



ASX ANNOUNCEMENT (ASX: CVT)

16 September 2019

TRANSACTION AND PROSPECTUS UPDATE

Covata Limited (**Covata** or the **Company**) (ASX:CVT) advises that, despite its best efforts, current market conditions are such that it has been unable to reach the minimum subscription required to complete the proposed transaction with dataglobal GmbH (**dataglobal**) under the current terms of the Offer.

The Company has decided to withdraw its prospectus dated 26 June 2019 (and the supplementary prospectuses dated 1 August 2019 and 8 August 2019). All funds subscribed to the Offer by shareholders and investors will be returned without interest in accordance with the Corporations Act. We thank those shareholders that had expressed their support.

Whilst the proposed acquisition of dataglobal will not proceed at this time, the Board is of the view that the strategy underpinning the acquisition, being a vision to create a content services player, remains compelling. The Board notes it will be open to and will consider all options to pursue the same or alternative transaction(s) in content services going forward, whether in the short or medium term.

The Company holds the rights to certain intellectual property relating to data classification and analysis from dataglobal as well as a licence to resell its products. Relevant details are set out in the announcement released to ASX on 21 March 2018. Covata Managing Director and CEO Mr Ted Pretty said: "The Company remains a committed OEM and reseller partner of dataglobal and our teams will continue to share sale leads, collaborate in channel development and work together on opportunities that might deliver value to our respective shareholders."

As the Board considers the options available to the Company, it will also focus on extending the marketing and sales of its Eclipse product (acquired with CipherPoint Inc. in 2017) which secures SharePoint installations. Recently completed sales of the Eclipse product, and traction in respect of potential sales pipeline, are encouraging. Most notably, as announced to the ASX on 15 May 2019, the Company entered into a Master Supply and Services Agreement with a global Fortune 500 company based in Germany. Management is focused on developing this relationship with a view to securing further orders under the Master Supply and Services Agreement and building out its channel to market in Europe to acquire additional customers.

In addition to the Eclipse product, the Company also holds rights to utilise the intellectual property underpinning its former SafeShare product.

Managing Director and CEO Mr Ted Pretty added: “The Company is rich in intellectual property and experience that can be exploited to generate revenues and create value for shareholders. This is where we will focus our efforts in the near term”.

The Board intends to conduct a detailed review of its options and strategy in the coming weeks and looks forward to being in a position to address these matters and answer any questions at the Annual General Meeting to be held on 30 September 2019.

The Company’s securities will remain suspended from trading during this period. Following completion of its strategic review, the Company intends to engage with ASX regarding the timing and conditions (if any) for reinstatement.

-Ends-

About Covata

Covata is a leading provider of software solutions that enable continuous identification, classification and secure management of unstructured data across enterprise and the cloud and consolidates control into one place for companies to securely manage their data to be compliant, reduce risk, reduce costs and improve productivity.

Our Data Security Console empowers businesses to discover, protect and control sensitive information across multiple platforms and repositories with industry best security for Microsoft SharePoint & Office 365, Secure Enterprise File Sharing & Collaboration, and Access Security Broker capabilities through our API translator.

Our customers & partners span the public sector and defence, aerospace, technology, automotive, manufacturing, finance, media and sports industries.

Further information

For further information, please visit covata.com.

Covata investor relations contacts:

Steven Bliim
Covata Limited
Chief Financial Officer, Executive Director and Joint Company Secretary
steven.bliim@covata.com
+61 2 8412 8200

Michael Brown
Pegasus Advisory
mbrown@pegasusadvisory.com.au
+61 400 280 080