

Entitlement Offer Presentation



21 October 2019



Cogstate

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This presentation (**Presentation**) has been prepared by Cogstate Limited (ACN 090 975 723) (**Cogstate, CGS or Company**) in relation to a proposed fully underwritten, pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) of new fully paid ordinary shares (**New Shares**) to be made to be made to eligible institutional shareholders of Cogstate (**Institutional Entitlement Offer**) and eligible retail shareholders of Cogstate (**Retail Entitlement Offer**), under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84)

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Investment risk

An investment in Cogstate shares is subject to known and unknown risks, some of which are beyond the control of Cogstate, including possible loss of income and principal invested. Cogstate does not guarantee any particular rate of return or the performance of Cogstate nor does it guarantee the repayment or maintenance of capital or any particular tax treatment. Investors should have regard to the Risk Factors outlined in this Presentation when making their investment decision.

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Determination of eligibility of shareholders for the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Cogstate. Cogstate disclaims any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Disclaimer

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Forward looking statements

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.

The forward looking statements contained in this document are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, its directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Refer to the Key Risks section of this document for a summary of certain general and Company specific risk factors that may affect Cogstate. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this document. Investors should consider the forward looking statements contained in this document in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other listing rules or financial regulators' rules, the Company, its subsidiaries and the Company's personnel do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements and include, without limitation, statements regarding Cogstate's intent, belief or expectations, plans, strategies, future commercial opportunities, objectives of management, and the outcome of the Entitlement Offer and the use of proceeds therefrom.

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 the Company'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 Company performance including future share price performance Investment Risk. An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. Cogstate does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should read the Key Risks section of this document for a non-exhaustive summary of the key issues that may affect the Company and its financial and operating performance.

Financial data

This document contains pro forma historical financial information. In particular, a pro forma balance sheet as at 30 June 2019 has been prepared by Cogstate. The pro forma historical financial information provided in this document is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Cogstate's future financial condition. In addition, the pro forma historical financial information included in this document does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

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Summary of Capital Raising Events

Approx. A\$10.86m to be raised through a series of transactions including the Entitlement Offer

1

**Placement to Aust
institutional investor**

July 2019
A\$4.00 million

Issue of 22,857,143
shares at \$0.175
per share

2

**Placement to Eisai
Tranche 1**

August 2019
Approx. A\$1.36 million

Issue of 6,700,000
shares at \$0.20308
per share

3

**Placement to Eisai
Tranche 2**

October 2019
A\$1.50 million

Issue of shares at a price
equal to the 5 day VWAP prior
to the date of issue, expected
to be Friday 25 October.
Subject to approval of
shareholders at Cogstate
AGM today

4

**Fully Underwritten
Entitlement Offer**

October 2019
Approx. A\$4.00 million

Issue of 14,875,334
shares at \$0.27 per
share

See further details on
next page



Entitlement Offer Overview

Entitlement Offer

Offer to raise approx. A\$4 million by way of a fully-underwritten, accelerated, 1 for 10 pro-rata, non-renounceable entitlement offer of new fully paid ordinary shares (New Shares) to eligible existing shareholders (Entitlement Offer)

Applicants who take up their full entitlement under the Entitlement Offer may also apply for additional New Shares under a shortfall facility, up to a maximum of the greater of 100% of their entitlement or a value of \$2,000

Offer Price

Offer price of A\$0.27 per share represents a discount as stated below:

- 10% discount to the closing price of \$0.30 as at 18 October 2019;
- 9.7% discount to the 5 day VWAP of \$0.299 as at 18 October 2019;
- 3.5% discount to the 14 day VWAP of \$0.2799 as at 18 October 2019.

Record Date

Wednesday, 23 October 2019 (7.00pm)



Entitlement Offer Overview (continued)

Pre-commitments

All entities associated with [Cogstate Chairman, Martyn Myer](#), who holds approximately 14.4% of shares on issue, have committed to take up their full allocation under the Entitlement Offer

Dagmar Dolby as trustee for the Dagmar Dolby Trust (Dolby), an entity associated with [Cogstate non-executive director, David Dolby](#), which holds approximately 14.4% of shares on issue, has committed to take up its full allocation under the Entitlement Offer

David Dolby Investments II LLC (Sub-underwriter), an entity associated with [Cogstate non-executive director, David Dolby](#), has agreed to sub-underwrite up to 75% of the Entitlement Offer (or such lesser percentage such that Dolby's voting power in the Company will not increase to a level of more than 20% as a consequence of its sub-underwriting commitments). Dolby will not receive any fees for any sub-underwriting commitment.

[Cogstate CEO, Brad O'Connor](#), who holds approximately 3.3% of shares on issue, has committed to take up his full allocation under the Entitlement Offer

[Cogstate non-executive director, Richard van den Broek](#), who holds approximately 2.6% of shares on issue, has committed to take up his full allocation under the Entitlement Offer



Entitlement Offer Overview (continued)

Fully Underwritten

The Entitlement Offer is fully underwritten by Taylor Collison

A summary of the underwriting and sub-underwriting arrangements is set out below

Terms of sub-underwriting agreement

Underwriting arrangements

Cogstate and Taylor Collison (**Lead Manager**) have entered into an Underwriting Agreement for the Lead Manager to fully underwrite the Entitlement Offer

The obligations of the Lead Manager are subject to satisfaction of certain conditions precedent in the Underwriting Agreement

Cogstate has (subject to certain limitations) agreed to indemnify the Lead Manager against certain losses in connection with the Entitlement Offer

Cogstate and the Lead Manager have given certain representations, warranties and undertakings in connection with (amongst other things) the conduct of the Entitlement Offer

The Lead Manager may terminate the Underwriting Agreement on the occurrence of certain events, in some cases, subject to materiality of the relevant event

Sub-underwriting arrangements

David Dolby Investments II LLC (**Sub-Underwriter**), an entity associated with David Dolby, has agreed to sub-underwrite up to 75% of any shortfall under the Entitlement Offer, or such lesser percentage such that the voting power of the Dolby entities will not increase to a level above 20%. No fees are payable to the Sub-Underwriter in connection with its obligation to sub-underwrite the Entitlement offer

The Sub-Underwriter has given certain representations, warranties and undertakings in connection with (amongst other things) its entitlement to sub-underwrite the offer and its understanding of the investment

The sub-underwriting arrangement will terminate in certain circumstances (including where the Entitlement Offer does not proceed or the Underwriting Agreement is terminated)

Use of funds raised under the Entitlement Offer

Use of Funds	A\$	%
<p>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:</p> <ul style="list-style-type: none"> • Seeking all appropriate regulatory clearances; • Alteration to the product to allow for any differences of culture and/or business model; • All appropriate validation studies, as and if required; 	\$2,000,000	50%
<p>Continue to advance Cogstate technology, including development and validation of mobile applications, including design and validation of consumer engagement strategies</p>	\$1,000,000	25%
<p>General working capital</p>	\$1,016,341	25%
<p>Total</p>	\$4,016,341	100%

Entitlement Offer Timetable

Announcement of Entitlement Offer	21 Oct 2019
Institutional Entitlement Offer Close	21 Oct 2019
CGS Shares begin to trade on an “ex-entitlement” basis	22 Oct 2019
Record Date for determining Eligible Shareholders under the Retail Entitlement Offer	23 Oct 2019
Entitlement Offer opens and Retail Entitlement Offer Booklet dispatched	28 Oct 2019
Settlement under the Institutional Entitlement Offer	29 Oct 2019
Allotment of New Shares issued under the Institutional Entitlement Offer	30 Oct 2019
Retail Entitlement Offer closes	8 Nov 2019
Settlement under the Retail Entitlement Offer	15 Nov 2019
Allotment of New Shares issued under the Retail Entitlement Offer	18 Nov 2019
Dispatch of holding statements & normal trading of New Shares issued under Retail Entitlement Offer	20 Nov 2019

Note: These dates, along with any other dates noted in this announcement, are indicative and subject to change. All dates and times refer to Melbourne, Australia time. Cogstate reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Cogstate reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation and trading of New Shares is subject to confirmation from the ASX

Pro Forma Balance Sheet

30 June 2019	Australian Ethical Investments	Eisai Tranche 1	Eisai Tranche 2 ###	Rights Issue ##	30 June 2019	
US\$	1 US\$	2 US\$	3 US\$	4 US\$	US\$	
ASSETS						
Current assets						
Cash and cash equivalents (excluding bank overdrafts)	3,216,017	2,703,285	898,081	1,006,099	2,493,280	10,316,763 #
Trade and other receivables	4,275,591					4,275,591
Other current assets	1,774,884					1,774,884
Total current assets	9,266,492	2,703,285	898,081	1,006,099	2,493,280	16,367,238
Non-current assets						
Property, plant and equipment	1,344,666					1,344,666
Intangible assets	4,942,842					4,942,842
Deferred tax assets	3,685,167	25,207	4,926	1,472	56,475	3,773,247
Total non-current assets	9,972,675	25,207	4,926	1,472	56,475	10,060,755
Total assets	19,239,167	2,728,492	903,007	1,007,571	2,549,755	26,427,993
LIABILITIES						
Current liabilities						
Trade and other payables	6,484,410					6,484,410
Short-term borrowings	504,975					504,975
Provisions	1,796,765					1,796,765
Total current liabilities	8,786,150	0	0	0	0	8,786,150
Non-current liabilities						
Provisions	23,348					23,348
Deferred tax liabilities	317,092					317,092
Total non-current liabilities	340,440	0	0	0	0	340,440
Total liabilities	9,126,590	0	0	0	0	9,126,590
Net assets	10,112,577	2,728,492	903,007	1,007,571	2,549,755	17,301,403
EQUITY						
Share capital	25,341,756	2,728,492	903,007	1,007,571	2,549,755	32,530,582
Other reserves	(1,048,462)					(1,048,462)
Retained earnings	(14,180,717)					(14,180,717)
Capital and reserves attributable to owners of Cogstate Limited	10,112,577	2,728,492	903,007	1,007,571	2,549,755	17,301,403
Total equity	10,112,577	2,728,492	903,007	1,007,571	2,549,755	17,301,403

Footnotes

Cash raised in capital raisings is net of the capital raising costs

FX rate to translate A\$ capital raising for US\$ balance based on FX rate per oanda.com on 18 October 2019


Proforma balance sheet does not include trading impact of 1Q20

Capital raising details as per slide 6

An overhead view of five people sitting around a white circular table in a modern office or study environment. They are engaged in collaborative work, with several open books, laptops, and mobile phones scattered on the table. The people are dressed in casual business attire. The background is a plain, light-colored floor. The word "Appendices" is overlaid in large white text across the center of the image.

Appendices


Appendix 1: Key Risks

A close-up photograph of a hand placing a wooden block on a row of other wooden blocks. The blocks are light-colored wood and are arranged in a slightly curved line. The hand is positioned at the end of the row, with the thumb and index finger visible, about to place the block. The background is a soft, out-of-focus grey.

There are a number of factors, both specific to Cogstate and of a general nature, which may affect the future operating and financial performance of Cogstate and the value of an investment in Cogstate.

Some of these factors may be mitigated by the use of safeguards and appropriate commercial action. However, many are outside the control of Cogstate and cannot be mitigated.

This section describes certain risks associated with an investment in Cogstate. Prior to making an investment decision, Eligible Shareholders should carefully consider the following risk factors, as well as other information contained in this Presentation, along with their own investigations and inquiries into the Company



Appendix 1: Key Risks (continued)

Dependency on Clinical Trials revenue streams

During the year ended 30 June 2019, revenue from Cogstate's Clinical Trials business unit accounted for approximately 98% of Cogstate's total revenue for the year. There can be no guarantee that existing customers will continue to use Cogstate's Clinical Trials products in the future. Should some or all of Cogstate's significant customers cease to use Cogstate's Clinical Trials products, this could lead to a substantial decrease in the total revenue derived by Cogstate, as well as a loss of customer confidence.

Cash flow risk

Cogstate's operations are not currently cash flow positive. For the year to 30 June 2019, the company recorded a net inflow of cash from operations of \$0.37 million excluding payment for capitalized software development labour costs of \$1.92 million, which give a combined cash outflow of \$1.55m. An investment in Shares requires an assessment of Cogstate's ability to produce revenue growth. There can be no assurance that Cogstate will increase its revenue or produce positive cash flows in the near future, or at all.

Cogstate technology expansion risk


Cogstate intends to use part of the proceeds of the Rights Issue to provide scientific, operational and technical support for launch of Cogstate technology in Japan and explore further commercial opportunities in other geographies outside of Japan. There can be no guarantee that Cogstate will be successful in commercially launching the Cogstate technology in any other markets beyond Japan. Furthermore, there is a risk that the costs of any such expansion may initially exceed any income it derives.

Competitors

Cogstate has competitors in each of the markets where it conducts business. It is possible that new competitors could enter any of these markets in the future, or existing competitors could increase their market share. Increased competition could result in decreased market share of Cogstate, which could result in reduced revenue, or a reduced rate of revenue growth for Cogstate.

Key personnel

Cogstate is reliant on the services of experienced key senior management and it may be difficult to find and integrate replacement personnel in a timely manner if Cogstate lost their services. The loss of the services of any of Cogstate's senior management or key personnel, or the inability to attract new qualified personnel, could have a material adverse effect on Cogstate's business, operations and financial condition.



Appendix 1: Key Risks (continued)

Intellectual property and proprietary rights

Cogstate regards certain components of its technology as proprietary and relies primarily on a combination of trade marks, copyright, patents, trade secrets and employee and third party non-disclosure agreements and specific contract terms to protect its rights. Those steps may, however, not be adequate to fully protect those rights. No assurances can be given that employees and/or third parties will not breach non-disclosure agreements or infringe or misappropriate the Company's rights. Further, no assurance can be given that third parties will not challenge the ownership or validity of those proprietary rights either by attacking the Company or intellectual property holders from whom Cogstate has acquired licences. In addition, effective intellectual property protection may be unavailable or limited in certain jurisdictions.


Litigation may be necessary from time to time to enforce and protect Cogstate's rights. Such litigation, however, can be costly and could have adverse effects on Cogstate's activities, business, operating results and financial position. Likewise, a failure to succeed in protecting any such rights may equally have a materially adverse flow-on effect on Cogstate's activities, business, operating results, its brand and financial position.

It is possible that other parties may assert intellectual property infringement, unfair competition or similar claims against Cogstate under intellectual property laws. While Cogstate is not aware of any claims of this nature in relation to any of its intellectual property rights, such claims, if made, may harm, directly or indirectly, Cogstate's business. If Cogstate is forced to defend against claims of intellectual property infringement, whether they are with or without merit or are determined in Cogstate's favour, Cogstate might face costly litigation and diversion of management's attention. As a result of such disputes, Cogstate may have to develop non-infringing technology, alter its business model or enter into royalty or licensing agreements. Such agreements, if necessary, may be unavailable on terms acceptable to Cogstate. If there is a successful claim of intellectual property infringement or unfair competition against Cogstate and it is unable to develop non-infringing technology or license the infringed or similar technology or content on a timely basis and on acceptable terms and conditions, there could be a material adverse effect on Cogstate's business, operations or financial condition.

Appendix 1:

Key Risks

(continued)



Regulatory risk

Cogstate's operations are reliant on maintenance of its existing regulatory approvals. There is a risk that Cogstate may be unable to maintain its existing regulatory approvals. Future operations by Cogstate may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to Cogstate. While Cogstate has no reason to believe that all requisite approvals will not be forthcoming, Eligible Shareholders should be aware that Cogstate cannot guarantee that any requisite approvals will be obtained. A failure to obtain, renew or maintain any approvals may limit Cogstate's ability to develop or operate any project, which could harm Cogstate's business, operations or financial condition.

Information technology risk

Cogstate continues to develop and enhance its computer based technologies. Cogstate has in place procedures and processes designed to ensure a quality software development process, which minimises the risk of faults within the product supplied to customers. There is no guarantee that the quality assurance procedures and processes in place will be sufficient to identify and rectify all product issues.

It is possible that alternative technologies will be developed to detect cognitive change, which may supersede Cogstate's technology, which would have a material adverse effect on Cogstate's market share and adversely affect Cogstate's financial performance.

Privacy

Cogstate's facilities and systems may be vulnerable to privacy and security incidents, security attacks and breaches, acts of vandalism or theft, computer viruses, emerging cybersecurity risks, misplaced or lost data, programming and/or human errors and other similar events. Any security breach involving the misappropriation, loss or other unauthorised disclosure or use of confidential information whether by Cogstate or a third party, could have a material adverse effect on Cogstate's business, reputation, financial condition, cash flows or results of operations. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems, potential liability and regulatory action or liability under privacy and security laws, all of which could have a material adverse effect on Cogstate's financial position and results of operations and harm Cogstate's business reputation.


Cyber security

Companies operating in the technology industry face inherent risks associated with potential cyber security issues, such as impacts on the Company's business due to hardware or software malfunction, security and data breaches, malicious attacks, hacking or other unauthorised use of information or data stored on internal or external servers or transmitted via internal or external networks.

Appendix 1:

Key Risks

(continued)



Foreign Exchange

Cogstate has substantial operations in the United States and conducts this business primarily in U.S. dollars. Movements in the Australian dollar against the U.S. dollar will affect the reported U.S. dollar financial performance and balance sheet of the Company. Foreign exchange rates can be unpredictable, and fluctuations in these exchange rates may have a material adverse effect on Cogstate's financial performance.

Economic risk and external market forces

Factors including, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on Cogstate's operating costs, profit margins and share price. These factors are beyond the control of Cogstate and Cogstate cannot, to any degree of certainty, predict how they will impact on Cogstate.

Share Investment

Eligible Shareholders should be aware that there are risks associated with investment in shares of companies listed on a securities exchange.

The value of the shares may fluctuate depending on various external factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets.

Additionally, the value of the shares may fluctuate as a result of factors specific to Cogstate and the industry within which it operates, including announcements by Cogstate and others of relevant scientific discoveries, technological innovation, commercial products, negotiations with third parties and patents or regulatory actions, prices of Cogstate's services, variations in the operating costs and costs of capital replacement which Cogstate may in the future require.

Accordingly, assuming that the New Shares are granted official quotation by the ASX, they may trade on ASX at higher or lower prices than the Issue Price.

Cogstate has not previously paid dividends on its shares. If it does in the future, the level of dividends that may be paid in respect of shares may move either up or down and it is possible that Cogstate may not be able to pay any dividends.

Each Eligible Shareholder should consider whether shares are a suitable investment for them before deciding to invest in New Shares. Any Eligible Shareholder considering investing in shares should consult their stockbroker, accountant, solicitor or other professional adviser immediately.



Appendix 2: Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of Cogstate in any jurisdiction in which it would be unlawful. This document may not be distributed to any persons and the New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Appendix 2: Foreign Selling Restrictions (continued)

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the FMC Act). The New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of Cogstate with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than in the Entitlement Offer, the New Shares may not be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; or
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; or
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act; or
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the FIEL) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

United States of America

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Cogstate