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ASX Announcement

Melbourne, 29 July 2013

Quarterly Business Update and Cashflow – 30 June 2013

Cogstate (ASX.CGS) has today released its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 30 June 2013.

Highlights of Cogstate’s cash flow results for the quarter ended 30 June 2013:

- \$6.41 million of combined cash and debtors at 30 June 2013, a decrease of \$0.23 million over the last year from 30 June 2012:
 - Cash reserves of \$3.39 million (June 2012: \$4.66 million)
 - Trade debtors of \$3.02 million (June 2012: \$1.98 million)
- Trade debtors increased by \$0.7 million during the June quarter, resulting in a Net Cash Outflow of \$0.42 million for the quarter ended 30 June 2013.
- Of the \$3.02 million debtors at 30 June 2013, \$1.46 million has been received since 1 July 2013 and the remaining balances are expected to be received under normal payment terms by 31 August 2013
- Recognised sales revenue of \$3.69 million for the June quarter, contributing to total cash receipts from customers of \$3.09 million for the quarter.
- FY2013 cash receipts from customers were \$11.67 million, an increase of 5% compared to the 30 June 2012 year.
- Cash payments to suppliers represents not only costs incurred in servicing revenue from the clinical trials segment, but also the cost associated with the newest segments, namely Axon Sports’ “Training” and the “Cognigram” product launched by the Healthcare segment.

During the quarter, Cogstate recognised sales revenue of \$3.69 million, taking recognised revenue to \$12.46 million for the year ended to 30 June 2013, an increase of 4% on the previous year. This revenue is largely derived from milestone payments relating to clinical trials contracts that are currently underway or completed during the period. Additionally, during the year Cogstate recorded first revenues from its newest segments:

- Since the launch in March, several hundred physicians have registered on the COGNIGRAM™ system and patient testing has commenced with a small amount of revenue received during the year.

- Axon Sports has been developing sport specific training products, initially focussed on American football and baseball, and the resulting technologies have now been launched within a small number of elite US professional and college programs. Revenue from the sale of the training products totalled over \$0.4 million during the year.

As of 30 June 2013, Cogstate Clinical Trials business had \$8.61 million of contracted revenue to be recognised in future periods (prior year: \$7.84 million), of which \$5.56 million is expected to be recognised by 30 June 2014 and the remaining \$3.05 million to be recognised in subsequent periods.

During the second half the Cogstate has continued to invest in the COGNIGRAM™ roll-out in Canada, and in preparation for launch in other markets.

Cogstate and its partner Merck are continuing the process of engaging key opinion leaders and physicians, recently completing a roadshow through Canada discussing the application and study highlights demonstrating the test's sensitivity in the detection of mild cognitive impairment associated with the early stages of dementia and Alzheimer's disease.

Brad O'Connor, CEO of Cogstate said, "We are pleased with the progress of the COGNIGRAM™ test rollout in Canada. The presentations to key opinion leaders have been well received, and reinforce the importance of the scientific data demonstrating the sensitivity and specificity of the test which was recently presented at the prestigious Alzheimer's Association International Conference, as well as at the recent roadshow in Canada. Clinical trials sales remain steady and our full year revenue is in line with expectation."

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About Cogstate

Cogstate Ltd (ASX: CGS) is a multi-faceted cognitive assessment and training company, focused on the development and commercialisation of rapid, computerised tests of cognition (brain function). It has three distinct business units:

Clinical Trials: In the clinical drug trial market, Cogstate technology and associated services are used by pharmaceutical and biotechnology companies to quantify the effect of drugs or other interventions on human subjects participating in clinical trials. Since sales into the clinical trials market began in 2004, Cogstate has secured agreements with top pharmaceutical companies including Pfizer, AstraZeneca, Bristol-Myers Squibb, GlaxoSmithKline, Johnson & Johnson, Novartis, Lundbeck, Dainippon Sumitomo, Targacept, Otsuka, and Servier.

Axon Sports: The mission of Axon Sports is to “protect and train the athletic brain”. Axon’s focus is to research, develop and deliver cutting edge tools to assess, monitor and improve the athletic brain.

Axon has been developing sport specific training products, initially focussed on American football and baseball, and the resulting technologies have now been launched within a small number of elite US college programs. In addition, the first of Axon’s consumer iPad apps was launched in 2012.

In the area of sports related concussion, Cogstate’s technology has been used by a number of highly regarded institutions and sporting organisations around the world for almost 10 years. That technology is now marketed to consumers as Axon Sports. Current users of Cogstate/Axon Sports in Australia include the AFL and NRL, whilst in the USA elite programs such as the NBA, WNBA, NHL as well as college programs such as University of Notre Dame, University of Michigan and University of Connecticut all use the Axon Sports system.

Healthcare: In the primary care or general practice setting, the Cogstate’s COGNIGRAM™ assesses cognition in patients and the reports generated on the basis of this assessment can allow physicians to identify subtle changes that could be indicative of the early stage of a neurodegenerative disease, such as Alzheimer’s disease. Cogstate intends to develop COGNIGRAM™ to monitor changes in cognitive function following concussion or after treatment with drugs or other types of interventions. In June 2012, Cogstate entered into an agreement with Merck Canada Inc. providing it with the exclusive right to market and promote COGNIGRAM™ in Canada.