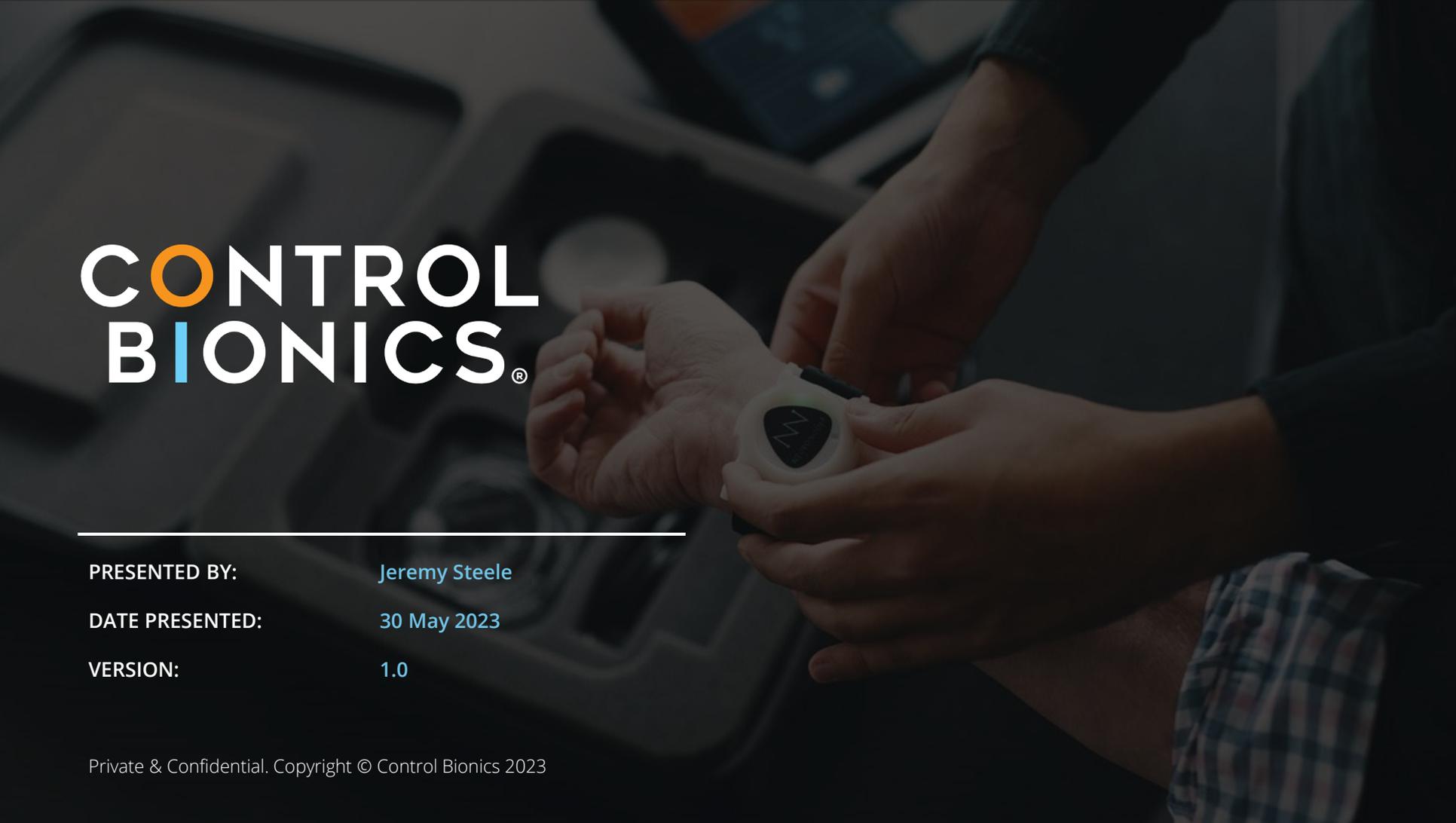


CONTROL BIONICS®



PRESENTED BY: [Jeremy Steele](#)

DATE PRESENTED: [30 May 2023](#)

VERSION: [1.0](#)

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Our flagship product



EXECUTIVE SUMMARY

- Control Bionics (ASX:CBL) is a pioneer in the field of neuroelectric control by using smart algorithms to detect, synthesise and convert electromyography (EMG) signals into code which can interact with and control a broad range of electronic devices
- Following an IPO on the ASX in late 2020, the business has built out its operations in the US and Australia and in FY23 is **forecast to deliver ~\$5m in revenue, up over 50% from the year of its listing**
- CBL recently announced a rights issue to support a number of growth initiatives for the business that seek to accelerate the business' push to breakeven
- The initiatives include new product development and commercialisation, software development, channel acquisitions and further regulatory approvals for its products
- The Board of CBL are confident that the business will continue and extend its growth trajectory. There is **significant unmet demand for Control Bionics' products** and there are a number of exciting opportunities for **growth above and beyond organic growth** in our core business

LEADERSHIP TEAM

BOARD



Roger Hawke

Non Executive
Chairman



Jeremy Steele

Board Member
CEO



Peter Ford

Founder & Director
of Innovation



Prof Rob Heard

Non Executive
Board Member



Damian Lismore

Non Executive
Board Member



Jeremy Steele
CEO

- Over 25 years of global corporate experience across a wide range of industries including healthcare and software
- Previously CEO of CardioScan, driving international expansion (from 1 to 10 countries)
- Led greenfield expansion as well as growth through acquisition, in market experience in North America, Asia, Europe and Australia



Dominik Kucera
CFO

- 25 years experience in multi sector operations with Primary, Secondary and Tertiary industries
- CFO role for ASX and large private companies, senior financial positions in multinational entities
- Coverage of all facets of financial operations, including M&A and capital raising



Todd Tyler
VP – North America

- 20 years experience in the healthcare industry
- Masters in Communication Sciences and Disorders
- Extensive experience in building and leading teams in the AAC space, having previously work for other industry operators



James Schorey
CTO

- 25 years of experience
- Beginning his career as a software engineer, James as advance through multiple organisations and has led both software and hardware engineering teams
- James leads our product development efforts

WHO IS CONTROL BIONICS?

- Control Bionics is a pioneer in the field of neuroelectric control by using smart algorithms to detect, synthesise and convert electromyography (EMG) signals into code which can interact with and control a broad range of electronic devices
- EMG measures muscle response or electrical activity in response to a nerve's stimulation of the muscle
- We first commercialised this technology through creating innovative augmentative and alternate communication (AAC) solutions using the Neuronode (our EMG technology)
- These solutions are sold to individuals who have conditions such as Motor Neuron Disease (MND), Cerebral Palsy (CP), Multiple Sclerosis (MS) and acquired spinal injury (amongst others) that leave a user with a high degree of physical incapacity and inability to communicate verbally
- Currently our solutions are sold in Australia and the US through our own sales channels and in Japan, Singapore and Canada through distributor relationships
- In 2023 Control Bionics launched the world first autonomous driving wheelchair module, allowing users the ability to move independently in their home environment
- Control Bionics has staff in the US, Australia and Japan and its intellectual property and patents are protected in a significant number of markets around the world including the US, China, Europe, Australia and Japan

HOW WE WORK

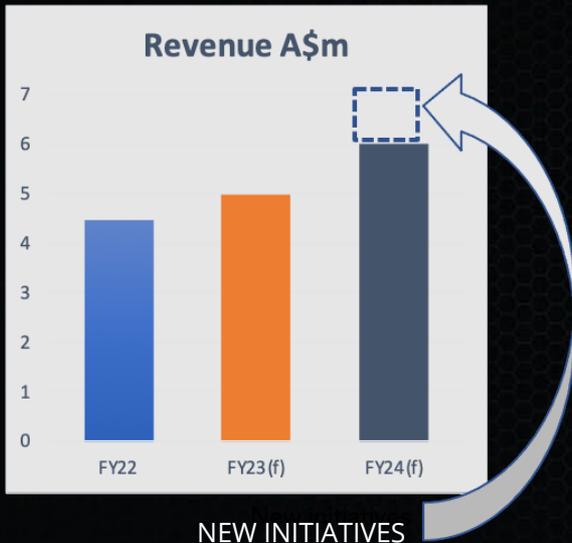
	Opportunity origination	Product Selection	Trial/Rental	Purchase/funding	Payment terms
USA	<ul style="list-style-type: none"> - Our sales people have developed a network of referral sources to originate sales opportunities - These could be speech language pathologists ('SLPs'), school districts, hospitals or the Veterans Administration (VA) - We have 9 sales people across the US as well as 3rd party distributors 	<ul style="list-style-type: none"> - Our sales person works with the care team to select the preferred solution - Ensuring the Neuronode is part of that solution gives us a competitive advantage 	<ul style="list-style-type: none"> - Most US funds require systems to be trialled for at least 30 days before approving funding - In many cases multiple systems need to be trialled before the one system can be recommended and approved 	<ul style="list-style-type: none"> - We work with the local care team to submit a funding package on behalf of the client to the relevant insurer - Equipment is only shipped once written pre-approval given - We can only invoice once equipment is received by the client 	<ul style="list-style-type: none"> - Varies by payor - Medicare typically pays 30-60 days post invoice - Private insurance typically pays in 90-120 days (but can be up to 180 days)
Australia	<ul style="list-style-type: none"> - Our sales people have developed a network of referral sources to originate sales opportunities - These include SLPs, industry bodies and multi-site clinical practices - We have 5 sales people across Australia 	<ul style="list-style-type: none"> - Our sales person works with the care team to select the preferred solution - An increasing number of referral partners will have their own Control Bionics system in-house to use for customer trials they lead themselves 	<ul style="list-style-type: none"> - The NDIS allows for systems to be rented before an outright purchase, so in Australia ~40% of our systems shipped each month are for rentals (typically for 3 months) - The balance of our systems are an outright sale (often post a 30-day trial) 	<ul style="list-style-type: none"> - The care team is responsible for submitting a funding application to the NDIS - Once approved, the system is shipped 	<ul style="list-style-type: none"> - NDIS typically pays in 30 days

OUR PERFORMANCE IN FY23

- We expect to deliver strong revenue growth in FY23 over FY22 with revenue forecast to grow more than **15%** with revenue expected to top **\$5m**
- Both core markets have grown in FY23, with Australia forecast to deliver in excess of **25%** growth and the US over **10%**
- We have held tight on costs and EBITDA will likely come in close to forecast
- With the previous CEO (Rob Wong) resigning due to illness following a period of time away from Control Bionics, the business was impacted by the lack of permanent leadership
- Jeremy Steele was appointed in early calendar 2023 and has moved quickly in assuming strategic control of the business
- The recent launch of DROVE marks a new revenue generating stream for the business with final testing underway and first sales expected in Q1FY24



OUR STRATEGY PRIORITIES FOR FY24



We expect **organic revenue growth in excess of 20% for FY24**, with both core markets forecast to deliver strong year on year growth

Our core pillars for success in FY24 are:

- Drive growth in the US to reach monthly breakeven
- Accelerate growth in Australia
- Deliver first commercial sales of DROVE
- Drive Neuronode sales globally as an unbundled accessory for use with any AAC system
- Enhance our software to support international growth, new products and new market segments
- Assess opportunities to strengthen our 3rd party products that form part of our 'Trilogy' solution
- Build an organisation where our people are supported, rewarded, given opportunities to grow and respected

We have already commenced a number activities in these pillars to deliver growth in excess of our targets

CORE PILLARS IN FY24

USA

- We are forecasting **growth in the US in excess of 15% for FY24**. This growth will be delivered through more effective sales strategies, strengthening of our 3rd party distributor sales and improved sales mix
- Software and hardware releases planned during the course of FY24 will support sales growth in the US
- We have reduced our fixed costs in the US in the H2FY23 and do not expect to add costs to reach breakeven
- There are a number initiatives underway that could result in further growth, however these have not been factored into our forecasts as this stage, these include:
 - Potential channel acquisitions to accelerate volume and margin growth
 - Further regulatory approvals to drive new revenue
 - New distribution partnerships

CORE PILLARS IN FY24

AUSTRALIA

- We are forecasting strong organic growth in the Australian business **in excess of 30% for FY24**
- We have already added to resources to our Australian sales team and have seen the benefits almost immediately of improved monthly sales
- We now have a full staffed customer support team and have added a salesperson in Western Australia for the first time
- As the **only Australian manufacturer of AAC equipment**, we are positioned very strongly in the Australian market
- Our strengthening presence in our home market is building relationships with 'high volume' referrers which compound our growth

CORE PILLARS IN FY24

JAPAN / INTERNATIONAL

- Initial learnings from the Japanese market are that selling the Neuronode standalone into the Japanese market is the best strategy
- To ensure success we need to further invest in our software to facilitate take up of this in the AAC space initially – before we move into other segments
- This has driven our recent commitment to focus on our software (see subsequent information on this later)
- We will release our latest iOS version of our controller software for Japan in Q1FY24 – Japan is an Apple centric market, so we expect this to be well received
- The uniqueness of the Neuronode in Japan has been made clear and we are working with new distribution partners in market to expand our sales opportunities
- We will use this experience in Japan to assist us in entering other international markets, with Europe the next obvious opportunity



CORE PILLARS IN FY24



SOFTWARE

- We are confident there is a significant opportunity to lift sales of the Neuronode and Neuronode-led products through software enhancements to our controller software
- Through investing in our Neuronode software capabilities, we will be able to generate new revenue through selling the Neuronode standalone into markets such as Japan and Europe
- We are examining new segments of the healthcare market that would benefit from our EMG* device which will create **a new revenue stream for the business** – using our existing technology is key to early success
- Our recent board appointee, **Prof Rob Heard**, is a highly credentialed Neurologist. He is providing us with clinical direction on this new opportunity
- We have recently hired a new Product lead for our software, **Dr Tom Allen**. Tom is a PhD in Engineering and has a range of industry experience combining deep software skills with innovation, hardware and automation

*EMG testing assesses the health of muscles and the nerve cells that control them and can reveal and assist in the management of nerve dysfunction, muscle dysfunction or problems with nerve to muscle signal transmission

CORE PILLARS IN FY24

DROVE

- DROVE was successfully launched in Q4 FY23 and we are currently completing final testing before we launch commercially
- We expect the NDIS to fully fund the system for appropriate applicants
- We have 10 units in production that will be provided to industry groups and early adopters to assist in our marketing efforts
- We are forecasting DROVE sales to commence during Q1FY24



CORE PILLARS IN FY24

3RD PARTY PRODUCTS

- We are advancing work on the balance of the 3rd party products we use in our Trilogy solution to improve margin, product attractiveness and scalability
- Our inhouse industrial designer and our investment in our software capabilities allows us to be more strategic in how we approach the business



CORE PILLARS IN FY24

OUR PEOPLE

- Our people are critical to our success
- We need to ensure our people management matures and staff understand our expectations of them around performance and supported to deliver
- Building career plans, ensuring appropriate training and putting in place Employee assistance programs are key to ensuring long term retention of our staff
- By increasing scale, it ensures staff understand the exciting potential of the business and the opportunity for them to build a career while making a real difference



HOW GOOD IS THE OPPORTUNITY FOR CONTROL BIONICS?

- Control Bionics has patented EMG technology that is unique and has already demonstrated commercial viability
- In the first market in which it has been commercialised (AAC) we have shown that it successfully improves outcomes for individuals who have severe difficulties in communicating
- There is a **significant underserved market** in this space with growth available to Control Bionics in its existing core markets of the US and Australia, our new market of Japan as well as untapped markets such as Europe
- We have **identified a number of opportunities to extend the use of our core IP**, the Neuronode, into new markets, which is not currently factored into our forecasts
- In addition, we think there are **inorganic opportunities** for us to participate in further industry consolidation
- With new management experienced in growth, specialised talent added to the Board and business and an acute focus on success in a smaller number of areas we are confident we can quickly re-rate the outlook for the business
- **We expect FY24 to be a significant year for Control Bionics**

THANK YOU

CONTROL
BIONICS®



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