

# ASX Announcement 25 October 2017



## 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 30 September 2017. *All figures are stated in US\$*

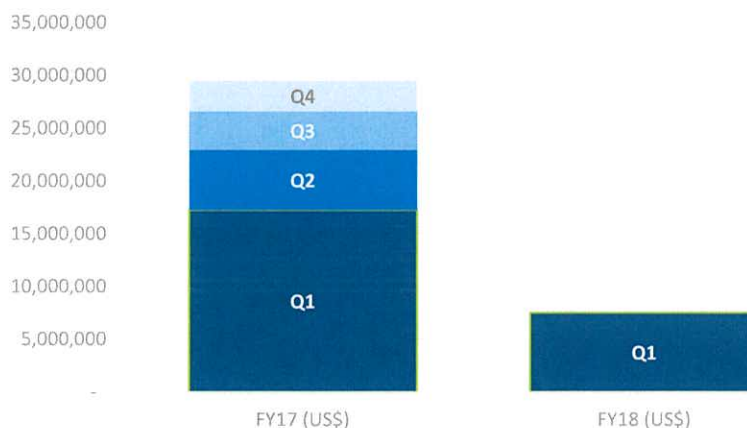
### Summary of Results

- **Sales contracts executed of \$7.6m** during 1Q18
- **Contracted future revenue backlog of \$36.2m** at 30 September 2017 to be recognised in FY18 and beyond, up 26% since 30 June 2017
- **Recognised revenue of \$7.6m** during 1Q18
- **Cash balance of \$4.6m** at 30 September 2017

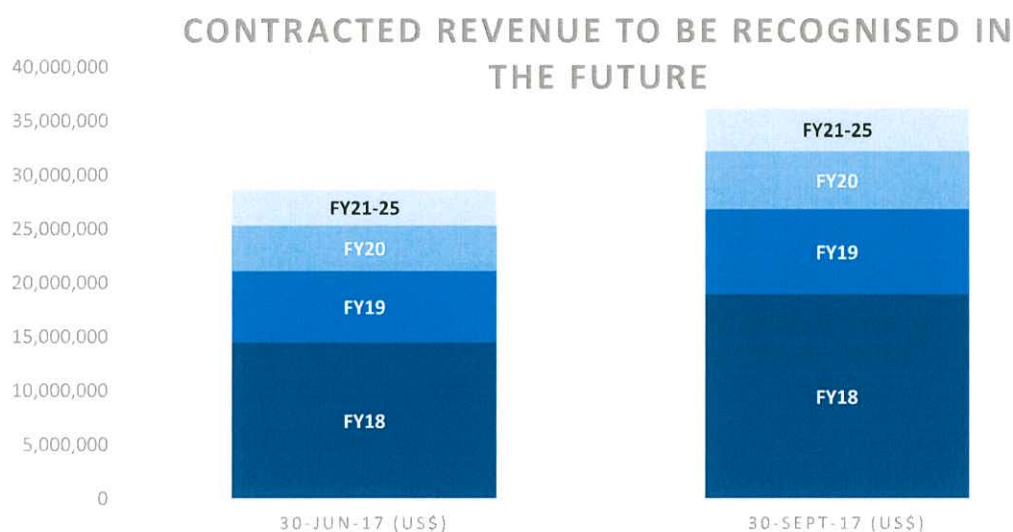
### Sales and Contracted Revenue Pipeline

- Total value of contracts signed for 1Q18 \$7.6m.
- Cogstate management remains confident with the continued underlying growth trajectory of the Clinical Trials business.
- 1Q18 sales contracts were less than the exceptional 1Q17 result of \$17.3m. However, the solid result for the first quarter of FY18 reverses a series of disappointing quarterly sales results from the previous financial year : 2Q17 \$5.7m, 3Q17 \$3.6m and 4Q17 \$3.0m.
- 1Q18 result of \$7.6m includes a start-up agreement of \$0.8m that will allow Cogstate to start work on a phase 2 Alzheimer's disease clinical trial, with the remaining \$4.2m of the full contract expected in the coming weeks.
- 1Q18 book to bill ratio of 1.00 (Clinical Trials revenue of \$7.4m).

### SALES CONTRACTS EXECUTED



- At 30 September 2017, Cogstate had \$36.2m<sup>1,2</sup> of contracted Clinical Trials revenue to be recognised in FY18 and later years. Of that contracted amount, \$18.9m is expected to be recognised in FY18.



#### Recognised Revenue<sup>3</sup>

- Revenue of US\$7.6m achieved for 1Q17
- 1Q18 revenue was less than the \$8.4m recognised in 1Q17 but was an improvement on the previous three quarterly results : 2Q17 \$5.6m, 3Q17 \$6.9m and 4Q17 \$5.5m.



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

1. Cogstate received notification that one study had been put on hold and is expected to reinstate in 2018. This contracted revenue (US\$2.4m) has been excluded from the analysis above and will be included when the study is reinstated

2. Contracts are denominated in US\$.

3. Recognised revenue includes other revenue from Research, Sport/Brain Injury, Healthcare and other activities

### **Operating Cash Flow and Balance Sheet**

- Net Operating Cash Outflow was A\$2.5m in 1Q18.
- Cash balance of US\$4.6m at the end of the quarter was down from US\$7.2m at 30 June 2017, a total cash outflow of \$2.6m.
- The net cash outflow was expected and largely reflects a change in the level of trade receivables, in addition to the payment of FY17 staff bonuses in 1Q18.
- Trade receivables at 30 September 2017 were US\$6.2m, up from US\$3.9m at 30 June 2017, an increase of \$2.3m.
- Cash receipts are expected to increase in 2Q18 as the increased trade receivables become due.

### **Other Developments**

- Cogstate notes that its functional currency changed 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 September 2017

### Summary Financial Table

	Quarter Just Completed
	30-Sep-17 US\$ million
<b>Revenue</b>	
Clinical Trials revenue	7.38
Other Revenue	0.22
<b>Sub-total</b>	<b>7.60</b>
Pass-through Cost Recoveries	0.01
<b>Total Revenue</b>	<b>7.61</b>
<b>Receivables</b>	
Opening balance	3.89
Closing balance	6.17
<b>Net Increase/(Decrease) in Receivables</b>	<b>2.28</b>
<b>Payables</b>	
Opening balance	(2.59)
Closing balance	(1.44)
<b>Net Increase/(Decrease) in Payables</b>	<b>(1.15)</b>
<b>Cash Flow</b>	
Cash receipts from customers	5.88
Cash payments to employees	(6.05)
Cash payments to suppliers	(2.31)
Cash receipts, non-trading	.00
<b>Net Operating Cash In/(Out) Flows</b>	<b>(2.48)</b>
<b>Net Investing Cash In/(Out) Flows</b>	<b>(0.16)</b>
<b>Net Financing Cash In/(Out) Flows</b>	<b>0.06</b>
Foreign exchange movement	-
<b>Net Increase/(Decrease) in cash held</b>	<b>(2.58)</b>

#### 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")**

30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US</b>	<b>Year to date (3 months) \$US</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,880,099	5,880,099
1.2 Payments for		
<b>(a)</b> Staff costs (incl R&D)	(6,054,843)	(6,054,843)
<b>(b)</b> product manufacturing and operating costs	-	-
<b>(c)</b> advertising and marketing	(128,907)	(128,907)
<b>(d)</b> leased assets	(286,160)	(286,160)
<b>(e)</b> administration and corporate costs	(1,013,859)	(1,013,859)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8,160	8,160
1.5 Interest and other costs of finance paid	(1,329)	(1,329)
1.6 Income taxes paid	(128,268)	(128,268)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Accounting & Audit	(80,762)	(80,762)
Computer costs	(289,506)	(289,506)
Legal costs, including patent costs	(42,322)	(42,322)
Listing fees & Associated costs	(19,195)	(19,195)
Travel Costs	(324,126)	(324,126)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,481,017)</b>	<b>(2,481,017)</b>



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US</b>	<b>Year to date (3 months) \$US</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(161,117)	(161,117)
	(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	<b>Net cash from / (used in) investing activities</b>	<b>(161,117)</b>	<b>(161,117)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	60,340	60,340
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	<b>Net cash from / (used in) financing activities</b>	<b>60,340</b>	<b>60,340</b>

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US</b>	<b>Year to date (3 months) \$US</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	7,157,028	7,157,028
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,481,017)	(2,481,017)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(161,117)	(161,117)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	60,340	60,340
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,575,234</b>	<b>4,575,234</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US</b>	<b>Previous quarter \$US</b>
5.1	Bank balances	4,575,234	4,575,234
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,575,234</b>	<b>4,575,234</b>

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	96,028
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	1,603,076	14,114
8.2 Credit standby arrangements	69,598	69,598
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 (A\$1.5m) Bank Guarantee (A\$89k)		

9. Estimated cash outflows for next quarter	\$US
9.1 Staff costs (incl R&D)	(5,268,539)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(191,275)
9.4 Leased assets	(294,453)
9.5 Administration and corporate costs	(717,127)
9.6 Other (provide details if material)	
Accounting & Audit	(72,936)
Computer costs	(410,914)
Legal costs, including patent costs	(28,791)
Listing fees & Associated costs	(34,427)
Travel Costs	(239,330)
9.7 Total estimated cash outflows	(7,257,792)

+ 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: 25 October 2017

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