

ASX Announcement

22 August 2023

FY23 Results Investor Briefing

Cogstate Ltd (ASX:CGS) has today released an Investor Briefing that provides a summary of the financial results for the year ended 30 June 2023 and also provides commentary in respect of the business and financial outlook.

The presentation material is attached to this announcement.

Additionally, a video recording of Cogstate CEO, Brad O'Connor and CFO, Darren Watson, presenting the materials will be available in due course and can be viewed on the Cogstate Investor Centre homepage:

<https://www.cogstate.com/investors/>

This announcement was authorised for release by the Board of Directors 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.

For further information contact:

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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.

Investor Update

Including Results For The Financial
Year Ended 30 June 2023

Presented August 2023



#BrainHealthForAll



Disclaimer

This presentation has been prepared by Cogstate Limited ('Cogstate'). The information in this presentation is of a general nature and does not purport to be complete, nor does it contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. This presentation may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of Cogstate, its respective officers, employees, agents, advisers or any other person named in this presentation makes any representation as to the accuracy or likelihood of fulfilment of any forward looking statements or any of the assumptions upon which they are based.

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We are on a mission to democratize brain health assessment across clinical research and clinical care...

combining proven science with disruptive digital innovation to make the measurement of cognition as simple, standardized, actionable and common as the measurement of blood pressure.

Company Snapshot

Cogstate is a leading neuroscience technology company optimising brain health assessments to advance the development of new medicines and to enable earlier insights in healthcare.

After more than 20 years spent developing and scientifically validating our technologies, Cogstate is a leading provider of digital brain health assessments:

- Selected to support world's top 10 pharma*
- More than 2,000 academic and clinical research trials
- More than 2 million tests administered

Cogstate tests are highly automated, easy to use, sensitive to change and accepted by global regulators.

With a growing addressable market, a well-validated offering, strong commercial partnerships with the relevant drug developers, and a strong balance sheet, Cogstate is well positioned to return to growth quickly.

*Ranked by revenue



Cogstate was founded in Melbourne, Australia, where approx. 22% of our workforce is based. We have a small presence in each of the UK and Japan, but most of our staff (74%) are based in the USA.



~ 370 team members, comprised of over 160 employees + global network of consulting neuropsychologists



Our largest customer base is pharma / biotech companies developing new drugs or other treatments. Global clinical trials is a \$40B+ industry that seeks tools for better go/no-go decisions that can accelerate new therapies to market.



In the next decade, better solutions for screening, diagnosing, and treating brain disorders will be imperative. Cogstate is a leader in this field and is uniquely positioned to support this need for clinical evaluation and self-assessment at scale.

First Alzheimer's Disease Modifying Therapies



Positive External Market Conditions

Eisai's Leqembi received FDA approval 06-Jul-23

US reimbursement of monoclonal antibodies confirmed by CMS following full FDA approval of Leqembi, with requirement for monitoring of patients via CMS-facilitated registry

Lilly's donanemab reported positive phase 3 data. FDA submission completed in Jun-23 quarter. Regulatory action expected before the end of CY 2023

These first therapies provide positive external market for Cogstate in both Clinical Trials and Healthcare segments (see page 10)

Cogstate FY23 Year In Review

Clinical Trial Sales Contracts Declined From Record FY22

- Large Cogstate customers were focused on close out of phase 3 and regulatory submission
 - **(now resolved: see prior page)**
- Biotechs impacted by broader investment market and access to capital
 - **(increased activity in rare disease over last 3 months)**
- Solid 1H23 sales result of \$27.3m followed by disappointing 2H23 of \$6.7m
 - Note: 2H23 win rate remained unchanged, but volume of closed deals down significantly
 - **Request for Proposal volume has increased substantially since May 2023 in total number of trials and total value of sales pipeline -- returning to 2022 levels.**

Clinical Trials Revenue Decline

- Revenue from contracts on hand at 01-Jul-22 delayed by slow recruitment into one large phase 3 trial
 - **(now resolved)**
- Revenue from 1H23 contracts delayed by pause of two phase 3 trials (distinct from above revenue delays)
 - **(now resolved)**

Improved 2nd Half-Year: Return To Profit & Positive Cash-Flow

- 1H23 to 2H23: Revenue up \$1.4m : Profit (before tax) up \$3.0m : Operating Cashflow up \$1.3m

FY23 Financial Highlights (All figures in US\$)

Impacted by revenue delays and industry dynamics of key trial results and drug approvals

Clinical sales contracts executed

\$34.0m

Alzheimer's disease represented 70% of the value of contracts executed in FY23

-59%

Contracted future revenue

\$132.6m

Low 2H23 Clinical Trial sales contracts

-5%

Group Revenue

\$40.5m (guidance \$39m-\$41m)

Clinical Trials down 11% to \$35.7m
Healthcare down 1% to \$4.4m

-10%

Profit before Tax (incl. non-recurring restructure charges)

\$3.0m (guidance \$0.6m-\$1.6m)

Down from PCP of \$10.7m.

-72%

Operating net cash flow

\$1.7m

Excl. customer pass-through costs.

-81%

Net Cash balance

\$27.8m

Down from PCP of \$28.7m

-3%

FY24 Expectations

Alzheimer's Disease

- Approval and launch of first disease modifying therapies opens the door to line extension and combination therapy trials
 - Increasing pipeline of opportunities for Cogstate
- Brain health awareness and diagnostics will be important as focus moves from regulatory approval to identification of patients
 - Cognigram launch in USA
- Other large pharma planning trials
 - Cogstate has this month secured phase 2 trial in pre-symptomatic Alzheimer's from new customer

Clinical Trial Sales

- Request for Proposal volume has increased substantially since May 2023 in total number of trials and total value of sales pipeline
 - returning to 2022 levels
- A number of programs with CY 2024 start dates

Clinical Trials Revenue

- Delays experienced in FY23 have been resolved
- Expect to grow revenue from FY23 to FY24
 - Strong backlog of work already contracted \$27.7m Clinical Trials in FY24 (total backlog \$31.9m) and \$30.3m in FY25

Profit Expectations

- Profit expected to increase with revenue increase
- Staff cost reduction in May 2023 will show benefit in FY24

FY24 Growth Drivers

The source of the increased proposal activity



Partnerships in Alzheimer's

Existing large customers
New opportunities with 3 top 10 pharma



Other Disease Areas

Traction in PD, MS,
Depression, Sleep
Rare & Pediatric (incl. pediatric obesity / GLP-1)



Patient Friendly Trial Design

Trends for decentralised (at home) assessment continue as trials compete for patients

Alzheimer's Disease Commercial Opportunity

Financial Significance



Over FY22 & FY23:
24% of the number of sales opportunities
70% of the value of sales contracts

Breakthrough Treatments



Progress, but improvement possible
Still room for continued research
Expect combination treatment



Earlier Treatment Benefits

Timely diagnosis = better health outcomes
Cogstate tests are sensitive to earliest signs



Increase In Future R&D

Positive data de-risks future investment (as seen in other disease areas)
Revenue from drug launch allows for increased R&D
New mechanisms, line extension & combination therapies

A growing market for Cogstate technology & services

Given the launch of the first disease modifying treatments of Alzheimer's disease and the expanding and diverse research landscape, the addressable market for Cogstate—in both its Clinical Trials and Healthcare businesses—is expected to grow.

Short Term Opportunities With Approved Treatments

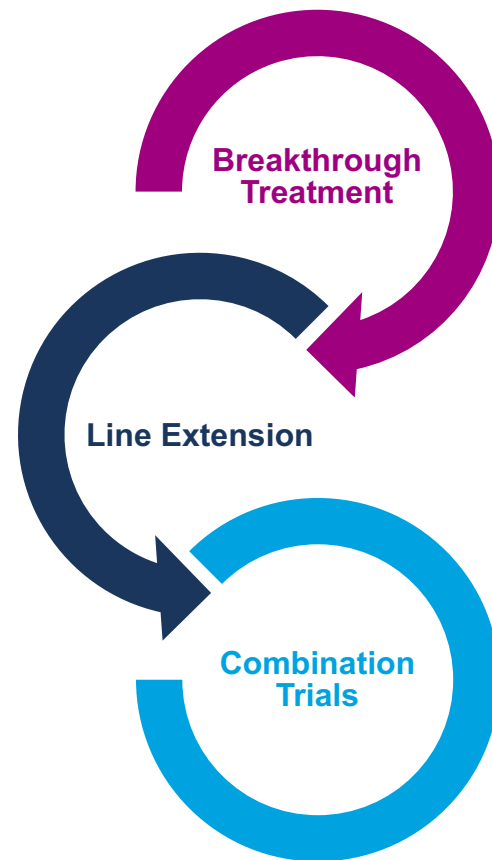


Expect approved treatments to be trialled in:

- Lewy body dementia,
- Frontal temporal dementia, and
- Alzheimer's disease in Down syndrome



Expect also combination tau and amyloid treatments to be trialled



Pre-Symptomatic Disease : Focus Area For Pharma

Cogstate Uniquely Positioned

Lower amyloid before it causes decline

- Analogous to management of cholesterol
- *In the industry, pre-symptomatic Alzheimer's is sometimes referred to as pre-clinical Alzheimer's*

Cogstate involved in 100% of ongoing and planned pre-symptomatic Alzheimer's trials

- Early experience in the A4 study (Lilly solanezumab) incl. Cogstate C3 battery
- Some of the largest studies we've ever supported
- Another trial secured this month

A key difference is the need for more sensitive instruments (digital and clinical). Cogstate provides:

- Sensitive and scalable tools to help find, engage and stratify study participants
- Digital assessments to more sensitively measure change over time to show drug effect and safety
- Unique clinical experience and expertise to support the various paper clinical and cognitive assessments

Earlier stage means healthier patients and greater applicability of decentralised trial approach

- Cogstate is the only provider of central rating (tele-health assessment) of a primary endpoint in an Alzheimer's phase 3 trial
- Allows Cogstate to address a broader set of trial activities / revenue



Growth in Rare Disease Portfolio

Scientific and Operational Expertise in Rare CNS Disease Studies

Supporting rare genetic neurological disease that impact cognition/development & motor function

- Genetic syndromes (e.g., Angelman Syndrome)
- Rare seizure disorders (e.g., Dravet Syndrome)
- Friedrich's Ataxia, Muscular Dystrophies

Cogstate proudly supported trofinetide for Rett Syndrome; first treatment approval for any rare genetic neurological disease

- Dr Pam Ventola, (VP Science at Cogstate) authored publication providing evidence for the clinical meaningfulness of the change seen in the trial

Currently supporting ~40 Rare Disease trials across ~25 indications

- Incl. several enabling studies that lead to larger future programs

Increase in central rating (tele-health style assessment) in Rare Disease trials, to the extent that it is becoming the norm

- Regulators (FDA) now recommending this approach and citing Cogstate publication on this subject



FY23 Financial Performance

Profit & Loss

US\$ Million	1H23	2H23	FY23	FY22	YTY%
Revenue	19.5	20.9	40.5	45.0	(10%)
Gross Contribution	9.1	12.1	21.2	26.7	(20%)
Contribution margin	46.5%	58.1%	52.5%	59.3%	(6.8% pts)
EBITDA	1.0	4.3	5.3	13.0	(59%)
EBITDA margin	5.3%	20.4%	13.1%	28.9%	(15.8% pts)
EBIT	(0.2)	2.9	2.7	10.7	(75%)
EBIT margin	(1.2%)	14.0%	6.7%	23.8%	(17.1% pts)
Profit before Tax, before non-recurring restructure charges	(0.0)	3.5	3.5	10.7	(67%)
Non-Recurring Restructure Charge	-	(0.5)	(0.5)	-	n/a
Profit before Tax, including non-recurring restructure charges	(0.0)	3.0	3.0	10.7	(72%)
Profit before Tax margin	(1.2%)	14.5%	7.5%	23.8%	(16.3% pts)

Revenue decline driven by delays associated with specific issues for a small number of trials together with a low second half new contract sales

Decline in contribution margin, driven by revenue delays and the fixed nature of Clinical Trials costs. Improved second half performance driven by stronger revenue and cost control.

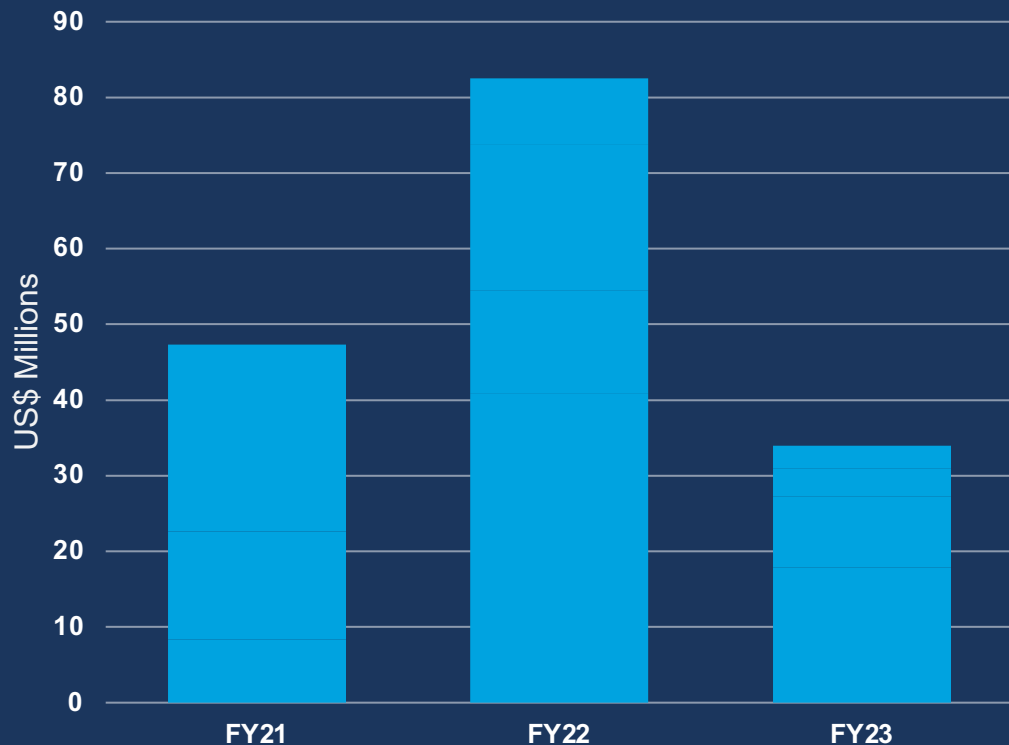
Staff Costs (direct & indirect) increased 7% to \$26.1m. Staff numbers reduced via restructure in May 2023 following introduction of technology efficiencies (long term gains).

Depreciation & Amortisation up from PCP in line with continued investment in Cogstate technology

PBT decline: down 72% to \$3.0 million



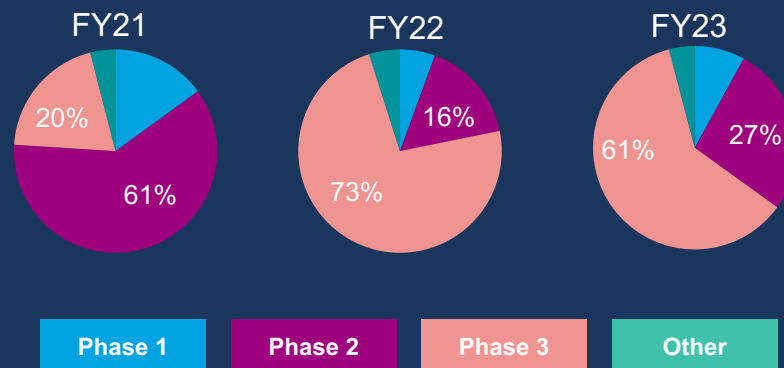
Clinical Trials Sales Contracts



FY23 sales contracts

- Decline in sales impacted by:
 - large customers focussed on closing out phase 3 trials and subsequent regulatory submissions;
 - reduced biotech spending related to access to capital.
- 70% of the value of FY23 sales contracts relate to Alzheimer's (84% in PCP)

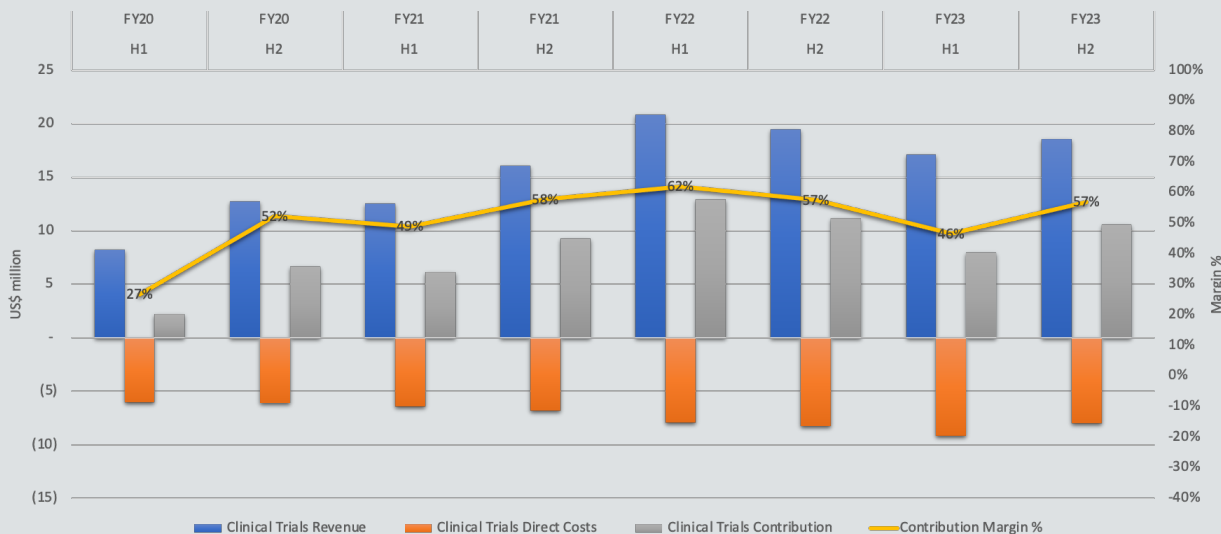
Value of contracts signed, by study phase





Clinical Trials – our established business

US\$ millions	1H23	2H23	FY23	FY22	YTY%
Revenue	17.1	18.6	35.7	40.3	(11%)
Direct Costs	(9.1)	(8.0)	(17.2)	(16.2)	5%
Contribution	8.0	10.6	18.5	24.1	(23%)
Contribution margin	46.5%	56.9%	51.9%	59.8%	(7.9% pts)



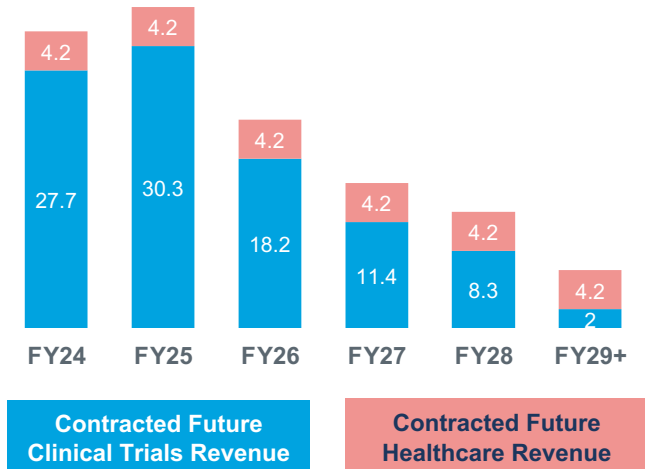
FY23 Revenue

- 11% Revenue decline in FY23 due to:
 - delays associated with specific issues on a small number of trials;
 - Low 2H23 sales contracts resulting in lower revenue contribution.
- Contribution margin decreased to 51.9% (PCP 59.8%), due to:
 - Lower revenue; but also
 - Revenue mix (low sales = lower % of license fee revenue).
- May 2023 restructure has reduced Clinical Trials staff levels –margin improvement expected in FY24.

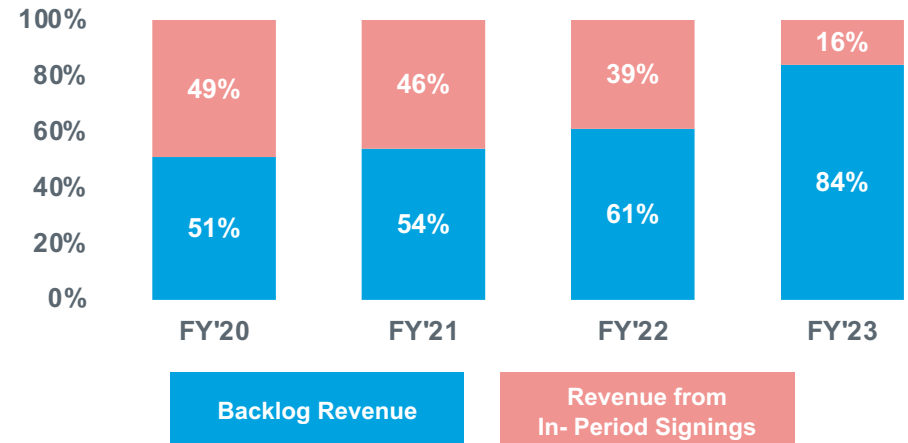
Revenue Backlog run-off and coverage

- Clinical Trials backlog \$98.0m (\$27.7m to be realised in FY24, down from \$29.7m PCP)
- Healthcare backlog \$34.7M (\$4.2m to be realized in FY24, consistent with PCP).
- 84% of FY23 revenue from contracts on hand at beginning of year
 - Reflects lower sales and delayed revenue from contracts executed in 1H23
 - FY19-FY21: revenue from contracts on hand at the beginning of each year has ranged between 49% and 61% of final revenue

Contracted Revenue Run-Off



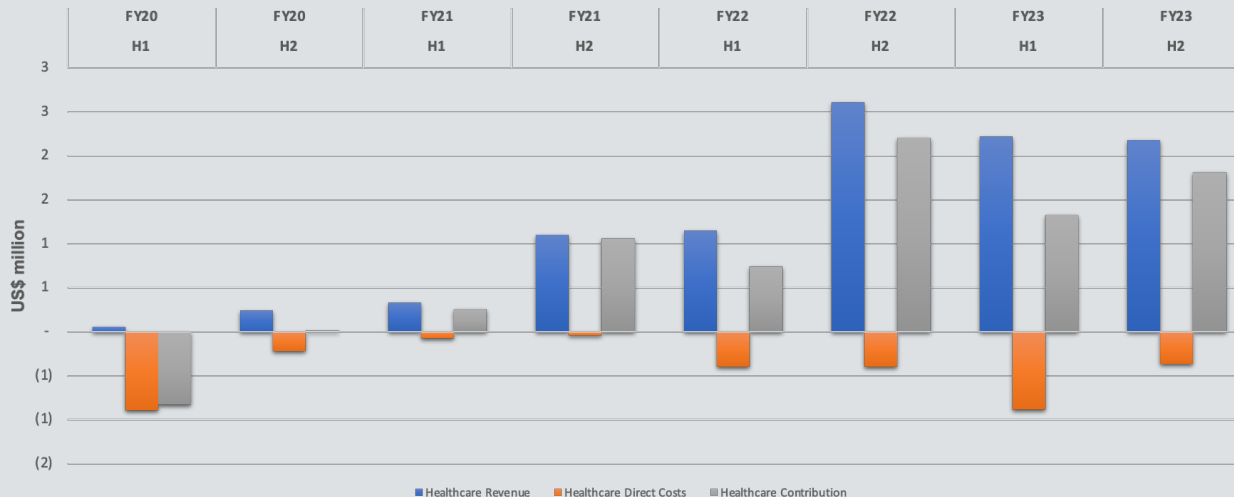
Clinical Trials Revenue Backlog Coverage





Healthcare – our next frontier

US\$ millions	1H23	2H23	FY23	FY22	YTY%
Revenue	2.2	2.2	4.4	4.5	(1%)
Direct Costs	(0.9)	(0.4)	(1.3)	(1.2)	3%
Contribution	1.3	1.8	3.1	3.2	(3%)
Contribution margin	60.0%	83.1%	71.5%	72.8%	(1.3% pts)



Eisai Global & Japan License Agreement

- \$4.2m of revenue recognised in relation to Eisai royalty payments, leaving \$34.7m to be recognised over the remaining period of the global licence.
- The earnings contribution from the segment declined from 72.8% to 71.5% as a result of a go-to-market study undertaken.
- Cash impact: Total royalties invoiced to Eisai during FY23 were \$1.75m. Additionally, reimbursement of software development costs was \$0.2m.
- Eisai planning go-to-market of Cognigram to support Leqembi approval in USA

Cash Flow

US\$ Million	FY23	FY22	YTY%
EBITDA	5.3	13.0	(59%)
Working capital movement	(3.6)	(4.0)	(10%)
Other	0.0	0.0	n/a
Net Operating Cash Flow pre pass-through charges	1.7	9.0	(81%)
Pass-through charges	(1.0)	0.7	(243%)
Net Operating Cash Flow	0.7	9.7	(93%)
Capital Expenditure	(0.1)	(0.4)	(75%)
Capitalised Software Development	(2.1)	(3.1)	(32%)
Interest Received	0.5	0.0	n/a
Net Investing Cash Flow	(1.7)	(3.5)	(51%)
Proceeds from the issue of shares	0.2	1.4	(86%)
Share buy-back payments	(0.6)	0.0	n/a
Principal portion of lease payments	(0.5)	(0.6)	(17%)
Financing Cash Flow	(0.9)	0.8	(213%)
Net Increase in Cash	(1.9)	7.0	(127%)

Operating cash flow includes:

- **Decline in EBITDA** from prior period.
- Working capital movement resulting from lower accrued expenses and a lower trade receivables balance.
- **Net Operating Cash flow** down from prior year largely driven by lower EBITDA
- **Investing cashflow** has declined due to lower capital expenditure and lower investment in capitalised technology development
- **Financing cashflow includes** has declined due to lower proceeds from the exercise of options, combined with share buy-back payment of \$0.6m and lease payments of \$0.5m
- **Cash balance** at 30 June 2023 is \$28.7m (\$27.8m excluding cash held for pass-through payments)

Cogstate is well positioned to return to growth

- Momentum returning - growing opportunity in Alzheimer's disease
 - Existing customers planning new trials (most with CY 2024 start date)
 - Expansion of customer base with 3 new large pharma customers
 - Planning go-to-market for Cognigram in USA to support approval of new therapy
 - Late CY 2023 / early CY 2024
- Sales contracts critical to revenue growth in Clinical Trials segment
 - Timing of execution of sales will impact FY24 revenue recognition
 - Activity and pipeline have increased to FY22 levels
- Cost base reductions, enabled by technology efficiency gains, position the Company for profitable growth
- Expect to grow revenue and profit in FY24 but no specific guidance provided at this time, pending execution of sales contracts to provide greater certainty in respect of timing of revenue
- Share buy-back will recommence with this release, reflecting Board's view of value





Cogstate