

ASX Announcement

08 July 2019



ISSUE OF PLACEMENT SHARES AND DISCLOSURES UNDER LISTING RULE 7.1A

Cogstate (ASX.CGS) (Cogstate) is pleased to advise that it has issued a total of 22,857,143 fully paid ordinary shares (Shares) at an issue price of \$0.175 per share by way of a placement to Australian Ethical Investment Limited (Placement) for a total consideration of A\$4 million (approx. US\$2.8 million). The funds raised under the Placement will be used to strengthen Cogstate's balance sheet.

Further details in relation to the Shares are set out in the Appendix 3B released to the ASX today.

Cogstate provides the following information pursuant to Listing Rule 3.10.5A.

17,849,429 Shares were issued under Cogstate's 15% placement capacity under Listing Rule 7.1. The remaining 4,977,714 Shares were issued under Cogstate's additional 10% placement capacity under Listing Rule 7.1A.

The shares issued under Listing Rule 7.1A (together with those issued under Listing Rule 7.1) results in the following dilution to existing holders of ordinary shares:

	Shares	% of total number of ordinary shares on issue following the Placement
Number of ordinary shares on issue prior to the Placement	119,196,193	83.9%
Dilution as a result of issue under Listing Rule 7.1	17,849,429	12.6%
Dilution as a result of issue under Listing Rule 7.1A	4,977,714	3.5%
Number of ordinary shares on issue following the Placement	142,053,336	100.0%

Taylor Collison acted as advisor to the Placement and will be paid a fee of 2.5% of the funds raised. There were no underwriting arrangements in relation to the Placement.

Commercial Considerations

Cogstate's customers are predominantly pharmaceutical and biotechnology companies embarking upon clinical trials that often extend over many years. Given Cogstate's role in these clinical trials, Cogstate's financial position is regularly reviewed by current and prospective customers and therefore balance sheet strength is an important part of ensuring that Cogstate can achieve growth in sales and market share.

As previously announced, following the failure of a number of Alzheimer's disease clinical trials, and associated cancellations, Cogstate has experienced difficult trading conditions through the 2019 financial year. Cogstate's most recent business update (23 April 2019) noted that trading conditions were improving but noted that timing of execution of sales contracts is subject to timing of our customers. Compared to the three prior quarters, both the volume and value of sales opportunities increased during the June quarter. However, despite the increased activity, sales contracts executed during the June quarter (US\$4.1 million) were less than expected by management. The Company now anticipates that a number of these delayed sales opportunities will close in the September 2019 quarter.

Notwithstanding an improved sales outlook, as a result of the delay in execution of sales contracts, there is the risk of some pressure on short term cash flow. Taking into account such risks, it was considered prudent at this time to undertake a capital raising to seek to strengthen the Company's balance sheet through a placement.

Prior to the Placement, Cogstate's cash position at 30 June 2019 was US\$3.2 million, a decrease of US\$0.4 million from 31 March 2019.

Cogstate has not drawn down the debt facility (US\$1.4 million) provided by entities associated with Martyn Myer and David Dolby, both of whom are non-executive directors and substantial shareholders. The debt facility remains in place.

Notwithstanding the ongoing support of the current substantial shareholders, including Mr Myer and Mr Dolby, the Placement, priced at a premium to both the last closing price and the 7 day VWAP, was considered the most efficient method of raising additional capital, without the uncertainty created by the additional time period required under a pro-rata issue to shareholders. The Placement also offered considerable cost savings compared to a pro-rata issue to shareholders and has allowed Cogstate to introduce a new institutional investor to the shareholder base.

Cogstate will release full details in respect of results for the year to 30 June 2019 as follows:

- 23 July 2019: Appendix 4C : June quarter business update and cashflow report
- 28 August 2019: Appendix 4E & Preliminary Final Report : Audited financial statements

For further information contact:

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About Cogstate

Cogstate Ltd (ASX:CGS) is a neuroscience 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.