



ASX ANNOUNCEMENT (ASX: CVT)

20 December 2019

CHANGE IN GOVERNANCE STRUCTURE AND REDUCTION IN COSTS

The Company advises that, due to the reduction in the scale of the business following the sale of SafeShare and the focus now being on the Cipherpoint product range, the Board has resolved it is appropriate to change the governance structure and reduce executive costs.

CEO

Existing CEO, Mr Ted Pretty, will move to part-time Executive Chair and will be retained under a consulting agreement. The role of CEO will be retired at this time. Mr Steven Bliim will remain as COO.

Mr Pretty has agreed to the following:

1. His existing contract will be terminated by agreement and he will forgo his existing salary, any entitlement to future cash bonuses or performance-based share grants and any entitlement to cash redundancy;
2. Any previously granted Loan Funded Shares will continue to vest and any accrued benefits (e.g. annual leave) will be paid on this change of role;
3. The terms of his consulting agreement are as set out below. The monthly rate in that agreement has been agreed after consideration of various daily rates for interim executives of similar background and experience adjusted for the time commitment required; and
4. The Company also proposes, subject to shareholder approval, to issue 1,964,000 loan funded shares under the existing Loan Share Plan, having a value (and underlying loan) equal to the VWAP of the Company's shares for the period since its recent reinstatement to quotation. These shares are proposed to be issued as an incentive in recognition of Mr Pretty's past efforts and as a means of providing a meaningful incentive in connection with his ongoing roll as Executive Chair.

KMP

The KMP will consist of Mr Pretty, Steven Bliim (COO) and Hugh Stodart (Head of Product).

Board

The Board consists of Mr Pretty as Executive Chair, Mr Steven Bliim as an Executive Director and Mr Graham Mirabito as Independent Director. Mr Graham Mirabito will oversee any reviews of KMP positions and remuneration. Mr Pretty and Mr Mirabito are paid a director's fee of \$120K and \$80K respectively. Mr Bliim does not receive any additional remuneration for his Board role.

Consulting Agreement Key Terms

1. Mr Pretty will be a consultant, not an employee, and will not be entitled to any future employee benefits;
2. Mr Pretty will be paid \$25K per month gross for a minimum of 120 working days and a maximum of 150 working days per year;
3. The agreement is intended to be for a period of at least 12 months but is terminable by either party on three (3) months' notice;
4. Mr Pretty will be free to seek other directorships and engagements as long as they do not directly compete with the business of the Company;
5. Usual reasonable business expenses will continue to be paid by the Company; and
6. Standard provisions regarding Company ownership of IP and confidentiality will continue to apply.

Lead Independent Director, Mr Mirabito, said, *“This change to our governance structure reflects the updated scale of the business. It balances retention with flexibility. The business has a very lean operating team all focused on growing value.”*

This announcement has been approved by the Board.

-Ends-

About Covata and Cipherpoint

Covata/Cipherpoint is a leading provider of software solutions that enable continuous identification, classification and secure management of unstructured data across enterprise and the cloud and consolidates control into one place for companies to securely manage their data to be compliant, reduce risk, reduce costs and improve productivity.

Our Data Security Console empowers businesses to discover, protect and control sensitive information across multiple platforms and repositories with industry best security for Microsoft SharePoint & Office 365, Secure Enterprise File Sharing & Collaboration, and Access Security Broker capabilities through our API translator.

Our customers & partners span the public sector and defence, aerospace, technology, automotive, manufacturing, finance, media and sports industries.

Further information

For further information, please visit covata.com and cipherpoint.com

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