



## ASX Announcement

18<sup>th</sup> February 2015

### **FY2015 half-year financial results** **In line with guidance and revenue growth expected to continue**

## Summary

### **Business update as at January 31, 2015**

- Positive outlook with Clinical Trials revenue continuing to grow
- An additional A\$0.8 million of sales contracts signed since 1 January 2015 with further contracts currently under negotiation and expected to execute shortly
- A\$6.4 million of clinical trial revenue expected to be recognised in the six months to 30 June 2015 from existing sales contracts
- Sale of Axon Sports will significantly reduce expenditure in the Sports Segment

### **Financial Results for six month period ended December 31, 2014**

- Results in line with guidance provided at the AGM in October 2014.
- Total revenue recognised A\$7.85 million (including A\$7.19 million from Clinical Trials).
- Net loss A\$2.66 million reflecting increase in Clinical Trials costs during the period as well as continued expenditure in Axon Sports and healthcare business.
- Cash position A\$7.59m in combined cash and debtors.

Medical Technology Company Cogstate Ltd (ASX.CGS) has today released its financial results for the half year ended December 31, 2014 reporting overall revenue of A\$7.85 million compared to A\$6.89m for the prior corresponding period (PCP). Importantly, the Company is also reporting a significant strengthening of its future revenue position following the award of a number of large clinical trial contracts since 1 July 2014.

The loss for the half year of A\$2.66 million (A\$1.63m PCP) was in line with guidance previously provided.

The Clinical Trials segment produced A\$7.19 million of revenue (A\$4.83m PCP) and a segment contribution of A\$0.74 million (A\$0.68m PCP). Investment in scaling up the Clinical Trials team to service new contracts, particularly in relation to the US\$7.3 million Rater Training contract announced on 5<sup>th</sup> August 2014, resulted in a temporary decrease in margins during the half year. It is expected that, with these resources in place, Cogstate is now well placed to service these

contracts as well as other similarly large Rater Training contracts. The Company expects a return to more normalised margins from the Clinical Trials segment in the second half.

The Sport Segment, which included the Axon Sports training business that was sold on 30 November 2014, contributed \$0.47 million to the overall loss. Cogstate will not incur any costs in respect of the Axon Sports training business in the second half of the financial year.

### Clinical Trials Sales Contracts

During the half year to 31 December 2014, Cogstate signed a record total of US\$13.4 million of Clinical Trials Sales Contracts. The graph below highlights the improved sales results throughout the 2014 calendar year when US\$20.1 million of sales contracts were signed, compared to US\$4.8 million in the previous calendar year.



### Sales Contracts since 1 January 2015

Since 1 January 2015, Cogstate has signed a further US\$0.8 million of clinical trials sales contracts, taking the year to date total to US\$14.2 million. Cogstate has other significant contracts under negotiation currently that are expected to execute in the coming weeks, thereby continuing the positive sales momentum for the company.

### Clinical Trials Revenue

Clinical Trials revenue for the half year to 31 December 2014 was A\$7.19 million, a 49% improvement from the previous corresponding period to 31 December 2013 (A\$4.83 million) and a 6% improvement from the half year to 30 June 2014 (A\$6.80 million).

The Clinical Trials business derives its revenue from technology and associated services provided to pharmaceutical or biotechnology companies seeking to establish the cognitive effects of investigational or marketed therapeutics. Cogstate sells computerised tests of cognition that are brief, reliable, valid, sensitive to change and equivalent across languages and cultures – making them ideal for large international clinical trials. In addition to its cognitive assessment technology, Cogstate also provides services to support paper based neurological tests and other patient reported outcomes. The combination service offering allows Cogstate to play central role in the management of the cognitive aspects of a clinical trial. Cogstate technology and services is used in many different indications, including but not limited to Alzheimer’s disease, memory impairment, depression, schizophrenia, head injury, insomnia and HIV related dementia.

### **Contracted Future Revenue**

In order to understand the impact the increased level of sales contracts will have on future revenue, the Company has also provided details of the amount of contracted revenue that will be recognised in the coming six months to 30 June 2015. As at this date, Cogstate expects to recognise A\$6.4 million of Clinical Trials revenue, from existing sales contracts, in the 6 months to 30 June 2015.

The amount of contracted future revenue across all clinical trial contracts totals A\$19.76 million and is expected as follows:

Jan – Jun 2015	A\$6.40 million
2016 Financial Year	A\$5.46 million
2017 Financial Year	A\$3.46 million
2018 – 2020 Financial Years	A\$4.44 million

It is noted that additional sales contracts signed between now and 30 June 2015 will increase the clinical trials revenue recognised in the 30 June 2015 year. Cogstate has a number of sales contracts under negotiation and, once executed, these contracts will increase the amount of future revenue from clinical trials contracts, including an increase in revenue for the half year to 30 June 2015.

NB: Cogstate ordinarily contracts in US dollars and these future revenues have been calculated using an exchange rate of A\$1 = US\$0.78. It is noted that Cogstate used an exchange rate of A\$1 = US\$0.825 in the update released on January 8, 2015. The exchange rate has been updated to reflect to movement in the Australian dollar. It is also noted that the majority of Cogstate expenses are also denominated in US dollars and therefore the decrease in the relative value of the Australian dollar also increases US denominated costs for Cogstate.

### **Cash & Debtors**

Cogstate recorded a net operating cash outflow of A \$0.17 million for the quarter ended 31 December 2014. Cash receipts for the December quarter were A\$4.7 million, a A\$1.3 million improvement on the September quarter.

The operating cash outflow for the half was A\$1.6 million following the A\$1.4 million operating cash outflow for the quarter ended 30 September 2014.

As at 31 December 2014, Cogstate had A\$7.6 million of combined cash and debtors comprised of cash holdings of A\$5.1 million and trade receivables of A\$2.5 million. The result is in line with guidance issued by Cogstate at the company's AGM where Cogstate stated that it expected combined cash and debtors to be between A\$7.2 - \$7.7 million at 31 December 2014.

### Summary Results Table

	Previous Corresponding Period	Previous Period	Period Just Completed
	Half Year to 31 Dec 2013	Half Year to 30 Jun 2014	Half Year to 31 Dec 2014
Clinical Trials Contracts signed	US\$2.26m	US\$6.70m	US\$13.40m
Clinical Trials Revenue	A\$4.83m	A\$6.80m	A\$7.19m
Total Revenue	A\$5.38m	A\$6.89m	A\$7.85m
Net Loss	A\$2.91m	A\$1.63m	A\$2.66m
Cash & Debtors	A\$9.89m	A\$8.60m	A\$7.64m
Current Liabilities	A\$1.50m	A\$2.03m	A\$3.15m

#### For further information contact:

Brad O'Connor  
 Cogstate Chief Executive Officer  
 +61 3 9664 1300 or 0411 888 347  
[boconnor@cogstate.com](mailto:boconnor@cogstate.com)

#### 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.

**Concussion:** 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.

**Healthcare:** In the primary care or general practice setting, 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.