



ASX ANNOUNCEMENT (ASX: CVT)

21 March 2019

UPDATE RE: OPTION TO SELL SAFESHARE AND DATAGLOBAL TRANSACTION

As previously announced by Covata Limited (**the Company** or **Covata**) (ASX:CVT) on 30 January 2019, the Company entered into an agreement whereby Gibraltar Holdings Pty Limited (**Gibraltar**), or its approved nominee, was provided with an option to acquire the shares of Cocoon Data Holdings Pty Limited (**Cocoon**) for the sum of A\$5M. Cocoon holds the SafeShare IP and also 100% of the shares in Covata Australia Pty Limited (**CVA**), the company which licences and OEMs the SafeShare product and holds customer contracts.

The Company advises that the option has been exercised by Gibraltar's newly incorporated nominee Cybr5 Pty Limited (**Cybr5**) and thus the Company has entered into a binding Share Purchase Agreement to sell the shares in Cocoon to Cybr5. As such, on completion, Cybr5 will become the owner of Cocoon and therefore the ultimate parent of CVA. A deposit of \$150,000 has been received and is only refundable in very limited circumstances if the transaction does not proceed. The agreement is also subject to various conditions precedent including shareholder approval at a Covata EGM and, assuming those conditions are satisfied, is likely to be completed before 1 May. The Company has been advised that funding for the acquisition and additional capital for growth of Cocoon is being provided by a mix of US VC funds and local sophisticated investors.

All Australian employees of CVA specifically involved in the development and support of SafeShare will continue in their positions, ensuring continuity to existing customers. The sale is subject to a global perpetual royalty-free licence of the IP and platforms developed by Cocoon and CVA back to Covata for its use in ongoing businesses, other than to be used for development of a product not connected to the Company's core product range. Covata and Cybr5 have also entered into a mutual collaboration and reselling relationship.

Excluded from the sale are all assets in and shares of CipherPoint Software, Inc. and all customers of its Eclipse product, the rights to the dataglobal GmbH classification IP, all IP to Covata's data security console, and all other IP and/or associated technical support and architecture materials which are held outside of Cocoon or CVA.

Additionally, the Company advises that it continues to make progress on the major transaction with dataglobal GmbH (**dataglobal**). The Company will remain in suspension until it is able to disclose further information regarding dataglobal (including audited financial statements). At this stage, management anticipates being able to provide this information to the market by the end of March 2019.

-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.

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.

Covata investor relations contacts:

Steven Bliim
Covata Limited
Chief Financial Officer, 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