



ASX RELEASE

27 November 2018

COVATA MARKET UPDATE

- **R&D tax incentive in the amount of \$991K for FY2018 received**
- **Average SafeShare for ITAR total contract value increases to US\$25K**
- **Partnership with dataglobal GmbH deepens in Europe with Eclipse product**
- **Covata enters lucrative Content Services market**
- **Launch of 'SafeShare Trust' blockchain product**

Sydney, Australia: Covata Limited (ASX:CVT) (Covata or the Company) is pleased to provide the following update.

1. Operations

Covata has continued to prudently manage costs in a calendar year where it has undertaken significant development work. We can confirm receipt of \$991K in R&D tax incentive arising from our FY18 R&D application. This improves our operating cash balance leading into the second half of the year.

2. Sales, Marketing and Distribution

Sales performance

Overall marketing and presales activity has been consistent over the past quarter, producing a solid sales pipeline. We have a number of emerging leads for our data discovery and classification solutions. Our focus remains on sales conversion and engaging with new potential sales channel partners. Monthly recurring user-based revenue from our existing Australian SafeShare reseller continues to grow.

SafeShare

Covata has continued aggressive lead generation campaigns to promote its SafeShare for ITAR (International Trafficking in Arms Regulations) solution. Average total contract value (TCV) has increased to US\$25K from US\$10K, with sales cycles averaging 3 months or less.

Eclipse for SharePoint

Covata continues to focus on the rollout of our Eclipse product as part of European GDPR compliance programs. We have navigated development testing in a European customer environment and undertaken various integrations into internal procurement portals to enable ordering by its business units and into existing workflow applications such as Nintex.

dataglobal GmbH

Covata is deepening the relationship with leading Content Services, data classification and archiving vendor, dataglobal GmbH. dataglobal, based in Heilbronn, Germany, has commenced marketing and distribution of Covata's Eclipse product which secures SharePoint installations.

Our Eclipse solution is able to support European customers in their journey to implement sound information governance and security requirements, particularly as part of their GDPR obligations. Eclipse will complement dataglobal's world leading data archiving solutions. Initially, distribution will focus on the DACH region (Germany / Switzerland / Austria) where dataglobal has over 550 existing archiving customers. This new distribution capability is a logical and commercially compelling development. dataglobal already has a strong presence with native German resources and well-developed local sales channel in the region, which should accelerate our market entry. Covata will continue to provide both presales and service support to dataglobal.

Information Archiving

Covata has also identified a number of opportunities to resell dataglobal's archiving suite into the Australian government and enterprise segments, both in response to active tenders and open opportunities. Our two presales team members will be in Heilbronn in the second week of January for detailed training.

Content Services

Covata's relationship with dataglobal GmbH enables both companies to pursue the Gartner defined Content Services market. Estimated to be worth \$6.4bn and growing at 15.7% CAGR, the companies jointly have the critical capabilities required for this market including secure file sharing, enterprise information and content (file and email) management and archiving. These capabilities facilitate secure digital transformation and efficient digital workplace practices. Security (encryption) and archiving are cited as the two stickiest applications for enterprise users.

3. Product Development

Covata launches 'SafeShare Trust' with blockchain

Through our technology partnership with ByzGen Limited (UK), Covata has completed the integration of blockchain capabilities into our secure collaboration product SafeShare. SafeShare is in use by more than 27 Australian Government agencies today and enterprises in sensitive industries such as defence both in Australia and internationally including for ITAR compliance.

SafeShare Trust technology will make key aspects of stored files immutable and enable the blockchain to be the point of trust for access control to that data, ensuring the data is securely shared and not tampered with. This new capability addresses a range of use cases including:

- Government security and credential vetting;
- Chain of evidence and eDiscovery and litigation support; and

- FOI (Freedom of Information) compliance and verification.

Product Upgrades

Covata has released significant product upgrades during the quarter consistent with our strategy to enhance our Microsoft related features:

- The ability to save files and documents to SafeShare from Outlook;
- Changes to our Eclipse product to make changes to permissions and SharePoint easier to manage; and
- a Beta Version of our Agentless solution for simplifying management of Microsoft Azure Information Protection controls.

- 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.

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