

# TRANSFORMING DATA INTO INTELLIGENCE

Company  
Overview

May 2019

# Cautionary Statement

This presentation contains "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipate," "believes," "should," "intends," "estimates," and other words of similar meaning. Such forward-looking statements include non-historical statements about our expectations, beliefs or intentions regarding our business, technologies and products, financial condition, strategies or prospects. There are a number of important factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: the risks set forth under the heading "Forward-Looking Statements" and "Risk Factors" in red violet's Form 10-K for the year ended December 31, 2018 filed on March 7, 2019, as may be supplemented or amended by red violet's other SEC filings. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on red violet's expectations as of the date of this presentation and speak only as of the date of this presentation. red violet undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Without limiting the foregoing, the inclusion of the financial projections in this presentation should not be regarded as an indication that the Company considered, or now considers, them to be a reliable prediction of the future results. The financial projections were not prepared with a view towards public disclosure or with a view to complying with the published guidelines of the Securities Exchange Commission, the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, or with U.S. generally accepted accounting principles. Neither the Company's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the financial projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Although the financial projections were prepared based on assumptions and estimates that the Company's management believes are reasonable, the Company provides no assurance that the assumptions made in preparing the financial projections will prove accurate or that actual results will be consistent with these financial projections. Projections of this type involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indicators of whether or not such results will be achieved.

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted gross profit and adjusted gross margin. Adjusted EBITDA is a financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, excluding interest income, depreciation and amortization, share-based compensation expense, litigation costs, insurance proceeds in relation to settled litigation, transition service income, write-off of long-lived assets and others. We define adjusted gross profit as revenue less cost of revenue (exclusive of depreciation and amortization), and adjusted gross margin as adjusted gross profit as a percentage of revenue.

# Who We Are



**We are a software and services company specializing in big data analysis, providing cloud-based, mission-critical analytics and information solutions to enterprises in a variety of industries.**

Our mission is to transform data into intelligence, utilizing our proprietary technology platform to solve complex problems for our clients. Through our intelligent platform, CORE™, we uncover the relevance of disparate data points to deliver end-to-end results for our customers. Our analytical capabilities enable us to build comprehensive datasets in real-time and provide insights on people, businesses, assets, and their interrelationships.

## Our Brands



Through leading-edge, proprietary technology and a massive data repository, our analytics and solutions harness the power of data fusion, uncovering the relevance of disparate data points and converting them into comprehensive and insightful views of people, businesses, assets and their interrelationships. We empower clients across markets and industries to better execute all aspects of their business, from managing risk, recovering debt, identifying fraud and abuse, and ensuring legislative compliance, to identifying and acquiring customers.

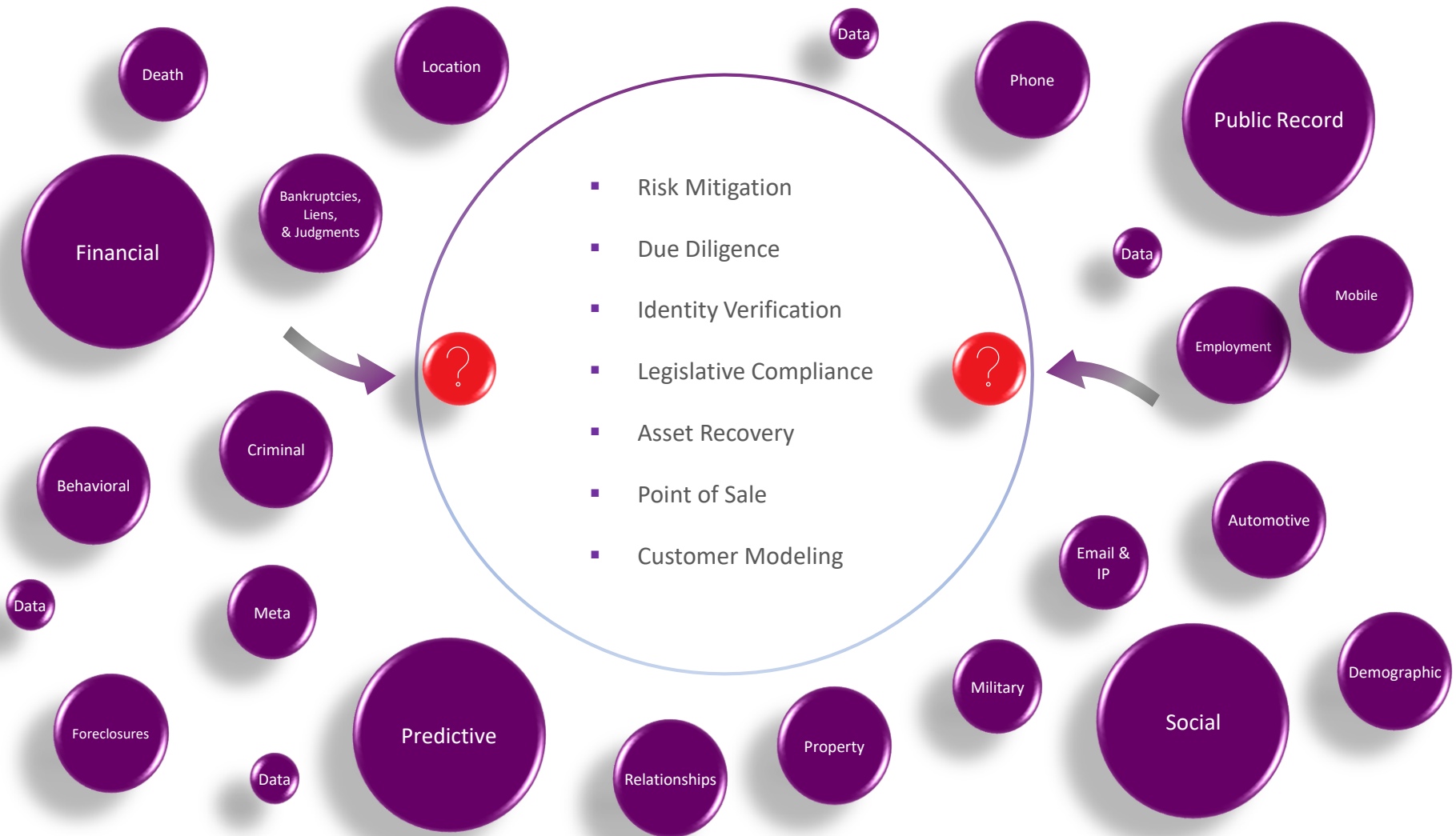


Despite the continued expansion of information technology, certain industries remain dependent on personal interactions with consumers. Engagements often occur with a professional having zero or minimal verified knowledge of the other party.

Leveraging massive data resources and complex analytics, FOREWARN provides instant knowledge, prior to a face-to-face engagement with a consumer, to help professionals better understand and address risk. Additionally, large numbers of interactions can be scheduled more efficiently, and handled more effectively, with added verification of each individual consumer.

# Challenges Facing Businesses Today

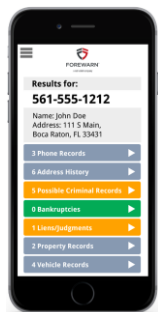
With data being generated on a massive scale from both traditional and emerging sources, businesses are struggling to glean the intelligence needed to properly address mission-critical business functions



## Our Solutions

Powered by our proprietary technology platform CORE, red violet delivers solutions that empower clients across markets and industries to better execute all aspects of their business

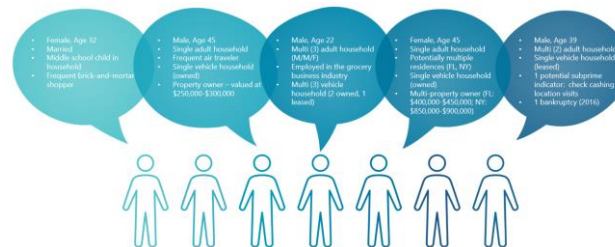
## Risk Management Solutions



## Data Analytics and Custom Solutions (examples)

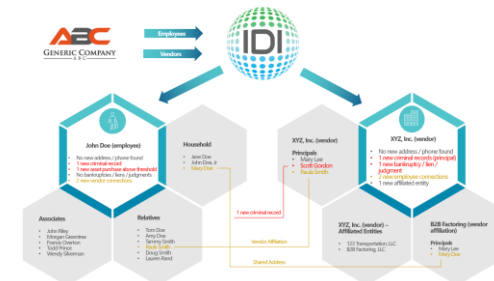


## Location and Behavioral Analytics



## Customer Analysis and Profiling

## Supply Chain Fraud Analytics



# Our Business Model Provides a Compelling Investment Opportunity



## FIXED COST-MODEL

We acquire data using flat-rate, unlimited use long-term contracts, so as revenue scales our cost of revenue does not



## SUBSCRIPTION BASED

67% of revenue attributable to customer contracts, generally with annual contracts or longer, with auto renewal<sup>(1)</sup>



## NEXT-GENERATION TECHNOLOGY PLATFORM

Proprietary data and industry agnostic platform drives cost-efficient solutions across industries



## SIGNIFICANT GROWTH

72% year-over-year revenue growth in Q1'19



## LARGE GROWING MARKET

\$10B+ serviceable market today with ~\$100B in total addressable market<sup>(2)</sup>



## RECURRING REVENUE

95% net revenue retention as customers integrate our platform into their business processes<sup>(1)</sup>



## TREMENDOUS OPERATING LEVERAGE

\$661K increase in adjusted gross profit provided \$609K improvement in adjusted EBITDA in Q1'19 vs Q4'18, greater than 90% contribution



## EXPERIENCED MANAGEMENT TEAM

Team previously built current industry competitors which were acquired for an aggregate of approximately \$1B

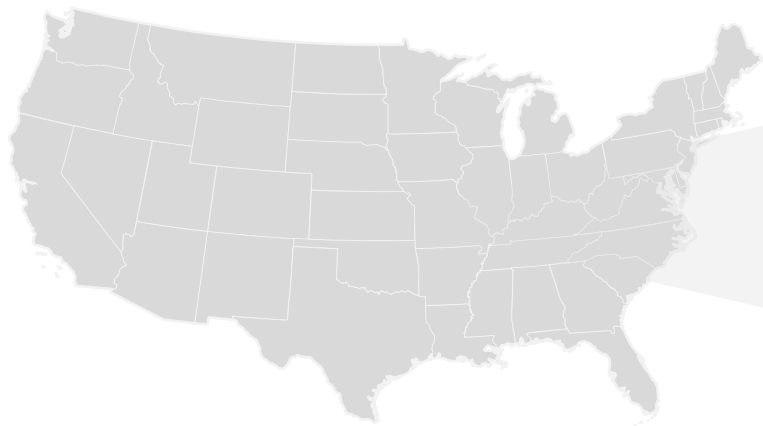


(1) For the quarter ended March 31, 2019

(2) IDC Worldwide Semiannual Big Data and Analytics Spending Guide. August 2018



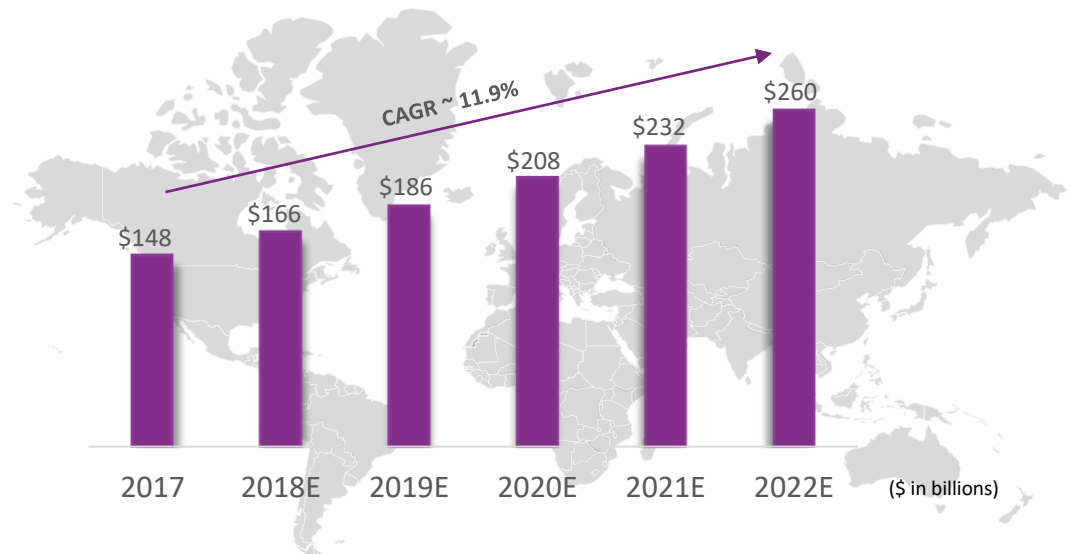
# Opportunity in Large and Growing TAM



Serviceable Risk Analytics<sup>(1)</sup>: \$10B +  
Addressable U.S. Big Data &  
Business Analytics<sup>(2)</sup>: \$88B +

**Serviceable & Addressable  
Market Today:  
>\$98 Billion**

## Potential Global Big Data & Business Analytics Market<sup>(2)</sup>



<sup>(1)</sup> MarketsandMarkets Risk Analytics Global Forecast. May 2017

<sup>(2)</sup> IDC Worldwide Semiannual Big Data and Analytics Spending Guide. August 2018

# Growth Drivers

Adoption

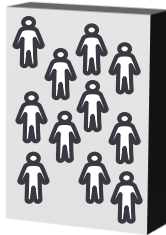
Penetration

Custom Solutions

Expansion

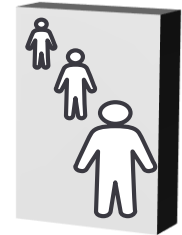
Adoption

New customer adoption through proven, scalable sales model



Penetration

Further penetration of, and expanded spend from, customer base



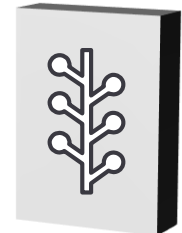
Custom Solutions

Custom solutions to solve complex problems for enterprise customers



Expansion

Expanding product suite, new markets, additional channels

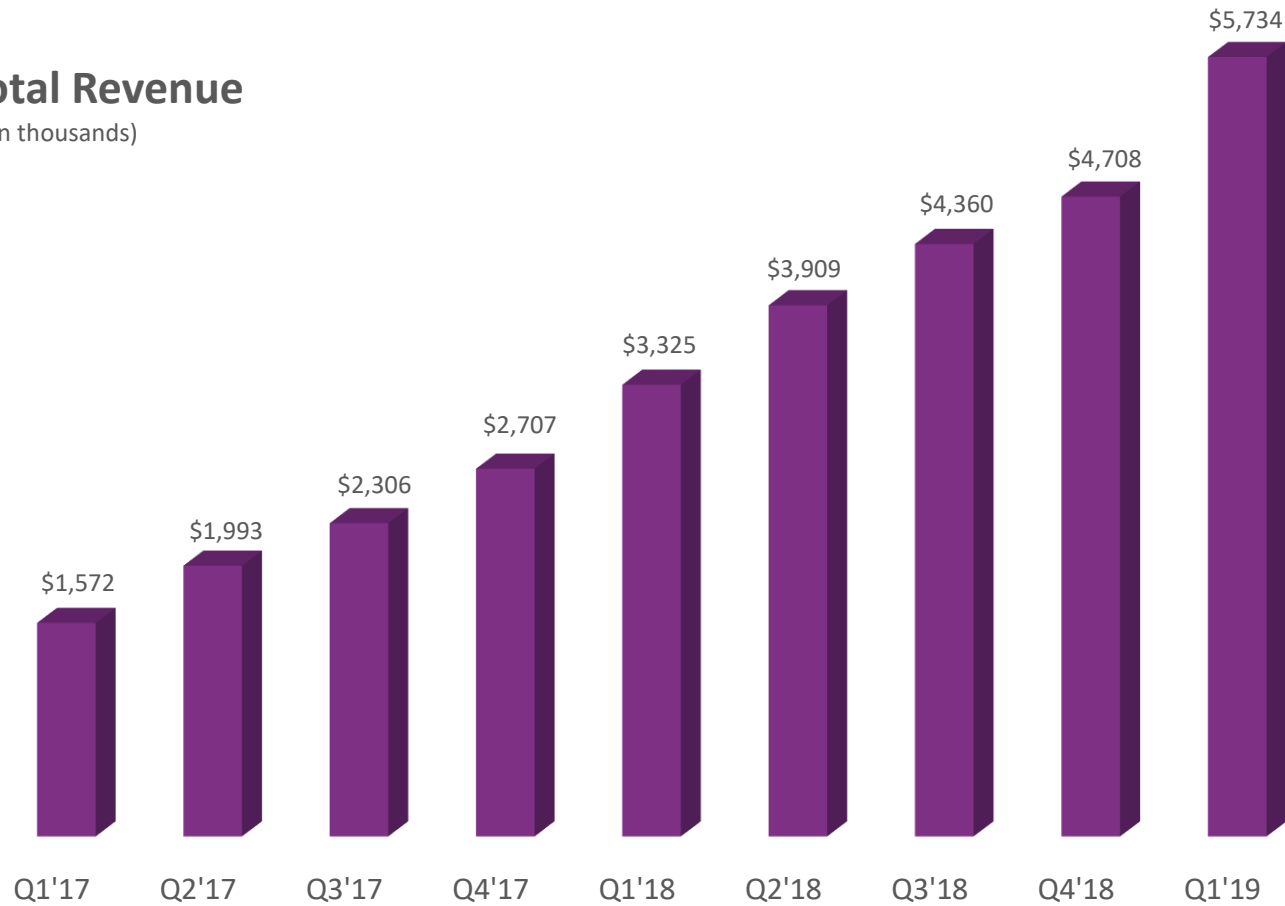




# Continued Top Line Growth

## Total Revenue

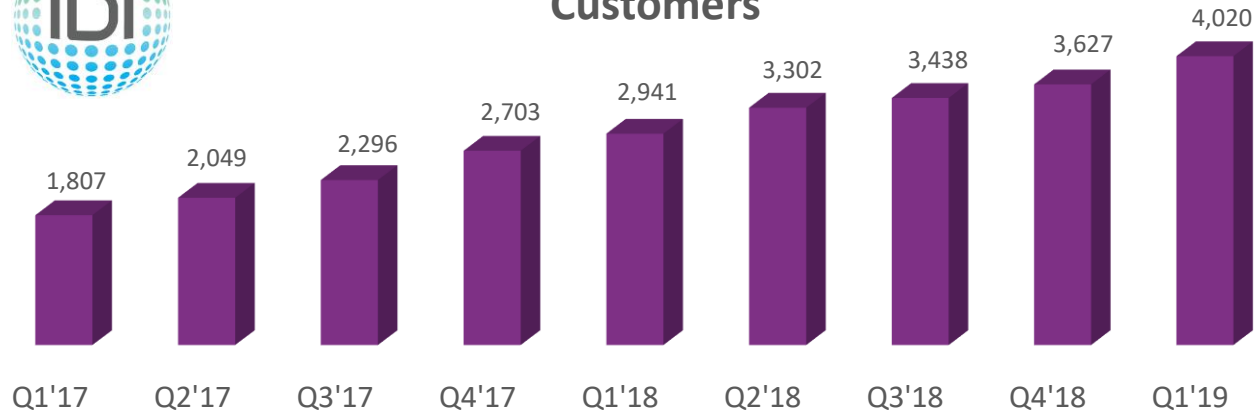
(\$ in thousands)



# Strong Customer Adoption and Retention

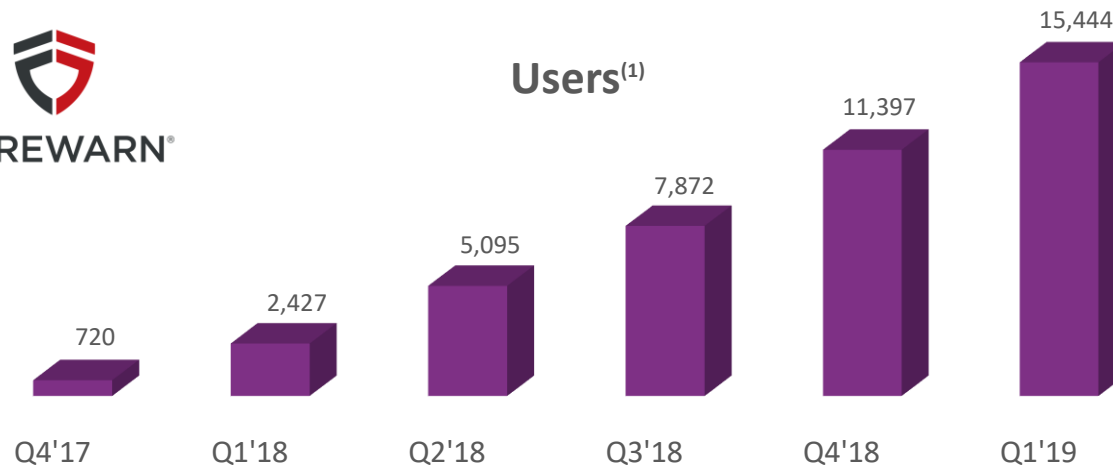


## Customers



FOREWARN®

## Users<sup>(1)</sup>

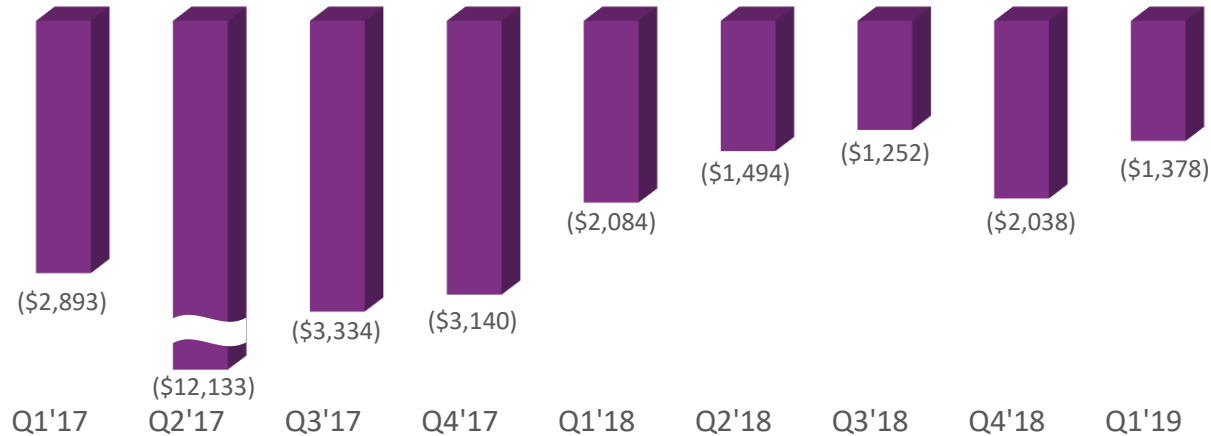


<sup>(1)</sup> FOREWARN was released in Q4'17

# Operating Leverage Drives Path to Profitability

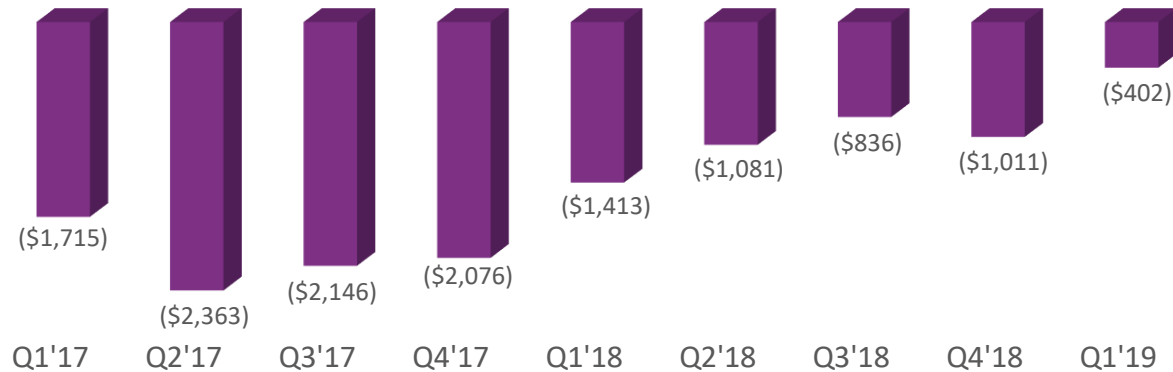
## Net loss

(\$ in thousands)



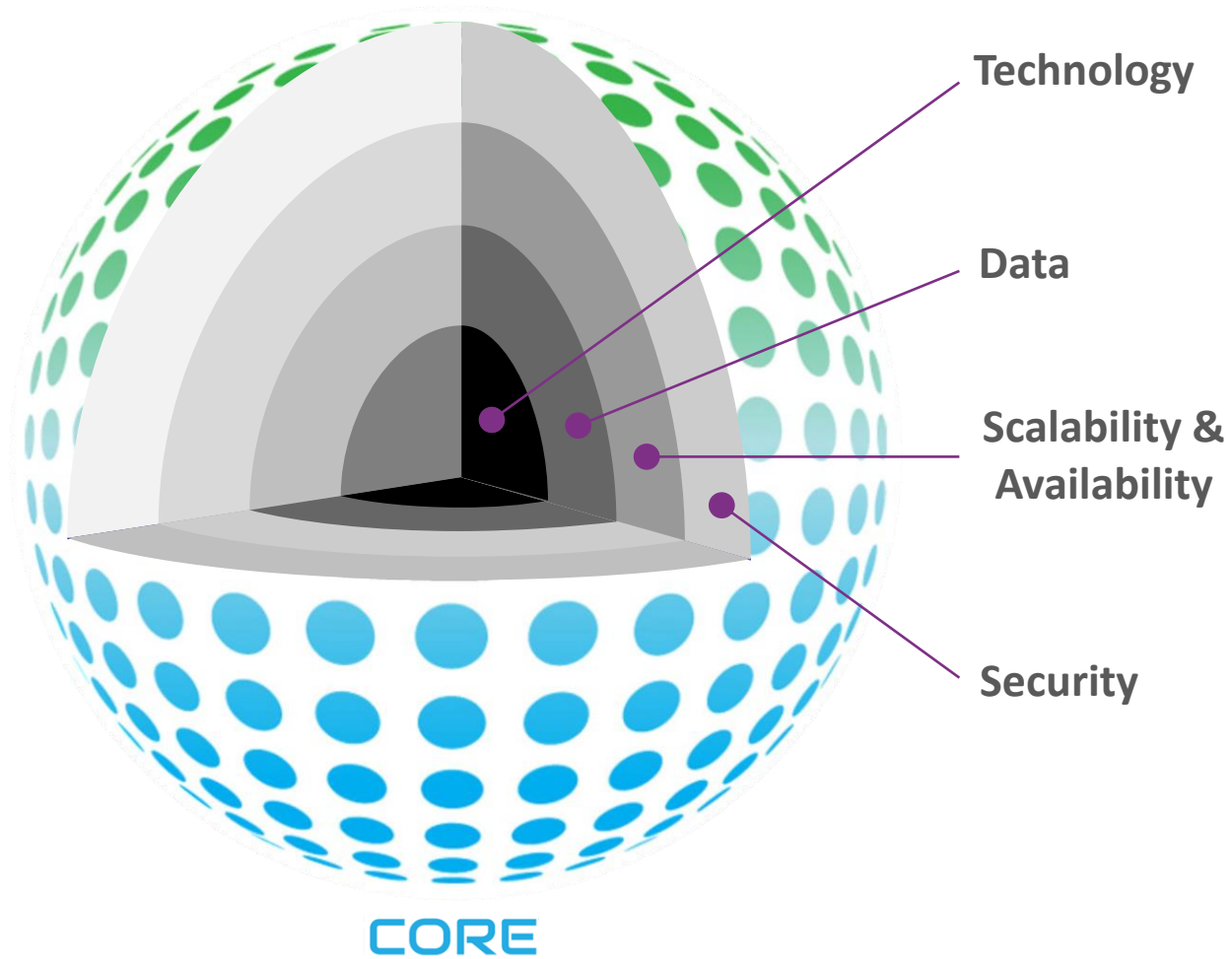
## Adjusted EBITDA<sup>(1)</sup>

(\$ in thousands)



<sup>(1)</sup> A reconciliation of non-GAAP financial measures used in this presentation to their nearest GAAP equivalents is provided at the end of this presentation

# Differentiation



# Technology

Harnessing the power of data fusion and advanced analytics, we transform data into intelligence, in a fast and efficient manner

## Next-Generation Platform

**Proprietary**, scalable, distributed memory, data processing platform

Built upon table operator abstractions using a functional programming approach

Superior to “map reduce” frameworks in performance and functionality

Relational and graph database functionality

Scalable/performant cloud-based infrastructure that is **fully automated**

## Data Analytics and Engineering

Data fusion/data matching/entity resolution **at scale**

Graph analysis of complex interrelationships among **billions of entities**

Distributed supervised and unsupervised **machine learning**

**Low latency/high throughput** search and information retrieval solutions using Boolean and inverted indices

# Massive and Comprehensive Database

## Massive Repository

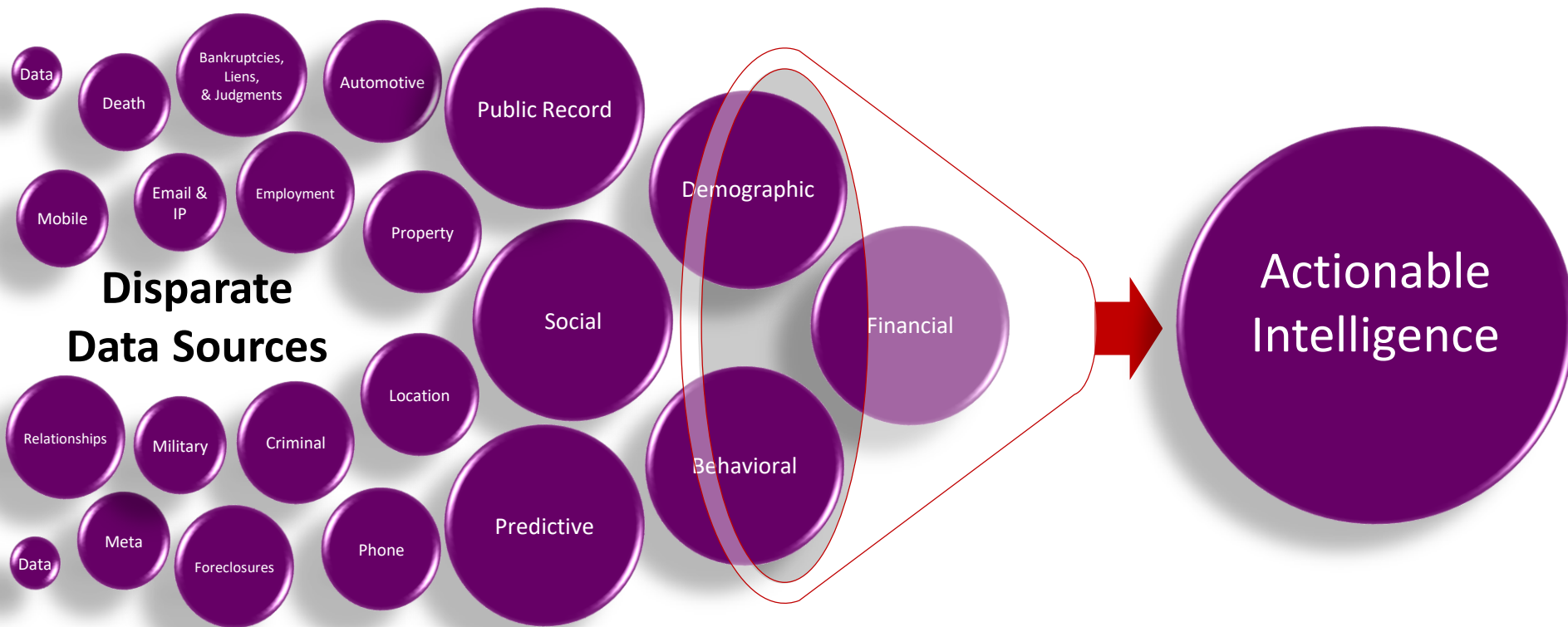
- Approximately 9 PB (raw)
- Full data builds of 400 TB uncompressed, 40 TB compressed

## Continually Updated

- Billions of records added in the last 6 months

## Comprehensive Coverage

- In excess of a trillion total records
- Tens of billions of financial records
- Billions of motor vehicle records
- Hundreds of millions of criminal records
- Billions of peripheral records
- Hundreds of billions of behavioral signals
- Tens of millions of business records





# Scalability and Availability

We uncover the relevance of disparate data points utilizing our analytical capabilities to provide real-time and insightful views of people, businesses, assets and their interrelationships

## Multiple Access Methods and Tools

Flexible **APIs** built to handle simple requests and complex integrations

Best-in-class **Batch Processing** platform for ingestion, processing, and delivery of large data files

Automated **Monitoring** solutions to track changes in consumer, business, and asset data points

Designed for accelerated development of **Custom Solutions** based on any access method

**Online** access through an intuitive interface designed to provide fast and effective results

## Scalability and Availability

Handling burst rates of over 40 million detailed searches per day

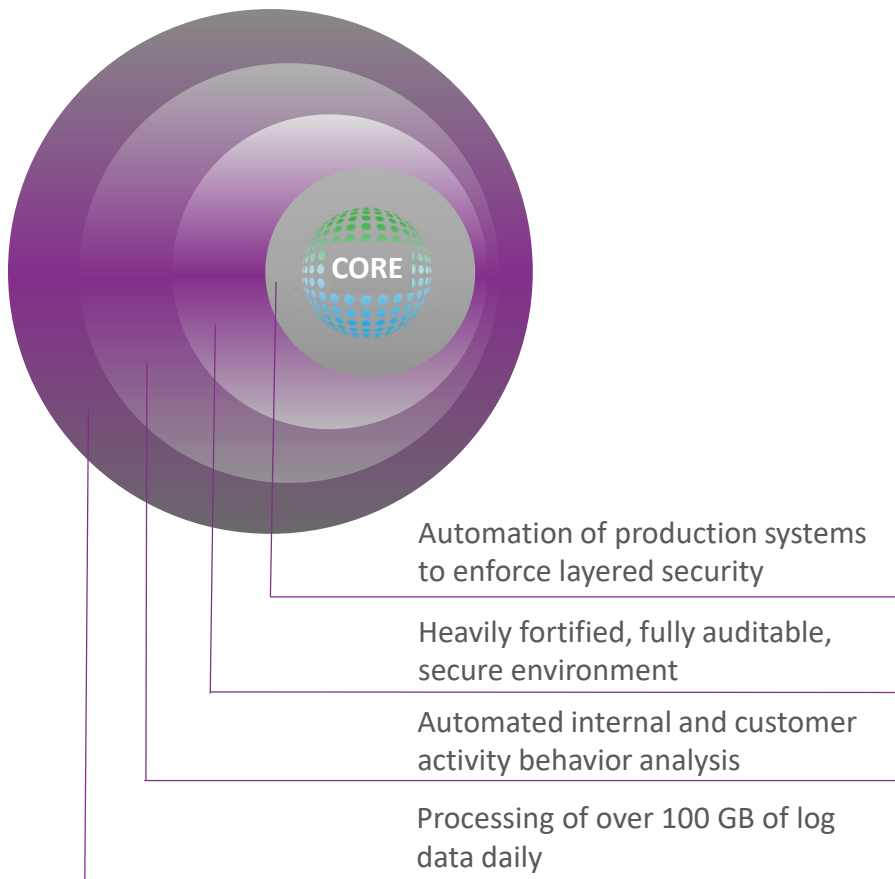
Monitoring daily changes on over 100 million consumers in 30 minutes of processing time

**Scalable to virtually unlimited capacity and performance**

# Security

Built in a secure payment card industry (PCI) compliant environment, we operate in data centers across the U.S. using an intelligent framework and leveraging a microservices architecture

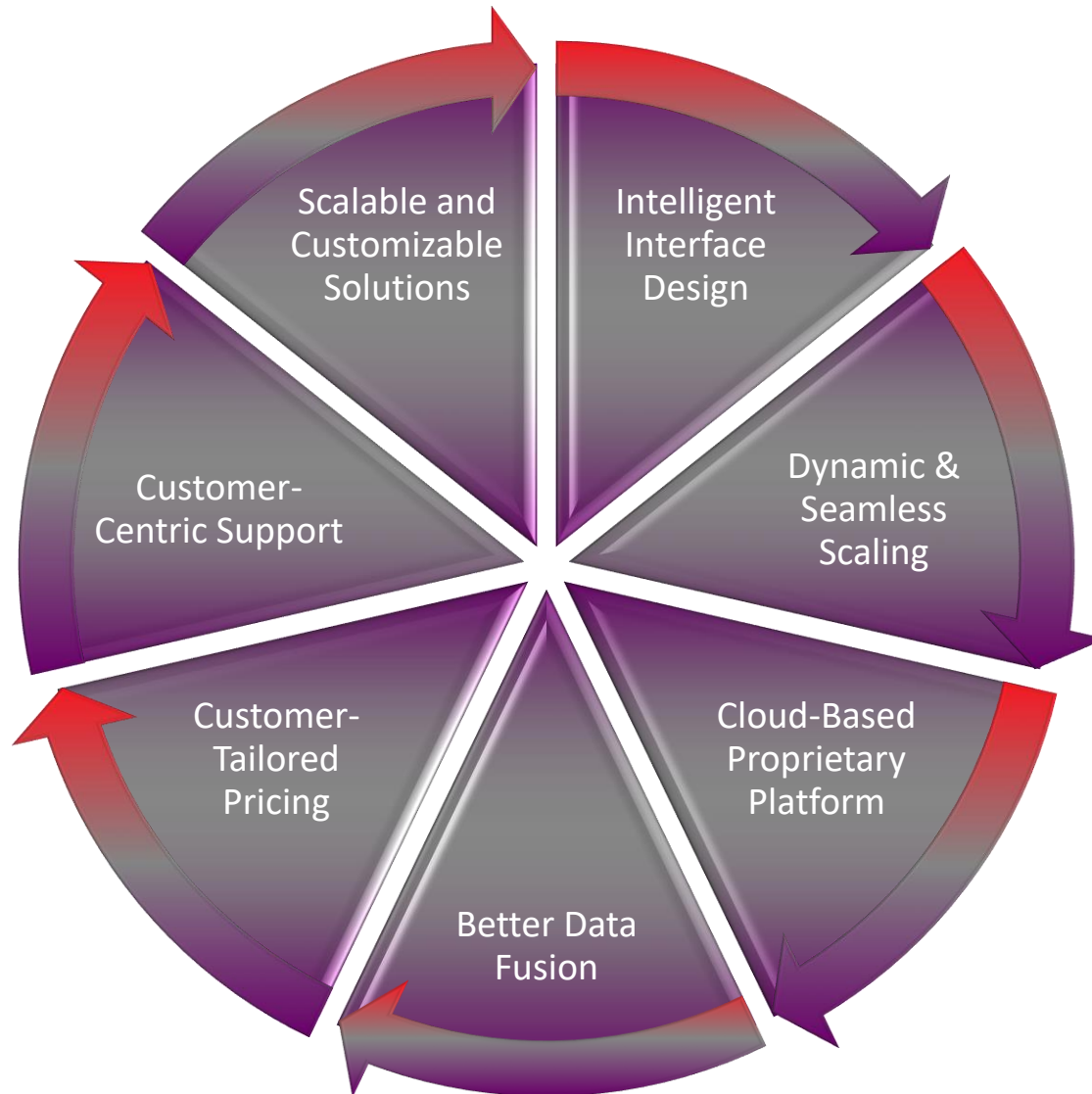
## Leading-Edge Security Features



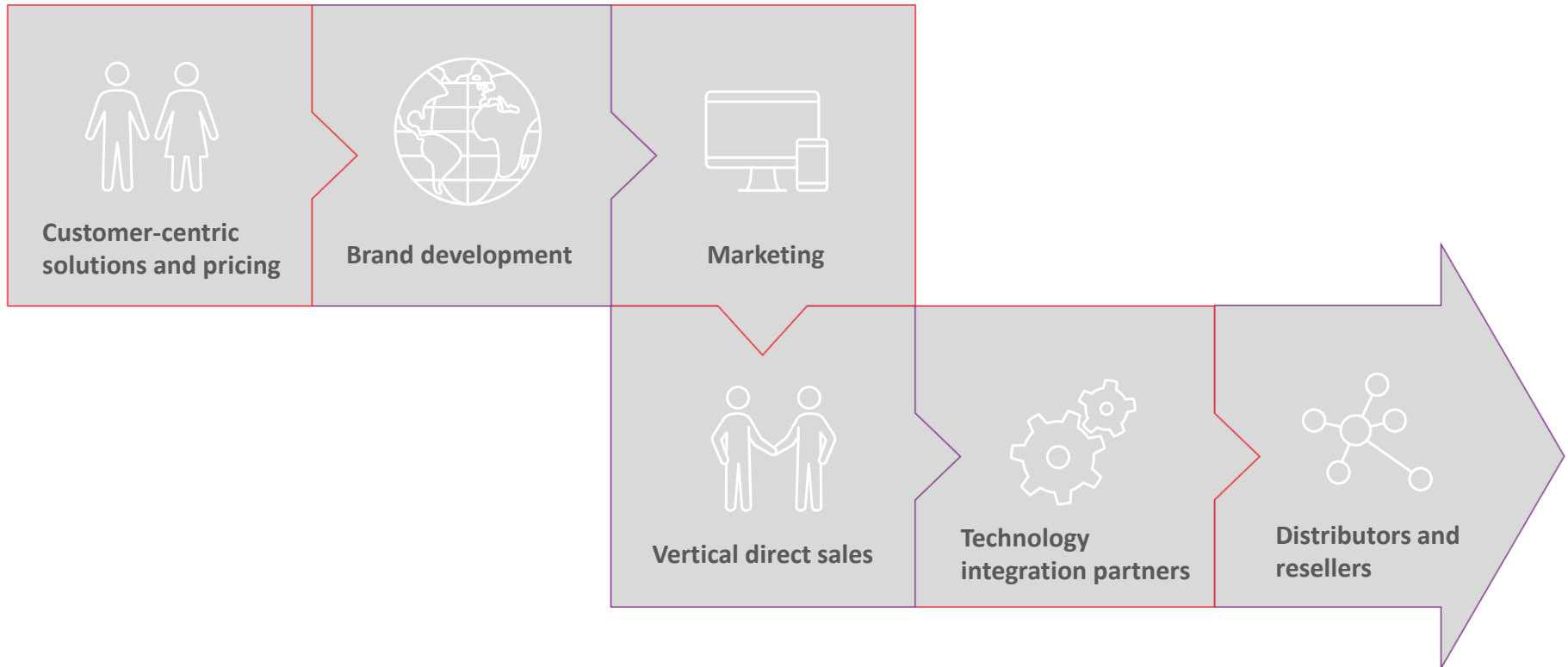
## Secure Environment

- SOC 2 (all 5 trust principles)
- PCI DSS 3.2 Level 1 (most critical)
- ISO 27001:2013
- Sarbanes Oxley
- Regular third-party penetration testing
- Continual internal/external security scans

# Why We Win



# Scalable Go-To-Market Strategy



# Management

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## Derek Dubner - Chief Executive Officer

- Over 20 years of experience in the data and analytics industry
- Built leading information management companies which sold for an aggregate value of approximately \$1 billion

**cogint**

TransUnion<sup>tu</sup> | TLOxp

**EQUIFAX**

**seisint**

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## James Reilly - President

- 18 years of executive experience in data markets

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TransUnion<sup>tu</sup> | TLOxp

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## Dan MacLachlan- Chief Financial Officer

- 14 years of experience as the CFO of data-driven technology companies

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## Jeff Dell - Chief Information Officer

- Over 20 years of experience in Information Security as an executive in data-driven technology companies

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**tripwire**

**seisint**

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## Angus Macnab – Chief Technology Officer

- Over 15 years of experience in data science, engineering, and scientific computing

**cogint**





## Appendix:

Use and Reconciliation of  
Non-GAAP Financial Measures



# Use and Reconciliation of Non-GAAP Financial Measures

Management evaluates the financial performance of our business on a variety of key indicators, including non-GAAP metrics of adjusted EBITDA, adjusted gross profit and adjusted gross margin. Adjusted EBITDA is a financial measure equal to net loss, the most directly comparable financial measure based on US GAAP, excluding interest income, net, depreciation and amortization, share-based compensation expense, litigation costs, insurance proceeds in relation to settled litigation, transition service income, and write-off of long-lived assets and others, as noted in the tables below. We define adjusted gross profit as revenue less cost of revenue (exclusive of depreciation and amortization), and adjusted gross margin as adjusted gross profit as a percentage of revenue.

(In thousands)	(Unaudited)								
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
<b>Net loss</b>	\$ (2,893)	\$ (12,133)	\$ (3,334)	\$ (3,140)	\$ (2,084)	\$ (1,494)	\$ (1,252)	\$ (2,038)	\$ (1,378)
Interest income, net	-	-	-	-	-	-	(31)	(53)	(40)
Depreciation and amortization	216	220	288	414	451	478	508	559	618
Share-based compensation expense	458	1,225	563	625	165	49	218	277	274
Litigation costs	504	8,325	337	25	-	9	125	248	94
Insurance proceeds in relation to settled litigation	-	-	-	-	-	-	(350)	-	-
Transition service income	-	-	-	-	-	(158)	(56)	(4)	-
Write-off of long-lived assets and others	-	-	-	-	55	35	2	-	30
<b>Adjusted EBITDA</b>	<u>\$ (1,715)</u>	<u>\$ (2,363)</u>	<u>\$ (2,146)</u>	<u>\$ (2,076)</u>	<u>\$ (1,413)</u>	<u>\$ (1,081)</u>	<u>\$ (836)</u>	<u>\$ (1,011)</u>	<u>\$ (402)</u>

(In thousands)	(Unaudited)								
	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
<b>Revenue</b>	\$ 1,572	\$ 1,993	\$ 2,306	\$ 2,707	\$ 3,325	\$ 3,909	\$ 4,360	\$ 4,708	\$ 5,734
Cost of revenue (exclusive of depreciation and amortization)	1,401	1,843	1,955	1,867	2,017	2,084	2,233	2,304	2,669
<b>Adjusted gross profit</b>	<u>\$ 171</u>	<u>\$ 150</u>	<u>\$ 351</u>	<u>\$ 840</u>	<u>\$ 1,308</u>	<u>\$ 1,825</u>	<u>\$ 2,127</u>	<u>\$ 2,404</u>	<u>\$ 3,065</u>
<b>Adjusted gross margin</b>	<u>11%</u>	<u>8%</u>	<u>15%</u>	<u>31%</u>	<u>39%</u>	<u>47%</u>	<u>49%</u>	<u>51%</u>	<u>53%</u>

We present adjusted EBITDA, adjusted gross profit and adjusted gross margin as supplemental measures of our operating performance because we believe they provide useful information to our investors as they eliminate the impact of certain items that we do not consider indicative of our cash operations and ongoing operating performance. In addition, we use them as an integral part of our internal reporting to measure the performance of our business, evaluate the performance of our senior management and measure the operating strength of our business.

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are measures frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies similar to ours and are indicators of the operational strength of our business. Adjusted EBITDA eliminates the uneven effect of considerable amounts of non-cash depreciation and amortization, share-based compensation expense and the impact of other items. Adjusted gross profit and adjusted gross margin are calculated by using cost of revenue (exclusive of depreciation and amortization).

Adjusted EBITDA, adjusted gross profit and adjusted gross margin are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, either loss before income taxes or net loss as indicators of operating performance or to cash flows from operating activities as a measure of liquidity. The way we measure adjusted EBITDA, adjusted gross profit and adjusted gross margin may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in our various agreements.