



ASX ANNOUNCEMENT | COVATA LIMITED

2015 AGM Chairman's Address and Additional Material

18 November 2015 – Presented by Charles Archer, Covata Limited (ASX:CVT) Chairman

Good morning ladies and gentlemen. I am Charles Archer, the Chairman of the Company. On behalf of my fellow directors, I am pleased to welcome you to the 2015 Covata Limited Annual General Meeting.

I would like to take a moment to briefly reflect on Covata's first year as a publicly listed company.

When we listed this company just over a year ago, we set out a clear go to market strategy that would let us commercialise our technology and transform it into an in-demand software solution for enterprise and government customers looking to securely share and store data.

We set out to grow the business into overseas markets and we have done this successfully through a number of key partnerships in Europe and the United States. At the same time, we have achieved strong success in our home market, through our historical roots of working with the Australian Government.

Looking back on the past year, our achievements have paved the way for what is surely to be a very exciting year ahead. In the coming year, we anticipate continued growth across our two business arms, Safe Share through Telco's/MSP's and the Covata Platform, and exciting new opportunities to come out of our growing presence in San Francisco.

We have been clear about our focus on building out a strong global foundation upon which we can significantly ramp the distribution and use of our software. Where possible we endeavour to disclose to the market information pertaining to our growing customer base. Being a cyber security company with enterprise and government customers means that we operate in arguably the most highly regulated, security conscious and stringently diligent sectors – and from my decades at the FBI, I can assure you that the success this company has achieved in this space in the last 12 months is no small feat.

We are also highly conscious about not adversely affecting the company's position with unnecessary "noise" and remaining clear and consistent with our communications to the market. We do however anticipate that in this coming year a number of very exciting activities will reach optimal maturity, to share with shareholders and the broader market.

I work closely with our CEO Trent, the other board members and our executive management team and am genuinely proud of the accomplishments achieved to date, and excited by the opportunities we have coming



down the pipeline. I would like to acknowledge our valued employees who continue to work hard for the Company.

Thank you to those shareholders, who have been with us from the beginning, and welcome, to those who have joined us more recently. As option and shareholders ourselves, we remain entirely committed to driving the future success of the Company.

I will now pass over to Trent, to give an in-depth business update before we continue with the formal proceedings.

- Continue with AGM formal proceedings -

- CEO Update Attached Below -

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About Covata

Covata 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.

Covata Limited 2015 Annual General Meeting

Sydney, Australia

18 November 2015



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Covata Corporate Vision

Covata arms global enterprises with the tools they need to fight cyber crime and safeguard their key asset – their data.

By leveraging the power of the Covata Platform, businesses and government organizations all over the world can protect, share and store their corporate data – any time and from anywhere.

Covata Limited Company Snap Shot

Market Statistics

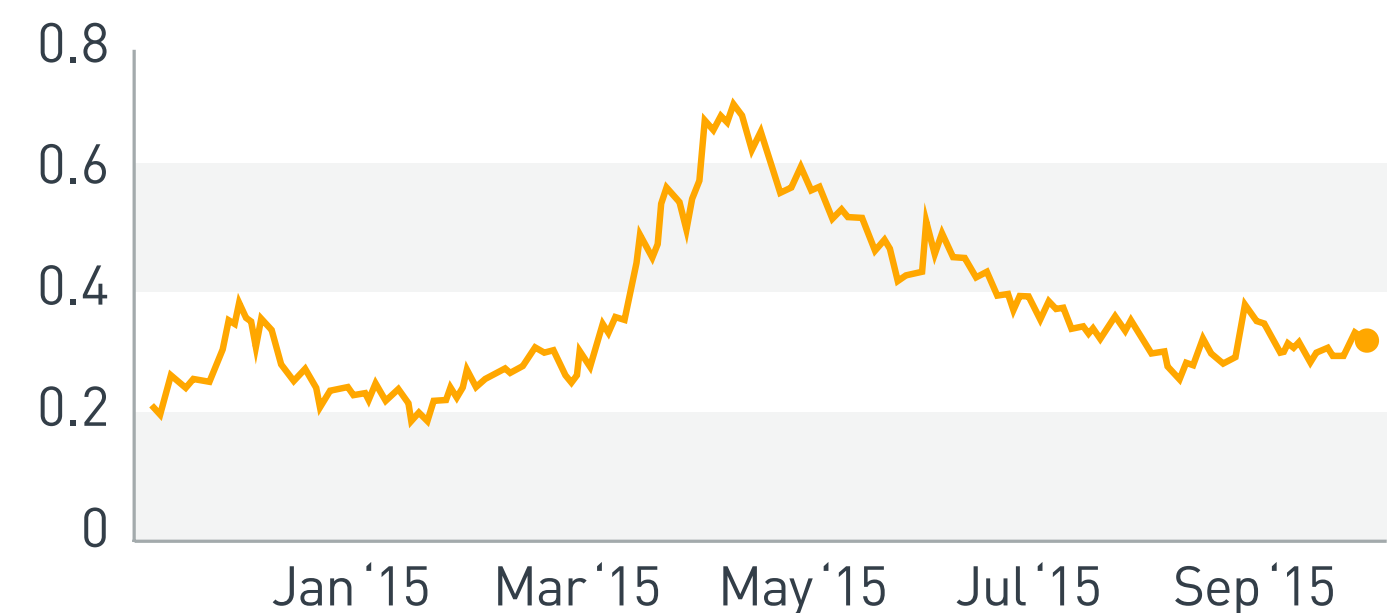
ASX Code	CVT
Listing Price (10 Nov, 2014)	A\$0.20
Share Price (13 November, 2015)	A\$0.21
52 Week Range	A\$0.17-\$0.68
Avg. Volume	1,179,425
Market Capitalisation (13 November, 2015)	A\$89m

Company Statistics

Company Founded	August, 2007
Options and Warrants Outstanding	68,596,146
Ordinary Shares on Issue	428,479,895

Channel Partners Signed (Date)

Macquarie Telecom	12 February, 2015
Deutsche Telekom T Systems	18 March, 2015
Cisco	24 April, 2015
Colt Technology Services	2 July, 2015



ASX Data

Section 1 Corporate Overview

Section 2 Changing Security Landscape

Section 3 The Covata Solution

Section 4 Go-to-Market Strategy

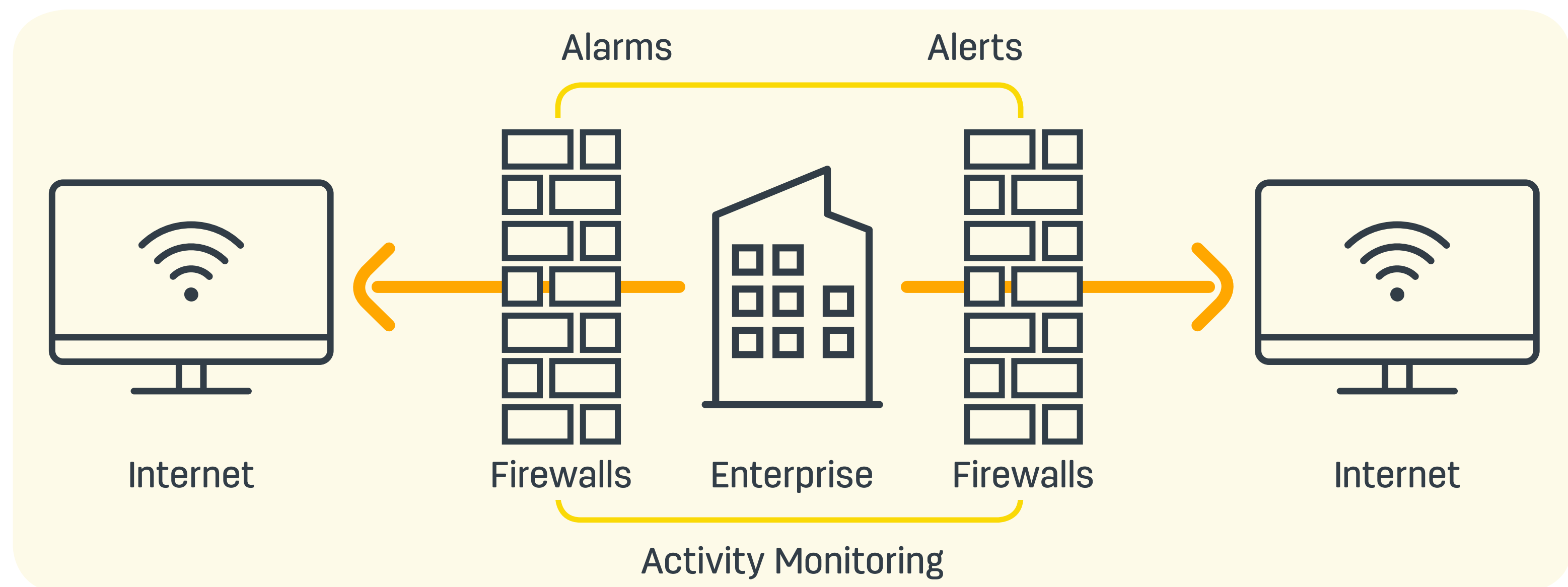
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The Traditional Approach of Network or Perimeter Level Security is Broken Leaving Organisations Vulnerable to Attack



Security at the network or perimeter level leaves individual data files vulnerable. This approach also makes it difficult to control the security and integrity of data when sharing information outside of an organisation.

High profile hacks including Target and JP Morgan highlight that a new approach is necessary.

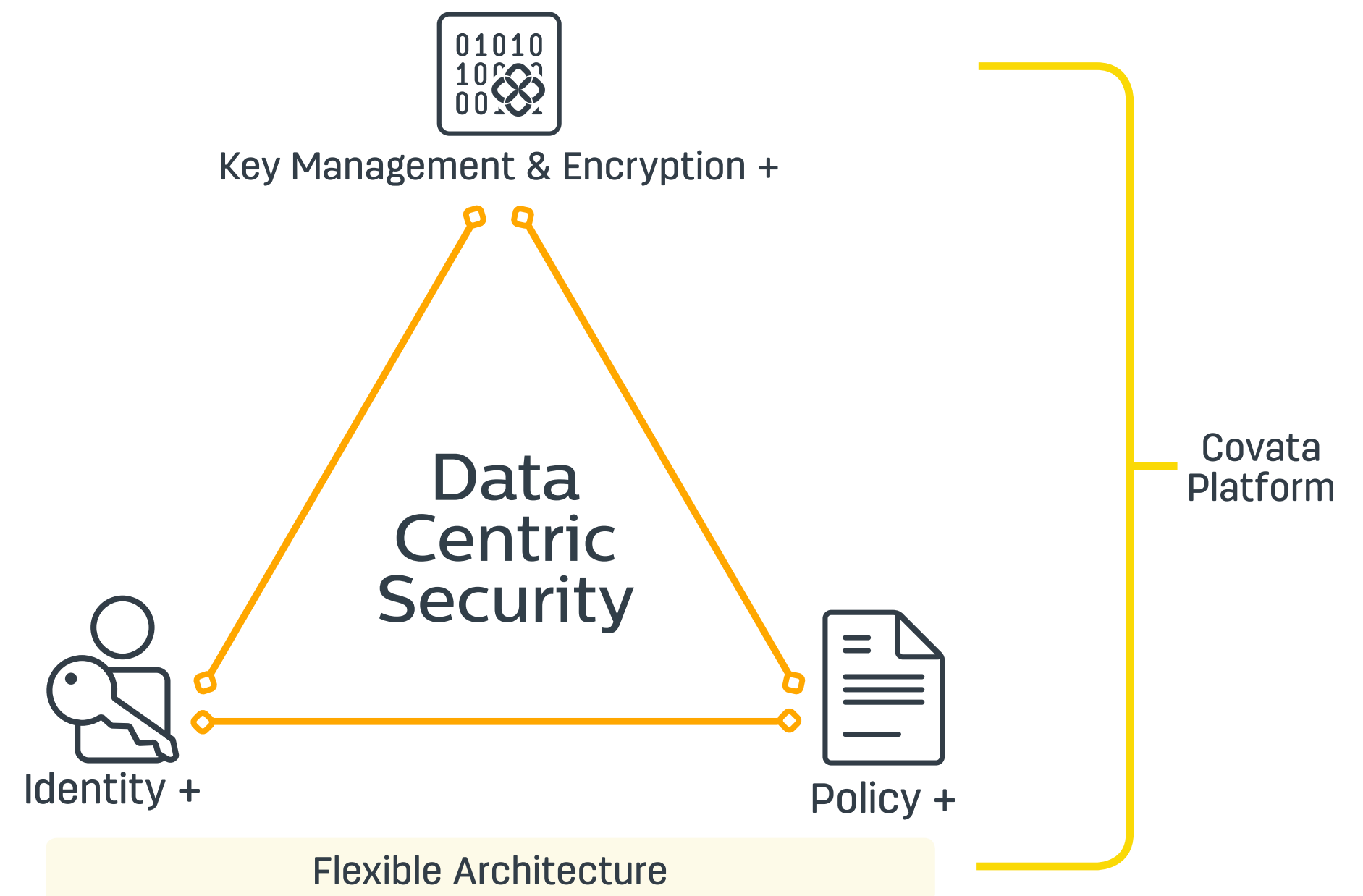
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Covata Patented Approach

Covata has developed a disruptive approach to IT security.

The Core attributes of the Covata Platform are tying together Key Management, Identity and Policy as a unified service.



Key Management & Encryption

Covata gives safe passage of any data types shared between devices. Seamless encryption empowers today's digital workforce to securely collaborate in a dynamic global work environment.

Policy Driven Control

Covata lets you maintain full insight, access and control of data while serving critical even knowledge to the security ecosystem for complete and real-time management and audit of secured data.

Identity Management

Covata Integrates identity as a key piece of the business process to ensure businesses provide right access, to the right people, at the right time.

Flexible Architecture

Covata is an agnostic, low-footprint, service-based technology that easily integrates into any security ecosystem, business process, or workflows; with open APIs to build custom security services for today's sharing needs and for the future of Social and IoT.

Patents and Certifications Awarded

The Covata Platform has had substantial investment and various versions of the Covata Platform have been awarded a number of prestigious IT certifications and granted patents in key jurisdictions.

- Independent certifications provide customers with assurance that the technology is of a high standard.
- Versions of the Covata Platform have been independently certified by US and Australian organisations.
- Covata's core patent has been granted in key jurisdictions including the US, Australia, Singapore and New Zealand. Covata also has an additional three patents pending.
- Patents and Certifications provide government, system integrators, resellers and OEM partners with an assurance that the Covata Platform:
 - Provides a high level of security protection
 - Can be integrated to comply with strict government security regulations if required
 - Is a significant market advantage as it is a considerable investment in both time and money for competitors to acquire these credentials.

Security Certifications Awarded:



FIPS 140-2 Level,
Design Assurance Level 3



FIPS-197 Advance
Encryption Standards 256



Common Criteria EAL 4+



DSD Cryptographic Evaluation



Client Validation

A combination of long-standing Government customers and industry partner due diligence validates the Covata Platform and Safe Share product.

Long-standing Government Customers (3+ Years)

Australian Government ATO (US IRS equivalent)

Australian Government Department of Finance & Deregulation
(US Dept. of Commerce equivalent)

Industry Partners (Extensive Due Diligence Performed)



Macquarie Telecom Competitor Comparison



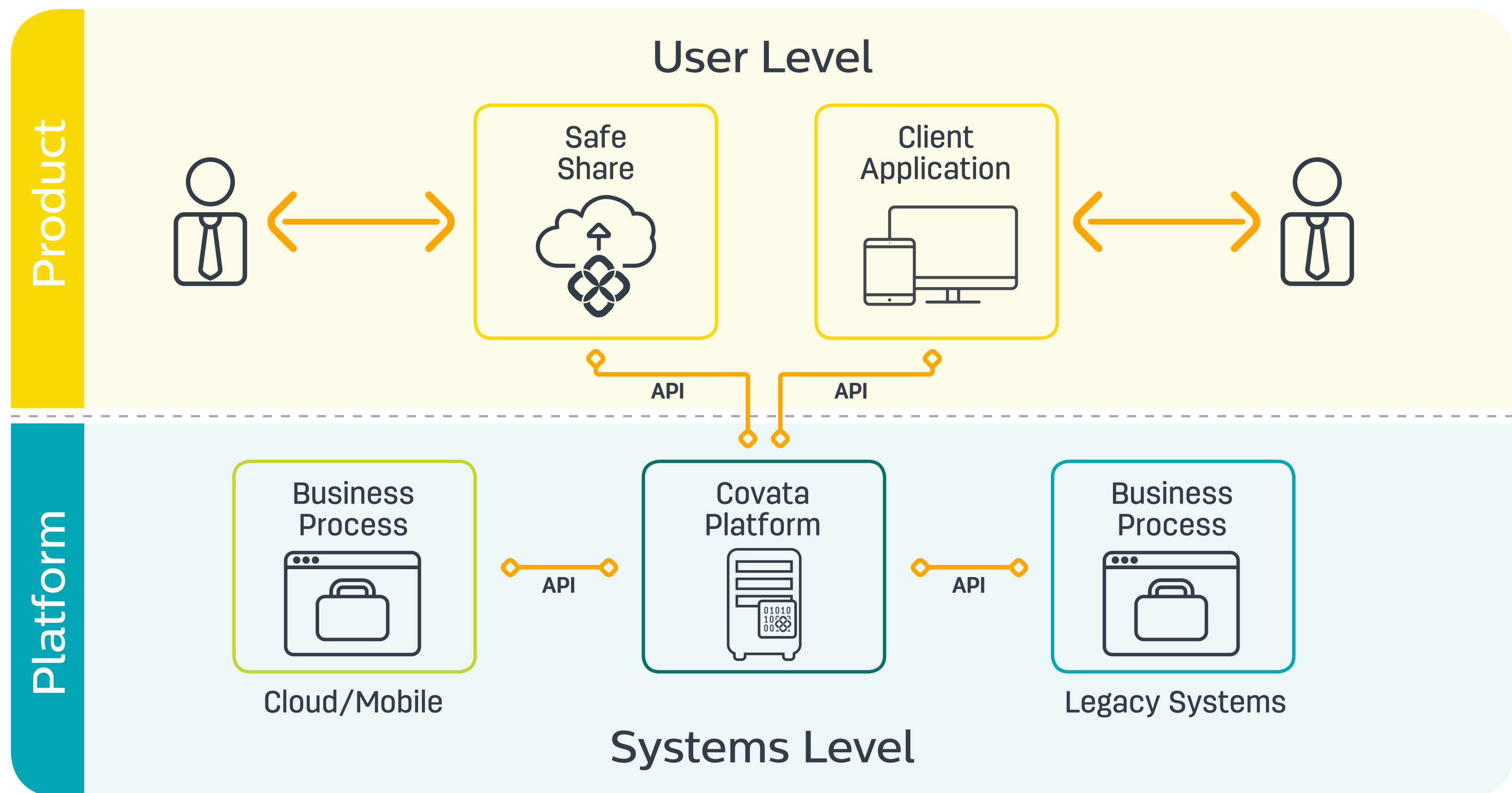
T-Systems 300 page criteria check list



Cisco 6 month due diligence

The Covata Platform

The Covata Platform is relevant and valuable to every business type, in every industry, where data security is required.



Secure File Sharing on Any Device



Covata Safe Share leverages the capabilities of the Covata Platform to provide an Enterprise File Sharing and Synchronisation (EFSS) solution to security conscious business and government clients around the world, distributed through the global Managed Service Provider, Cloud and Telco Markets.

Safe Share provides business users with an IT sanctioned drop box for the secure distribution of files.

Safe Share combines usability with government grade security.


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Commercialisation Strategy

Covata has identified three key commercialization channels which will provide scalability and diversity of revenue streams.

Go-To-Market Channels

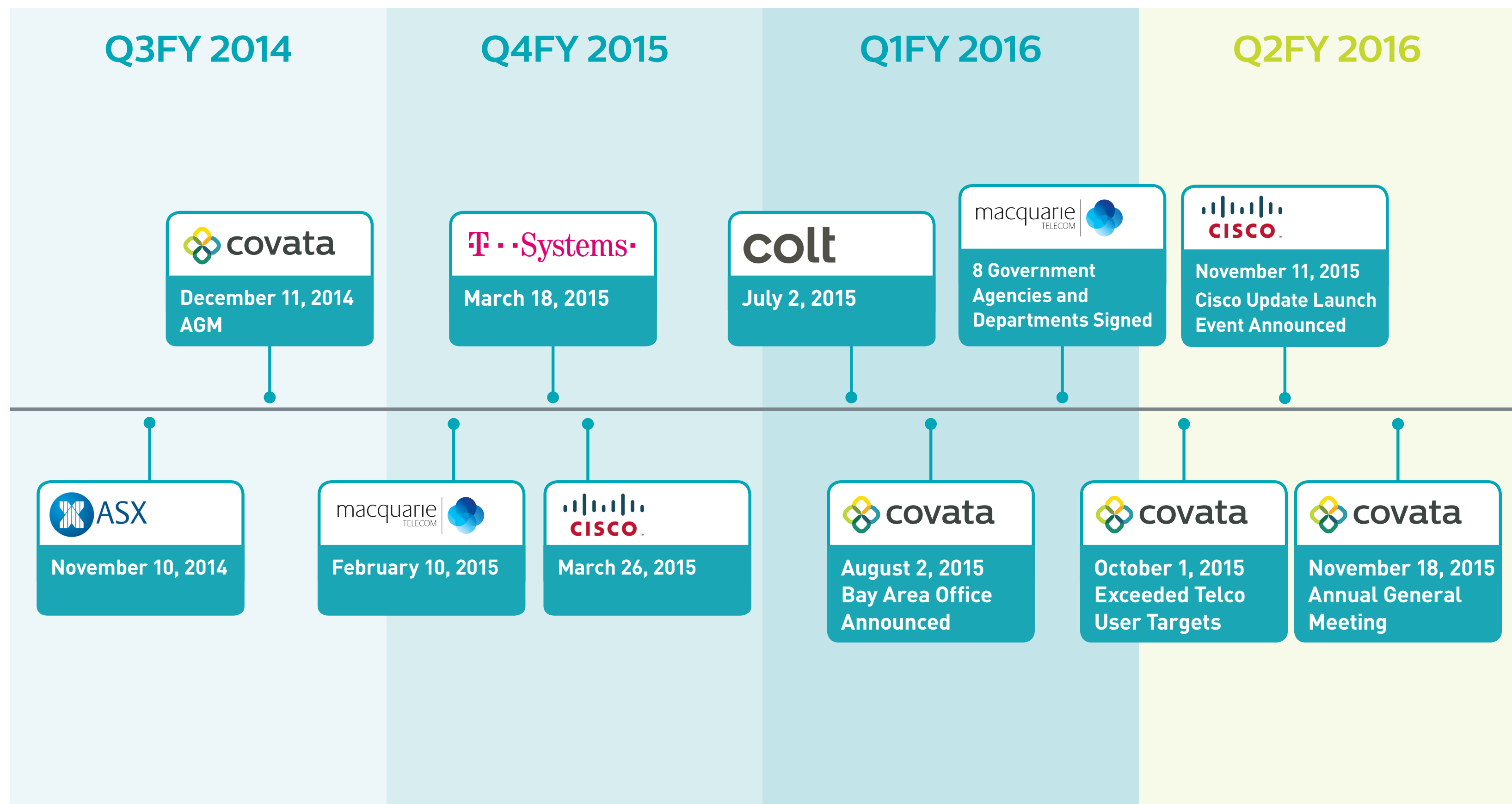


Telcos and
Managed Service
Providers

Original Equipment
Manufacturers
(OEM)

Government
Clients

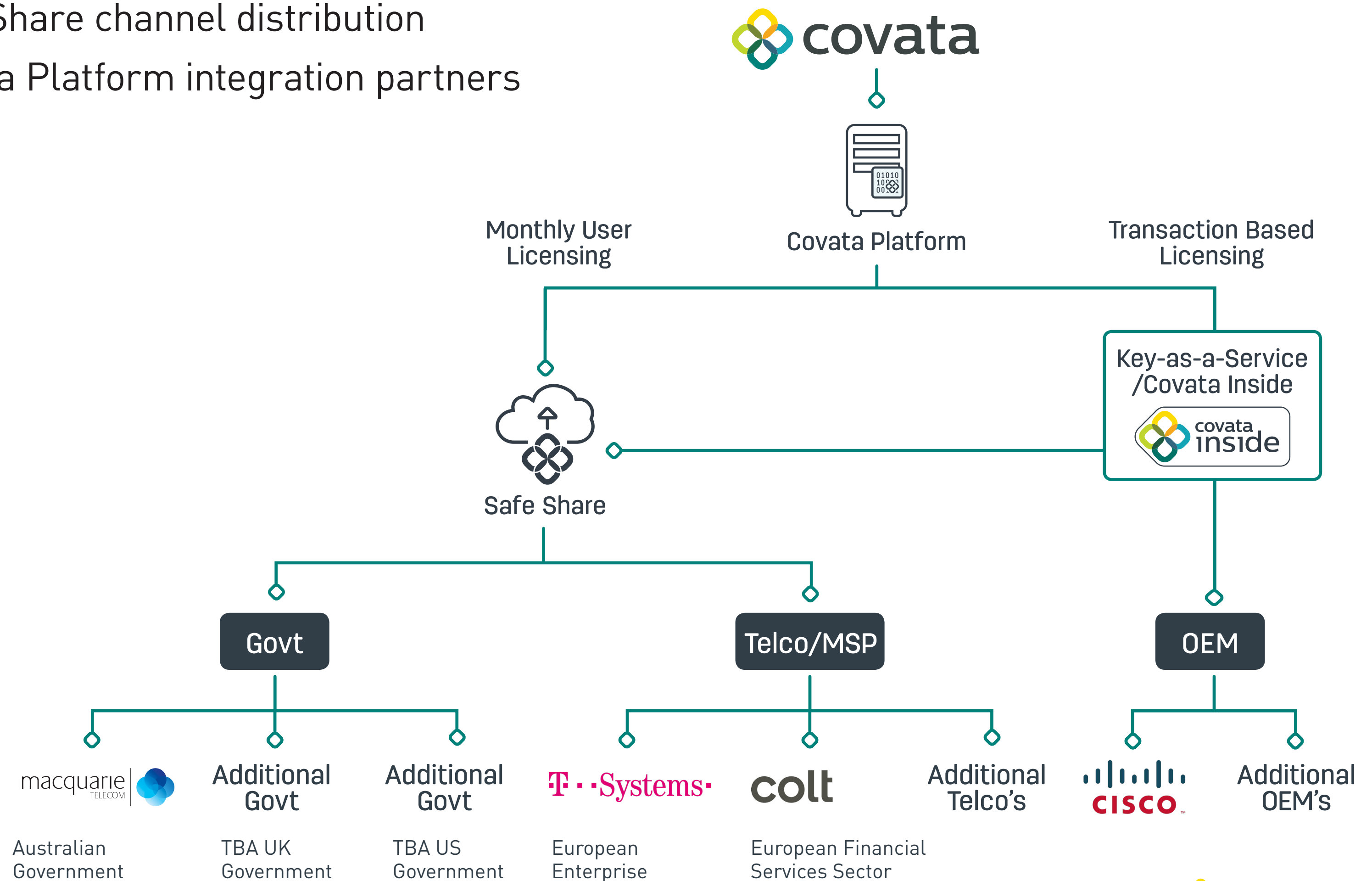
Timeline of Major Events and Announcements



Covata's Global Business Structure

- The Company operates two distinct business arms:

- Safe Share channel distribution
- Covata Platform integration partners









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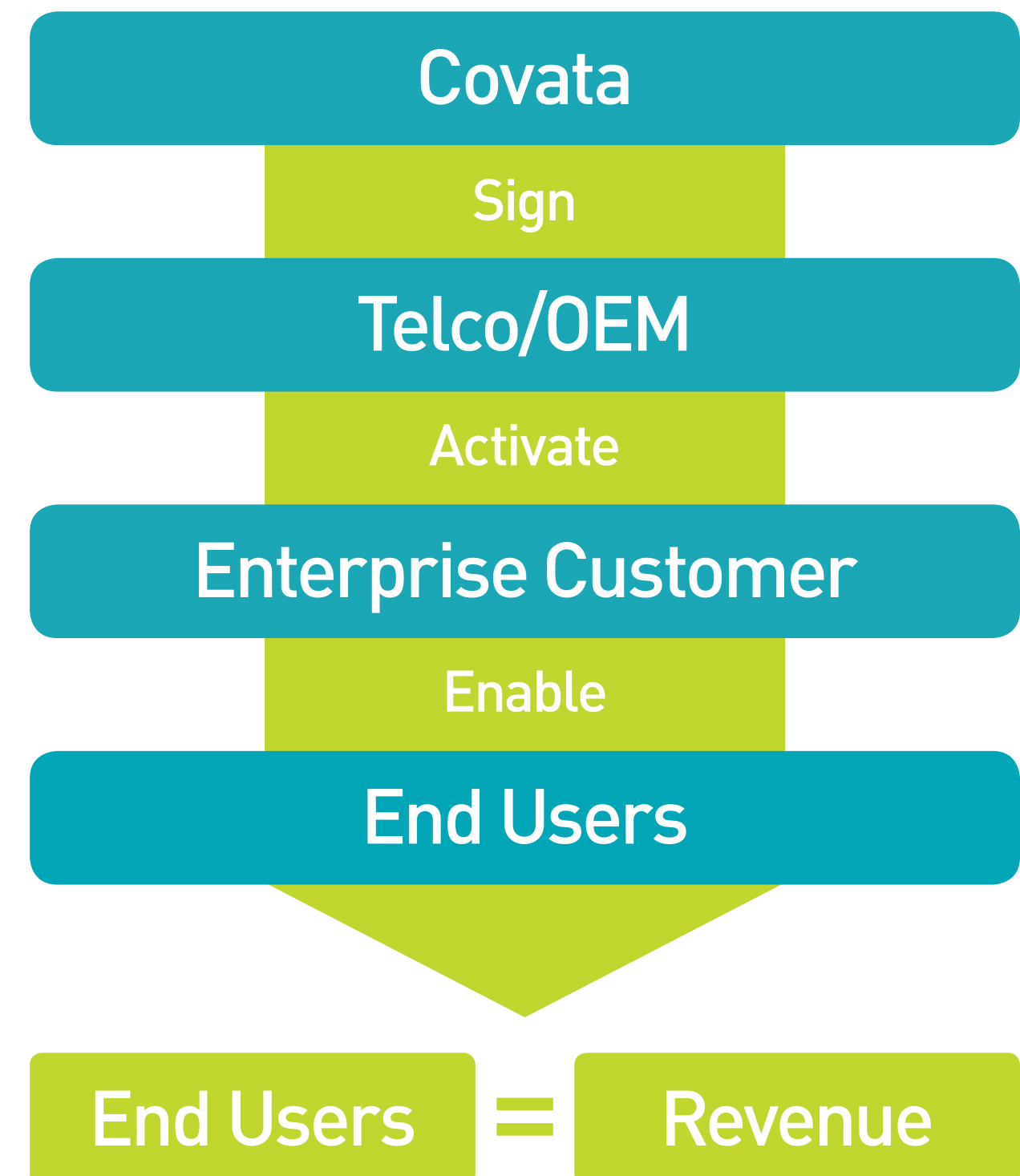
Take Safe Share into the Global Telco and MSP Market

Total Addressable Market (TAM) is very large.

	Rank	Company	Market Value USD
	1	China Mobile Lt	281.02 Bn
	2	Verizon Communications Inc	201.39 Bn
	3	AT&T Inc	170.50 Bn
	4	Vodafone Group PLC	89.40 Bn
	5	Deutsche Telekom AG	83.45 Bn
	6	SoftBank Corp	76.85 Bn
	7	Nippon Telegraph & Telephone Group	76.58 Bn
	8	NTT DOCOMO Inc	76.21 Bn
	9	America Movil SAB de CV	73.37 Bn
	10	Telefonica SA	71.95 Bn
	11	KDDI Corp	64.65 Bn
	12	China Telecom Corp Ltd	59.30 Bn
	13	Telstra Corp Ltd	57.72 Bn

Covata Safe Share Telco Model

- Covata partners with leading Telco's and MSPs to distribute Safe Share to enterprise and government clients
- Covata enters into a revenue share arrangement with these partners
- Due to declining revenue from infrastructure, Telco's and MSPs are incentivised to use in demand Over-The-Top-Services to derive revenue
- Covata supports its channel partners to sell seats through to their enterprise customers and drive adoption within organisations
- Covata has developed sales and marketing collateral for key regions and business verticals which fast tracks the sales and activation process once channel partners have been signed

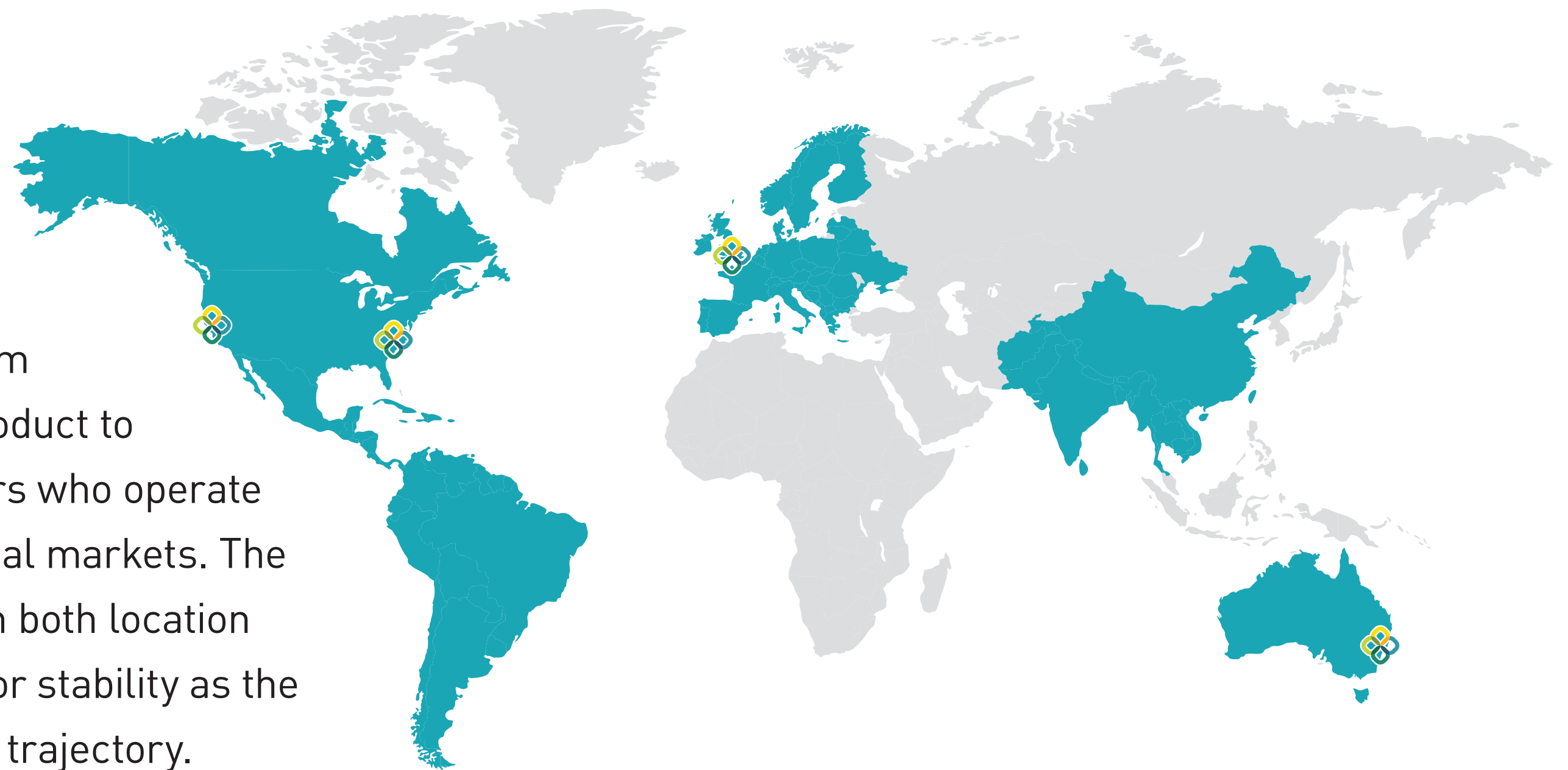


Covata's Global Business Structure + Multiple Customer Verticals = Diversified Global Revenue + Reduced Risk

Covata is an emerging ASX Listed technology company with the majority of its growth to occur offshore.

Covata has identified target regions within Europe, Asia and Latin America where there is a clear demand for highly secure in-country (global Telco's) hosted solutions that enable data sovereignty – attributes Covata Safe Share supports.

Operating the Telco business arm in these regions exposes the product to large scale enterprise customers who operate in a variety of financial and capital markets. The diversity of its customer base, in both location and business category, allows for stability as the company begins its high growth trajectory.



Telco & MSP Q1 FY16 Partner Update

- More than 10 active enterprise and government customers
- Target average price per end user per month earned by Covata after all reseller partner commissions is \$3AUD, yet actual average net revenue per end user per month achieved in Q1 FY16 exceeded \$3AUD. Average net revenue per end user is a result of many other pricing inputs and will vary by region, and by country within a region.
- The majority of the seats signed in Q1FY16 were signed in late September on a 12 month minimum contract. This represents paid user growth exceeding 500% from the previous quarter.
- Billing to cash receipt is typically a 30-90 day cycle depending on the reseller partner.
- The 1,961 paid users represent an annual run rate exceeding \$98,000 or \$73,000 from 1 October through to 30 June 2016.

Results	Q1 FY16*
No of Active Telco and MSP Partners	3
Actual No. of Seats	1,961
Mgmt Target	800 - 1,200

*Covata operates on a July 1 – June 30 Financial Year, in accordance with standard ASX reporting guidelines

Telco Partner Update



- Collateral and sales material completed and translated
 - European Account Management teams trained
 - Telesales Campaign successfully executed
 - Strong pipeline with large scale enterprise customers across a range of industries including airline, government, manufacturing, insurance, automotive etc
-



- Covata Safe Share rebranded as Macquarie Telecom SigBox and distributed over secure gateway to the Australian Federal Government
 - 13 Government departments and agencies signed
 - Activation campaigns underway to support rapid end user adoption
-



- Colt led press release announcing partnership July 2nd
- Covata Safe Share available on new Financial Services Extranet
- Marketing material and collateral completed

Telco Q2 FY16 End User Seat Pipeline

- The Company is targeting **120k Enterprise Seats by the end of FY16.**
- There are over **50 opportunities (enterprises) in the pipeline** from the “Prospect to Trial” stage as we entered Q2.
- These opportunities are in Europe and Australia through 3 Telco partners.
- These opportunities collectively have an identified number of paid end users well exceeding managements Q3 targets.
- The opportunities in the pipeline are spread across varied industries including: airline, government, manufacturing, automotive, banking/finance, insurance, technology and FMCG. This reinforces our focus on a diversified business model.

Telco and MSP Global Business Development Pipeline

- Business Development underway with key industry experts in target regions of Latin America, Asia and Europe.
- Trial instances deployed in more than 3 leading Telco's in these key regions.
- Business development underway with major Telco's and leading MSPs in more than 8 countries.



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OEM Business Model

‘The Covata Inside Solution’

The Covata Inside solution for data-centric security easily transforms each data transaction into a ‘safe haven,’ that ensures data ownership and control, while integrating into existing workflows and environments.

Covata Inside allows organisations to continue to freely and securely access, use and share their data, inside and outside the firewall.

IT platform

[it plat-fawhm]

[Spell](#) [Syllables](#)

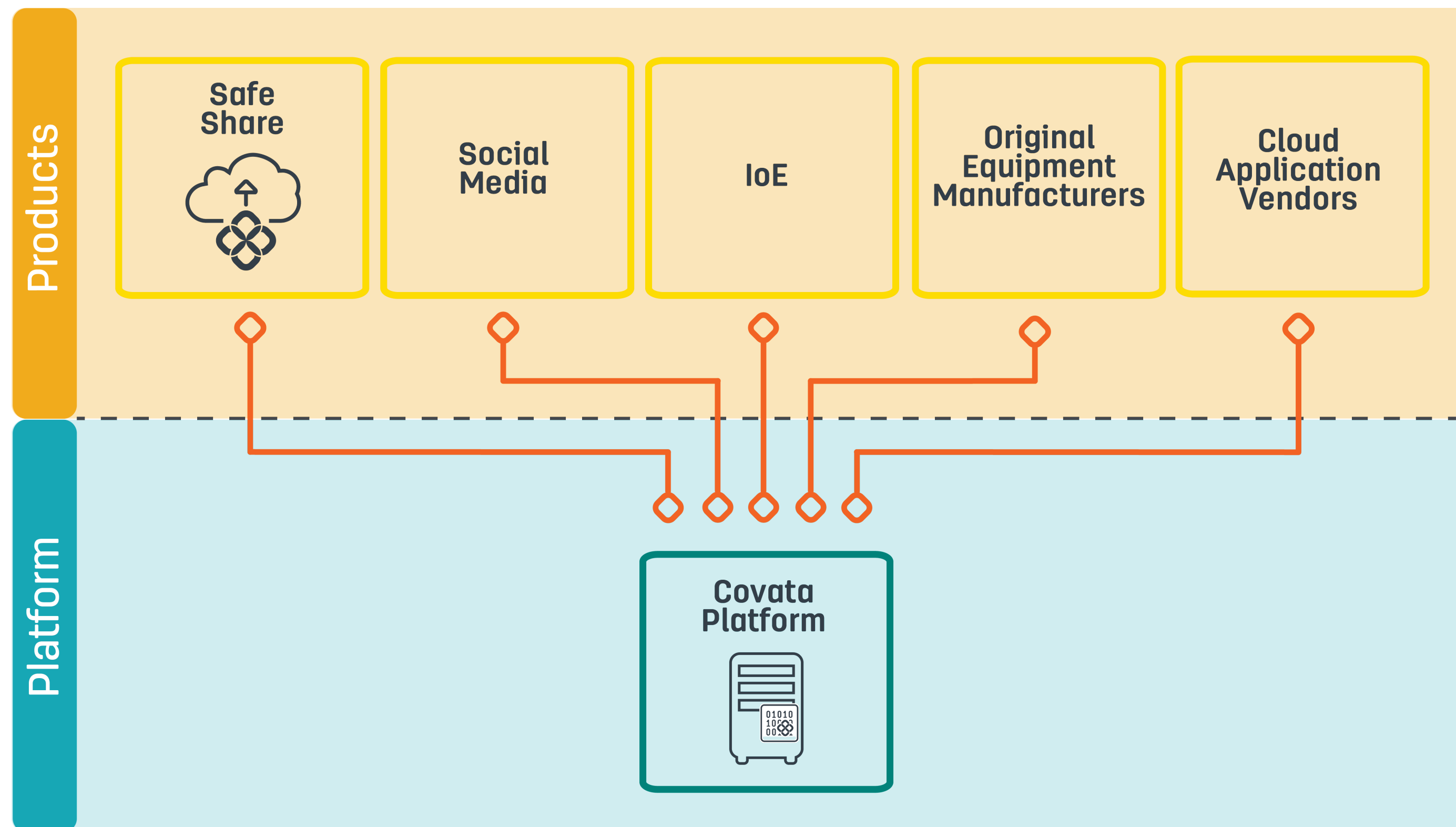
[Synonyms](#) [Examples](#) [Word Origin](#)

noun

1. In computers, a platform is an underlying computer system on which application programs can run.
2. A platform is any base of technologies on which other technologies or processes are built.
3. A very valuable software component which forms the core or base upon which new software can be created using APIs.

The Value of the Covata Platform

The Covata Platform has the ability to underpin multiple products to bring a data security element to a number of industries and types of companies.



San Francisco Office to Drive OEM Business

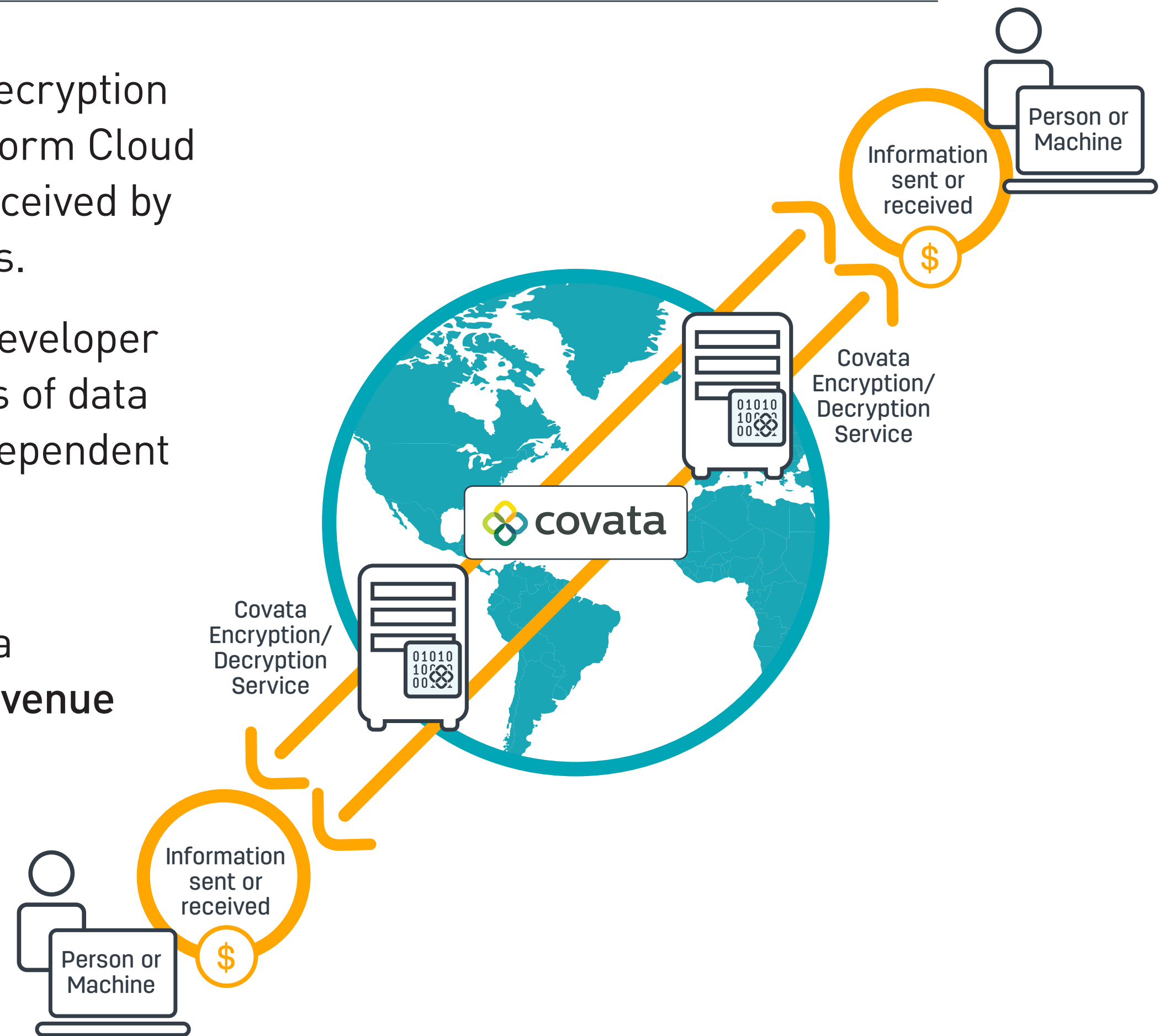
- Covata announced that it will **fast track its commitment to the OEM channel and the Cisco Agreement by establishing a team of 6-8 full time employees** in a San Francisco office.
- **An office has been found in Downtown San Francisco with hiring underway.**
- The creation of this team supports our commitment to the 10 year contract with the Fortune 100 technology company and our dedication to expanding the OEM channel.
- The team will be focused on the Covata Platform, to **further enable initiatives in Cloud and the Internet of Everything (IoE) security, supporting growth in Cisco and future partners.** The “Covata Inside” strategy will see the Covata Platform augmented to be able to underpin global tech initiatives.
- **Covata expects its investment in the Bay Area will generate a 4-5 times return on investment in the next 12 months,** through quality deals with our current and future OEM partnerships.

Covata Platform Key-as-a-Service Transaction Based Pricing Model

One key to one file encryption and decryption service provided by the Covata Platform Cloud as information is rapidly sent and received by people or internet connected devices.

This service enables any software developer or vendor to secure individual pieces of data and pay per transaction from an independent audited service.

By providing this service as a “cents in the dollar” transaction it creates a **(Low Cost + High Volume) = High Revenue** Business Model.



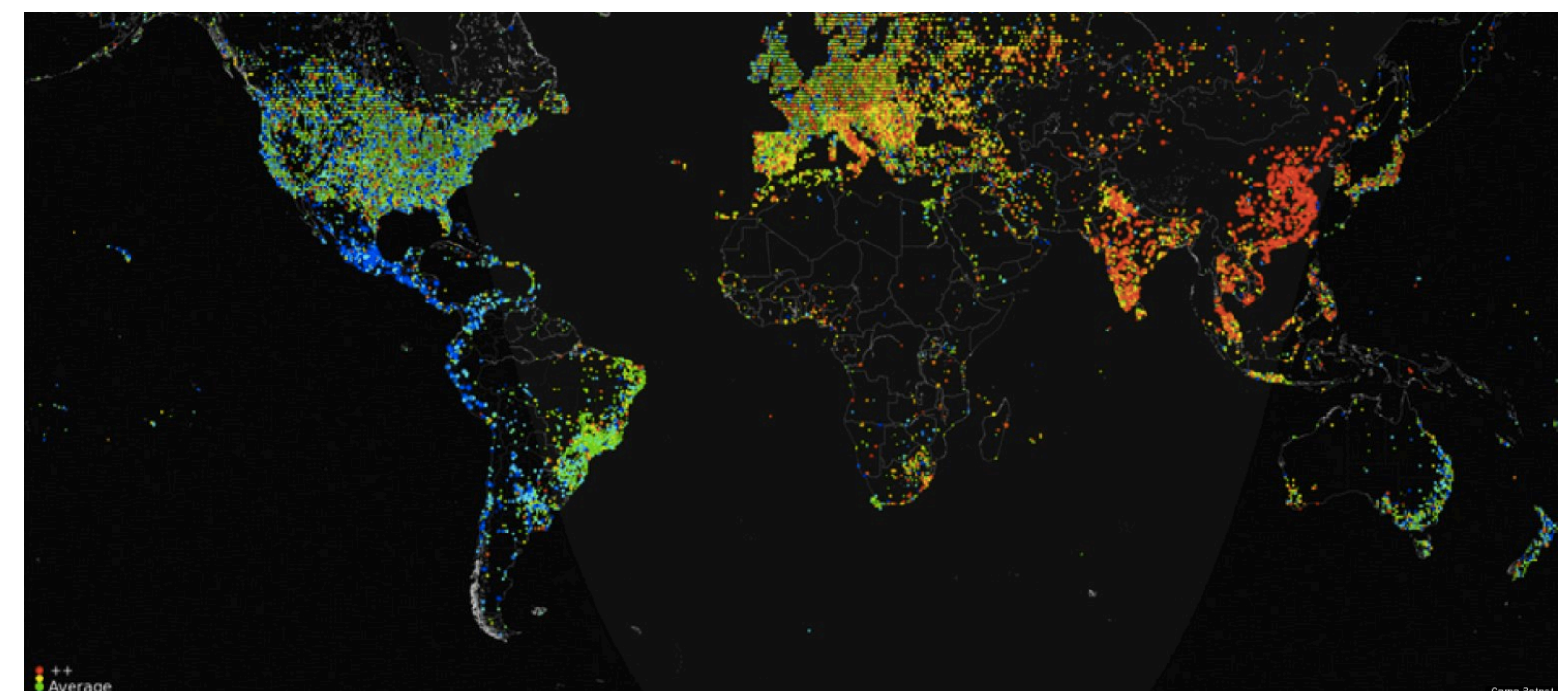
Covata Platform: Key-as-a-Service

A home IoT gateway sending lots of bits of different information to a number of different big data cloud aggregators is one way to illustrate the Covata Key-as-a-Service.

Cisco forecasts 10.5 billion machine to machine connected devices by 2019, of which 48% are in the home, including home automation, home security and video surveillance, connected white goods, and tracking applications.

Identified IoT Business Models have Key Service Transactions being charged between one dollar and three cents, depending on how often customers generate and use keys and how they are stored.

The Covata Platform Key-as-a-Service is under NDA with current OEM partners and further details will be provided in the first half of 2016.



The Future of IoE and Cloud Security

A Cisco and Covata Initiative

The Company will launch its Covata Key-as-a-Service initiative and publicly outline the strategic partnership between Cisco and Covata in Sydney on February 3, 2016 at an invitation only executive event.

California based Cisco executive Pankaj Srivastava, VP Solutions and Platforms, will join Covata CEO Trent Telford to deep dive into the future of IOT and Cloud for Cisco and the role data centric security will play in its global initiatives.

This global launch will be a precursor to a public campaign to be launched at RSA 2016 at the end of February in San Francisco.

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Capital Requirements

- Whilst the Company is rapidly evolving over the next two quarters, Management and the Board consistently monitor the cash position of the company.
- Board and Management are currently evaluating a number of strategic capital options for the Company.

Key Takeaways

- ▶ Modest market cap of sub \$100m with potentially significant valuation upside.
- ▶ New Telco/MSP partnership discussions progressing in key jurisdictions.
- ▶ Existing partnerships (OEM/Telco/MSP/Govt) poised to deliver in first half 2016.
- ▶ The number of high profile breaches continue to rise driving demand for data centric security solutions.
- ▶ Covata's two business arms create a strong global business with diversified revenue and customer base.
- ▶ The Covata Platform service is building a high volume transaction based service for the future of IoE and Software Defined Networking.
- ▶ Covata presents an opportunity to invest in a next generation cyber security company.
- ▶ Research from Fosters and Moelis has set price targets of A\$0.58 and A\$0.70, respectively.

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Safe Share, a product to
help solve the immediate
threat of data breaches.



The Covata Platform, the data
security solution to underpin an
interconnected world.