

ASX Announcement

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Cogstate 1H26 Financial Results

All figures in US\$, unless stated

Cogstate Ltd (ASX:CGS), a global leader in clinical trial endpoint data quality and digital cognitive assessments, today releases its Appendix 4D and Half-Year Report for the half-year ended 31 December 2025 ("1H26"). Cogstate has delivered strong revenue growth and demonstrated maturing operational leverage, positioning Cogstate to capture increasing market share in the rapidly expanding CNS (central nervous system) research and development market.

Highlights

- Group Revenue of \$26.9M, up 12% on previous corresponding period ("pcp") (\$23.9M)
- Net Profit After Tax of \$4.5M, up 16% on pcp (\$3.9M).
- EBITDA of \$6.5M, up 5% on pcp (\$6.2M) with an EBITDA margin of 24% (pcp 26%)
- Clinical Trials sales contracts executed of \$41.7M, up 105% on pcp (\$20.3M)
- Contracted future revenue increased to \$104.9M, with a record \$21.7M expected to be recognised in 2H26 (up 24% on pcp)
- Operating cash flow of \$2.4M and total cash of \$34.1M at 31 December 2025

Commentary

Cogstate continues to demonstrate strong growth with compelling evidence of maturing operational leverage. The business is increasingly well positioned to win market share with CNS drug commercialisation expected to be among the fastest growing areas of pharmaceutical research and development spending, second only to oncology¹.

Revenue increased 12% to \$26.9 million driven by Clinical Trials revenue of \$25.7 million, up 13% on pcp (\$22.7M). Most significantly, Clinical Trials sales contracts executed in the first half totalled \$41.7 million, more than double the prior corresponding period and representing Cogstate's second-best sales result ever for a half-year period. The composition of these contracts demonstrates substantial progress in the Company's diversification strategy, with 45% of the value of contracts executed derived from mood, sleep and other neurological conditions, almost a sixfold increase compared to pcp.

EBITDA increased 5% to \$6.5 million with margin of 24.3%, while net profit before tax was \$5.3 million, up 2% on pcp. Net profit after tax was \$4.5 million, up 16% on pcp.

Cogstate CEO, Brad O'Connor, said: "These results demonstrate Cogstate's growing momentum and the increasing strength of our competitive position. We're seeing record levels of sales opportunities from an expanded customer base across more therapeutic indications, and those opportunities are converting into meaningful contract wins."

"The quality of our sales performance is as important as the quantum. With 45% of our 1H26 contracts coming from mood, sleep and neurological conditions beyond Alzheimer's disease, we're demonstrating the diversification and repeatability that creates long-term value. Our investments in channel partnerships, scientific expertise across new indications, and our proven track record of delivering successful large-scale trials are all translating into tangible commercial results."

Detailed 1H26 Performance

Revenue

	1H26	1H25	Change
	US\$ Million	US\$ Million	%
Clinical Trials Revenue	25.70	22.70	13%
Healthcare Revenue	1.22	1.25	(2%)
Total Revenue	26.92	23.94	12%

Clinical Trials revenue increased 13% to \$25.7 million, reflecting strong execution of the contracted revenue backlog. License fee revenue represented 23% of Clinical Trials revenue, compared to 19% in 1H25 but below the 31% recorded in 2H25. The shift toward more complex endpoint services, which generate higher multi-year services revenue, enhances overall revenue durability across trial lifecycles.

Channel partnerships are playing an increasingly important role in Cogstate's growth. Over recent halves, partnerships with Medidata and other eCOA (electronic Clinical Outcome Assessment) collaborators have expanded access to customer segments that would be difficult to reach through direct sales alone, contributing a growing share of qualified sales opportunities and contract wins. These arrangements are co-sell in nature and do not impair margins, while enhancing Cogstate's ability to scale efficiently across more indications and geographies.

Healthcare revenue of \$1.2 million was in line with the prior corresponding period, reflecting a stable base of licensing income under the amended Eisai global agreement. While Healthcare currently represents a modest share of Group revenue, it provides a recurring, high-margin contribution and a strategically important channel for broader adoption of Cogstate technology in clinical care settings.

Earnings and Margins

	1H26	1H25	Change
	US\$ Million	US\$ Million	%
Clinical Trials Revenue	25.70	22.70	13%
Clinical Trials Cost of Sales (excluding direct depreciation)	(12.45)	(8.96)	(39%)
Healthcare Revenue	1.22	1.25	(2%)
Healthcare Cost of Sales	(0.26)	(0.28)	8%
Total Cost of Sales	(12.71)	(9.24)	(38%)
Gross Profit	14.21	14.71	(3%)
Gross Margin	52.8%	61.4%	(8.6 pts)
Other Operating Costs	(7.68)	(8.48)	9%
EBITDA	6.53	6.23	5%
EBITDA Margin	24.3%	26.0%	(1.7 pts)
Depreciation and Amortisation	(1.61)	(1.43)	(12%)
EBIT	4.92	4.80	3%
EBIT Margin	18.3%	20.0%	(1.7 pts)
Net interest	0.42	0.42	n/m
Net Profit before Tax	5.34	5.22	2%
NPBT Margin	19.8%	21.8%	(2.0 pts)

As indicated at the beginning of the financial year, direct costs were expected to increase during 1H26 as Cogstate invested in additional resources to support expansion into new therapeutic indications and to pursue growth opportunities across the Asia-Pacific region. Both initiatives have been instrumental in driving the strong growth in sales contracts during the half year. Total full-time equivalent (FTE) Clinical Trials employees (excluding business development) increased to 89.8 FTE at 31 December 2025 compared to 76.7 FTE at 31 December 2024, an increase of 17%.

In addition, 1H26 cost of sales was impacted by the following items:

1. **Resource Reallocation:** In 2H25, several science resources were reclassified from overhead expenses to cost-of-sales to more accurately reflect their direct contribution to trial delivery. This change improves costs-to-revenue alignment but mechanically reduces reported gross margin by \$0.8 million.
2. **Higher Commissions from Higher Sales:** \$0.2m increase in business development commissions due to higher sales, which will flex with sales achieved each half.
3. **Provision for Doubtful Debts:** A specific provision of \$0.5 million was made for a doubtful debt in 1H26 relating to a US-based biotechnology customer. Cogstate continues to actively pursue recovery. Cogstate has historically had very few bad debts, and there is no reason to believe that such losses would be recurring.

The gross margin for 1H26 was 52.8%, down from 61.4% pcp. For comparison of direct costs to the previous corresponding period, removal of the above-mentioned items from 1H26 cost of sales would reduce pro-forma cost of sales from \$12.7 million to \$11.2 million, resulting in a pro-forma gross margin of 58.4%, which is within the 0%-3% points expected impact on margins that was guided at the start of the financial year.

With revenue growth expected in 2H26 and the non-recurring nature of the doubtful debt provision, management expects gross margins to return to the 56-59% range in the second half (up from 52.8% in 1H26), even with the same cost allocation noted above. Over the longer term, as the business scales and leverages the investments made in delivery capability, gross margins of 60%+ remain realistic.

Operating costs (excluding depreciation and amortisation) were lower at \$7.7 million, down 9% compared to pcp (\$8.5M) and, as already noted, several science resources were reclassified from overhead expenses to cost-of-sales to more accurately reflect their direct contribution to trial delivery.

This disciplined cost management, in the context of 12% revenue growth, demonstrates the operational leverage available in Cogstate's business model. As revenue scales, operating costs as a percentage of revenue are expected to continue declining.

EBITDA increased 5% to \$6.5 million with a margin of 24.3%. EBIT increased 3% to \$4.9 million with a margin of 18.3%. The slight margin compression relative to pcp reflects the temporary gross margin impacts discussed above, offset by strong operating cost discipline.

Depreciation and amortisation increased to \$1.6 million, reflecting continued investment in technology development, particularly relating to AI-powered analytical tools and platform enhancements.

Cash Flow

Total cash at 31 December 2025 reduced by \$0.2 million, to \$34.1 million, reflecting the following significant factors:

1. **Receipts:** Cash receipts from customers increased 8% to \$26.8 million.
2. **Payments:** Payments to suppliers and employees increased 13% to \$21.5 million.
3. **Tax Payments:** Tax paid in 1H26 was \$2.9 million compared to \$0.8 million in pcp, an increase of \$2.1 million. This reflects Cogstate's improved profitability and the progressive nature of income tax obligations.
4. **Dividend Payment:** In 1H26, Cogstate paid its maiden fully franked dividend declared in respect of FY25, representing a cash outflow of approximately \$2.2 million (A\$3.4 million). This distribution to shareholders was not present in pcp.
5. **Investment in Technology:** Capitalised software development costs increased significantly to \$2.8 million (from \$0.7 million pcp), reflecting accelerated investment in AI-powered analytical tools, platform enhancements, and automation capabilities that position Cogstate for future growth.
6. **Share Buyback:** During the half-year period, Cogstate bought back its own shares at a total cost of \$0.3 million, down from \$1.0 million in pcp.

Despite these investments and returns to shareholders, Cogstate maintained a strong cash balance of \$34.1 million at 31 December 2025 with no debt, providing substantial capacity for continued investment and shareholder returns.

Contracted Future Revenue Profile

The table below sets out contracted revenue already secured across the Clinical Trials and Healthcare segments, which underpins earnings visibility and supports continued investment.

	31 Dec 25	31 Dec 24	Change
	US\$ Million	US\$ Million	%
Contracted Clinical Trials Revenue	92.32	84.25	10%
Eisai License – Global (commercial years 1-10)	12.16	14.34	(15%)
Eisai License – Japan (10-year license)	0.37	0.47	(21%)
Total Contracted Future Revenue	104.85	99.06	6%

Of the total Group contracted future revenue, \$21.7 million is expected to be recognised in 2H26 (compared to \$17.5 million pcp, an increase of 24%) and \$27.0 million is expected to be recognised in FY27 (compared to \$23.8 million pcp, an increase of 13%).

The increase in contracted Clinical Trials' revenue reflects the strong sales performance over the past 12 months, with the record \$41.7 million of sales contracts executed in 1H26, more than offsetting revenue recognised during the period.

Capital Management and Dividend

Cogstate's strong balance sheet and disciplined approach to capital management continue to support both business investment and shareholder returns.

Cogstate's capital management priorities remain:

1. **Strategic growth opportunities:** Pursuing growth initiatives that are strategically aligned, enhance capabilities, and drive long-term shareholder value.
2. **Investment in innovation:** Continuing to allocate capital to product and service development, particularly AI-powered analytical tools.
3. **Capital returns:** Maintaining flexibility to execute share buybacks where compelling value exists.
4. **Sustainable dividends:** The Board has determined not to declare an interim dividend for the half-year ended 31 December 2025. The Company maintains its annual dividend policy and will consider a final dividend at year end. Cogstate's dividend policy targets an annual dividend with payout ratio of 20-50% of NPAT as fully franked dividend, subject to forecast capital requirements and franking account balance.

2H26 and FY26 Outlook

Cogstate has strong momentum entering the second half of FY26 and provides the following outlook:

- **Revenue Growth:** In 2H26, Management expects revenue growth from 1H26, based on the record contracted revenue position. With \$21.7 million of contracted revenue for 2H26 (up 24% on pcp) and continued strong sales pipeline. Revenue growth is expected from FY25 to FY26, the extent of which will be dependent upon timing of new contract sales and in-period revenue recognition from those sales.
- **Gross Margin Recovery:** Gross margins in 2H26 are expected to return to the 56-59% range as revenue scales, and the one-time provision for doubtful debts does not recur. Longer-term targets of 60%+ remain realistic as the business continues to scale.
- **Operational Leverage:** Operating costs are expected to remain disciplined, with modest increases to support growth initiatives. The strong operating leverage demonstrated in 1H26 is expected to continue, with operating costs as a percentage of revenue expected to decline as revenue scales.
- **Investment in Growth:** Cogstate will continue investing in:
 - Scientific resources to support expansion into psychiatry and mood disorders.
 - Data engineering and AI tool development to deliver automated insights to customers.
 - Channel partnerships to expand market reach.
- **Sales Pipeline:** The sales pipeline remains at record levels, with channel partnerships delivering expanded access to new customer segments. Management expects continued strength in sales contract execution through FY26.
- **Clinical Trial Portfolio Growth:** With 133 trials currently in operation (up 34% on pcp), Cogstate's operational scale continues to expand, providing strong visibility into multi-year revenue.

In conclusion, Cogstate CEO Brad O'Connor said: "Cogstate is executing well against its growth strategy. We're winning market share in an expanding market, diversifying our revenue base across indications and customers, and demonstrating the operational leverage inherent in our business model. The investments we're making in scientific expertise, channel partnerships, and AI-powered analytical tools are translating into tangible commercial success."

"With 133 active trials, record contracted revenue for the second half, and a robust sales pipeline, we have strong visibility into continued growth. The CNS clinical trials market is expanding rapidly, and Cogstate is exceptionally well positioned to capture more than our proportional share of that growth. Our proven ability to deliver successful large-scale trials, combined with our expanding capabilities across therapeutic indications, positions us as the partner of choice for pharmaceutical companies developing breakthrough CNS therapies."

Investor Webcast Notification

Investors are invited to join a live webcast and Q&A hosted by Brad O'Connor, CEO, Darren Watson, CFO and Rachel Colite, Executive Vice President, Clinical Trials on Thursday 19 February 2026 at 9:30am Australian Eastern Daylight Savings Time.

Please register at: <https://investors.cogstate.com/webinars/8r67wP-cogstate-h12026-financial-results>

Additionally, a video recording of the presentation will be available on demand following the presentation at the Cogstate Investor Centre homepage: <https://investors.cogstate.com>.

This announcement was authorised for release by a sub-committee of the Board of Cogstate Ltd. For further information contact: investor@cogstate.com

Upcoming Data

Cogstate intends to move to quarterly release of clinical trials sales contracts data. The next such data release will occur in early April.

About Cogstate

Cogstate Ltd (ASX: CGS) is a global Central Nervous System (CNS) endpoint innovations company that partners with drug developers to power complex neuroscience studies. Cogstate uniquely specializes in the science and service of CNS measurement to ensure clinical trial endpoint data is as accurate as it is actionable. Our applied technology solutions include fit-for-purpose data quality programs, advanced analytics, and digital cognitive testing to identify clear signals for confident decision-making. Building upon 25 years of customized collaborations, Cogstate is accelerating the next generation of CNS therapies. In the Healthcare market, Cogstate seeks to provide primary care physicians and consumers with brief, accurate and scientifically validated digital measures of cognition, with a focus on easy to use, self-administered tests that inform patients and save physician time. For more information, please visit www.cogstate.com.

Explanatory Notes

1. **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.
2. **Calculation of revenue from the 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 the 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.

Important Notices

Past performance

Past performance is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Cogstate's views on its future financial performance or condition. Past performance of Cogstate cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Cogstate. Nothing contained in this announcement, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty, or guarantee, whether as to the past, present, or future.

Future performance and forward-looking statements

This announcement contains certain “forward-looking statements.” The words “expect,” “anticipate,” “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Cogstate, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Cogstate's business strategies, including the fact that the results of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. For example, Cogstate's performance in any one financial period is sensitive to whether or not contracts are signed in that period, or a subsequent period, and the rate of enrolment in trials of its customers, which are influenced by factors that are outside of Cogstate's control.

Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulations, none of Cogstate, its representatives or advisers, assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Cogstate as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Cogstate, its representatives or advisers undertakes any obligation to provide any additional or updated information, whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.