

# ASX Announcement

06 May 2020

All figures are reported in US\$

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## **Cogstate secures \$2.44 million loan under Paycheck Protection Program provision of the CARES Act**

Cogstate (ASX.CGS) has today announced that Cogstate Inc., a US domiciled, wholly owned subsidiary of Cogstate Ltd, has secured a US\$2.44 million loan from Citibank under the Paycheck Protection Program (PPP) contained within the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law in the United States of America during March 2020.

The PPP allows businesses and non-profits with fewer than 500 employees to obtain loans of up to \$10 million to incentivise companies to maintain their current workforce as they manage the business disruptions caused by the COVID-19 pandemic.

The PPP loan has a term of two years, is unsecured, and is guaranteed by the U.S. Small Business Administration. The loan carries a fixed interest rate of 1% p.a., with the first six months of interest deferred. Under the terms of the CARES Act, the Company will be able to apply for forgiveness of all loan proceeds used for USA based payroll costs, rent, utilities and other qualifying expenses during the eight week period following receipt of the loan, provided the Company maintains its employment and compensation within certain parameters during such period, and provided further that not more than 25% of the amount forgiven can be attributed to non-payroll costs. Any amount not forgiven is due in equal monthly instalments of principal and interest beginning seven months from the date of the promissory note through the maturity date of two years from the date of first disbursement.

Cogstate will apply all loan funds towards payroll costs for USA based staff. Globally, Cogstate currently employs 154 full time staff, of this number 128 (83%) are USA based employees of Cogstate Inc.

As reported last month, as a result of the COVID-19 pandemic, Cogstate has implemented business continuity strategies, and all Cogstate staff have transitioned successfully to working from home. During 3Q20, Cogstate did not see any substantial decrease in the amount of site-based activity (patient testing) in ongoing clinical trials, however there is an expectation of disruption to site-based activity in 4Q20 and this is likely to defer some revenue for Cogstate.

Cogstate is working with customers to develop solutions for at-home assessments for ongoing clinical trials and this work is expected to provide additional revenue to Cogstate during the short term, although it is too early to quantify such revenue impact.

At this time it is unknown whether long-term isolation and social distancing measures will impact the preparedness of large pharmaceutical companies to plan and contract for upcoming clinical trials that are projected to commence later in the 2020 calendar year or early in the 2021 calendar year.

Due to the inherent uncertainty regarding the length and severity of isolation measures in different countries, Cogstate is unable to comment on the likely impact of these measures on the expected value of Clinical Trials sales contracts executed in FY21.

Notwithstanding short term uncertainty, Cogstate has reasonable expectation of positive implications over a medium/long term time-frame. In discussions with our customers over recent weeks regarding future planned trials, we are seeing that many trial designs allow for at least some assessment to be conducted remotely – that is, remote assessment is expected to become a standard aspect of future trials. Additionally, when making decisions about the types of assessments to be deployed in trials, our customers are expressing a desire to utilise assessments that provide flexibility to be able to deliver either remote or in-clinic assessment. Over the medium-long term, we believe that an increase in the desire for remote assessment will be positive for Cogstate as our computerised tests are well suited to remote assessment.

Further updates will be provided in due course.

This announcement was authorised for release by a sub-committee of the Board of Directors of Cogstate Ltd.

#### **About Cogstate**

Cogstate Ltd (ASX:CGS) is the neuroscience technology company optimising brain health assessments to advance the development of new medicines and to enable earlier clinical insights in healthcare. Cogstate technologies provide rapid, reliable and highly sensitive computerised cognitive tests across a growing list of domains and support electronic clinical outcome assessment (eCOA) solutions to replace costly and error-prone paper assessments with real-time data capture. The company's clinical trials solutions include quality assurance services for study endpoints that combine innovative operational approaches, advanced analytics and scientific consulting. For nearly 20 years, Cogstate has proudly supporting the leading-edge research needs of biopharmaceutical companies and academic institutions and the clinical care needs of physicians and patients around the world. In the Healthcare market, 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. For more information, please visit [www.cogstate.com](http://www.cogstate.com).

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