

25 February 2021

## ASX ANNOUNCEMENT

### Half Year Results – Growth continues supported by strong capital base

**Control Bionics Limited (ASX:CBL) ('Control Bionics' or 'the Company'), a leading company in the assistive communications technology market within the disability sector is pleased to announce its results for the first half of FY21.**

#### Highlights

- \$15m raised via a fully underwritten IPO at \$0.60/share in December 2020 to fund global expansion;
- Revenue for the period up 22% to A\$2m and unit sales up 25%;
- Excluding IPO costs, underlying Net loss improved to (A\$0.292m);
- Sales force in Australia and US expanded & entry into Japanese market is underway;
- Positioning in key markets for post COVID-19 recovery; and
- US sales began to pick up in December 2020.

**Control Bionics' CEO, Rob Wong commented on the half year results:** "Despite the uncertainties Control Bionics' key markets experienced in 2020 due to the impact of COVID-19, we are very pleased to report a 22% increase in revenue and 25% increase in unit sales for the half.

*Our technology is truly pioneering and life changing for our customers and we are focused on improving their experience even further with ongoing product innovation.*

*We are cautiously optimistic about the outlook. Our market access is naturally exposed to COVID-19 flare-ups, but with substantial capital available to us thanks to the very successful IPO, Control Bionics is very well positioned to benefit as access to clinicians and end users improves."*

#### Financial and Operational Update

The key milestone this half was the execution of Control Bionics' fully underwritten IPO which raised \$15m at \$0.60, which capitalised the Company at \$50m. The transaction received strong support from retail investors as well as from a number of Australia's most highly regarded institutional investors.

The majority of Control Bionics' revenue is generated from NeuroNode system unit sales to end users with speech & movement disabilities. Healthcare providers, insurance providers, and government agencies are important influencers in the sales cycle.

COVID-19 has impacted the industry's ability to access specifiers of the Company's products, namely speech language pathologists as well as end users, due to travel restrictions and lockdowns in key markets. This impact was felt most in Q1 but the Company saw this begin to abate late in Q2 with an easing of restrictions in the US. Despite challenges presented by COVID-19, the Company has achieved good growth for the half with gradual reopening of assessment sites in homes, facilities and rehabilitation centres in Australia and the US in December.

Given this backdrop the Company was pleased to report a 22% increase in revenue to \$2m in the first half versus the previous corresponding period and compared to \$3.1m in sales for the entire FY20 period. Sales in Australia were up 84% whilst USA sales were broadly flat at +3% for the half - acceptable given the US market COVID-19 impact. December 2020 saw sales in the US begin to recover.

During the half year, expenses were reduced to offset the negative impact on revenue of COVID-19. Overall, the Company reported an underlying loss for the half year (i.e. excluding IPO costs) of \$0.292m versus \$0.522m in the first half of FY19.

On the product development front Control Bionics launched NeuroNode Trilogy GridPad in September 2020. It includes a more robust packaging, more powerful speakers and extended battery life. The market reception thus far has been positive.

### **Recent Growth Initiatives**

Early in Q3 FY21 the Company began adding to its sales marketing and operational capacity in the US as well as Australia. In February 2021, the Company hired new full-time CFO Neale Java and a Director of International Business Development to lead the Company's international growth ambitions. The Company is planning to substantially increase its sales team by the end of FY21 to better penetrate the markets globally.

In Q3, the Company signed a sales/reseller agreement with United Seating & Mobility LLC (branded 'Numotion') giving additional sales reach in the north-eastern US. Numotion is a leading provider of Complex Rehabilitation Technology (CRT) in the US.

Entry into the Japanese market is a priority and is progressing well with the assistance of Austrade and the Japanese Economic Trade Relations Organisation (JETRO) in Japan. The Company has also commenced NeuroNode Trilogy product conversion for the Japanese market, allowing for market trials with Japanese based assistive technology distributor/resellers and employed a Tokyo based representative consultant.

Our R&D effort continues to be a priority. Our current focus is on two fronts. Firstly, decreasing the physical size and power consumption of our core NeuroNode technology. This work will provide the necessary platform to apply our technology to additional market applications outside of disability. Secondly, we are working on a NeuroNode controller which will allow for power wheelchair control, plus extended control of game consoles, dining robots and other devices.

### **Outlook**

Control Bionics is cautiously optimistic about the remainder of FY21. The COVID-19 pandemic has not altered the Company's long-term strategy and will continue to invest in core sales, marketing and operational infrastructure to support the penetration of markets in the US, Australia and Japan. Core interest in NeuroNode systems remains solid with users and

continues to build with clinicians, as they become more aware of our brand, systems and success stories.

The market Control Bionics serves are highly impacted by COVID-19 flare-ups in both the USA and Australia. However, The Company is very well capitalized to take advantage of improving access to clinicians and end-users with zero debt and over \$14m in cash.

**This announcement was authorised by the CEO, Rob Wong.**

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

#### **About Control Bionics:**

Control Bionics is a technology company which enables a disabled person to use their own neuroelectric signals, from their brain to a muscle, to control communication and movement through smartphones, tablets, computers and robotics, even when that muscle is not fully functional. The Company's wearable, wristwatch, wireless device, 'NeuroNode', is a world leader in electromyography (EMG), capturing and processing those neuroelectric signals into electronic commands to do everything they would normally do with a keyboard, mouse, joystick or touchscreen. The technology also enables a person to use their eyes to replace a mouse in controlling a cursor on a screen simply by looking where they want the cursor to move; and then to select anything under the cursor, using NeuroNode; providing fast, intuitive communication and control through text, text-to-speech, emails, phone-messaging, web surfing and robotics.