

# ASX Announcement

## 11 January 2021

### Business Update

#### Quarterly Sales Contracts Executed – Clinical Trials Segment

Cogstate (ASX.CGS) is pleased to announce that Clinical Trials sales contracts executed during the December 2020 quarter totaled US\$14.3 million. That result takes the total value of sales contracts executed during the first half of the 2021 financial year to US\$22.6 million.

The strong half year result follows the record US\$46.0 million of clinical trials sales contracts executed in FY20. Inclusive of the FY20 result, the total value of sales contracts executed over the last 18 months is US\$68.6 million.

Cogstate CEO, Brad O'Connor, commented, "In the context of the global pandemic and the various stay-at-home orders in place around the world, which have certainly made trial recruitment and participation more difficult than normal, the clinical trials sales result is very pleasing. This result demonstrates that the level of demand from pharmaceutical companies for Cogstate technology and services that was evident during FY20 has continued into FY21, notwithstanding the challenging external environment."

For context, a history of Clinical Trials sales contracts executed, per quarter, since 1 July 2017 is provided:

	Sep Quarter US\$m	Dec Quarter US\$m	1 <sup>st</sup> Half US\$m	Mar Quarter US\$m	Jun Quarter US\$m	2 <sup>nd</sup> Half US\$m	Financial Year US\$m
<b>FY21 YTD</b>	\$8.3	\$14.3	\$22.6			N/A	N/A
<b>FY20</b>	\$7.7	\$19.2	\$26.9	\$10.7	\$8.4	\$19.1	\$46.0
<b>FY19</b>	\$5.4	\$4.6	\$10.0	\$3.8	\$4.1	\$7.9	\$17.9
<b>FY18</b>	\$7.5	\$14.1	\$21.6	\$8.3	\$6.2	\$14.5	\$36.1 <sup>(1)</sup>

<sup>(1)</sup> Does not take into account \$6.4m of study cancellations that were recognised at 30 June 2018.

The value of Clinical Trials sales contracts (referenced above) excludes the recently announced agreement with Eisai Co. Ltd, which only has reference to the Healthcare segment of Cogstate's business. The agreement with Eisai, that was announced on 26 October 2020, specifically excludes the Clinical Trials segment of Cogstate's business, where Cogstate is continuing to market its technology and services independently.

## Receipt of Royalty Payment by Eisai

In the Healthcare segment of Cogstate's business, the terms of the global license agreement executed by Eisai Co. Ltd and Cogstate provided that Eisai would pay to Cogstate an upfront royalty of US\$15 million. Cogstate can confirm that the full amount payable to Cogstate was received during the December quarter.

A more detailed business update will be provided at the time of release of the quarterly cash flow report, which is planned for Thursday 21 January 2021.

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

## Explanatory Notes

- 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 clinical trials 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.
- Eisai license of technology:** Cogstate entered into an agreement with pharmaceutical company, Eisai Co., Ltd., to exclusively distribute Cogstate digital cognitive assessment technologies in healthcare and other markets world-wide. The agreement specifically excludes clinical trials, where Cogstate will continue to market its offering independently. In addition to the upfront payment of US\$15 million, the agreement provides for cumulative royalties of at least US\$30 million over the term of the license, unless terminated earlier. The minimum royalties, which will be paid quarterly, shall increase from year to year and can be segmented as follows:
  - cumulatively will not total less than US\$10 million for the period of years one to five; and
  - provided the agreement is not terminated earlier in accordance with its terms, cumulatively will not total less than US\$20 million for the period of years six to ten.

**About Cogstate**

Cogstate Ltd (ASX:CGS) is a leading neuroscience technology company optimizing 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 computerized 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 over 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. Cogstate and pharmaceutical company, Eisai, recently established a global exclusive partnership to develop and market cognitive assessment tools for individuals and doctors around the world.

For more information about Cogstate, please visit [www.cogstate.com](http://www.cogstate.com)