



ASX ANNOUNCEMENT (ASX: CVT)

17 July 2019

TRANSCRIPT OF SHAREHOLDER UPDATE 17 JULY 2019

Welcome to this shareholder update for Covata Limited [ASX:CVT].

My name is Ted Pretty, the CEO.

The purpose of this call is to update shareholders on the status of the acquisition of dataglobal GmbH and the prospectus we have issued.

Some shareholders have asked specific questions and we will endeavour to cover those matters during the call.

As you may know, the Company has had to overcome some significant hurdles to get to this positive point in our transformation. These have included securing additional interim funding and the divestment of our SafeShare business.

I am pleased to advise that the funding was successfully secured, and we announced today, 17 July 2019, that we completed the sale of our SafeShare business. The net proceeds of that transaction are now in the bank. Cybr5 Pty Ltd has acquired our SafeShare business by acquiring the shares in our subsidiary Cocoon Data Holdings Pty Limited. This sale was approved by shareholders on 10 May 2019.

We are now very close to achieving all of our objectives. There are three main steps to complete:

1. Raise the \$13.7m by 31 July under the Prospectus so we can acquire dataglobal GmbH and to fund growth;
2. Obtain EGM approvals on 7 August; and
3. Be approved for re-quotations by ASX around 10 August.

Completing the acquisition of dataglobal GmbH will position the Company in the data management rich area of Content Services. The details of this acquisition have been previously announced.

Let me share some of the relevant commercial details disclosed in the prospectus.

- dataglobal is a provider of content services - software solutions for the enterprise market
- content services involve the classification, indexing, rendition, archiving, management and security of data in a way that improves business processes and manages risk and compliance



- Its software manages the most sensitive data for over 450 enterprise customers, it supports their governance and risk management and empowers their digital business
- It makes money by a perpetual licensing model plus recurring maintenance fees and services
- 62% of revenues (FY18) are recurring and it has little to no churn in the customer base. dataglobal has a marquee customer base.
- Covata's existing Eclipse security product for SharePoint is complementary to dataglobal's business

We are really excited about this opportunity and the future.

To complete the final stages of the transactions, the Company lodged the Prospectus with ASIC on 26 June 2019 to seek funding for the acquisition of dataglobal. As shareholders would be aware Applications from investors can now be processed under that Prospectus. Applications are scheduled to close 31 July.

The Prospectus notes we are raising \$13.7m to both acquire dataglobal GmbH and to fund growth of the merged business in the area of Content Services.

We have respectfully asked each of our top 20 shareholders to show their continued support.

Offers of the Company's securities is made in the Prospectus. All shareholders should now be in receipt of the prospectus or have online access to it. Anyone who is eligible to participate in the offers of securities under the Prospectus will need to complete an application form that accompanies the Prospectus. The Prospectus is available to be viewed on the Company's website (www.covata.com) or it can be requested from the Company. Before deciding to acquire securities under the Prospectus, you should read and consider the Prospectus in its entirety and, if in any doubt, consult with your professional advisor(s).

To answer some of our shareholders' specific questions:

What will the capital raised be used for?

The Prospectus sets out the sources and uses of capital. In essence, the bulk of the cash raised will be used for the cash completion of the acquisition (Note that Wolfgang Munz, the founder of dataglobal, will own 29% of the shares in Covata) and also to fund the four growth initiatives. Growth will be our key focus.

What is the growth strategy for the new dataglobal Limited?

The four growth initiatives are:

- Expand activities and licences with existing customers by using account management and customer success teams – this means harvesting the base;
- Ramp up digital marketing and lead generation sales activities;



- Accelerate targeted customer acquisition – this means bigger customers in key sectors; and
- Market to and gain access to new regions.

How can I subscribe?

Anyone who is eligible to participate in the offers of securities under the Prospectus will need to complete an application form that accompanies the Prospectus.

When will the shares commence trading again?

It is anticipated that re-quotation of the shares on the ASX will occur on or around 10 August.

Conclusion

In conclusion has been quite a journey and we are almost there. The support and patience of our shareholders has been amazing and we sincerely appreciate the encouragement we have received.

If you have any further queries, please contact our Company Secretary Steven Bliim.

Thank you for your attendance on the call.

-Ends-



About Covata

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

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

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

Further information

For further information, please visit covata.com.

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