COVATA

BUILDING A GLOBAL LEADER IN DATA-CENTRIC SECURITY

MANAGEMENT PRESENTATION
AGM 16 OCTOBER 2018

[COVATA]

ABOUT COVATA

We are building a Leader in Data-Centric Security – small but agile

Our vision is for businesses and governments to proactively protect sensitive data and maintain privacy

ASX Ticker	CVT
Shares on issue	766.59M[1]
Share price	A$2.1c[1]
Market cap	A$16.1M[1]
Cash 30 June 2018	A$4.47M

Revenues FY18	$1.44m
Enterprise Customers	>50[2]
Users	>10,000[3]
Staff (30% sales, presales)	23
Coverage - 5 continents	Australia, Europe, US, Asia, Africa

1. As at 15 October 2018
2. Government agencies (majority through resale) and enterprise customers
3. Minimum recurring users, unlimited user licences additional so actual user numbers higher

COVATA - A LEADER IN DATA-CENTRIC SECURITY

Tight Vision, Clear Mission, Right Strategy

VISION

Our vision is for businesses and governments to share and exploit their data securely

SECURITY WITH PRIVACY

MISSION

To assist businesses and governments to:
- discover, classify, control and securely protect sensitive data, maintain regulatory compliance and reduce risk
- take back control of how data is shared and with whom
- reduce cost and extract business value from the data

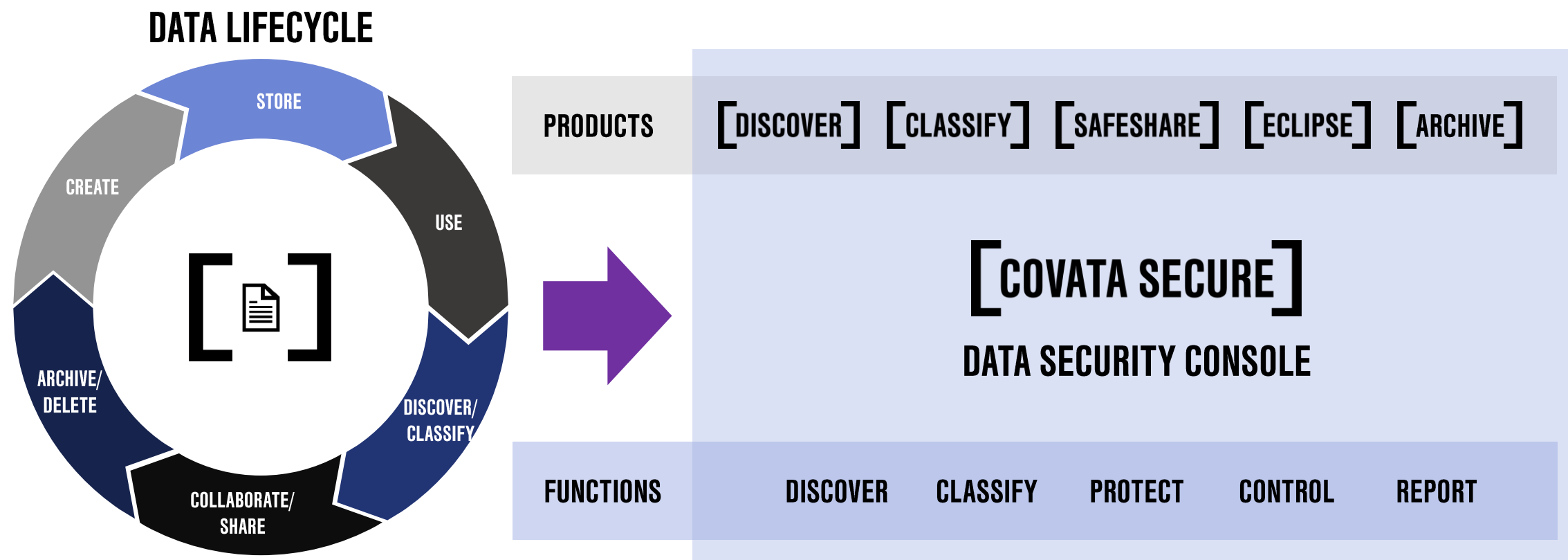**SOLVING REAL PROBLEMS**

STRATEGY

Five key pillars
1. Be data centric
2. Be agnostic to the content or collaboration platform
3. Be Agile and use case driven
4. Build great partnerships/alliances
5. Be easy to deal with and responsive

WITH FOCUS

OUR SOLUTIONS SECURE SENSITIVE DATA

Managing Security across the Data Lifecycle and Value Chain

DATA LIFECYCLE

STORE
CREATE
USE
ARCHIVE/DELETE
DISCOVER/CLASSIFY
COLLABORATE/SHARE

PRODUCTS

[DISCOVER] [CLASSIFY] [SAFESHARE] [ECLIPSE] [ARCHIVE]

[COVATA SECURE]

DATA SECURITY CONSOLE

FUNCTIONS	DISCOVER	CLASSIFY	PROTECT	CONTROL	REPORT

PROVEN PRODUCTS, REAL USE CASES

Customers recognise the risks and use our solutions

Use case 1 – 27 Australian Government Agencies
Controlled permission based access to and sharing of encrypted files
[SafeShare]

Use case 2 – European Global Logistics
'GDPR compliance SharePoint [Eclipse]

Use case 3 – UK Banking
Secure file collaboration between banks and
Government intermediary [SafeShare]

Use case 4 – US/German defence manufacturer
Secure data vault for ITARs regulatory compliance
[SafeShare on AWS US Gov Cloud]

Use case 5 – US Aerospace organisation, Global Industrial - 'blinding' IT admin
Access to HR files in SharePoint [Eclipse]

Use case 6 – Australian MSP/South African MSP – secure storing and sharing of
Sensitive IT information and project information, storing of customer HDD encryption keys.
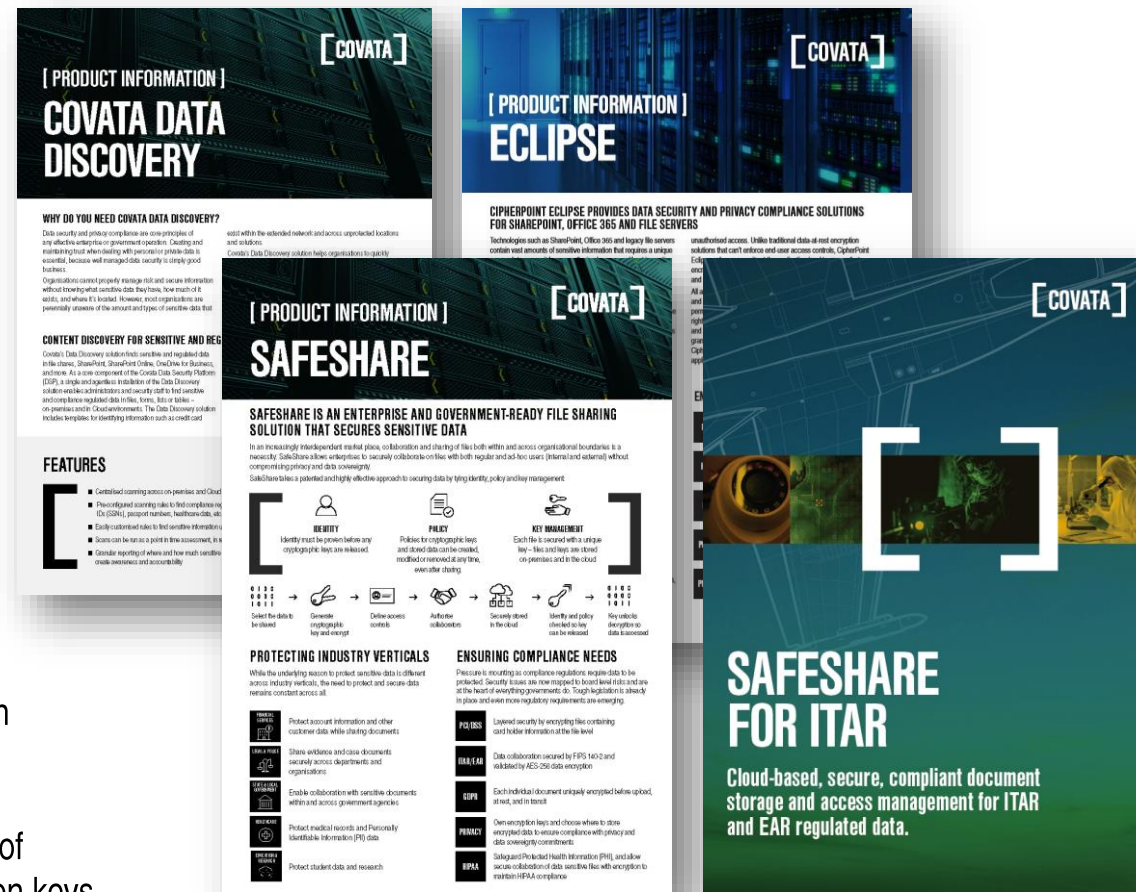
SAFESHARE ENABLES SECURE COLLABORATION

Use cases across private and public cloud

- SafeShare is an enterprise and government ready EFSS that secures sensitive data

- Originally built for a defence industry use case

- Links identity, policy and encryption key management

- Incorporates fine-grain controls, enables inline or browser edit of Microsoft documents

- In use by 27 Australian government agencies as well as US agencies and organisations

- Delivered via whitelabel resale and directly

- Hosted on private (Macquarie Telecom, T-Systems) or public clouds (AWS, Azure) and AWS & Azure Government Clouds

- New ITAR/EAR release offers compliant document storage and access management

ENSURING COMPLIANCE NEEDS

PCI/DSS	Layered security by encrypting files containing card holder information at the file level
ITAR/EAR	Data collaboration secured by FIPS 140-2 and validated by AES-256 data encryption
GDPR	Each individual document uniquely encrypted before upload, at rest, and in transit
PRIVACY	Own encryption keys and choose where to store encrypted data to ensure compliance with privacy and data sovereignty commitments
HIPAA	Safeguard Protected Health Information (PHI), and allow secure collaboration of data sensitive files with encryption to maintain HIPAA compliance

ECLIPSE SECURES DATA IN MICROSOFT SHAREPOINT

Use cases across on-premises, hybrid and cloud

- > 83% of enterprises are using a version of Microsoft Office in their businesses and there are over 1.2 billion users

- Office 365 has rapidly emerged as the most popular enterprise cloud service with 100 million commercial monthly active users

- Over 90% of Fortune 500 use the Microsoft Cloud

- Nearly 60% of all sensitive data in the cloud is stored in Microsoft Office documents

- 15-20% of data in SharePoint and OneDrive contain sensitive data such a user names, passwords and customer information

- Over 50% of organisations are concerned about moving from on-premises to the cloud due to security and/or control concerns

Eclipse is best in class

FINANCIAL SERVICES
Secure restricted data in SharePoint, etc, and strictly enforce the need to know, including privileged user access controls for secured information

INSURANCE
Flexible policies allow insurance businesses to quickly fulfill privacy requirements for member information

HEALTHCARE
Provide a means for clinicians to collaborate without exposing the enterprise to non-compliance risks and high-impact data breaches

STATE & LOCAL GOVERNMENT
Easily comply with mandates to secure Personally Identifiable Information and protect intelligence products, procurement information, and classified data from compromised administrator accounts

Sources: Microsoft; Spiceworks; Skyhigh Networks; Covata Analysis

EXTENDING INTO DATA DISCOVERY & CLASSIFICATION

dataglobal – the Specialist in Information Management and Archiving

dataglobal is a leading provider of Enterprise Information Management and Enterprise Information Archiving

- covering Governance, Risk Management, Compliance and eDiscovery

- optimising systems such as file servers, mail servers, SharePoint, ERP and third-party applications

- helping companies leverage information from heterogeneous systems to create added value

- > 500 successful installations in > 40 countries

- customers include AUDI AG, Rhenus Logistics, NDR, T-Systems, the Bundesnetzagentur and Deutsche Bank
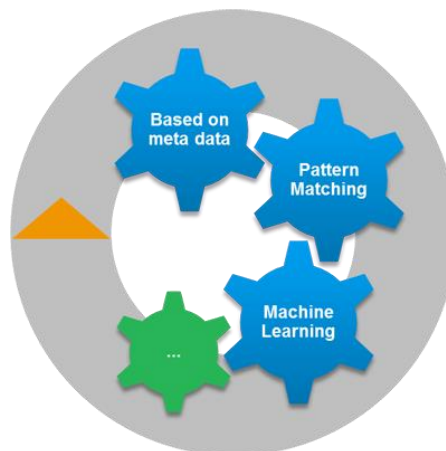
Covata has formed a strategic alliance with dataglobal GmbH (Heilbronn, Germany) under which:

- Covata has acquired the IP to its own instance of dataglobal's automated classification engine and connectors

- dataglobal is integrating its classification engine into our data security platform and to extend the data repositories it can scan

- We are extending our reach across the entire data lifecycle to archiving and defensible deletion

EXTENDING INTO BLOCKCHAIN

Covata has developed a strategic relationship with UK-based ByzGen Limited

ByzGen's Technology was originally developed as a solution to data management within the defence and security sectors.

ByzGen
- leverages 'skip chain' technology built with the software experts at the École Polytechnique Fédérale de Lausanne (EPFL)

- makes outside interference all but impossible

- tracks every interaction from the moment your data enters the system

- injects trust into the supply chain and chain of custody through a single source of truth

ByzGen is working with Covata to implement its private blockchain technology into Covata's existing data security platform to deliver:
- Data and access control immutability and real-time auditability; and

- Simplified processes and procedures and reduced operational costs

Scheduled delivery of these beta enhancements is anticipated by the end of Q2 FY19.

Both parties are also planning to provide services to defence and security agencies to address inefficient processes and data quality and integrity issues in security vetting systems

BUSINESS AND CHANNEL MODEL

Enterprise SaaS

BUSINESS MODEL

Transitioning from Perpetual to SaaS

REVENUE
- Today, sales are a blend of recurring (SafeShare) and part term/perpetual licensing (Eclipse)
- Revenue is in transition with part SaaS-like (45%), part services (5%) and part perpetual licensing (50%)
- **Long term target is >90% SaaS**

MARGINS
- **Targeting typical SaaS margins >70% gross margins and 25% net margins**

CHANNEL MODEL

Transitioning from Direct to Indirect

SAFESHARE
- SafeShare product predominantly indirect reseller model
- Target is to replicate the SafeShare model across multiple telco and MSP channels
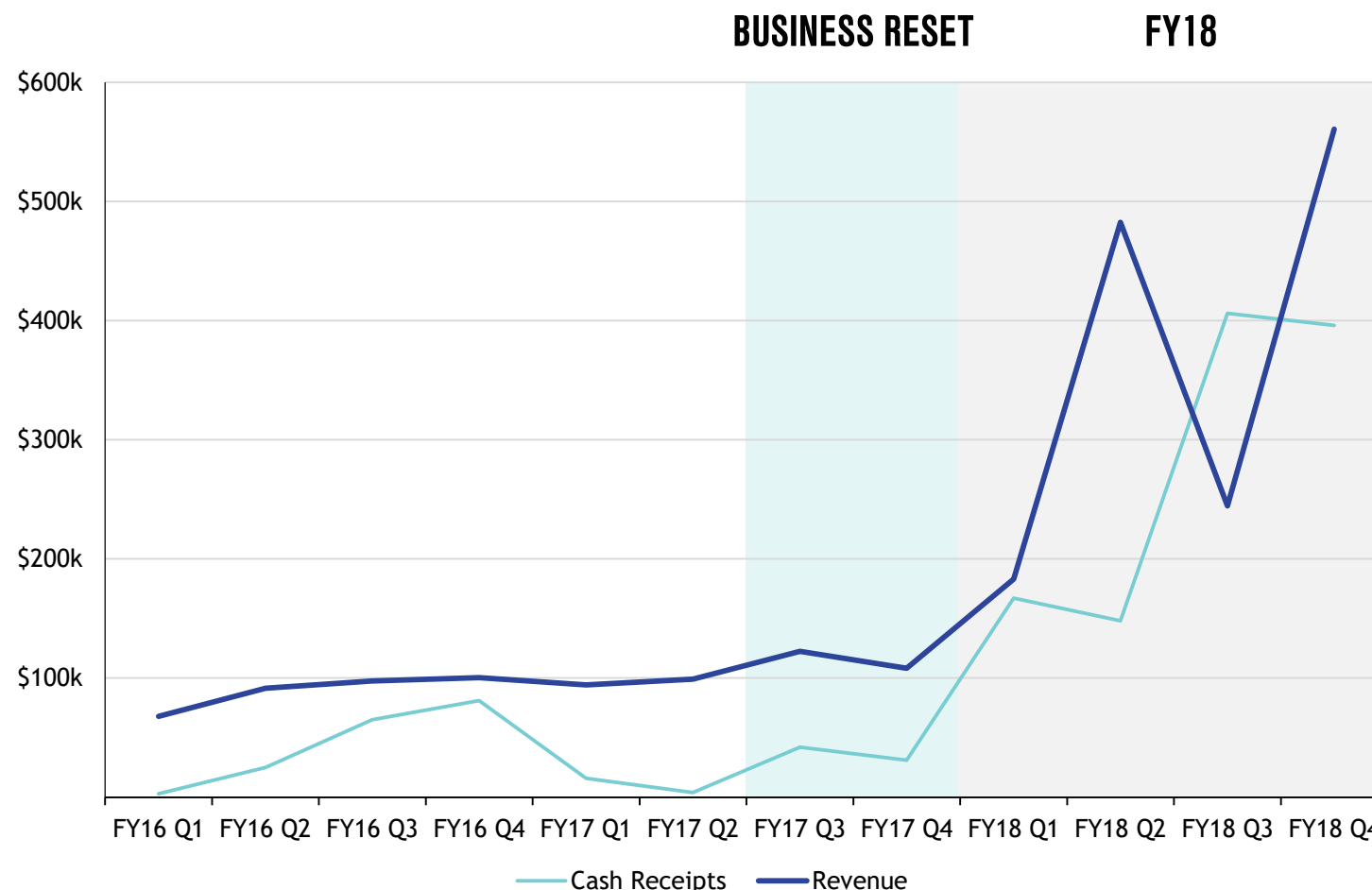
ECLIPSE
- Eclipse for SharePoint predominantly direct whilst we scale
- **Long term target is to move to indirect channel predominantly** (however, large customers will still buy direct)

FY18 DELIVERED POSITIVE TRACTION

Right team, right focus

KEY HIGHLIGHTS

- Revenue up 239% YoY
- Cash receipts up 1,093% on FY17
- Customers and user numbers up
- Costs materially lower, leaner operations
- Delivered more cloud capability, including accelerated features, extended product range and light deployment
- A team half the size achieved 3x as much

BUSINESS RESET   FY18

$600k

$500k

$400k

$300k

$200k

$100k

FY16 Q1 FY16 Q2 FY16 Q3 FY16 Q4 FY17 Q1 FY17 Q2 FY17 Q3 FY17 Q4 FY18 Q1 FY18 Q2 FY18 Q3 FY18 Q4

—— Cash Receipts   —— Revenue

FY19 IS ABOUT GREATER MOMENTUM

Stretch targets, clear priorities

FY19

- Repeat year-on-year revenue and cash receipts growth
- Target marquee customers - keep the messages simple and use case driven
- Target key markets - Europe and demand driven segments (eg GDPR, ITAR)
- Maintain fiscal discipline
- Integration with most common sensitive data repositories, content applications

3-YEAR VIEW

- Cash-flow positive
- Primarily recurring revenues
- Strong channel partners in each continent
- Low fixed costs
- Use of machine learning for discovery and classification, blockchain for data permissions, immutable audit and version control

INVESTMENT THESIS

The investment thesis for Covata is strong

MARKET ALIGNMENT	We are aligned in innovating to provide next-generation cybersecurity services that can protect a customers entire value chain, end-to-end
MARKET FOCUS	Data-centric security – throughout the data lifecycle
PRODUCT AND ROADMAP	Products that work and are ready to sell – revenue traction
FUTURE DIFFERENTIATION	Machine learning based discovery classification, blockchain immutability
CUSTOMER VALIDATION	In use by government agencies and enterprise customers
ABILITY TO SCALE	Supported by lean, scalable operations
CAPABILITY	An agile team – all with equity

CONTACT

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THANK YOU