

21 September 2021

**Cambridge Cognition Holdings Plc
("Cambridge Cognition", the "Company" or the "Group")**

Interim Results for the six months ended 30 June 2021

Cambridge Cognition Holdings Plc (AIM: COG), which develops and markets digital solutions to assess brain health, is pleased to announce its unaudited interim results for the six months ended 30 June 2021.

The Company had a strong and profitable first half, delivering revenues of £4.5 million, a 50% year-on-year growth. Order intake was above the Board's expectations at £8.6 million and this included two substantial orders outside the Company's core area of focus that totalled £3.6 million.

The Company is now delivering more clinical trial contracts than at any time in its history, which is reflected in a contracted order book at 30 June 2021 of £15.2 million, up 36% from 31 December 2020 and more than double the value at 30 June 2020. The order book contains contracts for clinical trials in which revenue will be recognised over one to six years, further increasing the long-term revenue base for the Company. The forward order pipeline provides a good platform for growth, though at this time does not include the unusually large orders seen in the last two half-year periods.

The direct impact of COVID-19 on the Company's operations has been minimal and the Company continued to deliver high levels of customer service while operating in a remote manner. The pandemic has accelerated interest in virtual clinical trials, with testing performed at home rather than in-clinic, and, as a result, orders for home testing solutions grew. We expect this trend to persist after the pandemic.

Looking forward, the Board believes the Company to be well positioned as a digital technology solutions provider, underpinned by a strong cash position. The Company will continue to take advantage of the growth in interest in developing new pharmaceuticals for Central Nervous Systems ("CNS") disorders and the market shift to virtual clinical trials, continuing to focus on commercial execution and investment in new products to expand the product offer for future growth.

Financial highlights

- 50% year-on-year revenue growth to £4.5 million (H1 2020: £3.0 million)
- Gross margin maintained at 80% (H1 2020:81%)
- Profit for the period £0.1 million (H1 2020: £0.4 million loss)
- 0.3p basic and diluted earnings per share (H1 2020: 1.5p loss per share)
- Strong cash generation with cash balance of £4.2 million (31 December 2020: £3.0 million)

Operational highlights

- Increase in sales orders of 74% to £8.6 million (H1 2020: £4.9 million)
- Contracted order book of £15.2 million, up 36% since 31 December 2020 and more than double the value at 30 June 2020 (31 December 2020: £11.2 million, 30 June 2020: £7.4 million)
- Launch of NeuroVocalix™, a digital voice cognition solution, ready for clinical trials
- Completed successful spin-out and venture financing of Monument Therapeutics

Commenting on the results Matthew Stork, Chief Executive Officer of Cambridge Cognition, said:

"I am delighted with our performance over the first half of the year. We have continued to execute our growth strategy, achieving a number of firsts, including the highest order intake in a six-month period. The Company is well positioned to serve pharmaceutical companies, whose needs are changing as the benefits of virtual clinical trials are embraced globally. We continue to attract interest from a wide range of customers and remain confident in the outlook for the year."

Enquiries:

Cambridge Cognition Holdings Plc

Matthew Stork, Chief Executive Officer
Michael Holton, Chief Financial Officer

Tel: 01223 810 700
press@camcog.com

finnCap Ltd (Nomad and Joint Broker)

Geoff Nash / Simon Hicks
Alice Lane / Charlotte Sutcliffe

Tel: 020 7220 0500
(Corporate Finance)
(Corporate Broking)

Dowgate Capital Limited (Joint Broker)

David Poutney / James Serjeant

Tel: 020 3903 7715

IFC Advisory Ltd (Financial PR and IR)

Tim Metcalfe / Graham Herring / Zach Cohen

Tel: 020 3934 6630
cog@investor-focus.co.uk

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The Company delivered an exceptionally strong financial and operational performance in the first half of 2021, with a further considerable increase in secured orders and successful delivery of new contracts won in 2020 and early 2021. Progress against our strategy to focus on commercialisation of existing and newly developed products continues to be delivered.

Orders received totalled £8.6 million (H1 2020: £4.9 million). These contracts included a number of major wins for CANTAB™ cognitive assessment software, many for at-home use. This is in line with our expectations of a market shift to virtual trials catalysed by the COVID-19 pandemic.

Around two-thirds of the Company's clinical trial orders came from existing customers, reflecting excellent customer service and the benefits of the Company's focus on commercialisation. These sales orders cover a range of cognitive assessments across various clinical trial phases, demonstrating the Company's ability to deliver against a spectrum of client needs with a broader portfolio.

As well as a record sales orders achievement in the first half, I am pleased to report more firsts for Cambridge Cognition in the period. These include:

- The achievement of a strategic goal by securing an evergreen contract for post-marketing support for a newly licensed pharmaceutical with a top twenty pharma company
- Contract wins in a number of new therapeutic areas; examples include a COVID-19 study measuring the impact of the virus on cognition and an oncology study measuring the neurological effects of brain metastases and chemotherapy agents
- The Company's largest funded clinical trial, assessing many thousands of patients at home with a mixture of longer web-based assessments and high-frequency, quick assessments on mobiles
- The provision of NeuroVocalix™, a unique digital voice solution that can conduct common verbal cognitive tests on our regulatory-compliant clinical trial platform

Cambridge Cognition is focused on successful operational delivery to meet today's customer needs, while investing, as is critical for a growing technology business, to meet their future requirements. During the period, the business continued to invest through R&D initiatives and increased headcount across the business to deliver against an increased sales order book whilst looking to drive future growth.

Financial results

Sales orders of £8.6 million (H1 2020: £4.9 million) contributed to further growth in the Company's contracted order book, which has more than doubled from £7.4 million at 30 June 2020 to £15.2m at 30 June 2021. The contracted order book represents confirmed orders that are not yet recognised as revenue.

Revenue, which is recognised as software products and associated services are used, grew to £4.5 million (H1 2020: £3.0 million), a 50% increase and ahead of our initial forecasts for H1 2021. This represents further good growth from £2.2 million in H1 2019, a period not impacted by the pandemic.

The key components of revenue are shown in the table below:

Revenue (£m)	H1 2021	H1 2020	H1 2019
Software & services	4.3	2.9	2.2
Hardware	0.2	0.1	-
Total	4.5	3.0	2.2

Software & services revenue increased by 47% to £4.3 million due to the increased number and value of contracts being delivered. Hardware revenue remains a small proportion of the sales mix, though may increase over time as it is possible that the Company supports more trials using wearables.

Gross profit rose by £1.1 million to £3.6 million (H1 2020: £2.5 million) and the gross profit margin of 80% was broadly in line with the prior year (H1 2020: 81%).

Administrative expenses increased by £0.7 million to £3.6 million (H1 2020: £2.9 million). Excluding the impact of foreign currency, administrative expenses increased by £0.4 million to £3.4 million (H1 2020: £3.0 million), reflecting investment in personnel and increased activity. Focused R&D remains important to continue to position the Company at the forefront of the sector, with R&D investment of £0.8 million remaining broadly in line with the prior year (H1 2020: £0.7 million) and reducing slightly as a percent of revenue.

The rise in gross profit, partially offset by increased administrative expenses, resulted in a profitable first half. Profit before tax, Profit for the period and EBITDA all rose by £0.5 million. Consequently, basic and diluted earnings per share improved to 0.3p (H1 2020: 1.5p loss on a basic and diluted basis).

The excellent sales order performance combined with higher level of revenues contributed to strong cash generation, with net cash inflow from operations of £1.2 million (H1 2020: £0.2 million outflow). This led to an overall improvement in cash to £4.2 million as at 30 June 2021.

Operational review

The Company's above expectation sales orders performance in H1 2021 demonstrated continued strong commercial execution. Over the period, the business expanded its marketing and sales team to increase coverage and support sales of the growing product offering.

As with most technology businesses, continued R&D investment in products is essential to support further growth in the future. Progress has been good through the first half of 2021 with developments in:

- Prototypes of new tests designed for use primarily on mobile phones
- Services supporting multiple clinical trials with wearable devices, providing richer data for clients
- Platform development to enable the delivery of a solution for a newly licensed pharmaceutical
- The production release, further development and planned clinical validation of NeuroVocalix™
- Movement of our infrastructure to Amazon Web Services in multiple geographies

Providing a high level of customer service remains an important element of our offering. Making operational improvements has been important over the period and we have continued to deliver projects on time for customers and received excellent customer feedback. We are now working on over 30% more projects with a 20% increase in service staff compared to June 2020.

Corporate development

During the period, the Company completed the spin-out of Monument Therapeutics Limited ("Monument"), a drug development company applying digital phenotyping to CNS disorders which Cambridge Cognition had been incubating since 2018, with early-stage research supported by two Innovate UK grants. Monument applies a novel drug development strategy, leveraging digital assessments of cognition, to match patients with new pharmaceutical treatments.

To develop these programmes as an independent company, Monument secured £2.6 million in funding from a consortium of investors led by Catapult Ventures and Neo Kuma Ventures. Cambridge Cognition retained a 36.9% shareholding and agreed a licence for the use of several of the Company's gold-standard cognitive assessments, including CANTAB™, for patient stratification. Upon successful commercialisation of its drug development programmes, Monument will pay royalties to Cambridge Cognition.

Cambridge Cognition is yet to finalise the accounting treatment for Monument. Costs incurred by Cambridge Cognition prior to the spin-out have been disclosed as "Investment" and "Cost of investment" in the balance sheet and cash flow, respectively, for the purposes of this Report.

Board changes

As previously announced, Michael (Mick) Holton, CFO, was appointed as a Board Director at the AGM. Nick Walters, former CFO, continued as an Executive Director until the AGM to conduct a handover with Mick. We are pleased to have Mick on board and are grateful to Nick for seven years' dedicated service.

Outlook

The clinical trials market that the Company serves is large and evolving rapidly, with many drivers of change supporting potential future growth. The market for electronic clinical outcomes assessments is estimated at over US\$1bn p.a. and growing at 15%, a trajectory which may increase in pace as a result of:

- a catalytic effect of the COVID-19 pandemic, with growing evidence that this is likely to be accelerating a move to more virtual clinical trials; and
- technological innovation enabling real-world testing and data capture, which often has meaningful advantages over testing and data captured in-clinic

Cambridge Cognition's core strength is in supporting clinical trials for CNS disorders, though the Company, at times, wins contracts in other therapy areas based on its technology, reputation and levels of service. Pharmaceutical companies are investing more in therapeutics for CNS disorders, with a 20% increase in number of industry sponsored clinical trials from 2020 to 2021, likely underpinned by exciting new drug developments and the approval of a new drug for Alzheimer's disease.

The Company remains firmly on track and we continue to trade in line with market expectations. We continue to see potential for growth for both clinic-based and virtual assessments for cognition, whether for recognised solutions such as CANTAB™, or for newer high-frequency digital or voice-based assessments and for electronic Clinical Outcomes Assessment solutions for CNS disorders in clinical trials.

With increasing investment in commercial activities, continued product development, a rising cash balance and supportive shareholder base, the Company is well positioned for further revenue growth. We remain excited about the potential for the future.

Matthew Stork

Chief Executive Officer

21 September 2021

CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT
For the six months ended 30 June 2021

		6 months to 30 June 2021	6 months to 30 June 2020	Year to 31 December 2020
		Unaudited	Unaudited	Audited
	Note	£'000	£'000	£'000
Revenue	5	4,500	3,010	6,741
Cost of sales		(885)	(559)	(1,324)
Gross profit		3,615	2,451	5,417
Administrative expenses		(3,529)	(2,900)	(6,093)
Other income		-	26	32
Finance costs		(2)	(5)	(5)
Profit / (loss) before tax		84	(428)	(649)
Tax		-	4	211
Profit / (loss) for the period		84	(424)	(438)
Earnings / loss per share (pence)	6			
Basic		0.3	(1.5)	(1.5)
Diluted		0.3	(1.5)	(1.5)
All amounts are attributable to equity holders in the parent.				
Profit / (loss) for the period		84	(424)	(438)
Other comprehensive income - items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		51	(153)	93
Total comprehensive income / (expense) for the period		135	(577)	(345)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2021

	At 30 June 2021	At 30 June 2020	At 31 December 2020
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Assets			
Non-current assets			
Intangible assets	376	382	379
Property, plant and equipment	105	69	138
Investment	49	-	-
Total non-current assets	530	451	517
Current assets			
Inventories	138	47	51
Trade and other receivables	5,025	2,529	2,648
Cash and cash equivalents	4,168	1,959	3,047
Total current assets	9,331	4,535	5,746
Total assets	9,861	4,986	6,263
Liabilities			
Current liabilities			
Trade and other payables	9,600	5,163	6,206
Total liabilities	9,600	5,163	6,206
Equity			
Share capital	312	312	312
Share premium	11,151	11,151	11,151
Other reserves	6,162	5,865	6,111
Own shares	(78)	(81)	(78)
Retained earnings	(17,286)	(17,424)	(17,439)
Total equity / (shareholders' deficit)	261	(177)	57
Total liabilities and equity	9,861	4,986	6,263

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	242	9,943	6,018	(81)	(17,066)	(944)
Loss for the period	-	-	-	-	(424)	(424)
Other comprehensive expense	-	-	(153)	-	-	(153)
Total comprehensive expense for the period	-	-	(153)	-	(424)	(577)
Issue of new share capital	70	1,330	-	-	-	1,400
Share issue costs	-	(122)	-	-	-	(122)
Credit to equity for share-based payments	-	-	-	-	66	66
Transactions with owners	70	1,208	-	-	66	1,344
Balance at 30 June 2020	312	11,151	5,865	(81)	(17,424)	(177)
Balance at 1 July 2020	312	11,151	5,865	(81)	(17,424)	(177)
Loss for the period	-	-	-	-	(14)	(14)
Other comprehensive income	-	-	246	-	-	246
Total comprehensive income / (expense) for the period	-	-	246	-	(14)	232
Transfer on allocation of shares held in trust	-	-	-	3	(3)	-
Credit to equity for share-based payments	-	-	-	-	2	2
Transactions with owners	-	-	-	3	(1)	2
Balance at 31 December 2020	312	11,151	6,111	(78)	(17,439)	57
Balance at 1 January 2021	312	11,151	6,111	(78)	(17,439)	57
Profit for the period	-	-	-	-	84	84
Other comprehensive income	-	-	51	-	-	51
Total comprehensive income for the period	-	-	51	-	84	135
Credit to equity for share-based payments	-	-	-	-	69	69
Transactions with owners	-	-	-	-	69	69
Balance at 30 June 2021	312	11,151	6,162	(78)	(17,286)	261

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 30 June 2021

		6 months to 30 June 2021	6 months to 30 June 2020	Year to 31 December 2020
		Unaudited	Unaudited	Audited
	Note	£'000	£'000	£'000
Net cash flows from operating activities	8	1,236	(163)	1,010
Investing activities				
Interest on bank deposits		-	2	4
Purchase of property, plant and equipment		(38)	(22)	(42)
Cost of investment	7	(49)	-	-
Net cash flow used in investing activities		(87)	(20)	(38)
Financing activities				
Proceeds from the issue of share capital net of costs		-	1,278	1,278
Lease payments		(36)	(57)	(113)
Net cash flows from financing activities		(36)	1,221	1,165
Net increase in cash and cash equivalents		1,113	1,038	2,137
Cash and cash equivalents at start of period		3,047	901	901
Exchange differences on cash and cash equivalents		8	20	9
Cash and cash equivalents at end of period		4,168	1,959	3,047

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General information

Cambridge Cognition Holdings Plc (the "Company") and its subsidiaries (together, 'the Group') develops and markets digital solutions to assess brain health for sale worldwide, principally in the UK, the US and Europe.

The Company is a public limited company quoted on the AIM market of the London Stock Exchange (symbol COG) and is incorporated and domiciled in the UK. The address of its registered office is Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU.

The condensed consolidated interim financial statements were approved by the Board of Directors for issue on 21 September 2021. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

Statutory accounts of the Group for the year ended 31 December 2020 were approved by the Board of Directors on 27 May 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements together with the comparative information for the six months ended 30 June 2020 have not been audited.

2. Basis of preparation

Going concern basis

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. The Directors also believe that the Group is able to survive the consequences of reasonably forecastable impacts of a resurgence of the COVID-19 pandemic. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial statements.

3. Accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2020.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the critical judgments that the Directors have made in the process of applying the Group's accounting policies.

Revenue recognition

Judgments may be required in recognising revenue and cost. These judgments include

- The extent to which, and the way in which, contracts are separated into their component parts and the values attributed to those parts;
- Whether software licences are granted to allow the customer the benefit of use of our intellectual property over a period of time (including benefitting from future maintenance and improvements) or whether that right is given as the intellectual property exists at the point of time the licence is granted. In the case of the former, software is recognised over the period of use, for the latter revenue is recognised when the licence commences and the customer is able to use the software;
- The adoption of the portfolio approach for lower value sales and the recognition criteria applied;

- Where performance obligations are satisfied over time, the length of time remaining for performance, and whether this needs revising over time; and
- The length of time for performance also dictates the initial deferral and subsequent recognition of commissions in cost of sales.

Goodwill

The Group reviews the carrying value of its goodwill balances by carrying out impairment tests on at least an annual basis. These tests require estimates to be made of the value in use of its CGUs which are dependent on estimates of future cash flows and long-term growth rates of the CGUs.

Capitalisation of development costs

The point at which development costs meet the criteria for capitalisation is critically dependent on management judgment of the probability of future economic benefits.

Recovery of deferred tax assets

Deferred tax assets have not been recognised for deductible temporary differences, share options and tax losses as management considers that there is not sufficient certainty that future taxable profits will be available to utilise those temporary differences and tax losses.

5. Segmental information

The analysis of revenue by product type is as follows:

	6 months to 30 June 2021	6 months to 30 June 2020	Year to 31 December 2020
	£'000	£'000	£'000
Software	1,374	1,310	2,751
Services	2,882	1,583	3,679
Hardware	244	117	311
	4,500	3,010	6,741

6. Earnings per share

Calculation of earnings / (loss) per share is based on the following profit / (loss) and numbers of shares:

	6 months to 30 June 2021 £'000	6 months to 30 June 2020 £'000	Year to 31 December 2020 £'000
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net profit / (loss) attributable to owners of the Company	84	(424)	(438)
	'000	'000	'000
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	31,097	28,429	29,776
Effect of dilutive share options	2,177	-	-
Weighted average number of ordinary shares for the purposes of diluted EPS	33,274	28,429	29,776
	Pence	Pence	Pence
Earnings / (loss) per share			
Basic	0.3	(1.5)	(1.5)
Diluted	0.3	(1.5)	(1.5)

The basic weighted average number of shares excludes shares held by an Employee Benefit Trust. Fully diluted earnings per share is calculated after showing the effect of outstanding options in issue.

In prior periods presented, the effect of the options would be to reduce the loss per share, and hence the diluted loss per share is the same as the basic loss per share.

The number of shares in issue at 30 June 2021 was 31,170,903 (31 December 2020: 31,170,903).

7. Investment

On 30 June 2021, the Company completed the spin-out of Monument Therapeutics Limited ("Monument"). Monument secured £2.6 million in funding from a consortium of investors led by Catapult Ventures and Neo Kuma Ventures. Cambridge Cognition retained a 36.9% shareholding.

Cambridge Cognition is yet to finalise the accounting treatment for Monument. Costs incurred by Cambridge Cognition prior to the spin-out have been disclosed as "Investment" and "Cost of investment" in the balance sheet and cash flow, respectively, for the purposes of this Report.

8. Reconciliation of operating result to operating cash flows

	6 months to 30 June 2021 £'000	6 months to 30 June 2020 £'000	Year to 31 December 2020 £'000
Profit / (loss) before tax	84	(428)	(649)
Adjustments for:			
Depreciation of property, plant and equipment	70	70	132
Amortisation of software licences	3	3	6
Share-based payments charge	69	66	68
Finance costs	2	5	9
Interest received	-	(2)	(4)
Operating cash flows before working capital movements	228	(286)	(438)
Change in inventories	(86)	6	2
Change in trade and other receivables	(2,416)	(917)	(1,010)
Change in trade and other payables	3,512	1,027	2,243
Cash generated / (used) by operations	1,238	(170)	797
Taxation (paid) / received	(2)	7	213
Net cash flows from operations	1,236	(163)	1,010

9. Copies of interim financial statements

Copies of the interim financial statements are available from the Company at its registered office at Tunbridge Court, Tunbridge Lane, Bottisham, Cambridge, CB25 9TU. The interim financial information document will also be available on the Company's website www.cambridgecognition.com.