

# ASX Announcement

## 22 July 2021

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## Business Update and June Quarter Cashflow (All figures in US\$)

Cogstate Ltd (ASX:CGS) has today released a business update and its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 30 June 2021.

### Summary of Results:

PCP = Previous Corresponding Period and refers to either 4Q20 or FY20, depending on the context.

	4Q21 US\$m	% Change PCP	FY21 US\$m	% Change PCP
Total revenue from ordinary activities <sup>1</sup>	10.0	29.5%	32.7	43.5%
- Clinical Trials revenue	8.8	24.7%	28.7	36.0%
- Healthcare revenue <sup>1</sup>	1.1	75.4%	3.8	161.8%
- Research revenue	0.1	240.5%	0.3	0.0%
Sales contracts executed <sup>2</sup>	11.4	51.4%	47.3	14.7%
Contracted future revenue	101.5	151.4%	101.5	151.4%
Net operating cash inflow	4.2	2.8%	16.1	1,821%
Total cash inflow	3.5	16.6%	13.3	87.1%
Net cash balance at end of period <sup>3</sup>	22.4	166.7%	22.4	166.7%
Trade receivables	7.9	83.4%	7.9	83.4%

**Earnings guidance:** For the year to 30 June 2021, Cogstate expects to record a profit before tax in the range of \$5.2 - \$5.7 million, which includes a one-off \$2.4 million gain related to Paycheck Protection Program loan forgiveness (further details provided below).

### Footnotes:

<sup>1</sup> 4Q20 numbers have been restated following a review of the application of the Group's accounting policy in respect of revenue relating to the grant of licences, provision of services and the provision of server access, in accordance with the requirements of AASB 15 Revenue from Contracts with Customers. These changes were implemented with the 1H21 result (see explanatory notes and reconciliation table below).

<sup>2</sup> In 2020, Cogstate restated the contracted future revenue backlog to exclude third-party services to better reflect future net revenue that Cogstate is expected to derive under existing contracts. During 2021, the reported new contract signings has excluded third-party services, however, in the prior years, Cogstate reported contracts inclusive of third-party services.

<sup>3</sup> Calculated as gross cash less borrowings and also less passthrough amounts received from customers in advance and held by Cogstate to pay passthrough costs on behalf of those customers

## 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 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.
- Contracted future revenue backlog:** At period end, executed sales contract values that have not yet been recognised as revenue are referred to as "contracted future revenue". The revenue from these contracts will be recognised upon achievement of pre-determined milestones, in both Clinical Trials and Healthcare segments. The contracted future revenue figure provides insight into future revenue performance.
- Healthcare revenue:** Cogstate has developed tools specifically designed to aid healthcare professionals, in general and specialist practice medicine, with objective assessments of cognition in patients. Cogstate's Healthcare offering includes the system branded as Cognigram™, a medical device which 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 neurodegenerative diseases such as Alzheimer's disease. On 26 October 2020, Cogstate announced an exclusive global licensing agreement with pharmaceutical company Eisai (was previously just Japan), under which Eisai will market Cogstate technology as digital cognitive assessment tools targeting physicians, corporations, municipalities and also directly to consumers.

Due to the significance of the global licensing agreement, the group announced in its 1H21 results that it had reviewed the application of its accounting policy in respect of revenue relating to the grant of licences, provision of supporting services and the provision of server access, in accordance with the requirements of AASB 15 Revenue from Contracts with Customers.

The group considers that recognising the upfront cash payments received From Eisai (\$1m in Dec 2019 in respect of a license for Japan and \$15m in Dec 2020 in respect of a global license - ex Japan) as revenue on a straight-line basis over the licence periods better reflects its performance in providing access to the licences, continuing support services and servers. As required by the accounting standards, this change is applied retrospectively, and as a result, the group has restated comparative figures. This resulted in a \$0.03m increase in Healthcare revenue in 4Q20 from a reported \$0.60m to a restated \$0.63m. This restatement has no impact on cash. See reconciliation table below.

	(Restated)		(As Reported)
	4Q20	Adjustment	4Q20
	US\$		US\$
Healthcare Revenue	0.63	0.03	0.60

Under the 10-year global (ex-Japan) agreement between Eisai and Cogstate executed on 26 October 2020:

- Eisai had a right to terminate the agreement after year five under certain conditions. Following the approval of ADUHELM by the FDA in June 2021, Eisai no longer has that right to accelerated termination of the Cogstate-Eisai agreement;
- In addition to the upfront payments from Eisai of US\$15 million, Cogstate is also due to receive an ongoing royalty on revenue derived by Eisai from the sale of Cogstate technology. Over the course of the 10-year global agreement, the contractual terms prescribe that the royalty payments shall not be less than an additional \$30 million (\$10 million over years 1-5 and \$20 million over years 6-10).

Therefore, in addition to the minimum contractual royalty payments over commercial years 1-5 of US\$10 million, Eisai are now also contractually obliged to make the minimum royalty payments to Cogstate over commercial years 6-10, being an additional aggregate payment of US\$20 million over that period. As a result, this \$20 million has now been included in Healthcare contracted future revenue backlog.

The full \$45m (upfront payment of \$15m plus the minimum royalties of \$30m due over the course of the global license agreement) is being amortised on a straight-line basis over 11 years (10 year term + 12 months to commence). Actual cash royalties paid in each period will be the higher of (i) royalty amount calculated based on sales of product or (ii) minimum annual royalty.

## Revenue

Cogstate reported total revenue of \$10.0 million for 4Q21, up 30% on pcp (4Q20 \$7.7m) and 14% higher than the prior quarter (3Q21 \$8.8m).

FY21 revenue of \$32.7 million is a record result for Cogstate and is up 44% compared to pcp (FY20 \$22.8m).

Revenue	4Q21 US\$ m	4Q20 US\$ m	Variance %	FY21 US\$ m	FY20 US\$ m	Variance %
Clinical Trials	8.83	7.08	25%	28.67	21.08	36%
Healthcare	1.10	0.63	75%	3.76	1.44	162%
Research	0.07	0.02	250%	0.26	0.26	0%
<b>Total Revenue</b>	<b>10.00</b>	<b>7.73</b>	<b>30%</b>	<b>32.69</b>	<b>22.78</b>	<b>44%</b>

Clinical Trials revenue in 4Q21 was \$8.8m, up 25% on pcp and 21% higher than 3Q21, benefitting from the substantial increase in new Clinical Trials sales contracts executed in recent periods, and the increased level of trial activity through the period.

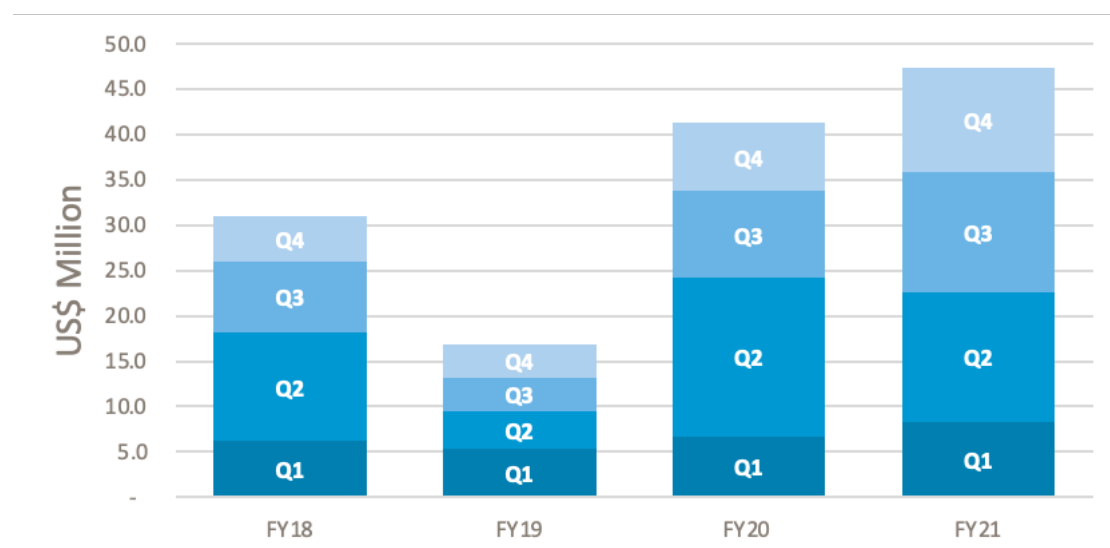
In Healthcare, 4Q21 revenue was \$1.1m, up 75% on pcp (as previously noted, revenue in the prior period was restated up from \$0.60m to \$0.63m to reflect the change in revenue recognition policy). Revenue in 4Q21 included the recognition of approximately \$1.0m of deferred revenue associated with the Eisai licensing agreements. Cogstate continues to be pleased with the progress being made in its partnership with Eisai.

## Clinical Trials Sales Contracts Executed

For the quarter ended 30 June 2021, Cogstate executed \$11.4 million of Clinical Trials sales contracts, up 51% on pcp (see notes below regarding calculation). This takes the total value of new contracts executed during FY21 to \$47.3m, up 15% compared to pcp.

For the first time in FY21, contracts executed in the second half of the financial year exceeded the result in the first half. The 2H21 result was a 9% improvement on 1H21. Alzheimer's disease continues to represent a significant driver of clinical trial sales, representing 65.3% of the value of contracts executed in FY21, compared to 59.7% in FY20.

### Clinical Trials Sales Contracts Executed



During 2021, reported new contract signings has excluded third-party services (such as the costs of eCOA technology solution provided by Clinical Ink) however, in the prior year, Cogstate reported contracts inclusive of third-party services – a reconciliation is provided below to allow comparison to the prior year results:

	1Q US\$	2Q US\$m	1H US\$m	3Q US\$m	4Q US\$m	2H US\$m	Full US\$m
<b>2021</b>							
<b>Cogstate technology &amp; services</b>	<b>8.3</b>	<b>14.3</b>	<b>22.6</b>	<b>13.3</b>	<b>11.4</b>	<b>24.7</b>	<b>47.3</b>
Third-party services	0.9	0.8	1.7	1.5	1.2	2.6	4.4
Total value of contracts executed	9.2	15.1	24.3	14.8	12.6	27.4	51.7
<b>2020</b>							
<b>Cogstate technology &amp; services</b>	<b>6.7</b>	<b>17.5</b>	<b>24.2</b>	<b>9.5</b>	<b>7.6</b>	<b>17.1</b>	<b>41.3</b>
Third-party services	1.0	1.7	2.7	1.2	0.8	2.0	4.7
Total value of contracts executed	7.7	19.2	26.9	10.7	8.4	19.1	46.0

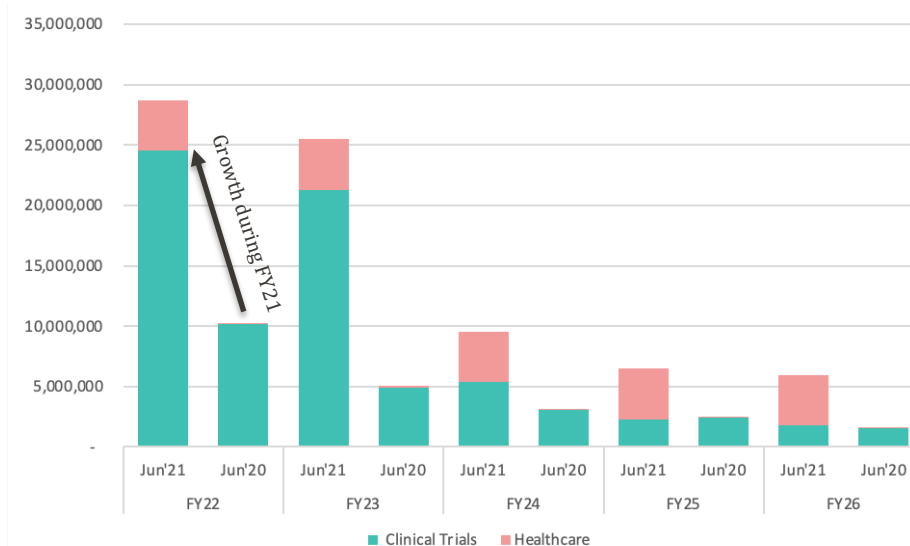
## Contracted Future Revenue

**Total Contracted future revenue** increased to \$101.5m as at 30 June 2021 vs \$79.7m as at 31 March 2021 and \$40.4m in pcp. The contracted future revenue figure provides insight into future revenue performance of the Group.

The revenue backlog for both the Clinical Trials and Healthcare segments are highlighted in the table below:

	30 Jun 21 US\$	31 Mar 21 US\$	30 Jun 20 US\$
Contracted Clinical Trials Revenue	58,424,721	55,673,915	39,437,244
Eisai Licence – Global (commercial years 1-10)*	42,211,299	23,191,465	-
Eisai Licence – Japan (10 year licence)	815,494	840,268	915,412
<b>Total Contracted Future Revenue</b>	<b>101,451,514</b>	<b>79,705,648</b>	<b>40,352,656</b>

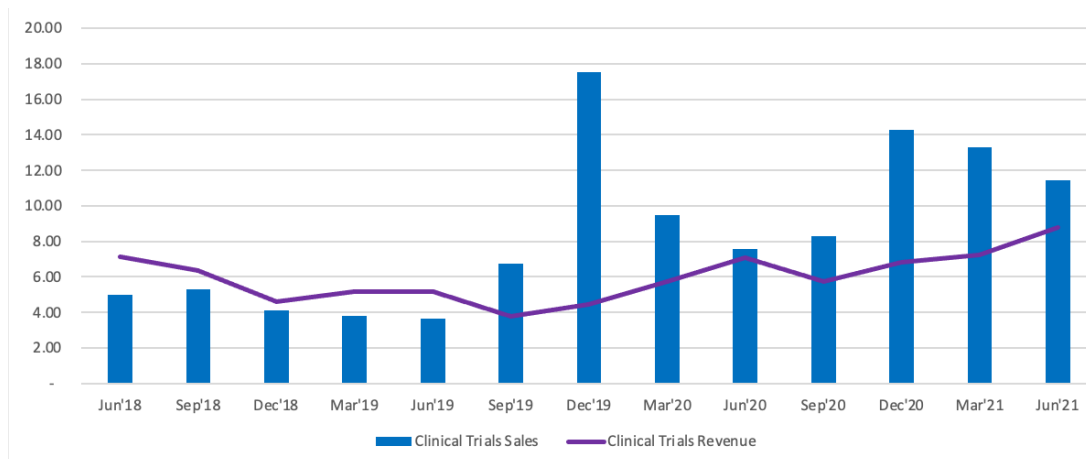
The expected run-off of future revenue backlog is shown in the chart below. Please note that the chart shows the expected revenue for each year from FY22 – FY26, calculated as at the end of FY21, with a comparison to the same calculation as at the end of FY20. For example, as at 30 June 2021, contracted revenue for FY22 is \$28.7 million (\$24.5m in respect of Clinical Trials and \$4.2m in respect of Healthcare). At 30 June 2020 (a year earlier), contracted revenue for FY22 was \$10.2 million.



### Clinical Trials Contracted Future Revenue

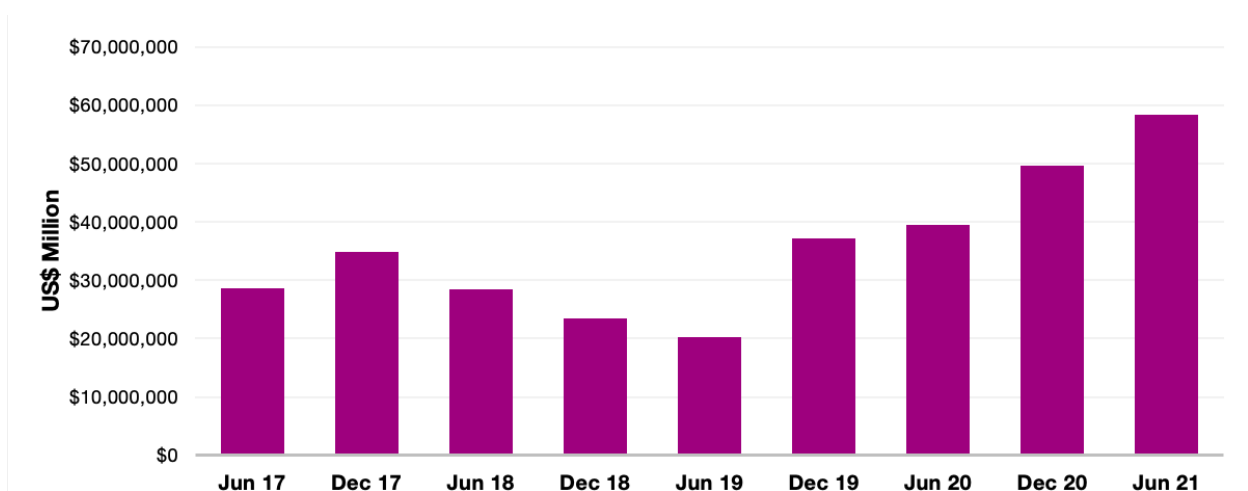
In Clinical Trials, contracted future revenue increased during 4Q21 with the value of contracts executed (\$11.4m) exceeding Clinical Trials revenue recognised (\$8.8m). The value of new contracts signed has now exceeded revenue recognised in each of the last 8 consecutive quarters.

**Clinical Trials Sales Contracts vs Revenue Recognised**



This has in turn driven a further expansion in the backlog of Clinical Trials contracted future revenue to a record of US\$58.4m, of which \$24.5 million is expected to be recognised as revenue during FY22. The graph below shows Clinical Trials contracted future revenue as at the end of each half year period since June 2017:

**Clinical Trials Contracted Future Revenue**



Cogstate continues to win work across a number of different indications, with 33% of Clinical Trials revenue backlog as at 30 June 21 related to indications other than Alzheimer's disease.

## Healthcare Contracted Future Revenue

In Healthcare, a further \$43.0m of deferred revenue remains to be recognized in relation to the Eisai agreements - \$42.2 million in respect of the global agreement and \$0.8m in respect of the Japan agreement. These amounts will be recognised over the license periods.

Healthcare contracted future revenue backlog has increased to reflect the \$20 million of minimum royalties that Eisai are now contractually obliged to make over commercial years 6-10 of the 10 year global agreement. This contractual obligation was triggered by the FDA's approval of the Alzheimer's treatment, ADUHELM, in June 2021 (see explanatory note 4).

The \$43 million of deferred revenue will be recognised on a straight line basis over the remaining license periods.

The associated cash royalties received in each period will be the higher of (i) royalty amount calculated based on sales of product or (ii) the minimum annual royalty. Cogstate received an upfront cash payment of \$15 million in December 2020, leaving not less than \$30 million to be paid by Eisai over the remaining term of the license.

## Operating Cash Flow

- June quarter total cash inflow was \$3.5 million, including a net operating cash inflow of \$4.2 million. Included in the operating cash inflow is a net cash inflow of \$0.6m associated with passthrough charges to Clinical Trial clients. This represents a timing difference for Cogstate. In many contracts, Cogstate charges up front for passthrough costs that will be incurred in future periods. These cash inflows are fully offset by cash outflows as the expenses are incurred.
- For full year ended 30 June 2021, total cash inflow was \$13.3 million, including a net operating cash inflow of \$16.1 million. Included in the operating cash inflow is a net cash outflow of \$0.7m associated with passthrough charges to Clinical Trial clients (with associated cash inflows received by Cogstate in prior periods).
- The 4Q21 included the recognition of approximately \$1.1m of deferred revenue associated with the Eisai licencing agreement. There were no cash payments from the Eisai Global (ex Japan) partnership in the period, these will commence with the earlier of first commercial sale or 12mths (and will equate to a minimum of \$10m over the first 5 commercial years of the agreement).
- Staffing levels and staff costs have remained consistent with prior year. Staff costs of \$0.463 million have been capitalised during 4Q21 for software development and accounted for within cash flows used for investment activities.
- Government grant funds received in the June quarter were \$15k. The funds received relate to the Australian Government's Entrepreneurs' Programme – Growth Grant.

The table below summarises the annual cashflow, while highlighting the upfront license fees received from Eisai and also separating the cash flows that relate to pass-through expenses paid on behalf of Cogstate customers. The summary shows total cash inflow of \$14.0 million during the year, of which \$13.8 million related to the receipt of the Eisai upfront license fee payment (net of costs).

	<b>Cogstate Operations</b>	<b>Customer Related Pass-Through Expenses</b>	<b>Total</b>
	<b>US\$m</b>	<b>US\$m</b>	<b>US\$m</b>
<b>Cash at 01 July 2020</b>	<b>8.4</b>	<b>1.9</b>	<b>10.3</b>
<b>Cash flow from operations</b>			
Eisai upfront payment (net of costs)	13.8	-	13.8
Cash flow from ordinary operations	3.0	(0.7)	2.3
<b>Total cash flow from operations</b>	<b>16.8</b>	<b>(0.7)</b>	<b>16.1</b>
<b>Cash flow from investing</b>			
Capitalised software development	(2.6)	-	(2.6)
Property, Plant & Equipment	(0.6)	-	(0.6)
Grant funds received	0.6	-	0.6
<b>Total cash flow from investing</b>	<b>(2.6)</b>	<b>-</b>	<b>(2.6)</b>
<b>Cash flow from financing</b>	<b>(0.2)</b>	<b>-</b>	<b>(0.2)</b>
<b>Cash at 30 June 2021</b>	<b>22.4</b>	<b>1.2</b>	<b>23.6</b>

### Related Party Transaction

- As noted in item 6 of the Appendix 4C Cashflow Statement, payments made to related parties and their associates total \$271,001 for the quarter. The payments relate to:
  - Non- executive directors' fees paid to Martyn Myer, David Dolby, Richard Mohs, Richard van den Broek, Ingrid Player and Kim Wenn totalling \$93,005.
  - Salary and wages remuneration to executive director (CEO - Brad O'Connor) and other related party individuals totalling \$177,996
  - All noted remuneration is on commercial terms

### Investing Cash Flow

- Investing cash outflow of \$0.568 million includes capitalised software development costs of \$0.463 million offset by non-government grants received of \$0.183 million.

## Balance Sheet

- The Company had \$22.4m net cash as at 30 June 2021 (calculated as gross cash less borrowings and less cash receipts received in advance for future passthrough charges).

Total cash at 30 June 2021	US\$ \$23.6m
Cash held on behalf of customers in respect of passthrough expenses at 30 June 2021	(\$1.2m)
Cash held for operations at 30 June 2021	\$22.4m
Total borrowings	Nil
Net cash	\$22.4m

- The application for PPP loan forgiveness submitted in 3Q21 was successfully forgiven in full on 15 June 2021.

In May 2020, Cogstate Inc secured a US\$2.44 million loan from Citibank under the Paycheck Protection Program (PPP) as part of the CARES Act in response to the COVID-19 pandemic. The PPP allowed businesses and non-profits with fewer than 500 employees to obtain loans of up to \$10 million to incentivise companies to maintain their workforce as they managed the business disruptions caused by the COVID-19 pandemic.

The PPP loan had a term of two years, was unsecured, and was guaranteed by the U.S. Small Business Administration. The loan carried 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 was able to apply for forgiveness of all loan proceeds used for USA based payroll costs, rent, utilities and other qualifying expenses during the twenty-four week period following receipt of the loan, provided the Company maintained its employment and compensation within certain parameters during such period, and provided further that not more than 25% of the amount forgiven could be attributed to non-payroll costs.

Cogstate complied with all requirements of the PPP loan and all funds were used as prescribed.

## FY21 Earnings Guidance

For the year to 30 June 2021, Cogstate expects to record a profit before tax in a range of \$5.2 - \$5.7 million, inclusive of \$2.4 million gain related to the PPP loan forgiveness. Profit before tax from ordinary operations, excluding the PPP loan forgiveness, is expected to be in the range of \$2.8 - \$3.3 million. Cogstate expects to release audited financial reports on Wednesday 25 August 2021.

### 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. In October 2020, Cogstate extended its agreement with Eisai to the Rest of the World. The product, branded as NouKNOW, launched in Japan on 31 March 2020 ([nouknow.jp](http://nouknow.jp)). For more information, please visit [www.cogstate.com](http://www.cogstate.com).

### For further information contact:

Brad O'Connor, Chief Executive Officer, [boconnor@cogstate.com](mailto:boconnor@cogstate.com)



## Quarterly Report – 30 June 2021

### Summary Financial Table

	Quarter Just Completed	Previous Quarter Completed	Previous Corresponding Quarter
	30-Jun-21	31-Mar-21	30-Jun-20
	US\$ million	US\$ million	US\$ million
<b>Receivables</b>			
Opening balance	7.45	5.49	7.32
Closing balance	7.85	7.45	4.21
<b>Net Increase/(Decrease) in Receivables</b>	<b>0.40</b>	<b>1.96</b>	<b>(3.11)</b>
<b>Payables</b>			
Opening balance	(4.29)	(3.78)	(5.04)
Closing balance	(5.66)	(4.29)	(7.05)
<b>Net Increase/(Decrease) in Payables</b>	<b>1.37</b>	<b>0.51</b>	<b>2.01</b>
<b>Cash Flow</b>			
Cash receipts from customers	9.50	6.93	9.61
Cash payments to employees	(3.55)	(5.40)	(4.37)
Cash payments to suppliers	(1.74)	(2.85)	(4.69)
Cash receipts, non-trading	0.00	0.00	0.54
<b>Net Operating Cash In/(Out) Flows</b>	<b>4.21</b>	<b>(1.32)</b>	<b>1.09</b>
<b>Net Investing Cash In/(Out) Flows</b>	<b>(0.57)</b>	<b>(0.14)</b>	<b>(0.34)</b>
<b>Net Financing Cash In/(Out) Flows</b>	<b>(0.16)</b>	<b>0.30</b>	<b>2.23</b>
Foreign exchange movement	-	-	-
<b>Net Increase/(Decrease) in cash held</b>	<b>3.48</b>	<b>(1.16)</b>	<b>2.98</b>

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Cogstate Limited

**ABN**

80 090 975 723

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US</b>	<b>Year to date (12 months) \$US</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	9,499,283	42,736,588
	Pass through receipts	2,912,031	6,126,085
1.2	Payments for		
	(a) research and development	(1,100)	(2,561)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(7,761)	(202,998)
	(d) leased assets (refer to 3.9)	-	-
	(e) staff costs	(3,552,720)	(16,666,841)
	(f) administration and corporate costs	(1,414,528)	(5,186,814)
	(g) pass through payments	(2,308,974)	(6,807,505)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2,288	2,416
1.5	Interest and other costs of finance paid	(11,058)	(48,163)
1.6	Income taxes paid	(58,994)	(870,181)
1.7	Government grants and tax incentives	15,497	56,432
1.8	Other (provide details if material)		
	Other professional fees (incl. accounting & audit)	(454,897)	(875,829)
	Computer costs	(294,903)	(1,484,574)
	Advisory fees	-	(375,000)
	Legal costs, including patent costs	(80,907)	(193,575)
	Listing fees & Associated costs	(31,747)	(117,740)
	Travel Costs	(452)	28,842
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>4,211,058</b>	<b>16,118,582</b>

+ See chapter 19 for defined terms.

<b>2.</b>	<b>Cash flows from investing activities</b>	-	-
2.1	Payments to acquire:		
	(a) entities		
	(b) businesses	-	-
	(c) property, plant and equipment	(288,725)	(627,093)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) capitalised software development	(462,619)	(2,631,227)
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Grant funds received (non-government)	183,333	633,333
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(568,011)</b>	<b>(2,624,987)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	607,971
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Principal portion of lease payments	(164,734)	(791,554)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(164,734)</b>	<b>(183,583)</b>

+ See chapter 19 for defined terms.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>20,162,476</b>	<b>10,330,777</b>
4.1	Cash and cash equivalents at beginning of period		
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,211,058	16,118,582
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(568,011)	(2,624,987)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(164,734)	(183,583)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>23,640,789</b>	<b>23,640,789</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US</b>	<b>Previous quarter \$US</b>
5.1	Bank balances	23,640,789	20,162,476
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>23,640,789</b>	<b>20,162,476</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$US</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	93,035
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Answer

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$US</b>	<b>Amount drawn at quarter end \$US</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements	100,174	68,105
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>100,174</b>	<b>68,105</b>

<b>7.5 Unused financing facilities available at quarter end</b>	<b>32,069</b>
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Bank Guarantee of US\$66k (A\$88k) in respect to the Melbourne property lease (i.e., 2/255 Bourke Street, Melbourne) and credit card facility of US\$34k (A\$45k).

<b>8. Estimated cash available for future operating activities</b>	<b>\$US</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	4,211,058
8.2 Cash and cash equivalents at quarter end (Item 4.6)	23,640,789
8.3 Unused finance facilities available at quarter end (Item 7.5)	32,069
8.4 Total available funding (Item 8.2 + Item 8.3)	23,672,858
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 22 July 2021

Authorised by: Darren Watson  
On behalf of the Board of Cogstate Ltd

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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+ See chapter 19 for defined terms.