



## ASX ANNOUNCEMENT (ASX: CVT)

31 May 2018

### PLACEMENT AND ANNOUNCEMENT OF PROPOSED ENTITLEMENT ISSUE

#### Highlights

- **Commitments received from sophisticated investors in placement to raise \$1,500,000.**
- **Investors in placement include existing institutional shareholders of the Company.**
- **Proposed entitlement issue to existing holders to raise up to \$1,793,798.**
- **Funds to be applied to accelerate European sales focus, dataglobal GmbH relationship, a next generation VDR (virtual data room), and application of new technologies to existing products.**

#### Overview

Covata Limited (“**the Company**”) (ASX:CVT) is seeking to raise \$3.29M through a placement raising \$1.5M and a non-renounceable entitlement issue to raise up to \$1.79M (collectively the “**Offer**”).

#### Proposed Use of Funds

Funds raised from the Placement and the Entitlement Issue in combination are proposed to be applied towards funding four new initiatives and providing additional working capital. The four initiatives include:

##### dataglobal integration

In March, Covata acquired world-class data classification technology from German information management vendor, dataglobal GmbH. Funds will be used to speed up the integration of this technology with Covata’s existing products, such as SafeShare, taking the Company a step closer to the completion of its data security platform.

##### Europe expansion

The implementation of General Data Protection Regulation has contributed to a pipeline of leads in Europe and to capitalise on this, funds will be used to deploy additional sales and technical expertise in the region. The dataglobal IP deal has presented significant cross-selling opportunities, particularly in the DACH (Germany, Austria and Switzerland) region, and a local team will be better positioned to pursue these.

### Next generation VDR (virtual data room)

Funds will be used to develop a new cloud and SaaS based virtual data room and secure business sharing platform with the intention of a beta launch in Q1 FY19. This product will leverage components of SafeShare's core security engine and require very little additional development. It is designed to meet market need for a more competitive, feature rich product built upon an established security framework.

### Covata Labs

Funds will be used to contribute to two key technology development projects: AI / Machine learning and SecureTender. AI/Machine Learning is being explored by Covata to develop new techniques for data classification at the point of creation and ingestion. SecureTender is the working name of our new tender / offer platform for emerging markets. It offers security (transparency) through a secure 'lock up' during tender period.

### **Placement**

The Company is pleased to announce that it has obtained commitments from sophisticated and professional investors who are a combination of existing shareholders and new investors introduced by Patersons Securities Limited [AFSL: 239052] ("**Patersons**") for a placement of 53,571,428 fully paid ordinary shares ("**Placement Shares**") at an issue price of \$0.028 (2.8 cents) per share ("**Placement**").

On completion, the Placement will raise approximately \$1.5M (before costs).

Patersons acted as Lead Manager to the Placement.

Every 3 Placement Shares subscribed by investors will be issued together with 1 free-attaching option to acquire an ordinary fully paid share in the Company ("**Placement Option**"). Each Placement Option will have an exercise price of \$0.055 (5.5 cents), expire 24 months from the date of issue and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company. Management intends to separately list these on the ASX.

The Placement Shares are proposed to be issued under the Company's existing capacity under ASX Listing Rule 7.1A. The Placement Options will be issued under the Company's existing capacity under ASX Listing Rule 7.1.

The Company will release an Appendix 3B to ASX following issue of the Placement Shares and Placement Options, which is proposed to occur on, or about, 5 June 2018.

### **Entitlement Issue**

In conjunction with the Placement, the Company is pleased to announce that it intends to offer eligible shareholders the opportunity to apply for new fully paid shares ("**Shares**") in the Company under a non-renounceable pro-rata rights issue ("**Entitlement Issue**"). If fully subscribed, the Entitlement Issue will raise \$1.79M (before costs).

Shareholders eligible to participate in the Entitlement Issue will be those holders of fully paid ordinary shares in the Company with an address on the Company's register of shareholders

in Australia or New Zealand as at the record date. The record date is currently proposed to be 8 June 2018.

The indicative timetable for the Entitlement Issue is set out below.

Eligible shareholders will be provided the opportunity to subscribe for one Share for every 11 fully paid ordinary shares they hold as at the record date at an issue price of \$0.028 (2.8 cents) per share. Every 3 Shares successfully subscribed by an applicant under the Entitlement Issue will be accompanied by one free-attaching option issued on the same terms as the Placement Options.

Any Shares not taken up by eligible shareholders will form the shortfall (“**Shortfall**”). Eligible shareholders who take up their full entitlement under the Entitlement Issue will also be given the opportunity to subscribe for additional shares from the Shortfall (if any) (“**Top-Up facility**”).

The Company is in advanced discussions with Patersons regarding the underwriting by Patersons of the balance of any Shortfall after successful Top-Up Facility allocations. The Company will provide an update on the status of the proposed underwriting once negotiations are completed.

The Company intends to lodge a prospectus for the Entitlement Issue. The prospectus will contain details relevant to the Entitlement Issue including potential investment risks, the dilutive effect of the Placement and Entitlement Issue, the details of any agreement reached between the Company and Patersons for the underwriting of the Shortfall (if any) and acceptance instructions. The Company will release the Prospectus to ASX following lodgement with ASIC.

### **Indicative Timetable**

The indicative timetable for the Placement and Entitlement Issue in combination is as follows:

<b>Event</b>	<b>Date</b>
Completion of issue of Placement Shares and Placement Options	5 June 2018
Lodgement of prospectus with ASIC	5 June 2018
“Ex” date (existing shares quoted on an ex rights basis)	7 June 2018
Record Date to identify shareholders entitled to participate in the Entitlement Issue at 7pm (Melbourne time)	8 June 2018
Prospectus dispatched to eligible shareholders	14 June 2018
Closing date at 5pm (Melbourne time)	25 June 2018
Notice of under-subscriptions given to ASX	28 June 2018
Issue Date (Entitlement Issue)	2 July 2018
Shortfall Issue Date (on or about)	9 July 2018

*Note to table: The above timetable is indicative only and is subject to change without notice*

## Indicative Capital Structure

	Shares	Options
<b>Existing</b>	651,135,034 <sup>1</sup>	The Company has 72,202,947 existing options and warrants on issue with various exercise prices ranging between \$0.045 and \$0.33. Refer to last lodged Appendix 3B dated 6 March 2018.
<b>Placement</b>	53,571,428	17,857,142
<b>Sub-Total</b>	704,706,462	90,060,089
<b>Entitlement Issue (1:11) (maximum)<sup>2</sup></b>	64,064,223	21,354,741
<b>Total<sup>3</sup></b>	768,770,685	111,414,830

Notes to table:

<sup>1</sup> Includes 61,176,489 shares issued under the Company's Loan Share Plan.

<sup>2</sup> Assumes no existing options or warrants are exercised prior to the Record Date.

<sup>3</sup> Based on the assumption at 2 above, and assumes Entitlement Issue is fully subscribed (or fully underwritten).

-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 Platform 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.

With offices and resources in the US, UK, Europe and Australia and coverage in all other regions, 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](http://covata.com).

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