

Cogstate Investor Presentation

June 2014



COGSTATE

Key Takeaways

1. Strong growth is anticipated for FY15 after a clearly disappointing performance of the Clinical Trials Business in FY14. Growth is expected to be driven by:
 - Expecting strong contract signings over the next 2 months (\$6m - \$8m)
 - \$8.8m in contracted revenue in place at 31 May 2014 currently (\$4.2m to be recognised in FY15)
 - New revenue opportunity in patient screening for clinical trials (expecting \$3-6m in contracts, versus \$0 in FY14)
 - Focus on Alzheimer's Disease (AD) opportunities
2. Financial discipline:
 - Cost saving initiatives introduced Nov 2013 to reduce fixed cost base
 - Investment made in H2 FY14 in the areas of technology and product development that will not be continuing costs
 - Raised \$8m to shore up balance sheet to manage cash flow impact of pharma contracting downturns
 - Strong cash position currently : \$7.1m at 31 May 2014 (excluding debtors of \$1.8m)
3. Seeking a buyer for the Axon Sports training business
 - Reduce cash burn
 - Proceeds from sale will enhance cash position

Market and Financial Summary

Summary Financials

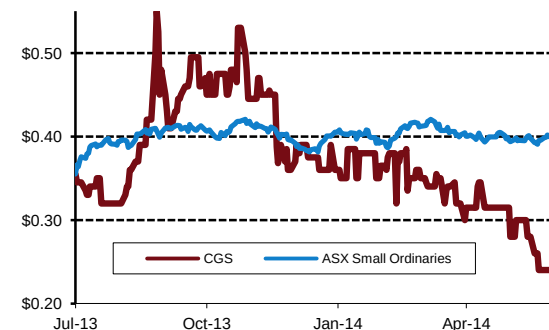
Period	FY13A	1H14A
Revenue (\$m)	12.5	5.4
EBITDA (\$m)	(1.0)	(2.7)
EBIT (\$m)	(1.7)	(2.9)
Reported NPAT (\$m)	(2.0)	(2.7)
EPS (c)	(2.6)	(3.3)
PER (x)	n/a	n/a
EV/Sales (x)	1.6	n/a
EV/EBITDA (x)	n/a	n/a
NTA Per Share (c)	8.4	14.0
ROE (%)	-20.6%	n/a

Segment Financials

Period	FY13A	1H14A
Revenue (\$m)		
Clinical Trials	11.8	4.8
Sports	0.7	0.5
Healthcare	0.0	0.0
EBIT (\$m)		
Clinical Trials	6.5	0.6
Sports	(1.2)	(0.5)
Healthcare	(0.5)	(0.3)
Corporate	(6.5)	(2.7)

Market Summary

Shares on Issue	98.9m
Share Price @ June 14	\$0.24
12 month Range	\$0.55-\$0.24
Market Cap	\$23.7m
Cash @ 31/5/14	\$7.1m
EV	\$16.6m
Top 20 (% Issued Capital)	81.34%



FY14 Assessment

- Early assessment that lower level of sales contracts in Clinical Trials would result in lower than forecast revenue
- Initiated cost saving initiatives and capital raising
- Identified new business opportunity (Precision Recruitment) and implemented new technology strategy to capitalise on this opportunity – this will add revenue in first year (FY15)
- Focus on long term value creation:
 - USA regulatory and reimbursement assessment completed
 - Inclusion in key studies changing the way Alzheimer's disease drug development is conducted (A4, DIAN, ADNI)

FY14 Financial Guidance & Outlook

- Lower level of sales contracts will result in a decrease in revenue from FY13
- Revenue in the range of \$11.4 - \$12.0 million (FY13: \$12.5m)
- The loss, before tax, is expected to be in the range of \$4.5 - \$5.0 million (FY13: \$1.7m)
 - Axon Sports net loss \$1.2 – 1.3 million (FY13: \$1.2m)
 - Cognigram net loss \$0.7 million (FY13: \$0.5m)
- Anticipated contract signings and roll-off of existing contracts expected to result in solid growth in FY15 revenues versus FY14

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CLINICAL TRIALS

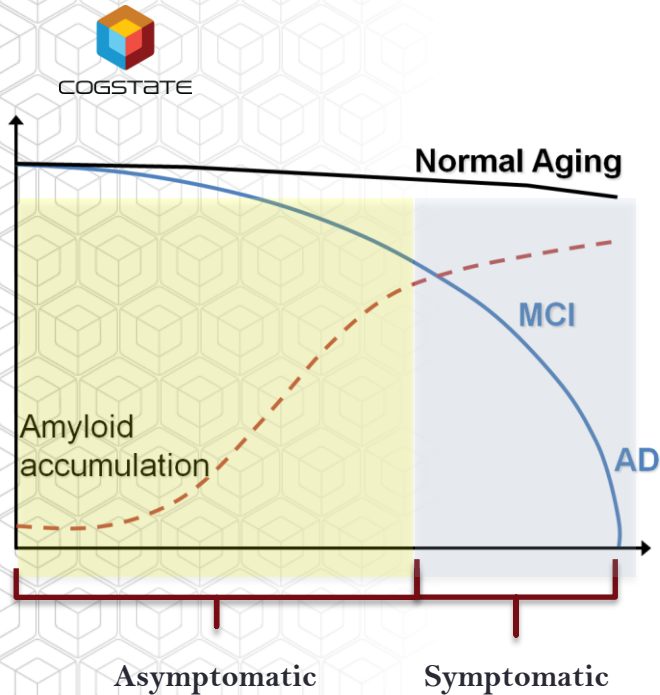


Clinical Trials: Sales Contracts Update

- Since 1 July 2013 : signed \$8.6m of clinical trial contracts – well down on internal targets.
- As at 31 May: \$8.8m of future contracted revenue of which \$1.2m is to be invoiced in June and \$4.2, in FY15. This time last year it was \$7.9m with \$0.2m due in June and \$5.0m due in FY14.
- Currently negotiating significant amount of new contracts (\$6 - \$8m) that we expect to sign between now and 31 July 2014.
- Based on our assumed timing of contract signature from the above studies, at 31 July, we expect to be able to announce a much improved value of future contracted revenue, impacting FY15 results.

Alzheimer's Disease

– A Paradigm Shift in Clinical Trials Emerging



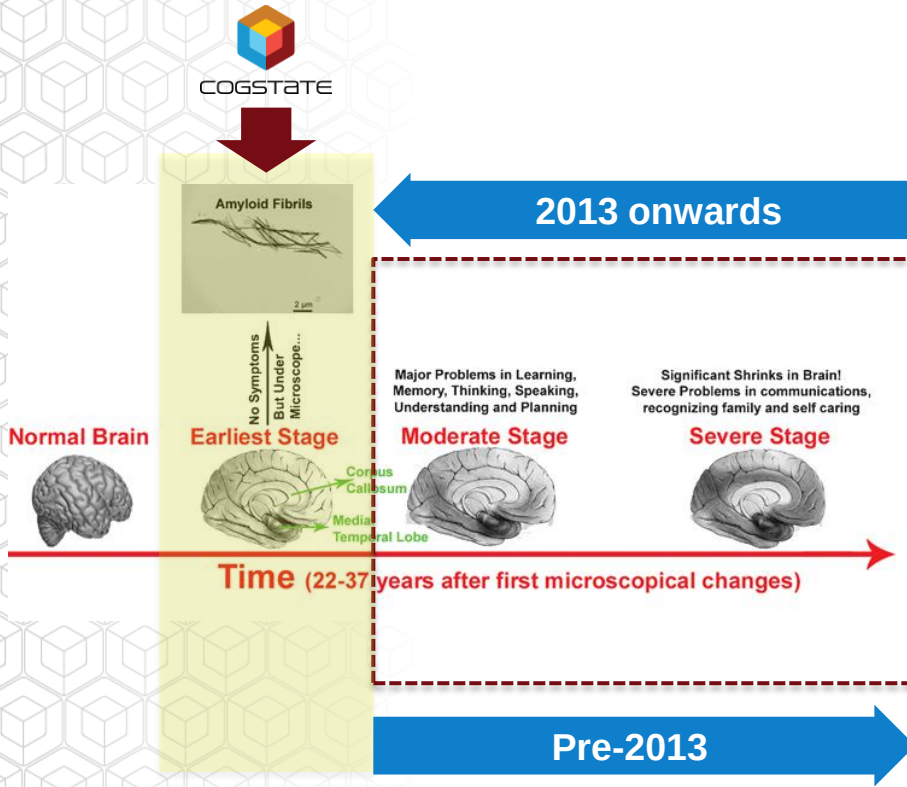
Cogstate Tests Uniquely Suited to Detecting Subtle Changes in brain function (cognition) in otherwise asymptomatic patients:

- ✓ Large data set of normal patients for comparison
- ✓ Unique monitoring tool – progression over time
- ✓ Significant number of peer reviewed publications (xxx)
- ✓ Significant number of validated clinical trials (xxx)
- ✓ Until recently, this was not deemed a priority area for clinical trials in Alzheimer's Disease

What is now driving a shift in attitudes towards Cogstate technology by Global Pharmaceutical Companies?

Alzheimer's Disease

– A Paradigm Shift in Clinical Trials Emerging



- Massive shift of interventions towards early stage (Pre-clinical) patients
- Economics add up – long term utilisation and healthier patients
- Biggest problem is selecting patients who are truly pre-clinical
- Cogstate battery offers reliable, non-invasive precision in AD perfectly suited to pharma needs

- Billions of dollars invested into disease modifying clinical trials of drugs/antibodies – **ALL** have failed
- Realisation that reversing advanced degeneration is beyond most single drug interventions

Alzheimer's Disease

– A Paradigm Shift in Clinical Trials Emerging

- Up to **25%** of patients recruited into Eli Lilly's 2x Phase 3 trials for solanezumab did not have Alzheimer's
- Significantly lowers trial power, drives a non-significant endpoint
- Major temporal and financial implications
- Cogstate has developed new software aimed at enhancing patient selection into AD trials
 - Higher Margins than traditional service offering
 - Complete service package now offered:

Screening → Recruitment → Site Training → Testing → Reporting



22 January, 2014: *"In both solanezumab and bapineuzumab trials, **PET imaging revealed that about a quarter of patients lacked fibrillar amyloid pathology at baseline, suggesting that they did not have Alzheimer's in the first place.** Eli Lilly and Co. has since started a third Phase 3 clinical trial for solanezumab, called EXPEDITION 3, in patients with mild AD and evidence of amyloid burden. "This will greatly increase the potential to show efficacy," wrote Karran and Hardy. Researchers plan to have data available sometime in 2016.*

New Business Opportunity – Clinical Trial Recruitment

- An increasing number of clinical trials are integrating cognitive testing into either inclusion or exclusion criteria or specify cognitive testing outcomes measures (both primary and secondary).
- The following is an analysis of ClinicalTrials.gov and reflects a structured search using these criteria:
 - Study size > 50
 - Intervention studies
 - Actively recruiting or in progress
 - Inclusion of a cognitive test in either inclusion or exclusion criteria or outcome measure

Relevant Clinical Trials

Primary Indication opportunity for screening based on primary or secondary endpoints within a clinical trial

Opportunity for inclusion / exclusion criteria for clinical trials

- Typically a one-off test per patient

Therapeutic Area	Number of Trials	Number of Subjects
Dementia	122	79,742
Cognitive impairment	113	29,681
Psychosis	89	12,855
Cancer	86	31,617
Depression	67	14,431
Stroke	62	31,148
Traumatic brain injury	49	10,598
Cardiac	43	87,093
Parkinsons disease	36	6,354
Substance abuse	35	18,379
ADHD	34	6,863
Pain disorder	33	7,297
Multiple sclerosis	28	7,853
Sleep disorder/fatigue	23	4,036
PTSD	21	2,688
Diabetes	14	6,918
HIV/AIDS	14	11,711
Autism Spectrum Disorders	10	1,660
Epilepsy	9	1,362
Other disorders	303	102,428
Total	1,191	474,714

Securing contracts for just 5 of these 1,191 studies would add over \$10m of high margin revenue to Cogstate

Over \$1b opportunity

Cogstate Precision Recruitment

Background

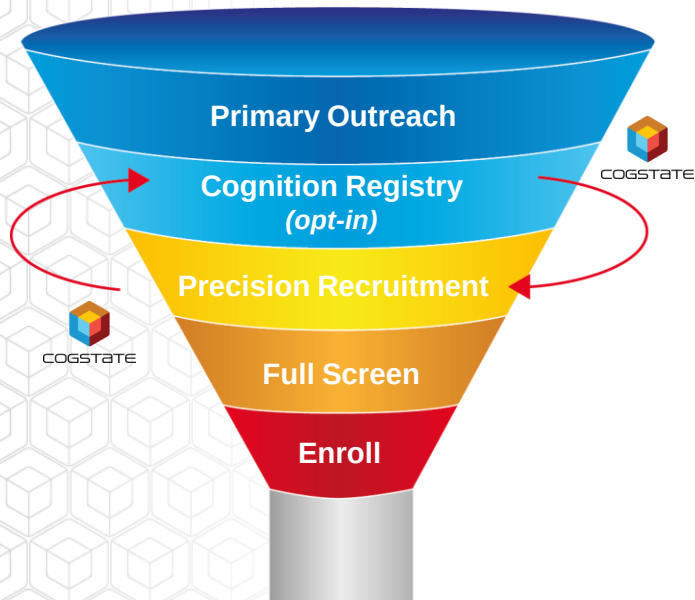
Clinical trials are hindered by a lack of access to qualified patients resulting in expensive recruitment costs, delayed clinical trial enrollment, and expansive infrastructures.

- Recruitment delays account for an average of 4.6 months lost per trial; 80% of trials are delayed at least one month
- Clinical trials last 42% longer than planned in Phase I, 31% in Phase II and 30% in Phase III due to recruitment delays
- Each day of delay costs between \$600K - \$8M in foregone sales

Designed To Solve The Problem

- Leverages a lower cost, digital pre-screening of cognitive function.
- Designed to reduce the volume of non-qualifying subjects presenting to the clinical site for full screening and delivering only a pre-enriched population who are more likely to qualify for the clinical trial protocol.
- Key benefits include:
 - Accelerates clinical trial recruitment by improving quality of subjects, particularly those identified through national outreach efforts
 - Leverage Cogstate's validated online cognitive function testing algorithm to generate an objective assessment (no phone screening, no raters)
 - Uses self-administered assessments; no throughput limitations
 - Queries relevant patient history to assess other inclusion / exclusion criteria (e.g., prior events, co-morbidities, etc.)
 - Alleviates site burden to identify, attract, and screen subjects

A More Efficient Process



Primary Outreach
invites general participation

Cognition Registry provides
well-characterized subject cohort

Precision Recruitment pre-screens all subjects
for cognition and other criteria prior to site visit

Precision Recruitment directs subjects to full screen
at clinical sites

**Opportunity for continued use of Cogstate in
clinical trial post enrolment**

Economics and Pricing Structure

Economics

The economics of Precision Recruitment and Cognition Registry are shaped by two forces which serve to accelerate the pace and ultimate success of the recruit:

- Reducing the on-site screen fail rate of subjects, which is a function of an enriched pre-test population
- Providing quick access to a targeted pool of subjects residing in the Cognition Registry

Pricing

- Pricing is designed to closely align Cogstate's interests with those of the clinical trial sponsor, specifically to fully enroll the clinical trial as quickly as possible with well-qualified subjects.
- The price is anchored in the number of subjects ultimately enrolled to the clinical trial and is not dependent upon the number of subjects screened.
- The price per enrolled subject reflects the savings that Precision Recruitment brings to the clinical trial enrollment process.
- Addition of Precision Recruitment and Cognition Registry services reduces the overall expense of recruiting clinical trials by cheaply and rapidly pre-screening subjects prior to presentation at clinical sites.

FY15 Expectations : \$3m - \$6m of contracts in first year



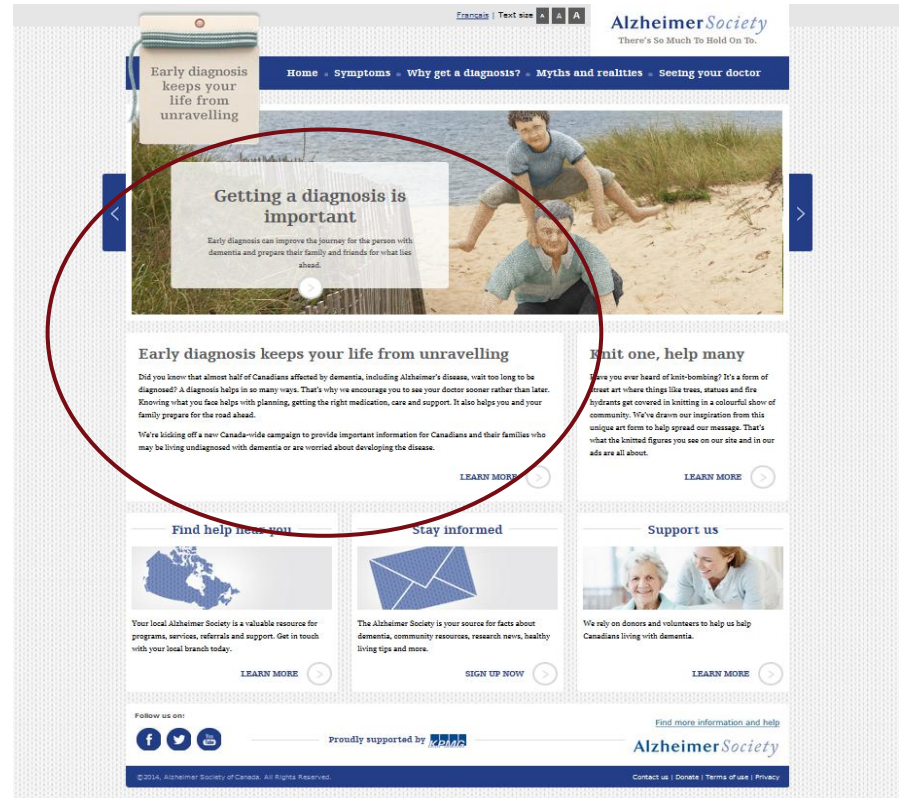
COGNIGRAM

COGNIGRAM Canada Update

- Cogstate recently announced it had assumed the full rights of promotion of COGNIGRAM in Canada.
- No sales commissions payable to Merck, Cogstate retains 100% of revenues beyond July 1st.
- Merck amendment allows analysis of alternative distribution channels.
- Continue relationship with Bayshore testing centres as well as in-clinic assessment.
- Merck will continue to provide access to their physician e-marketing system as well as supporting our reimbursement efforts.
- Cogstate does not assume any of Merck's sales force costs.
- Analysis of b2b distribution opportunities that will provide net revenue immediately.
- Strict financial management in place.

Early Detection is important

- ✓ Cogstate messaging aligns with key public health initiatives
- ✓ Education at GP level required given multitude of tests offered which are not sensitive to early change
- ✓ Image based (PET) testing is expensive, and should be confirmatory only (not approved in Canada)
- ✓ COGNIGRAM is inexpensive, precise and rapid
- ✓ New drug approvals are expected to massively expand this market
- ✓ Cogstate has been preparing for this eventual change in the market, short term this has hampered utilisation growth





Axon Sports Update

- Continued success with elite sales:
 - US Men's Nation Soccer Team
 - Dallas Mavericks (NBA Basketball)
 - D1 college football programs
- Business opportunity does not align with Cogstate strategic focus
 - Distraction of management time
 - Net investment places financial stress on the business
- Initiated search for a buyer
 - Banker appointed in USA
 - Seeking full sale
 - Timing: ASAP



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