material advancement on the NeuroNode. NeuroStrip has a range of potential new applications in disability, medtech and consumer markets.

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