



## ASX ANNOUNCEMENT (ASX: CVT)

24 October 2019

### MARKET UPDATE

#### Strategy

As outlined in the AGM presentation on 30 September, Covata Limited (**the Company**) continues to focus on the data security, information governance and compliance markets by helping organisations to find and protect their most sensitive data. One of our unique propositions is centred around protecting against deliberate and/or inadvertent privileged user data breach.

#### Product and IP

The Company owns and retains very solid intellectual property across:

- its CipherPoint Eclipse product;
- its new data discovery and classification solutions built upon the IP licensed from dataglobal GmbH (**dataglobal**); and
- its retention of exploiting certain IP arising from the original SafeShare platform including IP on access control, content and encryption key management.

Whilst we will continue to enhance and support these products, the focus is squarely now on commercialisation and sales.

#### Geographic Focus

The Company intends to focus on:

- renewing existing customers in the US;
- leveraging its channel relationship with Singapore based partner Total eBiz Solutions (**TeBs**) in the Asia market;
- building a solid pipeline of direct and indirect opportunities in the DACH region of Europe; and
- continuing business development in Australia.

#### Sales and Marketing

Shareholders will recall the Company's May 2019 announcement regarding the success in securing our first European based Fortune Global 500 company as a customer of our Eclipse product. At this time, the Company already had secured as customers 15 US-based organisations. This was, however, our first European win. It was a major achievement and has been deployed in the most complex of environments which has battle-hardened our product and processes.

The majority of our sales and marketing efforts are now directed at leveraging those installations into building a solid pipeline to convert into sales.

We have rebuilt all our sales collateral and use cases (including in multiple languages) and requalified our sales pipeline of leads and opportunities. We intend to relaunch our digital marketing and lead generation activities in the first week of November.

### **Relationship with dataglobal**

The Company continues to enjoy a close relationship with dataglobal. Notwithstanding the merger transaction is no longer being pursued at this time, dataglobal has offered to support the Company with marketing, channel and direct customer introductions and office accommodation. Both parties have agreed to collaborate and will look for further ways to work together.

### **Change of Name**

Consistent with the renewed focus on the CipherPoint Eclipse product, the Board has resolved to seek shareholder approval for a change in company name to Cipherpoint Limited. An appropriate notice of meeting will be circulated shortly.

### **Financial Position**

The Company filed its latest 4C on 22 October 2019. The Company expects that during the current quarter the receivable due from Cybr5 will be repaid and it will also receive its R&D refund.

### **Outlook**

Although the Company has not provided (and is not in a position to provide) any forecasts, management's objectives in the coming year are to significantly increase Eclipse revenues, convert current opportunities in Asia into sales through our partner TeBs, secure further marquee customers in Europe and build a solid pipeline locally for our products. Management believes, based on its current pipeline and its relatively low cash burn, the Company has the opportunity to reach cashflow breakeven in the 2021 calendar year.

### **Future Funding**

As with most listed technology companies, the Board and the Company constantly review the funding position and needs of the business and where appropriate will seek the input of both our major shareholders and financial advisors. Further updates will be provided to shareholders when appropriate.

**Board and management changes**

The Board has resolved that the Company needs resources based in the DACH region of Europe. To that end, Steven Bliim will move to the role of COO and be based in Heilbronn, Germany from November along with one of our senior engineers.

Following the retirement of Bill McCluggage, also announced today, as Chairman (effective from 1 November 2019) the Board will consist of the following:

- Ted Pretty - Executive Chairman and CEO;
- Graham Mirabito - Independent Director; and
- Steven Bliim - Executive Director, COO and Co-Company Secretary.

Ted and Graham are the two Australian resident directors. Patrick Gowans will remain the resident Co-Company secretary.

**Team**

By the end of the quarter, the Company will have 10 full-time staff (5 based in Sydney, 3 in the US and 2 in Germany) and 3 contract solutions engineers/developers.

**Change of registered office**

The Company intends to shortly move its Sydney office (and registered office) to Level 8, 171 Clarence Street, Sydney. This is a modern, secure and more cost-efficient space for our operations.

**ASX suspension review**

The Company is in discussion with the ASX regarding its suspension and the conditions if any to reinstatement. We know that all shareholders are keen to understand the next steps and will provide updates as soon as possible.

-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.

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](http://covata.com).

**Covata investor relations contacts:**

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