



Dropsuite Limited

ABN 91 008 021 118

**Notice of 2020 Annual General Meeting
to be held on Thursday, 21 May 2020**

**Explanatory Memorandum
for the Notice of
Annual General Meeting**

**NOTICE OF THE 2020 ANNUAL GENERAL MEETING TO BE HELD AT 11.00AM (AEST) ON
THURSDAY, 21 MAY 2020 AT THE OFFICES OF BOARDROOM PTY LIMITED ON
LEVEL 7, 411 COLLINS STREET, MELBOURNE VIC 3000
AND VIA VIDEO TELECONFERENCE**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE 2020 ANNUAL GENERAL MEETING MUST
BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN 11.00 AM (AEST) ON
TUESDAY, 19 MAY 2020**

Section A - Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Shareholders of Dropsuite Limited ABN 91 008 021 118 (**Dropsuite** or **Company**) will be held at 11.00am (AEST) on Thursday 21 May 2020 at the offices of Boardroom on Level 7, 411 Collins Street, Melbourne VIC 3000.

In the alternative, Shareholders can attend the Annual General Meeting via Zoom Conferencing. However, please note that Shareholders will not be able to actually vote if attending the Annual General Meeting via Zoom but will be able to listen to, and ask questions, at the same. For voting purposes, Shareholders attending the Annual General Meeting via Zoom must have previously provided a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) by the due date and time stipulated in Noted 5(i) below.

The details of the Zoom facility are:

Join Zoom Meeting: <https://zoom.us/j/101963801>

Meeting ID: 101 963 801

Dial by your location:

Australia:	+61 3 7018 2005 +61 8 7150 1149 +61 2 8015 6011	New Zealand	+64 9 884 6780 +64 4 886 0026
USA:	+1 301 715 8592 +1 312 626 6799 +1 346 248 7799 +1 646 876 9923 +1 669 900 6833 +1 253 215 8782	Find your local number:	https://zoom.us/j/101963801

Defined terms used in this Notice of Meeting have the meanings given to them in the Glossary accompanying this Notice of Meeting.

ORDINARY BUSINESS

Financial Statements and Reports

To receive the Financial Statements, Directors' Report and Auditor's Report for the Company and its controlled entities for the year ended 31 December 2019.

Note that there is no requirement for Shareholders to approve these reports. However, the Annual General Meeting provides a forum for Shareholders to ask questions and make comments on the Company's reports and accounts and on the management, business and operations of the

Company. In addition, Shareholders will be allowed a reasonable opportunity at the Annual General Meeting to ask questions of the auditor (or the auditor's representative) relevant to:

- the conduct of the audit;
- the content of the auditor's report;
- the accounting policies adopted by the Company for the preparation of the financial statements; and
- the auditor's independence in relation to the above items.

1. **Resolution 1: Adoption of the Remuneration Report**

Shareholders are asked to consider, and if thought fit, to pass with or without amendment the following Resolution as an **ordinary resolution**:

"That the Company adopt the Remuneration Report for the year ended 31 December 2019 in accordance with Section 250R(2) of the Corporations Act."

Please refer to the Explanatory Memorandum for further information on this resolution.

Note: This resolution will be decided by a show of hands. This resolution is advisory only and does not bind the Company or the Directors. A voting exclusion applies in respect of this resolution - see Explanatory Memorandum for details.

2. **Resolution 2: Re-election of Director – Bruce Tonkin**

Shareholders are asked to consider, and if thought fit, to pass with or without amendment the following Resolution as an **ordinary resolution**:

"That, Dr Bruce Tonkin, who is retiring in accordance with the Constitution, and who offers himself for re-election, is re-elected as a Director of the Company."

Please refer to the Explanatory Memorandum for further information on this resolution.

Note: Dr Bruce Tonkin retires as a Director in accordance with the requirements of clause 6.3 of the Constitution. Being eligible, he offers himself for re-election. This resolution will be decided by a poll. No voting exclusion applies in respect of this resolution.

3. **Ratification of prior issue of 60,472,080 Shares under the Placement**

Shareholders are asked to consider and, if thought fit, pass with or without amendment the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 60,472,080 Shares under the Placement by the Company on the terms and conditions described in the Explanatory Memorandum is approved and ratified."

Please refer to the Explanatory Memorandum for further information on this resolution.

Note: This resolution will be decided by a poll. A voting exclusion applies in respect of this resolution - see Explanatory Memorandum for details.

4. **Ratification of an additional prior issue of 1,499,999 Shares under the Placement**

Shareholders are asked to consider and, if thought fit, pass with or without amendment the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the additional prior issue of 1,499,999 Shares under the Placement by the Company on the terms and conditions described in the Explanatory Memorandum is approved and ratified."

Please refer to the Explanatory Memorandum for further information on this resolution.

Note: This resolution will be decided by a poll. A voting exclusion applies in respect of this resolution - see Explanatory Memorandum for details.

5. Ratification of prior issue of 12,080,000 Performance Rights

Shareholders are asked to consider and, if thought fit, pass with or without amendment the following Resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior issue of 12,080,000 Performance Rights under the Rights Plan by the Company on the terms and conditions described in the Explanatory Memorandum is approved and ratified."

Note: this resolution will be decided by a poll. A voting exclusion applies in respect of this resolution - see Explanatory Memorandum for details.

By order of the Board



Julian Rockett
Company Secretary

Dated: 15 April 2020

NOTES

1. Explanatory Memorandum & Other Information

The following additional sections form part of this Notice and should be read in conjunction with it. They are the:

- Explanatory Memorandum in Section B; and
- Glossary in Section C; and
- Plan Rules Summary in Section D.

2. Voting Statement

The Chairman of the Annual General Meeting intends to vote undirected proxies held by him in favour of each of the Resolutions. Please refer to the proxy form accompanying this Notice of Meeting for more information.

3. Determination of membership and voting entitlement

For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognized as a member of the Company and the holder of Shares if that

person is registered as a holder of those Shares at 7.00pm (AEST) on Tuesday, 19 May 2020, being the second Business Day prior to the date of the Annual General Meeting.

4. Votes of members

On a show of hands, each member present in person or by proxy or, in the case of a body corporate, by a corporate representative at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative shall have one vote for each Share held by him, her or it provided that all Shares are fully paid.

5. Proxies

Please note that:

- (a) a member entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the proxy form attached to this Notice of Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies, and the appointment does not specify the proportion of the member's voting rights, each proxy may exercise one-half of the voting rights;
- (d) a proxy need not be a member of the Company;
- (e) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where the proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (f) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (g) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (h) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (i) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 11.00 am (AEST) on Tuesday, 19 May 2020:

by the Company:

- by mail: Automic Registry Services
GPO Box 5193, Sydney, NSW 2001
- in person: Automic
Level 5, 126 Phillip Street, Sydney NSW 2000
- by email: meetings@automicgroup.com.au

A form of proxy (Proxy Form) accompanies this Notice of Meeting.

6. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Annual General Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative.

7. Currency

References to "\$" in this Notice and Explanatory Memorandum are to Australian dollars.

Section B - Explanatory Memorandum

1. Introduction

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Dropsuite Limited (**Dropsuite** or the **Company**) to be held at 11.00am (AEST) on Thursday, 21 May 2020, at the offices of Boardroom on Level 7, 411 Collins Street, Melbourne, VIC 3000 and via video teleconference.

This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed resolutions. Both documents should be read in their entirety and in conjunction with each other.

All capitalised terms are defined in the Glossary in Section C of this Notice.

2. Background to Resolutions

Resolution 1: Adoption of Remuneration Report

The Corporations Act requires that at a listed Company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for Key Management Personnel. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 31 December 2019.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

(a) Voting consequences

Under the Corporations Act, if at least 25% of the votes cast on a Remuneration Report resolution are voted against the adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company at the second annual general meeting (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Executive Directors of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the Company is approved by the Shareholders will be the Directors of the Company.

(b) Voting Exclusion Statement

For each Key Management Personnel whose remuneration details are included in the Remuneration Report, the Company will disregard any votes cast in favour of Resolution 1 by or on behalf of the Key Management Personnel or any of the Key Management Personnel's associates.

However, the Company need not disregard any votes cast on this resolution if cast by:

- a person as proxy or attorney for another person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;

- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and are not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should be aware that the Chairman intends to vote all undirected proxies given to the Chairman in favour of the resolutions of the Annual General Meeting, including this Resolution 1, subject to compliance with the Corporations Act.

(c) Directors' Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

Resolution 2: Re-election of Director – Dr Bruce Tonkin

The Company's Constitution provides that one third of Directors must retire at each annual general meeting. Accordingly Dr Bruce Tonkin retires and, being eligible, wishes to stand for re-election in accordance with the Company's Constitution.

Dr Bruce Tonkin is a Non-Executive Director who was appointed on 22 February 2017. He holds a B. Electrical and Electronic Engineering (1st Class Honours) and Ph.D. in Electrical and Electronic Engineering from the University of Adelaide.

Dr 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 was the 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. Dr Tonkin 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.

Dr Tonkin has 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.

(d) Voting Exclusion Statement

No voting exclusion statement applies to this resolution.

Shareholders should be aware that the Chairman intends to vote all undirected proxies given to the Chairman in favour of the resolutions of the Annual General Meeting, including this Resolution 2, subject to compliance with the Corporations Act.

(e) Directors' Recommendation

The Board (Dr Bruce Tonkin abstaining) recommends that Shareholders vote **FOR** Resolution 2.

Resolution 3 – Ratification of prior issue of 60,472,080 Shares under the Placement

Ratification by Shareholders of the prior issue of 60,472,080 Shares under the Placement is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without Shareholder approval, in accordance with ASX Listing Rule 7.1. The Shares issued under the Placement were issued within the Company's 15% placement capacity under ASX Listing Rule 7.1. Accordingly, Shareholder approval of the Placement was not required.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of the 12 month period. The Placement issued 60,472,080 Shares under its rule 7.1 capacity.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1.

Resolution 3 seeks Shareholder ratification and approval under ASX Listing Rule 7.4 for the issue by the Company of 60,472,080 Shares under the Placement. It should be noted that:

- If Resolution 3 is passed, the issue of 60,472,080 Shares under the Placement will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.
- If Resolution 3 is not passed, the issue of 60,472,080 Shares under the Placement will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.

(a) Specific disclosure of information

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the Shares issued under the Placement:

1. The total number of Shares issued by the Company under the Placement was 60,472,080 Shares.
2. The Shares were issued at \$0.045 per Share.
3. The Shares were issued on the same terms as, and rank equally in all respects with, the Company's existing Shares on issue.
4. The Shares were issued and allotted to the following on 17 February 2020, none of whom to which ASX Listing Rule 10.11 applies:

Entity	Number of Shares
Topline Capital Partners, LP	22,333,332
Regal Funds Management Pty Ltd	17,777,778
Acorn Capital Ltd	4,444,445
Centennial Asset Management Pty Ltd	2,222,222
Altor Capital Management Pty Ltd	1,666,667
DMP Asset Management	1,027,636
Total	60,472,080

5. The funds raised from the Placement will be utilised for working capital purposes allowing the Company to increase its sales and marketing presence in key markets and to continue enhancing its best-in-class Cloud backup platform.
6. A summary of the material terms of the agreement under which the 60,472,080 Shares were issued under the Placement were:

Aspect	Details
Purpose	To offer Shares at \$0.45 each
Eligibility	Specified “sophisticated investors” or “professional investors” as defined in the Corporations Act. The offer is made without a disclosure document under the Corporations Act. Accordingly, the Shares will be subject to the secondary trading provisions of section 707 of the Corporations Act.
Use of proceeds	General working capital purposes and to support the increase in the Company’s sales and marketing presence in key markets and continue Dropsuite’s best-in-class Cloud backup platform.
Rights attaching to Shares	Shares will rank pari passu with the Company’s existing Shares.

(b) Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any entity named in paragraph (a) item 4 above or any associates of the entity named in paragraph (a) item 4 above.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for another person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and are not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should be aware that the Chairman intends to vote all undirected proxies given to the Chairman in favour of the resolutions of the Annual General Meeting, including this Resolution 3, subject to compliance with the Corporations Act.

(c) Directors’ recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 3.

Resolution 4 – Ratification of an additional prior issue of 1,499,999 Shares under the Placement

Ratification by Shareholders of an additional prior issue of 1,499, 999 Shares under the Placement is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without Shareholder approval, in accordance with ASX Listing Rule 7.1. The additional issue of 1,499,999 Shares at \$0.045 per Share was detailed in an ASX announcement released to the market on 17 February 2020.

The Shares issued under the Placement were issued within the Company's 15% placement capacity under ASX Listing Rule 7.1. Accordingly, Shareholder approval of the Placement was not required.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of the 12 month period. The Placement issued an additional 1,499,999 Shares under its rule 7.1 capacity.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1.

Resolution 4 seeks Shareholder ratification and approval under ASX Listing Rule 7.4 for the issue by the Company of an additional 1,499,999 Shares under the Placement. It should be noted that:

- If Resolution 4 is passed, the issue of an additional 1,499,999 Shares under the Placement will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.
- If Resolution 4 is not passed, the issue of an additional 1,499,999 Shares under the Placement will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.

(a) Specific disclosure of information

ASX Listing Rule 7.5 requires that the following information be provided to shareholders in relation to the additional Shares issued under the Placement:

1. The total number of additional Shares issued by the Company under the Placement was 1,499,999 Shares.
2. The additional Shares were issued at \$0.045 per Share.
3. The Shares were issued on the same terms as, and rank equally in all respects with, the Company's existing Shares on issue.
4. The Shares were issued and allotted to Adrosaga Partners (Asia) Pte Ltd on 17 February 2020 and ASX Listing Rule 10.11 does not apply in respect of this entity.
5. The funds raised from the Placement will be utilised for working capital purposes allowing the Company to increase its sales and marketing presence in key markets and to continue enhancing its best-in-class Cloud backup platform.
6. A summary of the material terms of the agreement under which the additional 1,499,999 Shares were issued under the Placement were:

Aspect	Details
Purpose	To offer Shares at \$0.45 each
Eligibility	Specified “sophisticated investors” or “professional investors” as defined in the Corporations Act. The offer is made without a disclosure document under the Corporations Act. Accordingly, the Shares will be subject to the secondary trading provisions of section 707 of the Corporations Act.
Use of proceeds	General working capital purposes and to support the increase in the Company’s sales and marketing presence in key markets and continue Dropsuite’s best-in-class Cloud backup platform.
Rights attaching to Shares	Shares will rank pari passu with the Company’s existing Shares.

(b) Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Adrosaga Partners (Asia) Pte Ltd or any associates of Adrosaga Partners (Asia) Pte Ltd.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for another person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and are not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should be aware that the Chairman intends to vote all undirected proxies given to the Chairman in favour of the resolutions of the Annual General Meeting, including this Resolution 4, subject to compliance with the Corporations Act.

(c) Directors’ recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 4.

Resolution 5: Ratification of prior issue of 12,080,000 Performance Rights

The Company is seeking the approval of Shareholders in respect of the ratification of previously issued Performance Rights announced on the ASX on 17 July 2019. The purpose of the Performance Rights was to incentivise the Company’s staff by aligning their benefit with successful performance for Shareholders. This supports loyalty while providing a cost-effective remuneration structure. Consistent with this philosophy, the Board adopted the Rights Plan.

The Performance Rights provided the opportunity for Eligible Persons to acquire Performance Rights which will convert into Shares and thereby:

- (a) attract quality Eligible Persons to the Company;
- (b) motivate and retain Eligible Persons of the Company;
- (c) create commonality of purpose between the Eligible Persons and the Company;
- (d) add wealth to all Shareholders by motivating the Eligible Persons; and
- (e) enable the Eligible Persons to share the rewards of the success of the Company.

Ratification by Shareholders of the prior issue of 12,080,000 Performance Rights is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without Shareholder approval, in accordance with ASX Listing Rule 7.1. The Performance Rights were issued under the Company's 15% placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of the 12 month period. The Rights Plan issued 12,080,000 Performance Rights under its rule 7.1 capacity.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rules 7.1.

Resolution 5 seeks Shareholder ratification and approval under ASX Listing Rule 7.4 for the issue by the Company of 12,080,000 Performance Rights. It should be noted that:

- If Resolution 5 is passed, the issue of 12,080,000 Performance Rights will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.
- If Resolution 5 is not passed, the issue of 12,080,000 Performance Rights will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholders' approval over the 12 month period following the issue date of the same.

(d) Specific disclosure of information

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the Performance Rights issued under the Rights Plan:

1. The total number of Performance Rights issued by the Company under the Rights Plan was 12,080,000 Performance Rights (unquoted).
2. The Performance Rights were issued at \$nil per Performance Right.
3. See Section D of this Notice for the material terms of the Performance Rights and Rights Plan.
4. The Performance Rights were issued on 17 July 2019 to 27 employees of the Company based on their seniority, individual performance and/or length of service. ASX Listing Rule 10.11 does not apply in respect of any of the employees.
5. The Performance Rights were issued primarily to employees of the Company who joined the Company after it went public in December 2016 and who have not been awarded any long-term incentives previously. The goal is to further improve team performance and commitment by providing meaningful long-term rewards that lead to real ownership in the Company.

(f) Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of employees of the Company who have participated in the Rights Plan or their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for another person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
- the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that they are not excluded from voting, and are not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should be aware that the Chairman intends to vote all undirected proxies given to the Chairman in favour of the resolutions of the Annual General Meeting, including this Resolution 5, subject to compliance with the Corporations Act.

(g) Directors' Recommendation

The Board recommends that Shareholders vote **FOR** Resolution 5.

Section C - Glossary

Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

Associate has the meaning given to that term in the ASX Listing Rules.

Annual General Meeting means the annual general meeting of the Company to be held on Thursday, 21 May 2020 pursuant to the Notice of Meeting.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules means the official listing rules issued and enforced by the ASX as amended from time to time.

Board or **Board of Directors** means the board of Directors of Dropsuite.

Business Day means a day which is not a Saturday, Sunday or public holiday in Sydney or Melbourne.

Chairman means the person chairing the Annual General Meeting.

Company or **Dropsuite** means Dropsuite Limited ABN 91 008 021 118.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act or Act means the *Corporations Act* 2001 (Cth).

Director means a director of the Company.

Dropsuite means Dropsuite Limited ABN 91 008 021 118.

Equity Securities has the meaning set out in the ASX Listing Rules.

Eligible Person means:

- (a) A full-time or permanent or part-time employee of the Company or any Subsidiary;
- (b) a director or secretary of the Company or any Subsidiary;
- (c) a contractor who is engaged by the Company or any Subsidiary; or
- (d) any other person who is determined by the Board to be an Eligible Person for the purposes of the Rights Plan.

Explanatory Memorandum means the explanatory memorandum set out in Section B of this document.

Holder means the holder of a Performance Right.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of the ASX as amended from time to time.

Notice of Meeting or Notice means the notice of Annual General Meeting set out in Section A of this document.

Performance Condition means in relation to each Performance Right, one or more conditions which must be satisfied or circumstances which must exist before a Performance Right can be exercised.

Performance Right means an entitlement to a Share subject to satisfaction of Performance Conditions and the corresponding obligation of the Company to provide the Share, pursuant to a binding contract made by the Company and an Eligible Person in the manner set out in the Rules.

Placement means the Company's raising of approximately \$2.7 million from sophisticated and professional investors by the issue and allotment of 60,472,080 Shares at \$0.045 per Share as described in an ASX announcement released to the market on 10 February 2020.

Related Party has the meaning given to that term in the Corporations Act.

Resolution means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll.

Rights Plan means Dropsuite's 2019-2021 Performance Rights Plan described in an ASX announcement released to the market on 17 July 2019.

Rules means the terms and conditions of the Rights Plan, as amended from time to time.

Security Interest means any mortgage, pledge, charge, lien, encumbrance, assignment, security, interest, preferential right, set-off or any other security arrangement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Special Resolution means a resolution passed by a 75% majority of members of the Company on a show of hands or by the requisite 75% majority of votes given on a poll.

Subsidiary has the meaning given to that term in the Corporations Act.

Section D – Plan Rules Summary

SUMMARY OF TERMS

The following is a summary of the key terms of the Rights Plan. Note that key information was previously also provided in the ASX announcement released from 17 July 2019.

Aspect	Details
Purpose	<p>The Rights Plan provides the opportunity for Eligible Persons to acquire Performance Rights which will convert into Shares and thereby:</p> <ul style="list-style-type: none">(a) attract quality Eligible Persons to the Company;(b) motivate and retain Eligible Persons of the Company;(c) create commonality of purpose between the Eligible Persons and the Company;(d) add wealth to all Shareholders by motivating the Eligible Persons; and(e) enable the Eligible Persons to share the rewards of the success of the Company.
Eligibility	Eligible Persons (see the definition in the Glossary in Section C of this Explanatory Memorandum).
Expiry Date	1 July 2023, with a further 12 months grace period at the discretion of the Board.
Terms & Conditions	<p>The Performance Rights granted to an Eligible Person are subject to the Terms and Conditions.</p> <p>The Terms and Conditions includes terms in relation to eligibility, consideration, Performance Conditions and vesting period, exercise of Performance Rights, lapsing of Performance Right, information requirements, transfer of rights, security interests, dividend and voting rights, adjustment for rights issue, adjustment for bonus issue and adjustment for reconstruction.</p> <p>The Board has the power to amend or vary the Terms and Conditions for each offer made to an Eligible Person provided the Terms and Conditions comply with the Rules.</p>
Number of Performance Rights	The number of Performance Rights to be offered to an Eligible Person will be at the discretion of the Board. It is intended that the number of Performance Rights to be granted will be determined annually with regard to the Eligible Person's base remuneration package, relevant market practices and the relevant policies of the Company regarding their remuneration.
Vesting	Performance Rights to vest upon the satisfaction of a Performance Condition by the Expiry Date and once vested, the relevant percentage of Performance Rights will be converted into Shares. The Company will apply for official quotation of any Shares issued under the Rights Plan, in accordance with the ASX Listing Rules, and those issued shares will rank equally in all respects with the Shares.

Performance Condition (25% of total Performance Rights granted)	<p>To be employed for a period of 12 months (until 1 July 2020) from the date of grant (Hurdle 1a).</p> <p><i>IF Hurdle 1a is met THEN</i></p> <p>Share price to achieve a volume weighted average price of at least \$0.08 for a minimum of a thirty (30) day period (Hurdle 1b), provided that Hurdle 1a has been achieved.</p> <p>Allocation date: no later than 45 days after Hurdle 1a and 1b are achieved.</p>
Performance Condition (35% of total Performance Rights granted)	<p>To be employed for a period of 24 months (until 1 July 2021) from date of grant (Hurdle 2a).</p> <p><i>IF Hurdle 2a is met THEN</i></p> <p>Share price to achieve a volume weighted average price of at least \$0.14 for a minimum of a thirty (30) day period (Hurdle 2b), provided that Hurdle 2a has been achieved.</p> <p>Allocation date: no later than 45 days after Hurdle 2a <u>and 2b</u> Hurdles are achieved.</p>
Performance Condition (40% of total Performance Rights granted)	<p>To be employed for a period of 36 months (until 1 July 2022) from date of grant (Hurdle 3a).</p> <p><i>IF Hurdle 3a is met THEN</i></p> <p>Share price to achieve a volume weighted average price of at least \$0.18 for a minimum of a thirty (30) day period (Hurdle 3b)</p> <p>Allocation date: no later than 45 days after Hurdle 3a and Hurdle 3b are achieved.</p>
Issue Price and Exercise Price	The issue and exercise price of the Performance Rights is nil.
Conversion ratio	When vested, each Performance Right would be converted into one (1) Share. The Company will apply for quotation for all Shares arising from a conversion of Performance Rights.
Vested/Lapse/ Communication	The Board determines if a Performance Condition is satisfied prior to the relevant Expiry Date and if vested, shall notify the Holder in writing that the Performance Rights have vested. If the Performance Condition is not satisfied by the Expiry Date thus the Performance Rights have lapsed, then the Board shall notify the Holder.
Rights of Holders	Performance Rights are personal and non-transferrable. The Holder has no legal or equitable interest in a Share by virtue of acquiring a Performance Right. Performance Rights are unquoted. Holders are not entitled to vote or receive any dividends paid by the Company nor can they participate in any new issues of capital offered to Shareholders during the currency of the Performance Rights. Holders are prohibited from granting a Security Interest over the Performance Rights.

Ceasing to be an Eligible Person	<p>If employment ceases before a Performance Condition has been satisfied, the Performance Rights subject to that Performance Condition lapses. Subject to the discretion of the Board, the foregoing does not apply in the following circumstances:</p> <p>(a) The minimum period of employment in a Performance Condition has been met; and</p> <p>(b) The Eligible Person's employment ceased due to death, disability, bona fide redundancy, bona fide retirement or other reason with the Board's approval.</p>
Takeover/Major corporate transaction	In the event of a takeover or other major corporate transaction, the Board has the discretion whether to convert Performance Rights into Shares.
Equity reconstruction	In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules (applying at that time) and in a manner which will not result in any additional benefits being conferred on a Holder which is not conferred on holders of Shares, but in all other respects the terms of conversion will remain unchanged.
Fraud, Gross Misconduct etc.	<p>In the event that the Board forms the opinion that a Holder has acted fraudulently or dishonestly or has breached his or her obligations to the Company, the Board may, among other things:</p> <p>(a) lapse any unvested Performance Rights of the Holder;</p> <p>(b) forfeit any vested Performance Rights; or</p> <p>(c) where Performance Rights have converted to Shares and those Shares sold, require the Holder to pay all or part of the net proceeds of the sale to the Company.</p>

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: DSE

Your proxy voting instruction must be received by **11.00am (AEST) on Tuesday, 19 May 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED		
Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

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Email Address:

Contact Daytime Telephone

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Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).