

CEO Operational Report

Annual General Meeting

23 October 2013



COGSTATE

Leading the Field



Clinical Trials

Playing an integral role in cognition-related clinical trials



Axon Sports

Cutting edge tools to assess, monitor and improve the athletic brain.



Cogstate Research

Accepted and used globally in critical studies of brain disease, disorder and injury.



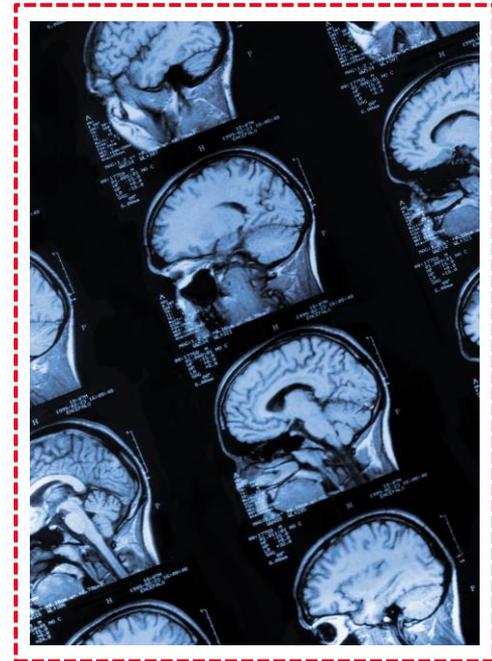
COGNIGRAM™

Giving GPs tools for accurate, easy measurement of cognitive function at point of care. *First product to achieve this goal.*

Clinical Trials



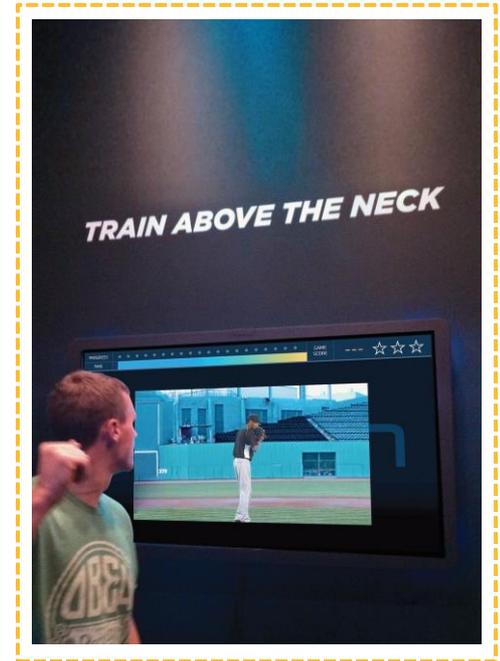
- Cogstate plays an integral role in the global undertaking of cognitive-related clinical trials with 7 out of 10 major pharma companies using Cogstate Test.
- FDA Guidance recommends Alzheimer's drug makers should not rely on biomarker data alone to demonstrate effectiveness and that a clinical measure of cognition is required.
- Cogstate has the greatest acceptance and published validation as being sensitive to amyloid related cognitive deterioration.
- Increased adoption by key opinion leaders in new indications such as multiple sclerosis and cancer.
- Cogstate are the only computerised assessments shown to be sensitive to cognitive enhancement from different novel drugs in both phase 2 and phase 3 trials in schizophrenia.



Axon Sports



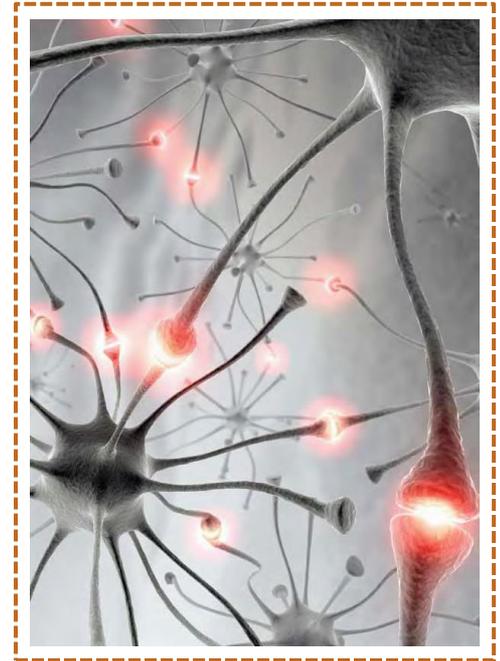
- Elite training systems installed at Human Performance Labs, Training Centres and college/professional team facilities throughout the USA and in the UK.
- Provide college and professional athletes advanced cognitive training tools and technology as part of a program for cognitive skill development.
- High-definition touch screen monitors combined with lighting and sound create an ideal cognitive training environment.
- Mobile programs using the same advanced software will be launched in 2014.



Cogstate Research



- Cogstate developed a global reputation for engaging in world class research;
 - Psychological and neuropsychological
 - Genetic and medical conditions
- Wealth of research studies involving Cogstate and the important role that research plays across the business has led to the creation of a dedicated division.
- Cogstate playing an essential role in research studies.



Accepted & used in critical studies



Critical prospective studies have all selected Cogstate as the partner of choice for inclusion:

AIBL (Australian Imaging Biomarkers & Lifestyle)

Anti-Amyloid Treatment in Asymptomatic AD (A4)

Dominantly Inherited Alzheimer's Network Trials Unit (DIAN-TU)

Brigham Nurses Health Study – Boston

The Brain Initiative

Prevent Alzheimer's Disease 2020 (PAD2020)

Cogstate Research use in critical Alzheimer's disease studies



- Adoption of Cogstate technology by leading international Alzheimer's disease researchers.
- Cogstate selected to participate in worldwide clinical trials investigating early detection of Alzheimer's - A4 and DIAN trial.
- These are the first ever trials testing disease modifying drugs on people showing no symptoms of cognitive impairment.
- The AIBL study demonstrating presence of disease through the use of biomarkers.
- Cogstate tests proven to correlate with biomarker evidence of early disease in AIBL study.
- The environment and demand for the Cogstate test continues to strengthen.

Healthcare



- First primary care application of Cogstate technology; an important new tool to assist physicians to evaluate and monitor the cognitive function of the patient over time.
- Pilot launched in Canada to GPs by Merck Canada in March 2013.
- Over 450 physicians registered; 20 testing centres now live.
- Until now, GPs relied on tests that are not sensitive to subtle decline consistent with earliest stages of neuro-degeneration.
- COGNIGRAM offers a paradigm shift in the ease and accuracy of an in clinic tool to assist with diagnosis of dementia.



Testing centres established



- Canada's largest provider of home and community health care services; 50 home care offices, 20 community care clinics and 8,000 employees.
 - 20 sites live today
- Testing in larger clinics and specialist centres launched in October 2013 after clearance by Health Canada.
- Goal is to cover 75% of the population within the next year.

Bayshore
Home Health

Better care for a better life



Reimbursement



- Cash payment (in place).
- Private reimbursement (available);
 - Available via Health Spending Account
 - Create demand for reimbursement from other payers
- Public reimbursement (will take time);
 - Critical to show reduced cost because of use of COGNIGRAM

ZOSTAVAX[®]
Zoster Vaccine Live

Example of cash payment working:

- Shingles vaccine
- \$250 per shot
- No reimbursement
- Current sales \$50m p.a

Specialists support and advocacy



- Advisory board of Canadian Key Opinion Leaders established.
- User guide for doctors;
 - Everything you need to know about the product; history, validation, indications and how to interpret results.
- Consultation with Canadian KOLs by Cogstate scientists providing greater understanding of sensitivity and specificity of COGNIGRAM in Alzheimer's disease and Mild Cognitive Impairment.



Multi-channel marketing campaign

Email campaign to 30,000 Canadian physicians

- Drive awareness
- Invitation to events : Paul Maruff presentation of data from AAIC
- Educational material

merckconnect™ Connecting you to medical information and services

INTRODUCING COGNIGRAM™

a computer-based cognitive evaluation tool to help clinicians **detect and monitor cognitive change over time.**^{1,2}



- Uses intuitive playing card stimuli and assesses four cognitive domains: psychomotor function, visual attention, learning and working memory¹
- Allows early detection of cognitive decline¹
- Provides a patient baseline which allows you to monitor changes of functional function over time¹
- Has no learning effect²
- Designed to be culturally and educationally neutral²
- Validated in numerous studies^{1,3}

More information available at
www.cognigram.com

Incorporating **COGNIGRAM™**
in your practice

I'm interested in having a
Merck Representative
contact me

Watch for upcoming Merckconnect™ e-mails featuring COGNIGRAM™ as we delve into new scientific evidence on the value of early detection of cognitive decline.

COGNIGRAM™ is a computer based cognitive evaluation tool that helps physicians in their clinical decision-making on their patients with cognitive impairment. COGNIGRAM™ is not a diagnostic tool.

References

1. Lim YY, Ellis KA, Harrington K, Ames D, Martins RN, Masters CL, et al. Use of the CogState Brief Battery in the assessment of Alzheimer's disease related cognitive impairment in the Australian Imaging, Biomarkers and Lifestyle (AIBL) study. *J Clin Exp Neuropsychol*. 2012;34(4):345-58.
2. Maruff P, Thomas E, Cysique L, Brew B, Collie A, Snyder P, et al. Validity of the CogState brief battery: relationship to standardized tests and sensitivity to cognitive impairment in mild traumatic brain injury, schizophrenia, and AIDS dementia complex. *Arch Clin Neuropsychol*. 2009; 24(2):165-78.
3. Darby DG, Brodtmann A, Pietrzak RH, Fredrickson J, Woodward M, Villemagne VL, et al. Episodic memory decline predicts cortical amyloid status in community-dwelling older adults. *J Alzheimers Dis* 2011;27(3):627-37.

FY13 Financial Results

Clinical Trials

- Revenue of \$11.6m.
- Organic growth from larger, later stage contracts and entry into new disease areas.

Healthcare

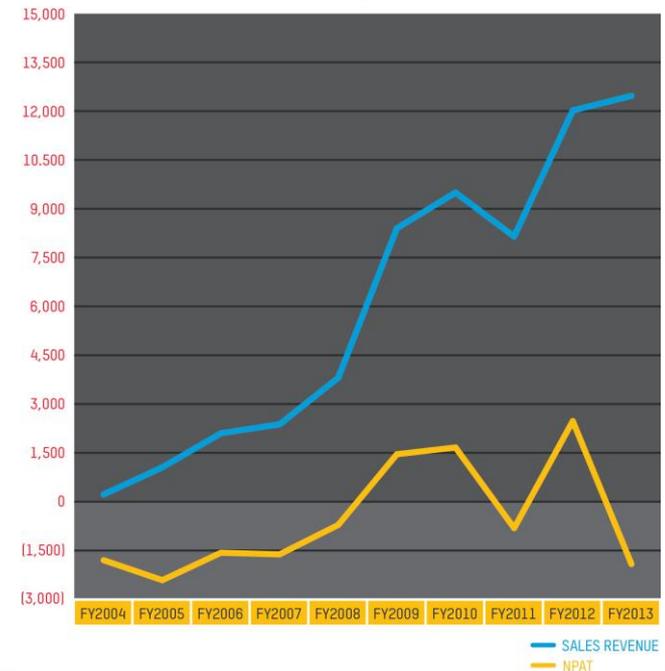
- COGNIGRAM test launched in Canada to GPs accounting for major investment of capital.

Sports

- \$0.6m revenue: \$0.4m from new cognitive training products.
- Transferable to new markets and devices.

Revenue \$12.46m,  4%

Net Loss \$2.12m



New phase in the evolution of Cogstate

- New revenue streams in FY13 marks the beginning of new and significant commercial opportunities:
 - AD testing a \$500m pa global market opportunity;
 - Cogstate uniquely positioned to capture this market;
 - Successful commercial launch of COGNIGRAM in first market, Canada, with others to follow;
 - Axon Sports increased revenue by 190%, driven by new cognitive training products.

Cogstate has an exceptional opportunity to expand its products and market opportunities in the coming years; we are investing for growth.

FY14 Business Outlook

\$2.7m of sales revenue (which was largely milestone based revenue from contracts on hand) producing cash receipts of \$3.7m.

Net operating cash outflow of \$0.5m for the quarter.
Total net cash outflow of \$0.24m for the quarter.

Cash reserves at 30 Sep 2013 : \$3.2 million (30 June : \$3.5m).
Trade debtors at 30 Sep 2013: \$1.9m (30 June : \$3.0m).

Contracted clinical trials revenue at 30 September that will be recognised beyond 30 Sept 2013 (FY14 and beyond) is \$7.7m (prior year comparison \$11.7m).

Contracted Clinical Trials revenue to be recognised in FY14 is currently \$6.6m (prior year comparison \$8.5m).

*1st Quarter Results
and contracted
sales*

FY14 Business Outlook

*Clinical Trial
sales still critical
to short term
financial
performance*

Clinical Trials sales are inherently inconsistent and the quantity of sales contracts signed during Q1 was disappointing. However outstanding sales proposals are higher than the previous year.

FY14 revenue will be dependent upon the ability to sign new sales contracts in Clinical Trials.

Clinical Trials resources are appropriate to service current sales prospects. These costs will be closely monitored against new sales contracts signed.

As always, conversion of sales prospects will be critical to short term financial performance and because of the current uncertainty we cannot quantify the expected loss for H1.



COGSTATE

ASSESS • MONITOR • IMPROVE