



# ASX Announcement

## 17 March 2020

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### Cogstate Investor Presentation

Cogstate (ASX:CGS) has today released an investor presentation that provides a summary of the current state of the business, with a focus on the results and milestones for the six months ended 31 December 2019.

Additionally, a video recording of Cogstate CEO, Brad O'Connor, presenting the materials can be viewed at: <https://www.cogstate.com/investors/>.

This announcement was authorised for release by a sub-committee of 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 nearly 20 years, Cogstate has proudly supporting 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, Cogstate has recently entered into an exclusive licensing agreement with pharmaceutical company, Eisai, under which Eisai will market Cogstate technologies as digital cognitive assessment tools in Japanese markets. For more information, please visit [www.cogstate.com](http://www.cogstate.com).

#### For further information contact:

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# Investor Presentation

**March 2020**

A video recording of this presentation can be viewed at  
<https://www.cogstate.com/investors/>



**Cogstate**

# Themes for this meeting



## Clinical Trials

Growth in sales will deliver revenue increase in 2H20

SHARP TURNAROUND IN SALES  
ACROSS RANGE OF  
INDICATIONS



## Healthcare

Opportunity to take market leading position

UPCOMING LAUNCH IN  
JAPAN VIA EISAI  
PARTNERSHIP



## Financial Results

Improved financial results in 2H20 and EBIT profit FY21

2H20 RESULTS WILL BEGIN TO  
SHOW FINANCIAL LEVERAGE

A person is holding a tablet computer. The screen of the tablet displays a blue and white playing card, specifically the Queen of Spades. The person's hands are visible, and they are wearing a light-colored shirt. The background is slightly blurred, showing what appears to be a white surface and a purple object in the lower left corner.

# Founding Vision

To develop an assessment of brain health that could be used  
anywhere for any purpose

# What sets Cogstate apart



Proven ability to commercialize **highly sensitive computerized cognitive assessments** backed by science and carefully designed for the rigor of clinical research



Inclusion of our computerized endpoint in **major longitudinal and natural history studies**, establishing expected trajectories of decline for use in the planning of industry-sponsored trials



Scientific, operational and technical capabilities to advise and **manage endpoint quality for a range of other outcome assessments** in large global programs



Regulatory-cleared **solution designed for the unique requirements of clinical practice**, but centred around the same science utilized in clinical trials



Demonstrated ability and desire to establish **deep, strategic relationships and a 'trusted partner' position with pharma customer partners**



A person is holding a tablet computer. The screen of the tablet displays a blue and white patterned playing card, specifically the back of a card with a geometric design. The person's hands are visible, holding the tablet from the sides. The background is a soft, out-of-focus grey. At the bottom of the image, there is a decorative graphic consisting of overlapping geometric shapes in shades of blue and magenta.

# Clinical Trials

## Sustainable Growth Driving Profitability

A hand is holding a tablet. On the screen of the tablet, a playing card is visible. The card has a blue and white patterned back with a central circular design. The background of the slide is a dark, slightly blurred image of the hand and tablet.

# Clinical Trials Revenue Recognition

## **SALES CONTRACTS**

1 Clinical Trial = 1 Sales Contract

Value from \$0.1m to \$10m+

Value dependent upon the size of the trial and scope of services

Growth in sales contracts drives revenue growth over time

## **REVENUE**

Recognised over length of trial as software is released or as services performed

Most revenue is generated in the periods following execution of sales contracts (i.e. revenue lags sales)

## **REVENUE BACKLOG**

The amount contracted in prior periods that has not yet been converted to revenue

Revenue backlog is a lead indicator of revenue recognition – increase in revenue backlog indicates future increase in revenue

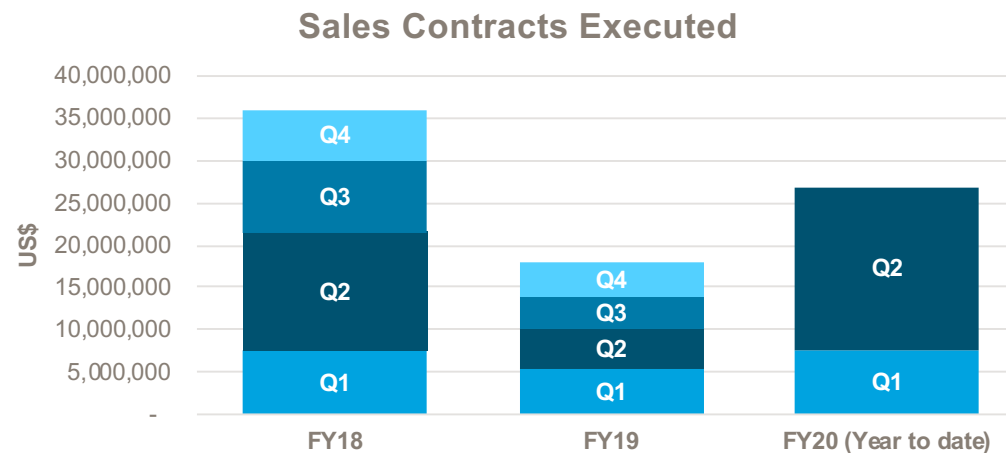
# 1H20 Record-high sales contracts executed

Historically low level of sales contracts in FY19

1H20 \$26.9 million Clinical Trials sales contracts executed

- Best half year result ever recorded by Cogstate
- 170% growth on previous corresponding period
- 25% growth on previous best half year (Dec 2017)

All results presented in US\$





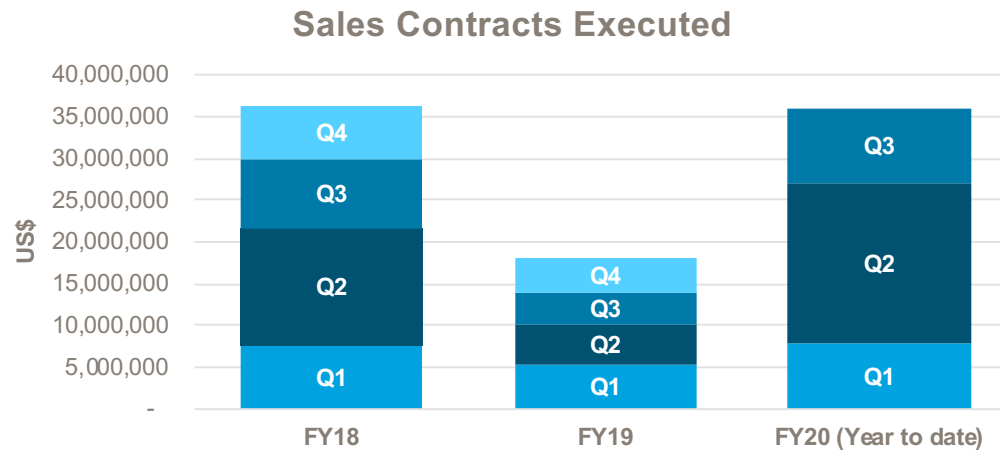
# Q3 Sales Progress

**\$9.1 million Clinical Trials sales contracts executed in the period 1 Jan – 4 March 2020**

**FY20 year to date Clinical Trials sales contracts \$36.0**

**On track for best ever result for a full financial year**

All results presented in US\$



# Record-high revenue backlog

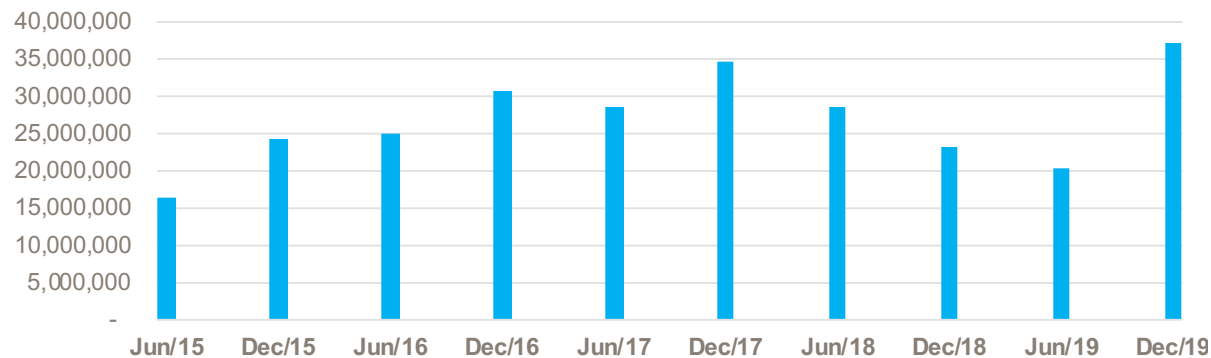
Prior period backlog negatively impacted by trial cancellations (30-Jun-18) and lower sales (FY19)

Revenue backlog at 31 December 2019 was \$37.2 million

- Previous best: \$35.0m at 31 Dec 2017
- \$10.1m of backlog to be recognised in 2H20

All results presented in US\$

Contracted Future Revenue (\$US)





# Healthcare

Brain health awareness

Excitement in respect of Japanese launch



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## Joint Venture

### **Exclusive in Japan**

Exclusive license of Cogstate technology in Japan

- Cognigram and associated offering, excludes clinical trials
- 10 year term with performance criteria at years 5 & 8

### **US\$2.9m upfront payments by Eisai**

US\$1.0m royalty payment

US\$1.9m equity investment

### **Eisai will fund region specific product development**

Cogstate technology already used in Japan, with full translation to Japanese, however further development of the product will maximise acceptability to the local consumer.

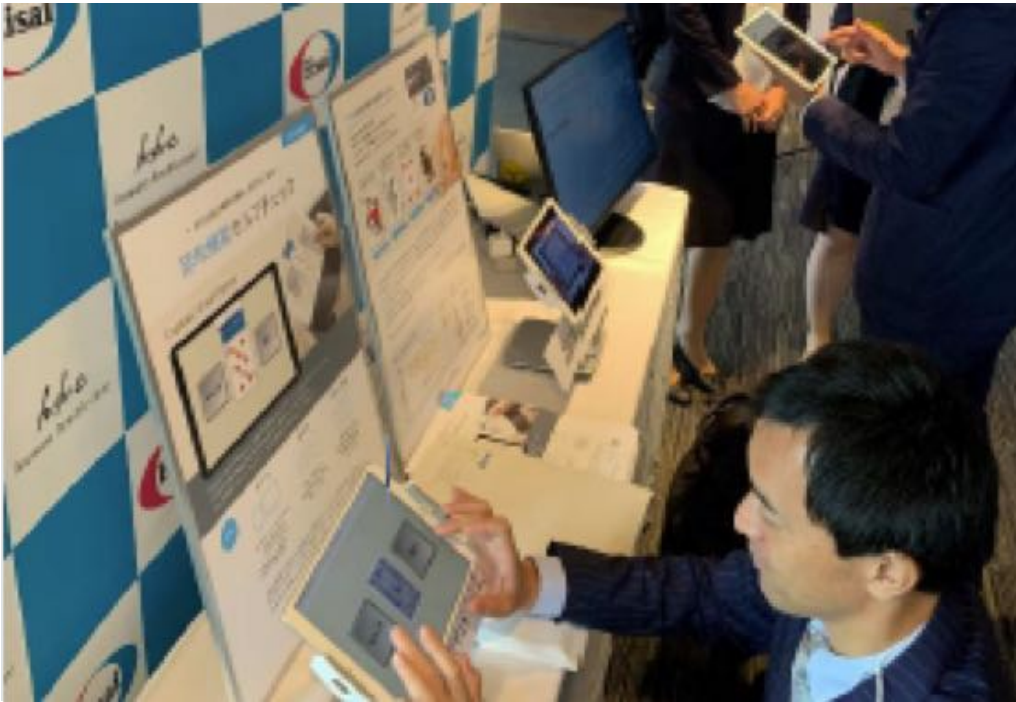
### **Eisai will provide sales and marketing resources**

Eisai is committed to building a dementia ecosystem and will provide sales and marketing resources to generate sales

### **Profits split 50/50**

After accounting for the costs of sale of the product in Japan, Eisai and Cogstate will jointly share the profits

# User Acceptance Testing Conducted in Japan



## Since March 2019, user acceptance testing conducted via pilot system

- Cogstate has provided a pilot system to enable user acceptance testing
- As a result of pilot testing, Cogstate has implemented:
  - Language updates
  - Additional feedback for the user
  - Updated data feed and visualisation capabilities





- のうKNOW translates to “Know Brain”
- Eisai want people in Japan to “know of their brain condition”.
- Initial focus is consumer awareness of cognitive function
  - Business-to-Business as well as Business-to-Government to follow
- Cogstate technology embedded into a consumer website
- Immediate feedback provided to the participant
- Easy to Use:
  - Interactive demonstrations “train” the participants how to take the test
  - Can be conducted remotely and unsupervised
- Data available for analysis



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# EWAY 2025 Eisai business plan FY2020 – FY2025

Presented by Eisai CEO,  
Mr Naito on Friday 6 March 2020


Included in the presentation was a description of the role of cognitive assessment, including Eisai's plans to:

- Promote understanding of dementia and MCI through disease awareness activities within the media;
- Preparation of brain performance app that will encourage disease prevention activities through management and visualization health data;
- Measurement of brain performance via のうKNOW (Cogstate Brief Battery); and
- The integration of both のうKNOW and Cognigram in the diagnostic pathway with various biomarkers across different dementia pathologies.

**Eisai presentation can be viewed at:**

[https://www.eisai.co.jp/ir/library/presentations/pdf/4523\\_200306.pdf](https://www.eisai.co.jp/ir/library/presentations/pdf/4523_200306.pdf)

**Cogstate materials presented on slides 14 & 15 of the Eisai presentation.**

A photograph of a middle-aged man with grey hair and black-rimmed glasses, wearing a light blue button-down shirt. He is smiling and looking down at a pink smartphone he is holding with both hands. The background is a blurred indoor setting with light-colored curtains. The image is overlaid with a semi-transparent dark grey rectangle containing white text. At the bottom left, there is a decorative graphic consisting of overlapping geometric shapes in shades of blue and magenta.

# Leveraging Partnerships for Technology Advancement



Cogstate is working with Eisai to develop smartphone capability for existing Cogstate assessments.

Initial development work has already begun. Pilot testing and scientific validation of the the first version will begin in 2020 calendar year.

Development funding will be provided by Eisai.

Cogstate will own all IP, regardless of funding arrangements, and Cogstate will be able to leverage the work into other markets.





## Voice Based Smart Phone Application

Development of a smartphone application to deliver voice-based cognitive assessment on iOS and Android devices.

Cogstate has entered into an agreement with the Alzheimer's Drug Discovery Foundation (ADDF) to partly co-fund the development, worth \$1.36m to Cogstate

The app is expected to have relevance in both Clinical Trials and Healthcare markets

The funding has been awarded through ADDF's Diagnostics Accelerator, with funding from Bill Gates and other philanthropic partners, to fast-track the development of diagnostic tools and biomarkers for Alzheimer's disease and related dementias.



An overhead photograph of five people (three women and two men) sitting around a white circular table in a modern office or study environment. They are all focused on their work, with some looking at laptops and others at open books or documents. The table is cluttered with various items including papers, sticky notes, pens, and mobile phones. The background is a plain, light-colored floor. The overall tone is professional and collaborative.

# H1 FY20 Results

# Summary of Capital Raising Events

***Approx. A\$10.9m (US\$7.5m) raised through a series of transactions***

1

**Placement to Aust  
institutional investor**

July 2019  
A\$4.0 million

Issue of 22,857,143  
shares at \$0.175  
per share

2

**Placement to Eisai  
Tranche 1**

August 2019  
A\$1.4 million

Issue of 6,700,000  
shares at \$0.20308  
per share

3

**Placement to Eisai  
Tranche 2**

October 2019  
A\$1.5 million

Issue of 4,497,751  
shares at \$0.3335  
per share

4

**Fully Underwritten  
Entitlement Offer**

October 2019  
A\$4.0 million

Issue of 14,875,339  
shares at \$0.27  
per share

# Financial Analysis

## CLINICAL TRIALS

All results presented in US\$

CLINICAL TRIALS: contribution decreased by \$2.9m (1H20 \$2.2m vs 1H19 \$5.1m)

- Revenue decreased (1H20 \$8.3m vs 1H19 \$11.0m)
  - Due to lower sales in prior periods
- Direct costs were consistent with prior periods
  - need to maintain threshold levels of resources to meet current & contracted work
- Revenue and contribution will increase in 2H20
  - The increase in contracted future revenue at 31 December 2019 will result in an increase in Clinical Trials revenue in 2H20.
  - No material increase in direct costs during 2H20

|  | Half-year ended<br>31 December 2019<br>US\$'000,000 | Half-year ended<br>30 June 2019<br>US\$'000,000 | Half-year ended<br>31 December 2018<br>US\$'000,000 |
|--|---|---|---|
| Clinical Trials sales contracts executed         | 26.9  | 7.9   | 10.0  |
| <b>Clinical Trials</b>                           |   |   |   |
| Revenue  | 8.3   | 10.3  | 11.0  |
| Clinical Trials EBITDA contribution              | 2.2   | 4.6   | 5.1   |
|  | 26.6%   | 44.0%   | 46.7%   |
| <b>Healthcare Solutions</b>                      |   |   |   |
| Revenue  | 1.3   | 0.2   | 0.1   |
| Healthcare Solutions EBITDA contribution         | 1.2   | 0.1   | (0.9)   |
| <b>Research Solutions</b>                        |   |   |   |
| Revenue  | 0.1   | 0.1   | 0.1   |
| Research Solutions EBITDA contribution           | (0.3)   | (0.3)   | (0.3)   |
| <b>Other operating costs</b>                     | (5.1)   | (4.9)   | (6.6)   |
| <b>EBITDA excluding share based compensation</b> | (2.0)   | (0.6)   | (2.7)   |
| <b>Net profit/(loss) before tax</b>              | (2.9)   | (1.0)   | (2.8)   |

# Financial Analysis

## HEALTHCARE

All results presented in US\$

HEALTHCARE: contribution increased by \$2.1m  
(1H20 \$1.2m vs 1H19 -\$0.9m)

- Revenue increased (1H20 \$1.3m vs 1H19 \$0.1m)
  - inclusive of the upfront royalty paid by Eisai in respect of licensing of Cogstate technology for the Japanese market.
- Direct costs decreased (1H20 \$0.1m vs 1H19 \$1.0m)
  - Direct costs removed as part of restructure undertaken in 1H19

|   | Half-year ended<br>31 December 2019<br>US\$'000,000 | Half-year ended<br>30 June 2019<br>US\$'000,000 | Half-year ended<br>31 December 2018<br>US\$'000,000 |
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| <b>Healthcare Solutions</b>               |   |   |   |
| Revenue                                   | 1.3   | 0.2   | 0.1   |
| Healthcare Solutions EBITDA contribution  | 1.2   | 0.1   | (0.9)   |
| <b>Research Solutions</b>                 |   |   |   |
| Revenue                                   | 0.1   | 0.1   | 0.1   |
| Research Solutions EBITDA contribution    | (0.3)   | (0.3)   | (0.3)   |
| Other operating costs                     | (5.1)   | (4.9)   | (6.6)   |
| EBITDA excluding share based compensation | (2.0)   | (0.6)   | (2.7)   |
| Net profit/(loss) before tax              | (2.9)   | (1.0)   | (2.8)   |



# Business & Financial Outlook



## **Sales Contracts**

Good pipeline of sales opportunities in Clinical Trials segment



## **Clinical Trials Revenue**

Increased clinical trials sales contracts will result in Clinical Trials revenue growth (compared to 1H20)



## **Japan Launch**

Upcoming launch of のうKNOW in Japan



## **Healthcare Opportunity**

Interest in upcoming announcements from Biogen/Eisai in respect of Aducanumab filing



## **Improved Financial Results**

Increase in Clinical Trials revenue will deliver an improved financial result for 2H20 and EBIT profit for FY21





Cogstate