

ASX Announcement

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1H25 Financial Results

All figures in US\$

Cogstate Ltd (ASX:CGS) has today released its Appendix 4D, half year report for the six months ended 31 December 2024 (1H25).

Highlights:

Record 1H25 Revenue of \$23.9M, up 19% compared to PCP

- Clinical Trials revenue of \$22.7m, up 27% compared to PCP
- Healthcare revenue of \$1.2m, down 44% compared to PCP

1H25 Sales contracts executed of \$20.3M, up 147% compared to PCP

Total future contracted revenue backlog of \$99.1M at 31 December 2024

- Clinical Trials revenue backlog of \$84.3m, down 8% compared to PCP
- Healthcare revenue backlog of \$14.8m

EBIT of \$4.8M, up 167% compared to PCP

Cash of \$34.2M at 31 December 2024

	1H25 US\$m	2H24 US\$m	1H24 US\$m
Total revenue from ordinary activities	23.9	23.2	20.2
- Clinical Trials revenue	22.7	21.5	17.9
- Healthcare revenue	1.2	1.7	2.2
New sales contracts executed	20.3	16.1	10.9
Contracted future revenue	99.1	101.6	123.7
EBIT	4.8	4.7	1.8
Net Profit before Tax	5.2	5.0	2.1
Net operating cash flow	5.0	6.2	(0.4)

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1H25 Segment Results

	1H25 US\$m	1H24 US\$m	Variance %
Total revenue from operations	23.9	20.2	19%
Clinical Trials (incl. Research)			
Revenue	22.7	17.9	27%
Direct Cost <i>(excluding direct depreciation)</i>	(7.0)	(6.8)	(3%)
Gross Margin	15.7	11.1	41%
SG&A	(1.9)	(2.1)	6%
Clinical Trials Segment Contribution	13.7	9.0	52%
Contribution Margin	61%	50%	
Healthcare			
Revenue	1.2	2.2	(44%)
Direct Cost	(0.3)	(0.5)	39%
Healthcare Segment Contribution	1.0	1.8	(46%)
Contribution Margin	77%	79%	
Other Operating Expense	(8.5)	(7.6)	(12%)
EBITDA	6.2	3.2	93%
Depreciation & Amortisation	(1.4)	(1.4)	0%
EBIT	4.8	1.8	167%
Net Interest	0.4	0.3	45%
Net Profit/(Loss) before tax	5.2	2.1	150%
Income Tax Expense	(1.3)	(0.1)	(1,441%)
Net Profit/(Loss) after tax	3.9	2.0	95%

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Explanatory Notes

- Sales contracts:** In the Clinical Trials division, Cogstate enters into contracts (“sales contracts”) with both pharmaceutical and biotechnology companies for the provision of Cogstate technology and services, for use in clinical research trials, to determine the extent to which their investigational compound is impacting the cognition of the patient population. The contract value will differ for each clinical trial, depending upon the scope of the technology and services provided by Cogstate, as well as the complexity and length of the trial. An increase in the total value of sales contracts executed will increase the revenue backlog and will, over time, result in an increase to revenue recognised by Cogstate.
- Calculation of revenue from Clinical Trials division:** Revenue from sales contracts is recognised over the life of the contract. The length of a clinical trial can vary from several months for a phase 1 study and up to 4-5 years for a phase 3 study. Revenue is recognised based upon achievement of pre-determined milestones or as the services are performed throughout the duration of a clinical trial. During each period, revenue may be recognised from (i) contracts in the backlog at the beginning of the period, as well as (ii) sales contracts executed during the period. Usually there is a time lag between an increase or decrease in the level of sales contracts executed and a corresponding change to recognised revenue.
- Contracted future revenue backlog:** Executed sales contract values that have not yet been recognised as revenue at period end are referred to as “contracted future revenue”. The revenue from these contracts will be recognised upon achievement of pre-determined milestones throughout the clinical trials. The contracted future revenue figure provides insight into future revenue performance.
- Healthcare revenue:** Cogstate has developed tools specifically designed to aid healthcare professionals, in general and specialist practice medicine, with objective assessments of cognition in patients. Cogstate’s Healthcare offering includes the system branded as Cognigram™, a medical device which 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 neurodegenerative diseases such as Alzheimer’s disease.

On 26 October 2020, Cogstate announced an exclusive global licensing agreement with pharmaceutical company Eisai (was previously just Japan), under which Eisai will market Cogstate technology as digital cognitive assessment tools targeting physicians, corporations, municipalities and also directly to consumers.

On 2 April 2024, Cogstate announced that it had amended its global license agreement with Eisai (the “Amended Global License Agreement”). Effective 1 April 2024, Cogstate has re-acquired global rights to its technology previously exclusively licensed to Eisai (excluding for Japan). Under the Amended Global License Agreement, Eisai has been granted a non-exclusive license for Cognigram in the USA and CogMate in certain Asian countries until August 2031.

Under the 10-year global (ex-Japan) amended global license agreement between Eisai and Cogstate executed on 1 April 2024:

- In addition to the upfront payments from Eisai of US\$15 million, Cogstate is also due to receive an ongoing royalty on revenue derived by Eisai from the sale of Cogstate technology. Over the course of the 10-year global agreement, the contractual terms prescribe that the royalty payments shall not be less than an additional \$15 million (\$9 million over years 1-5 and \$6 million over years 6-10).
- The full \$30m (upfront payment of \$15m plus the minimum royalties of \$15m due over the course of the global license agreement) is being amortised on a straight-line basis over 11 years (10-year term + 12 months to commence). Actual cash royalties paid in each period will be the higher of (i) royalty amount calculated based on sales of product or (ii) minimum annual cash royalty, which ramp up over the contract period.

1H25 Analysis

Clinical Trials (incl. Research)

- 1H25 revenue was \$22.7m, up 27% on the previous corresponding period (PCP), due to the revenue yield generated from an increase in new contract sales in 1H25.
- Direct cost was \$7.0m, up 3% on the previous corresponding period (up 5% on 2H24) reflecting an increase in employment costs due to a 5% increase in Clinical Trials direct FTE on the PCP (1H25: 76.7 FTE, 1H24: 72.9 FTE).
- SG&A costs down 6% on PCP.
- Gross contribution margin increased to 61%, up from 50% in the PCP. The strong margin improvement results largely from ongoing productivity and the increase of software license mix to 19% in 1H25 (1H24: 13%).
- Sales contracts executed during 1H25 totalled \$20.3m, a strong increase in comparison to the last two halves; \$16.0m in 2H24 and \$10.9m in 1H24.
- Clinical Trials contracted future revenue at 31 December 2024 was \$84.3m, down from 2H24 and 1H24.

Healthcare

- Healthcare revenue in 1H25 was \$1.2m, down from PCP (1H24: \$2.2 million) as a direct result of the amendment to the Eisai agreement in April 2024.
- Despite the reduction in Healthcare revenue, gross contribution margin remained at 77%, down 2% from the PCP due to cost management.

Future Contracted Revenue Backlog

The revenue backlog for both the Clinical Trials and Healthcare segments are highlighted in the table below.

	31 Dec 24	31 Dec 23	Change
	US\$	US\$	US\$
Contracted Clinical Trials Revenue	84,251,853	91,173,221	(6,921,368)
Eisai License – Global (commercial years 1-10)	14,341,184	31,974,863	(17,633,679)
Eisai License – Japan (10 year licence)	465,097	565,289	(100,192)
Total Contracted Future Revenue	99,058,134	123,713,373	(24,655,239)

Profit Before Tax

- Revenue growth in Clinical Trials combined with cost reductions across the business has resulted in an improved profit performance, with Net Profit before Tax of \$5.2m compared to \$2.1m in the prior corresponding period.
- Staff costs of \$12.8 million were down by 3% or \$0.4 million compared to PCP, reflecting a 7% decrease in FTE in comparison to the PCP and strong cost management.
- Depreciation and amortization was \$1.4m, consistent with the PCP. This amount reflects the ongoing investment in tools and technology delivering improved offerings to customers and efficiencies in our delivery.

Net Profit After Tax

- Net Profit after Tax was \$3.9m. This compares to the PCP of \$2.0m and represents a strong improvement in profitability.

Cash Flow / Balance Sheet

- Cash flow from operating activities was an inflow of \$5.0m as compared to an outflow in the PCP of \$0.4m. A 37% increase in receipts from customers from growth in Clinical Trials revenue, partially offset by payments to employees and vendors.
- Total cash flow was an inflow of \$4.1m, which includes the share buy-back activities during 1H25 which amounted to a total cash outflow of \$1.0m.
- Gross cash on hand amounts to \$34.2 million, up 35% from the PCP.

2H25 Guidance

Clinical Trials Revenue

- 2H25 revenue is expected to be consistent with 1H25 revenue.
 - Based on contracted revenue position at 01 January 2025 (\$16.3m expected to be recognised in 2H25 vs \$14.5m PCP) and high probability sales prospects.
- If sales contracts executed in 2H25 outperform 1H25, then there could be revenue upside, subject to timing of execution of sales contracts.

Margins:

- There are no significant changes to the cost base planned and therefore gross margins and EBIT margins for 2H25 should be consistent with 1H25.

Operating Cashflow:

- Additional tax payments of approximately \$1.5m are expected to be made during 2H25.
- Excluding timing of tax payments, cashflow from operations for 2H25 should be consistent with 1H25.

This announcement has been approved for release by the Board of Cogstate Ltd.

About Cogstate

Cogstate Ltd (ASX:CGS) is the neuroscience technology company optimising 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 computerised 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 25 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. For more information, please visit www.cogstate.com.

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Important Notices

Past performance

Past performance is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Cogstate's views on its future financial performance or condition. Past performance of Cogstate cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Cogstate. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Future performance and forward-looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Cogstate, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Cogstate's business strategies, including the that the results of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. For example, Cogstate's performance in any one financial period is sensitive to whether or not contracts are signed in that period, or a subsequent period, and the rate of enrolment in trials of its customers which are influenced by factors that are outside of Cogstate's control.

Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Cogstate, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Cogstate as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Cogstate, its representatives or advisers undertakes any obligation to provide any additional or updated information, whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.