

Annual Report

—
2026



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This report contains certain forward-looking statements. Such statements are predictions only and are subject to known and unknown risks, uncertainties, and other factors which may cause actual results to differ materially from those expressed or implied. Control Bionics Limited does not give any assurance or guarantee that the events expressed or implied in any forward-looking statement will occur.



Stephen Rix —
Chairman

Chairman's Message

Dear Shareholders,

On behalf of the Board, I am pleased to present Control Bionics Limited's Annual Report for the financial year ended 30 June 2026 ("FY26").

FY26 was a year in which Control Bionics moved decisively to sharpen its strategic identity — repositioning from an assistive-communication supplier to a non-invasive neurotechnology platform company, built around three complementary commercial pillars: Assistive Communication, Neurotechnology Solutions and Platform and Medical Technology. This shift now underpins how the Board evaluates capital allocation, partnership decisions, and management performance across the Company.

The Board strengthened the balance sheet during the year, with CBL announcing capital raising in excess of \$15 million during FY26, providing the Company with the runway to invest in support of this neurotechnology platform strategy.

We were pleased to welcome Professor Nicholas Opie to the Board during the year, adding globally recognised neurotechnology and brain-computer interface expertise as CBL's neurotechnology platform strategy matures.

Governance remained a priority throughout the year, with the Board maintaining close oversight of CBL's expanding international footprint — including new reimbursement coverage in Germany and the United States, and the Company's growing distribution relationships — as well as the Company's remuneration framework for the CEO and senior leadership team, further details of which are set out in the Remuneration Report.

We are conscious that our share price performance in FY26 has not yet reflected the operational progress

made this year. The Board remains confident that the strategy, and the commercial momentum described in Jeremy's review below, position the Company to convert this progress into shareholder value over the medium term.

On behalf of the Board, I thank our shareholders for their continued support, and our employees for their commitment to CBL's mission of empowerment through proven neurotechnology.

— Stephen Rix

“FY26 was a year in which Control Bionics moved decisively to sharpen its strategic identity—repositioning from an assistive-communication supplier to a non-invasive neurotechnology platform company.”





Jeremy Steele —
CEO & Managing Director

CEO's Report

Dear Shareholders,

FY26 was a defining year for Control Bionics as we moved from a retail-led Assistive Communication business toward a scalable, partner-led neurotechnology platform across our three commercial pillars — Assistive Communication, Neurotechnology Solutions, and Platform and Medical Technology. While revenue conversion continued to be affected by timing issues, including NDIS approval delays in Australia, we made material progress in the platform, distribution and market access foundations that will underpin future growth.

Most importantly we provided our unique Neurotechnology to hundreds of customers across the world.

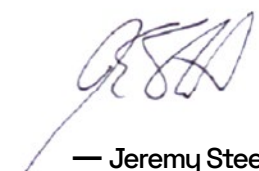
Key highlights of the year included:

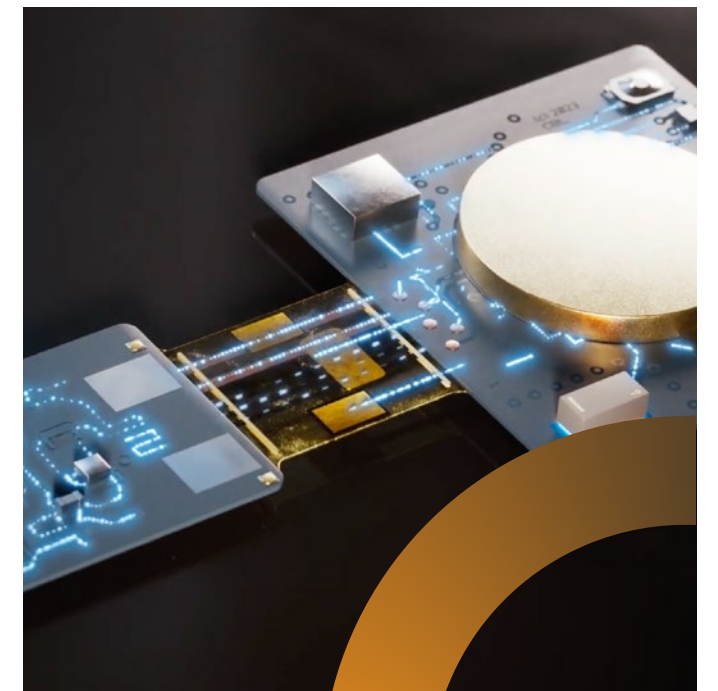
- NeuroNode's US distribution model continued its shift from direct retail to a wholesale, distributor-led approach, including a Tobii Dynavox distribution pilot across five north-western US states and a US-wide distribution agreement with PRC-Salttillo.
- US reimbursement continued to strengthen: as at June 2026, US states representing almost 70% of the US population had funded NeuroNode through the dedicated E2513 HCPCS pathway, across Medicare, commercial insurance and Medicaid.
- Germany became a live reimbursement market during the year, with NeuroNode formally included in the German Statutory Health Insurance Directory (HMD) — a critical unlock for our European ambitions.
- We announced a strategic partnership with NextLevel Assistive Technology and a first US Letter of Intent for iOS-based speech-generating devices, contemplating 1,000 devices in the first 12 months. Shipping commenced in July 2026.
- NeuroStrip progressed from development into customer engagement across Australia, New Zealand, the US, UK, Europe and Japan — including the Australian Institute of Sport, AFL and rugby league clubs, and US institutions such as Ohio University, Mayo Clinic and Penn State Health.
- The efficacy of the NeuroStrip was validated by Japan's Stroke Lab, whose results showed a 39% reduction in muscle overactivity using the NeuroStrip application.
- We completed the acquisition of full ownership of Neuro Elite Athletics (NeuroBounce), establishing a dedicated platform for our Sports Performance program.
- We became one of the first organisations globally to integrate with Apple's BCI HID protocol, with a global software release targeted for Q3 CY2026.

“We are building toward what we believe is the largest addressable market opportunity in the Company's history.”

Underpinning all of this was more than \$15 million in new capital announced during the year, and the Board's ongoing 24-month roadmap, which sets out clear commercial targets for distributor-led NeuroNode growth, NeuroStrip adoption, and formal research partnerships — targets we are tracking against as we enter FY27.

I want to thank the CBL team for their commitment and hard work this year, and our shareholders for their continued support as we build toward what we believe is the largest addressable market opportunity in the Company's history.


— Jeremy Steele



Control Bionics at a Glance

Empowerment through proven
neurotechnology.

About Control Bionics

Control Bionics is a neurotechnology company that captures the body's electrical signals and converts them into measurable insights, deployed across communication, rehabilitation, sport and research.

The platform detects muscle activation at the earliest neural stage, before visible movement occurs. Non-invasive and wearable, it delivers precise, real-time data wherever it is deployed, from communication and rehabilitation to sports performance and research.



A platform now built to scale across multiple markets

Control Bionics began in Assistive Communication, restoring voice and independence for people who did not have the ability to speak.

That same neural-signal platform now extends into sports performance, rehabilitation and clinical research. It also underpins the underlying technology itself as a commercial asset in its own right, through research partnerships and licensing.

Assistive Communication remains the most proven part of the business, and points to what's possible as the platform scales into its newer markets.

This is a company built on evidence, not ambition alone.



\$1B+ Assistive Communication market, growing more than 10% per annum, with Control Bionics holding under 1% share today, our most established and evidenced market.



First new HCPCS code in 13 years for AAC access, awarded for NeuroNode, a dedicated US funding pathway that took decades of clinical validation to achieve.



20x the salesforce, wholesale partnerships give Control Bionics access to distribution networks 20 times its current scale.

By the Numbers

25+ years of operation

Listed on the ASX in 2020

7 patent families

8 countries where our technology is deployed already

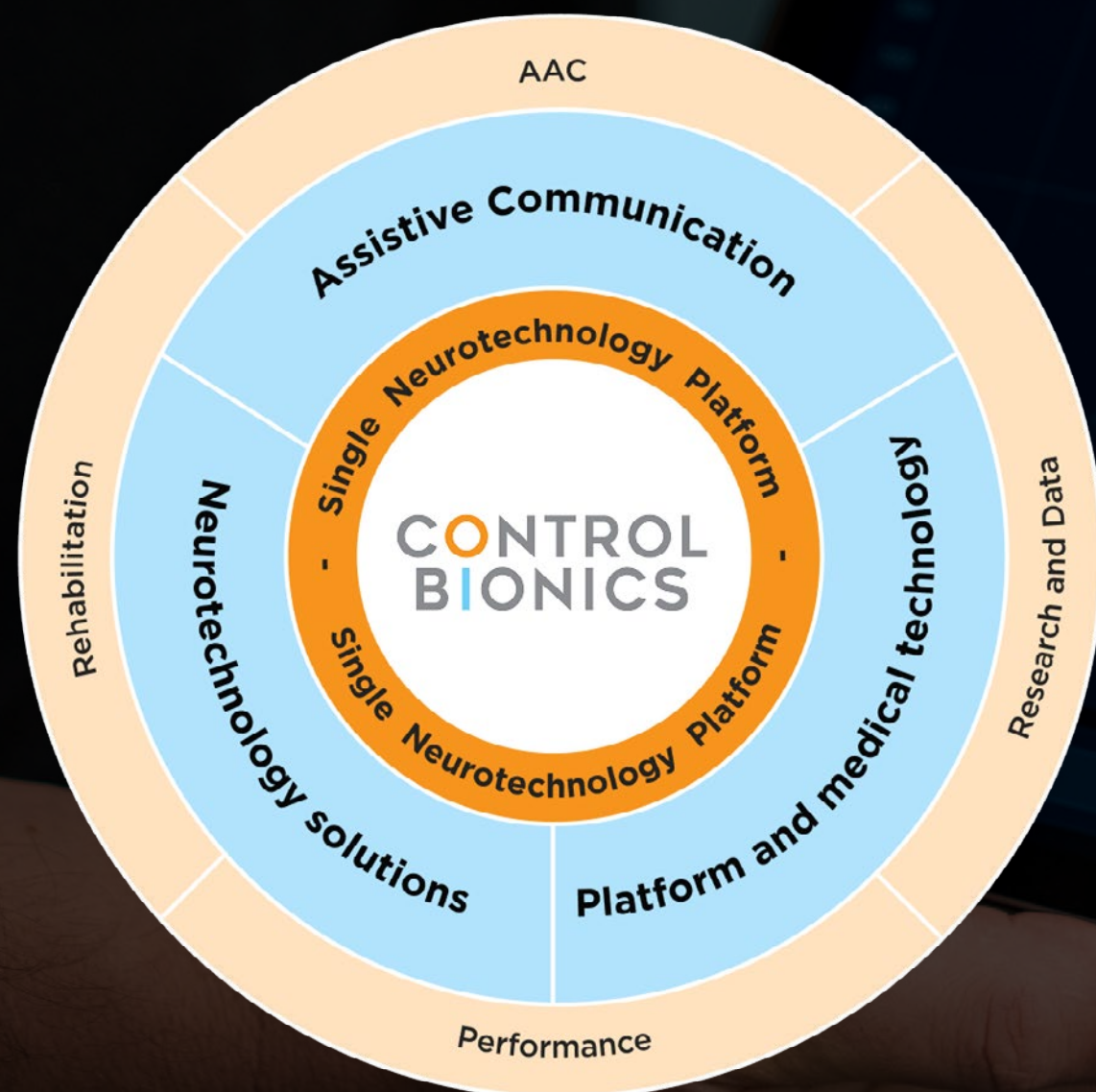
35 global team members

75%+ of annual revenue generated in the US

One Platform.

Control Bionics is not just a device company.

The NeuroNode™ and NeuroStrip™ devices are the hardware expression of a single underlying neural-signal cloud-based technology, generating quality data deployed across multiple application domains through three commercial pillars.



Three Pillars.



Assistive Communication

Our technology restores voice and independence for people who cannot otherwise speak, combining electromyography and spatial signal detection in a single wearable switch. Backed by dedicated reimbursement pathways and recognised by Apple as an approved assistive technology, it remains one of our most proven applications.



Neurotechnology Solutions

Built on proprietary surface EMG detection, the platform reads electrical signals generated at the neuromuscular junction through non-invasive skin sensors. Three core capabilities, precision detection algorithms, secure real-time data transmission and modular integration, turn raw signals into structured, clinical-grade insight.



Platform and Medical Technology

The same neural-signal technology powers a modular, API-enabled platform for research and clinical use. Application-agnostic by design, it supports peer-reviewed studies, biomarker discovery and third-party integration, including Apple BCI protocol development, turning our data infrastructure into a standalone commercial asset.



James Schorey —
Chief Technology Officer

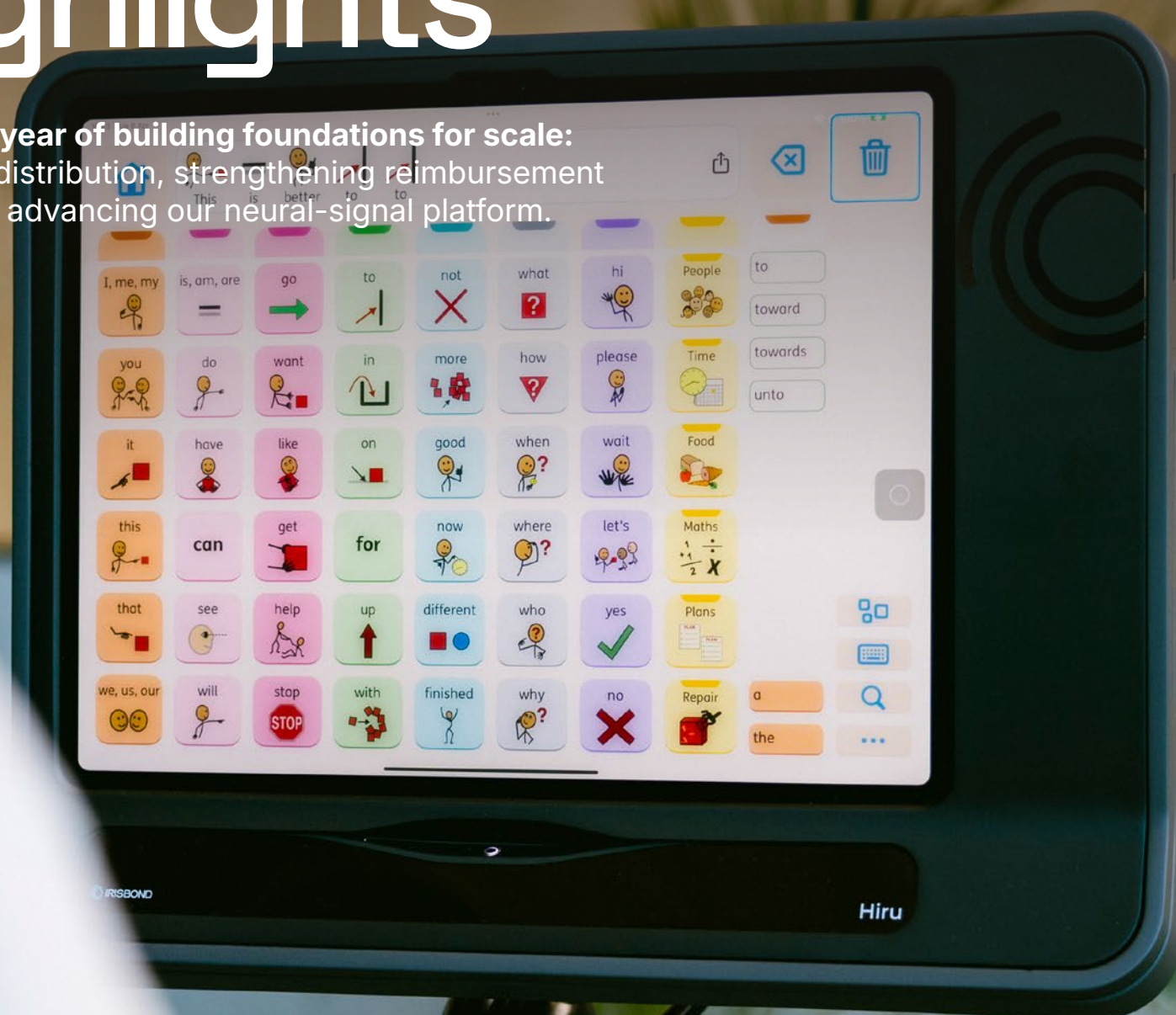
"With NeuroStrip, our newest product, Control Bionics extends its multi-generational history in surface electromyography (sEMG) into applications spanning neuromuscular retraining, assistive technology, sports performance, and pharmacological studies. At 4 grams—lighter than a sheet of paper—NeuroStrip adheres directly to the skin via the NeuroStrip Patch, giving its on-board circuitry access to the cleanest possible signal and a reliable representation of muscle activity. Because all signal conditioning occurs in circuitry directly above the electrode plates, there is no opportunity for the degradation that can occur when the signal must pass through snaps, sockets, or lead wires—limitations common in other sEMG monitoring systems. Moreover, the feather-light weight allows the athlete or patient to forget they are even wearing NeuroStrip. These design advantages position NeuroStrip to displace both legacy and next-generation sEMG systems across all our areas of application."

"NeuroStrip extends its multi-generational history in surface electromyography (sEMG) into applications spanning neuromuscular retraining, assistive technology, sports performance, and pharmacological studies."



FY26 Highlights

This was a year of building foundations for scale: expanding distribution, strengthening reimbursement access and advancing our neural-signal platform.



US Market Expansion

- Major US distribution partnerships were secured with Tobii Dynavox and PRC-Salttillo, significantly expanding market reach across the United States.
- The NextLevel strategic partnership was announced, with the first Letter of Intent secured for the iOS speech-generating device program.

European Market Access

- German HMV reimbursement approval was achieved, opening funded access to the European market.

Commercial and Platform Growth

- Commercial deployment of NeuroStrip expanded across sports performance, rehabilitation and research markets.
- Development of the Company's neurotechnology platform continued, including progress on Apple BCI integration.
- These actions further strengthen the Company's intellectual property portfolio.

Board and Strategic Direction

- Professor Nicholas Opie was appointed Non-Executive Director and Strategic Advisor, strengthening expertise in brain-computer interfaces.
- The Company continued its strategic transition to a three-pillar business focused on Assistive Communication, Neurotechnology Solutions, and Platform and Medical Technology.

Capital and Growth Foundations

- Capital raising successfully completed to accelerate commercial growth and technology development.

Positioned for Growth

Control Bionics enters FY27 from a position of strength, built on six areas of focus.

01.

Diversified Model

Assistive Communication, Neurotechnology Solutions and Platform and Medical Technology.

02.

Proven Technology

More than 25 years of R&D and a growing IP portfolio.

03.

Global Partnerships

Distribution partnerships that significantly expand market reach.

04.

Reimbursement Pathways

Established in key markets, supporting commercial adoption.

05.

Market Opportunity

Growing demand across healthcare, rehabilitation, sports performance and data-driven technologies.

06.

Financial Strength

A strengthened balance sheet to support the next phase of commercialisation.

Expanding Human Potential

From permanent medical conditions to everyday performance and recovery.



Professor Nicholas Opie — Board Director

Prof Opie is globally recognised for his work in brain-computer interface technology and the commercial translation of advanced bionics. He is a co-founder and director of Synchron Inc, the world's leading endovascular brain-computer interface company, Head of the Vascular Bionics Laboratory at the University of Melbourne and a founding director of ultrasonic deep-brain neuromodulation start-up, Ultra Bionics.

"For the last 20 years, I have designed and created implantable medical bionics - including bionic eyes for people with profound vision loss, deep brain stimulation systems for those with neurological and neuropsychiatric conditions, and brain-computer interfaces for people with severe paralysis. While these technologies have the ability to transform a person's quality of life, they are high-risk, long-development time ventures with benefits limited to a relatively small number of individuals (and their families) living with permanently debilitating conditions.

What Control Bionics has realised, is that through the creation of high-quality and scientifically validated devices that are applied without surgical or medical intervention, the potential to help those with different medical needs dramatically broadens. These devices can still be used to help those with permanent medical conditions, however, they can also be used to enhance post-stroke rehabilitation, expedite recovery from sporting injuries and manage other transient neuromuscular issues.

Further, and one thing that I am also excited about, is how this technology can be adopted and utilised by those without medical needs. Athletic enhancement through personalised and insightful data-driven training practices is one area where Control Bionics and the use of their system is showing incredible benefit. Futuristic non-contact control of external devices may be another. If a solid keyboard can be replaced with neuromuscular sensors placed onto the wrist, this will completely change how we can interact with technology, impacting the way we live our lives.

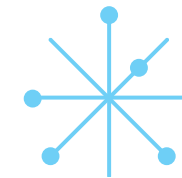
I am lucky to be a part of this incredible team, encouraged by the work that has been done in the past and excited by what is to come."

"What Control Bionics has realised, is that through the creation of high-quality and scientifically validated devices that are applied without surgical or medical intervention, the potential to help those with different medical needs dramatically broadens."



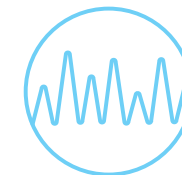
Looking Ahead

Our focus for the year ahead is on scale: deepening distribution, growing recurring revenue and advancing the platform.



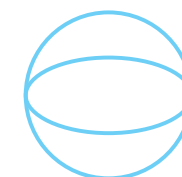
Global Distribution

Expand our global distribution partnerships and accelerate commercial sales across existing and new markets.



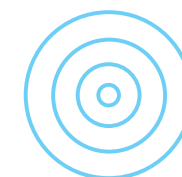
NeuroStrip Adoption

Grow NeuroStrip adoption globally across sports performance, rehabilitation and clinical markets.



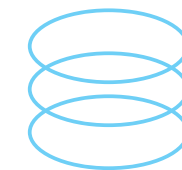
Platform Advancement

Advance Apple BCI integration and continue building out our platform capabilities.



Recurring Revenue

Increase recurring revenue through partnerships, software and subscription-based offerings.



Commercial Execution

Execute our three-pillar growth strategy while progressing towards sustainable profitability.



Control Bionics Limited
Corporate directory
30 June 2026

Directors as at the date of this report	Mr Stephen Rix Mr Damian Lismore Mr Jeremy Steele Prof Robert Heard Prof Nicholas Opie
Company secretary	Mr Brett Crowley
Registered office	Level 4 11-13 Pearson Street Cremorne VIC 3121 Phone: +61 3 9897 3576
Principal place of business	Level 4 11-13 Pearson Street Cremorne VIC 3121 Phone: +61 3 9897 3576
Share registry	Automic Registry Services Level 5 126 Phillip Street Sydney NSW 2000 Phone: +61 2 9698 5414
Auditor	BDO Audit Pty Ltd Collins Place Level 25 35 Collins Street Melbourne VIC 3000
Stock exchange listing	Control Bionics Limited shares are listed on the Australian Securities Exchange (ASX code: CBL).
Website	www.controlbionics.com
Corporate Governance Statement	https://controlbionics.com/wp-content/uploads/2026/08/2026-CBL-Corporate-Governance.pdf

Control Bionics Limited
Directors' report
30 June 2026

The directors present their report, together with the financial statements of the consolidated entity (Group or Control Bionics) consisting of Control Bionics Limited (Company or Parent Entity) and the entities it controlled at the end of, or during, the year ended 30 June 2026.

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

Mr Damian Lismore
Mr Jeremy Steele
Prof Robert Heard

Dr Samuel Straface was a director and Chairman from the beginning of the financial year until his resignation on 19 November 2025.

Mr Damian Lismore was appointed as acting Chairman on 19 November 2025 and acted in this capacity until 1 December 2025.

Mr Stephen Rix was appointed as a director and Chairman on 1 December 2025 and continues in office as at the date of this report.

Dr Stephanie Phillips was a director from the beginning of the financial year until her resignation on 14 May 2026.

Prof Nicholas Opie was appointed as a director on 14 May 2026 and continues in office as at the date of this report.

Principal activities
Control Bionics Limited is a neurotechnology company commercialising objective, non-invasive neural-signal technology proven in clinical environments and built to scale across multiple markets. Its neural-signal platform captures the body's physiological signals, including the electrical activity generated by muscles, with medical-grade precision and converts them into measurable, decision-ready outcomes. A single underlying technology platform serves four applications: Performance, Rehabilitation, Research & Data, and Assistive Communication. The technology has historically been deployed in assistive communication and is now being extended into sports performance, rehabilitation, medical research, platform partnerships and broader human-computer interface applications. Control Bionics' technology does not require surgery or implantation, and holds regulatory clearances in the US, Australia and Europe. The Company is also a registered National Disability Insurance Scheme (NDIS) provider in Australia.
No other significant changes in the nature of these activities occurred during the year.

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

Review of operations
Control Bionics Limited reported revenue of \$4,766,730 for the year ended 30 June 2026 (2025: \$6,144,907), a decrease of 22%. The decline was primarily driven by continued delays in NDIS approvals in Australia, which constrained the conversion of customer orders into recognised revenue, and a slower-than-anticipated transition of the North American business from a direct retail model to a distributor-led wholesale model with key distribution partners.

The Group reported a net loss after tax of \$7,265,603 (2025: \$6,108,667), reflecting the lower revenue base, continued investment in research and development, and costs associated with the acquisition and integration of Neuro Elite Athletics LLC (NeuroBounce), including a \$200,720 loss on remeasurement of the Group's previously held equity interest.

As at 30 June 2026, the Group held net assets of \$6,312,928 (2025: \$5,508,725) and cash and cash equivalents of \$2,076,884 (2025: \$594,733). The improved balance sheet position reflects capital raised during the year, including the first tranche of a \$9.8 million capital raising, which settled on 30 June 2026, with shares issued on 1 July 2026. The second tranche was approved by shareholders at a General Meeting on 6 August 2026, with settlement completed on 11 August 2026 and shares issued on 12 August 2026.

Control Bionics Limited
Directors' report
30 June 2026

Operational Performance

North America (US)

Revenue from the US decreased to \$3,837,276 (2025: \$4,772,989) as the business progressed its planned transition from a direct retail model to a distributor-led AAC model, onboarding key wholesale distribution partners. While this transition weighed on near-term revenue, wholesale volumes built steadily through the year, and for the first time the Group's US wholesale revenue exceeded retail revenue during June 2026. Further expansion with these partners is expected as their respective state-based rollout and product launch plans progress throughout FY27.

The Company also advanced its iOS speech device program in partnership with a specialist assistive technology provider, executing its first Letter of Intent (for 1,000 devices) and receiving an advance payment during the year. The device remains on track to launch in Q1 FY27.

Australia

Revenue from Australia decreased to \$852,980 (2025: \$1,246,733), impacted by ongoing delays in NDIS approvals affecting the broader assistive technology sector. At 30 June 2026, approximately \$1.1 million of customer orders remained with, or awaiting submission to, the NDIS for approval. Underlying demand remained strong, supported by a robust pipeline of funding applications, and the Company continued to engage with industry bodies and stakeholders to advocate for improved NDIS approval timeframes.

Japan and other markets

Revenue from Japan and other markets decreased to \$76,474 (2025: \$125,185), reflecting the timing of customer funding cycles and decision-making processes. The Company progressed NeuroStrip engagement in Japan, including completion of a Japanese-language version of the platform now in use by existing collaborators, and continued discussions with a local health and sports network regarding a potential sales and promotion partnership.

Following the inclusion of NeuroNode in the German Statutory Health Insurance Medical Aids Directory during the year, the Company expects to sign a wholesale distribution agreement in Germany in Q1 FY27, supporting its strategy to expand the NeuroNode distribution model into European markets.

NeuroStrip

NeuroStrip commercial activity expanded significantly during the year. The device was adopted by a growing number of organisations across sports performance, rehabilitation and research settings in the US, Australia, Europe, the UK and Japan. Scale manufacturing of the NeuroStrip device and consumables commenced during the December 2025 quarter to support growing demand, and further customer signings continued through to July 2026, with more than 10 groups now active on the platform in Australia alone.

NeuroBounce (Neuro Elite Athletics)

On 31 December 2025, the Group acquired the remaining 79.29% interest in Neuro Elite Athletics LLC, taking it from an associate to a controlled subsidiary, funded through the issue of Control Bionics shares valued at \$551,377. Neuro Elite Athletics develops and markets the NeuroBounce program, which integrates with the Group's NeuroStrip EMG platform, supporting the Company's strategy to expand into adjacent markets beyond assistive communication and into sports performance and rehabilitation.

Capital raising and Board

During the year, the Group raised approximately \$5.3 million through a rights issue and placement, in addition to completing Tranche 1 of a further \$9.8 million capital raising on 1 July 2026 (approximately 29.6 million shares), with Tranche 2 (approximately 96.7 million shares) approved by shareholders on 6 August 2026. The Company also entered into a \$400,000 loan facility secured against its anticipated FY26 R&D tax incentive refund, and received an FY25 R&D tax incentive rebate of \$478,359 during the year.

In May 2026, the Board was strengthened with the appointment of a new Non-Executive Director with global neurotechnology expertise, including experience co-founding a brain-computer interface company and leading a university-based vascular bionics research laboratory. This appointment strengthens the Company's technical, clinical and commercialisation capability as it broadens its platform into sports performance and rehabilitation.

Control Bionics Limited
Directors' report
30 June 2026

Risk Management

Key Risks

The Company, through its Board and Management, takes a proactive approach to identifying and managing risk. The Board assumes responsibility for identifying risks and ensuring that management develops actions and activities to mitigate, manage and address these risks. Assessment of risk is made alongside consideration of opportunities to ensure a balanced view of business management. The Company has an Audit and Risk Committee (ARC) which is a committee of the Board established in accordance with the Company's constitution. As its role pertains to risk management, the committee is responsible for:

- preparing a risk profile which describes the material risks facing the Company including financial and non-financial matters;
- regularly reviewing and updating the risk profile;
- ensuring that the company has an effective risk management system;
- assessing and ensuring that there are internal controls for determining and managing key risk areas, such as:

- (a) non-compliance with laws, regulations, standards and best practice guidelines including industrial relations, occupational health and safety, environmental and trade practices laws (as relevant to the Company from time to time);
- (b) important judgements and accounting estimates;
- (c) business licence requirements;
- (d) litigation and claims;
- (e) fraud and theft; and
- (f) relevant business risks not dealt with by other Board committees.

- receiving reports concerning material and actual incidents within the risk areas above and ensuring that macro risks are reported to the Board at least annually;
- conducting investigations of breaches or potential breaches of any internal controls, and incidents within the risk areas above, particularly in relation to accounts and financial reporting;
- evaluating the independence of external auditors;
- examining and evaluating the effectiveness of external auditors and making improvements;
- encouraging voluntary reporting by employees to the Committee of breaches of Company policies, and incidents within the risk areas above;
- assessing existing controls that management has in place for unusual transactions or transactions with more than an acceptable level of risk;
- meeting periodically with key management, external auditors, and compliance staff to understand the Company's control environment;
- overseeing the preparation of a summary of the main internal and external risk sources that could adversely affect the Company's prospects for future financial years, for inclusion in the operating and financial review section of the directors' report; and
- ensuring that the Company has appropriate internal audit systems and controls in place.

The ARC meets regularly with management to monitor and manage risk and the material financial, operational and strategic risks being actively managed by the Company are set out below.

Financial Risks

Financing Risks

The business is currently not generating sufficient cash receipts to cover its costs. During the year ended 30 June 2026, the Company completed capital raising activities which generated net proceeds of \$7,336,174. Subsequent to 30 June 2026, the Company received further net proceeds of \$6,913,477 from capital raising activities. Based on current forecasts, the proceeds from these capital raising activities are expected to provide sufficient funding to support the Company's operations through to cash flow break-even.

Fiduciary Risk

The risk of fraud or inappropriate conduct leading to significant loss and/or reputational damage is managed through a variety of means including a delegation matrix, dual sign-off, bank and system access and controls. We engage a third party to manage our cyber risk and we are subject to an external audit of our financial statements on an annual basis.

Control Bionics Limited
Directors' report
30 June 2026

Receivables Risk

Operating in the US health system is complex and comes with inherent risk around collectability of certain receivables. The Company mitigates this through a highly skilled team and close receivables management. Our years of experience and reputation, combined with pre-approvals before shipping ensure this risk is well managed. As the Company transitions its US operations from a retail model to a wholesale distributor arrangement, the associated receivables and collection risk is expected to be further reduced.

Operation and Strategic Risks

Cyber Security Risk

The risk of a serious breach of our systems and customer information is mitigated through both internal and external control measures. These include outsourcing our systems and cyber risk to a specialised third party, internal controls such as dual factor authentication for all bank payments and managing key company intellectual property on highly secure third-party systems. As at the date of this report, there have been no material cyber issues in the company.

Supply Chain Risk

The Company is reliant on third parties to supply us with both completed and partially completed products for sale. We have dedicated resources to manage our suppliers and ensure that we mitigate the risks associated with the reliance on these companies to have the stock when we require it. We continually examine alternate suppliers.

Intellectual Property Risk

The risk of Control Bionics' IP being lost, copied or infringed by a third party is mitigated and managed through a combination of active surveillance, use of legal specialists, secure warehousing of key source code and the ownership of key patents.

Market Risk

Control Bionics currently operates in a niche part of the healthcare market. The business mitigates its reliance on payor mix by ensuring strong relationships with those market participants. The company is actively pursuing opportunities to diversify both its revenue and supply base, including transitioning its US operations towards a wholesale distributor model, to mitigate any potential risks in the future.

Staff Risk

As a small business Control Bionics is reliant on a limited number of people to ensure our successful growth. In addition, we operate in part of the health care industry that supports individuals with complex medical issues that can be confronting at times. To mitigate these risks Control Bionics has an established performance management process and rewards key staff with incentives. We also offer an Employee Assistance Program to provide staff with access to third party assistance and counselling.

Significant changes in the state of affairs

During 2026, the Group commenced a strategic transition from a historically geography-based operating model to a platform-led growth strategy. Historically, the business generated revenue through direct sales activities within its Australian and North American operations, with resources and performance largely managed by geography. During the year, management began repositioning the business around three strategic business pillars:

- Assistive Communication, comprising the Group's core communication technology business. During the year the Group commenced transitioning from a predominantly direct sales model towards a distributor and wholesale-led commercial model;
- Neurotechnology Solutions, focused on neurorehabilitation and sports performance applications leveraging from the Group's neurotechnology capabilities; and
- Platform and Medical Technology, focused on the development and commercialisation of the Group's proprietary physiological sensing technologies, software platforms, connected devices and intellectual property.

A key element of this transition is the Assistive Communication business moving from a primarily direct-sales model in North America towards distributor and wholesale partnerships. This approach is expected to broaden market reach, improve scalability and reduce the cost to serve customers. Management also continued investment in Neurotechnology Solutions and Platform and Medical Technology, which are intended to leverage the Group's proprietary technology across multiple applications and geographies.

While the Group continues to report certain financial information on a geographic basis to maintain consistency with historical reporting and management information presented during 2026, future growth initiatives and capital allocation decisions are increasingly being assessed through these strategic business pillars.

Control Bionics Limited
Directors' report
30 June 2026

Other than developments listed above and reported elsewhere in this report, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Group during the year ended 2026.

Matters subsequent to the end of the financial year

On 1 July 2026, the Company issued 29,600,000 ordinary shares at \$0.075 per share under the first tranche of the placement announced on 25 June 2026 and, on 21 July 2026, issued a further 3,419,993 ordinary shares at \$0.075 per share under the Share Purchase Plan. Following shareholder approval on 6 August 2026, the second tranche of the capital raising settled on 11 August 2026, with 96,700,000 ordinary shares issued on 12 August 2026 at \$0.075 per share. The capital raising activities raised an aggregate \$9.73 million before costs.

On 11 August 2026, the Company repaid the \$400,000 loan facility with Phoenix Development Fund Limited, together with interest of \$14,120.

On 12 August 2026, the Company issued 2,333,331 unquoted options under the Company's employee share option plan, with an exercise price of \$0.075 per option and an expiry date of 28 July 2031.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Control Bionics will continue to introduce new commercial models to grow organically and commercialise new technologies that are consistent with the company's vision.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors as of the date of this report

Mr Stephen Rix BEc

Experience and expertise:

Non-Executive Director and Chairman (from 1 December 2025)

Stephen is an experienced chairman, director and chief executive with a 40-year career growing and guiding companies across financial services, private equity, funds management and high-growth technology. His background includes Chair roles at Traveler Asia Pacific, Bennelong Funds Management Group, and Avenue Bank. and has previously served on the boards of two ASX listed companies including Colonial First State Private Capital Ltd. Stephen is currently a non-executive Director of Allen & Unwin Pty Ltd. He also dedicated 20 years as a trustee of the Australian Cancer Research Foundation, supporting more than \$200 million in world-leading cancer research innovation.

Other current directorships:

Not applicable

Former directorships in last three years:

Not applicable

Special responsibilities:

Chairman of the Nomination and Remuneration Committee
Member of the Audit & Risk Committee

Interests in shares and options:

8,790,703 ordinary shares; 300,001 options

Dr Samuel Straface Ph.D.

Experience and expertise:

Non-Executive Chairman (until 19 November 2025)

Dr Straface is a seasoned executive with extensive leadership experience in both multinational and emerging Medtech companies. His career includes senior roles at Johnson & Johnson and Boston Scientific Corporation, as well as CEO positions in several U.S.-based startups, most notably as former President and CEO of Medrobotics Corporation in Massachusetts. He has served on the boards of multiple U.S. medical technology firms, bringing deep expertise in clinical innovation and commercialisation. Although based in the United States for much of his professional life, Dr. Straface earned his doctorate in neurophysiology from The University of Western Australia.

Other current directorships:

None

Former directorships in last 3 years:

None

Special responsibilities:

Member of the Audit & Risk Committee
Chairman of the Nomination & Remuneration Committee

Interests in shares and options:

N/A

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Mr Damian Lismore BA (Hons), GAICD, CA ANZ, FCA (Ireland) Experience and expertise:	<i>Non-Executive Director</i> <i>Acting Chairman from 19 November 2025 to 1 December 2025</i> Damian brings extensive commercial, international, and listed company expertise to the Board, with a proven track record across the ASX and NASDAQ. His diverse industry background spans key growth sectors, including healthcare, technology, biotechnology, and medical devices. Throughout his executive career, Damian held senior leadership roles within innovation-driven organisations, successfully guiding capital-raising initiatives, corporate transactions, and technology commercialisation. A Chartered Accountant by profession, he continues to provide strategic counsel to CEOs, corporate boards, and business owners.
Other current directorships:	None
Former directorships (last 3 years):	Non-Executive Director of LBT Innovations Limited (ASX: LBT).
Special responsibilities:	Chairman of the Audit & Risk Committee Member of the Nomination & Remuneration Committee
Interests in shares and options	1,291,905 ordinary shares; 79,286 options
Mr Jeremy Steele BCom, ASIA, AICD, FGLF Experience and expertise:	<i>Executive Director and Chief Executive Officer</i> Jeremy has more than 30 years of global corporate experience. His experience crosses many industries relevant to his role at Control Bionics, including 15 years in the healthcare industry. Jeremy has held a wide range of senior positions and prior to joining Control Bionics he was Chief Executive Officer of CardioScan, a leading global provider of Cardiac Diagnostics. Jeremy has invested in and worked with many businesses across his career including Aesop and FastTrack - both internationally successful. Jeremy has significant experience across the business spectrum including digital transformation, building high growth businesses, financial management, analysis and reporting.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares and options:	4,612,886 ordinary shares; 12,320,807 options
Prof Robert Heard BSc (Hons), MD, FRCP, FRACP Experience and expertise:	<i>Non-Executive Director</i> Robert is a clinical and academic neurologist. He is currently Conjoint Professor of Neurology at Newcastle University. He has had a long research career and has made major contributions in the field of multiple sclerosis. He is an active investor in biotechnology and pharmaceutical sectors. Robert has been a key contributor to our efforts to deliver new products for the med-tech sector. This is his first directorship.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee Member of the Nomination & Remuneration Committee
Interests in shares and options:	1,349,736 ordinary shares; 82,067 options

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Prof Nicholas Opie BE (Hons) BSc PhD MBA Experience and expertise:	<i>Non-Executive Director (from 14 May 2026)</i> Nicholas is a world-leading neural engineer that has over 20 years' experience creating and translating medical bionics from concept to clinic. This has included clinical development of a bionic eye designed to restore rudimentary vision in the profoundly blind, the creation and implementation of brain-computer interfaces to treat severe paralysis as founder and ex-CTO and Director of Synchron Inc. and the development of implantable ultrasound technologies aimed to aid those with neurological and neuropsychiatric conditions as founding CEO and Director of Ultra Bionics. He has extensive experience in technological design and implementation, clinical trials and medical bionics. Nicholas joined the Control Bionics board in May 2026.
Other current directorships:	None
Former directorships in last 3 years:	None
Special responsibilities:	Member of the Nomination & Remuneration Committee
Interests in shares and options:	400,000 shares, 1,250,000 options
Dr Stephanie Phillips BMed, FRCA, FANZCA, GAICD Experience and expertise:	<i>Non-Executive Director (until 14 May 2026)</i> Dr Phillips is a Consultant Anaesthetist and Clinical Associate Professor at the Australian National University. She has formerly held senior leadership positions at the University of Sydney including Deputy Head of School, and Academic Lead for Education at the Sydney Adventist Hospital Clinical School and was a member of the Academic Boards of both the University and Faculty of Medicine. She has been Managing Director of Northern Specialist Anaesthetics Pty Ltd. She was also the Chair of the Australian Society of Anaesthetists, Science, Prizes, Awards and Research Committee. Her international training and experience span paediatric, cardiothoracic and neurosurgical anaesthesia. Her research interest is intraoperative monitoring of neuromuscular blockade.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee Member of the Nomination & Remuneration Committee
Interest in shares and options:	N/A
Company secretary The company secretary is Mr Brett Crowley. He has held the role since September 2020. Brett is a practicing solicitor and former partner of Ernst & Young Hong Kong and Australia, and of KPMG Hong Kong. He is a former Senior Legal Member of the NSW Guardianship Tribunal and the NSW Civil and Administrative Tribunal. Brett has extensive ASX-listed company experience. He is currently a director or company secretary of five ASX-listed companies.	

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and the number of meetings attended by each director were:

Directors	Full Board		Audit and Risk Committee		Nomination and Remuneration Committee	
	Attended	Held ¹	Attended	Held ¹	Attended	Held ¹
Mr Stephen Rix	7	7	3	3	-	-
Dr Samuel Straface	8	8	1	1	1	1
Mr Damian Lismore	14	15	4	4	1	1
Mr Jeremy Steele ²	15	15	4	4	1	1
Prof Robert Heard	15	15	4	4	1	1
Prof Nicholas Opie	2	2	-	-	-	-
Dr Stephanie Phillips	12	13	4	4	1	1

¹Held: represents the number of meetings held during the time the director held office.
²Mr Steele is not a committee member and attends meetings by invitation.

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Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

- The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration;
 - Details of remuneration;
 - Service agreements;
 - Share-based compensation;
 - Additional information; and
 - Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Executive rewards are competitive in the markets in which Control Bionics operates;
- Executive remuneration has an appropriate balance of fixed and at-risk reward;
- Remuneration is linked to Control Bionics' performance and the creation of shareholder value;
- Executive remuneration is fair and appropriate, having regard to the performance of the Group and the relevant executive; and
- Remuneration outcomes comply with relevant legal requirements.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

- The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having sustainable revenue growth as a core component of plan design;
 - focusing on sustained growth in the business in both existing new and existing markets likely to create increased shareholder wealth, as well as focusing the executive on key non-financial drivers of value; and
 - attracting and retaining high calibre executives.

- Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
 - reflecting competitive reward for contribution to growth in shareholder wealth; and
 - providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As disclosed in the Corporate Governance Statement, initially, and until a different amount is determined, the Board has determined that the maximum annual aggregate non-executive directors' remuneration is \$400,000.

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Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

- The executive remuneration and reward framework has four components:
- base pay, consulting fees and non-monetary benefits;
 - short-term performance incentives;
 - share-based payments; and
 - other remuneration such as superannuation and long service leave and medical insurance in some markets.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align executive remuneration with the Company's financial, operational and strategic objectives. STI awards are determined annually based on achievement against a combination of financial, operational and individual performance measures. The specific measures and weightings vary between executives to reflect their respective roles and responsibilities.

Key performance measures considered in determining STI outcomes include revenue, EBITDA, profit contribution, cash management, business and market performance, strategic and product development objectives, leadership and people objectives and other role-specific operational measures.

For the year ended 30 June 2026, the performance measures applicable to executives included financial measures such as revenue, EBITDA, net profit or loss after income tax and cash balances and management, together with non-financial measures relating to market development, strategic and product development initiatives, capital raising, commercialisation and workforce and leadership objectives.

Performance against the applicable measures was assessed at the end of the financial year and each eligible executive was assigned an overall achievement percentage based on the level of achievement against their applicable performance measures. The achievement percentage was applied to the executive's maximum STI opportunity to determine the STI awarded. No executive achieved 100% of their applicable performance measures for the year ended 30 June 2026.

The performance assessments and resulting STI awards were reviewed by the Nomination and Remuneration Committee and approved by the Board. STI amounts were accrued at 30 June 2026 based on the assessed level of achievement and were paid subsequent to year end. The proportion of the maximum STI opportunity awarded and forfeited for each executive is disclosed below.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of the Company:

- Mr Stephen Rix - Chairman (Appointed 1 December 2025)
- Dr Samuel Straface - Non-Executive Director (Appointed 22 October 2024, Resigned 19 November 2025); Chairman (Appointed 17 December 2024, Resigned 19 November 2025)
- Mr Damian Lismore - Non-Executive Director (and Chairman from 19 November 2025 to 1 December 2025)
- Prof Robert Heard - Non-Executive Director
- Prof Nicholas Opie - Non-Executive Director and Strategic Advisor (Appointed 14 May 2026)
- Mr Jeremy Steele - Executive Director, Chief Executive Officer
- Mr Peter Shann Ford - Executive Director (Resigned 26 March 2025)
- Mr Roger David Hawke - Non-Executive Director (Resigned 17 December 2024)
- Dr Stephanie Phillips - Non-Executive Director (Appointed 26 March 2025, Resigned 14 May 2026)

And the following persons:

- Mr Todd Tyler - President North America
- Ms Shannon Boothroyd - Chief Financial Officer

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	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Super-annuation	Long service leave	Equity-settled	
2026	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Mr Stephen Rix ¹	42,969	-	5,156	-	-	48,125
Dr Samuel Straface ²	33,632	-	4,036	-	-	37,668
Mr Damian Lismore	61,700	-	-	-	-	61,700
Prof Robert Heard	46,264	-	5,552	-	-	51,816
Prof Nicholas Opie ³	6,062	-	727	-	-	6,789
Dr Stephanie Phillips ⁴	40,480	-	4,858	-	-	45,338
<i>Executive Directors:</i>						
Mr Jeremy Steele	388,836	97,500	46,660	-	171,478	704,474
<i>Other Key Management Personnel:</i>						
Mr Todd Tyler	289,263	32,424	14,463	-	15,776	351,926
Ms Shannon Boothroyd	241,438	29,452	28,973	-	8,378	308,241
	1,150,644	159,376	110,425	-	195,632	1,616,077

The above remuneration for Mr Rix is payable by the issue of shares in the Company in lieu of cash, in accordance with the terms of his appointment letter dated 1 December 2025. No cash payment is made in respect of this remuneration. The number of shares to be issued will be determined using the 20-day volume weighted average price (VWAP) up to 31 August 2026, with shares to be issued within 7 days of shareholder approval at the Company's Annual General Meeting (or, if shareholder approval is not obtained, the cash equivalent will be paid within 7 days).

As at 30 June 2026, the amount above had been accrued as a liability in the financial statements, but no shares had been issued in respect of this remuneration. Accordingly, the remuneration disclosed above has not been reflected in Mr Rix's equity holdings as disclosed in Section 3 of this report.

¹ Represents remuneration from 1 December 2025
² Represents remuneration from 1 July 2025 to 19 November 2025
³ Represents remuneration from 14 May 2026
⁴ Represents remuneration from 1 July 2025 to 14 May 2026

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	Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Super-annuation	Long service leave	Equity-settled	
2025	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Dr Samuel Straface ¹	50,920	-	5,856	-	-	56,776
Mr Damian Lismore	60,475	-	-	-	-	60,475
Prof Robert Heard	46,048	-	5,296	-	-	51,344
Dr Stephanie Phillips ²	12,558	-	1,444	-	-	14,002
Mr Roger David Hawke ³	34,045	-	3,915	-	-	37,960
Mr Peter Shann Ford ⁴	34,456	-	3,963	-	-	38,419
<i>Executive Directors:</i>						
Mr Jeremy Steele	311,723	-	19,469	-	73,641	404,833
<i>Other Key Management Personnel:</i>						
Mr Todd Tyler	308,952	-	15,448	-	19,917	344,317
Ms Shannon Boothroyd	217,461	-	25,008	-	7,802	250,271
	1,076,638	-	80,399	-	101,360	1,258,397

¹ Represents remuneration from 22 October 2024
² Represents remuneration from 26 March 2025 to 30 June 2025
³ Represents remuneration from 1 July 2024 to 17 December 2024
⁴ Represents remuneration from 1 July 2024 to 26 March 2025

There were no benefits or remuneration paid during the financial year or the comparative financial year for:

- Non-monetary short-term benefits;
- Equity-settled shares as share-based payments; and
- Equity-settled options as share-based payments.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2026	2025	2026	2025	2026	2025
<i>Non-Executive Directors:</i>						
Mr Stephen Rix	-	-	-	-	-	-
Dr Samuel Straface	100%	100%	-	-	-	-
Mr Damian Lismore	100%	100%	-	-	-	-
Prof Robert Heard	100%	100%	-	-	-	-
Prof Nicholas Opie	100%	-	-	-	-	-
Dr Stephanie Phillips	100%	100%	-	-	-	-
Mr Peter Shann Ford	-	100%	-	-	-	-
Mr Roger David Hawke	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Mr Jeremy Steele	62%	82%	14%	-	24%	18%
<i>Other Key Management Personnel:</i>						
Mr Todd Tyler	86%	94%	9%	-	5%	6%
Ms Shannon Boothroyd	88%	97%	9%	-	3%	3%

Cash bonuses are dependent on meeting defined performance measures.

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The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Group performance and link to remuneration'.

The maximum bonus values are established at the start of each financial year and amounts payable are determined at the end of the financial year by the Nomination and Remuneration Committee.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2026	2025	2026	2025
<i>Executive Directors:</i>				
Mr Jeremy Steele	50.0%	-	50.0%	100.0%
<i>Other Key Management Personnel:</i>				
Mr Todd Tyler	37.5%	-	62.5%	100.0%
Ms Shannon Boothroyd	50.0%	-	50.0%	100.0%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Mr Jeremy Steele
Title: Chief Executive Officer
Agreement commenced: 19 January 2023
Term of agreement: Ongoing
Details: Total Fixed Remuneration for the year ended 30 June 2026 of \$390,000 exclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. A cash bonus of up to 50% of Fixed Remuneration as per Nomination and Remuneration Committee approval and KPI achievement. There is an ability to participate in employee share options as set out in Note 22 of this report. There is a 6-month termination notice by either party and standard, non-solicitation and non-compete clauses.

Name: Mr Todd Tyler
Title: President North America
Agreement commenced: 8 September 2021
Term of agreement: Ongoing
Details: Total Fixed Remuneration comprising base salary of US\$197,679 for the year ended 30 June 2026 plus matching 401(k) contributions of up to 3% of base salary, to be reviewed annually by the Nomination and Remuneration Committee. A cash bonus of up to 30% as per Nomination and Remuneration Committee approval and KPI achievement and a sign on LTI award of up to 30% of base salary. There is an ability to participate in employee share options as set out in Note 22 of this report. There is a 15-day termination notice by the employee or immediate termination right by the company, and standard non-solicitation and non-compete clauses.

Name: Ms Shannon Boothroyd
Title: Chief Financial Officer
Agreement commenced: 13 May 2024
Term of agreement: Ongoing
Details: Total Fixed Remuneration for the year ended 30 June 2026 of \$235,620 exclusive of superannuation, to be reviewed annually by the Nomination and Remuneration Committee. A cash bonus of up to 25% of Fixed Remuneration as per Nomination and Remuneration Committee approval and KPI achievement. There is an ability to participate in employee share options as set out in Note 22 of this report. There is a 6-month termination notice by either party and standard, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

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Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026.

Options

Mr Jeremy Steele was granted 8,000,000 options, to expire on 26 November 2030 and with an exercise price of \$0.045.

Mr Todd Tyler and Ms Shannon Boothroyd were each granted 444,444 options, to expire on 25 August 2030 with an exercise price of \$0.045.

Terms and conditions of the above options are explained in Note 22 to this report.

No other options were granted, exercised, or lapsed for directors and other key management personnel during the year ended 30 June 2026.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2026 are summarised below:

	2026	2025	2024	2023	2022
	\$	\$	\$	\$	\$
Sales revenue (including rental and trials)	4,766,730	6,144,907	5,350,774	5,642,386	4,501,890
EBITDA	(6,388,120)	(5,013,236)	(4,920,499)	(4,737,231)	(5,577,450)
Loss after income tax	(7,265,603)	(6,108,667)	(5,913,779)	(5,631,141)	(6,101,224)
Available cash	2,076,884	594,733	980,760	935,503	5,214,003
Share price at financial year end (\$)	\$0.074	\$0.030	\$0.052	\$0.087	\$0.225

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr Stephen Rix	-	-	587,632	5,763,071	6,350,703
Mr Damian Lismore	971,905	-	-	-	971,905
Prof Robert Heard	1,016,403	-	-	-	1,016,403
Dr Stephanie Phillips	3,849,998	-	30,000	(3,879,998)	-
Mr Jeremy Steele	2,469,869	-	1,142,857	-	3,612,726
	8,308,175	-	1,760,489	1,883,073	11,951,737

Mr Rix held 5,763,071 ordinary shares in the Company at the time of his appointment on 1 December 2025. These shares were acquired prior to his appointment and do not form part of his remuneration for the current financial year.

Dr Phillips held 3,879,998 ordinary shares in the Company at the time of her resignation on 14 May 2026.

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Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr Stephen Rix	-	-	-	300,001	300,001
Mr Jeremy Steele	4,320,807	8,000,000	-	-	12,320,807
Mr Todd Tyler	1,052,592	444,444	-	-	1,497,036
Ms Shannon Boothroyd	500,000	444,444	-	-	944,444
Mr Damian Lismore	79,286	-	-	-	79,286
Prof Robert Heard	82,067	-	-	-	82,067
Dr Stephanie Phillips	215,994	-	-	(215,994)	-
	6,250,746	8,888,888	-	84,007	15,223,641

Mr Rix held 300,001 options in the Company at the time of his appointment on 1 December 2025. These options were acquired prior to his appointment and do not form part of his remuneration for the current financial year.

Dr Phillips held 215,994 options in the Company at the time of her resignation on 14 May 2026.

Other transactions with key management personnel and their related parties

During the year, while Dr Stephanie Phillips was a non-executive director of the Company, the Company entered into a \$400,000 loan facility with Phoenix Development Fund Limited to provide an advance against the Company's anticipated R&D tax incentive refund. Dr Phillips' spouse is a director of Phoenix Development Fund Limited. The facility was fully drawn as at 30 June 2026 and was repaid in full on 11 August 2026, together with interest of \$14,120.

During the year, Prof. Nicholas Opie was engaged as an independent strategic advisor to provide strategic advisory and consulting services to the Company, drawing on his scientific and technical knowledge and expertise relevant to the Company's business and technology. Consulting fees of \$12,833 were incurred during the year in relation to these services and paid subsequent to year end. The consulting arrangement is separate from Prof. Opie's remuneration as a non-executive director.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares

Unissued ordinary shares of Control Bionics Limited under option as the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
08/09/2022	365,636	\$0.220	08/09/2027
19/01/2023	2,000,000	\$0.164	19/01/2028
10/08/2023	724,459	\$0.095	10/08/2028
11/10/2023	315,789	\$0.095	11/10/2028
13/05/2024	500,000	\$0.045	13/05/2029
20/05/2024	500,000	\$0.100	20/05/2027
14/08/2024	1,037,735	\$0.053	14/08/2029
10/10/2024	1,698,113	\$0.053	10/10/2029
10/10/2024	21,350,125	\$0.010	10/10/2026
20/12/2024	650,000	\$0.100	20/12/2027
25/08/2025	1,999,998	\$0.045	25/08/2030
26/11/2025	8,000,000	\$0.045	26/11/2030
30/06/2026	250,000	\$0.060	01/06/2031
	39,391,855		

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Shares issued on exercise of options

There were no ordinary shares of Control Bionics Limited issued during or since the end of the financial year as a result of the exercise of options.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Audit and non-audit services

Details of the amounts paid or payable to the auditor for audit and non-audit services during the year are disclosed in Note 33 'Remuneration of auditors'.

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the Group are important.

The board of directors, in accordance with advice provided by the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including independence standards).

Auditors Independence Declaration

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

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

On behalf of the directors



Stephen Rix
Chairman

28 August 2026



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Australia

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

As lead auditor of Control Bionics Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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

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



Katherine Robertson
Director

BDO Audit Pty Ltd
Melbourne, 28 August 2026

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Control Bionics Limited
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Control Bionics Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Revenue	4	4,766,730	6,144,907
Other income	5	634,213	895,295
Expenses			
Raw materials and consumables used		(2,411,393)	(2,516,528)
Depreciation and amortisation expense	6	(792,487)	(986,458)
Employee benefits expense		(5,481,314)	(5,937,541)
Share-based payments expense		(220,681)	(123,872)
Insurance recovery shortfall		(278,843)	(232,886)
Marketing and promotion		(388,159)	(413,797)
Research & development costs (non-staff)		(1,239,309)	(1,067,359)
Legal fees, patents and insurance		(278,187)	(288,114)
Corporate travel		(475,575)	(629,065)
Professional fees		(418,779)	(413,560)
General and administrative expense		(352,100)	(351,794)
Foreign exchange gain/(loss)		3,804	(10,769)
Impairment loss arising from other assets		-	(10,077)
Finance costs	6	(84,996)	(108,973)
Share of loss from associate	11	(47,807)	(58,076)
Loss on remeasurement of previously held interest in associate	11	(200,720)	-
Loss before income tax expense		(7,265,603)	(6,108,667)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Control Bionics Limited		(7,265,603)	(6,108,667)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(38,426)	3,459
Other comprehensive (loss)/income for the year, net of tax		(38,426)	3,459
Total comprehensive loss for the year attributable to the owners of Control Bionics Limited		<u>(7,304,029)</u>	<u>(6,105,208)</u>
		Cents	Cents
Basic loss per share	21	(1.96)	(2.31)
Diluted loss per share	21	(1.96)	(2.31)

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

Control Bionics Limited
Consolidated statement of financial position
As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,076,884	594,733
Trade and other receivables	9	1,351,430	1,968,397
Inventories	10	451,604	409,644
Other assets		304,613	200,009
Total current assets		4,184,531	3,172,783
Non-current assets			
Investments accounted for using the equity method	11	-	341,000
Property, plant and equipment	12	284,753	644,531
Intangibles	13	4,507,709	3,875,219
Right-of-use assets	14	70,584	199,423
Total non-current assets		4,863,046	5,060,173
Total assets		9,047,577	8,232,956
Liabilities			
Current liabilities			
Trade and other payables	15	1,826,156	2,013,718
Borrowings	16	485,323	94,941
Lease liabilities	14	133,602	206,857
Employee benefits	17	269,979	237,886
Total current liabilities		2,715,060	2,553,402
Non-current liabilities			
Lease liabilities	14	-	133,600
Employee benefits	17	19,589	37,229
Total non-current liabilities		19,589	170,829
Total liabilities		2,734,649	2,724,231
Net assets		6,312,928	5,508,725
Equity			
Issued capital	18	46,142,844	40,365,766
Reserves	19	2,823,510	530,782
Accumulated losses	20	(42,653,426)	(35,387,823)
Total equity		6,312,928	5,508,725

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

Control Bionics Limited
Consolidated statement of changes in equity
For the year ended 30 June 2026

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024	35,152,513	394,351	(29,279,156)	6,267,708
Loss after income tax expense for the year	-	-	(6,108,667)	(6,108,667)
Other comprehensive income for the year, net of tax	-	3,459	-	3,459
Total comprehensive income/(loss) for the year	-	3,459	(6,108,667)	(6,105,208)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	5,213,253	-	-	5,213,253
Share-based payments	-	123,872	-	123,872
Options issued in lieu of payment	-	9,100	-	9,100
Balance at 30 June 2025	40,365,766	530,782	(35,387,823)	5,508,725
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2025	40,365,766	530,782	(35,387,823)	5,508,725
Loss after income tax expense for the year	-	-	(7,265,603)	(7,265,603)
Other comprehensive loss for the year, net of tax	-	(38,426)	-	(38,426)
Total comprehensive loss for the year	-	(38,426)	(7,265,603)	(7,304,029)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (Note 18)	5,225,701	-	-	5,225,701
Share-based payments (Note 22)	-	220,681	-	220,681
Issues of ordinary shares as consideration for a business combination (Note 32)	551,377	-	-	551,377
Share application monies awaiting allotment	-	2,245,184	-	2,245,184
Deferred equity raising costs	-	(134,711)	-	(134,711)
Balance at 30 June 2026	46,142,844	2,823,510	(42,653,426)	6,312,928

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

Control Bionics Limited
Consolidated statement of cash flows
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,073,209	5,938,272
Payments to suppliers and employees (inclusive of GST)		(11,256,590)	(11,048,215)
Receipts from government grants		478,359	852,106
Interest received		6,312	36,672
Interest and other finance costs paid		(50,057)	(48,155)
Net cash used in operating activities	24	(5,748,767)	(4,269,320)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(10,037)	(302,327)
Payments for intangible assets	13	(204,815)	(139,660)
Payments for investments accounted for using the equity method		(60,668)	(338,132)
Proceeds from sale of shares		-	35,337
Cash acquired on purchase of subsidiary		5,719	-
Net cash used in investing activities		(269,801)	(744,782)
Cash flows from financing activities			
Proceeds from issue of shares		5,311,746	5,406,223
Proceeds from share application monies		2,245,184	-
Proceeds from borrowings		1,063,300	232,737
Share issue transaction costs		(220,756)	(192,970)
Repayment of borrowings		(672,918)	(654,932)
Repayment of lease liabilities		(241,501)	(164,963)
Net cash from financing activities		7,485,055	4,626,095
Net increase/(decrease) in cash and cash equivalents		1,466,487	(388,007)
Cash and cash equivalents at the beginning of the financial year		594,733	980,760
Effects of exchange rate changes on cash and cash equivalents		15,664	1,980
Cash and cash equivalents at the end of the financial year	8	<u>2,076,884</u>	<u>594,733</u>

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

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 1. Statement of material accounting policies

Basis of preparation of the financial report

This financial report is a general-purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Control Bionics Limited and its controlled entities. Control Bionics Limited is a company limited by shares, incorporated and domiciled in Australia. Control Bionics Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS Accounting Standards

The consolidated financial statements of Control Bionics Limited also comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies below.

Functional currency and presentation currency

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

New or amended Accounting Standards and Interpretations adopted

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

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

Going Concern

The Group has incurred a net loss after taxes of \$7,265,603 (2025: \$6,108,667) and had net cash outflows from operating activities of \$5,748,767 for the year ended 30 June 2026 (2025: \$4,269,320). At 30 June 2026, the Group held cash and cash equivalents of \$2,076,884. These matters were considered by the Directors in assessing the Group's ability to continue as a going concern.

In making this assessment, the Directors considered the following matters:

- capital raising proceeds of \$2,245,184 received on 30 June 2026 and included in cash and cash equivalents at year end;
- capital raising proceeds of \$256,499 received on 21 July 2026; and
- additional capital raising proceeds of \$7,252,500 received in August 2026 following shareholder approval obtained on 6 August 2026.

The Directors have assessed the Group's ability to continue as a going concern, including consideration of the Group's cash. The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of this report. Based on these forecasts, together with the completed funding initiatives referred to above, the Directors have concluded that the Group has sufficient resources to meet its obligations as and when they fall due and that it is therefore appropriate to prepare the financial statements on a going concern basis.

Note 1. Statement of material accounting policies (continued)

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration reflects concessions provided to the customer such as discounts, rebates and any other contingent events. Such estimates are determined using the 'expected value' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

The primary performance obligation identified by the Group is the provision of goods.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods. For most contracts, the Group has determined that control transfers upon shipment of the goods, which is the point at which the Group has satisfied its primary performance obligation. This reflects the terms under which the customer assumes ownership and risk upon dispatch, and the Group retains no further performance obligations post-shipment. The Group considers indicators such as transfer of legal title, risk of loss, and the customer's ability to direct the use of the goods to determine the point of control transfer.

Rental

Revenue from rental of goods is recognised over the period of the rental arrangement.

Technical support and product trials

Revenue from technical support and product trials is recognised over the period of the trial or support arrangement. Technical support is provided for 12 months from purchase and recognition of revenue is weighted toward the earlier months in line with when support services are utilised. Product trials vary in length dependent on the needs of the customer and the requirements of the jurisdiction in which the customer resides.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Research and Development tax offset

The refundable component of the research and development tax offset is recognised as other income in the same year in which the associated expenses have been incurred. The receipt of the research and development tax offset is dependent on the submission and acceptance by the Australian Taxation Office of a research and development project description, and the Group fulfilling its requirements to lodge a company tax return for the relevant year.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Grants relating to costs are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate. Government grants have been presented on a gross basis in the consolidated statement of profit or loss and other comprehensive income.

Note 1. Statement of material accounting policies (continued)

Income tax

Control Bionics Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 December 2005. Control Bionics Limited is the head entity of the tax consolidated group. All tax liabilities will be recognised by the head entity in the absence of any tax sharing agreement.

No amounts have been recognised in the financial statements as no tax is payable.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Terms for trade receivables in the ordinary course of business require settlement with 30-90 days, however, terms for specialised "insurance" sales in the United States may require extensions of up to 180 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Class of asset	Estimate useful lives
Plant and equipment	2-7 years
Trial and demonstration equipment	3 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Intangible assets

Amortisation is calculated on a straight-line basis to write off the net cost of intangible assets over their expected useful lives as follows:

Class of intangible asset	Estimated useful lives
Patents and trademarks	1-8 years
Intellectual property	15.5 years

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 1. Statement of material accounting policies (continued)

Patents and trademarks

Patents and trademarks are capitalised at their purchase or registration cost and the resulting asset amortised over their effective lives.

Intellectual property

Expenditure during the research phase of a project is recognised as an expense when incurred. Expenditure on intellectual property acquired from third parties is carried at cost less accumulated amortisation.

Impairment

Impairment testing is performed when indicators of impairment are identified.

All intellectual property held as a non-current asset was acquired from third parties; no intellectual property was internally generated. The intellectual property held as a non-current asset at year end comprises proprietary plans, specifications, modelling, knowledge, techniques, software and machine code that enable the Group to develop the proprietary assistive technology used in its business.

The majority of the intellectual property owned by the Group is represented by technical know-how which is an integral part of the product produced. Without this technical know-how, the Group would be unable to produce and market its product. For as long as the Group continues its current operations, that technical know-how will continue to be applied.

Employee benefits

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 1. Statement of material accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- the fair value of the assets transferred;
- the liabilities incurred to the former owners of the acquired business;
- the equity interests issued by the group;
- the fair value of any asset or liability resulting from a contingent consideration arrangement; and
- the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2026/183, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards or Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements but the standard will affect the presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements, for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. 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 (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The 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 the 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.

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Determination of variable consideration for revenue recognition

Judgement is exercised in estimating variable consideration which is determined using the expected value method, accounting for the amount that the Group expects to be entitled to under contract. The variable consideration is estimated by management with regard to past experience and historical trends in relation to receipts from insurance customers in North America. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows, the details of which are provided in Note 13.

Research and development tax offset

An estimate has been made of the refundable research and development tax offset due to the 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. Should this estimate be incorrect an adjustment is made to the following accounting period in respect of other income.

Note 3. Operating Segments

Identification of reportable operating segments

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

The Group develops and commercialises technology solutions across three strategic pillars: Assistive Communication, Neurotechnology Solutions and Platform and Medical Technology. These activities leverage the Group's proprietary neurotechnology, software and intellectual property across communication, rehabilitation, sports performance and broader technology applications. The reported loss for the combined segments before income tax is \$7,265,603 for the year (2025 loss: \$6,108,667).

During 2026, management refined the Group's strategic direction around three commercial pillars comprising Assistive Communication, Neurotechnology Solutions and Platform and Medical Technology. These pillars are increasingly used by management when evaluating growth opportunities and allocating resources. Notwithstanding this strategic evolution, the information provided to the chief operating decision maker during 2026 continued to be reported primarily by geography together with Research & Development and Corporate functions. Accordingly, the Group's reportable operating segments remain unchanged for the current reporting period.

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

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

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 3. Operating Segments (continued)

Types of products and services

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

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

	Aust \$	US \$	Japan and other markets \$	R&D \$	Corporate \$	Elim \$	Total \$
2026							
Revenue and income	854,682	4,367,115	76,474	630,560	548,445	(1,076,333)	5,400,943
Expenses*	(1,488,960)	(6,741,511)	(186,867)	(2,143,737)	(2,055,794)	1,076,333	(11,540,536)
Segment EBITDA	<u>(634,278)</u>	<u>(2,374,396)</u>	<u>(110,393)</u>	<u>(1,513,177)</u>	<u>(1,507,349)</u>	<u>-</u>	<u>(6,139,593)</u>
Interest							(84,996)
Depreciation and amortisation							(792,487)
Share of associates losses							(47,807)
Remeasurement loss							<u>(200,720)</u>
Loss before income tax for the period							<u>(7,265,603)</u>
Income tax expense							-
Loss after income tax expense for the period							<u><u>(7,265,603)</u></u>

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 3. Operating Segments (continued)

	Aust \$	US \$	Japan and other markets \$	R&D \$	Corporate \$	Elim \$	Total \$
2025							
Revenue and income	1,256,330	5,684,686	125,185	724,633	563,378	(1,314,010)	7,040,202
Expenses*	(1,845,484)	(7,523,479)	(262,110)	(2,026,943)	(1,641,279)	1,314,010	(11,985,285)
Segment EBITDA	<u>(589,154)</u>	<u>(1,838,793)</u>	<u>(136,925)</u>	<u>(1,302,310)</u>	<u>(1,077,901)</u>	<u>-</u>	<u>(4,945,083)</u>
Interest							(108,973)
Depreciation and amortisation							(986,458)
Impairment of assets							(10,077)
Share of associates losses							(58,076)
Loss before income tax for the period							<u>(6,108,667)</u>
Income tax expense							-
Loss after income tax expense for the period							<u>(6,108,667)</u>

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

Segment assets and liabilities

The internal management reporting presented to key business decision makers report total assets and liabilities on the basis consistent with that of the consolidated financial statements. These reports do not allocate assets and liabilities based on the operations of each segment or by geographical location.

Under the current management reporting framework, total assets are not reviewed to a specific reporting segment or geographical location.

Note 4. Revenue

	2026 \$	2025 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	4,659,034	5,948,104
Technical trials and support	24,554	24,420
Lease of goods (rental)	<u>83,142</u>	<u>172,383</u>
Revenue	<u>4,766,730</u>	<u>6,144,907</u>

Control Bionics Limited
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Note 4. Revenue (continued)

Disaggregation of revenue

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

	2026 \$	2025 \$
<i>Geographical regions</i>		
Australia	852,980	1,246,733
US	3,837,276	4,772,989
Japan and other markets	<u>76,474</u>	<u>125,185</u>
	<u>4,766,730</u>	<u>6,144,907</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	4,659,034	5,948,104
Services transferred over time	<u>107,696</u>	<u>196,803</u>
	<u>4,766,730</u>	<u>6,144,907</u>

The revenues referred to above are net of intercompany eliminations.

Note 5. Other income

	2026 \$	2025 \$
Research and development tax offset	454,199	426,632
Grant income	176,361	298,001
Other (loss)/income	(2,659)	133,990
Interest income	<u>6,312</u>	<u>36,672</u>
	<u>634,213</u>	<u>895,295</u>

Note 6. Expenses

	2026 \$	2025 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Plant and equipment	328,832	506,499
Right-of-use assets	128,567	168,511
Intangible assets	<u>335,088</u>	<u>311,448</u>
Total depreciation and amortisation	<u>792,487</u>	<u>986,458</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	50,057	48,155
Interest and finance charges paid/payable on lease liabilities	<u>34,939</u>	<u>60,818</u>
Finance costs expensed	<u>84,996</u>	<u>108,973</u>
Net loss on disposal of property, plant and equipment	<u>19,983</u>	<u>9,119</u>
Defined contribution superannuation expense	<u>221,903</u>	<u>204,859</u>

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Note 7. Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. The current income tax expense for the year ended 2026 is \$nil (2025: Nil).

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

A deferred tax asset (potential tax benefit) has not been recognised in the consolidated statement of financial position as the recovery of this benefit is uncertain. The Group has committed to invest in operational infrastructure (including sales staff) to grow sales. Until the success of that strategy is clear, directors have adopted a prudent approach to not recognise deferred tax assets this financial year.

The unused tax losses generated in the current financial year are not materially different from the loss after income tax as shown in the consolidated statement of profit or loss and other comprehensive income with the exception of the reduction in loss caused by adding back the expenses claimed and amounts received for the Research and Development Tax Incentive during the period.

	2026 \$	2025 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(7,265,603)	(6,108,667)
Tax at the statutory tax rate of 25%	(1,816,401)	(1,527,167)
Deferred tax assets not recognised	1,816,401	1,527,167
Income tax expense	-	-
	2026 \$	2025 \$
<i>Unused tax losses for which no deferred tax assets have been brought to account</i>		
Australian tax consolidated group	4,133,647	3,753,159
Control Bionics Inc (in relation to its tax year)	16,631,773	17,250,638
	20,765,420	21,003,797

Note 8. Cash and cash equivalents

	2026 \$	2025 \$
Cash at bank	2,076,884	594,733

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Note 9. Trade and other receivables

	2026 \$	2025 \$
Trade receivables	87,331	174,629
Trade receivables - subject to variable consideration	693,570	1,224,337
Net carrying value of trade receivables	780,901	1,398,966
Government grants receivable (R&D tax incentive)	450,000	474,160
Office deposit bond	77,924	77,924
GST refundable	42,605	17,347
Total trade and other receivables	1,351,430	1,968,397

Trade receivables subject to variable consideration
After analysis of the various sub-markets that the Group operates in, management considers the only sector subject to variable consideration is the insurance sector for Control Bionics Inc. Clients in this sector normally pay an invoice below the gross carrying value, with the amount ultimately received varying depending on the payor, and this has been factored into the business model of the Group. These accounts are settled through progressive payments over time, often from multiple insurers or sources for the same account. As clients in this sector pay on lodged and approved claims, the carrying value for any invoice for these sector clients reflects the variable consideration expected to be received.

Management continues to monitor the ageing of receivables in the normal course of business.

The ageing of the receivables are as follows:

	Current \$	3 to 6 months overdue \$	Over 6 months overdue \$	Total \$
2026				
Trade receivables	50,638	5,316	31,377	87,331
Trade receivables subject to variable consideration	609,279	84,291	-	693,570
	659,917	89,607	31,377	780,901
2025				
Trade receivables	145,585	10,361	18,683	174,629
Trade receivables subject to variable consideration	1,033,315	165,558	25,464	1,224,337
	1,178,900	175,919	44,147	1,398,966

Allowance for expected credit losses
The Group has not recorded a separate provision in the consolidated statement of financial position for expected credit losses at the end of the financial period (2025: \$Nil).

Note 10. Inventories

	2026 \$	2025 \$
Components of inventory	451,604	409,644

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Note 11. Investments accounted for using the equity method

	2026 \$	2025 \$
Investments in associates	-	341,000

Refer to Note 29 for further information on interests in associates.

During the year ended 30 June 2026, the Group increased its investment in Neuro Elite Athletics LLC from 20.003% to 20.714% with contributions being made in September 2025 and October 2025.

On 31 December 2025, the Group obtained control of Neuro Elite Athletics LLC, acquiring the remainder of the business. Accordingly, the carrying amount of the investment was derecognised and remeasured to fair value at the acquisition date, with a loss of \$200,720 recognised in the statement of profit or loss. Neuro Elite Athletics LLC has been consolidated as a subsidiary from that date.

Reconciliation of carrying amount

The carrying amount of equity-accounted investments has changed as follows:

	2026 \$	2025 \$
Balance at the beginning of the year	341,000	-
Additions	60,668	398,626
Share of loss for the period	(47,807)	(58,076)
Foreign exchange movements	(8,727)	450
Loss on remeasurement to fair value upon gaining control	(200,720)	-
Derecognition of associate	(144,414)	-
Balance at the end of the year	-	341,000

Note 12. Property, plant and equipment

	2026 \$	2025 \$
Trial and demonstration equipment - at cost	1,424,475	1,587,870
Less: Accumulated depreciation	(1,169,235)	(1,006,276)
	255,240	581,594
Leasehold improvements - at cost	40,280	42,241
Less: Accumulated depreciation	(34,102)	(27,128)
	6,178	15,113
Plant and equipment - at cost	206,099	210,168
Less: Accumulated depreciation	(182,764)	(163,961)
	23,335	46,207
Assets under construction	-	1,617
	284,753	644,531

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Note 12. Property, plant and equipment (continued)

Reconciliations

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

	Trial and demonstration equipment \$	Leasehold improvements \$	Plant and equipment \$	Assets under construction \$	Total \$
Balance at 1 July 2024	774,169	23,484	54,045	-	851,698
Additions	-	-	6,104	7,123	13,227
Disposals	(9,119)	-	-	-	(9,119)
Transfers from inventory	282,092	-	-	7,008	289,100
Exchange differences	5,122	355	647	-	6,124
Transfers in/(out)	-	-	12,514	(12,514)	-
Depreciation expense	(470,670)	(8,726)	(27,103)	-	(506,499)
Balance at 30 June 2025	581,594	15,113	46,207	1,617	644,531
Additions	7,579	-	2,458	-	10,037
Disposals	(19,983)	-	-	-	(19,983)
Transfers from inventory	2,473	-	-	-	2,473
Exchange differences	(21,274)	(885)	(1,314)	-	(23,473)
Transfers in/(out)	-	-	1,617	(1,617)	-
Depreciation expense	(295,149)	(8,050)	(25,633)	-	(328,832)
Balance at 30 June 2026	255,240	6,178	23,335	-	284,753

Note 13. Intangibles

	2026 \$	2025 \$
Goodwill - at cost	752,097	-
Intellectual property - at cost	4,064,353	4,064,353
Less: Accumulated amortisation	(655,530)	(393,318)
	3,408,823	3,671,035
Patents and trademarks - at cost	459,705	244,224
Less: Accumulated amortisation	(133,363)	(70,606)
	326,342	173,618
Software - at cost	50,594	50,594
Less: Accumulated amortisation	(30,147)	(20,028)
	20,447	30,566
	4,507,709	3,875,219

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Note 13. Intangibles (continued)

Reconciliations

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

	Patents and trademarks \$	Intellectual property \$	Software \$	Goodwill \$	Total \$
Balance at 1 July 2024	73,075	3,933,247	40,685	-	4,047,007
Additions	139,660	-	-	-	139,660
Amortisation expense	(39,117)	(262,212)	(10,119)	-	(311,448)
Balance at 30 June 2025	173,618	3,671,035	30,566	-	3,875,219
Additions	204,815	-	-	-	204,815
Additions through business combinations (note 32)	11,295	-	-	752,097	763,392
Exchange differences	(629)	-	-	-	(629)
Amortisation expense	(62,757)	(262,212)	(10,119)	-	(335,088)
Balance at 30 June 2026	326,342	3,408,823	20,447	752,097	4,507,709

Impairment testing of goodwill

As at 30 June 2026, management assessed the carrying value of goodwill and performed an annual impairment test.

During 2026, the Group refined its strategic direction and operating framework around three commercial pillars:

- Assistive Communication
- Neurotechnology Solutions
- Platform and Medical Technology

Consistent with this framework, goodwill arising from the acquisition of Neuro Elite Athletics LLC has been allocated to and monitored within the Sports and Performance cash-generating unit (CGU) forming part of the Neurotechnology Solutions pillar.

Management considers this cash-generating unit to represent the lowest level at which the goodwill is monitored for internal management purposes and at which independent cash inflows are expected to be generated.

The recoverable amount of the cash-generating unit has been determined using a value-in-use calculation based on the Board-approved FY27 budget, with forecast cash flows developed for FY28 to FY31 and a terminal value.

The key assumptions to which the recoverable amount is most sensitive are:

- Discount rate: 16.7%;
- Revenue growth rate: 15% per annum from FY29 onwards;
- Operating costs and overheads increase: 4%; and
- Terminal growth rate: 2.5% per annum from 2032 onwards

Management is actively pursuing distribution and strategic partnerships to support the commercialisation and expansion of the Sports and Performance business. The forecasts incorporate assumptions regarding the timing and extent of the transition to these channels and the subsequent growth of revenue generated through them. These assumptions are supported by Board-approved commercialisation plans, active pilot programs, customer pipeline activity and dedicated commercialisation resources.

At the assessment date, the CGU had headroom of \$7,209,397. Management estimates that the distributor achievement rate could reduce from the base case assumption of 50% to approximately 31% before the recoverable amount would equal the carrying amount of the CGU. Further reductions would result in impairment.

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Note 14. Leases

Right-of-use assets

	2026 \$	2025 \$
Land and buildings - right-of-use	363,008	551,068
Less: Accumulated depreciation	(292,424)	(351,645)
	70,584	199,423

The right-of-use asset relates to the Company's Australian office lease at Cremorne, Victoria. The lease commenced on 15 February 2024 and has an initial term of three years, with two further three-year renewal options.

On 21 May 2026, the Company signed a 64-month office lease for approximately 5,528 square feet in Cincinnati, Ohio, commencing 1 August 2026 and expiring 30 November 2031. Base rent starts at approximately US\$110,560 annually, escalating to approximately US\$128,169 by the final year, with a four-month abatement at the start of the term and a security deposit of US\$9,213. The Company also pays its proportionate share (3.28%) of increases in operating expenses and real estate taxes over a 2026 base year. All amounts under the Lease are denominated in US dollars and are subject to translation into the Company's reporting currency (AUD) at applicable exchange rates.

As the Lease had not commenced as of 30 June 2026, no right-of-use asset or lease liability has been recognised; these will be recognised upon commencement under IFRS 16, as applicable, translated at the exchange rate on the commencement date.

Reconciliations

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

	2026 \$	2025 \$
Balance at the beginning of the financial year	199,423	366,827
Depreciation expense	(128,567)	(168,511)
Exchange differences	(272)	1,107
Balance at the end of the financial year	70,584	199,423

Lease Liabilities

	2026 \$	2025 \$
Current Lease Liabilities	133,602	206,857
Non Current Lease Liabilities	-	133,600
Total carrying amount of lease liabilities	133,602	340,457

Maturity analysis of committed lease payments

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Note 14. Leases (continued)

	2026 \$	2025 \$
Less than one year	138,799	241,797
One to five years	-	138,799
Total committed cash payments	<u>138,799</u>	<u>380,596</u>

Note 15. Trade and other payables

	2026 \$	2025 \$
Trade payables	904,054	877,776
Other current liabilities	537,912	510,603
Deferred revenue	98,402	274,104
Payroll and bonus accruals	169,492	251,435
Other taxes payable	116,296	99,800
	<u>1,826,156</u>	<u>2,013,718</u>

Note 16. Borrowings

	2026 \$	2025 \$
Insurance funding arrangement	85,323	94,941
Research & Development loan	400,000	-
	<u>485,323</u>	<u>94,941</u>

Terms of borrowings

On 28 April 2026, the Company entered into a \$400,000 loan facility with Phoenix Development Fund Limited, secured against the Company's anticipated FY26 R&D tax incentive refund. The facility bears interest at 12% per annum and was repayable by 30 September 2026, subject to earlier repayment upon receipt of the R&D tax incentive refund. The full facility limit of \$400,000 was drawn as at 30 June 2026. Under the terms of the facility, the Company was required to enter into a General Security Agreement in favour of the lender; as at 30 June 2026, this had not yet been executed.

On 28 January 2026, the Company entered into an insurance premium funding arrangement with Attvest Finance ("Attvest") to fund the renewal of its insurance policies. The facility is repayable in 10 monthly instalments to 30 October 2026 and incorporates a flat interest rate of 4.67% over the term. The outstanding balance of the facility is \$85,323 as at 30 June 2026.

Refer to Note 23 for further information on financial instruments.

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Note 17. Employee benefits

	2026 \$	2025 \$
<i>Current liabilities</i>		
Annual leave	240,717	233,323
Long service leave	29,262	4,563
	<u>269,979</u>	<u>237,886</u>
<i>Non-current liabilities</i>		
Long service leave	19,589	37,229
	<u>19,589</u>	<u>37,229</u>
Aggregate employee benefits liability	<u>289,568</u>	<u>275,115</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have the right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Note 18. Issued capital

	2026 Shares	2025 Shares	2026 \$	2025 \$
Ordinary shares - fully paid	<u>411,961,889</u>	<u>294,611,102</u>	<u>46,142,844</u>	<u>40,365,766</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance at the beginning of the period		294,611,102		40,365,766
Rights issue	17/09/2025	41,727,040	\$0.0350	1,460,446
Shortfall issue	29/10/2025	17,180,000	\$0.0350	601,300
Private placement	8/12/2025	50,000,000	\$0.0650	3,250,000
Shares issued as consideration for business combination	31/12/2025	8,443,747	\$0.0653	551,377
Less: Transaction costs				(86,045)
Balance at the end of the period		<u>411,961,889</u>		<u>46,142,844</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Control Bionics Limited
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Note 18. Issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise funds for working capital or when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of investment.

Note 19. Reserves

	2026 \$	2025 \$
Foreign currency translation reserve	34,023	72,449
Share option reserve	679,014	458,333
Share application monies awaiting allotment	2,245,184	-
Deferred equity raising costs	(134,711)	-
	<u>2,823,510</u>	<u>530,782</u>

Foreign currency translation reserve

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

Share options reserve

The option reserve relates to share options granted by the Group to its employees under the arrangements outlined in Note 22.

Share application monies

Share application monies represent amounts received from investors for shares that had not yet been allotted at the end of the financial period. These amounts will be transferred to issued capital upon allotment of the corresponding shares.

Deferred equity raising costs

Deferred equity raising costs represent transaction costs directly attributable to the issue of new shares that had not yet been allotted at the end of the financial period. These costs will be offset against the issued capital upon allotment of the corresponding shares.

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Note 19. Reserves (continued)

Movements in reserves

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

	Foreign currency translation reserve \$	Share option reserve \$	Share application monies \$	Deferred equity raising costs \$	Total \$
Balance at 1 July 2024	68,990	325,361	-	-	394,351
Exchange differences on translation of foreign operations	3,459	-	-	-	3,459
Share based payments	-	123,872	-	-	123,872
Options issued in lieu of payment	-	9,100	-	-	9,100
Balance at 30 June 2025	72,449	458,333	-	-	530,782
Exchange differences on translation of foreign operations	(38,426)	-	-	-	(38,426)
Share based payments	-	220,681	-	-	220,681
Share application monies received	-	-	2,245,184	-	2,245,184
Equity raising costs incurred	-	-	-	(134,711)	(134,711)
Balance at 30 June 2026	<u>34,023</u>	<u>679,014</u>	<u>2,245,184</u>	<u>(134,711)</u>	<u>2,823,510</u>

Note 20. Accumulated losses

	2026 \$	2025 \$
Accumulated losses at the beginning of the financial year	(35,387,823)	(29,279,156)
Loss after income tax expense for the year	<u>(7,265,603)</u>	<u>(6,108,667)</u>
Accumulated losses at the end of the financial year	<u>(42,653,426)</u>	<u>(35,387,823)</u>

Note 21. Earnings per share

	2026 \$	2025 \$
Loss after income tax attributable to the owners of Control Bionics Limited	<u>(7,265,603)</u>	<u>(6,108,667)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>371,245,410</u>	<u>264,083,917</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>371,245,410</u>	<u>264,083,917</u>
	Cents	Cents
Basic loss per share	(1.96)	(2.31)
Diluted loss per share	(1.96)	(2.31)

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Note 21. Earnings per share (continued)

The number of ordinary shares used in the calculation of diluted loss per share is the same as the number used in the calculation of basic loss per share in the year ended 30 June 2026 and the prior year ended 30 June 2025 as potential ordinary shares are not considered dilutive as a loss was incurred in both years. 18,041,730 unlisted options (2025: 9,980,411 options) have been excluded from the calculation on this basis. Refer to Note 22 for the number, exercise price, and expiry date of each tranche of options on issue at year end.

Subsequent to year end, the Company issued 29,600,000 ordinary shares at \$0.075 per share on 1 July 2026 (Tranche 1 of the placement announced 25 June 2026, raising \$2.22 million before costs) and 3,419,993 ordinary shares at \$0.075 per share on 21 July 2026 under a Share Purchase Plan (raising \$257,000 before costs). Following shareholder approval on 6 August 2026, Tranche 2 of the placement settled on 11 August 2026, with 96,700,000 ordinary shares issued on 12 August 2026 at \$0.075 per share, raising \$7.25 million before costs. Had these shares been on issue during the year ended 30 June 2026, they would have significantly increased the weighted average number of ordinary shares used in the basic and diluted EPS calculation.

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Note 22. Share-based payments

Equity-settled share-based payments

Employee option plan

During the year ended 30 June 2026, there were 10,249,998 options issued to employees (2025: 2,924,527). No other share-based incentives were issued to executives or any other party in the 2026 financial year.

Other

The Group did not issue any other options during the financial year (2025: 650,000 in lieu of advisory fees and capital raise services).

Historical Grants of Options

On 13 February 2020 the Group adopted an Employee Share Option Plan, capped at 5% of issued capital whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Employee Share Option Plan.

The number of options granted is at the Group's discretion and intended to reward those individuals' contributions to the performance of the Group. No additional amounts were paid or payable by the recipient of the options. The options carry neither dividend or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Key details of the grants are outlined in the tables below.

Vesting period and conditions

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

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

Exercise period

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

Valuation method

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

Risk-free rate - 4.35%
Volatility - 70%
Dividend Yield - Nil

Entitlement to shares

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

Other key information

All other key information with respect to the options issued during the year ended 30 June 2026 can be found in the tables below.

Set out below are the summaries of options granted under the plan and in existence during the year.

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Note 22. Share-based payments (continued)

2026

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
08/09/2022	08/09/2027	\$0.2200	365,636	-	-	-	365,636
19/01/2023	19/01/2028	\$0.1637	2,000,000	-	-	-	2,000,000
10/08/2023	10/08/2028	\$0.0950	724,459	-	-	-	724,459
11/10/2023	11/10/2028	\$0.0950	315,789	-	-	-	315,789
13/05/2024	13/05/2029	\$0.0450	500,000	-	-	-	500,000
13/05/2024	13/05/2026	\$0.1000	1,000,000	-	-	(1,000,000)	-
13/05/2024	13/05/2026	\$0.1500	1,000,000	-	-	(1,000,000)	-
20/05/2024	20/05/2027	\$0.1000	500,000	-	-	-	500,000
14/08/2024	14/08/2029	\$0.0530	1,226,414	-	-	(188,679)	1,037,735
10/10/2024	10/10/2029	\$0.0530	1,698,113	-	-	-	1,698,113
20/12/2024	20/12/2027	\$0.1000	650,000	-	-	-	650,000
25/08/2025	25/08/2030	\$0.0450	-	1,999,998	-	-	1,999,998
26/11/2025	26/11/2030	\$0.0450	-	8,000,000	-	-	8,000,000
30/06/2026	01/06/2031	\$0.0600	-	250,000	-	-	250,000
			9,980,411	10,249,998	-	(2,188,679)	18,041,730
Weighted average exercise price			\$0.1051	\$0.0454	\$0.0000	\$0.1188	\$0.0695

2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
13/02/2020	13/02/2025	\$0.4500	749,202	-	-	(749,202)	-
08/09/2022	08/09/2027	\$0.2200	365,636	-	-	-	365,636
19/01/2023	19/01/2028	\$0.1637	2,000,000	-	-	-	2,000,000
10/08/2023	10/08/2028	\$0.0950	724,459	-	-	-	724,459
11/10/2023	11/10/2028	\$0.0950	315,789	-	-	-	315,789
13/05/2024	13/05/2029	\$0.0450	500,000	-	-	-	500,000
13/05/2024	13/05/2026	\$0.1000	1,000,000	-	-	-	1,000,000
13/05/2024	13/05/2026	\$0.1500	1,000,000	-	-	-	1,000,000
20/05/2024	20/05/2027	\$0.1000	500,000	-	-	-	500,000
14/08/2024	14/08/2029	\$0.0530	-	1,226,414	-	-	1,226,414
10/10/2024	10/10/2029	\$0.0530	-	1,698,113	-	-	1,698,113
20/12/2024	20/12/2027	\$0.1000	-	650,000	-	-	650,000
			7,155,086	3,574,527	-	(749,202)	9,980,411
Weighted average exercise price			\$0.1630	\$0.0615	\$0.0000	\$0.4500	\$0.1051

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 22. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2026 Number	2025 Number
08/09/2022	08/09/2027	274,227	182,818
19/01/2023	19/01/2028	1,500,000	1,000,000
10/08/2023	10/08/2028	362,231	181,116
11/10/2023	11/10/2028	157,894	78,947
13/05/2024	13/05/2029	250,000	125,000
13/05/2024	13/05/2026	-	1,000,000
13/05/2024	13/05/2026	-	1,000,000
20/05/2024	20/05/2027	500,000	500,000
14/08/2024	14/08/2029	259,435	-
10/10/2024	10/10/2029	424,528	-
		3,728,315	4,067,881

The weighted average share price of options exercise during the financial year was \$Nil (2025: \$Nil).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.45 years (2025: 2.44 years).

Note 23. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by the Chief Executive Officer (CEO) and other senior executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the net risk exposure of the Group and appropriate procedures, controls and risk limits. The CEO and senior executives identify, evaluate and look to mitigate financial risks within the Group's operating units.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

	Assets		Liabilities	
	2026	2025	2026	2025
	\$	\$	\$	\$
US dollars	982,514	1,090,409	(963,201)	(1,076,661)

The table below indicates the potential impact on movement in exchange rates. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 23. Financial instruments (continued)

2026	% change	AUD strengthened		% change	AUD weakened	
		Effect on loss before tax	Effect on equity		Effect on loss before tax	Effect on equity
US Dollar	10%	(1,756)	(1,756)	10%	1,932	1,932
2025	% change	AUD strengthened		% change	AUD weakened	
		Effect on loss before tax	Effect on equity		Effect on loss before tax	Effect on equity
US Dollar	10%	(53,463)	(53,463)	10%	58,808	58,808

The actual foreign exchange gain for the year ended 30 June 2026 was \$3,804 (2025: loss of \$10,769).

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group predominately makes sales to individuals and deals with insurance institutions for payment of individual treatment plans. There are therefore no large or material customers or counterparties to whom the Group is significantly exposed. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the passing of a customer while waiting for approval of a claim, failure of a customer to engage in a repayment plan, no active enforcement activity, failure to receive funds from insurance providers and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
The Group has external borrowings of \$485,323 as at 30 June 2026 (2025: \$94,941).

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 23. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2026						
Trade payables	-	1,826,156	-	-	-	1,826,156
Lease liabilities	10.00%	138,799	-	-	-	138,799
Borrowings	10.65%	485,323	-	-	-	485,323
Total non-derivatives		2,450,278	-	-	-	2,450,278
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025						
Non-interest bearing						
Trade payables	-	2,013,718	-	-	-	2,013,718
Lease liabilities	10.00%	241,797	138,799	-	-	380,596
Borrowings	4.33%	94,941	-	-	-	94,941
Total non-derivatives		2,350,456	138,799	-	-	2,489,255

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 24. Cash flow information

Reconciliation of cash flow used in operations with loss after income tax

	2026 \$	2025 \$
Loss from ordinary activities after income tax	(7,265,603)	(6,108,667)
Adjustments and non-cash items		
Depreciation and amortisation	792,487	986,458
Impairment of receivables	-	10,077
Share-based payments	220,681	123,872
Net foreign exchange differences	(3,804)	5,329
Insurance recovery shortfall	278,843	232,886
Share of losses of equity-method investees	47,807	58,076
Loss on disposal of property, plant and equipment	19,983	9,119
Loss on remeasurement of previous held interest in associate	200,720	-
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	233,520	(69,838)
(Increase)/decrease in inventories	(41,960)	(5,494)
Increase/(decrease) in trade and other payables	(245,894)	444,123
Increase/(decrease) in provisions	14,453	44,739
	<u>(5,748,767)</u>	<u>(4,269,320)</u>

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 24. Cash flow information (continued)

Non-cash investing and financing activities

	2026 \$	2025 \$
In-kind contributions for purchase of investment in associate	-	60,494
Shares issued in relation to business combinations	551,377	-
	<u>551,377</u>	<u>60,494</u>

Note 25. Contingent liabilities

The Group has no contingent liabilities at 30 June 2026 (30 June 2025: \$Nil).

Note 26. Commitments

The Group has no capital commitments at 30 June 2026 (30 June 2025: \$nil)

Note 27. Key management personnel disclosures

Directors

The following persons were directors of Control Bionics Limited during the financial year:

Name	Position
Dr Samuel Straface	Non-Executive Director and Chairman (until 19 November 2025)
Mr Damian Lismore	Non-Executive Director and acting Chairman from 19 November 2025 to 1 December 2025)
Mr Stephen Rix	Non-Executive Director and Chairman (from 1 December 2025)
Mr Jeremy Steele	Executive Director, Chief Executive Officer
Prof Robert Heard	Non-Executive Director
Prof Nicholas Opie	Non-Executive Director (from 14 May 2026)
Dr Stephanie Phillips	Non-Executive Director (until 14 May 2026)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year:

Name	Position
Mr Todd Tyler	President North America
Ms Shannon Boothroyd	Chief Financial Officer

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2026 \$	2025 \$
Short-term employee benefits	1,309,747	1,076,638
Post-employment benefits	110,425	80,399
Share-based payments	195,632	101,360
	<u>1,615,804</u>	<u>1,258,397</u>

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 28. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name	Place of business / Country of incorporation	Ownership interest	
		2026 %	2025 %
Control Bionics Australia Pty Limited	Australia	100%	100%
Control Bionics Inc	USA	100%	100%
Control Bionics Ngage Inc	USA	100%	100%
Neuro Elite Athletics LLC	USA	100%	-

Note 29. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group is set out below. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business of each entity and the proportion of ownership interest is the same as the proportion of voting rights held.

Name	Country of incorporation	Ownership interest	
		2026 %	2025 %
Neuro Elite Athletics LLC	USA	-	20%

During the year, the Group acquired the remaining ownership interest in Neuro Elite Athletics LLC, increasing its interest from 20% to 100%. As a result, Neuro Elite Athletics LLC ceased to be an associate and became a wholly owned subsidiary of the Group with effect from 31 December 2025. Further information on this acquisition, including the accounting treatment applied, is set out in Note 32.

As at 30 June 2026, the Group has no associates.

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 29. Interests in associates (continued)

Summarised financial information

The table below provides summarised financial information for the Group's associate. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Control Bionics Limited's share of those amounts.

	Neuro Elite Athletics LLC 2025 \$
<i>Summarised statement of financial position</i>	
Current assets	54,824
Non-current assets	25,667
Total assets	80,491
Current liabilities	-
Non-current liabilities	-
Total liabilities	-
Net assets	80,491
<i>Summarised statement of profit or loss and other comprehensive income</i>	
Revenue	38,949
Loss from continuing operations	(711,084)
Other comprehensive income	-
Total comprehensive loss	(711,084)

Note 30. Related party transactions

Parent entity
Control Bionics Limited is the parent entity.

Subsidiaries and associates
Interests in subsidiaries are set out in Note 28 and interests in associates are set out in Note 29.

Key management personnel
Disclosures relating to key management personnel are set out in Note 27 and the remuneration report included in the directors' report.

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 30. Related party transactions (continued)

Transactions with related parties

In addition to the employment payments made to key management personnel of Control Bionics Limited as disclosed in Note 27 and the remuneration report, the following related party transactions occurred during the year ended 30 June 2026 (2025: nil).

During the year, while Dr Stephanie Phillips was a non-executive director of the Company, the Company entered into a \$400,000 loan facility with Phoenix Development Fund Limited to provide an advance against the Company's anticipated R&D tax incentive refund. Dr Phillips' spouse is a director of Phoenix Development Fund Limited. The facility bears interest at 12% per annum and was fully drawn as at 30 June 2026. The facility was secured against the Company's anticipated R&D tax incentive refund and was repayable by 30 September 2026, subject to earlier repayment upon receipt of the R&D tax incentive refund. The loan was repaid in full on 11 August 2026, together with interest of \$14,120.

During the year, Prof. Nicholas Opie was engaged as an independent strategic advisor to provide strategic advisory and consulting services to the Company, drawing on his scientific and technical knowledge and expertise relevant to the Company's business and technology. Consulting fees of \$12,833 were incurred during the year and paid subsequent to year end. The consulting arrangement is separate from Prof. Opie's remuneration as a non-executive director.

Terms and conditions

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

Note 31. Parent entity details

Set out below is the supplementary information about the parent entity:

Summarised statement of financial position

	2026 \$	2025 \$
Assets		
Current assets	2,654,277	897,291
Non-current assets	4,249,327	4,429,638
Total assets	6,903,604	5,326,929
Liabilities		
Current liabilities	1,371,927	1,048,507
Non-current liabilities	11,587	4,595
Total liabilities	1,383,514	1,053,102
Net assets	5,520,090	4,273,827
Equity		
Share capital	46,142,844	40,365,766
Retained earnings	(43,412,241)	(36,550,272)
Reserves	2,789,487	458,333
Total equity	5,520,090	4,273,827

Summarised statement of comprehensive income

	2026 \$	2025 \$
Loss for the year	(6,861,969)	(5,779,518)
Total comprehensive loss for the year	(6,861,969)	(5,779,518)

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 31. Parent entity details (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Commitments
The parent entity had no capital commitments as at 30 June 2026 and 30 June 2025.

Material accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for investment in subsidiaries which are accounted for at cost, less any impairment, in the parent entity.

Note 32. Business combinations

On 31 December 2025, the Group, through its U.S. subsidiary Control Bionics Ngage Inc., obtained control of Neuro Elite Athletics LLC, an entity previously accounted for as an associate. Neuro Elite Athletics LLC develops and markets the NeuroBounce program, which integrates with the Group's NeuroStrip EMG platform.

Control was achieved through the acquisition of the remaining 79.29% interest in Neuro Elite Athletics LLC. The acquisition was funded by the issue of Control Bionics shares valued at \$551,377 (US\$389,150). The shares issued are subject to a 12-month escrow.

At the acquisition date, the Group remeasured its previously held equity interest to fair value, recognising a loss of \$200,720 in the statement of profit or loss. The fair value of identifiable net liabilities acquired amounted to \$56,306 resulting in goodwill of \$752,097.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Neuro Elite Athletics LLC with those of the Group. The goodwill is not deductible for tax purposes.

The fair values of the identifiable assets and liabilities of Neuro Elite Athletics LLC as at the date of acquisition were:

	Fair value \$
Cash and cash equivalents	5,719
Prepayments	397
Patents and trademarks	11,295
Trade and other payables	(73,717)
Identifiable net liabilities acquired	(56,306)
Existing investment measured at fair value	(144,414)
Goodwill	752,097
Total consideration transferred	551,377

It is impracticable to disclose the revenue and profit or loss contributed by the acquired business since the acquisition date, or the pro forma revenue and profit or loss of the combined entity as if the acquisition had occurred on 1 July 2025. Immediately upon acquisition, the operations of the acquired business were integrated into the Group. Accordingly, the Group is unable to reliably determine the business's contribution for the period from 1 January 2026 to 30 June 2026, or construct a combined pro forma figure for the year.

Acquisition-related costs of \$21,683 are included in administrative expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

Note 33. Remuneration of auditors

During the financial year the following amounts were paid for services provided by BDO, the auditor of the company, its network firms and unrelated firms:

Control Bionics Limited
Notes to the consolidated financial statements
30 June 2026

Note 33. Remuneration of auditors (continued)

	2026 \$	2025 \$
<i>Audit Services - BDO Audit Pty Ltd</i> Audit or review of the financial statements	110,441	84,178
<i>Other Services - BDO Services Pty Ltd</i> Preparation of tax return	37,318	42,329
	147,759	126,507

Note 34. Matters subsequent to the end of the financial year

On 1 July 2026, the Company issued 29,600,000 ordinary shares at \$0.075 per share under the first tranche of the placement announced on 25 June 2026 and, on 21 July 2026, issued a further 3,419,993 ordinary shares at \$0.075 per share under the Share Purchase Plan. Following shareholder approval on 6 August 2026, the second tranche of the capital raising settled on 11 August 2026, with 96,700,000 ordinary shares issued on 12 August 2026 at \$0.075 per share. The capital raising activities raised an aggregate \$9.73 million before costs.

On 11 August 2026, the Company repaid the \$400,000 loan facility with Phoenix Development Fund Limited, together with interest of \$14,120.

On 12 August 2026, the Company issued 2,333,331 unquoted options under the Company's employee share option plan, with an exercise price of \$0.075 per option and an expiry date of 28 July 2031.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Control Bionics Limited
Consolidated entity disclosure statement
30 June 2026

Name of entity	Type of entity	% of share capital	Place of Incorporation	Australian Resident	Foreign jurisdiction(s)
Control Bionics Limited	Body Corporate	N/A	Australia	Yes	N/A
Control Bionics Australia Pty Ltd	Body Corporate	100%	Australia	Yes	N/A
Control Bionics Inc.	Body Corporate	100%	USA	No	USA
Control Bionics Ngage Inc.	Body Corporate	100%	USA	No	USA
Neuro Elite Athletics LLC	Body Corporate	100%	USA	No	USA

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*, reflecting the amendments to section 295(3A)(vi) and (vii) which clarify the definition of foreign resident as being an entity that is treated as a resident of a foreign country under the tax laws of that foreign country. The CEDS includes certain information for each entity that was part of the consolidated entity at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of tax residency

Section 295 (3B)(a) of the *Corporation Act 2001* defines Australian resident as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. Section 295 (3A)(a)(vii) requires the determination of tax residency in a foreign jurisdiction to be based on the law of the foreign jurisdiction relating to foreign income tax.

In determining Australian tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency*
The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling 2018/5.
- Foreign tax residency*
Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency in those foreign jurisdictions and ensure compliance with applicable foreign tax legislation.

Control Bionics Limited
Directors' declaration
30 June 2026

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2021*, the Australian Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- the attached financial statements and notes comply with IFRS Accounting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the consolidated entity disclosure statement is true and correct

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2021*.

On behalf of the directors



Mr Stephen Rix
Chairman

28 August 2026



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INDEPENDENT AUDITOR'S REPORT

To the members of Control Bionics Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Control Bionics Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i)

Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year ended on that date; and
- (ii)

Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How the matter was addressed in our audit
Revenue recognition Refer to Note 4 - Revenue and Note 2 - Critical accounting judgements, estimates and assumptions Revenue is a key driver to the Group. Sales revenue is generated from the manufacturing and sales of assistive communications technology systems. The Group's management focuses on revenue as a key driver by which the performance of the Group is measured. This area is a key audit matter due to the volume of transactions and the total balance of revenue along with an element of judgement in relation to the determination of the variable consideration on US sales.	Our audit procedures in order to address this key audit matter included, but were not limited to: - Obtaining an understanding of the processes and assessing the internal controls relating to revenue processing and recognition. - Reviewing management's position paper on revenue recognition, ensuring key elements of the recognition policy are in compliance with AASB 15 <i>Revenue from Contracts with Customers</i>. - Assessing the reasonableness of management's judgement in measuring variable consideration on US sales through comparison of actual collection outcomes, bad debt write-offs and revenue adjustment trends. - Testing a sample of revenue transactions throughout the year to supporting documentation, ensuring revenue had been recognised at the point in time where the performance obligation was satisfied. - Assessing whether the related disclosures in the financial report are in accordance with Australian Accounting Standards.
Goodwill Impairment Assessment Refer to Note 13- Intangibles and Note 2 - Critical accounting judgements, estimates and assumptions. The Group recognises a goodwill balance of \$752,097 in its consolidated financial statements as a result of the acquisition of the remaining 77.83% interest in Neuro Elite Athletics (NEA). This goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets acquired, reflecting the anticipated future economic benefits arising from synergies, market position, and strategic advantages associated with the acquired business. We have focussed on this area as a key audit matter due to amounts involved being material; the inherent subjectivity associated with critical judgements being made in relation to forecast future revenue and costs; discount rates; and terminal growth.	Our audit procedures in order to address this key audit matter included, but were not limited to: - Understanding of management's assessment of the Consolidated Entity's Cash Generating Units (CGUs) for compliance with the accounting standards. - Reviewing management's assessment and determining the appropriateness of the impairment model used as at 30 June 2026. - Evaluated and challenged the reasonableness of key assumptions underpinning management's goodwill impairment assessment, including forecast revenue growth, profit margins, terminal growth rates, and discount rates. - Performing sensitivity analysis over key inputs to the impairment model, including, but not limited to, discount rate and growth assumptions. - Assessing whether the related disclosures in the financial report are in accordance with Australian Accounting Standards.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2026, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Control Bionics Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO
Katherine Robertson

Katherine Robertson
Director

Melbourne, 28 August 2026

Control Bionics Limited
Shareholder information
30 June 2026

The shareholder information set out below is current as at 12 August 2026.

Substantial holders

The substantial holders in the Company are set out below:

Substantial Holder	Number of ordinary shares	% of issued capital
NIGHTINGALE PARTNERS PTY LIMITED	104,069,518	19.17%
PHOENIX DEVELOPMENT FUND LIMITED	89,384,718	16.46%
REITHAM EQUITY GMBH	61,852,318	13.89%

Holders of equity securities

Class of equity securities	Number of holders	Number of securities
Ordinary fully paid shares	1,294	543,088,709
Options	177	34,000,123

Voting rights

All shares are ordinary shares. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights.

Distribution of equity securities

Ordinary Shares

Range of holdings	Number of holders	Number of securities	% of class
1 to 1,000	175	113,667	0.02%
1,001 to 5,000	294	886,700	0.16%
5,001 to 10,000	219	1,736,022	0.32%
10,001 to 100,000	377	14,100,515	2.60%
100,001 and over	229	526,251,805	96.90%
Totals	1,294	543,088,709	100.00%

Options

Range of holdings	Number of holders	Number of securities	% of class
1 to 1,000	28	13,889	0.04%
1,001 to 5,000	31	84,361	0.25%
5,001 to 10,000	16	106,940	0.31%
10,001 to 100,000	48	2,286,443	6.72%
100,001 and over	54	31,508,490	92.67%
Totals	177	34,000,123	100.00%

Holders of less than a marketable parcel

The Company had 584 shareholders holding of less than a marketable parcel of ordinary fully paid shares based on the last sale price of 6.2 cents per share on 12 August 2026.

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted ordinary shares are listed below:

Control Bionics Limited
Shareholder information
30 June 2026

Rank	Holder Name	Number of ordinary shares	% of issued capital
1	NIGHTINGALE PARTNERS PTY LIMITED	104,069,518	19.17%
2	PHOENIX DEVELOPMENT FUND LIMITED	89,384,718	16.46%
3	BNP PARIBAS NOMS PTY LTD	71,450,523	13.16%
4	UBS NOMINEES PTY LTD	36,302,721	6.68%
5	PETER SHANN FORD	19,623,433	3.61%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,449,525	3.21%
7	MR BRIAN GREGORY WALSH	14,046,445	2.59%
8	START BEYOND PTY LIMITED	8,571,429	1.58%
9	WINDWARD CAPITAL PTY LTD <S&L RIX SUPERFUND A/C>	7,690,703	1.42%
10	CITICORP NOMINEES PTY LIMITED	7,127,168	1.31%
11	DIXSON TRUST PTY LIMITED	6,868,157	1.26%
12	DR RUSSELL KAY HANCOCK	6,000,000	1.10%
13	LOIDL NOMINEES PTY LTD <LOIDL FAMILY A/C>	5,082,579	0.94%
14	IRONWOOD INVESTMENTS PTY LIMITED <PHILLIPS SUPER FUND A/C>	4,959,124	0.91%
15	J STEELE INVESTMENT CORPORATION PTY LTD <J STEELE SUPER FUND A/C>	4,612,886	0.85%
16	PACIFIC ATLANTIC COMMERCE PTY LTD <CORCILLUM SUPER FUND A/C>	4,255,032	0.78%
17	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	3,748,571	0.69%
18	REX HALE	3,714,708	0.68%
19	NANDAROO PTY LIMITED	3,517,784	0.65%
20	LYNX ADVISORS PTY LTD	2,928,478	0.54%
Total		421,403,502	77.59%
Total ordinary shares on issue		543,088,709	100.00%

