

ASX Announcement

6 July 2020

All figures are provided in US\$

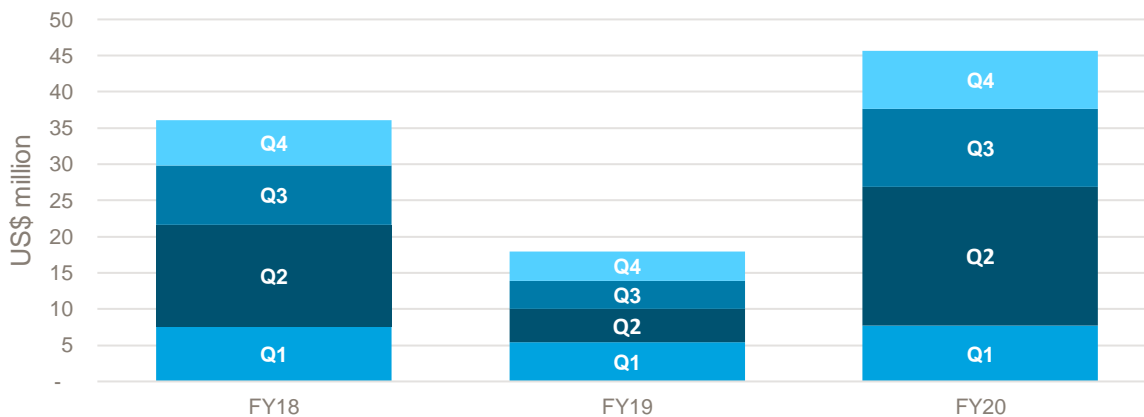
Business Update

US\$46m Clinical Trials Sales Contracts Executed during FY20

Cogstate (ASX.CGS) has today announced that it executed \$8.4 million of clinical trials sales contracts during the June quarter, taking the total value of sales contracts executed during the 2020 financial year to US\$46 million.

This record result for the 2020 financial year is more than 150% improvement on the \$18 million of clinical trials sales contracts executed during the 2019 financial year and 28% improvement on the previous record of \$36 million of clinical trials sales contracts executed during the 2018 financial year.

Clinical Trial Sales Contracts Executed



For context, a history of Clinical Trials sales contracts executed, per quarter, since 1 July 2016 is provided:

	Sep Quarter \$m	Dec Quarter \$m	1st Half \$m	Mar Quarter \$m	Jun Quarter \$m	2nd Half \$m	Financial Year
FY17	\$17.3	\$5.7	\$23.0	\$3.6	\$3.0	\$6.6	\$29.6
FY18	\$7.5	\$14.1	\$21.6	\$8.3	\$6.2	\$14.5	\$36.1 ⁽¹⁾
FY19	\$5.4	\$4.6	\$10.0	\$3.8	\$4.1	\$7.9	\$17.9
FY20	\$7.7	\$19.2	\$26.9	\$10.7	\$8.4	\$19.1	\$46.0

⁽¹⁾ Gross value: Does not take into account \$6.4m of study cancellations that were recognised at 30 June 2018.

June Quarter Sales Contracts

As a result of Covid-19 and the resulting isolation orders that have been in place in many parts of the world, there was a general slowing of initiation of new clinical trials during the June 2020 quarter. Of the \$8.4 million of June quarter sales contracts, over \$5 million was recognised prior to 15 April 2020. Thereafter, Cogstate executed less than \$0.5 million of sales contracts for new trials, but was able to execute a number of contracts for increased services for ongoing trials. Through May & June there was demand for increased services from Cogstate to meet the changing needs of clinical trial sponsors including advising our customers on strategies for “virtual visits” and other adjustments to trial design that were required due to the various isolation measures in place. The adjustments to the conduct of assessments has allowed most ongoing clinical trials to continue, albeit with alteration to the format and timing of some patient assessments.

Cogstate will release a detailed business update and June quarter cashflow report (Appendix 4C), including details of June quarter revenue, on Thursday 23 July 2020.

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

Explanatory Notes:

Sales Contracts (Orders) is not equivalent to revenue – further explanation provided below.

- Sales contracts:** In the Clinical Trials division, Cogstate enters into contracts (“sales contracts”) with both pharmaceutical and biotechnology companies for the provision of Cogstate technology and services, for use in clinical research trials, to determine the extent to which their investigational compound is impacting the cognition of the patient population. The contract value will differ for each clinical trial, depending upon the scope of the technology and services provided by Cogstate, as well as the complexity and length of the trial. An increase in the total value of sales contracts executed will increase the revenue backlog and will, over time, result in an increase to revenue recognised by Cogstate.
- Calculation of revenue from Clinical Trials division:** Revenue from sales contracts is recognised over the life of the contract. The length of a clinical trial can vary from several 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. During each period, revenue may be recognised from (i) contracts in the backlog at the beginning of the period, as well as (ii) sales contracts executed during the period. Usually there is a time lag between an increase or decrease in the level of sales contracts executed and a corresponding change to recognised revenue.

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 20 years, Cogstate has proudly supported 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, in August 2019 Cogstate entered into an exclusive licensing agreement with the pharmaceutical company Eisai, under which Eisai will market Cogstate technologies as digital cognitive assessment tools in Japanese markets. The product, branded as NouKNOW, launched in Japan on 31 March 2020 (nouknow.jp). For more information, please visit www.cogstate.com.

For further information contact:

Brad O’Connor, Chief Executive Officer, boconnor@cogstate.com