

Investor Presentation

November 2018



Investment highlights

A world-class cognitive science, technology and services company focused on optimising and monetising the measure of cognition

- After 10+ years of scientific and commercial validation, Cogstate is now a respected supplier of cognitive science and technology services to the pharmaceutical industry
- A custom built eSource testing platform delivers cognitive tests and site-training materials and feeds into a cloud-based data capture, storage and management system
- Cogstate has delivered year-on-year sales growth.
FY18 sales contracts = US\$36m (up 22% pcp).
FY18 revenue = US\$29m (up 45% from FY16 to FY18)
- Until now, Cogstate has reinvested profits back into the business
(new tech and new market exploration)
- A restructure announced Aug-18 has removed substantial costs from the business
(\$3.5m of FY18 costs)
- Cogstate is focused on delivering short-term profit growth through
 - (i) continued sales growth and
 - (ii) cost reduction outside of the core business

Corporate Overview

Strong conviction from long-term shareholders has enabled Cogstate to develop a unique technology platform, extensive validation and expanding supporting services.

44.2% Shareholding of current Board and management

17.97%	Dolby Family *	<ul style="list-style-type: none">▪ Related party to Non-Executive Director, David Dolby▪ Shareholder since November 2013
17.95%	Martyn Myer AO *	<ul style="list-style-type: none">▪ Chairman▪ Co-founder and shareholder since 1999 as provider of seed capital
8.28%	Other Board, CEO and other management	

22.5% Other significant shareholders


9.59%	Fidelity International	<i>Substantial shareholder since Nov 2016</i>
7.56%	Nebula Neuro (Dr. Alan Finkel AO)	<ul style="list-style-type: none">▪ Currently Australia's Chief Scientist▪ Previous Director of Cogstate▪ Shareholder since 2006, substantial since May 2015
5.33%	Anacacia Pty Ltd	<i>Substantial shareholder since Nov 2017</i>

Trading information


Share price (23-Nov-18)	A\$0.70
Number of shares	119.2m
Market capitalisation	A\$83.4m
Cash (30-Sep-18)	A\$3.4m
Debt (31-Dec-16)	Nil
Enterprise value	A\$80.0m

* As a demonstration of support for the Company's long term strategy, each of the Myer and Dolby families acquired an additional 1,615,000 shares at \$0.57 per share in Sept 2018


Leaders In Digital Brain Health Assessment




>70
Indications



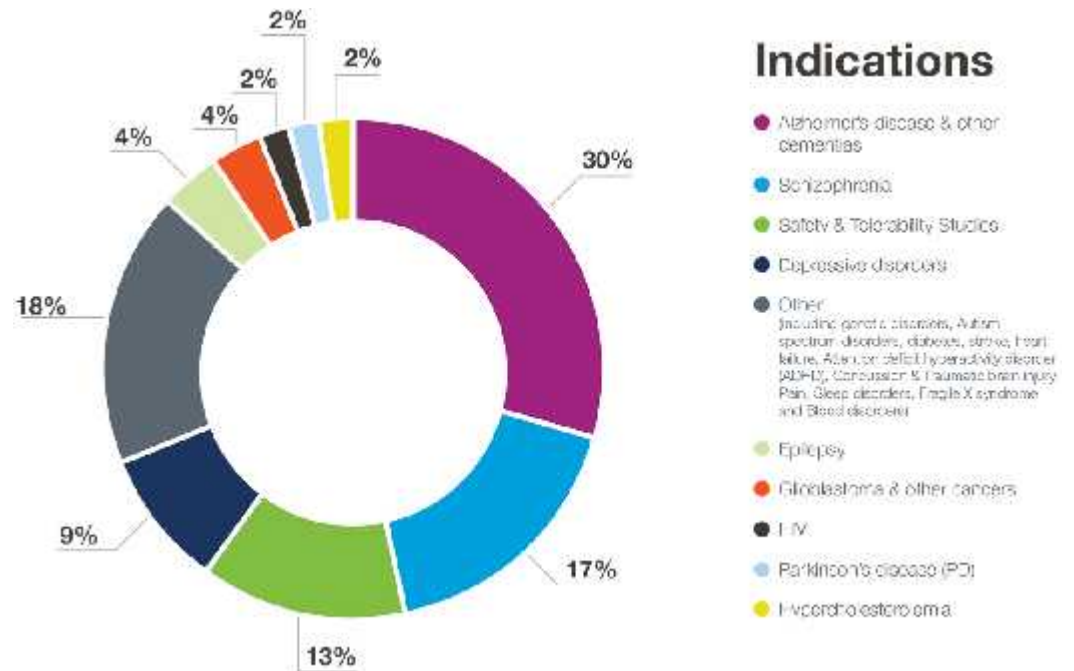
>100
Languages
& Dialects



>55
Countries



>400
Peer Reviewed
Publications



Partners to World's Leading Pharma & CROs

Cogstate works with 14 of the top 15 pharmaceutical companies ranked by R&D spend, who continue to choose Cogstate for:

- ✓ Expertise in the use of cognitive outcome measures in clinical trials
- ✓ Operational experience and innovative approaches for more efficiently ensuring high quality endpoints (i.e. Rater Academy Approach)
- ✓ Sensitive computerized measures designed for the rigor of clinical trials
- ✓ Deep understanding of what it takes to successfully manage large, global, long-term studies

Solutions Provided Via Cogstate eSource Platform

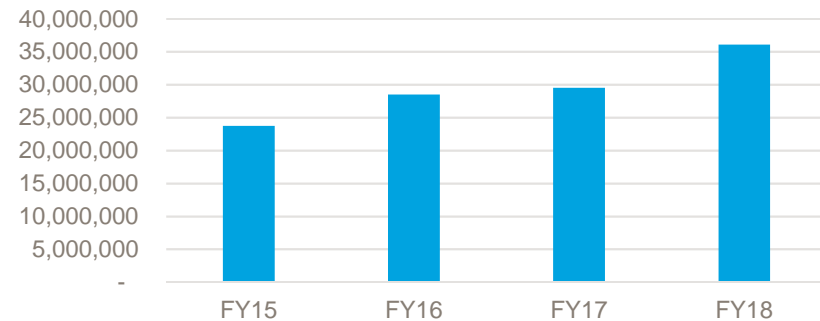


Sales & Revenue Growth

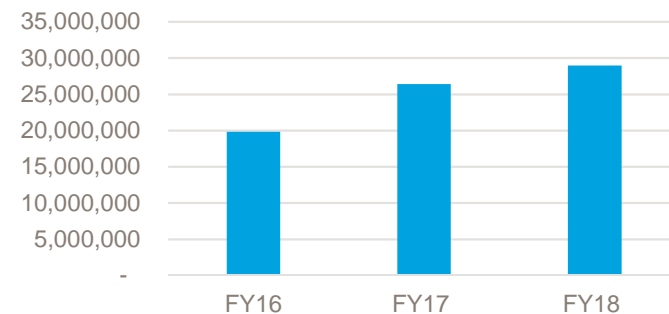
- 1 clinical trial = 1 sales contract
- The value of each contract can range from \$100k to \$10m+, based upon size and scale of the trial
- Phase 2 and 3 studies run 2-5 years, providing forward sight of revenue
- Cogstate has delivered continuous increase in value of sales contracts executed per annum
- FY18: US\$36m sales contracts, up 22% vs FY17

- FY18: Revenue US\$29m, up 10% vs FY17
- Revenue increased \$9m (45%) from FY16 to FY18

Sales Contracts Executed, by Financial Year (US\$)



Recognised Revenue, by Financial Year (US\$)



Until Now, Profits Invested Back Into The Business

- Cogstate has focused on **long term return on investment**, rather than short term profits
- Profits from the Clinical Trials segment were invested in both **new technology and launch of Cognigram** (use of Cogstate in GP offices)
- **Profit and cash flow results have been approx. breakeven** reflecting this long term strategy



Adapting to New Information

- The impact of the failure of Alzheimer's trials
 - Jun-18: study failures resulted in a reduction in contracted future revenue for Cogstate
 - A treatment for Alzheimer's disease that would lead to demand for better diagnostic tools could be some time away
- Significant progress achieved for Cognigram, but changing behavior is slow and expensive
 - Regulatory clearance (USA: **FDA**, EU: **EMA**, Aus: **TGA**) clearance for Cognigram
 - Ramp up of business development team and some sales traction
 - FY18 Loss from Cognigram operations \$1.9m and further investment required in FY19 & FY20
- Investment timeframe of Cogstate shareholders
 - Shareholders seeking greater financial leverage and short term profitability

Strategy Adjustment Announced Aug-18

- Annualised staff costs in excess of \$5m removed from the business through restructure implemented from April 2018 – July 2018
 - These costs accounted for \$3.46m of costs of sales and operating costs in FY18
- In total, 30 roles removed from the business
 - 17% of total staff headcount
- Significant strategy change in respect of Cognigram
 - Seeking distribution and licensing arrangements rather than direct selling
 - Immediate impact is to significantly reduce expenditure
 - Continue to support existing and new customers
 - Will continue to seek revenue growth, but through alternative distribution model
- Full impact of savings realised in 2nd half of FY19
 - Approx \$2m of non-recurring costs (salaries, severance payments and other close-out costs) will be incurred in the July – December 2018 half year
 - Non-recurring costs removed completely from January – June 2019 half year

Financial Analysis (US\$)

- Clinical Trials sales contracts \$36.1m, up 22%
- Revenue \$28.96m, up 10%
- Maintenance of margins within the Clinical Trials division
- Adjusted EBITDA from continuing operations \$3.56m (FY17 \$1.76m)
- Profit before tax from continuing operations \$1.96m (FY17 \$0.27m)
- Investment in Cognigram will significantly decrease in FY19 as a result of the restructure implemented

	Full Year Ended	
	30-Jun-17	30-Jun-18
Revenue from operations	26,404,953	28,956,884
Clinical Trials		
Revenue	26,187,137	28,080,187
Clinical Trials EBITDA	14,861,048	15,905,193
	56.7%	56.6%
R&D (incl. academic research studies, normative data studies and new technology validation)		
R&D EBITDA	(568,061)	(326,981)
Total Other Expenditure (Net)	(12,529,553)	(12,014,677)
Adjusted EBITDA from continuing operations, excluding shre based compensation	1,763,434	3,563,535
Share based payments (expense of employee options)	(721,724)	(953,003)
Depreciation and Amorization	(771,593)	(651,718)
Profit before tax from continuing operations	270,117	1,958,814
Investment in Cognigram (start-up)		
Cognigram EBIT	(931,562)	(1,852,597)
Net Profit / (Loss) before tax	(661,445)	106,217

FY19 Guidance

- Contracted revenue position is consistent with the prior year
 - Even after taking into account Jun-18 contract cancellations due to failure of two potential Alzheimer's disease therapies
- Sales growth prospects are good, but even at flat sales, profit is projected to increase due to restructure and associated cost reduction
- Specific guidance:
 - As a result of restructure, approx \$2m of non-recurring costs will be incurred in 1H19
 - 1H19 expecting to record a loss overall, inclusive of non-recurring costs
 - 1H19 profit if non-recurring costs are excluded
 - Much improved profitability in 2H19
 - Forecast revenue growth from 1H19 to 2H19
 - Full benefit of cost reduction measures delivered in 2H19
- Guiding for profit growth for FY19 year, inclusive of non-recurring costs



Cogstate