

ANNUAL REPORT 2022

For personal use only



For personal use only



Major Milestones



Formation of a Scientific Advisory Board (SAB), comprising world-class neuroscience experts in cognitive assessment and drug development. The SAB has begun working with the Cogstate scientific leadership team to support the advancement of the company's strategy, innovation roadmaps, and research & development initiatives. We are honored to welcome such an esteemed group and are confident their insights will positively impact our growth and development in the areas of Alzheimer's disease and related dementias.



Expansion of our partnership with clinical trial data management leader, Clario, to enhance our joint support of Central Nervous System research. The collaboration delivers enhanced data quality solutions for the full range of cognitive and clinical endpoints in neuroscience studies by combining Clario's advanced platform technology with Cogstate's deep therapeutic expertise. The collaboration expands our previously announced partnership to deliver Cogstate's digital cognitive assessments together with Clario's platform for a streamlined customer experience.



Inclusion of Cogstate digital assessments as part of the primary endpoint in the AscenD-LB study, a phase 2 clinical trial in Dementia with Lewy Bodies (DLB) conducted by EIP Pharma Inc. The company announced final results of the trial, which demonstrated neflamapimod treatment led to significant improvement relative to placebo in cognition, functional mobility and dementia progression. These trial results represent a possible breakthrough for individuals impacted by DLB, the second most common form of dementia and for which there are no treatments.



Expansion of Cogstate technology to consumers across Asia region, through our partnership with Eisai Co., Ltd (Eisai). This includes launches in Taiwan and Hong Kong, marking the first release in the region outside of Japan. In Japan, Cogstate technology was offered as a pre-installed application on the Raku-Raku smartphone, a model marketed to the senior population in Japan and has shipped more than 7 million units.



Expanded involvement with major industry initiatives and consortia:

- Continued participation on the Davos Alzheimer's Collaborative (DAC), a pre-competitive coalition and a 5-year, ~\$300 million plan focused on driving global coordination in Alzheimer's disease preparedness
- Joined the Digital Medicine Society's (DiMe) Alzheimer's Disease and Related Dementias (ADRD) Digital Measures Development Project alongside partners including Biogen, Eli Lilly, Eisai, Merck, the Alzheimer's Drug Discovery Foundation (ADDF) to define digital health measurement to speed the development of new therapies and improve AD care management
- Joined the Decentralized Trials & Research Alliance (DTRA) whose members work to accelerate the adoption of patient-focused, decentralised clinical trials to make research participation accessible to everyone

Financial momentum continues to build

In FY22, Cogstate executed a record level of clinical trials sales contracts, generated a record level of revenue and delivered a record profit before tax. The business was cash flow positive again in FY22 and finished the year with net cash of \$28.7 million. As we look forward, Cogstate has secured \$139 million of contracted revenue that will be recognised in future periods.

For personal use only



Inside This Report

Performance Highlights	4
Summary Financial Results	5
Message from the Chairman and CEO	6
Cogstate Directors	9
Company Secretary	11
Directors' Report	12
Auditor's Independence Declaration	24
Audited Remuneration Report	26
Financial Report	38
Financial Statements	39
Notes to the Consolidated Financial Statements	43
Directors' Declaration	71
Independent Auditor's Report	72
Shareholder Information	78
Corporate Directory	80

Corporate Governance Statement

The Board of Directors of Cogstate Limited is responsible for the corporate governance of the Company. The Corporate Governance Statement has been lodged separately and is available on the Company website: www.cogstate.com

These financial statements are the consolidated financial statements of the Group consisting of Cogstate Limited and its subsidiaries. A list of the major subsidiaries is included in Note 28. The financial statements are presented in US dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia, and whose shares are publicly traded on the Australian Securities Exchange (ASX:CGS). Its registered office is Level 2, 161 Collins Street Melbourne Victoria 3000 Australia.

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All ASX Announcements, reports, presentations and other information are available at our Investor Centre on our website at www.cogstate.com.au/investors/.

The financial statements were authorised for issue by the directors on 29 August 2022.

Performance Highlights

Revenue

\$45.0m

FY2022 \$45.0m

FY2021 \$32.7m

Segment EBITDA

\$13.0m

FY2022 \$13.0m

FY2021 \$5.7m

EBIT

\$10.7m

FY2022 \$10.7m

FY2021 \$3.4m

Profit Before Tax

\$10.7m

FY2022 \$10.7m

FY2021 \$5.8m

Profit After Tax

\$7.5m

FY2022 \$7.5m

FY2021 \$5.2m

For personal use only



Summary Financial Results

	1H22 US\$	2H22 US\$	FY22 US\$	FY21 US\$	Growth US\$	Growth %
Total Revenue	23,075,459	21,904,897	44,980,356	32,686,396	12,293,960	37.6%
Clinical Trials Revenue	20,846,863	19,481,284	40,328,147	28,667,707	11,660,440	40.7%
- Direct costs (excluding direct depreciation)	(6,359,442)	(6,699,967)	(13,059,409)	(9,876,793)	(3,182,616)	(32.2%)
- SG&A costs	(1,556,337)	(1,587,182)	(3,143,519)	(3,336,900)	193,381	5.8%
Clinical Trials Contribution	12,931,084	11,194,135	24,125,219	15,454,014	8,671,205	56.1%
Contribution %	62%	57%	60%	54%		
Healthcare Revenue	2,215,228	2,241,472	4,456,700	3,758,790	697,910	18.6%
- Direct costs	(447,852)	(766,414)	(1,214,266)	(799,871)	(414,395)	(51.8%)
Healthcare Contribution	1,767,376	1,475,058	3,242,434	2,958,919	283,515	9.6%
Contribution %	80%	66%	73%	79%		
Research Revenue	13,368	182,141	195,509	259,899	(64,390)	(24.8%)
- Direct costs	(424,934)	(458,536)	(883,470)	(731,788)	(151,682)	(20.7%)
Research Contribution	(411,566)	(276,395)	(687,961)	(471,889)	(216,072)	(45.8%)
Operating Expenses						
- Total product development & engineering	(2,473,704)	(2,488,303)	(4,962,007)	(4,954,520)	(7,487)	(0.2%)
- Less capitalised software development costs	56,208	1,949,638	2,005,846	2,109,569	(103,723)	4.9%
- Less product development costs reimbursed	596,670	-	596,670	-	N/A	N/A
Net product development & engineering	(1,820,826)	(538,665)	(2,359,491)	(2,844,951)	485,460	17.1%
Computer costs	(766,723)	(886,104)	(1,652,827)	(1,388,759)	(264,068)	(19.0%)
Insurance	(275,799)	(492,334)	(768,133)	(520,391)	(247,742)	(47.6%)
Professional fees	(741,497)	(669,550)	(1,411,047)	(1,356,222)	(54,825)	(4.0%)
Marketing	(70,889)	32,348	(38,541)	(106,670)	68,129	63.9%
Office & facilities	(115,181)	(133,190)	(248,371)	(263,235)	14,864	5.6%
Travel	(1,124)	(29,311)	(30,435)	31,029	(61,464)	(198.1%)
Other administration costs	(3,241,813)	(3,919,833)	(7,161,646)	(5,780,108)	(1,381,538)	(23.9%)
Total Operating Expenses	(7,033,852)	(6,636,639)	(13,670,491)	(12,229,307)	(1,441,184)	(11.8%)
EBITDA	7,253,042	5,756,159	13,009,201	5,711,737	7,297,464	127.8%
Depreciation and amortisation	(1,126,549)	(1,197,626)	(2,324,175)	(2,299,010)	(25,165)	(1.1%)
EBIT	6,126,493	4,558,533	10,685,026	3,412,727	7,272,299	213.1%
Net interest	(10,929)	18,503	7,574	(36,657)	44,231	120.7%
Other Income	-	-	-	2,444,200	(2,444,200)	(100.0%)
Net profit before tax	6,115,564	4,577,036	10,692,600	5,820,270	4,872,330	83.7%

For personal use only

Message from the Chairman and CEO



Welcome to the 2022 Annual Report

Dear shareholder,

At Cogstate, we are on a mission to democratize brain health.

We passionately believe that easy-to-use, low-cost, non-invasive, sensitive measurements provide a pathway to improved brain health globally.

Guided by the mantra of Brain Health for All, we combine proven science with disruptive digital innovation to make the measurement of cognition as simple, standardised, actionable and common as the measurement of blood pressure.

Over the last year, Cogstate has remained focused on this mission and has achieved true momentum as we continued to build upon and leverage the gains in commercial, operational, scientific and technological capabilities made by the company in recent years. We are recognised as a global leader in cognitive science and have evolved into a fast-growing, profitable business.

During the 2022 financial year, our business has been positively impacted by the following key factors:

1. The continued development of new candidate therapeutics in Alzheimer's disease

Cogstate works across a range of different disease areas, with Alzheimer's disease research and development a key contributor to our financial results. Over the last year, we have seen an increase in Alzheimer's disease clinical trials and this is represented in our results. For the year to 30 June 2022, Cogstate executed \$82.5 million of new clinical trials sales contracts, of which 84% related to Alzheimer's disease (up from 65% in the prior year).

As a society, we continue to eagerly await positive data from pivotal phase 3 clinical trials of potential disease-modifying treatments of Alzheimer's disease. During the next year, a number of pharmaceutical companies are expected to release key findings. Positive results in any one of those trials will be welcome news for patients and families of those suffering from this terrible disease. If one, or more, of these potential treatments can be shown to make a difference to the lives of patients, we expect the launch of a new therapy will lead to an increase

in demand for easy-to-use, accurate brain health assessments, like those provided by Cogstate.

2. The first full year of commercialization under our global partnership with Eisai

We executed our global license agreement with Japanese pharmaceutical company, Eisai, in October 2020. Throughout the 2022 financial year, we have worked closely with the Eisai teams in various regions, including Japan, the USA, Asia and the EU.

Branded as NouKNOW (pronounced noh-noh), Cogstate technology was launched in Japan as a pre-installed application on a smartphone called Raku-Raku. The Raku-Raku phone is used widely by the senior population, with more than 7 million units shipped in Japan. NouKNOW is a digital tool for self-assessment of brain health which utilises a selection of cognitive assessments known collectively as the "Cogstate Brief Battery".

Eisai also launched Cogstate technology branded as CogMate in Taiwan and Hong Kong. CogMate is a global multilingual version of NouKNOW. For the Asian region, CogMate is equipped with multilingual functions such as Chinese (Traditional Chinese) and English. CogMate can be deployed via a PC, tablet or smartphone.

In the United States, as part of Cogstate's involvement in the Davos Alzheimer's Collaborative, Cogstate technology is being used as part of a real-world study that is occurring in the AdventHealth healthcare system in Florida. The ground-breaking research is designed to measurably increase rates of cognitive screening, early detection and accurate diagnosis of Alzheimer's disease.

The study's innovative approach pilots the use of a new blood test to detect biomarkers and digital cognitive assessment from Cogstate in clinical practice.

3. The increased adoption of decentralised clinical trials

What was once a slow trend towards at-home, telehealth approaches in healthcare and clinical research has now undergone a major inflection point. Driven in part by challenges resulting from the COVID-19 pandemic, clinical research teams have embraced more decentralised clinical trial activities, progressing well beyond pandemic-related mitigation strategies.

When implemented well, remote administration of clinical outcomes assessments, such as cognitive assessments or symptom severity rating scales, bring clear benefits to trial conduct from expanding trial access and diversity to enhancing data quality. However, clinical outcomes assessments present both unique challenges and important opportunities related to their suitability and validity for remote conduct and their practical implementation. The continued and successful application of both conventional clinical evaluations and emerging digital technologies is critical to the evaluation of novel therapies, and, therefore, the field must identify and promote good practices in this area.

In working with sponsors, license holders, technology partners, and regulators, Cogstate has delivered remote assessment solutions for both digital and conventional assessments in central nervous system trials over the last year. Cogstate's digital assessments are ideally suited to remote self-administration.

During the period Cogstate also joined the Decentralised Trials & Research Alliance whose 100 member organisations work to accelerate the adoption of patient-focussed, decentralised clinical trials and make research participation accessible to everyone.

We expect to see the trend towards greater adoption of decentralised trial designs continue and are uniquely positioned to assist our customers in improving the speed and quality of their studies by bringing more trial activities to the participants' homes and beyond traditional hospital-site environments.

Record financial results

2022 was another record-breaking financial year for Cogstate. The value of Clinical Trials sales contracts, the revenue generated, the profit and the cash flow from operations (adjusted for Eisai's upfront \$15m payment in FY21) were all records for Cogstate. The financial results reflect not only the emerging commercial opportunities but also effective management of expenditure by the management team.

During the year, Cogstate executed a record \$82.5 million of Clinical Trials sales contracts, an increase of 74% on the 2021 result, which was a record result at the time.

The record contract sales, combined with contracted revenue at the beginning of the financial year, resulted in \$45 million revenue for the financial year and profit before tax of \$10.7 million – both record results.

At 30 June 2022, Cogstate had \$139 million of contracted revenue that will be recognised in future periods.

Cogstate finished the year with \$28.7 million of net cash and no debt – again, another record for Cogstate.

Our success is driven by a talented team

For the first time, the number of Cogstate employees exceeds 200 people. Combined with a global network of consulting neuropsychologists, our team now numbers more than 380 people.

Our teams continue to work in a virtual environment, complimented by in-person time for relationship building. Over the last year, Cogstate has continued to expand our geographic footprint with employees in 25 states in the U.S., in 5 states in Australia, as well as a growing team in London and, for the first time, team members in Japan.

Thanks to all those that continue to chase the dream

On behalf of the Board and everyone at Cogstate, we want to thank our shareholders for your continued support.

We are very proud of the impact that Cogstate is already having, and will increasingly have, on enabling better brain health for people around the world. Through our continued support of research, development of new therapies and improved diagnosis, we are seeking to change health outcomes across the globe.

As we look forward to the 2023 financial year--at the continued digital transformation of healthcare and research, and promising therapeutic breakthroughs in dementia-related diseases--we are excited about the significant commercial opportunities that have emerged the last few years. We are eager to deliver against our long-term growth strategies that we believe will deliver long-term shareholder value.



Martyn Myer AO
Chairman



Brad O'Connor
CEO

Cogstate Directors



Martyn Myer AO BE, MEdSc, MSM CHAIRMAN

Mr Myer sits on the Fishermans Bend board, a Victorian Government board charged with developing the Fishermans Bend precinct, and the boards of the Australian Chamber Orchestra and Watertrust Australia Limited. He previously served as Deputy Chancellor of the Council of the University of Melbourne, President of The Myer Foundation, one of two principle Myer Family philanthropic funds, President of the Howard Florey Institute of Experimental Physiology and Medicine and was a director of The Florey Institute of Neuroscience and Mental Health, where he participated in the transition of the Institute's research focus towards diagnostic and therapeutic neuroscience, including a focus on degenerative brain diseases.

Committees:

Remuneration and Nomination Committee (Chair) and Audit, Risk and Compliance Committee

Other directorships and interests:

Fishermans Bend, the Australian Chamber Orchestra and Watertrust Australia Limited



Brad O'Connor B Bus MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Mr O'Connor has responsibility for Cogstate's overall strategic direction and day-to-day operations as well as development of expansion opportunities outside of the core clinical trials business. Prior to taking the position of CEO at Cogstate in 2005, Mr O'Connor joined Cogstate as Chief Financial Officer and Company Secretary in 2004. Prior to that, Mr O'Connor held senior positions at Spherion Group, Australian Wine Exchange and PricewaterhouseCoopers.

Other directorships and interests:

N/A



David Dolby BSE, MBA NON-EXECUTIVE DIRECTOR

Mr Dolby is founder and CEO of Dolby Family Ventures, a venture capital investment firm focused on technology and life sciences investments in neuro technology and therapeutics targeting Alzheimer's disease. He represents the Dolby Family Trust on a number of technology, scientific research, and consumer products investments focusing on innovation and commercialising intellectual property.

Committees:

Remuneration and Nomination Committee

Other directorships and interests:

Dolby Laboratories (from 2011), Salk Institute for Biological Sciences (from 2019), Academy Museum of Motion Pictures (from 2019), CFO of the Ray and Dagmar Dolby Family Fund (since 2010), Therini Bio Inc (since 2022) and Arclight Therapeutics (since 2022)



Richard Mohs PhD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr Mohs is currently Chief Scientific Officer for the Global Alzheimer’s Platform (GAP) Foundation, a non-profit devoted to enhancing the speed and quality of Alzheimer’s disease research. Richard also serves as a consultant to academic institutions, foundations and biopharmaceutical companies, and is a member of the Board of Governors for the Alzheimer’s Drug Discovery Foundation. Dr Mohs retired from Eli Lilly in 2015, where he held leadership positions including Vice President for Neuroscience Early Clinical Development and Leader of the Global Alzheimer’s Drug Development Team. Before joining Eli Lilly, Dr Mohs spent 23 years with the Mount Sinai School of Medicine where he was Professor in the Department of Psychiatry and Associate Chief of Staff for Research at the Bronx Veterans Affairs Medical Centre.

Committees:
 Remuneration and Nomination Committee and Audit, Risk and Compliance Committee

Other directorships and interests:
 Alzheimer’s Drug Discovery Foundation, Chief Science Officer, Global Alzheimer’s Platform Foundation, Consultant for various biotechnology companies, academic institutions and foundations



Ingrid Player BEc and LLB (Hons), GAICD
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Player brings deep healthcare sector experience and strong commercial expertise to the Board of Cogstate. She has held senior executive roles with Healthscope Ltd, a leading private healthcare provider in Australia, including the former positions of Group Executive – Legal, Governance and Sustainability, and General Counsel and Company Secretary from 2005 until 2019.

Ms Player also has considerable international commercial and regulatory experience that spans different markets and industries, which she gained in private legal practice in Australia and in The Netherlands. She holds a Bachelor of Economics & Bachelor of Laws (Hons) from Monash University. She is a graduate member of the Australian Institute of Company Directors.

Committees:
 Remuneration and Nomination Committee and Audit, Risk and Compliance Committee (Chair)

Other directorships and interests:
 Ms Player serves as a non-executive director on the boards of HealthShare Victoria, Cleanaway Waste Management Limited (since March 2021) and Epworth Foundation



Richard van den Broek CFA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr van den Broek is founder and managing partner of HSMR Advisors LLC, a U.S. based fund manager with an investment emphasis on small and mid-cap biotech public companies. Prior to his time as an investor in the healthcare industry Mr van den Broek had a ten year career as a biotech analyst, starting at Oppenheimer & Co., then Merrill Lynch, and finally at Hambrecht & Quist.

Committees:
 Remuneration and Nomination Committee

Other directorships and interests:
 PhaseBio Pharmaceuticals Inc and Pulse Biosciences Inc



Kim Wenn BCompSc
INDEPENDENT NON-EXECUTIVE DIRECTOR

Ms Wenn brings extensive technology experience and strong commercial expertise to the Board of Cogstate, with over 30 years experience in innovation roles. Until July 2018, Kim held the role of Chief Information Officer at Tabcorp Holdings, an ASX50 listed company where Kim led a team of 1,200 technology experts to drive strategic direction through digital transformation. Kim’s experience includes, among other things, business strategy, governance and change management—with a focus on digital disruption.

Ms Wenn holds a Bachelor of Computer Science from Monash University and completed an Advanced Management Program from Harvard University. She is a graduate member of the Australian Institute of Company Directors.

Committees:

Remuneration and Nomination Committee and Audit, Risk and Compliance Committee

Other directorships and interests:

Volt Bank Limited and Bupa Asia Pacific entities (Bupa ANZ Insurance Pty Ltd, Bupa ANZ Healthcare Holdings Pty Ltd, Bupa HI Pty Ltd, Bupa HI Holdings Pty Ltd and Bupa Foundation (Australia) Limited)

Company Secretary



David Franks BEc, CA, FFin, FGIA, JP

David is a Principal of the Automic Group. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 30 years’ experience in finance, governance and accounting, Mr Franks has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. Mr Franks is currently the Company Secretary for the following ASX Listed entities: Applyflow Limited, COG Financial Services Limited, Cogstate Limited, Exopharm Limited, IRIS Metals Limited, IXUP Limited, JCurve Solutions Limited, Noxopharm Limited, Nyrada Inc, White Energy Company Limited and ZIP Co Limited. He was also a Non-Executive Director of JCurve Solutions Limited from 2014 to 2021.

Directors' Report

Your directors present their report together with the financial report of the consolidated entity, consisting of Cogstate Limited and the entities it controlled ("the Group" or "Cogstate"), for the financial year ended 30 June 2022 and the auditor's report thereon.

Principal activities

During the year, the principal activities of the Group consisted of:

- Creation, validation and commercialisation of digital brain health assessments; and
- Design and provision of quality assurance services in clinical trials, focused on the administration, scoring and recording of conventional brain health assessments.

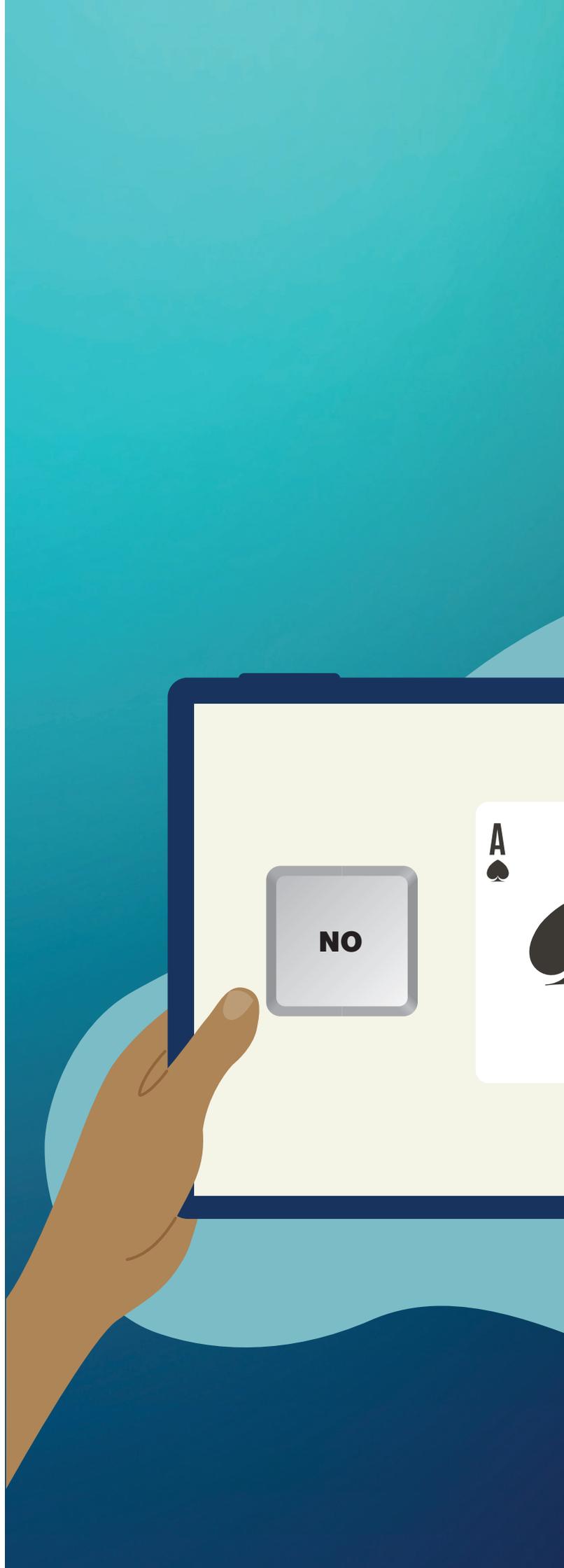
Cogstate solutions are widely used in both academic and industry sponsored research. As at 30 June 2022, Cogstate technology had been deployed in more than:



1,800
academic research studies



460
industry sponsored clinical trials



Business Strategies and Prospects

Cogstate was formed in December 1999 with a business thesis centered around the role of digital brain health assessments in an aging society with an increasing awareness of brain health.

Over time, Cogstate's business has evolved and expanded.

Creation and Scientific Validation of Digital Brain Health Assessments

Cogstate was founded as a disruptive solution that sought to leverage technology to simplify the measurement of cognition (brain health) in order to make cognitive assessment more accessible to the community. Once the initial versions of the technology had been created, focus quickly turned to scientific validation of the technology; proving equivalence and/or superiority to standard measures of cognition such as a neurological exam conducted by specialist physicians. Today, Cogstate technology is scientifically proven, with support provided in the form of over 500 peer reviewed publications across a wide range of indications and drug classes.

The Role of Academic Collaboration in Scientific Validation

Since the development of the first version of its technology, Cogstate has sought to collaborate with academics the world over. As part of these collaborations, Cogstate provides technology at little or no cost to academics, but in return is granted access to data that can be used for validation or marketing. At 30 June 2022, Cogstate technology has been utilised in over 1,800 academic research studies.

Launch of Clinical Trials Offering

Leveraging the validation obtained through academic collaborations, in 2004, Cogstate executed its first commercial agreement with Pfizer to support a clinical trial. Since that time, Cogstate has extensive experience in the conduct of clinical trials in a range of different indications. Over the years, Cogstate has supported more than 130 different customers, in the conduct of more than 460 clinical trials, in 75 countries, involving 11,000 clinical trial sites where Cogstate has trained more than 21,000 site staff in respect of the neuropsychological assessments deployed in the trial.

Extending Cogstate's Total Addressable Market to Include Consumers and Physicians

In 2017, Cogstate's Cognigram product received clearance as a HIPAA compliant U.S. FDA Class II Medical Device, which subsequently received marketing authorisation in multiple additional regulatory jurisdictions around the world. Then in 2020, Cogstate and pharmaceutical company Eisai Co., Ltd established a global partnership to develop and commercialise such digital brain performance assessment tools for individuals and doctors. Eisai chose to partner with Cogstate as a result of our significant scientific and commercial validation. The approval by the Food and Drug Administration (FDA) in the United States of the first ever disease modifying therapy for Alzheimer's disease, Aduhelm, that was developed by Eisai and their development partner Biogen, provides Cogstate with a unique opportunity for our technology to play a critical role in identification of individuals who may benefit from the therapeutic treatment.

Cogstate is organised into two main operating divisions:



Clinical Trials Segment

Over the last 17 years, almost all Cogstate revenue has been generated from the sale of technology and associated services to pharmaceutical and biotechnology companies to demonstrate a drug's impact on cognition in clinical trials. Initially, revenue was derived only from the provision of highly sensitive computerised cognitive tests, as well as service fees associated with the deployment of the technology. Over time, services were added in respect of the management, training and monitoring to improve the reliability and sensitivity of conventional cognitive assessments. Today, Cogstate's full-service solutions span the entire clinical trial lifecycle from study design to final statistical analysis. Recently expanded offerings include more flexible deployment models and modalities for computerised testing, as well as more efficient and effective rater training and monitoring solutions to meet the quality assurance needs of clinical trials.

Growth strategies in Clinical Trials include:

- Leverage adoption of decentralised clinical trial methodologies to grow market share
- Expand capabilities in key therapeutic indications while continuing to grow market penetration in Alzheimer's disease in line with increased investment in drug development
- Establish and deepen channel partnerships with leading platform and service providers as a means of growing customer base
- Continue scientific publication and marketing of the utility and validity of Cogstate technology
- Leverage brand awareness generated from the launch of consumer and physician tools within the Healthcare market



Healthcare Segment

Outside of the Clinical Trials segment, Cogstate has developed tools specifically designed to aid healthcare professionals with objective assessments of cognition in patients. The system, branded as Cognigram™, allows for regular and standardised testing to assist in the early detection of cognitive decline that could be related to a range of factors including head injury, neurodegenerative disease or side effects following pharmacological treatments. There are additional applications in areas such as pre- and post-operative care - especially critical in vulnerable or aging populations - to help ensure a full recovery and reduce rates of hospital re-admittance. Informative and automated reports allow clinicians to easily track a patient's cognitive change over time, compare results to age-matched normative data, and understand performance on both specific cognitive domains and composite scores.

Notwithstanding the list of applications above, the most significant opportunity for Cognigram is in the area of dementia screening and care. Cognigram has achieved regulatory clearance to market in multiple jurisdictions including the United States, Europe and Australia.

In 2018, Cogstate made a decision to cease independent direct marketing of Cognigram and instead sought to distribute the technology through a strategic partner who would drive the adoption of cognitive testing as part of a broader ecosystem of solutions (including therapeutic treatment) designed to more broadly address dementia in society. The change in strategy has resulted in a decrease in direct sales and marketing costs for Cogstate and opportunities for expansion in new markets.

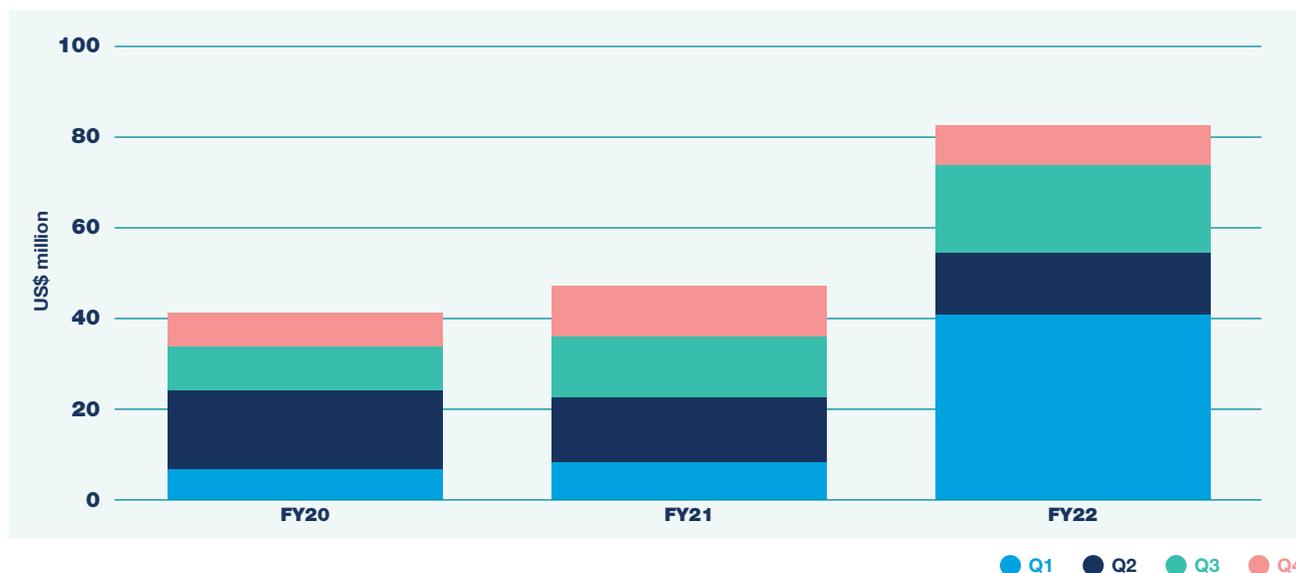
Following the execution of the global license agreement with Eisai Co., Ltd in 2020, growth strategies in Healthcare are focused on the launch and adoption of Cogstate technology to support the launch of the first Alzheimer's disease modifying therapeutic treatment.

Review of Results and Operations

Clinical Trials Sales Contracts

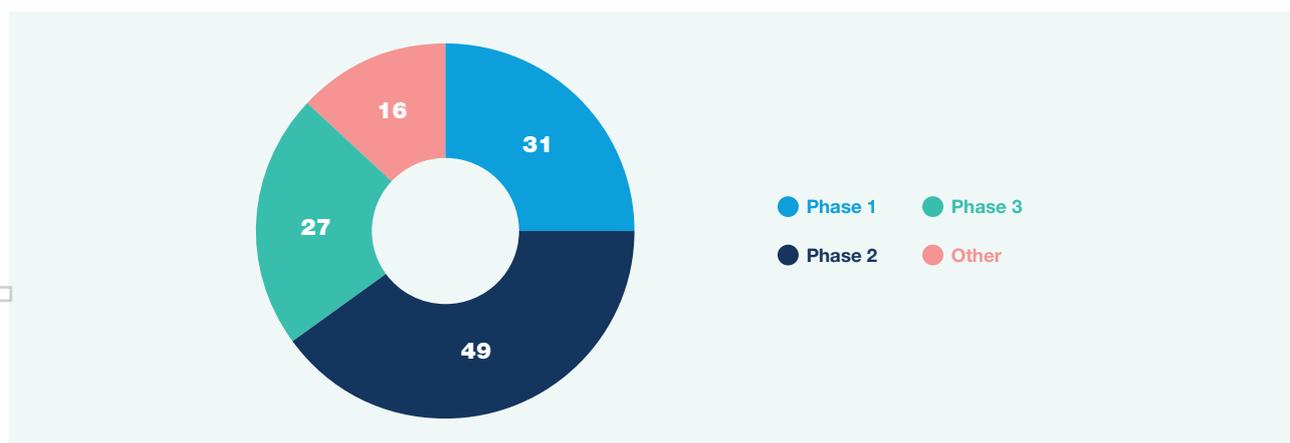
The value of Clinical Trials sales contracts executed during FY22 was \$82.5 million, an increase of 74% compared to the prior year. Alzheimer's disease continues to represent a significant driver of Clinical Trials sales, representing 84.2% of the value of contracts executed in FY22, compared to 65.3% in FY21. Phase 3 trials represented 73% of the value of contracts executed in FY22, compared to 61% in FY21.

Clinical Trial Sales Contracts Executed



Clinical Trials Portfolio

Cogstate is currently managing 123 clinical trials, across all stages of drug development:



Clinical Trials Segment Result

Clinical Trials revenue increased to \$40.3 million in FY22, up 41% from the prior year. The revenue increase from the prior year was a result of the revenue backlog at the beginning of the financial year along with revenue yield from a record \$82.5 million of Clinical Trials sales contracts executed during the year.

The segment contribution increased to \$24.1 million, up 56% from the prior year (excluding direct depreciation). Cost control and an ability to scale at higher revenue resulted in a segment contribution margin of 60%, up from 54% in the prior year.

Healthcare Segment Result

Revenue for the Healthcare segment increased by 19% compared to the prior year, predominantly made up of revenue from the Eisai global agreement. The Segment contribution margin of \$3.2 million was an increase of 10% on the prior year.

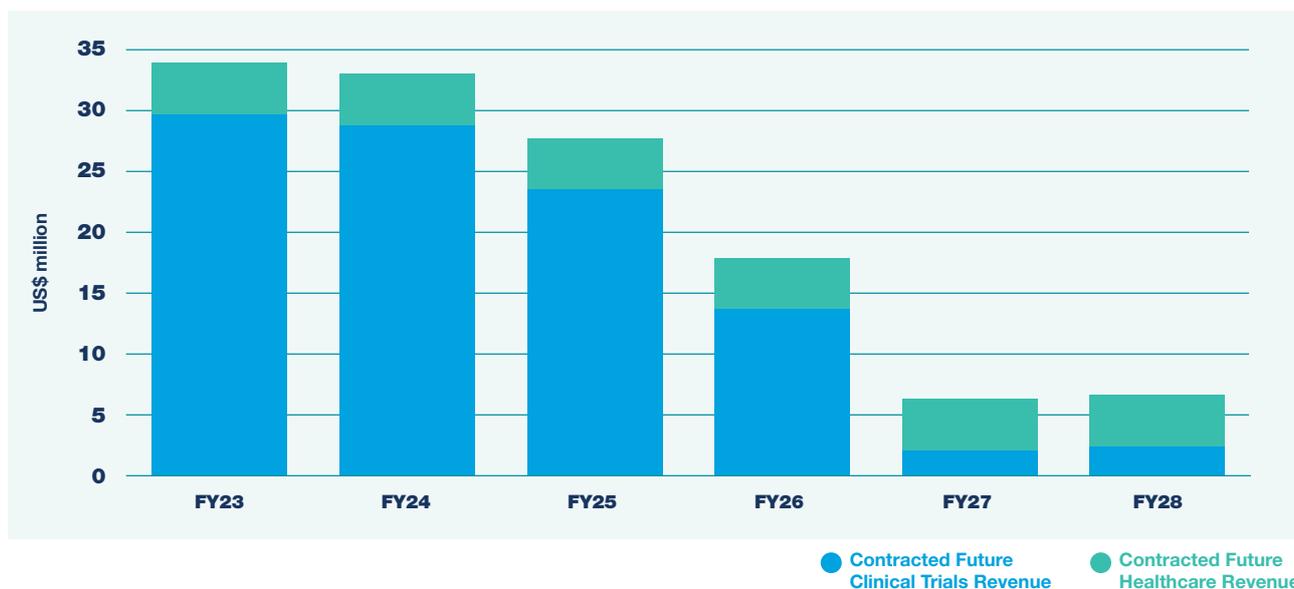
Group Contracted Future Revenue

Total contracted future revenue increased by 37% to \$139.1m as at 30 June 2022, compared to \$101.5m at 30 June 2021. The contracted future revenue figure provides insight into future revenue performance of the Group.

The revenue backlog for both the Clinical Trials and Healthcare segments are highlighted in the table below:

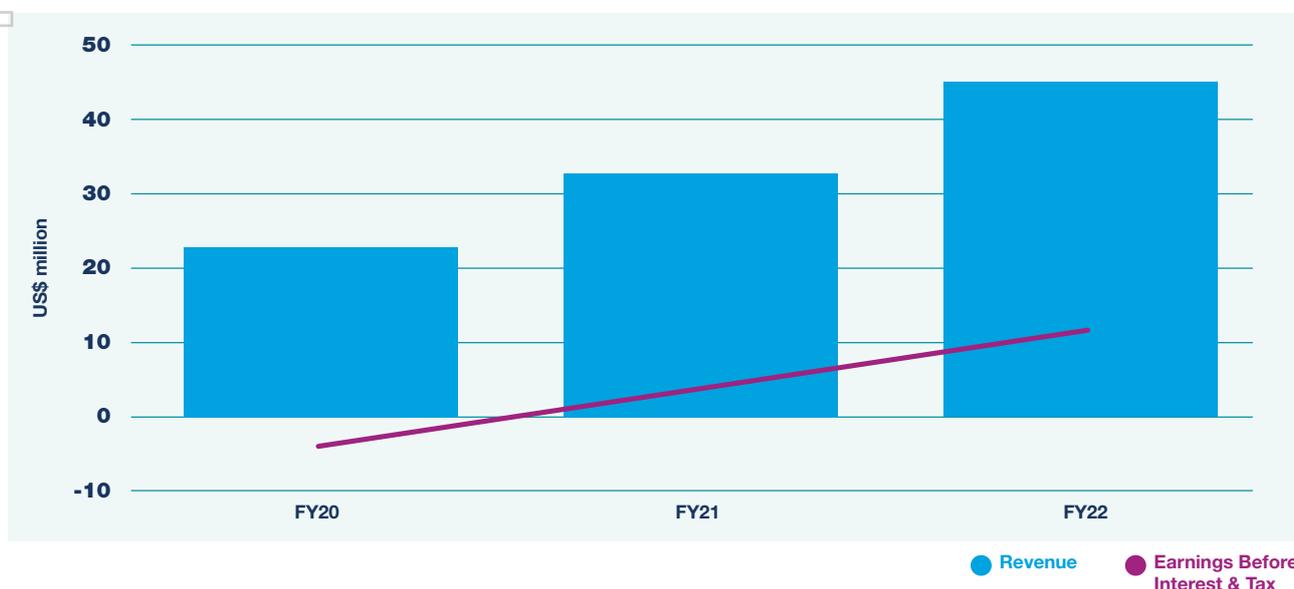
	30 June 2022 US\$	30 June 2021 US\$
Contracted Clinical Trials Revenue	100,242,981	58,424,721
Eisai License - Global (commercial years 1-10)	38,123,444	42,211,299
Eisai License - Japan (10 year license)	715,576	815,494
Contracted future Group revenue at 30 June	139,082,001	101,451,514

The expected run-off of future revenue backlog is shown in the chart below.



Group Revenue and Profitability

Over the last two financial years, as revenue has grown, so has profitability.



For personal use only

Corporate Governance

The Board of Directors of Cogstate Limited is responsible for the corporate governance framework of the Group having regard to the ASX Corporate Governance Council published guidelines (4th Ed.) as well as its corporate governance principles and recommendations (Recommendations). The Board guides and monitors the business and affairs of Cogstate Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. In accordance with the Board Charter, the Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the Board.

The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team. Whilst at all times the Board retains full responsibility for guiding and monitoring the Group, in discharging its stewardship it makes use of sub-committees. To this end the Board has established the following committees: Audit, Risk & Compliance and Remuneration & Nomination.

The Audit, Risk and Compliance Committee, which operates under a charter approved by the Board, is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Group to the Audit, Risk & Compliance committee. Management reports to the Audit, Risk & Compliance Committee at each Audit, Risk & Compliance Committee meeting on the status of the Group's risk management arrangements, including whether material business risks are being managed effectively. The Audit, Risk & Compliance committee keeps the Board apprised as to these matters.

The Board has established the Remuneration and Nomination Committee to make recommendations to the Board in respect of the Group's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. Furthermore the Remuneration and Nomination Committee regularly reviews the composition of the Board, the induction program for new members, available professional development opportunities and the balance of skills, experience and expertise of the Board to ensure that the directors collectively have the appropriate skills mix as Cogstate continues to grow and evolve.

The Corporate Governance of the Group is guided through the ASX Corporate Governance Council guidelines (4th Ed.) as well as its corporate governance principles and recommendations (Recommendations), being the following Recommendations:

- **Principle 1** - Lay solid foundation for management and oversight
- **Principle 2** - Structure of the Board to be effective and add value
- **Principle 3** - Instill a Culture of acting Lawfully, Ethically and Responsibly
- **Principle 4** - Safeguard the integrity of corporate reports
- **Principle 5** - Make timely and balanced disclosure
- **Principle 6** - Respect the rights of shareholders
- **Principle 7** - Recognise and manage risk
- **Principle 8** - Remunerate fairly and responsibly

Full details of the Group's Corporate Governance processes and assessments for the year ended 30 June 2022 are outlined in the Corporate Governance Statement and Appendix 4G released to the ASX and can be located at <https://www.cogstate.com/investors/corporate-governance/>

Likely Developments

The Group expects to maintain the present status and level of operations.

Financial Position

At 30 June 2022, the net assets of the Group were \$32.9 million.

Summary Balance Sheet as at 30 June 2022:

	30 June 2022	30 June 2021	Variance increase/(decrease) in net assets	
	US\$	US\$	US\$	%
Cash and cash equivalents	30,597,170	23,640,789	6,956,381	29%
Trade and other receivables	8,077,281	7,851,228	226,053	3%
Property, plant and equipment	905,192	1,204,718	(299,526)	(25%)
Intangibles	10,765,117	8,718,811	2,046,306	23%
Other assets	8,101,834	9,967,956	(1,866,122)	(19%)
Total assets	58,446,594	51,383,502	7,063,092	14%
Trade and other payables	10,210,673	8,739,882	(1,470,791)	(17%)
Deferred revenue	10,690,919	16,026,733	5,335,814	33%
Other liabilities	4,622,892	4,833,550	210,658	4%
Total liabilities	25,524,484	29,600,165	4,075,681	14%
Capital	36,145,605	34,026,408	2,119,197	6%
Accumulated losses	(3,252,806)	(10,802,762)	7,549,956	70%
Reserves	29,311	(1,440,309)	1,469,620	102%
Total equity	32,922,110	21,783,337	11,138,773	51%

Net Cash

The Group had \$28.7m net cash as at 30 June 2022.

	2022 US\$	2021 US\$
Total cash at 30 June	30,597,170	23,640,789
Cash received in advance for future pass-through expenses at 30 June	(1,857,756)	(1,249,073)
Net cash held for operations at 30 June	28,739,414	22,391,716

Cash Flow

The table below summarises the annual cashflow, while separating the cash flows that relate to pass-through expenses paid on behalf of Cogstate customers. The summary shows net cash inflow from operations of \$9.7m and total cash increase of \$7.0m for the financial year.

	Cogstate Operations US\$m	Customer Related Pass-Through Expenses US\$m	Total US\$m
Cash at 1 July 2021	22.4	1.2	23.6
Cash flow from operations			
Cash flow from ordinary operations	9.0	0.7	9.7
Total cash flow from operations	9.0	0.7	9.7
Cash flow from investing			
Capitalised software development	(3.1)	-	(3.1)
Property, Plant & Equipment	(0.4)	-	(0.4)
Total cash flow from investing	(3.5)	-	(3.5)
Cash flow from financing	0.8	-	0.8
Net cash flow during the year	6.3	0.7	7.0
Cash at 30 June 2022	28.7	1.9	30.6

Material Business Risks

Cogstate actively manages the risks that could materially impact our ability to sustain our future financial performance and deliver our long term strategy. The material business risks that have the potential to impact achievement of the Group's strategic priorities and business objectives, with relevant mitigation strategies, are outlined below.

These risks should not be taken to be a complete or exhaustive list of the risks and uncertainties associated with Cogstate. Many of the risks are outside the control of the Directors. There can be no guarantee that Cogstate will achieve its stated objectives, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this report will be realised or otherwise eventuate. The more generic risk areas that affect most companies or general economic factors that may impact Cogstate have not been included below.

Risk	The risk and its impact	How are we responding
Competition	<p>Cogstate's operations are largely based on digital cognitive testing.</p> <p>A risk to Cogstate is a new entrant or existing competitor developing superior cognitive testing technology and capturing a significant portion of Cogstate's current and/or future business. This could arise from the loss of a key customer or deterioration in market reputation.</p>	<ul style="list-style-type: none"> • We are continually innovating, with a focus on ensuring we have superior digital cognitive testing. • Our science team is actively engaged with the industry, regularly evaluating market developments and trends. • We regularly scan the market for new entrants or developments within existing competitors. • We have entered a Global Licensing agreement with Eisai with commitments to product development. • We have close relationships with major customers, ensuring that we understand their current and future needs.
Technology - Information security and cyber security	<p>Cogstate operates critically important testing which is expected to be available at all relevant business times and involves the collection personal and confidential data.</p> <p>A risk to Cogstate arises where the business is unable to effectively operate in the event of a major business disruption meaning it is unable to provide services to customers causing significant impact to customers.</p> <p>A further risk to Cogstate is a security breach of the company's technology with private data accessed by an unauthorised third party resulting in Cogstate breaching regulations, customer contracts and/or employee agreements.</p>	<ul style="list-style-type: none"> • We regularly monitor the availability of our technology against targets to ensure availability. • We monitor the health of critical systems and have contingency plans in place for disruptions. • We have a cyber security strategy in place and continually look to optimise our cyber security posture and controls. • We engage external expertise to review our controls framework and conduct penetration testing, and more specifically our cyber security controls, to ensure we continue to improve our tools and processes. • We provide regular staff training on cyber security risks and policies. • We have business continuity plans that are regularly reviewed and tested.

For personal use only

For personal use only

Risk	The risk and its impact	How are we responding
Talent	<p>Cogstate relies on the skills and commitment of key talent to deliver services to customers.</p> <p>A risk to Cogstate is the loss of key talent and the inability to attract and retain key talent in a competitive market. This could result in an inability to deliver service to our customers or a deterioration in the quality of service provided to our customers.</p>	<ul style="list-style-type: none"> We regularly review our employee remuneration and reward strategy to ensure we are market competitive. We conduct regular employee engagement surveys and create action plans to address employee feedback. We invest in employee development through a Learning@Cogstate program and continually invest in our employees' development. We have implemented a "virtual-first" model where the majority of employees work remotely, providing Cogstate with access to a wider geographical spread of employees giving a greater access to skills and talent.
Business concentration	<p>The Clinical Trials segment generated 90% of Cogstate's FY22 revenue and is a significant contributor to Cogstate's overall financial performance, whilst one customer represented 40% of Cogstate revenue.</p> <p>Additionally, in the Clinical Trials segment, Cogstate derived approximately 64% of its FY22 revenue from Alzheimer's disease clinical trials, The loss of a key customer represents a significant risk to the ongoing growth of Cogstate's business and a downturn in Alzheimer's disease research could negatively impact Cogstate revenue and earnings.</p>	<ul style="list-style-type: none"> We are expanding our capabilities into other indications, in addition to Alzheimer's disease We are expanding our market coverage through key strategic initiatives including investing in our ECoA Partner strategy to grow our market reach, and investing in our Decentralised Trials capabilities to capture the market shift to remote trials. We are continuing to establish a leadership position in remote digital cognitive assessments. We are expanding the use of cognitive testing as a safety end point. We have established a global licensing agreement with Esiai to grow the use of digital cognitive assessments in general healthcare to diversify our revenue base beyond clinical trials.

Board of Directors

The following persons held office as directors of Cogstate Limited during the financial year:

- Martyn Myer (Chairman)
- Brad O'Connor (CEO)
- David Dolby
- Richard Mohs
- Ingrid Player
- Richard van den Broek
- Kim Wenn

Company secretary

The following person held office as Company Secretary of Cogstate Limited during the financial year:

- David Franks

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2022, and the numbers of meetings attended by each director were:

	Board meetings		Board meetings (sub-committee)		Audit, Risk & Compliance committee meetings		Remuneration & Nomination committee meetings	
	A	B	A	B	A	B	A	B
Martyn Myer AO	11	11	2	2	5	5	2	2
Brad O'Connor	8	8	2	2	N/A	N/A	N/A	N/A
David Dolby	11	11	N/A	N/A	N/A	N/A	2	2
Richard Mohs	11	11	N/A	N/A	5	5	2	2
Ingrid Player	11	11	1	1	5	5	2	2
Richard van den Broek	11	11	N/A	N/A	N/A	N/A	2	2
Kim Wenn	11	11	N/A	N/A	5	5	2	2

A: Number of meetings attended

B: Number of meetings held during the year

Audit, Risk & Compliance

Ingrid Player (Chair), Martyn Myer AO, Richard Mohs, Kim Wenn

Remuneration & Nomination

Martyn Myer AO (Chair), Richard van den Broek, David Dolby, Richard Mohs, Ingrid Player, Kim Wenn

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Cogstate Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr Martyn Myer	23,564,566	-
Mr Brad O'Connor	4,373,102	3,250,000
Mr David Dolby	25,932,802	-
Mr Richard Mohs	55,000	-
Ms Ingrid Player	134,098	-
Mr Richard van den Broek	4,458,500	-
Ms Kim Wenn	12,586	-

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of Cogstate Limited or any of its subsidiaries.

Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2021: US\$nil).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Environmental regulation

The Group is not affected by any significant environmental regulation in respect of its operations.

Unissued shares

As at the date of this report, there were 13,709,343 unissued ordinary shares under employee options. Refer to the Remuneration Report and Note 30 of the financial report for further details of the employee options outstanding.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued on the exercise of options

The following ordinary shares of Cogstate Limited were issued during the year ended 30 June 2022 on the exercise of options granted under the Cogstate Employee Option Plan. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options exercised	Issue price of shares	Number of shares issued
13/Aug/21	0.84	100,000
24/Aug/21	0.93	50,000
24/Aug/21	0.64	25,000
26/Aug/21	0.84	200,000
31/Aug/21	0.93	25,000
1/Sep/21	0.93	25,000
2/Sep/21	0.93	40,681
3/Sep/21	0.93	59,319
3/Sep/21	0.64	33,333
9/Sep/21	0.93	13,000
10/Sep/21	0.93	812,000
20/Sep/21	0.93	25,000
21/Sep/21	0.64	30,000
28/Sep/21	0.64	50,000
7/Oct/21	0.84	100,000
18/Oct/21	0.93	25,000
4/Nov/21	0.64	466,667
9/Nov/21	0.83	100,000
9/Nov/21	0.25	16,667
18/Nov/21	0.64	50,000
14/Dec/21	0.64	100,000
3/May/22	0.25	33,333
		2,380,000

Insurance of officers

During the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Cogstate Limited against costs incurred in defending proceedings for conduct involving any wrongful act by a director. Under the policy, the Company cannot release to any third party or otherwise publish the amount of the premium. Accordingly, the Company relies on section 300(9) of the *Corporations Act 2001* to exempt it from the requirement to disclose the premium amount of the relevant policy.

Non-audit services

The Board of Directors has considered the position and, in accordance with advice received from the Audit, Risk and Compliance committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Compliance committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2022 US\$	Consolidated 2021 US\$
Taxation services		
Pitcher Partners firm (Melbourne):	-	3,523
Network firms of Pitcher Partners	7,437	32,729
Total remuneration for taxation services	7,437	36,252
Other services		
Pitcher Partners firm (Melbourne):	-	2,722
Network firms of Pitcher Partners	-	11,006
Total remuneration for non-audit services	7,437	49,980

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Rounding of amounts

In accordance with ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.



COGSTATE LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COGSTATE LIMITED

In relation to the independent audit for the year ended 30 June 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Cogstate Limited and the entities it controlled during the year.

A handwritten signature in black ink that reads "M. Ham" with a horizontal flourish extending to the right.

M J HARRISON
Partner

29 August 2022

A handwritten signature in black ink that reads "Pitcher Partner" in a cursive style.

PITCHER PARTNERS
Melbourne

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

Adelaide Brisbane Melbourne Newcastle Sydney Perth

pitcher.com.au

For personal use only

Dear shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report (Report) for Cogstate for the year ended 30 June 2022 (FY22).

This year, for the first time, we have included a Chair letter to the Report in the interests of transparency and to demonstrate the strong links between Cogstate's strategy and performance with remuneration approach and outcomes.

FY22 Performance

Over the last year, Cogstate has achieved true momentum as we continue to build upon and leverage the gains in commercial, operational, scientific, and technological capabilities made by the company in recent years. The business has been positively impacted by the continued development of new candidate therapeutics in Alzheimer's disease, the first full year of commercialisation under our global partnership with Eisai, and the adoption of decentralised clinical trials.

The outcome of this momentum is another record-breaking financial year for Cogstate, with the company achieving a record level of new Clinical Trials sales contracts, record revenue, and record profit for the year. New Clinical Trials sales contracts executed were \$82.5 million, an increase of 74% on the 2021 results, revenue was \$45 million, an increase of 38% on the 2021 result, and Profit before Tax of \$10.7 million, an increase of 84% on the 2021 result.

FY22 Remuneration Outcomes

The objective of the Short Term Incentive (STI) plan is to link achievement of the company's strategic priorities and operational targets with the remuneration received by Senior Executives. STI goals have been exceeded in some instances through the record financial performance and the continued momentum in commercial, operational, scientific, and technological capabilities. Based on this strong performance, the STI was awarded at 107% of maximum for the CEO and between 65% and 105% of maximum for other Senior Executives.

The Long Term Incentive (LTI) plan is designed to align the interests of Senior Executives with the interests of shareholders by providing the opportunity for participants to receive an equity interest in Cogstate through the granting of options via the Employee Option Plan. During FY22, the FY19 LTI was tested against various company performance conditions and it was determined that the CEO had achieved all criteria that were based on FY21 financial performance, which included Clinical Trials new contracts sales and Group profitability, and the options vested accordingly.

In FY22 the fixed remuneration of the CEO was increased by 3.9%, having last increased on 1 July 2018, to remain competitive in a tight market for talent. All other increases at senior executive level were small and ranged between 1% and 2%.

Also during the year, the fees for Non-Executive Directors (NEDs) was reviewed and benchmarked against comparable companies with similar growth profiles. A decision was made to increase NED fees by an average of 22% in FY22, reflective of the market and profile of the company, skills and capabilities of the Cogstate NEDs. This was the first increase since FY18.

FY23 Remuneration Changes

As Cogstate enters a new phase of growth, during FY22, the Board reviewed the Senior Executive remuneration framework so that the design:

- operates to incentivise on Cogstate's strategic agenda and retain key talent;
- reflects industry best practice and is market competitive;
- provides for strong shareholder alignment and encourages an owner's mindset; and
- is simple and understood by participants and shareholders.

Based on this review, for Senior Executives in FY23, Cogstate will continue to use options but will move to a 3-year performance period based on a combination of Group revenue growth targets and earnings per share growth. Further detail will be released in our Notice of Meeting and next year's Remuneration Report.

The Cogstate Board has also approved the use of performance rights for key talent below the Senior Executive level to encourage employees to think and act like owners and to compete in the tight market for talent.

I invite you to read our Report and trust you will find that it outlines the links between our strategy, performance and executive remuneration outcomes.

On behalf of the Directors, we look forward to welcoming you and receiving your feedback at our 2022 AGM.

Yours sincerely,



Martyn Myer AO
Remuneration and Nomination Committee Chair

Audited Remuneration Report

1. Who does this report cover?

The directors present the Cogstate Limited 2022 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes the four executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and general managers of the Parent and the Group.

Name	Position
Non-Executive Directors	
Martyn Myer AO	Chairman (Non-Executive)
David Dolby	Non-Executive Director
Richard Mohs	Non-Executive Director
Ingrid Player	Non-Executive Director
Richard van den Broek	Non-Executive Director
Kim Wenn	Non-Executive Director
Senior Executives	
Brad O'Connor	Managing Director and CEO
Paul Maruff	Chief Innovation Officer
Ken Billard	Chief Commercial Officer
Darren Watson	Chief Financial Officer
Ben Bloomfield	Chief Technology Officer

The composition of the list of senior executives has not changed from the 2021 remuneration report.

Voting and comments made at the Company's 2021 Annual General Meeting

Cogstate Limited received 98% of "yes" votes on its remuneration report for the 2021 financial year.

2. Remuneration principles

The Group is committed to attracting and retaining the best people to work in the organisation, including directors and senior management. A key element in achieving that objective is to ensure that the Group is able to remunerate its key people adequately and appropriately given market conditions and their experience.

The Group has established a framework for remuneration that is designed to:

- ensure that coherent remuneration policies and practices are observed which:
 - enable the attraction and retention of directors and management who will create value for shareholders; and
 - are aligned with the overall risk management framework of the Group;
- fairly and responsibly reward directors and senior management having regard to the Group's performance, the performance of the senior management and the general pay environment; and
- comply with all relevant legal and regulatory provisions.

3. Remuneration governance framework

3.1 Role of the Board and Remuneration Committee

The Board is responsible for ensuring that Cogstate's remuneration structures are equitable and aligned with the long-term interests of Cogstate and its stakeholders. The Remuneration Committee, established by the Board, is made up of a majority of independent directors, with responsibility for reviewing key aspects of Cogstate's remuneration structure and arrangements.

The Remuneration Committee reviews and recommends to the Board:

- fixed remuneration and incentive arrangements for the Senior Executives and other executives reporting to the CEO;
- major changes and developments to employee incentive plans; and
- remuneration arrangements for Non-Executive Directors.

4. FY22 remuneration policy

Remuneration structure

In accordance with best practice corporate governance, the structure of executive and non-executive directors and key management personnel remuneration is separate and distinct.

4.1 Senior Executives

Executive remuneration policy and framework

The objective of the remuneration policy is to design and implement a remuneration framework to meet the remuneration principles outlined above.

Cogstate's remuneration philosophy is to attract and retain talented employees through an engaging and equitable reward framework. It aims to encourage and recognise high performance in a manner which is aligned with the long-term interests of Cogstate and its shareholders.

The principles that underpin the remuneration policy for the executives are the same as those that apply to other employees. The CEO's arrangements have a greater emphasis on a higher proportion of remuneration in performance related pay. The performance measures used to determine short term incentives for the CEO and all employees are linked to the delivery of strategy consistent with Cogstate's purpose.

The Remuneration and Nomination Committee believes that the appropriate remuneration framework for the Cogstate KMPs is comprised of fixed and variable elements. The fixed component comprises base salary and pension / superannuation, in line with relevant statutory provisions. The variable component is comprised of short and long term incentives. In setting remuneration, the Committee takes into account reports and advice detailing market levels of remuneration for comparable roles.

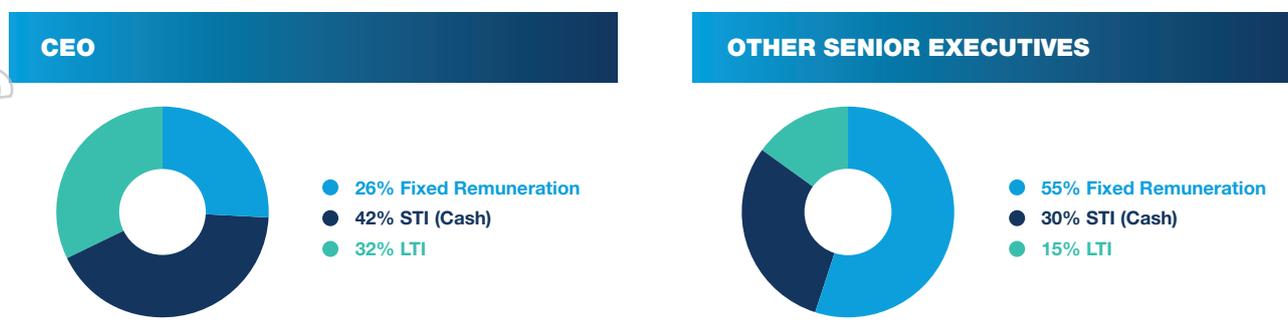
Remuneration is benchmarked and determined in the home jurisdiction of the executive. The CEO's remuneration is benchmarked in the USA. The Remuneration and Nomination Committee believes the most appropriate comparator market for most executives is the USA; where the Group currently earns the majority of its revenue and conducts the majority of its business.

This philosophy resulted in a Senior Executive remuneration framework for the 2022 financial year consisting of both fixed and variable remuneration components. The objectives and key elements of each component are presented below:

Remuneration Framework FY22

	Fixed	Variable 'At-Risk'	
Objective	The fixed component is in place to attract and retain key talent	The variable component is performance-based and aligned with Cogstate's strategic direction to deliver both short and long term value creation to shareholders	
Component	Fixed remuneration	Short Term Incentive (STI)	Long Term Incentive (LTI)
Basis of Quantum	Fixed remuneration reflects seniority, complexity, nature and size of the role and is reviewed annually	Awards based on the achievement of the company's strategic priorities and operational targets and commensurate with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long-term impact on the company's success and are both financial and non-financial targets	Awards to executives based on a manner which aligns this element of remuneration with the creation of shareholder wealth
Vehicle	Cash	Cash	Employee Share Option Plan

The FY22 remuneration framework for all Senior Executives is unchanged from FY21. The applied remuneration mix for actual performance is shown in the diagrams below.



4.2 Non Executive Directors (NEDs)

Cogstate's remuneration policy for NEDs aims to ensure that Cogstate can attract and retain suitably qualified and experienced NEDs having regard to:

- the level of fees paid to NEDs of other ASX listed Australian companies;
- the size and complexity of Cogstate's operations; and
- the responsibilities and work requirements of Board members.

The fees in FY22 have increased from FY21 and are set out below. Fees include superannuation contributions in accordance with the current Superannuation Guarantee legislation.

Position	Board Fees
	Base fee
Board Chairman	A\$120,000
Non-Executive Director	A\$85,000
Committee Chairman (Audit, Risk & Compliance Chair and Remuneration & Nomination Chair)	A\$10,000
Committee Member	A\$10,000

The current NED fee pool is A\$650,000 per annum (set by shareholders at the 2021 AGM) and the total fees for FY22 including superannuation contributions were A\$605,000 which is below the agreed limit.

NEDs are also entitled to be reimbursed for all travel and other expenses reasonably incurred in attending to Cogstate's affairs. In order to maintain independence, NEDs are not eligible for any performance-based payments.

NED shareholding policy

The Board recognises the importance of aligning NED interests with the long-term interests of shareholders and considers that an investment in Cogstate shares demonstrates this alignment. All Cogstate NEDs hold an equity interest in Cogstate, the details of which are spelt out in this Remuneration Report.

5. FY22 company performance

The following table shows key performance indicators for the Group over the last 5 years:

Consolidated	2022	2021	Restated 2020	2019	2018
Profit/(loss) for the year attributable to owners of Cogstate Ltd (US\$'000)	7,520	5,233	(1,957)	(2,496)	(566)
Basic earnings/(loss) per share (cents)	4.4	3.1	(1.2)	(2.1)	(0.5)
Dividend payments (cents)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Increase/(decrease) in share price (cents)	17	100	17	(57)	(38)
Increase/(decrease) in share price (%)	12.1%	277.8%	84.6%	(74.3%)	(33.3%)
KMP short-term incentives as a percentage of profit/(loss) for the year (%)	18.5%	21.7%	(48.0%)	(17.5%)	(130.2%)

The above table illustrates the link between Cogstate Limited's profit/(loss) after tax and payments made under the STI plan. The relationship between the two will differ from year to year, since STI awards are made on an assessment of both financial and non-financial criteria.

6. Senior Executive remuneration in detail

6.1 Received remuneration

2022 Name	Short-term employee benefits			Post- employment benefits	Long- term benefits	Share- based payments		Total US\$
	Cash salary and fees US\$	Cash bonus* US\$	Non- monetary benefits US\$	Superannuation US\$	Long service leave US\$	Termination Benefits US\$	Options US\$	
Non-executive directors								
M Myer	92,133	-	-	9,213	-	-	-	101,346
D Dolby	61,520	-	-	-	-	-	-	61,520
R Mohs	68,823	-	-	-	-	-	-	68,823
I Player	69,102	-	-	6,910	-	-	-	76,012
R van den Broek	61,520	-	-	-	-	-	-	61,520
K Wenn	62,519	-	-	6,252	-	-	-	68,771
Sub-total non-executive directors	415,616	-	-	22,375	-	-	-	437,992
Executive director								
B O'Connor	346,472	667,680	47,518	19,932	6,470	-	500,683	1,588,755
Other key management personnel (Group)								
P Maruff	282,816	216,956	12,532	19,932	4,928	-	43,751	580,915
K Billard	361,437	230,750	-	24,115	-	-	60,027	676,329
D Watson	280,857	152,513	-	19,932	4,686	-	122,058	580,046
B Bloomfield	280,857	123,463	-	19,932	4,686	-	122,058	550,996
Total key management personnel compensation (Group)	1,968,057	1,391,361	60,050	126,219	20,769	-	848,576	4,415,033

* Bonuses are accrued at 30 June and paid in the following financial year

2021 Name	Short-term employee benefits			Post- employment benefits	Long- term benefits	Share- based payments		Total US\$
	Cash salary and fees US\$	Cash bonus* US\$	Non- monetary benefits US\$	Superannuation US\$	Long service leave US\$	Termination Benefits US\$	Options US\$	
Non-executive directors								
M Myer	75,134	-	-	7,138	-	-	-	82,272
D Dolby	54,990	-	-	-	-	-	-	54,990
R Mohs	54,990	-	-	-	-	-	-	54,990
I Player	58,058	-	-	5,516	-	-	-	63,574
R van den Broek	54,990	-	-	-	-	-	-	54,990
K Wenn ¹	30,995	-	-	2,945	-	-	-	33,940
Sub-total non-executive directors	329,157	-	-	15,599	-	-	-	344,756
Executive director								
B O'Connor	343,697	540,000	41,154	18,546	6,090	-	285,834	1,235,321
Other key management personnel (Group)								
P Maruff	290,091	239,975	12,754	18,546	4,834	-	39,242	605,442
K Billard	344,298	227,760	-	20,556	-	-	107,839	700,453
D Watson ²	124,507	62,914	-	7,598	1,914	-	37,291	234,224
B Bloomfield ³	142,628	64,603	-	8,394	2,182	-	37,291	255,098
Total key management personnel compensation (Group)	1,574,378	1,135,252	53,908	89,239	15,020	-	507,497	3,375,294

* Bonuses are accrued at 30 June and paid in the following financial year

¹ K Wenn appointed director effective 30 November 2020

² D Watson commenced employment effective 1 February 2021

³ B Bloomfield commenced employment effective 11 January 2021

7. Fixed Remuneration

Fixed Remuneration is made up of cash salary, superannuation and other approved benefits and is reviewed annually to assess its alignment to individual performance and market practice.

8. Short Term Incentive (STI)

8.1 STI Policy

PURPOSE The objective of the STI is to link achievement of the company's strategic priorities and operational targets with the remuneration received by executives. Performance measures each year are chosen on the basis that they are expected to have a significant short and long term impact on the company's success.

PERFORMANCE PERIOD Targets were set at the commencement of FY22 and assessed at the end of the financial year, based on the Company's audited annual results and individual performance against non-financial targets.

PERFORMANCE CONDITIONS For FY22, all STI targets for Senior Executives were aligned with the strategic goals across the Group. The composition of these targets is set out below for eligible STI participants in FY22.

Targets and Weightings (as a percentage of STI opportunity for target performance)

Senior Executive	Position	Group Operating NPAT	Divisional Financial Measure(s)	Non-Financial Measures
Brad O'Connor	CEO	50%	20%	30%
Paul Maruff	Chief Innovation Officer	50%	N/A	50%
Ken Billard	Chief Commercial Officer	0%	100%	0%
Darren Watson	Chief Financial Officer	50%	N/A	50%
Ben Bloomfield	Chief Commercial Officer	50%	N/A	50%

Profit before tax is the statutory result. All executives at Cogstate work towards the same Profit before tax goal.

Divisional financial measures comprise specific financial targets, at either a segment or Group level, that are specific to the individual executive and his or her area of expertise and control. Examples of divisional financial measures include:

- Achievement of Clinical Trials sales targets; and
- Achievement of segment profit contribution targets.

Other measures comprise specific targets and goals that are both strategic for the company and specific to the individual executive and his or her area of expertise and control. Examples of such non-financial measures include:

- Development of new technology platforms and/or new forms of assessment that are relevant for continued expansion of the Company's business.
- Conduct of scientific activity, such as publication of peer reviewed data, that supports use of Cogstate assessments or systems in commercial environments.
- Establishment of new sales channels.
- Implementation of operational efficiency measures or system updates; or
- Other divisional specific goals considered strategic to the business.

All of these are areas which are aligned with Cogstate's strategic goals and are key to positive outcomes for Cogstate and its stakeholders.

Performance against targets is assessed by the Board based on the Company's annual audited results and financial statements. The methods adopted to assess performance have been chosen as the Board believes they are the most appropriate way to assess the true financial performance of the company and determine remuneration outcomes.

TREATMENT ON CESSATION On cessation of employment, Senior Executives are not entitled to any unpaid STI, other than where the Senior Executive resigns for illness or other approved reasons, or where employment is terminated due to redundancy. In such cases, the Senior Executive, subject to Board discretion, may receive a pro-rata STI award based on performance over the period of the year that they were employed.

8.2 STI awards for FY22

8.2.1 Details of FY22 STI outcomes for Senior Executives

STI awards for Senior Executives ranged between threshold and target opportunity, reflecting relative achievement of financial and non-financial metrics.

The table below summarises the STI outcomes for each scorecard measure for eligible FY22 participants.

Senior Executives	Profit Before Tax*	Divisional Financial Measures	Non- Financial Measures	Percentage of Maximum STI	
				% Awarded	% Not awarded
Brad O'Connor CEO	●	●	●	107	-
Paul Maruff Chief Innovation Officer	●	N/A	●	95	5
Ken Billard** Chief Commercial Officer	N/A	●	N/A	65	35
Darren Watson Chief Financial Officer	●	N/A	●	105	-
Ben Bloomfield Chief Technology Officer	●	N/A	●	85	15

Key ● At target ● Between threshold & target ● Between target and stretch ● Below Threshold and not paid

* Cogstate sets a Profit Before Tax (PBT) financial target each financial year. For FY22, the Group has achieved 120% of Target resulting in a payout of 110% for this component of the STI

** Ken Billard has achieved 110% of his Divisional Financial Measures target resulting in a payout of 65%. Maximum STI would be achieved at 150% attainment of his Divisional Financial Measures

8.3 Long Term Incentive (LTI)

8.3.1 LTI Policy FY22

PURPOSE	<p>The LTI is designed to align the interests of Senior Executives with the interests of shareholders by providing the opportunity for participants to receive an equity interest in Cogstate through the granting of options via the Employee Option Plan.</p> <p>Growth remains a key aspect of Cogstate's strategic plan and it is appropriate that Senior Executives be incentivised to achieve targets which demonstrate sustainable growth. LTI grants are not made each year but are made as considered appropriate to attract new executives as well as provide both incentive and retention for existing executives.</p>
PARTICIPATION	Select Senior Executives were granted options under the LTI in FY22. The decision to award a grant of options was based upon the balance of LTI for those individuals at the beginning of the year.
VEHICLE AND ALLOCATION METHODOLOGY	<p>Options are issued for nil consideration. Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at the specified exercise price. One third of the options may be exercised after two years. The remaining two thirds can be exercised after the following year. Options may also have performance hurdles that must be met prior to vesting; the grant of options to the CEO during FY22 included such performance hurdles. Since June 2009 options issued expire after five years.</p> <p>Options are calculated at fair value using a binomial option pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. For further details relating to the options, refer to Note 30.</p> <p>Each option holder does not carry any voting or dividend entitlements.</p>

PERFORMANCE CRITERIA

In respect of LTI issued during the 2022 financial year, the vesting criteria for LTI issued is outlined below:

LTI issued to the Chief Executive Officer was broken into four tranches, with all having a time based vesting component, and:

- I. The achievement of US\$10.0 million Profit Before Tax in respect of any one financial year from FY23 to FY25;
- II. The achievement of US\$12.5 million Profit Before Tax in respect of any one financial year from FY23 to FY25;
- III. The achievement of US\$15.0 million Profit Before Tax in respect of any one financial year from FY23 to FY25; and
- IV. The achievement of US\$17.5 million Profit Before Tax in respect of any one financial year from FY23 to FY25.

TREATMENT ON CESSATION

Where a participant ceases employment for cause or due to resignation (other than due to death, ill health, or disability) all unvested Employee Share Options will automatically lapse. In all other circumstances, the Employee Share Options will remain on foot and subject to the original performance conditions, as if the participant had not ceased employment.

However, pursuant to the ESOP Rules, the Board retains absolute discretion to determine to vest or lapse some or all Employee Share Options in all circumstances.

CHANGE OF CONTROL

Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the Employee Share Options. Where only some of the Employee Share Options are vested on a change of control, the remainder of the Employee Share Options will immediately lapse.

8.3.2 LTI under the Employee Share Option Plan granted to KMP in FY22

Senior Executive	Position	Number of Options Granted	Grant Date	Exercise price per option (A\$)	Share price on Grant Date (A\$)
Brad O'Connor	CEO	1,000,000	3 December 2021	2.379	2.33
Paul Maruff	Chief Innovation Officer	100,000	27 September 2021	2.51	2.40

The relative proportions of remuneration that are linked to performance are as follows:

Consolidated	STI		LTI*	
	2022	2021	2022	2021
Non-Executive Directors of Cogstate Limited				
Martyn Myer	0.00%	0.00%	0.00%	0.00%
David Dolby	0.00%	0.00%	0.00%	0.00%
Richard Mohs	0.00%	0.00%	0.00%	0.00%
Ingrid Player	0.00%	0.00%	0.00%	0.00%
Richard Van Den Broek	0.00%	0.00%	0.00%	0.00%
Kim Wenn ¹	0.00%	0.00%	0.00%	0.00%
Executive Director of Cogstate Limited				
Brad O'Connor	42.03%	50.18%	31.51%	11.76%
Key Management Personnel				
Paul Maruff	37.35%	39.64%	7.53%	6.48%
Ken Billard	34.12%	32.52%	8.88%	15.40%
Darren Watson ²	26.29%	26.86%	21.04%	15.92%
Ben Bloomfield ³	22.41%	25.32%	22.15%	14.62%

* Since the long-term incentives are provided exclusively by way of options, the percentages disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year

¹ K Wenn appointed director effective 30 November 2020

² D Watson commenced employment effective 1 February 2021

³ B Bloomfield commenced employment effective 11 January 2021

9. Executive service agreements

9.1 Key terms of executive service agreement for Brad O'Connor (CEO)

Duration	Ongoing
Periods of notice required to terminate	<p>Either party may terminate the contract by providing twelve months written notice.</p> <p>The Company may terminate the contract immediately upon the event of certain specified acts or omissions by Mr O'Connor.</p>
Termination payments	<p>May not exceed the maximum amount which the Company is permitted to pay the CEO under the <i>Corporations Act 2001</i>.</p> <p>STI is not payable where the CEO has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause.</p> <p>Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised by Mr. O'Connor within a 30-day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.</p>

9.2 Key terms of executive service agreement for other Senior Executives

Duration	Ongoing
Periods of notice required to terminate	<p>Other Senior Executives have 1-6-month notice periods (other than where employment is terminated for serious misconduct, in which case no notice is required).</p> <p>Payment in lieu of all or a portion of the notice period may be made at the Company's discretion.</p>
Termination payments	<p>May not exceed the maximum amount which the Company is permitted to pay the Senior Executive under the <i>Corporations Act 2001</i>.</p> <p>STI is not payable where the Senior Executive has resigned and terminates before the payment becomes payable (as determined at the sole discretion of the Board). STI is payable if the STI becomes due and employment is terminated by the Company, other than for cause.</p> <p>Unvested Employee Share Options will be treated in accordance with the relevant Plan Rules. Any Employee Share Options that are vested may be exercised within a 30-day period. Any options that are unvested, or any vested options not exercised within 30 days of termination of the employment contract, will be forfeited.</p>

The *Corporations Act 2001* restricts the termination benefits that can be provided to KMP on cessation of their employment unless shareholder approval is obtained.

For personal use only

10. Statutory remuneration disclosures

10.1 Movements in Employee Share Options held by Senior Executives

Options granted to Non-Executive Directors, Executive Directors and Key Management Personnel during the year are detailed in the below table:

FY2022	Granted number	Grant date	Fair value per option grant date	Exercise price per share A\$	Final vesting date	First exercise date	Last exercise date	Value of option granted during the year US\$	Value of option exercised during the year US\$*	Value of option lapsed during the year US\$	Amount paid for option exercised [#]
Non- Executive Directors of Cogstate Limited											
M Myer	-	-	-	-	-	-	-	-	116,224	-	-
D Dolby	-	-	-	-	-	-	-	-	63,465	-	-
R Mohs	-	-	-	-	-	-	-	-	-	-	-
I Player	-	-	-	-	-	-	-	-	-	-	-
R van den Broek	-	-	-	-	-	-	-	-	105,575	-	-
K Wenn	-	-	-	-	-	-	-	-	-	-	-
Executive Directors of Cogstate Limited											
B O'Connor	1,000,000	3/12/21	-	2.379	27/10/24	27/10/23	27/10/26	-	-	-	-
Key Management Personnel											
P Maruff	100,000	27/9/21	-	2.51	31/8/24	31/8/23	31/8/26	-	618,143	-	-
K Billard	-	-	-	-	-	-	-	-	-	-	-
D Watson	-	-	-	-	-	-	-	-	-	-	-
B Bloomfield	-	-	-	-	-	-	-	-	-	-	-

* The value of options (at the exercise date) granted as part of remuneration that were exercised during the year has been determined as the intrinsic value of the options at that date (being the difference between the exercise price and the underlying share price at date of exercise)

[#]No amounts remain unpaid on options exercised during the year

10.2 Equity instrument disclosures relating to key management personnel

(i) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Consolidated 2022 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	200,000	-	(200,000)	-	-	-	-
D Dolby	100,000	-	(100,000)	-	-	-	-
R van den Broek	100,000	-	(100,000)	-	-	-	-
B O'Connor [#]	2,250,000	1,000,000	-	-	3,250,000	333,334	2,916,666
Total	2,650,000	1,000,000	(400,000)	-	3,250,000	333,334	2,916,666
Other key management personnel of the Group							
P Maruff	873,125	100,000	(650,000)	-	323,125	-	323,125
K Billard	1,500,000	-	-	-	1,500,000	-	1,500,000
D Watson	1,000,000	-	-	-	1,000,000	-	1,000,000
B Bloomfield	1,000,000	-	-	-	1,000,000	-	1,000,000
Total	4,373,125	100,000	(650,000)	-	3,823,125	-	3,823,125

[#]Tanya O'Connor holds 400,000 options at 30 June 2022 which were issued during the financial year as part of her employment at Cogstate

All vested options are exercisable at the end of the year.

Consolidated 2021 Name	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Cogstate Limited							
M Myer	200,000	-	-	-	200,000	200,000	-
D Dolby	150,000	-	(50,000)	-	100,000	100,000	-
R van den Broek	150,000	-	(50,000)	-	100,000	100,000	-
B O'Connor [#]	1,750,000	1,250,000	(750,000)	-	2,250,000	-	2,250,000
Total	2,250,000	1,250,000	(850,000)	-	2,650,000	400,000	2,250,000
Other key management personnel of the Group							
P Maruff	650,000	223,125	-	-	873,125	383,333	489,792
K Billard	1,500,000	-	-	-	1,500,000	-	1,500,000
D Watson ¹	-	1,000,000	-	-	1,000,000	-	1,000,000
B Bloomfield ²	-	1,000,000	-	-	1,000,000	-	1,000,000
Total	2,150,000	2,223,125	-	-	4,373,125	383,333	3,989,792

[#] Holding excludes related party, Tanya O'Connor in connection with her employment at Cogstate

¹ Daren Watson commenced employment effective 1 February 2021

² Ben Bloomfield commenced employment effective 11 January 2021

All vested options are exercisable at the end of the year.

(ii) Share holdings

The numbers of shares in the Company held during the financial year by each director of Cogstate Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Consolidated 2022 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	23,614,566	200,000	(250,000)	23,564,566
D Dolby	25,832,802	100,000	-	25,932,802
R Mohs	55,000	-	-	55,000
I Player	134,098	-	-	134,098
R van den Broek	4,358,500	100,000	-	4,458,500
K Wenn	900	-	11,686	12,586
B O'Connor [#]	4,373,102	-	-	4,373,102
Other key management personnel of the Group				
P Maruff	500,000	650,000	-	1,150,000

[#] Holding excludes related party, Tanya O'Connor, who holds 458,333 shares.

Consolidated 2021 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Cogstate Limited				
Ordinary shares				
M Myer	23,614,566	-	-	23,614,566
D Dolby	25,782,802	50,000	-	25,832,802
R Mohs	55,000	-	-	55,000
I Player	134,098	-	-	134,098
R van den Broek	4,308,500	50,000	-	4,358,500
K Wenn ¹	-	-	900	900
B O'Connor [#]	5,973,102	750,000	(2,350,000)	4,373,102
Other key management personnel of the Group				
P Maruff	500,000	-	-	500,000

¹ K Wenn appointed director effective 30 November 2020

[#] Holding excludes related party, Tanya O'Connor, who holds 458,333 shares.

Director-related entity transactions

Directors of the Company and their director-related entities, conduct transactions with the Company within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Company would have adopted if dealing with a director or director-related entity at arm's length in similar circumstances.

A related party of Brad O'Connor was employed by Cogstate Ltd during FY22. Remuneration and terms of this employment were made on a normal arm's length basis.

A related party of Martyn Myer ceased employment with Cogstate Ltd within FY22. Remuneration and terms of this employment were made on a normal arm's length basis.

End of audited remuneration report.



Martyn Myer AO, Chairman
Melbourne, 29 August 2022

Financial Report

Financial Statements

Consolidated statement of profit or loss and other comprehensive income	39
Consolidated statement of financial position	40
Consolidated statement of changes in equity	41
Consolidated statement of cash flows	42

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies	43
2 Financial risk management	50
3 Critical accounting estimates and judgements	52
4 Segment information	53
5 Revenue	55
6 Cost of sales	55
7 Other income	55
8 Employee benefit expense	55
9 Depreciation and amortisation expense	56
10 Income tax expense	56
11 Non-current assets - Deferred tax assets	57
12 Non-current liabilities - Deferred tax liabilities	57
13 Earnings per share	57
14 Current assets - Cash and cash equivalents	58
15 Current assets - Trade and other receivables	59
16 Current assets - Other current assets	59
17 Non-current assets - Property, plant and equipment	60
18 Non-current assets - Intangible assets	60
19 Lease assets & lease liabilities	62
20 Current liabilities - Trade payables and other liabilities	63
21 Deferred revenue	63
22 Current liabilities - Short-term borrowings	63
23 Current liabilities - Provisions	64

24 Contributed equity	64
25 Other reserves	65
26 Parent entity financial information	65
27 Reconciliation of profit after income tax to net cash inflow from operating activities	66
28 Related party transactions	66
29 Key management personnel disclosures	67
30 Share-based payments	67
31 Commitments and contingencies	69
32 Events occurring after the reporting period	69
33 Remuneration of auditors	70
Directors' Declaration	71
Independent Auditor's Report	72
Shareholder Information	78
Corporate Directory	80



These financial statements are the consolidated financial statements of the Group consisting of Cogstate Limited and its subsidiaries. A list of the major subsidiaries is included in Note 28. The financial statements are presented in US dollars.

Cogstate Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities exchange (ASX:CGS).

Its registered office is: Cogstate Limited, Level 2, 161 Collins Street, Melbourne, VIC, 3000 Australia

A description of the nature of the Group's operations and its principal activities is included in the Directors' Report.

The financial statements were authorised for issue by the directors on 25 August 2022.

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Notes	2022 US\$	2021 US\$
Operations			
Revenue	5	44,980,356	32,686,396
Finance income	5	53,094	10,194
Total revenue	5	45,033,450	32,696,590
Cost of sales	6	(18,697,238)	(15,205,319)
Gross profit		26,336,212	17,491,271
Other income	7	-	2,466,310
Employee benefits expense	8	(8,667,853)	(7,882,718)
Depreciation & amortisation	9	(1,927,601)	(1,839,043)
Occupancy		(248,371)	(263,235)
Marketing		(38,541)	(106,670)
Professional fees		(1,541,792)	(1,473,526)
General administration		(2,882,404)	(2,114,512)
Net foreign exchange gain/(loss)		(132,494)	(393,582)
Travel expenses		(30,435)	31,029
Finance expenses		(88,281)	(89,316)
Other income/(expenses)		(85,840)	(5,738)
Profit before income tax		10,692,600	5,820,270
Income tax (expense)	10	(3,172,866)	(586,987)
Profit from continuing operations		7,519,734	5,233,283
Profit for the year		7,519,734	5,233,283
Total comprehensive profit		7,519,734	5,233,283
Profit is attributable to:			
Owners of Cogstate Limited		7,519,734	5,233,283
Total comprehensive profit for the year is attributable to:			
Owners of Cogstate Limited		7,519,734	5,233,283
Total comprehensive profit for the year attributable to owners of Cogstate Limited arises from:			
Continuing operations		7,519,734	5,233,283
		Cents	Cents
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the Company			
Basic profit per share	13(a)	4.35	3.07
Diluted profit per share	13(b)	4.25	3.02
Earnings per share from profit attributable to the ordinary equity holders of the Company			
Basic profit per share	13(a)	4.35	3.07
Diluted profit per share	13(b)	4.25	3.02

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying Notes.

Consolidated statement of financial position
As at 30 June 2022

	Notes	2022 US\$	2021 US\$
ASSETS			
Current assets			
Cash and cash equivalents (excluding bank overdrafts)	14	30,597,170	23,640,789
Trade and other receivables	15	8,077,281	7,851,228
Other current assets	16	3,325,005	2,580,641
Total current assets		41,999,456	34,072,658
Non-current assets			
Property, plant and equipment	17	905,192	1,204,718
Intangible assets	18	10,765,117	8,718,811
Lease assets	19	1,113,040	1,590,165
Deferred tax assets	11	3,663,789	5,797,150
Total non-current assets		16,447,138	17,310,844
Total assets		58,446,594	51,383,502
LIABILITIES			
Current liabilities			
Trade and other payables	20	10,210,673	8,739,882
Deferred revenue	21	4,639,672	7,134,583
Short-term borrowings	22	183,348	-
Provisions	23	2,593,020	2,452,717
Lease liabilities	19	636,026	606,619
Total current liabilities		18,262,739	18,933,801
Non-current liabilities			
Provisions	23	23,181	23,828
Deferred revenue	21	6,051,247	8,892,150
Lease liabilities	19	592,377	1,133,790
Deferred tax liabilities	12	594,940	616,596
Total non-current liabilities		7,261,745	10,666,364
Total liabilities		25,524,484	29,600,165
Net assets		32,922,110	21,783,337
EQUITY			
Share capital	24	36,145,605	34,026,408
Other reserves	25	29,311	(1,440,309)
Accumulated losses		(3,252,806)	(10,802,762)
Capital and reserves attributable to owners of Cogstate Limited		32,922,110	21,783,337
Total equity		32,922,110	21,783,337

The above consolidated statement of financial position should be read in conjunction with the accompanying Notes.

Consolidated statement of changes in equity
For the year ended 30 June 2022

	Notes	Attributable to owners of Cogstate Limited				Total equity US\$
		Contributed equity US\$	Share based payments reserve US\$	Foreign currency translation reserve US\$	Accumulated losses US\$	
Balance as at 1 July 2020 (Restated)		33,038,228	1,640,339	(2,944,799)	(16,246,037)	15,487,731
Profit for the year		-	-	-	5,233,283	5,233,283
Total comprehensive income for the year		-	-	-	5,233,283	5,233,283
Dissolution of foreign subsidiary		-	-	(209,992)	209,992	-
Transactions with owners in their capacity as owners						
Transfer to share capital on exercise of options	24(b)	380,209	(380,209)	-	-	-
Exercise of options	24(b)	607,971	-	-	-	607,971
Cost of share-based payment	25(a)	-	454,352	-	-	454,352
As at 30 June 2021		34,026,408	1,714,482	(3,154,791)	(10,802,762)	21,783,337
As at 1 July 2021		34,026,408	1,714,482	(3,154,791)	(10,802,762)	21,783,337
Profit for the year		-	-	-	7,519,734	7,519,734
Total comprehensive income for the year		-	-	-	7,519,734	7,519,734
Dissolution of foreign subsidiary	28	-	-	(30,222)	30,222	-
Transactions with owners in their capacity as owners						
Transfer to share capital on exercise of options	24(b)	710,930	(710,930)	-	-	-
Exercise of options	24(b)	1,408,267	-	-	-	1,408,267
Cost of share-based payment	25(a)	-	2,210,772	-	-	2,210,772
As at 30 June 2022		36,145,605	3,214,324	(3,185,013)	(3,252,806)	32,922,110

The above consolidated statement of changes in equity should be read in conjunction with the accompanying Notes.

Consolidated statement of cash flows
For the year ended 30 June 2022

	Notes	2022 US\$	2021 US\$
Cash flows from operating activities			
Receipts from customers		40,622,762	42,736,588
Payments to suppliers and employees		(31,525,886)	(25,953,119)
Finance costs		(46,963)	(44,069)
Government grants and tax incentives		-	56,431
Net cash flows pre impact of pass-through charges		9,049,913	16,795,831
Net pass-through		676,220	(681,421)
Net cash flows provided by/(used in) operating activities*	27	9,726,133	16,114,410
Cash flows from investing activities			
Grant funds received (non-government)		-	633,333
Purchase of property, plant & equipment	17	(422,187)	(625,337)
Payment for capitalised software development costs	18	(3,139,235)	(2,631,227)
Interest received		31,310	2,416
Net cash flows provided by/(used in) investing activities		(3,530,112)	(2,620,816)
Cash flows from financing activities			
Proceeds from issue of shares	24(b)	1,408,267	607,971
Principal portion of lease payments		(647,907)	(791,554)
Net cash flows provided by/(used in) financing activities		760,360	(183,583)
Net increase in cash and cash equivalents		6,956,381	13,310,012
Cash and cash equivalents at beginning of period		23,640,789	10,330,777
Cash and cash equivalents at end of year	14	30,597,170	23,640,789

*Net cash flows from operating activities account for the cash flows that relate to pass-through expenses paid on behalf of Cogstate customers.

The above consolidated statement of cash flows should be read in conjunction with the accompanying Notes.

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

(a) Basis of preparation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Cogstate Limited and its subsidiaries.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Cogstate Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2021. The application of these Standards has not materially impacted the financial statements of the Group.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2021.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by revaluations to fair value for certain classes of assets as described in the accounting policies, and derivative financial instruments, which have been measured at fair value.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Principles of consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established.

(c) Foreign currency translation

(i) Transactions and balances

The financial statements are presented in US dollars which is the Group's functional and presentation currency.

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

(d) Revenue

The Group derives revenue from the sale of licensed software and cognitive testing services. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Revenue from the provision of licensed software

The Group provides licensed software to Clinical Trials, Healthcare & Research customers, comprising access to the software.

Revenue is recognised at a point in time when the licensed software is released to the customer, as risks and rewards of ownership are considered passed to the buyer at this point. As such, no right to a refund exists.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Revenue from the provision of cognitive testing services

The Group's Clinical Trials division provides cognitive testing services to customers in respect to project management, data management, scientific consulting, statistical analysis, scales procurement, rater training and monitoring solutions. Revenue is recognised over time as the services are provided to the customer.

Customers are generally invoiced on a monthly basis, and outstanding invoices are due for payment within 30-90 days of the invoice date.

Receivables from contracts with customers

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset represents the Group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the Group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted goods or services to the customer.

Grant income

Grant income, received from ADDF to develop a well-established memory test, called the International Shopping List Test (ISLT), for use on smartphones and tablets, shall be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Royalty income

The entitlement to a sales-based royalty in exchange for a license of intellectual property is recognised as revenue as, or when, the subsequent sale occurs, or the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied (or partially satisfied), whichever event is the later to occur.

Interest income

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amounts of goods and services tax (GST).

(e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Cogstate Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set out in the consolidated financial statements.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(g) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or Groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 18 for further information.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short-term deposits with an original maturity of six months or less held at call with financial institutions

Short term deposits are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. They are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30-90 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Loans to related parties

Loans to related parties are debt instruments, and are classified (and measured) at amortised cost on the basis that:

- (a) they are held within a business model whose objective is achieved by the Group holding the financial asset to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers and contract assets.

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. The 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The Group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the Group to have a strong financial position and no history of past due amounts from previous transactions with the Group.

The Group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The Group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the Group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the Group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(j) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

- Office Equipment 3 - 15 years
- Computer Equipment 1 - 5 years
- Leasehold Improvements 5 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(k) Intangible assets

(i) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets include acquired intellectual property rights over key business technologies and processes. These intangible assets relating to the Clinical Trials business unit have been determined to have indefinite useful lives and the cost model is utilised for their measurement. These technologies form the basis of the Cogstate business and this fact has allowed the Group to determine that these assets have an indefinite useful life.

(ii) Software development costs

Costs incurred in developing software are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. Capitalised software development costs are amortised over a useful life which is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(iii) Research and development

Expenditure on research activities is recognised as an expense as incurred.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using a straight-line method to allocate the cost of the intangible assets over their estimated useful lives. Amortisation commences when the asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(m) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liabilities are settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

(iii) Share-based payments

The Group provides benefits to employees (including senior executives) of the Group in the form of equity-based payments, whereby employees render services in exchange for rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- The Non-Executive Director Share Option Plan (NEDOP), which provides benefits to directors. Previously non-executive directors, with the approval of shareholders, have been issued equity in the form of options under the non-executive director option plan, but this practice has ceased.
- The Employee Share Option Plan (ESOP), which provides benefits to senior executives and employees. Information relating to these schemes is set out in Note 30.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, further details of which are given in Note 30.

In valuing equity-settled transactions, the Board has the option to impose additional vesting criteria, in the form of performance hurdles that must be met before an option will vest; as well as no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cogstate Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of

- the grant date fair value of the award;
- the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met and
- the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 13).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented on a gross basis except for the GST component of investing or financing activities which are presented as operating cash flows.

(o) Government Grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

(p) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(q) Rounding of amounts

The Group has applied the relief available under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollars (where indicated).

(r) Going Concern Assumption

The 2022 financial statements have been prepared on a going concern basis. This is based on the Group continuing to be in a positive net asset position and continuing to carry significant cash reserves that enable the Group to meet its debts as and when they fall due.

2 Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits and derivatives.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Audit, Risk & Compliance Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit allowances, and future cash flow forecast projections.

The Group holds the following financial instruments:

	2022 US\$	2021 US\$
Financial assets		
Cash and cash equivalents	30,597,170	23,640,789
Trade and other receivables	8,101,636	7,851,228
	38,698,806	31,492,017
Financial liabilities		
Trade and other payables	10,210,673	8,739,882
Short term borrowings	183,348	-
Lease liabilities	1,228,403	1,740,409
	11,622,424	10,480,291

(a) Market risk

(i) Foreign exchange risk

Approximately 99% (2021: 98%) of the Group's sales are denominated in the functional currency, whilst approximately 85% (2021: 78%) of costs are denominated in the Group's functional currency.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in USD, was as follows:

	30 June 2022 US\$	30 June 2021 US\$
Cash and cash equivalents	1,339,559	1,617,639
Trade receivables	110,339	239,447
Trade payables	(649,870)	(42,076)
Provisions	(1,213,220)	(1,199,114)
Income tax	(819,081)	-
Net exposure	(1,232,273)	615,896

Sensitivity

At 30 June 2022, had the US Dollar moved, as illustrated in the table below, with all other variables held constant and based on a base rate of US\$1.00 = A\$1.4516 and US\$1.00 = EUR0.9565 and US\$1.00 = CAD\$1.2897, post tax profit and equity would have been affected as follows:

	Post tax profit		Equity	
	Better/(Worse) 2022 US\$	Better/(Worse) 2021 US\$	Better/(Worse) 2022 US\$	Better/(Worse) 2021 US\$
USD:AUD+10%	574,244	37,687	574,244	37,687
USD:EUR+10%	52,115	(10,453)	52,115	(10,453)
USD:CAD+10%	-	162,729	-	162,729
TOTAL	626,359	189,963	626,359	189,963
USD:AUD-10%	(574,244)	(37,687)	(574,244)	(37,687)
USD:EUR-10%	(52,115)	10,453	(52,115)	10,453
USD:CAD-10%	-	(162,729)	-	(162,729)
TOTAL	(626,359)	(189,963)	(626,359)	(189,963)

Management believes that the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

(ii) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash on hand and short term deposits which are subject to varying interest rates.

At balance date the Group had the following mix of financial assets exposed to variable interest rate risk shown in USD.

	30 June 2022 US\$	30 June 2021 US\$
Cash at bank and on hand	267,086	810,085
Short term deposits	18,092,229	9,909,556
Net exposure	18,359,315	10,719,641

Sensitivity

If interest rates were to increase/decrease by 1%/(0.5%) from rates used for the entire year, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

	Post tax profit		Equity	
	Better/(Worse) 2022 US\$	Better/(Worse) 2021 US\$	Better/(Worse) 2022 US\$	Better/(Worse) 2021 US\$
Increase 1%	183,593	107,196	183,593	107,196
Decrease 0.5%	(91,797)	(53,598)	(91,797)	(53,598)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash, short term deposits, and trade receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

The Group's financial instruments are spread amongst a number of major Australian and US financial institutions to minimise the risk of default of counterparties, with the Group's short-term deposit being held as one security at a major Australian bank.

The Group trades only with recognised, credit-worthy third parties, and as such collateral is not requested nor is it the Group's policy to secure its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(c) Liquidity risk

All financial liabilities are able to be settled as and when they fall due. The following table outlines the Group's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Group can be required to pay.

	< 6 months US\$	> 6 months US\$	Total contractual cash flows US\$	Carrying amount US\$
30 June 2022				
Payables	7,889,741	-	7,889,741	7,889,741
Short term borrowings	183,348	-	183,348	183,348
Lease liabilities	324,891	927,575	1,252,466	1,228,403
Total	8,397,980	927,575	9,325,555	9,301,492
30 June 2021				
Payables	6,983,964	-	6,983,964	6,983,964
Short term borrowings	-	-	-	-
Lease liabilities	352,141	1,438,797	1,790,938	1,740,409
Total	7,336,105	1,438,797	8,774,902	8,724,373

(d) Fair value measurements

The net fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and Notes to the financial statements.

3 Critical accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and tax losses in Australia and the United States as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. No deferred tax asset has been recognised with respect to the potential use of US R&D and CT tax credits.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Impairment of intangibles with indefinite useful lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. No impairment loss was recognised during the current year. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 18.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model, with the assumptions detailed in Note 30. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity. For options with performance based hurdles, probabilities have been assessed at 30 June as to whether the hurdles will be met by the option vesting dates.

Long service leave provision

As discussed in Note 1(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in Note 9.

4 Segment information**(a) Description of segments****Identification of reportable segments**

The Group has four reportable segments as described below:

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (deemed the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the market the services are provided in (i.e. cognitive testing in clinical trials, cognitive assessment in academic research and cognitive assessment in healthcare). Discrete financial information is reported to the executive management team on at least a monthly basis, as these are the source of the Group's major risks and have the most effect on the rates of return.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue
- Interest expense
- Foreign exchange gain/(loss)
- Profit/(loss) on disposal of assets
- Finance costs
- Depreciation expense (indirect)
- Other income
- Administration costs

Types of services

Cogstate's first operating segment is cognitive testing in clinical trials. In this market, Cogstate's technology and associated services are used to quantify the effect of disease and of drugs, devices or other interventions on human subjects participating in clinical trials primarily conducted by pharmaceutical, and biotechnology companies.

The second operating segment is the healthcare market. In this market, the technology and associated services are being developed as a tool for primary care physicians and/or hospitals to assess cognitive decline.

The third identified segment is provision of technology and associated services to academic researchers.

The fourth identified segment is the administration costs of the business that do not relate to a specific segment.

Although sales in each market are conducted in different geographic regions, none has been determined as operating or reporting segments as often the geographic source of the revenue can differ to the geographic source of the costs for the same project. Therefore management currently review internal reports based on worldwide revenue and results.

(b) Segment information

The following table present revenue and profit/(loss) information regarding the segments of clinical trials, healthcare and research markets for the years ended year ended 30 June 2022 and 30 June 2021.

2022	Clinical Trials US\$	Healthcare US\$	Research US\$	Administration US\$	Total US\$
Sales to external customers	40,328,147	4,456,700	195,509	-	44,980,356
Cost of sales	(16,202,928)	(1,214,266)	(883,470)	-	(18,300,664)
Direct depreciation	(396,574)	-	-	-	(396,574)
Segment gross profit	23,728,645	3,242,434	(687,961)	-	26,283,118
Interest revenue	-	-	-	53,094	53,094
Gross comprehensive income	23,728,645	3,242,434	(687,961)	53,094	26,336,212
Operating profit	23,728,645	3,242,434	(687,961)	(13,369,464)	12,913,654
Depreciation	-	-	-	(1,927,601)	(1,927,601)
FX gain/(loss), realised and unrealised	-	-	-	(132,494)	(132,494)
Profit/(loss) on disposal of assets	-	-	-	(72,678)	(72,678)
Government income	-	-	-	-	-
US PPP loan (non-operating income)	-	-	-	-	-
Finance costs	-	-	-	(88,281)	(88,281)
Segment result	23,728,645	3,242,434	(687,961)	(15,590,518)	10,692,600

2021	Clinical Trials US\$	Healthcare US\$	Research US\$	Administration US\$	Total US\$
Sales to external customers	28,667,707	3,758,790	259,899	-	32,686,396
Cost of sales	(13,213,693)	(799,871)	(731,788)	-	(14,745,352)
Direct depreciation	(459,967)	-	-	-	(459,967)
Segment gross profit	14,994,047	2,958,919	(471,889)	-	17,481,077
Interest revenue	-	-	-	10,194	10,194
Gross comprehensive income	14,994,047	2,958,919	(471,889)	10,194	17,491,271
Operating profit	14,994,047	2,958,919	(471,889)	(11,803,384)	5,677,693
Depreciation	-	-	-	(1,839,043)	(1,839,043)
FX gain/(loss), realised and unrealised	-	-	-	(393,582)	(393,582)
Profit/(loss) on disposal of assets	-	-	-	(1,792)	(1,792)
Government income	-	-	-	22,110	22,110
US PPP loan (non-operating income)	-	-	-	2,444,200	2,444,200
Finance costs	-	-	-	(89,316)	(89,316)
Segment result	14,994,047	2,958,919	(471,889)	(11,660,807)	5,820,270

(c) Segment Revenue

Cogstate Ltd had one external customer whose individual contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. This customer's contribution to total revenue included:

- Eli Lilly and Company \$17.8m

In 2021, Cogstate Ltd had two external customers whose individual contribution to total Cogstate Ltd revenue exceeded 10% during the current financial year. These customers and their respective contributions to total revenue included:

- Eli Lilly and Company \$9.6m
- Eisai Co Ltd \$3.5m

Consistent with the requirements of AASB 8, as the Chief Operating Decision Maker does not receive information regarding segment assets, no disclosure of segment assets has been provided.

5 Revenue

	2022 US\$	2021 US\$
Timing of revenue recognition		
At a point in time*		
Clinical Trials	8,867,934	5,452,838
Healthcare	268,928	870,171
Research	195,509	259,899
	9,332,371	6,582,908
Over time*		
Clinical Trials	31,460,213	23,214,869
Healthcare	4,187,772	2,888,619
	35,647,985	26,103,488
Finance income	53,094	10,194
	45,033,450	32,696,590

* For a definition of point in time and over time, refer to Note 1(d).

	2022 US\$	2021 US\$
The total amount of revenue from contracts with customers recognised for the financial year includes:		
Amounts that were included in the balance of contract liabilities at the beginning of the year	6,933,798	283,977

	2022 US\$	2021 US\$
The aggregate amount of transaction prices (unrecognised revenue) allocated to remaining performance obligations, at the reporting date, is as follows:		
Clinical Trials (contracted future revenue)	100,242,981	58,424,721
Healthcare (contracted future revenue)	38,839,020	43,026,793
Research (contracted future revenue)	60,000	-
	139,142,001	101,451,514

6 Cost of sales

	2022 US\$	2021 US\$
Direct wages and salaries	(15,781,582)	(12,940,521)
Direct contractor	(1,320,964)	(999,958)
Direct depreciation	(396,574)	(459,967)
Other cost of sales	(1,198,118)	(804,873)
Total cost of sales	(18,697,238)	(15,205,319)

7 Other income

	2022 US\$	2021 US\$
Government Income	-	22,110
US PPP Loan (non-operating income)	-	2,444,200
	-	2,466,310

8 Employee benefit expense

	2022 US\$	2021 US\$
Wages and salaries	(9,910,429)	(9,816,059)
Less capitalisation of software development costs	2,005,846	2,109,569
Less product development costs reimbursed	596,670	-
Share based payment expense	(1,359,940)	(176,228)
Total employee benefits expense	(8,667,853)	(7,882,718)

9 Depreciation and amortisation expense

Depreciation and amortisation included in the statement of profit or loss	2022 US\$	2021 US\$
Depreciation (direct)*	(396,574)	(459,967)
	(396,574)	(459,967)
Depreciation (indirect)	(251,308)	(229,693)
Depreciation (lease assets)	(583,363)	(751,331)
Amortisation (intangibles)	(1,092,930)	(858,019)
Total depreciation (indirect) and amortisation	(1,927,601)	(1,839,043)
Total depreciation and amortisation	(2,324,175)	(2,299,010)

*Depreciation (direct) on equipment used directly in the generation of revenue has been disclosed as part of Cost of Sales in Note 6.

10 Income tax expense

(a) Income tax expense

	2022 US\$	2021 US\$
Current tax	1,398,899	1,301,655
Deferred tax	2,171,654	(555,481)
(Over)/under provision in prior years	(397,687)	(159,187)
	3,172,866	586,987
Income tax expense is attributable to:		
Profit from continuing activities	3,172,866	586,987

(b) Reconciliation of income tax expense to prima facie tax expense

	2022 US\$	2021 US\$
Profit from continuing operations before income tax expense	10,692,600	5,820,270
Prima Facie Tax at the Australian tax rate of 30.0% (2021 - 30.0%)	3,207,780	1,746,081
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Differences in tax rates	(75,064)	(185,432)
Tax losses not recognised	-	71,149
(Over)/under provision in prior years	(397,687)	(159,187)
Income not assessable for income tax purposes	(156,344)	(671,697)
Foreign subsidiary loan forgiveness - capital loss	-	(450,414)
Non deductible share based payments	592,302	121,148
Expenditure not deductible for income tax purposes	1,879	115,339
	3,172,866	586,987

(c) Tax losses and US credits

	2022 US\$	2021 US\$
Opening balance - Unrecognised deferred tax asset on unused tax losses	575,484	504,335
Potential tax benefit of foreign losses (current year)	(575,484)	71,149
Closing balance - Unrecognised deferred tax asset on unused tax losses	-	575,484
Unrecognised deferred tax asset for US R&D and CT credits	1,078,281	1,092,162

The benefit will only be obtained if the US R&D and CT credits become certain to be utilised before the expiration of the credits.

11 Non-current assets - Deferred tax assets

	2022 US\$	2021 US\$
Tax losses	-	1,147,638
Employee benefits	715,014	679,092
Accrued expenses	19,882	896
Deferred revenue	2,876,706	3,908,038
Capital raising costs	15,950	23,925
Provision for doubtful debts	7,307	-
Lease assets and lease liabilities	28,930	37,561
	3,663,789	5,797,150

In Cogstate Ltd, there are no tax losses available for future use at 30 June 2022 (30 June 2021: US\$1,147,638).

In Cogstate Inc, there are no tax losses available for future use at 30 June 2022 (30 June 2021: nil).

12 Non-current liabilities - Deferred tax liabilities

	2022 US\$	2021 US\$
Foreign exchange	594,940	616,596
	594,940	616,596

13 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	2022 US Cents	2021 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	4.35	3.07
Total basic earnings per share attributable to the ordinary equity holders of the Company	4.35	3.07

(b) Diluted earnings per share

	2022 US Cents	2021 US Cents
From continuing operations attributable to the ordinary equity holders of the Company	4.25	3.02
Total diluted earnings per share attributable to the ordinary equity holders of the Company	4.25	3.02

(c) Reconciliation of earnings used in calculating earnings per share

	2022 US\$	2021 US\$
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company:		
Used in calculating basic earnings per share	7,519,734	5,233,283
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company:		
Used in calculating diluted earnings per share	7,519,734	5,233,283

(d) Weighted average number of shares used as denominator

	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	172,768,268	170,333,993
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	176,824,357	173,060,429

(e) Information on the classification of securities**(i) Options**

Options granted to employees under the Cogstate Employee Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 30.

14 Current assets - Cash and cash equivalents

	2022 US\$	2021 US\$
Cash at bank and in hand	12,404,941	13,631,233
Short-term deposits	18,192,229	10,009,556
Total cash and short term deposits	30,597,170	23,640,789

Net cash

The Group had \$28,739,414 net cash as at 30 June 2022 (30 June 2021: \$22,391,716) calculated as gross cash less borrowings and less cash received in advance for future pass-through charges.

	2022 US\$	2021 US\$
Total cash at 30 June	30,597,170	23,640,789
Cash received in advance for future pass-through expenses at 30 June	(1,857,756)	(1,249,073)
Cash held for operations at 30 June	28,739,414	22,391,716
Total borrowings	-	-
Net cash	28,739,414	22,391,716

15 Current assets - Trade and other receivables

	2022 US\$	2021 US\$
Trade receivables	8,101,636	7,851,228
Allowance for expected credit losses	(24,355)	-
	8,077,281	7,851,228

Trade and other receivables ageing analysis at 30 June is:

	Gross 2022 US\$	Gross 2021 US\$
Not past due	7,510,911	7,734,795
Past due 30-59 days	483,098	72,880
Past due 60-89 days	71,096	43,553
Past due more than 90 days	36,531	-
	8,101,636	7,851,228
Allowance for expected credit losses	(24,355)	-
	8,077,281	7,851,228

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly basis. Outstanding invoices are due for payment within 30-90 days of the invoice date.

Impairment of receivables from contracts with customers and other receivables

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the instrument. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

16 Current assets - Other current assets

	2022 US\$	2021 US\$
Accrued income	2,076,406	1,807,654
Prepayments	1,009,205	741,125
Other receivables	239,394	31,862
Total other current assets	3,325,005	2,580,641

17 Non-current assets - Property, plant and equipment

	2022 US\$	2021 US\$
Property, plant and equipment		
Gross value	5,969,283	5,988,322
Accumulated depreciation	(5,064,091)	(4,783,604)
	905,192	1,204,718

	2022 US\$	2021 US\$
Property, plant and equipment		
Opening net book amount	1,204,718	1,270,833
Additions	422,187	625,337
Disposals	(73,831)	(1,792)
Depreciation charge	(647,882)	(689,660)
Closing net book amount	905,192	1,204,718

18 Non-current assets - Intangible assets

	2022 US\$	2021 US\$
Software development		
Database platform	6,152,988	7,080,235
ISLT smart-phone application	1,734,118	1,221,340
Cognigram USA	1,736,257	-
Data management platform	832,856	-
Software license	-	108,338
Intellectual Property - Clinical Trials	308,898	308,898
	10,765,117	8,718,811

Year ended 30 June 2022	Software Development (Database Platform)*	Software Development (ISLT smart- phone application)**	Software Development (Cognigram USA)***	Software Development (Data Management Platform)****	Software License	Intellectual Property - Clinical Trials	Total
Opening net book amount	7,080,235	1,221,340	-	-	108,338	308,898	8,718,811
Amortisation	(927,247)	(47,510)	(9,834)	-	(108,338)	-	(1,092,929)
Capitalisation	-	560,288	1,746,091	832,856	-	-	3,139,235
Closing net book amount	6,152,988	1,734,118	1,736,257	832,856	-	308,898	10,765,117

Year ended 30 June 2021	Software Development (Database Platform)*	Software Development (ISLT smart- phone application)**	Software Development (Cognigram USA)***	Software Development (Data Management Platform)****	Software License	Intellectual Property - Clinical Trials	Total
Opening net book amount	5,968,150	451,879	-	-	216,676	308,898	6,945,603
Amortisation	(749,681)	-	-	-	(108,338)	-	(858,019)
Capitalisation	1,861,766	769,461	-	-	-	-	2,631,227
Closing net book amount	7,080,235	1,221,340	-	-	108,338	308,898	8,718,811

*** Software includes capitalised development costs being an internally generated intangible asset (database platform infrastructure)**

No further development of this platform occurred during the year.

**** Software includes capitalised development costs being an internally generated intangible asset (ISLT smartphone application)**

In FY20, the Alzheimer's Drug Discovery Foundation's (ADDF) formally announced an award of funding to Cogstate from the ADDF Diagnostics Accelerator (DxA) initiative, seeking to develop novel biomarkers for the early detection of Alzheimer's disease and related dementias.

The award of up to \$1.36 million to Cogstate is focused on the development of a well-established memory test, called the International Shopping List Test (ISLT), for use on smartphones and tablets. The technology adaptation is designed to enable autonomous assessment of memory by individuals in their own home. Improved access to such an easy-to-use and sensitive measure of memory is expected to enable identification of memory problems earlier and in more diverse populations, thereby supporting earlier diagnosis and access to potential interventions.

The development work undertaken this year to further develop the ISLT has been capitalised up until the completion of work in May. The amount capitalised reflects both the labour effort expended and actual third party costs incurred in developing the smartphone application. The amortisation of this asset commenced in May.

***** Software includes capitalised development costs being an internally generated intangible asset (Cognigram)**

The development work undertaken this year to further develop Cognigram has been capitalised up until the completion of work in June. The amount capitalised reflects the labour effort expended. The amortisation of this asset commenced in June.

****** Software includes capitalised development costs being an internally generated intangible asset (Data Management Platform)**

This year, the Group commenced work on a Data Management Platform. A third party developer has been engaged to perform this development work. The development work undertaken this year has been capitalised. The amount capitalised reflects both the labour effort expended and actual third party costs incurred. The development of this asset is ongoing.

Impairment losses recognised

Continuing Operations

These assets were tested for impairment during the year ended 30 June 2022.

Impairment tests for intangibles

Acquired intellectual property rights have been allocated to one cash generating unit, which is a reportable segment, for impairment testing as follows:

- Clinical Trials cash generating unit

There was no impairment of the carrying value of the intellectual property for the Clinical Trials cash generating unit.

Clinical Trials cash generating unit (indefinite life intellectual property)

The recoverable amount of the Clinical Trials unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a three year period and a terminal growth rate of 5% (2021: 5%).

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Clinical Trials cash generating unit for 30 June 2022 and 30 June 2021.

Budgeted gross sales - the basis used to determine the value assigned to the budgeted gross sales is the contracted sales for the coming periods taken at the date of the budget formulation, increased for expected new contractual agreements. Thus, values assigned to gross sales reflect past experience, except for new contractual agreements, which are estimated at approximately the same level as the most recent financial year, over half of which, for the next financial year, are being tendered for.

Budgeted operating expenses - the basis used to determine the value assigned to the budgeted operating expenses is the level of the most recent financial year increased on average by the consumer price index plus one percentage point. Thus, values assigned to operating expenses reflect past experience, whilst allowing for general price rises and additional costs necessary for a Group in a growth phase.

The pre-tax discount rate applied to cash flow projections is 10% (2021: 10%).

The cash generating unit's recoverable amount exceeds the carrying value of the cash generating unit.

19 Lease assets & lease liabilities

The Group leases office premises and specialised equipment for periods not exceeding 5 years. The Group is required to return the underlying assets in a specified condition at the end of the lease term.

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease Assets	2022 US\$	2021 US\$
Carrying amount of lease assets, by class of underlying asset:		
Buildings	1,081,139	1,545,814
Equipment	31,901	44,351
	1,113,040	1,590,165

Lease Assets	2022 US\$	2021 US\$
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:		
Carrying amount at 1 July 2021	1,590,165	2,344,086
Additions	106,238	-
Depreciation	(583,363)	(751,331)
Net foreign exchange differences	-	(2,590)
Carrying amount at 30 June 2022	1,113,040	1,590,165

Lease Liabilities	2022 US\$	2021 US\$
Reconciliation of the carrying amount of lease liabilities at the beginning and end of the financial year:		
Carrying amount at 1 July 2021	1,740,409	2,519,597
Additions	106,238	-
Principal reduction	(618,244)	(779,188)
Carrying amount at 30 June 2022	1,228,403	1,740,409

Carrying amount of lease liabilities:		
Current lease liabilities	(636,026)	(606,619)
Non-current lease liabilities	(592,377)	(1,133,790)
Total carrying amount of lease liabilities	(1,228,403)	(1,740,409)

Lease Expenses and Cash Flows	2022 US\$	2021 US\$
Depreciation expense on lease assets	583,363	751,331
Interest expense on lease liabilities	28,694	44,069
Lease payments	647,907	791,554
Net foreign exchange differences	969	12,366

20 Current liabilities - Trade payables and other liabilities

	2022 US\$	2021 US\$
Trade payables	953,367	1,793,550
Accrued payables	4,969,474	4,024,187
Grant funding*	1,360,000	1,360,000
Prepaid pass-through	1,966,900	1,166,227
Provision for tax	960,932	395,918
	10,210,673	8,739,882

*The Biotechnology Grant Funding agreement was executed in February 2020 with the Alzheimer's Drug Discovery Foundation's (ADDF) Diagnostics Accelerator (DxA) initiative, seeking to develop novel biomarkers for the early detection of Alzheimer's disease and related dementias. The award of up to \$1.36 million to Cogstate is focused on the development of a technology-based approach for early detection of memory impairment and decline. The software development work has been performed by Cogstate's existing software engineering team, along with a third party developer, and those costs have been capitalised as at 30 June 2022 (refer Note 18). The amount capitalised reflects the labour effort expended in developing the smartphone application.

21 Deferred revenue

	2022 US\$	2021 US\$
Current deferred revenue		
Clinical Trials	441,899	2,946,810
Healthcare		
- Eisai Japan	99,918	99,918
- Eisai Global	4,087,855	4,087,855
Research	10,000	
	4,639,672	7,134,583
Non-current deferred revenue		
Clinical Trials	600,000	53,130
Healthcare		
- Eisai Japan	615,658	715,576
- Eisai Global	4,785,589	8,123,444
Research	50,000	-
	6,051,247	8,892,150
Deferred Revenue		
Carrying amount of deferred revenue:		
Current deferred revenue	4,639,672	7,134,583
Non-current deferred revenue	6,051,247	8,892,150
	10,690,919	16,026,733

22 Current liabilities - Short-term borrowings

	2022 US\$	2021 US\$
Insurance premium funding	183,348	-
	183,348	-

23 Current liabilities - Provisions

	2022 US\$	2021 US\$
Current		
Long service leave	451,270	439,480
Annual leave	2,141,750	2,013,237
	2,593,020	2,452,717
Non-current		
Long service leave	23,181	23,828

24 Contributed equity**(a) Share capital**

	2022 Shares	2021 Shares	2022 US\$	2021 US\$
Ordinary shares				
Ordinary shares - fully paid	173,368,331	170,988,331	36,145,605	34,026,408

(b) Movements in ordinary share capital

	Number of shares	US\$
1 July 2020	169,771,664	33,038,228
Exercise of options	1,216,667	607,971
Transfer from options reserve	-	380,209
30 June 2021	170,988,331	34,026,408
Exercise of options	2,380,000	1,408,267
Transfer from options reserve	-	710,930
30 June 2022	173,368,331	36,145,605

(c) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board has resolved that no dividend should be declared in respect of the year ended 30 June 2022 (30 June 2021: nil).

The Group is not subject to any externally imposed capital requirements.

25 Other reserves

(a) Other reserves

	2022 US\$	2021 US\$
Share-based payments reserve	3,214,324	1,714,482
Foreign currency translation reserve	(3,185,013)	(3,154,791)
	29,311	(1,440,309)

	2022 US\$	2021 US\$
Movements:		
Share based payments		
Balance 1 July	1,714,482	1,640,339
Share based payments expense	2,210,772	454,352
Transfer to share capital on exercise of options	(710,930)	(380,209)
Balance 30 June	3,214,324	1,714,482

	2022 US\$	2021 US\$
Share based payments		
Employees	3,214,324	1,714,482
Non-employees	-	-
	3,214,324	1,714,482

(b) Nature and purpose of other reserves

(i) Share-based payments

This reserve is used to record the value of equity benefits provided in a share based payment transaction to employees and directors as part of their remuneration. Refer to Note 30 for further details of these plans.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss upon the disposal of the net investment.

26 Parent entity financial information

(a) Summary financial information

Information relating to Cogstate Ltd:	2022 US\$	2021 US\$
Current assets	42,013,756	32,586,051
Total assets	52,375,008	47,279,561
Current liabilities	(28,631,837)	(22,097,392)
Total liabilities	(28,668,757)	(30,960,240)
Net assets	23,706,251	16,319,321
Issued capital	(36,145,605)	(34,026,408)
Accumulated losses	12,944,581	16,712,472
Share based payment reserve	(3,214,324)	(1,714,482)
Foreign currency translation reserve	2,709,097	2,709,097
Total shareholders' equity	(23,706,251)	(16,319,321)

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

(b) Guarantees and commitments entered into by the parent entity

	2022 US\$	2021 US\$
Guarantee entered into by the parent entity in relation to lease of premises	-	66,343
	-	66,343

27 Reconciliation of profit after income tax to net cash inflow from operating activities

	2022 US\$	2021 US\$
Profit for the year	7,519,734	5,233,283
Depreciation and amortisation	2,324,175	2,299,010
Loss on disposal of assets	72,678	1,792
Non-cash employee benefits expense - share-based payments	2,210,772	454,352
US PPP loan (non-operating income)	-	(2,444,200)
Net exchange differences	34,386	37,807
Change in operating assets & liabilities:		
(Increase) decrease in trade debtors and other receivables	(226,053)	(3,571,347)
(Increase) decrease in deferred tax assets	2,133,361	(544,956)
(Increase) decrease in other operating assets	(476,284)	(989,225)
(Increase) decrease in prepayments	(268,080)	(96,634)
(Increase) decrease in lease assets	477,125	753,921
(Decrease) increase in trade creditors	1,089,125	72,611
(Decrease) increase in deferred revenue	(5,335,814)	14,850,021
(Decrease) increase in provision for income taxes payable	565,014	279,620
(Increase) decrease in lease liabilities	(512,006)	(779,188)
(Decrease) increase in deferred tax liabilities	(21,656)	(13,966)
(Decrease) increase in employee provisions	139,656	571,509
Net cash inflow from operating activities	9,726,133	16,114,410

28 Related party transactions**(a) Significant investments in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1(b):

Name of entity	Country of incorporation	Equity holding %	
		2022 %	2021 %
Cogstate Inc	USA	100%	100%
Cogstate Health Inc	USA	100%	100%
Cogstate Healthcare LLC	USA	100%	100%
Cogstate Sport Pty Ltd	Australia	100%	100%
Cogstate Spain SL*	Spain	0%	100%

*Cogstate Spain SL was dissolved as at 1 November 2021

(b) Parent entities

Cogstate Limited is the ultimate parent of the Group.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 29.

(d) Director-related entity transactions

Directors of the Group and their director-related entities, conduct transactions with the Group within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Group would have adopted if dealing with a director or director-related entity at arm’s length in similar circumstances.

A related party of Brad O’Connor was employed by Cogstate Ltd during FY22. Remuneration and terms of this employment were made on a normal arm’s length basis.

A related party of Martyn Myer ceased employment with Cogstate Ltd within FY22. Remuneration and terms of this employment were made on a normal arm’s length basis.

(e) Eisai Co Ltd

Eisai Co Ltd holds 6.8% of the outstanding shares of Cogstate Ltd as at 30 June 2022.

On 25 October 2020, Cogstate Ltd entered into a Global Licensing Agreement with Eisai Co Ltd. This is in addition to the Japan Licensing Agreement entered into with Eisai Co Ltd in FY20.

These contracts have generated revenue for the Group of \$4.2 million in FY22 (FY21: \$3.5 million). These contracts have future revenue (represented as Deferred Revenue) of \$9.6 million as at 30 June 2022 (30 June 2021: \$13.0 million).

29 Key management personnel disclosures

(a) Key management personnel compensation

	2022 US\$	2021 US\$
Short-term employee benefits	3,419,468	2,763,538
Post-employment benefits	126,219	89,239
Long-term benefits	20,770	15,020
Termination benefits	-	-
Share-based payments*	848,576	507,497
	4,415,033	3,375,294

* FY21 share-based payments includes valuation re-assessment of employee share options.

30 Share-based payments

(a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 US\$	2021 US\$
Expense arising from equity settled share-based payment expense/(benefit)	2,210,772	454,352

Reconciliation of share-based payment expense/(benefit) for the 2022 financial year is as follows:

	2022 US\$	2021 US\$
Expense reversed as options not fully vested/lapsed	(41,300)	(228,319)
Expense for options issued during current financial year	1,134,635	390,070
Expense for options issued in previous financial years	1,117,437	292,601
	2,210,772	454,352

For personal use only

(b) Employee Option Plan

An employee share scheme has been established where Cogstate Limited may, at the discretion of the Board, grant options over the ordinary shares of Cogstate Limited to executives and certain members of staff of the Group, and to directors, subject to shareholder approval in required circumstances. The options, issued for nil consideration directly to employees, are granted in accordance with guidelines established by the directors of Cogstate Limited, with a recommendation from the management of Cogstate Limited, although the directors retain the final discretion on the issue of options. From 2009, the options are issued for a period of 5 years. The previous existing plan issued options for a period of 10 years.

In most cases, one third of the options are exercisable on the second anniversary of the date of the grant. The remaining two thirds of the options are exercisable after the following 12 months.

The options cannot be transferred and will not be quoted on the ASX. There are no cash settlement alternatives. There are currently 0 directors (2021: 3) and 48 executives/staff (2021: 38) eligible for this scheme.

(c) Summaries of options granted under ESOP

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Outstanding at the beginning of the year	12,214,643	\$0.63	8,015,000	\$0.63
Granted during the year	4,410,000	\$2.34	6,997,400	\$0.82
Forfeited during the year	(510,300)	\$1.29	(1,581,090)	\$0.71
Exercised during the year	(2,380,000)	\$0.80	(1,216,667)	\$0.65
Expired during the year	(25,000)	\$0.93	-	-
Outstanding at the end of the year	13,709,343	\$0.72	12,214,643	\$0.63

The outstanding balance as at 30 June 2022 is represented by:

Number of options	Grant date	Vesting Date	Expiry Date	Exercise Price
813,333	28-Sep-18	28-Sep-21	28-Sep-23	0.6400
1,000,000	21-Oct-19	21-Oct-22	21-Oct-24	0.3400
1,500,000	31-Jan-20	31-Aug-23	31-Jan-25	0.4600
50,000	30-Apr-20	31-Aug-23	30-Apr-25	0.3200
1,846,010	31-Jul-20	31-Aug-23	15-Sep-25	0.6900
1,250,000	27-Oct-20	27-Oct-23	27-Oct-25	0.7820
750,000	15-Nov-20	31-Aug-23	31-Oct-25	0.7800
600,000	17-Mar-21	28-Feb-24	28-Feb-26	1.0000
1,400,000	17-Mar-21	28-Aug-24	28-Aug-26	1.0000
100,000	14-May-21	28-Feb-24	28-Feb-26	0.9930
150,000	14-May-21	28-Aug-24	28-Aug-26	0.9930
2,850,000	27-Sep-21	31-Aug-24	31-Aug-26	2.5100
400,000	3-Dec-21	31-Aug-24	31-Aug-26	1.0000
1,000,000	3-Dec-21	27-Oct-24	31-Aug-26	2.3790
13,709,343				

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding at 30 June 2022 is 3.42 years (2021: 3.46 years).

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was \$0.32-\$2.51 (2021: \$0.25-\$1.00).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$2.3433 (2021: \$0.8226).

(g) Option pricing model**Equity settled transactions**

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using a binomial model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2022 and 30 June 2021:

2022	27-Sep-21	27-Sep-21	27-Sep-21	27-Sep-21	3-Dec-21	3-Dec-21
Dividend yield (%)	0	0	0	0	0	0
Expected volatility (%)	60	60	60	60	60	60
Risk-free interest rate (%)	0.5	0.5	0.5	0.5	0.5	0.5
Expected life of option (years)	3	3	3	3	3	3
Option exercise price (\$)	2.51	2.51	2.51	2.51	1.00	2.379
Market share price at grant date (\$)	2.40	2.40	2.40	2.40	2.33	2.33

2021	31-Jul-20	27-Oct-20	15-Nov-20	17-Mar-21	14-May-21
Dividend yield (%)	0	0	0	0	0
Expected volatility (%)	60	60	60	60	60
Risk-free interest rate (%)	0.5	0.5	0.5	0.5	0.5
Expected life of option (years)	3	3	3	3	3
Option exercise price (\$)	0.69	0.78	0.78	1.00	0.99
Market share price at grant date (\$)	0.54	1.21	0.97	0.96	0.84

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

31 Commitments and contingencies**(a) Guarantees**

Cogstate Limited has ceased its bank guarantee in respect of the Company's prior lease of premises at Level 2/255 Bourke Street, Melbourne (FY21: US\$66,343).

(b) Contingent liabilities

The Group had no contingent liabilities at 30 June 2022 (2021: nil).

32 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

33 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Pitcher Partners (Melbourne)

	2022 US\$	2021 US\$
Audit and other assurance services		
Audit and review of financial statements	99,277	100,081
Other professional services	-	2,722
Total remuneration for audit and other assurance services	99,277	102,803
Taxation services		
Tax compliance services	-	3,523
Total remuneration for taxation services	-	3,523
Total remuneration of Pitcher Partners	99,277	106,326

(b) Network Firms of Pitcher Partners

	2022 US\$	2021 US\$
Other services		
Taxation services	7,437	32,729
Other professional services	-	11,006
Total auditors' remuneration	7,437	43,735

Directors' Declaration

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 39 to 70, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
 - (b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
 - (c) giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2022.

This declaration is made in accordance with a resolution of directors.



Martyn Myer AO, Chairman
Melbourne, 29 August 2022

Independent Auditor's Report



COGSTATE LIMITED
ABN: 80 090 975 723

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COGSTATE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cogstate Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

Adelaide Brisbane Melbourne Newcastle Sydney Perth

pitcher.com.au

For personal use only



COGSTATE LIMITED
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF
 COGSTATE LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Revenue Recognition</i> Refer to Note 1(d), Note 5 and Note 7</p>	
<p>The Group recognised revenue of \$44.98m relating to the provision of services and licencing access to computerised cognitive tests.</p> <p>The Group enters into contracts with customers that often span multiple financial years. We focused on the existence and accurate recognition of revenue in line with contract terms and the underlying performance of service obligations.</p> <ul style="list-style-type: none"> The license fee revenue is recognised when the significant risks and rewards relating to the licensed software are passed to the customer. The recognition of testing services revenue for clinical trials is when the contracted services are provided. The ongoing provision of server access and related support is recognised as revenue over the contractual period. <p>We focused on the appropriate recognition of revenue as a key audit matter as these transactions are a key determinant of profit.</p>	<p>Our testing of revenue transactions focused on evidencing the supply of software, provision of services in accordance with contract terms and revenue recognition in line with AASB 15.</p> <p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> Understanding and evaluating the design and implementation of the revenue recognition process and controls. For a sample of revenue transactions: <ul style="list-style-type: none"> Testing the revenue recorded to supporting documentation including signed contract. Reviewing contract performance obligations, to evaluate whether the revenue was being recognised in line with the date of the software supply or rendering of services. Recalculation of the revenue recognised in line with the contract performance obligations. Testing the existence of monies receipted relating to license and service revenue. Reviewing the general journals throughout the year impacting on revenue. Assessing the adequacy of the disclosure in the financial report.

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
 Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
 Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

COGSTATE LIMITED
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF
 COGSTATE LIMITED**

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Intangible Assets – software development</i> Refer to Note 1(k) and Note 18</p>	
<p>Internally developed software totalling \$10.46m is owned by the Group and represents a significant balance in the consolidated statement of financial position.</p> <p>The intangible asset are a key audit matter as one of the Group's largest assets, and as there is management judgement in determining the absorption of operating costs as development costs and the potential to impact the determination of profit for the year.</p>	<p>Our testing of the intangible asset, software development, focused on assessing the existence and accuracy of attributed expenditure and assessing the intangible asset for indicators of impairment.</p> <p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and implementation of the controls and processes addressing the recognition, valuation, recoverability and recording of intangible assets and the outcomes of these processes. • Testing on a sample basis the capitalised development costs by: <ul style="list-style-type: none"> ○ Vouching the capitalised time to approved employee timesheets. ○ Recalculating the value of time capitalised for a sample of employees by vouching hourly rates and other applicable on-costs to signed employment contracts. ○ Vouching third party supplier costs associated with development to invoices and payment. • Assessing the adequacy of the disclosure in the financial report.

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
 Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

COGSTATE LIMITED
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED**

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

For personal use only

COGSTATE LIMITED
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED**

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

For personal use only



COGSTATE LIMITED
ABN: 80 090 975 723

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
COGSTATE LIMITED**

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 37 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of Cogstate Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

M J HARRISON
Partner

PITCHER PARTNERS
Melbourne

29 August 2022

Pitcher Partners. An independent Victorian Partnership ABN 27 975 255 196. Level 13, 664 Collins Street, Docklands, VIC 3008
Pitcher Partners is an association of independent firms. Liability limited by a scheme approved under Professional Standards Legislation.
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities

Shareholder Information

The shareholder information set out below was applicable as at 30 June 2022.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Shares	Class of equity security ordinary shares	
		Options	
1 to 1,000	705		
1,001 to 5,000	892		
5,001 to 10,000	240		
10,001 to 100,000	329		25
100,001 and Over	66		23
	2,232		48

There were 192 holders of less than a marketable parcel of ordinary shares (less than A\$500).

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Number held	Ordinary shares	
		Percentage of issued shares	
NATIONAL NOMINEES LIMITED	25,061,146		14.5%
CITICORP NOMINEES PTY LIMITED	21,044,672		12.1%
DAGMAR DOLBY	16,199,974		9.3%
MYER & MYER PTY LTD	14,424,569		8.3%
HSBC CUSTODY NOMINEES	14,143,337		8.2%
J P MORGAN NOMINEES AUSTRALIA	10,920,824		6.3%
DAGMAR DOLBY	7,330,554		4.2%
MPYER INVESTMENTS PTY LTD	6,061,872		3.5%
ANACACIA PTY LIMITED	5,006,302		2.9%
BNP PARIBAS NOMINEES PTY LTD	4,158,417		2.4%
MR BRADLEY JOHN O'CONNOR	3,455,929		2.0%
MYER & MYER PTY LTD	2,313,000		1.3%
UBS NOMINEES PTY LTD	2,203,408		1.3%
DAVID DOLBY INVESTMENTS II LLC	2,202,274		1.3%
HSBC CUSTODY NOMINEES	1,941,594		1.1%
MERRILL LYNCH (AUSTRALIA)	1,672,954		1.0%
BNP PARIBAS NOMS PTY LTD	1,667,495		1.0%
MR ALISTAIR DAVID STRONG	1,320,000		0.8%
MUTUAL TRUST PTY LTD	1,283,806		0.7%
BETA GAMMA PTY LTD	1,220,000		0.7%
	143,632,127		82.8%

Unquoted equity securities

	Number on issue	Number of holders
Options to acquire ordinary shares, issued under the Directors' and Employees Share Option Plan	13,709,343	48

C. Substantial holders

Substantial holders in the Company are set out below:

Name	Number held	Ordinary shares
		Percentage of issued shares
David Dolby	25,932,802	15.0%
Martyn Myer	23,564,566	13.6%
Australian Ethical Investment	20,608,709	11.9%
Eisai Co., Ltd	11,738,243	6.8%
	81,844,320	47.3%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

- All ordinary fully paid share carry one vote per share without restrictions.
- Options do not carry a right to vote.
- There is no current on market buy back.

Corporate Directory

Directors

Martyn Myer AO, BE, MEdSc, MSM
Chairman

Brad O'Connor, B Bus
Chief Executive Officer

David Dolby BSE, MBA
Non-Executive Director

Richard Mohs, PhD
Non-Executive Director

Ingrid Player, BEc and LLB (Hons), GAICD
Non-Executive Director

Richard van den Broek, CFA
Non-Executive Director

Kim Wenn, BCompSc
Non-Executive Director

Company Secretary

David Franks, BEc, CA, F Fin, FGIA, JP

Principal registered office in Australia

Level 2, 161 Collins Street
Melbourne Vic 3000 Australia

Share and debenture register

Automatic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000

Auditor

Pitcher Partners
Level 13, 664 Collins Street
Docklands Vic 3008

Solicitors

Clayton Utz
333 Collins Street
Melbourne Vic 3000

Bankers

National Australia Bank
Level 3/330 Collins Street
Melbourne Vic 3000

Website

www.cogstate.com

For personal use only

#BrainHealthForAll

cogstate.com

Melbourne, VIC, Australia

Level 2, 161 Collins Street
Melbourne, VIC 3000
📞 +61 3 9664 1300

New Haven, CT, USA

195 Church Street, 4th Floor
New Haven, CT 06510
📞 +1 203 773 5010

London, UK

Runway East Borough Market
20 St Thomas Street
London, SE1 9RS

For personal use only

