

Covisint Corporation

Third Quarter Fiscal 2017 Results

February 9, 2017

Forward Looking Statements

This presentation contains “forward-looking” statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projections of financial information; any statements about historical results that may suggest trends for our business and results of operations; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding future events, potential markets or market size, technology developments, or enforceability of our intellectual property rights; and any statements of assumptions underlying any of the foregoing.

These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance. Actual results could differ materially from our current expectations as a result of many factors, including but not limited to: our ability to attract new customers; the extent to which customers renew their contracts for our solutions; the extent we are able to maintain pricing with our customers at renewal; the seasonality of our business; our ability to manage our growth; the continued growth of the market for our solutions; the success of our channel partner and certified partner strategies; competition from current competitors and new market entrants; our ability to penetrate new vertical markets; unpredictable macro-economic conditions; the loss of any of our key employees; the length of the sales and implementation cycles for our solutions; increased demands on our infrastructure and costs associated with operating as a public company; and failure to protect our intellectual property. These and other risks and uncertainties associated with our business are described in Item 1A “Risk Factors” in our Quarterly Report on Form 10-Q for the period ended December 31, 2016. We assume no obligation and do not intend to update these forward-looking statements.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures. These historical and forward-looking non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. A reconciliation between GAAP and non-GAAP measures is included in the appendix to this presentation.

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Q3 FY17: Financial Overview

Key Metrics (\$ in thousands)

	Q3 FY 17	Y/Y	Q/Q
Subscription Revenue	\$ 14,735	(3%)	1%
Services Revenue	\$ 1,911	(51%)	(25%)
Total Revenue	\$ 16,646	(13%)	(3%)

	Q3 FY 17	Y/Y	Q/Q
Gross Profit	\$ 8,146	(21%)	(2%)
<i>Gross Margin</i>	49%		
Stock Compensation Expense	\$ 16		
Amortization of Capitalized Software	\$ 1,152		
Non-GAAP Gross Profit*	\$ 9,314	(17%)	(2%)
<i>Non-GAAP Gross Margin</i>	56%		

Net Loss	\$ (4,400)
Stock Compensation Expense	\$ 491
Capitalized internal software costs	\$ (746)
Amortization of Capitalized Software	\$ 1,152
Non-GAAP Net Loss*	\$ (3,503)

Net Change in Cash	\$ (4,376)
Net proceeds from exercise of stock awards	\$ (118)
Vendor Financing Payment	\$ 245
Effect of Exchange Rate Changes on Cash	\$ 95
Free Cash Flow	\$ (4,154)

Highlights

- Cash at \$30 million
- Non-GAAP Gross Margin in line with expectations
- Cash Flow better than expectations
- Expect Cash Flow break-even in Fiscal 2018

Guidance Summary

	FY17
Subscription Revenue**	(3) - (5)%
Services Revenue	About 15% of Total Revenue
Non-GAAP Net Loss*	\$(11) – (12) mil
Cash on Hand (EOP)	\$33 mil
Total Shares Outstanding	41.0 mil

* Excludes the impact of stock compensation and the expensing of certain R&D costs (rather than capitalizing such costs), refer to the reconciliation of quarterly results on slide 6 and the reconciliation of guidance on slide 7.

** Y/Y growth

Q3 FY17 Highlights

- **Market Continues to Develop Around Our Key Components**
 - Internet of Things
 - Cloud Identity and Access Management
- **Primary Focus Remains on Building Sales Momentum**
 - Increased focused on the automotive market
 - Rebuilt sales and account executive teams with specific auto industry experience
 - Improved pipeline of opportunity
- **Manage Cash Position Through Strong Expense Management**
 - Finished Q3 FY17 with \$30.4 million in cash
 - Expect cash flow break-even for FY18

Appendix

Q3 FY17: Non-GAAP Reconciliation

	Q3'FY17
Cost of revenue	8,500
<i>Adjustments:</i>	
Stock compensation expense	16
Amortization of capitalized software and other intangibles	1,152
Cost of revenue, non-GAAP	7,332
	Q3'FY17
Research and development	2,578
<i>Adjustments:</i>	
Capitalized internal software costs	(746)
Stock compensation expense	11
Research and development, non-GAAP	3,313
	Q3'FY17
Sales and marketing	7,128
<i>Adjustments:</i>	
Stock compensation expense	93
Sales and marketing, non-GAAP	7,035

	Q3'FY17
General and administrative	2,813
<i>Adjustments:</i>	
Stock compensation expense	371
General and administrative, non-GAAP	2,442
	Q3'FY17
Net loss	(4,400)
<i>Adjustments:</i>	
Capitalized internal software costs	(746)
Stock compensation expense	491
Amortization of capitalized software and other intangibles	1,152
Net loss, non-GAAP	(3,503)
	Q3'FY17
Diluted EPS	(0.11)
<i>Adjustments:</i>	
Capitalized internal software costs	(0.02)
Stock compensation expense	0.01
Amortization of capitalized software and other intangibles	0.03
Diluted EPS, non-GAAP	(0.09)

Net Change in Cash	\$ (4,376)
Net proceeds from exercise of stock awards	\$ (118)
Vendor Financing Payment	\$ 245
Effect of Exchange Rate Changes on Cash	\$ 95
Free Cash Flow	\$ (4,154)

(\$ in thousands, except per share)

Non-GAAP Forecast Reconciliation

(\$ in millions)	
	FY 17
Forecast Net Loss	(14.0) - (16.0)
Capitalized internal software costs	(3.0) - (2.4)
Stock compensation expense	1.8 - 2.0
Amortization of capitalized software	4.2 - 4.4
Forecast Non-GAAP Net Loss	<u>(11.0) - (12.0)</u>
Forecast Net Change in Cash	(6.2) - (7.2)
Net proceeds from exercise of stock awards	(0.2) - (0.2)
Vendor Financing Payment	0.6 - 0.6
Effect of exchange rate changes on cash	0.1 - 0.1
Forecast Free Cash Flow	<u>(5.7) - (6.7)</u>