

ASX ANNOUNCEMENT (ASX:CVT)

1 March 2017

Market update

Sydney, Australia – Covata Limited (ASX: CVT) would like to update the market on the business and provide feedback on current Proofs of Concept (POC) and other initiatives.

Since Ted Pretty's commencement as CEO on 23 January 2017, he has been undertaking a strategic review. Whilst the detailed results of this review will be presented to Covata's Board of Directors in March, and a briefing will be provided to shareholders in April at the Company's upcoming EGM (date to be announced), it is appropriate to provide the market with an interim update now.

- Covata's presence as an exhibitor at the RSA Conference (13-17 February 2017 in San Francisco), and subsequent discussions with UK industry participants, has confirmed the market for high assurance data-centric security solutions remains strong. The shift to cloud collaboration, coupled with the increased incidence of cyber security breaches, further serves to validate Covata's presence in this competitive market space.
- Covata's Safe Share platform has already achieved market validation through its continued and increased use by several Australian government departments, delivered via its channel partner Macquarie Telecom, and in the enterprise market in Germany via its channel partner T-Systems.

With respect to specific initiatives previously discussed with investors, Covata advises:

- The Company has been advised by the Procurement division of the UK Crown Prosecution Service (CPS) with respect to its POC of Covata's Safe Share solution. Covata has been advised that it has not been chosen as the preferred vendor. The Company continues to progress other UK and Northern Ireland opportunities.
- Covata will be seeking to transition from the UK Government's G-Cloud 8 listing to its new G-Cloud 9 listing for cloud-based procurement opportunities. This process is underway.
- As foreshadowed at the AGM in November, changes to Cisco's Cloud division strategy means that Covata is reviewing its Cisco and Sumatics partnerships accordingly – further details will be advised at the EGM.
- Covata's channel relationships with Macquarie Telecom and T-Systems remain in place, but the Chunghwa relationship seems unlikely to proceed. Covata has already commenced its assessment of other suitable channel opportunities.
- The alpha version of Covata's new security solution Delta has been released, and the CEO has recently directed work to focus on market and business model validation. A further update will be provided in April. Covata Delta was initially proposed as a separate initiative,



but the approach and architecture behind Delta has relevance to the improvement of the Safe Share platform.

The Company needs to focus on near-term opportunities that can utilise its existing platform and create momentum for the business, and recognises the need to improve both its development and go-to-market approach.

Our financial position remains solid and our business plan is now being reviewed to further extend our cash runway in 2018, with further details to be provided at the EGM in April.

Ted Pretty, CEO of Covata, said: “Naturally the Covata team is disappointed with the outcome of the CPS POC. Having reviewed our US and UK operations, I am far clearer on where to direct our efforts and what needs to be done to reset the business, including a more acute focus on defined market geographies and segments. Our ‘whole of government’ approach remains valid.

“I have every confidence in the increasing market demand for data-centric security solutions and Covata’s ability to deliver.”

- Ends -

About Covata

Covata Limited (ASX:CVT) enables true ownership and control over your data in the cloud and over mobile services. We deliver data-centric security solutions without compromising simple usability, providing true end-to-end security. Your data is always protected wherever it may travel – inside your network, beyond the domain, to mobile devices and to the cloud – with granular access controls that extend to external users, view-only restrictions, real-time revocation and complete visibility and auditability. Own Your Data, control your data and choose where it is stored – with complete assurance that it is protected and secure. For further information, please visit Covata.com.

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