

ASX Announcement

1 February 2019



AMENDMENT TO DECEMBER QUARTERLY CASHFLOW (APPENDIX 4C)

Cogstate (ASX.CGS) wishes to advise that the company amended the December quarterly cashflow (Appendix 4C) for a calculation error on Page 6 and Page 8.

The following numbers have been amended and now correctly stated below and on pages 6 and 8.

Consolidated statement of cash flows		Current quarter \$US	Year to date (6 months) \$US
1.	Cash flows from operating activities		
	(e) administration and corporate costs	(2,644,596)	(3,821,641)
1.9	Net cash from / (used in) operating activities	707,265	(1,021,128)

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	3,385,009	4,366,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	707,265	(1,021,128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50,702)	(140,854)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,354	860,605
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,064,926	4,064,926

ASX Announcement

31 January 2019



Earnings Guidance, Business Update and September Quarter Cashflow

Cogstate (ASX.CGS) has today released a business update and its Appendix 4C – Quarterly Cash Flow statement for the quarter ended 31 December 2018.

Summary of Results

All figures are stated in US\$

Commentary:

- Revenue, expenses and net loss all in line with expectations.
- Cost savings from the announced restructure have reduced expenditure for the December quarter, and will continue to do so for the March and June quarters.
- December quarter sales contracts were disappointing at \$4.6m; influenced by continued softness in Alzheimer's disease clinical trials as well as delays impacting some contracts that were expected in the month of December.

Revenue:

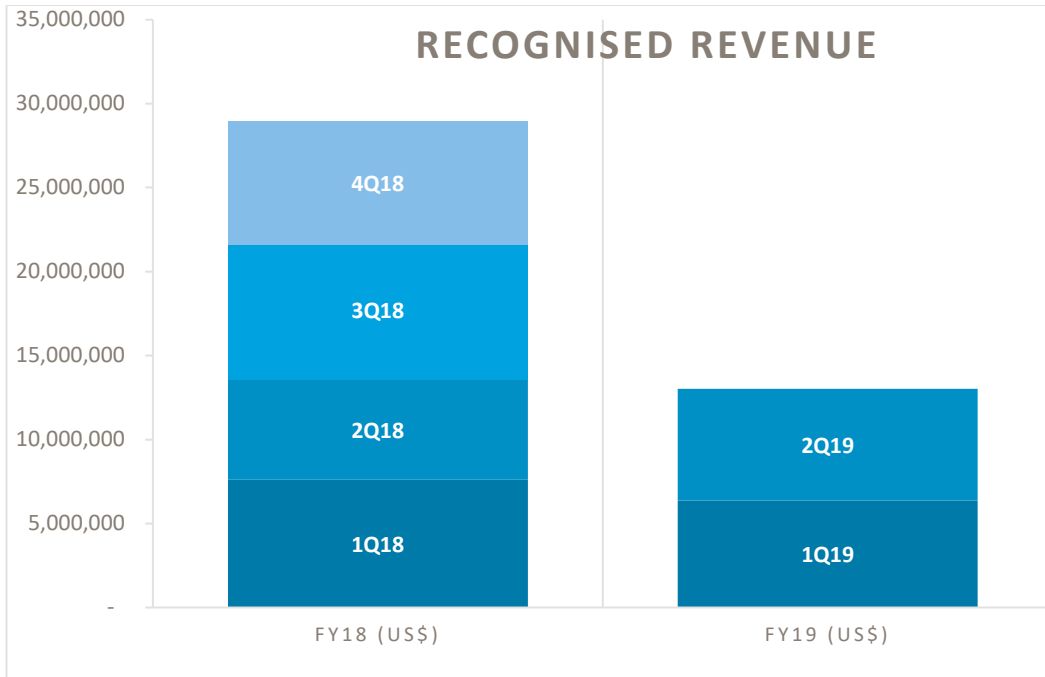
- 2Q19 revenue \$6.7m. December half revenue \$13.0m, in line with previous corresponding half year.
- Contracted revenue backlog of \$22.2m at 31 December 2018 to be recognised in FY19 and beyond, down from \$28.4m at 30 June 2018.

Cash & Receivables:

- An improved cash balance of \$4.06m at 31 Dec 2018, up from \$3.39m at 30 Sep 2018
- Cash inflow for the December quarter of \$0.68m
- Further cost savings will take effect during the March quarter, improving both cashflow and profitability.
 - Estimated gross operating cash outflows for the March 2019 quarter total \$5.74m, down substantially from the Dec 2018 quarter (\$7.15m) and the Sep 2018 quarter (\$9.65m)
- Combined cash & receivables at 31 December 2018 \$8.7m, which was consistent with September 2018, but down from prior periods (Dec-17 \$10.2m, Jun-18 \$10.7m)

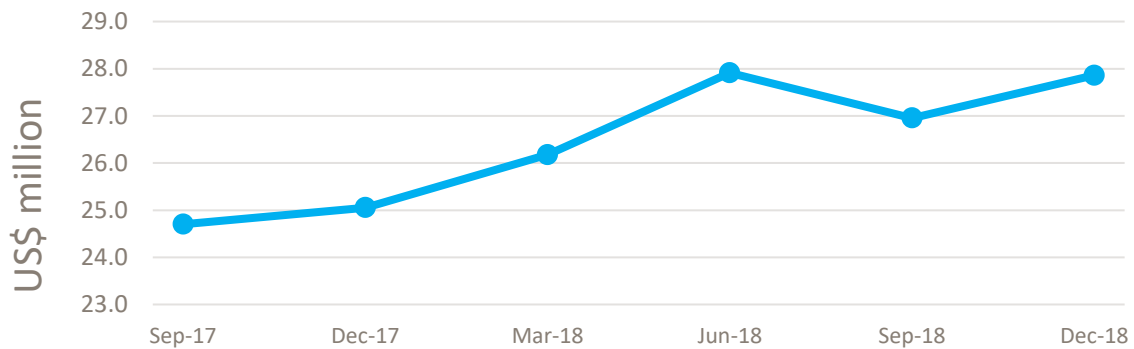
Recognised Revenue

- Revenue of \$6.7m achieved for 2Q19 (excluding pass-through cost recoveries), up \$0.7m in comparison to this time last year (2Q18).
- 1H19 Revenue (\$13.0m) down 3% from the previous corresponding half year (\$13.4m) and 16% from the most recent, June 2018, half year (\$15.6m)



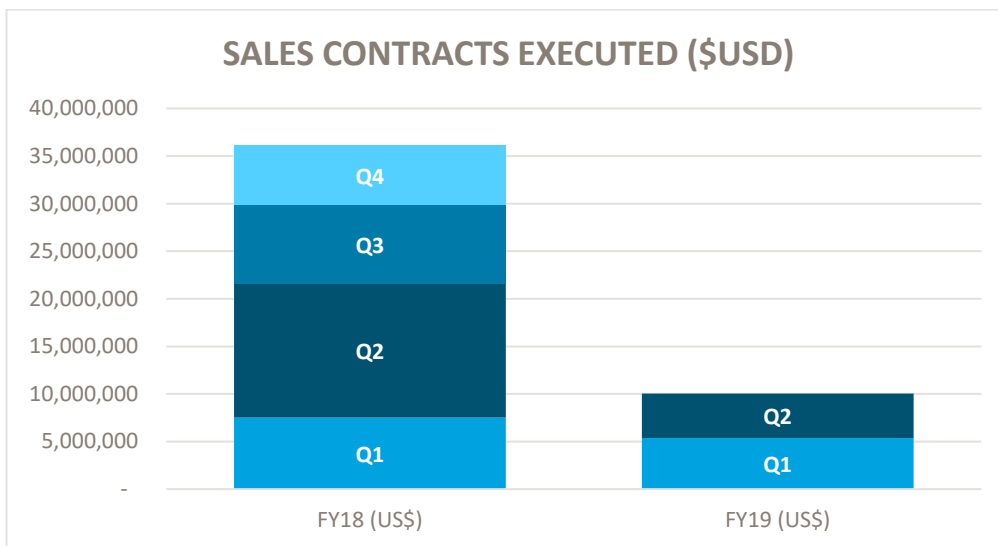
- Overall, the 12-month rolling Clinical Trials revenue (\$27.9m at 31 Dec 2018) has increased by \$2.8m compared to the 31 Dec 2017 (\$25.1m).

12 Month Rolling Revenue

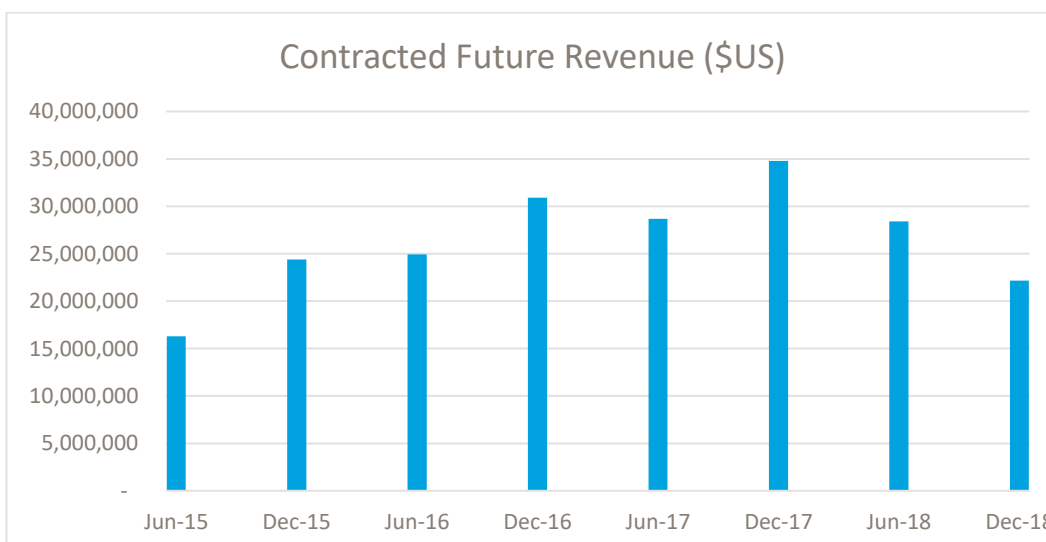


Sales and Contracted Future Revenue

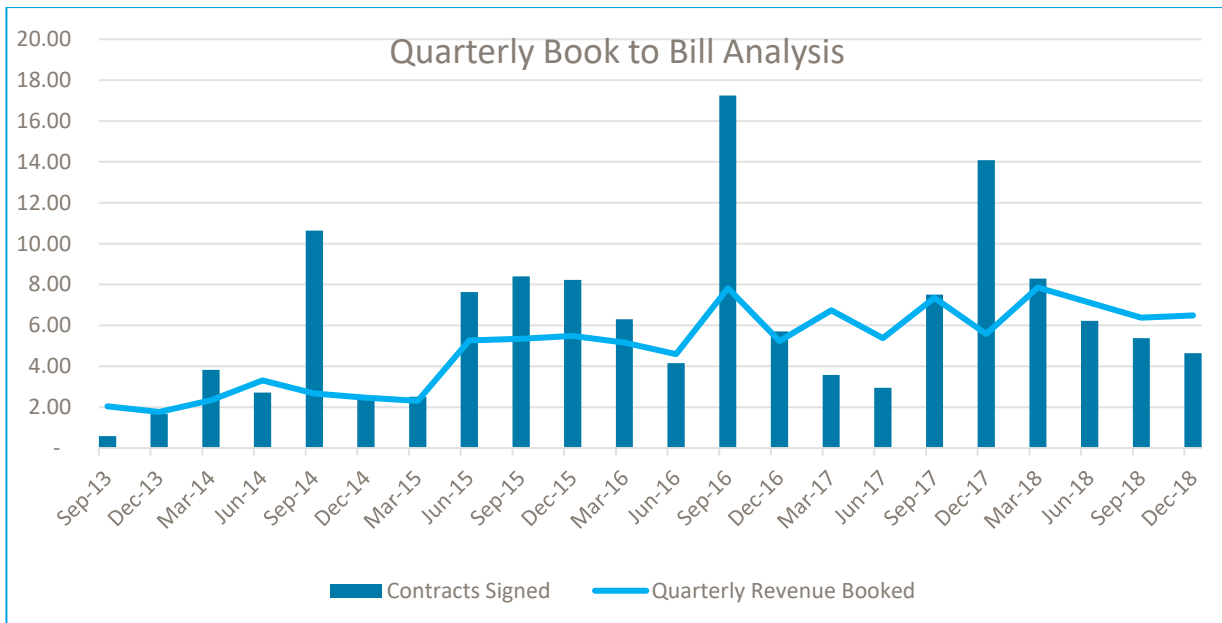
- Total value of contracts signed during 2Q19 was \$4.6m.
- Total FY19 YTD contracts signed was \$10.0m, down 54% from the previous corresponding half year (\$21.6m) and 31% from the most recent, June 2018, half year (\$14.5m)
- Sales contracts were impacted by customer delays experienced in the month of December 2018, negatively impacting the December result. Current expectations are for an improved sales result in the March and June 2019 quarters but, as always, subject to customer timelines.
- The rate of initiation of new studies in Alzheimer's disease has slowed following recent failures of phase 3 studies. Cogstate has seen growth in the number of opportunities from indications other than Alzheimer's disease and is seeking to convert those opportunities in the short term.



- At 31 December 2018, Cogstate had \$22.2m of contracted Clinical Trials revenue to be recognised in FY19 and later years.
- The graph below shows contracted future revenue at various time points



- Contracted future revenue at 30 June 2018 was reduced from \$34.8m to \$28.4m, reflecting cancellation of Alzheimer’s disease studies that was announced in July 2018.
- Given solid revenue performance but slow sales results, contracted future revenue has decreased further as at 31 December 2018
- Book-to-bill ratio of 0.76 for December quarter.



1: Book-to-bill ratio is new business wins (sales contracts) divided by the quarter’s revenue and is widely used in the pharmaceutical services industry as a measure of demand. A figure over 1.0 is indicative of an increase in contracted future revenue backlog.

Operating Cash Flow and Balance Sheet

- Net cash inflow of \$0.68m for the December 2018 quarter
 - Net Operating Cash inflow was \$0.7m for the quarter.
- Cash balance of \$4.06m at 31 Dec 2018, up from \$3.39m at 30 Sep 2018
- Cost savings that were implemented during the September quarter had the effect of reducing overall expenditure during the December quarter
- Of total staff costs of \$4.1m reported in the December quarter, \$0.4m represents non-recurring restructure costs.
- Additional cost savings implemented in the December quarter will further reduce the cost base for the March and June 2019 quarters.
 - Estimated gross operating cash outflows for the March 2019 quarter total \$5.74m, down substantially from the Dec 2018 quarter (\$7.15m) and the Sep 2018 quarter (\$9.65m)

Quarterly Report – 31 December 2018

Summary Financial Table

	Quarter Just Completed	Previous Quarter	Previous Corresponding Quarter
	31-Dec-18	30-Sep-18	31-Dec-17
	US\$ million	US\$ million	US\$ million
Revenue			
Clinical Trials revenue	6.49	6.33	5.62
Other Revenue	0.17	0.03	0.33
Sub-total	6.66	6.36	5.95
Pass-through Cost Recoveries	1.73	0.92	1.85
Total Revenue	8.39	7.28	7.80
Receivables			
Opening balance	5.38	6.34	6.17
Closing balance	4.64	5.38	6.18
Net Increase/(Decrease) in Receivables	(0.74)	(0.96)	0.01
Payables			
Opening balance	(2.11)	(2.55)	(1.44)
Closing balance	(4.20)	(2.11)	(2.71)
Net Increase/(Decrease) in Payables	2.09	(0.44)	1.27
Cash Flow			
Cash receipts from customers	8.69	7.93	6.91
Cash payments to employees	(4.13)	(7.21)	(4.79)
Cash payments to suppliers	(4.13)	(2.47)	(2.53)
Cash receipts, non-trading	0.27	0.02	0.00
Net Operating Cash In/(Out) Flows	0.70	(1.73)	(0.35)
Net Investing Cash In/(Out) Flows	(0.05)	(0.09)	(0.08)
Net Financing Cash In/(Out) Flows	0.02	0.84	0.08
Foreign exchange movement	-	-	-
Net Increase/(Decrease) in cash held	0.68	(0.98)	(0.35)

For further information contact:

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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")

31 December 2018

Consolidated statement of cash flows

**Current quarter
\$US**

**Year to date
(6 months) \$US**

1. Cash flows from operating activities		
1.1 Receipts from customers	8,691,514	16,618,670
1.2 Payments for		
(a) Staff costs (incl R&D)	(4,132,317)	(11,341,875)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(109,309)	(162,486)
(d) leased assets	(292,556)	(521,017)
(e) administration and corporate costs	(2,644,596)	(3,821,641)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5,473	23,297
1.5 Interest and other costs of finance paid	(8,854)	(39,956)
1.6 Income taxes paid	(63,924)	(149,484)
1.7 Other Income	265,172	272,277
1.8 Other (provide details if material)		
Accounting & Audit	(281,611)	(503,693)
Computer costs	(324,797)	(541,045)
Legal costs, including patent costs	(35,093)	(143,328)
Listing fees & Associated costs	(47,908)	(101,452)
Travel Costs	(313,929)	(609,395)
1.9 Net cash from / (used in) operating activities	707,265	(1,021,128)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows	Current quarter \$US	Year to date (6 months) \$US
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(50,702)	(140,854)
(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	(50,702)	(140,854)

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	23,354	860,605
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	23,354	860,605

+ See chapter 19 for defined terms.

Consolidated statement of cash flows		Current quarter \$US	Year to date (6 months) \$US
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	3,385,009	4,366,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	707,265	(1,021,128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50,702)	(140,854)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,354	860,605
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,064,926	4,064,926

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 \$US	Previous quarter \$US
5.1	Bank balances	4,064,926	3,385,009
5.2	Call deposits	-	-
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)	4,064,926	3,385,009

6. Payments to directors of the entity and their associates**Current quarter
\$US**

6.1 Aggregate amount of payments to these parties included in item 1.2

73,227

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

7. Payments to related entities of the entity and their associates	Current quarter \$US
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 \$US	Amount drawn at quarter end \$US
8.1 Loan facilities	886,661	473,136
8.2 Credit standby arrangements	62,283	62,283
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 (A\$500k) Credit cards (A\$45k) Trade finance facility (US\$502k) Bank Guarantee (A\$88k)		

9. Estimated cash outflows for next quarter	\$US
9.1 Staff costs (incl R&D)	(4,256,200)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(61,890)
9.4 Leased assets	(267,596)
9.5 Administration and corporate costs	(564,743)
9.6 Other (provide details if material)	
Accounting & Audit	(66,518)
Computer costs	(249,157)
Legal costs, including patent costs	(31,959)
Listing fees & Associated costs	(29,383)
Travel Costs	(208,094)
9.7 Total estimated cash outflows	(5,735,540)

+ 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

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

Sign here:

Company Secretary

Date: 31 January 2019

Print name: Claire Newstead-Sinclair

Notes

1. 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.
2. 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.
3. 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.