



COVATA

A GLOBAL LEADER IN DATA-CENTRIC SECURITY

ASX PRESENTATION

31 OCTOBER 2018



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

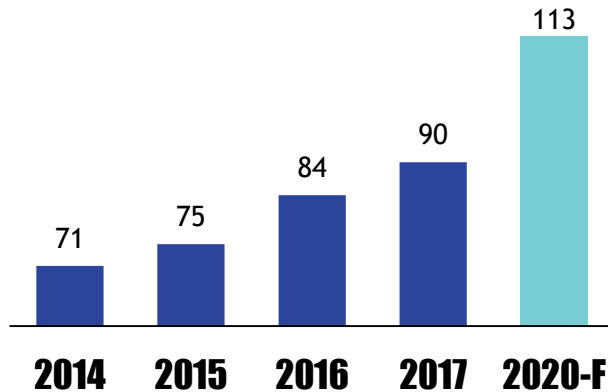
WITH FOCUS

WHAT PROBLEMS DO WE SOLVE?

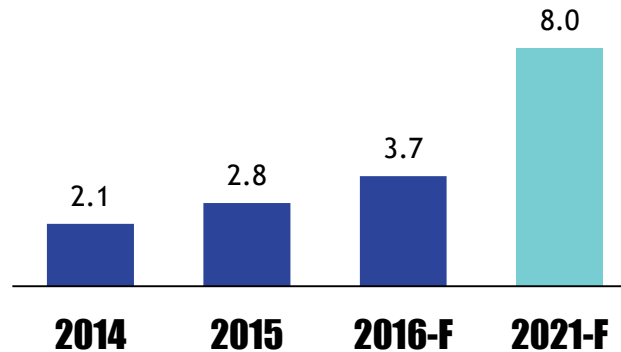
**WE ALLOW ORGANISATIONS TO REGAIN CONTROL
OF THEIR UNSTRUCTURED DATA, REDUCING RISK,
REDUCING COST AND PROVIDING EASIER
GOVERNANCE AND COMPLIANCE**

MARKET OPPORTUNITY - REGULATION DRIVING DEMAND

CYBER SECURITY GROWTH (\$USBN)¹



DATA SECURITY GROWTH (\$USBN)²



REGULATION



General Data Protection Regulation (GDPR) (EU)



Sarbanes-Oxley Act (SOX) (US)



Notifiable Data Breaches (NDB) (Australia)

**Total global cost to business from data breaches
estimated at US\$2.1 trillion by 2019³**

¹ Gartner Research Reports

² Markets and Markets: Cyber Security Market - Global Forecast to 2021 (2016)

³ Juniper Research: The Future of Cybercrime & Security: Financial and Corporate Threats & Mitigation (2015)

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)

OUR SOLUTIONS SECURE SENSITIVE DATA

Managing Security across the Data Lifecycle and Value Chain

PRODUCTS

[DISCOVER]	[CLASSIFY]	[SAFESHARE]	[ECLIPSE]	[ARCHIVE]
Determines where sensitive information is stored, informs decision makers of their risk	Uses machine learning to automatically classify and tag sensitive data	Enables secure collaboration across unsecured networks Features fine grain access controls and encryption	Secures data in Microsoft SharePoint Enforces strict policy and access controls	Facilitates efficient storage of enterprise data

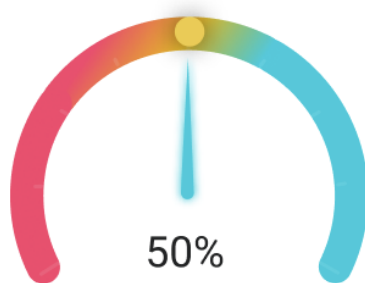


DATA LIFECYCLE



Enterprise Dashboard

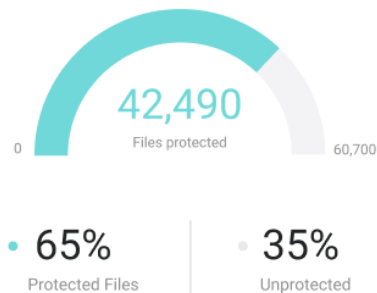
Covata Security Index



Your company is better than 50% of the industry
Enhancing the scope of protection will improve your score.

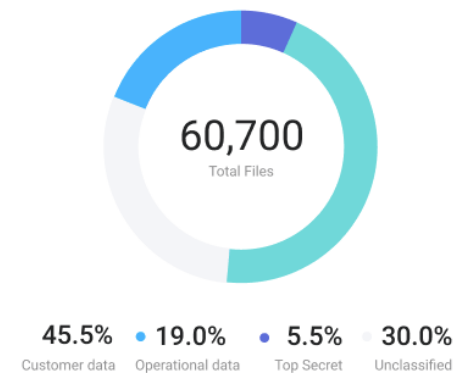
Is your data protected?

All time ▾ ...

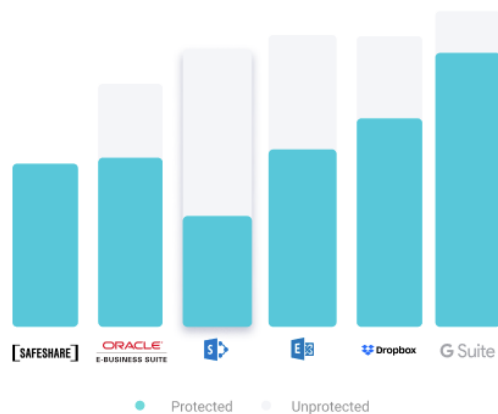


How your data is classified

Overview ▾ ...



Where your data resides



! Unclassified, Unprotected



Recommendations

1. Extend data classification rules to protect all data
2. Review and protect credit card data
3. Move Top Secret data to SafeShare and delete from Oracle

Deploy recommendations



OUR PRODUCTS SOLVE REAL BUSINESS PROBLEMS

Customers recognise the risks and use our solutions

Use case 1 – European Global Logistics Company
'GDPR compliance for SharePoint; blinding the IT admin by ensuring privacy of HR files [Eclipse]

Use case 2 – UK Banking
Secure file collaboration between banks and Government intermediary [SafeShare]

Use case 3 – US and German defence manufacturing contractors
Secure data vault for ITARs regulatory compliance [SafeShare on AWS US Gov Cloud]



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

HISTORICAL PERFORMANCE

Right team, right focus

KEY HIGHLIGHTS

FY17

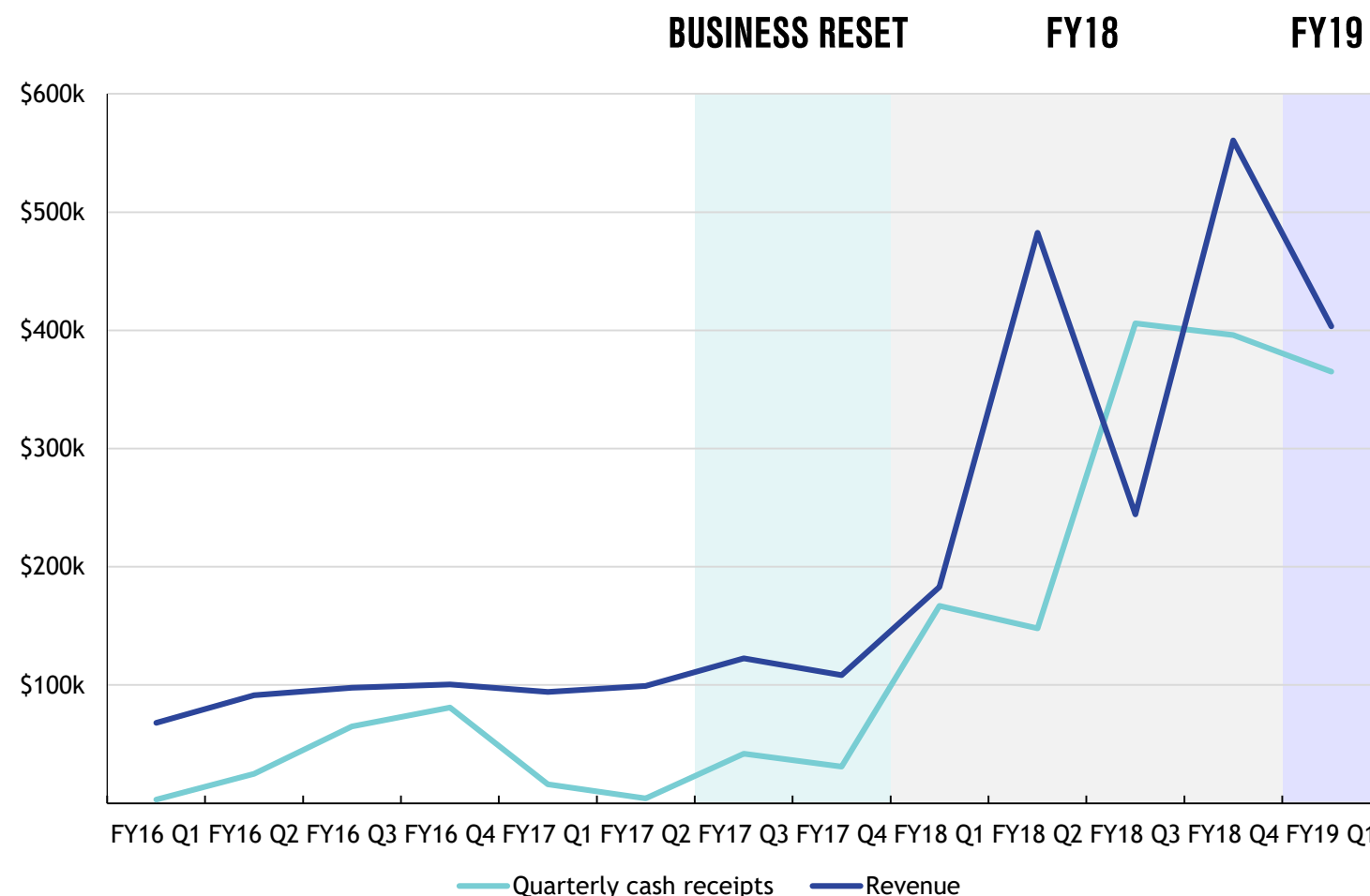
- New management
- Restructured cost base, leaner operations

FY18

- Revenue up 246% YoY
- Cash receipts up 1,093% on FY17
- Customers and user numbers up

FY19 to date

- Delivered more cloud capability, including accelerated features, extended product range and light deployment
- Receipts and revenue materially higher in Q1FY19 on prior year comparative quarter



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

OUR PEOPLE ARE A KEY RESOURCE

Proven management, unique Board, 5 Eyes Team



TED PRETTY - CEO
ex GMD Telstra, Exec Dir
Macquarie Group



DEREK BROWN - CCO
20 years CIO/IT Director Ricoh, Hills,
Corporate Express, Morgan & Banks,
Westpac



HUGH STODART - Head of Product
Formerly Telstra Security, DSD



STEVEN BLIM - CFO
Hands-on finance professional,
global experience, Chartered
Accountant



WOODY SHEA - CTO
Served in senior roles involving
architecture, testing, and development
with Predictive Systems and IBM Tivoli



BILL MCLUGGAGE - Chairman
Open Banking UK Security, formerly
EMC, dep CIO UK Cabinet Office



DAVID IRVINE - Director
Chair Cyber CRC former Dir
Gen ASIO, Australian
Ambassador to PRC, N Korea



LINDSAY TANNER - Director
Lazard Advisor, former Fed Minister
for Finance, Defence First Principles
Review Panel

INVESTMENT THESIS

The investment thesis for Covata is strong

MARKET

The market opportunity is huge, and we're positioned for growth already with customers spanning UK, US, Europe, Africa and Australia

TECHNOLOGY

Our products are unique and innovative, leveraging the latest advancements in artificial intelligence and blockchain technology

PEOPLE

Agile and capable team, with operations that are easy to scale through existing sales and development partners

CONTACT

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THANK YOU

