

ASX ANNOUNCEMENT

11 JULY 2017



BUSINESS UPDATE AND JUNE QUARTER CASHFLOW

Please also refer to Cogstate's Earnings Update that was also released today.

Cogstate (ASX.CGS) has today released a business update and its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 30 June 2017.

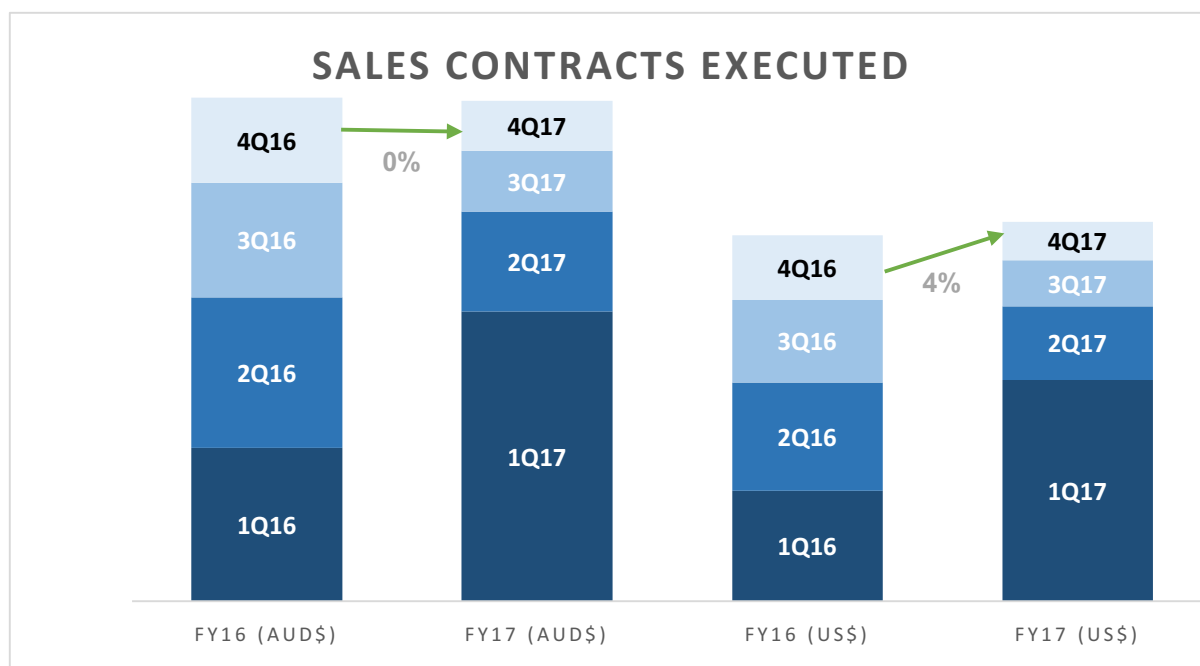
SUMMARY OF RESULTS

- **Sales contracts executed of US\$29.5m** during FY17, up 4% on FY16
- US\$5.6m of new sales contracts executed in 4Q17
- **Contracted revenue backlog of US\$28.7m** (A\$37.3m) at 30 June 2017 to be recognised in FY18 and beyond, up 14% since 30 June 2016
- **Recognised revenue of A\$7.3m during 4Q17**, up 4% on 4Q16; recognised revenue during FY17 of approx. A\$35m, up 28% over the same period in FY16
- **Cash balance of A\$9.3m** at 30 June 2017

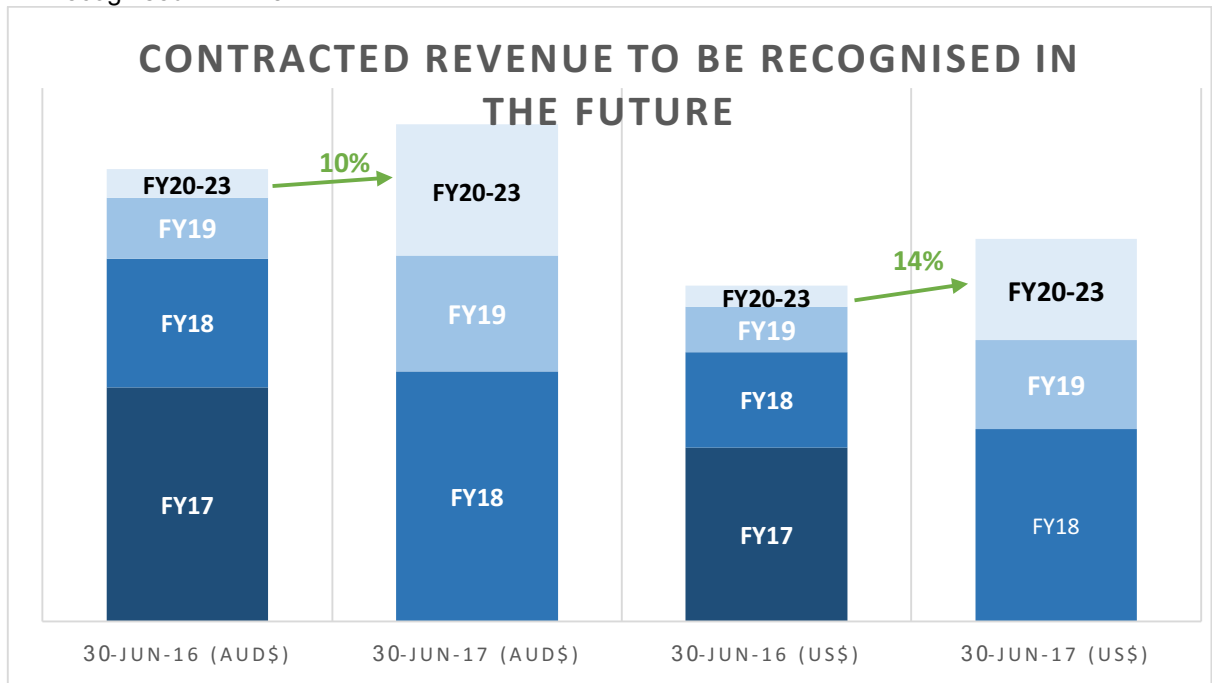
*Note: Cogstate's sales contracts are denominated in US\$, but its functional currency is A\$. Figures in this release are quoted in both US\$ and A\$ where appropriate.
All figures quoted in this release are based on unaudited financial results. Audited financial results will be released on 22 August 2017.*

SALES AND CONTRACTED REVENUE PIPELINE

- Total value of contracts signed during FY17 reached US\$29.5m (A\$39.0m), a 4% increase on the prior year.
- Cogstate executed US\$5.6m of new sales contracts in 4Q17, US\$3.0m after taking into account cancellations during the quarter. As previously guided, the execution timing of new sales contracts is expected to continue to be lumpy.
- Cogstate management remains confident with the continued underlying growth trajectory of the Clinical Trials business.

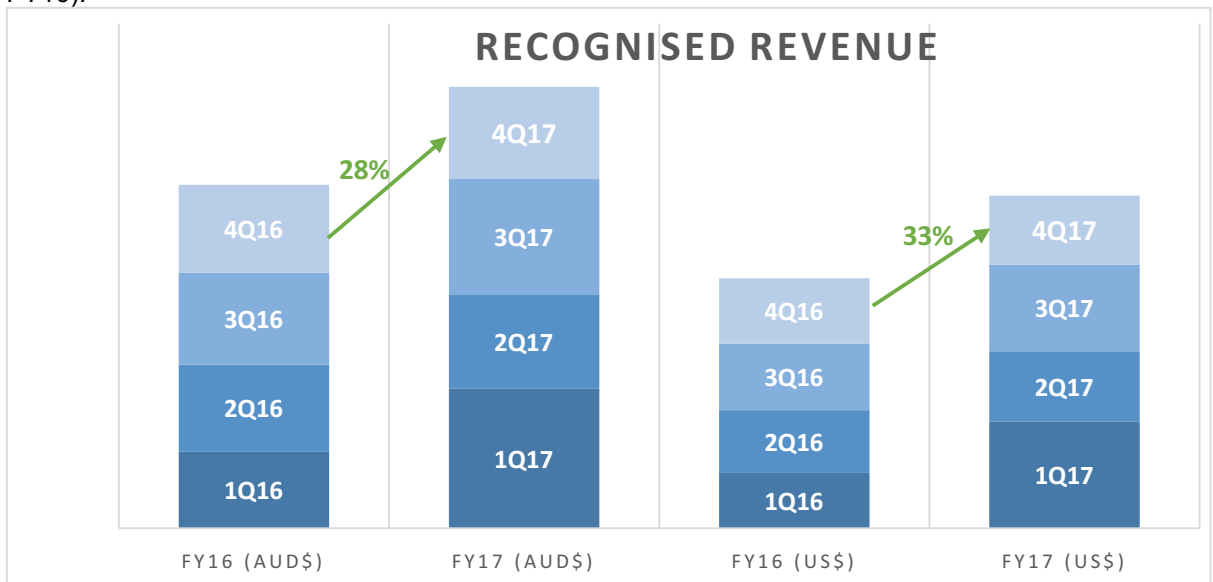


- At 30 June 2017, Cogstate had A\$37.3m^{1,2} of contracted Clinical Trials revenue to be recognised in FY18 and later years. Of that contracted amount, A\$18.8m is expected to be recognised in FY18.



RECOGNISED REVENUE³

- Revenue of A\$7.3m achieved for 4Q17, resulting in record underlying revenue of A\$35.0m (excluding pass-through cost recoveries) for full year FY17 (up 28% over the same period in FY16).



Note: as per accounting standards, exchange rates at the end of the period are used for converting contracted revenue, while exchange rates at the point of execution and recognition are used for sales contracts executed and recognised revenue

- Cogstate received notification that one study had been put on hold and is expected to reinitiate in 2018. This contracted revenue (US\$2.4m) has been excluded from the analysis above and will be included when the study is reinitiated
- Contracts are denominated in US\$. Spot rate at 30 June 2017 has been used to calculate the A\$ equivalent. The rate used at 30 June 2017 was 0.769 and the rate used at 30 June 2016 was 0.743
- Recognised revenue for 2017YTD includes other revenue from Precision Recruitment, Sport/Brain Injury, Healthcare and other activities

OPERATING CASH FLOW AND BALANCE SHEET

- Net Operating Cash Inflow was A\$0.2m in 4Q17.
- Cash balance of A\$9.3m at the end of the quarter was largely unchanged from 31 March 2017 but 25% higher than at the end of June 2016 (A\$7.5m).
- Trade receivables at 30 June 2017 were A\$5.1m, down from A\$6.2m at 31 March, in line with the recognised revenue and cash inflow position in the last quarter.

OTHER DEVELOPMENTS

- Please also refer to Cogstate's Earnings Update also released today.
- Cogstate notes that its functional currency will change to US dollars from 1 July 2017 onwards, bringing reporting into line with the fundamentals of Cogstate's business (approximately 98%+ of Cogstate's revenues and 80%+ of costs are in US dollars).

Quarterly Report – 30 June 2017
Summary Financial Table

	Quarter Just Completed	Previous Quarter	Previous Corresponding Quarter
	30-Jun-17 A\$ million	31-Mar-17 A\$ million	30-Jun-16 A\$ million
<u>Revenue</u>			
Clinical Trials revenue	7.16	8.92	6.17
Other Revenue (incl. Precision Recruitment)	0.14	0.22	0.81
Sub-total	7.30	9.14	6.98
Pass-through Cost Recoveries	0.44	0.45	0.42
Total Revenue	7.74	9.59	7.40
<u>Receivables</u>			
Opening balance	6.18	6.09	6.23
Closing balance	5.06	6.18	5.26
Net Increase/(Decrease) in Receivables	(1.12)	0.09	(0.97)
<u>Payables</u>			
Opening balance	(3.81)	(4.06)	(3.72)
Closing balance	(3.41)	(3.81)	(3.22)
Net Increase/(Decrease) in Payables	(0.40)	(0.25)	(0.50)
<u>Cash Flow</u>			
Cash receipts from customers	8.95	7.81	8.66
Cash payments to employees	(6.59)	(6.78)	(4.92)
Cash payments to suppliers	(2.15)	(2.76)	(1.28)
Cash receipts, non-trading	0.02	0.02	0.54
Net Operating Cash In/(Out) Flows	0.23	(1.71)	3.00
Net Investing Cash In/(Out) Flows	(0.32)	(0.36)	(0.29)
Net Financing Cash In/(Out) Flows	0.14	-	0.02
Foreign exchange movement	-	0.12	(0.19)
Net Increase/(Decrease) in cash held	0.05	(1.95)	2.54

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Appendix 4C

Quarterly 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 2017

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	8,949,269	38,951,286
1.2 Payments for		
(a) Staff costs (incl R&D)	(6,594,137)	(26,546,226)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(192,174)	(833,075)
(d) leased assets	(375,246)	(1,078,445)
(e) administration and corporate costs	(639,573)	(4,814,724)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23,253	74,130
1.5 Interest and other costs of finance paid	(3,300)	(11,687)
1.6 Income taxes paid	-	(170,451)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Accounting & Audit	(89,659)	(270,809)
Computer costs	(408,896)	(1,007,572)
Legal costs, including patent costs	(19,707)	(130,307)
Listing fees & Associated costs	(20,456)	(103,100)
Travel Costs	(403,433)	(1,376,591)
1.9 Net cash from / (used in) operating activities	225,941	2,682,429

+ See chapter 19 for defined terms.

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(315,389)	(1,286,733)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(f) property, plant and equipment	-	-
(g) businesses (see item 10)	-	-
(h) investments	-	-
(i) intellectual property	-	-
(j) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(315,389)	(1,286,733)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	135,117	470,717
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	135,117	470,717

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	9,256,407	7,471,284
4.2	Net cash from / (used in) operating activities (item 1.9 above)	225,941	2,682,429
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(315,389)	(1,286,733)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	135,117	470,717
4.5	Effect of movement in exchange rates on cash held	2,433	(33,188)
4.6	Cash and cash equivalents at end of quarter	9,304,509	9,304,509

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1 Bank balances	5,814,372	5,788,298
5.2 Call deposits	3,490,137	3,468,109
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,304,509	9,256,407

6. Payments to directors of the entity and their associates	Current quarter \$A
6.1 Aggregate amount of payments to these parties included in item 1.2	107,078
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

N/A

+ See chapter 19 for defined terms.

7. Payments to related entities of the entity and their associates	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	2,045,000	11,993
8.2 Credit standby arrangements	88,784	88,784
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
Bank overdraft (\$500k) Credit cards (\$45k) Trade finance facility (\$1.5m) Bank Guarantee (\$89k)		

9. Estimated cash outflows for next quarter	\$A
9.1 Staff costs (incl R&D)	(7,677,633)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(146,527)
9.4 Leased assets	(375,514)
9.5 Administration and corporate costs	(1,007,675)
9.6 Other (provide details if material)	
Accounting & Audit	(70,028)
Computer costs	(1,800,483)
Legal costs, including patent costs	(23,944)
Listing fees & Associated costs	(45,903)
Travel Costs	(325,385)
9.7 Total estimated cash outflows	(11,473,091)
Next quarter cash flows include annual payments of \$1.75m and a one-off payment of \$0.7m which will not be repeated in the December quarter.	

+ See chapter 19 for defined terms.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

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



Sign here:

Director

Date: 11 July 2017

Print name: Brad O'Connor

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- If this quarterly 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 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.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the a

+ See chapter 19 for defined terms.