COVATA

SECURING CONTENT SERVICES

AGM PRESENTATION
30 SEPTEMBER 2019

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KEY POINT
UPDATE

Covata Today – Moving Ahead

SOUND CORE

- LEAN, WITH CASH
- STRONG IP
- STABLE PRODUCTS

ESTABLISHED PRESENCE

- EUROPEAN GLOBAL 500 WIN
- 15 ESTABLISHED US ENTERPRISES
- EUROPE, ASIA MARKET ENTRY

GROWTH CATALYSTS

- EXPAND CUSTOMERS USERS
- CHANNEL PARTNERS
- OPTIONALITY

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Transaction Update

Transaction and Prospectus

- Transaction and Prospectus withdrawn due to market conditions
- Company will revaluate all options for growth and collaboration with dataglobal GmbH

Board and Management view

- Committed to Content Services market for shareholder value
- Determined to leverage our IP strength, product differentiation
- Focused on exploiting Eclipse success to seek other growth

Continuing business

- Covata will remain an ASX-listed microcap, suspension under review
- Content Services will include auditable access control (Eclipse), discovery & classification (D&C), data security management
- We will deploy sales and support resource in Europe and Asia
- Generating revenues on a reduced cost base, with new contract wins adding income and a substantial scope for growth

Cipherpoint Inc.(US)

Cipherpoint (Europe)

Covata Limited
(ASX:CVT)

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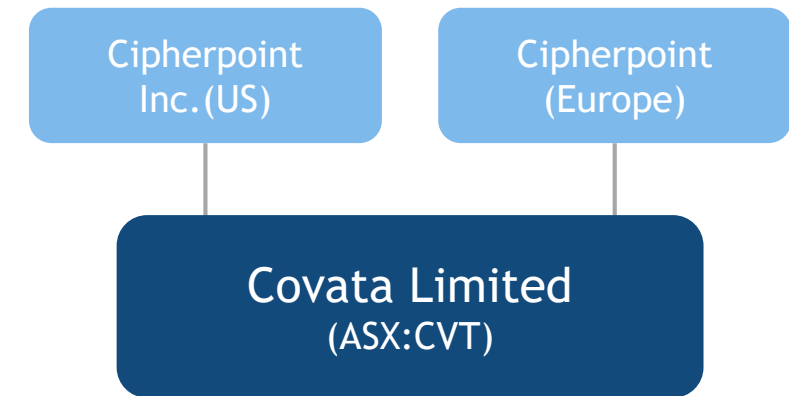
Future Catalysts, Position, Priorities

Future catalysts – What to expect

- Landing 2 team members in Germany for DACH market
- Leveraging partnerships (dataglobal, Europe; TeBs, Asia)
- Addition of dev capability AI/machine learning, UI/UX

Financial and trading position

- Our cash at bank ($1.3M[1]) to be supplemented by collection of SafeShare C-Note ($1M) and R&D refund ($800K)
- We have requalified a solid Eclipse and D&C sales pipeline
- Significantly reduced cash expenses, 9 core staff

FY20 priorities

- Expand DACH users and revenues for Eclipse and D&C
- First sales through Asia channel partner
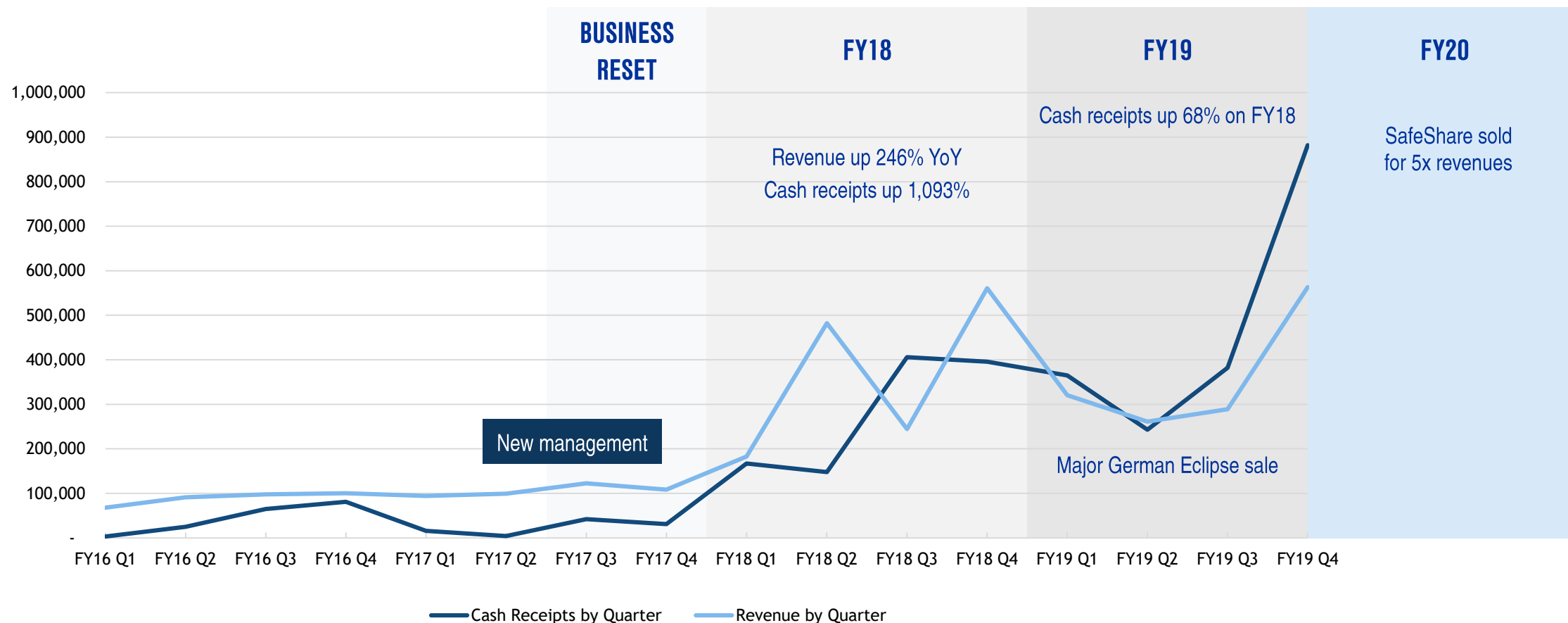- Evaluate smaller acquisitions

TARGETS

- ✓ 2x Eclipse revenues in FY20
- ✓ Open new markets Asia/Europe
- ✓ Leverage all viable options to expand in Content Services
- ✓ Seek long term funding

Ability To Execute

The team has reset before with proven execution skills

BUSINESS RESET

FY18

FY19

FY20

Cash receipts up 68% on FY18

SafeShare sold for 5x revenues

Revenue up 246% YoY
Cash receipts up 1,093%

New management

Major German Eclipse sale

Y-axis values: 1,000,000 / 900,000 / 800,000 / 700,000 / 600,000 / 500,000 / 400,000 / 300,000 / 200,000 / 100,000 / -

X-axis labels: FY16 Q1, FY16 Q2, FY16 Q3, FY16 Q4, FY17 Q1, FY17 Q2, FY17 Q3, FY17 Q4, FY18 Q1, FY18 Q2, FY18 Q3, FY18 Q4, FY19 Q1, FY19 Q2, FY19 Q3, FY19 Q4

Legend: ——Cash Receipts by Quarter   ——Revenue by Quarter

Note: FY19 shows data for 1 July 2018 to 30 June 2019 for comparative purposes. Covata's financial year end was changed to 31 March in 2019

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CORPORATE OVERVIEW

Vision / Mission / Strategy

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

MISSION

- Discover, classify Enterprise information
- Control, securely protect their sensitive data
- Ensure compliance, reduce risk

STRATEGY

- Focus on augmenting the security of Content Services platforms
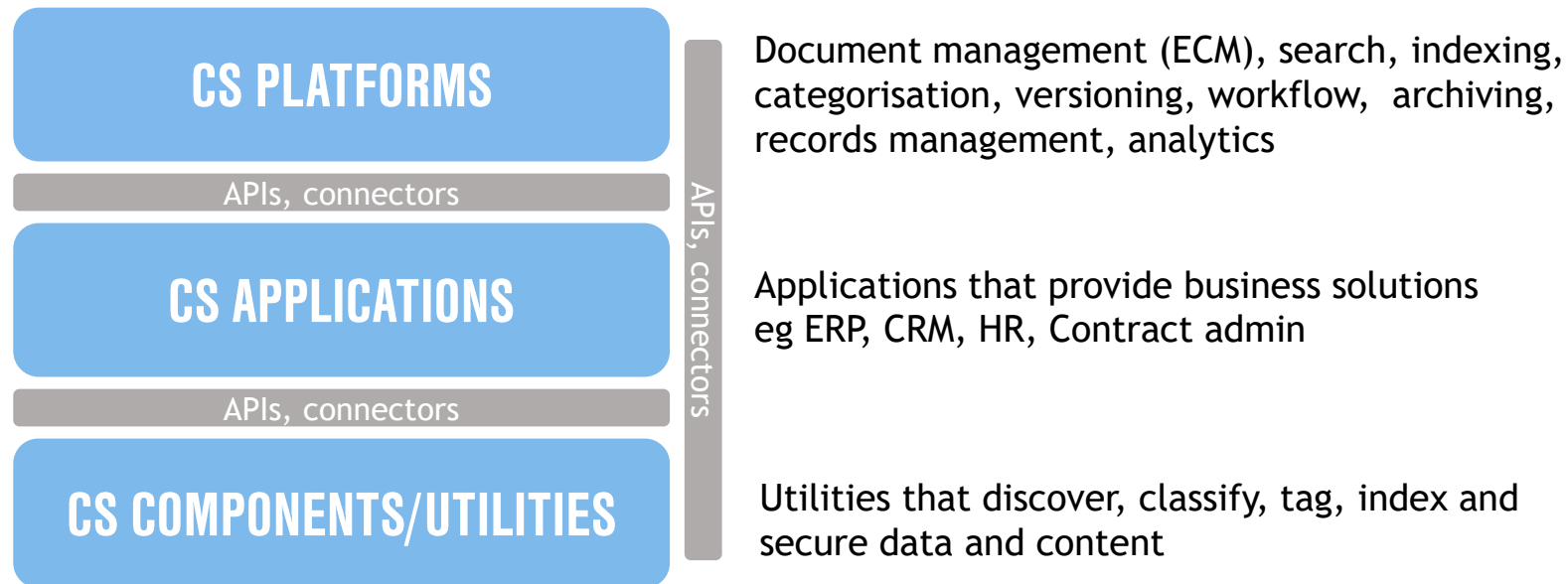- Expand platform reach
- Concentrate – Europe, Asia

OPTIONALITY

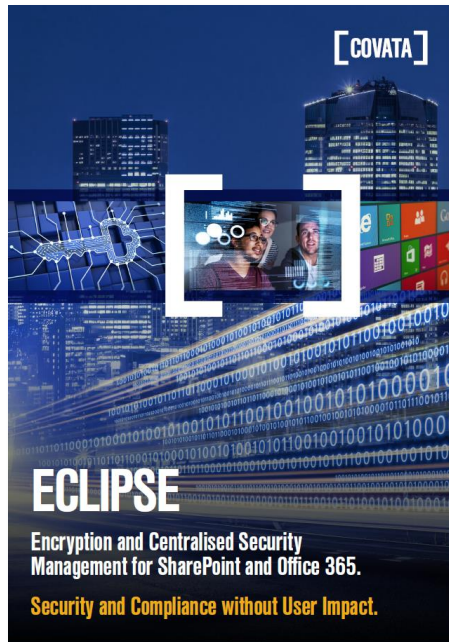AI/ML, Cloud migration, Secure Archiving

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Where We Play

Content services

Content services are a set of services and microservices, embodied either as an integrated platform or product suite or as separate applications that share common APIs and repositories, to exploit data across an organisation

CS PLATFORMS

APIs, connectors

CS APPLICATIONS

APIs, connectors

CS COMPONENTS/UTILITIES

APIs, connectors

Document management (ECM), search, indexing, categorisation, versioning, workflow, archiving, records management, analytics

Applications that provide business solutions eg ERP, CRM, HR, Contract admin

Utilities that discover, classify, tag, index and secure data and content

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How We Play – Our IP And Products

ECLIPSE

Encryption and Centralised Security Management for SharePoint and Office 365.

Security and Compliance without User Impact.

- Email and file security across common platforms, e.g. SAP and Microsoft O365
- Blind system administrator's view of sensitive data
- Provide a separate secure audit trail
- Centralised data security management

DISCOVERY AND CLASSIFICATION

Discover, classify and protect your most sensitive data.

Enables GDPR compliance with your existing files.

- Data Discovery
- Classification for reuse, migration, deletion, archiving
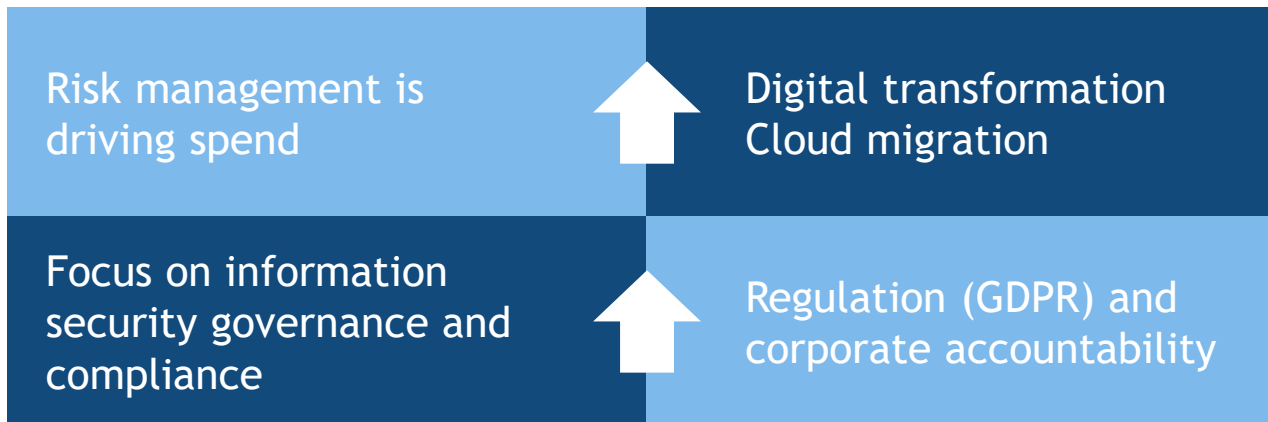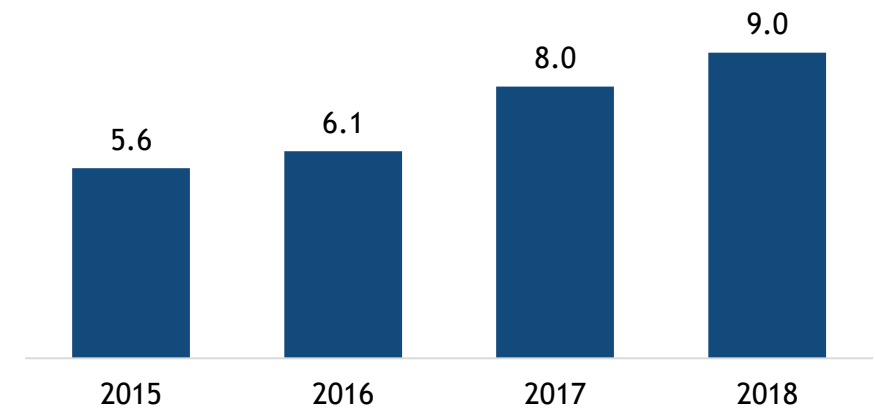- Compliance
- Cloud migration

IP includes key management and rotation, access control, content management, machine learning

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Market Trends, Drivers And Size

Trends and drivers

Risk management is driving spend	Digital transformation Cloud migration
Focus on information security governance and compliance	Regulation (GDPR) and corporate accountability

Content Services Global Market ($BN)

Year	Value
2015	5.6
2016	6.1
2017	8.0
2018	9.0

Security underpins content service activity
System admins are the top internal threat actors, responsible for 25.9% of breaches[1]

[1] Verizon 2018 Data Breach Investigations Report

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Growth Strategy, Building Enterprise Value

1

Expand existing customers

- Invest in customer success
- Deploy sales, support resources in DACH region
- Add dev resource in AI/ML

2

Ramp digital marketing

- Intensify digital lead generation, SEO
- Launch targeted campaigns
- Lead conversion

3

Add capability

- Expand Channels in Europe and Asia
- OEM partnerships
- Look for complementary businesses

Relevant multiples

Company	Ticker	Revenue / EV
Objective	ASX:OCL	5.1
Mimecast	NAS:MIME	9.7
BigTinCan	ASX:BTH	5.0
OpenText	NAS:OTEX	3.79
Box	NYSE:BOX	4.5

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Revenue Model

Licensing fee (transactional)	Maintenance fee (recurring)
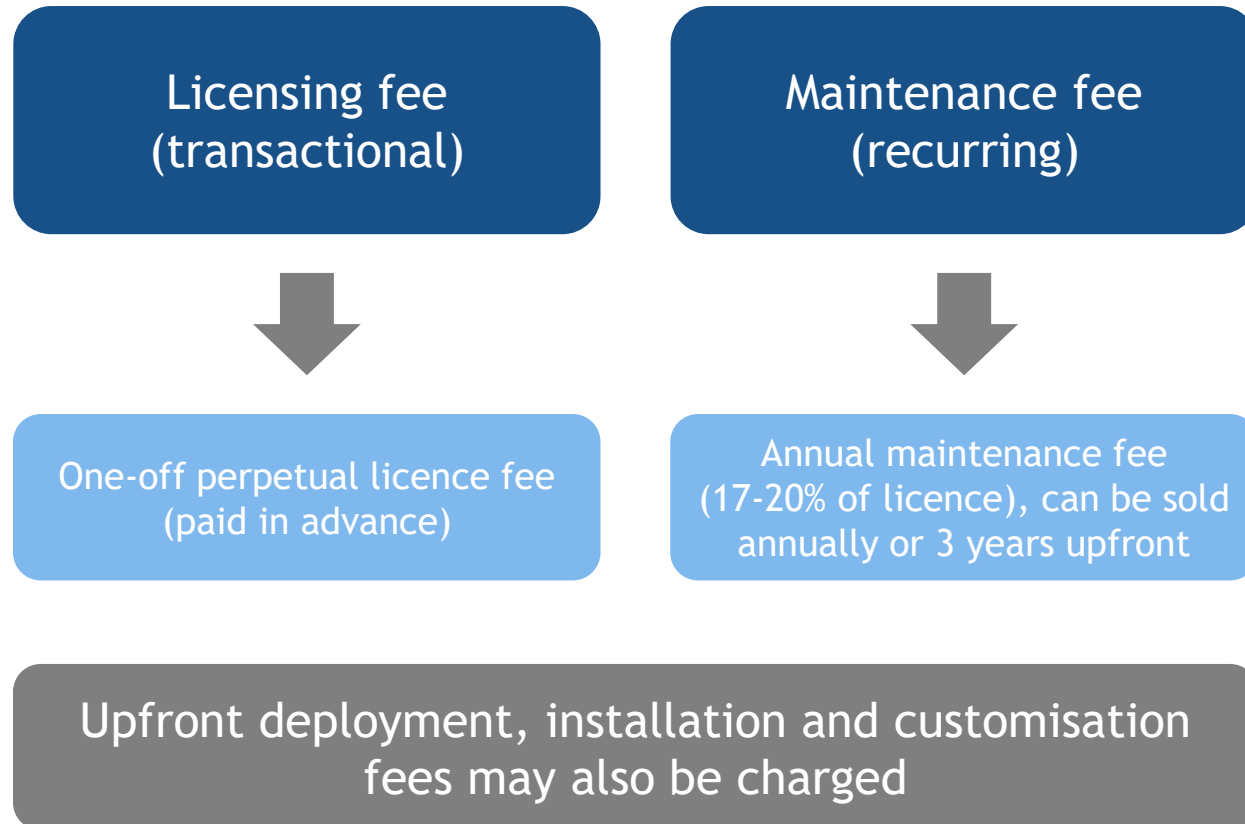
Intention to transition from Perpetual to SaaS
- There is potential to shift existing customers to a SaaS revenue model
- Targeting typical SaaS margins of >80% gross margins and 25% net margins

One-off perpetual licence fee (paid in advance)	Annual maintenance fee (17-20% of licence), can be sold annually or 3 years upfront

Will use direct and indirect channels and OEM partnerships

Upfront deployment, installation and customisation fees may also be charged

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Company Overview

ASX TICKER	CVT	REVENUES FY19[2]	$1.59M
SHARES ON ISSUE	39.15M[1]	ENTERPRISE CUSTOMERS	>16
SHARE PRICE	A$0.30[1]	FINANCIAL YEAR	MAR – APR
MARKET CAP	A$11.74M[1]	STAFF (FTE)	9

[1] As at 30 September 2019, post consolidation. Shares in suspension pending ASX advice on reinstatement
[2] Includes SafeShare and other revenues through March 31 2019. H1 FY20 revenues will include DHL Eclipse contract

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THANK YOU