

Annual General Meeting

21 October 2019



Cogstate

Board of Directors

		Audit, Risk & Compliance Committee	Remuneration & Nomination Committee	
Martyn Myer	Non-Exec Chairman	Yes	Chair	Founding Director and substantial shareholder
Brad O'Connor	Chief Executive Officer	N/A	N/A	CEO since December 2005
David Dolby	Non-Exec Director	No	Yes	Substantial shareholder and significant supporter of Alzheimer's disease research and technology
Rich Van Den Broek	Independent Non-Exec Director	No	Yes	US fund manager with investment emphasis on small and mid-cap biotech public companies
Dr. Richard Mohs	Independent Non-Exec Director	Yes	Yes	Experienced scientist with extensive academic and industry (big-pharma) experience
Ingrid Player	Independent Non-Exec Director	Chair	Yes	Healthcare sector experience and strong commercial expertise, with a legal background
Jane McAloon (retiring)	Independent Non-Exec Director	Chair	Yes	Experienced executive with extensive corporate and governance experience

Themes for this meeting



Eisai Partnership

- Cognigram opportunity in Japan, with upfront revenue

FIRST SIGNIFICANT
COMMERCIAL OPPORTUNITY
BEYOND CLINICAL TRIALS



Capital Position

- Raised almost A\$11m through a series of transactions

WORKING CAPITAL POSITION
SECURED



Financial Results

- Q1FY20 results improving
- FY20 business outlook

IMPROVED OUTLOOK IN
CLINICAL TRIALS

A person wearing a grey suit jacket is holding a tablet computer. The tablet screen displays a complex, blue, geometric pattern that resembles a traditional Islamic or Sufi mandala. The pattern is centered on the screen and consists of intricate, interlocking lines and shapes. The person's hands are visible, with one hand holding the tablet from the left and the other from the bottom right. The background is a soft, out-of-focus light color.

Founding Vision

To develop an assessment of brain health that could be used anywhere for any purpose

Proprietary computerised tests that deliver heightened sensitivity



Automated administration by a **non-psychologist**, eliminates **errors** related to scoring and data entry

- *Paper and pencil tests require that raters compute total scores or analyse performance, increasing the potential for error or variance*



Assessments are **brief, repeatable and user-friendly**

- *Each test takes 2-5 minutes*
- *Uniquely designed to minimise the impact of practice, language or culture*



Allows **immediate** access to results data for rapid cleaning and support real-time decision-making



Strong **scientific validation** demonstrated through hundreds of peer-reviewed studies

Cogstate combines core capabilities of **science, technology and operational expertise** to better quantify cognitive change in:



Clinical Trials

Services and solutions to accelerate drug development decision-making regarding the safety and efficacy of therapeutic candidates



Clinical Practice

Regulatory cleared medical device to detect cognitive impairment and change in patients



Academic Research

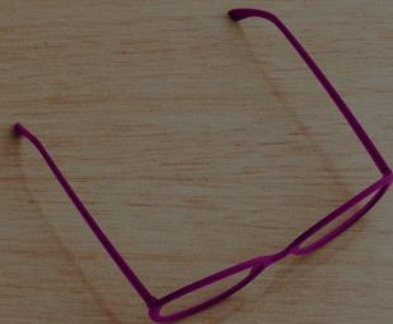
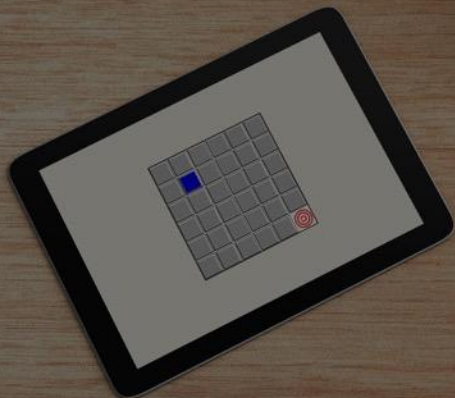
Solutions for researchers studying cognition, from academics to major public-private partnerships

Over a decade of longitudinal data uniquely position Cogstate's established tests as a key **primary endpoint**, while our new technology platform and scientific expertise allows us to more rapidly meet demands for **experimental endpoints**.

Press YES if the card is red,
otherwise press NO.



Brad O'Connor CEO





エーザイ株式会社

Joint Venture

Exclusive in Japan

- Exclusive license of Cogstate technology in Japan
- Cognigram and associated offering, excludes clinical trials
- 10 year term with performance criteria at years 5 & 8

Upfront royalty payment

US\$1m royalty payment made by Eisai to Cogstate

Eisai will fund region specific product development

Cogstate technology already used in Japan, with full translation to Japanese, however further development of the product will maximise acceptability to the local consumer.

Eisai will provide sales and marketing resources

Eisai is committed to building a dementia ecosystem and will provide sales and marketing resources to generate sales

Profits split 50/50

After accounting for the costs of sale of the product in Japan, Eisai and Cogstate will jointly share the profits

Summary of Capital Raising Events

Approx. A\$10.86m to be raised through a series of transactions including the Entitlement Offer

1

**Placement to Aust
institutional investor**

July 2019
A\$4.00 million

Issue of 22,857,143
shares at \$0.175
per share

2

**Placement to Eisai
Tranche 1**

August 2019
Approx. A\$1.36 million

Issue of 6,700,000
shares at \$0.20308
per share

3

**Placement to Eisai
Tranche 2**

October 2019
A\$1.50 million

Issue of shares at a price
equal to the 5 day VWAP prior
to the date of issue, expected
to be Friday 25 October.
Subject to approval of
shareholders at Cogstate
AGM today

4

**Fully Underwritten
Entitlement Offer**

October 2019
Approx. A\$4.00 million

Issue of 14,875,334
shares at \$0.27 per
share

See further details on
next page



Entitlement Offer Overview

Entitlement Offer

Offer to raise approx. A\$4 million by way of a fully-underwritten, accelerated, 1 for 10 pro-rata, non-renounceable entitlement offer of new fully paid ordinary shares (New Shares) to eligible existing shareholders (Entitlement Offer)

Applicants who take up their full entitlement under the Entitlement Offer may also apply for additional New Shares under a shortfall facility, up to a maximum of the greater of 100% of their entitlement or a value of \$2,000

Offer Price

Offer price of A\$0.27 per share represents a discount as stated below:

- 10% discount to the closing price of \$0.30 as at 18 October 2019;
- 9.7% discount to the 5 day VWAP of \$0.299 as at 18 October 2019;
- 3.5% discount to the 14 day VWAP of \$0.2799 as at 18 October 2019.

Record Date

Wednesday, 23 October 2019 (7.00pm)



Entitlement Offer Overview (continued)

Pre-commitments

All entities associated with [Cogstate Chairman, Martyn Myer](#), who holds approximately 14.4% of shares on issue, have committed to take up their full allocation under the Entitlement Offer

Dagmar Dolby as trustee for the Dagmar Dolby Trust (Dolby), an entity associated with [Cogstate non-executive director, David Dolby](#), which holds approximately 14.4% of shares on issue, has committed to take up its full allocation under the Entitlement Offer

David Dolby Investments II LLC (Sub-underwriter), an entity associated with [Cogstate non-executive director, David Dolby](#), has agreed to sub-underwrite up to 75% of the Entitlement Offer (or such lesser percentage such that Dolby's voting power in the Company will not increase to a level of more than 20% as a consequence of its sub-underwriting commitments). Dolby will not receive any fees for any sub-underwriting commitment.

[Cogstate CEO, Brad O'Connor](#), who holds approximately 3.3% of shares on issue, has committed to take up his full allocation under the Entitlement Offer

[Cogstate non-executive director, Richard van den Broek](#), who holds approximately 2.6% of shares on issue, has committed to take up his full allocation under the Entitlement Offer



Entitlement Offer Overview (continued)

Fully Underwritten

The Entitlement Offer is fully underwritten by Taylor Collison

A summary of the underwriting and sub-underwriting arrangements is set out below

Terms of sub-underwriting agreement

Underwriting arrangements

Cogstate and Taylor Collison (**Lead Manager**) have entered into an Underwriting Agreement for the Lead Manager to fully underwrite the Entitlement Offer

The obligations of the Lead Manager are subject to satisfaction of certain conditions precedent in the Underwriting Agreement

Cogstate has (subject to certain limitations) agreed to indemnify the Lead Manager against certain losses in connection with the Entitlement Offer

Cogstate and the Lead Manager have given certain representations, warranties and undertakings in connection with (amongst other things) the conduct of the Entitlement Offer

The Lead Manager may terminate the Underwriting Agreement on the occurrence of certain events, in some cases, subject to materiality of the relevant event

Sub-underwriting arrangements

David Dolby Investments II LLC (**Sub-Underwriter**), an entity associated with David Dolby, has agreed to sub-underwrite up to 75% of any shortfall under the Entitlement Offer, or such lesser percentage such that the voting power of the Dolby entities will not increase to a level above 20%. No fees are payable to the Sub-Underwriter in connection with its obligation to sub-underwrite the Entitlement offer

The Sub-Underwriter has given certain representations, warranties and undertakings in connection with (amongst other things) its entitlement to sub-underwrite the offer and its understanding of the investment

The sub-underwriting arrangement will terminate in certain circumstances (including where the Entitlement Offer does not proceed or the Underwriting Agreement is terminated)

Use of funds raised under the Entitlement Offer

Use of Funds	A\$	%
<p>Explore further commercial opportunities for Cogstate technology in the healthcare segment (general practice medicine and on-line direct-to-consumer assessment) that will enable Cogstate to replicate opportunities such as the one identified in Japan, both in Japan and in other foreign jurisdictions, including provision for regional specific product adaptation, including:</p> <ul style="list-style-type: none"> • Seeking all appropriate regulatory clearances; • Alteration to the product to allow for any differences of culture and/or business model; • All appropriate validation studies, as and if required; 	\$2,000,000	50%
<p>Continue to advance Cogstate technology, including development and validation of mobile applications, including design and validation of consumer engagement strategies</p>	\$1,000,000	25%
<p>General working capital</p>	\$1,016,341	25%
<p>Total</p>	\$4,016,341	100%

Entitlement Offer Timetable

Announcement of Entitlement Offer	21 Oct 2019
Institutional Entitlement Offer Close	21 Oct 2019
CGS Shares begin to trade on an “ex-entitlement” basis	22 Oct 2019
Record Date for determining Eligible Shareholders under the Retail Entitlement Offer	23 Oct 2019
Entitlement Offer opens and Retail Entitlement Offer Booklet dispatched	28 Oct 2019
Settlement under the Institutional Entitlement Offer	29 Oct 2019
Allotment of New Shares issued under the Institutional Entitlement Offer	30 Oct 2019
Retail Entitlement Offer closes	8 Nov 2019
Settlement under the Retail Entitlement Offer	15 Nov 2019
Allotment of New Shares issued under the Retail Entitlement Offer	18 Nov 2019
Dispatch of holding statements & normal trading of New Shares issued under Retail Entitlement Offer	20 Nov 2019

Note: These dates, along with any other dates noted in this announcement, are indicative and subject to change. All dates and times refer to Melbourne, Australia time. Cogstate reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Cogstate reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation and trading of New Shares is subject to confirmation from the ASX

An overhead view of five people sitting around a white circular table in a meeting or study session. They are surrounded by open books, laptops, and documents. The scene is set on a grey concrete floor. The text 'FY19 Results' is overlaid in the center of the image.

FY19 Results

Financial Analysis

All results presented in US\$

- Clinical Trials sales contracts \$18m, down 50%
- Revenue \$21.8m, down 25%
- Cost savings implemented across the business, including removal of Cognigram commercial team
- Net loss before tax of \$3.8m includes \$1.2m of non-recurring costs (not shown in this table)
- At 30 June 2019, \$20.3m contracted future clinical trials revenue to be recognised in future periods

	Full Year Ended	
	30-Jun-18	30-Jun-19
Revenue from operations	28,956,884	21,834,374
Clinical Trials		
Revenue	28,080,187	21,353,341
Cost of sales (excluding dep'n)	(8,548,455)	(8,371,688)
Gross Margin	19,531,732	12,981,653
Selling, General & Admin costs	(3,626,539)	(3,097,228)
Clinical Trials contribution	15,905,193	9,884,425
	56.6%	46.3%
R&D (incl. academic research studies, normative data studies and new technology validation)		
Revenue	491,768	184,649
Cost of sales	(30,447)	(10,735)
Other operating expenditure - Salaries & Wages	(788,302)	(812,124)
R&D contribution	(326,981)	(638,210)
Total Other Expenditure (Net)	(12,014,677)	(11,257,090)
Adjusted EBITDA from continuing operations, excluding share based compensation	3,563,535	(2,010,875)
Share based payments (expense of employee options)	(953,003)	(50,975)
Depreciation and Amorization	(651,718)	(495,439)
Net Earnings from continuing operations	1,958,814	(2,557,289)
Investment in Cognigram (start-up)	(1,852,597)	(101,188)
Net Profit / (Loss) before tax	106,217	(2,658,477)

Analysis of financial results

- ↓ **Revenue Book** | The failure of a series of AD trials dramatically reduced Cogstate's contracted future revenue, thereby reducing FY19 revenue from already contracted studies by approx. \$7m
- ↓ **Sales Contracts** | Uncertainty in respect of AD science resulted in reduction in AD R&D
- ↓ **Clinical Trials Revenue** | Lower starting point (↓ revenue book) + less revenue added (↓ sales contracts) = lower revenue for FY19

Cogstate actions:

- **Cost reduction** | Annualized costs of \$5m removed from the business
- **Diversification** | Increased focus on other indications, outside of AD (movement disorders, psychiatry, rare, paediatric)
- **Business Model** | Changed commercialization strategy for Cognigram to seek partners (Eisai)

Clinical Trials Revenue Generation

Clinical Trials revenue recognised during the year is a function of:

1. Revenue recognised from the revenue book (contracts on hand at the beginning of the year);
and
2. Revenue recognised from sales contracts executed during the year.

Clinical trial contract terms:

- Scope of services is detailed in a contract for each study;
- The value of the contract will differ according to scope of services, complexity and length;
- Revenue is recognised over the life of the trial (can be 4-5 years for a phase 3 trial)

FY19 performance has resulted in reduced revenue book at the beginning of FY20.

As a result, revenue growth in FY20 will lag growth in sales contracts.

Sales growth in FY20 will lead to revenue growth in FY21 and later periods.

Business & Financial Outlook – Previously Provided

- ↓ **Revenue Book** | \$20.3m contracted future revenue at beginning of FY20
(compared to \$28.4m at beginning of FY19)
- ↑ **Sales Contracts** | FY20 Budgeting for more than 50% growth in clinical trial sales contracts
(compared to FY19)
- ↑ **Clinical Trials Revenue** | Increased clinical trials sales contracts will result in clinical trials revenue growth (compared to FY19) but, given reduced revenue book at the beginning of the year, much of the revenue impact will be seen in FY21 and beyond
- ↑ **Cognigram Revenue** | Eisai agreement will result in FY20 revenue growth for this segment
- **FY20 EBIT Loss** | Notwithstanding budgeted growth in clinical trials contracts and increase in Cognigram revenue, budgeting for a loss for FY20 but targeting EBIT profit for FY21 based upon achievement of budgeted growth in FY20 clinical trial sales contracts

Q1 FY20 Business Update

- ↑ **Sales Contracts** | \$7.7m Clinical Trial sales contracts executed (PCP \$5.4m)
- ↑ **Revenue Book** | \$23.9m contracted future revenue at beginning of FY20
(compared to \$20.3m at 1 July 2019)
- ↓ **Revenue** | Clinical Trials revenue \$3.82m (PCP \$6.33m)
- ↑ **Cash Reserves** | \$4.7m, up from \$3.2m at 30 June 2019

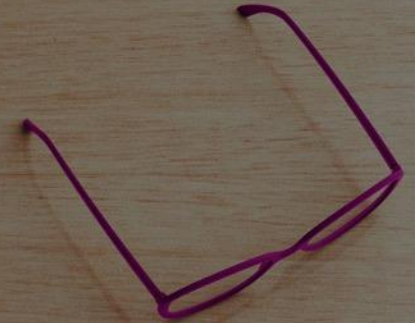
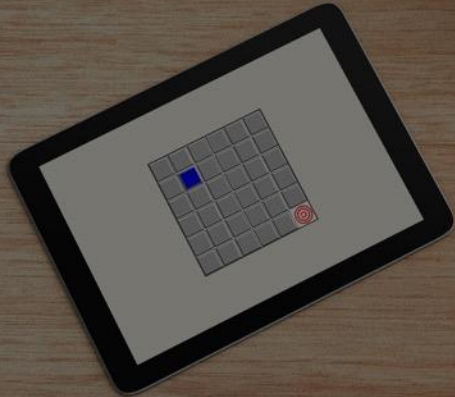
- **FY20 Guidance** | No change to previous EBIT guidance



Cogstate

Formal Resolutions

Press YES if the card is red,
otherwise press NO.



Resolution 2

Adoption of the Remuneration Report (Non-binding Vote)

For	50,945,463
Against	3,591,804
Abstain	8,325

84,337 open votes are held by the Chairman

Resolution 3

Election of Ingrid Player

For	101,577,949
Against	3,685
Abstain	1,250

84,337 open votes are held by the Chairman

Resolution 4

Re-election of Richard Mohs

For	101,573,949
Against	3,685
Abstain	5,250

84,337 open votes are held by the Chairman

Resolution 5

Issue of Options to CEO

For	96,499,504
Against	896,348
Abstain	4,187,032

84,337 open votes are held by the Chairman

Resolution 6

Ratification of Prior Issue – Australian Ethical Investment Placement

For	78,048,208
Against	24,732
Abstain	13,565

84,337 open votes are held by the Chairman

Resolution 7

Approval to Issue Shares – Eisai Placement

For	101,538,282
Against	29,732
Abstain	14,870

84,337 open votes are held by the Chairman

Members are invited to join the
directors and staff for light
refreshments.



Cogstate