

ASX Announcement

28 October 2019



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NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Dear Shareholder

COGSTATE LIMITED - ENTITLEMENT OFFER NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 21 October 2019, Cogstate Limited (**Cogstate** or **Company**) announced a 1 for 10 pro rata non-renounceable entitlement offer of new fully paid ordinary shares in Cogstate (**New Shares**) at an offer price of A\$0.27 per New Share (**Offer Price**) to raise approximately A\$4 million (approximately US\$2.7 million¹) (**Entitlement Offer**). The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as modified by ASIC Corporations Instrument 2016/84) (**Corporations Act**).

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares (or Additional New Shares) under the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares (or Additional New Shares) to you, nor an invitation for you to apply for entitlements or New Shares. You are not required to do anything in response to this letter.

DETAILS OF THE ENTITLEMENT OFFER

The Entitlement Offer comprises of an offer to eligible institutional shareholders (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate at the same offer price and offer ratio (**Retail Entitlement Offer**) being the right to subscribe for 1 New Share for every 10 existing Cogstate shares held as at 7.00pm (Melbourne time) on 23 October 2019 (**Record Date**) (**Entitlement**).

Certain Eligible Retail Shareholders may, in addition to their entitlements, also apply for New Shares over and above their entitlement at the Offer Price (**Additional New Shares**), to the extent that there are New Shares available due to other Eligible Shareholders not taking up their full Entitlements or due to ineligible shareholders being unable to subscribe for their Entitlements. Those Eligible Shareholders may apply for such number of Additional New Shares that is up to a maximum of the greater of 100% of their entitlement, or \$2,000 worth of Additional New Shares at the Offer Price.

The offer price of A\$0.27 per New Share represents a 10% discount to the closing price of Cogstate's Shares on 18 October 2019 and 9.7% to the 5 day volume-weighted average price of the Company's shares on ASX over the 5 trading days up to and including 18 October 2019 a 3.5% discount to the 14 day volume-weighted average price of the Company's shares on ASX over the 14 trading days up to and including 18 October 2019.

The net proceeds from the Entitlement Offer will be applied:

¹ Based on the AUD:USD exchange rate as at 18 October 2019

- to explore further commercial opportunities for Cogstate technology in the healthcare segment (general practice medicine and on-line direct-to-consumer assessment) that will enable Cogstate to replicate opportunities such as the one identified in Japan, both in Japan and in other foreign jurisdictions, including provision for regional specific product adaptation, including:
 - seeking appropriate regulatory clearances;
 - alteration of Cogstate's product to allow for cultural or business model differences;
 - appropriate validation studies, as and if required;
- to continue to advance Cogstate technology, including development and validation of mobile applications, including design and validation of consumer engagement strategies; and
- for general working capital.

Further to the Company's announcement on 28 August 2019, the Company is undertaking the Entitlement Offer to provide existing shareholders with the opportunity to increase their investment in the Company on terms similar to those offered to Eisai under the second tranche of the Eisai placement previously announced to the market.

As noted above, the Entitlement Offer comprises an Institutional Entitlement Offer and the Retail Entitlement Offer.

The Institutional Entitlement Offer has already been completed and raised approximately A\$2.89 million (US\$1.98 million). The Retail Entitlement Offer is being made to Eligible Retail Shareholders (as defined below), on the basis of 1 New Share for every existing 10 Cogstate shares held as at the Record Date.

An offer booklet in relation to the Retail Entitlement Offer (**Retail Offer Booklet**) will be dispatched to Eligible Retail Shareholders (as defined below) on or around 28 October 2019.

The Entitlement Offer is being underwritten by Taylor Collison Limited (**Underwriter**). The Entitlement Offer is being sub-underwritten by David Dolby Investments II LLC (**Sub-underwriter**). The Sub-underwriter is not currently a shareholder of the Company but is related to Dagmar Dolby as trustee for the Dagmar Dolby Trust (**Dolby**) (together, the **Dolby Entities**) which is a substantial holder in the Company, with voting power of approximately 14.4% in the Company's shares as at the date of this notice. Dolby has committed to take up to its full pro rata entitlement under the Entitlement Offer. Under the sub-underwriting agreement, the Sub-underwriter has agreed with the Underwriter to subscribe for up to 75% of any shortfall under the Entitlement Offer, or such lesser percentage such that the Dolby Entities' voting power in the Company will not increase to a level of more than 20% as a consequence of such sub-underwriting commitments. No fees are payable to the Sub-underwriter and the Dolby Entities pursuant to the sub-underwriting arrangements.

Further details of the underwriting and sub-underwriting arrangements are provided in the Retail Offer Booklet released to ASX in connection with the Retail Entitlement Offer.

ELIGIBILITY CRITERIA - RETAIL ENTITLEMENT OFFER

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those who:

- (a) are registered as an existing Cogstate shareholder as at 7.00pm (Melbourne time) on the Record Date;
- (b) have a registered address on the Cogstate share register in Australia or New Zealand;

- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such persons hold shares in Cogstate and are acting for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders are not entitled to participate in the Retail Entitlement Offer (**Ineligible Retail Shareholders**).

The restrictions upon eligibility to participate in the Entitlement Offer are because of the relatively small number of shareholders in those countries, the small number of shares they hold, the relatively low value of New Shares to which those shareholders would otherwise be entitled and the potential cost of complying with the legal requirements and the requirements of regulatory authorities in those countries. The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3) of the Corporations Act, that it would be unreasonable to make offers under the Retail Entitlement Offer to shareholders of Cogstate in countries other than Australia or New Zealand due to the legal limitations and potential cost of complying with regulatory requirements in those countries.

Unfortunately, according to our records, you did not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, the Company wishes to advise you that it will not be extending the Entitlement Offer to you, you will not be sent the Retail Offer Booklet for the Retail Entitlement Offer and you will not be able to subscribe for New Shares under the Retail Entitlement Offer.

FURTHER INFORMATION

If you have any questions in relation to any of the above matters or if you believe that you are eligible to participate in the Entitlement Offer, please contact Cogstate on 1300 553 490 (within Australia) or +61 1300 553 490 (from outside Australia) at any time from 9.00am to 5.00pm (Melbourne Time), Monday to Friday during the Entitlement Offer period. You may also wish to contact your stockbroker, accountant or other professional adviser.

On behalf of the Board and management of Cogstate, I thank you for your continued interest in the Company.

Yours sincerely



Brad O'Connor
Chief Executive Officer
Cogstate Limited

For further information contact:

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About Cogstate

Cogstate Ltd (ASX:CGS) is a neuroscience technology company optimising brain health assessments to advance the development of new medicines and to enable earlier clinical insights in healthcare. Cogstate technologies provide rapid, reliable and highly sensitive computerised cognitive tests across a growing list of domains and support electronic clinical outcome assessment (eCOA) solutions to replace costly and error-prone paper assessments with real-time data capture. The company's clinical trials solutions include quality assurance services for study endpoints that combine innovative operational approaches, advanced analytics and scientific consulting. For nearly 20 years, Cogstate has proudly supported the leading-edge research needs of biopharmaceutical companies and academic institutions and the clinical care needs of physicians and patients around the world. For more information, please visit www.cogstate.com.

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This letter is issued by Cogstate. This letter is not a prospectus or offer document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Cogstate in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of Cogstate shares. No action has been, or will be, taken to register any offer or otherwise permit a public offering of securities outside Australia and New Zealand. This letter may not be released or distributed in the United States.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. None of the entitlements or the New Shares or any have been, or will be, registered under the U.S. Securities Act of 1933 (Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, none of the entitlements nor the New Shares and Additional New Shares may be offered or sold, directly or indirectly, in the United States, or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities law of any state or other jurisdiction of the United States.

This document contains forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which include (but are not limited to) commodity prices, currency fluctuations, economic, legal and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of Cogstate's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of Cogstate, cannot be relied upon as an indicator of (and provides no guidance as to) future Cogstate performance including future share price performance.