



## ASX ANNOUNCEMENT (ASX: CVT)

11 July 2018

### APPENDIX 4C FOR QUARTER ENDED 30 JUNE 2018

#### Overview

Covata Limited ("the Company") is pleased to present the Appendix 4C for the quarter ended 30 June 2018. The company has previously provided a market update in respect to the 2018 financial year. Please refer to ASX Announcement: *Covata Financial Year 2018 (Unaudited) Update*, released to the ASX on 2 July 2018.

#### Quarter Four Financial Highlights

Financial highlights for the quarter were:

- The Company held \$4.47M in cash as at 30 June 2018 (31 March 2018: \$5.12M);
- Receipts from customers were \$396K, 2.5% lower than the previous quarter of \$406K;
- Underlying operating costs for the June quarter were \$1.84M, lower than the \$2.199M as forecasted in the March quarter;
- The Company successfully placed \$1.5M from both existing and new shareholders;
- Total cash movement for the quarter was a decrease of \$518K

#### Next Quarter

- Estimated operating cash outflows for the July 2018 quarter are anticipated to be \$2.216M (exclusive of revenue and interest);
- Staff costs for the next quarter are anticipated to be \$1.54M;
- Sales and marketing costs are expected to be \$161K;
- R&D and related activities are anticipated to result in outflows of \$179K, as the company brings new O365 integration and data discovery to the market;
- Cash flows from investing activities will reflect the second payment of €350,000 by Covata to dataglobal for the delivery of deployment of the data classification technology acquired;
- The Company will finalise investment of \$404K received through the Entitlement Offer, along with an additional \$58K subscribed through a short-fall placement from sophisticated and institutional shareholders;

## **Next Quarter (continued)**

- The Company will apply to AusIndustry for the R&D Tax Incentive for the 2018 financial year; and
- The sales team will continue to execute on the current pipeline which continues to grow both in Europe and the United States

- Ends –

## **About Covata**

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

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

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

For further information, please visit [covata.com](http://covata.com).

### **Covata investor relations contact:**

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## 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")**

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	396	1,117
1.2 Payments for		
(a) research and development	(112)	(295)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(65)	(387)
(d) leased assets	-	-
(e) staff costs	(1,196)	(4,555)
(f) administration and corporate costs	(467)	(1,936)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	109
1.5 Interest and other costs of finance paid	(1)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,612
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,440)</b>	<b>(4,339)</b>

**2. Cash flows from investing activities**

2.1 Payments to acquire:

(a) property, plant and equipment	-	(84)
(b) businesses (see item 10)	-	(165)
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(558)	(558)
(e) other non-current assets	-	81
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	1
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	2
<b>2.3</b> Cash flows from loans to other entities	-	-
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other – return of credit card facility deposit	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(558)</b>	<b>(723)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,500	3,562
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(80)	(136)
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)		
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>1,420</b>	<b>3,426</b>

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,120	6,325
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,440)	(4,339)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(558)	(723)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,420	3,426

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(70)	(217)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,472</b>	<b>4,472</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,472	5,120
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits callable with less than 3 months notice)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,472</b>	<b>5,120</b>

**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**

(166)

-

**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**

-

-

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8. <b>Financing facilities available</b> <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.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(179)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(161)
9.4 Leased assets	-
9.5 Staff costs	(1,540)
9.6 Administration and corporate costs	(336)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,216)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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		-

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**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: 11 July 2018

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.
4. As noted in its 2017 Notice of Annual General Meeting, the Company has obtained a waiver of Listing Rule 7.3.2 to permit the issue of up to 12,977,400 shares to the vendors of CipherPoint Inc. more than 3 months after shareholder approval of the issue but no later than 20 July 2018, subject to the satisfaction of certain revenue milestones (Milestone 2 Shares). No Milestone 2 Shares were issued during the period to which this Appendix 4C relates. The Milestone 2 Shares will be issued subject to CipherPoint Inc. achieving revenues between 1 July 2017 and 30 June 2018 of not less than US\$500,000 and conditional upon a key staff member of CipherPoint continuing to be employed by CipherPoint (or the Company or its group entities) at 30 June 2018 (subject to agreed exceptions, including termination without cause). Further details regarding the Milestone 2 Shares are set out in the notes to Resolution 6 in the explanatory memorandum which formed part of the Company's 2017 Notice of Annual General Meeting.