ANNUAL GENERAL MEETING
BUSINESS UPDATE

22 OCTOBER 2015

INTRODUCING OUR BOARD OF DIRECTORS

- **MARTYN MYER AO** - Chairman
  Founder with long history of supporting neurosciences in Aust.

- **DAVID DOLBY** - Non-Executive Director
  Director Dolby Laboratories Inc. and Dolby Family Ventures, an early stage venture firm focused on building great technology companies.

- **DR ALAN FINKEL AO** - Non-Executive Director
  Chancellor of Monash University since 2008 and President of the Australian Academy of Technological Sciences and Engineering (ATSE) since 2013. In 1983, founded Axon Instruments and later sold to Molecular Devices

- **DAVID SIMPSON** - Independent Non-Executive Director
  Previously Senior Partner at Doremus Communications, the largest US business to business advertsing agency. From 1985 to 2001 he held a series of senior management positions in Asia, South Africa and North America as well as Australia for the multinational advertising agency, J.Walter Thompson.

- **RICHARD VAN DEN BROEK** - Independent Non-Executive Director
  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

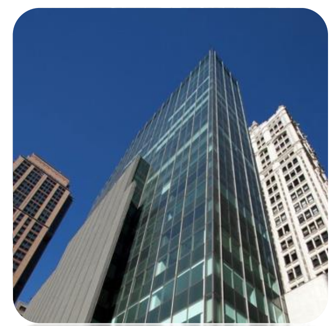
- **BRAD O'CONNOR** - CEO

COGSTATE

- Founded in 1999
- Listed on Australian Securities Exchange in 2004 (ASX.CGS)
- >90 employees across 4 global locations
- UK based European Business Development Director started in October

AUSTRALIA
Melbourne

UNITED STATES
New Haven, CT



UNITED STATES
New York, NY

SPAIN
Barcelona

LEADERS IN THE MEASUREMENT OF COGNITION

1

COGNITION = THINKING

Attention | Memory | Learning | Reasoning | Comprehension

2

COGNITIVE CHANGE IS IMPORTANT TO MEASURE

Neurological Disease | Head injury | Drug Effect

Cognitive Assessment and Training Market Worth 7.5 Billion USD by 2020

According to a new market research report, z”
Cognitive Assessment and Training Market by Assessment Type (Pen & Paper Based, Hosted, Biometrics), Service, Application (Clinical Trials, Classroom Learning, Brain Training, Corporate Learning, Academic Research), Vertical and Region - Global Forecast to 2020", published by MarketsandMarkets


Have you seen this card before?
NO
YES

CLINICAL TRIALS

PHARMA

BIOTECH

- Measure drug efficacy & safety
- Precision Recruitment
- Real-time monitoring
- Phase I - IV
- CNS (Alzheimer's disease, Mild Cognitive Impairment, Multiple Sclerosis, Schizophrenia, Depression), Oncology, Pediatric, Cardiometabolic

HEALTHCARE

PHYSICIANS

HEALTHCARE SYSTEMS, PAYERS

- Easy to administer and interpret
- Dementia (Mild Cognitive Impairment, Mild and Moderate Alzheimer's disease), Depression, Concussion

COGSTATE CORE CAPABILITIES

Computerised Cognitive Testing

Scientific Expertise

Reporting & Analysis

Flexibly configured for unique solution sets and outputs

RESEARCH COLLABORATIONS

ACADEMIC

PUBLIC–PRIVATE PARTNERSHIPS

- Managed & self-serve studies
- De-identified datasets for many indications
- Validation of new tasks and indications

BRAIN INJURY

PROFESSIONAL & AMATEUR SPORTS

MILITARY

- Concussion and Traumatic Brain Injury
- Assess and monitor
- Real-time, simple to Interpret reports

COGSTATE ORGANISATIONAL AND SYSTEMS CHANGES

FOCUS ON CORE BUSINESS
Divestment of Axon Sports Training Business

COMMERCIAL TEAM IN PLACE
Achieving record sales contracts

EXPANDED OFFERING
Commercialisation of Precision Recruitment

ADVANCING THE SCIENCE
Involved in major landmark public/private partnership studies

NEW TECHNOLOGY PLATFORM
Commence migration of existing business over next 12 months

COGSTATE CLINICAL TRIALS – DRIVING REVENUE GROWTH & PROFITABILITY

CLINICAL TRIALS PORTFOLIO OF SERVICES FOR COGNITIVE ASSESSMENT IS THE DEEPEST IN THE INDUSTRY

"From well-validated computerised batteries to expert support for traditional paper-and-pencil tests, science, innovation and excellence in delivery are at the core of everything we do."

ACCURATE AND UNIVERSAL TESTING SOLUTION

ADMINISTERED IN 45 COUNTRIES

3,225 ASSESSMENT SITES

218 ACTIVE/ COMPLETED STUDIES

91 LANGUAGES AVAILABLE

22,545 SUBJECTS TESTED

146,344 TESTS ADMINISTERED

RAPID | REPEATABLE | SENSITIVE

DEEP EXPERIENCE ACROSS PHASES AND INDICATIONS

ACADEMIC RESEARCH

>1,000
ACTIVE/COMPLETED STUDIES

67
INDICATIONS

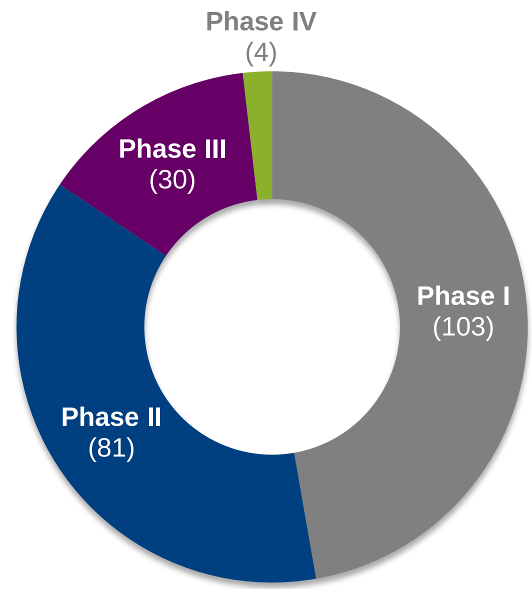
>300
PEER REVIEWED JOURNALS

CLINICAL TRIALS

>200
ACTIVE/COMPLETED STUDIES

45
COUNTRIES

>90
LANGUAGES AVAILABLE



Alzheimer's disease, Schizophrenia, Major Depressive Disorder, Parkinson's disease, ADHD, Pain, Epilepsy, Cardiovascular, Oncology

TOP INDICATIONS

KEY FINANCIAL FEATURES OF CLINICAL TRIALS BUSINESS

- **Clinical Trials is our key revenue driver**. *Accounts for 94% of sales in FY15.*
- **Our revenue is driven by the volume of clinical trials, not their success.** *This differentiates Cogstate to many other companies in this space.*
- **Contract life (often beyond 12 months) provides security of revenue into future years.** *Cogstate contracts with some of the largest pharmaceutical and biotech companies in the world*

FINANCIAL REVIEW AND UPDATE

SUMMARY OF 2015 FINANCIAL YEAR RESULTS

- Revenue from ordinary activities up 30% to A$16.2m
- Clinical Trials revenue up 42% to A$15.2m
- EBITDA of -A$2.3m, delivered positive EBITDA of A$0.2m in 2H15
- Net loss after tax of –A$5.1m (includes A$2.2m asset impairment)

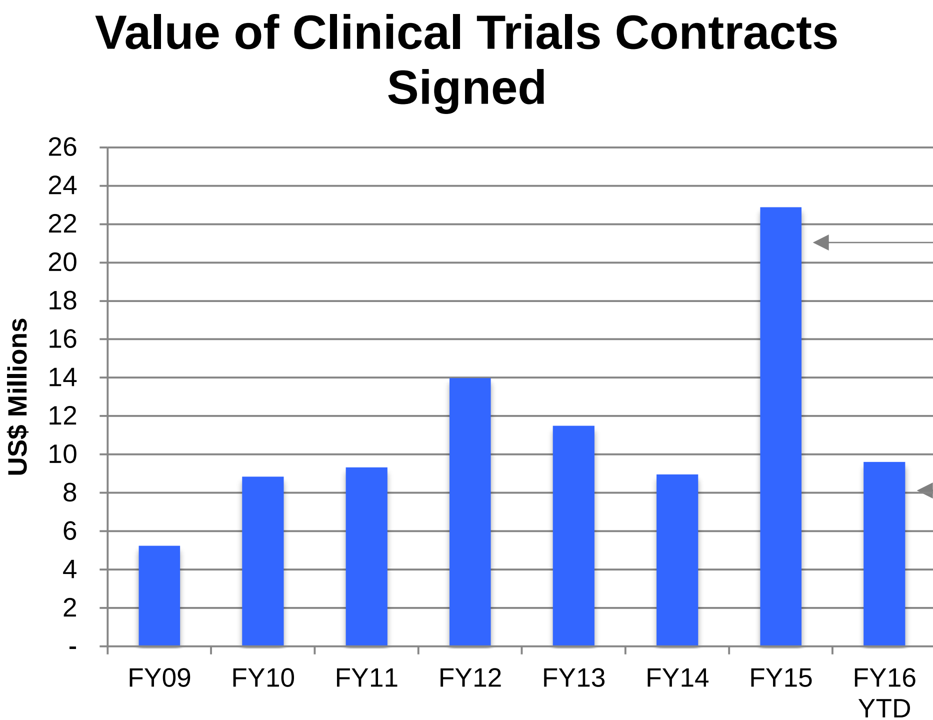
	FY15 (A$m) actual	FY14 (A$m) actual	% change
Clinical Trials Revenue	15.2	10.7	42%
Total Revenue	16.2	11.5	30%
EBITDA	-2.3	-3.9	40%
Net Loss After Tax*	-5.1	-3.9	(30%)

*FY15 includes -A$2.2m impairment of internally generated intellectual property, which has no tax effect. There were no asset impairments in FY14

FY15 – IMPROVED SECOND HALF

SUMMARY FINANCIAL RESULTS	1ST HALF $'000,000	2ND HALF $'000,000	FY15 $'000,000	FY14 $'000,000
Clinical Trials				
· Revenue	5.56	9.62	15.18	10.69
· Cost of Sales	-2.87	-3.57	-6.44	-5.22
Gross Margin	2.69	6.05	8.74	5.47
· Net Recovery of Pass-through Costs	0.09	0.07	0.16	0.11
Total Clinical Trials Contribution	2.78	6.12	8.90	5.58
Precision Recruitment Contribution	0.23	0.21	0.44	0.06
Healthcare Contribution	-0.10	-0.13	-0.23	-0.37
Sport Contribution	-0.09	-0.02	-0.11	-0.23
Total Business Unit Contribution	2.82	6.18	9.00	5.04
Overhead Costs – Continuing Operations	-5.42	-6.60	-12.02	-8.38
Overhead Costs – Discontinued Operations	-0.34	-	-0.34	-0.84
Other Income	0.41	0.64	1.05	0.31
EBITDA	-2.53	0.22	-2.31	-3.87
Amortisation & Depreciation	-0.33	-0.41	-0.74	-0.68
EBIT	-2.86	-0.19	-3.05	-4.55
Impairment of Assets - Refer Notes 16 & 17	0.00	-2.16	-2.16	0.00
Income Tax Benefit	0.20	-0.05	0.15	0.66
Loss After Tax	-2.66	-2.40	-5.06	-3.89

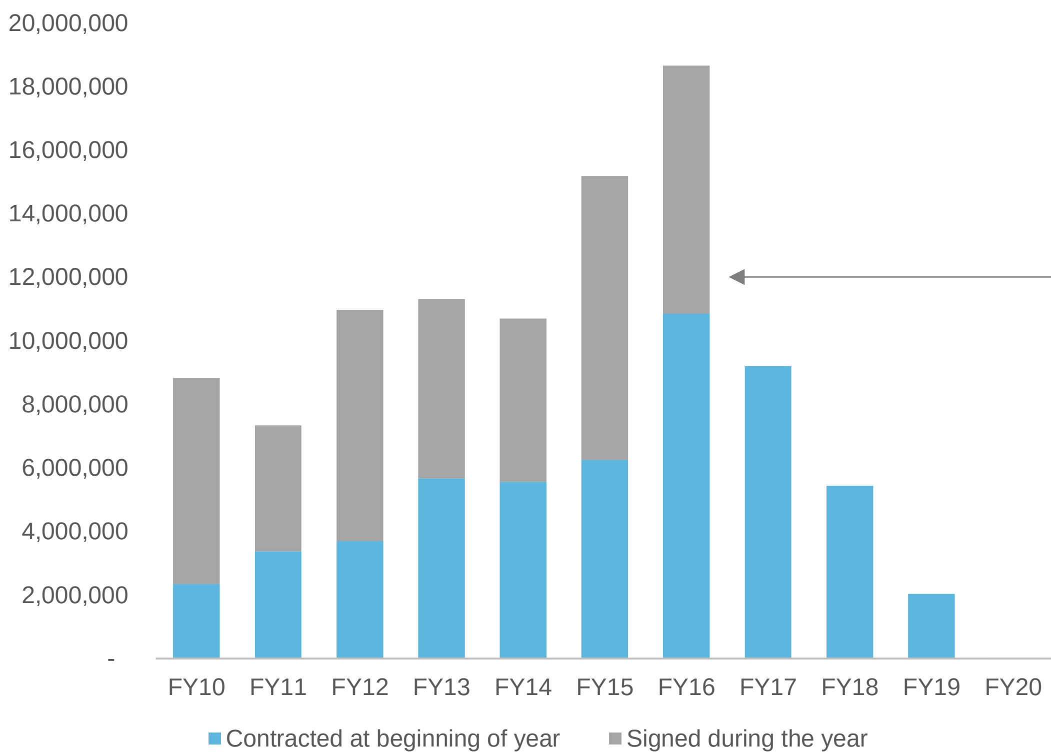
CLINICAL TRIALS SALES MOMENTUM CONTINUES TO BUILD



Record Clinical Trials sales contracts signed in FY15, totaling US$23.7m, an increase of 165% (PCP US$9.0m)

Sales contracts signed financial year to date, totaling US$9.6m, exceeds FY14 full year result

SALES MOMENTUM PROVIDING REVENUE GROWTH



As a result, we started FY16 with a contracted revenue pipeline for the year significantly ahead of where we started FY15

US$9.6m of sales contracts signed since 1 July 2015 have added A$7.8m to contracted FY16 revenue

Cogstate now has A$35.4m of contracted Clinical Trials revenue to be recognised in future periods, of which A$18.7m will be recognised in FY16

This is equivalent to 123% of the Clinical Trials revenue that was recorded for FY15

*As at 29 September 2015

WHAT IS DRIVING THIS MOMENTUM?

FULLY RESOURCED COMMERCIAL SALES TEAM

- Targeted strategy delivering results – a 10x increase in proposals vs PCP
- Utilisation of Subject Matter Experts
- Identification and execution of RFPs

FAVOURABLE INDUSTRY TRENDS

- **Alzheimer's/Dementia**
  Increased trial activity looking at early stage disease / prevention
- **Major Psychiatric Disorders (Schizophrenia, Depression)**
  These conditions are seeing an increase in research activity
- **Cognitive Safety Concerns**
  New regulatory requirements in paediatric trials; concerns of neurotoxicity in oncology and cardiometabolic drugs
- **Growing Interest in Computerised Assessments vs. Paper-and-Pencil**

BUSINESS UPDATE Q1 FY16

Revenue of A$6.1m realised in 1Q16, up 80% on 1Q15.

Second largest quarter of new contract signings in US$ terms (the largest in A$ terms).

Record revenue pipeline totaling A$35.4m of which A$18.7m will be recognised in FY16.

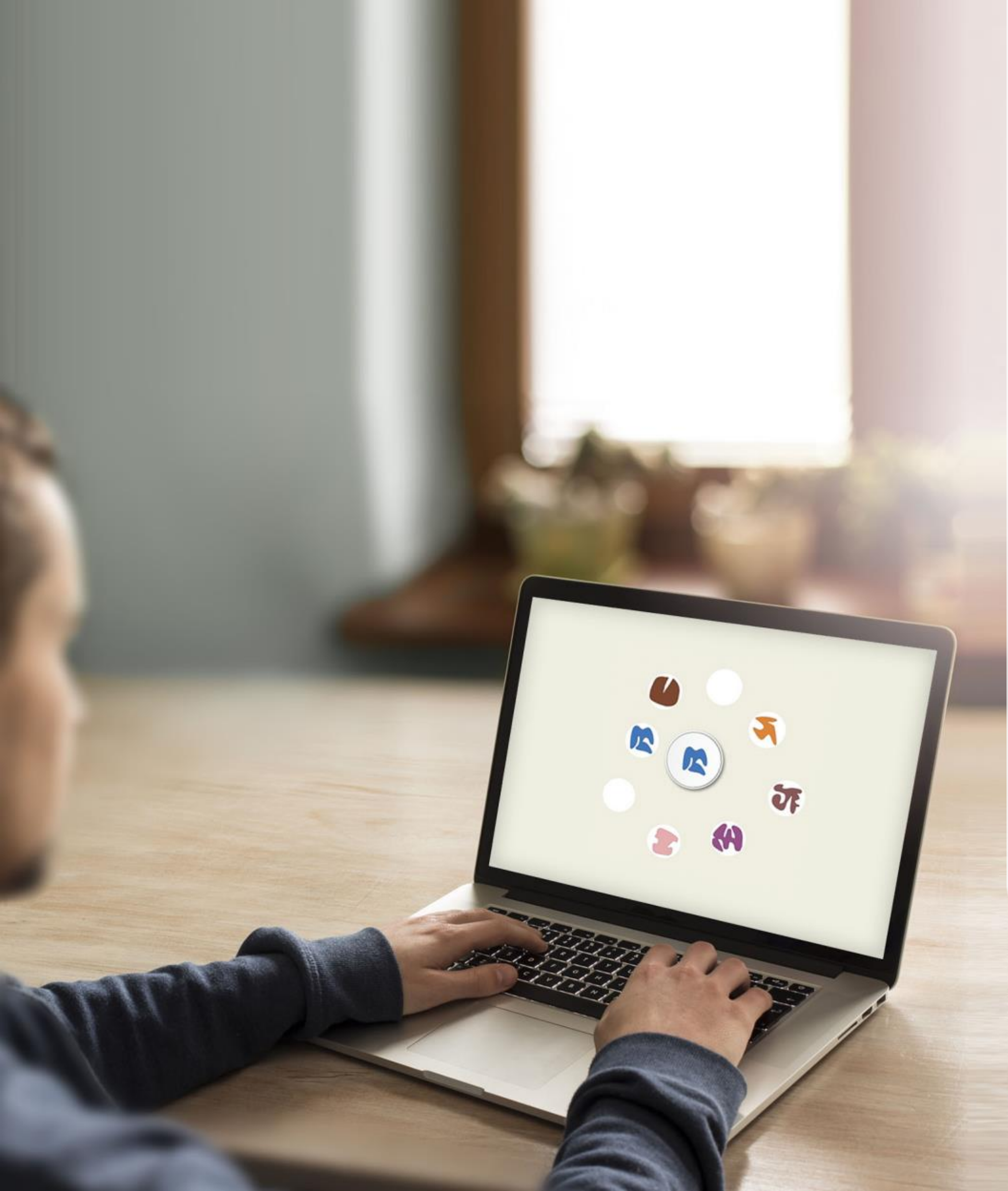
A Net Operating Cash Outflow of -A$0.76m in Sept quarter due to a reduction in payables and the typical lags between higher sales and cash inflow.

A return to positive EBIT in 1Q16. Excluding the A$2.2m impairment of assets in June 2015, Cogstate has achieved a positive EBIT in five consecutive months since May 2015.

OUTLOOK

- Maintain prior guidance for a return to positive EBIT in FY16, with positive EBIT also expected in 1H16[1]
- Management are targeting Gross Profit margins of 57%-60%
- On a constant currency basis, management expect FY16 overheads to remain broadly in line with the levels of 2H15 (annualised)

1. EBIT from continuing operations at 30 June 2015 exchange rates.

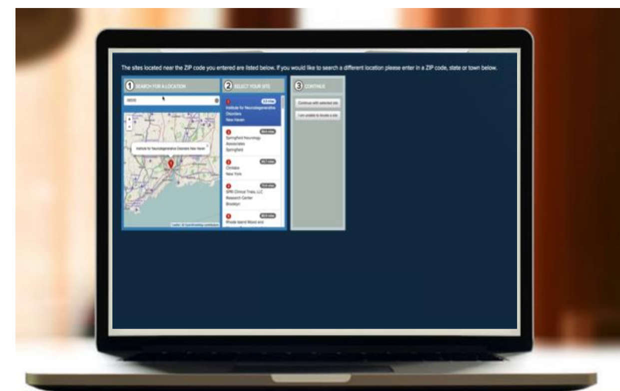


RECENT AND UPCOMING INNOVATIONS

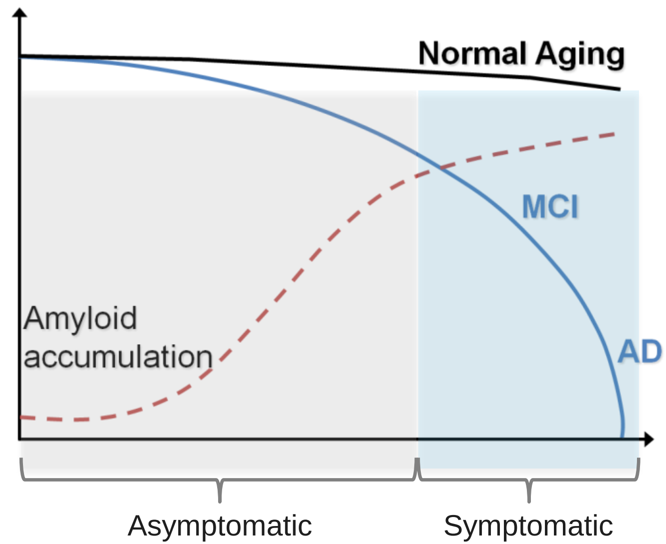
PRECISION RECRUITMENT™

An online pre-screener that streamlines and accelerates clinical trial recruitment using remote cognitive assessment

- AD trials are increasingly requiring hard-to-find asymptomatic patients. These trials see up to 90% on-site screen failures; causing dramatic, costly recruitment delays
- Our web-based system employs computerised cognitive tests to qualify appropriate subjects and direct them to a nearby site
- Optimised and validated for unsupervised administration
- Compatible with existing recruitment workflows
- Scalable and modular functionality
- Fewer on-site failures = lower costs and reduced recruitment time



CENTRED AROUND THE COGSTATE BRIEF BATTERY



COGSTATE TESTS ARE UNIQUELY SUITED TO DETECT SUBTLE CHANGES IN BRAIN FUNCTION IN OTHERWISE ASYMPTOMATIC PATIENTS:

- Most critically, the ability to test people remotely, in their own homes
- Large data set of normal patients for comparison
- Unique monitoring tool – progression over time
- Significant number of peer reviewed publications
- Significant number of validated clinical trials

OTHER RECENT AND UPCOMING INNOVATIONS

- iPad Based Computerized Cognitive Assessment
  - Technology being utilised in the DIAN-TU and A4 trials has now been commercialised and is available for deployment into clinical trials
  - First contracted study to kick off in December 2015
  - Additional studies in oncology and heart failure have been awarded and expected to contract in Q2
- Ground-up technology platform to be complete mid-2016 to support the unified delivery and support of an emerging portfolio of Cogstate solutions and products
- New Products In Development
  - Clinical Trials product that leverages advances enabled by the platform (e.g. Hardware-independence for existing and new tasks)
  - Tablet-based electronic data capture capability for traditional paper-and-pencil scales
  - Cognitive assessment tool for healthcare providers

DIAN TU
Dominantly Inherited Alzheimer Network
Trials Unit

The A4 Study
NOW IS THE TIME

INVESTMENT SUMMARY

SUMMARY: INVESTMENT HIGHLIGHTS

- **Leaders in the measurement of cognition** – providing services and software across four key areas.
- Clinical trials is our main revenue driver (94% of FY15 sales). **Importantly, we are reliant on the volume of clinical trials, not their success.** This is a key point that differentiates us to many other companies in this space.
- **We are seeing renewed sales momentum in Clinical Trials**. Our sales revenue in FY15 was significantly ahead of FY14 and the sales revenue we have contracted so far for FY16 is already ahead of the total we achieved in FY15.
- We expect to **return to positive EBIT in FY16, with positive EBIT also expected in 1H16.**[1]
- This positive outlook is driven by a more focussed business strategy, favourable industry trends and our scientific innovations that deliver a competitive advantage and new revenue streams.
- **High calibre, international board and management team.**

1. EBIT from continuing operations at 30 June 2015 exchange rates.

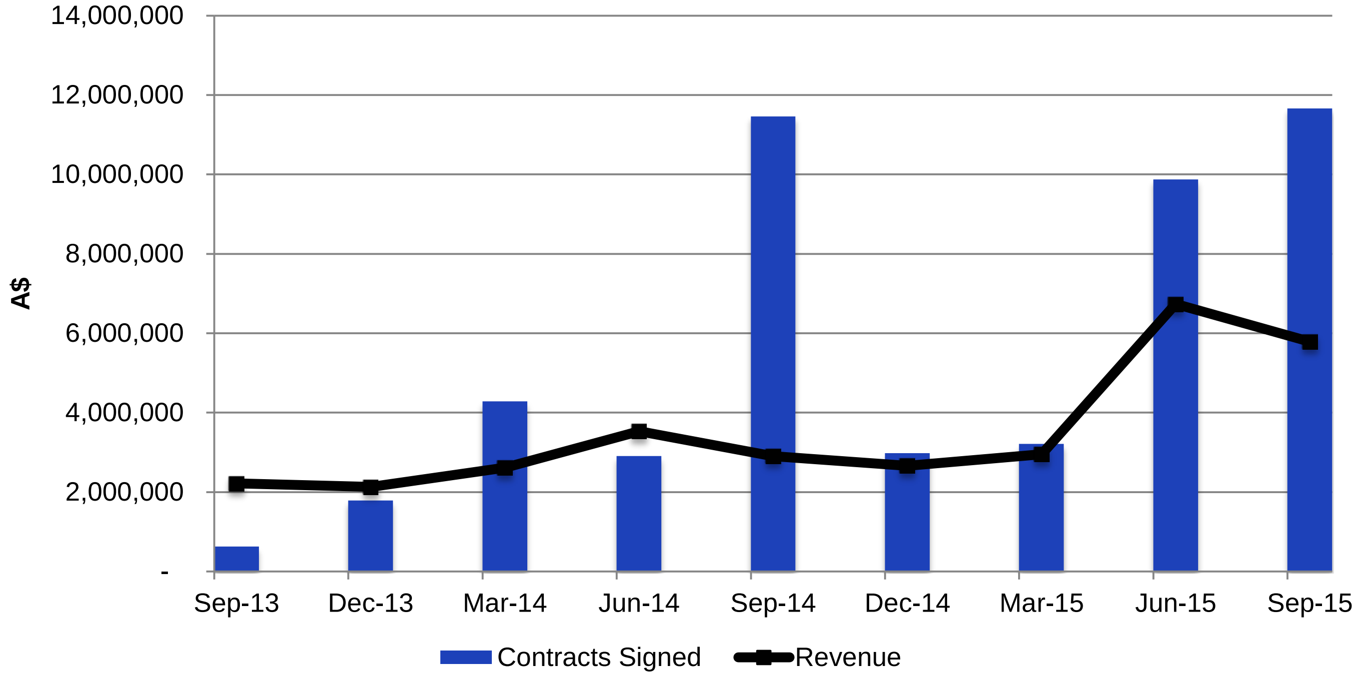
APPENDIX 1 – CONTRACTED REVENUE PIPELINE

US$9.6m of new sales contracts signed since 1 July 2015 have added an additional A$7.8m to FY16 contracted revenue. This is in addition to the A$10.9m that was secured at 1 July 2015:

	As at 22 October 2015		As at 30 June 2015		As at 22 October 2014	
Year 1	FY16	A$18.7m	FY16	A$10.9m	FY15	A$ 9.6m
Year 2	FY17	A$ 9.2m	FY17	A$ 6.5m	FY16	A$ 4.7m
Year 3-5	FY18-FY20	A$ 7.5m	FY18-FY20	A$ 4.0m	FY17-FY20	A$ 6.9m
Total		**A$35.4m**		**A$21.4m**		**A$21.2m**

1. Contracts are denominated in US$. Spot rate at respective dates have been used to calculate the A$ equivalent. The rate used at 22 October 2015 was 0.732, 30 June 2015 was 0.765 and 22 October 2014 was 0.9.

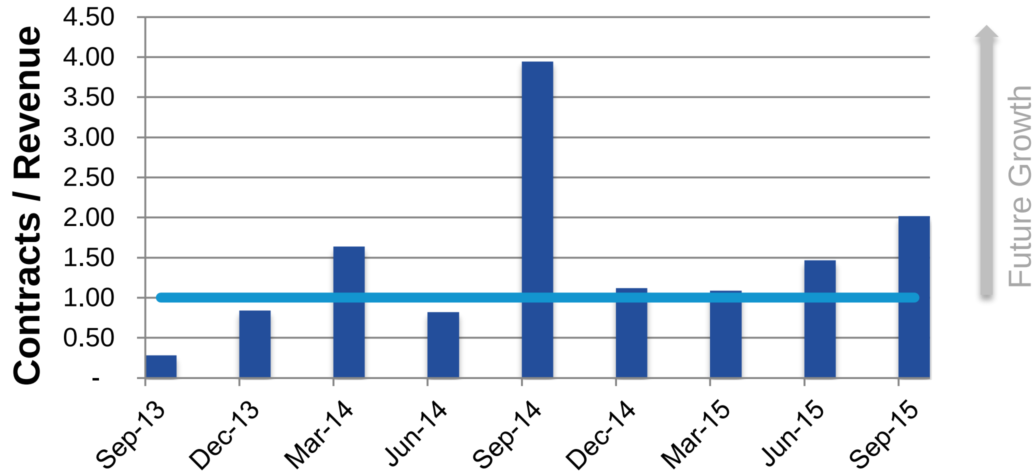
APPENDIX 2 –CONTRACTS SIGNED VS. REVENUE



APPENDIX 3 –CONTRACTS SIGNED VS. REVENUE

New contract signings in 1Q16 of A$11.7m exceeded the A$5.8m of revenue in the same period by **2.02x (Book-to-Bill ratio)**. This is the fifth consecutive quarter where new contract signings have exceeded revenue (Book-to-Bill ratio >1), indicating growth in the revenue pipeline.

QUARTERLY BOOK-TO-BILL RATIO



At 1.00, contracts signed = revenue and future contracted revenue is constant.

When Book-to-Bill > 1.00 contracted future revenue increases.

APPENDIX 5 - SUMMARY BALANCE SHEET

	30 JUN 2015 A$'000,000	30 JUN 2014 A$'000,000
Assets		
- Cash and cash equivalents	5.50	7.13
- Trade and other receivables	4.90	2.77
- Other current assets	0.46	0.43
- Property, plant and equipment	1.12	1.32
- Deferred tax assets	1.94	1.33
- Intangible assets	0.40	2.14
Total Assets	14.31	15.11
Liabilities		
- Trade and other payables	2.55	1.12
- Provisions	1.15	0.92
- Deferred tax liabilities	0.49	0.06
Total Liabilities	4.19	2.10
Net Assets	10.11	13.02

COGSTATE

ASSESS • MONITOR • IMPROVE