



# ANNUAL REPORT 2020



Our mission is to safeguard business information. Dropsuite helps businesses stay in business.

Dropsuite is a cloud software platform enabling businesses to easily backup, recover and protect their important business information.

Dropsuite's commitment to advanced, secure and scalable cloud technologies keeps us in the forefront of the industry and makes us the choice of leading IT Service Providers globally.



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# CORPORATE DIRECTORY

## DIRECTORS

Theo Hnarakis (Non-Executive Chairman)

Charif Elansari (Managing Director)

Dr Bruce Tonkin (Non-Executive Director)

## COMPANY SECRETARY

Kobe Li

## REGISTERED OFFICE

Dropsuite Limited

ABN 91 008 021 118

ACN 008 021 118

14 Emerald Terrace

West Perth WA 6005

Telephone: +61 8 9429 2900

Facsimile: +61 8 9486 1011

Website: [www.dropsuite.com](http://www.dropsuite.com)

## SHARE REGISTRY

Automic Pty Limited

Level 5,

126 Phillip Street

Sydney NSW 2000

## AUDITOR

Elderton Audit Pty Ltd (formally Greenwich and Co Audit Pty Ltd)

Level 2

267 St Georges Terrace

Perth WA 6000

## STOCK EXCHANGE LISTING

Dropsuite Limited shares are listed on the Australian Securities Exchange	ASX code	FPO	DSE
	DSE	Option	



## CHAIRMAN'S LETTER

Dear Shareholders,

On behalf of the Board of Directors of Dropsuite Limited, I am pleased to present you, our stakeholders, with the 2020 Annual Report.

At the start of 2020 we could not have foreseen the challenges that we would be faced with in this past year, challenges that no playbook, no previous leadership have had to deal with in the technological era. The global pandemic forced rapid change across sectors with many segments of the market negatively impacted by a shift to remote working and reduced or no travel. We are cognisant that at Dropsuite we were fortunate to be positioned as a native cloud-based Company, with a culture of innovation, able to adapt to the changing business landscape.

Dropsuite benefited from a significant investment undertaken in prior years to transform the Company from a single product, single channel and single segment company into a multi-product, multi-channel and multi-segment company. This positioned management to address the needs of our customer base as the team saw increasing incidents of cybercrime and a rapid move to cloud-based technology.

Management adapted and evolved the outworking of our strategy in response to the changing business conditions and continued to drive significant growth in the market we are servicing. The management team also invested heavily in product innovation and received external validation of this work having been recognised as a leading backup platform by InfoTech Research Group.

Dropsuite also saw significant growth in the year end Annualised Recurring Revenue (ARR) base of over 63% to \$8.5 million by December 2020. The Company continues to see strong growth opportunities across the customer base and is well placed with a solid cash position and balance sheet. This ensures management can continue to move forward with our strategy to build a partner-centric company providing secure, scalable, and highly usable cloud backup technology for businesses, big and small.

As we progress through 2021, we have a strong sense of hope and optimism for what lies ahead for Dropsuite. We hope this pandemic will finally be brought under control and that we can resume in person meetings with our customers, our team and our shareholders and that all our stakeholders will emerge healthy and safe. Our strategy is sound and we have adapted to the challenges over the year and continued to invest in our future growth, focusing on product innovation, driving new customer wins and strengthening our existing customer relationships.

Dropsuite has built a trusted brand for our partners and we will continue our progress in becoming a profitable and cash generating company in the second half of 2021.

All this has been achieved under the excellent leadership of our CEO and MD, Charif Elansari, and his dedicated leadership team. On behalf of the board, I would like to thank our team, my fellow board member, Dr Bruce Tonkin, our customers, and our shareholders for the support over the past year.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'TH', with a long horizontal line extending to the right.

Theo Hnarakis

Chairman



# HIGHLIGHTS

**\$8.5m**

Annual Recurring Revenue\*

↑ 78% on pcp

**\$1.64/mo**

Average Revenue per User\*

↑ 19% on pcp

**(\$0.2m)**

Normalised Cash burn in Q4'20

↓ -55% on pcp

**318**

Reseller Partners

↑ 38% on pcp

**431K**

End Users

↑ 49% on pcp

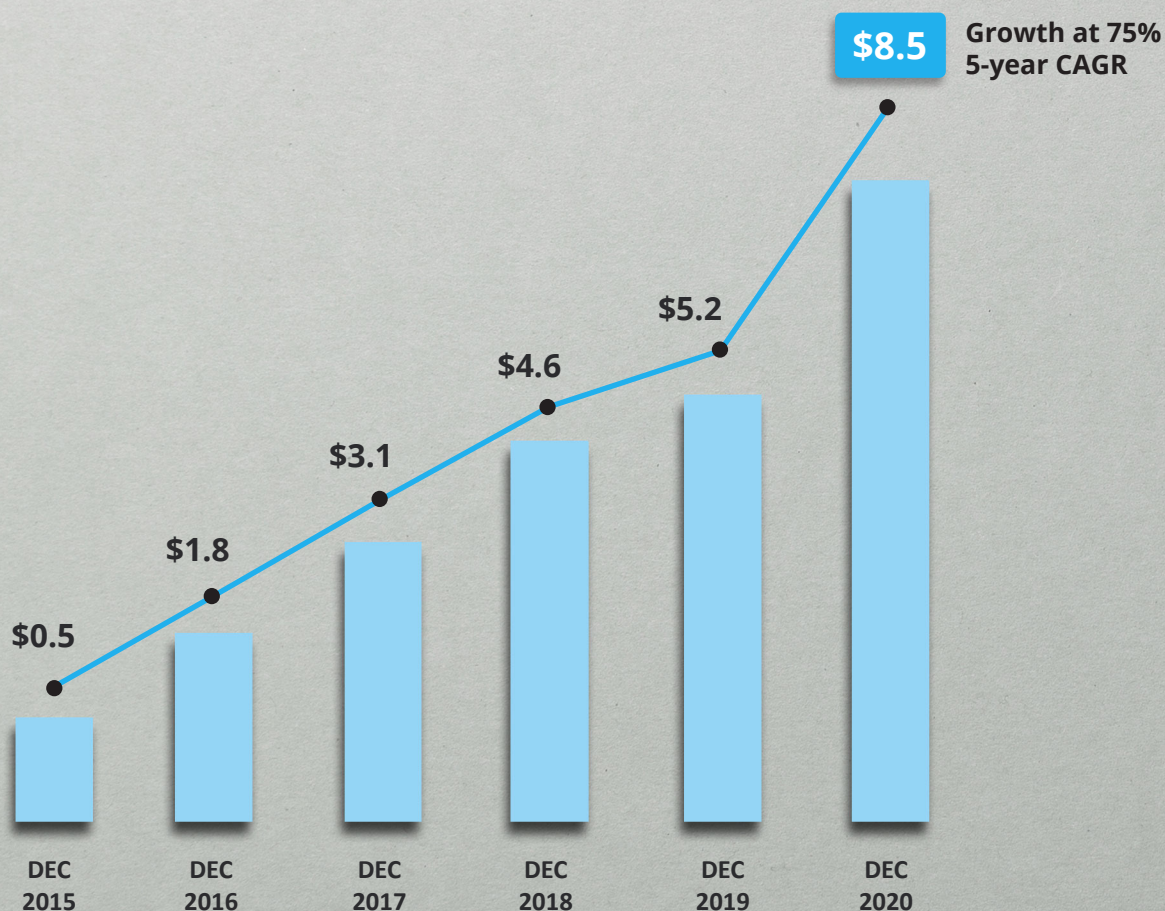
**3%**

Partner Churn Rate

↔ flat on pcp

## Annualised Recurring Revenue (ARR \$M)

Solid execution and growth in the last 5 years



PCP - Previous Corresponding Period

\* Percentage pcp growth is based on Constant Currency



## MANAGING DIRECTOR'S REPORT

Dear Fellow Shareholders,

2020 was a year like no other, an eventful year where the world dealt with unprecedented challenges. As a cloud-native technology company that was largely unaffected, even bolstered, with this challenging year, it is with a sense of humility and gratitude that I am writing my fifth annual letter to you, our shareholders and stakeholders.

Last year in my shareholder letter, I spoke about DSE's successful transformation into a multi-product, multi-channel and multi-segment company serving a large addressable market. This transformation enabled us to have a strong platform for growth as evident in our key metrics for 2020.

### OVERVIEW

Our key metrics of Annual Recurring Revenue, transacting partners and churn all demonstrate the solid growth in the business and delivery against our strategy. Revenue for the year was \$7.0 million, up 50% on the previous corresponding period (pcp). December Annual Recurring Revenue (ARR) grew to a record \$8.5 million, up 78% on pcp on a constant currency basis. This was underpinned by the continued support and expansion of our IT reseller partner footprint with a continued low partner churn under 3%. Additionally, the Company achieved healthy growth in both paid users and average revenue per user (ARPU), of 431k and \$1.64 respectively, with an improved gross margin of 65%. While we never stopped investing in the business, we undertook a disciplined approach to costs and conservatively grew operating expenditure by 17% year on year, an approach that did not inhibit our ability to grow the business.

Over the year, we onboarded 88 new transacting partners globally, mainly from OECD countries given the higher level of IT maturity and growing IT requirements in those countries.

We also continued to focus on product excellence and innovation, investing to bring the best functionalities and capabilities to our partners and users. This was recognised by InfoTech Research Group where we achieved a market leader position in Cloud Backup, ranking first versus our competition on 21 out of 22 attributes.



We also increased our product depth and functionally especially around Microsoft Office 365 and Google Workplace (formerly G Suite). We also undertook numerous security enhancements including expanded penetration testing and receiving SOC2-1 certification, an auditing procedure to confirm the privacy and security of data under management, along with product architectural upgrades to support the healthy growth in our users, partners and the amount of data we are protecting.

Additionally, we expanded our team globally in the engineering, sales, support and marketing functions following the well supported capital raise in February 2020.

## **DATA PROTECTION IN THE CLOUD**

Dropsuite's mission is to safeguard business information by building the industry's most secure, scalable and useable cloud backup technologies. Our partners and users are able to access useful and actionable insights for their business with comprehensive compliance tools to comply with ever-growing data privacy protection regulations.

In a world that is ever more reliant on digital information and communications, our mission has never been more prescient and remains unchanged. And we expect that the business of data defence to only grow in prominence in the years to come driven by several macro factors.

- We live in an increasingly vulnerable digital world, yet our prosperity depends on a knowledge-based economy that can only thrive with a free and secure exchange of all forms of data and information.
- Increasing numbers of organisations are finally coming to grips with the need for an integrated data protection strategy and depending solely on cyber security software for protection is folly without deploying robust data backup and recovery software.
- Cybercrime 'innovation' and proliferation will continue to rise as it continues to be a 'lucrative' industry for the various actors.
- The acceleration in the move to the Cloud by organisations of all sizes necessitates a modern breed of data protection vendors with Gartner expecting 60% of workloads moving to the Cloud by 2025.
- Emerging challenges and opportunities from data privacy regulation in the EU and beyond that includes requirements for data security and discovery.

These factors, among others, are expected to take the Cloud backup industry to USD \$22 billion dollars by 2025 growing at a very healthy 25% annually.

## **GROWTH STRATEGY AND THE DROPSUITE ADVANTAGE**

While the cloud backup industry is growing strongly, we are growing at a much faster rate as our results show. We have been executing very well on our three-pillar growth strategy of growth through partnerships, continuous product innovation and increasing our average revenue per user by focusing on more

comprehensive and higher priced products and increased revenue diversity through a broader set of strategic partners.

With this solid execution we continue to enhance our advantage in the market and can distil this down to four key elements:

- Our relentless focus on delivering the best user experience for our users and our partners.
- Investing over the past six years to perfect the integration of our products into our partners' infrastructure making the provisioning, billing and support for our products simple for partners and users alike.
- Being cloud native and honing our capabilities in the cloud since the company was founded in 2012 gives us the advantage of focus, ensuring we make investments in product, sales and marketing and speed, giving us the ability to launch anywhere with only a few days' notice.
- Most importantly, having a passionate, resilient and highly responsive team that truly puts our partners and users first.

## LOOKING AHEAD

Dropsuite is well positioned to deliver strong financial results in 2021 aided by a structurally growing market (cyber security, cloud and regulatory) and driven by solid execution especially around product and sales.

We intend to:

- Increase the depth and mutual success of our existing partner relationships through deeper technical integration and various joint sales and marketing programs
- Onboard new strategic partners especially in OECD countries while expanding our sales pipeline
- Drive product innovation mainly around our email and productivity backup solutions to maintain our market leading position as a backup vendor of choice
- And, as we have previously committed, strive to achieve profitability and cash break-even before December 2021

In closing, I would like to extend my gratitude to all of our stakeholders: our partners and customers, shareholders, board and employees for their continued support over the years.

Sincerely,



**Charif Elansari**

Managing Director

## **Directors' Report**

Your directors submit the financial report of Dropsuite Limited ('Company') and its controlled entities ('Group' or 'Dropsuite') for the year ended 31 December 2020.

### **Directors:**

The names of directors who held office during the year and up to the date of this report:

Theo Hnarakis	Non-Executive Chairman
Charif El Ansari	Managing Director
Bruce Tonkin	Non-Executive Director

### **Principal Activity:**

Dropsuite's mission is to safeguard business information, simply help businesses stay in business by protecting some of their most critical data with best-in-class backup and recovery solutions.

Dropsuite's Cloud platform allows businesses to easily backup, archive, discover and recover their data to protect themselves from all forms of data loss and to help them comply with privacy regulations. Provisioning, onboarding, user management and billing happens seamlessly through our partners who have at their disposal Dropsuite's APIs and plug-ins to integrate the Dropsuite backup software into their infrastructure.

Dropsuite's engineering team has developed the backup technology on a state-of-the-art software architecture that is both modular and scalable and can be deployed on public and private cloud environments located anywhere in the world. Dropsuite's software platform has been built for successful horizontal scaling and has demonstrated strong ability to scale to hundreds of thousands of users and to tens of billions of data objects worldwide.

Dropsuite's current products include:

#### **Dropsuite Website Backup:**

- Cloud-based website and database backup and monitoring service that allows website owners to automatically backup their website files and databases, monitor website availability and performance worldwide, and restore lost or corrupted data with a single click

#### **Dropsuite Email Backup and Archiving:**

- Cloud-based email backup and archiving solution that helps organisations securely backup, manage, recover, comply and protect their email data. The solution simplifies provisioning and managing email backup and archiving. The user interface provides anywhere access to view, search, migrate, download and restore emails and file attachments

#### **Dropsuite for Microsoft Office 365:**

- Backup and archiving solution for Microsoft's fast-growing Office 365 suite of products, including SharePoint, One Drive, Office 365 Groups and Microsoft Teams. The world's most used business email platform.

#### **Dropsuite for Google Workplace (formerly G Suite)**

- Backup and archiving solution for Google Workplace



**Reseller Provisioning Platform:**

- Comprehensive platform that allows reseller partners to customize, provision and support their users on the Dropsuite platform. Partners can either fully integrate Dropsuite products into their infrastructure, hence streamlining all aspects of user management, or utilize the reseller platform as a stand-alone/self-serve tool to manage their users.

**Operating Results:**

**The financial results for the year**

The financial results for the year include expenses for the building of operations infrastructure and market growth activities.

The operating loss after income tax of the consolidated group for the year ended 31 December 2020 was \$2,147,357 and the prior year loss after tax \$3,145,590.

**Review of Operations**

Dropsuite aims to simplify the backup experience for businesses by providing users with an easy-to-use, unified platform that enables them to back up their key business information.

Dropsuite's service is already deployed to users globally, in multiple languages and multiple public and private cloud data centres spread around the world.

Dropsuite deploys military-grade encryption to protect user data and AES (Advanced Encryption Standard) 256-bit encryption, at rest and in transit, as well as Secure Sockets Layer (SSL) endpoints.

Dropsuite's technology has all been built in-house under the supervision of its CEO, Charif El Ansari, who previously held senior roles at Google and Dell, and co-led by a core team of cloud computing veterans including Ronald Hart (Chief Technology Officer) and Ridley Ruth (Chief Operating Officer).

Dropsuite's Cloud-based suite of backup solutions has been built to scale from the smallest to the world's largest partners by leveraging the latest in cloud technology as well as a state-of-the-art unique horizontal scaling architecture. The result is a platform that can scale on demand at a low-cost point with the ability to bring systems online dynamically during peak load hours. Dropsuite's Cloud backup system is deployed worldwide allowing the backed-up data to remain in the partner's region of choice to comply with local privacy laws, as well as providing the shortest network hops to reach their data resources.

*Dropsuite Website Backup*

Dropsuite Website Backup is a cloud-based website (and database) backup and monitoring service that allows website owners to automatically backup their website files and databases, monitor website availability and performance worldwide, and restore lost or corrupted data with a single click.

This product's unique data granularity allows the end users to download/restore single files instantaneously as well as selected directories or the entire site, all in a simple to use backup manager.

Features include:

- Secure self-service backup with one-click restoration / migration for databases and websites
- Restore files from any point in time (up to 30 versions)
- Track, review and manage file revision history
- End-to-end 256 bit AES encryption
- Easy-to-use web-based interface and file browser
- Backup data is accessible from any device / location with an internet connection
- Automated cloud backups ideal for business continuity and disaster recovery
- Central point of management via admin panel

#### *Dropsuite Email Backup and Archiving*

Dropsuite Email Backup and Archiving is a cloud-based email backup and archiving solution that helps businesses securely backup, manage, recover and protect all of their email data. This product simplifies securing and managing email continuity for businesses and even consumers. The user interface provides anywhere access to view, search, migrate, download and restore emails and file attachments.

Features include:

- Automated incremental email backup & archiving
- Central point of management through an admin panel
- Download, restore & migrate emails with One Click
- End-to-end 256-bit AES encryption
- Compliance and business continuity tools
- Admin Panel and Multiple User Access Manager
- Viewable from any device / location
- Advanced Search, eDiscovery, and Alert creations
- Insights and Analytics
- Unlimited storage & retention period

#### *Dropsuite for Microsoft Office 365*

Dropsuite for O365 is a complete cloud-based backup and archiving solution that is especially built for Microsoft Office 365 (O365). It securely backups, manages, recovers, complies and protects all O365 data including One Drive, SharePoint, Office 365 Groups and Microsoft Teams. The product uniquely provides a single pane of glass, with a management console that provides a unified display of the data associated with the O365 suite of products. Features include:

- Automated incremental email backup & archiving
- Central point of management through an admin panel
- Download, restore & migrate emails with One Click
- End to end 256-bit AES encryption
- Compliance and business continuity tools
- Admin Panel and Multiple User Access Manager
- Viewable from any device / location
- Advanced Search, eDiscovery across O365 suite of products

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

- Insights and Analytics
- Unlimited storage & retention period
- Single-sign-on and multi-factor authentication

### *Dropsuite for Google Workplace*

Dropsuite for Google Workplace is a cloud-based backup and archiving solution that is especially built for Google Workplace. It securely backups, manages, recovers, complies and protects Workplace data. The product uniquely provides a single pane of glass, with a management console that provides a unified display of the data associated with Workplace. Features include:

- Automated incremental email backup & archiving
- Central point of management through an admin panel
- Download, restore & migrate emails with One Click
- End to end 256-bit AES encryption
- Compliance and business continuity tools
- Admin Panel and Multiple User Access Manager
- Viewable from any device / location
- Advanced Search, eDiscovery
- Insights and Analytics
- Unlimited storage & retention period
- Single-sign-on and multi-factor authentication

### **Financial position**

The net assets of the consolidated group have increased by \$848,204 from 31 December 2019 to \$2,646,024 as at 31 December 2020. This increase was largely due to the cash inflow for financing activities.

The directors believe the consolidated entity is in a stable financial position and able to expand and grow its current operations.

### **Capital Structure, Performance Shares and Performance Rights**

Capital structure	Number of securities on issue
SHARES	
Shares on issue 1 January 2020	493,680,533
Issue of Shares under the Public Offer (i) (ii) (iii)	68,327,624
Performance rights exercised (iv)	3,007,500
TOTAL SHARES on Issue 31 December 2020	565,015,657



# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

- (i) On 17 February 2020, 60,472,080 Fully Paid Ordinary Shares were issued to institutional investors at \$0.045
- (ii) On 18 February 2020, 1499,999 Fully Paid Ordinary Shares issued to a sophisticated investor at \$0.045
- (iii) On 11 March 2020, 6,355,545 Fully Paid Ordinary Shares were issued through a share purchase plan for \$0.045
- (iv) On the 9 December 2020, 3,007,500 Long Term Incentive Performance Rights were granted to employees not being the CEO, COO or CTO, based on various performance and share price hurdles within 3 years.

- i) Performance Shares, Long Term Incentives to AAG Management Pty Ltd Expiring 23 December 2021

PERFORMANCE SHARES	
Opening Performance Shares on issue	17,933,333
Performance Shares Exercised	-
TOTAL PERFORMANCE SHARES	17,933,333

Each performance security, upon conversion, is equivalent to one Dropsuite Ltd fully paid ordinary share. The number of performance share and the specific performance share obligation (milestones) are itemised below:

1,500,000 Class A Performance Shares - A Performance Share Milestone will be taken to have been satisfied upon Dropsuite achieving audited gross revenue from AAG Management Pty Ltd (ABN 75 125 476 824) (AAG) signed distributors or sales representatives under the master distribution agreement of \$15,000 or more per month for a minimum of three consecutive months

1,500,000 Class B Performance Shares - B Performance Share Milestone will be taken to have been satisfied upon Dropsuite achieving audited gross revenue from AAG signed distributors or sales representatives under the master distribution agreement of \$30,000 or more per month for a minimum of three consecutive months

1,500,000 Class C Performance Shares - C Performance Share Milestone will be taken to have been satisfied upon Dropsuite achieving audited gross revenue from AAG signed distributors or sales representatives under the master distribution agreement of \$60,000 or more per month for a minimum of three consecutive months

13,433,333 Class F Performance Shares - F Performance Share Milestone will be taken to have been satisfied upon Dropsuite achieving audited monthly revenues of \$600,000 or more for a minimum of three consecutive months.

- ii) Performance Rights, Long Term Incentives to Employees Expiring December 2021

PERFORMANCE RIGHTS	
Opening Performance Rights on issue	1,500,000
Performance Rights Issued	0
TOTAL PERFORMANCE SHARES	1,500,000

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

Each performance security, upon conversion, is equivalent to one Dropsuite Ltd fully paid ordinary share. The number of performance share and the specific performance right obligation are itemised below:

1,500,000 Performance Rights – condition will be taken to have been satisfied upon Dropsuite achieving audited monthly revenues of \$600,000 or more for a minimum of three consecutive months.

Class	Performance Rights on issue	Condition	Expiry date
Performance Rights	1,500,000	Dropsuite achieving audited monthly revenues of \$600,000 or more for a minimum of three consecutive months	5 years from the date of issue of the Class F Performance Shares (23 December 2021)

iii) Performance Rights, Long Term Incentives to Employees Expiring 7 July 2023

PERFORMANCE RIGHTS	
Opening Performance Rights on issue	12,080,000
Performance Rights Issued	3,007,500
Performance Rights Lapsed	12,500
TOTAL PERFORMANCE SHARES	9,060,000

Each performance security, upon conversion, is equivalent to one Dropsuite Ltd fully paid ordinary share. The number of performance share and the specific performance right obligation are itemised below:

4,228,000 Performance Rights - A Performance Right Milestone will be taken to have been satisfied upon the Dropsuite Share price achieve a volume weighted average price of at least AUD \$0.14 for a minimum of a thirty (30) day period provided that the employee be employed for a period of 24 months (until 1 July 2021) from the date of the grant

4,832,000 Performance Rights - A Performance Right Milestone will be taken to have been satisfied upon the Dropsuite Share price achieve a volume weighted average price of at least AUD \$0.18 for a minimum of a thirty (30) day period provided that the employee be employed for a period of 36 months (until 1 July 2022) from the date of the grant

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

iv) Performance Rights, Long Term Incentives to Employees Expiring 31/08/2024

PERFORMANCE RIGHTS	
Opening Performance Shares on issue	0
Performance Rights Issued	10,470,000
TOTAL PERFORMANCE SHARES	10,470,000

Each performance security, upon conversion, is equivalent to one Dropsuite Ltd fully paid ordinary share. The number of performance share and the specific performance right obligation are itemised below:

2,617,500 Performance Rights - A Performance Right Milestone will be taken to have been satisfied upon the Dropsuite Share price achieve a volume weighted average price of at least AUD \$0.14 for a minimum of a thirty (30) day period provided that the employee be employed for a period of 12 months (until 31 August 2021) from the date of the grant

3,664,500 Performance Rights - A Performance Right Milestone will be taken to have been satisfied upon the Dropsuite Share price achieve a volume weighted average price of at least AUD \$0.18 for a minimum of a thirty (30) day period provided that the employee be employed for a period of 24 months (until 31 August 2022) from the date of the grant

4,188,000 Performance Rights - A Performance Right Milestone will be taken to have been satisfied upon the Dropsuite Share price achieve a volume weighted average price of at least AUD \$0.22 for a minimum of a thirty (30) day period provided that the employee be employed for a period of 36 months (until 31 August 2023) from the date of the grant

### Significant changes in the state of Affairs

There were no significant changes in the state of affairs of the group occurred during the financial year.

### Litigation:

Nil

### Events after the Reporting Date:

Subsequent to 31 December 2020:

On 24 March 2021, the company converted Class F performance shares into Ordinary shares based on performance hurdles being achieved of \$600,000 audited monthly revenue for a minimum of 3 consecutive months.

On 24 March 2021, the company converted Class G performance rights to Ordinary shares based on performance hurdles being achieved of \$600,000 audited monthly revenue for a minimum of 3 consecutive months.



# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

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### Dividends:

The Directors do not recommend payment of any dividends at this time and no dividend was paid during the period.

### Environment Issues:

The Group has minimal environmental impact. Prudent policies and procedures have been enacted with respect to commonly accepted practice on energy conservation, recycling, and other initiatives to reduce environmental impact of ongoing operations.

The related companies follow similar ethical, environmental and clinical standards.

### Information on directors:

#### Mr Theo Hnarakis

##### Qualifications:

##### Experience

Non - Executive Chairman (appointed 20 December 2016)

B. Accounting

Theo Hnarakis brings a wealth of experience working in the media industry and scaling Australian ASX listed technology businesses. He graduated from the University of South Australia and held senior roles with News Corporation, Boral Group, the PMP Communications group and was the Managing Director and CEO of Melbourne IT until 2013. He has also held director roles with Neulevel, a JV with US based listed company, Neustar and with Advantate, a JV with Fairfax Media.

##### Interests in shares and Options

##### Other current directorships

##### Other former directorships in the last three years

11,752,311 ordinary shares

Farmgate MSU Pty Ltd

Tapp Money, Crowd Mobile Limited

#### Mr Charif El Ansari

##### Experience

Managing Director and Chief Executive Officer (appointed 20 December 2016)

Charif was Head of Business Development, Google Southeast Asia and negotiated and launched key partnerships with top mobile operators, led the company's first Chrome web browser distribution partnership in Asia, built partnerships and alliances with media companies and content owners and led a team to launch the first localized advertising product in Indonesia. Prior to Google he was Director of Client Marketing in Japan for Dell. Dell Japan was the largest and most mature business in Asia and is the region's most unique and complex market from a competitive and product landscape standpoint. He successfully led two major transitions in first 6 months to identify and fill Dell product gaps in Japanese market, set product strategy selection, positioning, pricing and launching, managed

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

	trained and developed 20-person marketing team in two locations and owned country relationship with strategic suppliers Intel, AMD and Microsoft. He had a number of roles with Dell including Production Control Manager, Senior Marketing & Pricing consultant in the USA, Sales director in South Korea, Director Client Marketing in China.
<b>Interests in shares and Options</b>	29,485,439 ordinary shares, 3,600,000 Class F performance shares and 1,000,000 performance rights
<b>Other current directorships</b>	None
<b><u>Dr Bruce Tonkin</u></b>	Non-Executive Director (appointed 22 February 2017)
<b>Qualifications</b>	B. Electrical and Electronic Engineering (1 <sup>st</sup> class honours), Ph.D. in Electrical and Electronic Engineering from University of Adelaide.
<b>Experience</b>	<p>Dr Bruce Tonkin is currently Chief Operating Officer for the .au Domain Administration Limited, where he is responsible for operations of the .au (Australia) top level domain name. Prior to that he has been chief technology officer and chief strategy officer at Melbourne IT, where he was responsible for managing the development of the company's strategic and operating plans, strategic initiatives with major customers and suppliers, and managing evaluation of merger and acquisition opportunities. Bruce had been at Melbourne IT from 1999 until April 2017 and has gained more than 15 years of experience taking cloud based services to global markets across the USA, Europe, and Asia for both SMBs and Enterprises. In that time annual revenue grew from \$15m to a peak of \$200m with offices in 10 countries, before the sale of its international business.</p> <p>Bruce also served on the Board of ICANN (Internet Corporation of Assigned Names and Numbers) for 9 years. ICANN manages the global domain name and IP addressing system for the Internet.</p>
<b>Other current directorships</b>	None
<b>Other former directorships in the last three years.</b>	None
<b>Interests in shares and Options</b>	1,514,123 ordinary shares
<b>Information on secretary:</b>	
<b><u>Mr Kobe Lizheng</u></b>	Appointed 31/07/2020
<b>Experience</b>	Mr Li currently provides company secretarial and corporate governance advisory services to a number of ASX listed companies. Prior to becoming a professional company secretary, Mr Li spent the previous 8 years with the Australian Securities Exchange (ASX) Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

### Interests in shares and Options

ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions. Kobe is a member of the Governance Institute of Australia

Nil

### Mr Julian Rockett

#### Experience

Appointed 24/12/2018, Ceased 30/07/2020

Mr Rockett is a member of the Company Secretarial team at BoardRoom Pty Ltd and his background is as a corporate Lawyer and company Secretary. His legal background includes advising on IPOs, M&A, RTOs and capital raising for ASX listed Companies. His corporate secretarial experience in the listed space include supporting entities across fin-tech, artificial intelligence, medical technology, logistics, equity, resources, mining, building, energy & media.

### Interests in shares and Options

Nil

### Meetings of Directors:

During the financial year, 13 meetings of directors were held. Attendances were:

Director	Number of meetings attended	Number of eligible meetings to attend
Theo Hnarakis	13	13
Charif El Ansari	13	13
Bruce Tonkin	13	13

### Options

At the date of this report, there are no unissued ordinary shares of Dropsuite Limited under options.

Option holders do not have any rights to participate in any issue of shares and other interests of the Company or any other entity.

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remunerations, refer to the remunerations report.

## **Remuneration Report (Audited)**

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### ***Principles used to determine the nature and amount of remuneration***

The Company's policy for determining the nature and amount of emoluments of Key Management Personnel (or "KMP") of the Group is as follows:

- The remuneration structure for executive officers, including executive directors, will emphasise payments for results through providing various reward schemes.
- The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and to provide a common interest between management and shareholders.
- Establish appropriate performance hurdles in relation to variable remuneration.
- The aim of the policy is to reward employees for the success of the Group and its performance overall.

### ***Remuneration Committee***

Due to the current size of the Board and the number of staff, the full Board is responsible for determining and reviewing compensation arrangements for directors, the chief executive officer and all staff. The Board may seek independent expert advice to assess the nature and amount of remuneration of all staff including directors and the chief executive officer by reference to relevant employment market conditions with the overall objective being the retention and attraction of a high quality board, executive and company.

### ***Remuneration structure***

In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

### ***Non-executive director remuneration***

#### ***Objective***

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

#### ***Structure***

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The board considers advice from external consultants when undertaking the annual review process.

Due to tight financial constraints, every effort has been made to reduce all fees, including director compensation.

Each director receives a fee for being a director.

### ***Senior manager and executive director remuneration***

#### ***Objective***

The Company aims to reward and attract senior managers and executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

#### ***Structure***

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

In determining the level and make up of senior manager and executive remuneration, the Board may engage external consultants to provide independent advice. Remuneration generally consists of the following elements:

- Fixed remuneration;
- Variable remuneration; and
- Long-Term Incentive

Further details regarding remuneration of senior managers and executive directors for the 12 months ended 31 December 2020 is detailed in below.

### ***Fixed Remuneration***

#### *Objective*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. It is reviewed annually, and it involves where appropriate the access to external advice.

### ***Variable Remuneration and long-term incentive***

#### *Structure*

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Group is as follows:

- The remuneration structure for executive officers, including executive directors, will seek to emphasise payments for results through providing various reward schemes. The objective of the reward schemes is to both reinforce the short-term and long-term goals of the Group and to provide a common interest between management and shareholders.

No KMP received variable remuneration during the 12 months ended 31 December 2020.

There are no other service agreements in place with KMP.



# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

### **Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Charif El Ansari	Managing Director and Chief Executive Officer
Agreement type:	Executive Service Agreement
Agreement commenced:	20 December 2016
Term of agreement:	On-going
Remuneration:	Annual base salary of SGD\$288,000 plus statutory social security, 'at-risk' STI, subject to annual performance review by the Nomination and Remuneration Committee
Termination Notice:	6 months termination notice by either party
Ridley Ruth	Chief Operating Officer
Agreement type:	Executive Service Agreement
Agreement commenced:	1 November 2015
Term of agreement:	On-going
Remuneration:	Annual base salary of US\$170,400 plus statutory social security, 'at-risk' STI, subject to annual performance review by the Nomination and Remuneration Committee.
Termination Notice:	2 months termination notice by either party
Ron Hart	Chief Technology Officer
Agreement type:	Executive Service Agreement
Agreement commenced:	1 January 2017
Term of agreement:	On-going
Remuneration:	Annual base salary of SGD\$216,000 plus statutory social security, 'at-risk' STI, subject to annual performance review by the Nomination and Remuneration Committee
Termination Notice:	3 months termination notice by either party
Bill Kyriacou	Head of Finance
Agreement type:	Consulting Agreement
Agreement commenced:	15 August 2018
Term of agreement:	On-going
Remuneration:	Monthly base service fee of AUD\$7,500, subject to annual performance review by the Nomination and Remuneration Committee.
Termination Notice:	1 month termination notice by either party

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

### For 12 months ended 31 December 2020

AUD	Year	Cash Salary and fees	Financial KPI	Non-financial KPI	Share based payments	Post-employment benefits	Other	Total
<i>Non-Executive Directors:</i>								
Theo Hnarakis (i)	2020	168,171	-	-	-	14,250	-	182,421
	2019	133,462	-	-	-	13,063	-	146,525
Bruce Tonkin (ii)	2020	79,001	-	-	-	6,650	-	85,651
	2019	62,166	-	-	-	6,096	-	68,262
Julian Rockett (company secretary) (iv)	2020	34,635	-	-	-	-	-	34,635
	2019	42,000	-	-	-	-	-	42,000
Kobe Li (company secretary) (v)	2020	17,500	-	-	-	-	-	17,500
	2019	-	-	-	-	-	-	-
<i>Executive Directors:</i>								
Charif El Ansari (Managing Director) (iii)	2020	357,154	-	-	1,934	1,837	-	360,925
	2019	249,697	103,980	357	-	-	-	354,034
<i>Other Key Management Personnel:</i>								
Ridley Ruth (COO) (vi)	2020	247,516	133,127	55,045	967	-	-	436,655
	2019	245,163	103,590	47,728	-	-	-	396,481
Ron Hart (CTO)	2020	227,405	-	-	967	3,963	-	232,335
	2019	226,981	48,978	1,679	-	-	-	277,638
Bill Kyriacou (Head of Finance)	2020	90,000	-	-	12,419	-	-	102,419
	2019	87,500	-	-	-	-	-	87,500
<b>Total AUD</b>	2020	1,214,747	133,127	55,045	16,286	26,700	-	1,445,605
	2019	1,046,969	256,548	49,764	-	19,159	-	1,372,440

- (i) 25% Theo Hnarakis's net wages from July to December 2019 were paid in April 2020 – Gross Annual Salary is \$150,000
- (ii) 25% Bruce Tonkin's net wages from July to December 2019 were paid in April 2020 – Gross Annual Salary is \$70,000
- (iii) 25% Charif El Ansari's net wages from July to December 2019 were paid in April 2020
- (iv) Julian Rockett, company secretary provided through BoardRoom Pty Ltd, ceased July 2020
- (v) Kobe Li, company secretary reinstated July 2020 (originally contracted through BoardRoom Pty Ltd between August 2018 and November 2018) – Monthly consulting fee is \$3,500
- (vi) Ridley Ruth who domiciles in the United States, received non-cash benefit of \$55,045 as a payment for his health insurance.

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2020	2019	2020	2019	2020	2019
<i>Non-Executive Directors:</i>						
Theo Hnarakis	100%	100%	-	-	-	-
Bruce Tonkin	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Charif El Ansari	71%	71%	29%	29%	-	-
Kobe Li	100%	-	-	-	-	-
Boardroom Pty Limited	100%	100%	-	-	-	-
<i>Other Key Management Personnel:</i>						
Ridley Ruth (COO)	79%	74%	21%	26%	-	-
Ron Hart (CTO)	80%	82%	20%	18%	-	-
Bill Kyriacou (Head of Finance)	100%	100%	-	-	-	-

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Consolidated entity performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Nomination and Remuneration Committee.

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2020	2019	2020	2019
<i>Non-Executive Directors:</i>				
Theo Hnarakis	-	-	-	-
Bruce Tonkin	-	-	-	-
<i>Executive Directors:</i>				
Charif El Ansari	89%	0%	11%	100%
Kobe Li	-	-	-	-
Boardroom Pty Limited	-	-	-	-
<i>Other Key Management Personnel:</i>				
Ridley Ruth (COO)	76%	50%	24%	50%
Ron Hart (CTO)	79%	0%	21%	100%
Bill Kyriacou (Head of Finance)	-	-	-	-

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

### (i) Ordinary Shareholdings

The number of ordinary shares held in Dropsuite Ltd by each KMP during the 12 months to 31 December 2020 is as follows:

Name and Position held	Balance 01/01/2020 or at date of appointment	Purchases	Received on exercise of options	Received on vesting and exercise of performance shares or rights	Balance 31/12/2020 or date of retirement
<b>Theo Hnarakis</b> (Non-Executive Chair)	<b>11,085,645</b>	666,666	-	-	<b>11,752,311</b>
<b>Charif El Ansari</b> (Managing Director)	<b>28,818,773</b>	666,666	-	-	<b>29,485,439</b>
<b>Bruce Tonkin</b> Non-Executive Director)	<b>847,457</b>	666,666	-	-	<b>1,514,123</b>
<b>Ridley Ruth</b> (COO)	<b>17,594,468</b>	-	-	-	<b>17,594,468</b>
<b>Ron Hart</b> (CTO)	<b>12,894,667</b>	-	-	-	<b>12,894,667</b>
<b>Bill Kyriacou</b> (CFO)	<b>100,000</b>	444,444	-	175,000	<b>719,444</b>
<b>Total</b>	<b>71,341,010</b>	<b>2,444,442</b>	<b>-</b>	<b>175,000</b>	<b>73,960,452</b>

### (ii) Options

There are no options on issue.

### (iii) Performance shares

Name and position held	Balance 01/01/2020	Number of performance shares granted/exercised	Number of performance shares lapsed	Balance at 31/12/2020
<b>Theo Hnarakis</b> (Non-Executive Chair)	-	-	-	-
<b>Charif El Ansari</b> (Managing Director)	<b>3,600,000</b>	-	-	<b>3,600,000</b>
<b>Bruce Tonkin</b> Non-Executive Director)	-	-	-	-
<b>Ridley Ruth</b> (COO)	<b>2,700,000</b>	-	-	<b>2,700,000</b>
<b>Ron Hart</b> (CTO)	<b>3,300,000</b>	-	-	<b>3,300,000</b>
<b>Total</b>	<b>9,600,000</b>	-	-	<b>9,600,000</b>

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

Performance shares on issue at 31 December 2020 held by Charif El Ansari are as follows: (i)

Class A Performance shares	-
Class B Performance shares	-
Class C Performance shares	-
Class F Performance shares	3,600,000
	3,600,000

(i) Refer to Note 10 for terms and conditions

### (iv) Performance rights (long term Incentives to employees)

a. Performance Rights on issue at 31 December 2020 with an expiry date of 1 July 2023 are as follows: (i)

Bill Kyriacou	525,000
	525,000

(i) Refer to Note 10 for terms and conditions

b. Performance Rights on issue at 31 December 2020 with an expiry date of 31 August 2024 held by KMPs are as follows: (i)

Charif El Ansari	1,000,000
Ridley Ruth	500,000
Ron Hart	500,000
Bill Kyriacou	350,000
	2,350,000

(i) Refer to Note 10 for terms and conditions

Name and position held	Balance 01/01/2020	Number of performance rights issued	Number of performance rights granted/exercised	Balance at 31/12/2020
<b>Theo Hnarakis</b> (Non-Executive Chair)	-	-	-	-
<b>Charif El Ansari</b> (Managing Director)	-	1,000,000	-	<b>1,000,000</b>
<b>Bruce Tonkin</b> (Non-Executive Director)	-	-	-	-
<b>Ridley Ruth</b> (COO)	-	500,000	-	<b>500,000</b>
<b>Ron Hart</b> (CTO)	-	500,000	-	<b>500,000</b>
<b>Bill Kyriacou</b> (CFO)	<b>700,000</b>	350,000	175,000	<b>875,000</b>
<b>Total</b>	<b>700,000</b>	<b>2,350,000</b>	<b>175,000</b>	<b>2,875,000</b>



**Other Equity – related KMP transactions**

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

**Other Transactions with KMP and / or their Related Parties**

There were no other transactions conducted between the Group and KMP or their related parties that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more than those reasonably expected under arm's length dealings with unrelated persons.

**Remuneration Consultants**

The Company did not engage any remuneration consultants during the 12 months ended 31 December 2020.

**Voting and comments made at the Company's 2019 Annual General Meeting ("AGM")**

At the 2019 AGM, held 21 May 2020, the voters supported the adoption of the remuneration report for the year ended 31 December 2019. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**End of Remuneration Report (Audited)****Indemnities and insurance officers**

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

**Proceedings on behalf of the Company**

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

**Non-Audit Services**

The Company's auditor provided no non-audit services during the year.

# DROPSUITE LIMITED

## DIRECTORS' REPORT

For the year ended 31 December 2020

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### Auditor's Declaration:

The auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 45 for the year ended 31 December 2020.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Theo Hnarakis  
Non-Executive Chairman  
Date: 29 March 2021

## Auditor's Independence Declaration

As auditor for the audit of Dropsuite Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- I) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- II) no contraventions of any applicable code of professional conduct in relation to the audit.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director

29 March 2021  
Perth

## Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

		CONSOLIDATED	
		2020	2019
		\$	\$
<b>Income</b>			
Sales revenue	4(a)	7,030,397	4,681,006
Other income	4(a)	77,542	38,089
Interest Income		15,163	34,844
Total Income		<u>7,123,102</u>	<u>4,753,939</u>
<b>Expenses</b>			
Hosting fees		2,459,167	1,690,534
Marketing and conference expenses		357,681	279,249
Professional fees	4(b)	131,556	114,481
Employee and director expenses	4(b)	4,458,857	3,824,129
Depreciation expense		53,294	72,688
Amortisation expense	8	454,924	756,323
Office expenses	4(b)	631,916	551,968
Other operating expenses	4(b)	338,251	311,006
Share based payment expenses	4(b)	236,833	14,062
Other expenses	4(b)	147,980	285,089
<b>Loss from continuing operations</b>		<b>(2,147,357)</b>	<b>(3,145,590)</b>
Income tax expense	12	-	-
<b>Loss after income tax for the year</b>		<b>(2,147,357)</b>	<b>(3,145,590)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences in translating foreign operations		(150,610)	(25,954)
<b>Total other comprehensive loss</b>		<b>(150,610)</b>	<b>(25,954)</b>
<b>Total comprehensive loss for the year</b>		<b>(2,297,967)</b>	<b>(3,171,544)</b>
Basic Loss per share	5	(0.39)	(0.64)
Diluted loss per share	5	(0.39)	(0.64)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**Consolidated Statement of Financial Position**  
**As at 31 December 2020**

	Note	CONSOLIDATED	
		2020	2019
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	2,482,045	1,424,004
Trade and other receivables	7	1,399,407	797,850
Other assets		135,085	76,637
<b>Total current assets</b>		<b>4,016,537</b>	<b>2,298,490</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		21,272	43,055
Intangible Assets	8	0	454,924
Investments		3,841	5,017
Other		50,343	60,888
<b>Total non-current assets</b>		<b>75,456</b>	<b>563,885</b>
<b>Total assets</b>		<b>4,091,993</b>	<b>2,862,376</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	717,596	658,916
Wages payable		579,602	291,242
Deferred income		98,428	64,054
<b>Total current liabilities</b>		<b>1,395,626</b>	<b>1,014,212</b>
<b>NON-CURRENT LIABILITIES</b>			
Other		50,343	50,343
<b>Total non-current liabilities</b>		<b>50,343</b>	<b>50,343</b>
<b>Total liabilities</b>		<b>1,445,969</b>	<b>1,064,555</b>
<b>Net assets</b>		<b>2,646,024</b>	<b>1,797,820</b>
<b>EQUITY</b>			
Contributed equity	10	24,250,583	21,138,601
Reserves	10	(12,181)	104,240
Accumulated losses	11	(21,592,378)	(19,445,021)
<b>Total equity</b>		<b>2,646,024</b>	<b>1,797,820</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



**Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2020**

<b>2020 CONSOLIDATED</b>	<b>Issued capital</b>	<b>Foreign exchange reserve</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2020</b>	<b>21,138,601</b>	<b>90,176</b>	<b>14,062</b>	<b>(19,445,020)</b>	<b>1,797,820</b>
<b>Comprehensive income</b>					
Loss after income tax expense for the year	-	-	-	(2,147,357)	(2,147,357)
Other comprehensive income for the year, net of tax	-	(150,610)		-	(150,610)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(150,610)</b>		<b>(2,147,357)</b>	<b>(2,297,967)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital	2,909,340	-		-	2,909,340
Share Based Premium Reserve (Note 10e)	-	-	236,833		236,833
Performance Rights Exercised (Note 10b)	202,642		(202,642)		-
<b>Total transactions with owners and other transfers</b>	<b>3,111,982</b>	<b>-</b>	<b>34,191</b>		<b>3,146,173</b>
<b>Balance at 31 December 2020</b>	<b>24,250,583</b>	<b>(60,434)</b>	<b>48,253</b>	<b>(21,592,378)</b>	<b>2,646,024</b>

**Consolidated Statement of Changes in Equity  
For the Year Ended 31 December 2019**

<b>2019 CONSOLIDATED</b>	<b>Issued capital</b>	<b>Foreign exchange reserve</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 January 2019</b>	<b>21,138,601</b>	<b>116,130</b>	<b>-</b>	<b>(16,299,430)</b>	<b>4,955,301</b>
<b>Comprehensive income</b>					
Loss after income tax expense for the year	-	-	-	(3,145,590)	(3,145,590)
Other comprehensive income for the year, net of tax	-	(25,954)		-	(25,954)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(25,954)</b>		<b>(3,145,590)</b>	<b>(3,171,543)</b>
<b>Transactions with owners in their capacity as owners:</b>					
Issue of share capital	-	-		-	-
Share Based Premium Reserve	-	-	14,062		14,062
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>14,062</b>		<b>14,062</b>
<b>Balance at 31 December 2019</b>	<b>21,138,601</b>	<b>90,176</b>	<b>14,062</b>	<b>(19,445,020)</b>	<b>1,797,820</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows**  
**For the Year Ended 31 December 2020**

	Note	CONSOLIDATED	
		2020	2019
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sales		6,089,442	4,452,744
Payments to suppliers and employees		(7,902,606)	(6,463,718)
Interest paid		-	-
Interest received		15,947	41,277
<b>Net cash used in operating activities</b>	<b>6</b>	<b>(1,797,218)</b>	<b>(1,969,697)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(30,008)	(93,231)
Cash acquired on acquisition of Dropsuite		-	-
Loans to related parties		-	-
Payment for development costs		-	-
<b>Net cash provided used in financing activities</b>		<b>(30,008)</b>	<b>(93,231)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from capital raising		2,885,267	-
Proceeds from borrowings		-	-
Payment of borrowings		-	-
<b>Net cash provided by financing activities</b>		<b>2,885,267</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>1,058,041</b>	<b>(2,062,928)</b>
Cash and cash equivalents at the beginning of the financial year		1,424,004	3,486,932
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6</b>	<b>2,482,045</b>	<b>1,424,004</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**DROPSUITE LIMITED****Notes to the Financial Statements****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements and notes represent those of Dropsuite Limited (or “the Company”) and Controlled Entities (“the Consolidated group” or “Group”). Dropsuite Limited is a public listed company, incorporated and domiciled in Australia. These consolidated financial statements were authorised for issue on 29 March 2021.

The separate financial statements of the parent entity, Dropsuite Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The address registered office is 14 Emerald Terrace, West Perth, Western Australia 6005.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

**(a) Going concern**

The financial report has been prepared on the going concern basis, which contemplated the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate, based upon the following:

- Current cash and cash equivalents on hand;
- The ability of the Company to obtain funding through various sources, including debt and equity;
- The ability to further vary cash flow depending upon the achievement of certain milestones within the business plan; and
- The expected receipt of sale proceeds.

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**DROPSUITE LIMITED**

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**Basis of preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the financial report has been prepared on a historical cost basis.

The financial report has been presented in Australian Dollars.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(b) Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 2.

**(c) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries ('Group') as at 31 December each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls and investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the



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statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation.

**(d) Business combinations**

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non – controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non – controlling interests in the acquiree at fair value or at the proportionate shares of the acquiree identifiable net assets. Acquisition – related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed to be appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Any contingent consideration to be transferred by the acquirer will be recognised at the fair value at the acquisition date. Contingent conditions classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit and loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non – controlling interest) and any previous interest held over the net identifiable assets acquired and liability assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the group re- assesses whether it has correctly identified all of the assets and all of the liabilities assumed and reviews the procedure used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. For the purpose of impairment testing, goodwill acquired in a business is, from the acquisition date, allocated to each of the Group's cash – generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit (CGU), and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the proportion of cash – generating units retained.

**DROPSUITE LIMITED****(e) Revenue recognition****(1) Revenue****Recognition and Measurement**

Revenues are recognised at fair value of the consideration received or receivable net of the amount GST or relevant sales tax payable to the relevant taxation authority.

***Performance obligations and timing of revenue recognition***

The majority of the Group's revenue is derived from selling services with revenue recognised at a point in time when service has been delivered or consumed by the customer and control has transferred to the customer. This is generally when the services are delivered to or consumed by the customer. There is limited judgement needed in identifying the point control passes.

The Group's business model involves the provision of digital back up services for data, email and websites to end-users via distributors. Group does not deal directly with the end-users and bills its distributors on a monthly usage basis consistent with the individual performance obligations.

***Determining the transaction price***

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

***Allocating amounts to performance obligations***

For most contracts, there is a fixed unit price for each product or service sold, with discounts sometimes given for orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each product or service ordered in such contracts. Where a customer orders more than one product or service line, the Group is able to determine the split of the total contract price between each product or service line by reference to each product or service's standalone selling prices (all product or service lines are capable of being, and are, sold separately).

***Costs of fulfilling contracts***

No judgement is needed to measure the amount of costs of obtaining contracts – it is the commission paid.

**(2) Other income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grants from the government are recognised as other income when they are received by the Group and all attached conditions have been fulfilled.

**(f) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being

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exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

**(g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprises cash at bank and in hand and short term deposits that are readily convertible to known amounts of cash and which are subject to the insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities of the statement of financial position.

**(h) Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses) including revenues and expenses relating to the transaction with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start – up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

**(i) Income tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(j) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(k) Impairment**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity and recognised in profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

**(l) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or

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delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**(m) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated on a straight – line basis over the estimated life of the asset which ranges between 3 and 25 years.

*Derecognition*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continual use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the items) is included in the statement of comprehensive income in the period the item is derecognised.

**(n) Intangible assets**

Intangible assets acquired separately are measured at initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred. The useful lives of the intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of economic future benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortised expense of intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash – generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the changes in the useful life from indefinite to finite are made on a prospective basis.

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Gains or losses arising from derecognition of an indefinite asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

**(o) Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Amortisation - A summary of the current amortisation rates applied to the Group's intangible assets are as follows

	Development costs
Useful life up to 30 June 2018	Finite (5 years)
Useful life 01 July 2018 onwards	Finite (3 years)
Amortisation method	Amortised on a straight – line basis over the period of expected future sales from the related project

**(p) Investments and other financial assets**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

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**DROPSUITE LIMITED****Classification and subsequent measurement***Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

On the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are sole payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are sole payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

*Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies

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- held for trading; or
- initially designated as at fair value through profit or loss

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over its profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.



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All the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has been expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### *Impairment of financial assets*

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, material expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

For intercompany loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary does not have sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, an expected credit loss is calculated. This is calculated based on the expected cash flows arising from the subsidiary and weighted for probability likelihood variations in cash flows.

#### **(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which were unpaid. The amounts are unsecured.

**DROPSUITE LIMITED****(r) Share based payments**

From time to time, the Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. For performance rights, the fair value is determined by using the Monte Carlo valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 5).

**(s) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(t) Earnings per share***(i) Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive

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potential ordinary share and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(u) Foreign currency transactions**

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**(v) New accounting standards for application in future periods**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**(w) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Capitalised development costs**

The Groups processes for calculating the amount of internally developed software costs to be capitalised is judgemental and involves estimating the time that employees spend developing the products.

**Impairment of capitalised development costs**

The Group assesses impairment of capitalised development costs for assets available for use at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment. If an impairment trigger exists, the recoverable amount of the assets are determined. For capitalised development costs relating to assets not yet available for use, the recoverable amounts are determined annually. The determination of recoverable amount involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

**Amortisation of capitalised development costs**

The useful life used to amortise capitalised development costs is estimated based on an anticipation of future events which may impact their life. The useful life represents management's view of the expected term over which the Group will receive benefits from the development and is regularly reviewed for appropriateness.

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**DROPSUITE LIMITED****Taxation**

Balances and notes related to taxation are based on the best estimates of directors, pending further assessment in the next financial year.

**(x) Employee benefits****Short-term employee benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position under trade and other payables.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. No long-term employee benefits accounted for during this year.

**Defined contribution superannuation benefits**

All employees of the Group other than those who receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

**Termination benefits**

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of:

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- (i) the date when the Group can no longer withdraw the offer for termination benefits; and
- (ii) when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected.

Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

**(y) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(z) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**DROPSUITE LIMITED****NOTE 2: PARENT ENTITY INFORMATION**

	<b>2020</b>	<b>2019</b>
Information relating to Dropsuite Limited (the legal parent entity):	<b>\$</b>	<b>\$</b>
Current assets	1,960,907	990,579
Fixed Assets	-	454,924
Non-current assets	6,747,277	5,575,215
Total assets	8,708,184	7,020,719
Current liabilities	87,524	108,091
Non-Current Liabilities	50,343	50,343
Total liabilities	137,867	158,434
Issued capital	24,412,013	21,337,275
Accumulated losses	(16,165,995)	(14,727,854)
Reserves	(65,220)	28,742
Costs of capital	389,520	224,122
Total shareholders' equity	8,570,317	6,862,285
Loss of the parent entity	1,438,141	1,284,700
Total comprehensive loss of the parent entity	1,438,141	1,284,700

The parent company has not entered into any guarantees, has no significant contingent liabilities, or contractual commitments for the acquisition of property, plant or equipment as at 31 December 2020.

**NOTE 3: SEGMENT REPORTING**

Based on the information used for internal reporting purposes by the chief operating decision maker (being the Board), the Group operated in one reportable segment during the year ended 31 December 2020, being the provision of backup services.

The reportable segment financial information is therefore the same as the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income.

**NOTE 4: REVENUE AND EXPENSES**

<b>4(a) Revenue from continuing operations</b>	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Sales income	7,030,397	4,681,006
Other Income	77,542	38,089
Interest income	15,163	34,844
Total Income	7,123,102	4,753,939
<b>4(b) Expenses</b>		
<b>Professional fees</b>		
Accounting, audit and taxation expenses	114,048	107,571
Legal expenses	17,508	6,910
<b>Total professional fees</b>	<b>131,556</b>	<b>114,481</b>

**DROPSUITE LIMITED****(ii) Employee and director expenses**

Wages, salaries and superannuation	3,901,922	3,266,640
Directors	556,935	557,489
<b>Total employee benefits expense</b>	<b>4,458,857</b>	<b>3,824,129</b>

**(iii) Office expenses**

IT expenses	269,104	205,755
Impairment expense	3,310	1,494
Office rental expenses	72,320	43,569
Bank fees	37,634	13,051
Office services	248,004	227,171
Other office expenses	1,544	60,930
<b>Total Office expenses</b>	<b>631,916</b>	<b>551,970</b>

**(iv) Other operating expenses**

Foreign Currency Gains and Losses	29,906	33,527
Withholding Tax	175,966	178,286
Corporate advisory & listing fees	132,379	99,193
<b>Total operating expenses</b>	<b>338,251</b>	<b>311,006</b>

**(v) Other expenses**

Bad debt expense	23,740	1,043
Interest	1,646	
Share based premium expense	236,833	14,062
Transportation and travelling expenses	48,836	222,744
Insurance expense	73,758	61,302
<b>Total other expenses</b>	<b>384,813</b>	<b>299,151</b>

**NOTE 5: LOSS PER SHARE**

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the net loss and number of shares used in the basic and diluted loss per share computations:

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Net loss after income tax benefit attributable to members	(2,147,357)	(3,145,590)

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Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS and diluted EPS (i)	551,716,072	492,650,031
Earnings per share (cents)	(0.39)	(0.64)

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

**NOTE 6: CASH AND CASH EQUIVALENTS**

- Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	2,482,045	1,424,004

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

- Reconciliation of loss from ordinary activities after income tax to net cash flows from operating activities**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(2,147,357)	(3,145,590)
Add back non-cash items		
Impairment expense	(3,310)	(1,494)
Amortisation and depreciation expense	508,218	829,011
Foreign exchange	(150,610)	(25,954)
Movements in assets and liabilities relating to operating activities		
(Increase) / decrease in trade and other receivables	(601,558)	(29,881)
(Increase) / decrease in other current assets	(58,448)	61,111
(Increase) / decrease in investments	1,176	1,494
(Increase) / decrease in other non-current assets	10,546	3,379
Increase / (decrease) in trade and other payables	70,496	66,794
Increase / (decrease) in wages payables	288,360	256,924
Increase / (decrease) in deferred income	34,374	447
Increase / (decrease) in provisions	-	-
Increase / (decrease) in other non-current liabilities	-	-
Increase / (decrease) in equity	250,895	14,062
Cash out flow used in operating activities	(1,797,218)	(1,969,697)

There were nil non- cash investing or financing activities during the financial year.



**DROPSUITE LIMITED****NOTE 7: TRADE AND OTHER RECEIVABLES**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade and other receivables	1,399,407	797,850
	<u>1,399,407</u>	<u>797,850</u>

All receivables are current and not impaired.

**NOTE 8: INTANGIBLE ASSETS**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Capitalised software development costs:		
Cost	2,268,968	2,268,968
Accumulated amortisation	(2,268,968)	(1,814,044)
	<u>-</u>	<u>454,924</u>

	<b>Capitalised Development Costs</b>
<b>Year ended 31 December 2019</b>	
Balance at the beginning of the year	1,211,247
Additions	-
Amortisation	(756,323)
<b>Closing value as at 31 December 2019</b>	<u><b>454,924</b></u>
<b>Year ended 31 December 2020</b>	
Balance at the beginning of the year	454,924
Additions	-
Amortisation	(454,924)
<b>Closing value as at 31 December 2020</b>	<u><b>-</b></u>

**NOTE 9: TRADE AND OTHER PAYABLES**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	396,404	295,740
Other payables and accruals	321,192	363,176
	<u>717,596</u>	<u>658,916</u>

Creditors are unsecured, non-interest bearing and are normally subject to net 30 day terms.

**DROPSUITE LIMITED****NOTE 10: CONTRIBUTED EQUITY****(a) Issued and fully paid up capital**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Ordinary shares	24,250,583	21,138,601

**(b) Movements in ordinary shares on issue**

SHARES	Date	Number	\$
Share on issue 1 January 2019		<b>480,247,200</b>	<b>21,138,601</b>
Performance shares exercised		13,433,333	-
Shares issued for cash		-	-
<b>TOTAL SHARES ON ISSUE 31 DECEMBER 2019</b>		<b>493,680,533</b>	<b>21,138,601</b>

Share on issue 1 January 2020		<b>493,680,533</b>	<b>21,138,601</b>
Shares issued for cash (i) (ii) (iii)		68,327,624	2,909,340
Performance rights exercised (iv)		3,007,500	202,642
<b>TOTAL SHARES ON ISSUE 31 DECEMBER 2020</b>		<b>565,015,657</b>	<b>24,250,583</b>

- (i) On 17 February 2020, 60,472,080 Fully Paid Ordinary Shares were issued to institutional investors at \$0.045
- (ii) On 18 February 2020, 1,499,999 Fully Paid Ordinary Shares issued to a sophisticated investor at \$0.045
- (iii) On 11 March 2020, 6,355,545 Fully Paid Ordinary Shares were issued through a share purchase plan for \$0.045
- (iv) On the 9 December 2020, 3,007,500 Long Term Incentive Performance Rights were granted to employees not being the CEO, COO or CTO, based on various performance and share price hurdles within 3 years

**c) Terms and conditions of contributed equity**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder' meetings. In the event of winding up the Company, ordinary

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shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

**d) Performance shares**

Performance Shares on issue at 31 December 2020 are as follows:

Class A Performance shares			1,500,000
Class B Performance shares			1,500,000
Class C Performance shares			1,500,000
Class F Performance shares			13,433,333
			17,933,333
Class	Performance Shares on issue	Share Milestone Conditions	Expiry date
Class A Performance Shares	1,500,000	" <b>Class A Milestone</b> " means Dropsuite achieving audited gross revenue from AAG signed distributors or sales representatives under the master distribution agreement of \$15,000 or more per month for a minimum of three consecutive months.	5 years from the date of issue of the Class A Performance Shares
Class B Performance Shares	1,500,000	" <b>Class B Milestone</b> " means Dropsuite achieving audited gross revenue from AAG signed distributors or sales representatives under the master distribution agreement of \$30,000 or more per month for a minimum of three consecutive months.	5 years from the date of issue of the Class B Performance Shares
Class C Performance Shares	1,500,000	" <b>Class C Milestone</b> " means Dropsuite achieving audited gross revenue from AAG signed distributors or sales representatives under the master distribution agreement of \$60,000 or more per month for a minimum of three consecutive months.	5 years from the date of issue of the Class C Performance Shares
Class D Performance Shares (i)	nil	" <b>Class D Milestone</b> " means Dropsuite achieving audited monthly revenues of \$150,000 or more for a minimum of three consecutive months.	5 years from the date of issue of the Class D Performance Shares

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Class E Performance Shares (ii)	nil	<b>"Class E Milestone"</b> means Dropsuite achieving audited monthly revenues of \$300,000 or more for a minimum of three consecutive months.	5 years from the date of issue of the Class E Performance Shares
Class F Performance Shares	13,433,333	<b>"Class F Milestone"</b> means Dropsuite achieving audited monthly revenues of \$600,000 or more for a minimum of three consecutive months.	5 years from the date of issue of the Class F Performance Shares

(i) Class D performance shares of 14,183,334 vested during 2017.

(ii) Class E performance shares of 13,433,334 vested during 2019.

PERFORMANCE SHARES	
Opening Performance Shares on issue	17,933,333
Performance Shares Exercised	-
TOTAL PERFORMANCE SHARES	17,933,333

**e) Performance rights**

Performance Rights on issue at 31 December 2020 are as follows:

**i) Performance Rights, Long Term Incentives to Employees Expiring December 2021**

Performance rights (long term Incentives to employees) (i)	1,500,000
	1,500,000

(i) performance rights issued on the 30 January 2019

Performance conditions for the Performance Rights are as follows:

Class	Performance Rights on issue	Condition	Expiry date
Performance Rights	1,500,000	Dropsuite achieving audited monthly revenues of \$600,000 or more for a minimum of three consecutive months.	5 years from the date of issue of the Class F

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Class	Performance Rights on issue	Condition	Expiry date
			Performance Shares

**ii) Performance Rights, Long Term Incentives to Employees Expiring 7 July 2023**

Performance rights (long term Incentives to employees not being the CEO, COO or the CTO) (i)	9,060,000
	9,060,000

Performance Rights of 12,080,000 issued with a total valuation of \$291,611 being amortised over the vesting period, using the Monte Carlo valuation method with assumptions including risk free rate of 0.93% and volatility of 92%. The DSE share price at the start of valuation date was \$0.031.

(i) performance rights issued on the 17 July 2019

Performance conditions for the Performance Rights are as follows:

Tranche vested	Performance Condition	Expiry date
nil (ii)	<ol style="list-style-type: none"> <li>To be employed for a period of 12 months (until 1 July 2020) from the date of the grant (Hurdle 1a)</li> <li>If Hurdle 1a is met, THEN</li> <li>Share price to achieve a volume weighted average price of at least AUD \$0.08 for a minimum of a thirty (30) day period (Hurdle 1b), provided that Hurdle 1a has been achieved.</li> </ol> <p><u>Allocation Date</u>: no later than 45 days after Hurdle 1a &amp; 1b are achieved.</p>	1 July 2023 with a further 12 months grace period at the discretion of the Board
4,228,000 (35% of Total Performance Rights Granted)	<ol style="list-style-type: none"> <li>To be employed for a period of 24 months (until 1 July 2021) from the date of the grant (Hurdle 2a)</li> <li>If Hurdle 2a is met, THEN</li> <li>Share price to achieve a volume weighted average price of at least AUD \$0.14 for a minimum of a thirty (30) day period (Hurdle 2b), provided that Hurdle 2a has been achieved.</li> </ol> <p><u>Allocation Date</u>: no later than 45 days after Hurdle 2a &amp; 2b are achieved.</p>	1 July 2023 with a further 12 months grace period at the discretion of the Board

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Tranche vested	Performance Condition	Expiry date
4,832,000 (40% of Total Performance Rights Granted)	<ol style="list-style-type: none"> <li>To be employed for a period of 36 months (until 1 July 2022) from the date of the grant (Hurdle 3a)</li> <li>If Hurdle 3a is met, THEN</li> <li>Share price to achieve a volume weighted average price of at least AUD \$0.18 for a minimum of a thirty (30) day period (Hurdle 3b), provided that Hurdle 3a has been achieved.</li> </ol> <p><u>Allocation Date:</u> no later than 45 days after Hurdle 2a &amp; 2b are achieved.</p>	1 July 2023 with a further 12 months grace period at the discretion of the Board

PERFORMANCE RIGHTS	
Opening Performance Rights on issue	12,080,000
Performance Rights Exercised (ii)	3,007,500
Performance Rights Lapsed	12,500
<b>TOTAL PERFORMANCE SHARES</b>	<b>9,060,000</b>

(ii) Board of directors resolved the issuance of 3,007,500 fully paid ordinary shares on the 9<sup>th</sup> December 2020 related to the performance rights granted under the Employee Long term Incentive Plan for non-executive employees.

**iii) Performance Rights, Long Term Incentives to Employees Expiring 31/08/2024**

Performance rights (long term Incentives to employees) (i)	10,470,000
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Performance Rights of 10,470,000 issued with a total valuation of \$108,050 being amortised over the vesting period, using the Monte Carlo valuation method with assumptions including risk free rate of 0.43% and volatility of 102%. The DSE share price at the start of valuation date was \$0.07.

(ii) performance rights issued on the 1 September 2020

Performance conditions for the Performance Rights are as follows:

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Tranche vested	Performance Condition	Expiry date
2,617,500 (25% of Total Performance Rights Granted)	<p>4. To be employed for a period of 12 months (until 31 August 2021) from the date of the grant (Hurdle 1a)</p> <p>5. If Hurdle 1a is met, THEN</p> <p>6. Share price to achieve a volume weighted average price of at least AUD \$0.14 for a minimum of a thirty (30) day period (Hurdle 1b), provided that Hurdle 1a has been achieved.</p> <p><u>Allocation Date</u>: no later than 45 days after Hurdle 1a &amp; 1b are achieved.</p>	31 August 2024 with a further 12 months grace period at the discretion of the Board
3,664,500 (35% of Total Performance Rights Granted)	<p>4. To be employed for a period of 24 months (until 31 August 2022) from the date of the grant (Hurdle 2a)</p> <p>5. If Hurdle 2a is met, THEN</p> <p>6. Share price to achieve a volume weighted average price of at least AUD \$0.18 for a minimum of a thirty (30) day period (Hurdle 2b), provided that Hurdle 2a has been achieved.</p> <p><u>Allocation Date</u>: no later than 45 days after Hurdle 2a &amp; 2b are achieved.</p>	31 August 2024 with a further 12 months grace period at the discretion of the Board
4,188,000 (40% of Total Performance Rights Granted)	<p>4. To be employed for a period of 36 months (until 31 August 2023) from the date of the grant (Hurdle 3a)</p> <p>5. If Hurdle 3a is met, THEN</p> <p>6. Share price to achieve a volume weighted average price of at least AUD \$0.22 for a minimum of a thirty (30) day period (Hurdle 3b), provided that Hurdle 3a has been achieved.</p> <p><u>Allocation Date</u>: no later than 45 days after Hurdle 2a &amp; 2b are achieved.</p>	31 August 2024 with a further 12 months grace period at the discretion of the Board

PERFORMANCE RIGHTS	
Opening Performance Shares on issue	0
Performance Rights Issued	10,470,000

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TOTAL PERFORMANCE SHARES	10,470,000
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**f) Share options**

No share options were granted by Dropsuite Limited during the year to 31 December 2020.

**(g) Capital Risk Management**

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares, pay dividends or return capital to shareholders.

The consolidated entity monitors capital with reference to the net debt position. The consolidated entity's current policy is to ensure that cash and cash equivalents exceeds debt at all times.

**h) Reserves**

	Foreign exchange reserve	Share Based Payments Reserve	Total Reserves
Carrying amount at 1 January 2020	90,176	14,062	104,238
Other comprehensive income	(150,610)	34,191	(116,419)
Carrying amount at 31 December 2020	(60,434)	48,253	(12,181)

**NOTE 11: ACCUMULATED LOSSES**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	(19,445,021)	(16,299,431)
Net (loss) for the year	(2,147,357)	(3,145,590)
Other comprehensive income / (loss) for the year	-	-
Balance at end of financial year	(21,592,378)	(19,445,021)

**NOTE 12: INCOME TAX EXPENSE**

The prima facie tax on loss before income tax is reconciled to income tax as follows:

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Accounting profit (loss) before tax from continuing operations	(2,147,357)	(3,145,590)



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At the statutory income tax rate of 30% (2019: 30%)	(644,208)	(943,677)
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***Effect of non-deductible/ assessable items in calculating taxable income /loss***

Non-deductible expenses (non-assessable income)	508,083	231,563
International tax rate differential	43,773	-
Temporary differences and tax loss not brought to account as a deferred tax asset	92,352	712,114

At effective income tax rate of 0% (Prior year: 0%)	-	-
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Estimated unused tax losses have not been recognised as a deferred tax asset as the future.

Recovery of these losses is subject to the Group satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Group operates. Due to the nature of the acquisition in December 2016 it is doubtful as to whether a majority of the tax losses accumulated by entities in the Group will be able to be carried forward for recovery in the future. The benefit of deferred tax assets not brought to account will only be brought to account if:

- (i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be realised;
- (ii) The Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

**NOTE 13: RELATED PARTY DISCLOSURE****Particulars in relation to controlled entities of the legal parent entity, Dropsuite Limited**

Controlled entities	Country of Incorporation	Ownership Interest held by the Group	
		2020	2019
		%	%
Dropmysite Pte Ltd	Singapore	100	100
Dropmysite Inc	USA	100	100
Greenbase Corporation Pty Ltd (i)	Australia	100	100

- (i) Greenbase Corporation Pty Ltd is a dormant company

There are no other related party transactions other than those disclosed elsewhere in this financial report.

**NOTE 14: DIRECTOR AND EXECUTIVE DISCLOSURES**

**DROPSUITE LIMITED****Aggregate remuneration of key management personnel**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salary and fees	1,214,747	1,046,969
Superannuation	26,700	19,159
Financial KPI	149,413	256,548
Non-financial KPI	55,045	49,764
<b>Total</b>	<b>1,445,605</b>	<b>1,372,440</b>

The above disclosure comprises the key management personnel of Dropmysite Pte Ltd and Dropsuite Ltd for the year ended 31 December 2020 and year ended 31 December 2019.

**Granted and exercisable option holdings of directors and executives**

On 1 September 2020, Performance Rights were granted to the executive team as part of Long Term Incentives plan to Employees totalling 10,470,000.

<b>Executive Name</b>	<b>Expiry Date of 23 August 2024</b>
Charif El Ansari	1,000,000
Ridley Ruth	500,000
Ron Hart	500,000
Bill Kyriacou	350,000
	<b>2,350,000</b>

No options were granted to a director or executive as remuneration, and no options were exercised by a director or executive from options previously granted as remuneration.

**NOTE 15: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group's principal financial instruments comprise cash, short-term deposits and receivables.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial liabilities such as trade payables, which arise directly from its operations. The main market risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, and liquidity risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

**Risk management**

The Group's exposure to market risk, credit risk, liquidity risk and foreign currency risk and policies in regard to these risks are outlined below:

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The

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objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and receivables. The maximum exposure to credit risk at the reporting to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

**Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unnecessary losses or risking damage to the Group's reputation. The Group's objective is to maintain adequate resources by continuously monitoring forecast and actual cash flows and maturity profiles of assets and liabilities.

**Interest rate risk**

The Group does not have significant borrowings and therefore exposure to interest rate risk is minimal. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash balances with floating interest rates.

The Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities at the reporting date are as follows;

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

Financial Instrument	Fixed Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
<b>(i) Financial assets</b>								
Cash	1,600,000	900,000	-	-	882,045	524,004	2,482,045	1,424,004
Receivables	-	-	-	-	1,399,407	809,298	1,399,407	809,298
<b>Total financial assets</b>	<b>1,600,000</b>	<b>900,000</b>	<b>-</b>	<b>-</b>	<b>2,281,453</b>	<b>1,333,302</b>	<b>3,881,453</b>	<b>2,233,302</b>
Weighted average interest rate	0.99%	2.11%	-	-	-	-	-	-
<b>(ii) Financial liabilities</b>								
Payables	-	-	-	-	1,297,197	950,158	1,297,197	950,158
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,297,197</b>	<b>950,158</b>	<b>1,297,197</b>	<b>950,158</b>

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The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

**Interest Rate Sensitivity Analysis**

For the year to 31 December 2020, the effect on profit or loss as a result of changes in the interest rate, with all other variables remaining constant would be not be material.

There is no significant impact of interest rate risk as cash is the only asset with interest rate exposure.

**Net fair values**

The carrying amount approximates fair value for all financial assets and liabilities.

**Foreign currency risk**

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency.

The functional currency of Dropmysite Pte Ltd is Singaporean dollars.

The cash balances are in Australian dollars.

**NOTE 16: AUDITORS' REMUNERATION**

	<b>CONSOLIDATED</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Audits or review of the financial report of the entity and any other entity in the consolidated group		
- Elderton Audit Pty Ltd (formerly Greenwich and Co Audit Pty Ltd)	38,793	37,877
- Fiducia LLP	20,840	15,234
	<u>59,633</u>	<u>53,111</u>

**DROPSUITE LIMITED****NOTE 17: COMMITMENTS AND CONTINGENCIES**

## (i) Operating lease commitments

*Lease commitments - operating*

Committed at the reporting date but not recognised as liabilities, payable:

Within one year

One to five years

<b>CONSOLIDATED</b>	
<b>2020</b>	<b>2019</b>
<b>\$</b>	<b>\$</b>
51,167	-
-	-
<u>51,167</u>	<u>-</u>

The Group had no future non-cancellable operating lease liabilities at 31 December 2020(2019: nil).

The Group had no contingent liabilities as at 31 December 2020.

**NOTE 18: EVENTS AFTER THE REPORTING DATE**

Subsequent to 31 December 2020:

On 24 March 2021, the company converted Class F performance shares into Ordinary shares based on performance hurdles being achieved of \$600,000 audited monthly revenue for a minimum of 3 consecutive months.

On 24 March 2021, the company converted Class G performance rights to Ordinary shares based on performance hurdles being achieved of \$600,000 audited monthly revenue for a minimum of 3 consecutive months.

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**DROPSUITE LIMITED**

**Directors' Declaration**

In accordance with a resolution of the directors of Dropsuite Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- (c) Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Theo Hnarakis  
Director  
29 March 2021

## **Independent Audit Report to the members of Dropsuite Limited**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Dropsuite Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be key audit matter to be communicated in our report.

### Revenue

Refer to Note 4(a) and accounting policy Notes 1(e)

#### Key Audit Matter

The Group generates revenues from providing a cloud software platform for easy back up, archiving and recovery solution services.

This is a key audit matter due to;

- the significance of the revenue amounts to the Group's consolidated financial statements;
- is more relevant to gauge financial performance of the Group; and
- is also linked with some of the performance rights of the key management personnel.

#### How our audit addressed the matter

Our audit work included, but was not restricted to, the following:

- Review of revenue recognition policies and their application for compliance with accounting standards
- Evaluate the design and implementation of key controls over the revenue cycle, in particular revenue completeness
- Review revenue cut off and matching of costs for compliance with accounting standards.
- Perform analytical review to identify unexpected variances
- Substantively test a sample of source records and trace to the detailed GL

**Key Observations:** We noted no material instances of inappropriate revenue recognition arising in our testing.

### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 28 of the directors' report for the year ended 31 December 2020. The directors of the Dropsuite Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards

### *Opinion*

In our opinion, the Remuneration Report of Dropsuite Limited for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Elderton Audit Pty Ltd

**Elderton Audit Pty Ltd**



**Rafay Nabeel**  
Audit Director

29<sup>th</sup> March 2021

**DROPSUITE LIMITED****Additional Shareholders Information**

Additional information required by the Australian Stock Exchange (ASX) listing rules are set out below.

**Corporate Governance**

The company's corporate governance statement is available on the company's website at

<https://dropsuite.com/investor-relations/>

**1. Equity Security Holders - as at 16 March 2021**

The names of the twenty largest holders of quoted equity securities are listed below.

**Fully Paid Ordinary Shares**

Position	Holder Name	Holding	% IC
1	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	127,914,575	22.64%
2	MRS TRACY ANNE FEARON	37,415,184	6.62%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	32,571,424	5.76%
4	MR CHARIF ELANSARI	29,485,439	5.22%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,692,712	4.90%
6	CITICORP NOMINEES PTY LIMITED	22,180,240	3.93%
7	RIDLEY MCLEAN RUTH JR	17,594,468	3.11%
8	RONALD THOMAS HART JR	12,894,667	2.28%
9	THEODORE JAMES HNARAKIS	11,752,311	2.08%
10	MR PHILLIP ANTHONY CARLTON & MS ALINE JANE PACHECO	9,761,589	1.73%
11	MR HILAL TALAL HALAWI	8,364,239	1.48%
12	MR RADWAN EL HARIRI <HATCHER SHARES A/C>	6,495,200	1.15%
13	GE EQUITY INVESTMENTS PTY LTD	5,930,000	1.05%
14	NATIONAL NOMINEES LIMITED	5,487,259	0.97%
15	VINCENZO CIUMMO	5,433,797	0.96%
16	GLORY WEALTH GROUP LTD	4,884,162	0.86%
17	CONTENT AND SYSTEMS PTE LTD	4,627,377	0.82%
18	MOHAMAD EL ANSARI	4,338,180	0.77%
19	BNP PARIBAS NOMS PTY LTD <DRP>	4,248,934	0.75%
20	MR JOHN PIERRE ABI-YOUNES	4,100,000	0.73%
	<b>Total</b>	<b>383,171,757</b>	<b>67.82%</b>
	<b>Total issued capital</b>	<b>565,015,657</b>	<b>100.00%</b>

**DROPSUITE LIMITED****2. Substantial Shareholders** (as at 16 March 2021 and to the best of the Company's knowledge)

Substantial holders of equity securities in the Company are set out below (holders holding more than 5% of total issued capital of the Company).

Holder Name	Shares held	% of total shares
Topline Capital Partners LP	103,671,274	18.35%
Tracy Anne Fearon	37,415,184	6.62%
Charif El Ansari	29,485,439	5.22%

**Distribution of Equity Securities** (as at 16 March 2021)*Class of Security – Ordinary Shares*

Holding Ranges	Number of shareholders	Number of shares	Percentage of Issued Capital
1 – 1,001	218	47,385	0.01%
1,001 – 5,000	120	422,780	0.07%
5,001 – 10,000	175	1,435,596	0.25%
10,001 – 100,000	606	23,537,202	4.17%
100,001 –and over	294	539,572,694	95.50%
<b>Totals</b>	<b>1,413</b>	<b>565,015,657</b>	-
<i>Less than marketable parcel of \$500</i>	248	98,765	0.02%

*Class of Security – Performance Shares*

Holding Ranges	Number of shareholders	Number of shares	Percentage of Issued Capital
1 – 1,001	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 –and over	11	17,933,333	100.00%
<b>Totals</b>	<b>11</b>	<b>17,933,333</b>	-

*Class of Security – Performance Rights*

Holding Ranges	Number of shareholders	Number of shares	Percentage of Issued Capital
1 – 1,001	-	-	-
1,001 – 5,000	-	-	-
5,001 – 10,000	-	-	-
10,001 – 100,000	7	480,000	2.28%
100,001 –and over	48	20,550,000	97.72%
<b>Totals</b>	<b>55</b>	<b>21,030,000</b>	-

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**DROPSUITE LIMITED**

*Please note that under the Company's Constitution, each (fully paid up) ordinary shareholder who is present at a general meeting of the Company in person or by proxy, attorney or official representative is entitled:*

- *On a show of hands – to one vote; and*
- *On a poll – to one vote for each share held or represented.*

There is no on-market buy-back by the Company currently.

**Enquiries**

Shareholders with any enquiries about any aspect of their shareholding should contact the Consolidated Entity's share register as follows:

Automic Pty Ltd

Tel: +61 2 9698 5414

Web: [www.automic.com.au](http://www.automic.com.au)

**Electronic Announcements and Report**

Shareholders who wish to receive announcements made to the ASX, as well as electronic copies of the Annual Report and Half Yearly Report, are invited to provide their e mail address to the Company. This can be done in writing to the Company Secretary.

**Removal from the Printed Annual Report Mailing List**

Shareholders who do not wish to receive the Annual report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

**Change of Name / Address**

Shareholders who are Issue Sponsored should advise the Share registry promptly of any changes of name and / or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the share Registry website or obtained by contacting the Share registry.

Shareholders who are in CHESS and Brokered Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and / or address.

In the case of a name change, the written advice must be supported by documentary evidence.

**Consolidation of Shareholdings**

Shareholders who wish to consolidate their separate shareholdings into one account should write to the Share Registry or their sponsoring broker, whichever is applicable.

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**DROPSUITE LIMITED****Stock Exchange Listing**

The Consolidated Entity's shares are listed on the ASX. Details of share transactions and prices published in the financial papers of the daily capital city newspapers under the code DSE.

**Registered Office**

The registered office of the Consolidated Entity is: Dropsuite Limited  
14 Emerald Terrace  
West Perth WA 6005

Telephone: +61 8 9429 2929  
Fax: +61 8 9486 1011  
Website: [www.dropsuite.com](http://www.dropsuite.com)  
Company Secretary: Kobe Lizheng