Annual Report 2020

Celebrating 20 Years of Brain Health Research

20

Cogstate

Science-driven brain health assessments from clinical trials to clinical practice

Leaders in Cognitive Measurement

At Cogstate, we believe brain health is profoundly important to quality of life and should be easier to measure.

Our mission is to optimise cognitive assessments to support the development of new therapeutics and provide earlier brain health insights in clinical care.

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 20 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.

Financial Highlights

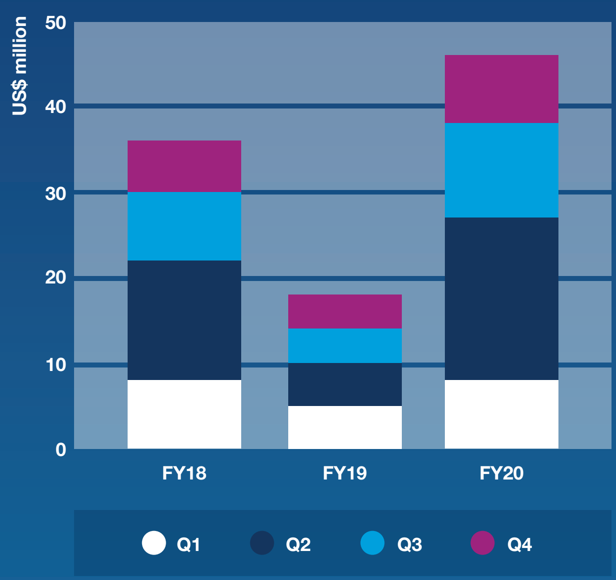
Summary Financial Results, By Segment

	HALF YEAR				
	FY20 H1 US$m	FY20 H2 US$m	FY20 Full Year US$m	FY19 Full Year US$m	FY18 Full Year US$m
Clinical Trials					
Revenue	8.25	12.82	21.08	21.35	28.08
Cost of sales	(4.35)	(4.43)	(8.78)	(8.56)	(8.55)
Other direct costs	(1.70)	(1.75)	(3.85)	(3.10)	(3.63)
Clinical Trials Contribution	2.20	6.64	8.54	9.69	15.90
Healthcare					
Revenue	1.30	1.05	2.35	0.30	0.38
Direct costs	(0.07)	(0.04)	(0.11)	(1.11)	(2.23)
Healthcare Contribution	1.23	1.01	2.24	(0.81)	(1.85)
Research Solutions					
Revenue	0.14	0.12	0.26	0.18	0.49
Direct costs	(0.47)	(0.47)	(0.94)	(0.82)	(0.82)
Research Contribution	(0.33)	(0.35)	(0.68)	(0.64)	(0.33)
Other Expenditure & Non-Operating Items	(6.00)	(6.48)	(12.19)	(12.09)	(13.61)
Profit Before Tax	(2.90)	0.82	(2.08)	(3.85)	0.11

- A substantial improvement in the Clinical Trials segment in the second half of FY20 lead to a profitable half year result for Cogstate.
- In FY20, the Healthcare segment recorded a positive annual contribution for the first time.
- Cost control has been demonstrated across the business for the 3 years from FY18 - FY20 inclusive.

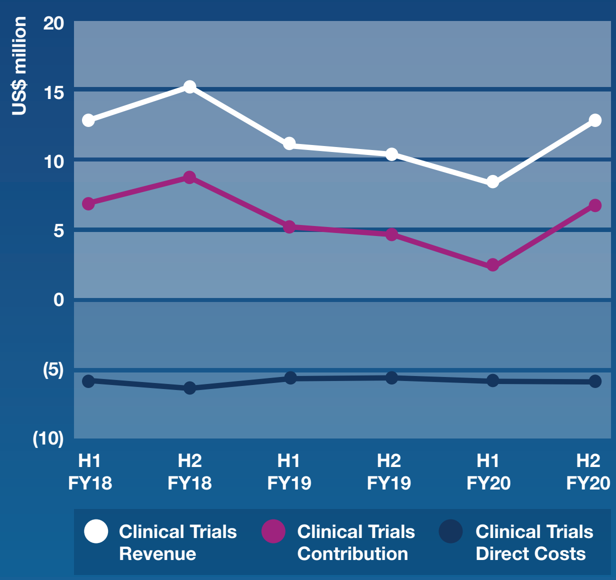
Clinical Trials Sales Contracts

Significant growth in Clinical Trials sales contracts was achieved in FY20.



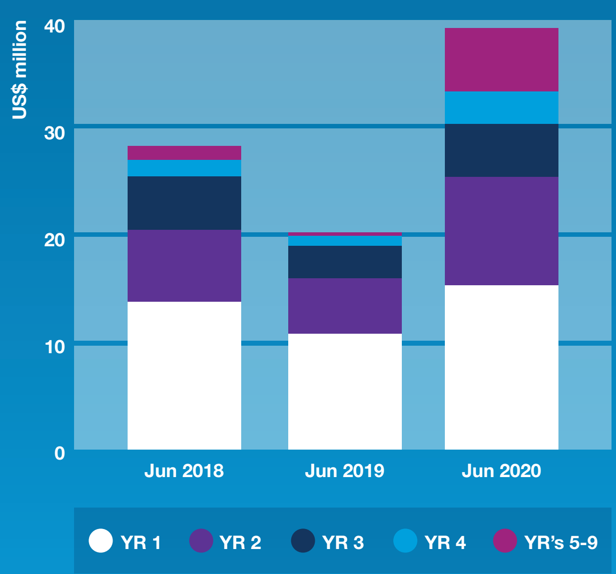
Clinical Trials Segment Result By Half Year

Driven by the growth in sales contracts, the amount of revenue and the profit contribution from the Clinical Trials segment improved in the second half of FY20.



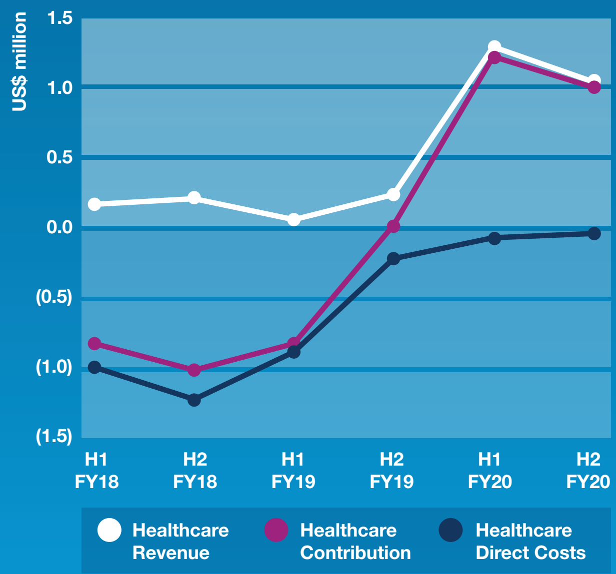
Contracted Future Revenue

At 30 June 2020, there was a record level of contracted revenue that will be recognised in future periods ($39.4m). That revenue will be recognised over the life of each clinical trial. Based on expected timing of milestones, $15.4 million is expected to be recognised in FY21.



Healthcare Segment Result By Half Year

Revenue in the Healthcare segment has been predominantly generated via the commercial partnership with Eisai in Japan. The lower cost base is the result of a restructure that occurred in the 2019 financial year.



Inside this report

Corporate Governance Statement

The Board of Directors of Cogstate Limited is responsible for the corporate governance of the Company. The Corporate Governance Statement has been lodged separately and is available on the Company website: www.cogstate.com

These financial statements are the consolidated financial statements of the Group consisting of Cogstate Limited and its subsidiaries. A list of the major subsidiaries is included in Note 27. The financial statements are presented in US dollars.

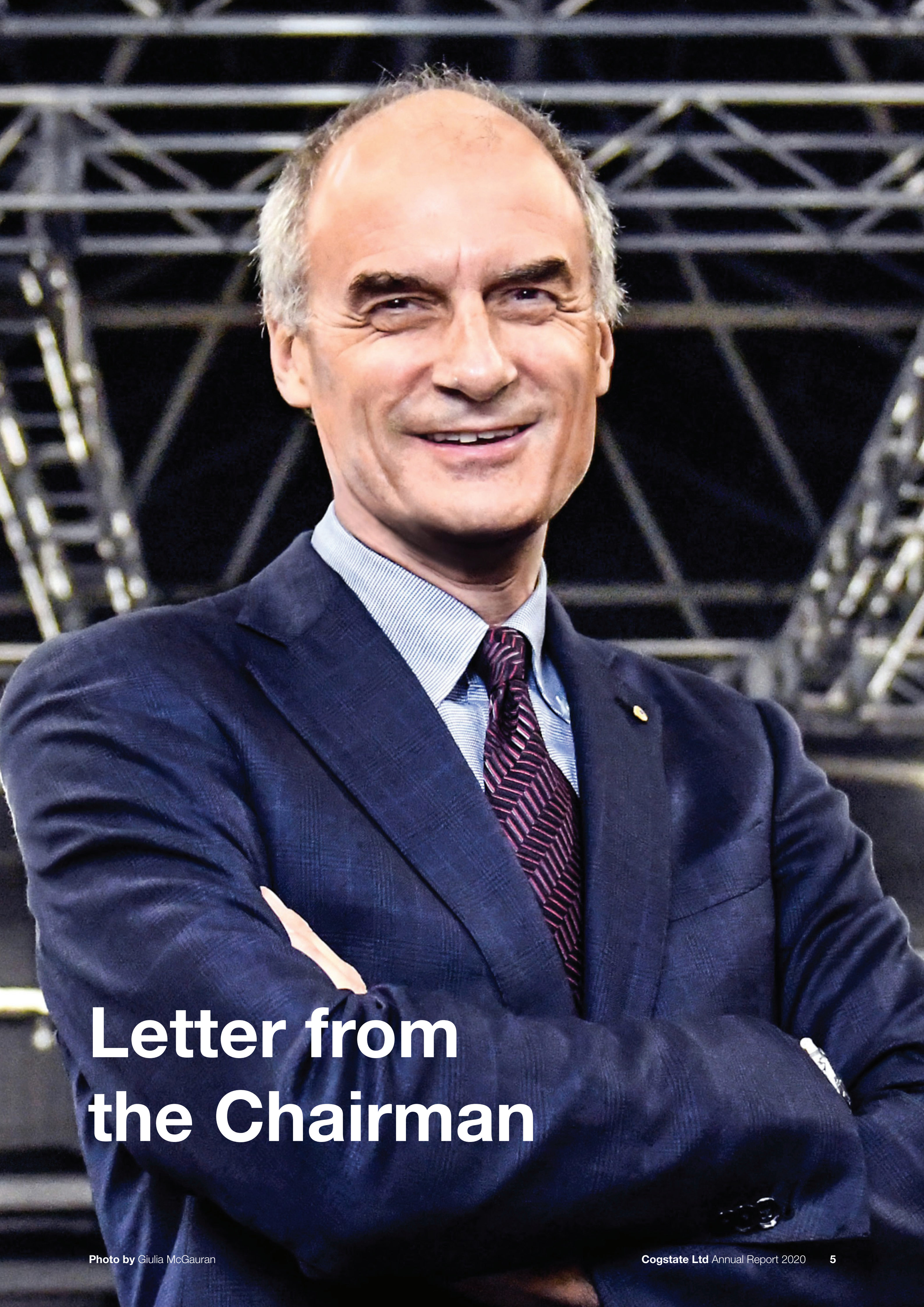
Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX:CGS).

Its registered office is:

Cogstate Limited
Level 2, 255 Bourke Street, Melbourne Vic 3000

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

The financial statements were authorised for issue by the directors on 25 August 2020.



Letter from the Chairman

Photo by Giulia McGauran

The 2020 financial year has been a memorable one for Cogstate. From achieving a record high level of clinical trials sales contracts, to quickly responding to the rapidly escalating changes as COVID-19 swept the world, the team at Cogstate have proven their resilience and adaptability.

Notwithstanding the difficult trading conditions Cogstate endured throughout the 2019 financial year, we entered the 2020 financial year buoyed by an optimistic outlook for increased investment in Alzheimer's disease research. At the beginning of the year, we were confident that such increased investment would accentuate the significant strides we had taken over the previous 18 months to expand our work in additional indications beyond Alzheimer's disease.

Conscious of the flexibility and security provided by a strong balance sheet, we undertook a series of capital raising activities throughout the first half of the financial year, which collectively raised additional capital of approximately US$7.5 million (A$10.9 million). In hindsight, this was a good decision given the economic uncertainty the world has faced over recent months.

In our clinical trials segment, Cogstate has recorded our best year on record for sales contracts. Through the 2020 financial year, Cogstate has executed US$46 million of sales contracts, an improvement of more than 150% on the 2019 financial year and 28% better than our previous record of $36 million recorded during the 2018 financial year.

The growth in sales contracts reflected growth across a number of different indications:

- In Alzheimer's disease, recent events, primarily related to plans by Biogen, in conjunction with Eisai, to pursue FDA approval for their monoclonal antibody, aducanumab, have renewed industry interest in the development of disease modifying treatments for this terrible disease. Large clinical trials targeting beta-amyloid and several other potential therapeutic targets are being planned and conducted.

- In the realm of rare and orphan disease research we find the fastest growing segment of drug development. However, these studies face significant challenges. These highly heterogeneous diseases are characterised by a wide range of severity, clinical presentation and rate of progression, making the selection of appropriate tests difficult and their correct administration throughout the trial paramount. Cogstate has deep experience in this area and our solutions have been a significant source of growth in our clinical trials segment.

Revenue recognition for the clinical trials segment is a function of the roll-off of revenue from sales contracts executed in previous periods plus some revenue from sales contracts executed in the current period. Due to difficult 2019 trading conditions, expectations for clinical trials revenue were modest for the first half of the 2020 financial year. The excellent sales performance I referenced earlier began to positively impact clinical trials revenue in the second half of the 2020 financial year.

Cogstate began the 2021 financial year with more than $39 million of contracted clinical trials revenue that will be recognised in future periods – another record.

In another noteworthy announcement, in August 2019 Cogstate announced an agreement with Japanese pharmaceutical company, Eisai. This provides a low-cost structure for Cogstate to access the potentially lucrative Japanese healthcare market and presents a fundamental change to Cogstate's market opportunity. This collaboration is extremely exciting and represents real progress against the goal of deploying Cogstate technology to manage brain health in the community. The agreement provides Eisai with a 10-year license to market Cogstate technology in Japan, where they will fund all sales and marketing activities along with product development activities that are undertaken by Cogstate to enhance the product for sale in the Japanese market. Cogstate and Eisai will split profits from the sale of Cogstate technology in Japan 50/50. More details are shared inside this report.

Additionally, Cogstate is focused on the continued improvement and investment in our digital brain health assessment technology but is also focused on managing our cost base and delivering financial returns for our shareholders. Therefore, we have leveraged partnerships to help fund investment in our technology.

- Eager to access smartphones for direct to consumer cognitive assessment in Japan, Eisai will be funding the software engineering work required to enable smartphone capability for existing Cogstate assessments. Initial development work has begun, and the first versions of the tests are expected in the coming months.
- Cogstate has also begun work on a voice-based smartphone application of an existing, validated, Cogstate test that we expect will have utility in both the clinical trials and healthcare segments. To help accelerate the development of this application, Cogstate received funding from the Alzheimer's Drug Discovery Foundation, through their diagnostics accelerator program that is backed by Gates ventures, as well as the Lauder, Schwab and Dolby families.

All of this commercial and product innovation progress has persisted amidst a pandemic unlike we've seen in our lifetime. The social distancing guidelines surrounding Coronavirus resulted in a swift but smooth shift in business practices at Cogstate. Science and operational teams worked hand-in-hand with clinical trial sponsors to adjust study plans to allow for in-home data collection wherever possible to keep studies on track. What were temporary adaptations have led many clinical trial teams to look longer-term at remote administration options. The adoption of at-home testing offers many promising benefits for patient-access and efficiency. Cogstate technology and solutions make us uniquely positioned to support this model of research. Through our pharmaceutical and academic collaborations, we've successfully tested thousands of individuals in their homes and will continue adapting to meet evolving needs.

Lastly, in December 2019, Cogstate celebrated its 20th anniversary as an organisation. Having been involved with Cogstate from its inception, this milestone was meaningful for me both professionally and personally.

I want to extend a heartfelt thanks to the whole management team and all the staff for their outstanding efforts through unprecedented circumstances over the past year. I look forward to a positive 2021 financial year where we will continue to find opportunities in challenges, and I thank you, our shareholders, for your continued support.

For the Board of Directors,

Martyn Myer AO, Chairman

Addressing the Challenges of Cognitive Measurement

Tackling the complexities of cognitive measurement requires a confluence of expertise in neuroscience, technology and operational excellence. Researchers and clinicians worldwide face a myriad of challenges to answer big questions for their patients, organisations and the global community.

Traditional cognitive measures can be complex, long and error prone, impacting sensitivity. That's why researchers and clinicians need...

- Data to guide planning and decision making
- Proven digital assessments that are brief, accurate and sensitive to even subtle cognitive change
- Science-driven methodologies for developing novel, fit-for-purpose outcomes
- Guidance on appropriate study and test design
- Approaches for reliable remote testing, at-home

Cogstate combines core capabilities of science, technology and operational expertise to address these needs and further the work of cognitive measurement in three key vertical market segments.

Clinical Trials

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

Healthcare

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

Solutions for Clinical Trials

Cogstate works in collaboration with leading biopharmaceutical companies to tackle research questions around cognition in all clinical trial phases and across dozens of indications. With a global team, including a network of experts across 30 countries, we're dedicated to ensuring higher quality outcomes in clinical trials.

Experience optimising cognitive measures in clinical trials

90,000
patients tested globally

17,000
raters and test supervisors trained

9,000
sites supported globally

400
industry-sponsored clinical trials

> Cogstate has a good team and we had a great performance experience working with them on our drug development program.
>
> **– Associate Director, Large Pharmaceutical**

Scientific and Operational Expertise to Tackle Complex Research

Cogstate provides clinical trial teams with rapid, reliable and highly sensitive computerised cognitive tests to measure cognitive function and impairment. We also support a suite of quality assurance solutions for paper-and-pencil neuropsychological assessments, including scale licensing and translations, rater training and monitoring and electronic clinical outcome assessments (eCOAs) to ensure data is collected and captured effectively and accurately.

These services, along with innovative operational approaches, advanced analytics and scientific consulting, help research teams draw conclusions faster and with more accuracy.

Computerised Cognitive Assessments

Digital cognitive testing systems that increase the sensitivity and specificity of the measurement of human cognition.

Scale Management

Selecting, acquiring and translating the appropriate rating scale instruments.

Rater Training

Preparing individuals who will administer study scales to do so in a highly accurate and standardised fashion.

Central Monitoring & Adjudication

Evaluating study data and rater performance to ensure scales are administered accurately throughout the duration of a study.

eCOA Solutions

Electronic clinical outcome assessments (eCOA) allow for digitally capturing study data with pre-set workflows, real-time edit checks and algorithmic flags to improve data accuracy.

Scientific Consulting

Strategic recommendations to guide the selection, execution and analysis of cognitive measures across all phases and indications.

Broad Application Across a Range of Indications and Study Needs

Cogstate supports cognitive, behavioral, developmental and symptom severity assessments for a wide range of indications and study objectives. With our technology and expertise, we help clinical trial teams gather data to make decisions on important research questions, such as…

Is our drug candidate safe?

Any drug that crosses the blood-brain barrier can have detrimental effects on cognitive safety, from Central Nervous System disorders to cardiovascular disease, diabetes and cancer. Cogstate computerised cognitive assessments are enabling early decision-making about safety and tolerability and efficiently satisfying regulatory guidance at all stages of pharmaceutical development.

Case example

A multinational consortium conducting research on childhood cancers wanted to understand the neurocognitive effects of treatments on developmental trajectories. Leveraging a Cogstate battery of brief, game-like computerised cognitive tests, the team was able to increase study participation rates, reduce participant burden, and generate conclusive results regarding drug safety and tolerability.

Does our drug candidate work?

Our digital cognitive outcome assessments are designed to overcome the operational complexities of global clinical trials to reduce error and strengthen signal detection. We help study teams to demonstrate their therapy's effects on cognition to regulators, investors, partners and patients.

Case example

A rare disease study team needed a novel test that could more effectively measure the impact of the therapeutic drug candidate. Partnering with Cogstate, our clinical scientists helped them develop, validate and administer a disease-specific outcome measure that allowed them to evaluate the impact of the drug candidate based on those parameters most relevant to the disease.

Who are the ideal participants for our trial?

Enrolling the right trial participants is critical for study success. However, identifying and engaging patients can be costly, inefficient and time consuming. We simplify patient recruitment and enrollment with digital technologies ranging from online screening to validated digital assessments that enable rapid and reliable patient inclusion decisions.

Case example

A large global Alzheimer's trial needed participants that were in a particular stage of the disease. It was necessary to screen subjects in many countries to evaluate if they met inclusion criteria. Finding a suitable test that would work across dozens of cultures and languages was critical. The Cogstate International Shopping List test (ISLT) is unique in its global application as a list-learning memory test. Using the ISLT, the study team was able to identify the appropriate participants for their unique trial needs.

Solutions for Healthcare

Millions of people around the world suffer from mild to severe cognitive impairment as a result of long-term disease progression (such as Alzheimer's disease), surgical complications or sports injuries. Cogstate technology is leveraged by clinicians to help screen and monitor cognitive impairment related to a variety of brain disorders.

Cognigram™

The Cognigram system is a digital cognitive testing tool with a self-administered assessment that can be completed both in-clinic and at-home.

Cognigram is used to support brain health management for elderly populations, for cognitive monitoring related to mild cognitive impairment as part of the dementia disease process, as well as cognitive dysfunction and delirium caused by geriatric surgery and other therapeutic interventions. Cognigram is also used for concussion testing for numerous sports organisations around the world, including professional sports leagues and teams, universities and colleges, medical centers and physician practices, and high schools.

Cogstate Brief Battery™

The Cognigram system utilises the Cogstate Brief Battery, which has been used in over 1,000 research studies around the world and cited in hundreds of peer-reviewed journal publications.

10-15 minute test for clinical care setting

Can be taken at home or in hospital/clinic

Assessment results instantly available to healthcare professionals

Regulatory clearance for commercial launch in USA, EU, Canada and Australia

HIPAA compliant

Solutions for Academia

Cogstate's well-validated digital cognitive testing system is trusted by leading researchers worldwide. The assessments increase the sensitivity and specificity of the measurement of cognition with tests that are rapid, reliable and have demonstrated sensitivity to even subtle changes.

- Standardised administration with automated scoring
- High usability and acceptability to participants
- Low practice effect
- Availability in more than 90 languages
- Secure, cloud-based data management system
- Online training and exceptional customer support

> In the years we've worked with Cogstate, we're always impressed by how responsive their project support team is. We feel like we can count on the team's reliability in all aspects of a vendor relationship.
>
> **– Clinical Operations Manager, Large Academic Collaborative**

Partner of Choice for Researchers Around the World

Cogstate has been selected to support the international research studies and academic collaborations for over 1,800 studies in more than 200 different indications, resulting in hundreds of peer reviewed publications.

Cogstate technology is leveraged in many key public-private partnership studies such as:

- Anti-Amyloid Treatment in Asymptomatic Alzheimer's study (A4)
- Dominantly Inherited Alzheimer Network Observational Study (DIAN)
- Australian Imaging, Biomarker & Lifestyle Study of Ageing (AIBL)
- Alzheimer's Disease Neuroimaging Initiative (ADNI)
- Alzheimer Prevention Trials Webstudy (APT Webstudy)

Business Milestones

FY20 Highlights

AUG 2019 Commercial Healthcare Partnership with Eisai Co. Ltd.

OCT 2019 Completion of capital raising activities

DEC 2019 Cogstate's 20th Anniversary

JAN 2020 Start-up Work Begins on Pivotal AD Study

FEB 2020 Commenced Development for Smart Phone Based Testing

MAR 2020 COVID-19 Business Response Activities

MAR 2020 Commercial Launch of NouKNOW Healthcare Product with Eisai

APR 2020 Awarded Digital Biomarker Funding by the ADDF

JUN 2020 Best Sales Year on Record

Healthcare Commercial Partnership with Eisai

In August 2019, Cogstate finalised an agreement with pharmaceutical company Eisai Co. Ltd to distribute Cogstate technology as a digital cognitive assessment tool to physicians and consumers in Japan. The agreement included a $2.9 million upfront payment, comprising a $1 million royalty payment and $1.9 million equity investment, and excludes clinical trials, where Cogstate will continue to market its offering independently.

Commercialisation of Cogstate technology to physicians and consumers has long been seen as an opportunity. In Eisai, Cogstate has found a good partner. The structure of the agreement provides Cogstate with profit-share potential over the medium term without imposing a large cost base, thereby allowing us to keep overhead as low as possible in the healthcare segment.

Under a pilot program that was initiated during the 2019 financial year, Eisai and Cogstate have been undertaking user acceptance testing in the Japan market to determine the acceptability of the Cogstate technology in a consumer setting. As a result of those pilot projects, Cogstate has implemented language, feedback and data reporting changes to the system that will be deployed by Eisai. The software development work associated with those changes has been funded by Eisai.

In March 2020, Eisai launched “NouKNOW,” the commercialised digital tool for self-assessment of brain health based on the Cogstate Brief Battery card tests. NouKNOW directly translates to “know your brain”. Eisai wants consumers to understand that their brain health is important, and they should know the condition of their brain. The technology deployment has been designed with a consumer in mind – it provides interactive demonstrations to train the consumer how to take the cognitive assessment in their own home and without supervision. NouKNOW is being sold to municipalities providing health services to local residents and corporations providing health checks for employees.

Celebrating 20 Years Advancing Brain Health Research

In December, we celebrated our 20th Anniversary, a key milestone in our efforts to further brain health assessment. The past two decades have taken Cogstate on many paths that have each had a part in leading to our current structure.

Cogstate was founded in 1999 when a group of neuroscientists in Australia worked with angel investors—led by Martyn Myer AO (our current Chairman)—to create the first code base. The initial idea for a computerised cognitive assessment came while Cogstate's first scientists were working with indigenous communities in central Australia. There they discovered that assessments of cognition were limited by both linguistic and cultural contexts. Seeking to address these challenges, our scientists developed assessments of cognition that were largely free of language, were culturally neutral and could be used to identify impairments and changes in cognition in any group of individuals.

Cogstate achieved initial sales in sports medicine, using the technology to determine if an athlete's cognitive performance had changed from his or her baseline as a result of concussive injury. To this day, Cogstate supports thousands of athletes, both amateur and professional, worldwide.

Cogstate grew substantially when we began working with pharmaceutical companies as part of their clinical trials of investigational therapeutics; today most of our staff support these efforts. Through our work, we have been fortunate to play a role in the approval of new therapeutics, including those for depression, schizophrenia, and bipolar disorder.

Reflecting on Cogstate, our Chairman, Martyn Myer AO, said: "I am extremely proud of the achievements of the hard-working team at Cogstate. This is a special company that will continue to make important contributions to improving brain health globally. I am honored to have been associated with Cogstate since its inception."

> Our mission is noble and meaningful. While we strive to be a profitable company, we always try to do the right thing for our customers and do not compromise the scientific integrity of our work.
>
> **- Chief Commercial Officer**

Awarded Pivotal Trial in Preclinical Alzheimer's Disease

An estimated 50 million people worldwide are currently living with Alzheimer's disease (AD) or related dementias, a figure that will almost triple by 2050.

For decades, drug development efforts in AD focused on relieving symptoms of the disease. Now, much of the industry has shifted efforts to target prevention, aiming to develop therapeutics that can be applied much earlier to modify the course of the disease.

Industry collaborations and public private partnerships have been central in progressing this shift, providing the foundation, coordination and support necessary for such long, complex and costly trials.

Cogstate is proud to have recently contracted to support an additional preclinical public private partnership study—a large, global, multicenter phase III clinical trial of an anti-amyloid antibody therapy targeted at protofibrils, to prevent cognitive decline and delay biomarkers of pathological progression versus placebo.

In this pivotal study, Cogstate will leverage our unmatched experience supporting cognitive assessment in all stages of the Alzheimer's disease—having supported more than 90 studies in this area to date, spanning 40 countries and 100 languages. It is an honor to be part of this important program, where the operational learnings and scientific findings will be critical in the global fight against Alzheimer's disease.

COVID-19 Business Response

As Coronavirus spread worldwide, Cogstate quickly implemented a COVID-19 response team and activated business continuity strategies to prioritise the safety of staff and to meet the changing needs of clinical trial sponsors, healthcare providers and academics.

These practices remain in place, including:

- All non-essential staff are working remotely with complete connectivity.
- All non-critical travel is restricted. We're successfully leveraging technology to work collaboratively.
- We are advising sponsors on strategies for clinical trial assessment schedules. Our clinical science and operations teams are working closely with sponsors and investigators on action-plans for cognitive testing in upcoming and ongoing studies.
- We are proactively mitigating supply chain disruptions. Together with our partners, we have taken precautions to attempt to secure supply chains for the provisioning of tablet devices and other study materials.

The full impact of the pandemic on Cogstate's business operations and revenue is far from clear. In our clinical trials segment, we have seen that the research trials have continued, but the start-up periods have been slower between April and June 2020. It is our expectation that Cogstate customers, especially the large pharmaceutical companies, will continue to invest in the development of new medicines, however there is uncertainty in respect of the timelines for some planned trials. Understanding that there may be an impact on future revenue, we are watching carefully and taking precautions until we have more certainty. We are constantly looking at the data and proactively shifting business planning to be nimble and flexible to the changing landscape.

Cogstate's financial position, our ability to operate remotely, and the ongoing needs of research and clinical teams allowed us to keep all staff; no Cogstate staff were laid off or furloughed.

We have launched initiatives to further position our teams and technologies to be successful in this "new normal" where remote assessment and decentralised clinical trials will be more prominent. The necessitated shift to more "virtual visits" during the pandemic has created a new openness among industry and regulators to leveraging improved, more patient-centric ways of measuring clinical outcomes in the future, and this presents an outstanding opportunity for Cogstate, as we are uniquely experienced in web-based assessment, novel test development and digitally enabled testing methodologies.

Digital Biomarker Award to Develop Mobile App for Early Detection of Memory Impairment

In April 2020, Cogstate was honored to be awarded funding from the Alzheimer's Drug Discovery Foundation's (ADDF) Diagnostics Accelerator (DxA) initiative. The award of $1.36m is funding the development of a mobile app for early detection of memory impairment and decline through an adaptation of our International Shopping List Test (ISLT).

The DxA initiative is a partnership of funders including ADDF Co-Founder Leonard Lauder, Bill Gates, Jeff Bezos and Mackenzie Bezos, the Dolby family, and the Charles and Helen Schwab Foundation, among others, seeking to develop novel biomarkers for the early detection of Alzheimer's disease and related dementias.

Memory decline is one of the earliest signs of Alzheimer's disease, and memory assessments are an important, early component of diagnosis. The ISLT adaptation will enable autonomous assessment of memory by individuals in their own home. Improved access to such an easy-to-use and sensitive measure of memory is expected to lead to earlier identification of memory problems and in more diverse populations, thereby supporting earlier diagnosis and access to potential interventions.

"An easy to use, accurate and accessible test of memory is a critical component in the early detection of Alzheimer's disease and other dementias," said Howard Fillit, MD, Founding Executive Director and Chief Scientific Officer of ADDF. "That's why we are enthusiastic about Cogstate's program to automate such a well validated clinical assessment for use by individuals at home."

Being selected by the ADDF's scientific reviewers and Joint Steering committee is a testament to Cogstate's scientific and operational excellence. We are honored to help in this work to develop easier ways to detect memory impairment.

Financial Milestones: Best Sales Year on Record

Cogstate has made significant progress across all areas of our business over the last twelve months. While Cogstate produced a loss for the 2020 financial year, the business recorded a profit for the second half of the financial year. The extensive Clinical Trials revenue backlog, combined with the commercial opportunities in the Healthcare segment, leave the business well positioned for growth.

Significant improvement in sales contracts executed in the clinical trials segment:

- Record-high sales contracts executed, totaling $46 million in its clinical trials segment (previous best: $36m for the 2018 financial year).
- Record-high revenue backlog, as contracted revenue that will be recognised in future periods expanded to more than $39 million (previous best: $35.0m at 31 Dec 2017).

Growing awareness of Cogstate's scientific and operational excellence supportive of data quality assurance services for Alzheimer's disease trials (particularly late stage drug development), combined with our proprietary digital assessments, has led to an increase in awarded contracts in this area. Furthermore, recent positive trial data and the potential upcoming release of the first disease modifying therapy for patients with Alzheimer's disease, has led to improved sentiment among Cogstate customers and increased R&D investment in dementia related diseases.

At the same time, Cogstate has seen an increase in awarded contracts in other therapeutic areas, including diseases where cognition is measured as a safety endpoint. These factors have combined to deliver our best clinical trial sales result ever for the clinical trials segment, which, in turn, will deliver revenue growth and earnings improvement.

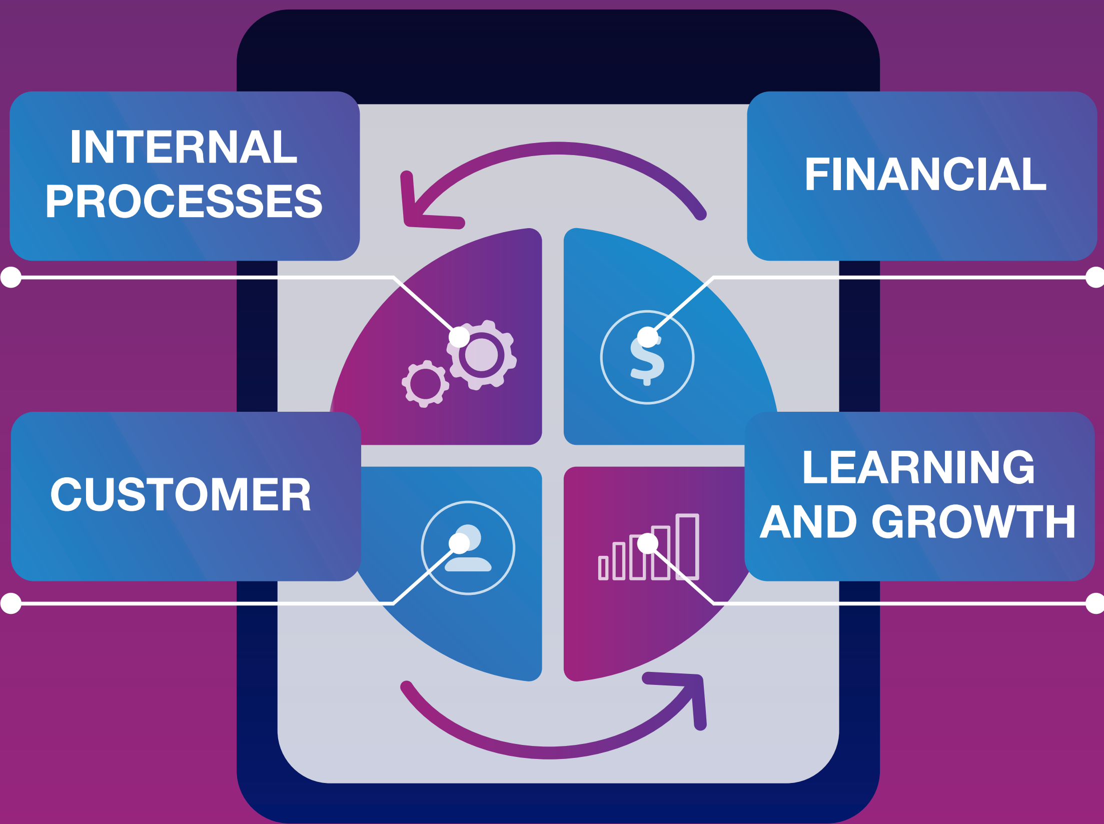
Since undertaking a restructure of operations in the 2019 financial year, Cogstate has maintained a lower cost base, which positions the company to show earnings improvement as the current record level of sales in clinical trials translates into revenue.

All of this, combined with ongoing support of our shareholders to recapitalise the company over past year, positions Cogstate for further growth and improved financial results in coming periods.

Strategic Objectives for Future Growth

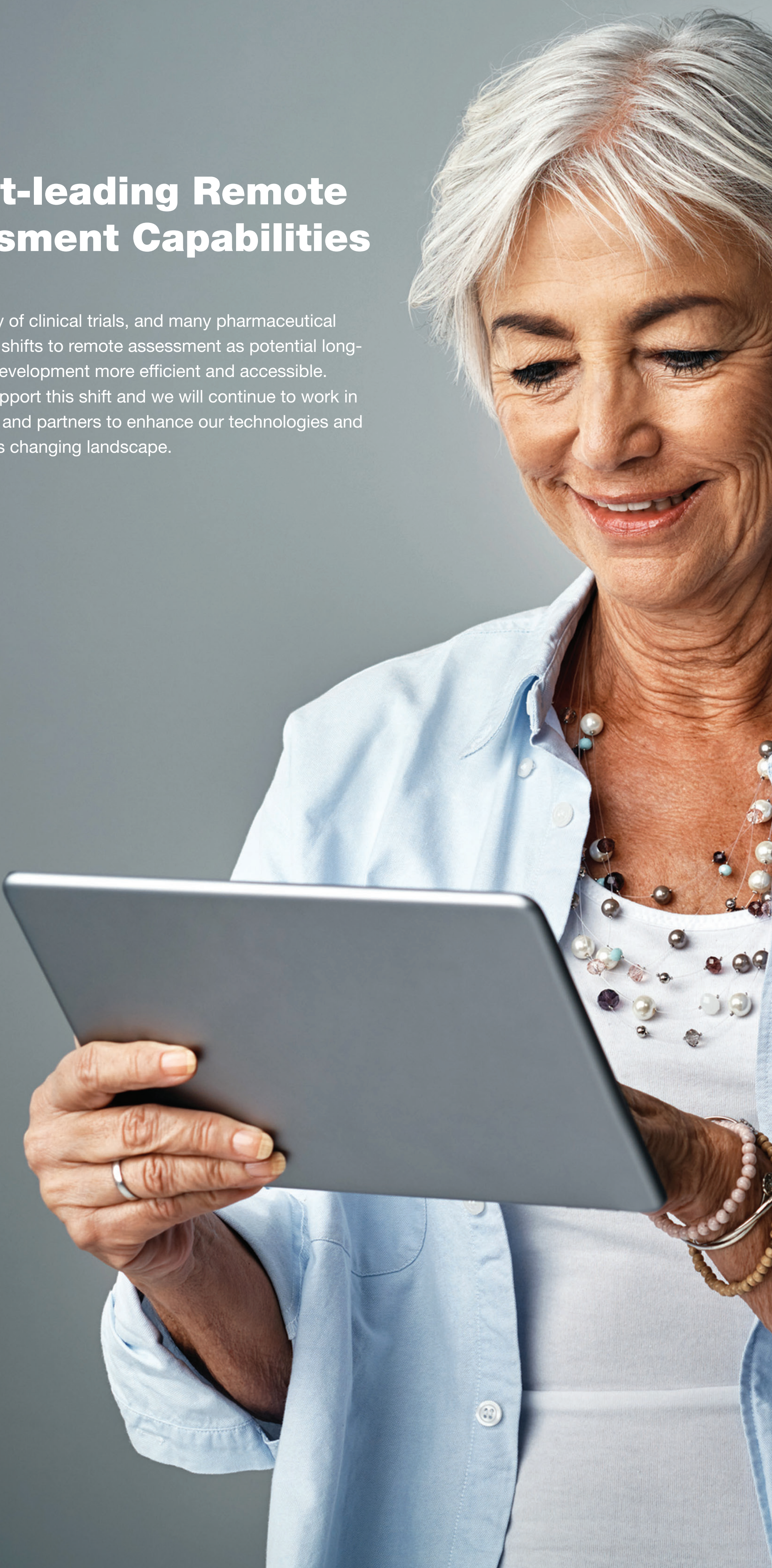
Translating company vision and core strategies into specific actions that achieve desired outcomes requires committed efforts. As a framework for supporting this process, Strategy Maps and Balanced Scorecards help the Cogstate management team to codify and communicate our strategies succinctly and close the gap between formulation and implementation. We believe these to be the decisive steps that will move the company forward to achieve sustained returns.

The Balanced Scorecard measures company performance from four perspectives:



Market-leading Remote Assessment Capabilities

COVID-19 has altered the trajectory of clinical trials, and many pharmaceutical sponsors are seeing the necessary shifts to remote assessment as potential long-term solutions to help make drug development more efficient and accessible. Cogstate is ideally positioned to support this shift and we will continue to work in close collaboration with customers and partners to enhance our technologies and processes to meet the needs of this changing landscape.



Expansion within Targeted Therapeutic Indications

Cogstate is situated to support clinical trial studies in dozens of indications across all phases of clinical research due to our expertise, experience, computerised assessments, and clinical data quality programs. Looking at industry drug development pipeline data and our current core capabilities, we've evaluated those key indications that represent the greatest potential for targeted expansion. We are executing plans that focus commercial and research and development efforts on expanding our capabilities and market penetration in these areas.

Strategic Account Management

Establishing trusted partner relationships with our most important customers is central to our success as a company. Cogstate has implemented a strategic account management process that engages teams across the organisation in building mutually beneficial long-term customer relationships that deliver the heightened value, innovation and returns.

Healthcare Innovations that Enable Access to Alzheimer's Disease Therapy

Through our healthcare solutions, including our Cognigram regulatory cleared medical device, Cogstate remains deeply committed to the large, long-term potential of our fit-for-purpose solutions to support early detection of cognitive decline in the community and the critical market-access needs of future Alzheimer's disease therapies. Through partnerships and collaboration, we will continue to expand and tailor our science-driven offerings to meet the precise requirements of the markets we support.

> Cogstate is small but mighty. I'm proud to work with some of the world's smartest people to solve complex problems. The level of commitment of staff is strong and there is a great willingness to go above and beyond to serve our mission.
>
> **- Vice President Operations, Clinical Trials**

Group Overview

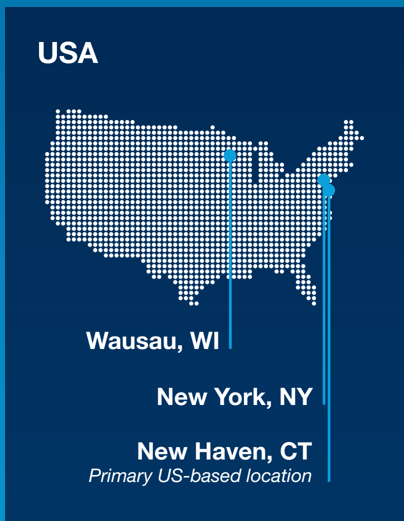
Cogstate Group

The Cogstate Group comprises Cogstate Ltd and six subsidiaries that are all directly or indirectly wholly owned:

- **Cogstate Ltd** – Founded in 1999
  - **Cogstate Inc** – 100% owned by Cogstate Ltd
    - **Cogstate Health Inc** – 100% owned by Cogstate Inc
      - **Cogstate Healthcare LLC** – 100% owned by Cogstate Health Inc
  - **Cogstate Sports Pty Ltd** – 100% owned by Cogstate Ltd
  - **Cogstate Canada Inc** – 100% owned by Cogstate Ltd
  - **Cogstate Spain SL** – 100% owned by Cogstate Ltd

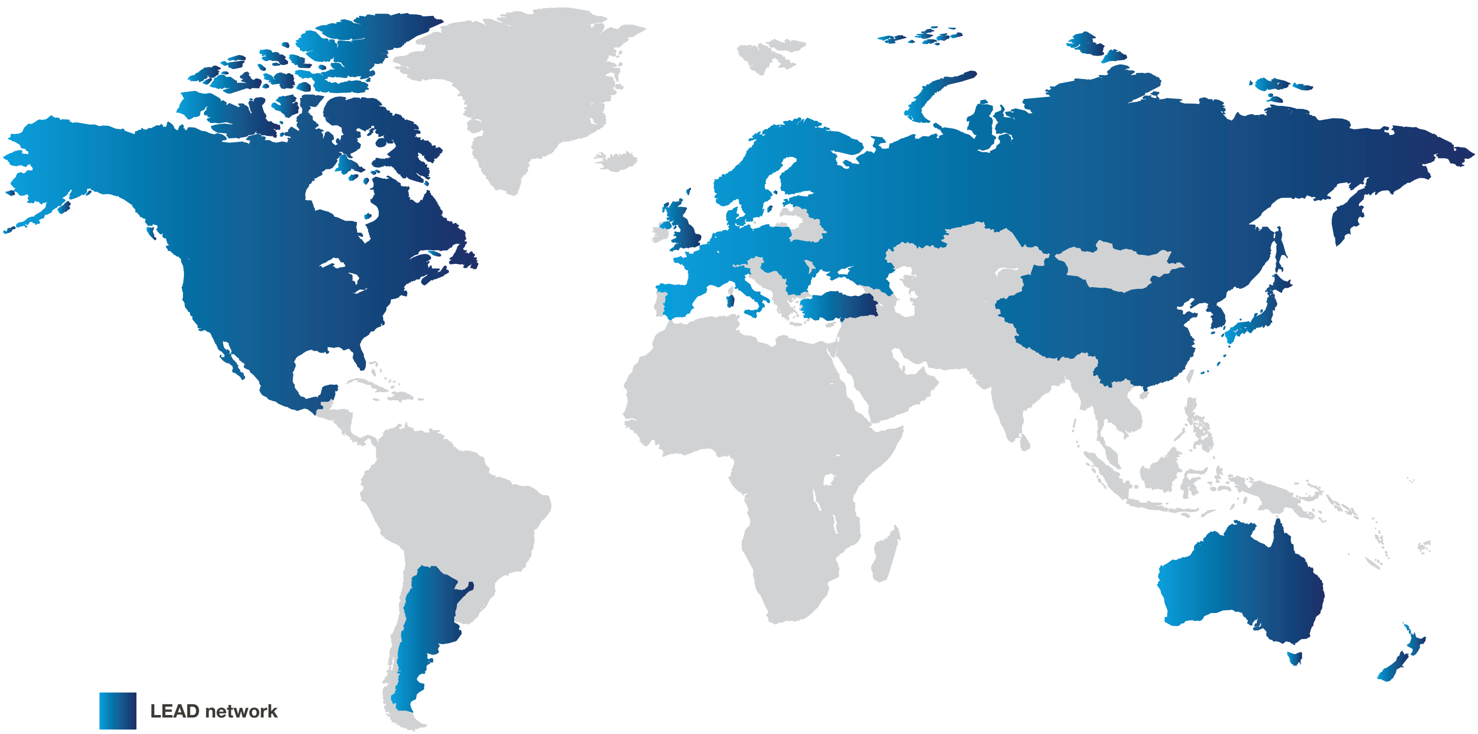
Office Locations

Cogstate has **5 primary offices** in the following locations:



Local Expert Advisor (LEAD) Network

The Local Expert Advisors are bilingual, clinical psychologists or neuropsychologists in a consulting role at Cogstate delivering reviews of rater assessments that have been administered to subjects during international pharmaceutical clinical trials.



> At Cogstate we work hard as a team to innovate and consistently deliver despite challenges that may arise. We provide value to customers and support clinical trials with reputable science.
>
> **- Clinical Science Director**

Directors’ Report

Your directors present their report together with the financial report of the consolidated entity, consisting of Cogstate Limited and the entities it controlled (“the Group” or “Cogstate”), for the financial year ended 30 June 2020 and the auditor’s report thereon.

Directors

The following persons held office as directors of Cogstate Limited during the financial year:

- Martyn Myer (Chairman)
- Brad O’Connor (CEO)
- Richard Mohs
- David Dolby
- Richard van den Broek
- Ingrid Player (appointed 29 August 2019)
- Jane McAloon (resigned 21 October 2019)

Martyn Myer AO

BE, MESc, MSM.

Chairman

Mr Myer is President of The Myer Foundation, one of two principle Myer Family philanthropic funds, and on the Fishermans Bend board, a Victorian Government board charged with developing the Fishermans Bend precinct. He previously served as Deputy Chancellor of the Council of the University of Melbourne, President of the Howard Florey Institute of Experimental Physiology and Medicine and was a director of The Florey Institute of Neuroscience and Mental Health, where he participated in the transition of the Institute’s research focus towards diagnostic and therapeutic neuroscience, including a focus on degenerative brain diseases.

Committees: Remuneration and Nomination Committee (Chair) and Audit, Risk and Compliance Committee

Other directorships and interests: Cogstate Inc., Cogstate Health Inc., Cogstate Canada Inc., Cogstate Sports Pty Ltd and Cogstate Spain SL.

Brad O’Connor

B Bus., CA.

Managing Director and Chief Executive Officer

Mr O’Connor has responsibility for Cogstate’s overall strategic direction and day-to-day operations as well as development of expansion opportunities outside of the core clinical trials business. Prior to taking the position of CEO at Cogstate in 2005, Mr O’Connor joined Cogstate as Chief Financial Officer and Company Secretary in 2004. Prior to that, Mr O’Connor held senior positions at Spherion Group, Australian Wine Exchange and PricewaterhouseCoopers.

Other directorships and interests: Cogstate Inc., Cogstate Health Inc., Cogstate Canada Inc., Cogstate Sports Pty Ltd, Cogstate Healthcare LLC and Cogstate Spain SL.

Richard Mohs

PhD.

Independent Non-Executive Director

Dr Mohs is currently Chief Scientific Officer for the Global Alzheimer’s Platform (GAP) Foundation, a non-profit devoted to enhancing the speed and quality of Alzheimer’s disease research. Richard also serves as a consultant to academic institutions, foundations and biopharmaceutical companies, and is a member of the Board of Governors for the Alzheimer’s Drug Discovery Foundation. Dr Mohs retired from Eli Lilly in 2015, where he held leadership positions including Vice President for Neuroscience Early Clinical Development and Leader of the Global Alzheimer’s Drug Development Team. Before joining Eli Lilly, Dr Mohs spent 23 years with the Mount Sinai School of Medicine where he was Professor in the Department of Psychiatry and Associate Chief of Staff for Research at the Bronx Veterans Affairs Medical Centre.

Committees: Remuneration and Nomination Committee and Audit, Risk and Compliance Committee

David Dolby

BSE, MBA.

Non-Executive Director

Mr Dolby is founder and CEO of Dolby Family Ventures, a venture capital investment firm focused on technology and life sciences investments in neuro technology and therapeutics targeting Alzheimer's disease. He represents the Dolby Family Trust on a number of technology, scientific research, and consumer products investments focusing on innovation and commercialising intellectual property.

Other directorships and interests: Dolby Laboratories (from 2011), Salk Institute for Biological Sciences (from 2019), Academy Museum of Motion Pictures (from 2019), Tipping Point Community (from 2015), CFO of the Ray and Dagmar Dolby Family Fund (since 2010).

Committees: Remuneration and Nomination Committee

Richard van den Broek

CFA.

Independent Non-Executive Director

Mr van den Broek is founder and managing partner of HSMR Advisors LLC, a U.S. based fund manager with an investment emphasis on small and mid-cap biotech public companies. Prior to his time as an investor in the healthcare industry Mr van den Broek had a ten year career as a biotech analyst, starting at Oppenheimer & Co., then Merrill Lynch, and finally at Hambrecht & Quist.

Committees: Remuneration and Nomination Committee

Ingrid Player *(appointed 29 August 2019)*

BEc and LLB (Hons), GAICD, FGIA

Independent Non-Executive Director

Ms Player brings deep healthcare sector experience and strong commercial expertise to the Board of Cogstate. She has held senior executive roles with Healthscope Ltd, a leading private healthcare provider in Australia, including the former positions of Group Executive – Legal, Governance and Sustainability, and General Counsel and Company Secretary from 2005 until 2019. Ms Player also has considerable international commercial and regulatory experience that spans different markets and industries, which she gained in private legal practice in Australia and in The Netherlands. She holds a Bachelor of Economics & Bachelor of Laws (Hons) from Monash University. She is a graduate member of the Australian Institute of Company Directors and Fellow of the Governance Institute of Australia.

Committees: Remuneration and Nomination Committee and Audit, Risk and Compliance Committee (Chair)

Company secretaries

The following persons held office as Company Secretary of Cogstate Limited during the financial year:

- Keith Hawkins (appointed 11 December 2019)
- John Glueck (appointed 26 June 2020)
- Claire Newstead-Sinclair (resigned 11 December 2019)

Keith Hawkins *(appointed 11 December 2019)*

B Bus., CPA.

Mr Hawkins has over 30 years senior accounting and finance experience predominately working for multi-national companies including Eaton Corporation and Honeywell International in Asia-Pacific based management roles. He most recently held the position of Director of Finance for RedR Australia Ltd. Mr Hawkins holds the position of Financial Controller at Cogstate.

John Glueck *(appointed 26 June 2020)*

BA, JD

Mr Glueck has over 20 years legal experience, including prior in-house positions with multi- national medical technology companies Medtronic and Covidien. Prior to joining Cogstate, he worked as Chief Compliance Officer and Assistant General Counsel for Axogen Inc. Mr Glueck holds the position of General Counsel at Cogstate.

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Cogstate Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Martyn Myer	23,614,566	200,000
Mr Brad O'Connor	5,973,102	2,275,000
Mr Richard van den Broek	4,308,500	150,000
Mr David Dolby	25,732,802	150,000
Mr Richard Mohs	55,000	-
Ms Ingrid Player	134,098	-

Operating & Financial Review

Principal activities

During the year, the principal activities of the Group consisted of:

- Creation, validation and commercialisation of digital brain health assessments;
- Design and provision of quality assurance services in clinical trials, focused on the administration, scoring and recording of conventional brain health assessments; and
- Cogstate solutions are widely used in both academic and industry sponsored research. As at 30 June 2020, Cogstate technology had been deployed in more than:
    - 1,800 academic research studies; and
    - 400 industry sponsored clinical trials.

Financial Performance

The consolidated loss after income tax attributable to members of Cogstate Limited was $1,315,796 (2019: $2,495,767).

The loss before income tax was $2,079,178, an improvement of $1,771,541 on the prior year (2019: $3,850,719).

The key driver for the improved financial performance in the 2020 financial year was the positive contribution recorded within the Healthcare segment, which followed a change in strategy (referenced below in the Business Strategy review).

The performance of the Clinical Trials segment for the 2020 financial year, while relatively consistent from the prior year, showed substantial improvement in the second half of the year. Revenue from the Clinical Trials segment increased by more than 50% from the first half of the year to the second half, while also maintaining costs at a consistent level from half to half.

The improved performance from the Clinical Trials segment resulted in Cogstate recording a profit before tax of $823,276 for the second half of the 2020 financial year.

Cashflow & Debt

During the year, Cogstate increased cash resources by more than $7 million through both equity and debt transactions.

Cogstate undertook a series of equity transactions, issuing new securities via placement as well as a fully underwritten Entitlement offer to Cogstate shareholders. Collectively, the equity transactions raised approximately US$7.5 million.

In May 2020, Cogstate Inc., a US domiciled, wholly owned subsidiary of Cogstate Ltd, secured a US$2.44 million loan from Citibank under the Paycheck Protection Program (PPP) contained within the Coronavirus Aid, Relief and Economic Security (CARES) Act that was signed into law in the USA in March 2020. The PPP Flexibility Act was signed into law in June 2020. Under these provisions, Cogstate will be able to apply for forgiveness of all loan proceeds used for USA based payroll costs, rent, utilities and other qualifying expenses. It is expected that Cogstate will apply for such forgiveness in the first half of the 2021 financial year.

Cogstate repaid other short-term borrowings of approximately US$0.5 million throughout the financial year.

Cogstate recorded a cash inflow from operations of approximately US$0.7 million during the 2020 financial year. Improved financial results in the second half of the financial year corresponded with a cash inflow from operations during that period.

Business strategies and prospects

Throughout Cogstate's history, the business strategies have evolved and expanded, but have been framed around the fundamental belief that brain health is important and through the use of technology, we can make it easier to measure.

Clinical Trials segment

Over the last 15 years, almost all Cogstate revenue has been generated from the sale of technology and associated services to pharmaceutical and biotechnology companies to demonstrate a drug's impact on cognition in clinical research studies. Initially, revenue was derived only from the provision of highly sensitive computerised cognitive tests, as well as service fees associated with the deployment of the technology. Over time, services were added in respect of the management, training and monitoring to improve the reliability and sensitivity of conventional cognitive assessments. Today, Cogstate's full-service solutions span the entire clinical trial lifecycle from study design to final statistical analysis. Recently expanded offerings include more flexible deployment models and modalities for computerised testing, as well as more efficient and effective rater training and monitoring solutions to meet the quality assurance needs of clinical trials.

Growth strategies in the clinical trials segment include a focus on the following critical aspects:

- Continued focus on expansion of the body of scientific evidence and peer-reviewed research demonstrating the validity and utility of Cogstate technology for drug development decision-making in a range of disease areas;
- The addition of subject matter experts from a range of disease areas to support expansion for Cogstate solutions in studies in these populations;
- Increased sales and marketing resources with a focus on increasing our customer base and strategic account penetration;
- Continued investment in improved customer solutions, particularly new technology deployment; and
- A willingness and intent to partner with third party organisations that can leverage Cogstate technology and quality assurance solutions to differentiate their offering and improve customer experience.

Healthcare segment

Outside of the Clinical Trials segment, Cogstate has developed tools specifically designed to aid healthcare professionals with objective assessments of cognition in patients. The system, branded as Cognigram™, 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 head injury, neurodegenerative disease or side effects following pharmacological treatments. There are additional applications in areas such as pre- and post-operative care-especially critical in vulnerable or aging populations-to help ensure a full recovery and reduce rates of hospital re-admittance. Informative and automated reports allow clinicians to easily track a patient's cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

Notwithstanding the list of applications above, the most significant opportunity for Cognigram is in the dementia market. Cognigram has achieved regulatory clearance to market in multiple jurisdictions including the FDA, CE and TGA. In Japan, where regulatory clearance is pending, pharmaceutical company Eisai has entered into a 10 year license to market Cognigram and other Cogstate technology with a focus on dementia care and treatment (https://nouknow.jp).

In 2018, Cogstate made a decision to cease independent direct marketing of Cognigram and instead sought to distribute the technology through strategic partners (such as Eisai) who seek to drive the adoption of cognitive testing as part of a broader ecosystem of solutions (including therapeutic treatment) designed to more broadly address dementia in society. The change in strategy has resulted in a decrease in direct sales and marketing costs for Cogstate and opportunities for expansion in new markets.

In the coming years, Cogstate will seek to expand commercial opportunities in other geographies outside of Japan. Such expansion is expected to involve strategic relationships with distribution partners, consistent with the relationship with Eisai in Japan.

Likely Development and Expected Results of Operations

Clinical Trials segment

Clinical Trials revenue is a function of revenue from contracts secured in prior periods that have revenue milestones in the 2021 financial year, as well as revenue recognised from new sales contracts executed throughout the 2021 financial year.

At 30 June 2020, Cogstate has over $39 million of Clinical Trials revenue secured by customer contracts, which will be recognised in future periods as technology and services are provided by Cogstate in accordance with the contracts. Of that amount, over $15 million is expected to be recognised in the 2021 financial year; an improvement of more than 40% on the prior period.

The full impact of the pandemic on Cogstate's business operations and revenue is far from clear. In our clinical trials segment, we have seen that the research trials have continued, but the start-up periods have been slower between April and June 2020. It is our expectation that Cogstate customers, especially the large pharmaceutical companies, will continue to invest in the development of new medicines, however there is uncertainty in respect of the timelines for some planned trials. Understanding that there may be an impact on future revenue, we are watching carefully and taking precautions until we have more certainty. We are constantly looking at the data and proactively shifting business planning to be nimble and flexible to the changing landscape.

Healthcare segment

During the 2021 financial year, Cogstate, in conjunction with commercial partner Eisai, will continue commercialisation of Cogstate technology in the Healthcare segment in Japan. Based on current forecasts, Cogstate does not expect to receive a revenue distribution from the Japanese deployment in the 2021 year, as sales and marketing costs (borne by Eisai) are expected to exceed gross revenue from technology sales.

Cogstate will seek to expand commercial opportunities in other geographies outside of Japan, although there can be no guarantee that such opportunities will be secured during the 2021 financial year. The potential commercial opportunities are expected to involve strategic relationships with distribution partners, similar in structure to the relationship with Eisai Co., Ltd in Japan.

Financial performance

Since undertaking a restructure of operations in the 2019 financial year, Cogstate has maintained a lower cost base, which positions the company to show earnings improvement as the current record level of sales in clinical trials translates into revenue.

All of this, combined with ongoing support of our shareholders to recapitalise the company over past year, positions Cogstate for further growth and improved financial results in coming periods.

Material business risks

Cogstate actively manages the risks that could materially impact our ability to sustain our future financial performance and deliver our long term strategy. The material business risks that have the potential to impact achievement of the Group's strategic priorities and business objectives, with relevant mitigation strategies, are outlined below.

These risks should not be taken to be a complete or exhaustive list of the risks and uncertainties associated with Cogstate. Many of the risks are outside the control of the Directors. There can be no guarantee that Cogstate will achieve its stated objectives, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this report will be realised or otherwise eventuate. The more generic risk areas that affect most companies or general economic factors that may impact Cogstate have not been included below.

Risk Area	Impact of the Risk	Mitigation and monitoring strategies
Disruption and competition	New disruptive business models, competitors entering the market or existing competitors aggressively increasing their market share could negatively impact revenue and earnings.	Cogstate is constantly innovating and is vigilant in monitoring global competitive trends. Cogstate establishes close relationships with major customers, ensuring that we understand their current and future needs.
Data governance	Failure to protect personally identifiable information or sensitive data in breach of data privacy laws or contrary to customer expectations may breach customer trust, damage Cogstate's reputation and market position, and could result in regulatory action.	Cogstate has implemented cyber security and data management practices in compliance with data protection requirement in the jurisdictions we operate. The legal team monitors developments in data privacy laws on an ongoing basis.
Talent	Cogstate financial performance relies on the skill and commitment of key talent in a competitive environment. Loss of key people could create leadership and capability gaps.	Cogstate is aware of the need to create a culture that attracts and retains key talent. The remuneration structure is designed to retain key employees and provide a direct link to Cogstate's long-term financial performance.
Dependency on Clinical Trials revenue streams	During the year ended 30 June 2020, revenue from Cogstate's Clinical Trials business unit accounted for approximately 90% of Cogstate's total revenue for the year (2019: 98%). There can be no guarantee that existing customers will continue to use Cogstate's Clinical Trials products in the future. Should some or all of Cogstate's significant customers cease to use Cogstate's Clinical Trials products, this could lead to a substantial decrease in the total revenue derived by Cogstate, as well as a loss of customer confidence.	Cogstate has decreased dependency on the Clinical Trials revenue stream during the 2020 financial year through increase in revenue from the Healthcare segment. Cogstate will seek commercial opportunities in the Healthcare segment in other territories outside Japan.

Revenue concentration	In the Clinical Trials segment, Cogstate derives approximately 40% of revenue from Alzheimer's disease clinical trials. Additionally, one customer represented more than 10% of Cogstate revenue in the 2020 financial year. A downturn in Alzheimer's disease research or the loss of a significant customer could negatively impact Cogstate revenue and earnings.	Over recent years, Cogstate has invested in a number of different disease areas and as a result, revenue from those indications has increased. Continued sales and marketing activities, combined with the initiation of channel sales partnerships are designed to increase and diversify Cogstate's customer base.
Clinical trial cancellation	All Clinical Trials are subject to cancellation. Cogstate contracts ensure that Cogstate is always paid for services performed, however Cogstate financial forecasts rely on the predictability of that revenue to fund operations.	Close engagement with customers enables assessment of risk on an ongoing basis. Continued growth of revenue reduces the impact of cancellation of any one clinical trial.
Intellectual property and proprietary rights	Cogstate's failure to develop, protect and/or acquire intellectual property and rights could result in Cogstate losing any competitive advantage in its industry or a reduction in the commercial value of its product offerings. Cogstate's failure to conduct its operations without respecting the intellectual property rights of others could lead to costly and time-consuming litigation.	Technology innovation is a priority area of focus for Cogstate management. Cogstate protects its proprietary technology through a combination of patents, trademarks, copyrights and trade secret protection. Cogstate ensures that its employees and those consultants involved in its product development and commercialization process are bound by confidentiality and intellectual property assignment provisions. Cogstate's legal team works closely with company management to ensure proper practices are in place for capturing and protecting intellectual property, as well as respecting third party rights.
Regulatory risk	Cogstate's operations are reliant on maintenance of its existing regulatory approvals. Future operations by Cogstate may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to Cogstate. A failure to obtain, renew or maintain any approvals may limit Cogstate's ability to develop or operate any project, which could harm Cogstate's business, operations or financial condition.	Cogstate's Quality Management System defines processes to ensure compliance with all regulatory requirements. Cogstate's legal and quality assurance teams (also utilising external regulatory consultants) monitor the regulatory requirements in the jurisdictions in which Cogstate operates, and advises management on needed changes, if any, to Cogstate's existing product offerings and applicable requirements for intended future products and markets.
Information security and cyber security	Cogstate may be affected by impacts on the Company's business due to hardware or software malfunction, security and data breaches, malicious attacks, hacking or other unauthorised use of information or data stored on internal or external servers or transmitted via internal or external networks.	Information technology controls are continually monitored and protected through the use of detective, preventative and response tools. Cogstate's disaster recovery and business continuity planning are intended to mitigate any potential operational disruptions in the event a security incident occurs.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of Cogstate Limited or any of its subsidiaries.

Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2019: US$nil).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2020, and the numbers of meetings attended by each director were:

	BOARD MEETINGS		AUDIT, RISK & COMPLIANCE COMMITTEE MEETINGS		REMUNERATION & NOMINATION COMMITTEE MEETINGS	
	A	B	A	B	A	B
Martyn Myer AO	8	8	4	4	1	1
Brad O'Connor	8	8	-	-	-	-
Richard van den Broek	8	8	-	-	1	1
David Dolby	8	8	-	-	1	1
Jane McAloon	3	3	1	1	1	1
Richard Mohs	8	8	4	4	1	1
Ingrid Player	6	6	3	3	-	-

A: Number of meetings attended
B: Number of meetings held during the year

Audit, Risk & Compliance

Ingrid Player (Chair), Martyn Myer AO, Richard Mohs, Jane McAloon (retired)

Remuneration & Nomination

Martyn Myer AO (Chair), Richard van den Broek, David Dolby, Richard Mohs, Ingrid Player, Jane McAloon (retired)

Unissued shares

As at the date of this report, there were 8,015,000 unissued ordinary shares under employee options. Refer to the Remuneration Report and Note 29 (c) of the financial report for further details of the employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued on the exercise of options

The following ordinary shares of Cogstate Limited were issued during the year ended 30 June 2020 on the exercise of options granted under the Cogstate Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options exercised	Issue price of shares	Number of shares issued
25-Nov-19	0.21	128,572
13-Jan-20	0.21	266,667
04-Mar-20	0.21	50,000
12-Mar-20	0.21	1,100,000
17-Apr-20	0.27	50,000
22-Apr-20	0.26	50,000
		1,645,239

Insurance of officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Cogstate Limited against costs incurred in defending proceedings for conduct involving any wrongful act by a director. Under the policy, the Company cannot release to any third party or otherwise publish the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the premium amount of the relevant policy.

Non-audit services

The Board of Directors has considered the position and, in accordance with advice received from the audit, risk and compliance committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit, risk and compliance committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2020 US$	**2019 US$**
Taxation services		
Pitcher Partners firm (Melbourne):		
Tax compliance services	11,761	13,000
Total remuneration for taxation services	**11,761**	**13,000**
Other services		
Network firms of Pitcher Partners	34,889	26,468
Total remuneration for non-audit services	**46,650**	**39,468**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

COGSTATE LIMITED

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COGSTATE LIMITED

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Cogstate Limited and the entities it controlled during the year.

M J HARRISON
Partner

26 August 2020

PITCHER PARTNERS
Melbourne

Audited Remuneration Report

1. Who does this report cover?

The directors present the Cogstate Limited 2020 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the four executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and general managers of the Parent and the Group.

Name	Position
Non-Executive Directors	
Martyn Myer AO	Chairman (Non-Executive)
David Dolby	Non-Executive Director
Jane McAloon (resigned effective 21 October 2019)	Non-Executive Director
Richard van den Broek	Non-Executive Director
Richard Mohs	Non-Executive Director
Ingrid Player (appointed Director 29 August 2019)	Non-Executive Director
Senior Executives	
Brad O'Connor	Managing Director and CEO
Paul Maruff	Chief Science Officer
Ken Billard (commenced employment 18 November 2019)	Chief Commercial Officer
John Glueck (commenced employment 18 February 2020)	General Counsel
Lammert Albers (ceased employment 25 October 2019)	Chief Commercial Officer
Rich Gleeson (ceased employment 15 January 2020)	Chief Technology Officer

The composition of the list of senior executives has changed from the 2019 remuneration report, reflecting changes in the executive team. Ken Billard was appointed to the role of Chief Commercial Officer on 18 November 2019, following the departure of Lammert Albers on 25 October 2019. John Glueck commenced employment as General Counsel on 18 February 2020. The role of Chief Technology Officer is currently held by a long-term senior member of the Cogstate software engineering team in an interim role, following the departure of Rich Gleeson in January 2020; a permanent appointment to the role is expected to be made in the coming months.

Voting and comments made at the Company's 2019 Annual General Meeting

Cogstate Limited received more than 93% of "yes" votes on its remuneration report for the 2019 financial year.

2. Remuneration principles

The Company is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. A key element in achieving that objective is to ensure that the Company is able to remunerate its key people adequately and appropriately given market conditions and their experience.

The Company has established a framework for remuneration that is designed to:

1. ensure that coherent remuneration policies and practices are observed which:
    a. enable the attraction and retention of directors and management who will create value for shareholders; and
    b. are aligned with the overall risk management framework of the Company;
2. fairly and responsibly reward directors and senior management having regard to the Company's performance, the performance of the senior management and the general pay environment; and
3. comply with all relevant legal and regulatory provisions.

3. Remuneration governance framework

3.1 Role of the Board and Remuneration Committee

The Board is responsible for ensuring that Cogstate's remuneration structures are equitable and aligned with the long-term interests of Cogstate and its stakeholders. The Remuneration Committee, established by the Board, is made up of a majority of independent directors, with responsibility for reviewing key aspects of Cogstate's remuneration structure and arrangements.

The Remuneration Committee reviews and recommends to the Board:

- fixed remuneration and incentive arrangements for the Senior Executives and other executives reporting to the CEO;
- major changes and developments to employee incentive plans; and
- remuneration arrangements for Non-Executive Directors.

4. FY20 remuneration policy

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and non-executive directors and key management personnel remuneration is separate and distinct.

4.1 Senior Executives

Executive remuneration policy and framework

The objective of the remuneration policy is to design and implement a remuneration framework to meet the remuneration principles outlined above.

Cogstate's remuneration philosophy is to attract and retain talented employees through an engaging and equitable reward framework. It aims to encourage and recognise high performance in a manner which is aligned with the long-term interests of Cogstate and its shareholders.

The principles that underpin the remuneration policy for the executives are the same as those that apply to other employees. The CEO's arrangements have a greater emphasis on a higher proportion of remuneration in performance related pay. The performance measures used to determine short term incentives for the CEO and all employees are linked to the delivery of strategy consistent with Cogstate's purpose.

The Remuneration and Nomination Committee believes that the appropriate remuneration framework for the Cogstate KMPs is comprised of fixed and variable elements. The fixed component comprises base salary and pension / superannuation, in line with relevant statutory provisions. The variable component is comprised of short and long term incentives. In setting remuneration, the Committee takes into account reports and advice detailing market levels of remuneration for comparable roles.

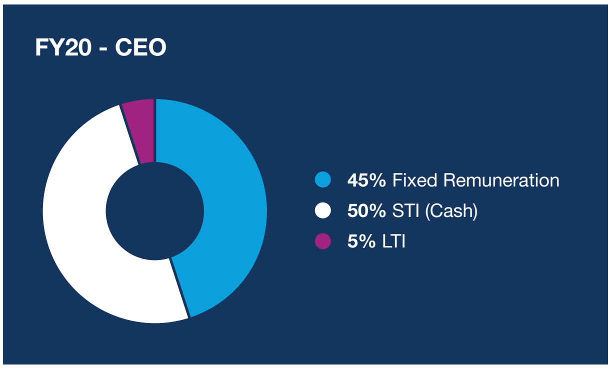
Remuneration is benchmarked and determined in the home jurisdiction of the executive. The CEO's remuneration is benchmarked in the USA. The Remuneration and Nomination Committee believes the most appropriate comparator market for most executives is the USA; where the Group currently earns the majority of its revenue and conducts the majority of its business.

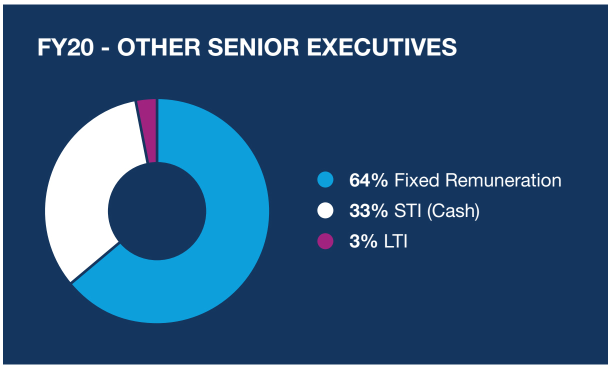
This philosophy resulted in a Senior Executive remuneration framework for the 2020 financial year consisting of both fixed and variable remuneration components. The objectives and key elements of each component are presented below:

Remuneration Framework FY20

	Fixed	Variable 'At-Risk'	
Objective	The fixed component is in place to attract and retain key talent	The variable component is performance-based and aligned with Cogstate's strategic direction to deliver both short and long term value creation to shareholders	
Component	Fixed remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
Basis of Quantum	Fixed remuneration reflects seniority, complexity, nature and size of the role and is reviewed annually	Awards based on the achievement of the company's strategic priorities and operational targets and commensurate with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long-term impact on the company's success and are both financial and non-financial targets	Awards to executives based on a manner which aligns this element of remuneration with the creation of shareholder wealth
Vehicle	Cash	Cash	Employee Share Option Plan

The FY20 remuneration framework for all Senior Executives is unchanged from FY19. The applied remuneration mix for actual performance is shown in the diagrams below.





4.2 Non Executive Directors (NEDs)

Cogstate's remuneration policy for NEDs aims to ensure that Cogstate can attract and retain suitably qualified and experienced NEDs having regard to:

- the level of fees paid to NEDs of other ASX listed Australian companies;
- the size and complexity of Cogstate's operations; and
- the responsibilities and work requirements of Board members.

NEDs receive a base fee for being a Board Director and additional fees for being a Chairman of a Board Committee (except Remuneration & Nomination Committee). The NEDs do not receive any additional fees for serving on a Board Committee, other than an additional fee paid to the Chair of the Audit, Risk and Compliance Committee.

The fees are unchanged in FY20 from FY19 and are set out below. Fees include superannuation contributions in accordance with the current Superannuation Guarantee legislation.

			BOARD FEES
POSITION	**Base fee**	**Audit, Risk & Compliance Committee**	**Remuneration & Nomination Committee**
Board Chairman	A$110,000	-	-
Board NED	A$75,000	-	-
Committee Chairman	-	A$10,000	-
Committee Member	-	-	-

The current NED fee pool is A$450,000 per annum (set by shareholders at the 2016 AGM) and the total fees for FY20 including superannuation contributions were A$416,020 which is below the agreed limit.

NEDs are also entitled to be reimbursed for all travel and other expenses reasonably incurred in attending to Cogstate's affairs. In order to maintain independence, NEDs are not eligible for any performance-based payments.

NED shareholding policy

The Board recognises the importance of aligning NED interests with the long-term interests of shareholders and considers that an investment in Cogstate shares demonstrates this alignment. All Cogstate NEDs hold an equity interest in Cogstate, the details of which are spelt out in this Remuneration Report.

5. FY20 company performance

The following table shows key performance indicators for the Group over the last 5 years:

Consolidated	2020	2019	2018	2017	2016
(Loss)/profit for the year attributable to owners of Cogstate Ltd (US$'000)	(1,316)	(2,496)	(566)	(643)	1,921
Basic earnings/(loss) per share (cents)	(0.8)	(2.1)	(0.5)	(0.6)	1.7
Dividend payments (cents)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Increase/(decrease) in share price (cents)	0.17	(0.57)	(0.38)	0.36	0.57
Increase/(decrease) in share price (%)	84.6%	(74.3%)	(33.3%)	46.2%	271.4%
Total KMP Incentives as percentage of (loss)/ profit for the year (%)	(71.4%)	(17.5%)	(130.2%)	(94.3%)	39.8%

The above table illustrates the link between Cogstate Limited's (loss)/profit after tax and payments made under the STI plan. The relationship between the two will differ from year to year, since STI awards are made on an assessment of both financial and non-financial criteria.

6. Senior Executive remuneration in detail

6.1 Received remuneration

	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS		SHARE-BASED PAYMENTS	
2020 Name	**Cash salary and fees US$**	**Cash bonus* US$**	**Non-monetary benefits US$**	**Superannuation US$**	**Long service leave US$**	**Termination Benefits US$**	**Options US$**	**Total US$**
Non-executive directors								
M Myer	67,659	-	-	6,428	-	-	5,228	79,315
R van den Broek	50,719	-	-	-	-	-	2,614	53,333
D Dolby	50,719	-	-	-	-	-	2,614	53,333
R Mohs	50,719	-	-	-	-	-	-	50,719
J McAloon[1]	17,757	-	-	1,687	-	-	-	19,444
I Player[2]	43,307	-	-	4,114	-	-	-	47,421
Sub-total non-executive directors	**280,880**	**-**	**-**	**12,229**	**-**	**-**	**10,456**	**303,565**
Executive director								
B O'Connor	371,439	462,500	28,930	14,261	7,897	-	45,663	930,690
Other key management personnel (Group)								
P Maruff[3]	260,271	186,309	11,713	14,261	4,352	-	29,792	506,698
K Billard[4]	208,654	216,753	-	6,731	-	-	9,099	441,237
J Glueck[5]	85,577	22,351	-	2,567	-	-	1,618	112,113
L Albers[6]	164,194	51,822^	-	1,932	-	27,073	-	245,021
R Gleeson[7]	161,154	-	-	5,608	-	-	-	166,762
Total key management personnel compensation (group)	**1,532,169**	**939,735**	**40,643**	**57,589**	**12,249**	**27,073**	**96,628**	**2,706,086**

** Bonuses are accrued at 30 June and paid in the following financial year*

[1] J McAloon retired effective 21 October 2019

[2] I Player appointed director effective 29 August 2019

[3] Employee was paid in $AU and payment was converted to US$ at spot rate at the time of the payment

[4] K Billard commenced employment effective 18 November 2019

[5] J Glueck commenced employment effective 18 February 2020

[6] L Albers ceased employment effective 25 October 2019

[7] R Gleeson ceased employment effective 15 January 2020

^ This is not a cash bonus, but rather a commission payment based upon actual sales contracts executed

2019 Name	SHORT-TERM EMPLOYEE BENEFITS Cash salary and fees US$	Cash bonus* US$	Non-monetary benefits US$	POST-EMPLOYMENT BENEFITS Superannuation US$	LONG-TERM BENEFITS Long service leave US$	Termination Benefits US$	SHARE-BASED PAYMENTS Options US$	Total US$
Non-executive directors								
M Myer	71,811	-	-	6,822	-	-	22,881	101,514
R van den Broek	52,982	-	-	-	-	-	11,803	64,785
D Dolby	52,982	-	-	-	-	-	12,166	65,148
R Mohs	52,982	-	-	-	-	-	-	52,982
J McAloon[1]	55,490	-	-	5,272	-	-	-	60,762
Sub-total non-executive directors	**286,247**	**-**	**-**	**12,094**	**-**	**-**	**46,850**	**345,191**
Executive director								
B O'Connor	367,763	150,000	26,089	14,680	10,707	-	85,803	655,042
Other key management personnel (Group)								
P Maruff[2]	274,429	63,676	12,432	14,677	9,669	-	41,695	416,578
L Albers[3]	351,818	170,720^	-	6,467	-	-	55,379	584,384
R Gleeson[4]	279,615	53,466	-	6,402	-	-	51,858	391,341
F Cheng[5]	167,760	-	-	3,692	-	174,243	-	345,695
Total key management personnel compensation (group)	**1,727,632**	**437,862**	**38,521**	**58,012**	**20,376**	**174,243**	**281,585**	**2,738,231**

** Bonuses are accrued at 30 June and paid in July of the following financial year*

[1] J McAloon retired effective 21 October 2019

[2] Employee was paid in $AU and payment was converted to US$ at spot rate at the time of the payment

[3] L Albers ceased employment effective 25 October 2019

[4] R Gleeson ceased employment effective 15 January 2020

[5] F Cheng ceased employment effective 31 December 2018

^ This is not a cash bonus, but rather a commission payment based upon actual sales contracts executed

7. Fixed Remuneration

Fixed Remuneration is made up of cash salary, superannuation and other approved benefits and is reviewed annually to assess its alignment to individual performance and market practice.

8. Short Term Incentive (STI)

8.1 STI Policy

PURPOSE	The objective of the STI is to link achievement of the company's strategic priorities and operational targets with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long term impact on the company's success.
PERFORMANCE PERIOD	Targets were set at the commencement of FY20 and assessed at the end of the financial year, based on the Company's audited annual results and individual performance against non-financial targets.
PERFORMANCE CONDITIONS	For FY20, all STI targets for Senior Executives were aligned with the strategic goals across the group. The composition of these targets is set out below for eligible STI participants in FY20.

Targets and Weightings (as a percentage of STI opportunity for target performance)

Senior Executive	Position	Profit before tax	Divisional Financial Measure(s)	Non-Financial Measures
Brad O'Connor	CEO	25%	54%	21%
Paul Maruff	Chief Science Officer	33%	17%	50%
Ken Billard	Chief Commercial Officer	33%	67%	0%
John Glueck	General Counsel	33%	0%	67%

Profit before tax is the statutory result. All executives at Cogstate work towards the same Profit before tax goal.

Divisional financial measures comprise specific financial targets, at either a segment or Group level, that are specific to the individual executive and his or her area of expertise and control. Examples of divisional financial measures include:

- Securing capital funding;
- Achievement of Clinical Trials sales targets; and
- Achievement of segment profit contribution targets.

Non-financial measures comprise specific targets and goals that are both strategic for the company and specific to the individual executive and his or her area of expertise and control. Examples of such non-financial measures include:

- Development of new technology platforms and/or new forms of assessment that are relevant for continued expansion of the Company's business.
- Conduct of scientific activity, such as publication of peer reviewed data, that supports use of Cogstate assessments or systems in commercial environments.
- Establishment of new sales channels.
- Implementation of operational efficiency measures or system updates; or
- Other divisional specific goals considered strategic to the business.

All of these are areas which are aligned with Cogstate's strategic goals and are key to positive outcomes for Cogstate and its stakeholders.

Performance against targets is assessed by the Board based on the Company's annual audited results and financial statements. The methods adopted to assess performance have been chosen as the Board believes they are the most appropriate way to assess the true financial performance of the company and determine remuneration outcomes.

TREATMENT ON CESSATION	On cessation of employment, Senior Executives are not entitled to any unpaid STI, other than where the Senior Executive resigns for illness or other approved reasons, or where employment is terminated due to redundancy. In such cases, the Senior Executive, subject to Board discretion, may receive a pro-rata STI award based on performance over the period of the year that they were employed.

8.2 STI awards for FY20

8.2.1 Details of FY20 STI outcomes for Senior Executives

STI awards for Senior Executives ranged between threshold and target opportunity, reflecting relative achievement of financial and non-financial metrics.

The table below summarises the STI outcomes for each scorecard measure for eligible FY20 participants.

				PERCENTAGE OF MAXIMUM STI	
Senior Executives	**Profit Before Tax**	**Divisional Financial Measures**	**Non- Financial Measures**	**% Awarded**	**% Not awarded**
Brad O'Connor *CEO*	🟣	🟣	🔵	77%	23%
Paul Maruff *Chief Science Officer*	🟣	🔵	🔵	87%	13%
Ken Billard *Chief Commercial Officer*	n/a	🔵	n/a	100%	0%
John Glueck *General Council*	🟣	n/a	🟣	70%	30%

Key 🔵 At target 🟣 Between threshold & target

8.3 Long Term Incentive (LTI)

8.3.1 LTI Policy FY20

PURPOSE	The LTI is designed to align the interests of Senior Executives with the interests of shareholders by providing the opportunity for participants to receive an equity interest in Cogstate through the granting of options via the Employee Option Plan. Growth remains a key aspect of Cogstate's strategic plan and it is appropriate that Senior Executives be incentivised to achieve targets which demonstrate sustainable growth. LTI grants are not made each year but are made as considered appropriate to attract new executives as well as provide both incentive and retention for existing executives.
PARTICIPATION	Select Senior Executives were granted options under the LTI in FY20. The decision to award a grant of options was based upon the balance of LTI for those individuals at the beginning of the year.
VEHICLE AND ALLOCATION METHODOLOGY	Options are issued for nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at the specified exercise price. One third of the options may be exercised after two years. The remaining two thirds can be exercised after the following year. Options may also have performance hurdles that must be met prior to vesting; the grant of options to both the CEO and Chief Commercial Officer during FY20 included such performance hurdles. Since June 2009 options issued expire after five years. Options are calculated at fair value using a binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. For further details relating to the options, refer to Note 29. Each option holder does not carry any voting or dividend entitlements.
PERFORMANCE CRITERIA	In respect of LTI issued during the 2020 financial year, the vesting criteria for LTI issued is outlined below: The CEO LTI was broken into two tranches. Vesting of the first tranche of 500,000 options is subject to the Company executing $30 million in Clinical Trials sales contracts in FY21 (67% growth from FY19 actual performance). Vesting of the second tranche of 500,000 options is subject to the Company a positive result in its earnings before interest, tax, depreciation, and amortization in respect of FY21. LTI issued to the Chief Commercial Officer was broken into four tranches and vesting is subject to the company achieving certain targets for Clinical Trials sales contracts for the years FY21-FY23. The targets range from $35 million to $50 million of Clinical Trials sales per annum. LTI issued to the General Counsel and Senior Vice-President Clinical Science during the 2020 financial year did not have performance conditions attached.

TREATMENT ON CESSATION	Where a participant ceases employment for cause or due to resignation (other than due to death, ill health, or disability) all unvested Employee Share Options will automatically lapse. In all other circumstances, the Employee Share Options will remain on foot and subject to the original performance conditions, as if the participant had not ceased employment. However, pursuant to the ESOP Rules, the Board retains absolute discretion to determine to vest or lapse some or all Employee Share Options in all circumstances.
CHANGE OF CONTROL	Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the Employee Share Options. Where only some of the Employee Share Options are vested on a change of control, the remainder of the Employee Share Options will immediately lapse.

8.3.2 LTI under the Employee Share Option Plan granted in FY20

Senior Executive	Position	Number of Options Granted	Grant Date	Exercise price per option (A$)	Share price on Grant Date (A$)
Brad O'Connor	CEO	1,000,000	21 October 2019	0.34	0.30
Ken Billard	Chief Commercial Officer	1,500,000	31 January 2020	0.46	0.46
John Glueck	General Counsel	250,000	30 April 2020	0.38	0.35
Chris Edgar	Senior Vice President Clinical Science	50,000	30 April 2020	0.32	0.35

The relative proportions of remuneration that are linked to performance are as follows:

	STI		LTI*	
Consolidated	**2020**	**2019**	**2020**	**2019**
Non-Executive Directors of Cogstate Limited				
Martyn Myer	0.00%	0.00%	6.59%	22.54%
Richard Van Den Broek	0.00%	0.00%	4.90%	18.22%
David Dolby	0.00%	0.00%	4.90%	18.67%
Richard Mohs	0.00%	0.00%	0.00%	0.00%
Jane McAloon[1]	0.00%	0.00%	0.00%	0.00%
Ingrid Player	0.00%	0.00%	0.00%	0.00%
Executive Director of Cogstate Limited				
Brad O'Connor	49.69%	22.90%	4.91%	13.10%
Key Management Personnel				
Paul Maruff	36.77%	15.29%	5.88%	10.01%
Ken Billard[2]	49.12%	0.00%	2.06%	0.00%
John Glueck[3]	19.94%	0.00%	1.44%	0.00%
Lammert Albers[4]	21.15%	29.21%	0.00%	9.48%
Rich Gleeson[5]	0.00%	13.66%	0.00%	13.25%

** Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year*

[1] Jane McAloon retired effective 21 October 2019

[2] Ken Billard commenced employment effective 18 November 2019

[3] John Glueck commenced employment effective 18 February 2020

[4] Lammert Albers ceased employment effective 25 October 2019

[5] Rich Gleeson ceased employment effective 15 January 2020

9. Executive service agreements

9.1 Key terms of executive service agreement for Brad O'Connor (CEO)

DURATION	ONGOING
Periods of notice required to terminate	Either party may terminate the contract by providing twelve months written notice. The Company may terminate the contract immediately upon the event of certain specified acts or omissions by Mr O'Connor.
Termination payments	May not exceed the maximum amount which the Company is permitted to pay the CEO under the *Corporations Act*. STI is not payable where the CEO has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause. Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised by Mr. O'Connor within a 30-day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.

9.2 Key terms of executive service agreement for other Senior Executives

DURATION	ONGOING
Periods of notice required to terminate	Other Senior Executives have 1-6-month notice periods (other than where employment is terminated for serious misconduct, in which case no notice is required). Payment in lieu of all or a portion of the notice period may be made at the Company's discretion.
Termination payments	May not exceed the maximum amount which the Company is permitted to pay the Senior Executive under the *Corporations Act*. STI is not payable where the Senior Executive has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause. Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised within a 30-day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.

The *Corporations Act* restricts the termination benefits that can be provided to KMP on cessation of their employment unless shareholder approval is obtained.

10. Statutory remuneration disclosures

10.1 Movements in Employee Share Options held by Senior Executives

Options granted to Non-Executive Directors, Executive Directors and Key Management Personnel during the year are detailed in the below table:

FY2020	Granted number	Grant date	Fair value per option grant date	Exercise price per share A$	Final vesting date	First exercise date	Last exercise date	Value of option granted during the year US$	Value of option exercised during the year US$*	Value of option lapsed during the year US$	Amount paid for option exercised#
Non- Executive Directors of Cogstate Limited											
M Myer	-	-	-	-	-	-	-	-	-	-	-
R van den Broek	-	-	-	-	-	-	-	-	-	-	-
D Dolby	-	-	-	-	-	-	-	-	2,529	-	6,740
R Mohs	-	-	-	-	-	-	-	-	-	-	-
J McAloon[1]	-	-	-	-	-	-	-	-	-	-	-
I Player[2]	-	-	-	-	-	-	-	-	-	-	-
Executive Directors of Cogstate Limited											
B O'Connor	1,000,000	21/10/19	0.30	0.34	21/10/22	21/10/21	21/10/24	-	90,136	-	231,000
Key Management Personnel											
P Maruff	-	-	-	-	-	-	-	-	-	-	-
K Billard[3]	1,500,000	31/1/20	0.46	0.46	31/8/23	31/8/22	31/1/25	9,099	-	-	-
J Glueck[4]	250,000	30/4/20	0.35	0.38	31/8/23	31/8/22	30/4/25	1,618	-	-	-
L Albers[5]	-	-	-	-	-	-	-	-	7,889	152,382	18,409
R Gleeson[6]	-	-	-	-	-	-	-	-	-	291,314	-

** The value of options (at the exercise date) granted as part of remuneration that were exercised during the year has been determined as the intrinsic value of the options at that date (being the difference between the exercise price and the underlying share price at date of exercise)*

 # No amounts remain unpaid on options exercised during the year

[1] J McAloon retired effective 21 October 2019

[2] I Player appointed director effective 29 August 2019

[3] K Billard commenced employment effective 18 November 2019

[4] J Glueck commenced employment effective 18 February 2020

[5] L Albers ceased employment effective 25 October 2019

[6] R Gleeson ceased employment effective 15 January 2020

10.2 Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Consolidated 2020 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	200,000	-	-	-	200,000	200,000	-
R van den Broek	150,000	-	-	-	150,000	150,000	-
D Dolby	200,000	-	(50,000)	-	150,000	150,000	-
B O'Connor#	2,425,000	1,000,000	(1,150,000)	-	2,275,000	1,025,000	1,250,000
Total	**2,975,000**	**1,000,000**	**(1,200,000)**	**-**	**2,775,000**	**1,525,000**	**1,250,000**
Other key management personnel of the Group							
P Maruff	650,000	-	-	-	650,000	250,000	400,000
K Billard[1]	-	1,500,000	-	-	1,500,000	-	1,500,000
J Glueck[2]	-	250,000	-	-	250,000	-	250,000
L Albers[3]	878,572	-	(128,572)	(750,000)	-	-	-
R Gleeson[4]	650,000	-	-	(650,000)	-	-	-
Total	**2,178,572**	**1,750,000**	**(128,572)**	**(1,400,000)**	**2,400,000**	**250,000**	**2,150,000**

 # Holding includes related parties

[1] Ken Billard commenced employment effective 18 November 2019

[2] John Glueck commenced employment effective 18 February 2020

[3] L Albers ceased employment effective 25 October 2019

[4] R Gleeson ceased employment effective 15 January 2020

All vested options are exercisable at the end of the year.

Consolidated 2019 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	445,000	-	(245,000)	-	200,000	66,667	133,333
R van den Broek	200,000	-	(50,000)	-	150,000	83,333	66,667
D Dolby	200,000	-	-	-	200,000	133,333	66,667
B O'Connor#	2,425,000	1,250,000	(250,000)	(1,000,000)	2,425,000	1,491,667	933,333
Total	**3,270,000**	**1,250,000**	**(545,000)**	**(1,000,000)**	**2,975,000**	**1,775,000**	**1,200,000**
Other key management personnel of the Group							
P Maruff	2,210,000	400,000	(1,960,000)	-	650,000	83,333	566,667
L Albers[1]	1,500,000	250,000	(871,428)	-	878,572	416,667	461,905
R Gleeson[2]	250,000	400,000	-	-	650,000	83,333	566,667
F Cheng[3]	1,680,000	-	-	(1,680,000)	-	-	-
Total	**5,640,000**	**1,050,000**	**(2,831,428)**	**(1,680,000)**	**2,178,572**	**583,333**	**1,595,239**

 # Holding includes related parties

[1] L Albers ceased employment effective 25 October 2019

[2] R Gleeson ceased employment effective 15 January 2020

[3] F Cheng ceased employment effective 31 December 2018

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Consolidated 2020 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	21,467,786	-	2,146,780	23,614,566
R van den Broek	3,935,000	-	373,500	4,308,500
D Dolby	21,391,389	50,000	4,291,413	25,732,802
R Mohs	55,000	-	-	55,000
J McAloon[1]	53,000	-	(53,000)	-
I Player[2]			134,098	134,098
B O'Connor[#]	4,889,183	1,150,000	(66,081)	5,973,102
Other key management personnel of the Group				
P Maruff	500,000	-	-	500,000
L Albers[3]	121,428	128,572	(250,000)	-

 # Holding includes related parties

[1] J McAloon retired effective 21 October 2019

[2] I Player appointed director effective 29 August 2019

[3] L Albers ceased employment effective 25 October 2019

Consolidated 2019 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	19,607,786	-	1,860,000	21,467,786
R van den Broek	3,885,000	-	50,000	3,935,000
D Dolby	19,776,389	-	1,615,000	21,391,389
R Mohs	30,000	-	25,000	55,000
J McAloon[1]	53,000	-	-	53,000
B O'Connor[#]	4,939,183	-	(50,000)	4,889,183
Other key management personnel of the Group				
P Maruff	500,000	-	-	500,000
L Albers[2]	-	121,428	-	121,428

 # Holding includes related parties.

[1] J McAloon retired effective 21 October 2019

[2] L Albers ceased employment effective 25 October 2019

Transactions and loans with KMP

In February 2019, the Company entered into an unsecured debt facility with the two entities, affiliated with Martyn Myer and David Dolby respectively. The facilities was never drawn down upon and were terminated in October 2019.

Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

End of audited remuneration report.

Rounding of amounts

In accordance with ASIC Corporations (Rounds in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

This report is made in accordance with a resolution of directors.

Martyn Myer AO, Chairman
Melbourne, 25 August 2020

Financial Report

Contents

These financial statements are the consolidated financial statements of the Group consisting of Cogstate Limited and its subsidiaries. A list of the major subsidiaries is included in Note 27. The financial statements are presented in US dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities exchange (ASX:CGS).

Its registered office is: Cogstate Limited, Level 2, 255 Bourke Street, Melbourne Vic 3000

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

The financial statements were authorised for issue by the directors on 25 August 2020.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 US$	2019 US$
Operations			
Revenue	5	23,686,608	21,834,374
Finance income	5	11,989	19,574
Total revenue	5	23,698,597	21,853,948
Cost of sales	6	(13,586,477)	(13,927,217)
Gross profit		**10,112,120**	**7,926,731**
Other income	7	68,710	272,277
Employee benefits expense	8	(6,159,812)	(6,237,505)
Depreciation & amortisation	9	(1,708,837)	(160,786)
Occupancy	9	(85,562)	(1,107,659)
Marketing		(163,709)	(246,236)
Professional fees		(888,235)	(1,003,747)
General administration		(2,184,301)	(2,510,829)
Net foreign exchange loss		(81,803)	(132,365)
Travel expenses		(522,535)	(566,658)
Finance expenses		(152,611)	(84,002)
Other (expenses)/income		(312,603)	60
Loss before income tax		**(2,079,178)**	**(3,850,719)**
Income tax benefit	10	763,382	1,354,952
Loss from continuing operations		**(1,315,796)**	**(2,495,767)**
Loss for the year		**(1,315,796)**	**(2,495,767)**
Total comprehensive loss		**(1,315,796)**	**(2,495,767)**
Loss is attributable to: Owners of Cogstate Limited		(1,315,796)	(2,495,767)
Total comprehensive loss for the year is attributable to: Owners of Cogstate Limited		(1,315,796)	(2,495,767)
Total comprehensive loss for the year attributable to owners of Cogstate Limited arises from: Continuing operations		(1,315,796)	(2,495,767)

		Cents	Cents
Earnings per share from loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share	13(a)	(0.8)	(2.1)
Diluted loss per share	13(b)	(0.8)	(2.1)
Earnings per share from loss attributable to the ordinary equity holders of the Company			
Basic loss per share	13(a)	(0.8)	(2.1)
Diluted loss per share	13(b)	(0.8)	(2.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying Notes.

Consolidated statement of financial position

As at 30 June 2020

	Notes	2020 US$	2019 US$
ASSETS			
Current assets			
Cash and cash equivalents (excluding bank overdrafts)	14	10,330,777	3,216,017
Trade and other receivables	15	4,279,881	4,275,591
Other current assets	16	1,494,782	1,774,884
Total current assets		**16,105,440**	**9,266,492**
Non-current assets			
Property, plant and equipment	17	1,270,833	1,344,666
Intangible assets	18	6,945,603	4,942,842
Lease assets	19	2,344,086	-
Deferred tax assets	11	4,977,570	3,685,167
Total non-current assets		**15,538,092**	**9,972,675**
Total assets		**31,643,532**	**19,239,167**
LIABILITIES			
Current liabilities			
Trade and other payables	20	7,927,106	6,484,410
Short-term borrowings	21	2,532,712	504,975
Provisions	22	1,900,093	1,796,765
Lease liabilities	19	775,326	-
Total current liabilities		**13,135,237**	**8,786,150**
Non-current liabilities			
Provisions	22	4,943	23,348
Lease liabilities	19	1,744,271	-
Deferred tax liabilities	12	630,562	317,092
Total non-current liabilities		**2,379,776**	**340,440**
Total liabilities		**15,515,013**	**9,126,590**
Net assets		**16,128,519**	**10,112,577**
EQUITY			
Share capital	23	33,038,228	25,341,756
Other reserves	24	(1,304,460)	(1,048,462)
Accumulated losses		(15,605,249)	(14,180,717)
Capital and reserves attributable to owners of Cogstate Limited		**16,128,519**	**10,112,577**
Total equity		**16,128,519**	**10,112,577**

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Notes	Contributed equity US$	Share based payments reserve US$	Foreign currency translation reserve US$	Retained earnings US$	Total equity US$
		ATTRIBUTABLE TO OWNERS OF COGSTATE LIMITED				
Balance as at 1 July 2018		24,163,398	2,151,020	(2,944,799)	(11,684,950)	11,684,669
Loss for the year		-	-	-	(2,495,767)	(2,495,767)
Total comprehensive loss for the year		**-**	**-**	**-**	**(2,495,767)**	**(2,495,767)**
Transactions with owners in their capacity as owners						
Issue of capital		-	-	-	-	-
Exchange differences		-	18,024	-	-	18,024
Transfer to share capital on exercise of options	23(b)	323,678	(323,678)	-	-	-
Exercise of options	23(b)	854,680	-	-	-	854,680
Cost of share-based payment	24(a)	-	50,975	-	-	50,975
As at 30 June 2019		**25,341,756**	**1,896,341**	**(2,944,799)**	**(14,180,717)**	**10,112,581**
Balance as at 1 July 2019		25,341,756	1,896,341	(2,944,799)	(14,180,717)	10,112,581
Adjustment on change of accounting policy		-	-	-	(108,736)	(108,736)
Restated opening balance		**25,341,756**	**1,896,341**	**(2,944,799)**	**(14,289,453)**	**10,003,845**
Loss for the year		-	-	-	(1,315,796)	(1,315,796)
Total comprehensive loss for the year		**-**	**-**	**-**	**(1,315,796)**	**(1,315,796)**
Transactions with owners in their capacity as owners						
Issue of capital	23(b)	7,460,805	-	-	-	7,460,805
Exchange differences		-	-	-	-	-
Transfer to share capital on exercise of options	23(b)	138,336	(138,336)	-	-	-
Exercise of options	23(b)	229,950	-	-	-	229,950
Cost of share-based payment	24(a)	-	(117,666)	-	-	(117,666)
Cost of issue of shares	23(b)	(132,619)	-	-	-	(132,619)
As at 30 June 2020		**33,038,228**	**1,640,339**	**(2,944,799)**	**(15,605,249)**	**16,128,519**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows

For the year ended 30 June 2020

	Notes	2020 US$	2019 US$
Cash flows from operating activities			
Receipts from customers		29,229,189	28,087,353
Payments to suppliers and employees		(28,459,023)	(28,420,652)
Finance costs		(74,351)	-
Government grants and tax incentives		34,396	-
Other income		-	272,277
Net cash flows from operating activities	**26**	**730,211**	**(61,022)**
Cash flows from investing activities			
Grant funds received (non-government)		726,667	-
Purchase of property, plant & equipment	17	(510,099)	(515,383)
Payment for capitalised software development costs	18	(2,626,409)	(1,924,656)
Draw-down/(repayment) of short-term borrowings		(433,394)	433,394
Interest received		14,969	62,700
Net cash flows used in investing activities		**(2,828,266)**	**(1,943,945)**
Cash flows from financing activities			
Proceeds from issue of shares	23(b)	7,690,755	854,680
Proceeds from borrowings (US PPP loan)	21	2,444,200	-
Principal portion of lease payments		(789,521)	-
Transaction costs of issue of shares	23(b)	(132,619)	-
Net cash flows from financing activities		**9,212,815**	**854,680**
Net increase/(decrease) in cash and cash equivalents		**7,114,760**	**(1,150,287)**
Cash and cash equivalents at beginning of period		3,216,017	4,366,304
Cash and cash equivalents at end of year	**14**	**10,330,777**	**3,216,017**

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Cogstate Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Cogstate Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases.

AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the rightof-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is property, plant or equipment, the applies the revaluation model in AASB 116 Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $3,107,984 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $3,300,751. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities is 3%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

	US$
Aggregate non-cancellable operating lease commitments at 30 June 2019	3,536,994
Less: impact of discounting lease payments to their present value at 1 July 2019	(236,243)
Carrying amount of lease liabilities recognised at 1 July 2019	**3,300,751**

The difference between the lease assets and lease liabilities has been recognised in opening retained earnings at transition and adjusted for tax.

Further details of the Group's accounting policy for leases are stated at note 1(f).

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2019.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by revaluations to fair value for certain classes of assets as described in the accounting policies, and derivative financial instruments, which have been measured at fair value.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established.

(c) Foreign currency translation

(i) Transactions and balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

(d) Revenue

The group derives revenue from the sale of licenced software and cognitive testing services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

Revenue from the provision of licenced software

The group provides licenced software to Clinical Trials, Healthcare & Research customers, comprising access to the software.

Revenue is recognised at a point in time when the licenced software is released to the customer, as risks and rewards of ownership are considered passed to the buyer at this point. As such, no right to a refund exists.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Revenue from the provision of cognitive testing services

The group's Clinical Trials division provides cognitive testing services to customers in respect to project management, data management, scientific consulting, statistical analysis, scales procurement, rater training and monitoring solutions. Revenue is recognised over time as the services are provided to the customer.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract assets

A contract asset represents the group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities

A contract liability represents the group's obligation to transfer goods or services to the customer for which the group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the group transfers the contracted goods or services to the customer.

Grant income

Grant income, received from ADDF to develop a well-established memory test, called the International Shopping List Test (ISLT), for use on smartphones and tablets, shall be recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

Royalty income

The entitlement to a sales-based royalty in exchange for a licence of intellectual property is recognised as revenue as, or when, the subsequent sale occurs, or the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied), whichever event is the later to occur.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amounts of goods and services tax (GST).

(e) Income tax

Current income tax expense or benefit is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cogstate Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set out in the consolidated financial statements.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(g) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 18 for further information.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(h) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits and short-term deposits with an original maturity of three months or less held at call with financial institutions.

Short term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30-90 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Loans to related parties

Loans to related parties are debt instruments, and are classified (and measured) at amortised cost on the basis that:

(a) they are held within a business model whose objective is achieved by the group holding the financial asset to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers and contract assets.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. The 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

(j) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

- Office Equipment 3 - 15 years
- Computer Equipment 1 - 5 years
- Leasehold Improvements 5 -10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

(i) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets include acquired intellectual property rights over key business technologies and processes. These intangible assets relating to the Clinical Trials business unit have been determined to have indefinite useful lives and the cost model is utilised for their measurement. These technologies form the basis of the Cogstate business and this fact has allowed the Group to determine that these assets have an indefinite useful life.

Software development costs

Costs incurred in developing software are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised costs of the software database platform is amortised over a useful life of 9 years which is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(ii) Research and development

Expenditure on research activities is recognised as an expense as incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives, which range from 3 to 5 years. Amortisation commences when the asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liabilities are settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

(iii) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of equity-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- The Non-Executive Director Share Option Plan (NEDOP), which provides benefits to directors. Previously non-executive directors, with the approval of shareholders, have been issued equity in the form of options under the non-executive director option plan, but this practice has ceased.
- The Employee Share Option Plan (ESOP), which provides benefits to senior executives and employees.
- Information relating to these schemes is set out in Note 29.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 29.

In valuing equity-settled transactions, the Board has the option to impose additional vesting criteria, in the form of performance hurdles that must be met before an option will vest; as well as no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cogstate Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of

(i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

(iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 13).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis except for the GST component of investing or financing activities which are presented as operating cash flows.

(o) Government Grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(p) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(q) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

(r) Going Concern Assumption

The 2020 financial statements have been prepared on a going concern basis. The going concern assumption continues to apply to the Group as at 30 June 2020 despite the current year loss after tax result. This is based on the Group continuing to be in a positive net asset position and continuing to carry significant cash reserves that enable the Group to meet its debts as and when they fall due.

(s) Accounting standards issued by not yet effective

AASB 2018-7: Amendments to Australian Accounting Standards – Definition of Material

AASB 2018-7 principally amends AASB 101: Presentation of Financial Statements and AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

AASB 2018-7 mandatorily applies to annual reporting periods commencing on or after 1 January 2020, and will be first applied by the Group in the financial year commencing 1 July 2020.

This accounting standard is not expected to have a material impact on the financial statements of the Group.

2 Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit, Risk & Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

	2020 US$	2019 US$
Financial assets		
Cash and cash equivalents	10,330,777	3,216,017
Trade and other receivables	4,279,881	4,275,591
	14,610,658	**7,491,608**
Financial liabilities		
Trade and other payables	7,927,106	6,350,371
Short term borrowings	2,532,712	504,975
Lease liabilities	2,519,597	-
	12,979,415	**6,855,346**

(a) Market risk

(i) Foreign exchange risk

99.9% of the Group's sales are denominated in the functional currency, whilst approximately 80% of costs are denominated in the Group's functional currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in USD, was as follows:

	30 June 2020 US$	30 June 2019 US$
Cash and cash equivalents	785,806	1,303,521
Trade receivables	174,336	234,239
Trade payables	(131,081)	(72,105)
Provisions	(39,541)	(911,076)
Income tax	-	(759)
Net exposure	**789,520**	**553,820**

Sensitivity

At 30 June 2020, had the US Dollar moved, as illustrated in the table below, with all other variables held constant and based on a base rate of US$1.00 = $A1.4558 and US$1.00 = EUR0.8890 and US$1.00 = $CAD1.3667, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT/(LOSS)		EQUITY	
	Higher/(lower) 2020 US$	Higher/(lower) 2019 US$	Higher/(lower) 2020 US$	Higher/(lower) 2019 US$
USD:AUD+10%	(402,665)	(489,987)	(402,665)	(489,987)
USD:EUR+10%	(3,821)	(5,459)	(3,821)	(5,459)
USD:CAD+10%	(11,663)	(1,871)	(11,663)	(1,871)
TOTAL	**(418,149)**	**(497,317)**	**(418,149)**	**(497,317)**
USD:AUD-10%	402,665	489,987	402,665	489,987
USD:EUR-10%	3,821	5,459	3,821	5,459
USD:CAD-10%	11,663	1,871	11,663	1,871
TOTAL	**418,149**	**497,317**	**418,149**	**497,317**

Note: 2019 has been restated to reflect the sensitivity movement compared to the balance restatement reported in the FY2019 Annual Report.

Management believes that the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash on hand and short term deposits which are subject to varying interest rates.

At balance date the Group had the following mix of financial assets exposed to Australian variable interest rate risk shown in USD.

	30 June 2020 US$	30 June 2019 US$
Cash at bank and on hand	306,928	135,486
Short term deposits	91,824	959,474
Short term borrowing	(2,532,712)	(504,975)
Lease liabilities	(2,519,597)	-
Net exposure	(4,653,557)	589,985

Sensitivity

If interest rates were to increase/decrease by 1%/(0.5%) from rates used for the entire year, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	POST TAX PROFIT/(LOSS)		EQUITY	
	Higher 2020 US$	(Lower) 2019 US$	Higher 2020 US$	(Lower) 2019 US$
Increase 1%	(46,536)	5,900	(46,536)	5,900
Decrease 0.5%	23,268	(2,950)	23,268	(2,950)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash, short term deposits, and trade receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of major Australian and US financial institutions to minimise the risk of default of counterparties.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(c) Liquidity risk

All financial liabilities are able to be settled as and when they fall due. The following table outlines the group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months US$	Total contractual cash flows US$	Carrying amount US$
30 June 2020			
Payables	6,822,842	6,822,842	6,822,842
Insurance premium funding	88,512	88,512	88,512
Lease liabilities	2,519,597	2,519,597	2,519,597
US PPP Loan	2,444,200	2,444,200	2,444,200
	11,875,151	**11,875,151**	**11,875,151**
30 June 2019			
Payables	5,298,120	5,298,120	5,298,120
Trade finance facility	433,394	433,394	433,394
Insurance premium funding	71,581	71,581	71,581
	5,803,095	**5,803,095**	**5,803,095**

(d) Fair value measurements

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and Notes to the financial statements.

3 Critical accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses in Australia and the United States as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. No tax losses have been recognised as deferred tax assets from losses incurred in Canada and Spain.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Impairment of intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment loss was recognised during the current year. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 18.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, with the assumptions detailed in Note 29. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. For options with performance based hurdles, probabilities have been assessed at 30 June as to whether the hurdles will be met by the option vesting dates.

Long service leave provision

As discussed in Note 1(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 17.

4 Segment information

(a) Description of segments

Identification of reportable segments

The Group has four reportable segments as described below.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the market the services are provided in (i.e. cognitive testing in clinical trials, cognitive assessment in academic research and cognitive assessment in healthcare). Discrete financial information is reported to the executive management team on at least a monthly basis, as these are the source of the Group's major risks and have the most effect on the rates of return.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Depreciation expense
- Other income
- Administration costs

Types of services

Cogstate's first operating segment is cognitive testing in clinical trials. In this market, Cogstate's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials primarily conducted by pharmaceutical, and biotechnology companies.

The second operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians and/or hospitals to assess cognitive decline.

The third identified segment is provision of technology and associated services to academic researchers.

The fourth identified segment is the administration costs of the business that do not relate to a specific segment.

Although sales in each market are conducted in different geographic regions, none have been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

(b) Segment information

The following table presents revenue and profit/(loss) information regarding the segments of clinical trials, healthcare and research markets for the years ended year ended 30 June 2020 and 30 June 2019.

2020	Clinical Trials US$	Healthcare US$	Research US$	Administration US$	Total US$
Sales to external customers	21,075,922	2,350,910	259,776	-	23,686,608
Cost of sales	(12,235,674)	(114,718)	(936,718)	-	(13,287,110)
Direct depreciation	(299,367)	-	-	-	(299,367)
Segment gross profit	**8,540,881**	**2,236,192**	**(676,942)**	**-**	**10,100,131**
Interest revenue	-	-	-	11,989	11,989
Gross comprehensive income	**8,540,881**	**2,236,192**	**(676,942)**	**11,989**	**10,112,120**
Operating profit	8,540,881	2,236,192	(676,942)	(10,305,783)	(205,653)
Depreciation	-	-	-	(1,708,837)	(1,708,837)
FX gain/(loss), realised and unrealised	-	-	-	(81,803)	(81,803)
Profit/(loss) on disposal of assets	-	-	-	1,015	1,015
Government grant income	-	-	-	68,710	68,710
Finance costs	-	-	-	(152,611)	(152,611)
Segment result	**8,540,881**	**2,236,192**	**(676,942)**	**(12,179,309)**	**(2,079,178)**

2019	Clinical Trials US$	Healthcare US$	Research US$	Administration US$	Total US$
Sales to external customers	21,353,341	296,384	184,649	-	21,834,374
Cost of sales	(11,663,427)	(1,731)	(10,736)	-	(11,675,894)
Direct depreciation	(334,653)	-	-	-	(334,653)
Segment gross profit	**9,355,261**	**294,653**	**173,913**	**-**	**9,823,827**
Interest revenue	-	-	-	19,574	19,574
Gross comprehensive income	**9,355,261**	**294,653**	**173,913**	**19,574**	**9,843,401**
Operating profit	9,355,261	(809,892)	(638,211)	(11,653,061)	(3,745,903)
Depreciation	-	-	-	(160,786)	(160,786)
FX gain/(loss), realised and unrealised	-	-	-	(132,365)	(132,365)
Profit/(loss) on disposal of assets	-	-	-	60	60
Proceeds from sale of Axon Sports	-	-	-	267,277	267,277
Royalty income	-	-	-	5,000	5,000
Finance costs	-	-	-	(84,002)	(84,002)
Segment result	**9,355,261**	**(809,892)**	**(638,211)**	**(11,757,877)**	**(3,850,719)**

(c) Segment Revenue

Cogstate Ltd had one external customer whose respective contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. This customer and their respective contributions to total revenue included:

- Eli Lilly and Company $3.8m

In 2019, Cogstate Ltd had one external customer whose respective contribution to total Cogstate Ltd revenue exceeded 10%. This customer and their respective contributions to total revenue included:

- Eli Lilly and Company $4.3m

Consistent with the requirements of AASB 8, as the Chief Operating Decision Maker does not receive information regarding segment assets, no disclosure of segment assets has been provided.

5 Revenue

	2020 US$	2019 US$
Timing of revenue recognition		
At a point in time*		
Clinical Trials	4,831,326	3,808,582
Healthcare	2,350,910	296,384
Research	259,776	184,649
	7,442,012	**4,289,615**
Over time*		
Clinical Trials**	16,244,596	17,544,759
	16,244,596	**17,544,759**
Finance income	**11,989**	**19,574**
	23,698,597	**21,853,948**

** For a definition of point in time and over time, refer to Note 1(d).*

*** FY20 Clinical Trials revenue has been favourably impacted by a re-estimated prior year (FY19) Provision for Refund in June 2020. The re-estimated Provision for Refund has resulted in recognising revenue of $609,587 within FY20 (previously deferred in the Accrued Payables balance).*

	2020 US$	2019 US$
The aggregate amount of transaction prices (unrecognised revenue) allocated to remaining performance obligations, at the reporting date, is as follows:		
Clinical Trials (contracted future revenue)	39,437,244	20,330,220

6 Cost of sales

	2020 US$	2019 US$
Direct wages and salaries	(12,255,657)	(12,443,320)
Direct contractor	(604,263)	(689,396)
Direct depreciation	(299,367)	(334,653)
Other cost of sales	(427,190)	(459,848)
Total cost of sales	**(13,586,477)**	**(13,927,217)**

7 Other income

	2020 US$	2019 US$
Government income	68,710	-
Royalty revenue	-	5,000
Proceeds from sale of Axon Sports	-	267,277
	68,710	**272,277**

8 Employee benefit expense

	2020 US$	2019 US$
Indirect wages and salaries	(8,491,389)	(8,111,187)
Less capitalisation of software costs	2,213,911	1,924,657
Share based payment expense	117,666	(50,975)
Total employee benefits expense	**(6,159,812)**	**(6,237,505)**

9 Operating profit or loss

Depreciation and amortisation included in the profit or loss	2020 US$	2019 US$
Depreciation (direct)*	(299,367)	(334,653)
	(299,367)	**(334,653)**
Depreciation (indirect)	(267,391)	(160,786)
Depreciation (lease assets)	(817,798)	-
Amortisation (intangibles)	(623,648)	-
Total depreciation (indirect) and amortisation	**(1,708,837)**	**(160,786)**
Total depreciation and amortisation	**(2,008,204)**	**(495,439)**

**Depreciation (direct) on equipment used directly in the generation of revenue has been disclosed as part of Cost of Sales in Note 6.*

Occupancy	2020 US$	2019 US$
Rent	-	1,059,067
Rates	13,882	37,370
Electricity	71,680	11,222
	85,562	**1,107,659**

10 Income tax expense

(a) Income tax (benefit)/expense

	2020 US$	2019 US$
Current tax	376,413	119,841
Deferred tax	(946,100)	(1,451,099)
(Over)/under provision in prior years	(193,695)	(23,694)
	(763,382)	(1,354,952)
Income tax (benefit)/expense is attributable to:		
(Loss)/profit from continuing activities	(763,382)	(1,354,952)

(b) Reconciliation of income tax expense to prima facie tax (benefit)/expense

	2020 US$	2019 US$
Profit/(loss) from continuing operations before income tax expense	(2,079,178)	(3,850,719)
Prima Facie Tax at the Australian tax rate of 30.0% (2019 - 30.0%)	(623,753)	(1,155,216)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
R&D offset recognised	-	(172,925)
Differences in tax rates	(135,150)	(200,704)
Tax losses not recognised	40,310	21,990
(Over)/under provision in prior years	(193,695)	(23,694)
Income not assessable for income tax purposes	(20,608)	-
Non-deductible share based payments	(24,015)	34,661
Expenditure not deductible for income tax purposes (incl R&D)	193,529	140,936
	(763,382)	**(1,354,952)**

(c) Tax losses

	2020 US$	2019 US$
Unrecognised deferred tax asset on unused tax losses (cumulative)	504,335	464,025
Potential tax benefit of foreign losses (current year)	40,310	21,990
Unrecognised deferred tax asset for US R&D and CT credits	1,290,682	1,163,684

The benefit will only be obtained if:

(a) The Canadian and Spanish companies derive future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

(b) The Canadian and Spanish companies continue to comply with the conditions for deductibility imposed by law;

(c) No changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses; and

(d) The US R&D credits will become certain to be utilised before the expiration of the credits.

11 Non-current assets - Deferred tax assets

	2020 US$	2019 US$
Tax losses	3,271,761	2,223,936
R&D tax offsets	933,533	933,533
Employee benefits	523,312	466,234
Accrued expenses	756	20,889
Foreign exchange	153,660	40,575
Capital raising costs	31,901	-
Provision for doubtful debts	18,261	-
Lease assets and lease liabilities	44,386	-
	4,977,570	**3,685,167**

In Cogstate Ltd tax losses of US$3,271,761 are available for future use at 30 June 2020, an increase of US$1,047,825 from the balance of US$2,223,936 at 30 June 2019. The increase in the available tax losses within Cogstate Ltd represents tax losses that have been booked during the period.

In Cogstate Inc there are no tax losses available for future use at 30 June 2020. The balance of Cogstate Inc tax losses had been adjusted to reflect future state taxes and thereby, increasing the United States effective corporate income tax rate from 21% to 25% from 1 July 2020.

The deferred tax asset of US$ represents all available tax losses for use within Australian and the United States at the applicable tax rate.

Tax losses incurred in Canada and Spain have not yet been recognised as a deferred tax asset for future use.

12 Non-current liabilities - Deferred tax liabilities

	2020 US$	2019 US$
Accrued interest income	1,033	287
Foreign exchange	627,515	314,791
Intangible assets	2,014	2,014
	630,562	**317,092**

13 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	2020 US Cents	2019 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(0.8)	(2.1)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(0.8)	(2.1)

(b) Diluted earnings per share

	2020 US Cents	2019 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	(0.8)	(2.1)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(0.8)	(2.1)

(c) Reconciliation of earnings used in calculating earnings per share

	2020 US$	2019 US$
Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
Used in calculating basic earnings per share	(1,315,796)	(2,495,767)
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating diluted earnings per share	(1,315,796)	(2,495,767)

(d) Weighted average number of shares used as denominator

	2020 Number	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	159,364,244	118,116,274

(e) Information on the classification of securities

(i) Options

Options granted to employees under the Cogstate Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 29.

14 Current assets - Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank and in hand	10,138,953	2,156,545
Short-term deposits	191,824	1,059,472
Total cash and short term deposits	**10,330,777**	**3,216,017**

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

15 Current assets - Trade and other receivables

	2020 US$	2019 US$
Trade receivables	4,340,750	4,275,591
Provision for impairment of receivables	(60,869)	-
	4,279,881	**4,275,591**

Trade and other receivables ageing analysis at 30 June is:

	Gross 2020 US$	Gross 2019 US$
Not past due	4,153,144	3,872,702
Past due 30-59 days	96,786	170,570
Past due 60-89 days	83,227	2,323
Past due more than 90 days	7,593	229,996
	4,340,750	**4,275,591**
Provision for impairment of receivables	(60,869)	-
	4,279,881	**4,275,591**

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly-quarterly basis. Outstanding invoices are due for payment within 30-90 days of the invoice date.

Impairment of receivables from contracts with customers and other receivables

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

16 Current assets - Other current assets

	2020 US$	2019 US$
Accrued income	779,143	1,126,259
Prepayments	644,491	610,047
Other receivables	71,148	38,578
Total other assets	**1,494,782**	**1,774,884**

17 Non-current assets - Property, plant and equipment

	2020 US$	2019 US$
Property, plant and equipment		
Gross value	5,594,746	5,102,968
Accumulated depreciation	(4,323,913)	(3,758,302)
	1,270,833	**1,344,666**

	2020 US$	2019 US$
Property, plant and equipment		
Opening net book amount	1,344,666	1,429,778
Additions	510,099	515,383
Disposals	(17,174)	(105,056)
Depreciation charge	(566,758)	(495,439)
Closing net book amount	**1,270,833**	**1,344,666**

18 Non-current assets - Intangible assets

	2020 US$	2019 US$
Software development		
Database platform	5,968,150	4,308,930
ISLT smart-phone application	451,879	-
Software licence	216,676	325,014
Intellectual Property - Clinical Trials	308,898	308,898
	6,945,603	**4,942,842**

Year ended 30 June 2020	Software Development (Database Platform)* US$	Software Development (ISLT smart-phone application)** US$	Software Licence US$	Intellectual Property - Clinical Trials US$	Total US$
Opening net book amount	4,308,930	-	325,014	308,898	4,942,842
Amortisation	(515,310)	-	(108,338)	-	(623,648)
Capitalisation	2,174,530	451,879	-	-	2,626,409
Closing net book amount	5,968,150	451,879	216,676	308,898	6,945,603

Year ended 30 June 2019	Software Development (Database Platform)* US$	Software Development (ISLT smart-phone application)** US$	Software Licence US$	Intellectual Property - Clinical Trials US$	Total US$
Opening net book amount	2,384,274	-	325,014	308,898	3,018,186
Amortisation	-	-	-	-	-
Capitalisation	1,924,656	-	-	-	1,924,656
Closing net book amount	4,308,930	-	325,014	308,898	4,942,842

*** Software includes capitalised development costs being an internally generated intangible asset (database platform infrastructure)**

Cogstate has been developing a new database platform infrastructure for use within the clinical trials segment. The new platform will replace a custom-built infrastructure that was launched in 2006. Following internal review, it was determined that the existing infrastructure was inefficient to maintain and did not provide necessary functionality for Cogstate's future commercial plans.

From the new platform, Cogstate will launch the various cognitive tests, process raw data and produce necessary reports. The platform will incorporate a commercial electronic data capture (EDC) system to store and manage both cognitive test outcomes as well as other clinical outcomes collected as part of Cogstate's current service offering.

As part of the new development, it has been necessary to develop a custom-built integration layer to synchronise data between the commercial EDC system and Cogstate's proprietary computerised cognitive assessments.

The platform will provide operational efficiency through better and easier management and reporting of data. The platform will also provide Cogstate a more scalable and flexible system from which Cogstate will be able to incorporate other technologies and/or assessment modalities that, in the future, may be complementary to Cogstate's commercial solutions.

The platform is being built in stages and once stages are complete, the completed stages will be released to customers. In FY20, the first 6 stages of the platform have been released to customer and since the release date, the capitalised costs have been amortised over the platform useful life of 9 years.

**** Software includes capitalised development costs being an internally generated intangible asset (ISLT smartphone application)**

As previously detailed in Cogstate's Appendix 4D 31 December 2019 Half Year Financial Report, the Alzheimer's Drug Discovery Foundation's (ADDF) formally announced an award of funding to Cogstate from the ADDF Diagnostics Accelerator (DxA) initiative, seeking to develop novel biomarkers for the early detection of Alzheimer's disease and related dementias.

The award of up to $1.36 million to Cogstate will be focused on the development of a well-established memory test, called the International Shopping List Test (ISLT), for use on smartphones and tablets. The technology adaptation will be purpose designed to enable autonomous assessment of memory by individuals in their own home. Improved access to such an easy-to-use and sensitive measure of memory is expected to enable identification of memory problems earlier and in more diverse populations, thereby supporting earlier diagnosis and access to potential interventions.

The development work undertaken to establish the ISLT, by Cogstate employees and external developers, has been capitalised to 30 June. The amount capitalised reflects the labour effort expended and actual third party costs incurred in developing the smartphone application.

Impairment losses recognised

Continuing Operations

These assets were assessed for impairment during the year ended 30 June 2020.

Impairment tests for intangibles

Acquired intellectual property rights have been allocated to one cash generating unit, which is a reportable segment, for impairment testing as follows:

- Clinical Trials cash generating unit

There was no impairment of the carrying value of the intellectual property for the Clinical Trials cash generating unit.

Clinical Trials cash generating unit (indefinite life intellectual property)

The recoverable amount of the Clinical Trials unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a three year period and a terminal growth rate of 3% (2019: terminal growth rate of 3%).

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Clinical Trials cash generating unit for 30 June 2020 and 30 June 2019.

Budgeted gross sales - the basis used to determine the value assigned to the budgeted gross sales is the contracted sales for the coming periods taken at the date of the budget formulation, increased for expected new contractual agreements. Thus, values assigned to gross sales reflect past experience, except for new contractual agreements, which are estimated at approximately the same level as the most recent financial year, over half of which, for the next financial year, are being tendered for.

Budgeted operating expenses - the basis used to determine the value assigned to the budgeted operating expenses is the level of the most recent financial year increased on average by the consumer price index plus one percentage point. Thus, values assigned to operating expenses reflect past experience, whilst allowing for general price rises and additional costs necessary for a Group in a growth phase.

The pre-tax discount rate applied to cash flow projections is 20% (2019: 20%).The cash generating unit's recoverable amount exceeds the carrying value of the cash generating unit.

19 Lease assets & lease liabilities

The company leases office premises and specialised equipment for periods not exceeding 5 years. The company is required to return the underlying assets in a specified condition at the end of the lease term.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

LEASE ASSETS	2020 US$
Carrying amount of lease assets, by class of underlying asset:	
Buildings	2,277,058
Equipment	67,028
	2,344,086

LEASE ASSETS	Buildings US$
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:	
Carrying amount at 1 July 2019	3,107,984
Additions	57,353
Depreciation	(817,798)
Net foreign exchange differences	(3,453)
Carrying amount at 30 June 2020	**2,344,086**

LEASE LIABILITIES	2020 US$
Carrying amount of lease liabilities:	
Current lease liabilities	(775,326)
Non-current lease liabilities	(1,744,271)
Total carrying amount of lease liabilities	**(2,519,597)**
LEASE EXPENSES AND CASH FLOWS	
Interest expense on lease liabilities	74,351
Depreciation expense on lease assets	817,798
Net foreign exchange differences	9,763
Cash outflow in relation to leases	863,872

Non-cancellable operating lease arrangements

The following information relates to non-cancellable operating lease arrangements of the prior reporting period only, and is presented in accordance with the predecessor accounting standard AASB 117 Leases.

The Group entered into commercial leases on the Group's premises in Melbourne, New Haven and New York, as well as some items of plant and equipment. These leases have an average life of up to 6 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

	2019 US$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	
Within one year	946,074
After one year but no more than five years	2,590,920
	3,536,994

20 Current liabilities - Trade payables and other liabilities

	2020 US$	2019 US$
Trade payables	1,235,656	625,897
Accrued payables	3,615,586	3,652,289
Unearned Revenue	261,300	1,052,251
Grant Funding*	726,667	-
Prepaid pass through expenditure	1,971,600	1,019,934
Provision for tax	116,297	134,039
	7,927,106	**6,484,410**

**The Biotechnology Grant Funding agreement was executed in February 2020 with the Alzheimer's Drug Discovery Foundation's (ADDF) Diagnostics Accelerator (DxA) initiative, seeking to develop novel biomarkers for the early detection of Alzheimer's disease and related dementias. The award of up to $1.36 million to Cogstate will be focused on the development of a technology-based approach for early detection of memory impairment and decline. The software development work has progressed in the subsequent months by Cogstate's existing software engineering team, along with an external US based digital consultancy firm, and those costs have been capitalised to 30 June 2020 (refer note 18). The amount capitalised reflects the labour effort expended in developing the smartphone application.*

21 Current liabilities - Short-term borrowings

	2020 US$	2019 US$
Trade finance facility	-	433,394
Insurance premium funding	88,512	71,581
US PPP Loan	2,444,200	-
	2,532,712	**504,975**

22 Current liabilities - Provisions

	2020 US$	2019 US$
Current		
Long service leave	393,759	399,934
Annual leave	1,506,334	1,396,831
	1,900,093	**1,796,765**
Non-current		
Long service leave	**4,943**	**23,348**

23 Contributed equity

(a) Share capital

	2020 Shares	2019 Shares	2020 US$	2019 US$
Ordinary shares				
Ordinary shares - fully paid	**169,771,664**	**119,196,193**	**33,038,228**	**25,341,756**

(b) Movements in ordinary share capital

	Number of shares	US$
1 July 2018	114,360,182	24,163,398
Exercise of options	4,836,011	854,680
Transfer from options reserve		323,678
30 June 2019	119,196,193	25,341,756
Exercise of options	1,645,239	229,950
Issue of shares	48,930,232	7,460,805
Cost of issue of shares		(132,619)
Transfer from options reserve		138,336
30 June 2020	169,771,664	33,038,228

(c) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board has resolved that no dividend should be declared in respect of the year ended 30 June 2020.

The Group is not subject to any externally imposed capital requirements.

24 Other reserves

(a) Other reserves

	2020 US$	2019 US$
Share-based payments reserve	1,640,339	1,896,337
Foreign currency translation reserve	(2,944,799)	(2,944,799)
	(1,304,460)	**(1,048,462)**

	2020 US$	2019 US$
Movements:		
Share based payments		
Balance 1 July	1,896,337	2,151,020
Share based payments expense	(117,666)	50,975
Other comprehensive income adjustment	4	18,020
Transfer to share capital on exercise of options	(138,336)	(323,678)
Balance 30 June	1,640,339	1,896,337

	2020 US$	2019 US$
Share based payments		
Employees	1,640,339	1,896,337
Non-employees	-	-
	1,640,339	1,896,337

(b) Nature and purpose of other reserves

(i) Share-based payments

This reserve is used to record the value of equity benefits provided in a share based payment transaction to employees and directors as part of their remuneration. Refer to Note 29 for further details of these plans.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss upon the disposal of the net investment.

25 Parent entity financial information

(a) Summary financial information

Information relating to Cogstate Ltd:	2020 US$	2019 US$
Current assets	17,920,505	9,919,152
Total assets	28,284,334	23,837,923
Current liabilities	13,980,900	14,155,598
Total liabilities	13,985,843	14,178,946
Net assets	**14,298,491**	**9,658,977**
Issued capital	33,038,228	25,341,756
Retained earnings	(17,116,602)	(14,078,280)
Share based payment reserve	1,085,962	1,104,598
Foreign currency translation reserve	(2,709,097)	(2,709,097)
Total shareholders' equity	**14,298,491**	**9,658,977**

(b) Guarantees and commitments entered into by the parent entity

	2020 US$	2019 US$
Guarantee entered into by the parent entity in relation to lease of premises	60,932	62,264
Contractual commitments in relation to commercial leases	-	216,372
	60,932	278,636

26 Reconciliation of loss after income tax to net cash inflow from operating activities

	2020 US$	2019 US$
Profit/(loss) of the year	(1,315,796)	(2,495,767)
Depreciation and amortisation	2,008,204	495,439
Loss/(profit) on disposal of assets	(1,015)	(60)
Non-cash employee benefits expense - share-based payments	(117,666)	50,975
Net exchange differences	(133,787)	(40,680)
Change in operating assets & liabilities:		
(Increase) decrease in trade debtors and other receivables	(4,290)	2,060,805
(Increase) decrease in deferred tax assets	(1,292,404)	(1,561,356)
(Increase) decrease in other operating assets	314,546	97,771
(Increase) decrease in prepayments	(34,444)	94,890
(Increase) decrease in lease assets	(2,344,086)	-
(Decrease) increase in trade payables and borrowings	750,701	1,146,820
(Decrease) increase in provision for income taxes payable	(17,742)	235,154
(Increase) decrease in lease liabilities	2,519,597	-
(Decrease) increase in deferred tax liabilities	313,470	34,478
(Decrease) increase in employee provisions	84,923	(179,491)
Net cash inflow from operating activities	730,211	(61,022)

27 Related party transactions

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1(b):

		EQUITY HOLDING %	
Name of entity	Country of incorporation	2020 %	2019 %
Cogstate Inc	USA	100%	100%
Cogstate Health Inc	USA	100%	100%
Cogstate Healthcare LLC	USA	100%	100%
Cogstate Sport Pty Ltd	Australia	100%	100%
Cogstate Canada Inc	Canada	100%	100%
Cogstate Spain SL	Spain	100%	100%

(b) Parent entities

Cogstate Limited is the ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 28.

(d) Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor is employed by Cogstate Ltd. Remuneration and terms of this employment are made on a normal arm's length basis.

A related party of Martyn Myer is employed by Cogstate Inc. Remuneration and terms of this employment are made on a normal arm's length basis.

28 Key management personnel disclosures

(a) Key management personnel compensation

	2020 US$	2019 US$
Short-term employee benefits	2,512,547	2,204,015
Post-employment benefits	57,589	58,012
Long-term benefits	12,249	20,376
Termination benefits	27,073	174,243
Share-based payments	96,628	281,585
	2,706,086	**2,738,231**

29 Share-based payments

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2020 US$	2019 US$
Expense arising from equity settled share-based payment expense/(benefit)	(117,666)	50,975

Reconciliation of share-based payment expense/(benefit) for the 2020 financial year is as follows:

	2020 US$	2019 US$
Expense reversed as options not fully vested/lapsed	(384,590)	(646,762)
Expense for options issued during current financial year	41,080	155,713
Expense for options issued in previous financial years	225,844	542,024
	(117,666)	50,975

(b) Employee Option Plan

An employee share scheme has been established where Cogstate Limited may, at the discretion of the Board, grant options over the ordinary shares of Cogstate Limited to executives and certain members of staff of the Group, and to directors, subject to shareholder approval in required circumstances. The options, issued for nil consideration directly to employees, are granted in accordance with guidelines established by the directors of Cogstate Limited, with a recommendation from the management of Cogstate Limited, although the directors retain the final discretion on the issue of options.

In most cases, one third of the options are exercisable on the second anniversary of the date of the grant. The remaining two thirds of the options are exercisable after the following 12 months.

The options cannot be transferred and will not be quoted on the ASX. There are no cash settlement alternatives. There are currently 3 directors and 36 executives/staff eligible for this scheme.

(c) Summaries of options granted under ESOP

	2020 No.	2020 WAEP	2019 No.	2019 WAEP
Outstanding at the beginning of the year	9,360,239	$0.64	13,751,250	$0.63
Granted during the year	2,800,000	$0.41	4,190,000	$0.64
Forfeited during the year	(2,500,000)	$0.72	(3,745,000)	$0.95
Exercised during the year	(1,645,239)	$0.21	(4,836,011)	$0.25
Expired during the year	-	-	-	-
Outstanding at the end of the year	8,015,000	$0.63	9,360,239	$0.64

The outstanding balance as at 30 June 2020 is represented by:

Number of options	Grant date	Vesting Date	Expiry Date	Exercise Price
250,000	11-Sep-15	11-Sep-18	11-Sep-20	0.2700
100,000	22-Oct-15	22-Oct-18	22-Oct-20	0.2600
100,000	4-Jan-16	4-Jan-19	4-Jan-21	0.6000
1,500,000	30-Sep-16	30-Sep-19	30-Sep-21	0.9300
1,150,000	17-Oct-16	17-Oct-19	17-Oct-21	0.8400
100,000	29-Mar-18	29-Mar-21	29-Mar-23	0.8300
1,965,000	28-Sep-18	28-Sep-21	28-Sep-23	0.6400
50,000	29-Mar-19	29-Mar-22	29-Mar-24	0.2500
1,000,000	21-Oct-19	21-Oct-22	21-Oct-24	0.3400
1,500,000	31-Jan-20	31-Aug-23	31-Jan-25	0.4600
50,000	30-Apr-20	31-Aug-23	30-Apr-25	0.3200
250,000	30-Apr-20	31-Aug-23	30-Apr-25	0.3800
8,015,000				

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding at 30 June 2020 is 2.87 years (2019: 2.62 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.26-$0.93 (2019: $0.21-$1.15).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.4075 (2019: $0.6358).

(g) Option pricing model

Equity settled transactions

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2020 and 30 June 2019:

2020	21-Oct-19	31-Jan-20	30-Apr-20	30-Apr-20
Dividend yield (%)	0	0	0	0
Expected volatility (%)	60	60	60	60
Risk-free interest rate (%)	0.97	0.5	0.5	0.5
Expected life of option (years)	3	3	3	3
Option exercise price ($)	0.34	0.46	0.38	0.32
Market share price at grant date	0.30	0.46	0.35	0.35

2019	28-Sep-18	24-Oct-18	29-Mar-19
Dividend yield (%)	0	0	0
Expected volatility (%)	60	60	60
Risk-free interest rate (%)	2.36	2.33	1.53
Expected life of option (years)	3	3	3
Option exercise price ($)	0.64	0.64	0.29
Market share price at grant date	0.57	0.6	0.25

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

30 Commitments and contingencies

(a) Guarantees

Cogstate Limited has a bank guarantee in place for US$60,932 in respect of the Company's obligations under the lease of premises at Level 2/255 Bourke Street, Melbourne.

(b) Contingent liabilities

The Group had no contingent liabilities at 30 June 2020 (2019: nil).

31 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

32 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Pitcher Partners (Melbourne)

	2020 US$	2019 US$
Audit and other assurance services		
Audit and review of financial statements	95,442	99,196
Total remuneration for audit and other assurance services	95,442	99,196
Taxation services		
Tax compliance services	11,761	13,000
Total remuneration for taxation services	11,761	13,000
Total remuneration of Pitcher Partners	107,203	112,196

(b) Network Firms of Pitcher Partners

	2020 US$	2019 US$
Other services		
Taxation services	34,889	26,468

Directors' Declaration

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 54 to 90, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Australian Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

   (b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

   (c) giving a true and fair view of the financial position of the Group as at 30 June 2020 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2020.

This declaration is made in accordance with a resolution of directors.

Martyn Myer AO, Chairman
Melbourne, 25 August 2020

COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cogstate Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(d) and Note 5	
The Group recognised revenue of $23.7m relating to the provision of services and licencing access to computerised cognitive tests. The Group enters into contracts with customers that often span multiple financial years. We focused on the existence and accurate recognition of revenue in line with contract terms and the underlying performance of service obligations. • The license fee revenue is recognised when the significant risks and rewards relating to the licensed software are passed to the customer. • The recognition of testing services revenue for clinical trials is when the contracted services are provided We focused on the appropriate recognition of revenue as a key audit matter as these flows are a key determinant of profit.	Our testing of revenue transactions focused on evidencing the supply of software, provision of services in accordance with contract terms and revenue recognition in line with AASB 15. Our procedures included amongst others: • Evaluating management process regarding the recognition of revenue, which included a reviewing the controls and process for recognising and recording revenue transactions. • For a sample of revenue transactions: - Testing the revenue recorded to supporting documentation including signed contract. - Reviewing contract performance obligations, to evaluate whether the revenue was being recognised in line with the date of the software supply or rendering of services. - Testing the existence of monies receipted relating to license and service revenue. • Reviewing the general journals throughout the year impacting on revenue. • Testing material revenue transactions that were recognised as revenue in the final month of the financial year. • Assessing the adequacy of the disclosure in the financial report.

Key Audit Matter	How our audit addressed the key audit matter
Deferred Tax Assets Refer to Note 11	
Deferred Tax Assets of $5.9m have been recognised in relation to Australian and US temporary differences, R&D tax offsets, and tax losses carried forward. We have focused on this balance because there is significant judgement required over the recoverability of deferred tax assets subject to management's expectations and assumptions of the entity's future performance.	Our testing of Deferred Tax Assets focused on evaluating the probability assessment of the relevant entities to generate sufficient future taxable income to recoup the asset. Our procedures included amongst others: • Confirming the extent Cogstate Australian Tax Consolidated Group and Cogstate US Tax Consolidated Group have been recouping existing tax losses. • Reviewing the Group's financial forecasts to assess the probability of asset recoupment in the future. • Reviewing the income tax calculations for the Cogstate Australian Tax Consolidated Group at 30 June 2020 to determine the reasonableness of Deferred Tax Assets and Liabilities balances. • Engaging our US Tax Expert to review the income tax calculations for the Cogstate US Tax Consolidated Group at 30 June 2020 to determine the reasonableness of Deferred Tax Assets and Liabilities balances. • Agreeing the carried forward tax loss position at year end to lodged 30 June 2019 tax returns. • Assessing the adequacy of the disclosure in the financial report.

COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

Key Audit Matter	**How our audit addressed the key audit matter**
Intangible Assets – software development Refer to Note 18	

Internally developed software totalling $6.4m is owned by the Group and represent a significant balance in the consolidated statement of financial position.
 	
The intangible asset is a key audit matter as the Group's largest asset, and as there is management judgement in determining the absorption of operating costs as development costs and the potential to impact the determination of profit for the year.
	Our testing of the intangible asset, software development, focused on assessing the existence and accuracy of attributed expenditure and the Group's assessment of value.
	
	Our procedures included amongst others:
	• Testing on a sample basis the capitalised development costs by:
	    ○ Vouching the capitalised time to approved employee timesheets; and,
	    ○ Recalculating the value of time capitalised for a sample of employees by vouching hourly rates and other applicable on-costs to signed employment contracts.
	• Evaluating management process which included reviewing the controls and process for recognising and recording the intangible asset;
	• Obtaining an understanding of the controls and process associated with the preparation of the forecast cashflow model; and
	• Checking the mathematical accuracy of the cash flow model and forecast cash flows to the latest Board approved forecasts.
	• Assessing the adequacy of the disclosure in the financial report.

COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 52 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Cogstate Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

M J HARRISON
Partner

PITCHER PARTNERS
Melbourne

26 August 2020

Shareholder Information

The shareholder information set out below was applicable as at 31 July 2020.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	CLASS OF EQUITY SECURITY ORDINARY SHARES	
Holding	**Shares**	**Options**
1 to 1,000	338	-
1,001 to 5,000	519	-
5,001 to 10,000	164	-
10,001 to 100,000	254	14
100,001 and Over	74	22
	1,349	**36**

There were 416 holders of less than a marketable parcel of ordinary shares (less than $500).

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

		ORDINARY SHARES
Name	**Number held**	**Percentage of issued shares**
NATIONAL NOMINEES LIMITED	29,485,793	17.4%
DAGMAR DOLBY	21,754,028	12.8%
CITICORP NOMINEES PTY LIMITED	16,494,261	9.7%
MYER & MYER PTY LTD	14,424,569	8.5%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,771,347	8.1%
NEBULA NEURO PTY LTD	8,800,000	5.2%
ANACACIA PTY LIMITED	7,093,445	4.2%
MPYER INVESTMENTS PTY LTD	6,061,872	3.6%
MR BRADLEY JOHN O'CONNOR	4,955,929	2.9%
BNP PARIBAS NOMINEES PTY LTD	3,223,232	1.9%
MYER & MYER PTY LTD	2,563,000	1.5%
DR PETER ANTHONY BICK & MS MELANIE JO GRIBBLE	2,500,000	1.5%
DAVID DOLBY INVESTMENTS II LLC	2,202,274	1.3%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,828,357	1.1%
DAGMAR DOLBY	1,776,500	1.0%
MUTUAL TRUST PTY LTD	1,343,806	0.8%
MR ALISTAIR DAVID STRONG	1,320,000	0.8%
MR DAVID ALEXANDER SIMPSON & MRS DAWN GENTRY SIMPSON	1,263,689	0.7%
BETA GAMMA PTY LTD	1,220,000	0.7%
HOWITT NOMINEES PTY LTD	1,100,000	0.6%
	143,182,102	**84.3%**

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire ordinary shares, issued under the Directors' and Employees Share Option Plan	8,015,000	36

C. Substantial holders

Substantial holders in the Company are set out below:

		ORDINARY SHARES
Name	**Number held**	**Percentage of issued shares**
Australian Ethical Investment	29,485,793	17.37%
David Dolby	25,732,802	15.16%
Martyn Myer	23,614,566	13.91%
Fidelity Worldwide Investment (FIL Ltd)	13,174,440	7.76%
Eisai Co., Ltd	11,738,243	6.91%
Alan Finkel (held through Nebula Neuro Pty Ltd & Howitt Nominees Pty Ltd)	9,900,000	5.83%
	113,645,844	**66.94%**

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) All ordinary fully paid share carry one vote per share without restrictions.

(b) Options do not carry a right to vote.

(c) There is no current on market buy back.

Corporate directory

Directors

Martyn Myer AO, *BE, MESc, MSM.*
Chairman

Brad O'Connor, *B Bus, CA.*
Chief Executive Officer

Richard van den Broek, *CFA.*
Non-Executive Director

David Dolby BSE, *MBA.*
Non-Executive Director

Richard Mohs, *PhD.*
Non-Executive Director

Ingrid Player, *BEc and LLB (Hons), GAICD, FGIA*
Non-Executive Director

Company Secretaries

Keith Hawkins, *BBus, CPA.*
John Glueck, *BA, JD.*

Principal registered office in Australia

Level 2, 255 Bourke Street,
Melbourne Vic 3000 Australia

Share and debenture register

Link Market Services
Tower 4, Collins Square, 727 Collins Street,
Melbourne Vic 3008

Auditor

Pitcher Partners
Level 13, 664 Collins Street,
Docklands Vic 3008

Solicitors

Clayton Utz
333 Collins Street,
Melbourne Vic 3000

Bankers

National Australia Bank
Level 3/330 Collins Street,
Melbourne Vic 3000

Website

www.cogstate.com

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

cogstate.com

Cogstate

Melbourne, VIC, Australia
Level 2, 255 Bourke Street
Melbourne, VIC 3000
+61 3 9664 1300

New Haven, CT, USA
195 Church Street, 4th Floor
New Haven, CT 06510
+1 203 773 5010

New York, NY, USA
1350 Broadway, Suite 1620
New York, NY 10018
+1 917 781 4361

Wausau, WI, USA
505 S 24th Ave, Suite 304
Wausau, WI 54401
+1 715 848 1024

London, UK
210 Borough High Street
London, SW1 1JA

cogstate.com