

Cambridge Cognition Holdings Plc

("Cambridge Cognition" or the "Company")

Acquisition of eClinicalHealth Limited

Acquisition to extend Cambridge Cognition's virtual clinical trial solutions

Cambridge Cognition Holdings Plc (AIM: COG), which develops and markets digital solutions to assess brain health, is pleased to announce that it has entered into an agreement to acquire the entire issued share capital of eClinicalHealth Ltd ("eClinicalHealth" or "eCH"), a virtual clinical trial ("VCT") solution provider, for consideration of up to approximately £1.7 million. This presents an exciting opportunity for the Company to expand its VCT offering considerably in a rapid growth market.

eCH is a digital technology provider of innovative approaches for the delivery of virtual clinical trials that is working on trials for three of the world's top ten largest pharmaceutical companies. With a patient-centric platform that connects patients, sites and pharmaceutical companies, the technology enables all the essential steps in a clinical trial.

The VCT market, although still emerging, is growing rapidly and there are more central nervous system ("CNS") virtual trials than for any other therapeutic area¹. The acquisition will enhance Cambridge Cognition's capabilities in this area and enable the Company to improve its offering for CNS clinical trials, so that it now covers all modules from recruitment through to clinical reporting. The expanded range will be targeted at the Company's existing customers and provides a platform to accelerate the Company's medium-term growth.

Strategic rationale for the acquisition

Virtual clinical trials provide an opportunity to help address many of the issues that confront drug development programmes, including recruitment, retention, diversity, trial delays and costs². VCT solutions can support both in clinic and at home trials. It is an emerging sector and currently, only a few trials labelled as virtual or decentralised are run fully at home. Many continue to be hybrid, operating in clinics and at home, and using some, but not all of the modules provided by VCT technology providers.

The increased use of VCT technologies is part of a mainstream digital adoption trend and now 89% of pharmaceutical companies use some virtual technologies in their trials³. While the COVID-19 pandemic accelerated the VCT adoption trend, growth is expected to continue. The overall market for virtual clinical trials, including technology, services and patient costs, is currently estimated at US\$7.8 billion per annum and growing at 14% per annum⁴.

Many CNS disorders, such as Depression or Alzheimer's Disease, are suited to virtual clinical trials as clinic visits may not be essential and day-to-day measurements (such as the short daily cognitive assessments provided by Cambridge Cognition) at home may provide richer information on the progress of the condition.

Cambridge Cognition's core products are digital cognitive assessments and electronic clinical outcomes assessments ("eCOA"), which are increasingly used in clinical trials at home as well as in clinic. The Company had, prior to the acquisition, developed and sold several additional virtual clinical trial modules, such as a medication reminder, that have proven to be attractive add-ons to the outcomes assessments.

The acquisition will enable the Company to deliver on its strategic goal to increase its total addressable market and achieve additional growth through corporate business development. It provides Cambridge Cognition with broader functionality, increasing its competitive position in the VCT sector, and the potential for further up-sales of virtual modules, together with an additional customer base.

As a further benefit, eCH has been selected to deliver a virtual clinical trial solution for a prestigious diabetes research project led by a consortium of major pharmaceutical companies. Diabetes can cause cognitive impairment and is a potential expansion area for Cambridge Cognition.

Further details of the acquisition

The total consideration for the acquisition will be up to approximately £1.7 million, comprising an initial cash payment at completion of the acquisition of £0.4 million, and up to a further £0.8 million of additional cash

consideration payable in or before May 2024. The balance of the consideration of up to £0.5 million will be settled through the issue of new ordinary shares in the Company, contingent on project delivery and commercial execution milestones being achieved (the "Equity Consideration") by 31 December 2023. Any Equity Consideration is expected to be issued in May 2024, at an issue price of 132.97 pence per new ordinary share (being the six month volume weighted average price at 10 October 2022). Should the full Equity Consideration be payable, it would equate to approximately 1.3% of the Company's currently issued share capital. Any Equity Consideration will be subject to an orderly marketing agreement until 31 December 2024.

It is expected that the Company will continue to invest in the eCH virtual clinical trial product, first in further sales and marketing and subsequently to continue to develop the offering, including tailoring it for the CNS market. This investment will be funded from the Company's existing cash resources.

For the year ended 31 January 2022, eCH generated revenue of £1.0 million and reported a loss before tax of £0.3 million. Gross assets subject to the transaction are approximately £0.3 million. The acquisition could add 5-15% to expected Company revenues in 2023 and make a positive contribution in 2024.

Completion of the acquisition is expected on 25 October 2022 and is unconditional.

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

"This acquisition is an exciting step in our strategic goal to provide a specialist dedicated service for CNS clinical trials. The continued rise in virtual trials, and CNS virtual trials in particular, has led us to carefully consider how best to expand our offering quickly to serve this growing market. The acquisition provides Cambridge Cognition the opportunity to capitalise on this market momentum more rapidly than organic development, particularly given eClinicalHealth was identified as a strong technology target. The business offers the functionality to make us more competitive in the CNS virtual trials space and opens the wider Cambridge Cognition business to their established client base of major pharmaceutical, medical device and contract research organisations."

References

1. *GlobalData. Virtual trials run by pharma by therapeutic area Jan 2021 - Aug 2022*
2. *GlobalData. 2021. Virtual Trials Research Report*
3. *Florence, 2022 State of Clinical Trial Operations Technology Report*
4. *CB Insights, Market Trend Report: Decentralized Clinical Trials, July 2022*

Investor webinar

The Company will conduct a live presentation and Q&A session for investors on Thursday 13 October 2022 at 5:00 pm BST. The presentation is open to all existing and potential shareholders. Those wishing to attend should email cog@investor-focus.co.uk and they will be provided with log in details. There will be the opportunity for participants to ask questions at the end of the presentation. Questions can also be emailed to the above address ahead of the presentation.

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Notes to Editors

About Cambridge Cognition

Cambridge Cognition is a technology company developing digital health products to better understand, detect and treat conditions affecting brain health. The Company's software products assess cognitive health in patients worldwide to improve clinical trial outcomes, identify and stratify patients early and improve global efficiency in pharmaceutical and healthcare industries.

For further information visit www.cambridgecognition.com

About eClinicalHealth

eClinicalHealth (operating as Clinpal™) is a digital technology provider of innovative virtual approaches for the delivery of clinical trials that is working on trials for three of the top ten largest global pharmaceutical companies. With a patient-centric platform that connects patients, sites and pharmaceutical companies, the technology enables all the essential steps in a clinical trial. eClinicalHealth has been selected to provide the core platform for the Trials@Home proof-of-concept RADIAL study, having been a valued consortium member working alongside 30 EFPIA and Academic and SME partners since 2019.

For further information visit www.clinpal.com

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