

Appendix 4D

Condensed consolidated financial statements for the half-year ended 31 December 2022 as required by ASX listing rule 4.2A

Results for announcement to the market

(All comparisons to the half-year ended 31 December 2021)

	31 December 2022 US\$	31 December 2021 US\$	MOVEMENT	
			US\$	%
Revenue from ordinary activities	19,544,710	23,075,459	(3,530,749)	(15.3)
Clinical Trials revenue	17,134,599	20,846,863	(3,712,264)	(17.8)
Healthcare revenue	2,218,651	2,215,228	3,423	0.2
Research revenue	191,460	13,368	178,092	1,332.2
Profit/(loss) before interest & taxation (EBIT)	(235,183)	6,126,493	(6,361,676)	N/A
Profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA)	1,036,000	7,253,042	(6,217,042)	(85.7)
Depreciation and amortisation	(1,271,183)	(1,126,549)	144,634	12.8
Interest expense	(20,733)	(22,676)	(1,943)	(8.6)
Interest income	256,321	11,747	244,574	2,082.0
Net profit/(loss) before tax (from ordinary activities)	405	6,115,564	(6,115,159)	(100.0)
Net profit/(loss) after tax (from ordinary activities) for the period attributable to members	60,861	4,083,202	(4,022,341)	(98.5)

Dividend information

No dividend was declared in the prior corresponding period. Cogstate has determined not to pay a dividend in respect of the half year period ended 31 December 2022.

	31 December 2022 US\$	31 December 2021 US\$
Net tangible asset backing (per share)	0.108	0.086
Earnings per share	0.000	0.024

This information should be read in conjunction with the 2022 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the condensed consolidated financial statements for the half-year ended 31 December 2022.

This report is based on the condensed consolidated financial statements for the half-year ended 31 December 2022 which have been reviewed by Pitcher Partners.



HALF-YEAR REPORT

31 December 2022

Cogstate Limited ABN 80 090 975 723

#BrainHealthForAll



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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 2022 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, 161 Collins Street, Melbourne, VIC, 3000 Australia

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 ended 31 December 2022 and the independent review report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The Directors of Cogstate in office during the half-year and at the date of this report (unless otherwise stated) were as follows:

- Martyn Myer (Chairman)
- Brad O'Connor (CEO)
- David Dolby (resigned 25 January 2023)
- Richard Mohs
- Ingrid Player
- Richard van den Broek
- Kim Wenn

Results of operations

The Group's net profit before tax for the half-year ended 31 December 2022 (1H23) is \$405 and net profit after tax for the half-year ended 31 December 2022 is \$60,861.

Earnings per share (EPS) was 0.04 cents, as compared to 2.37 cents in the Prior Corresponding Period (PCP).

Principal activities

During the half-year, the principal activities of the Group consisted of:

- Creation, validation, and commercialisation of digital brain health assessments; and
- Design and provision of quality assurance services in clinical trials, focused on the administration, scoring, and recording of conventional brain health assessments

Commercial segments

Clinical Trials segment

Over the last 17 years, almost all Cogstate revenue has been generated from the sale of technology and associated services to pharmaceutical and biotechnology companies to demonstrate a drug's impact on cognition in clinical trials. Initially, revenue was derived only from the provision of highly sensitive computerized cognitive tests, as well as service fees associated with the deployment of the technology. Over time, services were added in respect of the management, training, and monitoring to improve the reliability and sensitivity of conventional cognitive assessments. Today, Cogstate's full-service solutions span the entire clinical lifecycle from study design to final statistical analyses. 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 on clinical trials.

Growth strategies in Clinical Trials continue to include:

- Leverage adoption of decentralized clinical trial methodologies to grow market share
- Expand capabilities in key therapeutic indications while continuing to grow market penetration in Alzheimer's disease in line with increased investment in drug development
- Establish and deepen channel partnerships with leading platform and service providers as a means of growing customer base
- Continue scientific publication and marketing of the utility and validity of Cogstate technology
- Leverage brand awareness generated from the launch of consumer and physician tools within the Healthcare market.

Cogstate's clinical trial services, coupled with innovative operational approaches, advanced analytics, and scientific consulting, help research teams draw conclusions from study data faster and with more accuracy.

Healthcare segment

Outside of the Clinical Trials segment, Cogstate has developed tools specifically designed to aid healthcare professionals with objective assessments of cognition in patients. The system, branded as Cognigram™, 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. There are additional applications in areas such as pre- and post-operative care, especially critical in vulnerable or aging, to help ensure a full recovery and reduce rates of hospital re-admittance. 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.

Notwithstanding the list of applications above, the most significant opportunity for Cognigram is in the area of dementia screening and care. Cognigram has achieved regulatory clearance to market in multiple jurisdictions including the United States, Europe, and Australia.

In 2018, Cogstate made a decision to cease independent direct marketing of Cognigram and instead sought to distribute technology through a strategic partner who would drive the adoption of cognitive testing as part of a broader ecosystem of solutions (including therapeutic treatment) designed to more broadly address dementia in society. The change in strategy has resulted in a decrease in direct sales and marketing costs for Cogstate and opportunities for expansion in new markets.

Following the execution of the global license agreement with Eisai Co., Ltd in 2020, growth strategy in Healthcare are focused on the launch and adoption of Cogstate Technology to support the launch of the first Alzheimer's disease modifying therapeutic treatment.

Research segment

Cogstate supports important international research studies and academic collaborations across various indications, including, but not limited to, Alzheimer's disease, HIV, multiple sclerosis, oncology (paediatric and adult), Parkinson's disease, depression, epilepsy and schizophrenia. Cogstate has participated in over 1,800 academic research studies in more than 150 different indications, resulting in hundreds of peer reviewed publications. The data and publications from the academic collaborations provide an important basis for scientific and commercial validation of Cogstate technology.

Results of operations

The Group's net profit before tax for the half-year ended 31 December 2022 (1H23) is \$405 and net profit after tax for the half-year ended 31 December 2022 is \$60,861.

Earnings per share (EPS) was 0.04 cents, as compared to 2.37 cents in the PCP.

Summary income statement for the period ended 31 December 2022

Based on Group segment reporting note.

	1H23 US\$	1H22 US\$	Movement fav/(unfav)	
			US\$	%
Clinical Trials				
Revenue	17,134,599	20,846,863	(3,712,264)	(18)
Direct costs	(9,171,578)	(7,915,779)	(1,255,799)	(16)
Clinical Trials Contribution	7,963,021	12,931,084	(4,968,063)	(38)
Healthcare				
Revenue	2,218,651	2,215,228	3,423	-
Direct costs	(886,330)	(447,852)	(438,478)	(98)
Healthcare Contribution	1,332,321	1,767,376	(435,055)	(25)
Research				
Revenue	191,460	13,368	178,092	1,332
Direct costs	(397,840)	(424,934)	27,094	6
Research Contribution	(206,380)	(411,566)	205,186	50
Operating expenses	(8,052,962)	(7,033,852)	(1,019,110)	(14)
EBITDA	1,036,000	7,253,042	(6,217,042)	(86)
Depreciation and amortisation	(1,271,183)	(1,126,549)	(144,634)	(13)
EBIT	(235,183)	6,126,493	(6,361,676)	(104)
Interest income	256,321	11,747	244,574	2,082
Interest expense	(20,733)	(22,676)	1,943	9
Net profit before tax	405	6,115,564	(6,115,159)	(100)

Operating revenue

Operating revenue as reflected in the Group's segment note decreased 15% in 1H23 to \$19.5 million (compared to 1H22).

	1H23 US\$	1H22 US\$	Movement fav/(unfav)	
			US\$	%
Revenue				
Clinical Trials	17,134,599	20,846,863	(3,712,264)	(18)
Healthcare	2,218,651	2,215,228	3,423	0
Research	191,460	13,368	178,092	1,332
Total	19,544,710	23,075,459	(3,530,749)	(15)

Clinical Trials revenue down 18% to \$17.1 million and contracted future Clinical Trials revenue up 20% to \$110.0 million (both compared to 1H22).

	1H23 US\$	1H22 US\$	Movement fav/(unfav)	
			US\$	%
Clinical Trials revenue contracted at 1 July	100,242,981	58,424,721	41,818,260	72
Contracts executed during the period	27,310,918	54,479,975	(27,169,057)	(50)
Revenue recognised during the period	(17,134,599)	(20,846,863)	3,712,264	18
Adjustment for foreign exchange movements	(411,684)	(75,051)	(336,633)	(449)
Contracted future Clinical Trials revenue at 31 December	110,007,616	91,982,782	18,024,834	20

Healthcare revenue of \$2.2 million, consistent with PCP (1H22: \$2.2 million).

	1H23 US\$	1H22 US\$	Movement fav/(unfav)	
			US\$	%
Revenue under Japan license	50,370	50,370	-	N/A
Revenue under Global (ex Japan) license	2,060,726	2,060,726	-	N/A
Other Healthcare revenue	107,555	104,132	3,423	3
Total	2,218,651	2,215,228	3,423	0

Total contracted future revenue up 10% to \$146.7 million compared to 1H22.

	1H23 US\$	1H22 US\$	Movement fav/(unfav)	
			US\$	%
Contracted Clinical Trials revenue	110,007,616	91,982,782	18,024,834	20
Eisai License – Global (commercial years 1-10)*	36,062,717	40,150,572	(4,087,855)	(10)
Eisai License – Japan (10 year license)	665,207	765,125	(99,918)	(13)
Contracted future revenue at 31 December	146,735,540	132,898,479	13,837,061	10

*Minimum royalties for commercial years 6-10 (totalling \$20 million) included.

Total staff expenses

Total staff expenses in 1H23 increased 10% to \$14.5 million compared to 1H22.

	1H23		1H22		Movement fav/(unfav)	
	FTE at 31-Dec	US\$	FTE at 31-Dec	US\$	US\$	%
Clinical Trials	107.9	7,877,912	97.5	6,864,475	(1,013,437)	(15)
Healthcare	6.4	397,547	5.3	430,124	32,577	8
Research	8.2	357,196	9.3	422,410	65,214	15
Other	67.6	5,833,069	58.8	5,423,323	(409,746)	(8)
Total staff expenses	190.1	14,465,724	170.9	13,140,332	(1,325,392)	(10)

Financial position

At 31 December 2022, the net assets of the Group were \$33.8 million.

Summary Balance Sheet as at 31 December 2022.

	31 Dec 2022	30 Jun 2022	Movement fav/(unfav)	
	US\$	US\$	US\$	%
Cash and cash equivalents	28,929,880	30,597,170	(1,667,290)	(5)
Trade and other receivables	6,658,889	8,077,281	(1,418,392)	(18)
Property, plant and equipment	592,509	905,192	(312,683)	(35)
Intangibles	11,271,814	10,765,117	506,697	5
Other assets	7,493,031	8,101,834	(608,803)	(8)
Total assets	54,946,123	58,446,594	(3,500,471)	(6)
Trade and other payables	7,326,172	10,210,673	2,884,501	28
Deferred revenue	9,642,694	10,690,919	1,048,225	10
Other liabilities	4,182,811	4,622,892	440,081	10
Total liabilities	21,151,677	25,524,484	4,372,807	17
Capital	36,195,681	36,145,605	50,076	0
Accumulated losses	(3,191,945)	(3,252,806)	60,861	2
Reserves	790,710	29,311	761,399	2,598
Total equity	33,794,446	32,922,110	872,336	3

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 2022.

Matters subsequent to the end of the half-year

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2022 that has significantly affected or may significantly affect the operations of Cogstate, the results of those operations, or the state of affairs of Cogstate in the future.

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 7.

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

**COGSTATE LIMITED
AND CONTROLLED ENTITIES
ABN 80 090 975 723**

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

In relation to the independent auditor's review for the half-year ended 31 December 2022, 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



PITCHER PARTNERS
Melbourne

28 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For the half-year ended 31 December 2022

	Notes	31 December 2022 US\$	31 December 2021 US\$
Operations			
Revenue		17,433,614	20,964,363
Royalty income		2,111,096	2,111,096
Finance income		256,321	11,747
Total revenue	3	19,801,031	23,087,206
Direct costs	4	(10,551,601)	(8,957,192)
Gross profit		9,249,430	14,130,014
Employee benefits expense	5	(5,266,351)	(4,770,445)
Depreciation & amortisation	6	(1,175,330)	(957,922)
Occupancy	6	(39,349)	(115,181)
Marketing		(53,154)	(70,889)
Professional fees		(720,799)	(819,754)
General administration		(1,704,902)	(1,333,265)
Net foreign exchange gain/(loss)		(6,779)	95,933
Travel expenses		(241,440)	(1,124)
Finance expenses		(39,847)	(41,803)
Other income/(expenses)		(1,074)	-
Profit before income tax		405	6,115,564
Income tax benefit / (expense)		60,456	(2,032,362)
Profit from continuing operations		60,861	4,083,202
Total comprehensive profit for the half-year		60,861	4,083,202
		Cents US\$	Cents US\$
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share		0.04	2.37
Diluted earnings per share		0.03	2.20
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share		0.04	2.37
Diluted earnings per share		0.03	2.20

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 2022

	Notes	31 December 2022 US\$	30 June 2022 US\$
ASSETS			
Current assets			
Cash and cash equivalents (excluding bank overdrafts)		28,929,880	30,597,170
Trade and other receivables		6,658,889	8,077,281
Other current assets		2,919,859	3,325,005
Total current assets		38,508,628	41,999,456
Non-current assets			
Property, plant and equipment		592,509	905,192
Intangible assets	7	11,271,814	10,765,117
Lease assets	8	418,252	1,113,040
Deferred tax assets	9	4,154,920	3,663,789
Total non-current assets		16,437,495	16,447,138
Total assets		54,946,123	58,446,594
LIABILITIES			
Current liabilities			
Trade and other payables		7,326,172	10,210,673
Deferred revenue	10	5,062,542	4,639,672
Short-term borrowings	11	473,749	183,348
Provisions		2,475,336	2,593,020
Lease liabilities	8	389,547	636,026
Total current liabilities		15,727,346	18,262,739
Non-current liabilities			
Provisions		16,627	23,181
Lease liabilities	8	68,210	592,377
Deferred revenue	10	4,580,152	6,051,247
Deferred tax liabilities		759,342	594,940
Total non-current liabilities		5,424,331	7,261,745
Total liabilities		21,151,677	25,524,484
Net assets		33,794,446	32,922,110
EQUITY			
Share capital	12	36,195,681	36,145,605
Other reserves		790,710	29,311
Accumulated losses		(3,191,945)	(3,252,806)
Capital and reserves attributable to owners of Cogstate Limited		33,794,446	32,922,110
Total equity		33,794,446	32,922,110

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 2022

	Notes	Attributable to owners of Cogstate Limited				Total equity US\$
		Issued capital US\$	Share option reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	
As at 1 July 2021		34,026,408	1,714,482	(3,154,791)	(10,802,762)	21,783,337
Profit for the period		-	-	-	4,083,202	4,083,202
Total comprehensive loss for the half-year		-	-	-	4,083,202	4,083,202
Dissolution of foreign subsidiary		-	-	(30,222)	30,222	-
Transactions with owners in their capacity as owners						
Transfer to share capital on exercise of options		707,847	(707,847)	-	-	-
Exercise of options		1,402,345	-	-	-	1,402,345
Cost of share-based payment		-	887,406	-	-	887,406
As at 31 December 2021		36,136,600	1,894,041	(3,185,013)	(6,689,338)	28,156,290
As at 1 July 2022		36,145,605	3,214,324	(3,185,013)	(3,252,806)	32,922,110
Profit for the period		-	-	-	60,861	60,861
Total comprehensive profit for the half-year		-	-	-	60,861	60,861
Transactions with owners in their capacity as owners						
Transfer to share capital on exercise of options	12	15,465	(15,465)	-	-	-
Exercise of options	12	34,611	-	-	-	34,611
Cost of share-based payment	4 & 5	-	776,864	-	-	776,864
As at 31 December 2022		36,195,681	3,975,723	(3,185,013)	(3,191,945)	33,794,446

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

Condensed Consolidated Statement of Cash Flows For the half-year ended 31 December 2022

	Notes	31 December 2022 US\$	31 December 2021 US\$
Cash flows from/(used in) operating activities			
Receipts from customers		19,571,621	20,383,962
Payments to suppliers and employees		(19,147,114)	(18,585,894)
Finance costs		(22,365)	(23,000)
Government grants and tax incentives		-	-
Net cash flows pre impact of pass-through charges		402,142	1,775,068
Net pass-through		(645,551)	(491,816)
Net cash flows from/(used in) operating activities*	13	(243,409)	1,283,252
Cash flows used in investing activities			
Purchase of property, plant & equipment		(44,819)	(276,857)
Payment for capitalised software development labour costs	7	(1,301,636)	(371,374)
Interest received		201,917	11,747
Net cash flows used in investing activities		(1,144,538)	(636,484)
Cash flows from/(used in) financing activities			
Proceeds from issue of shares	12	34,611	1,402,345
Principal portion of lease payments	8	(313,954)	(353,239)
Transaction costs of issue of shares		-	-
Net cash flows from/(used in) financing activities		(279,343)	1,049,106
Net increase/(decrease) in cash and cash equivalents		(1,667,290)	1,695,874
Cash and cash equivalents at beginning of period		30,597,170	23,640,789
Net foreign exchange differences		-	-
Cash and cash equivalents at end of period		28,929,880	25,336,663

*Net cash flows from operating activities account for the cash flows that relate to pass-through expenses paid on behalf of Cogstate customers

The above condensed 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 2022 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 2022 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.

(a) New and amended standards adopted by the Group

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2022. The application of these Standards has not materially impacted the financial statements of the Group.

(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 four reportable segments as described below:

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 (indirect)
- 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 has 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 presents revenue and profit/(loss) information regarding the segments of clinical trials, healthcare and research markets for the half-years ended year ended 31 December 2022 and 31 December 2021.

31 December 2022	Clinical Trials US\$	Healthcare US\$	Research US\$	Administration US\$	Total US\$
Sales to external customers	17,134,599	2,218,651	191,460	-	19,544,710
Direct costs	(9,171,578)	(886,330)	(397,840)	-	(10,455,748)
Direct depreciation	(95,853)	-	-	-	(95,853)
Segment gross profit/(loss)	7,867,168	1,332,321	(206,380)	-	8,993,109
Interest income	-	-	-	256,321	256,321
Gross comprehensive income	7,867,168	1,332,321	(206,380)	256,321	9,249,430
Operating profit/(loss)	7,867,168	1,332,321	(206,380)	(7,770,748)	1,222,361
Indirect depreciation expenses	-	-	-	(1,175,330)	(1,175,330)
Foreign exchange	-	-	-	(6,779)	(6,779)
Finance costs	-	-	-	(39,847)	(39,847)
Other income	-	-	-	-	-
Segment result	7,867,168	1,332,321	(206,380)	(8,992,704)	405

31 December 2021	Clinical Trials US\$	Healthcare US\$	Research US\$	Administration US\$	Total US\$
Sales to external customers	20,846,863	2,215,228	13,368	-	23,075,459
Direct costs	(7,915,779)	(447,852)	(424,934)	-	(8,788,565)
Direct depreciation	(168,627)	-	-	-	(168,627)
Segment gross profit/(loss)	12,762,457	1,767,376	(411,566)	-	14,118,267
Interest income	-	-	-	11,747	11,747
Gross comprehensive income	12,762,457	1,767,376	(411,566)	11,747	14,130,014
Operating profit/(loss)	12,762,457	1,767,376	(411,566)	(7,098,911)	7,019,356
Indirect depreciation expenses	-	-	-	(957,922)	(957,922)
Foreign exchange	-	-	-	95,933	95,933
Finance costs	-	-	-	(41,803)	(41,803)
Other income	-	-	-	-	-
Segment result	12,762,457	1,767,376	(411,566)	(8,002,703)	6,115,564

3 Revenue

	31 December 2022 US\$	31 December 2021 US\$
Timing of revenue recognition		
At a point in time		
Clinical Trials	2,196,586	4,767,918
Healthcare	107,555	104,132
Research	191,460	13,368
	2,495,601	4,885,418
Over time		
Clinical Trials	14,938,013	16,078,945
Healthcare	2,111,096	2,111,096
	17,049,109	18,190,041
Finance income	256,321	11,747
	19,801,031	23,087,206

	31 December 2022 US\$	31 December 2021 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)	110,007,616	91,982,782
Healthcare (contracted future revenue)	36,727,924	40,915,697
	146,735,540	132,898,479

4 Direct costs

	31 December 2022 US\$	31 December 2021 US\$
Direct wages and salaries	(8,204,010)	(7,405,795)
Share based payment expense	(428,645)	(311,214)
Direct contractor costs	(771,507)	(748,756)
Direct depreciation	(95,853)	(168,627)
Other direct costs	(1,051,586)	(322,800)
	(10,551,601)	(8,957,192)

Direct costs are those costs directly associated with the derivation of revenue within the business segments; Clinical Trials, Healthcare or Research.

5 Indirect employee costs

	31 December 2022 US\$	31 December 2021 US\$
Employee benefits expense		
Wages and Salaries	(5,484,850)	(4,847,131)
Less capitalisation of software development costs	566,718	56,208
Less product development costs reimbursed	-	596,670
Share based payment expense	(348,219)	(576,192)
Total employee benefits expense	(5,266,351)	(4,770,445)

Indirect costs are overhead costs, not directly related to the derivation of revenue within the business segments. Costs associated with the development of software, such as salaries, are classified as indirect costs.

In the prior half-year ended 31 December 2021, labour resource was directed to the support of product development in the Healthcare segment, the cost of which was recovered from the Group's partner in that period. No such activity occurred in the half-year ended 31 December 2022.

Refer to note 7 for further information regarding development costs capitalised.

6 Other expenses

	31 December 2022 US\$	31 December 2021 US\$
Depreciation & amortisation		
Depreciation (direct)	95,853	168,627
	95,853	168,627
Depreciation (indirect)	87,282	122,466
Depreciation (lease assets)	293,109	316,813
Amortisation (intangibles)	794,939	518,643
Total depreciation (indirect) and amortisation expenses	1,175,330	957,922
Total depreciation & amortisation	1,271,183	1,126,549

	31 December 2022 US\$	31 December 2021 US\$
Occupancy		
Rent	(4,074)	66,269
Rates	-	4,556
Electricity	41,471	44,356
Office Relocation	1,952	-
Total occupancy	39,349	115,181

7 Intangible assets

	31 December 2022 US\$	30 June 2022 US\$
Software development		
Database platform	5,835,243	6,152,988
ISLT smart-phone application	2,055,281	1,734,118
Cognigram USA	1,642,907	1,736,257
DCT EEP	198,584	-
Data management software	682,355	527,256
Rater performance application	548,546	305,600
Software license	-	-
Intellectual property - Clinical Trials	308,898	308,898
	11,271,814	10,765,117

Half-year ended 31 December 2022	Software Development (Database platform)	Software Development (ISLT smart-phone application)	Software Development (Cognigram USA)	Software Development (DCT EEP)	Software Development (Data management software)	Software Development (Rater performance application)	Software license	Intellectual Property - Clinical Trials	Total US\$
Opening net book amount	6,152,988	1,734,118	1,736,257	-	527,256	305,600	-	308,898	10,765,117
Amortisation	(466,043)	(189,493)	(93,350)	(6,392)	(30,668)	(8,993)	-	-	(794,939)
Capitalisation	148,298	510,656	-	204,976	185,767	251,939	-	-	1,301,636
Closing net book amount	5,835,243	2,055,281	1,642,907	198,584	682,355	548,546	-	308,898	11,271,814

Year ended 30 June 2022	Software Development (Database platform)	Software Development (ISLT smart-phone application)	Software Development (Cognigram USA)	Software Development (DCT EEP)	Software Development (Data management software)	Software Development (Rater performance application)	Software license	Intellectual Property - Clinical Trials	Total US\$
Opening Net Book Amount	7,080,235	1,221,340	-	-	-	-	108,338	308,898	8,718,811
Amortisation	(927,247)	(47,510)	(9,834)	-	-	-	(108,338)	-	(1,092,929)
Capitalisation	-	560,288	1,746,091	-	527,256	305,600	-	-	3,139,235
Closing net book amount	6,152,988	1,734,118	1,736,257	-	527,256	305,600	-	308,898	10,765,117

Cogstate has developed a Database platform for use within the clinical trials segment. From the platform, Cogstate can launch various cognitive tests, process raw data and produce necessary reports. The platform incorporates 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. 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 is able to incorporate other technologies and/or assessment modalities that, in the future, may be complementary to Cogstate's commercial solutions.

The amount capitalised in the half-year ended 31 December 2022 relates to the ongoing development of the platform.

During the half-year ended to 31 December 2022, the Group has continued development of a number of other assets:

- the List Learning Assessment (LILA) mobile application supporting the International Shopping List Test (ISLT) and replacing the previous manual ISLT process;
- Rater performance application is a web-based application that serves to automate the Group's Rater Performance Central Monitoring (RPCM) process for the assignment of Rater reviews, review workflow and the compilation of Rater performance results in real time

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.

8 Lease assets & lease liabilities

Lease Assets	31 December 2022 US\$	30 June 2022 US\$
Carrying amount of lease assets, by class of underlying asset		
Buildings	392,575	1,081,139
Equipment	25,677	31,901
	418,252	1,113,040

Lease Assets	31 December 2022 US\$	30 June 2022 US\$
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:		
Opening carrying amount	1,113,040	1,590,165
Additions	-	106,238
Depreciation	(293,109)	(583,363)
De-recognition of right-of-use assets*	(401,679)	-
Net foreign exchange differences	-	-
Closing carrying amount	418,252	1,113,040

Lease Liabilities	31 December 2022 US\$	30 June 2022 US\$
Carrying amount of lease liabilities:		
Current lease liabilities	(389,547)	(636,026)
Non-current lease liabilities	(68,210)	(592,377)
Total carrying amount of lease liabilities	(457,757)	(1,228,403)

Lease expenses and cashflows		
Depreciation expense on lease assets	293,109	583,363
Interest expense on lease liabilities	10,937	28,694
Principal portion of lease payments	313,954	647,907
Net foreign exchange differences	-	969

*De-recognition of right-of-use assets relates to the lease amendment reflecting the reduction in floor space under lease at the Connecticut, USA office.

9 Deferred tax assets

	31 December 2022 US\$	30 June 2022 US\$
Tax losses	680,972	-
Employee benefits	681,896	715,014
Accrued expenses	276,952	19,882
Deferred revenue	2,468,377	2,876,706
Capital raising costs	11,963	15,950
Provision for doubtful debts	24,812	7,307
Lease assets and lease liabilities	9,948	28,930
	4,154,920	3,663,789

In Cogstate Ltd tax losses of US\$680,972 are available for future use as at 31 December 2022 (30 June 2022: nil).

In Cogstate Inc there are no tax losses available for future use at 31 December 2022 (30 June 2022: nil).

10 Deferred revenue

	31 December 2022 US\$	30 June 2022 US\$
Current deferred revenue		
Clinical Trials	864,769	441,899
Healthcare		
- Eisai Japan	99,918	99,918
- Eisai Global	4,087,855	4,087,855
Research	10,000	10,000
	5,062,542	4,639,672

	31 December 2022 US\$	30 June 2022 US\$
Non-current deferred revenue		
Clinical Trials	500,000	600,000
Healthcare		
- Eisai Japan	565,289	615,658
- Eisai Global	3,474,863	4,785,589
Research	40,000	50,000
	4,580,152	6,051,247

	31 December 2022 US\$	30 June 2022 US\$
Deferred revenue		
Carrying amount of deferred revenue:		
Current deferred revenue	5,062,542	4,639,672
Non-current deferred revenue	4,580,152	6,051,247
Total carrying amount of deferred revenue	9,642,694	10,690,919

11 Borrowings

	31 December 2022 US\$	30 June 2022 US\$
Insurance premium funding	473,749	183,348
	473,749	183,348

The funding of business insurance premiums is part of the Group's cash management policy. For the current year, the funding period runs from November 2022 to August 2023.

12 Contributed equity

(a) Share capital

	31 December 2022 Shares	31 December 2022 US\$	30 June 2022 Shares	30 June 2022 US\$
Ordinary shares				
Ordinary shares - fully paid	173,459,998	36,195,681	173,368,331	36,145,605

(b) Movements in ordinary share capital

	Number of shares	US\$
1 July 2021	170,988,331	34,026,408
Exercise of options	2,380,000	1,408,267
Transfer from options reserve	-	710,930
30 June 2022	173,368,331	36,145,605
1 July 2022	173,368,331	36,145,605
Exercise of options	91,667	34,611
Transfer from options reserve	-	15,465
31 December 2022	173,459,998	36,195,681

13 Reconciliation of profit after income tax to net cash from operating activities

	31 December 2022 US\$	31 December 2021 US\$
Profit for the half-year	60,861	4,083,202
Non-cash income and expense items:		
Depreciation and amortisation	1,271,183	1,126,549
Loss on disposal of assets	174,364	72,578
Non-cash employee benefits expense - share-based payments	776,864	887,406
Grant funding - cash received in a prior period	(173,290)	-
Net exchange differences	(181,069)	25,834
Change in operating assets & liabilities:		
(Increase) decrease in trade debtors and other receivables	1,574,585	(946,911)
(Increase) decrease in deferred tax assets	(491,131)	1,730,158
(Increase) decrease in other operating assets	691,667	488,873
(Increase) decrease in prepayments	(442,714)	(925,088)
(Increase) decrease in lease assets	694,788	316,813
(Decrease) increase in trade creditors	(2,616,594)	(977,206)
(Decrease) increase in deferred revenue	(1,048,225)	(3,916,074)
(Decrease) increase in provision for income taxes payable	195,784	(183,294)
(Decrease) increase in lease liabilities	(770,646)	(337,647)
(Decrease) increase in deferred tax liabilities	164,402	(9,065)
(Decrease) increase in employee provisions	(124,238)	(152,876)
Net cash flow from/(used in) operating activities	(243,409)	1,283,252

14 Commitments and contingencies

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

15 Events occurring after the reporting period

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' Declaration

The directors' declare that:

- (1) In the directors' opinion the financial statements and notes thereto, as set out on pages 8-18, 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 2022 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, 28 February 2023

Independent Auditor's Review Report

COGSTATE LIMITED
AND CONTROLLED ENTITIES
ABN 80 090 975 723



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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the 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 2022, the condensed consolidated statement of profit or loss and comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Responsibility of the Directors for the 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.

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 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*.

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.



M J HARRISON
Partner



PITCHER PARTNERS
Melbourne

28 February 2023

Corporate Directory

Directors

Martyn Myer AO, BE, MESC, MSM
Chairman

Brad O'Connor, B Bus
Chief Executive Officer

David Dolby BSE, MBA
(resigned 25 January 2023)
Non-Executive Director

Richard Mohs, PhD
Non-Executive Director

Ingrid Player, BEc and LLB (Hons), GAICD
Non-Executive Director

Richard van den Broek, CFA
Non-Executive Director

Kim Wenn, BCompSc
Non-Executive Director

Company Secretary

David Franks, BEc, CA, F Fin, FGIA, JP

Principal registered office in Australia

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Melbourne Vic 3000 Australia

Share and debenture register

Automatic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000

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

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