



SHAREHOLDER UPDATE

Ted Pretty - CEO & Managing Director

Wednesday 5 April 2017



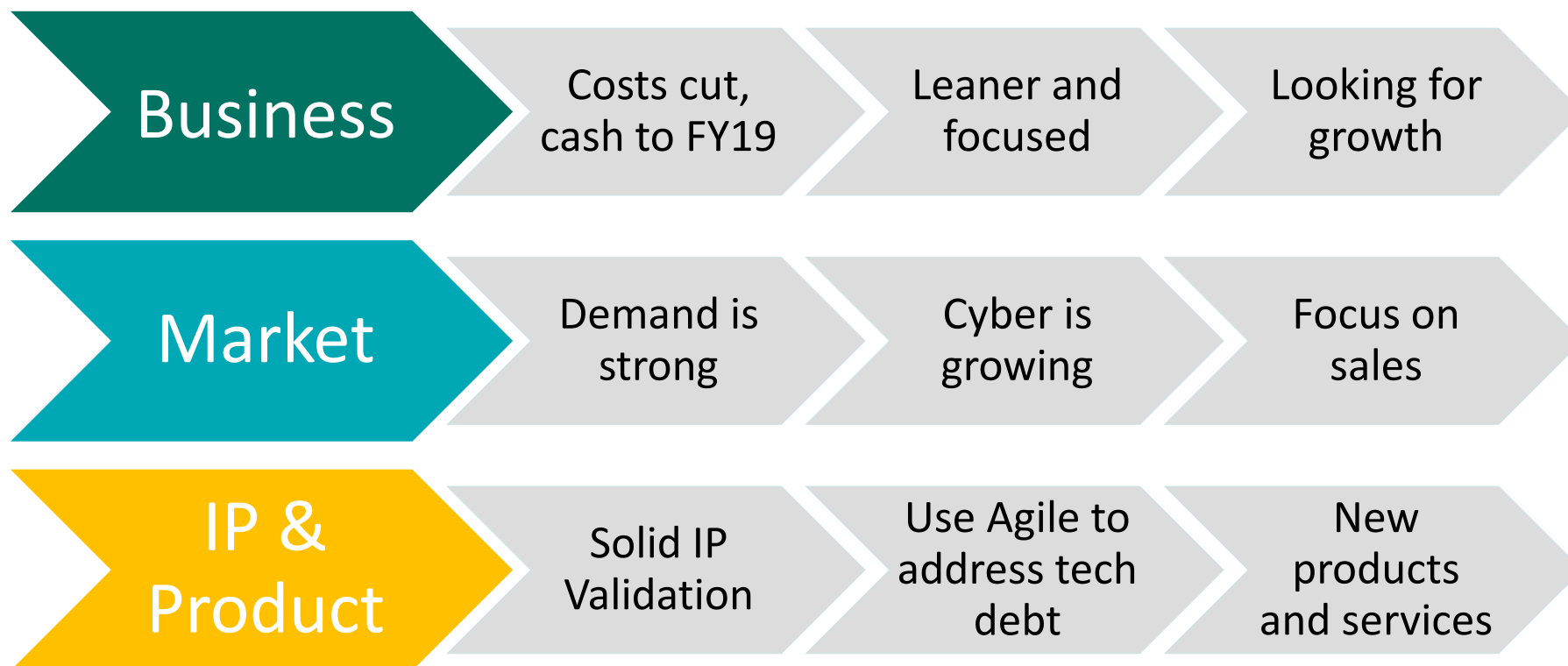
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Executive summary

... there are good reasons to be upbeat





Who we are and what we do



Covata has an experienced leadership team



TED PRETTY
CEO & Managing Director

BILL MCCLUGGAGE
Chairman

DAVID IRVINE
Non-Executive Director

LINDSAY TANNER
Non-Executive Director

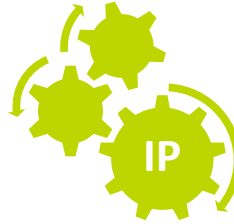
Advisory
TRENT TELFORD
PHILLIP DUNKELBERGER

The Company has valuable IP and a solid base



CORPORATE

- Established 2007
- Listed November 2014
- Ticker symbol - ASX:CVT
- Shares on issue - 518,895,233
- Share price* - 4.2c
- Market cap* - A\$21.79m



INTELLECTUAL PROPERTY

- Patents on Secure Data Object generation and management
- Mature Safe Share product
- Innovative Alpha release of Delta
- Team of dedicated and experienced employees



OPERATING

- Market validation
- 19 instances of Safe Share
- 4 enterprise customers
- 15 government customers
- 1,095 originators and 2,481 collaborators **

*As at market open 4 April 2017

**As at 31 March 2017

We provide data-centric security solutions



PROTECT

Our solutions ensure security and privacy is not an afterthought, by protecting sensitive information at a data-level from the start, and at every point of its journey



COLLABORATE

Our solutions enable and encourage efficient and trusted collaboration without constraint across internal and external stakeholders, devices, networks and geographic regions, ensuring sensitive information is safely shared



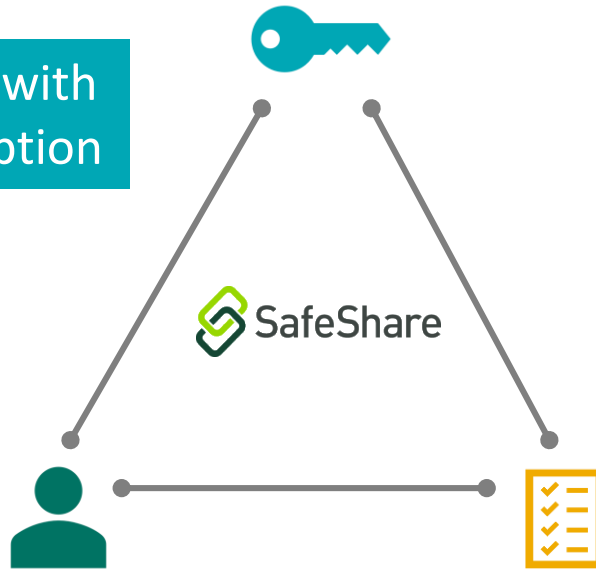
CONTROL

Our solutions give you control of your sensitive information, allowing effective risk management of external threats and aiding compliance with legislative requirements

Our flagship product Safe Share protects data

KEY MANAGEMENT

One key per file with
on-device encryption



IDENTITY

Right access to
the right people

POLICY

Real-time control
of data

Delta offers KMaaS*

APIs &
SDKs

Embed
Security



*Key Management as a Service

Our security certifications include

FIPS 140-2 LVL, DESIGN ASSURANCE LVL 3

- Certifies highest level of protection, US and Canada

FIPS 197 ADVANCED ENCRYPTION STD 256

- Sufficient to protect classified information in US Government

ISO 27001

- ISO/IEC 27001 is the best known standard for an information security management system (ISMS)

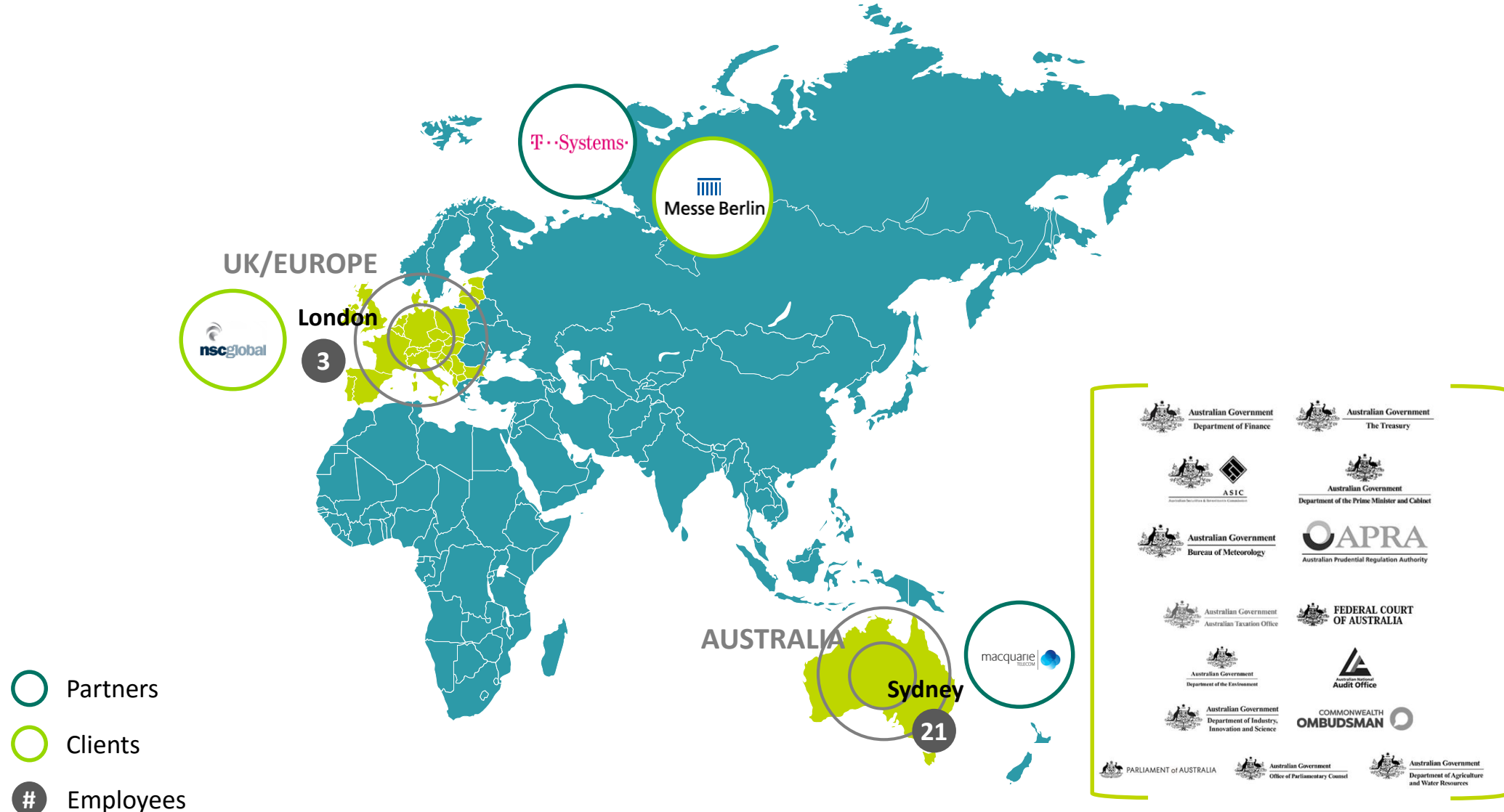
G-CLOUD 8

- G-Cloud is UK public sector Digital Marketplace to procure pre-approved SaaS services
-



HM Government
G-Cloud
Supplier

Safe Share has an established footprint



Covata deploys across varying environments

- Customers use three different Safe Share deployment models

1



On-Premises

Hosted in-house

2



Hybrid

Store keys behind a protected firewall and your encrypted data in the cloud

3



Cloud

Hosted by a trusted provider

Cyber security market size by deployment mode (USD billion)

	2014	2015	2016-e	2021-p	* CAGR (2016-2021)
Cloud	73.23	83.81	95.08	163.06	11.4%
On-Premises	22.66	25.01	27.37	39.30	7.5%
Total	95.89	108.82	122.45	202.36	10.6%

Cloud expected to grow at highest rate

Source: Markets and Markets: Cyber Security Market – Global Forecast to 2021

*Compound Annual Growth Rate | (e) estimated | (p) projected



The market is growing fast



The drivers and opportunities are compelling

- Rise in security breaches
- Stringent compliance and regulatory requirements – SOX, GDPR
- Data sovereignty
- Rise in multi cloud-based solutions
- Emergence of risk-based frameworks for cyber security

MARKET DRIVERS

- High cost of internal innovation
- Budget constraints

MARKET RESTRAINTS

- Shortage of cyber security talent
- Lack of awareness about advanced cyber threats

INDUSTRY TRENDS

- Growing market for secure applications and platforms
- Rise in demand for data centric security solutions
- Leveraging big data analytics for cyber security

MARKET OPPORTUNITIES

Source: Markets and Markets: Cyber Security Market – Global Forecast to 2021

Serious data breaches are on the rise

Cyber crime
drives cyber
security
spending

**Cybercrime will cost
\$6tr annually by 2021**

Source: Markets and Markets: Cyber Security Market –
Global Forecast to 2021

**4,149 confirmed
breaches exposed
4.2b records in 2016**

Source: Risk Based Security: 'Data Breach Quickview Report'

Privacy in
enterprise
is a growing
concern

**GDPR-related security
software \$811m in 2016,
to \$1.8b by 2019.**

**GDPR-related storage
software \$258m in 2016,
to \$1.7b by 2019**

Source: IDC: EU Data Protection will drive growth in
European Security and Storage Markets

Cost of security breaches to rise

March 14, 2017

Report: Cyber-threat to UK business is "significant and growing"

**Fortune 1000 Companies Two Times More Prone
To Data Breaches, Says Report**

9 March 2017, 5:51 am EST By Anne Baker Tech Times

[Neiman Marcus data breach settlement tells us plenty about the ROI of security](#) (2017) - Computer World
There is a security ROI dance in retail today.

[McDonald's Canada says info of 95,000 job applicants compromised](#)

Canadian Underwriter (2017)

McDonald's Canada says the jobs section of its website has been hacked, compromising the personal information of about 95,000 applicants over the last three years.

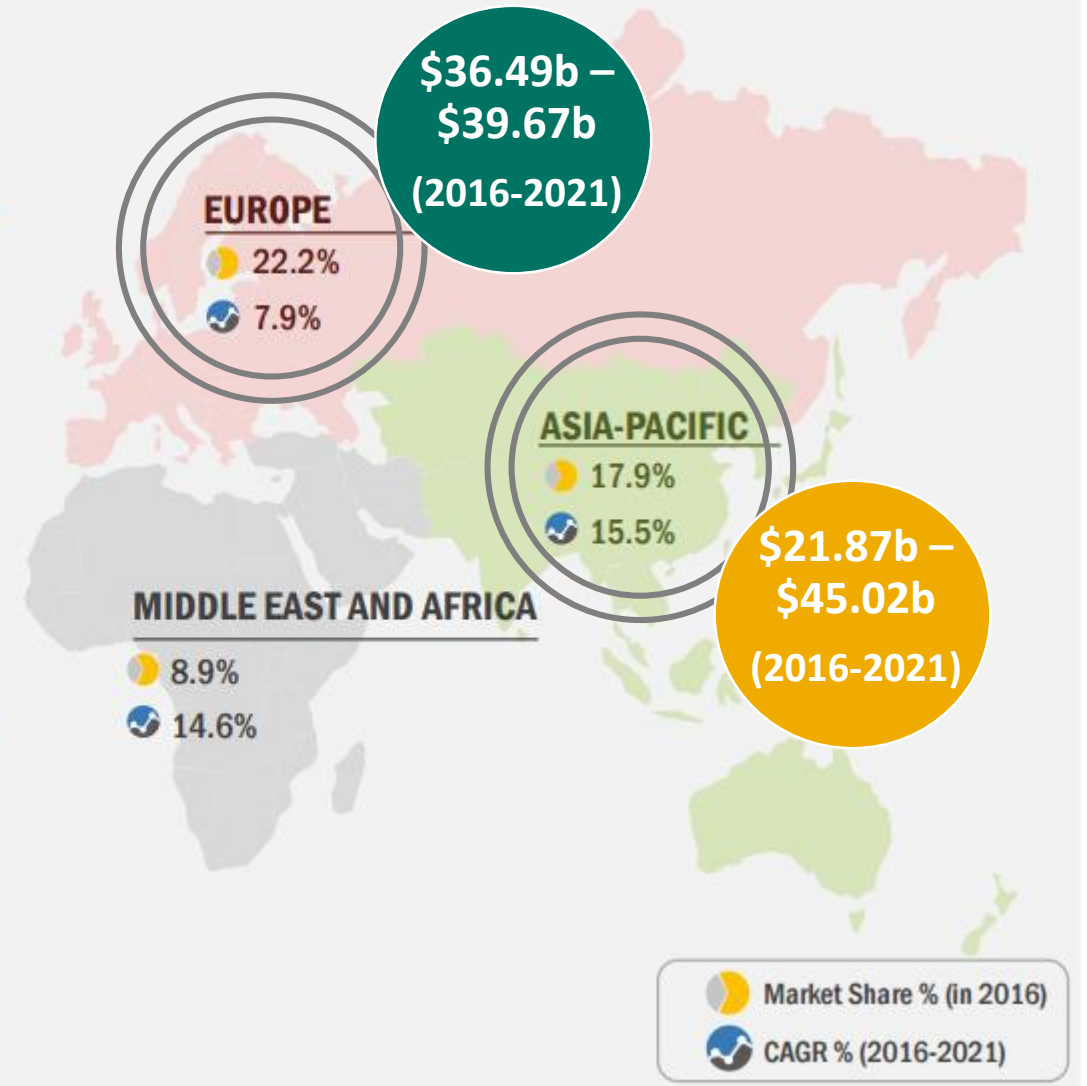
All dollar values in USD unless otherwise stated

And cyber security is growing

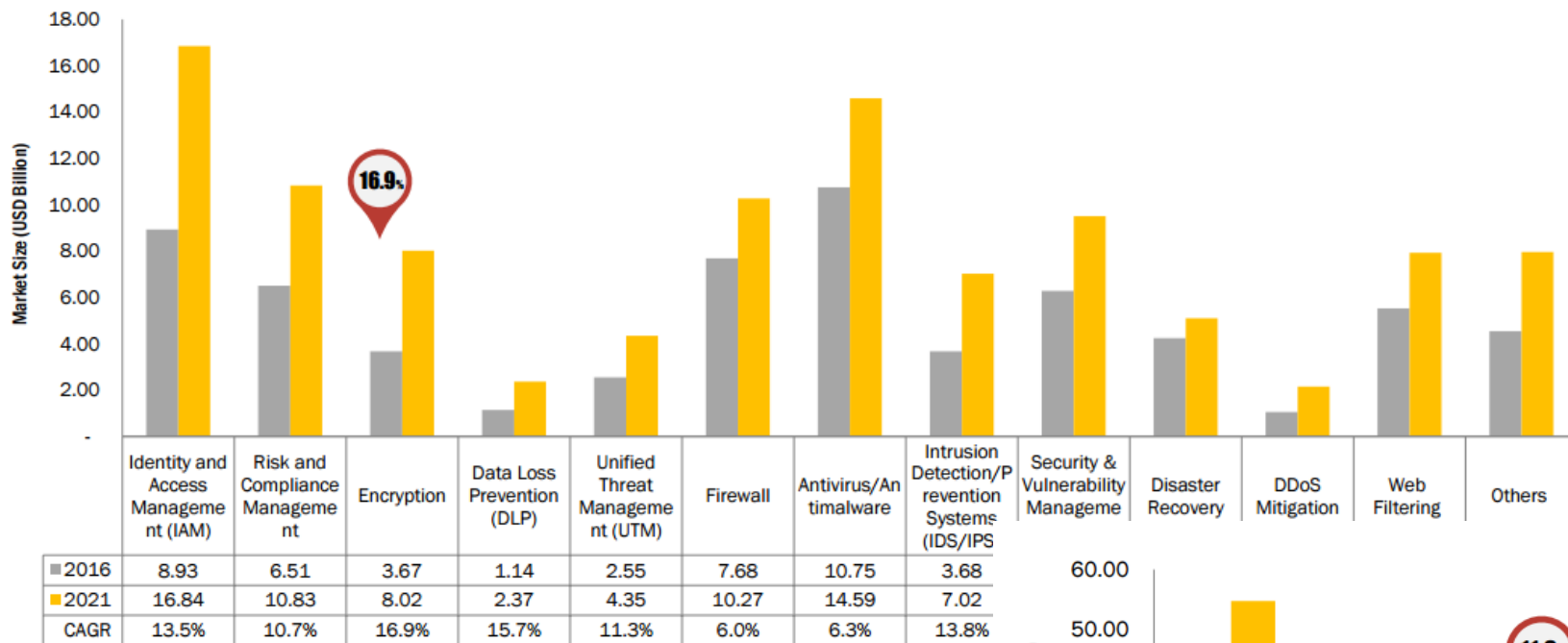
Global cyber security market

**2016 - \$122b
2021 - \$202b**

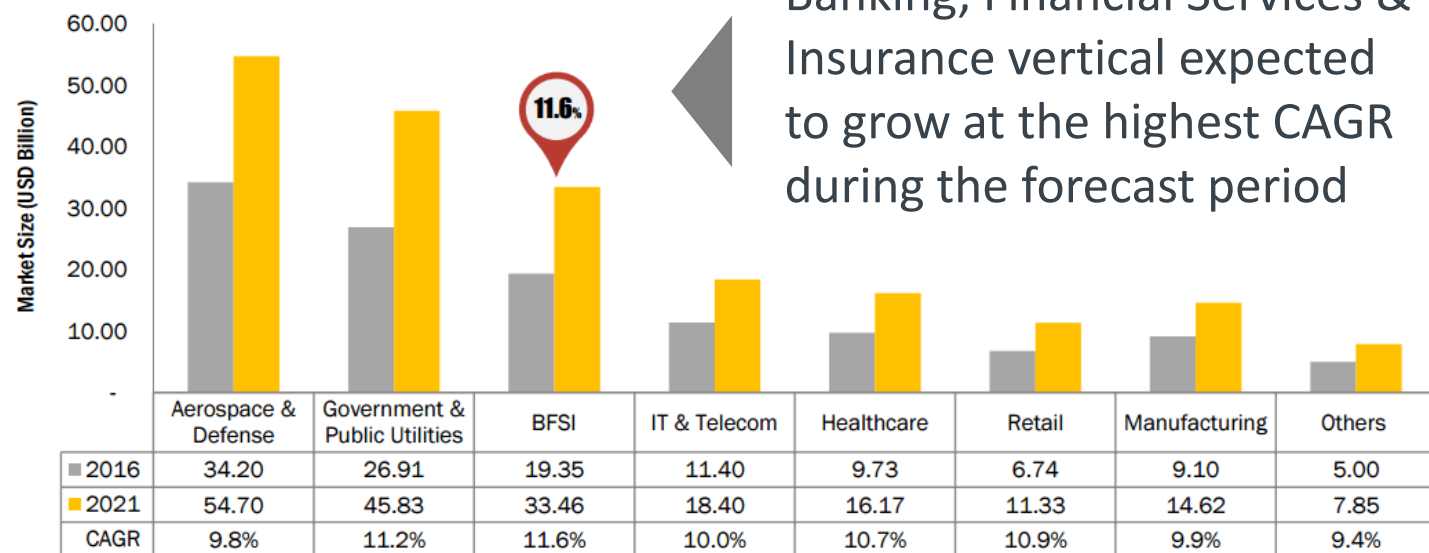
CAGR 10.6%



It's also growing in Covata's target markets



By solution, Encryption is expected to grow at the highest CAGR during the forecast period



Source: Markets and Markets: Cyber Security Market – Global Forecast to 2021

Although it's a competitive market ...



ELECTRONIC FILE
SYNC & SHARE



DATA LOSS
PROTECTION



COLLABORATION



KEY
MANAGEMENT /
PROTECTION



... Covata has a strong footprint

And Covata is well-placed

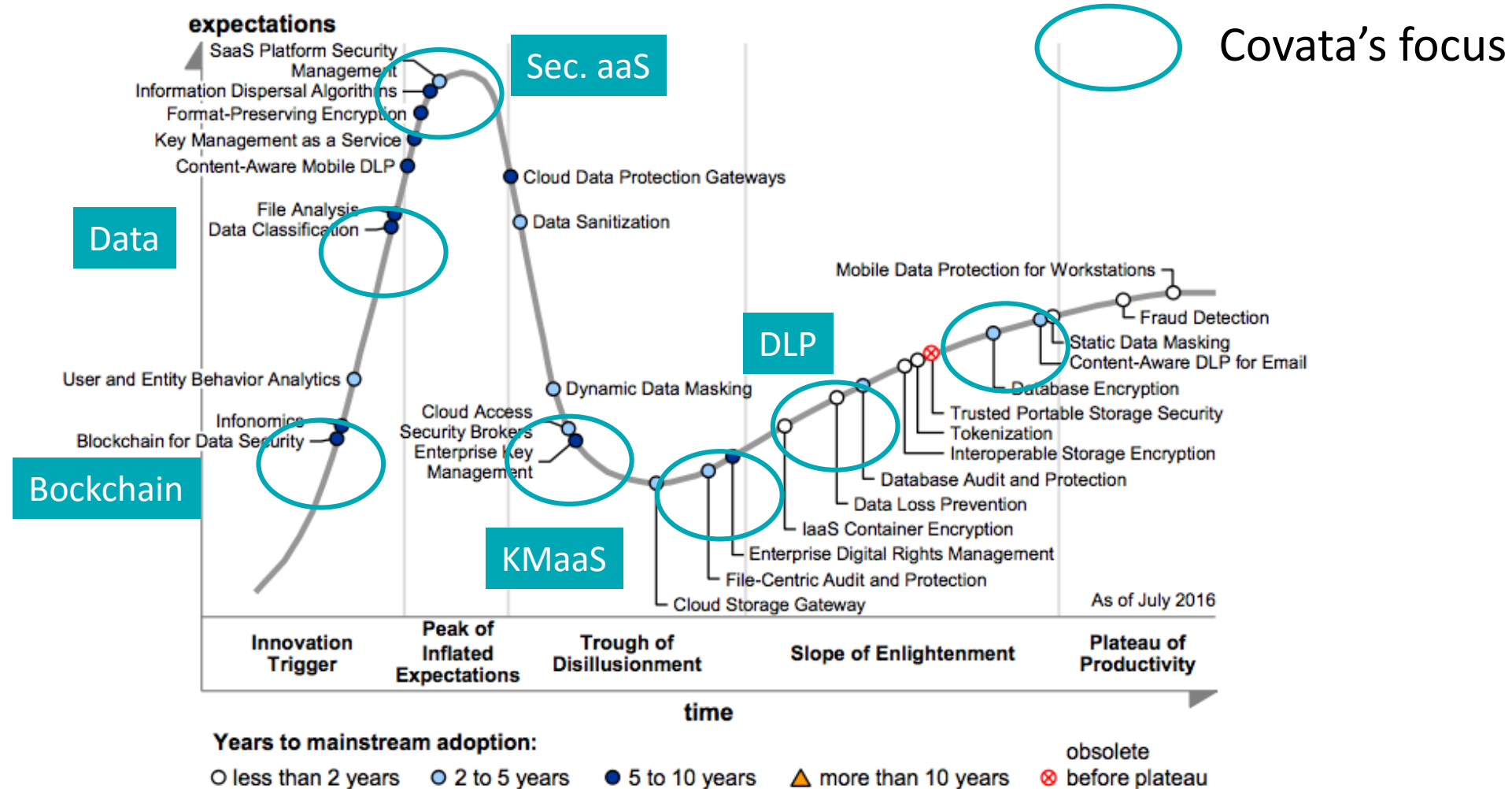


Figure 1: Gartner Report: Hype Cycle for Data Security (July 2016)



We have pressed the reset button



We are focused on improving the business

CASH



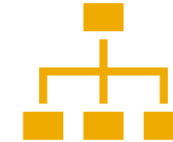
PLATFORM & PRODUCT



MARKETING & CHANNELS



RESOURCES



SALES PIPELINE



Current

- ✓ \$9m at bank (end Feb 2017)
- ✓ No debt
- ✓ Cash extended to Q2FY19

- ✓ Proven product with customer validation
- ✓ Strong development
- ➡ Technical debt

- ✓ Existing structure in place
- ➡ Poor channel support

- ✓ Solid core team with good experience
- ➡ Limited product management

- ➡ Poor track record of sales
- ➡ Minimal revenue from Barmer

Focus

- Manage cash
- FY18 build revenue

- Address technical debt
- Move to rolling 5-quarter product roadmap utilising Agile development methodology

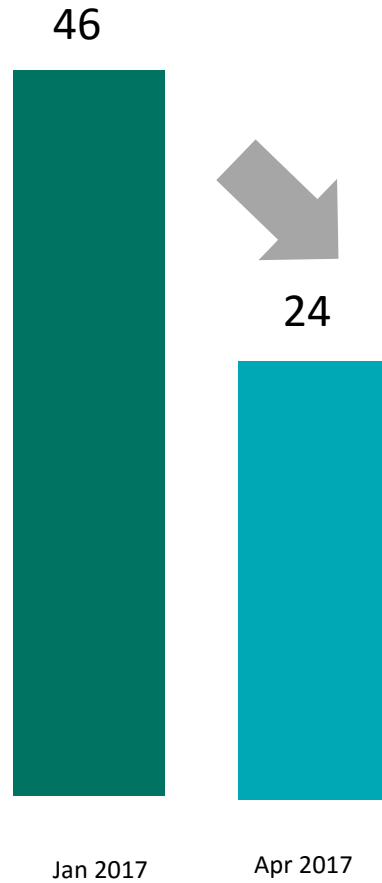
- Rebuild channel support
- Better targeting

- Dedicated product management
- Build additional sales team capability

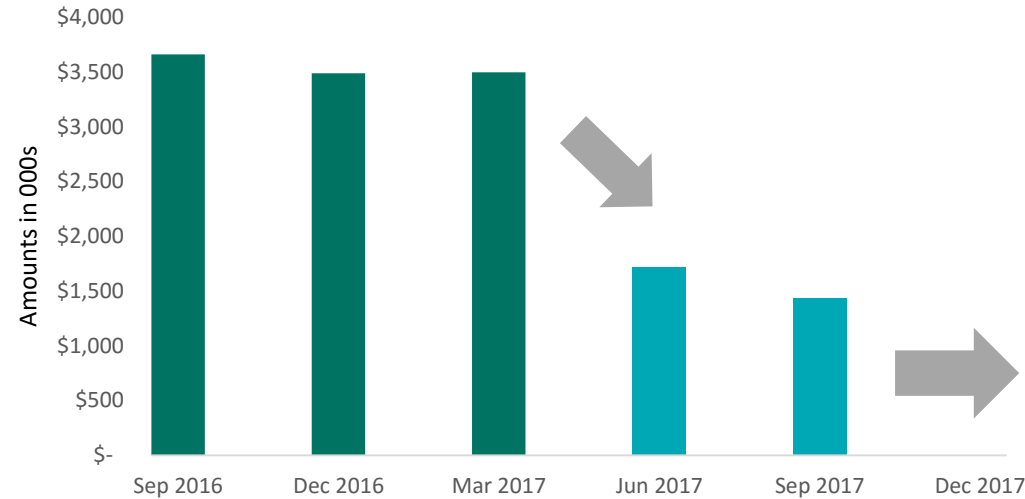
- Reset pricing model
- Requalify and rebuild sales pipeline
- Expand to enterprise market, specifically, Banking, Financial Services & Insurance

After our 'reset' we are leaner and more focused

EMPLOYEE HEADCOUNT



QUARTERLY BURN (PAYROLL & NON-PAYROLL COSTS)

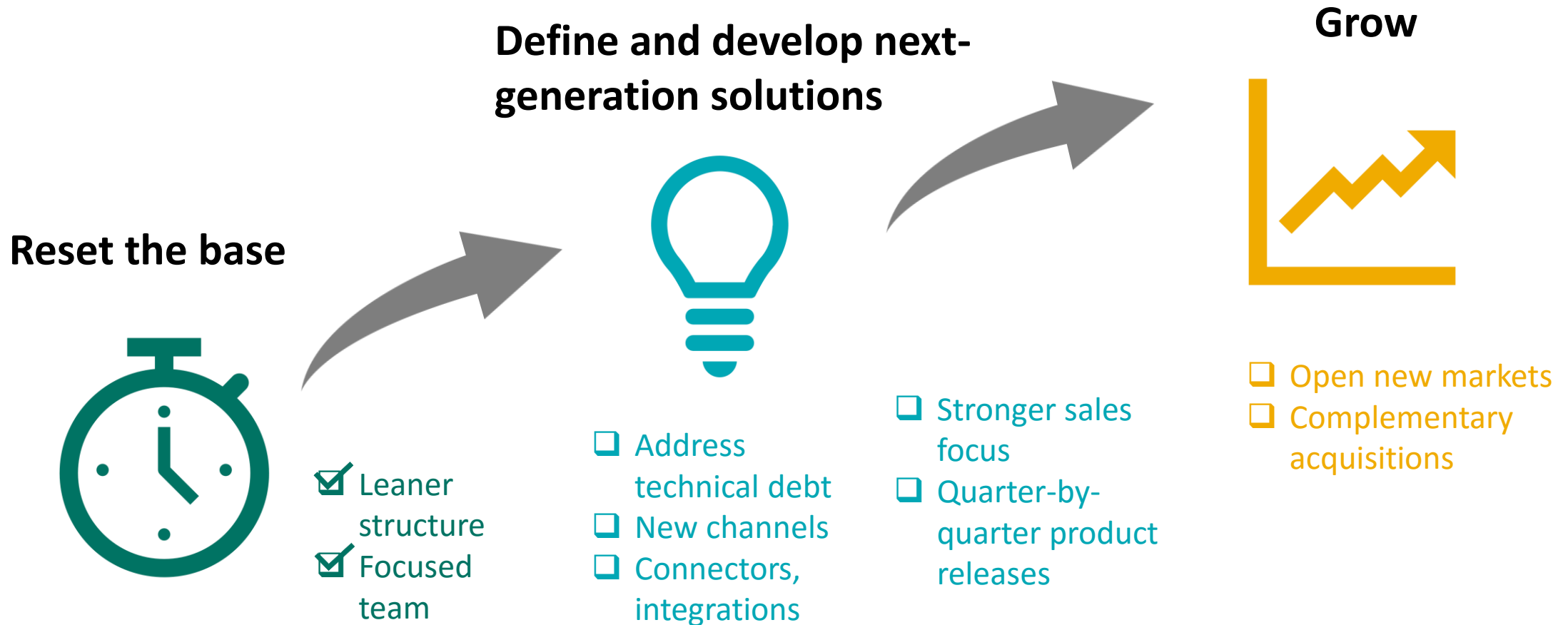


- Extended cash runway into Q2 FY19*
- Focus on rebuilding revenues
- Estimated closing cash for March qtr approx. \$7.7m (as at 31 March 2017)** , cash outflow for March estimated \$3.4m**

* Assumes zero revenues

** Cash after restructuring charges - pending 4C finalisation

Now we are pursuing 3 steps to growth



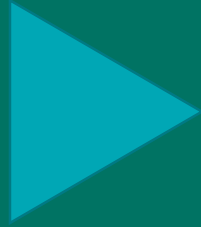
February - March 17

April - July 17

August 17 - July 18

We are expanding our product and services roadmap

Services



Services Layer
Automated | Self-Service | Managed

Product

Content

Identity
and
Access

Key
Services

eDiscovery
and Data
Mapping

Event
Tracking
Audit

Big Data
and
Analytics

Secure
Archival
and
Deletion



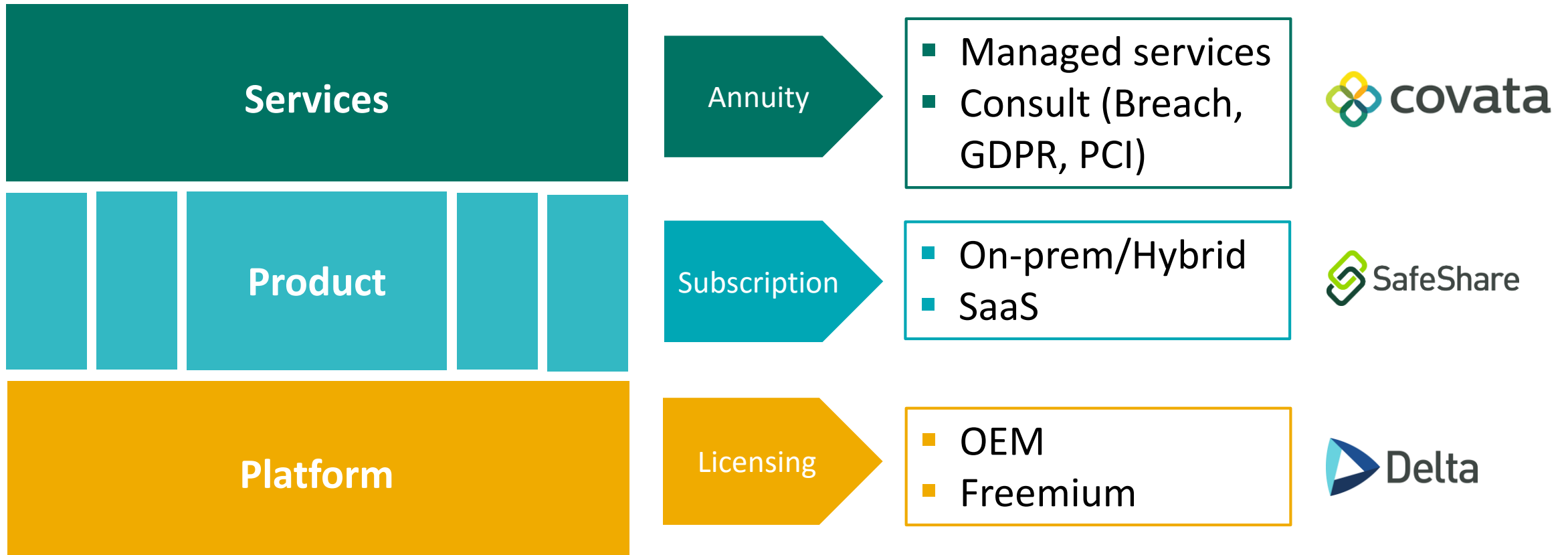
Platform



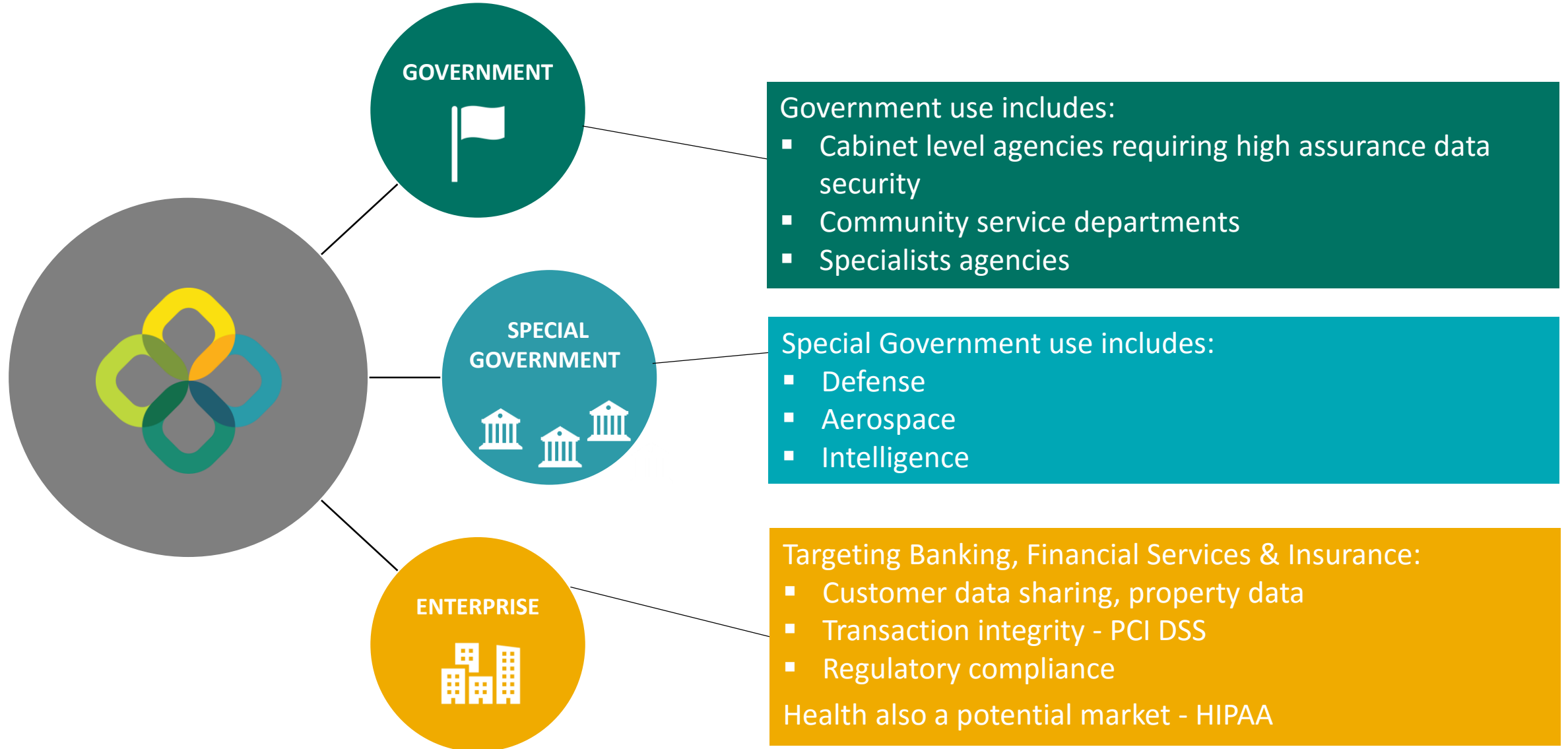
Covata Capability



And rethinking the business and revenue model



Near-term segments are enterprise and government



We have genuine pipeline opportunities

AUSTRALIA

Direct

- ✓ Trial use of Safe Share in sensitive data exchange between banks

Indirect

- ✓ Safe Share (Macquarie Telecom branded SigBox) use by 15 Australian Government agencies expanding
- ✓ Approaches made to new channels to market

UK/NORTHERN IRELAND

Direct

- ✓ Continued pre-sales activity with 5 key UK government agencies
- ✓ Negotiating to implement multi-agency instance at Tier 2 security level
- ✓ Northern Ireland Government discussions progressing well
- ✓ Prime Tenderer bid still underway but competitive
- ✓ New targets in pipeline

EUROPE

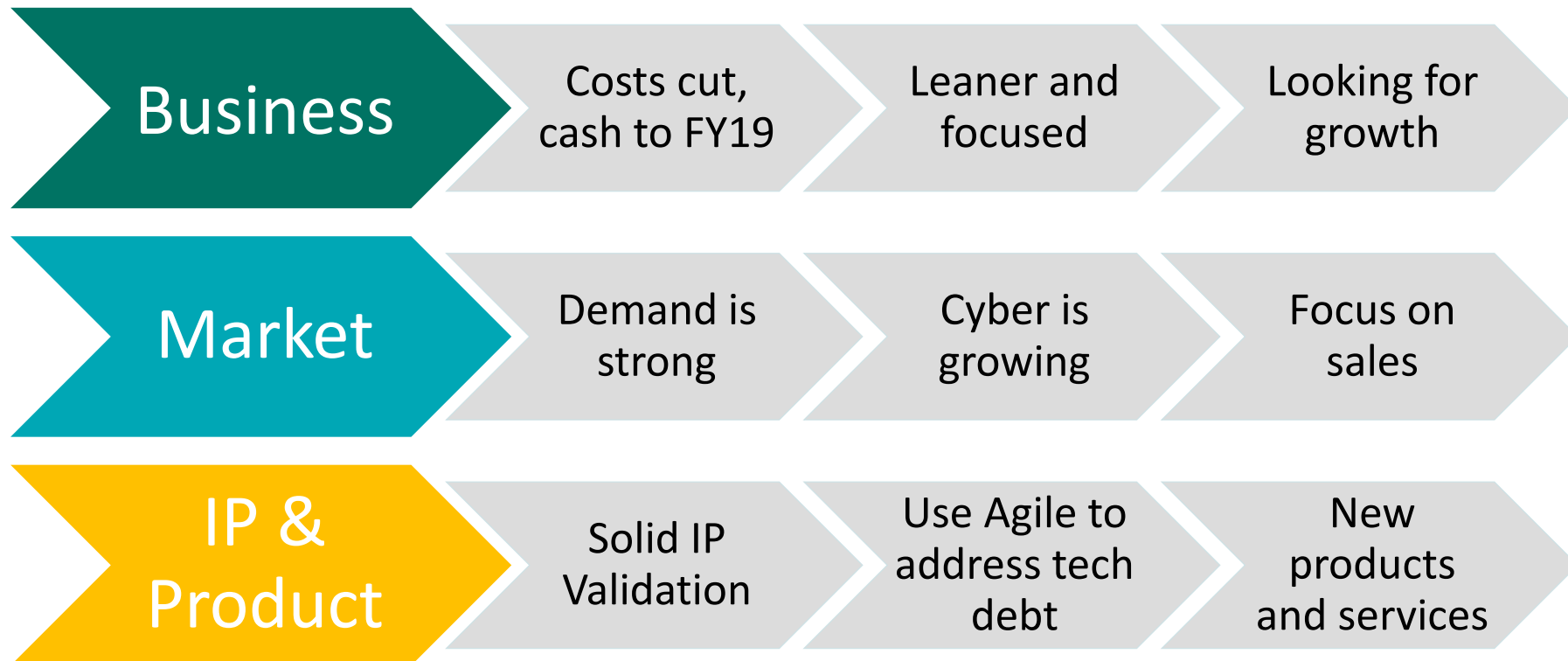
Indirect

- ✓ Reactivated discussions with T-Systems on German market given GDPR privacy rules
- ✓ Additional licences sold to Messe Berlin

Our focus must be on execution

In summary ...

... there are good reasons to be upbeat





Questions?





Thank you





Appendix



Shareholder calendar

Date	Item
February 2017	Half results ✓
April 2017	EGM Appendix 4C (Jan-Mar)
July 2017	Appendix 4C (Apr-Jun)
August 2017	Full year financial results
October 2017	Appendix 4C (Jul-Sep)
November 2017	AGM
January 2018	Appendix 4C (Oct-Dec)



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