

ASX Announcement

10 May 2023

Cost Reduction Plan & FY23 Guidance

All figures in US\$

Cogstate (ASX:CGS) has today announced a restructure that will see approximately 13% of the Company's fulltime workforce exit the company, reducing annual costs by approximately \$2.6 million once the restructure is fully implemented.

Most of the headcount reductions come from the Clinical Trials business unit, producing an annualised cost saving of \$1.7 million. Other headcount reductions come from the Healthcare business unit (\$0.2m annual cost savings) and Operating Expenses (\$0.7m annual cost savings).

One-off restructure costs of \$0.6 million will be incurred in the current June 2023 quarter. The restructure will be fully implemented, and all restructure costs will be fully absorbed, prior to 30 June 2023.

Cogstate CEO, Brad O'Connor, noted, "In the face of continued revenue delays in our Clinical Trials segment, we are taking proactive steps to reduce our cost structure with a goal of improved earnings in the 2024 financial year. As a result of technology investments in process automation that we have implemented over the last two years, and associated efficiency gains, the management team has confidence that our Clinical Trials business will be appropriately resourced post restructure, even allowing for anticipated revenue growth next year."

"Looking forward, we expect that the cost reductions will help us to restore Clinical Trials operating margins, and to deliver profit growth, in the 2024 financial year. FY23 revenue and profit has been impacted by isolated factors that do not impact our medium- and long-term view that Cogstate is extremely well positioned at the intersection of healthcare and technology addressing the incredible unmet need in central nervous system diseases."

FY23 Full Year Guidance

Based upon current information, including further revenue delays and one-off restructure costs that will be incurred in the current June quarter, the Company provides the following updated guidance in respect of the full year ended 30 June 2023:

- FY23 revenue is expected to be in the range of \$39m - \$41m (9% - 12% below FY22);
- EBITDA, from normal operations, is expected to be in the range of \$3.5m – \$4.5m (9% - 11% of revenue);
- EBIT, from normal operations, is expected to be in the range of \$1.0m - \$2.0m;
- Net Profit before Tax, including restructure costs and interest revenue, is expected to be in the range of \$0.6m - \$1.6m; and
- Operating cashflow for 2H23 is expected to be in the range of (\$1.0m) - \$1.0m (cashflow impact of restructure costs, incl. accrued leave payments, total approx. \$0.73m)

This announcement has been approved for release by the Board of Cogstate Ltd.

About Cogstate

Cogstate Ltd (ASX:CGS) is the neuroscience technology company optimising brain health assessments to advance the development of new medicines and to enable earlier clinical insights in healthcare. 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. In the Healthcare market, in August 2019 Cogstate entered into an exclusive licensing agreement with the pharmaceutical company Eisai, under which Eisai will market Cogstate technologies as digital cognitive assessment tools in Japanese markets. In October 2020, Cogstate extended its agreement with Eisai to the Rest of the World. The product, branded as NouKNOW, launched in Japan on 31 March 2020 (nouknow.jp). For more information, please visit www.cogstate.com.

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Important Notices

Past performance

Past performance is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Cogstate's views on its future financial performance or condition. Past performance of Cogstate cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of Cogstate. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

Future performance and forward-looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of Cogstate, its directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of Cogstate's business strategies, including the that the results of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. For example, Cogstate's performance in any one financial period is sensitive to whether or not contracts are signed in that period, or a subsequent period, and the rate of enrolment in trials of its customers which are influenced by factors that are outside of Cogstate's control.

Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of Cogstate, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Cogstate as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Cogstate, its representatives or advisers undertakes any obligation to provide any additional or updated information, whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.
