



ASX ANNOUNCEMENT (ASX: CVT)

30 April 2019

APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2019

Overview

Covata Limited (**Covata** or the **Company**) (ASX: CVT) is pleased to present the Appendix 4C for the quarter ended 31 March 2019.

Quarter Three Financial Highlights

Financial highlights for the quarter were:

- Receipts from customers were \$382K, compared to the prior corresponding quarter of \$406K.
- Underlying operating costs for the March quarter were \$1.70M, compared to \$2.25M for the December quarter. This is the result of management exercising strict cost control measures during the quarter in line with available funding.
- In February, the Company raised \$1.4M through the issue of convertible notes in addition to \$156K raised through a share purchase plan (**SPP**).
- The Company held \$1.50M in cash as at 31 March 2019 (31 December 2018: \$1.28M).

Operational Update

- Covata has entered into a binding Share Purchase Agreement with Cybr5 Pty Limited (**Cybr5**) to sell 100% of the shares in Cocoon Data Holdings Pty Limited for A\$5M. A notice of general meeting to approve the transaction was provided to shareholders this month, with the meeting to be held on 10 May 2019. Proceeds of A\$4M will be applied toward the transaction with dataglobal.
- The Company is pleased to report the appointment of Shaw and Partners Limited and Aitken Murray Capital Partners Pty Ltd as Joint Lead Managers (**JLMs**) in relation to its proposed equity raising in undertaking the proposed acquisition of dataglobal GmbH (**dataglobal**).
- In anticipating the proposed transaction with dataglobal, the Company has changed its financial reporting date to 31 March 2019 to simplify reporting requirements of the new proposed merged entity.

Quarter Four Outlook

- Estimated operating cash outflows for the June 2019 quarter are anticipated to be \$1.85M (exclusive of revenue and interest); these cash outflows include approximately \$350K of advisor fees in connection with the dataglobal transaction.

- Due to the scale of the acquisition of dataglobal and costs associated with divesting the SafeShare business, non-operational transactional expenses will be incurred and will impact on estimated operating costs in Q4.
- Further updates regarding the timing of the completion of the dataglobal transaction will be provided to shareholders in due course.

The Company continues to review its operating structure and where necessary will reduce cash outflows in line with available funding.

– Ends –

About Covata

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

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

With offices and resources in the US, UK, Europe and Australia and coverage in all other regions, our customers & partners span the public sector and defence, aerospace, technology, automotive, manufacturing, finance, media and sports industries.

Further information

For further information, please visit covata.com.

Covata investor relations contacts:

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

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Covata Limited

ABN

61 120 658 497

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	382	990
1.2 Payments for		
(a) research and development	(184)	(631)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(57)	(202)
(d) leased assets	-	-
(e) staff costs	(929)	(3,736)
(f) administration and corporate costs	(526)	(1,674)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	992
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,314)	(4,258)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) intellectual property	-	(554)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	(37)
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – return of credit card facility deposit	-	-
2.6	Net cash from / (used in) investing activities	-	(591)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	156	619
3.2	Proceeds from issue of convertible notes	1,400	1,400
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(22)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,556	1,997

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,284	4,472
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,314)	(4,258)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(591)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,556	1,997

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(23)	(116)
4.6	Cash and cash equivalents at end of quarter	1,503	1,503

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,503	2,358
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits callable with less than 3 months notice)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,503	2,358

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
(197)
-

--

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

--

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(104)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(9)
9.4 Leased assets	-
9.5 Staff costs	(969)
9.6 Administration and corporate costs	(767)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,849)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		-
10.2 Place of incorporation or registration		-
10.3 Consideration for acquisition or disposal (share-based consideration)		-
10.4 Total net assets		-
10.5 Nature of business		-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director)

Date: 30 April 2019

Print name: Edward Pretty

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.