



ASX Announcement

25 February 2021

Cogstate Limited
ABN 80 090 975 723

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Financial Results – Half year Ended 31 December 2020

Attached are the following documents relating to Cogstate Limited's results for the half year ended 31 December 2020:

- Appendix 4D
- Half Year Report

Authorised for release by the Board of Directors of Cogstate Ltd.

About Cogstate

Cogstate Ltd (ASX:CGS) is a leading neuroscience technology company optimizing brain health assessments to advance the development of new medicines and to enable earlier clinical insights in healthcare. Cogstate technologies provide rapid, reliable and highly sensitive computerized cognitive tests across a growing list of domains and support electronic clinical outcome assessment (eCOA) solutions to replace costly and error-prone paper assessments with real-time data capture. The company's clinical trials solutions include quality assurance services for study endpoints that combine innovative operational approaches, advanced analytics and scientific consulting. For over 20 years, Cogstate has proudly supported the leading-edge research needs of biopharmaceutical companies and academic institutions and the clinical care needs of physicians and patients around the world. Cogstate and pharmaceutical company, Eisai, recently established a global exclusive partnership to develop and market cognitive assessment tools for individuals and doctors around the world.

For more information about Cogstate, please visit www.cogstate.com

Appendix 4D

Condensed consolidated financial statements for the half-year ended 31 December 2020 as required by ASX listing rule 4.2A

Results for announcement to the market

(All comparisons to the half-year ended 31 December 2019)

| | 31 December 2020 US\$ | (Restated) 31 December 2019 US\$ | MOVEMENT | |
|---|--------------------------|--|-----------|--------|
| | | | US\$ | % |
| Revenue from ordinary activities | 13,856,762 | 8,722,068 | 5,134,694 | 58.9 |
| Clinical Trials revenue | 12,577,589 | 8,252,878 | 4,324,711 | 52.4 |
| Healthcare revenue | 1,149,883 | 333,081 | 816,802 | 245.2 |
| Research revenue | 129,290 | 136,109 | (6,819) | (5.0) |
| Profit/(loss) before interest & taxation (EBIT) | (356,576) | (3,830,052) | 3,473,476 | 90.7 |
| Profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA) | 712,012 | (2,930,490) | 3,642,502 | 124.3 |
| Depreciation and amortisation | (1,068,588) | (899,562) | 169,026 | 18.8 |
| Interest expense | (36,040) | (49,498) | (13,458) | (27.2) |
| Interest income | 94 | 11,862 | (11,768) | (99.2) |
| Net profit/(loss) before tax (from ordinary activities) | (392,522) | (3,867,688) | 3,475,166 | 89.9 |
| Net profit/(loss) after tax (from ordinary activities) for the period attributable to members | (448,085) | (2,739,942) | 2,291,857 | 83.6 |

Dividend Information

No dividend was declared in the prior corresponding period. Cogstate has determined not to pay a dividend in respect of the half year period ended 31 December 2020.

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|--|--------------------------|--------------------------|
| Net tangible asset backing (per share) | (0.002) | 0.008 |
| Earnings per share | (0.003) | (0.018) |

This information should be read in conjunction with the 2020 Annual Report.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the condensed consolidated financial statements for the half-year ended 31 December 2020.

This report is based on the condensed consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by Pitcher Partners.

Cogstate Limited ABN 80 090 975 723

Half-year report

31 December 2020

Science-driven
brain health
assessments
from clinical
trials to clinical
practice



Cogstate

Inside this report

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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These half-year financial statements are the condensed consolidated interim financial statements of the consolidated entity consisting of Cogstate Limited and its subsidiaries. The half-year financial statements are presented in United States dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Cogstate Limited
Level 2, 255 Bourke Street
Melbourne Vic 3000

Directors' report

Your directors present their report together with the condensed financial report of the consolidated entity (referred to hereafter as the Group) consisting of Cogstate Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 and the independent review report thereon. The financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The Directors of Cogstate in office during the half-year and at the date of this report (unless otherwise stated) were as follows:

- Mr Martyn Myer (Chairman)
- Mr Brad O'Connor (Managing Director and CEO)
- Mr David Dolby
- Mr Richard Mohs
- Ms Ingrid Player
- Mr Richard van den Broek
- Ms Kim Wenn

Ms Kim Wenn was appointed as a director on 30 November 2020.

Results of operations

The Group's net loss before tax for the half-year ended 31 December 2020 decreased to \$0.39 million, an improvement of 90% on the prior comparative period (PCP).

Net loss after tax for the half year ended 31 December 2020 (1H21) decreased 84% on the prior comparative period (PCP) to \$0.4 million. A summary income statement in line with the Group's segment note is reflected in the table below.

Earnings per share (EPS) was (0.3) cents, an improvement of 83% compared to (1.8) cents in the PCP.

Principal Activities

During the year, the principal activities of the Group consisted of:

- Creation, validation and commercialisation of digital brain health assessments; and
- Design and provision of quality assurance services in clinical trials, focused on the administration, scoring and recording of conventional brain health assessments

Commercial Segments

Clinical trials segment

Over the last 15 years, almost all Cogstate revenue has been generated from the sale of technology and associated services to pharmaceutical and biotechnology companies to demonstrate a drug's impact on cognition in clinical research studies. Initially, revenue was derived only from the provision of highly sensitive computerised cognitive tests, as well as service fees associated with the deployment of the technology. Over time, services were added in respect of the management, training and monitoring to improve the reliability and sensitivity of conventional cognitive assessments. Today, Cogstate's full-service solutions span the entire clinical trial lifecycle from study design to final statistical analysis. Recently expanded offerings include more flexible deployment models and modalities for computerised testing, as well as more efficient and effective rater training and monitoring solutions to meet the quality assurance needs of clinical trials.

Healthcare Segment

Cogstate has developed tools specifically designed to aid healthcare professionals with objective assessments of cognition in patients. The system, branded as Cognigram™, allows for regular and standardised testing to assist in the early detection of cognitive decline that could be related to a range of factors including head injury, neurodegenerative disease or side effects following pharmacological treatments. There are additional applications in areas such as pre- and post-operative care, especially critical in vulnerable or aging populations, to help ensure a full recovery and reduce rates of hospital re-admittance. Informative and automated reports allow clinicians to easily track a patient's cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

Notwithstanding the list of applications above, the most significant opportunity for Cognigram is in the dementia market. Cognigram has achieved regulatory clearance to market in multiple jurisdictions including the FDA, CE and TGA.

Research segment

Cogstate supports important international research studies and academic collaborations across various indications, including, but not limited to, Alzheimer's disease, HIV, multiple sclerosis, oncology (paediatric and adult), Parkinson's disease, depression, epilepsy and schizophrenia. Cogstate has participated in over 1,800 academic research studies in more than 150 different indications, resulting in hundreds of peer reviewed publications. The data and publications from the academic collaborations provide an important basis for scientific and commercial validation of Cogstate technology.

Important Commercial Developments

Japan Licence

In August 2019, Cogstate entered into an agreement with pharmaceutical company, Eisai Co., Ltd., (Eisai) to distribute Cogstate technology in Japan. Under the exclusive licensing agreement, Eisai will market Cogstate technology as a digital cognitive assessment tool for cognition in Japanese markets. The agreement specifically excludes clinical trials, where Cogstate will continue to market its offering independently.

Under the terms of the agreement Eisai:

- Provided an upfront royalty payment to Cogstate of \$1 million (received during the December 2019 half-year);
- Is funding necessary product development activities to further tailor Cogstate solutions for the Japanese user base; and
- Fund a commercial team in Japan.

Cogstate and Eisai will share profits equally after taking into account the associated cost of sales for the product in Japan.

The agreement has an initial term of ten years, with performance criteria to maintain exclusivity at year 5 and 8.

Global Licence

In October 2020, Cogstate announced that it had entered into an agreement with pharmaceutical company, Eisai Co., Ltd., to exclusively distribute Cogstate digital cognitive assessment technologies in healthcare and other markets world-wide. The agreement specifically excludes clinical trials, where Cogstate will continue to market its offering independently.

Under the terms of the agreement Eisai:

- provided an upfront payment to Cogstate of \$15 million (received in December 2020);
- will pay Cogstate a royalty, determined by reference to a range of factors including retail market price (after allowance for customary rebates, discounts and/or sales taxes) of Cogstate technology in all regions, or calculated on a per user basis, and which will be no less than the minimum royalty detailed below;
- will fund necessary product development activities to further tailor Cogstate solutions for each territory and use case;
- will be responsible for all commercial activities in respect of the sale and marketing of Cogstate technology in all territories; and
- Cogstate will continue to develop and update the existing technology as required.

The resulting data from use of the technology will be jointly owned by Eisai and Cogstate.

The agreement has an initial term of ten years for each country, from its first commercial product sale on a country by country basis, where Eisai will make commercially reasonable efforts to make the first commercial sale within the following timelines:

- USA: within 1 year;
- EU: within 3 years;
- China: within 4 years;

The initial term of the agreement for all other countries (other than those listed above) will expire on the same day as the initial term will expire for latest of the above mentioned three territories. Eisai will have a right to terminate the agreement after year five under certain conditions.

In addition to the upfront payment of US\$15 million, the agreement provides for cumulative royalties of at least US\$30 million over the term of the licence, unless terminated earlier. The minimum royalties, which will be paid quarterly, shall increase from year to year and can be segmented as follows:

- cumulatively will not total less than US\$10 million for the period of years one to five; and
- provided the agreement is not terminated earlier in accordance with its terms, cumulatively will not total less than US\$20 million for the period of years six to ten.

Treatment of Royalty Payments Under Eisai Licences

Revenue from the Eisai licences (Japan and Global) are treated distinctly, but have some common elements:

- upfront royalty payment (both Japan and Global agreements);
- minimum annual royalty payment (only the Global agreement);
- variable royalty (both Japan and Global agreements).

Variable consideration – consisting of the royalties above the fixed minimum - will fluctuate in accordance with the amount of sales and/or profit made by Eisai and as such will be recognised as revenue when Cogstate becomes entitled to those amounts.

The upfront royalty in respect of the Japan licence (\$1 million) will be progressively recognised as revenue over the ten-year term of the licence, on a straight-line basis.

The fixed consideration under the Global licence is \$25 million, consisting of:

- Upfront consideration of \$15 million; and
- Minimum royalties totalling \$10 million (for the initial 5 Commercial Years of the agreement)

Eisai has a right to terminate the contract at end of Commercial Year 5 under specific circumstances. The contract states that a Commercial Year commences after the first commercial sale, which is required to occur within one year of the effective date. Accordingly, at contract inception, the Global licence has an enforceable term of up to 6 years.

Therefore, the fixed consideration under the Global licence (\$25 million) will be progressively recognised as revenue over a period of six (6) years from contract execution, on a straight-line basis.

Adjustment to Prior Corresponding Period

Due to the significance of the global licensing agreement, the group has reviewed the application of its accounting policy in respect of revenue relating to the grant of licences, provision of supporting services and the provision of server access, in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers*. This has resulted in a change to the application of the previous policy.

In the prior period, the group recognised all of the \$1 million upfront payment, received from Eisai, as revenue upon granting of the licences for the Japan region. The group considers that recognising the upfront payment as revenue on a straight-line basis over the licence period better reflects its performance in providing access to the licence, continuing support services and servers. As required by the accounting standards, this change is applied retrospectively, and as a result, the group has restated comparative revenue figures. This restatement has no impact on cash.

Summary Income Statement for the period ended 31 December 2020

Based on Group segment reporting note.

| | 1H21 US\$ | (Restated) 1H20 US\$ | VARIANCE FAV/(UNFAV) | |
|--|------------------|----------------------------|----------------------|-------------|
| | | | US\$ | % |
| Clinical Trials | | | | |
| Revenue | 12,577,589 | 8,252,878 | 4,324,711 | 52 |
| Direct costs (excluding direct depreciation) | (6,416,990) | (5,926,869) | (490,121) | (8) |
| Contribution | 6,160,599 | 2,326,009 | 3,834,590 | 165 |
| Healthcare | | | | |
| Revenue | 1,149,883 | 333,081 | 816,802 | 245 |
| Direct costs | (396,859) | (69,482) | (327,377) | (471) |
| Contribution | 753,024 | 263,599 | 489,425 | 186 |
| Research | | | | |
| Revenue | 129,290 | 136,109 | (6,819) | (5) |
| Direct costs | (334,965) | (466,193) | 131,228 | 28 |
| Contribution | (205,675) | (330,084) | 124,409 | (38) |
| Operating expenses | (5,995,936) | (5,190,014) | (805,922) | (16) |
| EBITDA | 712,012 | (2,930,490) | 3,642,502 | 124 |
| Depreciation and amortisation | (1,068,588) | (899,562) | (169,026) | (19) |
| EBIT | (356,576) | (3,830,052) | 3,473,476 | 91 |
| Interest income | 94 | 11,862 | (11,768) | (99) |
| Interest expense | (36,040) | (49,498) | 13,458 | 27 |
| Net profit/(loss) before tax | (392,522) | (3,867,688) | 3,475,166 | 90 |

Operating Revenue

Operating revenue as reflected in the Group's segment note increased 59% in 1H21 to \$13.9 million.

| | 1H21 US\$ | (Restated) 1H20 US\$ | VARIANCE FAV/(UNFAV) | |
|-----------------|-------------------|----------------------------|----------------------|-----------|
| | | | US\$ | % |
| Revenue | | | | |
| Clinical Trials | 12,577,589 | 8,252,878 | 4,324,711 | 52 |
| Healthcare | 1,149,883 | 333,081 | 816,802 | 245 |
| Research | 129,290 | 136,109 | (6,819) | (5) |
| Total | 13,856,762 | 8,722,068 | 5,134,694 | 59 |

Clinical Trials revenue up 52% to \$12.6 million and contracted future Clinical Trials revenue up 34% to \$49.7 million.

| | 1H21 US\$ | 1H20 US\$ | VARIANCE FAV/(UNFAV) | |
|--|-------------------|-------------------|----------------------|-----------|
| | | | US\$ | % |
| Clinical Trials revenue contracted at 01 July | 39,437,244 | 20,330,220 | 19,107,024 | 94 |
| Contracts executed during the period | 22,617,785 | 26,919,985 | (4,302,200) | (16) |
| Revenue recognised during the period | (12,577,589) | (8,252,878) | 4,324,711 | 52 |
| Provision for refund | - | (1,184,385) | 1,184,385 | 100 |
| Adjustment for contracted study put on hold, foreign exchange movements and other pass-through revenue | 190,851 | (642,338) | 833,189 | 130 |
| Contracted future Clinical Trials revenue at 31 December | 49,668,291 | 37,170,604 | 12,497,687 | 34 |

DIRECTORS' REPORT

Healthcare revenue up 245% to \$1.1 million.

| | 1H21 US\$ | (Restated) 1H20 US\$ | VARIANCE FAV/(UNFAV) | |
|---|------------------|----------------------------|----------------------|------------|
| | | | US\$ | % |
| Revenue under Japan licence | 50,370 | 34,766 | 15,604 | 45 |
| Revenue under Global (ex Japan) licence | 775,901 | - | 775,901 | N/A |
| Other Healthcare revenue | 323,612 | 298,315 | 25,297 | 8 |
| Total Healthcare Revenue | 1,149,883 | 333,081 | 816,802 | 245 |

Contracted future revenue up 96% to \$74.8 million.

| | 1H21 US\$ | (Restated) 1H20 US\$ | VARIANCE FAV/(UNFAV) | |
|--|-------------------|----------------------------|----------------------|-----------|
| | | | US\$ | % |
| Contracted Clinical Trials revenue | 49,668,291 | 37,170,604 | 12,497,687 | 34 |
| Eisai Licence – Global (commercial years 1-5)* | 24,224,099 | - | 24,224,099 | N/A |
| Eisai Licence – Japan (10 year licence) | 865,042 | 965,234 | (100,192) | (10) |
| Total Contracted Future Revenue | 74,757,432 | 38,135,838 | 36,621,594 | 96 |

*Minimum royalties for commercial years 6-10 (totalling \$20 million) have not been included due to currently existing termination right after completion of commercial year 5.

Total Expenses

Total expenses in 1H21 increased 9% to \$13.9 million.

| | 1H21 | | 1H20 | | VARIANCE FAV/(UNFAV) | |
|--------------------------|---------------|-------------------|---------------|-------------------|----------------------|------------|
| | FTE at 31-Dec | US\$m | FTE at 31-Dec | US\$m | US\$m | % |
| Clinical Trials | 93.4 | 5,844,392 | 92.8 | 5,364,387 | (480,005) | (9) |
| Healthcare | 4.5 | 245,452 | 2.0 | 109,090 | (136,362) | (125) |
| Research | 7.9 | 303,072 | 5.7 | 218,672 | (84,400) | (39) |
| Other | 58.0 | 4,987,964 | 57.6 | 4,854,539 | (133,425) | (3) |
| Total staff costs | 163.8 | 11,380,880 | 158.1 | 10,546,688 | (834,192) | (8) |

Other major costs

- In total, staff costs (direct and indirect) increased 8% to \$11.4 million. This reflects the impact of an increase in full-time equivalent (FTE) headcount from 158.1 as at 1H20 to 163.8 as at 1H21.
- Professional fees (1H21: \$0.9m) have increased substantially in comparison to the prior corresponding period (1H20: \$0.5m). This is due to advisory fees (\$0.4m) incurred in 1HY21 with respect to the Global Agreement with Eisai.
- Total depreciation (direct and indirect) and amortisation has increased by 19% to \$1.07m, per note 7. This is primarily due to an increase in amortisation costs regarding intangible assets; software development and software licence, per note 8.

DIRECTORS' REPORT

Financial Position

At 31 December 2020, the net assets of the Group were \$15.4 million.

Summary Balance Sheet as at 31 December 2020.

| | 31 DEC 2020 | (RESTATED 30 JUN 2020) | VARIANCE INCREASE / (DECREASE) | |
|-------------------------------|-------------------|---------------------------|-----------------------------------|--------------|
| | US\$ | US\$ | US\$ | % |
| Cash and cash equivalents | 21,329,622 | 10,330,777 | 10,998,845 | 106 |
| Trade and other receivables | 5,488,684 | 4,279,881 | 1,208,803 | 28 |
| Property, plant and equipment | 1,195,902 | 1,270,833 | (74,931) | (6) |
| Intangibles | 8,255,534 | 6,945,603 | 1,309,931 | 19 |
| Other assets | 10,737,831 | 9,091,062 | 1,646,769 | 18 |
| Total assets | 47,007,573 | 31,918,156 | 15,089,417 | 47 |
| Trade and other payables | 7,706,385 | 7,665,806 | (40,579) | (1) |
| Deferred revenue | 16,130,346 | 1,176,712 | (14,953,634) | (1271) |
| Other liabilities | 7,726,203 | 7,587,907 | (138,297) | (2) |
| Total liabilities | 31,562,934 | 16,430,425 | (15,132,509) | (92) |
| Capital | 33,204,476 | 33,038,228 | 166,248 | 1 |
| Accumulated losses | (16,694,122) | (16,246,037) | (448,085) | 3 |
| Reserves | (1,065,715) | (1,304,460) | 238,745 | (18) |
| Total equity | 15,444,639 | 15,487,731 | (43,092) | (0.3) |

Significant changes in the state of affairs

There have been no other significant changes in the state of affairs of the Group during the period ended 31 December 2020.

Matters subsequent to the end of the half-year

Apart from the matters identified in this Directors' Report and the Half-Year Financial Report, the Directors are not aware of any other matter or circumstance that has arisen since 31 December 2020 that has significantly affected or may significantly affect the operations of Cogstate, the results of those operations, or the state of affairs of Cogstate in the future.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Rounding of amounts to nearest thousand dollars

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

This report is made in accordance with a resolution of Directors.



Martyn Myer AO, Chairman

Melbourne

COGSTATE LIMITED
AND CONTROLLED ENTITIES
ABN 80 090 975 723

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COGSTATE LIMITED

In relation to the independent auditor's review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Cogstate Limited and the entities it controlled during the period.



M J HARRISON
Partner



PITCHER PARTNERS
Melbourne

24 February 2021

Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

| | Notes | 31 December 2020 US\$ | (Restated) 31 December 2019 US\$ |
|---|----------|--------------------------|--|
| Operations | | | |
| Revenue | | 13,030,491 | 8,687,302 |
| Royalty income | | 826,271 | 34,766 |
| Finance income | | 94 | 11,862 |
| Total revenue | 3 | 13,856,856 | 8,733,930 |
| Direct costs | 4 | (7,325,403) | (6,187,515) |
| Gross profit | | 6,531,453 | 2,546,415 |
| Other income | 5 | 6,621 | - |
| Employee benefits expense | 6 | (3,801,881) | (3,711,493) |
| Depreciation & amortisation | 7 | (891,999) | (770,613) |
| Occupancy | 7 | (98,629) | (23,810) |
| Marketing | | (95,415) | (96,929) |
| Professional fees | | (859,144) | (533,240) |
| General administration | | (1,083,826) | (1,084,460) |
| Net foreign exchange gain/(loss) | | (92,780) | 163,776 |
| Travel expenses | | 49,982 | (283,931) |
| Finance expenses | | (56,904) | (73,403) |
| Profit/(loss) before income tax | | (392,522) | (3,867,688) |
| Income tax (expense)/benefit | | (55,563) | 1,127,746 |
| Profit/(loss) from continuing operations | | (448,085) | (2,739,942) |
| Total comprehensive loss for the half-year | | (448,085) | (2,739,942) |

| | | Cents | (Restated) Cents |
|---|-------|-------|---------------------|
| Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company: | | | |
| Basic earnings/(loss) per share | 13(a) | (0.3) | (1.8) |
| Diluted earnings/(loss) per share | 13(b) | (0.3) | (1.8) |
| Earnings per share for profit attributable to the ordinary equity holders of the company: | | | |
| Basic earnings/(loss) per share | 13(a) | (0.3) | (1.8) |
| Diluted earnings/(loss) per share | 13(b) | (0.3) | (1.8) |

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying Notes.

Condensed consolidated statement of financial position

As at 31 December 2020

| | Notes | 31 December 2020 US\$ | (Restated) 30 June 2020 US\$ |
|--|-------|--------------------------|------------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents (excluding bank overdrafts) | | 21,329,622 | 10,330,777 |
| Trade and other receivables | | 5,488,684 | 4,279,881 |
| Other current assets | | 2,514,475 | 1,494,782 |
| Total current assets | | 29,332,781 | 16,105,440 |
| Non-current assets | | | |
| Property, plant and equipment | | 1,195,902 | 1,270,833 |
| Intangible assets | 8 | 8,255,534 | 6,945,603 |
| Lease assets | 9 | 1,947,332 | 2,344,086 |
| Deferred tax assets | 10 | 6,276,024 | 5,252,194 |
| Total non-current assets | | 17,674,792 | 15,812,716 |
| Total assets | | 47,007,573 | 31,918,156 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 7,706,385 | 7,665,806 |
| Deferred revenue | 11 | 5,305,888 | 361,492 |
| Short-term borrowings | 12 | 2,877,542 | 2,532,712 |
| Provisions | | 2,114,648 | 1,900,093 |
| Lease liabilities | 9 | 695,026 | 775,326 |
| Total current liabilities | | 18,699,489 | 13,235,428 |
| Non-current liabilities | | | |
| Provisions | | 16,237 | 4,943 |
| Lease liabilities | 9 | 1,400,599 | 1,744,271 |
| Deferred revenue | 11 | 10,824,458 | 815,220 |
| Deferred tax liabilities | | 622,151 | 630,562 |
| Total non-current liabilities | | 12,863,445 | 3,194,996 |
| Total liabilities | | 31,562,934 | 16,430,425 |
| Net assets | | 15,444,639 | 15,487,731 |
| EQUITY | | | |
| Share capital | 13 | 33,204,476 | 33,038,228 |
| Other reserves | | (1,065,715) | (1,304,460) |
| Accumulated losses | | (16,694,122) | (16,246,037) |
| Capital and reserves attributable to owners of Cogstate Limited | | 15,444,639 | 15,487,731 |
| Total equity | | 15,444,639 | 15,487,731 |

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying Notes.

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2020

ATTRIBUTABLE TO OWNERS OF COGSTATE LIMITED

| | Notes | Issued Capital US\$ | Share option reserve US\$ | Foreign Currency Translation Reserve US\$ | (Restated) Accumulated Losses | Total US\$ |
|---|-------|---------------------------|------------------------------------|---|-------------------------------------|--------------------|
| As at 1 July 2019 | | 25,341,756 | 1,896,341 | (2,944,799) | (14,180,717) | 10,112,581 |
| Adjustment on change of accounting policy - Leases | | - | - | - | (108,736) | (108,736) |
| Restated opening balance | | 25,341,756 | 1,896,341 | (2,944,799) | (14,289,453) | 10,003,845 |
| Adjusted profit/(loss) for the period to 31 December 2019 (restated) | | - | - | - | (2,739,942) | (2,739,942) |
| Total comprehensive income for the year | | - | - | - | (2,739,942) | (2,739,942) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of capital | | 7,460,805 | - | - | - | 7,460,805 |
| Transfer to share capital on exercise of options | | 9,849 | (9,849) | - | - | - |
| Exercise of options | | 18,344 | - | - | - | 18,344 |
| Cost of share-based payment | 6 | - | (17,956) | - | - | (17,956) |
| Cost of issue of shares | | (132,919) | - | - | - | (132,919) |
| As at 31 December 2019 (restated) | | 32,697,835 | 1,868,536 | (2,944,799) | (17,029,395) | 14,592,177 |
| As at 1 July 2020 (restated) | | 33,038,228 | 1,640,339 | (2,944,799) | (16,246,037) | 15,487,731 |
| Profit / (loss) for the period | | - | - | - | (448,085) | (448,085) |
| Total comprehensive income for the year | | - | - | - | (448,085) | (448,085) |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of capital | | - | - | - | - | - |
| Transfer to share capital on exercise of options | 13 | 45,708 | (45,708) | - | - | - |
| Exercise of options | 13 | 120,540 | - | - | - | 120,540 |
| Cost of share-based payment | 4 & 6 | - | 284,453 | - | - | 284,453 |
| Cost of issue of shares | | - | - | - | - | - |
| As at 31 December 2020 | | 33,204,476 | 1,879,084 | (2,944,799) | (16,694,122) | 15,444,639 |

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Condensed consolidated statement of cash flows

For the half-year ended 31 December 2020

| | Notes | 31 December 2020 US\$ | 31 December 2019 US\$ |
|---|-----------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 29,522,762 | 12,468,587 |
| Payments to suppliers and employees | | (16,323,541) | (13,619,467) |
| Finance costs | 9 | (24,058) | (37,322) |
| Government grants and tax incentives | | 40,935 | - |
| Net cash flows from/(used in) used in operating activities | 14 | 13,216,098 | (1,188,202) |
| Cash flows used in investing activities | | | |
| Purchase of property, plant & equipment | | (209,353) | (122,298) |
| Payment for capitalised software development labour costs | 8 | (1,707,741) | (1,143,046) |
| Draw-down/(repayment) of short-term borrowings | | - | (500,000) |
| Interest received | 3 | 94 | 9,378 |
| Net cash flows from/(used in) investing activities | | (1,917,000) | (1,755,966) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 13 | 120,540 | 7,479,149 |
| Principal portion of lease payments | 9 | (420,793) | (417,629) |
| Transaction costs of issue of shares | | - | (132,919) |
| Net cash flows from/(used in) financing activities | | (300,253) | 6,928,601 |
| Net increase in cash and cash equivalents | | 10,998,845 | 3,984,433 |
| Cash and cash equivalents at beginning of period | | 10,330,777 | 3,216,017 |
| Net foreign exchange differences | | - | - |
| Cash and cash equivalents at end of period | | 21,329,622 | 7,200,450 |

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the condensed consolidated financial statements

1 Basis of preparation (interim report)

These condensed consolidated financial reports for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

These condensed consolidated financial reports do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for 30 June 2020 and any public announcements made by Cogstate Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Cogstate Ltd is a for profit entity for the purposes of preparing the financial statements.

(a) Prior period adjustment

During the half year ended 31 December 2020 Cogstate entered into a new global contract to grant licences to its intellectual property to its customer, Eisai. This agreement gives Eisai the right to exclusively distribute digital cognitive assessment technologies in healthcare and other markets world-wide. This contract applies to all markets other than the Japan region, because in August 2019 Cogstate previously granted Eisai with licences to its intellectual property in Japan. It specifically excludes clinical trials, where Cogstate will continue to market its offering independently.

Due to the significance of the global licensing agreement, the group has reviewed its previous application of its accounting policy in respect of revenue relating to the grant of licences in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers*. This has resulted in a change to the previous application of the policy and the group has judged that the granting of licences, continuing support services and servers should be accounted for as a single performance obligation. The associated revenue is recognised over the licence period, which coincides with the period of server access.

The effect of this change is that \$1 million of revenue that had previously been recognised upfront upon granting of the Japan licences, will instead be recognised evenly over time over the ten-year licence period. As required by the accounting standards, this change is applied retrospectively, and as a result, the group has restated comparative revenue figures. This restatement has no impact on cash. For the Eisai Global agreement, the consideration promised in the contract, including the non-refundable upfront cash payment and the initial five years of fixed minimum royalty payments totalling \$25 million, will be recognised as revenue evenly over 6 years as the enforceable term of the licence period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following tables illustrate the impact of the change to the application of accounting policy for royalty revenue:

(i) Condensed consolidated statement of profit or loss and other comprehensive income

| | Notes | 31 December 2019 US\$ | Increase/(Decrease) US\$ | (Restated) 31 December 2019 US\$ |
|--|-------|--------------------------|-----------------------------|--|
| Royalty income | 3 | 1,000,000 | (965,234) | 34,766 |
| Total revenue | | 9,699,164 | (965,234) | 8,733,930 |
| Gross profit | | 3,511,649 | (965,234) | 2,546,415 |
| Profit/(loss) before income tax | | (2,902,454) | (965,234) | (3,867,688) |
| Income tax benefit | | 838,176 | 289,570 | 1,127,746 |
| Profit/(loss from continuing operations for the period) | | (2,064,278) | (675,664) | (2,739,942) |
| Total comprehensive loss for the half-year | | (2,064,278) | (675,664) | (2,739,942) |

(ii) Condensed consolidated statement of financial position

| | Notes | 30 June 2020 US\$ | Increase/(Decrease) US\$ | (Restated) 30 June 2020 US\$ |
|--|-------|----------------------|-----------------------------|------------------------------------|
| Deferred tax assets | 10 | 4,977,570 | 274,624 | 5,252,194 |
| Total non-current assets | | 15,538,092 | 274,624 | 15,812,716 |
| Total assets | | 31,643,532 | 274,624 | 31,918,156 |
| Trade and other payables | | 7,927,106 | (261,300) | 7,665,806 |
| Deferred revenue | 11 | - | 361,492 | 361,492 |
| Total current liabilities | | 13,135,237 | 100,192 | 13,235,428 |
| Deferred revenue | 11 | - | 815,220 | 815,220 |
| Total non-current liabilities | | 2,379,776 | 815,220 | 3,194,996 |
| Total liabilities | | 15,515,013 | 915,412 | 16,430,425 |
| Net assets | | 16,128,519 | (640,788) | 15,487,731 |
| Accumulated losses | | (15,605,249) | (640,788) | (16,246,037) |
| Capital and reserves attributable to owners of Cogstate Limited | | 16,128,519 | (640,788) | 15,487,731 |
| Total equity | | 16,128,519 | (640,788) | 15,487,731 |

(b) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

2 Segment information

(a) Description of segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the market the services are provided in (i.e. cognitive testing in clinical trials, cognitive assessment in academic research and cognitive assessment in healthcare). Discrete financial information is reported to the executive management team on at least a monthly basis, as these are the source of the Group's major risks and have the most effect on the rates of return.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Depreciation expense
- Other income
- Administration costs

Types of services

Cogstate's first operating segment is cognitive testing in clinical trials. In this market, Cogstate's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials primarily conducted by pharmaceutical, and biotechnology companies.

The second operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians and/or hospitals to assess cognitive decline.

The third identified segment is provision of technology and associated services to academic researchers.

The fourth identified segment is the administration costs of the business that do not relate to a specific segment.

Although sales in each market are conducted in different geographic regions, none have been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

(b) Segment information

The following table present revenue and profit/(loss) information regarding the segments of clinical trials and healthcare markets for the half-years ended 31 December 2020 and 31 December 2019.

| 2020 | Clinical Trials US\$ | Healthcare US\$ | Research US\$ | Administration US\$ | Total US\$ |
|--------------------------------|---------------------------------|----------------------------|--------------------------|--------------------------------|-----------------------|
| Sales to external customers | 12,577,589 | 1,149,883 | 129,290 | - | 13,856,762 |
| Direct costs | (6,416,990) | (396,859) | (334,965) | - | (7,148,814) |
| Direct depreciation | (176,589) | - | - | - | (176,589) |
| Segment gross profit | 5,984,010 | 753,024 | (205,675) | - | 6,531,359 |
| Interest income | - | - | - | 94 | 94 |
| Total gross profit | | | | | 6,531,453 |
| Net PT recovery | - | - | - | - | - |
| Operating profit/(loss) | 5,984,010 | 753,024 | (205,675) | (5,888,819) | 642,540 |
| Indirect depreciation expenses | - | - | - | (891,999) | (891,999) |
| Foreign exchange | - | - | - | (92,780) | (92,780) |
| Finance costs | - | - | - | (56,904) | (56,904) |
| Other income | - | - | - | 6,621 | 6,621 |
| Segment result | 5,984,010 | 753,024 | (205,675) | (6,923,881) | (392,522) |

| 2019 | Clinical Trials US\$ | (Restated) Healthcare US\$ | Research US\$ | Administration US\$ | (Restated) Total US\$ |
|--------------------------------|---------------------------------|---|--------------------------|--------------------------------|--------------------------------------|
| Sales to external customers | 8,252,878 | 333,081 | 136,109 | - | 8,722,068 |
| Direct costs | (5,926,869) | (69,482) | (466,193) | - | (6,462,544) |
| Direct depreciation | (128,949) | - | - | - | (128,949) |
| Segment gross profit | 2,197,060 | 263,599 | (330,084) | - | 2,130,575 |
| Interest income | - | - | - | 11,862 | 11,862 |
| Total gross profit | | | | | 2,142,437 |
| Net PT recovery | - | - | - | - | - |
| Operating profit/(loss) | 2,197,060 | 263,599 | (330,084) | (5,318,022) | (3,187,447) |
| Indirect depreciation expenses | - | - | - | (770,613) | (770,613) |
| Foreign exchange | - | - | - | 163,775 | 163,775 |
| Finance costs | - | - | - | (73,403) | (73,403) |
| Other income | - | - | - | - | - |
| Segment result | 2,197,060 | 263,599 | (330,084) | (5,998,263) | (3,867,688) |

3 Revenue

| | 31 December 2020 US\$ | (Restated) 31 December 2019 US\$ |
|--------------------------------------|--------------------------|--|
| Timing of revenue recognition | | |
| At a point in time | | |
| Clinical Trials | 2,097,933 | 936,201 |
| Healthcare | 323,612 | 298,315 |
| Research | 129,290 | 136,109 |
| | 2,550,835 | 1,370,625 |
| Over time | | |
| Clinical Trials | 10,479,656 | 7,316,677 |
| Healthcare | 826,271 | 34,766 |
| Research | - | - |
| | 11,305,927 | 7,351,443 |
| Finance income | 94 | 11,862 |
| | 13,856,856 | 8,733,930 |

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|---|--------------------------|--------------------------|
| The aggregate amount of transaction prices (unrecognised revenue) allocate to the remaining performance obligations, at the reporting date, is as follows: | | |
| Contracted Clinical Trials revenue | 49,668,291 | 37,170,604 |
| Eisai Licence – Global (commercial years 1-5) | 24,224,099 | - |
| Eisai Licence – Japan (10 year licence) | 865,042 | 965,234 |
| Total contracted future revenue | 74,757,432 | 38,135,838 |

4 Direct costs

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|-----------------------------|--------------------------|--------------------------|
| Direct wages and salaries | (6,253,523) | (5,692,149) |
| Share based payment expense | (139,393) | - |
| Direct contractor | (473,338) | (331,501) |
| Direct depreciation | (176,589) | (128,949) |
| Other direct costs | (282,560) | (34,916) |
| | (7,325,403) | (6,187,515) |

5 Other income

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|-------------------|--------------------------|--------------------------|
| Government income | 6,621 | - |
| | 6,621 | - |

6 Indirect employee costs

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|---|--------------------------|--------------------------|
| Wages and salaries | (4,842,904) | (4,872,495) |
| less capitalisation of software development costs | 1,186,083 | 1,143,046 |
| Share based payment expense | (145,060) | 17,956 |
| Total employee benefits expense | (3,801,881) | (3,711,493) |

7 Operating profit or loss

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|--|--------------------------|--------------------------|
| Depreciation & amortisation | | |
| Depreciation (direct) | 176,589 | 128,949 |
| | 176,589 | 128,949 |
| Depreciation (indirect) | 97,435 | 88,205 |
| Depreciation (lease assets) | 396,754 | 411,551 |
| Amortisation (intangibles) | 397,810 | 270,857 |
| Total depreciation (indirect) and amortisation expenses | 891,999 | 770,613 |
| Total depreciation & amortisation | 1,068,588 | 899,562 |

| | 31 December 2020 US\$ | 31 December 2019 US\$ |
|------------------------|--------------------------|--------------------------|
| Occupancy | | |
| Rent | 46,410 | - |
| Rates | 9,833 | 173 |
| Electricity | 42,386 | 23,637 |
| Total occupancy | 98,629 | 23,810 |

8 Intangible assets

| | 31 December 2020 US\$ | 30 June 2020 US\$ |
|--|--------------------------|----------------------|
| Software development | | |
| Platform development | 6,674,252 | 5,968,150 |
| Smartphone app development | 1,109,877 | 451,879 |
| Software licence | 162,507 | 216,676 |
| Intellectual property - Clinical Trials | 308,898 | 308,898 |
| | 8,255,534 | 6,945,603 |

| Half-year ended 31 December 2020 | Software Development | ISLT Smartphone App | Software Licence | Intellectual Property - Clinical Trials | Total |
|----------------------------------|-------------------------|---------------------------|---------------------|---|------------------|
| Opening net book amount | 5,968,150 | 451,879 | 216,676 | 308,898 | 6,945,603 |
| Amortisation | (343,641) | - | (54,169) | - | (397,810) |
| Capitalisation | 1,049,743 | 657,998 | - | - | 1,707,741 |
| Closing net book amount | 6,674,252 | 1,109,877 | 162,507 | 308,898 | 8,255,534 |

| Year ended 30 June 2020 | Software Development | ISLT Smartphone App | Software Licence | Intellectual Property - Clinical Trials | Total |
|--------------------------------|-------------------------|---------------------------|---------------------|---|------------------|
| Opening net book amount | 4,308,930 | - | 325,014 | 308,898 | 4,942,842 |
| Amortisation | (515,310) | - | (108,338) | - | (623,648) |
| Capitalisation | 2,174,530 | 451,879 | - | - | 2,626,409 |
| Closing net book amount | 5,968,150 | 451,879 | 216,676 | 308,898 | 6,945,603 |

Cogstate has been developing a new database platform infrastructure for use within the clinical trials segment. The new platform will replace a custom-built infrastructure that was launched in 2006. Following internal review, it was determined that the existing infrastructure was inefficient to maintain and did not provide necessary functionality for Cogstate's future commercial plans.

From the new platform, Cogstate can launch various cognitive tests, process raw data and produce necessary reports. The platform incorporated a commercial electronic data capture (EDC) system to store and manage both cognitive test outcomes as well as other clinical outcomes collected as part of Cogstate's current service offering.

As part of the development, it has been necessary to develop a custom-built integration layer to synchronise data between the commercial EDC system and Cogstate's proprietary computerised cognitive assessments.

The platform provides operational efficiency through better and easier management and reporting of data. The platform provides Cogstate a more scalable and flexible system from which Cogstate will be able to incorporate other technologies and/or assessment modalities that, in the future, may be complementary to Cogstate's commercial solutions. The development of the platform is being undertaken by Cogstate employees and the amount capitalised to 31 December 2020 reflects the labour effort expended in building the new platform. The new infrastructure is available for use and capitalised balance has begun being amortised.

Amounts capitalised include the total labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved.

9 Lease assets & lease liabilities

The company leases office premises and specialised equipment for periods not exceeding 5 years. The company is required to return the underlying assets in a specified condition at the end of the lease term.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

| LEASE ASSETS | 31 December 2020 US\$ | 30 June 2020 US\$ |
|---|----------------------------------|------------------------------|
| Carrying amount of lease assets, by class of underlying asset: | | |
| Buildings | 1,905,018 | 2,277,058 |
| Equipment | 42,314 | 67,028 |
| | 1,947,332 | 2,344,086 |

| LEASE ASSETS | 31 December 2020 US\$ | 30 June 2020 US\$ |
|--|----------------------------------|------------------------------|
| Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year: | | |
| Carrying amount at 1 July 2020 | 2,344,086 | 3,107,984 |
| Additions | - | 57,353 |
| Depreciation | (396,754) | (817,798) |
| Impairment losses (or reversal of impairment losses) | - | - |
| Net foreign exchange differences | - | (3,453) |
| Carrying amount at 30 June 2021 | 1,947,332 | 2,344,086 |

| LEASE LIABILITIES | 31 December 2020 US\$ | 30 June 2020 US\$ |
|---|----------------------------------|------------------------------|
| Carrying amount of lease liabilities: | | |
| Current lease liabilities | (695,026) | (775,326) |
| Non-current lease liabilities | (1,400,599) | (1,744,271) |
| Total carrying amount of lease liabilities | (2,095,625) | (2,519,597) |
| Lease expenses and cashflows | | |
| Interest expense on lease liabilities | 24,058 | 74,351 |
| Depreciation expense on lease assets | 396,754 | 817,798 |
| Net foreign exchange differences | (966) | 9,763 |
| Cash outflow in relation to leases | 444,851 | 863,872 |

10 Deferred tax assets

| | 31 December 2020 US\$ | (Restated) 30 June 2020 US\$ |
|------------------------------------|--------------------------|------------------------------------|
| Tax losses | 596,027 | 3,271,761 |
| R&D tax offsets | - | 933,533 |
| Employee benefits | 585,086 | 523,312 |
| Accrued expenses | 389,460 | 756 |
| Foreign exchange | 114,554 | 153,660 |
| Deferred revenue | 4,526,742 | 274,624 |
| Capital raising costs | 27,913 | 31,901 |
| Provision for doubtful debts | - | 18,261 |
| Lease assets and lease liabilities | 36,242 | 44,386 |
| | 6,276,024 | 5,252,194 |

In Cogstate Ltd tax losses of US\$596,027 are available for future use as at 31 December 2020, a decrease of US\$2,675,734 from the balance of US\$3,271,761 at 30 June 2020. The majority of tax losses and all R&D tax offsets (US\$933,533 at 30 June 2020) have been absorbed primarily due to an upfront royalty payment of US\$15 million in conjunction with our Global Licence Agreement with Eisai Co, Ltd in the half year ended 31 December 2020.

In Cogstate Inc there are no tax losses available for future use at 31 December 2020.

Tax losses incurred in Canada and Spain have not yet been recognised as a deferred tax asset for future use.

11 Deferred revenue

| | 31 December 2020 US\$ | (Restated) 30 June 2020 US\$ |
|---------------------------------|--------------------------|------------------------------------|
| Current deferred revenue | | |
| Clinical Trials | 1,041,205 | 261,300 |
| Healthcare | | |
| - Eisai Japan | 99,918 | 100,192 |
| - Eisai Global | 4,164,765 | - |
| | 5,305,888 | 361,492 |

| | 31 December 2020 US\$ | (Restated) 30 June 2020 US\$ |
|-------------------------------------|--------------------------|------------------------------------|
| Non-current deferred revenue | | |
| Healthcare | | |
| - Eisai Japan | 765,125 | 815,220 |
| - Eisai Global | 10,059,333 | - |
| | 10,824,458 | 815,220 |

Eisai Japan and Eisai Global have been invoiced and paid in full as at 31 December 2020.

| | 31 December 2020 US\$ | (Restated) 30 June 2020 US\$ |
|--|--------------------------|------------------------------------|
| Deferred revenue | | |
| Carrying amount of deferred revenue: | | |
| Current deferred revenue | 5,305,888 | 361,492 |
| Non-current deferred revenue | 10,824,458 | 815,220 |
| Total carrying amount of deferred revenue | 16,130,346 | 1,176,712 |

12 Borrowings

| | 31 December 2020 US\$ | 30 June 2020 US\$ |
|---------------------------|--------------------------|----------------------|
| Insurance premium funding | 433,342 | 88,512 |
| PPP Loan | 2,444,200 | 2,444,200 |
| | 2,877,542 | 2,532,712 |

The premium funding for insurance is part of a cash management policy undertaken for a number of years. The funding period runs from November to August each year.

Cogstate Inc., a US domiciled, wholly owned subsidiary of Cogstate Ltd, secured a US\$2.44 million loan from Citibank under the Paycheck Protection Program (PPP) contained within the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law in the United States of America during March 2020. Under the terms of the CARES Act, the Company will be able to apply for forgiveness of all loan proceeds used for USA based payroll costs, rent, utilities and other qualifying expenses during the twenty-four week period following receipt of the loan, provided the Company maintains its employment and compensation within certain parameters during such period, and provided further that not more than 25% of the amount forgiven can be attributed to non-payroll costs. Any amount not forgiven is due in equal monthly instalments of principal and interest beginning seven months from the date of the promissory note through the maturity date of two years from the date of first disbursement. Cogstate has not yet applied for forgiveness of the loan amount.

13 Contributed equity

(a) Share capital

| | 31 December 2020 Shares | 31 December 2020 US\$ | 30 June 2020 Shares | 30 June 2020 US\$ |
|------------------------------|----------------------------|--------------------------|------------------------|----------------------|
| Ordinary shares - fully paid | 170,238,331 | 33,204,476 | 169,771,664 | 33,038,228 |

(b) Movements in ordinary share capital

| Date | Details | Number of shares | US\$ |
|------------------|------------------------------------|------------------|------------|
| 1 July 2020 | Opening balance | 169,771,664 | 33,038,228 |
| 31 December 2020 | Exercise of options | 466,667 | 120,540 |
| | Issue of shares | - | - |
| | Cost of issue of shares | - | - |
| | Transfer from options reserve | - | 45,708 |
| | Transfer to/from retained earnings | - | - |
| 31 December 2020 | Balance | 170,238,331 | 33,204,476 |

14 Reconciliation of loss after income tax to net cash inflow from operating activities

| | 31 December 2020 US\$ | (Restated) 31 December 2019 US\$ |
|--|--------------------------|--|
| Profit/(loss) of the half-year | (448,085) | (2,739,942) |
| Depreciation and amortisation | 1,068,588 | 899,562 |
| Profit/(loss) on disposal of assets | 1,777 | - |
| Non-cash employee benefits expense - share-based payments | 284,453 | (17,956) |
| Transition to AASB16 Leases | - | 192,767 |
| Net exchange differences | 32,429 | 129,022 |
| Change in operating assets & liabilities: | | |
| (Increase) decrease in trade debtors and other receivables | (1,174,489) | (82,644) |
| (Increase) decrease in deferred tax assets | (1,023,830) | (2,021,707) |
| (Increase) decrease in other operating assets | (640,433) | (1,118,697) |
| (Increase) decrease in prepayments | (413,574) | (319,709) |
| (Increase) decrease in lease assets | 396,754 | (2,696,433) |
| (Decrease) increase in trade creditors | 105,014 | 316,797 |
| (Decrease) increase in deferred revenue | 14,953,634 | 2,768,197 |
| (Decrease) increase in provision for income taxes payable | 280,394 | 2,885,385 |
| (Decrease) increase in lease liabilities | (423,972) | 18,658 |
| (Decrease) increase in deferred tax liabilities | (8,411) | 650,708 |
| (Decrease) increase in employee provisions | 225,849 | (52,210) |
| | 13,216,098 | (1,188,202) |

15 Commitments and contingencies

At period end there were no new commitments or contingent liabilities have arisen.

16 Events occurring after the reporting period

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

Directors' declaration

The directors' declare that:

- (1) In the directors' opinion the financial statements and notes thereto, as set out on pages 10-24, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance for the half-year ended on that date.
- (2) In the directors' opinion there are reasonable grounds at the date of this declaration, to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Martyn Myer AO, Chairman
Melbourne, 24 February 2021

Independent Auditor's Review Report

COGSTATE LIMITED
AND CONTROLLED ENTITIES
ABN 80 090 975 723



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COGSTATE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Cogstate Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF COGSTATE LIMITED

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



M J HARRISON
Partner

24 February 2021



PITCHER PARTNERS
Melbourne

Corporate Directory

Directors

Martyn Myer AO, BE, MESC, MSM.

Chairman

Brad O'Connor, B Bus, CA.

Chief Executive Officer

Richard van den Broek, CFA.

Non-Executive Director

David Dolby BSE, MBA.

Non-Executive Director

Richard Mohs, PhD.

Non-Executive Director

Ingrid Player, BEc and LLB (Hons), GAICD, FGIA

Non-Executive Director

Kim Wenn, BCompSc

Appointed 30 November 2020

Non-Executive Director

Company Secretaries

Keith Hawkins, BBus, CPA.

John Glueck, BA, JD.

Principal registered office in Australia

Level 2, 255 Bourke Street,
Melbourne Vic 3000 Australia

Share and debenture register

Link Market Services

Tower 4, Collins Square, 727 Collins Street,
Melbourne Vic 3008

Auditor

Pitcher Partners

Level 13, 664 Collins Street,
Docklands Vic 3008

Solicitors

Clayton Utz

333 Collins Street,
Melbourne Vic 3000

Bankers

National Australia Bank

Level 3/330 Collins Street,
Melbourne Vic 3000

Website

www.cogstate.com