

Control Bionics Limited
Appendix 4D
Interim Report

1. Company details

Name of entity: Control Bionics Limited
ABN: 45 115 465 462
Reporting period: For the half-year ended 31 December 2024
Previous period: For the half-year ended 31 December 2023

2. Results for announcement to the market

				\$
Revenues from ordinary activities	down	2.3%	to	2,896,291
Loss from ordinary activities after tax attributable to the owners of Control Bionics Limited	up	47.12%	to	3,222,197
Loss for the half-year attributable to the owners of Control Bionics Limited	up	47.12%	to	3,222,197

Dividends

There were no dividends, paid, recommended or declared during the half-year period.

Comments

The loss for the Group after providing for income tax amounted to \$3,222,197 (31 December 2023: \$2,190,224). Further details about results and operations during the period can be found in the Directors' Report in the Control Bionics Limited Interim report.

3. Net tangible assets

	31 December 2024 Cents	30 June 2024 Cents
Net tangible assets per ordinary security	0.87	0.93

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Neuro Elite Athletics, LLC	20.00%	-	-	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):


The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

8. Attachments

Details of attachments (if any):

The Interim Report of Control Bionics Limited for the half-year ended 31 December 2024 is attached.

9. Signed

Signed 

Samuel Straface
Chairman

Date: 25 February 2025

Control Bionics Limited

ABN 45 115 465 462

Interim Report

For the half-year ended 31 December 2024

Control Bionics Limited
Directors' report
31 December 2024

The directors present their report, together with the financial statements on the consolidated entity ("Group" or "Control Bionics") consisting of Control Bionics Limited ("Company" or "Parent Entity") and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors

The following persons were directors of the Company during the whole of the financial half-year and up to the date of this report:

Mr Peter Shann Ford
Mr Damian Lismore
Mr Jeremy Steele, Managing Director
Prof Robert Heard

Dr Samuel Straface was appointed as a director on 22 October 2024 and continues in office as at the date of this report. Dr Straface was appointed as non-executive Chairman on 17 December 2024.

Mr Roger David Hawke was a director and Chairman from the beginning of the financial period until his resignation on 17 December 2024.

Principal activities

During the half year, the principal activities of the Group continued to be the development, commercialisation and sale of assistive communications technology systems within the disability sector. The Group's core systems include NeuroNode Trilogy, NeuroNode Duo and Eye-gaze Duo. These systems allow people with speech and movement difficulties to control a computer for speech generation, electronic communications (eg email, social media), entertainment and external control of other devices.

Control Bionics is currently commercialising its most recent advancement in its technology, the NeuroStrip. This wearable, miniaturised EMG device provide the business with the opportunity to enter new markets such as health diagnostics, sports performance and rehabilitation to name only a few potential markets.

The Group has also received TGA approval to market DROVE - the autonomous wheelchair module. DROVE allows powered users the independence to operate their wheelchairs in their own homes for the first time, and will commence sales in Australia in FY25.

No other significant changes in the nature of these activities occurred during the half-year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

For the current interim financial period, the Group reported revenue of \$2,896,291 (31 December 2023: \$2,964,239) and a net loss after tax of \$3,222,197 (31 December 2023: \$2,190,224).

The Company continues to operate within a focused strategy to deliver long term growth. The key strategic pillars for FY25 are as follows:

- Grow each of the three operating businesses (US, Australia, Japan) such that the selling operations in each market are EBITDA and cash positive.
- Build NeuroNode Only business globally.
- Deliver first commercial sales of DROVE autonomous wheelchair controller.
- Identify and execute on opportunities to more rapidly scale Control Bionics.
- Commercialise the NeuroStrip and associated App.
- Build a better organisation.

The business has made significant progress across each of these pillars over the last 6 months.

The key highlights for the half-year and up to the date of this Directors' Report are:

Control Bionics Limited
Directors' report
31 December 2024

- The Company successfully raised \$3,441,561 from new and existing shareholders to support the business' initiatives into calendar year 2025.
- The Company received the FY24 R&D tax refund of \$736,794 in late September.
- Cash receipts from customers have increased almost 6% over the previous half-year period driven by strong sales in December 2024 in the US, combined with significant improvement in NDIS approvals in Australia.
- The business was successful in achieving a HCPCS code to enable the NeuroNode to be sold as a separate item in the US. This came into effect on 1 October 2024 and the business received its first reimbursement from both public and private insurers underpinning an increase in revenue and margin expected for the US operations moving forward.
- The Company announced an exclusive distribution agreement with Smartbox UK to drive the NeuroNode Only strategy in the UK and Ireland.
- The business implemented an adjustment to its cost base in the US in November which will take ~AUD\$700k in annualised costs out of the business.
- In December 2024 the business announced an investment in Neuro Elite Athletics, LLC ('NeuroBounce') in the US and a Memorandum of Understanding with Stroke Lab (Japan) to accelerate the Company's growth of its NeuroStrip Technology.

Operational Performance

(a) US

The new HCPCS code was a significant achievement for the Group and specifically the US selling operations. The business obtained its first reimbursement from both public and private insurers during the half-year period. The Company is working to refine the strategy to maximise the value of this new funding mechanism and has been approached by a number of US competitors who have expressed an interest in partnering to distribute the NeuroNode in the US market.

The US had its strongest quarter of sales for many years during the half year period generating almost US\$1,000,000 in revenue. The business undertook a restructure of its selling team in November 2024 to better align the cost base with the sales strategy. This full benefit of this will be seen in the second half of the financial year.

(b) Australia

Australia continues to feel the effects of issues with delays in NDIS approvals which have been inconsistent throughout the half-year ended 31 December 2024. The first quarter of FY25 was very strong with amounts invoiced greater than any quarter for FY24. Unfortunately, approvals slowed down again towards the end of the period. We are in continuous contact with the NDIS to ensure our clients get access to this critical technology in a timely manner.

(c) Japan

Revenue from our Japan operations has continued to build since we began operations in Q1FY24 to nearly \$50,000 for the half-year ended 31 December 2024. Our move to commercialise our NeuroStrip technology in partnership with Stroke Lab will see an extra opportunity for revenue growth in this market. Stroke Lab is the first partner to commence using our new NeuroStrip application for rehabilitation and they are excited by the commercial opportunities it offers.

(d) Other markets

Following the signing of our distribution agreement in the UK and Ireland with Smart Box we sold our first units into this market. Training, education and marketing are well underway. Discussions continue with a number of other potential European partners.

As announced in December 2024, Control Bionics took a minority investment in NeuroBounce in the US. The innovative jump program run for more than 20 years by this group has demonstrated an ability to significantly increase the vertical jump of athletes by more than 7.5cm (3 inches) and up to 24cm in just 4 weeks. NeuroBounce exclusively uses the NeuroStrip technology and our investment will allow for the rapid expansion in the US as well as the launch of this program in Australia through a licencing agreement held by CBL.

(e) Product development

The business' focus continues to be on the expansion of its NeuroStrip technology. The partnerships announced with Stroke Lab and NeuroBounce not only bring customers, revenue and use-case expansion for the Group, we benefit from development partners who are bringing their expertise to the further development of our product and software solutions.

Control Bionics Limited
Directors' report
31 December 2024

Our work on commercialisation of DROVE continues with 3 demonstration sites live across Australia and the announcement of our first distribution partner in Australia. In the US we are close to finalising our clinical trials partner and the FDA application is still on track to be submitted by the middle of the 2025 calendar year.

Significant changes in the state of affairs

Other than developments reported elsewhere in this report, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the half-year ended 31 December 2024.

Matters subsequent to the end of the financial half-year

On 25 February 2025, the Company received approximately \$2,000,000 in connection with the issuance of 44,444,444 shares at \$0.045 per share.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors Report.

This report is made in accordance with a resolution of directors.



Samuel Straface
Chairman

25 February 2025



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY KATHERINE ROBERTSON TO THE DIRECTORS OF CONTROL BIONICS LIMITED

As lead auditor for the review of Control Bionics Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Control Bionics Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Katherine Robertson', is written over a light blue horizontal line.

Katherine Robertson
Director

BDO Audit Pty Ltd

Melbourne, 25 February 2025

Control Bionics Limited
Contents
31 December 2024

Condensed consolidated statement of profit or loss and other comprehensive income	6
Condensed consolidated statement of financial position	7
Condensed consolidated statement of changes in equity	8
Condensed consolidated statement of cash flows	9
Notes to the condensed consolidated financial statements	10
Directors' declaration	18
Independent auditor's review report to the members of Control Bionics Limited	19

General information

The financial statements cover Control Bionics Limited as a Group consisting of Control Bionics Limited and the entities it controlled at the end of, or during, the interim financial period. The financial statements are presented in Australian dollars, which is Control Bionics Limited's functional and presentation currency.

Control Bionics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 11-13 Pearson Street
Cremorne VIC 3121
Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2025. The directors have the power to amend and reissue the financial statements.

Control Bionics Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
Revenue	3	2,896,291	2,964,239
Other income	4	379,299	521,239
Expenses			
Raw materials and consumables used		(1,063,251)	(794,780)
Depreciation and amortisation expense		(451,276)	(255,112)
Employee benefits expense		(3,044,157)	(2,736,817)
Bad debt expense		(98,284)	(126,002)
Marketing and promotion		(226,321)	(171,363)
Research & development costs (non-staff)		(565,956)	(170,752)
Legal fees, patents and insurance		(163,381)	(177,695)
Corporate travel		(277,040)	(273,508)
Professional fees		(142,026)	(326,291)
Foreign exchange (loss)/gain		(36,172)	8,228
General and administrative expense		(370,408)	(542,530)
Impairment loss arising from other assets		-	(93,806)
Finance costs		(59,515)	(15,274)
Loss before income tax expense		(3,222,197)	(2,190,224)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Control Bionics Limited		(3,222,197)	(2,190,224)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		92,707	(85,494)
Other comprehensive income for the half-year, net of tax		92,707	(85,494)
Total comprehensive income for the half-year attributable to the owners of Control Bionics Limited		<u>(3,129,490)</u>	<u>(2,275,718)</u>
		Cents	Cents
Basic loss per share		(1.39)	(2.06)
Diluted loss per share		(1.39)	(2.06)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Control Bionics Limited
Condensed consolidated statement of financial position
As at 31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
Assets			
Current assets			
Cash and cash equivalents		972,229	980,760
Trade and other receivables		1,709,480	2,186,704
Inventories		574,117	404,150
Other assets		144,130	190,164
Total current assets		<u>3,399,956</u>	<u>3,761,778</u>
Non-current assets			
Investments accounted for using the equity method	5	419,817	-
Property, plant and equipment		759,374	851,698
Intangibles	6	3,976,194	4,047,007
Right-of-use assets		285,112	366,827
Total non-current assets		<u>5,440,497</u>	<u>5,265,532</u>
Total assets		<u>8,840,453</u>	<u>9,027,310</u>
Liabilities			
Current liabilities			
Trade and other payables		1,677,810	1,567,488
Borrowings		-	517,136
Lease liabilities		215,206	108,437
Employee benefits		222,101	210,046
Total current liabilities		<u>2,115,117</u>	<u>2,403,107</u>
Non-current liabilities			
Lease liabilities		238,269	336,165
Employee benefits		27,656	20,330
Total non-current liabilities		<u>265,925</u>	<u>356,495</u>
Total liabilities		<u>2,381,042</u>	<u>2,759,602</u>
Net assets		<u>6,459,411</u>	<u>6,267,708</u>
Equity			
Issued capital	7	38,404,164	35,152,513
Reserves	8	556,600	394,351
Accumulated losses		<u>(32,501,353)</u>	<u>(29,279,156)</u>
Total equity		<u>6,459,411</u>	<u>6,267,708</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

Control Bionics Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2024

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	30,241,659	271,371	(23,365,377)	7,147,653
Loss after income tax expense for the half-year	-	-	(2,190,224)	(2,190,224)
Other comprehensive income for the half-year, net of tax	-	(85,494)	-	(85,494)
Total comprehensive income for the half-year	-	(85,494)	(2,190,224)	(2,275,718)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	2,796,069	-	-	2,796,069
Share-based payments	-	36,085	-	36,085
Balance at 31 December 2023	<u>33,037,728</u>	<u>221,962</u>	<u>(25,555,601)</u>	<u>7,704,089</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	35,152,513	394,351	(29,279,156)	6,267,708
Loss after income tax expense for the half-year	-	-	(3,222,197)	(3,222,197)
Other comprehensive income for the half-year, net of tax	-	92,707	-	92,707
Total comprehensive income for the half-year	-	92,707	(3,222,197)	(3,129,490)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	3,251,651	-	-	3,251,651
Share-based payments	-	69,542	-	69,542
Balance at 31 December 2024	<u>38,404,164</u>	<u>556,600</u>	<u>(32,501,353)</u>	<u>6,459,411</u>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Control Bionics Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,177,719	2,594,865
Payments to suppliers and employees (inclusive of GST)		(6,258,185)	(4,765,931)
Receipts from government grants		736,794	480,501
Interest received		6,790	6,802
Interest and other finance costs paid		(28,532)	(17,659)
Net cash used in operating activities		(2,365,414)	(1,701,422)
Cash flows from investing activities			
Payments for property, plant and equipment		(124,497)	(509,571)
Payments for intangible assets	6	(81,927)	(27,994)
Payments for investments accounted for using the equity method	5	(160,849)	-
Payments for other non-current assets		-	(51,531)
Net cash used in investing activities		(367,273)	(589,096)
Cash flows from financing activities			
Proceeds from issue of shares	7	3,441,561	2,831,851
Share issue transaction costs	7	(189,910)	(31,937)
Repayment of borrowings		(517,136)	-
Repayment of lease liabilities		(22,110)	(90,790)
Holding deposit paid on potential new lease arrangements		-	(20,020)
Net cash from financing activities		2,712,405	2,689,104
Net (decrease)/increase in cash and cash equivalents		(20,282)	398,586
Cash and cash equivalents at the beginning of the financial half-year		980,760	935,503
Effects of exchange rate changes on cash and cash equivalents		11,751	(19,926)
Cash and cash equivalents at the end of the financial half-year		<u>972,229</u>	<u>1,314,163</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Statement of material accounting policies

Basis of preparation of the financial report

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes normally included in annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended 30 June 2024 and any public announcements made by the Group during the interim financial period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim financial period, unless otherwise stated. The Group has adopted the Associates accounting policy described below for the first time in this report.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current interim financial reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern

The Group's financial statements have been prepared on the basis of continuity of operations, the realisation of assets and the satisfaction of liabilities in the ordinary course of business. As disclosed in the financial statements, the Group has incurred a net loss after taxes of \$3,222,197 (2023: \$2,190,224) and had net cash outflows from operating activities of \$2,365,414 for the half year ended 31 December 2024 (2023: \$1,701,422).

The future viability of the Group is largely dependent on the number and timing of sales, and on its ability to raise capital to finance its operations. The Group's level of sales in the second half of FY2025 and ability to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies. If adequate funds are not available to the Group, the Group may be required to delay, reduce or eliminate research and development programs, reduce costs, or eliminate commercialisation efforts, cease operations, raise new equity or pursue merger and acquisition strategies.

The Group had cash on hand balances available as at 31 December 2024 of \$972,229 (30 June 2024 \$980,760). During the half year period the group raised an additional \$3,441,561 through a strategic share placement and a rights issue and received a Research and Development Tax Incentive rebate of \$736,794.

The Group has prepared a cash flow forecast supported by detailed assumptions and scenario planning directed to sustaining business growth. These forecasts indicate that the Group will require additional finance to fund its ongoing operations for a period of 12 months from the date the financial report was authorised for issue.

The potential requirement to raise additional finance or equity to fund operations creates a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the directors are confident the Group will raise additional equity to fund operations and implement other risk mitigating factors disclosed above.

The financial statements do not reflect the situation should the Group be unable to continue as a going concern. If the going concern assumption is not valid, the consequence is the Group may be unable to realise the value of its assets including its intangible assets and discharge its liabilities in the ordinary course of business.

The Group believes that it has sufficient liquidity and options available to prepare the financial statements on a going concern basis at this time.

Note 1. Statement of material accounting policies (continued)

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Note 2. Operating Segments

Identification of reportable operating segments

Segment information is based on the information that management uses to make decisions about operating matters and allows users to review operations through the eyes of management. Operating segments represent the information reported to the chief operating decision makers (CODM), being the executive management team, for the purposes of resource allocation and assessment of segment performance.

The Group has identified operating segments applicable to the sale of assistive communications technology systems within the disability sector. The reported loss for the combined segments within the sector before income tax is \$3,222,197 for the interim financial period (2023 loss: \$2,190,224).

The segment currently has two functioning operations in two geographical locations: Australia and North America, market exploration in alternate geographical locations including Japan, a corporate function in addition to a substantial Research and Development program. This is consistent with the internal reporting provided to the CODM and is aligned to the one major revenue stream.

The CODM reviews EBITDA (earnings before interest, tax, depreciation, and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in these financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and/or services of each of the geographical locations within the operating segment are as follows:

Australia (Aust)	Sales of systems related units and components in Australia
North America (US)	Manufacture and sales of systems units and components in North America
Japan and other markets	Activities undertaken to establish viable and additional operating markets, but not yet determined to be a material market segment in their own right.
R&D (R&D)	Research activities undertaken in regards to the Group's products.
Corporate	The provision of support, regulatory and infrastructure activities, and elimination entries above the EBITDA line.

Control Bionics Limited
Notes to the condensed consolidated financial statements
31 December 2024

Note 2. Operating Segments (continued)

	Aust \$	US \$	Japan and other markets \$	R&D \$	Corporate \$	Total \$
31 December 2024						
Income	561,593	2,588,921	46,818	365,297	(287,039)	3,275,590
Expenses*	(850,821)	(3,817,072)	(130,925)	(1,021,528)	(166,650)	(5,986,996)
EBITDA	<u>(289,228)</u>	<u>(1,228,151)</u>	<u>(84,107)</u>	<u>(656,231)</u>	<u>(453,689)</u>	<u>(2,711,406)</u>
Interest						(59,515)
Depreciation						(451,276)
Loss before income tax for the period						<u>(3,222,197)</u>
Income tax expense						-
Loss after income tax expense for the period						<u><u>(3,222,197)</u></u>

	Aust \$	US \$	Japan and other markets \$	R&D \$	Corporate \$	Total \$
31 December 2023						
Income	671,734	2,650,527	10,600	483,301	(330,684)	3,485,478
Expenses*	(671,386)	(3,604,375)	(101,667)	(1,162,611)	228,529	(5,311,510)
EBITDA	<u>348</u>	<u>(953,848)</u>	<u>(91,067)</u>	<u>(679,310)</u>	<u>(102,155)</u>	<u>(1,826,032)</u>
Interest						(15,274)
Depreciation						(255,112)
Impairment of assets						(93,806)
Loss before income tax for the period						<u>(2,190,224)</u>
Income tax expense						-
Loss after income tax expense for the period						<u><u>(2,190,224)</u></u>

*Interest, Depreciation, Amortisation and Impairment are excluded from expenses in the above schedule due to joint use between segments of certain assets and expense components.

Note 3. Revenue

	31 December 2024 \$	31 December 2023 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	2,763,860	2,812,551
Technical trials and support	13,888	30,724
Lease of goods (rental)	<u>118,543</u>	<u>120,964</u>
Revenue	<u><u>2,896,291</u></u>	<u><u>2,964,239</u></u>

Control Bionics Limited
Notes to the condensed consolidated financial statements
31 December 2024

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	31 December 2024 \$	31 December 2023 \$
<i>Geographical regions</i>		
Australia	580,459	680,258
US	2,269,014	2,283,981
Japan and other markets	46,818	-
	<u>2,896,291</u>	<u>2,964,239</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	2,763,860	2,812,551
Services transferred over time	132,431	151,688
	<u>2,896,291</u>	<u>2,964,239</u>

The revenues referred to above are net of intercompany eliminations.

Note 4. Other income

	31 December 2024 \$	31 December 2023 \$
Research and development tax offset	214,217	483,301
Grant income	151,080	-
Interest income	6,790	6,802
Other income	7,212	31,136
	<u>379,299</u>	<u>521,239</u>

Note 5. Investments accounted for using the equity method

	31 December 2024 \$	30 June 2024 \$
Investments	<u>419,817</u>	<u>-</u>

On 16 December 2024, Control Bionics Limited, through its wholly owned subsidiary Control Bionic Ngage Inc., acquired a 20% stake in Neuro Elite Athletics, LLC, the US-based company behind the NeuroBounce program, for approximately US\$260,000 including cash and in-kind contributions. Payments and contributions are to be made in tranches as follows:

- the first tranche payment of US\$100,000 was made on 14 December 2024.
- the second and final tranche payment of US\$111,100 to be made within 6 months of 14 December 2024, upon Neuro Elite Athletics, LLC providing Control Bionics 20 business days' notice to pay.
- Control Bionics to provide Neuro Elite Athletics, LLC certain equipment and resources with a deemed value of US\$50,000 on an as needed basis.

The investment is classified as an associate and is accounted for using the accounting policy described in Note 1.

Reconciliation of carrying amount

The carrying amount of equity-accounted investments has changed as follows in the six months to 31 December 2024:

Control Bionics Limited
Notes to the condensed consolidated financial statements
31 December 2024

Note 5. Investments accounted for using the equity method (continued)

	31 December 2024 \$
Balance at 1 July 2024	-
Additions	419,817
Profit for the period	-
Balance at 31 December 2024	<u>419,817</u>

Cash flow information

	31 December 2024
Cash outflows from investing activities - first tranche payment	160,849
Non-cash investing activities - second tranche payment not yet due and in-kind contributions	258,968
	<u>419,817</u>

Note 6. Intangibles

	31 December 2024 \$	30 June 2024 \$
Intellectual property - at cost	4,064,353	4,064,353
Less: Accumulated amortisation	(262,212)	(131,106)
	<u>3,802,141</u>	<u>3,933,247</u>
Patents and trademarks - at cost	186,491	104,564
Less: Accumulated amortisation	(48,022)	(31,489)
	<u>138,469</u>	<u>73,075</u>
Software - at cost	50,594	50,594
Less: Accumulated amortisation	(15,010)	(9,909)
	<u>35,584</u>	<u>40,685</u>
	<u>3,976,194</u>	<u>4,047,007</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Patents and trademarks \$	Intellectual property \$	Software \$	Total \$
Balance at 1 July 2024	73,075	3,933,247	40,685	4,047,007
Additions	81,927	-	-	81,927
Amortisation expense	(16,533)	(131,106)	(5,101)	(152,740)
Balance at 31 December 2024	<u>138,469</u>	<u>3,802,141</u>	<u>35,584</u>	<u>3,976,194</u>

Control Bionics Limited
Notes to the condensed consolidated financial statements
31 December 2024

Note 7. Issued capital

	31 December 2024 Shares	30 June 2024 Shares	31 December 2024 \$	30 June 2024 \$
Ordinary shares - fully paid	<u>251,986,927</u>	<u>199,286,776</u>	<u>38,404,164</u>	<u>35,152,513</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance at the beginning of the period		199,286,776		35,152,513
Private Placement	15/08/2024	10,000,000	\$0.0525	525,000
Rights issue	11/10/2024	9,938,489	\$0.0700	695,694
Rights issue	16/10/2024	16,428,722	\$0.0700	1,150,011
Rights issue	16/10/2024	11,904,369	\$0.0700	760,856
Shortfall shares	20/12/2024	4,428,571	\$0.0700	310,000
Less: Transaction costs				(189,910)
Balance at the end of the period		<u>251,986,927</u>		<u>38,404,164</u>

The Group also issued 21,350,125 options to non-renounceable rights holders with an exercise price of \$0.100.

Note 8. Reserves

	31 December 2024 \$	30 June 2024 \$
Foreign currency translation reserve	161,697	68,990
Share option reserve	<u>394,903</u>	<u>325,361</u>
	<u>556,600</u>	<u>394,351</u>

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising from translating non-monetary assets and liabilities at the current rate at the end of the interim financial period rather than at historical rates.

Share options reserve

The option reserve relates to share options granted by the Group to its employees under the arrangements outlined in the 30 June 2024 Annual Report.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency translation reserve \$	Share option reserve \$	Total \$
Balance at 1 July 2024	68,990	325,361	394,351
Exchange differences on translation of foreign operations	92,707	-	92,707
Share based payments	-	69,542	69,542
Balance at 31 December 2024	<u>161,697</u>	<u>394,903</u>	<u>556,600</u>

Note 8. Reserves (continued)

Share options granted during the period

During the half-year ended 31 December 2024, there were 2,924,527 options issued to employees.

The Group also issued 650,000 options to its corporate advisor in lieu of capital raise services provided. The grantee paid a nominal fee of \$.0001 per option.

Vesting period and conditions

The vesting conditions of all employee options is that the employee remains an employee of the Group at each tranche vesting date. All options issued during the half-year period vest in four equal tranches beginning one-year from the grant date.

All options issued to the Group's corporate advisor were fully vested upon grant.

Exercise price

The exercise period of all options is any time from vesting date until the expiry date.

Valuation method

All options have been valued using the Black-Scholes Method. The inputs used to determine the fair value of the options include the following:

Risk-free rate - 4.35%

Volatility - 70%

Dividend Yield - Nil

Entitlement to shares

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of Control Bionics Limited upon exercise of the option.

Other key information

All other key information with respect to the options issued during the half-year ended 31 December 2024 can be found in the tables below.

Grant date	Expiry date	Exercise Price	Number Issued	Fair Value at Grant Date
14/08/2024	14/08/2029	\$0.053	1,226,414	\$0.058
10/10/2024	10/10/2029	\$0.053	1,698,113	\$0.052
20/12/2024	20/12/2026	\$0.100	650,000	\$0.014

Note 9. Contingent liabilities

The Group has no contingent liabilities at 31 December 2024 (30 June 2024: \$Nil).

Note 10. Commitments

The Group has no capital commitments at 31 December 2024 (30 June 2024: \$nil)

Control Bionics Limited
Notes to the condensed consolidated financial statements
31 December 2024

Note 11. Related party transactions

Parent entity, subsidiaries and associates
Control Bionics Limited is the parent entity.

Refer to the 2024 Annual Report for details of subsidiaries. There have been no changes to subsidiaries current interim financial period.

During the half-year ended 31 December 2024, the Group acquired a 20% share in an associate. Refer to Note 5 for full details.

Key management personnel

The key management personnel of the Group consists of the following directors of Control Bionics Limited:

Name	Position
Mr Roger David Hawke	Chairman (until 17 December 2024)
Dr Samuel Straface	Director (from 22 October 2024), Chairman (from 17 December 2024)
Mr Peter Shann Ford	Founder and Non-Executive Director
Mr Damian Lismore	Non-Executive Director
Mr Jeremy Steele	Executive Director, Chief Executive Officer
Prof Robert Heard	Non-Executive Director

The key management personnel also consisted of the following people:

Name	Appointment / Resignation Dates	Position
Mr Todd Tyler	Appointed 8 September 2021	US Country Manager
Ms Shannon Boothroyd	Appointed 13 May 2024	Chief Financial Officer
Mr Dominik Kucera	Appointed 22 July 2022 / Resigned 31 May 2024	Interim Chief Financial Officer

Transactions with related parties

During the half-year period, payments of \$613,969 (2023: \$686,426) were made for employment services to key management personnel of Control Bionics Limited.

There were no other related party transactions.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 12. Matters subsequent to the end of the interim financial period

On 25 February 2025, the Company received approximately \$2,000,000 in connection with the issuance of 44,444,444 at \$0.045 per share.

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Control Bionics Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- 1) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date and
- 2) there are reasonable ground to believe that Control Bionics Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Samuel Straface
Chairman

25 February 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Control Bionics Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Control Bionics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

A handwritten signature in blue ink. The signature appears to read 'Katherine Robertson' and is written in a cursive style. Above the signature, the letters 'BDO' are handwritten in blue ink.

Katherine Robertson
Director

Melbourne, 25 February 2025