COVATA

Shareholder Update on proposal to acquire/merge with

dataglobal GmbH

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A prospectus for the offer of securities in connection with Covata's proposed acquisition of dataglobal GmbH will be made available when the securities are offered, and is expected to be available on Covata's website in, or about, June 2019. Potential investors should consider the prospectus in deciding whether to acquire securities in Covata. Anyone who wants to acquire securities will need to complete an application form that will be in, or will accompany, the prospectus.

Proposed merger

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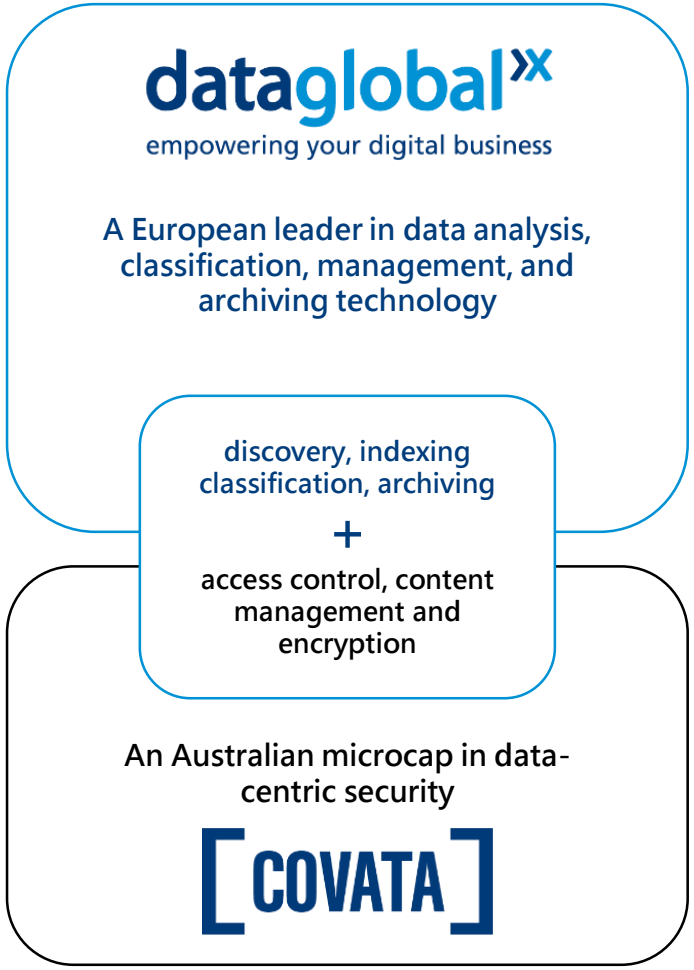
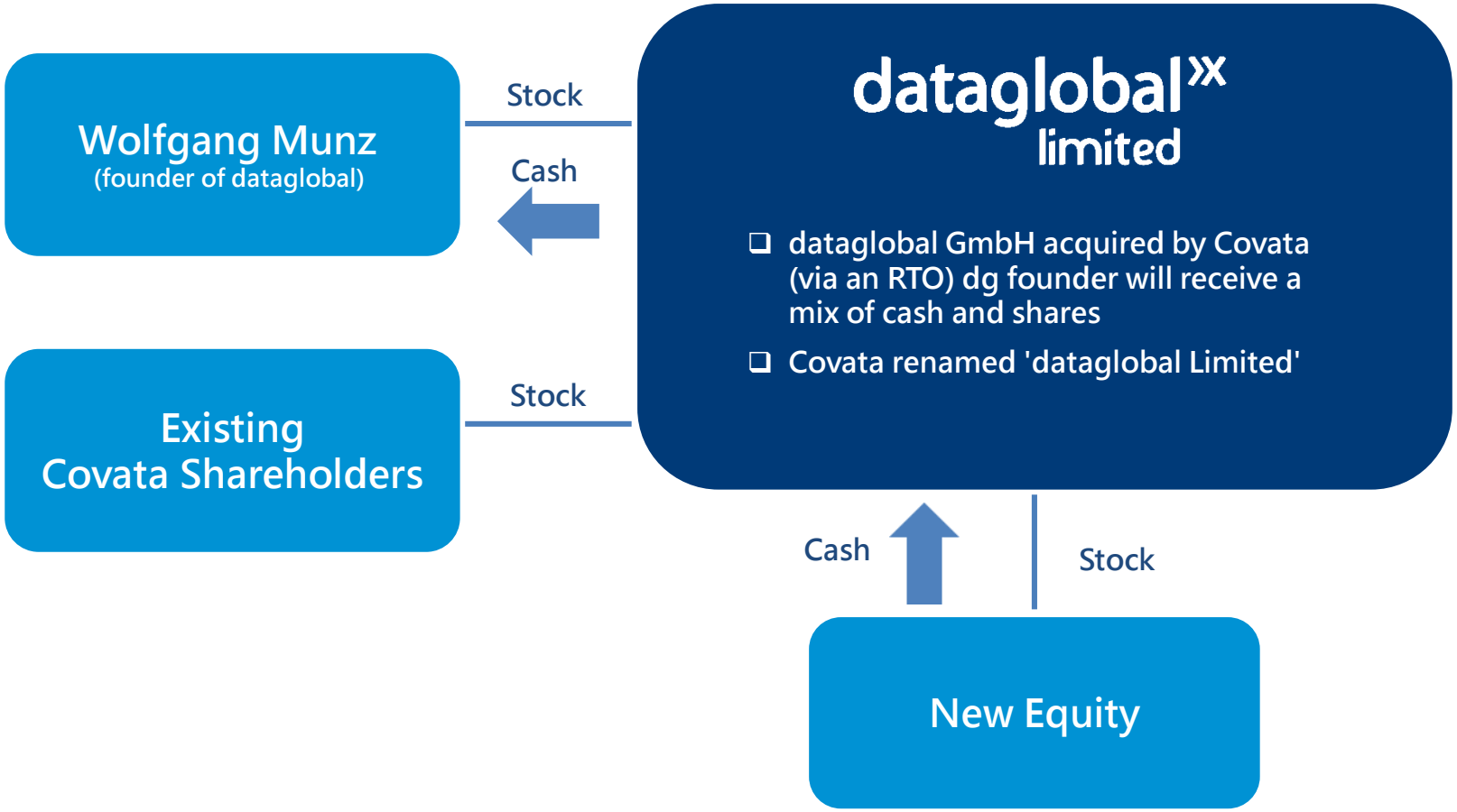
Proposed merger

Merging Covata with dataglobal creates an exciting Content Services business

- Covata is an Australian listed microcap stock which owns and licenses to users two key products
  - SafeShare - a secure file collaboration tool
  - Eclipse – a data security and compliance solution for SharePoint, Office 365 and file servers
- On 30 January 2019 Covata announced it had entered into a transaction to acquire dataglobal GmbH
- dataglobal is a European leader in data analysis, classification, management, and archiving technology
- The acquisition will propel Covata into the lucrative global market place for Content Services giving it greater financial scale and global reach
- Post acquisition it is proposed that Covata Limited will be renamed dataglobal Limited



Merger structure



Merger Rationale

The merger creates value and opportunity for all stakeholders

[COVATA]	dataglobal empowering your digital business	Merged Company
1 Needs a transformational acquisition and scale	1 Capital for growth	**Capital** ▪ **Funding Enhanced Capital Market Profile** ▪ **Stronger, Diversified Register**
2 Access to European market entry platform	2 Access to Asia-Pacific market	**People** ▪ **Highly Experienced European Founder/CEO** ▪ **Increased Management Capability**
3 Quality lower cost development resource	3 dg and Covata CEOs share the same vision	**Product** ▪ **Content Services Platform** ▪ **Agile Development Environment**
4 Exit Covata legacy whilst preserving its IP	4 Founder succession and market exit potential	**Growth** ▪ **Scalable 3 year Growth Plan** ▪ **New Market Access** ▪ **Pricing Leverage**

Merger benefits

The benefits that Covata sees in dataglobal are compelling

The business

- ✓ **Client base of large global customers** – more than 450 customers
- ✓ **Fast growing market segment** – content services market (70% of all new IT spend) – **strong CAGR opportunity**
- ✓ **Customer retention** – long customer tenure, low churn (less than 1%)
- ✓ **Higher quality recurring maintenance revenue** – arguably better than SaaS
- ✓ **Low historic spend on marketing / account management** – opportunity to accelerate sales growth
- ✓ **Dataglobal has displaced competitors in key clients**

Macro and Industry

- ✓ **Regulatory environment a key driver for Content Services uptake (GDPR)**
- ✓ **German and DACH economies proving to be very resilient**
- ✓ **DACH region and overall German IT market largest and most promising in Europe**
- ✓ **Growth in Content Services demand across all major industry sectors**
- ✓ **Acute focus in sensitive industries such as banking and finance on data integrity and security**

About dataglobal GmbH

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dataglobal – the story

dataglobal
empowering your digital business

who is dg

a European leader in software solutions for enterprise-wide content services, digital workplace and archiving

HQ – Heilbronn, Germany

what it does

dg manages the most important data and information in 530 installations for over 450 enterprise customers, empowers their digital business as well as supporting governance and risk management

how dg makes money

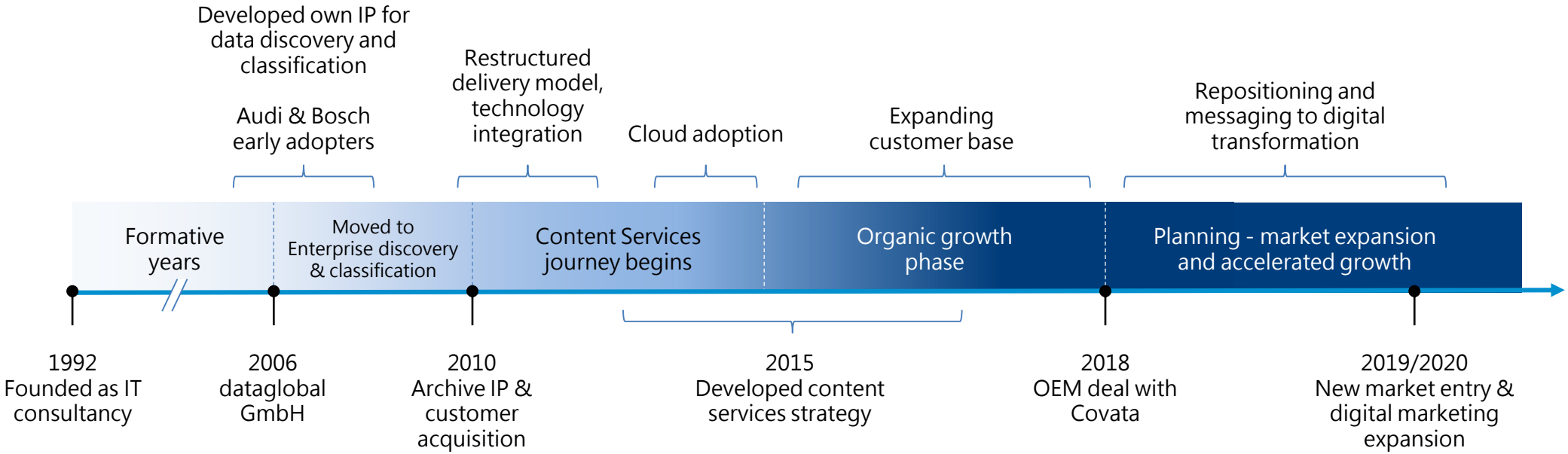
the business model is perpetual licensing with long term maintenance and service

The objective is to build a global leader in Content Services

Wolfgang Munz – CEO-designate 'dataglobal Limited'

dataglobal
empowering your digital business

- Wolfgang Munz is the founder and principal shareholder of dataglobal GmbH and is in charge of product strategy and development, with a degree in Engineering from the University of Nürnberg
- Wolfgang's goal is to be on the forefront of data management, providing state-of-the-art technology in data management and adding value to dataglobal's customers
- By recognizing trends and developing new technologies and with an uncompromising focus on product quality and customer satisfaction, dataglobal strives to stay one step ahead of the competition



Business Model and Growth

The business and business model is agile, lean and efficient and leveraged for growth[1]

dataglobalx
empowering your digital business

- Based in Heilbronn, Baden-Württemberg - one of the leading economic and innovative regions in Germany and Europe (45 mins from Stuttgart)
- Over 450 large enterprise and government customers including in Germany, Switzerland, Austria, France but deployed in over 40 countries
- FY19 (31/3) revenue A$7.3M (unaudited), > 60% recurring
- Leveraging agile development labs in Cluj (Romania) and Hamburg
- Excellent business processes and product Quality Assurance
- Very established DACH region distribution

Effective Pricing
- Perpetual (upfront) licensing model plus ongoing maintenance typically 19-20% p.a. plus services
- Opportunity to leverage increased prices (5%-10%)

Loyal longstanding Customers
- No customer dependency (< 5% of revenue)
- Focus on customer lifetime value (LTV) (avg life > 10 years with less than 1% churn p.a.)
- LTV:CAC > 4x

Multi-Channel strategy
- 50% direct and indirect sales
- Indirect through (30) localised IT consultants and distributors in DACH region

Agile development
- Use of Cluj, Romania development facility (60-70% lower cost)

Best practice margins
- Gross margins >80% and expandable
- Net margin targets compelling

[1] All percentages are estimates only and unaudited

dataglobal – high quality customers

Service/Media

BAUER MEDIA GROUP
NDR
ifak
COMPASS GROUP
UNIVERSAL MUSIC GROUP
auxmoney

Consumer/Retail

backwelt
deutschesee
Hardenberg Wilthen AG
Waldquelle
interlübke
Kamps
ZENTIS
RAPUNZEL
ROYAL CANIN
Sprüngli
STIEBEL ELTRON
TOSHIBA Leading Innovation
ZWEIFEL
MARS

Logistics

BERTSCHI
RHENUS LOGISTICS
HAMBURG SÜD
MEYER&MEYER Since 1902
NAGEL-GROUP
RATP

Manufacturing

3M
AKZO NOBEL
SR Technics
MEILLER KIPPER
GRIESSER
DAW
FANUC ROBOTICS
MAGNA CAR TOP SYSTEMS
Atlas Copco
sirona The Dental Company
MITSUBISHI PAPER MILLS LIMITED
WESTAG & GETALIT AG
zehnder
OTTO FUCHS

Finance

AXA
Baloise Bank
Deutsche Bank
DEUTSCHE BÖRSE
IKB Deutsche Industriebank
Nidwaldner Kantonalbank
KFW DEG
GAZPROMBANK (SWITZERLAND) LTD
LA ROCHE 1787
SBERBANK
SparkassenVerband Baden-Württemberg
VPBANK

Public/NGO

Bundesnetzagentur
caritas
Stadtwerke Gießen SWG
WSW
Bundesagentur für Arbeit
verbraucherzentrale Nordrhein-Westfalen

Hosting partner

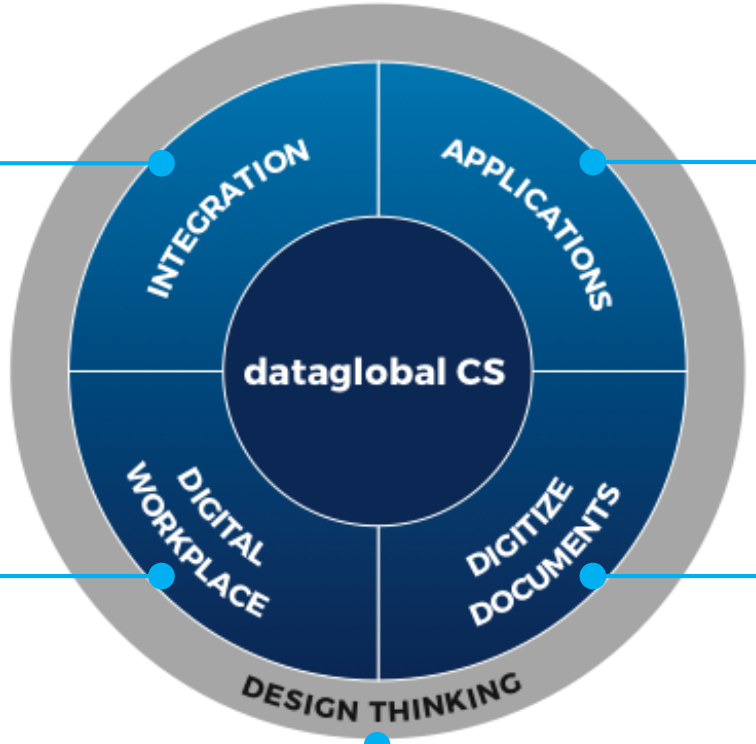
T-Systems

dataglobal– product platform

dataglobal Content Services leverages business information to drive digital transformation

our APIs integrate data sources with any enterprise application or business process

email and file management across common platforms, e.g. SAP and Microsoft



UI/UX enables mobile, secure and simple access to your enterprise information

quickly and reliably import any document to support your business processes

Rapid, user-driven and transparent design keeps ahead of the complexity and pace of enterprise problems

Customer references and use cases

dataglobal has demonstrated it can displace competitors in key accounts

Swiss national food industry champion

- Implementation of dataglobal Content Services archiving and digital workplace solution to improve operational efficiency and user and customer experience

"We are completely satisfied with dataglobal's content services. We have a solution that has been making history in our field for 20 years now and that gives us a very good feeling for the future"

Rolf Schwab, Head of ICT, Zweifel Pomy-Chips AG

World market leader in tippers, tipping trailers, and elevator doors for passenger and freight elevators

- Implementation of e-Mail Management and SAP-Archiving reducing system and maintenance costs and replacing and migration of e-mails already archived by CommVault and SAP data archived by OpenText

"The company-wide archiving originally planned under pure compliance and infrastructure aspects has meanwhile become an essential foundation for optimizing and digitizing our business processes"

Richard Lind, IT, F.X. Meiller GmbH & Co. KG

Universal Music Group (UMG), a major music label with the world's largest share of the music market

- Archiving of approximately 55 million documents in the German archive and 18 million in the European archive, including SAP Finance and incoming invoices worldwide

OTTO FUCHS

Otto Fuchs is a global leader creating products in the aerospace, automotive and construction industries as well as in industrial engineering

- dataglobal CS guarantees the preservation and archiving of 50 years of production data and replaced SER, a leading German-based content management service. dataglobal provides ongoing email management and SAP archiving

International logistics service provider with over 29,000 people at 610 locations worldwide

- Utilisation of email archiving allowing seamless transition from Lotus Notes to Microsoft Exchange

Global leader in the international logistics service and container shipping sector.

- Worldwide deployment of dataglobal CS for over 10 years

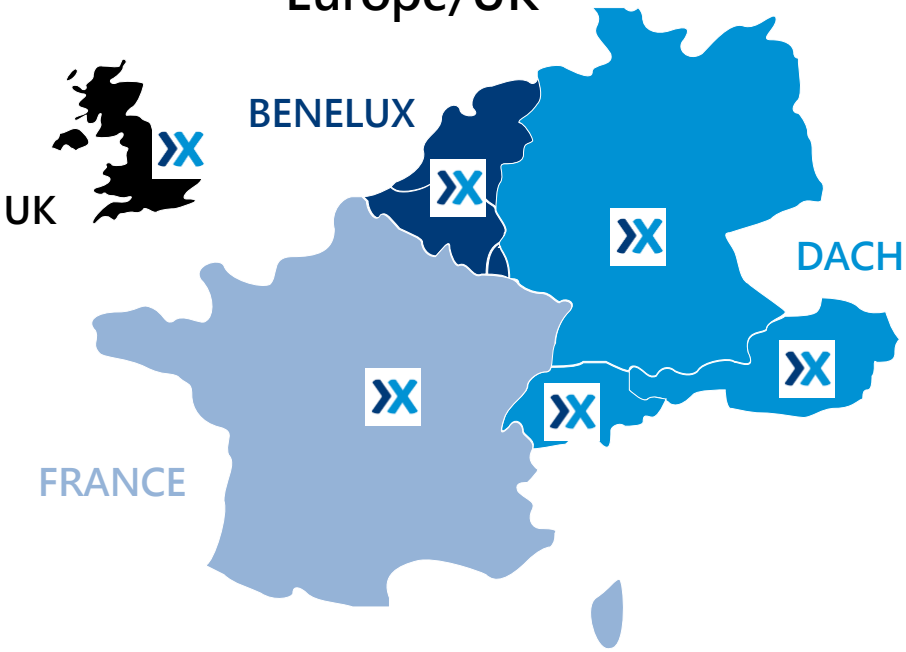
The seventh largest privately owned and unlisted company in the United States

- Data archiving for the group, 421 locations in 78 countries with over 75,000 employees

3-4 Year Market Growth plan

The growth opportunity beyond the DACH region is significant

Europe/UK



Asia Pacific

US/North America

Scale up DACH sales and marketing and cross sell A/PAC , enter Benelux

Scale up A/PAC, Benelux, enter Nordic, scope North America

Scale up Nordic, scope and enter North America

Market and Competition

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Market Trends , Drivers and Size

dataglobal well positioned to be the disruptive champion

Market Trends	Market Drivers
Digital transformation is market hot button and where enterprise wallet is being allocated	Effective digital transformation requires data integrity, archival, security, retrieval and search
IDC: spending on digital transformation efforts, growing 42% YoY, to over $1.7 trillion	Heightened European focus on information governance and regulation – GDPR

Total Market	Addressable[1]
▪ The Content Services (CS) market totalled $9.6 billion, 15% CAGR ▪ 2/3rds in North America and Western Europe	▪ US$5-7bn (includes ECM, EIM, IA)
▪ The CS Platform market is 66% of the overall CS market — at $6.4 billion ▪ Microsoft, OpenText and IBM retained the top three positions	**Immediately addressable estimated at US$2bn+**

Sources: Gartner Magic Quadrant for Content Services Platforms
Published 25 October 2018 (G00343925); IDC

Gartner 2018 Magic Quadrant*

Indicative target positioning in the Content Services space

[1] Addressable market share assumes Europe is one third of global market

Competition and comparables

dataglobal well positioned to displace incumbents

Large ECM players

opentext™

Open Text Corporation, Nasdaq listed, provides a platform and suite of software products and services that assist organizations in finding, utilizing, and sharing business information from any device.

Est revs US$2.8bn
EV US$12bn

Microsoft Content Services

Microsoft is moving from legacy enterprise content management (ECM). Their content services platform seeks to provide security, compliance and new content capabilities

Hyland creator of OnBase

Hyland is a developer of the ECM and process management software suite called OnBase

Thomas Bravo PE owned
Est revs US$500m+

mimecast

Mimecast is a company specializing in cloud-based email management for Microsoft Exchange and Microsoft Office 365, including security, archiving, and continuity services to protect business mail

Est revs $US300M
Market cap US$2.92bn

Niche players

Objective

Listed Australian based provider of information and process governance software solutions or all levels of Government locally and in UK

Revenues ~A$60m
Market cap $242m

NUXEO

US based software company providing a content management platform for business applications for companies across a wide range of vertical markets.

Est revs US$14.5m Funding raised US$37.9m

M-Files

Information Management helps enterprises find, share, and secure documents and information. Ideal for regulatory compliance

Est revenues US$72m
Funding raised US$76m

Alfresco

Alfresco helps teams share, manage and retain content across the extended enterprise

Est revs US$87m
Funding raised US$92m but now acquired by Thomas H Lee partners

Relevant Multiples

Company	Ticker	Revenue/ Enterprise Value
OpenText	NAS:OTEX	3.79
Box	NYSE:BOX	4.5
Objective	ASX:OCL	4.5
Mimecast	NAS:MIME	9.7
M-Files Alfresco	VC/PE	n/a

dg acquisition at 2.8x

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