

20 September 2022

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

**Interim Results for the six months ended 30 June 2022**

Cambridge Cognition Holdings plc (AIM: COG), which develops and markets digital solutions to assess brain health, announces its unaudited interim results for the six months ended 30 June 2022.

The Company followed its strong performance in 2021 with a 31% growth in revenues to £5.9million in the first half of 2022 (H1 2021: £4.5 million). Order intake was in line with the Board's expectations at £7.2 million, up 44% on a like-for-like basis on H1 2021 (H1 2021:£8.6 million, including £3.6 million of one-off orders) and the Company has a growing, qualified pipeline of opportunities for the second half of 2022.

The contracted order book was £18.6 million at 30 June 2022 increasing from £17.1m at 31 December 2021. The order book provides the Company with visibility over future revenues and provides a solid foundation from which the Company can continue to invest in product and commercial development to further expand the business.

Trading conditions continue to be positive, and the Company has high levels of engagement with existing and potential new clients. With continued investment in commercial activities and product development, the Company expects to achieve further year-on-year revenue growth. The cash position continued to grow to £8.6 million at 30 June 2022 and provides the business with the platform to make considered investments as opportunities arise.

**Financial highlights**

- Growth in revenue of 31% to £5.9 million (H1 2021: £4.5 million)
- Profit after tax in line with expectations at £0.02 million (H1 2021: £0.1 million)
- Continued growth in cash balances to £8.6 million at 30 June 2022 (31 December 2021: £6.8 million)
- Increase in like-for-like sales orders of 44% to £7.2 million (H1 2021: £8.6 million including £3.6 million of one-off orders)
- Increase in contracted order book of £1.5 million to £18.6 million (31 December 2021: £17.1 million)

**Operational highlights**

- Strengthened senior leadership team with the appointment of a Chief Financial Officer and a Chief Scientist
- Entered a new therapeutic area for the Company, PTSD
- Launched an Alzheimer's validation study for the Company's voice-based cognitive assessment solution

**Commenting on the results Matthew Stork, Chief Executive Officer of Cambridge Cognition, said:** *"I am delighted with our continued progress over the last six months. Our contracted order book is at its highest level and, along with a healthy sales order pipeline and strong cash generation, puts us in a great position to continue to invest in strategies to grow the business further."*

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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 a strong financial and operational performance in the first half of 2022, with our contracted order book growing to its highest level at £18.6m at the end of June 2022.

Orders received totalled £7.2 million (H1 2021: £8.6 million including £3.6 million of one-off orders). These orders included a new major pharmaceutical client for a schizophrenia contract worth £0.7m over two years, a £2.1 million contract award to provide cognitive assessments for a neurodegenerative disease trial and a £1.0 million contract award to provide digital cognitive assessments for a pivotal phase III autoimmune disease trial.

Around 79% of the Company's clinical trial orders came from existing customers (H1 2021: 66%), with the balance from new customers, reflecting excellent customer service and the benefits of the Company's focus on commercialisation. These sales orders cover a range of endpoints and clinical trial phases, evidencing the Company's ability to deliver against a spectrum of client requirements. Approximately 29% of our sales orders were for more than one product (H1 2021: 17%), demonstrating the strength of the Company's growing product offering to fulfil customer needs.

As well as achieving a record sales orders total in the first half, I am pleased to report more milestones for Cambridge Cognition in the period, some of which closed subsequent to the end of June. These include:

- Strengthened senior leadership team with the appointment of a permanent Chief Financial Officer, Chief Scientist dedicated to R&D and a Head of HR to manage a growing workforce
- Entered a new, high-growth therapeutic area for the Company – PTSD – earning contracts with a top 10 pharma company and the US Department of Defense
- Launched an Alzheimer's validation study for NeuroVocalix® in collaboration with the University of Oxford and Novo Nordisk

Cambridge Cognition is focused on successful operational delivery, while continuing to innovate, as is critical for a growing technology business to meet future customer requirements. During the period, the business continued to invest through R&D initiatives and increased headcount to deliver against increased sales orders and order backlog, and to improve back-office support to enhance the ability to deliver future growth.

### Financial results

Sales orders of £7.2 million (H1 2021: £8.6 million including £3.6 million of one-off orders) contributed to further growth in the Company's contracted order book, which has increased to £18.6m at 30 June 2022. The contracted order book represents confirmed orders that will be recognised as revenue in future periods.

Revenue, recognised as our software and associated services are used, grew to £5.9 million (H1 2021: £4.5 million), a 31% increase and continues the consistent upward profile of our revenue over recent periods. The contracted order book provides us with great visibility over our future revenues.

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

Revenue	H1 2022 £m	H1 2021 £m	Change £m	Increase %
Software	2.3	1.4	0.9	63
Services	3.1	2.9	0.2	7
<b>Total Software &amp; Services</b>	<b>5.4</b>	<b>4.3</b>	<b>1.1</b>	<b>25</b>
Hardware	0.5	0.2	0.3	122

<b>Total Revenues</b>	<b>5.9</b>	<b>4.5</b>	<b>1.4</b>	<b>31</b>
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Software is recognised over the course of the contract once the product is in use and Services recognised from the start and throughout the contract. Software revenue increased by 63% to £2.3 million due to the increased number and value of contracts being delivered. Services revenue grew by 7% to £3.1 million, more modestly than previously as studies continue to be delivered and after an increase in the number of contracts being started early in 2021.

Hardware revenue continues to be a small part of our revenue, though it still doubled to £0.5 million. The trend in customers asking us to supply and validate hardware for their studies is becoming more prevalent. We consider each project individually on the basis of profitability and product development opportunities, and expect there may be some dilutive impact on our gross margin longer term if the trend continues.

Gross profit rose by £1.1 million to £4.7 million (H1 2021: £3.5 million), with the gross profit margin of 80% flat year on year (H1 2021: 80%).

Excluding the impact of foreign currency exchange movement, administrative expenses increased by £1.2 million to £4.6 million (H1 2021: £3.4 million) reflecting our continued investment in commercial activities and product development.

Profit before tax, profit for the period and adjusted EBITDA were all positive in the first half of 2022, although reflected the increase in administrative expenses as we expanded our headcount. Basic and diluted earnings per share are at 0.1p, respectively (H1 2021: 0.3p profit on a basic and diluted basis).

Net cash inflow from operations of £1.7 million (H1 2021: £1.2 million), drove an overall improvement in cash to £8.6 million at 30 June 2022; driven primarily by invoices on order for clinical trials. The high value of sales orders in H1 2022 has driven strong cash conversion and resulted in an increase in cash, up £1.8 million since 31 December 2021 to £8.6 million. This results in the recognition of deferred revenue on the balance sheet until revenue is recognised in line with our accounting policies.

## Operational Review

The Company's increasing contracted order book is underpinned by continued strong commercial performance and significant progress against our strategic activities, as set out in the 2021 annual report:

1. **Healthy pipeline and contracted order book.** With the return of in-person conferences and a dedicated prospecting programme, we have more than tripled the number of sales-leads. Successful commercialisation activities resulted in a 44% increase in like-for-like sales (H1 2021: £8.6 million including £3.6 million of one-off orders) and a £1.5 million increase in the contracted order book since year end.
2. **Developing products that secure new business.** We secured contracted development work that aligned well with our product development plans. This synergy enables us to continue developing products while meeting client demands and positions us well to continually meet the evolving demands of the industry. We continue to assess new opportunities that enhance our product offering and produce cross selling opportunities.
3. **Expanding our specialist team.** We are committed to having an engaged, capable and well-resourced team and have grown our headcount during H1 2022. This strengthened team enables us to deliver our growing number of contracts with the same exceptional service our customers value.
4. **Multi-regional data centres.** We have successfully migrated our servers to the market leaders in cloud infrastructure – Amazon Web Services (AWS) – so we benefit from the ability for multi-regional data storage, which helps us meet the stringent data privacy requirements in the sector. Furthermore, AWS offer many micro-services that we can leverage for faster software development.
5. **Enabling efficient growth by software development in a lower cost country.** Having established a subsidiary in a lower cost country, this has expanded our talent pool and we now have an office with more than 10 software developers that will enable the continued development and improvement of our full product set at a lower cost.

Cambridge Cognition provides digital technology solutions for clinicians and scientists and so coverage, whether explanation or validation, in scientific publications, conferences and exhibitions, in person or virtual, are vitally important to success. During the period, further high-profile publications from DiMe, 4YouandMe and Novartis were added to the Company's bibliography of peer-reviewed papers of trials using our outcomes assessments, taking the Company's total to over 2,600, while Cambridge Cognition scientists represented the company at 17 conferences and exhibitions.

The business continued to provide excellent customer service through strong operational delivery over the first half of 2022, while at the same time managing a step-up in clinical trial volume through contracts won over 2021 and H1 2022. Compared to December 2021, the business was running nearly 10% more clinical trials at 30 June 2022; a move made possible by configurable, cloud-based systems.

## **Board Changes**

As previously announced, we were pleased that Stephen Symonds, who joined the company as Chief Financial Officer in April 2022, was appointed to the board in August. Stephen has extensive experience in the sector and is a valuable addition to the board.

## **Outlook**

The Company has made a great start to 2022, and has a positive outlook that is not only sustainable but well positioned for further year-on-year growth. The outlook is built on the strength of an attractive contracted order book and a qualified pipeline of opportunities, increasing investment in commercial activities and continued product development, a rising cash balance and supportive shareholder base.

There are possible challenges ahead with inflation increasing across global economies. The Company has limited expenditure on gas and electricity, though is subject to other inflationary pressures. Inflation may also impact on pharmaceutical companies and dampen demand, though we have not seen that at this time and our order book provides the Company with visibility over revenues in the short to medium term.

Cambridge Cognition will continue to grow in this rapidly expanding market by leveraging our validated portfolio of digital assessments, investing in R&D to keep pace with the evolving demands of the industry, investing in opportunities that enhance our product offering and safeguarding our reputation for exceptional customer service.

## **Matthew Stork**

### **Chief Executive Officer**

### **20 September 2022**

1. <https://www.grandviewresearch.com/industry-analysis/virtual-clinical-trials-market>
2. GlobalData. *Virtual trials run by pharma x therapeutic area Jan 2021 – Aug 2022*
3. GlobalData. *2021. Virtual Trials Research Report*

**CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**  
**For the six months ended 30 June 2022**

		<b>6 months to 30 June 2022</b>	<b>6 months to 30 June 2021</b>	<b>Year to 31 December 2021</b>
		Unaudited	Unaudited	Audited
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	5	<b>5,879</b>	4,500	10,094
Cost of sales		<b>(1,192)</b>	(885)	(2,015)
Gross profit		<b>4,687</b>	3,615	8,079
Administrative expenses		<b>(4,673)</b>	(3,529)	(7,829)
Other income		<b>2</b>	-	14
Finance costs		-	(2)	(11)
Profit before tax		<b>16</b>	84	253
Tax		-	-	197
<b>Profit for the period</b>		<b>16</b>	84	450
<b>Profit for the period</b>		<b>16</b>	84	450
Other comprehensive income - items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		(509)	51	14
<b>Total comprehensive (expense)/income for the period</b>		<b>(493)</b>	135	464
Earnings per share (pence)	6			
Basic		<b>0.1</b>	0.3	1.4
Diluted		<b>0.1</b>	0.3	1.4

All amounts are attributable to equity holders in the parent

The above results relate to continuing operations

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2022**

	<b>At 30 June 2022</b>	<b>At 30 June 2021</b>	<b>At 31 December 2021</b>
	Unaudited	Unaudited	Audited
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	<b>370</b>	376	373
Property, plant and equipment	<b>77</b>	105	52
Investments	<b>49</b>	49	49
Total non-current assets	<b>496</b>	530	474
<b>Current assets</b>			
Inventories	<b>255</b>	138	126
Trade and other receivables	<b>5,611</b>	5,025	5,130
Cash and cash equivalents	<b>8,561</b>	4,168	6,810
Total current assets	<b>14,427</b>	9,331	12,066
<b>Total assets</b>	<b>14,923</b>	9,861	12,540
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	<b>14,736</b>	9,600	11,908
<b>Total liabilities</b>	<b>14,736</b>	9,600	11,908
<b>Equity</b>			
Share capital	<b>312</b>	312	312
Share premium account	<b>11,151</b>	11,151	11,151
Other reserves	<b>5,616</b>	6,162	6,125
Own shares	<b>(78)</b>	(78)	(78)
Retained earnings	<b>(16,814)</b>	(17,286)	(16,878)
<b>Total equity</b>	<b>187</b>	261	632
<b>Total liabilities and equity</b>	<b>14,923</b>	9,861	12,540

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Other reserve £'000	Own shares £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 January 2021</b>	<b>312</b>	<b>11,151</b>	<b>6,111</b>	<b>(78)</b>	<b>(17,439)</b>	<b>57</b>
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
<b>Balance at 30 June 2021</b>	<b>312</b>	<b>11,151</b>	<b>6,162</b>	<b>(78)</b>	<b>(17,286)</b>	<b>261</b>
<b>Balance at 1 July 2021</b>	<b>312</b>	<b>11,151</b>	<b>6,162</b>	<b>(78)</b>	<b>(17,286)</b>	<b>261</b>
Profit for the period	-	-	-	-	366	366
Other comprehensive expense	-	-	(37)	-	-	(37)
Total comprehensive income for the period	-	-	(37)	-	366	329
Credit to equity for share-based payments	-	-	-	-	42	42
Transactions with owners	-	-	-	-	42	42
<b>Balance at 31 December 2021</b>	<b>312</b>	<b>11,151</b>	<b>6,125</b>	<b>(78)</b>	<b>(16,878)</b>	<b>632</b>
<b>Balance at 1 January 2022</b>	<b>312</b>	<b>11,151</b>	<b>6,125</b>	<b>(78)</b>	<b>(16,878)</b>	<b>632</b>
Profit for the period	-	-	-	-	16	16
Other comprehensive expense	-	-	(509)	-	-	(509)
Total comprehensive expense for the period	-	-	(509)	-	16	(493)
Credit to equity for share-based payments	-	-	-	-	48	48
Transactions with owners	-	-	-	-	48	48
<b>Balance at 30 June 2022</b>	<b>312</b>	<b>11,151</b>	<b>5,616</b>	<b>(78)</b>	<b>(16,814)</b>	<b>187</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the 6 months ended 30 June 2022**

		<b>6 months to 30 June 2022</b>	<b>6 months to 30 June 2021</b>	<b>Year to 31 December 2021</b>
		Unaudited	Unaudited	Audited
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash flows from operating activities</b>	7	<b>1,679</b>	<b>1,236</b>	3,945
<b>Investing activities</b>				
Interest received		2	-	-
Purchase of intangible assets		-	-	-
Purchase of property, plant and equipment		<b>(43)</b>	<b>(38)</b>	(56)
Purchase of investment		-	<b>(49)</b>	(49)
<b>Net cash flow used in investing activities</b>		<b>(41)</b>	<b>(87)</b>	(105)
<b>Financing activities</b>				
Interest payments		-	-	(11)
Lease payments		-	<b>(36)</b>	(86)
<b>Net cash flows from financing activities</b>		-	<b>(36)</b>	(97)
<b>Net increase in cash and cash equivalents</b>		<b>1,638</b>	<b>1,113</b>	3,743
Cash and cash equivalents at start of period		<b>6,810</b>	<b>3,047</b>	3,047
Exchange differences on cash and cash equivalents		<b>113</b>	<b>8</b>	20
<b>Cash and cash equivalents at end of period</b>		<b>8,561</b>	<b>4,168</b>	6,810

## **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 listed on the Alternative Investment Market ('AIM') 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 20 September 2022. 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 2021 were approved by the Board of Directors on 13 May 2022 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 2022 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. Whilst having proper regard to the continuing uncertainties brought by the pandemic, the Directors believe that the Group will remain a going concern for the foreseeable future. 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 2021.

### **4. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies the directors are required to make judgements, 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 judgements that the directors have made in the process of applying the Group's accounting policies.

#### *Revenue recognition*

Judgements may be required in recognising revenue and cost. These judgements 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 at least on 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:

	<b>6 months to 30 June 2022 £'000</b>	<b>6 months to 30 June 2021 £'000</b>	<b>Year to 31 December 2020 £'000</b>
Software	<b>2,240</b>	1,374	3,609
Services	<b>3,096</b>	2,882	5,638
Hardware	<b>543</b>	244	847
	<b>5,879</b>	4,500	10,094

## 6. Earnings per share

The calculation of earnings per share is based on the following profit and numbers of shares:

	<b>6 months to 30 June 2022 £'000</b>	<b>6 months to 30 June 2021 £'000</b>	<b>Year to 31 December 2021 £'000</b>
<b>Earnings</b>			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to owners of the Company	<b>16</b>	84	450
	<b>'000</b>	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of basic EPS	<b>31,097</b>	31,097	31,170
Effect of dilutive share options	<b>2,154</b>	2,177	349
Weighted average number of ordinary shares for the purposes of diluted EPS	<b>33,251</b>	33,274	31,519

## 6. Earnings per share (continued)

	Pence	Pence	Pence
<b>Earnings per share</b>			
Basic	<b>0.1</b>	0.3	1.4
Diluted	<b>0.1</b>	0.3	1.4

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.

The number of shares in issue at 30 June 2022 was 31,170,903 (31 December 2021: 31,170,903).

## 7. Reconciliation of operating result to operating cash flows

	6 months to 30 June 2022	6 months to 30 June 2021	Year to 31 December 2021
	£'000	£'000	£'000
<b>Profit/(loss) before tax</b>	<b>16</b>	<b>84</b>	253
Adjustments for:			
Depreciation of property plant and equipment	<b>18</b>	<b>70</b>	142
Amortisation of software licences	<b>3</b>	<b>3</b>	6
Share-based payments charge	<b>47</b>	<b>69</b>	111
Finance costs	-	<b>2</b>	11
Interest received	<b>(2)</b>	-	-
<b>Operating cash flows before working capital movements</b>	<b>82</b>	<b>228</b>	523
Change in inventories	<b>(126)</b>	<b>(86)</b>	(75)
Change in trade and other receivables	<b>(246)</b>	<b>(2,416)</b>	(2,285)
Change in trade and other payables	<b>1,969</b>	<b>3,512</b>	5,782
Cash generated by operations	<b>1,679</b>	<b>1,238</b>	3,945
Taxation paid	-	<b>(2)</b>	-
<b>Net cash flows from operations</b>	<b>1,679</b>	<b>1,236</b>	3,945

## 8. 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](http://www.cambridgecognition.com).