

PROSPECTUS

Initial Public Offering of Shares

Control Bionics Limited

ACN 115 465 462



CONTROL
BIONICS | LIFE
CHANGING
CONNECTIONS

Lead Manager:



Important Notices

Offer

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (Shares) in Control Bionics Limited ACN 115 465 462 (Control Bionics or Company). This Prospectus is issued by the Company. See Section 7 for further information on the Offer, including as to details of the securities that will be issued under this Prospectus.

Lodgement and Listing

This Prospectus is dated 26 October 2020 and was lodged with ASIC on that date (Prospectus Date).

The Company will apply to the ASX within seven days after the Prospectus Date for admission of the Company to the Official List and quotation of the Shares on the ASX (Listing). Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be issued on the basis of this Prospectus after the expiry date, being 13 months after the Prospectus Date.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares offered under this Prospectus (Applications) in the seven-day period after lodgement of this

Prospectus with ASIC (Exposure Period). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company's directors or any other person in connection with the Offer. You should rely only on information in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

This Prospectus contains forward looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties.

No person who has made any forward-looking statements in this Prospectus (including the Company) has any intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward looking statements are not guarantees of future performance and involve known and unknown

risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 4 and 8, and other information in this Prospectus. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by any forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Morgans Corporate Limited (ABN 32 010 539 607) is acting as Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by the Lead Manager or by any of its respective affiliates or related bodies corporate (as defined in the Corporations Act) (Related Bodies Corporate), or any of its respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Lead Manager, its respective affiliates and Related Bodies Corporate, and any of its respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY18, FY19, FY20 and FY21 appearing in this Prospectus are to the financial years ended or ending 30 June 2018, 30 June 2019, 30 June 2020 and 30 June 2021 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (as adopted by the Australian Accounting Standards Board), which are consistent

with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

The Directors have considered the matters detailed in ASIC regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 4 and 8.

Market and industry data based primarily on management estimates

This Prospectus, including the Company Overview in Section 2 and Market Opportunity in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to Control Bionics' business and markets. The Company has obtained significant portions of this information from market research prepared by third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian and New Zealand residents on the Company's offer website, [<https://investor.automic.com.au/#/ipo/controlbionics>]. The Offer constituted by this Prospectus in electronic form is available only to Australian and New Zealand residents accessing the website within Australia or New Zealand. Other than in limited jurisdictions as part of the Institutional Offer, copies of this Prospectus are not available to persons in any other jurisdictions, including the United States of America.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in

Australia or New Zealand by calling the Control Bionics Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 9:00am and 5:00pm (Sydney time), Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at [<https://investor.automic.com.au/#/ipo/controlbionics>], together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus (including in electronic form) outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States of America. This Prospectus has been prepared for publication in Australia and New Zealand. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction in the United States of America, and may not be offered or sold in the United States of America, or to, or for the account or benefit of, a U.S. Person. The Offer is not being extended to any investor outside Australia, New Zealand and Singapore (to accredited and institutional investors only).

Important notice to New Zealand Investors

This Offer to New Zealand investors is a regulated

offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Cth) and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law. For example, some disclosures of fees are different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

A copy of this Prospectus, other documents relating to

Important Notices (cont.)

the Offer and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at www.business.govt.nz/ disclose (search for "Control Bionics" as the issuer). Although the Offer is being extended to New Zealand investors under the New Zealand Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited.

Important notice to Singapore Institutional Investors

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (MAS). Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the Singapore Securities and Futures Act (SFA)) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notification under Section 309B of the SFA: The Shares are prescribed capital markets products (as defined in the Singapore Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Privacy

By completing an Application Form, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, may collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act

and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone:

(outside Australia) + 61 2 9698 5414

(toll free within Australia) 1300 288 664

Address:

GPO BOX 5193 SYDNEY NSW 2001

LEVEL 5, 126 PHILIP ST SYDNEY

NSW 2000

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Financial Services Guide

The provider of the Investigating Accountant's Report

on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in Schedule 1. Unless otherwise stated or implied, references to times in this Prospectus are to (Sydney time).

Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions in relation to the Offer, contact Automic Group on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

This document is important and should be read in its entirety.

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Chairman's Letter

Dear Investor,

On behalf of the Board of Control Bionics Limited, I am very pleased to present this Prospectus and invite you to become a Shareholder in the Company.

Since its incorporation, Control Bionics has been dedicated to becoming one of the world's leading providers of innovative Assistive Technology (AT) systems, to enable people with disabilities to communicate with and control electronic devices using their own neuroelectric signals.

Control Bionics is a technology company that has pioneered the use of Electromyography (EMG) signals as a means of enabling people, including those with a severe level of incapacity or spasticity to control devices such as smartphones, tablets, computers, electric wheelchairs, environmental controls and robotics, among others.

The Company is leveraging its core patented technology of EMG capture, analysis and processing to develop specialised hardware and intelligent programs for a diverse range of applications which the Directors believe is unique in the market.

Control Bionics enables users with disabilities to communicate with their loved ones, carers, and the world at large, and to access personal and online content and services that most of us take for granted.

The Company's flagship product, NeuroNode 3, is a watch-sized, wearable, wireless, internet-enabled, programmable neuroelectric sensor, which uses the human body's EMG signals to operate these devices, making it an incredibly powerful communication and control system. Because it uses these neuroelectric signals inside a muscle, it often works even when there is no noticeable muscle movement. This distinguishes it from other AT devices that require a keyboard, mouse, joystick, touchscreen or eye tracking to function.

NeuroNode technology has also recently been integrated with eye-tracking technology to create our latest market offering the 'NeuroNode Trilogy'. NeuroNode Trilogy expands the Company's disability offering to an even broader target market. According to our customer feedback, NeuroNode Trilogy offers faster communication with lower fatigue than eye-gaze only competitive products.

Control Bionics has obtained registrations of the NeuroNode technology in Australia (TGA), USA (FDA), Canada (Ontario Ministry of Health), and Europe (CE Mark). The Company is registered as a provider with the NDIS in Australia, and registered with Medicare at a Federal level in the USA and with Medicaid in more than 60% of American States. Control Bionics is in the process of registering for Medicaid with more American States as opportunities to provide our products in those States arise as well as building our relationships with Private Health Insurers in the USA. The Company has also worked extensively with the US Veterans Administration who have funded the NeuroNode products for qualified ex-service people.

The Company has patented Intellectual Property in Australia, the USA, Canada and China.

Control Bionics key markets post-IPO will continue to be Australia and the USA, with market entry planning also well underway for Japan. External data sources indicate that over 56,000 people each year in the USA, Australia and Japan are diagnosed with conditions that fall into Control Bionics key target user base. Based on the Company's average revenue per unit in FY20 of A\$21,928 this implies an annual market opportunity of approximately \$1.2 billion.

The majority of Control Bionics' revenue is generated from unit product sales to healthcare providers, insurance providers, end-users and government agencies. In FY20 the Company generated \$3.1m in product revenue, which represented growth of 297% on FY19. Despite challenges presented by COVID-19, the Company has achieved unaudited revenue growth of approximately 41% in Q1 FY21 relative to the prior corresponding period.

The Company intends to continue the development of its technology, including its further miniaturisation and has also developed and trialled an Electrooculography (EOG) application, which can detect minute movements of the eye and use them as a control switch, even when the eyes are closed.

Control Bionics has an experienced management team and has appointed an accomplished Board of Directors with strong commercial and industry experience across global markets.

The funds raised by this Offer will provide Control Bionics with working capital to execute our growth strategy in North America, increase our presence in Australia and prepare for entry to other priority markets including Japan. Additionally, funds will be used to support the marketing for existing products and to fund continued development of the hardware and software for a range of new, advanced applications.

This Prospectus contains detailed information about the Offer, the industry in which Control Bionics operates, its business and its financial and operating performance.

Key risks associated with an investment in the Company are set out in Section 5.

It is important that you read this Prospectus in its entirety before deciding whether to invest in the Company.

On behalf of the Directors, I look forward to welcoming you as a shareholder in the Company.

Yours Sincerely



Roger Hawke

Chairman

Important Dates

Important Dates

Prospectus lodgement date	Monday 26 October 2020
Offer period opens	Wednesday 11 November 2020
Offer period closes	Wednesday 25 November 2020
Settlement	Monday 30 November 2020
Issue and allotment of Shares (Completion)	Tuesday 1 December 2020
Expected dispatch of holding statements	Wednesday 2 December 2020
Expected commencement of trading of Shares on ASX on a normal settlement basis	Monday 7 December 2020

Dates may change

The dates above are indicative only and may change without notice.

The Company, in consultation with the Lead Manager, reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late applications, either generally or in particular cases, or withdraw the Offer, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, contact Automic Group on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 9.00am and 5.00pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Key Offer Information

Key Offer statistics

Offer Price	\$0.60 per Share
Total proceeds under the Offer	\$15.0 million
Total number of Shares available under the Offer	25.0 million
Number of Shares to be held by Existing Shareholders after the Offer	58.3 million
Total number of Shares on issue at Completion	83.3 million
Market capitalisation at the Offer Price ¹	\$50.0 million
Pro Forma Net Cash at Completion	\$15.6 million
Enterprise Value at Completion ²	\$34.4 million

¹ Market capitalisation at the Offer Price represents the total number of shares on issue at completion, multiplied by the Offer Price

² Enterprise Value at completion is calculated as the Market Capitalisation at the Offer Price, less Pro Forma Net Cash at Completion

INVESTMENT OVERVIEW

1



1 Investment Overview

1.1 Introduction

Topic	Summary	For more Information
Who is the Issuer of this Prospectus	Control Bionics Limited ACN 115 465 462 (Control Bionics or Company)	
Who is Control Bionics?	Control Bionics designs, manufactures and sells wireless wearable electromyography (EMG) based augmentative and alternative communication (AAC) technology. This allows users to operate and communicate via a computer using intentional thought and the body's own neuroelectric signals detected at skeletal muscle sites – the physical movement of a muscle is not necessary for the technology to detect and interface. Control Bionics is a pioneer in the field of neuroelectric control as the technology uses smart algorithms to detect, synthesise and convert EMG signals into code which can interface with and control a broad range of electronic devices.	Section 2.1

1.2 Key features of Control Bionics business model

Topic	Summary	For more Information
What is Control Bionics' business model and how does it generate revenue?	Following a period of research and development between 2006 and 2017, the first NeuroNode product was sold in 2017 and the first NeuroNode Trilogy was sold in 2019. To date, most sales and distribution have been managed by Control Bionics' sales team. However, the Company believes that speech language pathologists and occupational therapists play a critical role in presenting user evaluation recommendations for Control Bionics' products to insurance and government funding bodies. As such, Control Bionics has sought to form strong relationships with therapists, research bodies, charities, government agencies and insurance providers. Control Bionics is currently focused on implementing its sales strategy in the USA, Canada and Australia and is also in the process of developing the growth strategy to expand into Asian and European markets. From late 2019, Control Bionics can affix the CE Mark to NeuroNode products which allows for European market access.	Section 2.2
What are Control Bionics key products	Control Bionics two key products are: • NeuroNode 3; and • NeuroNode Trilogy/NeuroNode GridPad Trilogy (USA) In addition to the NeuroNode technology-based products, Control Bionics also sells accessories including brackets and stands to hold the product.	Section 2.2.2

Topic	Summary	For more Information
Who uses Control Bionics' products?	Control Bionics focuses on conditions which leave a user with a high degree of physical incapacity. Such conditions include motor neurone disease (MND) / amyotrophic lateral sclerosis (ALS), cerebral palsy, multiple sclerosis, and spinal cord injuries. External sources indicate that approximately 56,000 people are diagnosed with these conditions each year in the USA, Australia and Japan alone.	Section 3.1, 3.2 and 3.3
What is Control Bionics' proprietary intellectual property	Control Bionics has a portfolio of patents which have been granted in the USA, China, Australia and Canada, with other patent applications pending.	Section 2.5
What market does Control Bionics operate in	Control Bionics operates within the Assistive Technology market. Based on the number of new cases diagnosed per annum in Control Bionics' key markets, the Company estimates its market opportunity to be in excess of A\$1.2 billion per annum.	Section 3.3
What are Control Bionics' business strategy and growth opportunities?	Control Bionics is currently focused on implementing its sales strategy in the USA, Canada and Australia and is also in the process of developing the growth strategy to expand into Asian and European markets.	Section 2.9
What impact has COVID-19 had on the Company?	COVID-19 has generally impacted the industry's ability to access specifiers and end customers. As a result of COVID-19, Control Bionics' also took deliberate actions to reduce operating costs due to market uncertainty. Despite these challenges Control Bionics, as an early adopter of telepresence technology has been able to maintain contact with specifiers and has been able to access end customers. Control Bionics has achieved revenue growth of approximately 41% in the first 3 months of FY21 compared to the prior corresponding period.	Section 2.8

Topic

Summary

For more
Information

What is the Company's pro forma historical financial performance?

\$'000s	Pro Forma Historical		
	FY18	FY19	FY20
Revenues	805	781	3,099
Cost of sales	(74)	(345)	(714)
Product Gross Margin	731	436	2,385
Research and development	(79)	(313)	(68)
Selling and marketing	(220)	(424)	(237)
Employee benefits expense	(1,012)	(1,110)	(2,054)
General and administrative	(1,004)	(1,161)	(1,644)
Operating expenses	(2,314)	(3,007)	(4,003)
Operating profit/(loss)	(1,583)	(2,571)	(1,618)
Interest expense	(1)	(0)	(3)
Disposal of assets	(5)	(9)	(30)
Other income	87	120	104
Other income/(expense)	81	110	71
Profit/(loss) before tax	(1,502)	(2,461)	(1,547)
Income tax expense	-	-	-
Net profit/(loss) after tax	(1,502)	(2,461)	(1,547)
Foreign currency translation	37	(39)	44
Total comprehensive income	(1,465)	(2,500)	(1,503)

The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5.

Investors should read Section 4 for full details of the Company's pro forma and statutory results and the underlying pro forma adjustments made and reconciliations in Section 4.

Section 4

Topic	Summary	For more Information
Patented technology and award winning product	Control Bionics' core technology NeuroNode allows users to operate and communicate via a computer using intentional thought and the body's own neuroelectric signals transmitted to skeletal muscle sites – the physical movement of a muscle is not necessary for the technology to detect and interface. NeuroNode uses smart algorithms to analyse, synthesise and convert EMG or spatial signals into code which can interface with and control a broad range of computer control devices. The device has been developed to recognise patterns in order to assist in, amongst other things, recognising intentional versus involuntary movements. Control Bionics has a portfolio of patents which have been granted in the USA, China, Australia and Canada, with other patent applications pending. The NeuroNode technology was the winner of 2018 Pitch@Palace - Commonwealth ahead of 40 other Commonwealth country entrants.	Section 2.1 and 2.2
Significant addressable market	Control Bionics focuses on conditions which leave a user with a high degree of physical incapacity. Such conditions include motor neurone disease (MND) / amyotrophic lateral sclerosis (ALS), cerebral palsy (CP), multiple sclerosis (MS), and spinal cord injuries. External sources indicate that approximately 56,000 people are diagnosed with these conditions each year in the USA, Australia and Japan alone. Based on the Company's average revenue per unit in FY20 of A\$21,928 and the total number of people diagnosed in each year in Australia the USA and Japan in core conditions of MND/ALS, CP, MS and spinal cord injuries, the Company estimates its market opportunity to be in excess of A\$1.2 billion annually.	Section 3.3
Market access and commercial sales in Australia and USA	In FY20 Control Bionics generated A\$3.1m in revenue, primarily from sales in the USA and Australia. The NeuroNode technology is listed and registered with the USA FDA as Class 2 medical devices and the Company's US subsidiary, Control Bionics, Inc. is an accredited US Medicare durable medical equipment (DME) provider which can assist participants in the program with payment for NeuroNode products. Control Bionics, Inc. is a registered provider under the State-administered Medicaid programs in 31 of 50 American States as well as the District of Columbia, and expects to register for Medicaid with more American States as enrolment opportunities in the various States arise.	Section 2.3

Topic	Summary	For more Information
Market access and commercial sales in Australia and USA (Continued)	Control Bionics is working to have its products registered and approved with US private health insurers and to date has achieved registration with a number of private health insurers. Control Bionics has worked extensively with Medical Centers operated by the US Veterans Administration for several years and through that relationship we have provided NeuroNode products funded by the US Veterans Administration for more than 30 qualified ex-service people since 2017. Control Bionics has also sold NeuroNode products to the New York State Education Department (NYSED). The NeuroNode technology has been registered with the Australian TGA as a Class 1 medical device. Control Bionics is a registered provider with the National Disability Insurance Scheme (NDIS) and NeuroNode products are eligible to be funded under the NDIS. Control Bionics has also sold NeuroNode products which have been funded under State Government insurance schemes including the Transport Accident Commission (Victoria) and iCare (NSW). Control Bionics has also secured sales to the Australian Government Department of Veterans Affairs.	Section 2.3
Growth opportunity in core products in USA, Japan and Europe	Control Bionics initiated expansion in the USA in 2017. As at August 2020, Control Bionics had 7 salespeople in the USA, and the USA remains the largest single market for the Company and is a key priority for market share growth. In order to address this significant market, Control Bionics plans to expand the number of salespeople in the USA to 14 before the end of the current financial year. Japan offers Control Bionics a significant opportunity as the Company have been working with Austrade and JETRO (Japanese External Trade Organisation) since June 2020 on Control Bionics' market entry strategy. Given the language and cultural differences in the Japanese market, the Company currently intends to access Japan through establishing a relationship with a distribution partner. The Company is in active discussions with potential distribution partners. Control Bionics has achieved initial sales success in Ontario, Canada and will continue to serve patients in the market via the appointment of a Canadian reseller. Control Bionics has acquired the ability to affix the CE Mark to NeuroNode products that are to be marketed in the European Economic Area. Plans for expansion into Europe and the UK are scheduled for 2022 and focussed on prioritising markets with adequate levels of disability funding support.	Section 2.9

Topic	Summary	For more Information
Further opportunities for NeuroNode technology in new markets	Control Bionics intends to invest in strengthening the Company's internal product development team to enable it to continue to innovate in the AAC and disability sector, as well as to develop product/market opportunities outside of this sector. Control Bionics is in the process of miniaturising the existent NeuroNode technology to approximately 20-30% of its current size and weight. If achieved, this smaller form factor, while preserving NeuroNode's capability in EMG signal and pattern recognition and spatial control, has potential in other markets. The Company believes that other markets that could utilise the NeuroNode technology include medical monitoring (anaesthetic monitoring, epilepsy monitoring and stroke monitoring), wheelchair control, other robotic controls (e.g. feeding assistance robots), and applications in aged care, gaming, augmented reality and virtual reality.	Section 2.9
Experienced Management Team	Control Bionics is led by an experienced Board and Management Team. CEO Rob Wong has broad experience covering large multi-national companies together with scaling start-up businesses. Founder Peter Ford has driven the technology research and development for over 15 years and remains committed to driving future product development initiatives. CTO James Schorey has been involved in the development for more than 10 years, and full time since 2014, when Control Bionics acquired his company's intellectual property and development skills. James has primarily driven the hardware and firmware development of the NeuroNode. Control Bionics' senior leadership team is supported by a Board of Directors with broad experience across a range of technology businesses.	Section 6.2
Regulatory Registration and Reimbursement Risk	Control Bionics' ability to manufacture and sell its products is dependent upon regulatory registrations and insurance approvals in target markets. Control Bionics believes that it has all necessary registrations and approvals currently required by the business, however in future it may not be able to obtain or renew the regulatory registrations that it requires for sale of its products, or the funding approvals required for sales growth, or such registrations and/or approvals may be subject to delay.	Section 5.2

Topic	Summary	For more Information
Commercial, Manufacturing and Distribution Capability Risk	The success of Control Bionics is dependent upon its ability to manufacture its products on a commercial scale, with continuity of supply and in accordance with current good manufacturing practices prescribed by regulatory authorities. Any delays or difficulties in the future manufacture of products or sourcing components may have a material adverse effect on the Company.	Section 5.2
Competition	The medical equipment market is highly competitive and subject to rapid change. Control Bionics may face competitors that are better resourced or develop superior products. Control Bionics may also be slower to adopt new technology than potential competitors. Each of the above risks would be likely to have a material adverse impact on the Company's competitive position.	Section 5.2
Dependence on Key Relationships and Personnel	Control Bionics depends on the performance of its commercial partners such as contract manufacturers and distributors, as well as the retention of key personnel, to successfully grow its business. The ability to grow the business is reliant upon building and maintaining relationships with key funding bodies and rehabilitation specifiers in the relevant markets. The loss of any such relationships may have a material adverse effect on the Company. The Company's primary focus is on delivering a quality product to the market that demonstrates features and benefits that its clients and clinicians are looking for. The Company also places high importance on building confidence through well trained committed staff who support the product. The Company believes the quality of its staff and their training enables them to build long term relationships with clinicians and users.	Section 5.2
Delay Risk	The potential for delay of any of Control Bionics' key milestones presents a number of risks (including achieving revenue within anticipated timeframes and potential cost overruns). Delays may be caused by various factors, including delays in obtaining or renewing regulatory registrations or funding approvals for Control Bionics' products. This includes establishing operations on the ground in key markets and building relationships with the relevant funders in those markets. There is also the risk of private insurers not accepting any new vendors or having to build a sense of familiarity with the Company's products that can cause extensive delays.	Section 5.2

Topic	Summary	For more Information
Growth and Potential Market Failure	The Company may not be able to manage its growth successfully and Control Bionics' business is also dependent on commercially attractive markets remaining available to it. Commercial sales may not fund sufficient working capital for growth and, potentially, continued operations.	Section 5.2
New Product Risk	Control Bionics has not yet generated substantial sales from the NeuroNode 3 and NeuroNode Trilogy and there is no guarantee that it, or other Control Bionics products, will be commercially successful and achieve sufficient sales.	Section 5.2
New Market Risk	Control Bionics will target new geographic markets with the NeuroNode technology which presents additional business and regulatory risk.	Section 5.2
Intellectual Property	To leverage innovation, the Company will need to protect its intellectual property. There may be circumstances where the Company's intellectual property cannot be protected or is subject to unauthorised disclosure, infringement or challenge by a third party. The Company may incur significant costs in asserting its rights in such circumstances.	Section 5.2
Changes in Laws and Government Policy	The Company's business is subject to a number of regulatory requirements that have significant influence on the business, operations and competitive environment. Changes in laws, regulations and government policy in several jurisdictions, including but not limited to those affecting support for medical technology research and development, as well as those relating to healthcare programs and insurance, may affect the attractiveness of an investment in the Company. In the absence of insurance funding, the size of the market and therefore its attractiveness will be materially impacted with adverse consequences for the Company.	Section 5.2

1.6

Directors and senior management

Topic	Summary	For more Information
Who are the Directors of the Company?	Roger Hawke – Independent Non-Executive Director and Chairman Rob Wong - Chief Executive Officer and Managing Director Damian Lismore – Independent Non-Executive Director Peter Ford - Executive Director Lindsay Phillips – Non-Executive Director	Section 6.1
Who are the members of the Company's executive management team?	Rob Wong - Chief Executive Officer and Managing Director Peter Ford - Founder and Director of Innovation John Bell – Chief Financial Officer James Schorey - Chief Technology Officer Meagan Koeneman - Sales Director USA Emily Boland - Product Director	Section 6.2

1.7

Significant interests of key people and related party transactions

Topic	Summary					For more Information
Who are the Existing Shareholders and what will their interest in the Company be immediately following Completion?	Shareholder(s)	Shares held prior to the Offer		Shares held at Completion		Section 7.2
		(%)	(shares)	(%)	(shares)	
	Peter Shann Ford	36.44%	21,258,313	25.51%	21,258,313	
	Nightingale Partners Pty Limited	15.63%	9,117,123	10.94%	9,117,123	
	Phoenix Development Fund Limited	13.75%	8,019,581	9.62%	8,019,581	
	R & R Wong Holdings Pty Limited	4.36%	2,540,616	3.05%	2,540,616	
	James Schorey	2.40%	1,402,366	1.68%	1,402,366	
	Other shareholders	27.42%	15,995,334	19.19%	15,995,334	
	New Shareholders	0.00%	NA	30.00%	25,000,000	
	Total	100%	58,333,333	100%	83,333,333 ³	

³ At the completion of the Offer there will be approximately 8,113,415 options held by option holders

Topic	Summary	For more Information
What significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	There are no benefits being paid to any Director or other person connected with the Offer apart from the fact that Executive Directors will continue to receive their salaries and Non-Executive Directors will receive Director's fees for fulfilling that office.	Section 6.3
Will there be a controlling interest in the Company?	No.	Section 7.3
Will any Shares be subject to restrictions on disposal following Completion?	Yes. All of the Shares held by investors who were shareholders in the Company prior to the Offer, will be subject to escrow either imposed by ASX or voluntarily. Shares held by entities associated with the directors, together with shares held by Nightingale Partners Pty Limited, Phoenix Development Limited and James Schorey, will all be escrowed (either mandatorily or voluntarily) for 2 years from the date of Listing. Shares held by other pre-Offer shareholders will variously be escrowed for up to 10 months after Listing with the majority of those Shares escrowed until after the Company releases its half yearly financial results to the market in February 2021.	Section 9.8 and 9.9
Are there any other related party transactions?	No.	

Topic	Summary	For more Information																								
What is the Offer?	The Offer is an initial public offering of approximately 25 million Shares at an Offer Price of \$0.60 per Share. The Shares offered under this Prospectus will represent approximately 30% of Shares on issue at Completion. The Offer is expected to raise approximately \$15 million.	Section 7.1																								
What is the consideration payable for the Shares?	Successful Applicants under the Offer will pay the Offer Price, being \$0.60 per Share.	Section 7.1																								
What is the proposed use of proceeds raised in connection with the Offer?	<table> <tr> <th>Uses of funds</th><th>\$</th><th>%</th></tr> <tr> <td>Sales and Marketing</td><td>6,550,000</td><td>43.7%</td></tr> <tr> <td>Research and Development</td><td>3,000,000</td><td>20.0%</td></tr> <tr> <td>Intellectual Property Protection</td><td>300,000</td><td>2.0%</td></tr> <tr> <td>Regulatory and Insurance Approvals</td><td>500,000</td><td>3.3%</td></tr> <tr> <td>Offer Costs</td><td>1,500,000</td><td>10.0%</td></tr> <tr> <td>Working Capital and Reserve ⁴</td><td>3,150,000</td><td>21.0%</td></tr> <tr> <td>Total uses</td><td>15,000,000</td><td>100%</td></tr> </table>	Uses of funds	\$	%	Sales and Marketing	6,550,000	43.7%	Research and Development	3,000,000	20.0%	Intellectual Property Protection	300,000	2.0%	Regulatory and Insurance Approvals	500,000	3.3%	Offer Costs	1,500,000	10.0%	Working Capital and Reserve ⁴	3,150,000	21.0%	Total uses	15,000,000	100%	Section 7.1
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How is the Offer structured?	The Offer comprises: - the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand and a number of other eligible jurisdictions; - Broker Firm Offer, which is open only to Australian and New Zealand resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; and - Priority Offer, which is open to selected investors in Australia, New Zealand and certain other jurisdictions who have received a Priority Offer Invitation.	Section 7.1.1																								

⁴ Working Capital is the capital required to fund its day-to-day operations (for example payment of salaries, rent and other operational expenses) and represents a prudent cash reserve for the Company, as a listed entity, to manage growth and other general cash needs.

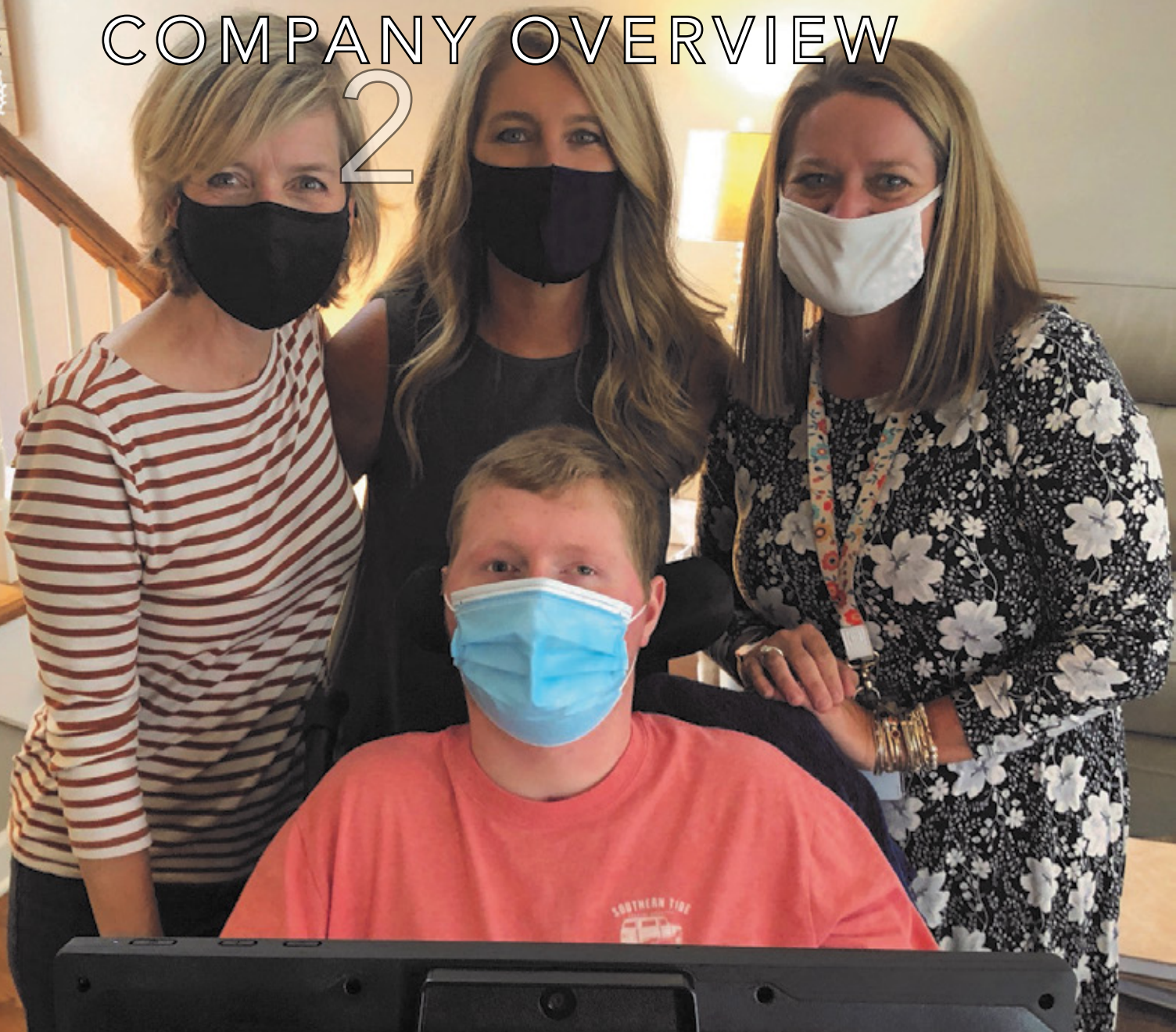
Topic	Summary	For more Information
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager.	Sections 7.10 and 9.7
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Company and the Lead Manager. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients. The allocation policy relating to the Priority Offer are outlined in Sections 7.6 and respectively. The allocation of Shares among Applicants in the Institutional Offer was determined by the Company and the Lead Manager.	Section 7.4
Who is the Lead Manager for the Offer?	The Lead Manager is Morgans Corporate Limited (ABN 32 010 539 607).	Important Notices
Will the Shares be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'CBL'. Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.4
What are the tax implications of investing in the Shares?	Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.13. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.13

Topic	Summary	For more Information
How can I apply?	Broker Firm Offer Applicants Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer. Priority Offer Applicants Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in the Priority Offer invitation. Institutional Offer Applicants The Lead Manager separately advised Institutional Investors of the Application procedure under the Institutional Offer. To the extent permitted by law, an Application received under the Offer is irrevocable.	Sections 7.5, 7.6, and 7.8
What is the minimum Application size?	Broker Firm Offer The minimum application size under the Broker Firm Offer is \$2,000.40, being 3,334 shares at \$0.60. There is no maximum application size. Priority Offer The minimum application size under the Priority Offer is \$2,000.40, being 3,334 shares at \$0.60. The maximum application size will be subject to the investor's Priority Offer invitation.	Section 7.4
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants by post on or about 2 December 2020.	Section 7.4
When can I sell my Shares on the ASX?	Normal settlement trading is expected to commence on or about 7 December 2020. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.	Section 7.4
Can the Offer be withdrawn?	The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants or bidders under Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).	Section 7.13

Topic	Summary	For more Information
Where can I find out more information about this Prospectus or the Offer?	If you have any questions in relation to the Offer, contact the Control Bionics Offer Information Line on: • 1300 288 664 (toll free within Australia); or • +61 2 9698 5414 (outside Australia); between 9:00am and 5:00pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Important Notices Important dates

COMPANY OVERVIEW

2



"When we build ramps, we reduce disability. We meet the client where they are."

- Jill Adlin, M.A., CCC-SLP

2 Company Overview

2.1 About Control Bionics

2.1.1 Overview

Control Bionics designs, manufactures and sells wireless wearable electromyography (EMG) based augmentative and alternative communication (AAC) technology products. This allows users to operate and communicate via a computer using intentional thought and the body's own neuroelectric signals transmitted to skeletal muscle sites – the physical movement of a muscle is not necessary for the technology to detect a signal or interface with a device. Control Bionics is a pioneer in the field of neuroelectric control as the technology uses smart algorithms to detect, synthesise and convert EMG signals into code which can interface with and control a broad range of electronic devices.

The technology has been refined and miniaturised to the point where it is now contained in a single non-invasive wearable sensor. The latest generation product, NeuroNode 3, is a lightweight, wireless, internet enabled, programmable, neural interface which makes it one of the most adaptable AAC products on the market.

Control Bionics has relevant protective patents which have been granted in the USA, China, Australia and Canada, with a number of other patent applications pending or in progress. In addition, Control Bionics has secured a number of trademarks to help protect the growth of the Company's brands.

NeuroNode's core technology is registered with the U.S. Food & Drug Administration (FDA) as a Class 2 medical device. NeuroEDUCATOR, the foundation for the NeuroNode technology, was acquired by Control Bionics in 2014, and is also registered as a Class 2 medical device with the FDA. Control Bionics, Inc. has been accredited as a supplier of durable medical equipment (DME) to the US Medicare system, which can assist participants in the program with payment for NeuroNode products.

In Australia, NeuroNode technology has been registered as a Class 1 device with the Therapeutic Goods Administration (TGA) and Control Bionics is a 'registered provider' with the National Disability Insurance Scheme (NDIS) in all Australian States and Territories.

Maintenance of the FDA registrations and exemptions, enables Control Bionics to sell the NeuroNode technology in the United States of America. Maintenance of the TGA registration allows the NeuroNode technology to be sold in Australia. In Canada, the NeuroNode technology is an approved product in the Assistive Devices Program under the Ontario Ministry of Health, allowing its sale in the province of Ontario.

Following a period of research and development between 2006 and 2017, the first NeuroNode product was sold in 2017 and the first NeuroNode Trilogy was sold in 2019. To date most sales and distribution have been managed by Control Bionics' sales team. However, the Company believes that speech language pathologists and occupational therapists play a critical role in presenting user evaluation recommendations for Control Bionics' products to insurance and government funding bodies. As such, Control Bionics has sought to form strong relationships with therapists, research bodies, charities, government agencies and insurance providers.

Control Bionics is currently focused on implementing its sales strategy in the USA and Australia and is also in the process of developing its growth strategy to expand into Japan. In 2019 Control Bionics put in place the documentation and processes to enable it to affix the CE Mark to the NeuroNode products which will allow for European market access.

Figure 1: Control Bionics Revenue

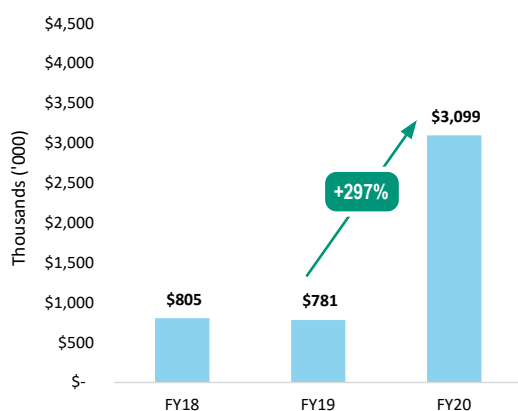
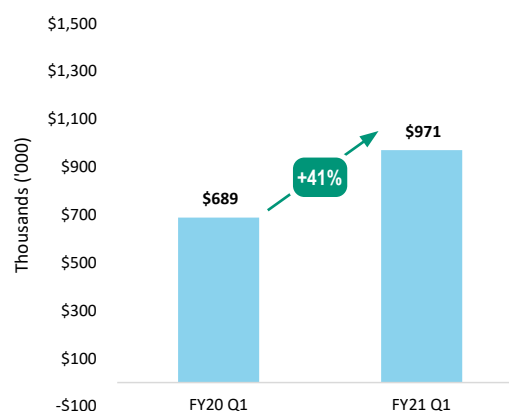


Figure 2: Control Bionics Q1 Revenue ⁵



In FY 2020 Control Bionics' revenue grew substantially from prior years due to a combination of product maturity, market awareness and USA insurance access, see Section 4 for further details.

2.1.2

Corporate history

Control Bionics was incorporated in Australia in 2005 when Founder Peter Ford secured an angel investment of AU\$1 million from Sydney based Phoenix Development Fund.

This initial investment was used to prove the validity of the concept of using EMG as a communication method for people with severe speech and movement deficit conditions such as ALS/MND. During the primary phase of the Company, Peter conducted research, trials and obtained FDA registrations for the core technology. The original prototypes were called NeuroSwitch and were much larger, heavier, wired devices. The research phase, however, was successful in proving the product concept and market validation.

In 2014, Control Bionics commenced the product development phase by acquiring a key technology sub-system from one of its suppliers; Therapeutic Alliances Inc. (TAI). TAI was founded by James Schorey who subsequently became the Control Bionics CTO. TAI developed the ERGYS computerised functional electrical stimulation (FES) ergometer and the NeuroEDUCATOR clinical grade EMG monitor, which remains a foundational element of the wireless wearable NeuroNode product today. In 2015, Control Bionics was awarded an Australian National Disability Award for Accessible Technology.

Rob Wong joined the Company in January 2017 as CEO to commercialise the NeuroNode technology globally as an AAC system.

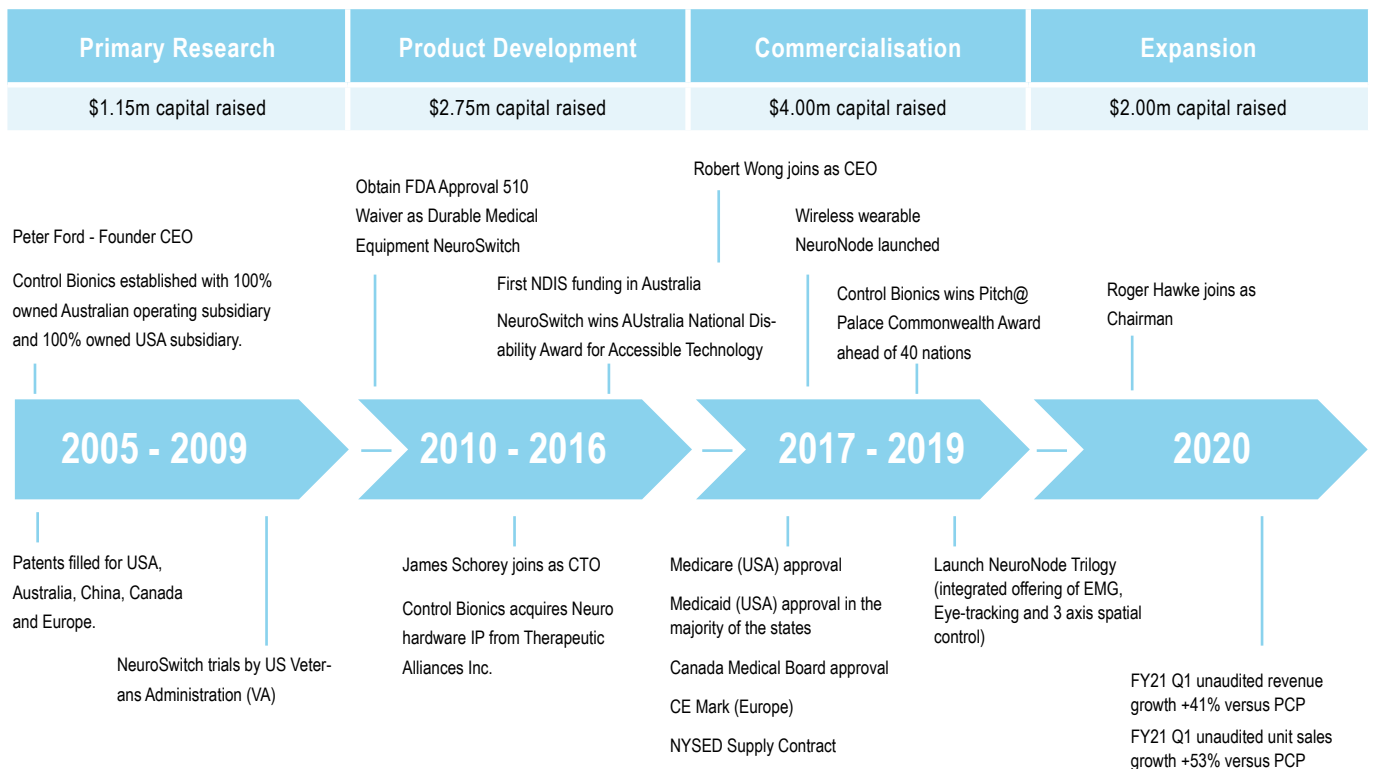
In 2018 Control Bionics combined the NeuroNode with an iOS tablet and proprietary speech generating software – SayItNow, to create a wireless wearable AAC system. The NeuroNode was acknowledged in 2018 as winner of the Pitch@Palace - Commonwealth for innovative products that help humanity ahead of 40 other Commonwealth country entrants. The current version of that product is NeuroNode 3.

In 2019 Control Bionics launched its second system called NeuroNode Trilogy. NeuroNode Trilogy combined market standard eye-tracking technology with the patented NeuroNode technology in one packaged system. This means Control Bionics now offers an AAC system with market leading features which appeals to a wide group of users.

The Company is now planning to maximize its market penetration across North America and Australia in the first instance, and then in new markets such as Japan, within the AAC market.

⁵ FY21 Q1 revenue is unaudited, however has been reviewed by BDO, the Investigating Accountant

Figure 3: Control Bionics history



2.2 Control Bionics' business model

2.2.1 NeuroNode Technology

The NeuroNode technology allows users to operate and communicate via a computer using intentional thought and the body's own neuroelectric signals detected at skeletal muscle sites – the physical movement of a muscle is not necessary for the technology to detect a signal or interface with a device.

NeuroNode technology uses smart algorithms to analyse, synthesize and convert both EMG and spatial signals into code which can interface with and control a broad range of computer control devices. The device has been developed to recognise patterns in order to assist in, amongst other things, recognising intentional versus involuntary movements. NeuroNode technology has the capability to detect minute electrical signals at less than a microvolt and minute units of spatial movement.

Product Summary

The table below summarises the key features of Control Bionics two key products:

- NeuroNode 3; and
- NeuroNode Trilogy & NeuroNode GridPad Trilogy (USA)

In addition to the NeuroNode technology-based products, Control Bionics also sells accessories including brackets and stands to hold the product.

Figure 4: Control Bionics Product analysis

Features	NeuroNode3	NeuroNode Trilogy	NeuroNode GriPad Trilogy ⁱ
Markets	International	International	USA (Only)
NeuroNode Controller Software / App	✓	✓	✓
EMG Sensor	✓	✓	✓
Three axis Spatial Sensor	✓	✓	✓
Wireless Bluetooth	✓	✓	✓
Go Talk Now and SayItNow software	✓	✓	✓
IOS Tablet	✓		
Windows Tablet and operating software		✓	✓
Grid3 Speech Software		✓	✓
Infrared Eye Control System		✓	✓
Light weight casing		✓	✓
Universal mounting bracket		✓	✓
Device Wheelchair/floor Mount		✓	✓
Heavier grade casing			✓
Built in IR Environment Controller			✓
Extended battery 15hrs (10hrs with Eye Control)			✓
Private Pay Sale Price	\$17,850	\$23,000	\$25,000
Average Price per system		\$21,928 ⁱⁱ	

ⁱ New from September 2020

ⁱⁱ FY20 average revenue per unit for products. Average revenue per unit is a function of:

- The product sold;
- The user segment financing the sale; and
- The individual circumstances of the user's insurance policy

For the first 12 months, all products include 24-hour customer support delivered through telemedicine technology.

Figure 5: FY20 Revenue by Geography

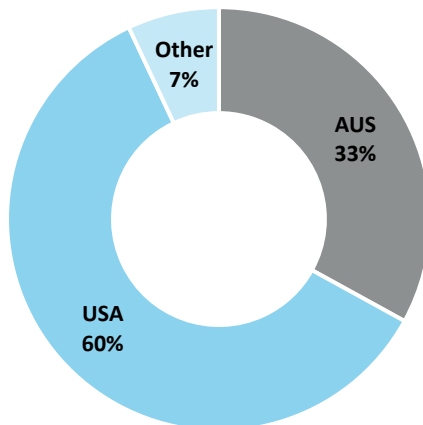
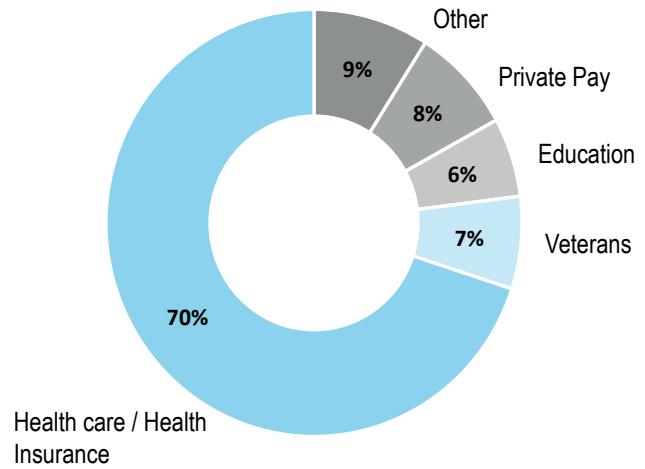


Figure 6: FY20 Revenue by User Segment



2.2.2.1

NeuroNode 3

NeuroNode 3 is capable of executing tasks on a device that normally are completed by able bodied users with a keyboard, mouse or touch screen. Such tasks include sending an email, generating speech, sending and receiving text messages, surfing the web and controlling music and video content.



NeuroNode 3

NeuroNode 3 is platform agnostic, meaning it has the ability to interface with most devices equipped with a Bluetooth connection regardless of operating system or brand. The NeuroNode 3 is usually sold with an iOS tablet and proprietary speech generating software called Say It Now. The NeuroNode 3 can also be sold with a Windows tablet depending upon the user's specific requirements.

The NeuroNode 3 unit is approximately 45 millimetres in diameter and 16 millimetres in height, weighing less than 30 grams. NeuroNode 3's design is ergonomic so it can be worn comfortably and discreetly indoors, outdoors and in various light conditions.

Because the NeuroNode 3 is capable of measuring a mere attempt to move and requires no actual physical movement, it has the added benefit of reducing user fatigue and repetitive strain injuries (RSI). In addition, NeuroNode 3 can filter out sudden, accidental, or involuntary movements to reduce the risk of unintentional signals. In Spatial mode, the NeuroNode 3 utilises the device's built-in three axis Spatial Sensor to calculate intentional micro movement signals. This is particularly relevant for users with cerebral palsy and other similar conditions where movement control is difficult. The Spatial mode is also capable of filtering out significant uncontrolled movement on any axis to allow for more user control.

2.2.2.2

NeuroNode Trilogy

The NeuroNode Trilogy, launched in 2019, combines the power of the NeuroNode 3 with eye-tracking technology to create a robust AAC system available for the disability sector. The combination of these elements aims to deliver faster communication with significantly less fatigue because users can take advantage of two core modes of access at once (eye-control to move the cursor and NeuroNode 3 to act as the mouse activation). The system comes with a Windows based tablet and high-quality infrared eye-tracking camera.



NeuroNode GridPadTrilogy

The NeuroNode Trilogy offers the user three elements integrated into a single package:

1. Eye-tracking technology,
2. NeuroNode 3 (EMG and three axis Spatial Sensor), and
3. Speech generating software GRID3 licensed from SmartBox Assistive Technology Ltd.

NeuroNode Trilogy allows users to interface with the Windows based tablet effectively to perform a range of tasks including applications for computer generated speech, email, social media, text messaging, word processing, environmental control (air conditioner, lighting), entertainment (Netflix, YouTube) and web browsing.

The NeuroNode GridPad Trilogy is an upgraded version currently for the USA market where feature set requirements are slightly different for some clients. The NeuroNode GridPad Trilogy system comes with a heavier robust casing, more speaker power, extra battery life and built in infrared environment controller. This option may be extended to some international markets as required.

2.2.3 Key geographic markets

With the key regulatory and market access channels in place, together with an appropriate funding model being available, Control Bionics is currently focussed on the Australian and North American markets. In the short-term Control Bionics is also planning a market entry into the Japanese market. Over time the Company plans to explore additional markets in Asia and Europe.

2.2.3.1 USA

The NeuroNode technology is listed and registered with the USA FDA as a powered communication device and a powered environmental control system. Maintenance of the FDA registrations and exemptions, enables NeuroNode products to be sold as medical devices to companies, governments and consumers throughout the USA.

NeuroNode products are available to qualified patients nationally under the US Medicare program and through State-administered Medicaid programs in 31 of 50 States across the USA as well as in the District of Columbia. Control Bionics is currently working to have its products reimbursed with additional Medicaid States and with US private health insurers. To date, Control Bionics has achieved direct registration with a number of private health insurers and intends to identify and achieve direct registration with additional private health insurers.

NeuroNode products have also obtained funding by the United States Veterans' Administration which is a key customer channel for NeuroNode products. Control Bionics has worked extensively with Medical Centers operated by the United States Veterans' Administration since 2017 and multiple units have been utilised for veterans with ALS, with full funding by the United States Veterans' Administration.

Control Bionics has also sold NeuroNode products to the New York State Education Department (NYSED), the largest school district in the USA. The Company believes that the education sector is an attractive potential sales channel for its products.

Control Bionics is an accredited durable medical equipment provider through the US Medicare system and is a registered provider under numerous State-administered Medicaid programs. In February 2018, the United States Congress passed the Steve Gleason Act, which permanently guaranteed the funding of speech generating devices such as NeuroNode products for people with degenerative diseases such as ALS/MND. These accreditations and registrations ensure NeuroNode is affordable and obtainable for a much larger pool of customers in the USA.

2.2.3.2

Australia

NeuroNode technology has been registered with the Australian TGA as a Class 1 medical device allowing Control Bionics to sell its products in Australia.

Control Bionics is registered as an approved supplier and NeuroNode products are eligible to be funded under the National Disability Insurance Scheme (NDIS), where Control Bionics has already secured a number of sales.

Control Bionics has also sold NeuroNode products which have been funded under State Government insurance schemes including the Transport Accident Commission (Victoria) and iCare (NSW).

Control Bionics has also secured sales to the Australian Government Department of Veterans Affairs.

2.2.3.3

Other Markets

Control Bionics has achieved initial sales in Ontario, Canada. The Company also plans to enter the Japanese market and, at a later point, into Europe and other parts of Asia. Refer to Section 2.9 for the Company's growth strategy.

2.3

Regulatory environment

As a medical device, NeuroNode technology is subject to the requirement for regulatory registration before it can be sold in certain markets. Compliance with the Therapeutic Goods Administration (TGA) and Food and Drug Administration (FDA) requirements respectively enables Control Bionics to sell NeuroNode technology products in the Company's current core geographies of the USA and Australia.

Figure 7: Regulatory landscape within jurisdictions

United States of America	The NeuroNode technology is FDA registered as a Class 2 medical device. NeuroEDUCATOR, the foundation for the NeuroNode technology, was acquired by Control Bionics in 2014, and is also a registered Class 2 medical device with the FDA.
Australia	NeuroNode's core technology has been registered as a Class 1 medical device with the TGA in Australia.
Canada	NeuroNode products are approved in the Assistive Devices Program with the Ontario Ministry of Health. Control Bionics, Inc. also has ISED Grant of Equipment Certification in Canada for NeuroNode devices.
Europe	Control Bionics has also recently put in place the documentation and processes to enable it to affix the CE Mark to its products that are to be sold in the European Union.
Japan	Control Bionics has engaged the support of Austrade (The Australian Trade and Investment Commission) and JETRO (Japan External Trade Organization) to assist with the expansion into the Japanese market.

Justin Yerbury (AM). Professor - Neurodegenerative Diseases at Wollongong University

Justin Yerbury's family has a genetic predisposition to developing motor neurone disease (MND). This situation drove him to become an internationally recognised biological research professor in the field of MND. Justin is currently Professor - Neurodegenerative Diseases at Wollongong University, NSW, Australia. Unfortunately, in 2016, Justin himself developed MND.

Control Bionics first met Justin in 2018 to assist with his communication abilities due to a reduction in his voice body movement functions. Justin was using eye-tracking technology at the time and was looking for a device he could use for communication outdoors (where using eye-tracking is challenging) and via his mobile phone (which does not support eye-tracking technology for communications).

Control Bionics initially introduced Justin to the NeuroNode 3, which added significant function to his ability to communicate while away from home or at university. In 2019, Control Bionics introduced Justin to the new NeuroNode Trilogy system which combined the NeuroNode with eye-tracking. The NeuroNode Trilogy system significantly improved his speed of communication over eye-tracking technology alone. Justin's wife, Rachel, said that she felt Justin could type almost twice as fast compared to using eye-tracking technology. Justin continues to use the NeuroNode Trilogy system in a variety of flexible ways depending upon his condition and communication requirements. We are very proud to be assisting Justin communicate with family and friends as well as helping him to continue his important research.

In January 2020, Justin was recognised in the Australia Day honours list for his outstanding contribution to research regarding MND.



2.5

Intellectual Property

Control Bionics has a portfolio of patents which have been granted in the USA, China, Australia and Canada, with other patent applications pending.

Details of the Company's intellectual property is provided in Section 9.18.

2.6

Manufacturing

Control Bionics products are manufactured and assembled in the USA. The control board for the NeuroNode 3 product is manufactured by outsourced partners to Control Bionics' specifications. The product is then assembled, and firmware loaded at Control Bionics' facility in Milford, Ohio, USA, where quality assurance and testing is also completed.

2.7

Global locations and staff

Control Bionics currently has two office locations:

- Melbourne head office is located at 171 Union Road, Suite G.03, Surrey Hills, Victoria 3127
- The US office is located at 745 Center Street, Suite 303, Milford, OH 45150

The Company employs 25 staff across the following functions:

- Senior Management: 8
- Sales, Marketing and Support: 13
- Manufacturing and Operations: 2
- Finance: 2

Following a period of product research, development and productisation of its technology, Control Bionics has secured the regulatory registrations required to sell its products in its core markets. The Company is now focused on executing its growth strategy which will require a scale-up of resources, particularly in sales and marketing. The Company expects to expand its headcount to approximately 45 people over the next 12 months, primarily focussed on sales, sales support, marketing and education resources in the USA.

COVID-19 has impacted the industry's ability to access specifiers of the product (e.g. speech language pathologists) and potential end users due to travel restrictions and lock downs. From March 2020 to August 2020 the Company's key markets of Australia and the USA were impacted heavily and international sales halted. Given the compromised health conditions of its users and clinicians the major impact was that Control Bionics' consultants were not able to travel to do in-situation assessments at homes, facilities or rehabilitation centres. During this period Control Bionics took the decision to actively reduce its operating costs as a result of the increased uncertainty, by reducing hours worked from five to four days across the company, plus halting non-essential travel, product development and marketing.

The Company rapidly rallied regarding new heightened safety procedures to protect staff, clinicians and clients, but given the nature of the business the Company already had in place a high degree of hygiene work practices.

From August, the Company has seen a gradual, albeit sometimes patchy opening up of assessment sites in both the USA and Australia (even though Victoria has been difficult due to ongoing lockdown measures). Control Bionics' strategy was to react swiftly with a considered approach to managing its operations and costs ensuring the business could continue with its growth strategy once conditions abated. This required a Group-wide commitment by all staff to assist in reducing work hours relative to their revenue impact. All staff have returned to full working hours from 5 October 2020.

During COVID the Company has been actively working on its social media presence, training and operational process efficiency. As markets progressively open up in Q1 FY21 the Company is intact and ready to continue its growth path. The Company remains positive that the worst of the COVID-19 impact has passed, however given conditions can change at any time, the team can be locked out of critical assessment visits with clients. Uncertainty in the USA regarding the USA election and some regional protests could also potentially impact the employee's ability to travel to client assessments. See section 5.2 for a description of risks and Section 5.3.4 for risks associated with Covid-19.

A factor in the Company's resilience and growth through this period has been the early adoption of telepresence, enabling comprehensive, live, real-time support for clients worldwide, including the ability to upgrade and reconfigure their systems online. This use of technology has negated the need for personal visits when social distancing is critical for vulnerable clients.

Despite this challenging environment the Company has utilised this remote technology to facilitate access to product specifiers and users where possible and despite the market access challenges has still achieved 41% growth in product revenue for the three months ended 30 September 2020 compared to the prior corresponding period, as set out in Figure 8 below.

Figure 8: First quarter revenue profile for FY20 and FY21⁶

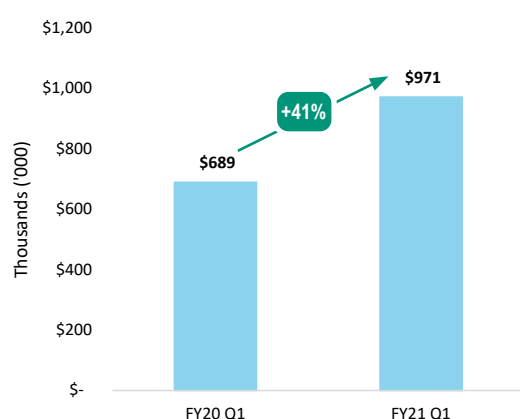
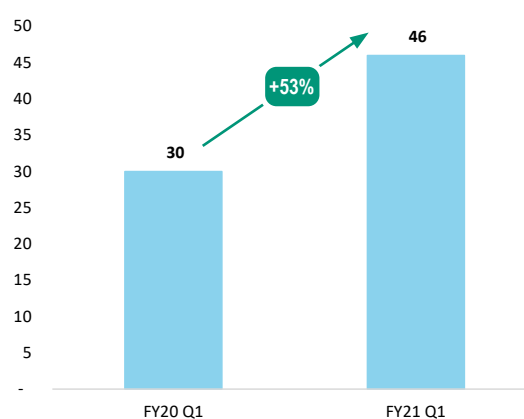


Figure 9: First quarter units profile for FY20 and FY21



⁶ FY21 Q1 revenue is unaudited, however has been reviewed by BDO the Investigating Accountant

Over the past three years, Control Bionics has focussed on laying the foundation for rapid growth of the Company within the Augmentative and Alternative Communication segment of the Assistive Technology market.

The Company has developed a robust, highly effective and differentiated product offering based on the core NeuroNode technology. Control Bionics believes the NeuroNode Trilogy system offers users more features and benefits than any other AAC system on the market.

Control Bionics has observed, and customer feedback confirms, that the NeuroNode Trilogy multi-modal system allows for significantly faster speed of use than traditional eye-tracking only systems, and is also less fatiguing resulting in the ability to complete tasks more quickly, more efficiently and for a longer period of use. The NeuroNode Trilogy also offers a broader range of access methods to users, which can be adapted as their conditions progress or deteriorate.

Over the last three years the Company has focussed on its market access for the North American and Australian markets from a regulatory and insurance funding perspective. The Company believes this work, including having the product registered with a number of public and private insurance funders, has provided a strong foundation for product sales.

Control Bionics has assembled an experienced and growing sales team with the product, market and regulatory knowhow to execute on the Company's growth plans. Control Bionics' two immediate goals are to continue the rapid growth in North America and Australia and to establish a strong foothold in other select international markets such as Japan and key European Countries.

2.9.1

Geographic expansion

2.9.1.1

USA – Total Case Numbers approximately 2,043,000

The expansion of the USA market was initiated in 2017 with the target of reaching a sustainable position and consistent growth by the end of 2020. Significant resources have been applied in launching the USA expansion, namely product refinements, Medicare and Medicaid Services (CMS) registrations and the establishment of a significant sales and support team capable of covering key local markets. As at October 2020, Control Bionics had seven salespeople in the USA. The USA remains the largest single market for the Company and is a key priority for market share growth.

Total Case Numbers in the USA is approximately 2,043,000 with 44,330 people being diagnosed each year across ALS/MND, multiple sclerosis, cerebral palsy, and spinal cord injuries. See Sections 3.2 and 3.3 for further details.

In order to address this significant market, Control Bionics plans to expand the number of salespeople in the USA to 14 before the end of the current financial year.

2.9.1.2

Australia – Total Case Numbers approximately 82,000

Control Bionics continues to expand its presence in Australia with the recent appointment of a National Sales Manager to oversee the increased demand for Control Bionics' products. The Company plans to continue to grow sales and marketing activity across the country by investing in additional sales and support staff to increase Control Bionics' geographic presence.

Total Case Numbers in Australia is approximately 82,000 with 1,900 people being diagnosed each year across ALS/MND, multiple sclerosis, cerebral palsy, and spinal cord injuries. See Sections 3.2 and 3.3 for further details.

2.9.1.3

Japan – Total Case Numbers approximately 385,000

Japan offers Control Bionics a significant opportunity, and the Company has been working with Austrade and JETRO (Japanese External Trade Organisation) on Control Bionics' market entry strategy.

Japan has a universal Public Health System which covers medical expenses as well as welfare (ongoing rehabilitation). The existence of a centralised Public Health System potentially allows Control Bionics' products to be wholly or partially funded in an efficient process for both the user and Control Bionics.

Total Case Numbers in Japan are approximately 385,000 with 10,320 people being diagnosed each year across ALS/MND, multiple sclerosis, cerebral palsy, and spinal cord injuries. See Sections 3.2 and 3.3 for further details.

Given the language and cultural differences in the Japanese market, the Company currently intends to access Japan by establishing a relationship with a distribution partner. The Company is in active discussions with potential distribution partners.

2.9.1.4

Other Markets

Control Bionics has achieved initial sales in Ontario, Canada and intends to continue to serve patients in the market via an existing Canadian distributor.

Control Bionics has acquired the ability to affix the CE Mark to NeuroNode products that are to be marketed in the European Economic Area. Plans for expansion into Europe and the UK are scheduled for 2022 and focussed on prioritising countries with adequate levels of disability funding support.

2.9.2

Product Development

Control Bionics will invest in strengthening the Company's internal product development team to enable it to continue to innovate in the AAC and disability sector, as well as to develop product/market opportunities outside of this sector.

The Company has identified a number of key Research and Development projects based on Control Bionics' core technology that have significant potential. Further miniaturising the technology will give the Company greater flexibility to expand into new market opportunities in areas such as Ageing, Healthcare and Consumer focussed applications.

2.9.2.1

Hardware Miniaturisation

Control Bionics is in the process of further miniaturising the existing NeuroNode technology to approximately 20-30% of its current size and weight. This smaller form factor will enable the Company to deliver a new generation NeuroNode product for existing applications and expand the core capabilities in EMG/EOG signal and pattern recognition and spatial control for a range of potential new applications such as medical monitoring.

2.9.2.2

Wheelchair Control

Control Bionics has developed a functioning prototype for utilising the NeuroNode as a means of controlling electric wheelchairs.

As with Control Bionics' current product range, electric wheelchairs are broadly recognised as an assistive device and are eligible to receive public and private funding. The Company is in the process of developing a commercialisation plan for this application.

2.9.2.3

Other Applications

New and evolving markets capable of utilising the NeuroNode technology include aged care, gaming, Augmented Reality / Virtual Reality, muscle retraining rehabilitation products, and other augmented human applications. Opportunities in consumer and related markets can be created with further product miniaturisation and reduction of the per unit cost.

MARKET OPPORTUNITY

3

"The ability to communicate is very important to me and I am anxious when I am unable to get my message across. Neuronode has improved my quality of life by allowing me to communicate in situations where I could not."

- Justin Yerbury, MND Warrior + Molecular Biologist

3 Market Opportunity

3.1 Introduction

The World Health Organisation defines Assistive Technology as “any piece of equipment, or product, whether it is acquired commercially, modified, or customised, that is used to increase, maintain, or improve the functional capabilities of individuals with disabilities.”

Control Bionics focuses on conditions which leave a user with a high degree of physical incapacity. Such conditions include motor neurone disease (MND) / amyotrophic lateral sclerosis (ALS), cerebral palsy, multiple sclerosis, and spinal cord injuries. Approximately 56,000 people are diagnosed with these conditions each year in the USA, Australia and Japan alone.

Control Bionics believes that its products (as described in section 2.2.2) have the ability to assist people suffering these conditions, providing a meaningful improvement in their ability to communicate, and their overall quality of life.

3.2 MND and ALS

3.2.1 MND and ALS

Lower motor neurons are activated by upper motor neurons in the brain that descend to the spinal cord and are responsible for controlling motor function. Muscles are directly activated by exciting lower motor neurons from the spinal cord. MND represents a group of diseases in which these neurons fail to work normally. Muscles gradually weaken and waste with no nerves to activate them. A person's ability to walk, speak, swallow and breathe can be affected by MND⁷. On an aggregated basis, approximately 8,180 people are diagnosed each year with MND/ALS across the USA, Australia, and Japan with total cases of approximately 44,610⁸.

3.2.2 Cerebral Palsy

Cerebral palsy affects the way the brain controls the body's muscles resulting in speech, movement and posture difficulties. Cerebral palsy is the most common childhood physical disability in Australia where in any year, it is more common than cancer, strokes, eating disorders, appendicitis and road traffic accidents⁹. Cerebral palsy can be classified as either diplegia, hemiplegia, or quadriplegia and grouped into three main types; spasticity (approximately 80% of all people with cerebral palsy), hypotonia, and dyskinesia. On an aggregated basis, approximately 13,800 people are diagnosed each year with cerebral palsy across the USA, Australia, and Japan with total cases of approximately 1,058,000¹⁰.

3.2.3 Multiple Sclerosis

Multiple sclerosis is a condition of the central nervous system, interfering with nerve impulses within the brain, spinal cord and optic nerves. Multiple sclerosis tends to take one of three clinical courses; relapsing-remitting, secondary progressive, and primary progressive. One of the major health problems with multiple sclerosis is motor control, whereby patients experience muscular spasms and problems with weakness, balance, coordination, and functioning of the arms and legs¹¹. On an aggregated basis, approximately 11,220 people are diagnosed each year with multiple sclerosis across the USA, Australia, and Japan with total cases of approximately 1,044,710¹².

3.2.4 Spinal Cord Injuries

A spinal cord injury is damage to the spinal cord that results in a loss of function, such as mobility or feeling. Frequent causes of spinal cord injuries include trauma (e.g. car accidents) or disease (e.g. spina bifida). On an aggregated basis, approximately 23,350 spinal cord injuries occur each year across the USA, Australia, and Japan with total cases of approximately 364,000¹³.

Based on the annual diagnosis / incident rates for Control Bionics' target customers in target markets, the Company has estimated its market opportunity below.

Figure 10: New Cases Diagnosed Annually

	Australia	USA	Japan	Total Diagnosed Each Year
ALS/MND	400 ¹⁴	5,000 ¹⁵	2,780 ¹⁶	8,180
Multiple Sclerosis	520 ¹⁷	10,400 ¹⁸	300 ¹⁹	11,220
Cerebral Palsy	440 ²⁰	11,200 ²¹	2,160 ²²	13,800
Spinal Cord Injuries	540 ²³	17,730 ²⁴	5,080 ²⁵	23,350
TOTAL	1,900	44,330	10,320	56,550

In FY20, the average revenue per unit for Control Bionics' products was A\$21,928 ²⁶.

Based on the average revenue per unit of A\$21,928 and the total diagnosed each year, the Company estimates its market opportunity to be in excess of A\$1.2 billion annually, excluding the additional market opportunities through the sale of product accessories.

Figure 11: Total Case Numbers

	Australia	USA	Japan	Total Cases
ALS/MND	2,090 ²⁷	30,000 ²⁸	12,520 ²⁹	44,610
Multiple Sclerosis	25,600 ³⁰	1,000,000 ³¹	19,110 ³²	1,044,710
Cerebral Palsy	40,000 ³³	764,000 ³⁴	254,000 ³⁵	1,058,000
Spinal Cord Injuries	15,000 ³⁶	249,000 ³⁷	100,000 ³⁸	364,000
TOTAL	82,690	2,043,000	385,630	2,511,320

As of the date of the Prospectus Control Bionics is not aware of any other company commercially selling medical grade EMG based AAC products to the disability and rehabilitation sectors. Stand-alone eye-tracking products used in AAC solutions present the greatest competition to Control Bionics. The two key competitors for Control Bionics are providers of eye-tracking technology: Tobii Technology AB (Tobii) and Prentke Romich Company (PRC).

Tobii is based in Sweden and is listed on the Stockholm exchange (STO:TOBII) with a market capitalisation of approximately A\$904 million as at 7 October 2020³⁹. Tobii has multiple business units including research, gaming, OEM integration and assistive technology. The assistive technology division of Tobii and PRC provides eye-tracking products to the disability market.

PRC is based in Wooster, Ohio, USA and is a privately held company. PRC sells a range of eye-tracking AAC systems targeted at the disability sector. PRC primarily targets schools and early age speech communication challenges, with a combination of eye-tracking, computer systems and software.

Outside of medical grade applications, Control Bionics is aware of consumer focussed EMG products targeting the augmented and virtual reality markets. CTRL-Labs, a private company founded in 2015 is commercialising an EMG wristband capable of transmitting electrical signals from the arm into computer inputs. CTRL-Labs was acquired by Facebook in a deal announced on 23 September 2019, which was at a reported valuation of between US\$0.5 billion and US\$1 billion. As at the date of this Prospectus, Control Bionics is not aware of CTRL-Labs pursuing Medicare or Medicaid accreditation, and Control Bionics is not aware of any FDA registrations having been lodged by CTRL-Labs for the medical disability sector.

Key barriers to entry in these markets include:

- Long lead time for development of hardware with sufficient sensitivity to be effective for the specific applications in disability;
- Development of the software required to detect, analyse and interpret the intentional EMG signals;
- Obtaining patent approvals in relevant jurisdictions;
- Obtaining and maintaining the requisite regulatory registrations in relevant jurisdictions for the products as described in Section 2.3;
- Company resources to provide a high level of market capability, customer service and in-person support for users;
- Building a strong brand that is recognised and trusted in the industry and has a positive reputation;
- Registration of the products with appropriate healthcare agencies and healthcare insurers in the relevant jurisdictions; and
- Establishing relationships with distribution partners or channels, such as rehabilitation specifiers, to assist in accessing end customers, strongly driven by an established product with a proven track record amongst patients.

FINANCIAL INFORMATION 4



" Seeing my clients interact with a world that wasn't accessible to them before, and particularly seeing the joy on families' faces when they realise that they were right and their children were 'in there the whole time', there's nothing like it. "

- Arabella Ludemann, CPSP, Better Rehab

4 Financial Information

4.1 Introduction

The financial information contained in this Section has been prepared by Control Bionics Limited (Control Bionics or the Company) in connection with the initial public offering of shares (the Offer). The financial information is set out below for the historical financial years ended 30 June 2018 (FY18), 30 June 2019 (FY19) and 30 June 2020 (FY20). The financial information contained in this section includes:

Historical Financial Information

- Statutory Historical Financial Information of the Company, comprising the:
 - statutory historical consolidated statements of profit and loss for FY18, FY19 and FY20 (Statutory Historical Results);
 - statutory historical consolidated statements of cash flows for FY18, FY19 and FY20 (Statutory Historical Cash Flows); and
 - statutory historical consolidated statement of financial position as at 30 June 2020 (Statutory Historical Statement of Financial Position);
- Pro Forma Historical Financial Information of the Company, comprising the:
 - Pro Forma historical consolidated statements of profit and loss for FY18, FY19 and FY20 (Pro Forma Historical Results);
 - Pro Forma historical consolidated statements of cash flows for FY18, FY19 and FY20 (Pro Forma Historical Cash Flows);
 - Pro Forma historical consolidated statement of financial position as at 30 June 2020 (Pro Forma Historical Statement of Financial Position);

(together the Statutory Historical Financial Information and the Pro Forma Historical Financial Information are referred to as the Historical Financial Information).

The Historical Financial Information form the Financial Information.

The Statutory Historical Financial Information form the Statutory Financial Information.

The Pro Forma Historical Financial Information form the Pro Forma Financial Information.

Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer Section 4.2);
- information regarding certain non AAS or IFRS financial measures (refer Section 4.2.3);
- summary of key pro forma operating metrics (refer Section 4.3.2);
- the pro forma adjustments to the Statutory Historical Financial Information, and reconciliations to the Pro Forma Historical Financial Information respectively (refer Sections 4.3.3, 4.4.2 and 4.5.1);
- details of Company's indebtedness and capitalisation (refer Section 4.5.2);
- information regarding the Company's liquidity and capital resources (refer Section 4.5.3);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer Sections 4.3);
- details of the proposed dividend policy (refer Section 4.6).

The Financial Information provided in this Section 4 should be read together with the information provided in this Prospectus, including:

- the risk factors outlined in Section 5;
- the description of the use of the proceeds of the Offer described in Section 7.1.2;
- the Independent Limited Assurance Report, set out in Section 8; and
- the indicative capital structure described in Section 7.2.

Overview

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Company. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information presented in this Prospectus has been reviewed by BDO Corporate Finance (East Coast) Pty Ltd (BDO) in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information as stated in its Independent Limited Assurance Report. Investors should note the scope and limitations of the Independent Limited Assurance Report (refer to Section 8).

Control Bionics operates on a financial year ended 30 June. All amounts disclosed in this Section 4 are presented in Australian Dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Measurement and Recognition Principles

The Statutory Financial Information has been prepared and presented in accordance with the measurement and recognition principles prescribed in Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations issued by the Australian Accounting Standards Board (AASB)), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB)

The Statutory Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Post-Listing, Control Bionics will continue to prepare its financial statements in accordance with AAS and its financial statements post-Listing will be audited and reviewed by Control Bionics' auditor in accordance with Australian Auditing Standards

Significant Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Information are set out in Schedule 2 and have been consistently applied throughout the financial periods presented in this Prospectus, except as discussed below. The impact of changes in the accounting standards on the Financial Information is noted as follows:

AASB 16 Leases

The revised AASB 16 becomes effective for reporting periods from 1 July 2019 and therefore is first applicable to the Company's financial report with respect to the year ending 30 June 2020.

The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. The adoption had no impact on opening retained profits as at 1 July 2019. The impact of the new accounting standards compared with the previous accounting standards on the on the FY20 Financial Information is immaterial.

Preparation of the Historical Financial Information

Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited consolidated financial statements of Control Bionics for FY18, FY19 and FY20 as described in Schedule 2 of this Prospectus.

Control Bionics' consolidated financial statements have been audited for the financial periods ended 30 June 2018, 30 June 2019 (BDO East Coast Partnership) and 30 June 2020 (BDO Audit Pty Ltd) (**BDO Audit**) in accordance with Australian Standards on Auditing. The auditors issued an unqualified opinion on the financial reports for the financial periods ended 30 June 2018, 30 June 2019 and 30 June 2020.

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Results and Pro Forma Historical Cash Flows have been derived from the Statutory Historical Financial Information, with pro forma adjustments being made to eliminate certain non-recurring items, and adjustments to reflect Control Bionics' operating and capital structure following Completion of the Offer.

The Pro Forma Historical Statement of Financial Position as at 30 June 2020 is based on the reviewed financial statements of Control Bionics at that date adjusted to reflect the impact of the Offer and other material transactions post 30 June 2020 (refer to Section 4.5).

The Pro Forma Historical Information has been presented and has been adjusted to reflect the impact of all material events occurring before 30 June 2020 including;

- incremental costs of being a publicly listed entity including relevant costs associated with the ESOP, if applicable;
- eliminating certain items inconsistent with the future operating structure of the Company;
- impact of the Offer including capital raised and Offer costs, and the capital structure in place after the IPO;

Refer to Section 4.3.3 for a reconciliation between Statutory Historical and Pro Forma Historical Results, to Section 4.4.2 for a reconciliation between the Statutory Historical and the Pro Forma Historical Cash Flows and to Section 4.5.1 for a reconciliation between the Statutory Historical Statement of Financial Position and the Pro Forma Historical Statement of Financial Position.

Investors should note that past results are not a guarantee of future performance.

Non-AAS or IFRS financial measures

Control Bionics uses certain measures to report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to in Schedule 2, and under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC, as "non-IFRS financial measures".

The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- Cost of Sales represents expenses directly associated with the generation of revenue, including unit manufacturing expense, assembly, freight and related expense.
- Product Gross Margin is Revenue less Cost of Sales.
- EBITDA is earnings before interest, tax, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are affected by the capital structure and historical tax position of Control Bionics.

Control Bionics also calculates EBITDA margin which is EBITDA divided by revenue, expressed as a percentage. EBITDA margin is a measure that management uses to evaluate the profitability of the overall business.

Because it does not include the non-cash charges for depreciation and amortisation, EBITDA can be useful to help understand the cash generation potential of the business. However, management believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of Control Bionics' operations.

- EBIT is earnings before interest and tax.

Certain financial data included in Section 4 is also non-IFRS financial information.

Although Control Bionics believes that these measures provide useful information about the financial performance of Control Bionics, they should be considered as supplements to the financial statement measures that have been presented in accordance with the AAS and IFRS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Control Bionics calculated these measures may differ from similarly-titled measures used by other companies. Investors should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Consolidated Pro Forma Historical Results

4.3.1 Overview

Table 1 below sets out the Pro Forma Historical Results for FY18, FY19 and FY20.

Table 1: Pro Forma Historical Results for FY18, FY19 and FY20

\$'000s	Notes	Pro Forma Historical		
		FY18	FY19	FY20
Revenues	1	805	781	3,099
Cost of sales	2	(74)	(345)	(714)
Product Gross Margin		731	436	2,385
Research and development	3	(79)	(313)	(68)
Selling and marketing	4	(220)	(424)	(237)
Employee benefits expense		(1,012)	(1,110)	(2,054)
General and administrative		(1,004)	(1,161)	(1,644)
Operating expenses		(2,314)	(3,007)	(4,003)
Operating profit/(loss)		(1,583)	(2,571)	(1,618)
Interest expense		(1)	(0)	(3)
Disposal of assets		(5)	(9)	(30)
Other income		87	120	104
Other income/(expense)		81	110	71
Profit/(loss) before tax		(1,502)	(2,461)	(1,547)
Income tax expense		-	-	-
Net profit/(loss) after tax		(1,502)	(2,461)	(1,547)
Foreign currency translation		37	(39)	44
Total comprehensive income		(1,465)	(2,500)	(1,503)

Notes:

1. FY18 and FY19 reflect the Company's efforts in Research and Development in order to offer the market a compelling solution. In FY19 NeuroNode was combined with eye-tracking technology in the NeuroNode Trilogy product and this was the catalyst for strong user acceptance. FY20 revenues reflect the commercialisation of the NeuroNode Trilogy as well as the company development of its sales and operational capabilities.
2. Costs of Sales increase as a proportion of Revenue between FY18 and FY19 reflects the packaging of the NeuroNode Trilogy product (including eye tracking technology and other third party software). In FY20 the reduction in Cost of Sales as a proportion of Revenue and improvement in Gross Product Margin represents scale benefits in manufacturing and assembly costs.
3. Developing NeuroNode Trilogy which also included significant improvements in battery capacity, product design and inclusion of new features. Due to COVID-19 some of the Research and Development projects were put on hold such as wheelchair control and NeuroNode miniaturisation.
4. Selling and marketing increased in FY19 reflecting the Company's investment in product awareness such as online marketing, PR releases and distribution, attendance at US and Australian Trade shows like Assistive Technology Industry Association ATIA (USA), Closing the Gap (USA), The Disability: IN Conference & Expo (USA) and ASHA (USA) Disability Expo (AUS). The reduction in FY20 reflects cost reduction activities due to COVID-19.

4.3.2

Key operating metrics

Table 2 below sets out a summary of Control Bionics' key historical operating metrics for FY18, FY19 and FY20 derived from the Pro Forma Historical Results.

Table 2 : Key historical operating metrics for FY18, FY19 and FY20

\$'000s	Notes	FY18	FY19	FY20
Key operating metrics				
Revenue growth %	1	15%	-3%	297%
Product Gross Margin %	2	91%	56%	77%
Sales and Marketing % Rev	3	27%	54%	8%
R&D % Revenue	4	10%	40%	2%
Net profit/(loss) after tax	5	(1,502)	(2,461)	(1,547)

Notes:

1. Revenue growth between FY18 and FY20 reflects the company's transition from a Research and Development and Product Development phase to a commercialisation acceptance.
2. Product gross margin decrease in FY19 reflects the introduction and packaging of the NeuroNode Trilogy product (including eye tracking technology and other third party software). In FY20 the improvement in Product Gross Margin % represents scale benefits in manufacturing costs and assembly costs.
3. The increase in FY19 reflects the Company's commitment of additional resources to increase product awareness. In FY20, the decreased marketing expenses as percentage of revenue reflects the dilution of the marketing budget relative to the increasing revenue and some COVID-19 sales and marketing cost containment. The company continues fully engaged in its sales activities leveraging on a follow-on effect of previous product awareness strategy as well keeping the sales team in continuous relationship with sales stakeholders.
4. This evolution reflects the transition of development to commercialisation as well as the Research and Development expense dilution relative to revenue.
5. The losses reflects the Company's investment in Product Development and Sales and Marketing to support revenue growth. There was a significant reduction in operating losses in FY20 due to increased Revenue and improved Product Gross Margin compared to FY19.

4.3.3

Pro forma adjustments to the Statutory Historical Results

Table 3 below sets out the pro forma adjustments that have been made to Control Bionics' Statutory Historical Results to reflect the full year impact of the operating and capital structure that will be in place following Completion as if it were in place as at 1 July 2018. These adjustments are summarised below.

Table 3: Pro forma adjustments to the Statutory Historical Results

\$'000s	Notes	FY18	FY19	FY20
Statutory net profit after tax		(935)	(1,970)	(962)
Listed company costs	1	(529)	(529)	(529)
Write-down of demo stock	2	-	-	86
COVID-19 Government Grants	3	-	-	(98)
Pro Forma net profit/(loss) after tax		(1,465)	(2,500)	(1,503)

Notes:

1. Listed company costs represent the estimated additional annual costs that will be incurred by Control Bionics as a listed company including listing fees, share registry expenses, directors' and officers' insurance premiums, Directors fees and uplift in salaries, investors relations, annual general meeting and annual report expenses.
2. Trial and demonstration stock in the United States of America was capitalised to inventory post-stocktake in April 2020, with a portion subsequently written-down. The depreciation expense of \$86k recorded between April to June 2020 has been reversed as a non-recurring transaction.
3. COVID-19 related grants were received by Control Bionics from the Australian Governments between April and June 2020. This includes wage subsidies such as JobKeeper (Australia) as well as cash-flow boosts from State Governments in Australia.

4.4

Consolidated Pro Forma Historical Cash Flows

4.4.1

Overview

Table 4 below sets out the Pro Forma Historical Cash Flows for FY18, FY19 and FY20.

Table 4: Pro Forma Historical Cash Flows for FY18, FY19 and FY20

\$'000s	Notes	Pro Forma Historical		
		FY18	FY19	FY20
Cash flows from operating activities				
Receipts from customers and government grants		807	813	3,175
Interest received		5	5	1
Payments to suppliers and employees	1	(2,311)	(3,293)	(4,664)
Interest paid		-	-	(3)
Net cash (used in) provided by operating activities		(1,500)	(2,475)	(1,491)
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(14)	(36)	(295)
Payment for intangibles		-	-	(7)
Net cash flows from investing activities		(14)	(36)	(302)
Cash flows from financing activities				
Proceeds from issue of shares	3	2,634	933	1,583
Proceeds from US payment protection loan		-	-	-
Lease payments		-	-	(26)
Net cash provided by (used in) financing activities		2,634	933	1,557
Net increase (decrease) in cash and cash equivalents held				
		1,119	(1,577)	(236)
Cash and cash equivalents at beginning of financial year				
		190	1,309	(260)
Foreign currency exchange rate				
		(0)	8	3
Cash and cash equivalents at end of financial year				
	4	1,309	(260)	(493)

Notes:

1. Payment to suppliers and employees item has been adjusted to reflect the Listed company costs and the increase in commercial costs related to growing sales team and product delivery.
2. Capitalisation of the Trial Stock and sales demonstration units previously expensed through the Profit & Loss.
3. Proceeds from the issue of shares as a private company. The Company has historically issued equity to fund its operations.
4. Negative pro-forma cash balance reflects inclusion of cumulative \$1.587 million in Listed Company Costs included in payments to suppliers. Actual cash on hand of the Company at 30 June 2020 was \$1.428 million.

4.4.2

Pro forma adjustments to the Statutory Historical Cash Flows

Table 5 below sets out the pro forma adjustments that have been made to Control Bionics' Statutory Historical Statements of Cash Flows to reflect the full year impact of the operating and financing structure that will be in place following Completion as if it was in place as at 1 July 2018. These adjustments are summarised below.

Table 5: Pro forma adjustments to the Statutory Historical Statements of Cash Flows

\$'000s	Notes	FY18	FY19	FY20
Statutory increase/(decrease) in cash and cash equivalents held		1,649	(1,048)	627
Listed Company Costs	1	(529)	(529)	(529)
COVID-19 Government Grants	2	-	-	(98)
Paycheck Protection Program Loan	3	-	-	(236)
Pro Forma increase/(decrease) in cash and cash equivalents held		1,119	(1,577)	(236)

Notes:

1. Listed company costs represent the estimated additional annual costs that will be incurred by Control Bionics as a listed company including listing fees, share registry expenses, directors' and officers' insurance premiums, directors' fees and uplift in salaries, investors relations, annual general meeting and annual report expenses.
2. COVID-19 related grants were received by Control Bionics from the Australian Governments between April and June 2020. This includes wage subsidies such as JobKeeper (Australia) as well as cash-flow boosts from State Governments in Australia.
3. The Company received a Paycheck Protection Program ("PPP") loan in May 2020. The Company expects the loan to be fully forgiven.

4.5

Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

4.5.1

Overview

Tables 6 and 7 below sets out the pro forma adjustments that have been made to the audited Statutory Historical Statement of Financial Position for Control Bionics at 30 June 2020, in order to prepare the Pro Forma Statement of Financial Position for Control Bionics to take into account the effect of, amongst other things, the Offer proceeds and transaction expenses. These adjustments reflect the impact of the changes in capital structure that will take place as part of the Offer, as if they had occurred or were in place as at 30 June 2020.

Table 6: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 30 June 2020

\$'000s	Notes	30-Jun-20	Pro Forma adjustments	Pro Forma 30-Jun-20
Assets				
Cash and cash equivalents	1,2,3,4	1,428	14,167	15,596
Trade and other receivables		317	-	317
Inventories		179	-	179
Other current assets		-	-	-
Total current assets		1,924	14,167	16,092
Property, plant and equipment		242	-	242
Right of use asset		46	-	46
Other non-current assets		49	-	49
Intangibles		4,085	-	4,085
Total non-current assets		4,421	-	4,421
Total assets		6,345	14,167	20,513
Liabilities				
Trade and other payables		191	-	191
Employee benefits		135	-	135
Deferred Revenue		-	-	-
Short term borrowings		-	-	-
Lease liability		37	-	37
Total current liabilities		364	-	364
Employee benefits		13	-	13
Lease liability		9	-	9
Trade and other payables	5	236	(236)	-
Total non-current liabilities		258	(236)	23
Total liabilities		622	(236)	387
Net assets		5,723	14,403	20,126
Equity				
Share capital	1,2,3,4	13,060	14,577	27,637
Reserves		745	-	745
Retained earnings	4,5	(8,082)	(174)	(8,257)
Total equity		5,723	14,403	20,126

Table 7: Pro Forma adjustments to the Statutory Historical Statement of Financial Position as at 30 June 2020

\$'000s	30-Jun-20	Equity Raise Completion Note 1	Unpaid Capital Note 2	IPO Issue Note 3	IPO Costs Note 4	Paycheck Protection Program Loan Note 5	Pro Forma 30-Jun-20
Assets							
Cash and cash equivalents	1,428	417	198	15,000	(1,448)	-	15,596
Trade and other receivables	317	-	-	-	-	-	317
Inventories	179	-	-	-	-	-	179
Other current assets	-	-	-	-	-	-	-
Total current assets	1,924	417	198	15,000	(1,448)	-	16,092
Property, plant and equipment	242	-	-	-	-	-	242
Right of use asset	46	-	-	-	-	-	46
Other non-current assets	49	-	-	-	-	-	49
Intangibles	4,085	-	-	-	-	-	4,085
Total non-current assets	4,421	-	-	-	-	-	4,421
Total assets	6,345	417	198	15,000	(1,448)	-	20,513
Liabilities							
Trade and other payables	191	-	-	-	-	-	191
Employee benefits	135	-	-	-	-	-	135
Deferred Revenue	-	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-	-
Lease liability	37	-	-	-	-	-	37
Total current liabilities	364	-	-	-	-	-	364
Employee benefits	13	-	-	-	-	-	13
Lease liability	9	-	-	-	-	-	9
Trade and other payables	236	-	-	-	-	(236)	-
Total non-current liabilities	258	-	-	-	-	(236)	23
Total liabilities	622	-	-	-	-	(236)	387
Net assets	5,723	417	198	15,000	(1,448)	236	20,126
Equity							
Share capital	13,060	417	198	15,000	(1,038)	-	27,637
Reserves	745	-	-	-	-	-	745
Retained earnings	(8,082)	-	-	-	(410)	236	(8,257)
Total equity	5,723	417	198	15,000	(1,448)	236	20,126

Notes:

1. In August 2020 Control Bionics completed an equity raise to assist with the funding costs associated with the IPO and certain commercial activities. Funds were raised primarily from existing shareholders and with two new shareholders. 166,839 new shares were issued at \$2.50 (being equivalent to approximately \$0.45 post share split) raising \$417,098. This equity raising represented the shortfall on the Company's last funding round conducted in January 2020. All shares issued will be subject to escrow.
2. CTO James Schorey paid his partly paid shares prior to the IPO.
3. Cash proceeds of the offer flowing to Control Bionics are \$15m through the issue of 25 million new shares at \$0.60 per share. Planned uses of the proceeds are set out in section 7.1.2. Transaction costs associated with the offer amount to \$1,447,775.
4. Transaction costs associated with the offer amount to \$1,447,775 being cash costs. Of the expected one-off offer-related costs, \$1,037,600 was capitalised and the remaining \$410,155 have been expensed through the income statement reducing retained earnings accordingly.
5. The Company received a Paycheck Protection Program ("PPP") loan in May 2020. The Company expects the loan to be fully forgiven.

4.5.2

Indebtedness

The net cash of Control Bionics as at 30 June 2020 on a statutory and pro forma basis was \$1.2 million and \$15.6 million respectively.

Table 8 sets out the indebtedness of Control Bionics as at 30 June 2020 on a statutory and pro forma basis, adjusted for the pro forma effect of the Offer as if the transactions had occurred on 30 June 2020.

Table 8: Statutory historical indebtedness as at 30 June 2020 and pro forma historical indebtedness as at 30 June 2020

\$'000s	Audited	Pro Forma
	30-Jun-20	30-Jun-20
Cash and cash equivalents	1,428	15,596
Non-current borrowings	(236)	-
Total (indebtedness)/net cash	1,193	15,596
Contributed equity	13,060	27,637
Retained earnings	(8,082)	(8,257)
Total equity	4,978	19,381
Total capitalisation and indebtedness	6,170	34,977

Notes:

This table reflects company post-IPO indebtedness situation, which highlights the company marginal debt situation. The Company received a Paycheck Protection Program ("PPP") loan in May 2020. The Company expects the loan to be fully forgiven.

4.5.3

Liquidity and capital resources

Following Completion of the Offer, Control Bionics' principal sources of funds are expected to be cash flow generated from operations and cash on hand.

Control Bionics' main use of cash is to fund working capital, market expansion and further Research and Development.

Control Bionics' ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions.

Quantitative and qualitative disclosures about market risk sensitive instruments are addressed in Section 4.5.4.

4.5.4

Quantitative and qualitative disclosures about interest rate and foreign exchange risk

Control Bionics is exposed to market risk in the ordinary course of its business. Market risk represents the risk of loss that may impact Control Bionics' financial position due to adverse changes in financial market prices and rates. Control Bionics' market risk exposure is primarily a result of fluctuations in foreign currency exchange rates. Exposure to market risk for changes in interest rates relates primarily to the Company's cash, cash equivalents and debt, which has an interest rate based on the prevailing Prime Rate.

4.5.5

Contractual obligations and commitments

Table 9 below sets out a summary of Control Bionics' statutory contractual obligations and commitments following Completion.

Table 9: Control Bionics' statutory contractual obligations and other commitments

\$'000s	Pro Forma historical			
	Less than 1 year	1-5 years	More than 5 years	Total
Operating lease commitments	37	9		47

4.5.6

Off balance sheet items

Control Bionics has no material contingent liabilities or off-balance sheet arrangements.

4.5.7

Public Company Expenses

Table 10: Control Bionics' estimated incremental annual public company expenses

\$'000s	
Additional director fees	150
Uplift in executive salaries	195
ASX Listing annual fees	35
Registry fees	10
Company secretarial	24
Audit fees	15
AGM costs	5
Annual report	5
Insurance Directors & Officers	70
Investor road show costs	10
Director travel costs	10
Total	529

Notes:

Estimated extra budget IPO costs associated with listing.

4.5.8

One-off offer costs

Table 11: Control Bionics' expected one-off Offer costs

\$'000s	
Legal fees	210
Independent reporting accountant fees	75
Tax advisory fees	24
Lead Manager Fees	900
ASX Listing fee	121
Prospectus printing, design, website	20
Upfront registry costs	10
Non deal roadshow expenses	5
IPO roadshow expenses	10
IP + International Lawyers	23
Others	50
Total	1,448

4.6

Dividend policy

The policy of the Company is to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near-term following the Company's listing on the ASX.

The payment of a dividend by Control Bionics, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the operating results, cash flows and the financial condition of the Control Bionics Group, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Control Bionics Group, and any other factors the Directors may consider relevant. The Directors do not provide any assurance of the future level of dividends paid by the Company.

RISK FACTORS

5

"Communication is life; if you can't communicate, living is almost impossible."

- Matthew Hodge, Father, MND Warrior + NeuroNode Controller

5 Risk Factors

5.1 Introduction

The Company is subject to risk factors that are both specific to its business activities and of a more general nature. Each of the risks set out below could, in isolation or in combination, if they eventuate, have a material adverse impact on the Company's business, financial condition and results of operations. Investors should note that this Section 5 does not purport to list every risk that may be associated with an investment in Shares now or in the future, and that the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of the Company, its Directors and management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2 Risks specific to an investment in the Company

5.2.1 Regulatory Registrations and Reimbursement Risk

Control Bionics' ability to manufacture and sell its products is dependent upon regulatory registrations and insurance approvals in target markets. Control Bionics believes that it has all necessary registrations and approvals currently required by the business, however in future it may not be able to obtain or renew the regulatory registrations that it requires for sale of its products, or the reimbursement approvals required for sales growth, or such registrations and/or approvals may be subject to delay.

5.2.2 Commercial, Manufacturing and Distribution Capability Risk

The success of Control Bionics is dependent upon its ability to manufacture its products on a commercial scale, with continuity of supply and in accordance with current good manufacturing practices prescribed by regulatory authorities. Any delays or difficulties in the future manufacture of products or sourcing components may have a material adverse effect on the Company.

5.2.3 Competition

The medical equipment market is highly competitive and subject to rapid change. Control Bionics may face competitors that are better resourced or develop superior products. Control Bionics may also be slower to adopt new technology than potential competitors. Each of the above risks would be likely to have a material adverse impact on the Company's competitive position.

5.2.4 Dependence on Key Relationships and Personnel

Control Bionics depends on the performance of its commercial partners such as contract manufacturers and distributors, as well as the retention of key personnel, to successfully grow its business. The ability to grow the business is reliant upon building and maintaining relationships with key insurers and rehabilitation specifiers in the relevant markets. The loss of any such relationships may have a material adverse effect on the Company. The Company's primary focus is delivering a quality product to the market that demonstrates features and benefits that its clients and clinicians are looking for. The Company also places high importance on building confidence through well trained committed staff whom support the product. The Company believes the quality of its staff and their training are enabling it to build long term relationships with clinicians and users.

5.2.5

Delay Risk

The potential for delay of any of Control Bionics' key milestones presents a number of risks (including achieving revenue within anticipated timeframes and potential cost overruns). Delays may be caused by various factors, including delays in obtaining regulatory registrations for Control Bionics' products.

This includes establishing operations on the ground in key markets and building relationships with the relevant insurers in those markets. There is also the risk of private insurers not accepting any new vendors or having to build a sense of familiarity with the Company's products that can cause extensive delays.

5.2.6

Growth and Potential Market Failure

The Company may not be able to manage its growth successfully and Control Bionics' business is also dependent on commercially attractive markets remaining available to it. Commercial sales may not fund sufficient working capital for growth and, potentially, continued operations.

5.2.7

New Product Risk

Control Bionics has not yet generated substantial sales from the NeuroNode 3 and NeuroNode Trilogy and there is no guarantee that it, or other Control Bionics products, will be commercially successful and achieve sufficient sales.

5.2.8

New Market Risk

Control Bionics will target new geographic markets with the NeuroNode technology which presents additional business risk and regulatory risk.

5.2.9

Intellectual Property

To leverage innovation, the Company will need to protect its intellectual property. There may be circumstances where the Company's intellectual property cannot be protected or is subject to unauthorised disclosure, infringement or challenge by a third party. The Company may incur significant costs in asserting its rights in such circumstances.

5.2.10

Changes in Laws and Government Policy

The Company's business is subject to a number of regulatory requirements that have significant influence on the business, operations and competitive environment.

Changes in laws, regulations and government policy in several jurisdictions, including but not limited to those affecting support for biotechnology research and development, as well as those relating to healthcare programs and insurance, may affect the attractiveness of an investment in the Company.

In the absence of insurance funding, the size of the market and therefore its attractiveness will be materially impacted with adverse consequences for the Company.

5.2.11

Historical Operating Loss

The Company has historically generated operating losses and there is no guarantee that it will be commercially successful.

Price of Shares

Once the Company becomes a publicly listed company on the ASX, it will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international markets for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government;
- changes in fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which the Company operates; and
- general operational and business risks.

Trading and liquidity in Shares

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for Shares will develop or that the price of Shares will increase. There may be relatively few potential buyers or sellers of Shares on the ASX at any time. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offer.

Further, following Completion, it is expected that the Existing Shareholders will hold up to 70% of the Shares, which may also impact liquidity. The Existing Shareholders will enter into both ASX imposed and voluntary escrow arrangements in relation to their retained Shares as described in Sections 7.11, 9.8 and 9.9. The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares held by the Existing Shareholders will be able to be freely traded on the ASX. A significant sale of Shares by the Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of the Existing Shareholders may be different from the interests of investors who acquire Shares in the Offer.

The Company may be subject to changes in tax law

Tax laws may change in the future. Any changes to the current rate of company income tax may impact shareholder returns. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and shareholder returns.

5.3.4

COVID-19 Impact

The impact of COVID-19 on global macroeconomic conditions and financial markets may impact the financial performance of the Company. The COVID-19 pandemic has caused capital markets to experience increased volatility and this could impact the future price of the Shares.

While the Company has experienced reduced or slower access to specifiers, funders and users, as at the Prospectus Date, the Company has not experienced a material impact due to COVID-19. However, the ongoing effect of COVID-19 on the Company's business is inherently uncertain. In light of the COVID-19 pandemic, extra care should be taken when assessing the risks associated with an investment in Shares.

5.3.5

Force majeure events

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

5.3.6

Accounting Standards

Australian Accounting Standards (AAS) are set by the AASB and are outside the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of the Company.

5.3.7

Shareholder dilution

In the future, the Company may elect to issue Shares to raise further funding. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

KEY INDIVIDUALS, INTERESTS, & BENEFITS

6

"Our whole team is committed to creating outstanding technology that changes people's lives for the better. "

- Rob Wong, CEO

6 Key individuals, interests and benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. Profiles of each member of the Board are set out in the table below.

Director	Experience and background
Roger Hawke Chairman Independent Non-Executive Director	Roger has over 30 years of experience in the telecommunications and technology space, having recently retired after 8 years as CEO & Managing Director of Crown Castle Australia/Axicom, and brings a high level of experience particularly in Technology, Operations, Sales and Management. Roger holds BEng (SAIT), MES (Sydney) and MBA (Macquarie) degrees and is a Member of the Australian Institute of Company Directors. Roger joined the Board of Control Bionics in October 2018, and is a Non-Executive Director of Infrastructure Logic Pty Ltd.
Rob Wong Chief Executive Officer and Managing Director	Rob has over 25 years of experience with multinational businesses in senior management and divisional operational roles. He brings strong management experience in developing and commercialising technology products and services. Rob was appointed as CEO and Managing Director in January 2017. He is also an entrepreneur and angel investor having been involved with several successful tech start-up businesses. He also held the position of CEO at AIMIA Digital Industry Association of Australia. Rob holds a Bachelor of Business (Monash University) and has an MBA from Mt Eliza/ Melbourne University.
Damian Lismore Independent Non-Executive Director	Damian has held a number of Directorships and has extensive commercial, international and listed company experience (both ASX and NASDAQ), covering many industries including healthcare and technology. In his executive career, he held CEO, CFO and Company Secretarial roles and continues to act as an advisor to CEOs, boards and business owners. Damian joined the Control Bionics board in September 2020 and is a Graduate Member of Australian Institute of Company Directors, Member of Chartered Accountants Australia and New Zealand, Fellow of Chartered Accountants in Ireland and holds a BA (Honours) Accountancy. Damian is currently CFO of Scout Bio Inc, a Frazier Healthcare Partners backed company, and a Non-Executive Director of ASX listed LBT Innovations Limited (ASX:LBT).
Peter Ford Founder and Director of Innovation Executive Director	After spending three years as a founding programmer at the Veterans Administration Medical Center Rehabilitation R&D Laboratory in Atlanta – one of the first of its kind in the USA – while a news anchor at CNN and CNN2, Peter began consulting to therapists and disability clients in innovative Assistive Technology, including bionics and robotics. He was inspired by the potential to help free one of the world's great minds, Professor Stephen Hawking. In 2000, Peter identified that a patients' disabled muscles still emitted small electrical signals that could be used to reliably control basic computer functions. And with that, Control Bionics was born. Peter is the Company Founder and has been a Director of the Company since its incorporation in 2005.

Director	Experience and background
Lindsay Phillips Board Member Non-Executive Director	Lindsay has been involved in private equity for over 30 years, commencing in 1987 with M.J.H. Nightingale & Co. Limited in London/New York and subsequently Australia since 1995. His experience includes seven years (1980-87) with Price Waterhouse. Lindsay is currently Chairman of both Nightingale Partners and Phoenix Development Fund and serves as a Director on the majority of the funds' investee companies. Lindsay has been a Non-Executive Director of Control Bionics since August 2014. Lindsay has held a number of listed company board positions. He is currently chairman of Enprise Group Limited listed on NZX and has been a board member since December 2013. He was also previously chairman of Flat Glass Industries Limited from 2003 to 2015. Lindsay holds a Bachelor of Commerce from the University of Western Australia and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

The composition of the Board committees and details of its key corporate governance policies are set out in Section 6.8.2 and Section 6.9.

Each Director above has confirmed to the Company that they anticipate being able to perform their duties as a non-executive director or executive director of the Company, as the case may be, without constraint from other commitments.

6.2 Executive management

Profiles of the key members of the Company's executive management team are set out in the table below.

Executive	Experience and background
Rob Wong Chief Executive Officer and Managing Director	See Section 6.1.
Peter Ford Founder and Director of Innovation	See Section 6.1
James Schorey Chief Technology Officer	In 2014, Control Bionics acquired core intellectual property from Therapeutic Alliances Inc. (TAI), which had until then supported Control Bionics as a contractor. TAI CEO James Schorey joined Control Bionics as VP, Engineering, heading hardware and firmware production. In August 2015, James became Control Bionics' Chief Technology Officer. James holds a Masters in Computer Science from Wright State University, Ohio.

Executive	Experience and background
John Bell Chief Financial Officer	John Bell has over 30 years' experience in operational, financial and strategic management in multinationals in Asia, Europe, Latin America and Africa with multinational companies. After relocating to Australia in 1993 he worked initially as an equities analyst with ABN AMRO in Sydney. Following that he has served as CFO, Secretary, Director and Chairman of a number of ASX listed companies in mining, fintech, medical devices, media technology and fmccg. He has ten years postgraduate teaching experience in strategic and new business planning. John specialises in assisting growth companies. He has also served on a number of boards in the not-for-profit sector. He holds both UK and Australian accounting certifications.
Meagan Koeneman Sales Director USA	Meagan Koeneman is director of Sales for Control Bionics. She directs all sales strategies, partners with organisations to grow product awareness and leads field sales activities. After spending nearly a decade supporting people and families with disabilities, Meagan believes that the key to strong sales partnerships lies in the human connection. Being genuinely curious, empathetic and customer-centric drives our conversations and creates the value at the heart of this team. Meagan holds a BA in Speech & Hearing Sciences from Indiana University.
Emily Boland Product Director	Emily joined Control Bionics in 2015. She is a Graduate of the University of Cincinnati's School of Design, Art, Architecture and Planning (DAAP). She has strong skills and experience in marketing, customer relationship management and business development. Emily has been fundamental in assisting the Company forge relationships with US Education Department and charitable foundations such as The Steve Gleason Foundation.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a director of the Company.

6.3.1

Interests of advisers

The Company has engaged the following professional advisers in relation to the Offer:

- 6.3.1.1 Morgans Corporate Limited have acted as Lead Manager to the Offer and the fees payable to the Lead Manager pursuant to the Underwriting Agreement are described in Section 9.7;
- 6.3.1.2 Ash Street Partners Pty Ltd has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately \$210,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Ash St in accordance with its normal time-based charges;
- 6.3.1.3 BDO Corporate Finance (East Coast) Pty Ltd has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Reports. The Company has paid, or agreed to pay, approximately \$60,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to BDO Corporate Finance (East Coast) Pty Ltd in accordance with its normal time-based charges;
- 6.3.1.4 BDO Services Pty Limited has acted as the Australian taxation adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately \$15,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to BDO Services Pty Limited in accordance with its normal time-based charges; and
- 6.3.1.5 The Whipple Law Office PLLC has acted as the United States of America legal adviser in relation to the Offer. The Company has paid, or agreed to pay, approximately US\$23,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to Whipple Law Office PLLC in accordance with its normal time-based charges; and
- 6.3.1.6 Jenei LLC has acted as the Patent Attorney in relation to the Offer. The Company has paid, or agreed to pay, approximately US\$2,500 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to Jenei LLC in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.1.2.

6.3.2

Directors' interests and remuneration

6.3.2.1

Chief Executive Officer – Rob Wong

Rob Wong has entered into an employment agreement with Control Bionics which governs his employment as CEO with the Company.

Rob Wong is entitled to receive total fixed remuneration of \$260,000 including compulsory superannuation. The Company may also pay Rob a Short-Term Incentive of up to \$130,000 including superannuation, based on the Board's assessment of his performance and company performance, after the financial year results are available.

Rob was also awarded Options on his commencement as CEO of Control Bionics in January 2017. A company related to Mr Wong currently holds the 3,365,678 vested options to acquire the same number of fully paid Shares in the Company at \$0.21 per share. These options will expire, if not exercised, by 23 December 2021.

Rob is also entitled to participate in the Company's ESOP although he does not currently hold any options under the terms of the ESOP.

Mr Wong's employment agreement may be terminated by the Company on 6 months' notice (or payment in lieu) during which period the Company can direct the employee to remain away from the Company's premises (and if so, this period is credited against the post-employment restraint of trade).

Mr Wong can also be dismissed by the Company for cause or if he becomes bankrupt.

Upon termination of his employment Rob Wong would be subject to a post-employment restraint of trade of 18 months

Rob is entitled to 4 weeks leave per annum plus other leave in accordance with applicable legislation.

6.3.2.2

Director of Innovation – Peter Ford

Peter Ford has entered into an employment agreement with Control Bionics which governs his employment as Director of Innovation with the Company.

Peter is entitled to receive total fixed remuneration of \$170,000 inclusive of superannuation. The Company may also pay Peter a bonus in its absolute discretion. There is currently no such bonus to be paid. Peter is also entitled to participate in the Company's ESOP although he does not currently hold any options under the terms of the ESOP.

Mr Ford does hold 3,567,860 vested options to acquire the same number of fully paid ordinary Shares in the Company at \$0.21 per share. These options will expire if not exercised by 25 July 2022.

Mr Ford's employment agreement may be terminated by the Company on 6 months' notice (or payment in lieu) during which period the Company can direct the employee to remain away from the Company's premises (and if so this period is credited against the post-employment restraint of trade).

Mr Ford can also be dismissed by the Company for cause or if he becomes bankrupt.

Upon termination of his employment Peter Ford would be subject to a post-employment restraint of trade of 18 months

Mr Ford is entitled to 4 weeks leave per annum plus other leave in accordance with applicable legislation.

6.3.3

Non-executive Directors

6.3.3.1

The non-executive directors are entitled to payment of director's fees

The annual Directors' fees currently agreed to be paid by the Company are \$75,000 to the Chairman of the Board and \$47,000 to each of the other non-executive Directors – inclusive of superannuation in each case.

No additional fees are payable to Directors for their involvement in Board committees.

6.3.3.2

Deeds of access, insurance and indemnity

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to certain books and records of the Company or Group Company. These are summarised in Section 9.6.

6.3.3.3

Directors' interests in Shares and other securities

The Directors are not required by the Constitution to hold any Shares.

The Directors' interests in Shares and other securities in the Company as at the completion are set out in the table below.

Director	Shares held on Completion	Options held on Completion
Peter Shann Ford	21,258,313	3,567,860
Rob Wong (R & R Wong Holdings Pty Limited)	2,540,616	3,365,678
Roger Hawke (Hafnium Management Pty Ltd)	758,478	None
Lindsay Phillips ⁴⁰ (Ironwood Investments Pty Limited)	58,972	None

The Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer. Final Directors' shareholdings will be notified to ASX following Listing. All of the Shares and options recorded in the above table will be subject to mandatory ASX escrow arrangements and voluntary escrow as outlined in Section 7.11 and Sections 9.8 and 9.9.

6.3.3.4

Other information about Directors' interests and benefits

Directors may also be reimbursed travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board. A Director who performs additional or special duties for the Company at the request of the Board may be paid such additional or special remuneration (as determined by the Board) out of the funds of the Company.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

⁴⁰ Lindsay Phillips is also a director of and shareholder in Nightingale Partners Pty Limited and Phoenix Development Fund Limited which are substantial shareholders in the Company.

6.4

Executive remuneration

The key management personnel of the Company are Rob Wong (Chief Executive Officer) and Peter Ford (Founder and Director of Innovation). Their employment arrangements are set out below.

6.4.1

Chief Executive Officer

Term	Description
Employer	Control Bionics
Fixed annual remuneration	\$260,000 inclusive of compulsory superannuation
Short term incentive (STI)	Potential annual bonus at the discretion of the Board up to a maximum of \$130,000.
Long term incentive (LTI)	None
Other benefits	Annual medical check-ups paid by the Company and the Company to maintain directors and officers insurance whilst Mr Wong holds office as a director.
Notice period, termination and termination payments	6 months or payment in lieu
Non-solicitation/restrictions of future activities	18 months post-termination

6.4.2

Founder and Director of Innovation

Term	Description
Employer	Control Bionics
Fixed annual remuneration	\$170,000 inclusive of compulsory superannuation
Short term incentive (STI)	Potential annual bonus at the discretion of the Board.
Long term incentive (LTI)	None
Other benefits	Annual medical check-ups paid by the Company and the Company to maintain directors and officers insurance whilst Mr Ford holds office as a director.
Notice period, termination and termination payments	6 months or payment in lieu
Non-solicitation/restrictions of future activities	18 months post-termination

6.5

Non-Executive remuneration

Under the Constitution, the Company in general meeting may determine the maximum aggregate remuneration to be provided to or for the benefit of the Directors as remuneration for their services as a Director. Further, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company's members in general meeting.

Initially, and until a different amount is determined, the Board has determined that the maximum aggregate Directors' remuneration is \$400,000 per annum. This amount excludes, among other things, amounts payable to any executive Director under any executive services agreement with the Group or any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, which may be made in addition to or in substitution for the Directors' fees.

The annual Directors' fees currently agreed to be paid by the Company are \$75,000 to the Chairman of the Board and \$47,000 to each of the other non-executive Directors. – inclusive of superannuation in each case.

No additional fees are payable to Directors for their involvement in Board committees.

6.6

Employee incentive plans

Employee Share Option Plan (ESOP): On 12 February 2020, the Company adopted the ESOP to assist in the retention and motivation of employees and directors of the Company and the subsidiaries. The options in the Company may also be granted under an employee share incentive plan established on the same date by the Company's wholly-owned US subsidiary, Control Bionics, Inc. which incorporates the ESOP. The key details of the ESOP are set out in Section 9.5.

As at the date of this Prospectus, 4 eligible employees have been allocated a total of 1,123,782 options under the ESOP with a strike price of \$0.45. For each of the eligible employees, the options vest in nine equal parcels, with 11.11% of the number of options vesting every 3 months beginning on 31 January 2021, with the final vesting date of 31 January 2023. None of the options currently on issue under the ESOP have been granted to directors of the Company.

6.7

Corporate Governance

This Section explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Immediately after Completion, the Company intends to comply with the Corporate Governance Principles and Recommendations (Fourth Edition) published by ASX Corporate Governance Council, other than Recommendation 2.4 which provides that: A majority of the board of a listed entity should be independent directors.

The Board consists of five Directors. Of those Directors, only Roger Hawke and Damian Lismore are considered to be independent Directors. Having considered the Company's immediate requirements as it becomes an ASX listed entity and given the length and depth of experience of the current Board with the Company, the Board believes the current composition of the Board is appropriate for the Company at this stage and encompasses the range of skills, expertise and experience appropriate for the Company as it begins its journey as a listed entity. It is expected that the balance of independent directors on the Board will change over time, subject to the availability of people with the skills and expertise required to assist the Company as it grows.

Copies of the Company's key policies and practices and the charters for the Board and each of its committees are available at www.controlbionics.com/investors.

6.8 The Board of Directors

The Board of Directors is currently comprised of:

- Roger Hawke
- Rob Wong
- Peter Ford
- Damian Lismore
- Lindsay Phillips

Biographies of the Board members are provided in Section 6.1.

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations.

The Board Charter sets out guidelines for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Roger Hawke and Damian Lismore is free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Each of Rob Wong, Peter Ford and Lindsay Phillips is currently considered by the Board not to be independent. Accordingly as at Listing, the Board will not consist of a majority of Independent Directors which is not consistent with the ASX Recommendations as

noted above in section 6.7.

However, having considered the Company's immediate requirements as it becomes an ASX listed entity and given the length and depth of experience of the current Board with the Company, the Board believes the current composition of the Board is appropriate for the Company at this stage and encompasses the range of skills and expertise and experience appropriate for the Company as it begins its journey as a listed entity.

It is expected that the Board will change over time, subject to the availability of people with the skills and expertise required to assist the Company as it grows.

6.8.1

Board charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

The Board is responsible for:

- 6.8.1.1 providing leadership and setting the strategic objectives of the Company;
- 6.8.1.2 appointing the chairperson (and potentially any deputy chairperson);
- 6.8.1.3 appointing and when necessary replacing the chief executive officer;
- 6.8.1.4 approving the appointment and when necessary replacement of other senior executives of the Company;
- 6.8.1.5 overseeing management's implementation of the Company's strategic objectives and its performance generally;
- 6.8.1.6 through the chairperson, overseeing the role of the company secretary;
- 6.8.1.7 approving operating budgets and major capital expenditure;
- 6.8.1.8 overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- 6.8.1.9 overseeing the Company's process for making timely and balanced disclosure of all material information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- 6.8.1.10 ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- 6.8.1.11 approving the Company's remuneration framework; and
- 6.8.1.12 monitoring the effectiveness of the Company's governance practices.

The Board has delegated to the CEO the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved for itself under the Board Charter.

6.8.2

Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board from time to time to consider other matters of special importance. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

6.8.2.1 Audit and Risk Committee

The role of the Audit and Risk Management Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including oversight of the Company's financial reporting, risk management and internal controls, systems and procedures for compliance, and external audit functions. This includes reviewing the appropriateness of the accounting judgements or choices exercised by management in the composition and presentation of financial reports and reviewing the scope and adequacy of the external audit, including identified risk areas and any additional procedures, with the external auditor on a periodic basis.

6.8.2.2 Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee is to assist and advise the Board: to ensure it is of a size and composition conducive to making appropriate decisions; and to advise on remuneration policies and practices for persons whose activities (individually or collectively) affect the financial soundness of the Company.

This includes reviewing and making recommendations to the Board on the Company's remuneration framework for Directors and the remuneration packages to be awarded to senior executives, as well as incentive compensation (including equity-based remuneration plans for senior executives and other employees). In addition, the Committee is responsible for identifying and making recommendations to the Board for the appointment of new Board candidates, and overseeing the development and implementation of a process for the evaluation of the Board and individual Director performance.

6.9 Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Principles.

6.9.1 Disclosure and Communication Policy

Once an ASX-listed entity, the Company must comply with the continuous disclosure requirements in the ASX Listing Rules, which have the force of law under the Corporations Act. Subject to exceptions contained in the ASX Listing Rules, the Company must immediately (meaning, "promptly and without delay") disclose to the market any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities. Disclosure is made by making an announcement to ASX. Information will be taken to have a material effect on the price or value of the Company's securities if it would be likely to influence investors in deciding whether to buy, hold or sell the Company's securities if the information became public.

The Disclosure and Communication Policy sets out certain procedures that are designed to ensure the Company complies with its continuous disclosure obligations and also sets out the ways in which the Company will communicate with Shareholders.

6.9.2 Trading Policy

The Company has adopted a written policy summarising the law relating to insider trading and setting out the Company's policy on buying and selling any securities of the Company that are able to be traded on a financial market.

The Trading Policy sets out the restrictions that apply to dealings in the Company's securities, including in the 'Prohibited Periods' during which certain persons are generally not permitted to deal in the Company's securities, along with a procedure under which certain 'Designated Persons' are required to submit prior notification and obtain written clearance before dealing in the Company's securities.

6.9.3

Code of Conduct

The Company is committed to and strives to act honestly and with integrity in all its dealings. Accordingly, the Board has endorsed a Code of Conduct that sets out the values, commitments, ethical standards and policies of the Company and outlines the standards of conduct expected of its business and people, taking into account the Company's legal and other obligations to its stakeholders. The Code applies to all Directors, as well as all officers, employees, contractors, consultants, other persons that act on behalf of the Company, and associates of the Company. The Company's core values and commitments are:

- 6.9.3.1 Integrity – the Company acts honestly and with integrity in all its dealings, both internally and externally. The Company commits to only dealing with business partners who demonstrate similar ethical and responsible business practices.
- 6.9.3.2 Respect – the Company respects all people, their ideas and cultures and the Company's words and actions must reflect this respect.
- 6.9.3.3 Safety – the Company is committed to providing and maintaining a safe and non-discriminatory working environment to safeguard the health and safety of its employees, consultants, contractors, customers, suppliers and other persons who visit the Company's workplace, or who it works with, as required by law.
- 6.9.3.4 Community Standards – the Company acts in a manner consistent with reasonable expectations of its investors and the broader community.
- 6.9.3.5 Environment – the Company is committed to acting responsibly towards the environment.

6.9.4

Diversity Policy

The Company is committed to promoting diversity within the Company and recognises the value of diversity in achieving the Company's corporate objectives and maximising value to shareholders. Accordingly, the Company has adopted a diversity policy. This policy outlines the Company's diversity objectives in relation to its employment practices (to provide diversity in employees' experiences, perspectives, professional skills, gender, age, sexual orientation, ethnicity and cultural background) and across all components of the Company's business practices. The policy applies to the Board, senior management, employees and contractors

6.9.5

Whistleblower Policy

The Company has adopted a whistleblower policy, complementing its Code of Conduct, with the aim of ensuring that whistleblowers feel confident to report improper conduct and know that, if they do make a report, no detrimental action will be taken against them. The policy also aims to ensure the Company meets its legal and regulatory obligations. The policy provides guidance on what 'Disclosable Matters' and 'Improper Conduct' are, identifies the persons that qualify for protection, describes how to lodge a report, details how submitted reports are addressed, and explains how whistleblowers are protected.

6.9.6

Anti-Bribery policy

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The anti-bribery and corruption policy sets out the responsibilities of the Company's personnel as well as the Company's expectations of individuals and associates acting for or on its behalf. It addresses what bribery is, prohibited conduct, training, reporting of suspected or actual breaches and consequences for breach.

DETAILS OF THE OFFER

7

" He has grown more in a few months with this device than he had in two with the old one.

And he is so motivated to use it!

He is making me so proud and like everything you have to have the right tools! "

- Meredith Bugenske, Founder of Leo's Pride Foundation and Mother to an SMA Warrior
and NeuroNode Controller

7 Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering of 25,000,000 Shares at the Offer Price of \$0.60 per Share. The Offer is expected to raise approximately \$15,000,000.

The Shares offered under this Prospectus will represent approximately 30% of Shares on issue at Completion.

The total number of Shares on issue at Completion will be 83,333,333. All Shares will rank equally with each other.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- Broker Firm Offer, which is open only to Australian and New Zealand resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate;
- Priority Offer, which is open to selected investors in Australia and New Zealand and certain other jurisdictions who have received a Priority Offer Invitation;
- Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and New Zealand and a number of other eligible jurisdictions.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Company and the Lead Manager.

The Offer has been fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.7.

7.1.2 Purpose of the Offer

At the Offer Price, the Offer will raise approximately \$15,000,000.

The purpose of the Offer is to:

- Fund further growth opportunities, including, but not limited to, marketing, product development, operations and other growth opportunities;
- Achieve a listing on ASX to broaden the Company's shareholder base and provide a liquid market for its Shares;
- Provide the Company access to capital markets; and
- Provide the opportunity for the Selling Shareholder to realise part of their investment.

The proceeds of the Offer will be received by the Company and applied as set out in the table below.

Sources of funds	\$ million	%	Uses of funds	\$ million	%
Cash proceeds received under the Offer	15.00	100%	Sales and Marketing	6.55	43.7%
			Research and Development	3.00	20.0%
			Intellectual Property Protection	0.30	2.0%
			Regulatory and Insurance Approvals	0.50	3.3%
			Offer Costs	1.50	10.0%
			Working Capital ⁴¹	3.15	21.0%
Total sources	15.00	100%	Total uses	15.00	100%

On completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives in this Prospectus.

7.2 Shareholding structure

The details of the ownership of Shares immediately prior to the Offer, and on Completion of the Offer, are set out in the table below on an undiluted basis.

Shareholder(s)	Shares held prior to the Offer		Shares held at Completion ⁴²	
	(%)	(shares)	(%)	(shares)
Peter Shann Ford	36.44%	21,258,313	25.51%	21,258,313
Nightingale Partners Pty Limited ⁴³	15.63%	9,117,123	10.94%	9,117,123
Phoenix Development Fund Limited ⁴⁴	13.75%	8,019,581	9.62%	8,019,581
R & R Wong Holdings Pty Limited	4.36%	2,540,616	3.05%	2,540,616
James Schorey	2.40%	1,402,366	1.68%	1,402,366
Other shareholders	27.42%	15,995,334	19.19%	15,995,334
New Shareholders	0.00%	NA	30.00%	25,000,000
Total	100%	58,333,333	100%	83,333,333

⁴¹ Working Capital is the capital required to fund its day-to-day operations (for example payment of salaries, rent and other operational expenses) and represents a prudent cash reserve for the Company, as a listed entity, to manage growth and other general cash needs.

⁴² Share holdings and percentages have been calculated as if none of the options currently on issue have been exercised in accordance with their terms.

⁴³ A Director of the Company, Lindsay Phillips is also a director of Nightingale Partners Pty Limited and Phoenix Development Fund Limited.

⁴⁴ A Director of the Company, Lindsay Phillips is also a director of Nightingale Partners Pty Limited and Phoenix Development Fund Limited.

The details of the ownership of Shares immediately prior to the Offer, and on Completion of the Offer, are set out in the table below on a fully diluted basis (assuming all options currently on issue have been exercised).

Shareholder(s)	Shares held prior to the Offer		Shares held at Completion	
	(%)	(shares)	(%)	(shares)
Peter Shann Ford	37.36%	24,826,173	27.15%	24,826,173
Nightingale Partners Pty Limited ⁴⁵	13.72%	9,117,123	9.97%	9,117,123
Phoenix Development Fund Limited ⁴⁶	12.07%	8,019,581	8.77%	8,019,581
R & R Wong Holdings Pty Limited	8.89%	5,906,294	6.46%	5,906,294
James Schorey	2.53%	1,683,310	1.84%	1,683,310
Other shareholders	25.43%	16,894,267	18.47%	16,894,267
New Shareholders	0.00%	NA	27.34%	25,000,000
Total	100%	66,446,748	100%	91,446,748

Information on the number of Shares to be held on Completion that will be subject to mandatory and voluntary escrow arrangements, and details of those escrow arrangements, are set out in Section 7.11 and Section 9.8 and 9.9.

7.3 Control implications of the Offer

The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) the Company on Completion.

⁴⁵ A Director of the Company, Lindsay Phillips is also a director of Nightingale Partners Pty Limited and Phoenix Development Fund Limited.

⁴⁶ A Director of the Company, Lindsay Phillips is also a director of Nightingale Partners Pty Limited and Phoenix Development Fund Limited.

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.15 below.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being \$0.60 per Share.
What is the Offer period?	The key dates, including details of the Offer period, are set out on page 7. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date.
What are the cash proceeds to be raised?	\$15,000,000 million will be raised under the Offer based on the Offer Price.
What is the minimum and maximum Application size under the Retail Offer?	Broker Firm Offer - The minimum application size under the Broker Firm Offer is \$2,000.40, being 3,334 shares at \$0.60. There is no maximum application size. Priority Offer - The minimum application size under the Priority Offer is \$2,000.40, being 3,334 shares at \$0.60. The maximum application size will be subject to the Applicant's Priority Offer invitation.

Topic	Summary
What is the allocation policy?	Broker Firm Offer The allocation of Shares to Brokers will be determined by the Lead Manager, in agreement with the Company, in their absolute discretion. Shares which are allocated to Brokers for allocation to their Australian and New Zealand retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares. Priority Offer - The allocation of Shares among Applicants in the Priority Offer will be determined by the Company, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied. Institutional Offer - The allocation of Shares between the Institutional Offer was determined by the Company and the Lead Manager. The Company and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it has bid.
Will the Shares be quoted on the ASX?	The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'CBL'. Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

Topic	Summary
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on a normal settlement basis on or about 7 December 2020. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Control Bionics Offer Information Line, by a Broker or otherwise.
When will I receive confirmation of whether my Application has been successful?	It is expected that initial holding statements will be mailed to successful Applicants on or about 2 December 2020. Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Lead Manager.
Are there any escrow arrangements?	Yes. Details are provided in Sections 9.8 and 9.9.
Has any ASIC relief or ASIC waiver or modification been obtained or been relied on?	Yes. Details are provided in Section 9.12.
Are there any taxation considerations?	Yes. Details are provided in Section 9.13.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Sections 6.3.1 and 9.7 for details of various fees payable by the Company to the Lead Manager and by the Lead Manager to certain Brokers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Control Bionics Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9698 5414 (outside Australia) between 9:00am and 5:00pm (Sydney time), Monday to Friday (excluding public holidays). If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.5

Broker Firm Offer

7.5.1

Who can apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia or New Zealand and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States of America. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.5.2

How to apply?

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at [<https://investor.automic.com.au/#/ipo/controlbionics>]. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 10:00am (Sydney time) on 11 November 2020 and is expected to close at 5:00pm (Sydney time) on 25 November 2020. The Company and the Lead Manager may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Offer opens. Please contact your Broker for instructions.

7.5.3

How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

7.5.4

What is the Broker Firm Offer allocation policy?

The allocation of Shares to Brokers will be determined by the Lead Manager, in agreement with the Company, in their absolute discretion. Shares which are allocated to Brokers for allocation to their Australian and New Zealand retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

7.5.5

Acceptance of applications

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

7.6

Priority Offer

7.6.1

Who can apply?

The Priority Offer is open to selected investors nominated by the Company in Australia and New Zealand who have received a Priority Offer invitation to acquire Shares under the Prospectus. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States of America.

7.6.2

How to apply and pay?

7.6.2.1 Online Application Form with BPAY® or EFT

Applicants may apply for Shares by applying online by following the instructions at <https://investor.automic.com.au/#/ipo/controlbionics> and completing a BPAY® or EFT payment. If payment is not made via BPAY® or EFT, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® or EFT payment must be completed and received by no later than 5:00pm (Sydney time) on the Closing Date.

For online applications, investors can apply online with payment made electronically via BPAY® or EFT. Investors applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.

An Applicant must comply with the instructions on the website. An Applicant will be given a BPAY® biller code and a customer reference number (CRN) or the payment instructions unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution.

Using these BPAY® details, you must:

- access your participating BPAY® financial institution either through telephone or internet banking;
- select to use BPAY® and follow the prompts;
- enter the supplied biller code and unique customer reference number;
- enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- select which account you would like your payment to come from;
- schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- record and retain the BPAY® receipt number and date paid.

You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 5:00 pm (Sydney time) on the Closing Date. Applications for Shares must be for a minimum of 3,334 Shares, being \$2,000.40 at the issue price of \$0.60 per Share. Payment for the Shares must be made in full.

If you require assistance in completing an online Application Form, please contact the Share Registry.

7.6.2.2 Paper Application

Completed hard copy Application Form(s) must be sent to the Share Registry and be accompanied by payment in full by a cheque or a bank draft in Australian dollars drawn on an Australian branch of an Australian bank made payable to "Control Bionics Limited IPO" and crossed not negotiable. Applicants should return their completed hard copy Application Forms to the Share Registry at the address shown below:

Posted to:	Delivered to:
	9am to 5pm (Sydney time)
Control Bionics Limited IPO	Control Bionics Limited IPO
C/- Automic Pty Ltd	C/- Automic Pty Ltd
GPO Box 5193	Level 5, 126 Phillip Street
SYDNEY NSW 2001	SYDNEY NSW 2000

Applicants should ensure that they have submitted their completed Application Form(s), either via the online service or by returning their completed hard copy Application Form(s) by no later than 5:00 pm (Sydney time) on the Closing Date. Please note that you are not required to sign an Application Form.

7.6.3

What is the Priority Offer allocation policy?

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.6.4

Acceptance of applications

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 7.4 and the acknowledgements in Section 7.9). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

An Application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.7

Applications Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Employee Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay via BPAY is less than the amount specified on your online Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.8

Institutional Offer

7.8.1

Invitations to bid

The Company and the Lead Manager have invited certain Institutional Investors in Australia, New Zealand and Singapore to bid for Shares in the Institutional Offer.

Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer was determined by the Company and the Lead Manager. The Company and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it has bid.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm Offer, Priority Offer, and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives,

financial situation or particular needs (including financial and tax issues) of the Applicant(s);

- declared that the Applicant(s) is/are a resident of Australia or New Zealand (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant under the Broker Firm Offer, Priority Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States of America and may not be offered, sold or resold in the United States of America, except in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable securities laws;
- it is not in the United States of America or a U.S. Person;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States of America; and
- it will not offer or sell the Shares in the United States of America or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.10 Underwriting agreement

The Offer is fully underwritten pursuant to an Underwriting Agreement under which the Lead Manager has been appointed to arrange and manage and act as lead manager, bookrunners and underwriter of the Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite severally Applications for all Shares under the Offer.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 9.7.

7.11 ASX escrow and Voluntary escrow arrangements

As a condition of Listing, ASX has classified certain Shares as restricted securities. Certain Existing Shareholders have entered into ASX standard escrow deeds with the Company in relation to certain Shares that the relevant Shareholders will hold on Completion of the Offer. In addition, Existing Shareholders have entered into voluntary escrow arrangements with the Company in relation to certain Shares that they will hold on Completion of the Offer.

An “escrow” is a restriction on sale, disposal of encumbering of, or certain other dealings in respect of, the Shares concerned for the period of the escrow, subject to certain exceptions set out in the escrow deeds. The effect of the restriction deeds is that the escrowed Shares cannot be dealt for the duration of the escrow period, subject to the relevant exceptions. See Section 9.8 and Section 9.9 for a summary of the terms of the escrow arrangements and the limited exceptions that permit dealing in the Escrowed Shares during the relevant escrow period.

In aggregate upon Listing 70% of the share capital of the Company will be subject to mandatory or voluntary escrow and 30% of the issued capital will be unescrowed and freely available to trade.

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia, New Zealand or Singapore (to accredited and institutional investors only).

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States of America, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States of America and may not be offered or sold in the United States of America except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act laws and any other applicable securities laws.

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA;
- (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law;
- 4. as specified in Section 276(7) of the SFA; or
- 5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code 'CBL'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, the Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (CHESS) and will comply with the ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.15

Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.15.1

Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List.

7.15.2

Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

7.15.3

Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chairperson does not have a casting vote.

7.15.4

Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

7.15.5

Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares.

If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

7.15.6**Issue of further Shares**

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.15.7**Winding up**

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.15.8**Sale of non-marketable parcels**

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

7.15.9**Share buy-backs**

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the ASX Listing Rules.

7.15.10**Variation of class rights**

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

7.15.11**Reduction of share capital**

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.15.12**Proportional takeover provisions**

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

7.15.13**Dividend reinvestment plan**

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

7.15.14

Employee plans

The Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit. Further details about the Company's short-term incentive arrangements and long-term incentive arrangements are contained in Section 9.5.

7.15.15

Directors – appointment and removal

Under the Constitution, the minimum number of Directors is 3 and the maximum is 10 or such lower number as the Directors determine, provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.15.16

Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter.

In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

7.15.17

Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

7.15.18

Directors' and officers' indemnity

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company has entered into deeds of access, insurance and indemnity with each Director. These are summarised in Section 9.6.3.

INDEPENDENT LIMITED ASSURANCE REPORT 8

" I have learned to use my new voice, my words appearing on my phone screen through the magic of NeuroNode... I can still share in the up-and-down lives of dear extended family and friends who visit or exchange messages from afar. I can still write, and I have learned to write for this blog. And I can still make friends, friends I hope to keep..."

- Kirsten Harley, Mother, Writer, MND Warrior + NeuroNode Controller

8 Independent Limited Assurance Report



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Level 11, 1 Margaret St
Sydney NSW 2000
Australia

The Directors
Control Bionics Limited
Level 3, 22 Market Street
SYDNEY NSW 2000

23 October 2020

Dear Directors

Independent Limited Assurance Report

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Ltd (**BDO**) has been engaged by Control Bionics Limited (Control Bionics or the **Company**) to prepare this Independent Limited Assurance Report (**Report**) for inclusion in a prospectus proposed to be issued, in relation to the initial public offering of shares in Control Bionics, in October 2020 (**Prospectus**) and listing on the Australian Securities Exchange (**ASX**) (the **Offer**).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

SCOPE

You have requested BDO to perform a limited assurance engagement in relation to the financial information described below and disclosed in the Prospectus.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

SCOPE OF REVIEW OF THE STATUTORY HISTORICAL FINANCIAL INFORMATION

You have requested BDO to review the following statutory historical financial information included in the Prospectus:

- The historical statement of profit or loss for the years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**), 30 June 2020 (**FY20**);
- The historical statement of cash flows for FY18, FY19 and FY20; and
- The historical statement of financial position as at 30 June 2020,

together the **Statutory Historical Financial Information**.

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in AAS and the company's adopted accounting policies. The Statutory Historical Financial Information has been extracted from the financial

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



statements of Control Bionics for the financial periods ended 30 June 2018 and 30 June 2019 (audited by BDO East Coast Partnership), and 30 June 2020 (audited by BDO Audit Pty Ltd) (**BDO Audit**). The audits were performed in accordance with Australian Standards on Auditing.

BDO Audit issued an unqualified opinion on the financial reports for the years ended 30 June 2018, 30 June 2019 and 30 June 2020.

SCOPE OF REVIEW OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

You have requested BDO review the following pro forma historical financial information included in the Prospectus:

- The pro forma historical statements of profit and loss for FY18, FY19 and FY20;
- The pro forma historical statements of cash flow for FY18, FY19 and FY20;
- The pro forma historical statement of financial position as at 30 June 2020; and
- Associated details of the pro forma adjustments,

together the **Pro Forma Historical Financial Information**.

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Control Bionics, after adjusting for the effects of pro forma adjustments described in Section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in AAS applied to the Statutory Historical Financial Information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at 30 June 2020. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

Directors' Responsibility

The directors of Control Bionics are responsible for the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 AAS and consequently does not enable us to obtain reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.



Review statement on the Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4 of the Prospectus, and comprising:

- 12 months ended 30 June 2018;
- 12 months ended 30 June 2019; and
- 12 months ended 30 June 2020

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus.

Review statement on the Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4 of the Prospectus, and comprising:

- 12 months ended 30 June 2018;
- 12 months ended 30 June 2019; and
- 12 months ended 30 June 2020

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4 of the Prospectus.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction(s) or event(s) outside of the ordinary business of Control Bionics not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.



INDEPENDENCE

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. From time to time, BDO provides Control Bionics with certain other professional services for which normal professional fees are received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 4 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD

A handwritten signature in black ink, appearing to read 'Sebastian Stevens', with a stylized flourish at the end.

Sebastian Stevens
Director



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

FINANCIAL SERVICES GUIDE

Dated: 23 October 2020

This Financial Services Guide (FSG) helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd (BDO Corporate Finance, we, us, our).

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us c.\$60,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint relating to general advice to a retail client is not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

ADDITIONAL INFORMATION 9

" I no longer get tired because I use the NeuroNode to select what I want instantly... The NeuroNode Trilogy System is by far the most thought out assistive technology device that I have ever seen. "

- Emma Lockwood, Student, Entrepreneur, + NeuroNode Controller

9 Additional Information

9.1 Registration

Control Bionics Limited was registered in New South Wales on 26 July 2005.

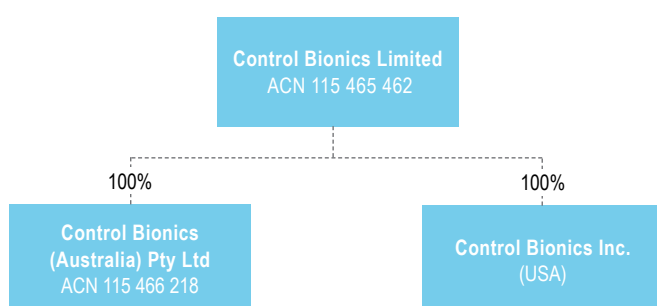
9.2 Company tax status and financial year

The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

9.3 Corporate structure

The following diagram shows the entities in the corporate structure of the Group.



Control Bionics Limited is the parent entity and holds all core intellectual property for the business and undertakes some Research and Development.

Control Bionics (Australia) Pty Ltd ACN 115 466 218 is a NSW registered 100% owned subsidiary of Control Bionics which is responsible for sales and marketing in Australia and some Research and Development.

Control Bionics, Inc, is a trading entity established in Delaware, USA which is a 100% owned subsidiary company of Control Bionics operating in the USA responsible for Research and Development, product manufacture and assembly, North America sales, product funding and marketing.

9.4

Options on Issue (non-ESOP)

The Company currently has 6,989,633 options issued to Existing Shareholders outstanding outside of the terms of the ESOP. A summary of the options issued to shareholders is as follows:

Number of Ordinary Shares Over Which Option Granted	Exercise Period after Date Granted	Consideration for Exercise per Share
6,989,633	Five Years	\$0.21

Peter Shann Ford, a director of the Company and the Subsidiaries, and R & R Wong Family Superannuation Fund, an entity related to Rob Wong who is also a director of the Company and the Subsidiaries, are each holders of options in the Company currently issued to shareholders. Key terms of the options on issue to Existing Shareholders are below.

Name of Holder	Date of Grant	Number of Ordinary Shares Over Which Option Granted	Event that Must Occur Prior to Exercise	Exercise Price	Expiry Date
R&R Wong Family Superannuation Fund Associate of Rob Wong (Director)	23 December 2016	3,365,678	Must remain employed with the Company for a period of 1 year from the date of grant. This condition has been satisfied.	\$0.21	23 December 2021
Emily Boland (Product Director)	12 April 2017	56,095	Must remain employed with the Company for a period of 1 year from the date of grant. This condition has been satisfied.	\$0.21	12 April 2022
Peter Shann Ford (Director)	25 July 2017	3,567,860	N/A	\$0.21	25 July 2022

9.5

Employee Share Option Plan

On 12 February 2020, the Company adopted an ESOP to assist in the retention and motivation of employees and directors of the Company and the subsidiaries. The options in the Company may also be granted under an employee share incentive plan established on the same date by the Company's wholly-owned US subsidiary, Control Bionics, Inc. which incorporates the ESOP. The key details of the ESOP are set out below.

9.5.1

Eligibility

An Eligible Employee is a person who is:

- 9.5.1.1 full-time or permanent part-time employee of the Company or its subsidiaries;
- 9.5.1.2 a director of the Company or its subsidiaries; or
- 9.5.1.3 such other person as the board determines.

9.5.2

Consideration

Options issued under the ESOP are issued for no consideration.

9.5.3

Maximum Number of Options

The number of options which the directors may offer or grant under the ESOP at any one time, when aggregated with both the number shares which would be issued if each outstanding offer with respect to shares, units of shares and options to acquire unissued shares (including options), under an employee share scheme were accepted or exercised and the number of shares issued, during the 3 years prior to the time of the proposed offer, whether issued pursuant to the ESOP or any other employee share scheme extended only to the eligible employees (but not including offers or grants excluded from that calculation as permitted by ASIC policy), must not exceed 5% of the total number of issued shares as at the time of the proposed offer.

9.5.4

Exercise of Options

An option holder will be entitled to exercise options granted as a result of an offer in respect of which all exercise conditions have been satisfied and which are otherwise capable of exercise in accordance with the terms of the relevant offer and the ESOP terms and conditions.

9.5.5

Lapse of Options

Once an option is capable of exercise, it may be exercised until the lapsing date. The lapsing date is 5 years after the grant of that option. Options will lapse earlier if the option holder ceases to be an employee or director of the Company or its subsidiaries due to dismissal or termination for cause, or that the participant has acted fraudulently, dishonestly or in breach of their obligations to the Company or its subsidiaries. If an option holder dies, becomes permanently disabled, retires, or is terminated or made redundant for a reason other than for cause, the exercisable options remain exercisable by that option holder (or legal representative) for a limited period after that event occurs.

9.5.6

Exercise Price

In respect of any proposed offer, the board may determine the option exercise price for that offer in its absolute discretion. After the IPO, the option exercise price must not be less than any minimum price for the exercise of securities or options specified by the ASX Listing Rules.

9.5.7

Bonus Issue, New Issues and Reconstructions

If, during the life of any option, shares are issued pro rata to the Company's shareholders for which no consideration is payable by those shareholders, the participant may be entitled, upon later exercise of that option, to receive in addition to the share comprised in the options an issue of so many shares which the participant would have received if the option had been exercised before the date for determining entitlements under the bonus issue.

In the event of any reorganisation of the issued capital of the Company other than a bonus issue of the type described in the previous paragraph, the right of participants will be changed so that the participants will not receive a benefit that holders of ordinary shares do not receive.

9.5.8

Assignment of Options

Offers under the ESOP are personal and cannot be assigned. Subject to the board's consent (which may be given in the board's absolute discretion), options granted cannot be assigned.

9.5.9

Existing Issues

As at the date of this Prospectus, 4 eligible employees have been allocated a total of 1,123,782 options under the ESOP each with a strike price of \$0.45. For each of the eligible employees, the options vest in nine equal parcels, with 11.11% of the number of options vesting every 3 months beginning on 31 January 2021, with the final vesting date of 31 January 2023.

The options that have been granted under the ESOP are as follows:

Name of Holder	Total Number of Ordinary Shares Over Which Option Granted	Consideration for Exercise per Share
Meagan Koeneman (Sales Director USA)	421,422	\$0.45
James Schorey (Chief Technology Officer)	280,944	\$0.45
Emily Boland (Product Director)	280,944	\$0.45
Alex Alvarado (Biomedical Engineer)	140,472	\$0.45

None of the options currently on issue under the ESOP have been granted to directors of the Company

9.6

Material Contracts and material regulatory registrations and approvals

9.6.1

Regulatory registrations and approvals

Control Bionics has obtained and maintains registration of its technology as a Class 1 medical device with the Therapeutic Goods Administration (TGA). This allows the Company to supply its NeuroNode products in Australia. The registration is searchable on the Australian Register of Therapeutic Goods under the reference ARTG ID 218221.

Control Bionics is also a 'registered provider' with the National Disability Insurance Scheme (NDIS) in all Australian States and Territories. Registration enables NDIS participants (people with permanent and significant disability) to access Control Bionics' products though funding provided by the NDIS where a device fits with a participant's individual plan.

In the USA, Control Bionics, Inc. is registered as a medical device manufacturer with the U.S. Food and Drug Administration (FDA) and maintains registration of the NeuroNode technology as a Class 2 medical device with the FDA. Control Bionics, Inc. is an accredited provider of equipment to the US Medicare system, which can assist participants in the program with payment for NeuroNode products as durable medical equipment. Control Bionics, Inc. is a registered provider under the State-administered Medicaid programs in 31 of 50 American States as well as in the District of Columbia, and expects to register for Medicaid with more American States as enrolment opportunities in the various States arise.

Control Bionics, Inc. also has ISED Grant of Equipment Certification in Canada and FCC Grant of Equipment Authorization for NeuroNode devices. The NeuroNode technology is also an approved product in the Assistive Devices Program under the Ontario Ministry of Health, allowing its sale in the province of Ontario, Canada.

Control Bionics, Inc. has also recently put in place the documentation and processes to enable it to affix the CE mark to its products which enables CBI to sell NeuroNode products in the European Economic Area.

9.6.2

EyeTech Digital Systems, Inc. VAR Agreement

Control Bionics, Inc. (CBI) and EyeTech Digital Systems, Inc. (Eyetechn) are parties to an Authorized Value Added Reseller Agreement which governs the terms upon which CBI acquires eye-tracking products from Eyetechn for incorporation into the NeuroNode products such as NeuroNode Trilogy. Eyetechn licenses the Company the right to acquire, incorporate, market and sell Eyetechn listed Eyetechn products. Eyetechn can discontinue products from the list on 60 days' prior written notice.

The term of the agreement is one year, but automatically renews for one-year periods unless a party terminates on at least 30 days' notice prior to the end of the then term. However, either party can terminate for any or no reason upon at least 60 days' prior written notice.

9.6.3

Deeds of access, indemnity and insurance

The Company has entered into a deed of access, indemnity and insurance with each Director which contains the Director's right of access to certain books and records of the Company or Group Company for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers, past and present, against all liabilities that arise from their position as an officer of the Company or Group Company to the extent permitted by law. Under the deed of access, indemnity and insurance, the Company indemnifies each Director against any liability that may arise from their position as an officer of the Company or Group Company, to the extent permitted by law. The deed provides that the Company must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses.

Pursuant to the Constitution, the Company must arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law. Under the deed of access, indemnity and insurance, the Company must maintain such insurance for the period from the date of the deed until seven years after the Director ceases to hold office of the Company or Group Company. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In this summary, "Group Company" means the Company, a subsidiary of the Company, any companies which are 50% or more owned directly or indirectly by any other Group Company, or any partnership or unincorporated joint venture in which any Group Company or a related body corporate of the Company has an interest of 50% or more.

9.7

Underwriting Agreement

The Offer is fully underwritten by the Lead Manager pursuant to an underwriting agreement dated on or about the date of the Prospectus between the Lead Manager and the Company (Underwriting Agreement). Under the Underwriting Agreement, the Lead Manager has agreed to arrange, manage and underwrite the Offer.

9.7.1

Fees and expenses

The Company has agreed to pay the Lead Manager an underwriting fee equal to 3.00% (excluding GST) of the total proceeds of the Offer and a management fee of 3.00% (excluding GST) of the total proceeds of the Offer. In addition, the Company has agreed to reimburse certain out of pocket expenses incurred by the Lead Manager incidental to the Offer including legal fees capped at \$25,000.

Any fees payable to any co-manager appointed by the Underwriter are the sole responsibility of the Underwriter.

Termination events not subject to materiality

The Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 10am (Sydney time) on the settlement date (being 30 November 2020 or such other date agreed between the Lead Manager and the Company) (Settlement Date), terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events occur:

- **(failure to lodge Prospectus)** the Company fails to lodge the Prospectus with ASIC in a form approved by the Lead Manager;
- **(disclosures in Prospectus)** a statement contained in the Prospectus or other Offer documents is misleading or deceptive (including by omission) or likely to mislead or deceive or becomes misleading or deceptive or a material matter required by Chapter 6D of the Corporations Act is omitted from the Offer documents;
- **(Offer Documents do not comply)** the Prospectus or other Offer documents do not comply with the Corporations Act, the ASX Listing Rules or any other applicable law;
- **(ASX approval)** unconditional approval (or conditional approval subject only to customary conditions or conditions as are acceptable to the Lead Manager, acting reasonably) is refused or not granted by ASX to:
 - the Company's admission to the Official List in accordance with the timetable agreed in the Underwriting Agreement (Timetable); or
 - the official quotation of all of the Shares on ASX in accordance with the Timetable,
 or if granted, the ASX approval is subsequently withdrawn, qualified (other than by customary conditions or conditions as are acceptable to the Lead Manager, acting reasonably) or withheld or the ASX indicates to the Company or the Lead Manager that approval is likely to be withdrawn, qualified (other than by customary conditions) or withheld.
- **(withdrawal)** the Company withdraws the Prospectus or the Offer;
- **(supplementary or replacement prospectus)** the Lead Manager reasonably forms the view that a supplementary prospectus must be lodged with ASIC under section 719 of the Corporations Act and the Company does not lodge a supplementary prospectus with ASIC in the form and with the content, and within the time, reasonably required by the Lead Manager;
- **(new circumstance)** a new circumstance occurs in relation to the Company that has arisen since the Prospectus was lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged with ASIC and which is materially adverse from the point of view of an investor within the meaning of section 719 of the Corporations Act;
- **(Government Agency action)** ASIC or any other Government Agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Documents;
- **(regulatory action)** any of the following occurs:
 - ASIC applies for an order under section 1324B or 1325 of the Corporations Act in relation to the Offer, the Prospectus or other Offer documents, and the application is not dismissed or withdrawn before the date the Offer Shares are allotted;
 - ASIC gives notice of intention to hold a hearing in relation to the Offer or the Prospectus or other Offer documents under section 739(2) of the Corporations Act or makes an order under section 731 of the Corporations Act or an interim order under section 739(3) of the Corporations Act; or
 - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or the Prospectus or other Offer documents or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer, the Prospectus or other Offer documents.

- **(consent withdrawn)** any person (other than the Lead Manager) gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of its name in the Prospectus (or any replacement or supplementary prospectus) withdraws that consent;
- **(notice under section 730)** any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- **(market fall)** the S&P/ASX 300 Index closes at a level that is 10% or more below the level of that index at 5.00pm on the trading day immediately prior to the date of execution of the Underwriting Agreement on two consecutive trading days before the Settlement Date or on the trading day immediately prior to the Settlement Date;
- **(Timetable delay)** any event set out in the Timetable is delayed for more than two Business Days (other than a delay to the extent necessary caused by ASIC extending the exposure period under section 727(3) of the Corporations Act), unless the Lead Manager consents to a variation (which consent must not be unreasonably withheld or delayed);
- **(repayment of Application Moneys)** any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the Application Money received from applicants or offering applicants an opportunity to withdraw their applications for Offer Shares and be repaid their Application Monies;
- **(Certificate not provided)** the Company does not provide a Certificate as and when required by the Underwriting Agreement;
- **(insolvency)** an insolvency event occurs with respect to the Company, or any other member of the Group;
- **(failure to issue or transfer)** the Company is or becomes unable, for any reason, to issue or transfer (as applicable) the Offer Shares on Completion;
- **(Escrow Deeds)** any of the Escrow Deeds are withdrawn, varied, terminated, rescinded, altered or amended to shorten the period of restriction or reduce the number of Escrowed Shares, breached or failed to be complied with, without the consent of the Lead Manager, such consent not to be unreasonably withheld;
- **(directors)** any of the following occur:
 - a director or senior executive of the Company is charged with an indictable offence relating to a financial or corporate matter or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act or any other applicable law;
 - a director or member of management of the Company engages in any fraudulent conduct or activity; or
 - any governmental agency or regulatory body commences any public action against a Group Member, a member of management of the Company or any of the Company's directors, or announces that it intends to take such action.

9.7.3

Termination events subject to materiality

In addition the Lead Manager may, at any time after the date of the Underwriting Agreement until on or before 10am (Sydney time) on the Settlement Date, terminate the Underwriting Agreement without any cost or liability by notice to the Company if any of the following events occur and the Lead Manager believes on reasonable and bona fide grounds that the event:

- a) has had or is likely to have a materially adverse effect on the success or, settlement of the Offer, or on the willingness of investors to subscribe for Shares under the Offer, or the subsequent market for the Offer; or

- b) has given, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager or the Lead Manager being involved in a contravention of, any applicable law:
- **(disclosures in due diligence)** the due diligence report delivered to the Company or any other information supplied by or on behalf of the Company to the Underwriter in relation to the due diligence process, Offer Shares, the Company or its subsidiaries (Group), the Offer, or the Offer documents is or becomes untrue, incorrect, misleading or deceptive (including by omission);
 - **(material adverse change)** any material adverse change occurs, or an event occurs which is in the reasonable opinion of the Lead Manager reasonably likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Group, including:
 - A. any change in the earnings or prospects of the Group from those disclosed in the Prospectus;
 - B. any change in the nature of the business conducted by the Group or proposed to be conducted by the Group; and
 - C. any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in the Prospectus;
 - **(Material Contracts)** a material contract: is, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld), amended or varied by the Company; is breached by the Company; is terminated (whether by breach or otherwise); ceases to have effect, otherwise than in accordance with its terms; or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
 - **(change in laws)** any of the following occurs which does or is reasonably likely to prohibit, restrict or regulate the Offer or materially reduce the level or likely level of valid applications for Offer Shares:
 - A. the introduction of legislation into the parliament of the Commonwealth of Australia, any State or Territory of Australia or New Zealand (other than any legislation which had been publicly before the date of this Agreement);
 - B. the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
 - C. the adoption by ASIC or its delegates or the Reserve Bank of Australia of any regulations or policy;
 - **(breach of law or regulations)** the Company, or any member of the Group contravenes the Corporations Act, its Constitution (if applicable), any of the ASX Listing Rules (if applicable) or any other applicable law;
 - **(warranties untrue)** any of the warranties or representations by the Company in the Underwriting Agreement or the mandate signed with the Lead Manager are or become materially untrue or incorrect;
 - **(breach)** the Company is in default of any of the material terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made by it under that agreement and if that default or breach is capable of remedy, is not remedied to the satisfaction of the Lead Manager (acting reasonably) within the timeframe provided for remedy of that default or breach under that agreement;
 - **(restricted activities)** without the prior written consent of the Underwriter, the Company or a member of the Group:
 - A. disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
 - B. ceases or threatens to cease to carry on business;

- C. alters its capital structure (debt or equity), other than as contemplated in the Prospectus; or
- D. amends the Constitution or any other constituent document of the Company;
- **(adverse change in financial markets)** any of the following occurs:
 - A. a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
 - B. trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least two days on which that exchange is open for trading;
 - C. any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - D. after the date of this Agreement, a change or development (which was not publicly known prior to the date of this Agreement) involving a prospective adverse change in taxation affecting the Group or the Offer occurs;
- **(hostilities)** there is an outbreak of hostilities (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs in or involving any one or more of the following:
 - A. Australia;
 - B. New Zealand;
 - C. the European Union;
 - D. the United Kingdom;
 - E. the United States of America;
 - F. Japan;
 - G. Singapore;
 - H. Malaysia; or
 - I. the People's Republic of China,
 or involving any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- **(change in management)** a change to the board of directors or the managing director or chief financial officer of the Company occurs;
- **(Encumbrances)** a member of the Group charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property;
- **(Proceedings: persons other than ASIC)** a person other than ASIC or any other Government Agency commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Offer or the Offer Documents;
- **(Certificate incorrect)** a statement in any Certificate issued under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect.

Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company in favour of the Lead Manager.

The representations and warranties given by the Company relate to matters such as conduct of the Company, power and authorisations, information provided by the Company, financial information, information in this Prospectus, the conduct of the Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

The Company's undertakings include, among other things, that it will: notify the Lead Manager immediately if it becomes aware of a breach of the Underwriting Agreement or of a termination event; not make public statements concerning the Offer without the Lead Manager's prior written consent subject to limited exceptions; not permit any Escrowed Shareholder to dispose of any Escrowed Shares until the expiry of the relevant restriction period (except in circumstances permitted by the relevant Escrow Deed), or agree to vary or terminate any Escrow Deed; and that it will not for a period of 6 months from Completion issue any Shares or any other securities without the prior written consent of the Lead Manager (not including issues of securities to executive directors and employees under an employee performance rights, share or option plan disclosed in the Prospectus).

Indemnity

Subject to certain customary exclusions (including negligence, recklessness, wilful misconduct or fraud of an indemnified party), the Company agrees to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer.

Mandatory escrow arrangements

On Listing, some of the Shares will be classified by the ASX as "restricted securities", applying the ASX Listing Rules and its discretion. In addition, certain Options on issue at the date of Listing and any Shares to be issued upon conversion of these Options, will also be classified by the ASX as restricted securities.

Chapter 9 of the ASX Listing Rules precludes holders of the restricted securities from disposing of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities for the relevant restriction period. The holder of such securities will be precluded from granting a security interest over those securities. However, the ASX may consent to those securities being sold under a takeover bid or under a merger by way of a scheme or arrangement under the Corporations Act.

Existing Shareholders and holders of Options who have Shares or Options which are classified by ASX as being restricted will be required to enter into mandatory escrow restriction deeds with the Company in relation to those securities.

The following Existing Shareholders' Shares and Options have been classified as restricted securities and will be subject to mandatory ASX-imposed escrow on Listing:

Shareholder	Number of Escrowed Shares	Number of Escrowed Options	Escrow Period
Hafnium Management Pty Ltd atf Hafnium Family Trust	276,825		24 months*
Ironwood Investments Pty Limited atf Phillips Superannuation Fund	36,194		24 months*
James Schorey	509,410		24 months*
Nightingale Partners Pty Limited	5,427,112		24 months*
Peter Shann Ford	21,049,981	3,567,860	24 months*
Phoenix Development Fund Limited	4,219,678		24 months*
R & R Wong Holdings Pty Limited atf R & R Wong Family Superannuation Fund	1,354,414	3,365,678	24 months*
Other Existing Shareholders	340,970		24 months*
Other Existing Shareholders	558,009		12 months**

* 24 months from the date of listing

** 12 months from the date the shares were originally issued

9.9 Voluntary escrow arrangements

In addition to the mandatory escrow imposed by ASX, all of the Existing Shareholders are subject to voluntary escrow arrangements in relation to certain Shares which are not restricted securities for the purposes of the ASX Listing Rules.

Existing Shareholders which are (or are associates of) promoters or directors and key employees, have agreed to a 2-year post Listing voluntary escrow period for all of their Shares which are not subject to mandatory ASX escrow for that period. This equates to 9,604,212 shares or 11.53% of the expected share capital of the Company on Listing and means that together with the mandatory escrow, a total of 42,818,796 Shares or 51.38% of the expected share capital of the Company on Listing will be escrowed for 2 years after Listing.

Other Existing Shareholders have agreed to the voluntary escrow of all of their Shares which are not otherwise subject to ASX mandatory escrow until 5 Business Days after the Company releases its half year results to the market in February 2021.

This equates to 14,956,528 shares or 17.95% of the expected share capital of the Company on Listing.

Shareholder	Number of Escrowed Shares	Voluntary Escrow Period
Hafnium Management Pty Ltd atf Hafnium Family Trust	481,653	24 months*
Ironwood Investments Pty Limited atf Phillips Superannuation Fund	22,778	24 months*
Peter Shann Ford	208,332	24 months*

Shareholder	Number of Escrowed Shares	Voluntary Escrow Period
James Schorey	215,333	24 months*
Nightingale Partners Pty Limited	3,690,011	24 months*
Phoenix Development Fund Limited	3,799,903	24 months*
R & R Wong Holdings Pty Limited atf R & R Wong Family Superannuation Fund	1,186,202	24 months*
Other Existing Shareholders	14,956,528	5 Business Days after FY21 Half Year Financial Results are released

* 24 months from the date of listing

The Voluntary Escrow Agreement precludes holders of the restricted securities from disposing of those securities or an interest in those securities or agreeing to dispose of those securities or an interest in those securities for the relevant restriction period. However, those securities may be sold during the escrow period under a takeover bid or under a merger by way of a scheme or arrangement under the Corporations Act and transfers which don't result in a change in the beneficial ownership of the Escrowed Shares are permitted.

9.10 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

9.11 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.11 contains a general description of these laws.

9.11.1 Corporation Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 19.9%, or would increase from a starting point that is above 19.9% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

9.11.2

Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government 'Australia's Foreign Investment Policy'

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) (FATA) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (Substantial Interest), or 40% or more by two or more unassociated foreign persons and their associates (Aggregate Substantial Interest), where the acquisition meets a threshold value (which varies by investor type and industry) and other criteria.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

On 29 March 2020, the Treasurer announced significant changes to Australia's foreign investment framework to address the risks that were arising from the COVID-19 pandemic. The changes substantially expand the scope of transactions requiring approval and significantly lengthen the processing times for applications. These changes have been implemented through the Foreign Acquisitions and Takeovers Amendment (Threshold Test) Regulations 2020 which was released on 17 April 2020 but which takes effect from 10.30pm on 29 March 2020.

The key changes are that:

- Effecting from 10.30pm on 29 March 2020, all monetary thresholds under the FATA have been reduced to NIL. This applies to all foreign persons who are the subject of the FATA;
- The FIRB processing periods for new and existing applications under the FATA have been extended to up to 6 months.

9.12

Regulatory relief

9.12.1

ASIC exemptions and relief

The Company has relied on regulatory relief from the Corporations Act in relation to the Voluntary Escrow Agreement section 609(13A), section 609(13C) and section 609(13D) of the Corporations Act, introduced by ASIC Class Order [CO 13/520] as amended by the ASIC Corporations (Amendment) Instrument 2020/721 issued on 27 August 2020.

9.12.2

ASX confirmation

The Company has obtained in principle advice from ASX which has indicated that, based on the information provided to it by the Company and facts known to it as at 23 October 2020, ASX is not currently aware of any reason that would cause it to exercise its discretion to refuse admission to the Official List under ASX Listing Rule 1.19.

Summary of tax issues for Australian tax resident investors

The comments in this Section 9.13 provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in Control Bionics on capital account for Australian income tax purposes. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their shares on capital account.

This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their shares on revenue account or carry on a business of trading in shares, Shareholders who are exempt from Australian tax, or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997.

The summary in this Section is general in nature and is non exhaustive of all Australian tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in this Section is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act.

Company Status and Financial Year

The Company has a balance date of 30 June. The Company is a tax resident of Australia and subject to income tax at the standard corporate tax rate of 30% (subject to the base rate entity rules which may give rise to a lower corporate tax rate).

Dividends paid on Shares

Dividends may be paid to Shareholders by Control Bionics. Control Bionics may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by Control Bionics out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked. The dividend should be included in each Shareholder's assessable income for the relevant year of income.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

To the extent that franking credits are attached to a dividend, Australian tax resident Shareholders should include in their assessable income an amount equal to the franking credits (in addition to the dividend paid) in the income year in which the dividend is paid or credited.

Australian tax resident Shareholders should be entitled to a tax offset equal to the franking credits attached to the dividend so long as they are a “qualified person”. A “qualified person” is a Shareholder who, in broad terms, hold Shares in Control Bionics “at risk” for a period of more than 45 days within a period beginning on the day after the date on which the Shareholder acquired the Shares and ending on the 45th day after the date on which the Shares became “ex dividend”. An individual may also be a “qualified person” where their total franking credit entitlement in the relevant income year is below \$5,000 for the relevant year.

In some cases, an amount of a tax offset not applied against an Australian tax resident Shareholder’s tax liability can be refunded to that Shareholder. Whether this is available depends on the particular circumstances of the Shareholder, including their entity type.

Shareholders who are not tax residents of Australia should generally be subject to Australian dividend withholding tax with respect of any unfranked dividends paid by the Company. Prima facie, the dividend withholding tax rate imposed is at 30%, however this rate may be reduced where the shareholder is a tax resident of a country that has a double tax treaty with Australia.

Dividends paid which are fully franked are exempt from Australian dividend withholding tax.

9.13.4

Australian Capital gains tax (CGT) implications for Australian tax resident Shareholders on a disposal of Shares

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian CGT provisions in respect of the disposal of their shares. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the share (broadly, the cost base is the amount paid to acquire the share plus any (non-tax deductible) transaction costs incurred in relation to the acquisition or disposal of the shares). In the case of an arm’s length on-market sale, the capital proceeds should be the total amount of the money and property received from the sale of the shares. A CGT discount may be applied against the capital gain (after first deducting any available capital losses, see below) where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the share (the reduced cost base is determined by a similar (although not identical) calculation to the cost base) exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

9.13.5

Australian Capital gains tax (CGT) implications for foreign tax resident Shareholders on a disposal of Shares

Foreign tax resident Shareholders may make a capital gain on the disposal of taxable Australian property (including shares). For tax purposes, the Shares will only be considered taxable Australian property where broadly:

- The foreign tax resident Shareholder owns an interest of 10% or more in Control Bionics; and
- More than 50% of the value of Control Bionics relates to taxable Australian real property (i.e. Australian land or buildings).

On the basis that the value of Control Bionics is unlikely to be generated mostly from Australian real property interests, it is unlikely that the Shares would be considered taxable Australian property. As such, foreign tax resident Shareholders who acquire and subsequently dispose of their Shares are unlikely to be subject to Australian tax on any gains from the disposal of the Shares. At the same time, any capital loss cannot be utilised by the foreign tax resident Shareholder to reduce their Australian tax liability (if any).

9.13.6

Withholding Tax

Resident Shareholders may, if they choose, notify Control Bionics of their tax file number (TFN), ABN, or a relevant exemption from withholding tax with respect to dividends.

In the event that Control Bionics is not so notified, Australian tax may be required to be deducted at the maximum marginal tax rate plus the Medicare levy from the cash amount of the unfranked portion (if any) of the dividends. No amount is required to be deducted by Control Bionics in respect of fully franked dividends. The rate of withholding is currently 47%.

Control Bionics is required to withhold and remit to the ATO such tax until such time as the relevant TFN, ABN or exemption notification is given to Control Bionics. Shareholders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the dividends in their individual income tax returns.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN. Foreign tax resident shareholders are not required to comply with the above requirement.

9.13.7

Stamp Duty

Shareholders should not be liable for stamp duty in respect of their initial subscription of Shares on the basis that Control Bionics does not hold any relevant interests in real property. Under current stamp duty legislation, no stamp duty should ordinarily be payable by Shareholders on any subsequent transfer of Shares whilst the Company remains listed on the ASX.

Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.13.8

Australian Goods and Services Tax (GST)

Under current Australian law, no GST should be payable by Shareholders in respect of the issue, acquisition, disposal or transfer of their Shares in Control Bionics regardless of whether or not the Shareholder is registered for GST. Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by Control Bionics.

9.14

Selling restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia, New Zealand and Singapore (to the extent permitted below).

This document and any other material relating to the Shares have not been, and will not be, lodged or registered as prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of the SFA, or as otherwise pursuant, and in accordance with the conditions of any other applicable provisions of the SFA. See Section 7.12 for details of restrictions on distribution and offering of this Prospectus in Singapore.

9.15

Consents to be named and statement of disclaimers of responsibility

Each of the parties listed below in this Section 9.15 each a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Morgans Corporate Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Lead Manager to the Offer in the form and context in which it is named;
- Ash Street Partners Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters and certain patent and trade mark matters) to the Company in relation to the Offer in the form and context in which it is named;
- The Whipple Law Office PLLC has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as United States of America legal adviser (other than in relation to taxation matters and certain patent and trade mark matters) to the Company in relation to the Offer in the form and context in which it is named;
- Jenei LLC has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Patent Attorney to the Company in relation to the Offer in the form and context in which it is named;
- BDO Corporate Finance (East Coast) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report on the Financial Information set out in Section 8 in the form and context in which it appears in this Prospectus;
- BDO Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to the Company in the form and context in which it is so named;
- BDO Audit Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to

be named in this Prospectus as auditor to the Company in the form and context in which it is so named;

- Automic Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named. Automic Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to the Company. Automic Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus;
- Each of Justin Yerbury and Rachel Yerbury has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, their written consent to be named in, and to the inclusion of the statements made by them, in this Prospectus in the form and context in which they are named and those statements are included. Those statements are in Section 2.4 of this Prospectus and on the title page of Section 3.
- Jill Adlin has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent to be named in, and to the inclusion of the statements made by her, in this Prospectus in the form and context in which she is named and those statements are included. Those statements are on the title page of Section 2 of this Prospectus.
- Arabella Ludemann has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent to be named in, and to the inclusion of the statements made by her, in this Prospectus in the form and context in which she is named and those statements are included. Those statements are on the title page of Section 4 of this Prospectus.
- Joanne Hodge, the partner of the late Matthew Hodge, has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent for Mr Hodge to be named in, and to the inclusion of the statements made by him, in this Prospectus in the form and context in which he is named and those statements are included. Those statements are on the title page of Section 5 of this Prospectus.
- Rob Wong, has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, his written consent to be named in, and to the inclusion of the statements made by him, in this Prospectus in the form and context in which he is named and those statements are included. Those statements are on the title page of Section 6 of this Prospectus.
- Meredith Bugenske has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent to be named in, and to the inclusion of the statements made by her, in this Prospectus in the form and context in which she is named and those statements are included. Those statements are on the title page of Section 7 of this Prospectus.
- Kirsten Harley has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent to be named in, and to the inclusion of the statements made by her, in this Prospectus in the form and context in which she is named and those statements are included. Those statements are on the title page of Section 8 of this Prospectus.
- Emma Lockwood has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, her written consent to be named in, and to the inclusion of the statements made by her, in this Prospectus in the form and context in which she is named and those statements are included. Those statements are on the title page of Section 9 of this Prospectus.

9.16

Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

9.17

Statement of directors

This Prospectus is authorised by each director of the Company who consents to its lodgement with ASIC and its issue.

9.18

Intellectual Property

9.18.1

Patents

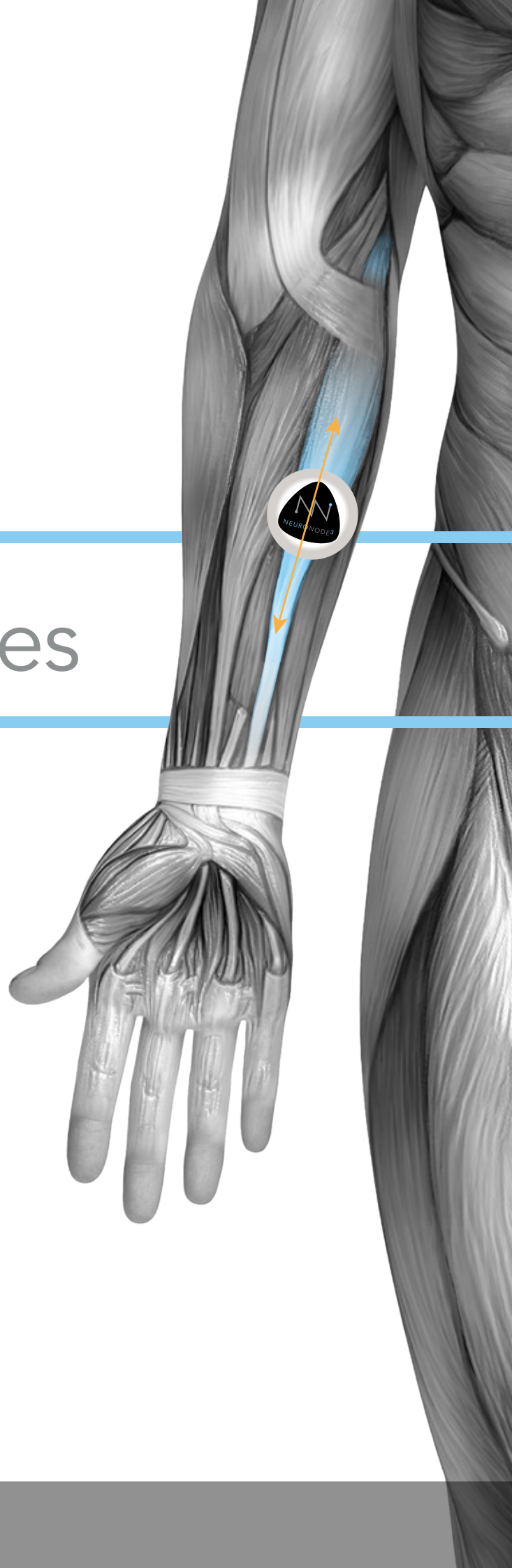
Patent	Country	Filing date	Issue date	Status
METHOD, SYSTEM, AND SOFTWARE FOR INTERACTIVE COMMUNICATION AND ANALYSIS	China	12/12/05	12/3/08	Issued
METHOD, SYSTEM, AND SOFTWARE FOR INTERACTIVE COMMUNICATION AND ANALYSIS	Canada	14/6/04	3/3/15	Issued
METHOD, SYSTEM, AND SOFTWARE FOR INTERACTIVE COMMUNICATION AND ANALYSIS	Australia	14/6/04	3/2/11	Issued
ELECTROMYOGRAPHY (EMG) ASSISTIVE COMMUNICATIONS DEVICE WITH CONTEXT-SENSITIVE USER INTERFACE	Japan			Unfiled
ELECTROMYOGRAPHY (EMG) ASSISTIVE COMMUNICATIONS DEVICE WITH CONTEXT-SENSITIVE USER INTERFACE	Australia	11/6/20		Pending
METHOD FOR INTERACTIVE COMMUNICATION AND ANALYSIS USING EMG AND EXPONENTIALLY LEVERAGED ALPHANUMERIC STRING SELECTOR (ELASS) ALGORITHM	USA	14/6/04	20/7/10	Issued
ELECTROMYOGRAPHY (EMG) ASSISTIVE COMMUNICATIONS DEVICE WITH CONTEXT-SENSITIVE USER INTERFACE	USA	16/11/18		Published
METHOD, SYSTEM, AND SOFTWARE FOR INTERACTIVE COMMUNICATION AND ANALYSIS	World Intellectual Property Organization	14/6/04		Published
ELECTROMYOGRAPHY (EMG) ASSISTIVE COMMUNICATIONS DEVICE WITH CONTEXT-SENSITIVE USER INTERFACE	World Intellectual Property Organization	16/11/18		Published
MULTI-MODAL SWITCHING CONTROLLER FOR COMMUNICATION AND CONTROL	USA	23/7/20		Pending
NEUROSTRIP - ELECTROMYOGRAPHY (EMG) ASSISTIVE COMMUNICATIONS DEVICE	USA			Unfiled

9.18.2

Trademarks

Trademark	Country	Filing date	Issue date	Status
CONTROL BIONICS (stylized logo mark) Intl Class: 009, 010	USA	22/9/20		Pending
NN NEURONODE (stylized logo mark) Intl Class: 009, 010	USA	22/9/20		Pending
NN NEURONODE (STYLIZED LOGO MARK) INTL CLASS: 009, 010	Australia	10/1/19	2/9/19	Issued
NEUROSENTINEL (TEXT MARK) INTL CLASS: 009	USA	15/7/20		Pending
NEUROSTRIP (TEXT MARK) INTL CLASS: 010	USA	2/1/19		Allowed
LIFE CHANGING CONNECTIONS (TEXT MARK) INTL CLASS: 010	USA	21/11/16	15/8/17	Issued
LIFE CHANGING CONNECTIONS (TEXT MARK) INTL CLASS: 010	Australia	10/1/19	25/11/19	Issued
CONTROL BIONICS (TEXT MARK) INTL CLASS: 009	USA	29/7/03	31/7/07	Issued
CONTROL BIONICS (TEXT MARK) INTL CLASS: 009	Australia	10/1/19	26/9/19	Issued
NEUROSWITCH (TEXT MARK) INTL CLASS: 010	USA	9/1/04	8/4/08	Issued
TRILOGY THE POWER OF 3 (STYLIZED LOGO MARK) INTL CLASS: 009	USA	7/2/19	30/7/19	Issued
TRILOGY THE POWER OF 3 (STYLIZED LOGO MARK) INTL CLASS: 009	Australia	2/4/19	3/8/20	Issued
TRILOGY (STYLIZED LOGO MARK) INTL CLASS: 009	USA	7/2/19	30/7/19	Issued
TRILOGY (TEXT MARK) INTL CLASS: 009	USA	7/2/19	30/7/19	Issued
TRILOGY (TEXT MARK) INTL CLASS: 009, 010	Australia	2/4/19	4/8/20	Issued
NEURONODE TRILOGY (TEXT MARK) INTL CLASS: 009	USA	7/2/19	24/9/19	Issued
NEURONODE TRILOGY (TEXT MARK) INTL CLASS: 009, 010	Australia	2/4/19	3/8/20	Issued
NEURONODE (TEXT MARK) INTL CLASS: 010	USA	17/11/16	15/8/17	Issued
SAY-ITNOW (STYLIZED MARK: HORIZONTAL LOGO) INTL CLASS: 009	USA	6/12/18	30/7/19	Issued
SAY-ITNOW (STYLIZED MARK: TEXT BUBBLES) INTL CLASS: 009	USA	6/12/18	23/7/19	Issued
SAY-ITNOW (TEXT MARK) INTL CLASS: 009	USA	5/12/18	23/7/19	Issued
SAY-ITNOW (STYLIZED MARK: TEXT BUBBLES) INTL CLASS: 009	Australia	12/5/18	26/8/18	Issued
SAY-ITNOW (TEXT MARK) INTL CLASS: 009	Australia	5/12/18	26/8/19	Issued

Schedules



Schedule 1 - Glossary

Term	Meaning
AAC	Augmentative and Alternative Communication
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ALS	Amyotrophic lateral sclerosis
Applicant	A person who submits an Application
Application	An application made to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Monies	The amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The rules of the ASX that govern the admission, quotation and removal of securities from the ASX official list
ASX Recommendations	Revised in 2019, the fourth edition ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The settlement rules of ASX as amended, varied or waived from time to time
Audit and Risk Committee	The committee described in Section 6.8.2
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations
Board	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a Broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker
Broker Firm Offer Applicant	A person who submits an Application under the Broker Firm Offer
Business	The business carried on by the Group.
CE Mark	The certification mark indicating compliance with European Union health, safety and environmental protection standards.
CHESS	Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules
Closing Date	The date on which the Offer is expected to close, being 25 November 2020 in respect of the Retail Offer and the Institutional Offer. These dates may be varied without prior notice
CMS	Centers of Medicare and Medicaid Services
Company	Control Bionics Limited (ACN 115 465 462)
Completion	The completion of the Offer, being the date upon which Shares are issued to Successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company

Term	Meaning
Corporations Act	Corporations Act 2001 (Cth)
COVID-19	The novel coronavirus disease (caused by the virus known as 'severe acute respiratory syndrome coronavirus 2'), classified by the World Health Organisation on 12 March 2020 as a pandemic
Directors	Each of the directors of the Company from time to time
DME	Durable Medical Equipment
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EMG	Electromyography
Enterprise Value	The sum of market capitalisation at the Offer Price and pro forma net debt
EOG	Electro Oculography
Escrow Deeds	The escrow deeds entered into between the Company and the Escrowed Shareholders as described in Sections 9.8 and 9.9
Escrowed Shareholders	Each of the Existing Shareholders which is either bound by mandatory ASX escrow provisions or has agreed to grant voluntary escrow in respect of Shares held by that Shareholder as set out in sections 9.8 and 9.9
ESOP	The Employment Share Option Plan adopted by the Company on 12 February 2020, as described in Section 9.5
Existing Shares	The Shares held by the Existing Shareholders
Existing Shareholders	Those persons holding Shares as at the Prospectus Date
Exposure Period	The seven day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days
FATA	Foreign Acquisitions and Takeovers Act 1975 (Cth)
FDA	U.S. Food & Drug Administration
Financial Information	Has the definition given in Section 4
FY	Year to 30 June
Group	Control Bionics and each of its subsidiaries
GST	Goods and services tax
Historical Financial Information	Has the definition given in Section 4
IFRS	International Financial Reporting Standards
Institutional Investor	Investors who are: - persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; - Institutional investors in certain other jurisdictions, as agreed by the Company and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply); and - provided that in each case such investors are not in the United States of America.

Term	Meaning
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.8
Investigating Accountant	BDO Corporate Finance (East Coast) Pty Ltd
Lead Manager	Morgans Corporate Limited
Listing	Admission of the Company to the official list of the ASX
MND	Motor Neurone Disease
NDIS	National Disability Insurance Scheme
New Shares	The Shares to be issued by the Company under the Offer
New Shareholders	Persons acquiring Shares under the Offer (excluding any Existing Shareholders who acquire Shares under the Offer)
Nomination and Remuneration and Committee	The committee described in Section 6.8.2
NPAT	Net profit after tax
NPATA	Net profit after tax and after adding back the tax effected amortisation expense
NYSED	New York State Education Department
Offer	The offer under this Prospectus of New Shares for issue by the Company
Offer Period	The period from the Opening Date, and ending on the Closing Date
Offer Price	\$0.60 per Share
Official List	The official list of the ASX
Opening Date	The date on which the broker firm offer opens
PDAC	Pricing, Data Analysis and Coding
Priority Offer	The component of the Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 7.6
Priority Offer Invitation	The invitation under this Prospectus to selected investors in Australia and New Zealand to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by the Company
Pro Forma Historical Balance Sheet	Has the meaning given in Section 4
Pro Forma Historical Cash Flows	Has the meaning given in Section 4
Pro Forma Historical Results	Has the meaning given in Section 4
Proper ASTC transfer	Has the meaning given in the Corporations Regulations 2001 (Cth) reg 1.0.12
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 26 October 2020
Retail Offer	Together, the Broker Firm Offer and Priority Offer
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements

Term	Meaning
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share in the Company
Share Registry	Automic Group or Automic Pty Ltd
Statutory Historical Balance Sheet	Has the meaning given in Section 4
Statutory Historical Cash Flows	Has the meaning given in Section 4
Statutory Historical Financial Information	Has the meaning given in Section 4
Statutory Historical Results	Has the meaning given in Section 4
Successful Applicant	An Applicant who is issued Shares under the Offer
TAI	Therapeutic Alliances Inc.
TGA	Therapeutic Goods Administration
Total Case Numbers	The total number of people diagnosed and living with the specified condition
Underwriting Agreement	The underwriting agreement dated on or about the date of this Prospectus between the Company and the Lead Manager as described in Section 9.7
U.S. Person	Has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act
U.S. Securities Act	U.S. Securities Act of 1933, as amended

Schedule 2 - Summary of Significant Accounting Policies

2 Summary of Significant Accounting Policies

2.1 New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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 reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Consolidated Group.

AASB 16 Leases

The consolidated group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB16 was adopted using the modified retrospective approach and as such comparatives have not been restated. The adoption had no impact on opening retained profits as at 1 July 2019. The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is immaterial.

2.2 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs. The amounts presented in the financial statements have been rounded to the nearest dollar.

2.3 Going concern

The financial statements of the Consolidated Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

2.4

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Control Bionics Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

2.5

Impairment of Assets

At the end of each reporting period, the Consolidated Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for intangible assets with indefinite lives.

2.6

Foreign Currency Transactions and Balances

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency. Transactions and balances Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

2.7

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Group companies

Where a member of the Consolidated Group has a different accounting period to that of the parent entity, that entity is consolidated into the Consolidated Group on the basis of twelve months' activity derived from the entity's financial records.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Consolidated Group's foreign currency translation reserve in the statement of financial position via other comprehensive income.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Consolidated Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Consolidated Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Consolidated Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Indefinite life intangible assets

The Consolidated Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment. The recoverable amounts of intangible assets have been determined based on value in use calculations using a relief from royalty method. These calculations require the use of assumptions, including estimated future revenue, royalty rates and cost of maintenance.

Research and development tax offset

An estimate has been made of the refundable research and development tax offset due to the Consolidated Group in respect of research and development activities conducted during the year. This estimate is based on a calculation of expenditure on eligible research and development activities.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Schedule 3 - References

- ⁷ <https://www.mndaust.asn.au/Get-informed/What-is-MND>
- ⁸ Section 3.3, page 40, Figure 11: Total Case Numbers
- ⁹ <https://www.cpl.org.au/resources/understanding-disability/what-is-cerebral-palsy>
- ¹⁰ Section 3.3, page 40, Figure 11: Total Case Numbers
- ¹¹ <https://www.msaustralia.org.au/about-ms/symptoms>
- ¹² Section 3.3, page 40, Figure 11: Total Case Numbers
- ¹³ Section 3.3, page 40, Figure 11: Total Case Numbers
- ¹⁴ <https://brainfoundation.org.au/disorders/motor-neurone-disease/>
- ¹⁵ https://www.hopkinsmedicine.org/neurology_neurosurgery/centers_clinics/als/conditions/als_amyotrophic_lateral_sclerosis.html ,
<https://www.als.org/understanding-als/who-gets-als>
- ¹⁶ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4213224/>
- ¹⁷ <https://www.msaustralia.org.au/file/1513/download?token=pIVm-JBW>
- ¹⁸ <http://www.msdiscovery.org/map-of-MS-prevalence> , <https://msra.org.au/wp-content/uploads/2018/04/2018-ms-research-australia-ms-report-card.pdf>
- ¹⁹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5724648/>
- ²⁰ <https://cerebralpalsy.org.au/our-research/about-cerebral-palsy/what-is-cerebral-palsy/facts-about-cerebral-palsy/>
- ²¹ <https://www.cerebralpalsyguidance.com/cerebral-palsy/research/facts-and-statistics/>
- ²² http://www.cureresearch.com/c/cerebral_palsy/stats-country_printer.htm , <https://asia.nikkei.com/Spotlight/Society/Births-set-to-drop-10-in-Japan-and-US-in-COVID-baby-bust>
- ²³ <https://www.sciencedirect.com/science/article/abs/pii/S0003999314010193>
- ²⁴ <https://www.sci-info-pages.com/spinal-cord-injury-facts-and-statistics/>
- ²⁵ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0195120> , <https://asia.nikkei.com/Business/Science/Japan-approves-use-of-iPS-cells-to-treat-spinal-cord-injuries>
- ²⁶ Assumes AUD/USD Exchange Rate 0.6776 based on the Company's actual average FX for FY20
- ²⁷ [https://www.mndaust.asn.au/Influencing-policy/Economic-analysis-of-MND-\(1\)/Economic-analysis-of-MND-in-Australia.aspx](https://www.mndaust.asn.au/Influencing-policy/Economic-analysis-of-MND-(1)/Economic-analysis-of-MND-in-Australia.aspx)
- ²⁸ https://www.hopkinsmedicine.org/neurology_neurosurgery/centers_clinics/als/conditions/als_amyotrophic_lateral_sclerosis.html ,
<https://alstreatment.com/amyotrophic-lateral-sclerosis-incidence/>
- ²⁹ <https://pubmed.ncbi.nlm.nih.gov/25373461/>
- ³⁰ <https://www.betterhealth.vic.gov.au/health/conditionsandtreatments/multiple-sclerosis-ms>
- ³¹ <https://www.healthline.com/health/multiple-sclerosis/facts-statistics-infographic#Prevalence>
- ³² Control Bionics Information Memorandum <https://www.nanbyou.or.jp/entry/5354>
- ³³ https://cerebralpalsystrategy.com.au/wp-content/uploads/sites/13/2020/02/DAE_Cost-of-cerebral-palsy-in-2018_FINAL.pdf
- ³⁴ <https://www.cerebralpalsyguidance.com/cerebral-palsy/research/facts-and-statistics/>
- ³⁵ http://www.cureresearch.com/c/cerebral_palsy/stats-country_printer.htm
- ³⁶ <https://scia.org.au/sci-statistics/>
- ³⁷ <https://www.sci-info-pages.com/spinal-cord-injury-facts-and-statistics/>
- ³⁸ <https://asia.nikkei.com/Business/Science/Japan-approves-use-of-iPS-cells-to-treat-spinal-cord-injuries>
- ³⁹ Assumes SEK/AUD Exchange Rate 0.16



Broker Code

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Adviser Code

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Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their broker

Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the form.

1. **Number of Shares applied for** **Application payment (multiply box 1 by \$0.60 per Share)**
 , , A\$, , .

Applications in the Broker Firm Offer: you must apply for a minimum of \$2,000.40 of Shares (being equal to 3,334 Shares in aggregate at the Offer Price).

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

Post Code:

3. Contact details	
Telephone Number	Contact Name (PLEASE PRINT)
()	
Email Address	

4. CHESS Holders Only – Holder Identification Number (HIN)

X									
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Note: if the name and address details in section 2 does not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code Applicant #1 	Applicant #2 	Applicant #3
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If NOT an individual TFN/ABN, please note the type in the box
 C = Company; P = Partnership; T = Trust; S = Super Fund

6. Cheque Payment details									
Cheque or Bank Draft Number									
				BSB					
					-				
				Account Number					
Total Amount A\$, , .									

YOUR PRIVACY

Automatic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au



AUTOMIC GROUP

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for fully paid ordinary Shares in Control Bionics Limited (ACN 115 465 462) (the "**Company**") made under the terms set out in the Prospectus dated 26 October 2020.

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

- Shares Applied For & Payment Amount** - The minimum application size under the Broker Firm Offer is \$2,000.40, being 3,334 shares at \$0.60. There is no maximum application size.
- Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (Sydney time) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.
- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section 1.

If you receive a firm allocation of Shares from your Broker make your cheque payable to your Broker in accordance with your instructions.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus)
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated;
- Am/are over 18 years of ages;
- Agree to be bound by the Constitution of the Company;
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares, nor do they guarantee the repayment of capital; and
- Give the acknowledgements set out at Section 7.9 of the Prospectus.

LODGEMENT INSTRUCTIONS

You must return your Application, so it is received by your Broker by the deadline set out in their offer to you.



**Your Application Form must be received by no later than:
Wednesday 25 November 2020
(unless extended or closed earlier)**

The Priority Offer is open to selected investors nominated by the Company in Australia and New Zealand who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer is not open to persons who are in the United States of America.

Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: <https://investor.automic.com.au/#/ipo/controlbionics>

- ✓ **Pay electronically:** Applying online allows you to pay electronically via BPAY® or Electronic Funds Transfer.
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that you're Application has been successfully processed.



To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the form.

1. Number of Shares applied for

Number of shares applied for:

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Application payment (multiply box 1 by \$0.60 per Share)

A\$

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Applications in the Priority Offer, you must apply for a minimum of \$2,000.40 of Shares (being equal to 3,334 Shares in aggregate at the Offer Price).

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

[illegible]

Post Code:

3. Contact details

Telephone Number

()

Contact Name (PLEASE PRINT)

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Email Address

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

[illegible]

Note: if the name and address details in section 2 does not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1

[illegible]

Applicant #2

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Applicant #3

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If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

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YOUR PRIVACY

Automatic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for fully paid ordinary Shares in Control Bionics Limited (ACN 115 465 462) (the "Company") made under the terms set out in the Prospectus dated 26 October 2020.

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

- Shares Applied For & Payment Amount** - The minimum application size under the Priority Offer is \$2,000.40, being 3,334 shares at \$0.60. There is no maximum application size. The maximum application size will be subject to the investor's Priority Offer invitation.
- Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am and 5:00pm (Sydney Time) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/-/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN.

Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" ("SRN") will be allocated to you.

- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Payments for Applications made through this Application Form can only be made by cheque. Payment can be made by BPAY but only by making an online Application, which can be accessed by following the web address provided on the front of the Application Form. Do not forward cash with this Application Form as it will not be accepted.

Your cheque must be made payable to "Control Bionics Limited IPO" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus)
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allocated;
- Am/are over 18 years of age;
- Agree to be bound by the Constitution of the Company;
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares, nor do they guarantee the repayment of capital; and
- Give the acknowledgements set out at Section 7.9 of the Prospectus.

LODGEMENT INSTRUCTIONS

The Priority Offer opens on Wednesday 11 November 2020 and is expected to close on Wednesday 25 November 2020. The Directors reserve the right to close the Offer at any time once sufficient funds are received or to extend the Offer period. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be submitted:

By Post:  Control Bionics Limited IPO C/- Automic Pty Ltd GPO Box 5193 SYDNEY NSW 2001	By Hand Delivery:  Control Bionics Limited IPO C/- Automic Pty Ltd Level 5, 126 Phillip Street SYDNEY NSW 2000	Online: https://investor.automic.com.au/#/ipo/controlbionics
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ASSISTANCE

Need help with your application, no problem. Please contact Automic between 9.00am and 5.00pm (Sydney time), Monday to Friday on:



PHONE:
1300 288 664 within Australia
+61 (2) 9698 5414 from outside Australia



LIVE WEBCHAT:
Go to www.automicgroup.com.au



EMAIL:
corporate.actions@automicgroup.com.au



Corporate directory

Company's registered office

C/- BTC Lawyers Pty Limited
Level 5, 23-25 O'Connell Street
Sydney, NSW 2000

Company Secretary

Brett Crowley
BTC Lawyers Pty Limited
Level 5, 23-25 O'Connell Street
Sydney, NSW 2000

Lead Manager

Morgans Corporate Limited
Level 21, 88 Phillip Street
Sydney, NSW 2000

Legal Advisers

Ash Street Partners Pty Ltd
Level 1, 25 King Street
Sydney, NSW 2000

Auditor

BDO Audit Pty Ltd
Level 11, 1 Margaret St
Sydney, NSW 2000

Offer Information Line

Between 9:00am and 5:00pm (Sydney time), Monday to Friday

Toll free within Australia

1300 288 664

Outside Australia

+61 2 9698 5414

Offer website

<https://investor.automic.com.au/#/ipo/controlbionics>

Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Investigating Accountant

BDO Corporate Finance (East Coast) Pty Ltd
Level 11, 1 Margaret St
Sydney, NSW 2000

Tax Adviser

BDO Services Pty Ltd
Level 11, 1 Margaret St
Sydney, NSW 2000



CONTROL
BIONICS

LIFE
CHANGING
CONNECTIONS

AUSTRALIA

+61 3 9897 3576

Level 5 | 23-25 O'Connell Street
Sydney | NSW 2000 Australia

USA

+1 855 831 7521

745 Center Street | Suite 303
Milford | OH 45150 USA