**Cogstate Limited** ABN 80 090 975 723

# Half-year report

## For the half-year 31 December 2019

The interim financial statements are presented in United States dollars

Cogstate

**Cogstate Limited**

# Appendix 4D preliminary half-year report

## HALF-YEAR 31 DECEMBER 2019

Name of entity: Cogstate Limited (ABN 80 090 975 723)

Half-year ended 31 December 2019 (previous corresponding year: 31 December 2018)

# Results for announcement to the market

| | 31 December 2019 US$ | | Movement % | Movement US$ |
|---|---|---|---|---|
| Total revenue from ordinary activities | 9,687,302 | ↓ | -12.8 | (1,420,598) |
| Clinical Trials revenue | 8,252,878 | ↓ | -24.8 | (2,723,791) |
| Earnings before interest & taxation (EBIT) | (2,864,819) | ↓ | -2.3 | (63,087) |
| Earnings before interest, taxation, depreciation and amortisation (EBITDA) | (1,965,256) | ↑ | 23.6 | 605,585 |
| | | | | |
| Depreciation and amortisation | 899,562 | ↑ | 289.6 | 668,670 |
| Interest expense | 49,498 | ↑ | 346.0 | 38,399 |
| Interest income | 11,862 | ↑ | 10.3 | 1,112 |
| | | | | |
| Net profit/(loss) before tax | (2,902,454) | ↓ | -3.6 | (100,373) |
| Net profit/(loss) after tax (from ordinary activities) for the period attributable to members | (2,064,278) | ↓ | -4.6 | (91,145) |

## DIVIDEND INFORMATION

No dividend was paid during the year and the Directors do not recommend a dividend be paid in respect of the half-year ended 31 December 2019.

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Net tangible asset backing (per share) | 0.01 | 0.03 |

# EXPLANATION OF RESULTS

## Net profit from principal activities - summary

For the 31 December 2019 half year, the Group recorded a decrease in revenue of 12.8% to $9.7 million.

Clinical Trials revenue decreased 24.8% to $8.3 million as a result of the decreased value of Clinical Trials sales contracts executed in the preceding, 2019, financial year. Clinical Trials sales contracts totalling $26.9 million were executed during the half year, lifting the value of contracted revenue that will be recognised in future periods to $37.2 million at 31 December 2019, up from $20.3 million at 1 July 2019 - indicating a return to growth in Clinical Trials revenue in coming periods.

The decrease in Clinical Trials revenue was partially offset by an increase in Healthcare revenue, inclusive of the upfront royalty paid by pharmaceutical company Eisai in respect of licensing of Cogstate technology for the Japanese market.

The Group recorded a loss before tax of $2.9 million, an increase of $0.1 million from the previous corresponding period.

| | Half-year ended 31 December 2019 US$ | Half-year ended 30 June 2019 US$ | Half-year ended 31 December 2018 US$ |
|---|---|---|---|
| **Revenue from operations** | 9,687,302 | 10,726,474 | 11,107,900 |
| **Clinical Trials** | | | |
| Revenue | 8,252,878 | 10,376,672 | 10,976,669 |
| Cost of sales (excluding direct depreciation) | (4,354,786) | (4,312,136) | (4,254,063) |
| **Gross margin** | **3,898,092** | **6,064,536** | **6,722,606** |
| SG&A | (1,701,032) | (1,498,776) | (1,598,452) |
| Pass through costs, net of recovery | - | - | - |
| **Clinical Trials EBITDA** | **2,197,060** | **4,565,760** | **5,124,154** |
| | 26.6% | 44.0% | 46.7% |
| **Healthcare Solutions** | | | |
| Revenue | 1,298,315 | 232,865 | 63,519 |
| Direct costs | (69,482) | (109,050) | (997,226) |
| **Healthcare Solutions EBITDA** | **1,228,833** | **123,815** | **(933,707)** |
| **Research Solutions** | | | |
| Revenue | 136,109 | 116,937 | 67,712 |
| Direct costs | (466,193) | (466,553) | (356,307) |
| **Research Solutions EBITDA** | **(330,084)** | **(349,616)** | **(288,595)** |
| | | | |
| **Other operating costs** | **(5,079,021)** | **(4,930,087)** | **(6,605,713)** |
| **EBITDA excluding share based compensation** | **(1,983,212)** | **(590,128)** | **(2,703,861)** |
| Share based payments (expense of employee options) | 17,956 | (183,996) | 133,021 |
| Depreciation and amortisation | (899,562) | (264,547) | (230,892) |
| **Profit/(loss) before tax** | **(2,864,818)** | **(1,038,671)** | **(2,801,732)** |
| Interest income | 11,862 | 8,824 | 10,750 |
| Interest expense | (49,498) | (18,791) | (11,099) |
| **Net profit/(loss) before tax** | **(2,902,454)** | **(1,048,638)** | **(2,802,081)** |

## Clinical Trials Contracted Revenue

Clinical Trials revenue recognised during the year is a function of:

1. Revenue recognised from sales contracts on hand at the beginning of the financial year; and
2. Revenue recognised from sales contracts executed during the year.

For the half-year to 31 December 2019, Cogstate executed US$26.9 million of Clinical Trials sales contracts, a 169% increase on US$10.0 million sales contracts executed for the half year to 31 December 2018.

Cogstate enters into a contract with the customer for the provision of technology and services for each study. The contract value will differ for each contract, depending upon the scope of the technology and services provided as well as the complexity and length of the study. Revenue from clinical trials contracts is recognised over the life of the contract. The length of a clinical trial can vary from 9 months for a phase 1 study and up to 4-5 years for a phase 3 study. Revenue is recognised based upon achievement of pre-determined milestones.

At 1 July 2019, Cogstate had $20.3 million of contracted revenue that would be recognised in future periods. During the half-year to 31 December 2019, Cogstate signed $26.9 million of new sales contracts. After recognising $8.3 million of revenue from those contracts during the year, and after carrying over a provision for refund from previous periods and allowing for foreign exchange movements and other pass-through costs, Cogstate had, at 31 December 2019, $37.2 million of contracted revenue expected to be recognised in future periods. See table below for more analysis.

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Clinical Trials revenue contracted at 1 July | 20,330,220 | 28,410,884 |
| Contracts signed during the period | 26,919,985 | 10,027,224 |
| Revenue recognised ($USD) | (8,252,878) | (10,976,669) |
| Provision for refund | (1,184,385) | (1,622,250) |
| Adjustment for contracted study put on hold, FX movements & other pass-through revenue | (642,338) | (2,446,815) |
| **Contracted future Clinical Trial revenue at 31 December** | **37,170,604** | **23,392,374** |

## Results - Expenses

### 1. Employment expenses

Full Time Equivalent (FTE) employees totalled 158.10 at 31 Dec 2019, broken down as follows:

| Business Unit | FTE at 31 December 2019 | FTE at 30 June 2019 | FTE at 31 December 2018 | FTE at 30 June 2018 |
|---|---|---|---|---|
| Clinical Trials | 83.30 | 77.00 | 74.25 | 78.00 |
| Business Development | 9.50 | 14.40 | 13.25 | 15.00 |
| Research and Healthcare Solutions | 7.70 | 8.60 | 7.60 | 19.00 |
| Product Development | 40.10 | 39.00 | 39.30 | 38.00 |
| Administration | 17.50 | 14.80 | 18.40 | 20.00 |
| **Total** | **158.10** | **153.80** | **152.80** | **170.00** |

## 2. Total employment expenses

| | Half year ended 31 December 2019 US$ | Half year ended 30 June 2019 US$ | Half year ended 31 December 2018 US$ |
|---|---|---|---|
| Direct wages & salaries | (5,692,149) | (5,135,986) | (5,390,665) |
| Wages & salaries | (4,872,495) | (4,449,066) | (5,578,791) |
| Less capitalisation of software development costs | 1,143,046 | 1,044,095 | 880,562 |
| | (9,421,598) | (8,540,957) | (10,088,894) |
| Share based payments (expense)/benefit | 17,956 | (183,996) | 133,021 |
| **Total** | **(9,403,642)** | **(8,724,953)** | **(9,955,873)** |

**Cogstate Limited** ABN 80 090 975 723

# Half-year report

**31 DECEMBER 2019**

## Inside this report



This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

These half-year financial statements are the condensed consolidated interim financial statements of the consolidated entity consisting of Cogstate Limited and its subsidiaries. The half-year financial statements are presented in United States dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Cogstate Limited
Level 2, 255 Bourke Street
Melbourne Vic 3000

# Directors' report

**Your directors present their report together with the condensed financial report of the consolidated entity (referred to hereafter as the Group) consisting of Cogstate Limited and the entities it controlled at the end of, or during, the half-year 31 December 2019 and the independent review report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.**

Cogstate brings together science, innovation and operational excellence to optimise the measurement of cognition in clinical trials, academic research and healthcare. Through our enabling technologies and professional services, we provide quality assurance solutions for traditional neuropsychological tests and commercialise rapid, reliable and highly sensitive digital brain health assessments. Cogstate customers include the world's leading biopharmaceutical companies; elite sporting organisations and military; physicians and patients; and renowned academic institutions and public-private partnerships.

## PRINCIPAL ACTIVITIES

### Clinical Trials

Cogstate works with pharmaceutical and biotechnology companies to support clinical trials that seek to demonstrate a drug's impact on cognition. This includes the provision of highly sensitive computerised cognitive tests, as well as the management, training and monitoring to improve the reliability and sensitivity of traditional cognitive assessments. Our full-service solutions span the entire clinical trial lifecycle from study design to final statistical analysis. Recently expanded offerings include more flexible deployment models and modalities for computerised testing, as well as more efficient and effective rater training and monitoring solutions to meet the quality assurance needs of clinical trials.

Traditional cognitive, functional and behavioural assessments in clinical trials are inherently prone to variability, bias and human error, and when compounded by the global nature of large, late phase studies, these factors can detrimentally impact the quality and even outcome of a clinical trial. Services focused on rigorous training and monitoring of the individuals around the world who are responsible for administering the assessments (referred to as "raters") has long been the focus for ensuring conclusive studies; but this approach can be incredibly burdensome to raters and costly to the pharmaceutical company sponsoring the trial when not enabled by technologies or tailored to the experience and performance of the raters.

To address these challenges and growing market requirements, Cogstate created the Cogstate Rater Academy. Cogstate brought together adult learning experts with clinical experts to develop a novel rater certification program that drives efficiencies in the identification, training, central monitoring and remediation of raters. While most rater training programs focus on in-person, lecture-based training, Cogstate Rater Academy is designed for "eLearning first", with an emphasis on practice and demonstration of mastery. This approach allows expert raters to progress to certification rapidly, and delivers time, cost and quality advantages to clinical trial sponsors.

### Academic Research

Cogstate has continued to support important international research studies and academic collaborations across various indications, including Alzheimer's disease, HIV, multiple sclerosis, paediatric and adult oncology, Parkinson's disease, epilepsy, and schizophrenia. To date, Cogstate has participated in over 1,800 academic research studies in more than 150 different indications, resulting in hundreds of peer reviewed publications.

### Healthcare

In the Healthcare market, Cogstate technology is provided to healthcare professionals to enable the assessment of cognition of patients. Additionally, via distribution partnerships, Cogstate is exploring the opportunity to provide measures of cognition directly to consumers via easy to use, home based assessments.

Cogstate has recently entered into an exclusive licensing agreement with pharmaceutical company, Eisai, under which Eisai will market Cogstate technologies as digital cognitive assessment tools in Japanese markets.

Eisai provided an upfront royalty payment to Cogstate of US$1million.

Under the terms of the agreement Eisai will:

- Fund necessary product development activities to further tailor Cogstate solutions for the Japanese user base; and
- Fund a commercial team in Japan.

Cogstate and Eisai will share profits equally after taking into account the associated cost of sales for the product in Japan.

The agreement has an initial term of ten years, with performance criteria to maintain exclusivity at year 5 and 8.

The Cogstate system that is marketed to healthcare professionals is branded as Cognigram and allows for regular and standardised testing to assist in the early detection of cognitive decline that could be related to a range of factors including head injury, neurodegenerative disease or side effects following pharmacological treatments. Informative and automated reports allow clinicians to easily track a patient's cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

Cognigram has received regulatory clearance in the USA, Europe, Australia and New Zealand. Regulatory clearance in other jurisdictions, including Japan, are being explored.

## REVIEW OF OPERATIONS

There was no significant change in the nature of the activity of the Group during the year.

Cogstate has 4 primary offices in the following locations: an Australian head office based in Melbourne; two locations in the USA including a primary office in New Haven, CT and a smaller office in New York, NY as well as an office in London, UK. Staff who are not based in one of these offices work remotely.

For the 31 December 2019 half year, the Group recorded a decrease in revenue of 12.8% to $9.7 million.

Clinical Trials revenue decreased 24.8% to $8.3 million as a result of the decreased value of Clinical Trials sales contracts executed in the preceding, 2019, financial year. Clinical Trials sales contracts totalling $26.9 million were executed during the half year, lifting the value of contracted revenue that will be recognised in future periods to $37.2 million at 31 December 2019, up from $20.3 million at 1 July 2019 - indicating a return to growth in Clinical Trials revenue in coming periods.

The decrease in Clinical Trials revenue was partially offset by an increase in Healthcare revenue, inclusive of the upfront royalty paid by pharmaceutical company Eisai in respect of licensing of Cogstate technology for the Japanese market.

The Group recorded a loss before tax of $2.9 million, an increase of $0.1 million from the previous corresponding period.

Full time equivalent employees at 31 December 2019 totalled 158 compared to 153 full time equivalent employees at 31 December 2018.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no other significant changes in the state of affairs of the Group during the period ended 31 December 2019.

## MATTERS SUBSEQUENT TO THE END OF THE HALF-YEAR

Cogstate has entered into an agreement with the Alzheimer's Drug Discovery Foundation (ADDF) to partly co-fund the development of a smartphone application to deliver an existing Cogstate test on iOS and Android devices, which is expected to have relevance in both Clinical Trials and Healthcare markets. Under the terms of the funding arrangement, ADDF will reimburse Cogstate for technical development costs, as well as costs of scientific validation studies, up to an amount of $1.36 million.  The funding will be made available in a number of tranches subject to Cogstate's compliance with periodic reporting and other requirements (including progress towards achieving the goals of the project). Cogstate will fund the balance of the costs required to deliver the project.

The funding has been awarded through ADDF's Diagnostics Accelerator, an initiative established in collaboration with Leonard A Lauder (Co-Chair and Founder of the ADDF), Bill Gates and other philanthropic partners to fast-track the development of diagnostic tools and biomarkers for Alzheimer's disease and related dementias. To learn more about the initiative, please visit AlzDiscovery.org/accelerator.

Following successful technology development and commercial release, Cogstate will pay ADDF a royalty of 4% on the first $150 million of revenue generated by the smart-phone application and 2.5% on all revenue thereafter, up to a cap of $11.6 million of total royalty payments.

Under the development plan, a prototype version of the application is expected to be completed prior to 31 December 2020 and will then be available for scientific and commercial validations studies.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

## ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

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

**Martyn Myer AO, Chairman**
Melbourne

PITCHER PARTNERS

**COGSTATE LIMITED**

**AUDITOR'S INDEPENDENCE DECLARATION**
**TO THE DIRECTORS OF COGSTATE LIMTIED**

In relation to the independent auditor's review for the half-year ended 31 December 2019, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional* Accountants *(including Independence Standards).*

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

M J HARRISON
Partner

25 February 2020

PITCHER PARTNERS
Melbourne

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### For the half-year ended 31 December 2019

| | Notes | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|---|
| **Operations** | | | |
| Revenue | | 8,687,302 | 11,107,900 |
| Royalty income | | 1,000,000 | 5,000 |
| Finance income | 3 | 11,862 | 10,750 |
| **Total revenue** | **3** | **9,699,164** | **11,123,650** |
| Cost of Sales | 4 | (6,187,515) | (6,372,738) |
| **Gross profit** | | **3,511,649** | **4,750,912** |
| Other income | 5 | - | 267,277 |
| Employee benefits expense | 6 | (3,711,493) | (4,565,208) |
| Depreciation & amortisation | 7 | (770,613) | (96,109) |
| Occupancy | 7 | (23,810) | (571,466) |
| Marketing | | (96,929) | (158,152) |
| Professional fees | | (533,240) | (658,751) |
| General administration | | (1,084,460) | (1,237,407) |
| Net foreign exchange gain/(loss) | | 163,776 | (87,590) |
| Travel expenses | | (283,931) | (405,937) |
| Finance expenses | | (73,403) | (39,650) |
| **Loss before income tax** | | **(2,902,454)** | **(2,802,081)** |
| Income tax benefit | | 838,176 | 828,949 |
| **Loss from continuing operations** | | **(2,064,278)** | **(1,973,132)** |
| **Total comprehensive loss for the year** | | **(2,064,278)** | **(1,973,132)** |

| | | Cents US$ | Cents US$ |
|---|---|---|---|
| **Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:** | | | |
| Basic loss per share | | (1.4) | (1.7) |
| Diluted loss per share | | (1.4) | (1.7) |
| **Earnings per share for loss attributable to the ordinary equity holders of the company:** | | | |
| Basic loss per share | | (1.4) | (1.7) |
| Diluted loss per share | | (1.4) | (1.7) |

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### As at 31 December 2019

| | Notes | 31 December 2019 US$ | 30 June 2019 US$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents (excluding bank overdrafts) | | 7,200,450 | 3,216,017 |
| Trade and other receivables | | 4,358,235 | 4,275,591 |
| Other current assets | | 3,213,290 | 1,774,884 |
| **Total current assets** | | **14,771,975** | **9,266,492** |
| **Non-current assets** | | | |
| Property, plant and equipment | | 1,315,988 | 1,344,666 |
| Intangible assets | 8 | 5,815,032 | 4,942,842 |
| Lease assets | 9 | 2,696,433 | - |
| Deferred tax assets | 10 | 5,417,304 | 3,685,167 |
| **Total non-current assets** | | **15,244,757** | **9,972,675** |
| **Total assets** | | **30,016,732** | **19,239,167** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 8,264,212 | 6,484,410 |
| Short-term borrowings | 11 | 861,420 | 504,975 |
| Provisions | | 1,743,031 | 1,796,765 |
| Lease liabilities | 9 | 1,029,908 | - |
| **Total current liabilities** | | **11,898,571** | **8,786,150** |
| **Non-current liabilities** | | | |
| Provisions | | 27,043 | 23,348 |
| Lease liabilities | 9 | 1,855,477 | - |
| Deferred tax liabilities | | 967,800 | 317,092 |
| **Total non-current liabilities** | | **2,850,320** | **340,440** |
| **Total liabilities** | | **14,748,891** | **9,126,590** |
| **Net assets** | | **15,267,841** | **10,112,577** |
| **EQUITY** | | | |
| Share capital | 12 | 32,697,835 | 25,341,756 |
| Other reserves | | (1,076,263) | (1,048,462) |
| Accumulated losses | | (16,353,731) | (14,180,717) |
| **Capital and reserves attributable to owners of Cogstate Limited** | | **15,267,841** | **10,112,577** |
| **Total equity** | | **15,267,841** | **10,112,577** |

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the half-year ended 31 December 2019

| | | Attributable to owners of Cogstate Limited | | | | |
|---|---|---|---|---|---|---|
| | **Notes** | **Issued Capital US$** | **Share option reserve US$** | **Foreign Currency Translation Reserve US$** | **Retained earnings US$** | **Total US$** |
| **Balance as at 1 July 2018** | | 24,163,398 | 2,151,020 | (2,944,799) | (11,684,950) | 11,684,669 |
| Loss for the year | | - | - | - | (1,973,132) | (1,973,132) |
| Other comprehensive income | | - | - | - | - | - |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(1,973,132)** | **(1,973,132)** |
| **Transactions with owners in their capacity as owners** | | | | | | |
| Issue of capital | | - | - | - | - | - |
| Transfer to share capital on exercise of options | | 317,058 | (317,058) | - | - | - |
| Exercise of options | | 860,607 | - | - | - | 860,607 |
| Cost of share-based payment | 6 | - | (133,021) | - | - | (133,021) |
| **As at 31 December 2018** | | **25,341,063** | **1,700,941** | **(2,944,799)** | **(13,658,082)** | **10,439,123** |
| | | | | | | |
| **Balance as at 1 July 2019** | | 25,341,756 | 1,896,341 | (2,944,799) | (14,180,717) | 10,112,581 |
| Adjustment on change of accounting policy | 1a(iii) | - | - | - | (108,736) | (108,736) |
| **Restated opening balance** | | **25,341,756** | **1,896,341** | **(2,944,799)** | **(14,289,453)** | **10,003,845** |
| Loss for the year | | - | - | - | (2,064,278) | (2,064,278) |
| Other comprehensive income | | - | - | - | - | - |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **(2,064,278)** | **(2,064,278)** |
| **Transactions with owners in their capacity as owners** | | | | | | |
| Transfer to share capital on exercise of options | 12 | 9,849 | (9,849) | - | - | - |
| Exercise of options | 12 | 18,344 | - | - | - | 18,344 |
| Cost of share-based payment | 6 | - | (17,956) | - | - | (17,956) |
| Issue of shares | 12 | 7,460,805 | - | - | - | 7,460,805 |
| Cost of issue of shares | 12 | (132,919) | - | - | - | (132,919) |
| **As at 31 December 2019** | | **32,697,835** | **1,868,536** | **(2,944,799)** | **(16,353,731)** | **15,267,841** |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For the half-year ended 31 December 2019

| | Notes | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 12,468,587 | 14,996,420 |
| Payments to suppliers and employees | | (13,619,467) | (14,880,411) |
| Finance costs | | (37,322) | - |
| Other income | | - | 272,277 |
| **Net cash flows from/(used in) operating activities** | 13 | **(1,188,202)** | **388,286** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant & equipment | | (122,298) | (231,006) |
| Payment for capitalised software development labour costs | | (1,143,046) | (880,562) |
| Repayment of short-term borrowings | | (500,000) | (462,000) |
| Interest received | | 9,378 | 23,297 |
| **Net cash flows used in investing activities** | | **(1,755,966)** | **(1,550,271)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 7,479,149 | 860,607 |
| Transaction costs of issues of shares | | (132,919) | - |
| Principal portion of lease payments | | (417,629) | - |
| **Net cash flows from financing activities** | | **6,928,601** | **860,607** |
| Net increase/(decrease) in cash and cash equivalents | | 3,984,433 | (301,378) |
| Cash and cash equivalents at beginning of period | | 3,216,017 | 4,366,304 |
| **Cash and cash equivalents at end of year** | | **7,200,450** | **4,064,926** |

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

# Notes to the condensed consolidated financial statements

## 1 BASIS OF PREPARATION (INTERIM REPORT)

These condensed consolidated financial reports for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

These condensed consolidated financial reports do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 30 June 2019 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Cogstate Ltd is a for profit entity for the purposes of preparing the financial statements.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2019, except for the adoption of AASB 16 Leases on 1 July 2019 described below.

### (a) Summary of the significant accounting policies

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases.

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(i) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

   i. property, plant or equipment, the applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(ii) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected:

(iii) to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect of initially applying the new standard recognised at the beginning of the current reporting period (i.e., at 1 July 2019). Accordingly, comparative information has not been restated; and

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $3,107,984 (referred to in these financial statements as “lease assets”) and corresponding lease liabilities with an aggregate carrying amount of $3,300,751. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities is 3%.

The difference between the lease assets and lease liabilities has been recognised in opening retained earnings at transition and adjusted for tax.

Further details of the Group’s accounting policy for leases, for the half-year period ended 31 December 2019, is as follows:

**Lease assets**

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

**Lease liabilities**

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group’s incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

**Leases of 12-months or less and leases of low value assets**

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

## (b) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

## 2 SEGMENT INFORMATION

### (a) Description of segments

**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the market the services are provided in (i.e. cognitive testing in clinical trials, cognitive assessment in academic research and cognitive assessment in healthcare). Discrete financial information is reported to the executive management team on at least a monthly basis, as these are the source of the Group's major risks and have the most effect on the rates of return.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Depreciation expense
- Other income
- Administration costs

**Types of services**

Cogstate's first operating segment is cognitive testing in clinical trials. In this market, Cogstate's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials primarily conducted by pharmaceutical, and biotechnology companies.

The second operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians and/or hospitals to assess cognitive decline.

The third identified segment is provision of technology and associated services to academic researchers.

The fourth identified segment is the administration costs of the business that do not relate to a specific segment.

Although sales in each market are conducted in different geographic regions, none have been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

## (b) Segment information

The following table present revenue and profit/(loss) information regarding the segments of clinical trials and healthcare markets for the half-years ended 31 December 2019 and 31 December 2018.

| 2019 | Clinical Trials US$ | Healthcare Solutions US$ | Research Solutions US$ | Administration US$ | Total US$ |
|---|---|---|---|---|---|
| Sales to external customers | 8,252,878 | 1,298,315 | 136,109 | - | 9,687,302 |
| Cost of sales (incl. SG&A) | (5,926,869) | (2,698) | (50) | - | (5,929,617) |
| Direct depreciation | (128,949) | - | - | - | (128,949) |
| **Segment gross profit** | **2,197,060** | **1,295,617** | **136,059** | **-** | **3,628,736** |
| Interest income | - | - | - | 11,862 | 11,862 |
| **Total gross profit** | | | | | **3,640,598** |
| Net PT recovery | - | - | - | - | - |
| Operating profit/(loss) | 2,197,060 | 1,228,833 | (330,084) | (5,318,022) | (2,222,213) |
| Indirect depreciation expenses | - | - | - | (770,613) | (770,613) |
| Foreign exchange | - | - | - | 163,775 | 163,775 |
| Finance costs | - | - | - | (73,403) | (73,403) |
| Other income | - | - | - | - | - |
| **Segment result** | **2,197,060** | **1,228,833** | **(330,084)** | **(5,998,263)** | **(2,902,454)** |

| 2018 | Clinical Trials US$ | Healthcare Solutions US$ | Research Solutions US$ | Administration US$ | Total US$ |
|---|---|---|---|---|---|
| Sales to external customers | 10,976,669 | 63,519 | 67,712 | - | 11,107,900 |
| Cost of sales (incl. SG&A) | (5,852,515) | (757) | (159) | (384,524) | (6,237,955) |
| Direct depreciation | (134,783) | - | - | - | (134,783) |
| **Segment gross profit** | **4,989,371** | **62,762** | **67,553** | **(384,524)** | **4,735,162** |
| Interest income | - | - | - | 10,750 | 10,750 |
| **Total gross profit** | | | | | **4,745,912** |
| Net PT recovery | - | - | - | - | - |
| Operating profit/(loss) | 4,989,371 | (933,707) | (288,596) | (6,618,077) | (2,851,009) |
| Indirect depreciation expenses | - | - | - | (96,109) | (96,109) |
| Foreign exchange | - | - | - | (87,590) | (87,590) |
| Finance costs | - | - | - | (39,650) | (39,650) |
| Other income | - | - | - | 272,277 | 272,277 |
| **Segment result** | **4,989,371** | **(933,707)** | **(288,596)** | **(6,569,149)** | **(2,802,081)** |

## 3 REVENUE

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| **Timing of revenue recognition** | | |
| **At a point in time** | | |
| Clinical Trials | 936,201 | 1,982,827 |
| Healthcare | 1,298,315 | 63,519 |
| Research | 136,109 | 67,712 |
| | **2,370,625** | **2,114,058** |
| **Over time** | | |
| Clinical Trials | 7,316,677 | 8,993,842 |
| Healthcare | - | 5,000 |
| Research | - | - |
| | **7,316,677** | **8,998,842** |
| Finance income | 11,862 | 10,750 |
| **Total revenue** | **9,699,164** | **11,123,650** |

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| **The aggregate amount of transaction prices (unrecognised revenue) allocate to the remaining performance obligations, at the reporting date, is as follows:** | | |
| Clinical Trials (contracted future revenue) | 37,170,604 | 23,392,374 |

## 4 COST OF SALES

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Direct wages and salaries | (5,692,149) | (5,390,665) |
| Direct contractor | (331,501) | (432,729) |
| Direct depreciation | (128,949) | (134,783) |
| Other cost of sales | (34,916) | (414,561) |
| **Total cost of sales** | **(6,187,515)** | **(6,372,738)** |

## 5 OTHER INCOME

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Proceeds from sale of Axon Sports | - | 267,277 |
| | **-** | **267,277** |

## 6 EMPLOYEE BENEFIT EXPENSE

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Wages and salaries | (4,872,495) | (5,578,791) |
| Less capitalisation of software development costs | 1,143,046 | 880,562 |
| Share based payment benefit | 17,956 | 133,021 |
| **Total employee benefits expense** | **(3,711,493)** | **(4,565,208)** |

## 7 AASB 16 LEASES: IMPACT TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Application date: 1 July 2019

AASB 16 Leases was released to address the issue of off-balance sheet financing.

Under the prior accounting standard (i.e. AASB 117 Leases), the obligation to make future payments under an operating lease arrangement was not included on the balance sheet - despite a company being committed to those future expenditures.

From a reporting perspective, the application of AASB 16 has resulted in:

(a) an inclusion of a Lease Asset on the balance sheet, non-current, against which depreciation has been applied

(b) an inclusion of a Lease Liability, current and non-current, against which interest expense has been applied.

(c) change of the expense profile - rather than being an operating lease (e.g. rental expense), the expense component of the lease is now treated as depreciation expense and interest expense.

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| **Depreciation & amortisation** | | |
| Depreciation (direct) | 128,949 | 134,783 |
| | **128,949** | **134,783** |
| | | |
| Depreciation (indirect) | 88,205 | 96,109 |
| Depreciation (lease assets) | 411,551 | - |
| Amortisation (intangibles) | 270,857 | - |
| **Total depreciation (indirect) & amortisation** | **770,613** | **96,109** |
| | | |
| **Total depreciation & amortisation** | **899,562** | **230,892** |

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| **Occupancy** | | |
| Rent | - | 530,913 |
| Rates | 173 | 37,370 |
| Electricity | 23,637 | 3,183 |
| **Total occupancy** | **23,810** | **571,466** |

## 8 NON-CURRENT ASSETS - INTANGIBLE ASSETS

| | 31 December 2019 US$ | 30 June 2019 US$ |
|---|---|---|
| **Software development** | | |
| Carrying written down value | 5,235,289 | 4,308,930 |
| **Software licence** | | |
| Carrying written down value | 270,845 | 325,014 |
| **Intellectual property - Clinical Trials** | | |
| Carrying written down value | 308,898 | 308,898 |
| | **5,815,032** | **4,942,842** |

| Year ended 31 December 2019 | Software Development* US$ | Software Licence** US$ | Intellectual Property - Clinical Trials US$ | Total US$ |
|---|---|---|---|---|
| Opening net book amount (30 June) | 4,308,931 | 325,014 | 308,898 | 4,942,843 |
| Amortisation | (216,688) | (54,169) | - | (270,857) |
| Capitalisation | 1,143,046 | - | - | 1,143,046 |
| Closing net book amount | 5,235,289 | 270,845 | 308,898 | 5,815,032 |

** Software includes capitalised development costs being an internally generated intangible asset.*

*** Software licence has been reclassified from prepayments in prior year.*

Cogstate has been developing a new database platform infrastructure for use within the clinical trials segment. The new platform will replace a custom-built infrastructure that was launched in 2006. Following internal review, it was determined that the existing infrastructure was inefficient to maintain and did not provide necessary functionality for Cogstate's future commercial plans.

From the new platform, Cogstate can launch various cognitive tests, process raw data and produce necessary reports. The platform incorporated a commercial electronic data capture (EDC) system to store and manage both cognitive test outcomes as well as other clinical outcomes collected as part of Cogstate's current service offering.

As part of the development, it has been necessary to develop a custom-built integration layer to synchronise data between the commercial EDC system and Cogstate's proprietary computerised cognitive assessments.

The platform provides operational efficiency through better and easier management and reporting of data. The platform provides Cogstate a more scalable and flexible system from which Cogstate will be able to incorporate other technologies and/or assessment modalities that, in the future, may be complementary to Cogstate's commercial solutions. The development of the platform is being undertaken by Cogstate employees and the amount capitalised to 31 December 2019 reflects the labour effort expended in building the new platform. The new infrastructure is available for use and capitalised balance has begun being amortised.

Amounts capitalised include the total labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

## 9 LEASE ASSETS & LEASE LIABILITIES

The company leases office premises and specialised equipment for periods not exceeding 5 years. The company is required to return the underlying assets in a specified condition at the end of the lease term.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

| LEASE ASSETS | 31 December 2019 US$ |
|---|---|
| **Carrying amount of lease assets, by class of underlying asset:** | |
| Buildings | 2,677,186 |
| Equipment | 19,247 |
| | **2,696,433** |

| LEASE ASSETS | Buildings US$ |
|---|---|
| **Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:** | |
| Carrying amount at 1 July 2019 | 3,107,984 |
| Depreciation | (411,551) |
| **Carrying amount at 31 December 2019** | **2,696,433** |

| LEASE LIABILITIES | 31 December 2019 US$ |
|---|---|
| **Carrying amount of lease liabilities:** | |
| Current lease liabilities | (1,029,908) |
| Non-current lease liabilities | (1,855,477) |
| **Total carrying amount of lease liabilities** | **(2,885,385)** |

| LEASE LIABILITIES | |
|---|---|
| Carrying amount at 1 July 2019 | 3,300,751 |
| Lease expenses and cashflows | (415,366) |
| **Carrying amount at 31 December 2019** | **2,885,385** |

| LEASE EXPENSES AND CASH FLOWS | |
|---|---|
| Interest expense on lease liabilities | 37,322 |
| Expense relating to lease payments | (454,951) |
| Net foreign exchange differences | 2,263 |
| **Total interest expense and cash outflow in relation to leases** | **(415,366)** |

## 10 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

| | 31 December 2019 US$ | 30 June 2019 US$ |
|---|---|---|
| Tax losses | 3,028,980 | 2,223,936 |
| R&D tax offsets | 1,106,458 | 933,533 |
| Employee benefits | 454,812 | 466,234 |
| Accrued expenses | 172,927 | 20,889 |
| Unrealised foreign exchange loss/(gain) | 4,199 | 40,575 |
| Rights issue expenses | 31,901 | - |
| Lease liabilities | 618,027 | - |
| | **5,417,304** | **3,685,167** |

In Cogstate Ltd tax losses of US$3,028,980 are available for future use at 31 December 2019, an increase of US$805,044 from the balance of US$2,223,936 at 30 June 2019. The increase in the available tax losses within Cogstate Ltd represents tax losses that have been booked during the period.

In Cogstate Inc there are no tax losses available for future use at 31 December 2019.

The deferred tax asset of US$3,028,980 represents all available tax losses for use within Australia at the applicable tax rate.

Tax losses incurred in Canada and Spain have not yet been recognised as a deferred tax asset for future use.

## 11 BORROWINGS

| | 31 December 2019 US$ | 30 June 2019 US$ |
|---|---|---|
| Premium funding | 361,420 | 71,581 |
| Trade finance facility | 500,000 | 433,394 |
| **Total** | **861,420** | **504,975** |

The premium funding for insurance is part of a cash management policy undertaken for a number of years. The funding period runs from November to August each year.

The trade finance facility was put in place in June 2017 and is drawn upon for funding for computer hardware for customers to match the payment terms from the customer.

## 12 CONTRIBUTED EQUITY

### (a) Share capital

| | 31 December 2019 Shares | 31 December 2019 US$ | 30 June 2019 Shares | 30 June 2019 US$ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 168,628,497 | 32,697,835 | 119,196,193 | 25,341,756 |

### (b) Movements in ordinary share capital

| Date | Details | Number of shares | US$ |
|---|---|---|---|
| 1 July 2019 | Opening balance | 119,196,193 | 25,341,756 |
| 31 December 2019 | Exercise of options | 128,572 | 18,344 |
| | Issue of shares | 49,303,732 | 7,460,805 |
| | Cost of issue of shares | - | (132,919) |
| | Transfer from options reserve | - | 9,849 |
| 31 December 2019 | Balance | 168,628,497 | 32,697,835 |

## 13 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 31 December 2019 US$ | 31 December 2018 US$ |
|---|---|---|
| Profit/(loss) of the year | (2,064,278) | (1,973,132) |
| Depreciation and amortisation | 899,562 | 230,892 |
| Loss/(profit) on disposal of assets | - | - |
| Non-cash employee benefits expense - share-based payments | (17,956) | (133,021) |
| Transition to AASB 16 Leases | 192,767 | - |
| Net exchange differences | 129,022 | 42,967 |
| **Change in operating assets & liabilities:** | | |
| (Increase) decrease in trade debtors and other receivables | (82,644) | 1,695,013 |
| (Increase) decrease in deferred tax assets | (1,732,137) | (1,135,076) |
| (Increase) decrease in other operating assets | (1,118,697) | (408,199) |
| (Increase) decrease in prepayments | (319,709) | (114,115) |
| (Increase) decrease in lease assets | (2,696,433) | - |
| (Decrease) increase in trade creditors | 2,119,760 | 2,333,912 |
| (Increase) decrease in lease liabilities | 2,885,385 | - |
| (Decrease) increase in provision for income taxes payable | 18,658 | 114,555 |
| (Decrease) increase in deferred tax liabilities | 650,708 | 25,865 |
| (Decrease) increase in employee provisions | (52,210) | (291,375) |
| **Net cash inflow/(outflow) from operating activities** | **(1,188,202)** | **388,286** |

## 14 COMMITMENTS AND CONTINGENCIES

At period end there were no new commitments or contingent liabilities have arisen.

## 15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Cogstate has entered into an agreement with the Alzheimer's Drug Discovery Foundation (ADDF) to partly co-fund the development of a smartphone application to deliver an existing Cogstate test on iOS and Android devices, which is expected to have relevance in both Clinical Trials and Healthcare markets. Under the terms of the funding arrangement, ADDF will reimburse Cogstate for technical development costs, as well as costs of scientific validation studies, up to an amount of $1.36 million. The funding will be made available in a number of tranches subject to Cogstate's compliance with periodic reporting and other requirements (including progress towards achieving the goals of the project). Cogstate will fund the balance of the costs required to deliver the project.

The funding has been awarded through ADDF's Diagnostics Accelerator, an initiative established in collaboration with Leonard A Lauder (Co-Chair and Founder of the ADDF), Bill Gates and other philanthropic partners to fast-track the development of diagnostic tools and biomarkers for Alzheimer's disease and related dementias. To learn more about the initiative, please visit AlzDiscovery.org/accelerator.

Following successful technology development and commercial release, Cogstate will pay ADDF a royalty of 4% on the first $150 million of revenue generated by the smart-phone application and 2.5% on all revenue thereafter, up to a cap of $11.6 million of total royalty payments.

Under the development plan, a prototype version of the application is expected to be completed prior to 31 December 2020 and will then be available for scientific and commercial validations studies.

# Directors' declaration

The directors' declare that:

(1) In the directors' opinion the financial statements and notes thereto, as set out on pages 15-23, are in accordance with the *Corporations Act 2001*, including:

  (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

  (b) giving a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the half-year ended on that date.

(2) In the directors' opinion there are reasonable grounds at the date of this declaration, to believe that the company will be able to pay its debts as and when they become due and payable.

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

**Martyn Myer AO, Chairman**

Melbourne, 25 February 2020

# Independent auditor's review report

**COGSTATE LIMITED**
**AND CONTROLLED ENTITIES**
**ABN 80 090 957 723**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF COGSTATE LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Cogstate Limited "the Company" and its controlled entities "the Group", which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cogstate Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**COGSTATE LIMITED**
**AND CONTROLLED ENTITIES**
**ABN 80 090 957 723**

**INDEPENDENT AUDITOR'S REVIEW REPORT**
**TO THE MEMBERS OF COGSTATE LIMITED**

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

M J HARRISON
Partner

PITCHER PARTNERS
Melbourne

25 February 2020

# Corporate directory

## DIRECTORS

**Martyn Myer AO**, *BE, MESc, MSM.*
**Chairman**

**Brad O'Connor**, *B Bus, CA.*
**Chief Executive Officer**

**Richard van den Broek**, *CFA.*
**Non-Executive Director**

**David Dolby BSE**, *MBA.*
**Non-Executive Director**

**Richard Mohs**, *PhD.*
**Non-Executive Director**

**Jane McAloon** (retired 21 October 2019),
*BEc (Hons), LLB,GDipGov, FAICD, FCIS.*
**Non-Executive Director**

**Ingrid Player** (appointed 29 August 2019),
*BEc and LLB (Hons), GAICD, FGIA*
**Non-Executive Director**

## COMPANY SECRETARY

**Claire Newstead-Sinclair** (resigned 20 December 2019),
*BBus, CA.*

**Keith Hawkins** (appointed 20 December 2019),
*BBus, CPA.*

## PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 2, 255 Bourke Street
Melbourne Vic 3000 Australia

## SHARE AND DEBENTURE REGISTER

**Link Market Services**

Tower 4, Collins Square
727 Collins Street

Melbourne Vic 3008

## AUDITOR

**Pitcher Partners**

Level 13, 664 Collins Street
Docklands Vic 3008

## SOLICITORS

**Clayton Utz**

333 Collins Street
Melbourne Vic 3000

## BANKERS

**National Australia Bank**

Level 3/330 Collins Street
Melbourne Vic 3000

## WEBSITE

www.cogstate.com