

# ASX Announcement

## 22 February 2024

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## 1H24 Results Investor Briefing

Cogstate Ltd (ASX:CGS) has today released an Investor Briefing that provides a summary of the financial results for the half year ended 31 December 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, CFO, Darren Watson, and Executive Vice President Clinical Trials, Rachel Colite, presenting these 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.

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### 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](http://nouknow.jp)). For more information, please visit [www.cogstate.com](http://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.

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# Investor Presentation

February 2024

PRESENTED BY



**Brad O'Connor**  
CEO



**Darren Watson**  
CFO



**Rachel Colite**  
EVP, CLINICAL TRIALS

# 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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# Cogstate Well Positioned

1

## Positive Macro Trends

### CNS / Neuro Growth

We expect that investment in central nervous system / neurological disorders will provide both near & long term growth.

**GROWING MARKET**

2

## Unique Offering

### Tech & Expertise

Cogstate is a trusted provider of best-of-breed technology and services to large pharma customers.

**GROW MARKET SHARE**

3

## Financial Strength

### Reliable Financial Model

Profitable, notwithstanding flat revenues over recent half-year periods, with demonstrated leverage to revenue growth.

**PROFITABLE GROWTH**





# CNS / Neuro as a Growth Engine

We expect that Central Nervous System (CNS) / neurological disorders will be a growth area for pharma/biotech investment and clinical trials activity driven by:

1. Increase in positive clinical data.
2. A friendlier regulatory & reimbursement environment.
3. Big pharma interest in the space.



# CY2023 Review

## CY2023 Sales Delays

### Alzheimer's disease pause

- Leading companies focused on regulatory submission
- Early stage trials by new names

### Rare disease – smaller opportunities

- Significant success in CNS indications
- Cogstate strength and area of focus for biotechs
- Nature of trials mean that revenue opportunity is smaller than other indications

### Other factors impacting sales

- Slow down in new study starts across other CNS indications verified by Cogstate industry partners
- Access to capital has impacted biotechs



## Alzheimer's Disease ►

Sleep Disorders

Mood Disorders

Rare Disease

*Acceleration in new study starts  
supported by current sales pipeline*

## CY2024 Growth Drivers

- Next generation assets with amyloid focus for early CY2024
- Tau mono & combination therapies trials start later in CY2024
- Post-marketing trials expected to increase in line with approvals
- Pre-screening needs will increase for patient identification for multiple care pathways (treatment or trial participation)
- Increased in-licensing and acquisitions signal late-stage activity growth (BMS + Karuna; Roche + Ionis and AC Immune; AbbVie + Cerevel)

## Cogstate Advantage

- Unparalleled expertise for pre-symptomatic disease
- Expanding preferred relationships with leaders
- Unique offering for decentralized / remote approaches





**Alzheimer's Disease**

**Sleep Disorders** ▶

**Mood Disorders**

**Rare Disease**

*Acceleration in new study starts  
supported by current sales pipeline*

## **CY2024 Growth Drivers**

- Orexin is an exciting area of sleep disorder research
- Multiple late-stage program initiations planned in multiple indications

## **Cogstate Advantage**

- Cogstate assessment primary endpoint in phase III narcolepsy (first in class)
- Developed unique solutions to enhance usability, acceptability and data quality monitoring



**Alzheimer's Disease**

**Sleep Disorders**

**Mood Disorders** ▶

**Rare Disease**

*Acceleration in new study starts  
supported by current sales pipeline*

## **CY2024 Growth Drivers**

- Trial initiations increasing with new mechanisms (fast acting, increased durability)

## **Cogstate Advantage**

- Investment in expanded, scalable training and certification assets
- Remote rating solution; encouraged by regulators
- Strong fit for growing channel partner ecosystem



**Alzheimer's Disease**

**Sleep Disorders**

**Mood Disorders**

**Rare Disease ▶**

*Acceleration in new study starts  
supported by current sales pipeline*

## **CY2024 Growth Drivers**

- Unprecedented phase 2 trial successes leading to phase 3 activity

## **Cogstate Advantage**

- Key Opinion Leader (KOL)
- Longstanding involvement in multiple phase 2 programs

# Technology & Expertise

## Inch wide, mile deep

- Specialist provider of best-of-breed solutions

## Deep relationships

- Trusted partner for delivery of global solutions to strategically important programs

## Able to leverage technology

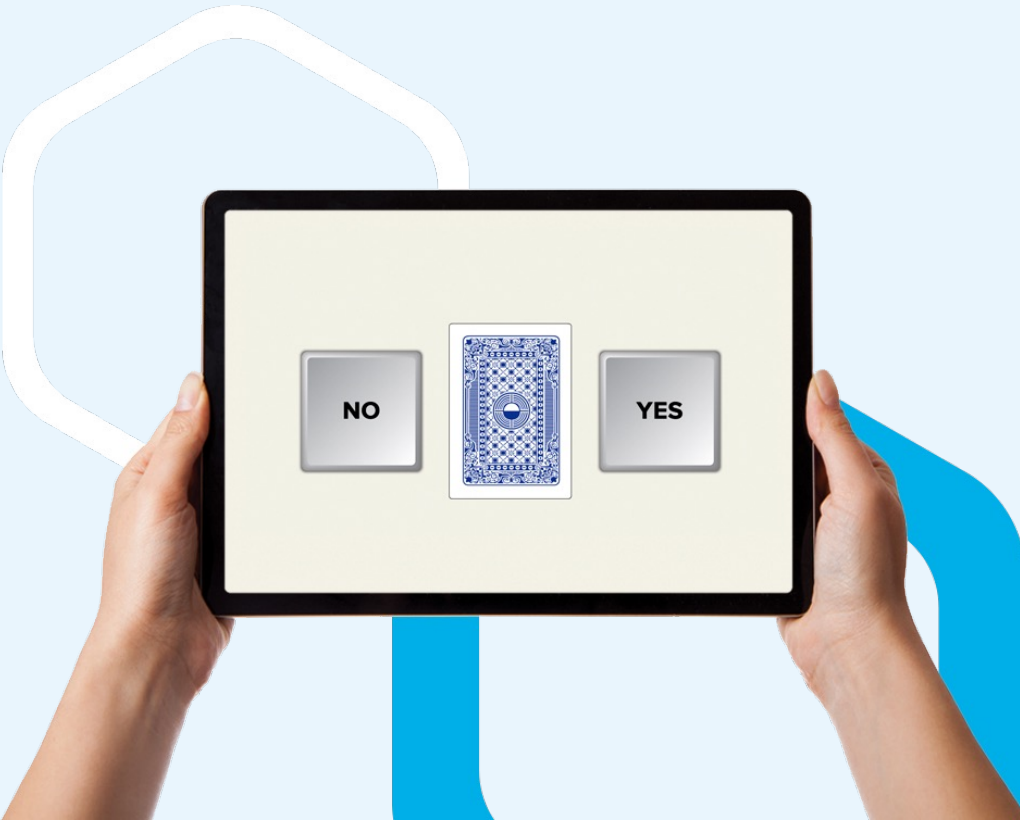
- License fees only ~18% of revenue, but digital assessments are key hook to services

## Platform agnostic

- Able to deliver via numerous eCOA (tech) solutions to accommodate customer requests

## Disruptor

- Rapid adopter of tech or process changes to deliver improved offering or solve problem (e.g. fully decentralized global phase 3 Alzheimer's trial)



# Alzheimer's Trial Challenges

Cogstate is uniquely positioned to assist with community-based assessment



## Competition with approved therapies

The launch of new therapies will provide patients with an option to go onto treatment immediately. That option has never existed previously.



## More trials = more patients needed

As new companies begin Alzheimer's R&D, the demand for patients will increase.



## Regulators demanding greater diversity

The solution to push further into the community, away from academic research centres, creates new problems.



## Alzheimer's naive sites require more support

More training & better systems that detect (or even prevent) error.



# Industry Dynamics – Alzheimer's Treatment



## Individual control

People want agency over their brain health



## Right patient, right time

Earlier treatment provides better health outcomes



## Waiting lists are the enemy

Patients will get sicker waiting for a diagnosis



## Biomarkers are critical

Blood and digital biomarkers can speed diagnosis



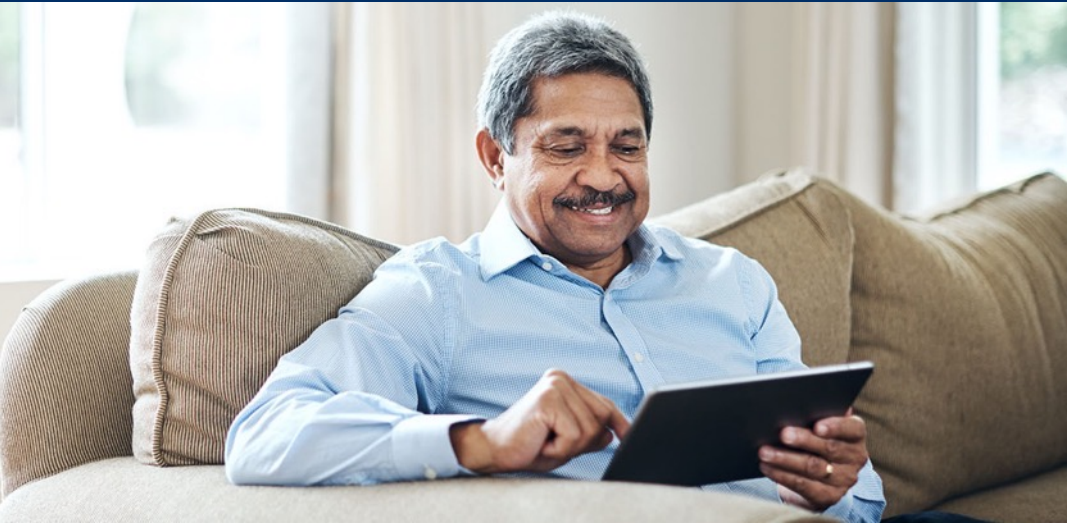
## Trial off-ramps

Out-of-pocket costs will make treatment unaffordable for some

**We need to think differently about brain health and measurement of impairment.**

# Healthcare Offering

## Cognigram launch in USA



**Eisai to launch Cognigram to USA physicians in coming weeks.**

Prescription of new therapies in USA requires much more than just cognitive assessment

- Complex differential diagnosis
- Consultation with loved ones/care givers
- Confirmation of amyloid
- Infusion

Cogstate exploring multiple conversations with pharma and other health care providers

**Fundamental belief that technology can facilitate identification of undiagnosed cognitive impairment in the community**



# Financial Strength: A focus on profitable growth

- **Proforma financial model provides management with clear guidelines:**
  - Clinical Trials at 55%-60% margins
  - Healthcare at higher SaaS margins
  - Stable cost base
  - When achieved, EBITDA 25%+, EBIT 20%+ with leverage over stable costs
- **Clinical Trial sales contracts have disappointed against expectations**
  - 1H24 \$10.9m, 2H23 \$6.7m, 1H23 \$27.3m
- **Flat revenue over 4 x half-year periods**
  - See above sales contracts as well as revenue delays on major projects
- **Cost reduction plans implemented through CY2023**
  - 1H24 Total staff expenses decreased \$1.3m (9%) compared to PCP
- **Profitable half year period**
  - \$2.1m profit before tax, compared to breakeven PCP

# 1H24 Financial Highlights (All figures in US\$)

## Clinical sales contracts executed

  
**-60%**

**\$10.9m**

Alzheimer's disease represented 62% of the value of contracts executed in 1H24

## Contracted future revenue

  
**-16%**

**\$123.7m**

Low new contract sales

## Group Revenue

  
**3%**

**\$20.2m**

Clinical Trials up 3% to \$17.9m  
Healthcare up 1% to \$2.2m

## Profit before Tax

  
**n/a**

**\$2.1m**

Strong improvement from PCP of \$0.0m.

## Operating net cash flow (excl. passthrough)

  
**17%**

**\$0.5m**

Increased from PCP due to lower payments to employees and vendors.

## Net Cash balance

  
**-12%**

**\$24.4m**

\$3.3m lower from PCP of \$27.7m due to share buy-back of \$3.1m



# Cogstate Group

US\$ millions	1H'24	1H'23	YTY %
Revenue	20.2	19.5	3%
Gross Profit	10.8	9.1	19%
GP%	54%	47%	7% Pts
Operating Expense	(7.6)	(8.1)	6%
Depreciation & Amortization	(1.4)	(1.3)	(12%)
EBIT	1.8	(0.2)	n/a
EBIT%	9%	(1%)	10% Pts
Other Income/(Expenses)	0.3	0.2	24%
<b>Net Profit before Tax</b>	<b>2.1</b>	<b>0.0</b>	<b>n/a</b>

## Highlights

- Revenue growth resulting from Clinical Trials
- Improving gross profit margin resulting from May 2023 restructuring actions
- EBITDA and EBIT margins improving but not yet at target model
- Strong improvement in Net Profit before Tax





# Segments

## Clinical Trials (including Research)

US\$ millions	1H'24	1H'23	YTY %
Revenue	17.9	17.3	3%
Direct Costs	(6.8)	(7.5)	9%
SG&A	(2.1)	(2.0)	(1%)
Gross Contribution	9.0	7.8	16%
GP%	50%	45%	6% Pts

## Healthcare

Revenue	2.2	2.2	1%
Direct Costs	(0.5)	(0.9)	48%
Gross Contribution	1.8	1.3	34%
GP%	79%	60%	19% Pts

# Highlights

## Clinical Trials

- Growth in revenue, though impacted by low 2H'23 new contract sales
- Improving gross profit margin with benefit from May 2023 restructuring actions, cost management, partially offset by lower than historical average SW license mix

## Healthcare

- Continuing amortization of Japan and Global licensing arrangements, with improving margins resulting from May 2023 restructuring actions.



# Cash Flow

US\$ millions	1H'24	1H'23	YTY %
Net Profit after Tax	2.0	0.1	n/a
Depreciation & Amortization	1.4	1.3	12%
Disposal of Assets	0.0	0.2	n/a
Non-cash employee benefits	0.7	0.8	(8%)
Grant funding received	(0.1)	(0.2)	(22%)
Exchange Rate differences	(0.3)	(0.2)	60%
Change in working capital	(4.1)	(2.2)	90%
<b>Operating Cash Flow</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(67%)</b>
<b>Operating Cash Flow (excl. passthrough)</b>	<b>0.5</b>	<b>0.4</b>	<b>17%</b>
<b>Cash Flow used in investing activities</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>70%</b>
<b>Cash flow used in Financing activities</b>	<b>(2.6)</b>	<b>(0.3)</b>	<b>(844%)</b>
<b>Total Cash Flow</b>	<b>(3.4)</b>	<b>(1.7)</b>	<b>(103%)</b>

## Highlights

- Decline in receipts from customers
- Lower payments to employees following May restructure.
- Lower cash flow used in Investment activities results from lower capitalisation of labour costs
- Higher cash flow used in Financing activities due to share buy-back program which was \$3.1 million
- US\$25.3 million of cash and cash equivalents on hand.



# Future Contracted Revenue Run-Off



## Highlights

- FY24 revenue under contract of \$36.7 million of which \$20.2 is 1H24 actual.
- FY25 revenue under contract of \$35 million, up marginally from prior period compare, largely a result of movements in existing projects.
- FY26, FY27 and FY28+ all increased from prior reported periods.

# Share Buyback

Additional on-market Share Buyback for up to 5 million of Cogstate ordinary shares

- Previous Share Buyback from 28 February 2023 to 4 December 2023
- 3,753,218 ordinary shares at a total cost of A\$5,589,131 acquired on-market

Reflects the belief in the business' future commercial prospects, the business' strong capital position, and supports the Board's ambition to improve returns for shareholders.

The timing and number of shares to be purchased under the Share Buyback will depend on the prevailing share price, market conditions and the capital position and requirements over the next 12 months.

Please refer to the Appendix 3C for further information in respect of the Share Buyback.

# Recap of Growth Drivers

## Short Term

- Improvements in Clinical Trials sales contracts necessary precursor to revenue growth
- Previously reported increase in sales activity and sales pipeline expected to deliver in 2H24
- Sales opportunities from growing network of eCOA and CRO channel partners
- Decentralised offering, with increased service offering providing larger contract value
- Financial leverage exists for revenue growth to translate to profit growth

## Medium-Long Term

- CNS / Neuro as a growth area in clinical trials
- Increased R&D activity in Alzheimer's is the largest opportunity for Cogstate
- Alzheimer's trials will face challenges that Cogstate is well placed to address
- Cogstate digital assessments uniquely place Cogstate in a position to impact:
  - Identification of patients that may benefit from new treatments; and
  - Pharma push into the community for patients for trials

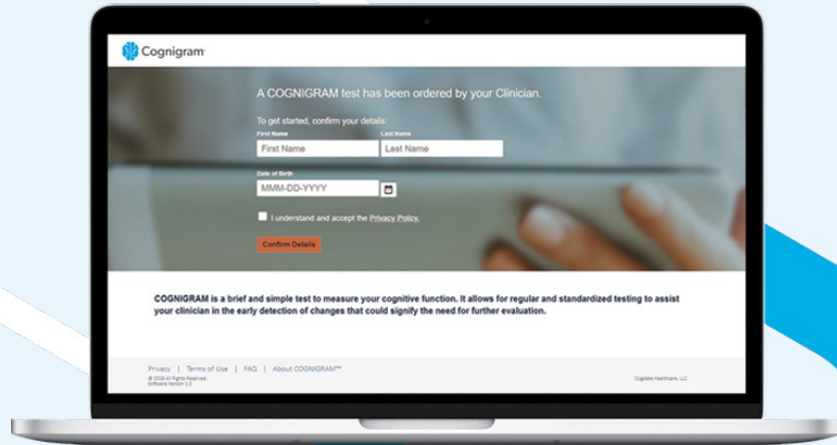


# FY24 Guidance

Customer engagement on new clinical trials expected to remain strong, particularly in Alzheimer's disease.

Expect improved clinical trials sales bookings in 2H24 compared with 1H24, as increased sales pipeline activity starts to deliver.

The revenue impact of the expected sales bookings remains sensitive to timing of contract execution.





Cogstate