

PROSPECTUS

COVATA LIMITED

ABN: 61 120 658 497

To be renamed

dataglobal Limited

The Equity Offer is not underwritten

This Prospectus is for an offer of 45,666,667 New Shares at an issue price of \$0.30 per New Share to raise \$13.7 million before costs, referred to herein as the Equity Offer.

This Prospectus also contains offers of:

- 34,666,667 New Shares to the dataglobal Vendors (Vendor Offer);
- 6,500,000 Performance Rights to key management personnel and 66,667 New Shares to an advisor (Employee and Advisor Offer); and
- 7,392,230 Warrants to existing convertible note holders (Noteholder Offer).

Refer to Section 10 of this Prospectus for further details on the Offers.

IMPORTANT INFORMATION: This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. THE SECURITIES OFFERED UNDER THIS PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE.

COMPLETION OF THE OFFERS IS CONDITIONAL upon satisfaction or waiver of certain conditions including shareholders of the Company passing the Acquisition Resolutions at the Shareholder Meeting. Further details of the conditions of the Offers are set out in Section 10.5. ALL NUMBERS OF SECURITIES, ISSUE PRICES AND EXERCISE CONVERSION PRICES INCLUDED IN THIS PROSPECTUS ARE DESCRIBED ON A POST-CONSOLIDATION BASIS AND ARE SUBJECT TO ROUNDING. The Company is seeking shareholder approval to consolidate its existing issued capital on a 20 for 1 basis at the Shareholder Meeting. The consolidation of the issued capital of the Company forms a condition precedent to the Transaction.

JOINT LEAD MANAGERS TO THE EQUITY OFFER

Shaw and Partners Limited
ACN: 003 221 583 AFSL: 236048

Aitken Murray Capital Partners Pty Ltd
ACN: 169 972 436
(a Corporate Authorised Representative of
Lanterne Fund Services AFSL 238198)



IMPORTANT NOTICES

General

This Prospectus (Prospectus) is dated 26 June 2019 and was lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No person is authorised to give information or make any representation in connection with the Offers that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Covata Limited (Covata or the Company) in connection with this Prospectus.

It is important you read this Prospectus in its entirety and seek professional advice where necessary. The New Shares the subject of this Prospectus should be considered highly speculative.

Re—compliance Prospectus

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in the nature and scale of the Company's activities. ASX and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

Investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for New Shares under this Prospectus.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Expiry Date

No securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of past and present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Although the Company believes that the expectations reflected in the forward-looking

statements included in this Prospectus are reasonable, none of the Company, its Directors or officers, or any person named in this Prospectus can give or gives any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur or that the assumptions on which those statements are based will prove to be correct or exhaustive beyond the date of their making. Investors are cautioned not to place undue reliance on these forward-looking statements. Except to the extent required by law, the Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus.

The forward-looking statements contained in this Prospectus are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. The key risk factors of investing in the Company are set out in Section 5 of this Prospectus.

Privacy statement

By completing and returning an application or acceptance form, you will be providing personal information directly or indirectly to the Company, the Share Registry, the Joint Lead Managers and other brokers involved in the Equity Offer and related bodies corporate, agents, contractors and third-party service providers of the foregoing (Collecting Parties). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder and distribute payments and corporate communications to you as a Shareholder.

By submitting an application form, you authorise the Company to disclose any personal information contained in your application (Personal Information) to the Collecting Parties where necessary for any purpose in connection with the Offer, including processing your acceptance of the Equity Offer and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any public authority.

If you do not provide the information required in respect of your application, the Company may not be able to accept or process your acceptance of the Equity Offer. If the Equity Offer is successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, including bidders for your New Shares in the context of takeovers, public authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 14 of this Prospectus. A fee may be charged for access.

Currency

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. All references to "\$" or "A\$" are references to Australian dollars.

Web site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.covata.com.

The Corporations Act prohibits any person passing onto another person an application or acceptance form unless it is attached to a hard copy of this Prospectus or it accompanies a complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an application or acceptance from a person if it has reason to believe that when that person was given access to the application or acceptance form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Foreign offer restrictions

This Prospectus may not be distributed outside Australia other than as contemplated in Section 11.11. The New Shares may not be offered outside Australia other than in the jurisdictions, and to the persons or entities in those jurisdictions, contemplated in Section 11.11. If you are outside Australia, it is your responsibility to obtain any necessary approvals for the Company to allot and issue New Shares to you pursuant to this Prospectus.

Defined terms

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 13 of this Prospectus.

Time

All references to time in this Prospectus are references to Australian Eastern Daylight Time.

Trademarks

All trademarks are the property of their respective owners and should not be interpreted to mean that any owner or user of a trademark endorses the Prospectus or its content or that a commercial or other relationship between an owner or user of a trademark exists.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay.

Should you have any questions about any of the Offer or how to accept any of the Offer, please call Steven Bliim, the Company Secretary, on +61 (2) 8412 8200.

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CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors of Covata Limited (“**CVT**” or “**the Company**”) I am pleased to present you with this offer. As announced in January 2019, the Company entered into a binding but conditional Share Sale and Transfer Agreement to acquire **dataglobal**, a German Content Services company with an established footprint in Europe.

As companies and organisations become geographically dispersed, are operationally fragmented and require multiple technologies to grow, information can easily be lost, underutilised or become dormant. In these circumstances, the need for enterprise-wide Content Services becomes more apparent. Productivity-led digital transformation of enterprises, together with new data protection regulations (such as GDPR in Europe), have accelerated this demand.

Content Services provide the dynamic layer needed to ensure organisations are able to leverage all available information into valuable business intelligence to maximise enterprise potential. This is the space that dataglobal operates in, with a transformative offering that leverages four complementary pillars:

- Access: Secure and simple access to an enterprise's information;
- Applications: Email and file management across common platforms (e.g. SAP, Microsoft);
- Digitisation: Quick, reliable import, storage and archiving of any document to support business processes; and
- Integration: APIs to integrate data sources from any enterprise application or business process.

This combination ensures that dataglobal empowers business growth and supports governance and risk management by managing an enterprise's most important information.

The Directors of Covata believe that the following combination of factors provide dataglobal with a solid base from which to position itself to become a global player in Content Services:

- An established market footprint with over 450 enterprise and government customers mainly headquartered in the DACH region of Europe, with deployments in over 40 countries;
- A customer list including Europe-based Fortune 500 brands, as well as established businesses in media, consumer, logistics, manufacturing and finance;
- Customer retention demonstrating the stickiness of its revenues;
- A growing revenue base, a high proportion of which are maintenance fees that recur annually;
- An established sales and distribution base in the major countries of Europe;
- Development teams in Germany and Romania; and
- An experienced management team with a long track record in Content Services and in growing technology-focused companies.

There is also opportunity for European sales penetration for the existing Covata SharePoint security product, Eclipse. Currently used by 16 enterprise customers, there is strong synergy with the dataglobal product platform although further development and integration work would be required.

“The Directors of CVT believe that dataglobal has a solid base from which to become a global leader in Content Services, including an established footprint of over 450 enterprise customers deployed in over 40 countries, including global Fortune 500 brands and media, consumer, logistics, manufacturing and finance businesses”

Covata, as the ASX-listed acquirer of dataglobal (subject to satisfaction or waiver of various conditions precedent including receipt of shareholder approval), intends to position the combined entity as a global player in Content Services. The growth plan focuses on committing resources to sales and marketing initiatives in dataglobal's core European market, expanding to high value markets in Asia then later North America, as well as maximising the long-term value of existing customers. The aim is to capture market share of IT spend from organisations allocated to Content Services. Industry research suggests Content Services is growing strongly and estimated to be a market size of US\$9 billion per year.

As the Transaction will result in a material change in the scale of Covata's activities, the purpose of this Prospectus is to assist Covata in re-complying with Chapters 1 and 2 of the ASX Listing Rules and to provide Covata with the required funding to implement its commercial strategy for the dataglobal Content Services business following completion of the Transaction.

Under this Prospectus, the Company is seeking to:

- Raise \$13.7 million by the issue of 45,666,667 New Shares under the Equity Offer;
- Issue 34,666,667 New Shares to the dataglobal Vendors, as part-consideration for the sale and transfer of all of the Vendors' respective equity interests in dataglobal, under the Vendor Offer;
- Issue 6,500,000 Performance Rights and 66,667 New Shares under the Employee and Advisor Offer; and
- Issue 7,392,230 Warrants under the Noteholder Offer.

Further details of each of the respective Offers is set out on the following page of this Prospectus.

Upon completion of the proposed Transaction and re-instatement to trading on the ASX as dataglobal Limited, the Company will have a market capitalisation at the Equity Offer issue price of approximately \$35.86 million.

This Prospectus contains information about dataglobal, the Offers and the Transaction. It also contains information about the potential risks of investing in the Company. I encourage you to read this Prospectus carefully. Potential investors should be aware that investment in the Company is speculative, contains risks, and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

The Covata Directors believe that the Transaction has the potential to create shareholder value. Furthermore, the Directors believe the opportunity is attractive due to the combined entity's industry position in the Content Services market, its value proposition, and the opportunities for growth in global markets.

I, along with the team, am excited by the challenge of growing the dataglobal business as outlined in this Prospectus. I encourage you to read this Prospectus carefully and in its entirety before making your investment decision. I look forward to welcoming you as a shareholder.

Yours faithfully,



William McCluggage
Chairman, Covata Limited
Dated 26 June 2019



“The aim is to capture market share of IT spend to Content Services with industry research showing a growing market size of US\$9 billion per year”

KEY OFFER INFORMATION

Indicative Timetable

Lodgement of Prospectus with ASIC	26 June 2019
Offer Period opens	10 July 2019
Approximate date of the Shareholder Meeting	31 July 2019
Offer Period closes	31 July 2019
Issue of New Shares	7 August 2019
Dispatch of holding statements	8 August 2019
Re-quotation of Shares on ASX	10 August 2019

The above dates are indicative only and may change without notice. The Company, in consultation with the Joint Lead Managers, reserves the right to extend or shorten the Equity Offer period or close the Offers in its absolute discretion and without prior notice by way of a market announcement lodged with ASX. The Company also reserves the right to not to proceed with all or part of the Offers prior to issue of New Shares.

The Offers

The Offers contained in this Prospectus are:

- The Equity Offer (comprising the Institutional Offer, the Broker Offer and the Shareholder Offer) is an invitation to apply for 45,666,667 New Shares (fully paid ordinary shares in the capital of Covata Limited) at an issue price of \$0.30 to raise \$13.7 million (which is both the minimum and maximum subscription and raising amount);
- The Vendor Offer of 34,666,667 New Shares as part-consideration for the acquisition of dataglobal. Only the dataglobal Vendors are eligible to accept the Vendor Offer;
- The Employee and Advisor Offer of 6,500,000 Performance Rights to key management personnel and 66,667 New Shares to an advisor. The Employee and Advisor Offer is only made to and capable of acceptance by persons who receive a personalised application form from the Company (and/or their respective nominee(s)); and
- The Noteholder Offer of 7,392,230 Warrants to existing holders of convertible notes in the Company. The Noteholder Offer is only made to and capable of acceptance by existing noteholders who will receive a personalised application form from the Company (and/or their respective nominee(s)).

The Equity Offer, Vendor Offer, Employee and Advisor Offer and Noteholder Offer are referred to collectively in this Prospectus as the Offers. Details regarding the Offers are set out in Section 10.

The Offers are conditional upon:

- The Company completing the Transaction. Further details of the proposed acquisition by the Company of dataglobal are set out in Section 2.1;
- The Company receiving applications for 45,666,667 New Shares with application monies totalling \$13.7 million under the Equity Offer; and
- ASX giving its conditional approval for the re-admission of the Company to the Official List and quotation of the New Shares issued to successful applicants.

If the conditions above are not met, the Offers will not proceed, no New Shares will be issued pursuant to this Prospectus and application monies will be refunded to applicants in full (without interest) in accordance with the Corporations Act.

KEY STATISTICS OF THE OFFERS

Ordinary Shares	\$13.7 million Capital Raising	
	Number	Ownership % at relisting
Existing Shares	39,146,780	32.74%
Total New Shares offered under Equity Offer (at an issue price of \$0.30 per share, raising \$13.7 million before costs)	45,666,667	38.20%
Total New Shares issued under the Vendor Offer	34,666,667	29.00%
Total New Shares under the Employee and Advisor Offer	66,667	0.06%
Total number of Shares at relisting	119,546,781	100%
Indicative market capitalisation at the Equity Offer price of \$0.30	\$35,864,034	

Shares may not trade at the Equity Offer price upon, or after, reinstatement of the Company's shares to trading on the ASX's Official List. The above table assumes no convertible securities convert to Shares prior to completion of the Transaction. Details of the Company's existing convertible securities are set out in Section 10.9.

In addition, the Company proposes issuing 6,500,000 Performance Rights and 7,392,230 Warrants pursuant to this Prospectus.

1. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for securities offered pursuant to the Offers made under this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further Information
A. Company		
Who is the issuer of this Prospectus?	Covata Limited [ABN 61 120 658 497] (Covata or the Company)	
Who is Covata?	<p>The Covata business was listed via reverse takeover in 2014. The Covata business has principally been focused on data-centric security initially through the development, marketing and sales of its SafeShare secure file sharing product.</p> <p>In 2017, Covata acquired the business of CipherPoint Inc and its core product, Eclipse. Eclipse provides data security (access control, permissions and encryption) and privacy compliance solutions for SharePoint, Office 365 and File Servers. Eclipse allows vast amounts of sensitive information to be secured from unauthorised use.</p> <p>In 2018, Covata identified the need for enterprises to manage content across the multitude of systems they operate. It recognised enterprises are looking to 'Content Services' platforms that can aggregate content across multiple repositories to connect disparate applications, enabling powerful search capability, control sensitive data that sits outside core systems, address security and compliance risks, all while minimising IT sprawl.</p> <p>Covata identified dataglobal as an established Content Services provider and determined that an acquisition of dataglobal by Covata had the potential to be transformational. The Transaction will reposition the Company in Content Services (a growing market segment of the enterprise software market), with a view to providing a secure and predominantly recurring revenue base, an established footprint in Europe from which to expand into other markets and the opportunity for growth.</p> <p>Upon completion of the Transaction, Covata intends to change its name to dataglobal Limited (subject to shareholder approval).</p>	Section 4
B. dataglobal		
Who is dataglobal?	dataglobal GmbH (dataglobal) is a German-based Content Services software provider.	Section 4
What is dataglobal's business?	<p>dataglobal's head office is in Heilbronn, Germany (between Frankfurt and Stuttgart). dataglobal also operates a development team in Hamburg, Germany and cost-efficient development resources in Cluj, Romania, enabling dataglobal to compete with other global players in the Content Services industry.</p> <p>dataglobal software is used by over 450 enterprise and government customers mainly headquartered in the DACH region of Europe, with deployments in over 40 countries worldwide. The enterprise customers include Europe-based Global Fortune 500 companies, as well as large companies operating in financial services, manufacturing, logistics and sensitive industries, such as aerospace.</p>	Section 4

Item	Summary	Further Information
B. dataglobal (cont'd)		
What is dataglobal's business? (cont'd)	<p>dataglobal provides these customers with dataglobal CS, a proprietary Content Services platform, together with a suite of complementary software products.</p> <p>Valuable company data is integrated, linked and prepared through dataglobal CS for improved workflows, digitisation of processes, as well as made available to increase efficiency, productivity and competitiveness. dataglobal CS integrates information from multiple applications (e.g. SAP and SharePoint), email, cloud applications as well as Office 365 and paper document archives.</p>	Section 4
What is the Transaction?	<p>The Company has entered into a binding but conditional Share Sale and Transfer Agreement to acquire dataglobal through the acquisition of all the equity interests of dataglobal from the dataglobal Vendors (being referred to herein as the Transaction).</p> <p>The consideration payable by the Company for the acquisition of all the equity interests of dataglobal from the dataglobal Vendors is an aggregate of €13 million, being comprised of:</p> <ul style="list-style-type: none"> • 34,666,667 fully paid ordinary CVT shares at a deemed issue price of \$0.30; and • A cash component of €6.5 million payable to the dataglobal Vendors (the equivalent of \$10.4m at the exchange rate on, or about, the date of this Prospectus). 	Section 2.1
What are the Company's aims and objectives following the Transaction?	<p>The aims and objectives of the Company following the Transaction will be:</p> <ul style="list-style-type: none"> • Grow shareholder value by executing the strategy as outlined in this Prospectus; • Increase revenue and market share by allocating resources to sales and marketing initiatives in the core European market and for expansion to Asia and later North America markets; • Focus on increasing profit margins and overall profitability; • Maximise the long-term value of existing customers through cross-selling and upselling; • Provide targeted product offerings and great customer service through the establishment of dedicated customer success teams; and • Acquire new customers through improved core product offerings and improvements in the customer experience. <p>To achieve these objectives, the Company intends to invest in additional sales and marketing activities, as outlined in the Use of Funds set out in Section 10.8.</p>	Sections 4 and 10.8
What industry will the Company be operating in following the Transaction?	<p>Following the Transaction, the Company will operate in the Content Services market. The aim is to capture market share of IT spend from organisations allocated to Content Services.</p> <p>Content Services is an evolution of ECM (Enterprise Content Management). Content Services platforms have their own repository and integrate with other repositories to leverage all available information into valuable business intelligence, as well as to support governance and risk management.</p> <p>Common services available from these platforms include document and records management, data capture and indexing, classification, categorisation, workflow management, version control, de-duplication, archiving and actionable analytics.</p>	Section 3

Item	Summary	Further Information
B. dataglobal (cont'd)		
What is the market opportunity for the Company following the Transaction?	As organisations become more complex and geographically dispersed and governments impose additional regulatory overlays to business, the requirement for Content Services is anticipated to increase. Industry research suggests Content Services is growing strongly and estimated to be a market size of approximately US\$9 billion per year.	Section 3
C. Risks		
What are the key risks of an investment in Covata (post-Transaction)?	<p>Any securities offered under this Prospectus are considered highly speculative. An investment in the Company carries risk. Those risks include but are not limited to:</p> <p>Business and Industry Risks. The Company considers the business and industry risks in Section 5.2 as common to most operating technology companies but highlights in particular:</p> <ul style="list-style-type: none"> • the retention of key personnel – the Company relies heavily on the core competencies and expertise of its key employees in management, technical development and sales and marketing. In addition to risks associated with retention of key management, there is a risk associated with turnover in key sales and development staff who have knowledge of the existing technology, business plans and/or customers and customer relationships of the Company; • competition risk - it may be difficult for the Company to maintain a competitive position in the technology market. The markets for information technology, information security, data classification and archiving and Content Services are highly and increasingly competitive across a wide-range of industry segments and geographies with both platform and product offerings from companies being of various sizes on a domestic and global scale. The Company will have no influence on the activities or actions of its competitors, which activities or actions may affect the industries and markets in which the Company operates and therefore, positively or negatively, affect operating and financial performance of the projects and business of the Company; • the failure to retain existing and attract new customers - The Company's business will depend on its ability to retain existing customers and attract new customers either by direct or indirect marketing and/or account management. In addition, growth may depend on customers initiating new or extended existing projects that the Company could seek to service; • the ability to execute on its growth plans – The Company intends to expand into new markets and geographies and such expansion may be subject to various risks including the need to invest significant resources and capital, the ability to secure competent employees and channel partners, achieving cultural acceptance, meeting local business practices and complying with local regulation; 	Section 5

Item	Summary	Further Information
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C. Risks (cont'd)

What are the key risks of an investment in Covata (post-Transaction)? (cont'd)

- product development and platform risk - the Company may not be able to maintain or upgrade its existing technology to meet identified market needs and/or achieve market acceptance. The development and/or enhancement of technology is potentially time-consuming and costly. There is no guarantee the Company will be able to enhance the existing dataglobal technology, or develop new technology, in a timely and/or cost-effective manner, if at all. There can be no guarantee that the Company will achieve a return on its investment in product development. The Company's products are, and will continue to be, reliant on the ability to integrate with third-party software applications.

Section 5

General Investment Risks. The Company considers the general risks in Section 5.3 as common to most operating companies, but highlights in particular:

- change of strategy - the current strategies, approaches and plans of the Company may not reflect the strategies, approaches, plans and products pursued at a later date. Any such changes have the potential to expose the Company to heightened or additional risks;
- future profitability - the Company's ability to operate profitably in the future will depend on its ability to distribute its technology, sell to its current customer base and attract new customers - this will depend on the ultimate demand for its products and solutions by consumers, which cannot be guaranteed. Other factors that will determine the Company's profitability are its ability to manage its costs and, execute its development and growth strategies. Future profits, if any, and the time required to achieve a sustained profitability, are uncertain. Moreover, the level of such profitability cannot be predicted;
- sufficiency of funding - the Company may require further funding in addition to current cash reserves to fund future development activities or the acquisition of new IP or technology. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its development operations;
- share price - the price of shares is subject to the Company's operating results, economic and financial prospects and other factors that will affect the trading price of its shares. The price of shares is also subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions and world market conditions for currencies and other similar factors. Lack of liquidity may also affect the value of the Company's securities.

D. Directors and Key Management Personnel

Who are the directors of the Company?

The Current Directors of the Company are:

Section 8.1

- Mr Edward (Ted) Noel Pretty;
- Mr William (Bill) Albert McCluggage; and
- Mr Steven Richard Bliim.

The profiles of each of these individuals are set out in Section 8.1.

Item	Summary	Further Information
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D. Directors and Key Management Personnel (cont'd)

Who will be the management team of the Company following the Transaction?

Following completion of the Transaction:

Section 8.1

- Mr Wolfgang Munz, the founder of dataglobal, will join the Board of the Company as CEO and Managing Director;
- Mr Edward (Ted) Noel Pretty will transition from Managing Director to Executive Chairman;
- Mr Steven Richard Bliim will remain an Executive Director and CFO; and
- Mr William (Bill) Albert McCluggage will remain as Non-Executive Director.

The profiles for the Board of Directors are set out in Section 8.1.

What will the interests of Directors and key management be in the Company following completion of the Offer?

The direct and indirect equity interests of the existing and proposed Directors of the Company are set out in the tables below:

Section 8.3

Directors	
Person	Shares (% following the Offers)
Edward (Ted) Noel Pretty	1,844,687 (1.54%)
William (Bill) Albert McCluggage	66,707 (0.06%)
Steven Richard Bliim	387,512 (0.32%)
Wolfgang Munz (to be appointed upon and subject to completion of the Transaction)	34,666,667 (29.00%)

Note: Assumes no convertible securities are converted to shares before completion of the Transaction. Each of the Directors and the proposed Director have (or may, on completion of the Transaction, have) interests in convertible securities (including the Performance Rights proposed to be issued under the Employee and Advisor Offer) which are described in Section 8.3.

E. Key Financial Information

What is the key financial information?

The unaudited pro-forma statement of financial position of the combined entity upon completion of the Transaction, as at 31 December 2018 is set out in Section 6 and has been reviewed by Nexia Sydney Corporate Advisory Pty Ltd as part of the Investigating Accountant's Report on Pro Forma Financial Information, presented in Section 7.

Sections 6 and 7

Other details of the financial information are included in Section 6.

How has dataglobal historically performed?

dataglobal's business has been profitable for each of FY17, FY18 and for the 9M to 31 December 2018. Accounts for these periods have been adjusted for IFRS and audited, and form part of the consolidated accounts for the Company in Section 6.

Section 6

Item	Summary	Further Information
E. Key Financial Information (cont'd)		
What is the financial outlook for the Company following completion of the Offer?	<p>The financial outlook of the Company and dataglobal is inherently uncertain. Following completion of the Transaction, the Company's financial performance is dependent on the Company's ability to execute its plans as described in this Prospectus.</p> <p>The Directors have provided an indication of how they will deploy proceeds received under the Equity Offer in the Use of Funds set out in Section 10.8.</p>	Sections 6 and 10.8
What is the Company's dividend policy?	Following completion of the Transaction, the Company does not, for the foreseeable future, expect to pay a dividend. The Board of the Company will review the dividend policy on a regular basis. Any future payment of dividends will be at the discretion of the Board.	Section 6.9
F. Key Offer Information		
What is the Equity Offer?	An offer of 45,666,667 New Shares at an issue price of \$0.30 to raise \$13.7 million.	Section 10.1
How will the Equity Offer be structured?	<p>The Equity Offer comprises:</p> <ul style="list-style-type: none"> • A Shareholder Offer to existing shareholders of the Company (who are shareholders of the Company at the date of this Prospectus and who are resident in Australia or are otherwise capable of accepting the Shareholder Offer). • An Institutional Offer, which consists of an invitation to certain institutional investors in Australia and certain jurisdictions to apply for New Shares. • A Broker Offer, which is open to Australian resident investors who have received a firm allocation from their broker. <p>The allocation of New Shares under the Equity Offer will be determined by agreement between the Company and the Joint Lead Managers having regard to the allocation policies described in Section 10.6.</p>	Section 10.1
What are the minimum and maximum raising levels of the Equity Offer?	The raising amount is \$13.7 million, which is both the minimum and maximum subscription. No New Shares will be issued pursuant to the Equity Offer unless this amount is reached. Should the raising amount not be reached, all application monies will be dealt with in accordance with the Corporations Act. Where the Company receives subscriptions in excess of the raising amount it will scale back applications.	Section 10.10
What is the Vendor Offer?	<p>An offer of 34,666,667 New Shares. The Vendor Offer is only made to, and capable of acceptance by, the dataglobal Vendors.</p> <p>The issue of New Shares to the dataglobal Vendors under the Vendor Offer represents part-consideration for the acquisition by the Company of all the equity interests of dataglobal.</p>	Section 10.2
What is the Employee and Advisor Offer?	An offer of 6,500,000 Performance Rights to key management personnel of the Company and 66,667 New Shares to an advisor. The Employee and Advisor Offer is only made to and capable of acceptance by persons identified in this Prospectus who will receive a personalised application form attached to or accompanying a copy of this Prospectus from the Company (and/or their respective nominee(s)).	Section 10.3
What is the Noteholder Offer?	An offer of 7,392,230 Warrants to Noteholders. Further details of the Notes are set out in Section 2.5. Full terms of the Warrants are set out in Sections 12.3.	Sections 10.4, 10.9 and 12.3

Item	Summary	Further Information
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F. Key Offer Information (cont'd)

Are the Offers conditional?

Yes, the Offers will only proceed if:

- The Transaction completes.
- The Equity Offer raises the full amount of \$13.7 million; and
- ASX gives its conditional approval for re-admission of the Company to the Official List and the quotation of the New Shares issued to successful applicants.

Further details of the conditions of the Offers are set out in Section 10.5.

If the conditions of the Offers are not fulfilled, applicants will be refunded their application monies in full without interest in accordance with the Corporations Act.

Section 10.5

How will the proceeds of the Equity Offer be used?

The Company will source and use proceeds of the Equity Offer, together with additional cash available, as follows:

Section 10.8

Source of Funds

Disposal of SafeShare	3,000,000 ¹
dataglobal opening working capital	1,280,000 ²
Funds raised under the Offer	13,700,000
Total	17,980,000

Use of Funds

Cash consideration to dataglobal Vendors	10,400,000 ²
Growth funding (comprising the next three points)	3,385,000
<i>Marketing and market entry</i>	1,130,000
<i>Sales and account management resources teams</i>	1,604,000
<i>Support and Customer Success teams</i>	651,000
Working capital (comprising the next three points)	2,318,280
<i>Administration costs</i>	1,594,000
<i>Platform and integration costs</i>	574,280
<i>Cocoon contribution</i>	150,000
Costs of the Offers	1,876,720
Total	17,980,000

1 As noted in Section 2.6 the sale of Cocoon Data (which holds the Safe Share IP) forms a condition to the Transaction. Accordingly, proceeds of that sale are assumed as received and included in the Company's use of funds. The sale of Cocoon Data is proposed to proceed on terms which include the deferral of part of the consideration (\$1 million) which is to form a loan to Cybr5 payable to the Company within 90 days of completion of the sale of Cocoon Data- those funds also form part of the source of funds above. The Company refers investors to the divestment risk set out in Section 5.2.15.

2 The amount is to be paid to the dataglobal Vendors in Euro, with the figure above based on an exchange rate of €1 = AUD\$1.60. As the Use of Funds figure is not hedged, any shortfall caused by exchange rate fluctuation will be drawn from working capital, and any excess realised will be allocated to working capital. Further the amount of working capital to be retained in the dataglobal business at completion of the Transaction is €800,000 and is included in the source of funds based on an exchange rate of €1 = AUD\$1.60.

For further information, please refer to Section 10.8.

Item	Summary	Further Information												
F. Key Offer Information (cont'd)														
<p>What will the Company's capital structure look like post completion of the Offers?</p>	<p>Immediately following completion of the Offers, the capital structure of the Company will be as set out below:</p> <table border="1" data-bbox="411 383 1203 835"> <thead> <tr> <th></th> <th data-bbox="810 383 1203 439">Number and %</th> </tr> </thead> <tbody> <tr> <td data-bbox="411 439 810 524">Existing Shares</td> <td data-bbox="810 439 1203 524">39,146,780 (32.74%)</td> </tr> <tr> <td data-bbox="411 524 810 609">New Shares under the Equity Offer</td> <td data-bbox="810 524 1203 609">45,666,667 (38.20%)</td> </tr> <tr> <td data-bbox="411 609 810 694">New Shares under the Vendor Offer</td> <td data-bbox="810 609 1203 694">34,666,667 (29.00%)</td> </tr> <tr> <td data-bbox="411 694 810 779">New Shares under the Employee and Advisor Offer</td> <td data-bbox="810 694 1203 779">66,667 (0.06%)</td> </tr> <tr> <td data-bbox="411 779 810 835">Total Shares</td> <td data-bbox="810 779 1203 835">119,546,781</td> </tr> </tbody> </table> <p><i>The table above assumes no convertible securities on issue convert prior to completion of the Transaction. Details of the existing, and proposed convertible securities of the Company are set out in Section 10.9.</i></p>		Number and %	Existing Shares	39,146,780 (32.74%)	New Shares under the Equity Offer	45,666,667 (38.20%)	New Shares under the Vendor Offer	34,666,667 (29.00%)	New Shares under the Employee and Advisor Offer	66,667 (0.06%)	Total Shares	119,546,781	Section 10.9
	Number and %													
Existing Shares	39,146,780 (32.74%)													
New Shares under the Equity Offer	45,666,667 (38.20%)													
New Shares under the Vendor Offer	34,666,667 (29.00%)													
New Shares under the Employee and Advisor Offer	66,667 (0.06%)													
Total Shares	119,546,781													
<p>Will I be guaranteed a minimum allocation under the Equity Offer?</p>	<p>There is no guarantee that applicants will be allocated New Shares they apply for under the Equity Offer in part or in full. The basis of allocation of New Shares under the Equity Offer will be determined by the Company and the Joint Lead Managers.</p>	Section 10.6												
<p>Is the Equity Offer underwritten?</p>	<p>The Equity Offer is not underwritten.</p>	Section 11.7												
<p>What are the terms of the Shares under the Offers?</p>	<p>New Shares issued under the Offers will rank equally with the existing ordinary shares of the Company. A summary of the material rights and liabilities attaching to the shares offered under the Offers is set out in Section 12.6.</p> <p>A summary of the terms of the Warrants and Performance Rights offered under this Prospectus is set out in Sections 12.3 and 12.4 respectively.</p>	Sections 12.3, 12.4 and 12.6												
<p>Will any New Shares be subject to escrow?</p>	<p>New Shares offered under the Equity Offer to investors pursuant to the Prospectus will not be subject to any escrow requirement by the ASX.</p>	Section 11.5												
<p>Will any of the dataglobal Vendors' New Shares be subject to escrow?</p>	<p>The dataglobal Vendors have agreed to the voluntary escrow of the New Shares for 18 months from issue of the New Shares.</p> <p>The Company does not anticipate that ASX will impose any period of mandatory escrow on the New Shares.</p>	Section 11.5												
<p>Will any securities issued under the Employee and Advisor Offer be subject to escrow?</p>	<p>Some or all of the New Shares and Performance Rights issued under the Employee and Advisor Offer may be subject to mandatory escrow and will be determined by ASX.</p>	Section 11.5												

Item	Summary	Further Information
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F. Key Offer Information (cont'd)

Will any securities issued under the Noteholder Offer be subject to escrow?	The Company does not anticipate that Warrants issued under the Noteholder Offer will be subject to mandatory ASX escrow, however this will depend on the outcome of its escrow submission to ASX.	Section 11.5
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When will the New Shares be quoted?	Application for quotation of all New Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus.	
	Applicants should be aware that ASX will not commence Official Quotation of any New Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. As such, the New Shares offered under the Offers may not be able to be traded for some time after the close of the Offers.	
	The Performance Rights and Warrants will not be quoted securities.	

What are the key dates of the Offers?	The key dates of the Offers are set out in the indicative timetable in the Key Offer Information on page 6.	
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G. Additional Information

Is there any brokerage, commission or stamp duty payable by applicants under the Offer?	No brokerage, commission or stamp duty is payable by applicants on acquisition of New Shares under the Equity Offer.	Section 11.8
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What are the tax implications of investing in New Shares?	Shareholders may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of New Shares subscribed for under this Prospectus. Applicants under this Prospectus should seek their own tax advice before applying for securities issued under this Prospectus.	Section 11.1
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Where can I find more information?	<p>Additional information can be obtained through the following methods:</p> <ul style="list-style-type: none"> • speaking to your broker, solicitor, accountant or other independent professional adviser; • reviewing Covata's public announcements which are accessed from the ASX website at www.asx.com.au under the code "CVT"; • by contacting Steven Bliim, the Company's Secretary, on +61 (2) 8412 8200; or • by contacting the Share Registry on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia). 	Section 11
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2. TRANSACTION OVERVIEW

2.1 The Transaction

dataglobal has historically operated two unrelated businesses, a Content Services software business and a Managed Infrastructure Services business.

On 30 January 2019, the Company announced that it had entered into a binding but conditional Share Sale and Transfer Agreement to acquire dataglobal, an entity domiciled in Germany, through the acquisition of all the equity interests of dataglobal from the dataglobal Vendors. The Share Sale and Transfer Agreement was subsequently varied on 24 June 2019 and the Company made an announcement in respect of the amendments on that date.

References throughout this Prospectus to the business of dataglobal and the industry in which it operates is to its Content Services software business only unless otherwise stated.

Further details regarding the industry dataglobal operates in, and information regarding the Company itself, are set out in Sections 3 and 4 of this Prospectus respectively.

The consideration payable by the Company for the acquisition of all the equity interests of dataglobal from the dataglobal Vendors will be aggregate consideration of €13 million, comprising:

- (a) 34,666,667 fully paid ordinary CVT shares (being the New Shares the subject of the Vendor Offer). All these New Shares will be voluntarily escrowed for 18 months from issue; and
- (b) A cash component of €6.5 million (the equivalent of \$10.4 million at the exchange rate on, or about, the date of this Prospectus).

The Transaction is subject to conditions precedent which are set out below:

- The Company obtaining all necessary shareholder approvals for the Transaction. Required shareholder approvals are as described in Section 2.2 and are sought at the Shareholder Meeting;
- The Company obtaining all required regulatory approvals, including under the ASX Listing Rules and the Corporations Act. These regulatory approvals include, but are not limited to, ASX confirming the Company has successfully re-complied with Chapters 1 and 2 of the ASX Listing Rules subject to satisfaction of usual conditions (including completion of the acquisition by the Company of dataglobal);

- The Company receiving application monies for 45,666,667 New Shares (\$13.7 million) under the Equity Offer;
- There having been no material adverse event (as defined in the Share Sale and Transfer Agreement) between the date of execution of the Share Sale and Transfer Agreement and completion of the Transaction;
- The Company completing the sale of Cocoon Data on certain agreed terms. Refer to Section 2.6 of this Prospectus for further details of the sale of Cocoon Data;
- The dataglobal Vendors providing evidence to the reasonable satisfaction of the Company that dataglobal is debt-free and has a minimum working capital of €800,000 (the equivalent of \$1,280,000 at the exchange rate on, or about, the date of this Prospectus) at completion of the Transaction; and
- That dataglobal divests itself of the Managed Infrastructure Services business so the Company only acquires the Content Services software business (refer Section 4.2). In connection with that divestment, the Company and the acquirer of the Managed Infrastructure Services business will enter into sublease and service arrangements, on terms acceptable to the parties, which provide for the division and allocation of certain fixed costs of dataglobal to the acquirer of the Managed Infrastructure Services business.

The terms of the Share Sale and Transfer Agreement are summarised in Section 12.10(a) of this Prospectus.

2.2 Shareholder approvals

The Company will be dispatching a notice to convene the Shareholder Meeting for the purposes of seeking approval from its shareholders to implement the Transaction. The Shareholder Meeting is anticipated to occur on, or about, 31 July 2019.

It is a condition of completion of the Transaction (and therefore completion of the Offers under this Prospectus) that each of the following resolutions are approved by shareholders at the Shareholder Meeting:

- The consolidation of the existing issued share capital of the Company on a 20 for 1 basis;
- The change in the nature and scale of the activities of the Company resulting from completion of the Transaction;

- The issue of 34,666,667 New Shares and the payment of €6.5 million (the equivalent of \$10.4m at the exchange rate on, or about, the date of this Prospectus) to the dataglobal Vendors as consideration for the acquisition of their equity interests in dataglobal;
- The acquisition of a relevant interest in more than 20% of the voting shares of the Company by the dataglobal Vendors upon completion of the Transaction;
- The acquisition of a relevant interest in more than 20% of the voting shares of the Company by the Company resulting from the voluntary escrow applied to certain existing shares and the voluntary escrow of the New Shares issued to the dataglobal Vendors under the Vendor Offer;
- The appointment of Wolfgang Munz as Director, with effect on and from completion of the Transaction (refer to Section 8.1 for a biography of Wolfgang Munz);
- Approval for the issue of the Warrants the subject of the Noteholder Offer to Noteholders. The terms of the Warrants are set out in Section 12.3; and
- The issue of 45,666,667 fully paid ordinary Covata shares under the Equity Offer.

The Company will also seek shareholder approval for the following resolutions. The Transaction may still proceed even if shareholders do not approve the below resolutions:

- The Company changing its name to “dataglobal Limited”;
- Approval for the issue of the New Shares under the Employee and Advisor Offer;
- Approval for the increase of the non-executive director remuneration pool by \$80,000, from \$400,000 to \$480,000;
- Ratification of the prior issue of Notes and free-attaching warrants. An Appendix 3B for this issue was released to ASX on 25 February 2019;
- Approval or ratification of the issue of the additional 1,388,889 Notes as referred to in Section 2.5;
- Approval for adoption of various equity incentive schemes, which are summarised in Section 12.5; and
- Approval for the issue of the Performance Rights the subject of the Employee and Advisor Offer to key management personnel. The terms of the Performance Rights are summarised in Section 12.4.

2.3 Re-admission to ASX

The acquisition by the Company of dataglobal will substantially change the scale of the activities of the Company. Accordingly, the change in the scale of the activities of the Company will require:

- The approval of shareholders of the Company; and
- The Company to re-comply with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

The shares of the Company have been suspended from trading since 30 January 2019. In accordance with ASX guidelines, the shares of the Company will remain suspended from trading until such time as the Company re-complies with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

Key requirements of the ASX Listing Rules which are applicable to the re-admission of the Company are:

- The Company must satisfy the shareholder spread requirements relating to the minimum number of shareholders and the minimum value of the shareholdings of those shareholders; and
- The Company must satisfy the “assets test” set out in ASX Listing Rule 1.3.

The above do not, and are not proposed to, constitute a full list of the requirements under the ASX Listing Rules that the Company may be required to satisfy.

It is expected that completion of the Transaction and the Equity Offer will enable the Company to satisfy the requirements for re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Applicants should be aware that ASX will not reinstate existing Shares or admit New Shares to Official Quotation until the Company re-complies with Chapters 1 and 2 of the ASX Listing Rules. In the event the Company does not receive conditional approval for the re-instatement of the Company's shares to Official Quotation, the Transaction will not proceed and the Company will not proceed with the Offers. In these circumstances, the Company will repay application monies received in connection with the Equity Offer without interest.

2.4 Change of name

It is proposed the Company will change its name to dataglobal Limited following the successful completion of the Transaction with the ASX ticker symbol to become DTG.

2.5 Convertible Notes

On 18 February 2019, the Company announced that it had received commitments from sophisticated investors to subscribe for 3,888,889 Notes (on a post-consolidation basis) with an aggregate face value of \$1.4 million. The issue of the Notes was completed on 25 February 2019.

On 26 June 2019, the Company announced that it was in the process of finalising variation arrangements with the holders of the existing Notes (and new subscribing parties) to vary the Notes and allow associated persons to subscribe for same, pursuant to which:

- The new subscribing parties will agree to subscribe for an additional 1,388,889 Notes with a face value of \$500,000. These additional Notes are expected to be issued shortly following lodgement of the Prospectus;
- The Noteholders will agree to facilitate the sale of Cocoon Data (refer Section 2.6) by extinguishing their existing Notes and any obligation owing by Covata under those Notes in exchange for an issue of new notes in Cybr5. The assumption of the obligation under these new notes by Cybr5 will form part of the consideration for the sale of Cocoon Data (refer Section 2.6 for more details); and
- The Company will agree to issue the Noteholders the Warrants in consideration of their agreement to vary the terms of the Notes. The details of the terms of the Warrants (including the expiry dates and exercise prices) are set out in Section 12.3.

The Company's business plan is predicated on obligations under the Notes having been extinguished through the assumption of liabilities thereunder by Cybr5 and the pro-forma financial information in this Prospectus is presented on that basis.

The agreement referred to above is expected to be concluded shortly following the lodgement of this Prospectus.

2.6 Sale of Cocoon Data

On 30 January 2019, the Company announced that it had entered into an option agreement for the potential sale of its wholly owned subsidiary, Cocoon Data Holdings Pty Ltd, for a purchase price of \$5 million.

The sale of Cocoon Data was approved by the Company's shareholders on 10 May 2019. The Company is in the process of finalising an agreement with the Noteholders (refer Section 2.5), Cybr5 and its sole director, pursuant to which the purchase price is to be paid and satisfied in the following manner:

- (a) \$2 million in cash;
- (b) \$2 million through the extinguishment of the Company's redemption liabilities under the Notes, being \$2 million; and
- (c) a \$1 million loan which is due to the Company within 90 days of completion of the Cocoon Data sale.

The loan is to be provided on terms which are commensurate for an unsecured loan obtained from Australian major lenders and is to be repaid in priority to the payment of any other debts of Cybr5 (other than day to day operating expenses). The agreement will also provide that Cocoon Data will have working capital of \$150,000 at completion to fund its short-term anticipated operational costs.

The sale terms included the grant to the Company of a royalty-free licence of the intellectual property of Cocoon Data for use by the Company in its ongoing business (including the Content Services industry) other than in connection with development of a stand-alone product not connected to the Company's core product range.

The sale of Cocoon Data forms a condition to the completion of the acquisition of dataglobal. Accordingly, the Company's business plan is predicated on the sale of Cocoon Data completing prior to completion of the Transaction, and the use of funds and pro forma financial information in this Prospectus is presented on that basis.

Proceeds from the sale of Cocoon Data will be applied to the Company's merged business and are included in the sources and use of funds table set out in Section 10.8.

3. INDUSTRY OVERVIEW

3.1 Snapshot

Experience supported by industry research has shown that enterprises are becoming overwhelmed with content. This content comprises structured, unstructured and semi-structured data that has been growing exponentially:

- The increase of emails, messaging, images, recordings, documents and spreadsheets has meant the average organisation has experienced 50% year-on-year growth in the volume of its data;
- The rise of IoT ('Internet of Things'), blogs, videos, social media, data from call centres, and all forms of M2M ('machine to machine') communications is producing massive amounts of additional fragmented unstructured or semi-structured data that organisations need to manage; and
- The growth in the use of cloud-based processing platforms and applications has added to the complexity, creating new challenges in data management. As organisations struggle to manage, control or limit access from employees, customers and partners they remain responsible for the security and compliance of that data.

The growth of unstructured or semi-structured data and cloud adoption has significant implications for the way organisations capture, store, analyse, distribute and archive data. This is leading to the digital transformation of the workplace.

Enterprises generally utilise a number of systems to address this increasing volume and complexity. Email, File Storage, Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) are some of the many technology systems a growing organisation may use to manage its operations. The evolving regulatory environment (e.g. GDPR data protection and privacy laws in Europe) adds further complexity to managing data and information. In government use cases and in sensitive industries such as aerospace data may be

required to be stored for increasingly longer periods and in some cases for decades, and those organisations expect this data to be able to be retrievable, irrespective of whether the underlying application is available to them.

The Company's view is that instead of wholesale replacements of systems the practice of managing content will be enabled as a set of services that coordinate content usage by all users, systems and applications. One approach, utilised by several organisations in the industry, focuses on the concept of federated data or content; taking content from one content repository and making it available, along with content from another repository. Whilst this approach has some advantages, a newer approach known as Content Services utilises dynamic service layers that easily integrate to existing IT systems to provide business users with complete, centralised views of the information that each user requires to work effectively, no matter where their content resides.

To manage this content across the various systems, enterprises are looking to 'Content Services' platforms that can aggregate content across multiple repositories to connect disparate applications, enabling powerful search capability. Content Services platforms also allow organisations to control sensitive data that sits outside core systems, addressing security and compliance risks while minimising IT sprawl. Content Services platforms provide organisations with complete, centralised views of the content required to work efficiently and effectively.

This Section describes the industry and operating environment for the Content Services market. Section 4 describes dataglobal's Content Services platform, dataglobal CS, which has the capacity to provide the dynamic layer unlocking productivity benefits through improved digitisation, processes and workflow. This assists organisations to leverage available information into business intelligence to improve enterprise potential.

Figure 1: Overview of dataglobal in its operating environment



3.2 Operating Environment: Industry Evolution to Content Services

As offices became digitised and computers commonplace, Document Management Software (DMS) gained traction as a solution for the search and retrieval of files. Over time, solutions became more complex and corporate demands pushed the boundaries of what was required to manage the operations of an enterprise successfully.

As such, enterprises want to manage the full lifecycle of content from creation to archival across the enterprise. To achieve this, workflow tools were added to route content on-demand. This gave birth to Enterprise Content Management (ECM). ECMs were generally built as large, monolithic, centralised platforms to manage an entire enterprise's information. As investment into these systems is often significant, they came with the promise to realise:

- Improved business knowledge sharing
- Cost and process efficiencies
- Regulatory compliance and risk management

However, a single platform was typically unable to satisfy these aims. A centralised platform often requires complex integration with existing IT systems to deliver information for easy knowledge sharing. With that, the implementation of a centralised platform was also costly and time consuming. As considerable capital investment is allocated to IT systems across an enterprise there is also a reticence to replace entire working systems with new ECMs that may offer limited additional benefit to the existing solutions.

Instead of wholesale replacements in systems, industry consultants have noted that the practice of managing content will be enabled as a set of services that coordinate content usage by all users, systems and applications. 'Content Services', as employed by dataglobal, create dynamic layers that easily integrate to existing IT systems to provide business users with complete, centralised views of the information required to work most effectively, no matter where their content resides.

Table 1: Evolution of the market to Content Services

Document management systems (DMS)	DMS concentrate on extensions to basic file management capabilities provided by their operating system's - storage, indexing and retrieval of documents - for easy organisation.
Enterprise Content Management (ECM)	ECM is generally a centralised enterprise system used to capture, manage, store, preserve, and deliver information and documents related to organisational processes.
Content Services	Content Services enable the management of an organisation's data, wherever it exists, to deliver enterprise-wide content lifecycle management and risk-managed information access.

Content Services platforms deliver a variety of content-enabled services, microservices, tools and repositories that allow organisations to design the best Content Services platform for their needs. Common services available from these platforms include document and records management, data capture and indexing, classification, categorisation, workflow management, version control, de-duplication, archiving and actionable analytics.

The Company's analysis shows business content typically originates inside the enterprise, but there is also a growing need to work with customers, partners, regulators, and citizens that are outside the enterprise. The management of this content is critical, and dataglobal is an enabler for key industries (in the Company's view) that are now focused on effective and secure management and control of data including:

- **Industrial** – aerospace, automotive, food production and manufacturing companies, increasingly driven by requirements for long term data archiving and retrieval for business and regulatory reasons;
- **Financial services** – driven by increasing regulation and risk management; and
- **Logistics** – driven by the need for data availability, integrity and global cross-market regulation.

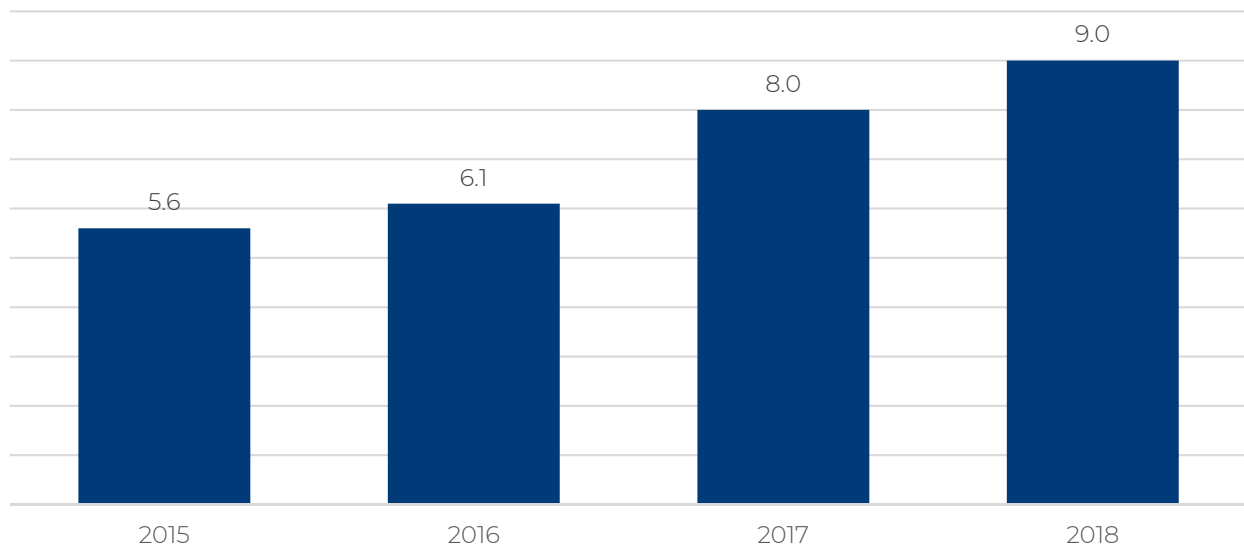
dataglobal has key customers in each of these industries that rely on its platform and products to meet their respective needs. A summary of dataglobal clients is provided in Section 4.4.

3.3 Content Services Market Statistics

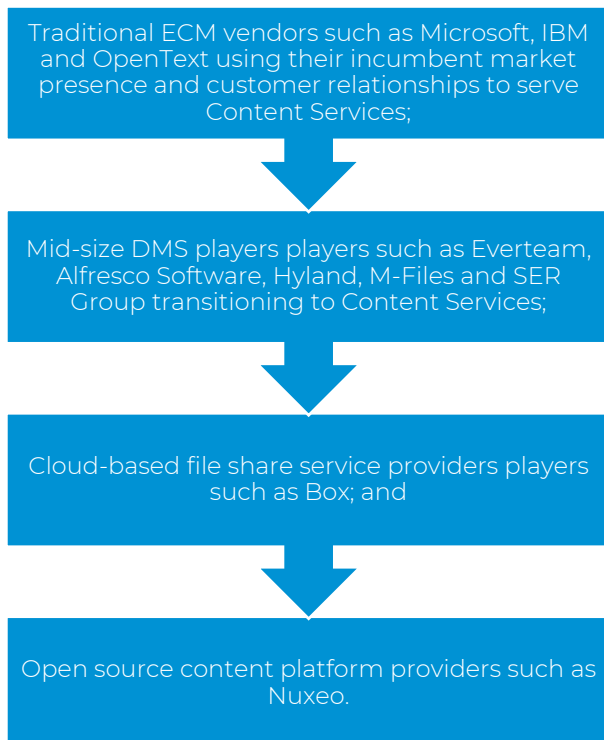
As organisations become more complex and geographically dispersed and governments impose additional regulatory overlays to business, the requirement for Content Services is anticipated to increase. Industry research shows that from the IT spend allocated to Content Services, the market size is estimated to have increased from US\$5.6

billion per year in 2015 to US\$9 billion per year in 2018, which would indicate a compound annual growth rate of 17%. Estimated growth since 2015 is illustrated in Figure 2 below.

Figure 2: Content Services Worldwide Market Size (US\$ billion)



In the Company's view there are a number of vendors that compete in the emerging Content Services market. They include:



As data volumes increase, so do the number of systems to manage content. In the Company's investigation the average organisation uses multiple content management systems. Even so, much business-critical content still remains outside of content management systems, presenting a significant gap in the market that dataglobal is positioned to address and effectively compete in globally.

dataglobal has a presence in major enterprises. It offers a set of Content Services (such as integrating to the applications that these companies rely upon (e.g. SAP) to improve data discovery, search, indexing, classification, data management and archiving). It sees the opportunity to pursue growth by extending the Content Services offering further through dataglobal CS. dataglobal has a record of successfully engaging with enterprise customers and has a growth strategy to capitalise on this positioning as outlined in Section 4.9.

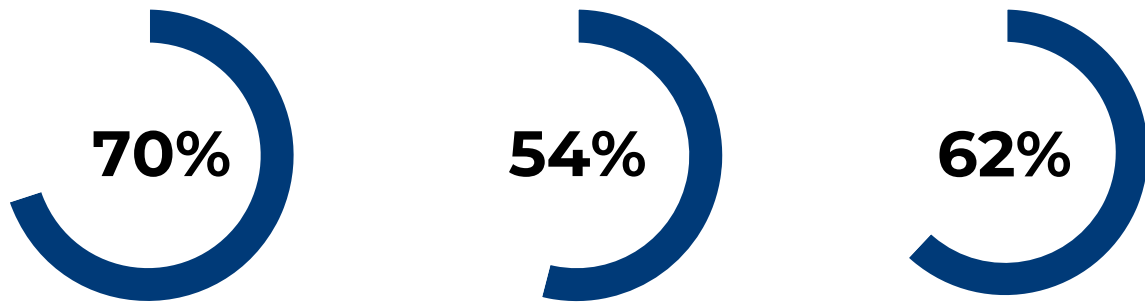
3.4 Key Demand Drivers for Content Services

As Content Services do not require major on-premises deployments on the same scale as ECM, the uptake of Content Services is anticipated to increase as a solution suitable for both large enterprises and SMEs. The Company believes that at organisations with mature technology implementations or at small companies with limited headcount, an enormous amount of business-critical content hides in information silos such as applications, email inboxes, network drives and consumer-grade file-sharing tools. As a result,

employees waste time looking in multiple systems in an attempt to see the whole picture. It is factors such as these that point to an uptick in demand for Content Services.

Figure 3 and Table 2 below outlines key data based on an information industry association polling of industry participants. The data provides an indication of the potential demand for Content Services generally.

Figure 3: Demand for Content Services



70% of organisations polled see a need to get rid of the monolithic ECM and have a desire to consume content capabilities as needed

Industry analysis indicates that 54% of unstructured content is saved somewhere else than in their content management system, and is not accessible through it

From the organisations polled up to 62% believe some of their information streams are 'chaotic' or 'somewhat unmanaged'

There are also a number of additional operational factors that point to increased demand for Content Services:

Table 2: Industry data indicating increased demand for Content Services

Driver	Statistic
Improved data quality required	\$3.1 trillion is the annual cost of poor-quality data in the US
Productivity loss	4.3% of gross domestic product (GDP) is lost in the US on productivity as users search for existing content 3.6% of GDP is spent on re-creating content users can't find
Productivity gain potential	ECM and Content Services are delivering up to \$7.50 for every dollar spent
Simplification needed	42% of organisations polled want to consolidate or connect multiple repositories
Security needed	38% of organisations polled have experienced one or more information security breaches within the past year 44% believe their sensitive data is exposed by the use of personal file sharing apps for sharing company information

New technologies and enterprise transformation drive the generation and consumption of huge amounts of data that needs management. Content

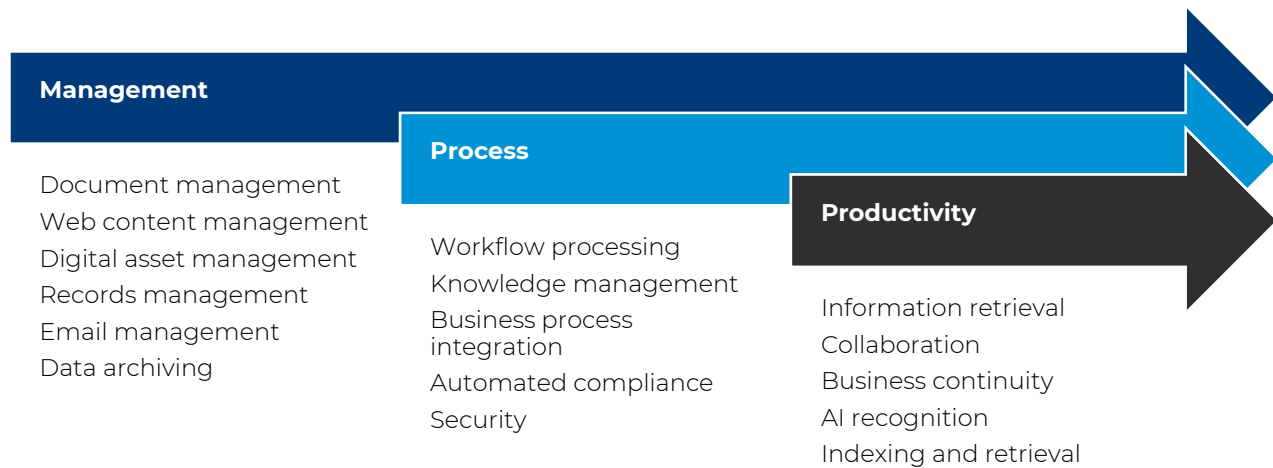
Services can begin to address the issues caused by this transformation.

3.5 Content Services utilised by Customers

Major systems as such as CRMs and ERPs are designed for targeted tasks and have traditionally functioned as standalone silos. Content Services is designed to improve access to this data for use by an organisation. When a customer engages a

Content Services platform such as dataglobal CS, the Company believes it typically does so in the three main areas of Management, Processes and Productivity.

Figure 4: Content Services used by industry participants



Managing content from other systems allows the enterprise to perform more efficiently.

By improving data management, processing and productivity, an enterprise can unlock benefits previously hidden in an organisation.

3.6 Benefits from Implementing Content Services

As Content Services platforms continue to evolve and mature, organisations will be able to leverage content further.

Content Services has a number of benefits that enterprise and SME customers can realise:

Table 3: Overview of Content Services benefits

Benefit	Description
Productivity	Enabling access to the right information in an organisation can cut the time it takes to get work done, freeing employees to focus on more important activities.
Scalability	The amount of information that has to be collected, maintained, evaluated and managed grows at a massive rate. This multiplies by locations and number of users. Content Services can scale as an enterprise scales.
Efficiency	The vast variety of information resources, information duplication, and uncontrolled versioning makes efficient information discovery extremely complex. Content Services simplifies information management.
Privacy	Privacy may have different meanings due to factors such as context, prevailing social standards, and geographic locations. Content Services automates privacy controls by user and location.
Accurate, fast search	Content Services automatically adds metadata that enables the creation, classification, access, preservation and disposal of digital records ensuring integrity for effective search and retrieval when needed.

Benefit	Description
Risk management and compliance	Content Services ensures complete secure information management, from creation through to archiving, and enables companies to implement controls over the way content is captured, classified, managed and stored, for what duration, and on which device.
Collaboration	Users demand document sharing capabilities within a user-friendly environment and Content Services can standardise this across an organisation.

Content Services platforms such as dataglobal CS are designed to enable its enterprise customers to realise benefits such as:

- Shorter deployment cycles and less expensive customisations;
- More secure platforms and applications; and
- Less investment and overhead for the enterprises.

There is an identifiable demand for Content Services platforms which is likely to persist as organisations continue to seek these benefits.

4. COMPANY OVERVIEW

4.1 Overview of Covata and dataglobal

Since its listing via a reverse takeover in 2014, Covata has been focused on data-centric security. In 2017 Covata acquired the business of CipherPoint Inc and its core product, Eclipse. Eclipse provides data security (access control, permissions and encryption) and privacy compliance solutions for SharePoint, Office 365 and File Servers. Eclipse allows vast amounts of sensitive information to be secured from unauthorised use. To manage this content across the various systems, enterprises are looking to 'Content Services' platforms that can aggregate content across multiple repositories to connect disparate applications, enabling powerful search capability, control sensitive data that sits outside core systems and address security and compliance risks, all while minimising IT sprawl.

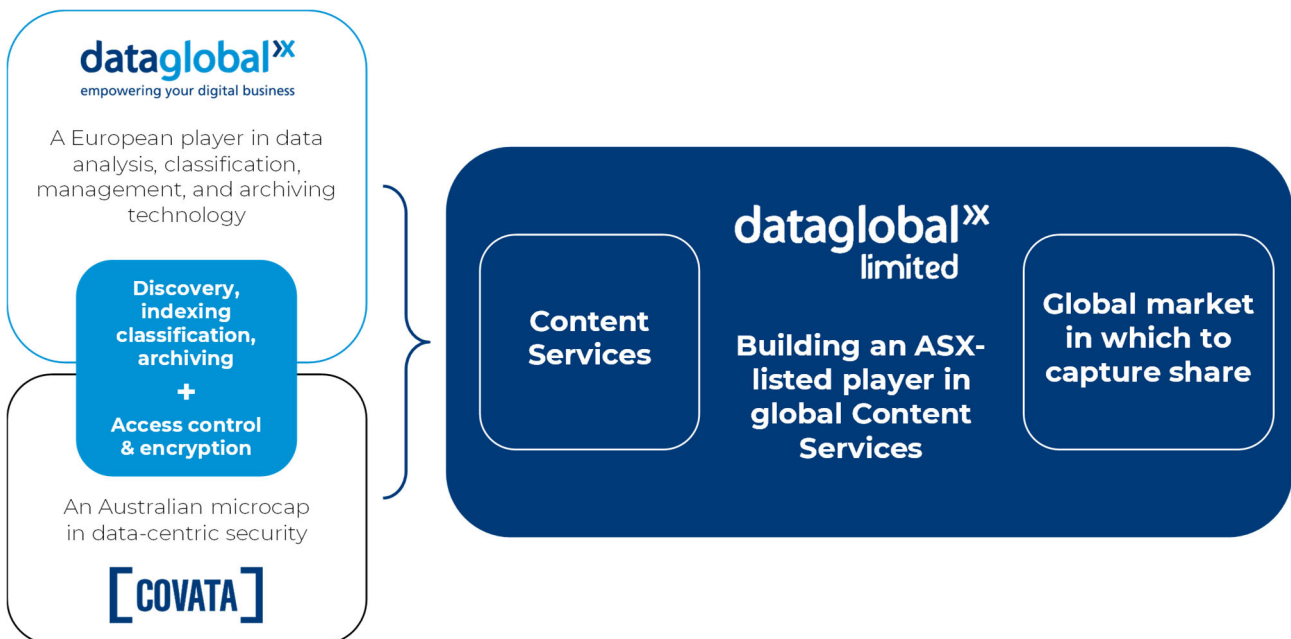
Covata identified dataglobal as an emerging player in content management and archiving services. The two companies then entered into a strategic alliance in March 2018. Covata acquired the right to utilise dataglobal's data classification and analysis

tools as well as the right to distribute dataglobal's products. Working closely together over the following months highlighted the potential benefits of a joint strategy to grow into a meaningful player in the Content Services market and expand into new geographic markets as a combined entity.

Following the establishment of this relationship, Covata determined that an acquisition of dataglobal could be transformational by repositioning the Company into a growing segment of the enterprise market. dataglobal has solid historical revenues and an established footprint in Europe from which to expand into other markets.

Upon completion of the acquisition, Covata Limited intends to change its name to dataglobal Limited (subject to receipt of required shareholder approval).

Figure 5: dataglobal combined entity

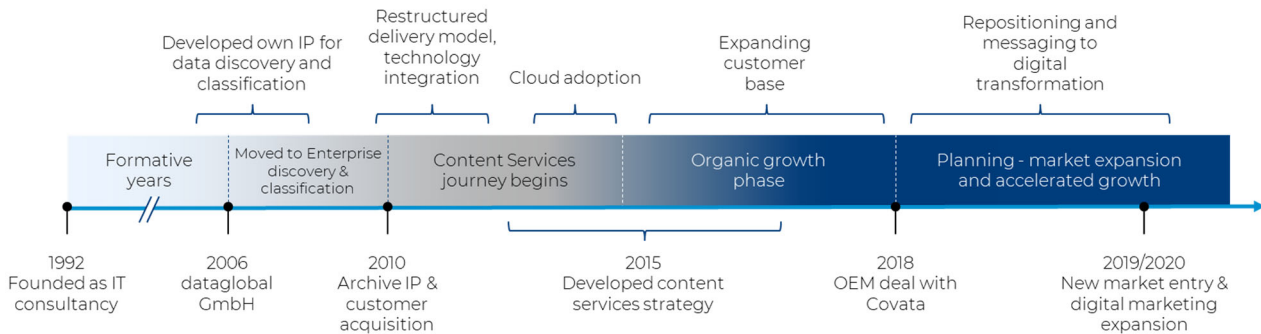


4.2 dataglobal

dataglobal is positioned as an established player in the Content Services software market. With the acquisition by Covata, dataglobal is entering the fourth phase of its evolution:

- Phase 1 (1992 – 2006): An IT consultancy founded by Wolfgang Munz
- Phase 2 (2006 – 2015): Developed its own products leading to the release of data discovery and archiving software. Became dataglobal GmbH
- Phase 3: (2015 – 2019): Transitioned to Content Services business and organic expansion
- Phase 4 (2019+): Acquisition by Covata and proposed capital-funded expansion

Figure 6: dataglobal corporate timeline



The combined entity brings together:

- Content Services capability from an established market player;
- A Content Services platform, dataglobal CS, built over a decade;
- An in-market security product in Covata's Eclipse that has the potential to be rolled out across the dataglobal client base (subject to completion of product enhancements and integration development work); and
- An organically grown business proposing to scale up with the application of capital

dataglobal has an existing footprint and is deployed across a number of market segments. The Content Services market is a growing sector which provides an ample market opportunity for the combined entity to execute its growth plan.

dataglobal conducts business from its base in Heilbronn, Germany (between Frankfurt and Stuttgart) and has development teams in Hamburg and cost-efficient resources in Cluj (Romania) allowing dataglobal to compete with other global players in the industry.

dataglobal's products are in use by over 450 enterprise and government customers, mostly headquartered in the DACH region of Europe, with

deployments in over 40 countries worldwide. The enterprise customers include Global Fortune 500 companies as well as large companies operating in media, manufacturing, logistics and sensitive industries such as financial services, aerospace, pharmaceuticals and food production.

dataglobal CS allows for valuable company data to be integrated from multiple applications (e.g SAP and SharePoint), email, cloud applications as well as Office 365 and paper document archives. This information is linked and prepared with Content Services for improved workflows and the digitisation of processes to increase efficiencies.

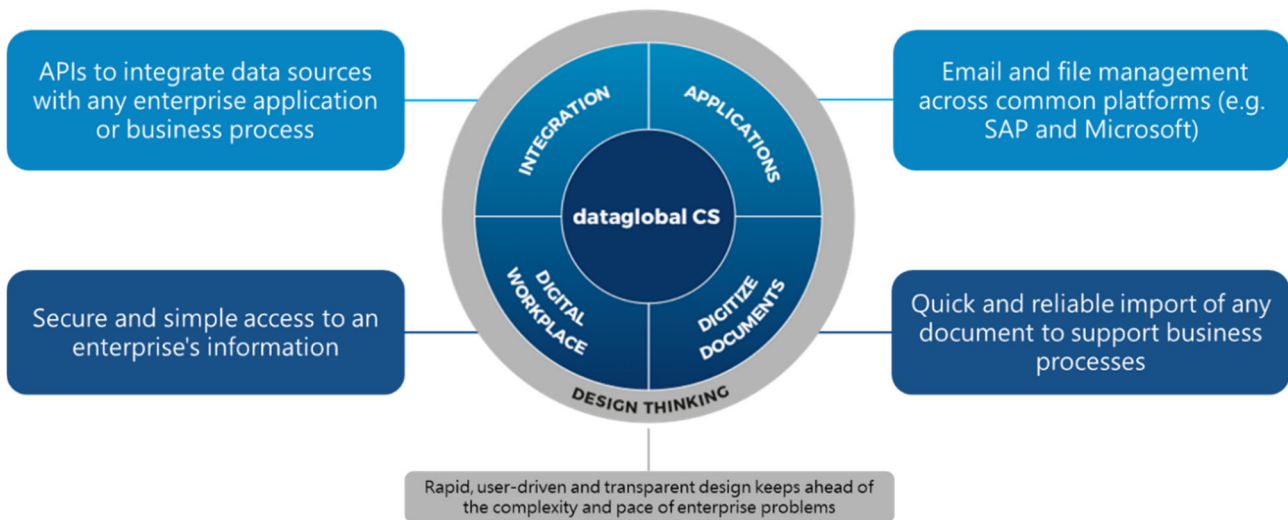
dataglobal has historically also operated a Managed Infrastructure Services business which comprised the management of on-premises hosted IT infrastructure for a small number of enterprises. The Managed Infrastructure Services business operates independently of the Content Services business. In assessing dataglobal, the Board formed the view that the Managed Infrastructure Services business did not align with its business strategy to become a global player in the Content Services industry. Accordingly, as a condition of the transaction, the Managed Infrastructure Services business is to be divested. The pro-forma financial information (including the pro-forma historical financial information) set out in Section 6 includes pro-forma adjustments showing the effect of this divestment.

4.3 dataglobal Solution Overview

dataglobal CS leverages business information to drive digital transformation within organisations through:

- **Access:** Secure and simple access to an enterprise's information
- **Applications:** Email and file management across common platforms (e.g. SAP and Microsoft)
- **Digitisation:** Quick, reliable import, storage and archiving of any document to support business processes
- **Integration:** APIs to integrate data sources from any enterprise application or business process

Figure 7: dataglobal strategic offering



dataglobal aims to enable enterprises to make optimal use of valuable information with Content Services that are necessary for digital transformation and process automation. Content is

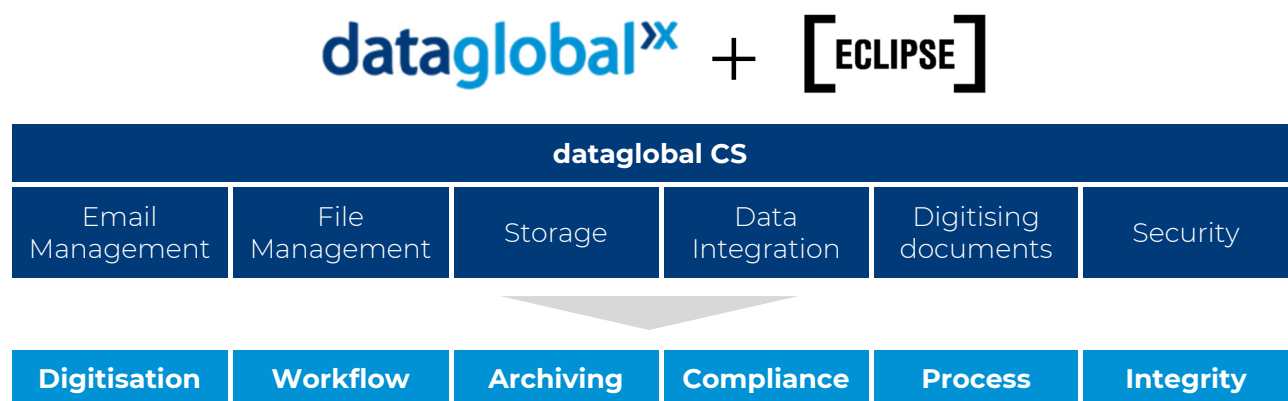
managed within the dataglobal CS platform where users can access data that is relevant to them on the device they prefer, which in turn improves the value of the data to the enterprise and its end users.

4.3.1 Value Proposition and Benefits

The combination of dataglobal CS and Eclipse post-Transaction provides the Company with a product suite capable of being central to solutions in demand by both growing and established

organisations, although further development work is anticipated to be required to enhance the Eclipse product and enable its successful integration with dataglobal CS.

Figure 8: dataglobal product offering



dataglobal CS is the dynamic layer that integrates an organisation's systems. Company data is integrated, linked and prepared with Content Services for improved workflows and the digitisation of processes. Dynamic hierarchies allow

users to view information from the point of view of different departments which flow through to a number of benefits for customers in the areas of management and productivity

Table 4: dataglobal customer value proposition

Management	<ul style="list-style-type: none"> • Greater transparency and information overview • Scalable, expandable solutions • Legal security, compliance, archiving and audit security • Central administration of content • Company-wide integration of all files, documents and emails • Flexible access to information in the digital workplace - web, mobile, desktop • Independent data formats that extend the life cycle of the information beyond the originating application and current storage systems
Productivity	<ul style="list-style-type: none"> • Easy to use and intuitive with minimal training required • Enables fast and accurate decision-making • Accelerated workflows facilitate distributed team collaboration • Cost reduction • Faster search results across all assets in all locations shortens response times • APIs seamlessly integrate to existing customer systems to ensure maximum impact of data insights and automation • Maintained integrity of all information and full integration with MS Office applications

4.3.2 Competitive positioning

The Content Services market has a number of players of varying size and scope. Each has their own core focus and specialisation. Though dataglobal operates in the same market it does not directly compete with many of these organisations.

dataglobal has a number of attributes that the Company believes could provide a competitive advantage over time, including:

- a focus on improving customers' businesses (not just managing their data);
- long-standing experience on open content management, data integrity and secure retrieval;
- multi-industry use case experience including in media, consumer, logistics, manufacturing and finance, as well as secure sectors such as defence, aerospace and government;

- the ability to operate independently of legacy ECM environments and across multiple data repositories and content sources;
- capacity to co-exist with the most common ECM, ERP, CRM and cloud-based applications;
- the ability to leverage content and generate actionable insights irrespective of how the content has been traditionally stored or managed, even if the original applications that generated the data no longer exist; and
- operating experience in the EU environment of General Data Protection Regulation (GDPR).

dataglobal sees itself as a potential challenger in the Content Services market with an opportunity to leverage its rich experience from the DACH region into other markets.

4.3.3 Advantage through Artificial Intelligence and Machine Learning

dataglobal CS utilises machine learning (ML), a subset of artificial intelligence (AI), to "train" the dataglobal system to accurately classify data. This is central to the effective management, use and protection of sensitive business data. ML also is a key factor enabling automation of content management.

A large amount of business information is in unstructured content which typically exists outside core systems but contains information critical to business operations and decision-making. This

includes word documents (proposals, contracts, project plans, service reports, etc.), presentations, spreadsheets, pdf files, drawings, emails, images, videos and messaging. ML helps to rapidly mine and tag content with more meaningful metadata, increasing its utility. Combining the information and insights mined from unstructured content with the data stored in ERP, CRM and other business systems can enable enterprises to gain deeper insights into the ways their business works, leading to greater efficiencies.

4.3.4 On-premises, hybrid and cloud

dataglobal recognises the importance of providing the capability to organisations to utilise Content Services across diverse environments including on-premises, hybrid and cloud. Its experience in Europe suggests whilst customers are looking to embrace cloud-based applications and data

repositories, they have a keen focus on maintaining hybrid environments where their most sensitive data can be stored and secured within their own systems. dataglobal CS enables and supports this approach. It is also agnostic as to where data is stored.

4.4 Customer Base

dataglobal is established in the DACH region of Europe. A large proportion of its customers are represented by clients from this region.

Figure 9: Sample customer brands using dataglobal



Logistics



Industrial

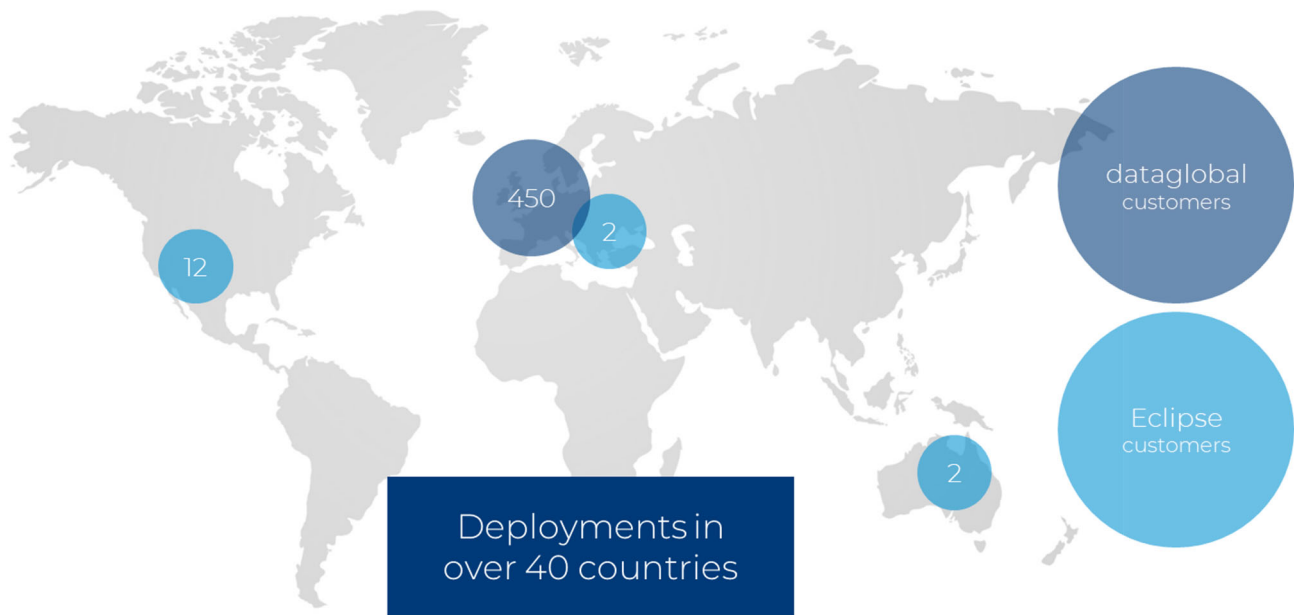


Public



dataglobal has over 450 customers with deployments in over 40 countries. There are also 16 enterprise customers of Eclipse, the Covata security product. This provides an existing client base that can be leveraged in the future.



Figure 10: dataglobal global footprint



4.5 Case Studies: dataglobal in Action

The value proposition of dataglobal is underpinned by meeting user needs in customer deployments. dataglobal has a low customer churn per year and average customer tenure of over 10 years. A number of Case Studies presented from major enterprises and government organisations to demonstrate the client value proposition in action are in Table 5 below.

Table 5: dataglobal customer case studies

Industrial products manufacturing company, Germany		Food production and distribution, Switzerland	
Requirement		Requirement	
<ul style="list-style-type: none"> • Business process optimisation and digitisation of order processing • Infrastructure relief, as well as system and maintenance cost reduction • Consolidation of existing standalone email and SAP archiving solutions • Revision-proof archiving 		<ul style="list-style-type: none"> • Replace the existing paper chain, consisting of roughly 5,000 delivery slips daily between its 12 Fresh Service depots, 140 sales representatives and operations team • Efficiency of supply chain to be ahead of customer expectation • Aim was to maintain customer loyalty, create an easy to follow audit trail and lower operating costs 	
Solution		Solution	
<ul style="list-style-type: none"> • Introduction of a centralised solution for all archiving needs with dataglobal CS • Compliant migration of archived legacy data • Order digitisation for complete order data management • Display of SAP and non-SAP documents together as files in the dataglobal Digital Workplace 		<ul style="list-style-type: none"> • Ongoing digitisation with dataglobal CS through auto archiving and management of email, SAP and Microsoft • Digital Delivery slip creation on-demand through any device, routed to SAP system • Simple addition of new products • Transition to near paperless solution 	

Supplier to automotive & aerospace industry, Germany



Pharmaceutical company, Germany



Requirement

- Company-wide archiving solution sought to process both SAP and non-SAP machine data
- Archive had to be able to provide large volumes of data and make data available for over 50 years

Solution

- dataglobal CS archives data from all sources
- Reports from production also included capturing sensors, machines and data from the control centre processes
- Data completely and comprehensibly archived for over 50 years and directly audited via certified processes

Requirement

- Digitised processing and content maintenance in a medical product information system
- Medicine information is typically updated from organisations by email and paper forms, and has therefore been costly and error prone

Solution

- The complete process has been digitised in dataglobal CS
- Process includes auto-reconciliation with SAP and other systems, proof of receipt and easy stakeholder access

4.6 dataglobal Operations

dataglobal is based in Heilbronn, Baden-Württemberg - one of the leading economic and innovative regions in Germany and Europe (45 mins from Stuttgart). It is close to its customers and prospects in the DACH region, its core target market. dataglobal is able to leverage its existing development teams in Hamburg, Germany and Cluj, Romania for customer deployment.

Germany is the biggest economy in Europe. The Baden-Württemberg region where dataglobal is based has one of the strongest regional economies and is home to many global companies including those that are customers of dataglobal.

Figure 11: dataglobal operations in Europe

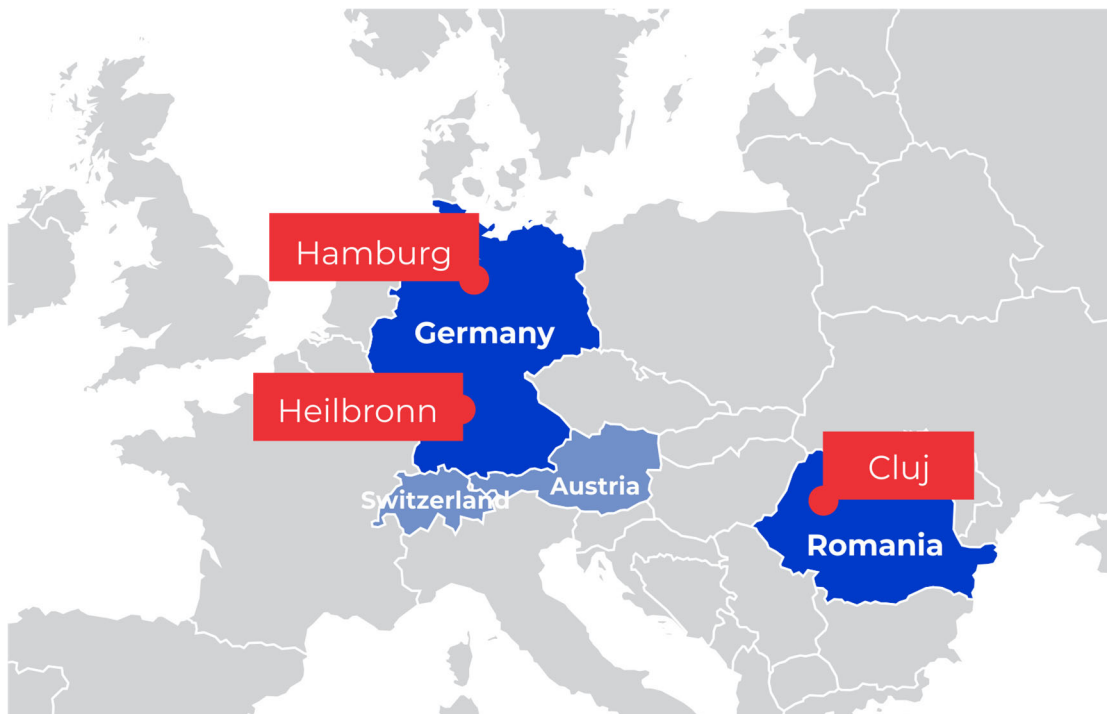


Figure 12: Building in Heilbronn where dataglobal's office is located



In connection with the purchase by the dataglobal Vendors of a prior investor's shares in dataglobal in early 2017, the dataglobal Vendors and dataglobal agreed to keep the fundamental part of the business operations of dataglobal based in the administrative district (city or region) of Heilbronn

until 31 December 2019 and thereafter to keep dataglobal's registered office and an active business operation in Heilbronn until 31 December 2025. The Board of Covata has accepted this decision. For more information see Section 12.10(a).

4.7 Business Model

4.7.1 Meeting User Needs

At the core of the dataglobal business model is a commitment to deliver Content Services to increase business efficiency and competitiveness and to assist appropriate security and compliance.

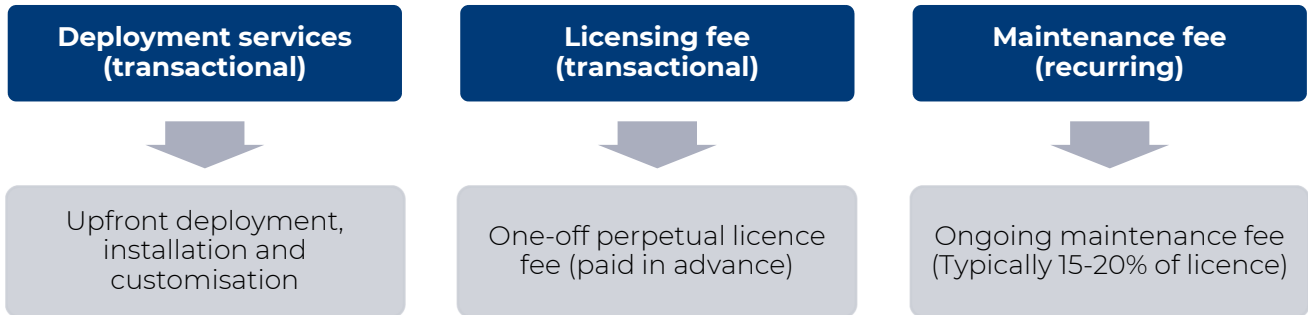
The ability to search, index, classify, manage, archive and retrieve data across all common business applications are critical capabilities for every organisation. dataglobal tends to focus on delivering these capabilities in a way that is mobile, simple and secure.

Traditional silo-based approaches of entities who market products in the ECM and EFSS (file sharing and workplace collaboration) have shown to be inadequate to meet the needs of the next generation of leading enterprises. By focusing on cross application and cross enterprise use cases, dataglobal seeks to either complement or displace traditional incumbents.

4.7.2 Revenue Streams

The revenue structure is as follows:

Figure 13: dataglobal revenue model



Deployment services costs are based on the requirements of customers. Perpetual licence fees are based on the number of users, mailboxes, installations, services and functionality deployed. Customers may take multiple additional licences over time.

dataglobal also receives ongoing revenue from its annual maintenance fees. For the year ended 31 March 2019, this accounted for 62% of total revenue. There are periodic opportunities to revisit each customer arrangement and propose and implement a rise in maintenance fees if appropriate.

As the majority of the dataglobal customers are based in the EU, most fees are received in Euro.

Revenues and the financial position of dataglobal are summarised in Section 6: Financial Information.

4.7.3 Planned Growth

dataglobal's business model is capable of supporting sustainable market growth and the funding sought under this Prospectus will in part be used to support this growth.

- New annual licensing revenue includes a proportion generated by existing customers expanding their arrangement with dataglobal (e.g. increased number of users or licensing new applications)
- For each new customer, or an existing customer extending its relationship with dataglobal, there is a direct correlation to an increase in recurring revenues for maintenance. Maintenance is critical for customers as dataglobal maintains updates and integrations and APIs to the most common applications used by customers
- For larger customers with growth potential, dedicated customer success and local support teams will be deployed to build and maintain relationships within those enterprises.

- dataglobal's experience across multiple industries allows for more efficient delivery of relevant solutions to new customers from those industries as many processes are the same

The Company intends to leverage digital marketing, develop a voice as an industry leader, optimise its marketing process towards solutions and user benefits and implement an effective sales conversion practice to strengthen its pipeline-to-sales conversion ratio.

4.7.4 Sales and Marketing

dataglobal currently employs a multi-channel strategy with a mix of direct sales (e.g. internal business development) and indirect sales (e.g. IT consultants and distributors).

Typically, direct sales are inbound organic sales. The Company believes opportunity exists for growth by increasing sales and marketing resources, building and deploying customer account management and customer success teams and expanding the direct sales force.

In addition to the direct sales team, dataglobal has a network of consultants and distributors in the DACH region that provide additional sales reach to both large and small enterprises. These relationships include software and technology partners as well as consulting and implementation services providers that enable dataglobal to be integrated across a number of use cases.

dataglobal has an emerging SaaS (Software as a Service) channel through a reseller relationship with a large European telecommunications and managed services provider. The deployment of SaaS in global and regional markets represents another potential growth opportunity for the business over the medium term.

4.7.5 Intellectual Property and Product Licensing

The key commercial asset of dataglobal comprises its licence of software to its customers. dataglobal has created products related to data classification, archiving, digital signature and connectors. dataglobal relies on a combination of copyright as well as confidentiality and contractual provisions to protect its proprietary technologies and processes. There are no patents in place for its core software with development to date protected by trade secret and through the structuring of secure solutions, as is typical in software businesses.

dataglobal has also licenced its technology on an OEM basis to third parties for incorporation into those parties' own applications and this presents further revenue opportunities.

dataglobal make use of a combination of open-source and proprietary software in its business and in the development of its products and these arrangements are undertaken on common industry-based terms.

Investors should refer to Section 5.2.6 for intellectual property related risks.

4.8 Key Operating Metrics

Given its history as a privately owned and funded software business, dataglobal has a keen focus on the typical core operating metrics for a successful enterprise software business. Post-Transaction this

focus will not change but will be enhanced by a commitment to invest in markets and geographies that offer growth potential:

Table 6: dataglobal operating metrics

Licence growth	dataglobal has identified opportunities to accelerate growth by investing in sales and marketing, channel development and customer success teams.
Percentage of recurring revenue	<p>Recurring revenue is income generated by dataglobal that comes in regularly, and is considered stable. Recurring revenue can be counted on coming in with a high degree of certainty. dataglobal receives ongoing revenue from its maintenance fees that can be classified as recurring revenue. For the year to 31 March 2019, 62% of dataglobal revenues are maintenance fees.</p> <p>Growth in licences typically has a direct correlation with growth in maintenance fees.</p>
Lifetime term value (LTV)	<p>Post-Transaction the Company intends to implement a regime of tracking and comparing results on a periodic basis. Customer LTV is a metric that indicates the total revenue a business can reasonably expect from a single customer account. The two primary drivers of LTV are the:</p> <ul style="list-style-type: none"> • cost of customer acquisition (CAC); and • duration customers stay as paid customers (tenure).

As a listed entity, dataglobal will have better access to funding to drive growth strategies such as those described in this Prospectus. As a private and internally funded company, dataglobal had been previously restricted in its capacity to fund growth.

The Company, post-Transaction, sees advantages in dataglobal increasing its focus around two new areas:

- Identification of key strategic accounts which have the capacity to significantly grow and who are early adopters, or organisations that have the potential and willingness to experiment and test new solutions; and

- Implementing customer success teams to expand the footprint of applications within and across each customer organisation.

By evaluating its sales and marketing mix and re-prioritising the balance of acquisition to account growth, the Company believes that dataglobal can make improvements in top and bottom-line results.

4.9 Growth Strategy

4.9.1 Organic Growth

The Company's plans for dataglobal's growth are intended to be based on four growth pillars which will be supported by a number of strategic initiatives.

Figure 14: dataglobal organic growth pillars

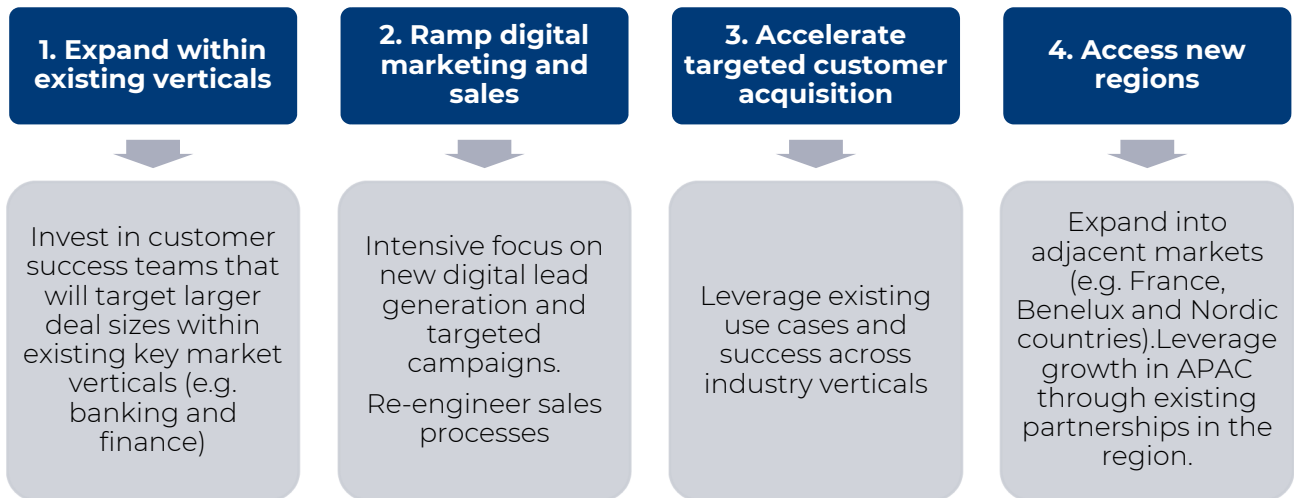
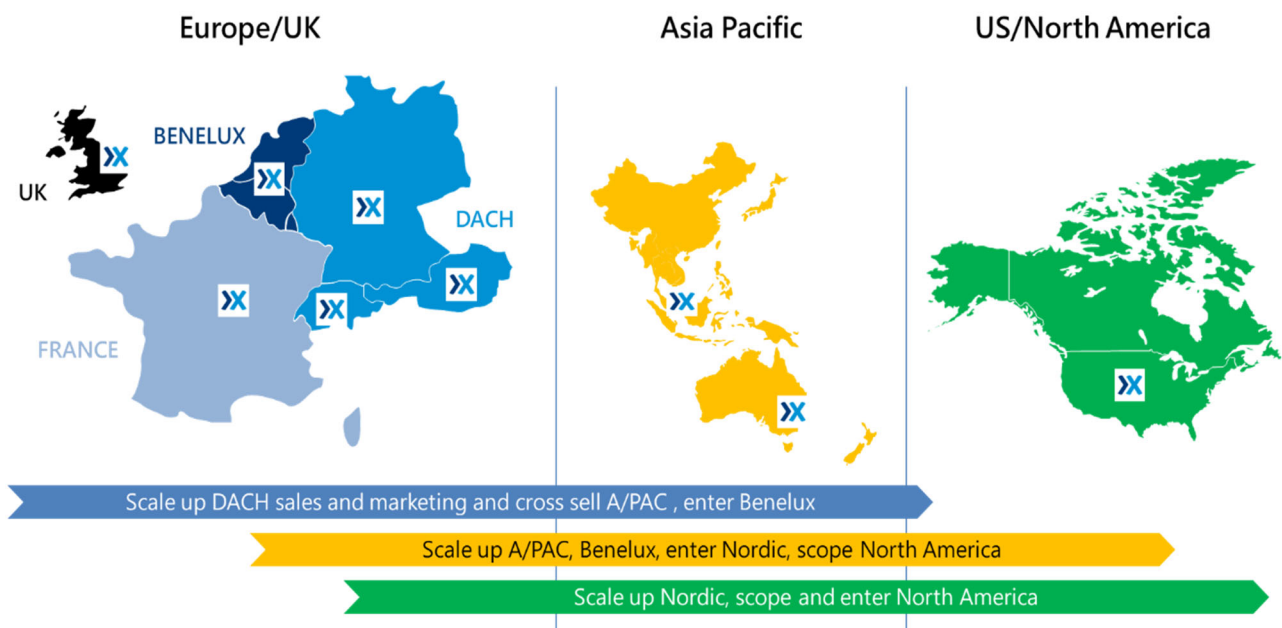


Figure 15: dataglobal international growth plan



4.9.2 Growth by managing the Customer Lifecycle

It is the intention of the Company to secure, maintain and grow customer relationships over the long term. Examples of how this is and will be undertaken in practice may include:

- Supporting existing and potential longstanding customers over their entire data lifecycle journey by ensuring that they can access their data at any time irrespective of whether the underlying applications that created or stored that data are available;
- Growing customer relationships from that of a vendor to being a trusted partner providing trusted services and support wherever the customer conducts its business; and
- Evolving the Company's product sets and constantly updating the Company's integrations with existing and new platforms, applications and data repositories deployed and/or used by the Customer whether on-premises or in the cloud.

4.9.3 Growth by Acquisition

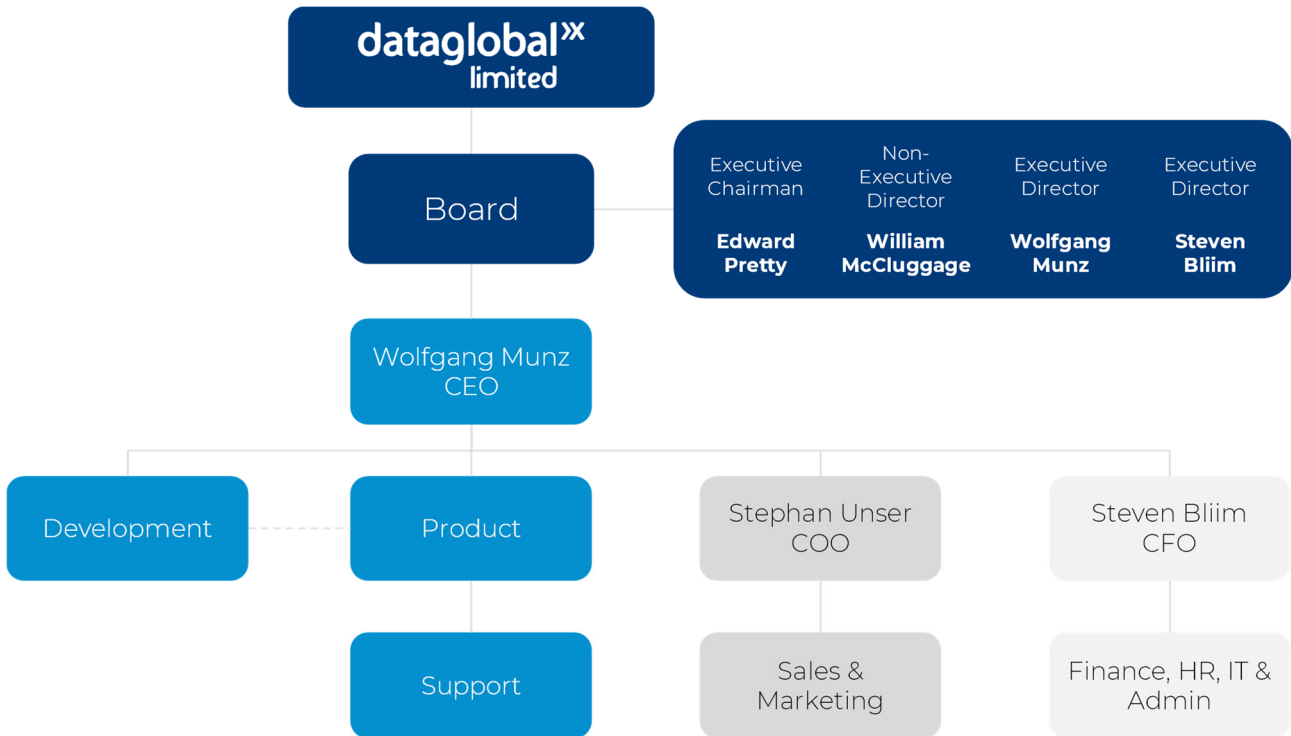
As at the date of this Prospectus, the Company and/or dataglobal are not in discussions in respect of, any proposed acquisitions or strategic partnerships other than the Transaction. The Company intends, however, to remain alert to any opportunities that represent value and further the combined entities' strategic vision.

A key consideration will be cultural fit including an entrepreneurial approach and a focus on delivering excellent results.

4.10 Management Structure

dataglobal will integrate into the current Company structure with the Board providing oversight, reporting and governance for the combined entity.

Figure 16: dataglobal post-acquisition organisation chart



Post-Transaction, the combined entity will seek to expand its Board and management.

5. RISK FACTORS

5.1 Introduction

Any securities offered under this Prospectus are considered highly speculative. An investment in the Company carries risk.

This Section identifies some of the circumstances that the Directors regard as the major risks associated with an investment in the Company and which may, either alone or in combination, have a material adverse impact on the financial performance of the Company and the market price of the Company's securities, should they arise.

The Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares or any other securities offered under this Prospectus and consult their professional advisers.

The business, assets and operations of the Company, following completion of the Transaction, are subject to certain commercial, operational and financial risk factors that, alone or in combination with other factors, have the potential to influence the operating and financial performance of the Company in the future (refer Section 5.2). In addition, there are other general investment risks, many of which are largely beyond the control of the Company and are difficult to predict or anticipate (refer Section 5.3).

The Board aims to manage these risks by carefully planning the Company's activities and implementing risk control measures. However, as noted above, some of the risks identified below are highly unpredictable and the Company may be limited to the extent to which it can effectively manage them.

The following risk factors are not intended to be an exhaustive list of the risk factors to which the Company is exposed or will, following completion of the Transaction and relisting, be exposed. Before applying for New Shares, you should be satisfied that you have a sufficient understanding of the risks identified in this Section 5 and their potential impact on the value of your investment in the Company, so that you can fully consider whether or not an investment in the Company is suitable for you. In addition, you should note that this Section has been prepared without taking into account an applicant's individual financial objectives, financial situation and particular needs. Applicants should seek professional investment advice if they have any queries in relation to making an investment in the Company.

5.2 Business and Industry Risks

5.2.1 Market Acceptance

To be successful, the Company's products need to find acceptance in a competitive market and the Company needs to demonstrate an ability to retain existing customers and attract new customers.

Furthermore, the Company's business model operates under a perpetual licencing model (paid upfront) together with rolling 12-month maintenance contracts (refer Section 4.7.2) which are exposed to risks of termination or non-renewal.

Market acceptance and customer retention depend on many factors, including identifying and obtaining access to relevant markets, convincing users of the attractiveness of the Company's products, and its ability to enhance existing products and potentially develop new products to meet market demands and opportunities, customer service, competition and pricing.

The Content Services market in which the Company will operate is an emerging market category comprising many product offerings including in enterprise content management, collaboration, the digital workplace, digital transformation and data security. As such, it is difficult to ascertain the level of knowledge and confidence regarding Content Services applications and estimates of demand in the Content Services market may not be accurate.

Knowledge and informational barriers may prevent uptake of broad Content Services products in favour of licensing specific, isolated applications. The Company's products include data classification and archiving and enterprise content management functionality which are considered by the Company to be a more established market segment and may, therefore, assist to mitigate this risk.

5.2.2 Integration Risk

The operating results of the Company will depend on the success of management in integrating the business of dataglobal on, and following, completion of the Transaction. In particular, the relocation of the principal place of the Company's business to Heilbronn, Germany and the integration of the Company's security product, Eclipse, within the dataglobal product offering. The integration of the Eclipse product is expected to require a number of product enhancements and developments, there is no guarantee these will be achieved successfully or without significant cost.

The Company will also seek to leverage the dataglobal client base to facilitate direct sales of the Eclipse product. In addition, there is the risk that implementation of the integration of the businesses

may cause interruptions or give rise to conflicts of culture and operations and/or lead to a loss of staff.

There is no guarantee that the Company will be able to integrate the business of dataglobal into the Company successfully, or that any of the perceived economic benefits of the merger of the businesses will be able to be realised (either in full or in part). There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion without undue disputation to staff, customers or contractors and/or without incurring undue cost.

The Company intends to engage appropriate advisers to assist with integration, however these engagements may not mitigate against integration in part or in full.

5.2.3 Competition and New Technologies

The markets for information technology, information security, data classification and archiving and Content Services are highly and increasingly competitive across a wide range of industry segments and geographies with both platform and product offerings from companies of various sizes on a domestic and global scale. Although the Company will undertake all reasonable due diligence in making business and operational decisions, it will have no influence or control over the activities or actions of its competitors, which activities or actions may affect the industries and markets in which the Company operates and therefore, may positively or negatively affect the operating and financial performance of the products and business of the Company.

The size and financial strength of some of the Company's competitors may make it difficult for it to maintain a competitive position in the Content Services market. In particular, the Company's ability to develop and/or acquire additional technology could be adversely affected if it is unable to respond effectively and/or in a timely manner to the strategies and actions of competitors and potential competitors or the entry of new competitors into the market. This may in turn impede the financial condition and rate of growth of the Company.

Key to the Company's ability to mitigate this competition risk is in achieving appreciable market share and differentiation from its key competitors. The Company has sought and will continue to seek to mitigate competition risk by maintaining a research and development schedule to be prioritised based on feedback from current and prospective customers and ongoing monitoring of existing and emerging competitors.

5.2.4 Product Development and Platform Risk

The Company may not be able to maintain or upgrade its existing technology to meet identified market needs and/or achieve market acceptance. The development and/or enhancement of

technology is potentially time consuming and costly. There is no guarantee the Company will be able to enhance the existing dataglobal technology, or develop new technology, in a timely and/or cost-effective manner, if at all. This could lead to the Company failing to capitalise on identified market opportunities. Furthermore, developing software and technology is expensive and often time-consuming and inherently risky. There can be no guarantee that the Company will achieve a return on its investment in product development.

The Company's products are, and will continue to be, reliant on the ability to integrate with third-party software applications (which currently include SAP, SharePoint, Office 365). The Company's ability to maintain these integrations and expand integrations with software applications to meet market demands will be important to its ability to successfully market and sell its products.

There is also a risk that product integrators will not be able to use any individual products or any Content Services platform in conjunction with other software application as a result of the core engines on which the platform is based becoming redundant or no longer being supported. dataglobal has mitigated this risk by ensuring that its current technology choices and architecture use industry standard development frameworks. This creates a low risk of redundancy as changes to these frameworks are monitored internally. In addition, the modular architecture of its platform and products allows for substitution of redundant or deprecated technologies, and scale performance testing in the development process mitigates the risk associated with product integrators being unable to integrate the technology in their products.

The Company and dataglobal further manage this risk by ensuring that there is only one version of their respective software in use by the customer base.

As noted in Section 4.3, while the Company has an ability to sell individual products directly to end-users, its focus includes creating a Content Services platform allowing for integration by existing software applications providers and also the exchange of data between different data repositories in order to extend its relative attractiveness. This platform strategy may or may not be successful.

The risk in this strategy is maintaining the integrations and APIs necessary to offer platform services. The company will seek to mitigate this risk by 'productising' individual services under the Content Services platform – for sale directly or indirectly.

These products are to be sold or licensed via partners/distributors and to direct clients. This allows the client to experience the Company's technology through the products whilst encouraging adoption of the platform for further integration in core systems and business processes.

5.2.5 Reliance on Key Personnel and Staff

The Company relies heavily on the core competencies and expertise of its key employees in management, technical development and sales and marketing.

The responsibility of overseeing the day-to-day operations and the strategic management of the Company will depend substantially on its senior management and directors. Specifically, there is risk associated with the retention of both the Company's current CEO and proposed Executive Chairman, Mr Ted Pretty, and also the proposed incoming CEO, Mr Wolfgang Munz - the founder of dataglobal. The Company has sought to mitigate these risks by entering into contracts with Mr Munz and Mr Pretty which it considers will provide appropriate short-term and long-term incentives if approved by shareholders (refer Sections 12.10(b) and 12.10(c) for summaries of those arrangements). Further Mr Munz, post completion of the Transaction, will be a major shareholder of the Company whose shareholding is to be voluntarily escrowed for 18 months.

In addition to risks associated with retention of key management, there is a risk associated with turnover in key sales and development staff who have knowledge of the existing technology, business plans and/or customers and customer relationships of the Company and/or dataglobal. There can be no assurance that there will be no detrimental impact on the performance of the Company, or its growth potential, if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner and/or on suitable terms. There are also risks associated with protection of intellectual property which are addressed in Section 5.2.6. Further, growth may not eventuate if the Company is unable to secure the quality and quantity of new employees or contractors it requires on suitable terms to facilitate its growth due to factors, which include industry competition for these skills. dataglobal has historically had low levels of staff turnover in the development teams and have employee remuneration and benefits policies in place in order to seek to maintain low staff turnover.

5.2.6 Intellectual Property

The ability of the Company to protect its intellectual property, including business processes, trade secrets and know-how, is an important part of ensuring the value of its products. The Company will be largely reliant on know-how and trade secrets which are not the subject of formal intellectual property registrations. There is a risk that, while measures are in place to protect the Company's intellectual property (which include requiring all staff and contractors to sign contracts with provisions which relate to ownership of intellectual property and restraints of trade), those measures may not be adequate to protect against third parties obtaining intellectual property (or parts of it). More generally,

actions which the Company takes to protect its intellectual property may not be adequate or enforceable and may not prevent misappropriation of intellectual property or proprietary information. Further, any enforcement actions could be costly, time consuming and potentially difficult to enforce in certain jurisdictions or may ultimately prove unfavourable.

There is also a risk that the Company's products could infringe, or be alleged to infringe, the intellectual property rights of third parties. The Company may be the subject of claims which could result in disputes or litigation which could result in the payment of monetary damages, be time consuming and/or result in the Company incurring significant costs. Any such claims could have an adverse impact on the Company's operations, reputation or financial performance.

5.2.7 Third Party Reliance Risk

There is a risk that any third-party technology used by the Company or dataglobal in their current products and/or used in the development of their platforms or products may subsequently require payment to upgrade or the payment of royalties to the proprietors of that technology.

The Company's current strategy seeks to avoid the risk of dependence on proprietary third-party technology by using technology with standardised open source or royalty free tools and libraries. The Company is of the view that if the technology it currently uses becomes proprietary in the future, there are existing open source technologies which are available. However, the Company cannot guarantee that such alternatives will remain available at all times.

By using third party tools in the development of its technology, the Company and dataglobal face a risk that those tools contain imperfections such as bugs or errors which may adversely affect the operation of its platform and products. This problem can occur with any third-party tools or technologies in use by the Company or dataglobal.

The Company and dataglobal seek to mitigate this risk by ensuring that they maintain an agile development process involved with patching and updates where these problems are publicly identified.

In addition, internal processes for testing and quality assurance reduce potential risks caused via the incorporation of updates to third party libraries and development tools.

5.2.8 Data Security Risks and Impact of Related Legislation/Regulation

The Company may collect, store, process and analyse the data generated by its customers. Such data can be highly sensitive, highly regulated and confidential in nature. The provision of secure and reliable information storage and processing services is

integral to the businesses and operations of the Company.

The Company could suffer unauthorised infiltration of its system by hackers to obtain data or insert a cyber-virus or bug or may be the subject of unauthorised disclosure of confidential customer information or loss of information due, for example, to system failures. This may disrupt the dataglobal technology or otherwise impact customers using the Company's technology. Such action could compromise client data and cause service shutdowns, leading to customer dissatisfaction and loss of goodwill and reputation damages and potentially result in claims being made against the Company. The Company employs practices, including periodic penetration testing, automatic and manual encryption systems and staff screening, to protect its system from being compromised and to reduce the prospects of a cyber-virus or bug being introduced into its platform or products. These practices are reviewed and updated periodically however there is no guarantee they will be adequate to protect against the risks outlined in this Section.

Furthermore, as the Company's products can be used to collect and store sensitive information, it will likely be subject to various privacy laws and regulations in the countries in which it operates. Privacy and data security legislation and regulation could result in additional costs associated with compliance, reporting and potentially product development and potentially liabilities in the case of enquiries and/or breaches. By way of example, the recent changes in Europe arising from the General Data Protection Regulation (GDPR) may have an ongoing impact on the way in which the Company stores, collects, discloses and otherwise deals with information that is subject to those rules.

5.2.9 Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, products and/or technologies that are complementary to the Company's business – although it has no present or short-term intention to do so.

Any such future transactions are accompanied by the risks inherently associated with acquisitions, such as the inability to effectively integrate systems of operation, risks associated with relocation of operations, short-term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships. Accordingly, there is a risk that any future acquisitions (should they occur) may fail to meet the Company's strategic and financial objectives, generate the synergies and benefits expected or produce an adequate return on the purchase price and resources invested in them.

5.2.10 Currency Risk

The Company expects to derive a majority of its revenue from Europe and the United States, in Euro and US dollars. Accordingly, changes in the

exchange rate between these currencies and the Australian dollar would be expected to have a direct effect on the performance of the Company.

5.2.11 Management of Growth

There is a risk the Company will not be able to manage growth of its business, the dataglobal business and the use of its technology. The capacity of the Company to properly implement and manage business growth, and to continue to maintain and develop its technology to meet such growth, may affect the Company's financial performance and ability to attract revenues and achieve profitability.

5.2.12 German and other Laws

The Company is acquiring dataglobal, a German company subject to German law, European law and, where applicable, law in other jurisdictions where it may trade or conduct business. The Company, in conducting its existing business and the business of dataglobal, may become subject to such additional laws and regulations. There are risks that these laws and regulations may impose on or constrain its operations, expose the Company to new risks of non-compliance, liabilities, claims, taxes, imposts or costs and/or affect its ability to operate and grow and/or have an impact on its financial position.

Generally speaking the corporate veil of a German 'GmbH' company gives shareholders full protection against claims of the company's creditors. The piercing of the corporate veil is in dispute among German legal scholars however it has been recognised for exceptional individual cases by German courts. These cases were cases of fraudulent misuse of the protection and at the same time stripping the company of its assets for which the courts ruled that under the principle of good faith the protection from the corporate veil must not prevail. Furthermore, a shareholder of a German 'GmbH' company will be liable if and to the extent the share capital has not been paid in or has been repaid to the shareholder or its predecessors. The shareholder is under no protection if by its own actions or omissions it has acted fraudulently against any party involved with the company or allowed the company to continue its operations in circumstances of insolvency.

5.2.13 Insurance

The Company seeks to maintain general liability, product liability, public liability, workers compensation and directors and officers insurances typical of a business of its nature and size. There is a risk that the Company may not be able to secure such insurance coverage on reasonable commercial terms, to an adequate level or at all and this may lead to financial impacts that may be borne directly by the Company.

The Company does not maintain key man insurance nor does it have cover for claims relating to the issue of Securities under this Prospectus.

5.2.14 Taxation

The Company may be exposed to direct and indirect income or other taxes or imposts of any kind in its home jurisdiction or any in country in which it conducts business. The Company intends to seek appropriate advice on such matters. However, there are risks that such taxes or imposts may create liabilities and/or lead to disputes which may expose the company to assessments, imposts or fines and actions for recovery of such moneys or the recovery of prior liabilities or refunds of tax.

The Company is subject to regular audits of its research and development refunds and any denial of such claims or disputes arising from past or future claims may have a financial impact on the Company. Currently the Company is subject to one such review and is prudently consulting with its advisors and co-operating with the Australian Taxation Office. Based on advice to date the Company has not made any provision in its accounts for any dispute or refund.

There also is no guarantee that prior tax losses in any jurisdiction can or will be used on a go-forward basis.

5.2.15 Divestments

As noted in Section 2.6, the Company intends to dispose of Cocoon Data as a condition of the Transaction.

The Company received advice on the sale and has taken all reasonable steps in undertaking the sale including seeking provisions relating to the limitation of liability and negotiating appropriate limitations on the scope of the warranties in general. However, the Company may be exposed to risks inherent in any such sale including liability for any claims arising out of or relating to the sale or any subsequent third-party claims and these may or may not have a material financial impact. There is also a risk that Cocoon Data will default in the payment of the deferred component of the consideration of \$1 million, which is to form a loan owing to the Company and repayable within 90 days of completion of the sale of Cocoon Data. If this occurs the Company will need to take action to enforce repayment which involves the costs, delay and uncertainty associated with litigation (refer Section 5.3.5) and the uncertainties associated with the ability of the Company to ultimately recover the debt. The Company has the capacity to adjust its use of funds and budgets, if necessary to address the risk associated with delay or default in this payment.

Prior to, and as a condition precedent to the acquisition of dataglobal, the Company required that dataglobal divest its Managed Infrastructure Services business. Whilst considered reasonably unlikely, there is a risk of disruption to the remaining dataglobal software business as a result of the divestment of the managed infrastructure services business which may have a financial impact on the Company. It is a condition of the Transaction that the Company and the entity acquiring the Managed

Infrastructure Services business enter into sublease and service arrangements, on terms acceptable to the parties, which provide for the division and allocation of certain fixed costs of dataglobal to the acquirer of the Managed Infrastructure Services business.

5.3 General Investment Risks

5.3.1 Change in Strategy

At the start of 2017 the Company underwent a management restructure. In connection with, and subsequent to this restructure, the operations and strategy of the Company were reviewed. In 2018 the Company undertook preliminary discussions with dataglobal which has resulted in the Company entering into the Transaction. Accordingly, the Company's plans and strategies have, and may continue to, evolve over time due to a review and assessment of, amongst other things, sales of its product, market trends, changes in policy and regulations, the level of market acceptance in particular jurisdictions or markets and the emergence of new technologies or improvements to existing technology. As a result, the current strategies, approaches and plans of the Company may not reflect the strategies, approaches, plans and products pursued at a later date. Any such changes have the potential to expose the Company to heightened or additional risks.

5.3.2 Future Profitability and Sufficiency of Funding and Dilution

The Company's ability to operate profitably in the future will depend on its ability to distribute its technology, sell to its current customer base and attract new customers. This will depend on the ultimate demand for its products and solutions by consumers which cannot be guaranteed. Other factors that will determine the Company's profitability are its ability to manage its costs, to execute its development and growth strategies, economic conditions in the markets the Company operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted. Accordingly, the Company may require further funding in addition to current cash reserves to fund future development activities or the acquisition of new intellectual property or technology. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed it may be required to reduce the scope of its business and development operations.

In addition to dilution as a result of future fundraising initiatives, shareholders may also be diluted by other equity issues including shares issues made for the acquisition of assets or issues made upon the exercise of existing and future warrants or options.

5.3.3 Geographic and Government Policy and Regulatory Risk

As a result of the Transaction, the Company will be conducting business and operations in multiple geographic markets and jurisdictions which may create new risks that may adversely affect the Company.

Changes in government, financial policy, taxation and other laws in any local and/or international markets or regions cannot be predicted and may affect the Company's ability to carry on its proposed activities, restrict the Company in achieving its objectives or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities.

The Company is also subject to various regulatory requirements, including technology and accounting requirements. Changes to standards, policies, guidelines, interpretations or principles may affect the Company's ability to carry out its activities and/or achieve its objectives. The Company cannot control or predict changes to regulatory requirements, which may adversely affect the Company.

5.3.4 Trading Price of Shares

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the New Shares. In addition, the price of shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar, the Euro and US dollars on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, short-selling, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks, and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

Lack of liquidity may also affect the value of the Company's securities. The trading price of securities offered under this Prospectus is uncertain. Any securities offered under this Prospectus carry no guarantee with respect to payment of dividends, return of capital or their market value or price. No guarantee can be given that the Company's share price will be greater than any exercise price.

5.3.5 Litigation

The Company may be involved in litigation disputes with third parties including customers, employees, former employees, suppliers, distributors and government or regulatory bodies in the ordinary course of business. The occurrence of litigation may be costly and impact on the Company's reputation, which may have a material adverse effect on the business, financial condition and results of the Company.

Since there is no general agreement in place between Australia and Germany, any judgement obtained against the Company in Australia will require to be recognised in order to be enforceable in Germany in accordance with German Law. As part of such procedure the German courts will check whether the local court was competent for the matter in accordance with German law, the defendant participated in the procedures or was given the chance to do so, the judgement is in opposition to any other judgement in the matter as ruled in Germany or as recognised in Germany, the recognition of such judgement is against the general German *ordre public*, and finally the reciprocity of the case if a German judgement was reviewed by the Australian courts.

5.3.6 Unforeseen risks

There may be other risks which the Directors and/or management of the Company are unaware of at the time of issuing this Prospectus which may impact upon the Company, its operations and/or the value and performance of securities offered under this Prospectus.

5.3.7 Inability to pay dividends or make other distributions

The Company has never declared or paid dividends on its share capital, and the Company does not expect to do so in the short to medium term. There is no guarantee that dividends will be paid on shares in the future. Any distribution is a matter to be determined by the Board in its discretion having regard to the financial performance and position of the Company and applicable laws.

5.3.8 Transaction Risks

Completion of the Transaction is also subject to risks which include the Company obtaining shareholder and regulatory approvals, completion of the Equity Offer and satisfaction of the other conditions set out in Section 2.2. Although these are risks associated with completion of the Transaction, the Equity Offer will not proceed unless the Transaction completes.

6. FINANCIAL INFORMATION

6.1. Overview

The financial information in this Section includes:

- Pro forma historical financial information, being the:
 - pro forma consolidated historical income statements for the financial years ended 31 March 2017 (**FY2017**), 31 March 2018 (**FY2018**) and the nine months ended 31 December 2018 (**9M2019**);
 - pro forma consolidated historical income statements for dataglobal for FY2017, FY2018 and 9M2019;
 - pro forma consolidated historical cash flow statements for FY2017, FY2018 and 9M2019; and
 - pro forma consolidated historical balance sheet as at 31 December 2018.

(together the **Pro Forma Historical Financial Information** or **Financial Information**)

The Company has a 31 March financial year end having changed its financial reporting year end from 30 June to 31 March on 2 April 2019. As such, any references in this Section to “FY” refer to a 31 March financial year end. “9M” refers to a nine-month period ended on 31 December of the referenced financial year.

The Financial Information has been reviewed and reported on by Nexia Sydney Corporate Advisory Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings or Prospective Financial Information, as stated in its Investigating Accountant’s Report set out in Section 7.

Also summarised in the section are:

- the basis of preparation and presentation of the Financial Information (Section 6.2);
- management discussion and analysis of the Financial Information (Section 6.8);
- a summary of the Company’s dividend policy (Section 6.9); and
- significant accounting policies (Section 6.10).

The Financial Information in this Section should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus including the significant accounting policies in Section 6.10. Investors should note that past results are not a reliable indicator of future performance.

All amounts disclosed in this Section (including tables) are presented in Australian dollars and,

unless otherwise noted, are rounded to the nearest thousand dollars. Some tables may not add due to rounding.

6.2 Basis of preparation and presentation of the Financial Information

6.2.1 Overview

The Directors of the Company are responsible for the preparation and presentation of the Financial Information contained in this Prospectus.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

Covata’s significant accounting policies are set out in Section 6.10 and have been consistently applied throughout the periods.

6.3 Preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the following audited financial statements:

- audited statutory consolidated financial statements of Covata for the financial years ended 30 June 2017 and 2018 and the reviewed statutory consolidated financial statements of Covata for the six months ended 31 December 2018; and
- audited statutory consolidated financial statements of dataglobal for the financial years ended 31 March 2017 and 2018 and the reviewed statutory consolidated financial statements of dataglobal for the nine months ended 31 December 2018.

Covata’s statutory consolidated financial statements for the financial years ended 30 June 2017 and 2018 were audited by KPMG. The audit opinion for 30 June 2017 was unmodified. The audit opinion for 30 June 2018 was unmodified with an emphasis of matter for material uncertainty in relation to going concern.

Covata's statutory consolidated financial statements for six months ended 31 December 2018 were reviewed by Nexia Sydney Audit Pty Ltd. The review opinion was unmodified with an emphasis of matter for material uncertainty in relation to going concern.

dataglobal's statutory consolidated financial statements for the financial years ended 31 March 2017 and 2018 were audited by Rödl & Partner GmbH. The audit opinions for both financial years were unmodified. The statutory consolidated financial statements for the nine months ended 31 December 2018 were reviewed by Rödl & Partner GmbH. The review opinion was unmodified.

Covata acquired CipherPoint Software, Inc (**CipherPoint**) on 25 August 2017. Financial information in relation to CipherPoint has not been included prior to the acquisition as Cipherpoint is included in the consolidated financial information from the date of acquisition and the business has been operating on a consolidated basis since its acquisition.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. The Pro Forma Financial Information has been prepared for illustrative purposes and due to its nature the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Pro forma adjustments have been made to the statutory historical income statements and statutory historical cash flow statements to reflect the impact of the following as if they had occurred on 1 April 2016:

- change in the financial year-end to 31 March;
- disposal of Cocoon and its associated subsidiaries; and
- acquisition of dataglobal (excluding the managed service business unit).

Refer to Section 6.4.4 for a reconciliation of the pro forma consolidated historical income statements to the statutory consolidated historical income statements of Covata and Section 6.6.2 for a reconciliation of the pro forma historical statements of cash flows to the statutory historical statements of cash flows.

Pro forma adjustments have been made to the statutory historical income of dataglobal to reflect the impact of the sale of the Managed Infrastructure Services business as if it had occurred on 1 April 2016.

The pro forma balance sheet has been derived from the statutory consolidated statement of financial balance sheet as at 31 December 2018 adjusted for the effects of the following as if they had occurred on 31 December 2018:

- Disposal of Cocoon and its associated subsidiaries;
- Acquisition of dataglobal (excluding the managed service business unit);
- Issue of convertible notes; and
- Completion of the Offer.

The pro forma balance sheet is reconciled to Covata's statutory balance sheet in Section 6.7.

Investors should note that past results do not guarantee future performance.

6.3.1 Explanation of certain non-IFRS measures

Covata uses certain measures to manage and report on its businesses that are not recognised under AAS. These are known as "non-IFRS financial measures". Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and not as a substitute for those measures. As these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way that Covata calculates these measures may differ from similarly titled measures used by other companies.

In this document, Covata uses the following non-IFRS measures to assist prospective investors with understanding the trends in financial performance and profitability:

- EBITDA: earnings before interest, tax, depreciation and amortisation.
- EBIT: earnings before interest and tax.
- NPBT: net profit before tax.
- NLBT: net loss before tax.
- NPAT: net profit after tax.
- NLAT: net loss after tax.
- Working capital: movements in working capital balances which include trade debtors and other debtors, trade creditors and other creditors, deferred income and employee entitlements.

Although the Directors believe that these measures provide useful information about the financial performance of Covata, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Readers should therefore not place undue reliance on these non-IFRS financial measures.

6.4. Pro forma historical consolidated income statements

6.4.1 Overview

The table below sets out the pro forma historical consolidated income statements. The pro forma historical income statements are reconciled to statutory income statements in Section 6.4.5.

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
Revenue	1	5,975	7,234	5,434	5,292
Management fee	2	271	281	209	221
Employee benefit expense	3	(4,026)	(4,779)	(3,074)	(4,246)
Consultancy fees expense	4	(1,367)	(1,433)	(1,073)	(956)
Other expenses	5	(1,718)	(1,488)	(990)	(1,488)
EBITDA		(865)	(185)	505	(1,176)
Depreciation and amortisation expenses	6	(45)	(318)	(40)	(393)
Impairment expenses	7	-	-	-	(897)
Other income		1,942	168	137	112
EBIT		1,031	(336)	603	(2,353)
Finance income		37	12	7	7
Finance costs		(40)	(24)	(12)	(19)
NPBT/(NLBT)		1,028	(349)	597	(2,365)
Income tax	8	(560)	(391)	(346)	(22)
NPAT/(NLAT)		468	(739)	250	(2,387)

Notes:

- Revenue:** includes sales of enterprise software licences, maintenance fee revenues and income from professional services.
- Management fee:** as set out in Section 12.10(a), dataglobal intends to charge €15,500 per month as a sublease and services charge to the Managed Infrastructure Services business to cover the cost of rent and other services required by the divested business while it continues to use these services.
- Employee benefit expense:** relates to staff salary, director fees, social security payments, payroll taxes and other associated employment related costs.
- Consultancy expense:** primarily relates to freelancers that are engaged by the Company to support its software engineering activities in Europe.
- Other expenses:** other operating overheads include occupancy costs, marketing, professional and legal fees, travel and other administration costs.
- Depreciation and amortisation expense:** relate to the recognition of depreciation and amortisation expense of the Company's assets and intellectual property over their useful life.
- Impairment expense:** relates to the impairment of acquired goodwill.
- Income tax expense:** relates to tax payable in Germany by the dataglobal operations acquired.

6.4.2 Key financial metrics

The table below summarises the movement in certain key financial metrics for FY2018 and 9M2019 on a pro forma basis:

\$'000	FY2017	FY2018	9M2018	9M2019
Revenue growth %		21%		-3%
EBITDA growth %		79%		-333%
EBITDA margin %	-14%	-3%	9%	-22%

6.4.3 Breakdown of segments

The Company only operates in one business segment, being the licencing, installation and supply of software platforms and products and associated services. The Company predominately operates in Australia, Germany, and the United States. Pro forma consolidated revenue by geographic region is set out below:

\$'000	FY2017	FY2018	9M2018	9M2019
Germany	5,136	5,280	4,131	4,123
Europe	204	449	232	280
United States	-	455	340	388
Rest of the World	635	1,049	732	500
Total pro forma revenue	5,975	7,234	5,434	5,292

6.4.4 Pro forma adjustments to the statutory net profit/loss after tax

The table below sets out the pro forma adjustments made to the statutory net loss after tax.

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
Statutory NLAT		(10,180)	(7,443)	(3,052)	(4,870)
Change of accounting year end	1	(2,210)	606	(1,493)	(2,102)
Disposal of Cocoon	2	11,853	5,403	4,010	4,536
Acquisition of dataglobal	3	1,005	695	785	49
Pro forma NPAT/(NLAT)		468	(739)	250	(2,387)

Notes:

- Change of accounting year end:** in April 2019, Covata changed its financial year end from 30 June to 31 March. The pro forma adjustment reflects the impact of the change in financial year on Covata's statutory loss after tax.
- Disposal of Cocoon:** as set out in Section 2.6 on 30 January 2019, the Company announced that it was entering into an option for the potential sale of Cocoon. Following shareholder approval of the sale on 10 May 2019, management expects the settlement of the sale in full prior to completion of the Offer. The pro forma adjustment reflects the losses in relation to Cocoon reflected in Covata's statutory net loss after tax.
- Acquisition of dataglobal:** as set out in Section 6.5 the pro forma adjustment reflects the profit after tax related to the operations of dataglobal to be acquired. As set out in Section 4.1 Covata entered a strategic alliance with dataglobal in March 2018. dataglobal recognised licence and maintenance fees it received from Covata as revenue, with Covata recognising the payment for the licences fees as an asset, while expensing payments for maintenance. The revenue from this agreement is adjusted in the pro forma adjustments as an inter-company transaction.

6.4.5 Pro forma consolidated historical income statements of dataglobal

The table below sets out the pro forma consolidated historical income statements of dataglobal following the pro forma adjustment to reflect the sale of the Managed Infrastructure Services business.

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
Revenue	1	5,975	6,778	5,094	6,733
Management fee	2	271	281	209	221
Employee benefit expense		(3,529)	(3,559)	(2,449)	(3,066)
Consultancy fees expense		(1,337)	(1,231)	(941)	(933)
Other expenses		(1,684)	(1,287)	(866)	(1,108)
EBITDA		(304)	983	1,046	1,847
Depreciation and amortisation expense		(45)	(55)	(40)	(50)
Other income		1,942	168	130	112
EBIT		1,593	1,096	1,136	1,909
Finance income		(39)	(22)	(11)	(17)
Finance costs		11	11	6	7
NPBT		1,565	1,085	1,132	1,899
Income tax	2	(560)	(391)	(346)	(581)
NPAT for the year		1,005	695	785	1,318

Notes

- Revenue:** includes sales of enterprise software licences, maintenance fee revenues and income from professional services, further detail is provided in Section 6.8.2. In 9M2019, dataglobal received \$1,828,070 in licence and maintenance fees from Covata.
- Management fee:** as set out in section 12.10(a), on divestment of its Managed Infrastructure Services business, dataglobal intends to enter into a service agreement for rent and other services for €15,500 a month. This has been adjusted appropriately.
- Income tax expense:** relates to tax payable in Germany by the dataglobal operations acquired.

6.5 Pro forma adjustments to dataglobal's statutory profit after tax

The table below demonstrates the impact of the pro forma adjustments to the statutory historical income statements of dataglobal which are reflected above at 6.4.5.

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
Statutory NPAT		1,761	1,220	1,280	1,587
<i>Adjusted for</i>					
Managed Infrastructure Services business	1	(755)	(525)	(494)	(269)
Pro forma NPAT		1,005	695	785	1,318
Inter-co transactions with Covata	2	-	-	-	(1,269)
Pro forma adjustment to dataglobal after inter-company transactions		1,005	695	785	49

Notes:

- Managed Infrastructure Services business:** As set out in Section 12.10(a), on completion dataglobal will divest of its Managed Infrastructure Services business prior to being acquired by Covata. Therefore, the financial performance of the business unit is eliminated through the pro forma adjustments.
- Inter-company transactions with Covata:** As set out in Section 4.1, Covata entered a strategic alliance with dataglobal in March 2018. dataglobal recognised licence and maintenance fees it received from Covata as revenue, with Covata recognising the payment for the licence fees as an asset, while expensing payments for maintenance. The revenue from this agreement is adjusted in the pro forma adjustments as an inter-company transaction.

6.6 Pro forma historical cash flow statements

6.6.1 Overview

The table below sets out the pro forma consolidated cash flow statements. The pro forma historical cash flow statements are reconciled to statutory cash flow statements in Section 6.6.2.

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
EBITDA	1	(865)	(185)	505	(1,176)
Non-cash items		(1)	298	208	188
Changes in working capital	2	(704)	626	(1,395)	(747)
Operating cash flow		(1,570)	740	(682)	(1,735)
Acquisition of property, plant and equipment	3	(42)	(68)	-	(39)
Acquisition of entity	4	-	(165)	(165)	-
Capital expenditure		(42)	(233)	(165)	(39)
Net cash flow before financing and taxation		(1,612)	509	(847)	(1,774)

Notes:

- EBITDA:** reflects EBITDA as set out in the pro forma consolidated historical income statements.
- Changes in working capital:** relates to the movements in working capital balances.
- Acquisition of property, plant and equipment:** primarily relates to the acquisition of purchases of computer equipment and office furniture.
- Acquisition of entity:** relates to the cash payment to the vendors of CipherPoint Software Inc. in connection with the acquisition of the business.

6.6.2 Pro forma adjustments to the statutory historical cash flow statements

\$'000	Notes	FY2017	FY2018	9M2018	9M2019
Statutory cash flow before financing and taxation		(12,446)	(6,838)	(3,568)	(5,325)
Change of accounting year-end	1	(2,197)	429	(1,444)	(1,136)
Disposal of Cocoon	2	14,191	5,617	4,421	5,878
Acquisition of dataglobal	3	(1,160)	1,300	(256)	(1,192)
Pro forma cash flow before financing and taxation		(1,612)	509	(847)	(1,774)

Notes:

1. **Change of accounting year end:** in April 2019, Covata changed its financial year-end from 30 June to 31 March. The pro forma adjustment reflects the impact of the change in financial year on Covata's statutory loss after tax.
2. **Disposal of Cocoon:** as set out in Section 2.6 on 30 January 2019, the Company announced that it was entering into an option for the potential sale of Cocoon. The sale was approved by shareholders on 10 May 2019 and is to be completed prior to settlement of the Offer. The pro forma adjustment reflects the losses in relation to Cocoon reflected in Covata's statutory net loss after tax.
3. **Acquisition of dataglobal:** as set out in Section 6.4.4 the pro forma adjustment reflects the profit after tax related to the operations of dataglobal to be acquired. dataglobal recognised licence and maintenance fees it received from Covata as revenue, with Covata recognising the payment for the licence fees as an asset, while expensing payments for maintenance. The revenue from this agreement is adjusted in the pro forma adjustments as an inter-company transaction.

6.7. Historical and pro forma balance sheets

The table below sets out the reviewed statutory consolidated historical balance sheet, and the pro forma consolidated historical balance sheet as at 31 December 2018.

The pro forma consolidated historical balance sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of Covata's view of its financial position upon Completion of the Offer or future financial position.

\$'000	31 December 2018 Statutory (Note 1)	Disposal of Cocoon (Note 2)	Acquisition of dataglobal (Note 3)	Pre-IPO fundraising (Note 4)	Completion of the Offer (Note 6)	31 December 2018 Pro forma
Current assets						
Cash & cash equivalents	1,282	1,850	(9,120)	2,056	11,823	7,891
Trade and other receivables	862	(160)	1,012	-	-	1,713
Prepayments	88	(58)	218	-	-	248
Other current assets	-	1,000	38	-	-	1,038
Inventory	-	-	-	-	-	-
Total current assets	2,232	2,632	(7,852)	2,056	11,823	10,891
Non-current assets						
Property, plant & equipment	55	(49)	135	-	-	141
Intangible assets	2,403	-	19,282	-	-	21,686
Other non-current assets	197	(51)	178	-	-	324
Total non-current assets	2,656	(100)	19,595	-	-	22,151
Total assets	4,888	2,531	11,743	2,056	11,823	33,041
Current liabilities						
Trade & other payables	(883)	321	81	-	-	(482)
Deferred income	(279)	87	(1,210)	-	-	(1,402)
Employee benefits	(149)	116	(576)	-	-	(609)
Current tax liabilities	-	-	(260)	-	-	(260)
Other current liabilities	-	1,632	(311)	(1,632)	-	(311)
Total current liabilities	(1,312)	2,156	(2,276)	(1,632)	-	(3,064)
Deferred income (NCL)	(63)	(2)	-	-	-	(65)
Total non-current liabilities	(63)	(2)	-	-	-	(65)
Total liabilities	(1,375)	2,154	(2,276)	(1,632)	-	(3,129)
Net assets	3,513	4,685	9,467	424	11,823	29,912
Equity						
Share capital	92,965	-	10,400	156	12,099	115,620
Reserves	8,464	612	0	268	-	9,345
Accumulated losses	(97,916)	4,073	(933)	-	(276)	(95,052)
Total equity	3,513	4,685	9,467	424	11,823	29,912

Notes:

1. **Statutory historical consolidated statement of financial position:** as presented in the financial statements of Covata for the six months to 31 December 2018.
2. **Disposal of Cocoon:** as set out in Section 2.6, on 10 May 2019, shareholders voted in favour of selling 100% of the shares in subsidiary Cocoon Data Holdings Pty Limited (comprising the SafeShare product and associated business) to Cybr5 Pty Ltd.

The Company is in the process of finalising an agreement with the Noteholders whereby the consideration for the acquisition would be (a) \$1.850 million in cash (being \$2 million less \$150,000 advanced for working capital); (b) \$2 million through the extinguishment of the convertible notes, for which Cybr5 will issue replacement notes; and (c) a \$1 million loan which is due within 90 days of completion of the Cocoon Data sale.

The adjustment reflects the de-recognition of associated assets and liabilities of Cocoon and resulting gain on sale.

In addition, under the terms of the proposed revised sale agreement an agreed \$100,000 of interest will be capitalised as part of the extinguishment and replacement notes and the Company has agreed to issue 7,392,230 warrants to the Noteholders, which the Directors have determined have a fair value of \$612,000. 2,931,034 warrants, which the Directors determined had a fair value of \$268,000, issued with convertible notes raised in February 2019 will be expensed on extinguishment of the related convertible notes.

3. **Acquisition of dataglobal:** as set out in Section 2.1, Covata will acquire the entire equity of dataglobal through the issue of 34,666,667 ordinary Covata shares (\$10.4 million based on the issue price of \$0.30) and cash of \$10.4 million (€6.5 million).

Under the terms of the agreement, Covata will acquire dataglobal on a debt-free basis and with a minimum level of \$1,280,000 (€800,000) in cash. dataglobal will also divest its Managed Infrastructure Services business immediately prior to the acquisition.

Following the acquisition of dataglobal, the Directors intend to roll Covata's Eclipse product across the dataglobal client base rather than focus on the existing markets. The rollout is subject to the completion of further product enhancements and integration development work. On this basis the Directors believe the carrying value of Eclipse's intellectual property will be impaired and an adjustment of \$933,000 has been made to reflect this impairment that will occur on the acquisition of dataglobal.

4. **Pre-IPO fundraising:** as set out in Section 2.5 in February 2019, Covata received \$1.4 million from the issue of convertible notes. 2,931,034 warrants, which the Directors determined had a fair value of \$268,000, were issued with the notes. The Company is in the process of finalising agreements for the issue of an additional 1,388,889 Notes with a face value of \$500,000.

In February 2019 the Company closed its Share Purchase Plan (SPP) having received \$156,000 for 433,333 (post-consolidation) fully paid ordinary shares at an issue price of \$0.36 a share.

5. **Completion of the Offer:** reflects the issue of 45,666,667 shares at \$0.30 a share to raise \$13.7 million. Transaction costs of \$1.877 million will be incurred of which \$276,000 will be expensed as transaction costs and \$1.601 million recognised against equity.

6.7.1 Sources of liquidity

Covata's pro forma net cash position on completion of the Equity Offer will be \$7.89 million. Accordingly, the Directors consider that Covata will have enough working capital to carry out the entity's stated objectives.

6.7.2 Related parties

Amounts included in aggregate compensation comprise salaries, director fees, cash bonuses, fair value of share-based payments, social security and superannuation contributions.

\$'000	FY2017	FY2018	9M2019
Current assets - loans to related parties	10	189	-
	10	189	-

The Consolidated Group provided Wolfgang Munz with an ongoing clearing account in the periods ending 31 March 2017 and 31 March 2018. Outstanding balances accrued interest charges at a rate of 2% per annum, resulting in the Group recognising interest income of \$263 for FY2017 and \$3,372 for FY2018. The facility was discharged by Mr. Munz in the period to 31 December 2018 and no interest was accrued for this period.

As set out in 12.10(a), the Company and the acquirer of the Managed Infrastructure Services business, an entity owned by Wolfgang Munz, will enter into sublease and service arrangements, on terms acceptable to the parties, which provide for the division and allocation of certain fixed costs of dataglobal to the acquirer of the Managed Infrastructure Services business. The Directors intend for this to be €15,500 a month

6.8. Management discussion and analysis of the Pro Forma Historical Financial Information

6.8.1 Overview

This Section sets out a discussion of the main factors which affected Covata's operating and relative financial performance in FY2017, FY2018 and 9M2019, as well as the factors Covata expects may affect it in the future.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect Covata's operating and financial performance in the future.

The information in this Section 6 should also be read in conjunction with the risk factors set out in Section 5.3 and the other information contained in this Prospectus.

6.8.2 Revenue

Revenue by type is set out below:

\$'000	FY2017	FY2018	9M2018	9M2019
Maintenance	4,160	4,525	3,171	3,377
Licences	1,161	1,915	1,732	1,344
Deployment services	655	793	531	570
	5,975	7,234	5,434	5,292

The Company generates software revenues from three distinct streams: licencing fees, deployment services and maintenance fees. A description of each of these streams and an outline of the factors that influence the level of revenues generated are summarised as follows:

- **Maintenance:** these are charged at a rate of between 15-20% of the value of the perpetual licence. Maintenance ensures that customers are able to access customer support and retain the latest version of the Company's products by entitling them to the latest releases and version of the software. This stream of revenue is considered to be recurring, due to the high likelihood that customers will continue to renew their subscriptions each period. Maintenance is usually paid in advance on an annual, quarterly or monthly basis.
- **Licences:** number of users, the number of installations and amount of information to be secured/served by the Company's platforms and products. These licences are typically sold on a perpetual basis, whereby the right to use the software are transferred to the customer for an indefinite period. The Company also provides licences on a SaaS basis, whereby the customer is permitted to use the software for the duration of the term of their licence.
- **Deployment services:** are a transactional revenue stream and are typically sold at the same time as licences. Revenue from this stream is heavily influenced by the customer's requirements and encompasses work that is done in connection with installing the software and training the customer's users.

Total revenues increased 21% in FY2018 to \$7.23M, this was due in part by new United States sourced revenues connected with the acquisition of CipherPoint Software, Inc. (**CipherPoint**) in August 2017, along with strong licence revenue growth over the period.

Revenue from licences has decreased by 22% during the 9M2019 to \$1.3M, this was driven primarily by time taken to effect additional improvements necessary to the Eclipse product in order to secure the Company's first Eclipse enterprise customer in Europe. This sale was closed in May 2019 and is worth approximately \$390,000. Additional improvements to the product may be necessary in order to sell into dataglobal's customer base.

6.8.3 Management fee

dataglobal will charge a sublease and services charge to the managed services business to cover the cost of rent and other services required by the divested business while it continues to use these services following successful completion of the Offer.

6.8.4 Operating costs

Operating costs include:

- Employee benefits: salaries, director fees, social security, superannuation, and other employment costs related to the staff and directors employed by the Company.
- Consultancy fees: are primarily attributed to freelancers that are engaged by the Company to support its software engineering activities in Europe.
- Other operating overheads including occupancy costs, professional and legal fees, travel and insurance costs

Total operating costs increased by 8% to \$7.7 million in FY2018. Key drivers for this increase were:

- Employee costs increasing by 19% as a result of additional staff based in the United States.
- Consultant fees increasing by 5% due to the remuneration of a former director in their capacity as a consultant to the Company.
- Other operating overheads decreased by 13% in FY2018 driven by the significant restructuring of Australian and US operations.

6.8.5 EBITDA

The Group moved to a loss on a pro forma basis in FY2018, which has continued in 9M2019. The losses reflect both a reduction in revenue due to further development and quality assurance required to the Eclipse product and increasing employment expenses and other operating overheads as a result of increased operations in the US.

6.8.6 Depreciation and amortisation and impairment expenses

The significant increase in depreciation and amortisation in 9M2019 relates to the amortisation of intellectual property ("IP") of \$1.6 million relating to intellectual property acquired in connection with the CipherPoint Software, Inc acquisition.

Goodwill and IP were recognised following the acquisition of CipherPoint in August 2017. These assets comprised the acquired IP, technology, staff, customers and processes of the CipherPoint business as at the date of its acquisition including the Eclipse product which was limited to on premises deployment.

Following the acquisition, the Company decided to undertake certain fundamental and significant changes to the Eclipse product, in particular, to enable cloud deployment through the development of APIs allowing integration with Office 365. Cloud deployment is critical to the future of the product. These changes materially impacted the CipherPoint business therefore the Directors determined to fully impair the acquired goodwill of CipherPoint in 9M2019.

The recent customer sale of Eclipse in Europe focused on an on-premises deployment and it is uncertain whether and to what extent further orders will be placed. The Eclipse product has the potential to be rolled out across the dataglobal client base subject to completion of further product enhancements and integration development work. On this basis the directors have determined to write-off the remaining IP in relation to CipherPoint subsequent to 9M2019.

6.8.7 Working capital

Working capital includes trade and other receivables, prepayments, trade and other payables, employee entitlements, deferred income and tax liabilities. Over the course of a full financial year, Covata will typically experience movements in working capital in line with earnings movements and reflective of trading terms with customers and suppliers. A key aspect of the business regarding maintenance revenues, is that contracts are generally paid upfront by customers.

6.8.8 Capital expenditure

Covata's capital expenditure has historically included:

- improvements to office fit-outs and leasehold premises; and
- purchase of operating assets, such as office furniture and communication equipment, computers and software.

6.9. Dividend policy

The Company does not, for the foreseeable future, expect to pay a dividend. The Board of the Company will review the dividend policy on a regular basis. Any future payment of dividends will be at the discretion of the Board.

6.10. Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the Financial Information:

6.10.1 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and

the reported amounts of assets, liabilities, income and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following Sections:

- Revenue recognition (Section 6.10.4);
- Share-based payments (Section 6.10.5); and
- Acquisition of subsidiary (Section 6.10.2).

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6.10.2 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is

transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

6.10.3 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at an exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

6.10.4 Revenue

Revenue is recognised with reference to the Group satisfying performance obligations outlined in the

contract. The Group's performance obligations can include the grant of a licence, installation, data hosting, maintenance and support and training.

Software licence

The Group grants either perpetual or term licences. Performance obligations are fulfilled for a perpetual licence upon the grant or installation of the perpetual licence and subsequently, revenue is recognised at this point in time. Customers can access the licence beyond the contract and without the Group providing maintenance and support.

Performance obligations are fulfilled for a term licence over the life of the term and subsequently, revenue is recognised at this over time. Customers cannot access the licence beyond the contract.

Maintenance and support

The Group enters into maintenance and support contracts with its customers generally between one and three years, which includes customer support, updates and upgrades. Customers generally pay in advance for each service period and the relevant payment due dates are specified in each contract. Revenue is recognised over the life of the contract.

In the case of the term licences, maintenance and support is not a separable performance obligation as maintenance and support is inextricably linked to the licence. Subsequently, the grant of the term licence and maintenance and support are recognised as one performance obligation and revenue is recognised over the life of the term.

Professional services

Revenue from a contract to provide professional services is recognised upon the satisfaction of performance obligations in the contract.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

6.10.5 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is

adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted using the rates attached to the Corporate bonds at the reporting date which have maturity dates approximating to the terms of the Group's obligations.

6.10.6 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business

combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group effective for the current tax year from 1 July 2014. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Covata Limited effective 31 October 2014, prior to this date the head entity was Cocoon Data Holdings Pty Limited.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of

each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

6.10.7 Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Office equipment	3 – 5 years
Computer equipment	1.5 – 3 years
Communications equipment	1.5 – 4 years
Software	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6.10.8 Intangible assets

Recognition and measurement

Intangible assets, including intellectual property, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure

is capitalised only if the expenditure can be measured reliably, the product or process is technically feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives of intellectual property assets are between 4 – 5 years.

Intangible assets with indefinite useful lives are systematically tested annually for impairment.

6.10.9 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (**FVTPL**)

- Debt instruments at fair value through other comprehensive income (**FVTOCI**)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments. Investments in equity instruments fall into this category unless the Group irrevocably elects at inception to account as Equity FVTOCI.

Debt instruments at fair value through other comprehensive income (Debt FVTOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVTOCI. Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

AASB 9's new forward-looking impairment model applies to the Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

6.10.10 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Compound financial instruments

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

6.10.11 Impairment

Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor; restructuring of an amount due to the Group on terms that the Group would not consider otherwise; indications that a debtor or issuer will

enter bankruptcy; adverse changes in the payment status of borrowers or issuers; the disappearance of an active market for a security; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Group considers evidence of impairment for financial assets measured at amortised cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is not subject to amortisation and is tested at least annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit (CGU).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.10.12 Operating leases payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

7. INVESTIGATING ACCOUNTANT'S REPORT



25 June 2019

The Directors
Covata Limited
Level 4, 81 York Street
Sydney NSW 2000

Dear Sirs

Investigating Accountant's Report and Financial Services Guide

We have been engaged by Covata Limited (ASX:CVT) ("Covata" or the "Company") to prepare this report for inclusion in the prospect to be issued by the Company (the "Prospectus") in respect of the proposed acquisition of dataglobal GmbH ("dataglobal") through the issue of cash and ordinary shares of Covata and the issue of prospectus by Covata in connection with the proposed readmission to the Australian Securities Exchange (the "Proposed Transaction").

Expressions and terms defined in the document have the same meaning in this report.

Nexia Sydney Corporate Advisory Pty Ltd holds the appropriate Australian Financial Services License under the Corporations Act 2001 for the issue of this report.

Scope

Pro Forma Historical Financial Information

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- pro forma consolidated income statement for the years ended 31 March 2017, 31 March 2018 and the nine months ended 31 December 2018;
- pro forma consolidated cash flow statements for the years ended 31 March 2017, 31 March 2018 and the nine months ended 31 December 2018; and
- pro forma consolidated statement of financial position as at 31 December 2018.

(together the "Pro Forma Historical Financial Information")

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Pro Forma Historical Financial Information in the prospectus is presented in abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The statutory financial information for the Company for the years ended 30 June 2017, 2018 was audited by KPMG. The audit opinion for the year ended 30 June 2017 was unmodified. The audit opinion for the year ended 30 June 2018 was unmodified with an emphasis of matter for material uncertainty relating to going concern. The statutory financial information for the Company for the six months ended 31 December 2018 was reviewed by Nexia Sydney Audit Pty Ltd. The review opinion was unmodified with an emphasis of matter for material uncertainty relating to going concern.

The Pro Forma Historical Financial Information has been derived from the statutory historical financial information of Covata, after adjusting for the effects of pro forma adjustments described in section 6

**Nexia Sydney
Corporate Advisory Pty Ltd**
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

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Nexia Sydney Corporate Advisory Pty Ltd (ABN 68 114 696 945) is an Authorised Representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL No. 247300 an associated entity of Nexia Sydney Pty Ltd an independent firm of chartered accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd, deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes NEXIA) are not part of a worldwide partnership.

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of the Prospectus. The stated basis of preparation is the recognition and measurement principles applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6 of the Prospectus, as if those events or transactions had occurred as at the date of the statutory historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

The pro forma adjustments include adjustments for the historical statutory financial information of dataglobal for the years ended 31 March 2017 and 2018 and the nine months ended 31 December 2018 which were prepared in accordance with International Financial Reporting Standards as by the European Union (EU-IFRS).

The financial statements of dataglobal for the years ended 31 March 2017 and 2018 were audited Rödl & Partner. The audit opinion was unmodified. The financial statements for the nine months ended 31 December 2018 were reviewed by Rödl & Partner. The review opinion was unmodified.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the statutory historical financial information and included in the Pro Forma Historical Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information based on the procedures performed and the evidence obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to section 6 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Pro Forma Historical Financial Information may not be suitable for use for another purpose.

Nexia Sydney Corporate Advisory Pty Ltd has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

**Declaration of Interest**

Nexia Sydney Corporate Advisory does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Nexia Sydney Audit Pty Ltd, a related entity to Nexia Sydney Corporate Advisory, is the current auditor for the Company. This report has been prepared independently to any work carried out as auditor by Nexia Sydney Audit Pty Ltd.

Yours faithfully,

Nexia Sydney Corporate Advisory Pty Ltd

A handwritten signature in black ink, appearing to read "B. Goldman", with a long horizontal flourish extending to the right.

Brent Goldman

Director

(Authorised representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL 247300)



FINANCIAL SERVICES GUIDE

Dated: 25 June 2019

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the independent directors of Covata Limited ("Covata" or the "Client") to provide general financial product advice in the form of an investigating accountant's report to be included in the Prospectus.

You have not engaged NSCA directly but have received a copy of the report because you have been provided with a copy of the Prospectus. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the report.

General Advice

As NSCA has been engaged by the Client, the report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the report having regard to your circumstances before you act on the general advice contained in the report.



You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees NSCA may receive

NSCA charges fees for preparing reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA \$87,000 (excluding GST and out of pocket expenses) for preparing the report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years \$65,000 (excluding GST) in professional fees has been received from the Client for audit services.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:



Australian Financial Complaints Authority Limited
GPO Box 3, Melbourne Victoria 3001

Telephone: 1800 931 678
Facsimile (03) 9613 6399
Email: info@afca.org.au

The Australian Securities and Investments Commission also has a free call info line on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

8. KEY PEOPLE, INTERESTS AND BENEFITS

8.1 Board of Directors

Following completion of the Transaction the Board will be reconstituted as follows:

- Wolfgang Munz is proposed to be appointed as Managing Director upon, and subject to, completion of the Transaction;
- Edward (Ted) Noel Pretty is proposed to transition from Managing Director to Executive Chairman of the Company on and from completion of the Transaction, although pursuant to revised terms of his engagement will have a principal role in overseeing governance of the Company during its transition period;
- Steven Richard Bliim will continue as an Executive Director and CFO; and
- William (Bill) Albert McCluggage will remain as Non-Executive Director following completion of the Transaction and relisting but will cease to be Chairman.

A biography for each of the existing and proposed Directors is set out below:



Edward (Ted) Noel Pretty - Proposed Executive Chairman (currently Managing Director)

Ted is a widely recognised senior technology and telecommunications executive with significant experience in complex networks, data hosting and security, as well as a deep knowledge of emerging trends in security and information technology.

Ted joined Covata as Managing Director and Chief Executive Officer in January 2017.

Most recently, Ted was a senior adviser at Macquarie Capital, supporting principal investments in emerging companies, covering information governance, big data and analytics, security and encryption.

His career has included roles such as Managing Director of Technology Innovation and Product at Telstra Group, Chairman of Fujitsu Limited, Chairman of ASX-listed NEXTDC and RP Data Limited, Advisory Chairman of Tech Mahindra and Managing Director and Chief Executive Officer of Hills Limited.

Wolfgang Munz - Proposed Managing Director (also proposed CEO)



Wolfgang is the Founder, CEO and sole Director of dataglobal GmbH. He oversees product strategy, development and administration of the dataglobal business.

Wolfgang's goal is to be at the forefront of data management and to provide state-of-the-art technology in Content Services, bringing added value to dataglobal's customers. By recognising trends and developing new technologies, he strives to stay one step ahead of the competition. The dataglobal product family is the result of this pursuit.

Wolfgang holds a Diplom-Ingenieur (an advanced academic degree) in Telecommunications Engineering with a special focus on Precision Engineering from the University of Nürnberg.

William (Bill) McCluggage - Non-Executive Director



With over 15 years of experience working as an IT Director, Chief Technology Officer and Chief Information Officer within central government and the private sector, Bill plays a critical role for Covata in sales and contract deployment within the UK.

Bill's current roles include the Head of Information Security and Assurance with the UK's Open Banking Implementation Entity, he is a NED with the Foreign and Commonwealth Office, a member of the governing body of the Northern Regional College, and Entrepreneur-in-Residence at Catalyst Inc (formerly the Northern Ireland Science Park).

Previously, Bill served as Chief Information Officer for the Irish Government, was Chief Technologist of Dell EMC's UK public sector business, he held the post of Deputy Government Chief Information Officer at the UK Cabinet Office, and was CIO, Senior Information Risk Owner and Director of eGovernment in Northern Ireland.

Bill began his career as an engineering officer with the Royal Air Force, where he worked for 24 years and finished his military career as Technical Director of the Joint Air Reconnaissance Intelligence Centre, an agency supporting the MOD and joint operations



Steven Richard Bliim – Executive Director (also CFO and Joint Company Secretary)

Steven is the CFO and Joint Company Secretary at Covata. With over 12 years of experience in both Australia and the US, Steven is responsible for capital planning and forecasting, treasury management, global financial reporting and statutory compliance. Since joining Covata in 2012, he has played a key role in the group's expansion into the US, UK and Europe, along with the reverse acquisition of Prime Minerals Limited and subsequent relisting of Covata Limited on the ASX in November 2014. Steven led the due diligence and subsequent integration of the CipherPoint business following its acquisition in August 2017.

Prior to joining Covata, Steven worked in business services and tax advisory for over seven years, consulting primarily to small-to-medium enterprises and primary production businesses. Steven is a member of Chartered Accountants Australia & New Zealand and holds a Bachelor of Commerce – Accounting from the University of South Australia.

8.2 Key Personnel

Stephan Unser – Chief Operating Officer, dataglobal

Stephan is the COO of dataglobal GmbH. He is responsible for the marketing and sales team. Stephan has over 20 years' experience in senior management roles at notable, international enterprises such as Bang & Olufsen, Märklin, Bulthaup, de Sede and allmilmö. Among his various positions, Stephan has been especially focused in the areas of marketing, sales and business development. He possesses skills, knowledge and experience in the development and execution of international business structures, partner relations as well as logistics and distribution. Stephan's success has been oriented on building high-performance teams, focusing on growing the customer base and improving customer loyalty.

He holds a Diplom-Kaufmann in Economics and Business Management from Friedrich-Alexander University Erlangen-Nürnberg.

Patrick Gowans – Joint Company Secretary

Patrick is the Joint Company Secretary of the Company. Patrick's role is to provide support to Steven Bliim in respect of compliance and governance related matters of the Company.

Patrick is a Director of Quinert Rodda & Associates Pty Ltd, who act as legal advisors to the Company. Patrick holds a Bachelor of Laws/Arts from LaTrobe University and was admitted to practice as a lawyer in 2008.

8.3 Interests and remuneration of Directors

8.3.1 Interests of Directors

Following successful completion of the Offers, the existing and proposed Directors will have direct and indirect interests in the Company's shares as set out in the table below:

Directors	Shares		% interest following the Transaction	Convertible securities
Name	Direct	Indirect		
Edward (Ted) Noel Pretty	948,596 (includes 901,540 loan plan share)	896,092 (includes 500,000 loan plan shares)	1.54%	Options: 37,730 Performance Rights: 2,500,000
William (Bill) Albert McCluggage	66,707	Nil	0.06%	Options: 50,000 Performance Rights: 500,000
Wolfgang Munz	Nil	34,666,667	29.00%	Performance Rights: 2,500,000
Steven Richard Bliim	334,802 (includes 326,781 loan plan shares)	52,710	0.32%	Options: 15,595 Performance Rights: 500,000

Details of the Options held by each of the Directors are set out in the table below:

Name	Number of options	Exercise Price	Expiry Date
Edward (Ted) Noel Pretty	37,730	\$1.10	6 June 2020
William (Bill) Albert McCluggage	50,000	\$4.00	4 May 2022
Wolfgang Munz	Nil	Nil	Nil
Steven Richard Bliim	595 options 15,000 options	\$1.10 \$5.70	6 June 2020 30 October 2020

8.3.2 Remuneration of Directors

Director Name	Directors Remuneration (per annum) ^{2,3}
Edward (Ted) Noel Pretty	\$408,000 ¹
William (Bill) Albert McCluggage	\$70,000
Wolfgang Munz	€300,000 (A\$480,000)
Steven Richard Bliim	\$245,000

Notes to table:

1. Comprised of €180,000 to be paid as a consultancy fee to a corporate entity associated with Mr Pretty (Australian equivalent in table above based on an indicative exchange rate of €1 = AUD\$1.60) and \$120,000 to be paid in connection with Mr Pretty's role as Chairman. In addition, the completion of the acquisition of dataglobal will trigger the satisfaction of a condition to a short-term incentive payment to Mr Pretty of \$270,000. The conditions to the short-term incentive were agreed between the Company and Mr Pretty under the terms of his existing executive services agreement. The Company has also reached an agreement to pay Mr Pretty the sum of \$112,000 on termination of his existing executive services agreement as a compromise in lieu of the 6 months' notice which would otherwise be due thereunder. The Company has assumed payment of the short-term incentive is made from existing cash and the starting cash balance set out in the use of funds table in Section 10.8 is net of this payment and other accrued entitlements due to Mr Pretty on his termination as Managing Director.
2. AUD conversions in the table above are based on an indicative exchange rate of €1 = AUD\$1.60.
3. All fees are excluding GST (where applicable) and excluding statutory superannuation and/or equivalent statutory pension payments (as and where applicable).

In the two years prior to lodgement of this Prospectus, payments to Directors including salaries, Director fees, bonuses (including those accrued as at 31 March), fees for additional services provided to the Company, and superannuation are as follows:

Director Name	July 2017 – June 2018	July 2018 – Present
Edward (Ted) Noel Pretty¹	643,549	894,148
William (Bill) Albert McCluggage²	70,000	64,167
Steven Richard Bliim³	183,459	232,087

Fair value of share-based payments vested during the periods:

1. 2018: \$453,242; 2019: \$182,106
2. 2018: \$9,160; 2019: \$3,234
3. 2018: \$80,316; 2019: \$71,939

8.4 Interests of advisors

The Company has engaged the following advisors in relation to the Offers:

- Shaw and Partners Limited has acted as Joint Lead Manager of the Offer. The Company will pay Shaw and Partners Limited fees as summarised in Section 12.10
- Aitken Murray Capital Partners Pty Ltd has acted as Joint Lead Manager of the Offer. The Company will pay Aitken Murray Capital Partners Pty Ltd fees as summarised in Section 12.10.
- Nexia Sydney Corporate Advisory Pty Ltd has acted as the Investigating Accountant. The Company has agreed to pay \$87,000 (plus GST) to Nexia Sydney Corporate Advisory Pty Ltd for preparation of the Investigating Accountant’s Report in Section 7.
- Nexia Sydney Audit Pty Ltd has acted as the auditor of the Company. The Company has paid, or agreed to pay, Nexia Sydney Audit Pty Ltd \$65,000 (plus GST) for acting as the Company’s auditor. Further amounts may be paid (or agreed to be paid) to Nexia Sydney Audit Pty Ltd in accordance with normal charge out rates.
- Quinert Rodda & Associates Pty Ltd has acted as legal advisor to the Company. The Company has paid, or agreed to pay, approximately \$145,000 (plus GST) to Quinert Rodda & Associates Pty Ltd. Subsequently, fees will be charged in accordance with normal charge out rates.
- Alphastation Group Pty Ltd has been engaged as a consultant in relation to the preparation and presentation of this Prospectus. Alphastation Group will receive approximately \$16,500 (plus GST) in connection with its engagement. In addition, the Company has agreed to issue 66,667 New Shares to Alphastation Group or its nominee under the Employee and Advisor Offer.
- Bryan Cave Leighton Paisner LLP has been engaged as German legal advisor to the Company. The Company has paid, or agreed to pay, approximately \$25,000 to Bryan Cave Leighton Paisner LLP. Subsequently, fees will be charged in accordance with normal charge out rates.
- Pegasus Corporate Advisory Pty Ltd has been engaged to provide corporate advisory and investor relations services to the Company. The Company has paid, or agreed to pay, 1% (ex GST) of funds raised under the Equity Offer to Pegasus Corporate Advisory Pty Ltd. The Company will also pay a fixed retainer of \$10,000 per month (ex GST).

These amounts, and other expenses of the Offers, to the extent not paid by the Company prior to completion of the Equity Offer will be paid out of funds raised under the Equity Offer or available cash. Further information on the use of proceeds and costs of the Equity Offer is set out in Sections 10.8 and 12.9 respectively.

9. CORPORATE GOVERNANCE

9.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity commensurate with the Company's needs.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations. Section 9.13 contains a table setting out where the Company has not complied with The Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council in February 2019 (Recommendations) and providing reasons for non-compliance.

The 4th Edition of the Recommendations come into force for financial years commencing on or after 1 January 2020. Notwithstanding the date on which the 4th Edition of the Recommendations come into force, the Company has determined to compare its corporate governance procedures, policies and practices against the most up to date Edition of the Recommendations as an appropriate benchmark.

The departures set out in Section 9.13 include information regarding how the Company seeks to address its non-compliance where appropriate.

The Company's corporate governance policies will also be reviewed and where necessary updated and amended to address the Recommendations as amended from time to time.

Copies of the Company's corporate governance procedures, policies and practices are available on the Company website at <https://covata.com/about/ir/#governance>

9.2 General Meetings

The Company is committed to upholding shareholder rights and participation in general meetings. Shareholders are invited to attend and ask questions at each general meeting of the Company, including of the auditor of the Company who is invited to attend the annual general meeting of the Company.

The Company has historically determined all resolutions at a general meeting by way of a poll. The determination of all resolutions at a general meeting by way of poll has been formally enshrined into the corporate governance policies and procedures of the Company.

9.3 Board of Directors

The Board is responsible for the overall management and corporate governance of the Company. The responsibilities of the Board include:

- the development, implementation and alteration of the strategic direction of the Company, including future expansion of the Company's business activities;
- monitoring and evaluating the performance of the CEO/Managing Director in achieving the strategic and budgetary goals set by the Board and establishing targets and goals for, and monitoring performance of, senior management;
- risk management, assessment and monitoring. The risk management framework is reviewed at least annually and the Company will in future disclose that such review has taken place in accordance with the Recommendations;
- review and oversight of compliance with ASX Listing Rules, financing reporting obligations, including yearly and continuous disclosure, legal compliance and related corporate governance matters;
- monitoring and reviewing the operational performance of the Company including the viability of current and prospective operations and opportunities;
- the appointment of new Directors to fill a vacancy or as additional Directors, including the conduct of appropriate checks prior to appointment of such Directors, and the provision of all material information to shareholders in determining whether to elect or re-elect (as the case may be) such Director(s);
- the appointment and, where appropriate, the removal of the senior executives (CEO, CFO, COO and other executives) of the Company, including the conduct of appropriate checks prior to the appointment of such senior executives;
- regular review of the code of conduct, communication and disclosure policy, securities trading policy, diversity policy, risk management policy and remuneration policy to ensure the policies meet the standard of corporate governance required by the Board;
- approving and monitoring major Company financing matters including approval and monitoring of major capital expenditure, capital management, acquisitions and divestitures, materials contracts and incurring material debt obligations; and

- periodic review of the performance of its Board, individual directors and senior executives by special purpose committees established by the Board.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

9.4 Composition of the Board

Election of Board members is substantially the province of the shareholders in a general meeting. Although the Board may appoint Directors to fill casual vacancies, the ongoing appointment of Directors is subject to receipt of requisite shareholder approval(s).

The Directors (other than the Managing Director) are subject to retirement by rotation and re-election requirements under the constitution that are consistent with the ASX Listing Rules.

The Company is committed to the following principles in connection with Director appointment(s):

- the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

9.5 Board Charter and Policies

The Board has adopted a Charter which formally recognises its responsibilities, functions, power, authority and composition. This Charter sets out other things that are important for the effective corporate governance of the Company, including:

- a definition of "independence";
- a framework for the identification of candidates for appointment to the Board and their selection (including undertaking appropriate background checks);
- a framework for individual performance evaluation, including the evaluation by the Board of its senior executive in each reporting period;
- proper training to be made available to Directors both at the time of their appointment and on an ongoing basis for professional development purposes, including periodic review of the need for professional development of existing Directors;

- basic procedures for meetings of the Board and its committees (if any) including frequency, agenda, minutes and discussions of management issues among non-executive directors;
- ethical standards and values (in a detailed code of corporate conduct). The Directors are to be informed of any and all breaches of the code of conduct;
- dealings in securities (in a detailed code for securities transactions designed to ensure fair and transparent trading by Directors and senior management and their associates); and
- communication and disclosure to shareholders and the market.

Any material breach of the code of conduct is communicated immediately to the Board.

9.6 Independent professional advice

Under the Charter, subject to approval from the Chair, each Director has the right to seek independent legal or other professional advice at the Company's expense on all matters necessary for that Director to make fully informed and independent decisions.

9.7 Remuneration arrangements

The total maximum remuneration of non-executive Directors is determined by ordinary resolution of shareholders in a general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules (as applicable). The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the input and value to the Company of the respective contributions of each non-executive Director. The aggregate remuneration for non-executive Directors is currently set at \$400,000. The Company is seeking to increase this to \$480,000 at the Shareholder Meeting.

9.8 Trading policy

The Board has adopted a securities trading policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel. The policy generally provides that written approval must be obtained from the Company Secretary.

9.9 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

9.10 Audit and Risk Committee

Having regard to its current and proposed business structure, financial capacity and objectives, the Company does not currently have an Audit and Risk Committee.

Until such time as the Audit and Risk Committee is established the Board will undertake such function, giving effect to the Audit and Risk Committee Charter, with adaptations as necessary and appropriate which will include reviewing the performance and effectiveness of the external auditors and internal review procedures and the rotation of the external audit engagement partners.

Where possible, the Audit and Risk Committee will consist of three non-executive Directors with at least two being independent Directors.

The responsibilities of the Audit and Risk Committee (or, in their absence, the Board) will include:

- advising the Board in relation to risk oversight and management policies;
- advising and providing recommendations to the Board regarding establishment, implementation and review of risk management systems, Company policies and the Company risk profile detailing forecast probabilities of financial and non-financial risks which the Company faces;
- ensuring Senior Management have in place effective systems which identify, assess, monitor and manage risk in the Company in all areas;
- monitor, review and direct amendment where necessary to the Company's financial statements to ensure compliance with applicable standards;
- reviewing the performance and effectiveness of the external and internal auditors;
- recommending to the Board the appointment and removal where necessary of external auditors and approving their remuneration and terms of engagement; and
- ensuring the integrity and quality of the financial information of the Company, including the financial information provided to ASIC, ASX and shareholders.

Meetings will be held at least twice a year to review and discuss risk and financial issues and the financial statements. The Audit and Risk Committee may conduct investigations where appropriate to fulfil its functions, including engaging independent experts or advisors.

Before the Company approves financial statements for a financial period, its CEO and CFO provide a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and

give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic reports that are not audited or reviewed by the external auditor are peer-reviewed internally and are signed off by the CFO and Board of Directors prior to release to market.

9.11 Remuneration and Nomination Committee

Having regard to its current and proposed business structure, financial capacity and objectives, the Company does not currently have a Remuneration and Nomination Committee.

Until such time as the Remuneration and Nomination Committee is established the Board will undertake such function, giving effect to the Remuneration and Nomination Committee Charter, with adaptations as necessary and appropriate.

Where possible, the Remuneration and Nominee Committee will be composed of three members with a majority of independent Directors.

The purpose of the Remuneration and Nomination Committee is to review and report on remuneration and related policies and practices and make recommendations to the Board about the appointment of new Directors and senior management.

The responsibilities of the Remuneration and Nomination Committee (or, in their absence, the Board) will include:

- review and evaluation of market practices and trends on remuneration matters and apply them to the circumstances of the Company;
- recommendations about the Company's remuneration policies and procedures;
- oversight of the performance of senior management and non-executive Directors;
- identifying and recommending new appointees to the Board based on their skills, competencies and experience and assess how candidates for the Board may contribute to the strategic direction of the Company;
- developing and implementing appropriate training and development programs;
- reviewing the policy of the Company with respect to tenure, remuneration and retirement of Directors, including overseeing management succession planning; and
- reviewing the Company's reporting and disclosure practices in relation to the remuneration of Directors and senior executives.

9.12 Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises contributions of employees with diverse backgrounds, experiences and perspectives.

The Board will set measurable objectives for achieving gender diversity and will report on the progress of the Company in achieving such objectives within each reporting period.

9.13 Departures from Recommendations

As noted above, the Company seeks to adopt the Recommendations with respect to its corporate governance. Where the Company does not comply with a Recommendation it must identify the extent of the non-compliance and provide an explanation for the departure from the Recommendation.

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below:

PRINCIPLE OR RECOMMENDATION	EXPLANATION
<p>2.2 Skills Matrix</p>	<p>The Company does not comply with this recommendation.</p> <p>Although the Company seeks to employ directors with a broad range of skills and experience, a formal skills matrix for directors (both existing and future proposed) has not been adopted.</p> <p>The Company will seek to adopt a board skills matrix as part of its corporate governance update in the coming months.</p> <p>The board skills matrix will be released on the website of the Company following adoption.</p>
<p>2.4 Independent Directors</p>	<p>The Company does not comply with this recommendation.</p> <p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent. The Company does not have a current majority of independent Directors. The Board has formed the view that it is not necessary for the majority of the Board to be independent having regard to the proposed size of the Company and the scale of its activities.</p> <p>The composition of the Board may be reassessed dependent on the Company's operations and level of activity. The recommendation will be considered in assessing changes in the composition of the Board (if any).</p>
<p>2.5 Independent Chair</p>	<p>The Company currently complies with this recommendation but will not comply with this recommendation following completion of the Transaction.</p> <p>Mr William (Bill) Albert McCluggage is the current Chair of the Company and is an independent director. Following completion of the Transaction, Mr McCluggage will transition to a non-executive Director only. Mr McCluggage is also proposed to receive Performance Rights under the Covata Performance Rights Plan and will therefore no longer be considered independent following issue.</p> <p>Mr Edward (Ted) Noel Pretty will be appointed as Executive Chair from completion of the Transaction. Mr Pretty will on completion of the Transaction be retained as a part time consultant to the Company and is therefore not considered independent.</p> <p>The Company has determined to appoint an Executive Chair (being a senior management position) having regard to the increased size and scope of its operations and the requirement for additional senior personnel to be substantially involved in the activities of the Company including, in particular, matters of governance during the transition period following completion of the acquisition of dataglobal.</p>

PRINCIPLE OR RECOMMENDATION	EXPLANATION
2.5 Independent Chair (cont'd)	<p>As Executive Chair, it is proposed that Mr Pretty will be able to allocate further time to the development of the operations of the Company than an independent Chair. It is noted the Executive Chair is a different person to the proposed Managing Director and CEO, being Wolfgang Munz.</p> <p>The Company will consider this position having regard to the future operations and level of activity of the Company.</p>
3.1 Values	<p>The Company partially complies with this recommendation.</p> <p>While the code of conduct by implication sets out the indicative values of the Company there is not a set of values that has been formally adopted at this stage.</p> <p>The Company will seek to formally adopt a set of values as part of its corporate governance update over the coming months.</p> <p>The values will be released on the website of the Company following adoption.</p>
3.3 Whistleblower policy	<p>The Company does not comply with this policy as it does not currently have a documented whistleblower policy.</p> <p>The Company will seek to formally adopt an appropriate whistleblower policy as part of its corporate governance update over the coming months.</p> <p>The whistleblower policy will be released on the website of the Company following adoption.</p>
3.4 Anti-bribery and corruption policy	<p>The Company does not comply with this policy as it does not currently have a documented anti-bribery and corruption policy.</p> <p>The Company and its Directors are committed to the highest standard of ethics and to adhering to its adopted code of conduct.</p> <p>The Company will seek to formally adopt an appropriate anti-bribery and corruption policy as part of its corporate governance update over the coming months.</p> <p>The anti-bribery and corruption policy will be released on the website of the Company following adoption.</p>

A detailed corporate governance statement for the financial year ended 30 June 2018 is contained on the Company's website at http://assets.cdnma.com/11381/assets/IR_Governance/CVT-Governance-Report-FY18.pdf. A further corporate governance statement will be released by the Company in accordance with its continuous disclosure obligations.

10. DETAILS OF THE OFFER

10.1 The Equity Offer

This Prospectus invites investors to apply for 45,666,667 New Shares at an issue price of \$0.30 per New Share to raise \$13.7 million before costs. The Equity Offer of New Shares to investors under this Prospectus consists of:

- A Shareholder Offer, which is open to existing shareholders of the Company (who are shareholders of the Company at the Record Date and who are resident in Australia or are otherwise capable of accepting the Shareholder Offer).
- An Institutional Offer, which consists of an invitation to certain institutional investors in Australia and a number of other authorised jurisdictions to apply for New Shares.
- A Broker Offer, which is open to Australian resident investors who have received a firm allocation from their broker.

The allocation of New Shares between the Institutional Offer, the Broker Offer and the Shareholder Offer will be determined by agreement between the Company and the Joint Lead Managers having regard to the allocation policy described in Section 10.6.

Details of how to apply for New Shares under the Equity Offer are set out in Section 11.1.

10.2 The Vendor Offer

This Prospectus contain an offer of 34,666,667 New Shares to the dataglobal Vendors which are to be issued as part consideration for the Company's acquisition of all the equity interests of dataglobal under the Transaction. No funds will be raised from the Vendor Offer.

10.3 The Employee and Advisor Offer

This Prospectus contains an offer of 6,500,000 Performance Rights to the following key management personnel in the following proportions:

- Ted Pretty (Proposed Executive Chairman) – 2,500,000
- Wolfgang Munz (Proposed CEO and Managing Director) – 2,500,000
- Bill McCluggage – (Non-Executive Director) – 500,000
- Steven Bliim – (Executive Director, CFO) – 500,000
- Stephan Unser – (Chief Operating Officer) – 500,000

The Prospectus also contains an offer for 66,667 New Shares to Alphastation Group Pty Ltd (or its nominee/s), an advisor to the Company.

The Employee and Advisor Offer is only made to and capable of acceptance by the persons identified above who will receive a personalised application form attached to or accompanying a copy of this Prospectus from the Company (and/or their nominee(s)).

The Company also intends to issue up to a further 2,000,000 Performance Rights to attract future key management personnel – although the Company has no present candidates identified and no present intention to change the key management personnel set out in this Prospectus in the short term.

The Company is seeking shareholder approval for the issue of New Shares and Performance Rights (where such issue of performance rights requires shareholder approval) under the Employee and Advisor Offer at the Shareholder Meeting.

The issue of New Shares and Performance Rights under the Employee and Advisor Offer are subject to and conditional upon the same conditions as all the other Offers.

10.4 Noteholder Offer

This Prospectus contains an offer of 7,392,230 Warrants to the Noteholders. The Noteholder Offer is only made to and capable of acceptance by the Noteholders who will receive a personalised application form attached to or accompanying a copy of this Prospectus (and/or their nominee(s)).

The Company intends to issue the Warrants under the Noteholder Offer at the time, and pursuant to the proposed agreement, described in Section 2.5.

10.5 Conditions of the Offers

The Offers are conditional upon:

- Completion of the Transaction (the conditions of which are set out in Section 2.1);
- The Company receiving applications and application monies for 45,666,667 New Shares (\$13.7 million before costs) under the Equity Offer; and
- ASX giving its conditional approval for the re-admission of the Company to the Official List and quotation of the New Shares issued to successful applicants.

10.6 Allocation Policy

The basis of allocation of New Shares under the Equity Offer will be determined by the Company and the Joint Lead Managers. There is no guarantee that applicants will receive their allocation of New Shares under the Equity Offer in part or in full.

10.7 Purpose of this Prospectus and the Offers

This Prospectus has been issued to assist the Company in meeting the re-admission requirements under Chapters 1 and 2 of the ASX Listing Rules and to qualify shares issued under the Offers for secondary trading (subject to any escrow arrangements in respect of those shares).

The purpose of the Equity Offer is to enable the Company to raise funds to be applied in the manner set out in Section 10.8.

The purpose of the Vendor Offer is to enable the Company to issue to the dataglobal Vendors that part of consideration for the Transaction that is payable in equity.

The purpose of the Employee and Advisor Offer is to enable the Company to remunerate advisors, and remunerate and incentivise key management personnel.

The purpose of the Noteholder Offer is to facilitate the secondary trading of Shares issued upon exercise of the Warrants.

10.8 Use of Funds

The Company's intended use of funds raised under the Equity Offer, together with additional cash anticipated to be held at the completion of the Transaction is as set out in the table below:

Source of Funds	
Disposal of SafeShare	3,000,000 ¹
dataglobal opening working capital	1,280,000 ²
Funds raised under the Offer	13,700,000
Total	17,980,000

Use of Funds	
Cash consideration to dataglobal Vendors	10,400,000 ²
Growth funding (comprising the next three points)	3,385,000
<i>Marketing and market entry</i>	1,130,000
<i>Sales and account management resources teams</i>	1,604,000
<i>Support and Customer Success teams</i>	651,000
Working capital (comprising the next three points)	2,318,280
<i>Administration costs</i>	1,594,000
<i>Platform and integration costs</i>	574,280
<i>Cocoon contribution</i>	150,000
Costs of the Offers	1,876,720
Total	17,980,000

1 As noted in Section 2.6 the sale of Cocoon Data (which holds the Safe Share IP) forms a condition to the Transaction. Accordingly, proceeds of that sale are assumed as received and included in the Company's use of funds. The sale of Cocoon Data is proposed to proceed on terms which include the deferral of part of the consideration (\$1 million) which is to form a loan to Cybr5 payable to the Company within 90 days of completion of the sale of Cocoon Data— those funds also form part of the source of funds above. The Company refers investors to the divestment risk set out in Section 5.2.15.

2 The amount is to be paid to the dataglobal Vendors in Euro, with the figure above based on an exchange rate of €1 = AUD\$1.60. As the Use of Funds figure is not hedged, any shortfall caused by exchange rate fluctuation will be drawn from working capital, and any excess realised will be allocated to working capital. Further the amount of working capital to be retained in the dataglobal business at completion of the Transaction is €800,000 and is included in the source of funds based on an exchange rate of €1 = AUD\$1.60.

The table above shows the intended use of the funds raised under the Equity Offer together with use of anticipated cash at bank at completion of the Transaction. The Company's internal budgets anticipate receipt of revenue, principally from the dataglobal business, which has historically operated at a profit for the FY17 and FY18 periods and for the 9 months to 31 December 2018 (refer Section 6 for more details). To the extent that revenues from the operation of the Company's business following completion of the Transaction vary from its internal budgets, the Company may alter those budgets and increase or decrease its expenditure to manage cash flow.

The Directors believe that, following completion of the Offer, the Company will have enough working capital to carry out its stated objectives.

As noted in Section 5.3.2, the future capital requirements of the Company depend on numerous factors and the Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

10.9 Capital Structure

Shares

The Company has 39,146,780 Shares on issue at the date of this Prospectus. The expected capital structure of the Company following completion of the Offer is summarised below.

	Number (percentage following the Offer)
Current Shares	39,146,780 (32.74%)
New Shares under the Offer	45,666,667 (38.20%)
New Shares under the Vendor Offer	34,666,667 (29.00%)
New Shares under the Employee and Advisor Offer	66,667 (0.06%)
Total Shares	119,546,781 (100%)

The above table assumes no existing convertible securities convert to shares prior to completion of the Transaction.

At Listing, the Company's free float will be not less than 20%. The Company confirms that the issue price for all securities for which it seeks quotation is at least \$0.20 in cash.

Convertible Securities

Options

Options on issue in the Company with an exercise price of less than \$1.00 are set out in the table below:

	Number	Exercise Price	Expiry Date
	278,479	\$0.90	22 November 2022
	976,000	\$0.56	06 September 2023
Total:	1,254,479		

In addition, the Company has a further 2,687,709 options with various exercise prices between \$1.00 and \$6.60. These options are set out in full on a pre-consolidation basis in the last Appendix 3B of the

Company released to ASX on 25 February 2019. Full details of options will be released by the Company as part of its pre-relisting disclosures.

Other convertible securities

Warrants

Total on Issue		
Number	Exercise Price	Expiry Date
1,912,048	\$5.48	25 March 2020
2,931,034	\$0.56	22 August 2020
Total:	4,843,082	
Total to be issued under the Noteholder Offer		
1,250,000	\$0.30	120 days from issue
1,250,000	\$0.30	180 days from issue
3,632,230	\$0.30	18 months from issue
1,260,000	\$0.56	18 months from issue
Total:	7,392,230	

The Company also has 3,888,889 Notes on issue and expects to issue a further 1,388,889 Notes shortly following the lodgement of this Prospectus. These Notes will be extinguished in connection with the Cocoon Data sale. Further details are set out in Section 2.5.

The Company confirms the exercise price of all options and warrants for each underlying security is at least \$0.20 in cash.

The Company also proposes issuing an aggregate of 6,500,000 Performance Rights under the Employee and Advisor Offer. Further details of Performance Rights are set out in Sections 10.3 and 12.4.

10.10 Minimum and maximum subscription

No New Shares will be issued pursuant to the Offers unless applications for the full \$13.7 million raising are received and the New Shares are admitted to Official Quotation (Listed) by ASX. If the \$13.7 million raising amount is not reached before the expiration of four months after the date of this Prospectus, or if the New Shares are not admitted to Official Quotation before the expiration of three months after the date of issue of this Prospectus (or, in each case, any longer period as ASIC and ASX may permit), the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed by the Corporations Act, without interest.

11. HOW TO APPLY UNDER THE OFFERS

11.1 Applying under the Equity Offer

Applications for New Shares under the Equity Offer must be made either:

- Pursuant to the Broker Offer if you have received a firm allocation of New Shares from your broker and you are eligible to participate in the Equity Offer.
- Pursuant to the Institutional Offer if you are an institutional investor in Australia or certain other foreign jurisdictions and have separately been advised by the Joint Lead Managers.
- If you are an eligible shareholder, by accepting the Shareholder Offer by returning the personalised Shareholder Offer acceptance form prior to close of the Equity Offer, which will be sent to eligible shareholders with a copy of this Prospectus upon request. Shareholder Offer acceptance forms must be accompanied by payment of the application amount, or applicants may make payment by BPAY using the personalised reference number on the Shareholder Offer acceptance form.

Further details in respect of each method of applying for New Shares under the Equity Offer are set out below.

Applications for New Shares under the Equity Offer must be for a minimum of 6,667 New Shares (\$2,000) and thereafter in multiples of 1,666 New Shares (\$500). Payment for New Shares must be made in full at the issue price of \$0.30 per New Share:

- when applying for New Shares under the Shareholder Offer; or
- in accordance with your broker's instructions in the case of the Broker Offer; or
- in accordance with the instructions of the Joint Lead Managers in the case of the Institutional Offer.

The allocation of New Shares from the Equity Offer will be determined by the Company at its discretion in consultation with the Joint Lead Managers.

(a) Broker Offer

If you have received a firm allocation of New Shares from your broker, you will be treated as a Broker Offer application in respect of that allocation if you apply using a personalised Broker Offer application form.

You should contact your broker to determine whether you can receive an allocation of New Shares from them under the Broker Offer.

If you have received an allocation of New Shares from your broker under the Broker Offer and wish to apply for those New Shares, you should contact your broker for information about how to submit your Broker Offer application form and for payment instructions.

Applicants under the Broker Offer must lodge their personalised Broker Offer application form and application monies with the relevant broker in accordance with the relevant broker's directions to receive their firm allocation.

If you are an investor applying under the Broker Offer, you should complete and lodge your Broker offer application form with the broker from whom you received your firm allocation. Broker Offer application forms must be completed in accordance with the instructions given to you by your broker and the instructions set out in the Broker Offer application form.

Applicants under the Broker Offer must not send their Broker Offer application form or payment to the Share Registry.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your broker in connection with your application.

The Company, in consultation with the Joint Lead Managers, reserves the right to reject any application which is submitted by a person who they believe is ineligible to participate in the Broker Offer.

Payment methods

Applicants under the Broker Offer must pay the application amount of the New Shares applied for under the Broker Offer to their broker in accordance with instructions provided by their broker.

Allocation policy under the Broker Offer

New Shares that have been allocated to brokers for allocation to their Australian resident clients will be issued to the applicants nominated by those brokers. It will be a matter for each broker as to how they allocate firm New Shares among their clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant New Shares.

(b) Institutional Offer

The Institutional Offer consists of an invitation to certain institutional investors in Australia and certain foreign jurisdictions to apply for New Shares. The Joint Lead Managers will separately advise Institutional Investors of the application procedures for the Institutional Offer.

Allocation policy under the Institutional Offer

The allocation of New Shares among applicants in the Institutional Offer will be determined by agreement between the Company and the Joint Lead Managers. Participants in the Institutional Offer will be advised of their allocation of New Shares, if any, by the Joint Lead Managers. The allocation policy in respect of the Institutional Offer will be influenced, but not constrained, by the following factors:

- number of New Shares bid for by particular applicants;
- the timeliness of the bid by particular applicants;
- the Company's desire for an informed and active trading market following relisting;
- the Company's desire to establish a wide spread of institutional shareholders;
- overall level of demand under the Institutional Offer, Broker Offer and Shareholder Offer;
- the size and type of funds under management of particular applicants;
- the likelihood that particular applicants will be long-term Shareholders; and
- any other factors that the Company and the Joint Lead Managers consider appropriate.

(c) Shareholder Offer

The Company is offering eligible shareholders (being existing shareholders as at the Record Date who reside in Australia or are otherwise capable of accepting the Shareholder Offer) the opportunity to apply for New Shares under the Equity Offer.

Eligible shareholders may apply for as many New Shares under the Shareholder Offer up to the maximum as they wish.

To accept the Shareholder Offer, eligible shareholders must submit a valid Shareholder Offer application form with payment of the application amount or make payment by BPAY as provided for below.

If you are an eligible shareholder and wish to apply for New Shares under the Shareholder Offer, you can either:

- Complete the Shareholder Offer acceptance form and return it together with your cheque, bank draft or money order made payable to "**Covata Limited**" drawn on an Australian bank and in Australian dollars, by post to the address shown on the Shareholder Offer application form such that your application and payment are received by no later than 5:00pm Melbourne time on the Closing Date; or
- For eligible shareholders with an Australian bank account, make a BPAY payment on the internet or by telephone banking using the personalised reference number shown on your Shareholder Offer acceptance form, which is required to identify your holding. If you make your payment using BPAY, you do not need to return your Shareholder Offer acceptance form, but are taken to make the representations and statements described in this Prospectus and on the form. If applying by BPAY, you need to ensure your payment is received by no later than 5:00pm Melbourne time on the Closing Date.

Eligible shareholders should be aware that financial institutions may implement early cut off times with regards to electronic payment and therefore should take this into consideration when making payment.

It is the responsibility of the eligible shareholder to ensure the funds submitted through BPAY are received prior to 5:00pm on the Closing Date. If you have more than one Shareholder Offer acceptance form, when applying for New Shares under the Shareholder Offer in respect of one of those shareholdings you must only use the personalised reference number specific to that shareholding. Do not use the same personalised reference number for more than one of your shareholdings. This can result in your application monies being applied to your application of only one of your shareholdings (with the result that any application in respect of your remaining shareholding(s) not being recognised as valid).

Allocation policy under the Shareholder Offer

The allocation of New Shares under the Shareholder Offer will be at the discretion of the Company and the Joint Lead Managers.

No eligible shareholder will be allocated New Shares under the Shareholder Offer if that would result in that eligible shareholder (and their associates) exceeding 20% of the issued capital of the Company following completion of the Equity Offer. Additionally, no New Shares will be issued under the Shareholder Offer where to do so would breach the ASX Listing Rules, the Corporations Act or any other applicable law.

If you are allocated a number of New Shares under the Shareholder Offer that is less than the funds you provided to the Company then you will only be issued those shares allocated to you under the Shareholder Offer and excess funds will be refunded to you as soon as practicable after close of the Equity Offer without interest.

Acceptance of the Equity Offer generally

It is your responsibility to ensure that application and acceptance forms and payments are mailed in time to allow for delivery before the closing date. It is also your responsibility to ensure sufficient funds are available upon presentation of cheques. If returning your acceptance or application to your broker please allow sufficient time for your broker to receive and process your acceptance, application or bid.

The Company, the Joint Lead Managers and the Share Registry take no responsibility for lost or delayed mail, or misprocessed acceptances and payments, or errors or delays by brokers. The Company, in consultation with the Joint Lead Managers may, but is not obliged to, accept late applications and acceptances.

To the extent permitted by law, an acceptance or application under the Equity Offer is irrevocable. If the amount received as application monies is less than the amount payable for the New Shares accepted or applied for, the Company may (but is not obliged to) treat the acceptance or application as being for the number of New Shares represented by the amount received and issue fewer New Shares than were applied for. The Company, in consultation with the Joint Lead Managers, may correct or fill in an application or acceptance form and/or treat as valid and give effect to an application or acceptance form notwithstanding any error or that an information is incomplete.

The Company, in consultation with the Joint Lead Managers, may reject or not accept an application in part or in whole or to allocate a fewer number of New Shares than applied for. If acceptances in excess of \$13.7 million are received, the Board reserves the right not to accept (in whole or in part) or to scale back applications at its discretion in consultation with the Joint Lead Managers. If an application is rejected or not accepted in whole or in part or is scaled back, the relevant amount will be refunded to the applicant as soon as practicable after completion of the Equity Offer without interest.

There is no guarantee that applicants will receive any number of shares applied for. Where the number of New Shares allotted is fewer than the number applied for, surplus application monies will be refunded to the applicant without interest.

There is no maximum number of New Shares that may be applied for under the Equity Offer, provided an applicant alone or with its associates (as that term is defined in the Corporations Act) must not acquire an interest in more than 20% of the issued voting shares of the Company unless permitted by the Corporations Act without further action by the Company.

By making an application, you declare that you were given access to a copy of this Prospectus together with the applicable application form. The Corporations Act prohibits any person from passing an application form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

11.2 Applying under the Vendor Offer

The Vendor Offer is only made to and capable of acceptance by the dataglobal Vendors. The Company will provide the dataglobal Vendors with a personalised application form under which they will be able to apply for New Shares issued under the Vendor Offer.

11.3 Applying under the Employee and Advisor Offer

The Employee and Advisor Offer is only made to and capable of acceptance by those persons who receive a personalised application form attached to or accompanying a copy of this Prospectus. Recipients of a personalised application form must complete the form and return it to the Company or as specified on the personalised application form. Instructions for completion and return of personalised application form(s) will be set out on the personalised application form(s).

Each proposed recipient of New Shares and/or Performance Rights issued under the Employee and Advisor Offer will be requested to provide the Company with a power of attorney to execute an escrow agreement on their behalf with respect to any mandatory escrow that may be imposed by ASX. New Shares and/or Performance Rights may be withheld and not issued until an executed power of attorney for this purpose is received by the Company.

11.4 Applying under the Noteholder Offer

The Noteholder Offer is only made to and capable of acceptance by the Noteholders. The Company will provide each Noteholder with a personalised application form under which they will be able to apply for Warrants.

11.5 ASX Listing and Escrow Provisions

An application will be made to ASX not later than seven days after the date of this Prospectus for the Company to be re-admitted to the Official List of ASX and for official quotation of shares.

Acceptance of the application by ASX is not a representation by ASX about the merits of the Company or the New Shares.

Neither ASIC or ASX nor any of their respective officers, take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

Official quotation of Shares, if granted, commences as soon as practicable after the issue of the initial holding statements to successful applicants.

It is expected that trading of the Shares on ASX will commence on or about 10 August 2019.

If the New Shares are not admitted to Official Quotation by ASX before the expiration of three months after the date of issue of this Prospectus, or such period as varied by ASIC, the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

No restrictions (escrow) will apply to New Shares issued under the Equity Offer.

The Company and the dataglobal Vendors have agreed that the New Shares issued under the Vendor Offer will be subject to voluntary escrow for a period of 18 months from issue.

The Company does not expect ASX will apply any escrow to New Shares issued under the Vendor Offer. The ASX may apply escrow to the securities issued under the Employee and Advisor Offer or the Noteholder Offer

If ASX were to impose escrow on any Shares or other securities the Company will announce same as soon as reasonably practicable following notification of such escrow being received from ASX.

Details of restriction obligations will be announced by ASX as part of the pre-listing disclosure.

11.6 Issuance of Shares

Subject to the conditions of the Offers being satisfied and the Offers not being withdrawn, allotment of the Shares offered under this Prospectus will take place as soon as practicable after the Closing Date. The Company reserves the right not to proceed with all or part of the Offers at any time before the issue of New Shares to applicants. If the Offers do not proceed, all application amounts will be refunded to the applicants without interest.

11.7 Equity Offer Not Underwritten

The Equity Offer is not underwritten.

11.8 Commissions Payable

The Company will pay an aggregate fee to the Joint Lead Managers of 8% (ex GST) of the total amount raised by them under the Equity Offer. A summary of the mandate between the Company and the Joint Lead Managers is set out in Section 12.10(f).

The Company will also pay an aggregate fee to Pegasus Corporate Advisory Pty Ltd of 1% (ex GST) of the total amount raised under the Equity Offer for corporate advisory and investor relations services provided to the Company. Pegasus Corporate Advisory Pty Ltd is also receiving an amount of \$10,000 per month (ex GST) from the Company.

No brokerage, commission or stamp duty is payable by applicants on acquisition of New Shares under the Offer.

11.9 CHESS

The Company will agree to participate in the Clearing House Electronic Sub-Register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of New Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of shares or options can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Security holders may request a holding statement at any other time, however a charge may be made for such additional statements.

11.10 Taxation Considerations

The taxation consequences of an investment in the Company depend upon an investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of investment in the Company. If you are in doubt as to the course you should follow you should consult your accountant, stockbroker, lawyer or other professional advisor.

11.11 Foreign Investors

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

The Company does intend to make offers to certain investors in Germany, Hong Kong, Switzerland, Singapore and the United Kingdom who meet the requirements set out below. Notwithstanding this, no action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisors as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the Company to allot and issue the New Shares to you pursuant to this Prospectus. The return of a completed application or acceptance form will be taken by the Company to constitute a representation and warranty by you that you are a person whom the Company's securities can be offered and issued lawfully, that all relevant laws have been complied with and that all relevant approvals have been obtained.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The New Shares are not being offered or sold in New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept a placement of New Shares unless otherwise permitted by law.

This Prospectus has not been, and will not be, registered under the US Securities Act and the Offers have not been made in the United States of America or to persons resident in the United States of America.

(a) European Economic Area - Germany

This document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Germany, from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- to any person or entity who has requested to be treated as a professional client in accordance with MiFID II; or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565.

If you (or any person for whom you are acquiring the New Shares) are in Germany, you (and any such person) are a "qualified investor" within the meaning of the Prospectus Directive (Directive 2003/71/EC) as amended and implemented in Germany.

(b) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere

that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

If you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

(c) Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or any person for whom you are acquiring the New Shares) are in Singapore, you (and any such person):

- are an "institutional investor" or an "accredited investor" (as such terms are defined in the Securities and Futures Act of Singapore ("SFA"));
- will acquire the New Shares in accordance with applicable provisions of the SFA; and
- acknowledge that the offer of the New Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

(d) Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the New Shares (i) constitutes a prospectus or a similar notice as such terms are understood under art. 652a, art. 752 or art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of art. 27 et seqq. of the SIX Listing Rules or (ii) has been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this document nor any other offering material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

If you (or any person for whom you are acquiring the New Shares) are in Switzerland, you (and any such person) are an institutional investor (i) subject to Swiss or foreign prudential supervision such as a bank, securities dealer, insurance institution or fund management company or (ii) with professional treasury operations.

(e) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the

New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of

persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

If you (or any person for whom you are acquiring the New Shares) are in the United Kingdom, you (and any such person) are:

- a "qualified investor" within the meaning of Section 86(7) of the United Kingdom Financial Services and Markets Act 2000; and
- within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended.

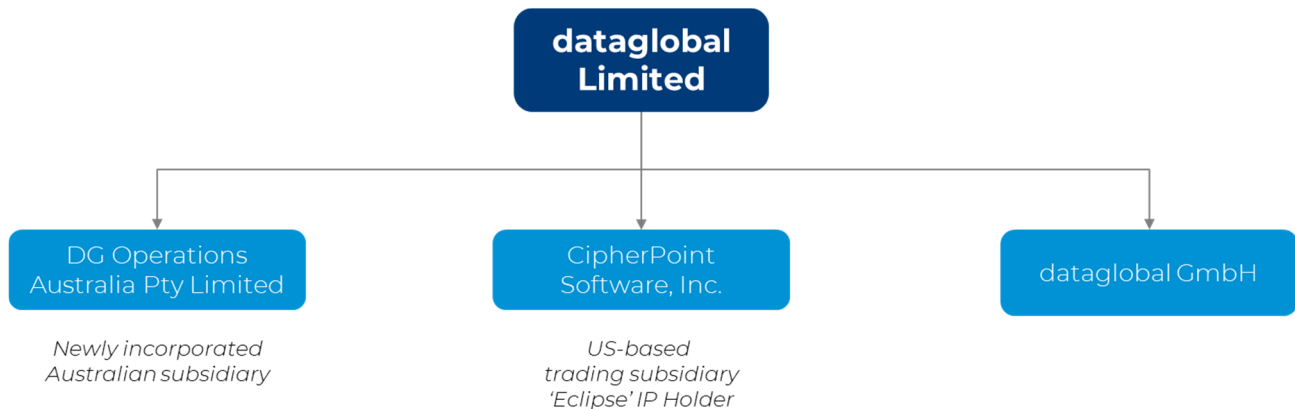
12. ADDITIONAL INFORMATION

12.1 Company registration

The Company was registered in Western Australia on the 22nd July 2006. Its registered office is currently in Sydney NSW. The Company proposes that the registered office of dataglobal remains in Heilbronn, Germany following completion of the Transaction.

12.2 Corporate Structure

The following diagram represents the corporate structure of the Company and its subsidiaries (Group) at the completion of the Transaction. Each entity in the Group is 100% owned, directly or indirectly, by the Company, and is engaged in the business of the Group.



12.3 Warrants

The terms of Warrants offered under the Noteholder Offer are set out below.

- (a) Each Warrant entitles the holder to subscribe for one (1) unissued fully paid ordinary share in the capital of the Company (each a "**Share**") upon the exercise of each Warrant.
 - (b) The exercise price ("**the Exercise Price**") and expiry dates ("**Expiry Date**") of the Warrants is as set out below:
 - 1,250,000 of the Warrants have an Exercise Price of \$0.30 and Expiry Date 120 days from the issue date;
 - 1,250,000 of the Warrants have an Exercise Price of \$0.30 and Expiry Date 180 days from the issue date;
 - 3,632,230 of the Warrants have an Exercise Price of \$0.30 and an Expiry Date 18 months from the issue date; and
 - 1,260,000 of the Warrants have an Exercise Price of \$0.56 and an Expiry Date 18 months from the issue date.
 - (c) The Warrants are exercisable at any time on or prior to the Expiry Date.
 - (d) Warrants may be exercised by notice in writing to the Company and payment of the Exercise Price for each Warrant being exercised. Any notice of exercise of any
- (e) Issue of a Share on exercise of a Warrant is conditional upon the Company having the capacity to lodge a cleansing notice pursuant to section 708(A)(6) of the Corporations Act ("**Cleansing Notice**") or the Company otherwise issuing a prospectus to qualify the Share issued for secondary trading. In the event that the Company is unable to issue a Cleansing Notice at the time of exercise of the Warrant, it will use reasonable endeavours to issue a prospectus as soon as practical. Subject to the above, the Company will issue a Share in response to the exercise of a Warrant within 10 business days of the receipt of a notice of exercise.
 - (f) Shares issued on exercise of the Warrants will rank equally with other issued ordinary shares. If the Company is listed on ASX at the time of exercise, the Company will apply for Official Quotation of the Shares subject to any restriction obligations imposed by ASX.
 - (g) There are no participation rights or entitlements inherent in the Warrants and the holder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Warrant. However, the Company will endeavour to ensure that, for the purposes of determining entitlements to any such issue,

Warrants received by Company will be deemed to be a notice of the exercise of that Warrant as at the date of receipt.

the record date will be at least three business days after the issue is announced to give Warrant holders the opportunity to exercise their Warrants prior to the date for determining entitlements to participate in any such issue.

- (h) If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment or any grant to employees under shareholder approved plans):
 - i. the number of Shares which must be issued on the exercise of a Warrant will be increased by the number of Shares which the Warrant holder would have received if the Warrant holder had exercised the Warrant before the record date for the bonus issue; and
 - ii. no change will be made to the Exercise Price.
- (i) If there is any reconstruction of the issued share capital of the Company at any after the Company's admission to the Official List of ASX, the rights of the Warrant holders may be varied in accordance with the ASX Listing Rules.
- (j) Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Warrants with the appropriate remittance should be lodged at Company's registered office or as otherwise notified in writing by the Company.
- (k) Warrant holders acknowledge that the exercise of any Warrant is subject to compliance with applicable laws, including the Corporations Act 2001 (Cth).
- (l) Warrant holders acknowledge Warrants, and any Shares issued upon exercise of Warrants, may in the event that the Company is required to re-comply with Chapters 1 and 2 of the ASX Listing Rules be subject to mandatory escrow pursuant to the ASX Listing Rules. You agree to execute, and procure that your controllers execute, any document required by ASX Limited to record and confirm the terms of any mandatory escrow applied in the circumstances above.
- (m) Warrants and rights granted in respect of Warrants are non-transferrable other than with the express written permission of the Board which may be given or refused at its discretion.

12.4 Performance Rights

The terms of Performance Rights offered under the Employee and Advisor Offer are set out below.

- (a) A Performance Right is a right to receive a Share in the capital of the Company subject to satisfaction of an Applicable Milestone (refer to (m) below) and subject to applicable laws. For the avoidance of doubt, a Performance Right will not convert if the conversion would result in a breach of laws (including a breach of section 606 of the Corporations Act).
- (b) A Performance Right lapses five (5) years from issue ("**Lapse Date**").
- (c) A Performance Right does not entitle the Holder to attend, or vote on any resolutions proposed at, a general meeting of shareholders of the Company.
- (d) A Performance Right does not entitle the Holder to any dividends.
- (e) Upon winding up of the Company, a Performance Right may not participate in the surplus profits or assets of Company.
- (f) A Performance Right is not transferable unless otherwise determined by the Board.
- (g) In the event that the issued capital of the Company is reconstructed, and the Company is listed on ASX at the relevant time, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holders are not diminished or terminated.
- (h) This clause applies whilst the Company is listed on ASX. Performance Rights will not be quoted on ASX. Upon conversion of a Performance Right in an ordinary share in the Company (Share) in accordance with these terms, the Company must within seven (7) days from the date of conversion, apply for and use best endeavours to obtain official quotation on ASX of the Shares arising from conversion.
 - (i) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
 - (j) This clause applies whilst the Company is listed on ASX. The terms of the Performance Rights may be amended as necessary by the Board to comply with the ASX Listing Rules,

- or any direction of ASX regarding the terms provided that, subject to compliance with the ASX listing rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (k) A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (l) Subject to paragraph (m) below, a Performance Right will convert into one fully paid ordinary share in the Company (a **Share**) if upon the achievement of the milestone applicable to that Performance Right prior to the Lapse Date (the **Applicable Milestone**). The Applicable Milestone for a Performance Right will be specified in the terms of issue of or invitation to apply for the Performance Right.
- (m) The Applicable Milestones to the Performance Rights are as follows:
- i. 50% of Performance Rights convert upon and subject to Shares trading on the ASX at not less than \$0.50 per Share; and
 - ii. 50% of Performance Rights convert upon and subject to Shares trading on the ASX at not less than \$0.90 per Share.
- (n) In the event the Applicable Milestone(s) is or are satisfied prior to the Lapse Date, Performance Rights held by a Holder will convert into an equal number of Shares. Only those Performance Rights to which the satisfied Applicable Milestone was the milestone will convert to Shares and all other Performance Rights will remain unconverted until the earlier of satisfaction of the Applicable Milestone applying to them or the Lapse Date.
- (o) If the Applicable Milestone for a Performance Right is not achieved by the Lapse Date, all Performance Rights for which that milestone is the Applicable Milestone will lapse and be deemed to have been cancelled without payment or other compensation to the Holder.
- (p) The Shares into which the Performance Rights will convert will rank *pari passu* in all respects with existing Shares and, if the Company is listed on ASX, an application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

- (q) The conversion of Performance Rights is subject to compliance at all times with the Corporations Act and the Listing Rules of ASX (if the Company is listed on ASX at the relevant time).

12.5 Executive and Employee Incentive Schemes

The Company is seeking shareholder approval for each of the below incentive schemes at the Shareholder Meeting.

Directors are entitled to participate in the incentive schemes subject to shareholder approval. The Directors are proposed to receive Performance Rights under the Performance Rights Plan as set out in Sections 8.3 and 10.3.

Loan Share Plan (LSP)

- (a) **Eligibility:** Participants in the LSP may be salaried employees or executive directors of the Company or any of its subsidiaries (Employee Participants).
- (b) **Administration of Plan:** The Board, or a duly appointed committee of the Board, is responsible for the operation of the LSP.
- (c) **Invitations:** The Board of Directors may issue an invitation to the Employee Participant to participate in the LSP. The invitation will:
- i. invite applications for the number of shares (Plan Shares) specified in the invitation;
 - ii. specify the date of issue of the Plan Shares;
 - iii. specify the issue price for the Plan Shares;
 - iv. invite applications for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee Participant in accordance with the invitation;
 - v. specify any vesting conditions applicable to the Plan Shares; and
 - vi. specify any other terms and conditions attaching to the Plan Shares.

The number of Plan Shares will be determined at the absolute discretion of the Board.

- (d) **Employee Loan:** An Employee Participant who is invited to subscribe for Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Plan Shares accepted by the Employee

Participant (**Employee Loan**), on the following terms:

- i. the Employee Loan must be made solely to the Employee Participant and in the name of that Employee Participant;
 - ii. the Employee Loan will be interest free;
 - iii. the Employee Loan will be limited recourse, the effect of which is that if all of the Shares issued in respect of the Employee Loan are sold by the Company on behalf of the Employee Participant, the Employee Participant's liability is discharged regardless of the sale price;
 - iv. the Employee Loan made available to an Employee Participant shall be applied by the Company directly toward payment of the issue price of the Plan Shares;
 - v. the Employee Loan must be repaid on the earlier to occur of:
 - A. a Liquidity Event (defined below) occurring;
 - B. the date on which the Plan Shares have been compulsorily divested in accordance with the Plan rules; or
 - C. the date on which an Employee Participant disposes of, or attempts to dispose of, the Plan Shares;
 - vi. an Employee Participant may elect to repay the Employee Loan amount in respect of any or all of the Plan Shares at any time prior to expiry of the term of the Employee Loan;
 - vii. any fees, charges and stamp duty payable in respect of an Employee Loan will be payable by the Employee Participant;
 - viii. the Company shall have security over the Plan Shares in respect of which an Employee Loan is outstanding and the company shall be entitled to sell those Plan Shares in accordance with the terms of the LSP; and
 - ix. Plan Shares will not be tradeable by an Employee Participant until the Employee Loan amount in respect of those Plan Shares has been repaid and the Company will retain the share certificate in respect of such Plan Shares until the Employee Loan has been repaid.
- (e) **Divestment of Plan Shares:** If, prior to repayment of an Employee Loan by an Employee Participant, the Employee Participant:
- i. ceases employment with the Company as a result of the Employee Participant's termination without notice, resignation, gross negligence or serious and wilful misconduct (**Bad Leaver**), does not satisfy any relevant vesting conditions, acts fraudulently or dishonestly, becomes insolvent or fails to repay the Employee Loan on the due date for repayment,
 - A. the Employee Participant will retain all vested Plan Shares; and
 - B. all of the unvested Plan Shares will be compulsorily divested on a date determined by the Board;
 - ii. ceases employment with the Company and is not a Bad Leaver (or the Board considers that the Employee Participant should not be treated as a Bad Leaver):
 - A. the Employee Participant will retain all vested Plan Shares; and
 - B. all of the Employee Participant's Plan Shares will be compulsorily divested on a date determined by the Board, unless the Board provides express written consent that the Employee Participant may retain any or all of such unvested Plan Shares.
- (f) **Liquidity Event:** If a change of control occurs (**Liquidity Event**), or the Board determines such event is likely to occur:
- i. the Board may in its absolute discretion determine the manner in which any or all of the Employee Participant's Plan Shares (whether vested or unvested) will be dealt with which may include, without limitation, in a manner that allows the Employee Participant to participate in and/or benefit from any transaction arising from or in connection with the Liquidity Event and/or the re-designation of any or all of the Employee Participant's Plan Shares; and

- ii. if required, the Employee Participant must do and procure all things the Board considers necessary or appropriate to facilitate the variation of the rights of their Plan Shares such that, following such variation, they are ordinary shares in the capital of the Company.
- (g) **Restriction on transfer:** Employee Participants may not sell or otherwise deal with a Plan Share until the Employee Loan amount in respect of that Plan Share has been repaid and until the expiry of the qualifying period in respect of the Plan Shares, if any, that may be imposed by the Board and set out in the invitation.
- (h) **Voting of Plan Shares:** Employee Participants grant to the Company an irrevocable power of attorney pursuant to which it appoints the Company Secretary as its proxy to vote the Plan Shares at its discretion; and
- (i) **Rights attaching to Plan Shares:** Plan Shares will rank equally in all respects (other than with respect to any restrictions on transfer specified above or otherwise imposed by the Board) with other Shares on issue.

Share Option Plan (SOP)

- (a) **Eligibility:** The Board may invite full or part time employees and directors of the Company or a related body corporate of the Company who are resident in the United States of America (or other jurisdictions outside of Australia) to participate in the SOP (**Eligible Employee**).
- (b) **Offer of Options or Shares:** The SOP will be administered by the Board which may, in its absolute discretion, offer Options or rights to subscribe for Shares (Rights) to any Eligible Employee from time to time as determined by the Board.
- (c) **Number of Options:** The number of Options or Rights to be offered to an Eligible Employee will be determined by the Board in its discretion and in accordance with the rules of the SOP and applicable law.
- (d) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company. The Rights will be convertible in accordance with their terms of grant.
- (e) **Issue price:** The exercise price for Options offered, and for Rights granted, under the SOP will be determined by the Board but will not be less than 100% of the fair market value of Shares on the date of grant.
- (f) **Issue conditions:** The Board may impose conditions on the right of a participant to exercise Options or Rights granted under the SOP.
- (g) **Exercise of Options:** A participant in the SOP will be entitled to exercise their Options or Rights in respect of which the exercise conditions have been met provided the Options or Rights have not lapsed. A holder may exercise Options or Rights by delivering an exercise notice to the Company Secretary along with the Option certificate (if Options are issued under the SOP), and paying the applicable exercise price of the Options multiplied by the number of Options proposed to be exercised or the consideration for exercise of the Rights.

Within 20 Business Days of receipt of the required items, the Company will issue to the participant the relevant number of Shares.
- (h) **Cessation of employment:**

If for any reason (other than as a result of death or permanent disability, or for Cause): If the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for any reason (other than as a result of death or permanent disability, or for Cause) prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant will be entitled to exercise their Options within 3 months after the employment of such participant ceases in the following circumstances:
 - i. Death or permanent disability - if the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate as a result of death or permanent disability prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, the participant (or its estate) will be entitled to exercise their Options within 12 months after the employment of such participant ceases; or
 - ii. For Cause - if the participant in the SOP ceases to be an employee or director of, or render services to, the Company or a related body corporate for Cause prior to the lapse of the Options, and the exercise conditions attaching to the Options have been met, their Options will lapse automatically.

In this clause, “**Cause**” means (i) failure by the participant to substantially perform his or her duties and obligations to the Company or a related body corporate (other than any such failure resulting from his or her incapacity due to physical or mental illness); (ii) engaging in misconduct or a fiduciary breach which is or potentially is materially injurious to the Company or its shareholders; (iii) commission of an indictable offence; (iv) the commission of a crime against the Company which is or potentially is materially injurious to the Company; (v) a material breach of any written agreement between the participant and the Company or a related body corporate; or (vi) as otherwise provided in any written employment agreement between the participant and the Company or a related body corporate.

- (i) **Lapse of Options and Rights:** Options and Rights held by a participant in the SOP will lapse after the expiration of five (5) years after the date the Option is granted.
- (j) **Participation in Rights Issues and Bonus Issues:** The Options and Rights granted under the SOP do not give the holder any right to participate in new issues unless Shares are allotted pursuant to the exercise of the relevant Options or Rights prior to the record date for determining entitlements to such issue.

If there is a bonus issue to holders of Options or Rights, the number of Shares that the holder may be issued upon exercise of the Options or Rights may be increased by the number of Shares that the holder would have received if the Options or Rights had been exercised prior to the record date of the bonus issue. No adjustment will be made to the exercise price per Share of the Option or Right.

- (k) **Reorganisation:** If there is a reorganisation of the issued capital of the Company, the Options and Rights will be reorganised in the same proportion as the issued capital of the Company is reorganised.
- (l) **Change in Control:** Subject to the terms upon which Options were issued or Rights were granted, where a change of control event has occurred, or in the opinion of the Board, will occur, the Board may determine the manner in which Options will be dealt with so that each Option holder remains in a financial position in respect of the Options which is as near as possible as to that which existed prior to the change of control event.
- (m) **Transfer:** Rights under the SOP may not be transferred. Options under the SOP may be transferred with the consent of the Board.

The SOP contains provisions which relate to compliance with various US taxation laws including section 409A and section 422 of the Internal Revenue Code of 1986.

Performance Rights Plan (PRP)

The Company proposes adopting the PRP as a long-term incentive plan aimed at creating a strong link between Director and key management personnel performance and reward and increasing shareholder value by enabling current or prospective Directors and key management personnel (each an **Eligible Person**) to have greater involvement, and share in, future growth and profitability of the Company.

Shareholder approval for adoption of the PRP will be sought at the Shareholder Meeting. Relief for the issue of securities under the Plan is provided for by ASIC Class Order [CO 14/1000] and any future ASIC Class Order relating to ASIC Regulatory Guide 49.

Under the PRP, the Board may offer rights to acquire shares (**Performance Rights**) to Eligible Persons. An Eligible Person (or their nominee) who validly accepts an offer becomes a participant in the PRP. Performance Rights may only be transferred upon a Participant becoming deceased.

Any issues of Performance Rights or agreements to issue Performance Rights under the PRP will be announced to ASX. The Company is seeking to issue an aggregate of 6,500,000 Performance Rights under the PRP pursuant to the Employee and Advisor Offer.

The Board will determine what Applicable Milestones apply to Performance Rights, including the date by which such Applicable Milestones must be satisfied and any applicable vesting conditions. Satisfaction of Applicable Milestones (including vesting) is as determined by the Board.

Upon satisfaction of all Applicable Milestones, shares will automatically issue and be transferred to the Participant (unless prohibited by the Corporations Act or if the Company is in a blackout period as defined in the Company’s Securities Trading Policy) in which case the shares shall be transferred as soon as reasonably practicable.

Performance Rights will lapse on the earlier of Applicable Milestones not being satisfied by the set date or if the Participant ceases to be an Eligible Person and has not been employed or otherwise engaged by the Company for a continuous period of 18 months.

If an Eligible Person ceases their employment or office with the Company and/or its subsidiaries due to total and permanent disability or death, any Performance Rights inure for the benefit of the estate of the Participant.

The Board has discretion to administer the Plan (which may be delegated to a committee), including in the event of a variation to the Company's share capital to adjust the terms of Performance Rights, as well as determine to suspend, terminate or reinstate the Plan without notice. The Plan and any offers of Performance Rights under it are subject to the law, the ASX Listing Rules and the Constitution.

12.6 Rights and liabilities attaching to Shares under the Offers

The Shares offered under this Prospectus will be fully paid Ordinary Shares in the issued capital of the Company and will, upon issue, rank equally with all other New Shares then on issue.

The rights and liabilities attaching to New Shares are regulated by the Constitution, the Corporations

Act, the ASX Listing Rules, the ASX Settlement Rules and common law. The Constitution has been lodged with ASIC. The Constitution contains provisions of the kind common for public companies in Australia and is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. Any person may request a copy of the Constitution during the application period of this Prospectus, which the Company will provide free of charge.

12.7 Top 20 and Substantial Shareholders

The top 20 shareholders of Covata are set out in the table below. The table also sets out the percentage of issued Shares of the Company that will be held at completion of the Transaction. The table below assumes that the shareholders listed do not apply for and receive New Shares under the Equity Offer.

Top 20 Shareholders			
Rank	Name	Post-consolidation number of Shares	Percentage at the date of this Prospectus (%)
1	TPG TELECOM LIMITED*	3,802,175	9.71%
2	HSBC CUSTODY NOMINEES	3,756,123	9.59%
3	EDWARD NOEL PRETTY	1,844,688	4.71%
4	ILWELLA PTY LTD	1,189,716	3.04%
5	RAVEN CAPITAL NOMINEES PTY LTD <RAVEN TECHNOLOGY FUND 1 A/C>	1,174,727	3.00%
6	GAFFWICK PTY LTD <THE DUNCAN FAMILY A/C>	1,083,333	2.77%
7	EXCALIBUR PARTNERS XVI LP	719,056	1.84%
8	RAVEN VENTURES (AUSTRALIA) PTY LTD <THE GATEWAY VENTURE FUND A/C>	540,495	1.38%
9	SUNLORA PTY LTD <THE THREE FISH SUPER A/C>	504,546	1.29%
10	MR DEREK BROWN	500,964	1.28%
11	HUMAN TECHNOLOGY PTY LIMITED <GRAHAM MIRABITO FAMILY A/C>	437,563	1.12%
12	MR GERARD O'BRIEN & MRS HELEN O'BRIEN <O'BRIEN SUPER A/C>	408,873	1.04%
13	MR STEVEN RICHARD BLIIM	387,512	0.99%
14	MR HUGH STODART	364,828	0.93%
15	MS CHERYL I-WEN LEE <CHI WEN A/C>	357,143	0.91%
16	JACK BURSTON <THE BURSTON FAMILY A/C>	349,071	0.89%
17	ESS SEE PTY LTD <ESS SEE SUPERFUND A/C>	322,921	0.82%
18	EUROPLAY CAPITAL ADVISORS LLC	311,723	0.80%
19	DRP CARTONS (NSW) PTY LIMITED <DRP CARTONS NSW P/L S/F A/C>	300,420	0.77%
20	COVELANE PTY LTD	293,033	0.75%
Total		18,055,447	46.12%

* Two holdings combined

12.8 Consents

Each of the parties listed below (each a Consenting Party) has given its written consent and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named and, where applicable, to the inclusion in this Prospectus of its report specified below and/or statements by it (and to references to or statements based on its report and/or statements) in the form and context in which its report or statements and references to or statements based on its report and/or statements appear:

- Shaw and Partners Limited as Joint Lead Manager;
- Aitken Murray Capital Partners Pty Ltd as Joint Lead Manager;
- Nexia Sydney Corporate Advisory Pty Ltd as Investigating Accountant, and to the inclusion of its Investigating Accountant's Report in this Prospectus;
- Nexia Sydney Audit Pty Ltd as auditor;
- Quinert Rodda and Associates Pty Ltd as legal advisors in relation to the Offer;
- Alphastation Group Pty Ltd as an advisor to the Company;
- Boardroom Pty Ltd as the Share Registry;
- Bryan Cave Leighton Paisner LLP as German legal advisor to the Company; and
- Pegasus Corporate Advisory Pty Ltd as corporate advisor to the Company.

12.9 Costs of the Offers

The total expenses of the Offers are estimated to be approximately \$1,876,720. A detailed breakdown of the costs of the Offers is set out in the table below:

Cost	Amount
Broker fees	1,205,600
Legal costs to the Offer	159,500
Advisor fees	150,700
Regulatory Fees (ASX and ASIC fees)	102,200
Independent Auditors Report	95,700
Independent Experts Reports	55,000
German Legal and Financial Costs	47,520
FRS Financial Reporting	33,000
Printing costs	27,500
Total	1,876,720

Details of amounts being paid to advisors is set out in Section 8.4.

12.10 Material contracts

Set out below is a summary of the material contracts entered into by the Company:

(a) Share Sale and Transfer Agreement

On 30 January 2019 the Company, dataglobal and the dataglobal Vendors entered into a Share Sale and Transfer of Shares Agreement setting out the terms and conditions upon which the Company proposes acquiring all the issued capital of dataglobal. The Share Sale and Transfer of Shares Agreement was subsequently varied on 24 June 2019.

For the purpose of this summary only, the Share Sale and Transfer of Shares Agreement as varied is referred to as the SSTA.

The aggregate consideration payable to the dataglobal Vendors for the acquisition of all the issued capital of dataglobal is €13 million. The consideration is comprised of 34,666,667 fully paid ordinary CVT shares at a deemed issue price of \$0.30 per share (being the New Shares the subject of the Vendor Offer) which will be subject to voluntary escrow for 18 months from issue and cash consideration of €6.5 million.

Various pre-completion covenants have been agreed to by the parties, including that:

- the Company must be managed and conducted as a going concern with all due care and good commercial practice, must not terminate or materially alter the employment agreement of Ted Pretty and must protect and maintain its assets; and
- dataglobal must be managed and conducted as a going concern with all due care and good commercial practice and must not, without the prior written consent of the Company, terminate or alter the terms of any material contract or commitment (including in respect of its key personnel), incur any actual or contingent liability other than in the ordinary course of its business or in connection with implementation of the SSTA (and must notify the Company if a liability of €25,000 or more is incurred), dispose of, release any obligations over, make any distribution of or encumber any of its assets, allot or issue an securities or do, or allow, any other matter or thing which may materially prejudice the rights of the Company.

The SSTA contains various conditions precedent that must be satisfied or waived prior to completion of the Transaction. These conditions precedent are set out in detail below:

- The Company obtaining all necessary shareholder approvals for the Transaction. Required shareholder approvals are

described in Section 2.2 and are being sought at the Shareholder Meeting;

- The Company obtaining all required board and regulatory approvals and waivers, including under the ASX Listing Rules and the Corporations Act. These regulatory approvals include, but are not limited to, ASX confirming the Company has successfully re-complied with Chapters 1 and 2 of the ASX Listing Rules subject to satisfaction of usual conditions (including completion of the acquisition by the Company of dataglobal);
- The Company receiving applications and application monies for 45,666,667 New Shares (\$13.7 million) under the Equity Offer;
- The Company completing the sale of Cocoon Data on agreed terms;
- There having been not material adverse event (as defined in the SSTA) between the date of execution of the SSTA and completion of the Transaction;
- The dataglobal Vendors receiving confirmation from a relevant German taxing authority that the transactions contemplated by the SSTA will not trigger an adverse taxing event;
- The dataglobal Vendors providing evidence to the reasonable satisfaction of the Company that dataglobal is debt-free and has a minimum working capital of €800,000 at completion of the Transaction;
- dataglobal, and to the extent the Company requires, the dataglobal Vendors, procuring the consent (in a form reasonably acceptable to the Company) of counterparties to identified major contracts to the change in control of dataglobal resulting from completion of the Transaction;
- The agreement (in a form reasonable acceptable to the Company) of certain identified key dataglobal personnel to the continuation of their employment with dataglobal following completion of the Transaction; and
- The dataglobal Vendors procuring that dataglobal divests itself of the Managed Infrastructure Services business (refer Section 4.2), on an as is no warranty basis without liability to dataglobal. In connection with that divestment, the Company and the acquirer of the Managed Infrastructure Services business will enter into sublease and service arrangements, on terms acceptable to the parties, which provide for the division and allocation of certain fixed costs of dataglobal to the acquirer of the Managed Infrastructure Services business. The SSPA also provides for the grant of certain limited intellectual property licences to the owner of the Managed Infrastructure Services business.

Within 90 days of completion of the Transaction, the Company must determine an adjustment to the purchase price calculated by reference to pre-completion cash held or invoiced but unpaid debtors of dataglobal less amounts owing and payable by dataglobal under loan or credit facilities, any trade payables, liabilities (current or contingent) and any other outstanding creditor obligations. The adjustment will be determined having regard to the balance sheet to be provided by the dataglobal Vendors to the Company at completion.

A negative adjustment will result in the Company receiving funds, a positive adjustment will result in the payment of funds by the Company to the dataglobal Vendors and if the adjustment is nil no payment will be made or received. The SSTA provides for expert determination in case of a dispute of the adjustment amount.

As noted in Section 4.6, the Company has agreed to provide the following post-completion covenants:

- The main part of the dataglobal business will be retained in Heilbronn until 31 December 2019;
- The business location of dataglobal and an active part of the dataglobal business operations will be retained in Heilbronn from 1 January 2020 until at least 31 December 2025; and
- It will retain a registered office of dataglobal in Heilbronn until at least 31 December 2025.

If the Company sells or transfers 50% or more of the shares or assets of dataglobal to a third party before 31 December 2025, it shall seek that the third party acquirer agree to the imposition of the post-completion covenants binding the Company. If the third party acquirer does not agree to the imposition of the post-completion covenants, or if the Company breaches any of the post-completion covenants, the Company will be required to pay approximately €500,000.

The SSTA contains warranties from the dataglobal Vendors typical for agreements of this kind, including warranties regarding the power of the dataglobal Vendors to comply with and be bound by the obligations contained in the SSTA, the dataglobal Vendors title to and ownership of all the issued shares of dataglobal and those shares being all the issued capital of dataglobal, waiver of any claim against dataglobal on and from completion of the Transaction, the accuracy of financial information provided to the Company including that certain adverse events have not occurred since provision of such financial information, that dataglobal is not involved in any litigation, that dataglobal is the sole owner of intellectual property essential for its technology free from all encumbrances, that all taxes have been paid and dataglobal has never had a tax deficit, all assets are fully paid for and are free and clear of all

encumbrances and all information provided to the Company is accurate and not misleading and no information has been withheld which a reasonable person would expect to be material to the decision of the Company to proceed with the Transaction.

The SSTA contains warranties from the Company typical for agreements of this kind, including with respect to its existing capital structure, the power of the Company to comply with and be bound by the obligations contained in the SSTA, the arrangements with respect to the intellectual property underlying the SafeShare and Eclipse software products and that the Company is in compliance with its continuous disclosure obligations under the ASX Listing Rules.

Each party to the SSTA provides the other parties with an indemnity in the case of a breach of warranty or material breach of the SSTA. No claim may be brought under the SSTA unless losses of the claiming party due to a cause of action under or in connection with the SSTA (excluding legal and other costs in pursuing the cause of action) exceed, or are likely to exceed, \$15,000 in each single case and if the aggregate amount of claims exceeding \$15,000 exceeds an aggregate amount of \$60,000.

Where a party is in default under the terms of the SSTA the other party may serve a notice to remedy the default. If the default remains unremedied for ten business days following notice then the party not in default (either the Company or the dataglobal Vendors) may choose to either proceed with specific performance or terminate the SSTA. Where the SSTA is terminated in this manner all other rights remain unaffected.

The SSTA otherwise contains general terms pertaining to confidentiality, dispute resolution, the SSTA forming the entire agreement between the parties, governing law and severance.

(b) Managing Director Agreement – Wolfgang Munz

Wolfgang Munz is the sole Director and founder of dataglobal. He is also holds all the shares of dataglobal (either personally or via a wholly owned corporate entity).

Wolfgang is proposed to be appointed as the Managing Director and CEO of the Company with effect on and from completion of the Transaction. Upon his appointment as Managing Director and CEO, all prior agreements between Wolfgang and dataglobal are deemed immediately terminated.

Wolfgang is proposed to receive aggregate remuneration of €300,000 per annum in his role as Managing Director and CEO. The Company will also make an agreed contribution to a benevolent fund. This contribution is similar to a superannuation contribution under Australian law.

Following his appointment, it is proposed that Wolfgang will be entitled to participate in the incentive plans of the Company, subject to receipt of required approvals.

Wolfgang is proposed to receive 2,500,000 Performance Rights under the Employee and Advisor Offer. The issue of Performance Rights to Wolfgang is subject to receipt of all required approvals and completion of the Transaction (including his appointment as Managing Director and CEO).

Wolfgang accrues employee entitlements in compliance with requirements of German employment law. Wolfgang is also entitled to reimbursement for reasonable out of pocket expenses incurred in connection with his role in accordance with the policies of the Company. Wolfgang is also to be provided with a company car.

Either the Company or Wolfgang may terminate his engagement on three months' written notice, provided Wolfgang has been engaged by the Company for a minimum period of twelve months. The Company may also terminate Wolfgang immediately in certain circumstances, including if he breaches his employment agreement, is convicted of a criminal offence, is bankrupt or becomes incapacitated from more than three months of any twelve month period.

Restraint provisions apply for a maximum period of twelve months after the end of Wolfgang's engagement by the Company (it being noted these provisions do not apply if Wolfgang is 65 years of age or older at the date of the end of his engagement by the Company). Under German law, the Company is required to pay 50% of Wolfgang's last remuneration as compensation during the restraint period (less any other remuneration Wolfgang earns or deliberately fails to earn during the period of the restraint). Wolfgang is to pay the Company €20,000 for each breach of the restraint provisions. The Company may waive the restraint and will be released from the obligations to pay compensation six months after such notice. The Company may also waive the restraint obligations within one month of Wolfgang being terminated for cause due to breach at which point the Company will be immediately released from its obligations to pay compensation.

Wolfgang is otherwise engaged on terms typical for arrangements of this kind, including provisions relating to confidentiality and intellectual property, Wolfgang agreeing to comply with the framework for compliance and governance of the Company and Wolfgang providing the Company with information required for it to comply with its reporting and regulatory requirements.

(c) Executive Chairman Agreement – Edward (Ted) Noel Pretty

The Company has engaged Darwin Capital Pty Limited, an entity related to Ted Pretty, under a consultancy agreement which is to take effect from completion of the Transaction to assist the Company with its strategy through the transition phase of the business and to procure the management services of Ted Pretty as an Executive Chairman.

Under the terms of engagement, Mr Pretty is to provide executive services that promote the fulfilment of the Company's objectives and, in particular, services which support the incoming CEO of the Company, Wolfgang Munz. It is anticipated the consulting services will be provided for 120 days per calendar year for a period of not less than nine (9) months. The consulting agreement may be terminated by either party on the provision of 90 days' written notice.

The Company will pay to Darwin Capital Pty Ltd a fixed fee of \$25,000 plus GST (if applicable) per calendar month.

The agreement otherwise contains provisions that are typical of arrangements of this type, including restrictions on the disclosure and use of the confidential information, the requirement for the consultant to maintain an appropriate insurance policy, releases and an indemnity in favour of the Company, the ownership of the Company over all data, inventions and improvements made by Mr Pretty, or Darwin Capital Pty Ltd, in providing the consulting services, and a mechanism for dispute resolution.

In connection with entry into the consultancy agreement, and as noted in Section 8.3.2, the Company has also reached an agreement with Mr Pretty for the termination of his existing employment agreement.

(d) Executive Director Engagement – Steven Richard Bliim

Steven Bliim is an Executive Director, Joint Company Secretary and CFO of the Company.

Steven was first engaged by the Company (then Prime Minerals Limited) in May 2012. He later transitioned to the Financial Controller of the Company on 1 December 2016. The transition to Financial Controller included execution of an employment agreement which continues to govern the engagement of Steven by the Company. Steven acted as the Head of Finance and subsequently CFO of the Company following the resignation of the prior CFO effective from 10 March 2017.

Steven was appointed as Joint Company Secretary on 14 June 2017. Steven was subsequently appointed as an Executive Director of the Company effective from 31 January 2019.

Steven receives aggregate remuneration of \$245,000 per annum, comprised of \$180,000 for his role as CFO and Joint Company Secretary and \$65,000 for his role as an Executive Director. Steven has previously been issued securities in the Company as remuneration and is entitled to participate in the incentive plans of the Company, subject to receipt of required approvals.

Steven is proposed to receive 500,000 Performance Rights under the Employee and Advisor Offer. The issue of Performance Rights to Steven is subject to receipt of all required approvals.

The Company and Steven may also agree annually on specific key performance indicators for Steven to apply during that annual term. If Steven meets these key performance indicators, he will be entitled to be paid up to 15% of his base salary in cash, contingent upon the overall performance and financial position of the Company.

Steven accrues employee entitlements in compliance with the National Employment Standards and any award applicable to him. Steven is also entitled to reimbursement for reasonable out of pocket expenses incurred in connection with his role in accordance with the policies of the Company.

Either the Company or Steven may terminate his engagement on one months' written notice. The Company may also terminate Steven immediately in certain circumstances, including if he breaches his employment agreement, is convicted of a criminal offence, is bankrupt or becomes incapacitated from more than three months of any twelve month period.

Steven is otherwise engaged on terms typical for arrangements of this kind, including a non-solicitation provision that applies for a maximum period of six months after the end of Steven's engagement by the Company, provisions relating to confidentiality and intellectual property and providing his consent to the Company conducting criminal history and other checks.

(e) Non-Executive Director Engagement – William (Bill) Albert McCluggage

Bill McCluggage was engaged by the Company as an Executive Director on 21 October 2016. By unanimous appointment, Bill transitioned from an Executive Director to the Non-Executive Chairman of the Company effective 31 March 2017. His terms of engagement by the Company did not change as part of this transition.

Bill is proposed to transition from Non-Executive Chairman to a Non-Executive Director from completion of the Transaction. His terms of engagement are not anticipated to change as part of this transition.

Bill receives fixed annual remuneration of \$70,000. Bill has previously been issued securities in the Company as remuneration and is entitled to participate in the incentive plans of the Company, subject to receipt of required approvals.

Bill is proposed to receive 500,000 Performance Rights under the Employee and Advisor Offer. The issue of Performance Rights to Bill is subject to receipt of all required approvals.

Bill is entitled to reimbursement for reasonable out of pocket expenses incurred in connection with his role in accordance with the policies of the Company.

Bill is otherwise engaged on terms typical for arrangements of this kind, including provisions relating to confidentiality and rights of access to corporate information, acknowledgement and confirmation of the powers and duties he has as a Director and a requirement to disclose matters to the Company to allow it to comply with its reporting and regulatory requirements.

(f) Joint Lead Manager Mandates

On 9 April 2019 the Company engaged Shaw and Partners Limited (Shaw and Partners) and Aitken Murray Capital Partners Pty Ltd (Aitken Murray) (together the Joint Lead Managers) to jointly provide lead management services under the terms of a joint lead management engagement letter (Agreement).

The Joint Lead Managers have agreed to provide assistance in undertaking the Equity Offer, which includes lead managing the Equity Offer (including project management and development and management of the Equity Offer timetable in conjunction with the Company and its other advisors), assisting in the drafting of documents and participating in the due diligence process.

The Company or the Joint Lead Managers can terminate the Agreement, with or without cause, by written notice to the other parties, at any time prior to the signing of an underwriting agreement, offer management agreement or other definitive selling agreement in connection with the Equity Offer (Selling Agreement). After the execution of any Selling Agreement, the Agreement may only be terminated in accordance with the terms of the Selling Agreement.

In consideration of the provision of the services, the Company has agreed to pay the Joint Lead Managers 8.0% of the gross amount raised under the Equity Offer (excluding GST), which will be split equally between the Joint Lead Managers and has agreed to reimburse the Joint Lead Managers for

reasonable out-of-pocket expenses incurred, which includes legal expenses up to a maximum of \$40,000 (excluding GST), marketing and communication costs, printing and distribution costs, travel and accommodation expenses.

The Agreement includes an indemnity of release whereby the Company has agreed that no claim may be made by it against any director, officer, employee, adviser or agent of the Joint Lead Managers or any related body corporate of the Joint Lead Managers (Released Parties). The Company has further provided a release to the Released Parties from any claim arising directly or indirectly as a result of the participation of a Released Party in connection with the Offer. The limitation of liability is subject to limitations for matters which include fraud and wilful negligence.

The Agreement otherwise contains terms which are typical of similar arrangements including provisions relating to confidentiality and limitations on liability.

12.11 Continuous disclosure obligations

Following relisting, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX.

In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

12.12 Litigation and claims

So far as the Directors are aware, as at the Prospectus Date, there are no legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on the future financial results of the Company and the Directors are not aware of any such legal proceedings that are pending or threatened.

12.13 Working capital

The directors believe that upon completion of the Offers, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

12.14 Dividend policy

Following completion of the Transaction, the Company does not, for the foreseeable future, expect to pay a dividend. The Board of the Company will review the dividend policy on a regular basis. Any future payment of dividends will be at the discretion of the Board.

12.15 Governing law

The Offer and the contracts formed on return of an application or acceptance form are governed by the laws applicable in New South Wales, Australia. Each person who applies for New Shares pursuant to this

Prospectus submits to the non exclusive jurisdiction of the courts of Victoria, Australia, and the relevant appellate courts.

12.16 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with ASIC.

13. GLOSSARY

13.1 Industry Glossary

AI	Artificial Intelligence
API	Application programming interface
Content Services	Content Services enable the management of an organisation's data, wherever it exists, to deliver enterprise-wide content lifecycle management, information access and risk management.
CRM	Customer Relationship Management software
CS	Content Services
DACH	Germany, Austria and Switzerland
DMS	Document Management Software
Document Management Software	DMS concentrated on extensions to basic file management capabilities provided by their operating systems. Mainly storage, indexing and retrieval of documents for easy organisation.
EFSS	Enterprise file sync and sharing
Enterprise Content Management	ECM is generally a centralised system used to capture, manage, store, preserve, and deliver information, and documents related to organisational processes.
ERP	Enterprise Resource Planning software
ECM	Enterprise Content Management
GDPR	General Data Protection Regulation
Internet of Things	Interconnected network of physical objects
IoT	Internet of Things
M2M	Machine to Machine
ML	Machine Learning
Machine to Machine	Communication between machines (e.g. sensor to computer)
Perpetual Licence	The initial upfront cost to purchase a licence usually accompanied by an annual Maintenance fee
Recurring Revenue	The portion of a company's revenue that is highly likely to continue in the future. Recurring revenue is revenue that is predictable and can be counted in the future with a degree of certainty
SaaS	Software as a service.

13.2 Corporate Glossary

AAS	Australian Accounting Standards.
AEDT	Australian Eastern Daylight Time.
Application Monies	The amount accompanying an Application Form submitted by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691), or where the context requires, the Australian Securities Exchange, which it operates.
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (third edition).
Board	The board of Directors.
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer.
Broker Offer	The invitation to Australian resident retail clients of Brokers to acquire New Shares offered under this Prospectus provided that such clients are able to receive and accept the Equity Offer.
Chairman	The chairman of the Company.
CHES	Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Closing Date	The date on which the Offer is expected to close, being 5pm (AEDT) on 31 July 2019 or such other date and time determined by the Board.
Company	Covata Limited (ACN 120 658 497)
Completion of the Offer	Completion of the issue of Shares under this Prospectus.
Constitution	The constitution of the Company.
Convertible Note Agreements	The agreements governing the issue of the Convertible Notes.
Cocoon Data	Cocoon Data Holdings Pty Ltd (ACN 127 993 300).
Corporations Act	Corporations Act 2001 (Cth).
Covata	The Company and its subsidiaries and, where the context requires, means any one or more of them.
Cybr5	Cybr5 Pty Ltd
dataglobal	dataglobal GmbH HRB 571809, Stuttgart
dataglobal Vendors	The holders of all the equity interests of dataglobal
Directors	The directors of the Company.
Dollars or \$ or A\$ or AUD	The lawful currency of the Commonwealth of Australia.
EBIT	Earnings before interest and taxation.
EBITDA	Earnings before interest, depreciation, amortisation and taxation
Employee and Advisor Offer	The offer of 6,500,000 Performance Rights to key management personnel and 66,667 New Shares to an advisor
Euro	The single European currency

Existing Shares	The Shares held by the Existing Shareholders as at, or immediately prior to the Completion of the Offer.
Expiry Date	The date that is 13 months after the Prospectus Date.
Exposure Period	The period commencing on the date of lodgement of this Prospectus with ASIC and ending seven days after lodgement, subject to any extension of the period by ASIC.
Financial Information	As defined in Section 6.1
FY of Financial Year	A financial year ended or ending 31 March unless otherwise specified
Historical Financial Information	As defined in Section 6.1
IFRS	International Financial Reporting Standards.
Institutional Offer	The invitation under this Prospectus to certain Institutional Investors to apply for Shares.
Investigating Accountant	Nexia Sydney Corporate Advisory Pty Ltd (ACN 114 696 945)
Joint Lead Managers	Shaw and Partners Limited (ACN 003 221 583) and Aitken Murray Capital Partners Pty Ltd (ACN 169 972 436)
Listing	Admission of the Company to the official list of the ASX.
Listing Rules or ASX Listing Rules	The official listing rules of the ASX.
Noteholders	The holders of the Notes.
Notes	The Convertible Notes described in Section 2.5.
NPAT	Net profit after tax.
Offer	The offer under this Prospectus of Shares for issue by the Company.
Offer Period	The period commencing on the Opening Date and ending on the Closing Date.
Offer Price	\$0.30 per Share.
Opening Date	The date the Equity Offer opens being 9.00am (AEDT) on 10 July 2019, or such other date determined by the Board.
Option	An option to acquire a Share in consideration for payment of the applicable exercise price.
Performance Rights	The performance rights proposed to be issued under the Company's Performance Rights Plan described in Section 12.4
PP&E	Property, plant and equipment.
Prospectus	This prospectus issued by the Company pursuant to Chapter 6D of the Corporations Act (including any supplementary or replacement prospectus).
Prospectus Date	The date the original Prospectus was lodged with ASIC, being 26 June 2019.
R&D	Research and development.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of Shares from time to time.

Shareholder Meeting	The general meeting of Shareholders of the Company to be held to seek approvals required for implementation of the Transaction. The Shareholder Meeting is anticipated to occur on, or about, the date set out in the indicative timetable in this Prospectus.
Share Registry	Boardroom Pty Limited (ACN 003 209 836)
Transaction	The Company's proposed acquisition of dataglobal on the terms set out in this Prospectus.
UK	The United Kingdom.
United States or US	United States of America.
US Securities Act	US Securities Act of 1933, as amended
USD	The lawful currency of the US
Vendor Offer	The offer of 34,666,667 New Shares to the dataglobal Vendors
Warrants	The Warrants the subject of the Noteholder Offer the terms of which are set out in Section 12.3.

14. CORPORATE DIRECTORY

Directors

Edward (Ted) Noel Pretty
William (Bill) Albert McCluggage
Steven Richard Bliim
Wolfgang Munz (Proposed)

Company Secretaries

Steven Bliim
Patrick Gowans

Proposed ASX Code:

DTG

Joint Lead Managers to the Offer

Shaw and Partners Limited
ACN 003 221 583

Level 7, 2 Chifley Square
Sydney, New South Wales, 2000

Aitken Murray Capital Partners Pty Ltd
ACN 169 972 436

52 Victoria Street
Paddington, New South Wales, 2021

Investigating Accountant

Nexia Sydney Corporate Advisory Pty Ltd
ACN 114 696 945

Level 16, 1 Market Street
Sydney, New South Wales, 2000

Registered Office

Level 4, 81 York Street
Sydney, New South Wales, 2000

Telephone: +61 2 8412 8200
Website: www.covata.com

Share Registry

Boardroom Pty Ltd
ABN 14 003 029 836

Grosvenor Place, Level 12, 225 George Street
Sydney, New South Wales, 2000

Telephone: 1300 737 760 (within Australia) or
+61 2 9290 9600 (outside Australia)

Company's Legal Advisers to the Offer

Quinert Rodda & Associates Pty Ltd

Level 6, 400 Collins Street
Melbourne, Victoria, 3000

Company's Auditor

Nexia Sydney Audit Pty Ltd
ACN 606 785 399

Level 16, 1 Market Street
Sydney, New South Wales, 2000

Declaration By submitting this Application Form with your Application Monies, I/we declare that I/we:

- ✓ have read the Prospectus in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have completed this Application Form in accordance with the instructions on the form and in the Prospectus.
- ✓ Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of New Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- ✓ authorise the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the New Shares to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the New Shares, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for New Shares insert the **number** of New Shares for which you wish to subscribe at Item **A** (not less than 6,667 New Shares representing a minimum investment of \$2,000.00). Multiply by A\$0.30 to calculate the total Application Monies for New Shares and enter the **A\$amount** at Item **B**.
- C** Write your **full name**. Initials are not acceptable for first names.
- D** Enter your **postal address** for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are sponsored in CHESS by a stockbroker or other CHESS participant you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. **NB: your registration details provided must match your CHESS account exactly.**
- F** Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form. However, if no TFN is quoted your dividends and distributions may be taxed at the highest marginal tax rate plus medicare levy.
- G** Applicants pay their Application Monies to their Broker in accordance with the relevant Broker's directions. Please contact your broker for further instructions.
- H** Enter your **contact details, including name, phone number and e-mail address**, so we may contact you regarding your Application Form or Application Monies.

Correct Form of Registrable Title

Note that ONLY legal entities can hold the New Shares. The Application must be in the name of a natural person(s), Companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

EXAMPLE ONLY

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to your broker, and complete the broker details below:

Broker Contact Number	Broker Name
<input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/> <input style="width: 100px; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>

The Broker Offer closes at 5:00 p.m. (Sydney Time) on 31 July 2019, unless varied in accordance with the Corporations Act and ASX Listing Rules.

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and +61 2 9290 9600 outside Australia.

Privacy Statement

Covata Limited advises that Chapter 2C of the Corporations Act requires information about its shareholders (including names, addresses and details of New Shares held) to be included in the Company's share register. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the Company. To obtain access to your personal information or more information on how the Company collects, stores, uses and discloses your information please contact the Company at the address or telephone number shown in the Prospectus.

Covata Limited (To Be Renamed dataglobal Limited)

ABN: 61 120 658 497

Shareholder Offer Application Form

Name/Address 1
Name/Address 2
Name/Address 3
Name/Address 4
Name/Address 5
Name/Address 6

This is an Application Form for New Shares in Covata (**Company**) on the terms set out in the Prospectus dated 26 June 2019. Defined terms in the Prospectus have the same meaning in this Application Form. You may apply for a minimum of 6,667 New Shares and multiples of 1,666 New Shares thereafter. This Application Form and your cheque or bank draft must be received by **5.00pm (AEST) on 31 July 2019**.

This Application Form is important. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus dated 26 June 2019 and contains information relevant to a decision to invest in the Securities of the Company and you should read the entire Prospectus carefully before applying for Securities.

The Company's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Company. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting this Application Form. The Privacy Policy can be found on our website <https://covata.com/>.

To meet the requirements of the *Corporations Act 2001* (Cth), this Application Form must not be distributed to another person unless included in, or accompanied by the Prospectus dated 26 June 2019. A person who gives another person access to this Application Form must, at the same time and by the same means, give the other person access to the Prospectus. The Company will send you a free paper copy of the Prospectus if you have received an electronic prospectus and you ask for a paper copy before the Prospectus expires on 26 July 2020.

PLEASE FOLLOW THE INSTRUCTIONS TO COMPLETE THIS APPLICATION FORM (SEE REVERSE) AND PRINT CLEARLY IN CAPITAL LETTERS USING BLACK OR BLUE PEN.

A Number of New Shares you are applying for	x \$0.30 per Share =	B Total amount payable
<input type="text"/>		\$ <input type="text"/>
Minimum of 6,667 New Shares (\$2,000) to be applied for and thereafter in multiples of 1,666 New Shares (\$500)		

C Enter your Tax File Number(s), ABN, or exemption category	EXAMPLE ONLY	
Applicant #1	Applicant #2	
<input type="text"/>	<input type="text"/>	
Applicant #3		
<input type="text"/>		

Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Covata Share Registry. Payments cannot be made at any bank. Please tick the relevant box below to confirm your method of payment.

Payment Option 1 – BPAY (tick the relevant box)

D		Billers Code: Ref:	Telephone & Internet Banking - BPAY® Contact your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au ® Registered to BPAY Ltd ABN 69 079 137 518
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- To pay via BPAY please contact your participating financial institution
- If paying by BPAY you do not need to return the Application Form
- If paying by BPAY the amount of your payment received in the account divided by the issue price will be deemed to be the total number of New Shares you are applying for.

Payment Option 2 – Cheque (tick the relevant box)

E Cheque payment details – PIN CHEQUE(S) HERE	<i>Please enter details of the cheque(s) that accompany this application.</i>			
Name of drawer of cheque	Cheque no.	BSB no.	Account no.	Cheque Amount A\$
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

F Contact telephone number (daytime/work/mobile)	G Email address
<input type="text"/>	<input type="text"/>

Declaration By submitting this Application Form with your Application Amount, I/we declare that I/we:

- ✓ have read the prospectus in full;
- ✓ have read the Privacy Policy (available at <https://covata.com/>) in full;
- ✓ have received a copy of the electronic Prospectus or a print out of it;
- ✓ have this Application Form in accordance with the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate;
- ✓ agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Privacy Policy (available at <https://covata.com/>) ;
- ✓ where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company and have provided that individual with a copy of, or details as to where to obtain, the Privacy Policy;
- ✓ acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- ✓ apply for the number of New Shares that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus);
- ✓ acknowledge that my/our application may be rejected by the Company in consultation with the Lead Manager in its absolute discretion;
- ✓ authorise the Lead Manager and the Company and their respective officers and agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Securities to be allocated to me/us;
- ✓ am/are over 18 years of age;
- ✓ agree to be bound by the constitution of the Company;
- ✓ acknowledge that neither the Company nor any person or entity guarantees any particular rate of return on the Securities, nor do they guarantee the repayment of capital;
- ✓ represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- ✓ represent, warrant and agree that I/we have not received this Prospectus outside Australia and am/are not acting on behalf of a person resident outside Australia unless the Securities may be offered in my/our jurisdiction without contravention of the security laws of the jurisdiction or any need to register the Prospectus, the Securities or the Offer.

Guide to the General Offer Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

- A** If applying for New Shares insert the **number** of Share for which you wish to subscribe at Item **A** (not less than 6,667 New Shares and then in multiples of 1,666 New Shares). Multiply by A\$0.30 to calculate the total Application Amount for New Shares and enter the **A\$amount** at Item **B**.
- C** Enter your Australian **tax file number** (TFN) or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
- D** If you make payment using BPAY you must contact your Australian bank, credit union or building society to make this payment from your cheque or savings account. For more information: www.bpay.com.au. Refer to the front of this form for the Biller Code and Customer Reference Number. Payments must be received by BPAY before **5.00 pm AEST on 31 July 2019**.
- E** If paying by cheque please complete **cheque details** as requested. Make your cheque payable to Covata – Share Offer. Cross it and mark it 'Not negotiable'. Cheques must be in Australian currency, and cheques must be drawn on an Australian bank.
- F** Enter your **contact details** so we may contact you regarding your Application Form or Application Monies.
- G** Enter your **email address** so we may contact you regarding your Application Form or Application Amount or other correspondence.

EXAMPLE ONLY

Correct Form of Registrable Title

Note that ONLY legal entities can hold the New Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
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Company	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgment

Mail your completed Application Form with your cheque(s) or bank draft attached to one of the following addresses:

Mailing address:

Covata Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Covata Limited
C/-Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

The Offer closes at 5.00pm (AEST) 31 July 2019

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions as to how to complete the Application Form, please contact Boardroom Pty Limited on 1300 737 760 within Australia and + 61 2 9290 9600 outside Australia.

Privacy Statement

Covata advises that Chapter 2C of the Corporations Act requires information about you as a shareholder (including your name, address and details of the New Shares you hold) to be included in the public register of the entity in which you hold New Shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold New Shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<https://covata.com/>).

The Corporations Act requires some of this information to be included in the Company's Shareholder and Option holder register, which will be accessible by the public. The Company will collect, use, hold, and disclose your personal information in accordance with the Privacy Policy. For more detail on how the Company collects, stores, uses and discloses your information, please refer to our Privacy Policy. Alternatively contact the Company and the Company will send you a copy. It is recommended that you obtain a copy of the Privacy Policy and read it carefully.

dataglobal»
limited