Dropsuite Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Dropsuite Limited
ABN:	91 008 021 118
Reporting period:	For the year ended 31 December 2023
Previous period:	For the year ended 31 December 2022

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	48.1%	to	30,633
Profit from ordinary activities after tax	up	9.2%	to	1,584
Profit for the year	up	9.2%	to	1,584

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the Group after providing for income tax amounted to $1,584,000 (31 December 2022: $1,450,000).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	3.93	3.51

Calculated as follows:

	Group 2023 $'000	Group 2022 $'000
Net assets	27,385	24,231
Net tangible assets	27,385	24,231
Number of shares on issue at 31 December (no.)	696,092,092	689,892,092

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Dropsuite Limited for the year ended 31 December 2023 is attached.

12. Signed

Signed _____ Date: 28 February 2024

Theo Hnarakis
Non-Executive Chairperson
Melbourne, Victoria

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Dropsuite

Annual Report 2023

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Dropsuite Limited

ABN 91 008 021 118

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.

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Dropsuite Limited
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Dropsuite Limited
Corporate directory
31 December 2023

Directors	Charif Elansari Theo Hnarakis Bruce Tonkin Eric Martorano
Company secretary	Kobe Lizheng
Registered office	Level 30, Collins Place, 35 Collins Street Melbourne VIC 3000 Phone: +65 6813 2090
Principal place of business	10 Anson Road #14-07 International Plaza Singapore 079903 Phone: +65 6813 2090
Share register	Automic Pty Ltd Level 5, 191 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
Auditor	RSM Australia Partners Level 27, 120 Collins Street Melbourne VIC 3000
Solicitors	QR Lawyers Pty Ltd Level 6, 400 Collins Street Melbourne VIC 3000
Bankers	National Australia Bank Level 14, 100 St Georges Terrace Perth WA 6000
Stock exchange listing	Dropsuite Limited shares are listed on the Australian Securities Exchange (ASX code: DSE)
Website	www.dropsuite.com
Corporate Governance Statement	www.dropsuite.com/investor-centre/corporate-governance/

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Chairman's Review



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Dear Shareholders,

On behalf of the Board of Directors of Dropsuite Limited, I am pleased to present the 2023 Annual Report.

Our mission, to safeguard data and help businesses stay in business, drives our focus and the Company remains well positioned strategically to benefit from strong industry tailwinds of cyber threats, cloud migration and regulation. With cyber-crime across the world impacting both small business and large, demand for our solutions is at record levels.

Dropsuite continues to evolve as a company and is now a multi-product, multi-channel and multi-segment business. Our partner-led business model, where we are the solution of choice for all email and productivity backup needs for thousands of Manage Service Providers across the globe, provides significant scaling benefits with marginal cost to serve our growing user base.

Our focus on product excellence and customer satisfaction has manifested though a number of awards in 2023 including the first-ever Pax8 Beyond Collaboration Vendor Award and being voted #1 Microsoft 365 Cloud Backup provider by Software Reviews for the fourth consecutive year.

In 2023 the Company continued to invest for continued growth, expanding our global operations and team capabilities across sales, marketing, product and support. This investment, which is expected to sustain our growth in the future, also helped deliver strong performance across all key metrics in 2023 including growing our Annualised Recurring Revenue by 35% to $34.3 million, increasing our number of users over 1 million for the first time, increasing ARPU and recording EBITDA of $1.1 million. Dropsuite's balance sheet remains strong with cash at hand of $24.3 million and the Company's board and management will continue to execute our strategies and create value for shareholders.

As we grow as a Company, we will continue to ensure that we have the right people, processes, structure and governance in place to deliver sustainable returns. To that

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extent, the Board was pleased to appoint Eric Martorano as an independent non-executive director of the company. Eric's has previously held various leadership positions at Microsoft where he was ultimately General Manager of U.S. Channel Sales. Eric's experience across leading companies in the technology sector will be invaluable as we continue to accelerate the growth of our company and increase our exposure to new markets and geographies. I would like to take this opportunity to thank my fellow Director, Bruce Tonkin, for his continued sage advice and valuable contribution to the Company.

Our strong performance in 2023 is in large part due to the excellent management team who focused on ensuring an exceptional client experience, supported by a highly responsive and supportive customer service and technical team. I would like to thank the Dropsuite staff and management team led by our CEO and Managing Director, Charif Elansari for their ongoing commitment and focus. Without them the terrific business momentum we have witnessed in 2023 would not have been possible.

Finally, I would like to thank our customers, and our shareholders for your support over the past year. With a strong balance sheet, a growing partner-led business model, increasing user base and strong industry tailwinds, Dropsuite remains well positioned to deliver sustainable returns in 2024 and beyond.

Yours Sincerely,



Theo Hnarakis
Chairman

Highlights

ANNUAL RECURRING REVENUE(ARR)

$34.3m

up 35% on PCP (Actual)

up 34% on PCP (Constant Currency)

RESELLER PARTNERS

620

up 26% on PCP

OPERATING CASHFLOW GENERATED

$2.27m

up 145% on PCP

PAID USERS

1.16m

up 24% on PCP

AVERAGE REVENUE PER USER (ARPU)

$2.46/mo

up 9% on PCP (Actual)

up 8% on PCP (Constant Currency)

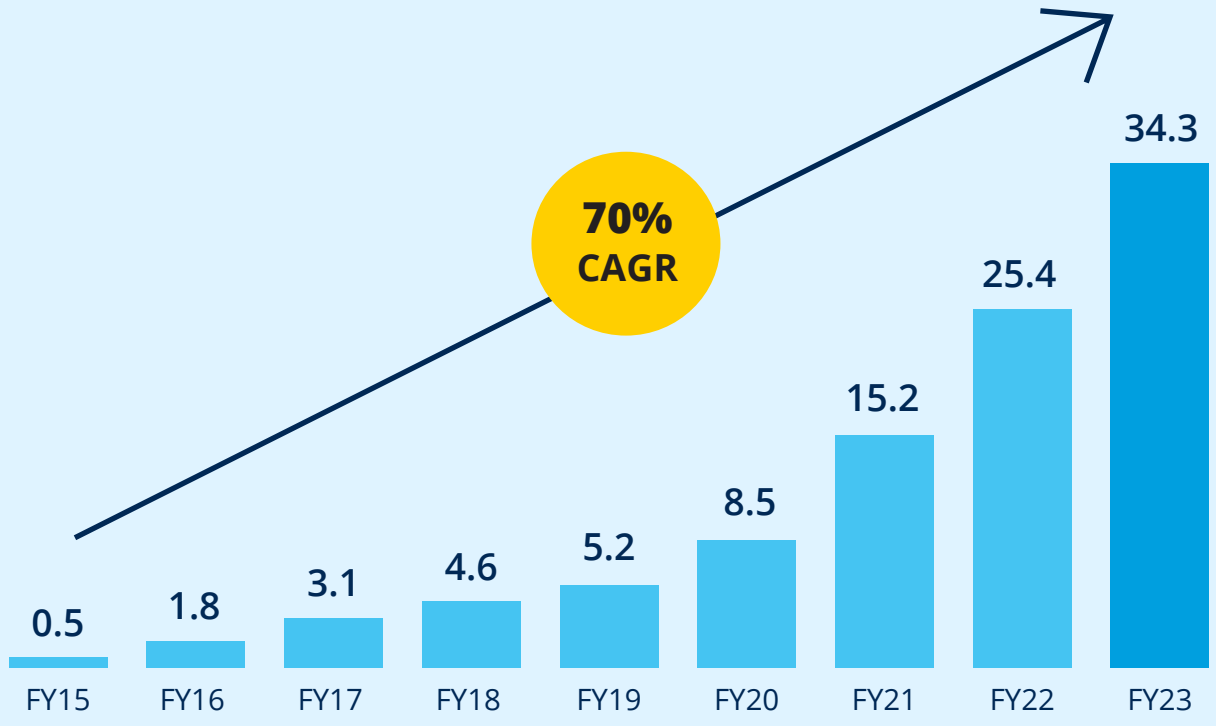
PARTNER REVENUE CHURN

< 6%

* <3% excluding legacy hosting partner

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ANNUAL RECURRING REVENUE ($M)



CEO's Review



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Dear Shareholders,

I am delighted to report that Dropsuite delivered another year of strong operational and financial performance in 2023 driven by strong execution, the scalability of our product suite, the excellent service we provide to our clients and the ongoing favourable market tailwinds from data security and regulation in an environment of increasing cyber-attacks.

The need for robust data protection continues to grow providing a supportive macro backdrop for Dropsuite which will assist in driving future growth while reinforcing our already strong position in the industry. With positive operational and financial momentum, including our well-capitalised balance sheet and strongly motivated team, we remain confident that Dropsuite will continue to execute its strategy and create value for shareholders.

What we believe to be true

1. **Right team**
   We continue building the right team and the right culture for long-term success
2. **Right time**
   There has never been a better time to be in the Data Protection business
3. **Right place**
   Our choice to go-to-market with MSP partners is validated every day

To deliver the right strategy

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Robust Financial Results with positive cashflow and record users

Dropsuite's financial performance in 2023 reflected the Company's ability to execute against our well defined strategic plans, the benefit of our MSP partner network which delivers enhanced scalability and our continued investment in building the right team and culture for long term success. A key growth metric of our business, Annualised Recurring Revenue (ARR) increased by 34% on a constant currency basis to $34.3 million in 2023 while our full year reported gross margin rose 250 basis points to 68%.

Dropsuite continued to add partner and client numbers at a record rate. At year-end we increased our direct partner count to 620 and our paid users rose to a record high of 1.16 million. The increase in total users was achieved despite a low ARPU legacy partner discontinuing the backup offering and de-activating users during the year due to significant macro-economic challenges in its region.

Average Revenue Per User (ARPU) rose 8% on a constant currency basis to $2.46 per month as we continued to increase the mix of our higher value-add offerings to our partners.

Importantly, we were also able to grow our profitability and demonstrate positive cash flow momentum in 2023. EBITDA was positive $1.1 million while net cash generated from operating activities was $2.3 million.

The positive cash flow indicates that while we are investing prudently in expanding the team, products, sales and marketing programs, we are also delivering on strong and profitable growth. R&D has materially increased in 2023 with team expansion and tooling and security upgrades during the year.

Spend by Function as a % of Operating expenses

A$ Million	2023	2022	PCP (%)	2023 % of OpEx
Research & Development, Product, Support	7.74	3.63	113.2%	42.5%
Sales & Marketing	6.48	4.14	56.5%	35.6%
General & Admin	3.98	3.71	7.3%	21.9%
Total Operating Expenses*	**18.20**	**11.49**	**58.4%**	**100.0%**

*Excluding share-based payments expense

At year-end the business held $24.3 million cash with zero debt.

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Growing the business in an expanding market

Dropsuite's mission to safeguard data and help businesses stay in business has never been more important. The environment is being impacted, and driven, by:

- Increasing level of cyber-attacks and ransomware claims,
- Growing government regulatory and compliance requirements,
- A sharp rise in cyber insurance requirements, with backup now considered a key precondition for insurance, and
- Rising business revenue and margin pressures that is hastening migration to the Cloud.

The cloud data backup and recovery industry is anticipated to continue showing double digit growth for the foreseeable future.

400 Million
Microsoft 365 and Google Workspace users globally in 2022

$11 Billion
MSP Channel Backup & Disaster Recovery (with double-digit CAGR)

$10.5 Trillion
Expected cost of cyber-attacks by 2025

67%
Organisations cite increase in ransomware and malware

The global cybersecurity total addressable market may reach **$2 Trillion**, 10x the size of the vended market.

Dropsuite's business has focused on a partner-led model which delivers:

- Better scaling across sales, support and marketing services
- Minimal marginal cost to serve growing revenue and users; and
- A diversified revenue base and fast path to operational leverage.

The strong growth in our global reseller partner network in 2023 with direct transaction partners increasing to more than 600 and indirect transaction Managed Service Providers (MSPs) growing to over 4,000, was largely driven by strong structural demand within the

global data backup and recovery market and Dropsuite's consistently high brand and product recognition within this channel.

MSPs represent a significant growth engine and customer acquisition vehicle for Dropsuite. In search of ongoing operational efficiency, businesses will engage with MSPs as they migrate their systems to the Cloud and seek to secure themselves from rising cybersecurity risks and increasing IT complexity. There are approximately 132,000 MSPs globally providing our Company with a tremendous opportunity to grow in this channel.

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MSP requirements of security providers

- Compelling solution set that meets the intense scrutiny of their security stack
- Best-in-class performance that provides the MSP protection and confidence
- Solution continuously exceeds the growing and changing regulatory and compliance requirements of their customers
- An easy, friction-free partnering experience
- The ability to monetize as a compliment to their solution stack fit

Why MSPs choose Dropsuite

- Dropsuite is universally recognized as a premium product in the cloud backup space
- Very low churn gives MSPs the confidence Dropsuite products deliver as advertised
- Backup + Archiving is a meaningful differentiator
- Partner experience – easy procurement/set up, predictable billing, removal of MSP costs
- Compelling partner economics and "stack fit"

Operational and product development

Dropsuite remains our partners' preferred choice for email and productivity backup requirements across any platform, geography, and most customer segments or verticals. The Company continues to expand its global sales footprint, improve the backup and archive experience and streamline the support processes for end clients.

In 2023, we:

- Launched Quickbooks Online Backup and GovCloud Backup and Archiving service, onboarding our first partners to the GovCloud storage environment in late Q3 2023,
- Fully integrated and launched TD SYNNEX, one of the largest global IT Distributors,
- Launched and activated "Partner Serv", a fully managed Dropsuite service to help MSPs migrate data from other backup providers into Dropsuite,

- Introduced multiple updates and feature enhancements to our core email and productivity backup and archiving products, and
- Expanded the global leadership team with several key appointments.

We remain confident in our product and service offerings, which we look to continually update and improve. Dropsuite's advantage in the market can be distilled down to four key elements:

- Seamless Partner Integration: Integrates with any partner infrastructure and delivers streamlined provisioning, billing and support,
- Exceptional User Experience: Simple intuitive interface that is packed with useful and powerful features, including insights and analytics,
- Cutting-edge Cloud Platform: Built for the cloud from day one. Secure public and private cloud platform deployed globally, and
- Highly Responsive Team: Expert training, marketing and technical support delivered by an agile and passionate team.

The quality of our solution and our customer facing team was recognized during the year with Dropsuite receiving a number of industry awards. The Company received the first ever Collaboration Vendor Award at the Pax8 Beyond 2023 conference, recognizing Dropsuite's strong global collaboration with Pax8, one of the fastest growing global IT distributors. Dropsuite was recognized as the Microsoft 365 Backup Leader by InfoTech Software Reviews for the fourth year in a row. The recognition reflects the Company's leading position as a trusted platform and brand for our partners and customers.

Whilst industry awards are a positive reflection of doing business, the most important reflection of our value add to our customer network is their continued utilization of our solutions. Our partner churn rate remains below 3%*, reflecting our excellent product and service quality and the ongoing value that our partners receive from their relationship with Dropsuite.

*Excluding impact of the aforementioned legacy partner.

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People and Culture

In 2023, Dropsuite continued to strengthen both our senior management and broader team with highly qualified industry experts. Our highly engaged, diverse and dedicated team puts our partners and users first and will continue to drive sustainable revenue growth, a strong culture and impeccable customer service. We exceeded 100 employees across Asia Pacific, North America and Europe, up from around 80 in 2022.

The continued success of Dropsuite is built upon a strong, stable and talented team. To ensure our team remains motivated and engaged, we conduct employee engagement surveys to determine where we – as a business and a culture – can improve. The results from these surveys in 2023 were very positive, in line with previous years, highlighting an engaged team with an open and high-performance culture.

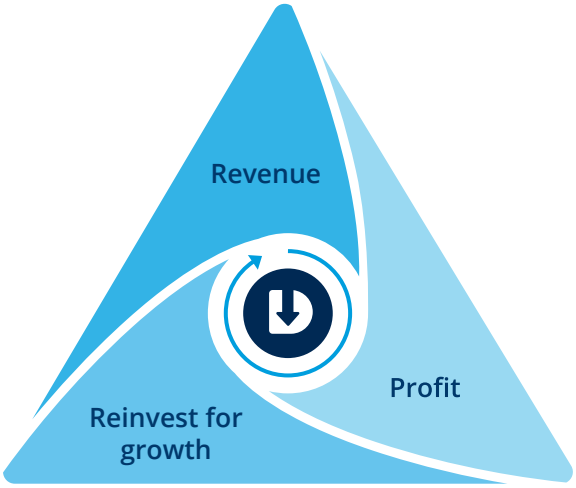
Outlook

Dropsuite is well positioned to deliver strong and sustainable growth into the future, driven by our large existing partner base and a growing pipeline of new partners and new products. Over 2024, the Company will focus on:

- Delivering ARR growth via existing partner ecosystem, strong sales pipeline and expanded product line.
- Increasing investment in Research & Development and Go-To-Market functions to sustain growth momentum.
- Maintaining cashflow and profitability broadly in line with FY23 levels.
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Pursuing high conviction M&A opportunities taking advantage of strong market tailwinds around data protection.

Dropsuite will reinvest to drive revenue growth while staying profitable and cash flow positive.

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Enablers of growth

- Significant industry tailwinds
- Product leadership
- Growing partner network
- Underserved large addressable market
- Highly skilled and motivated team

I would like to extend my gratitude to our stakeholders: our partners and customers, shareholders, and employees for their continued support over the year. I am grateful to the Dropsuite team for their hard work, commitment and execution, and I would like to express my gratitude to our board members for their guidance and governance over the past year.

Sincerely,



Charif Elansari
Managing Director

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Dropsuite') consisting of Dropsuite Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023 ('FY 2023').

Directors

The following persons were Directors of Dropsuite Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Theo Hnarakis - Chair
Charif Elansari
Bruce Tonkin
Eric Martorano (appointed 1 January 2024)

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- Cloud-based suite of backup and archiving solutions for workplace productivity and accounting software; and
- Partner provisioning, reporting, support and billing platform.

Dropsuite's mission, to safeguard data and help businesses stay in business, has never been more prescient at a time when everyone is so dependent on digital information and the need to protect that information from cyber-attack is ever more necessary.

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

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the Group after providing for income tax amounted to $1,584,000 (31 December 2022: $1,450,000).

Key highlights for FY 2023

- Revenue from ordinary activities for the year of $30.6 million up 48% on previous corresponding period ('pcp')
- Annualised Recurring Revenue of $34.3 million, a 35% increase on actual basis on pcp
- Gross margin of 68% for the year, up 2% on pcp
- EBITDA of $1.1 million led by sustained revenue growth, gross margin improvement and profitable cost reinvestment
- Positive net cashflow generated from operations of $2.3 million, a 145% increase on pcp
- Average revenue per user of $2.46, a 9% increase on pcp
- Well capitalised for growth with $24.3 million in cash, a 9% increase on pcp

Refer to the Chairman's letter and Chief Executive Officer's report preceding this Directors' report for the detailed review of operations.

Significant changes in the state of affairs

On 12 December 2023, the Company announced the appointment of Eric Martorano as an independent non-executive director, effective 1 January 2024.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Likely developments in the operations of the Group in future financial years and the expected results of those operations have been included generally within our annual report.

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Business risks

Dropsuite's commitment to managing risk is fundamental to achieving our strategic objectives while maintaining safe and efficient operations, thereby generating value for our customers and shareholders.

Our approach to risk management is underpinned by top level commitment, ensuring alignment with our strategic objectives and corporate values.

As part of our ongoing commitment to strategic resilience and sustainable growth, Dropsuite has integrated enterprise risks and opportunities into the core of our strategic planning process. This integration is crucial for ensuring that our business remains adaptive, competitive and aligned with the evolving landscape of the technology sector.

Dropsuite's approach to risk management is also outlined in our corporate governance statement, which is available on the Dropsuite website.

The Board receive reports on material risks relevant to the company, with the table below outlining our material risks, along with a description of each risk and an overview of the mitigation strategies that are in place.

Risk	Nature of risk	Controls established
Information Security, Technology and Cyber	Dropsuite faces ever-evolving cyber security threats and must be able to prevent, detect, respond and recovery from these threats by investing in technology, information security and cyber governance, capability and controls. Our ability to prevent critical outages, ensuring ongoing available system access and respond to major cyber security threats and breaches of our information technology systems is vital to ensure ongoing business continuity and the safety of people and assets.	Proactive mitigation of technology and third-party vulnerabilities through a framework of protect, monitor, detect, respond. CIS v8 as our cybersecurity baseline providing a prescriptive and actionable set of controls against known threats whilst aligning with broader standards like ISO and NIST, ensuring efficient and effective governance. Security testing and training completed by specialist external security firms, including penetration testing, phishing exercises and social engineering testing. Advanced tools and services (e.g., cloud-based security solutions) enable real-time monitoring for suspicious activity and prompt incident detection. Regular security awareness training programs equip employees to recognize and prevent cyber threats, strengthening our overall security posture.
Data Privacy	Data privacy concerns centre around the potential for unauthorised access to stored email data, leading to breaches, reputational damage, and regulatory penalties. Complying with evolving data privacy regulations like GDPR and HIPAA, alongside complexities regarding data residency and sovereignty, poses significant challenges.	Establishing a comprehensive compliance framework based on Governance, Risk and Compliance (GRC) that encompasses relevant regulations and industry standards to ensure that we stay abreast of legal requirements. Regular audits and assessments to validate our adherence to these standards and identify areas for improvement.
Competitor Risk	The risk of a new entrants or intensifying competition in the email backup and archiving ecosystem increasing product competition for Dropsuite.	Dropsuite has a diverse MSP network that eliminates risk for mass transition to new technology. Dropsuite continues to invest into new technology and increased product development to ensure that we have a best-in-class product

Risk	Nature of risk	Controls established
		which will reduce the risk of customer churn from any potential new entrant. Dropsuite will continue to ensure that we have a world-class support team to provide exceptional customer service.
Compliance and Regulation	Ensure compliance with all applicable regulatory requirements through our established policies and frameworks.	An internal and external audit program overseen by the Board. Active board monitoring of key compliance risks. Active management of the group's compliance, in accordance with the requirements of the Corporations Law. Engagement of external expert advisors as required
Capital and Liquidity Management	Effective capital management to meet the Group's ongoing funding requirements and to withstand market volatility.	Disciplined allocation of capital by function. Scenario modelling and stress testing of assumptions to inform decisions. Limits of currency exposure. Limits on exposure to counterparties.
Retaining and Attracting Talent	Ability to attract, engage and retain a motivated and high-performing workforce to deliver our strategic objectives and an inclusive culture that supports Dropsuite's values.	Active adoption and promotion of Dropsuite's values. Employee engagement surveys every 12 months with action plans to address results. An annual performance management process, setting objectives and accountability. Promotion of an inclusive workplace culture where differences are valued, supported by policies and training. Benchmarking and setting competitive remunerations. Development and succession planning.
Environmental and social sustainability	Recognising and addressing impact of our business on the environment and society and the impact of the environment on our business.	Climate and nature-related risks and potential financial impacts are assessed within the Dropsuite Risk management framework.
Markets and Growth Risk	Inability to sustain sales momentum through IT Service providers ensuing from change in demand from end clients or change in competitive environment due various forms of consolidation, pricing dynamics or other factors.	Expand data protection offerings to increase the serviceable addressable market. Continuous product improvement and innovation to ensure and sustain product differentiation. Maintain and improve cost structure of the company's product offerings.

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Risk	Nature of risk	Controls established
		Ensure adequate Customer Success resources are deployed to ensure partner/customer retention. Ensure diversity of our MSP partners to ensure no key MSP risk.
Business Interruption	Significant business interruption leading to commercial loss may result from a wide range of risk sources including: ● Loss of end user data ● Natural disasters, such as floods and bushfires	Dropsuite manages these risks through the framework and governance structures outlined in this report. It also mitigates certain major risk exposures through its comprehensive insurance program, which provides cover for damage to facilities and associated business interruptions as well as public liability.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	**Theo Hnarakis**
Title:	Non-Executive Chairman
Qualifications:	B. Accounting
Experience and expertise:	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 (resigned 2004), and with Advantate a JV with Fairfax Media (resigned 2011).
Other current directorships:	None
Former directorships (last 3 years):	Farmgate MSU Pty Ltd (resigned 2023) Tapp Money (resigned 2020)
Interests in shares:	11,752,311 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	**Charif El Ansari**
Title:	Managing Director and Chief Executive Officer
Qualifications:	B.A. from the American University of Beirut and an MBA from Vanderbilt University (USA) and member of Australian Institute of Company Directors (AICD).
Experience and expertise:	Charif was Dropsuite's first investor before taking over as CEO in October 2013. Prior to Dropsuite, Charif was a founding member of Google Singapore (Asia Pacific HQ), first heading sales and operations then business development for Southeast Asia. In addition to building various regional teams at Google, he 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 led a team to launch the first localized advertising product in Indonesia winning Google Asia Pacific Innovation Award. Prior to Google he worked at Dell in a career that spanned the USA (Dell HQ) as well as China, Korea and Japan. At Dell, Charif took on various leadership roles covering supply chain operations, sales and marketing.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	34,085,439 ordinary shares
Interests in options:	None
Interests in rights:	2,000,000 performance rights
Contractual rights to shares:	2,000,000 performance rights

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Name:	**Bruce Tonkin**
Title:	Non-Executive Director
Qualifications:	B.Electrical and Electronic Engineering (1st class honours), Ph.D in Electrical and Electronic Engineering from the University of Adelaide.
Experience and expertise:	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. 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,514,123 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	**Eric Martorano**
Title:	Independent Non-Executive Director (appointed 1 January 2024)
Qualifications:	Bachelors, Political Science from California State University, Northridge and MBA from Pepperdine University
Experience and expertise:	Eric Martorano is a seasoned and accomplished executive with over 25 years of experience leading global revenue and go-to-market initiatives. Throughout his career, Martorano has consistently demonstrated a commitment to delivering exceptional business experiences by leveraging the strengths of individuals, strategic partnerships, and technology. This dedication has not only driven significant revenue growth but also enhanced financial performances, ultimately increasing shareholder value. Currently serving as the Chief Revenue Officer at Simplilearn, a Blackstone Group Co., Martorano oversees the global commercial business P&L for the world's leading online bootcamp for digital skills training. Prior to this role, he held executive positions from at Kinly, Nextiva, Accordo Group, Intermedia, and served as General Manager at Microsoft, where he managed a multi-billion-dollar revenue business.
Other current directorships:	Velosio, LLC
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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Company secretary

Name:	**Kobe Lizheng**
Title:	Company Secretary
Qualifications:	LLB / B Comm of University of Melbourne, Member of the Governance Institute of Australia
Experience and expertise:	Kobe currently provides company secretarial and corporate governance advisory services to a number of Australian Securities Exchange ('ASX') listed companies. Prior to becoming a professional company secretary, He spent the previous 8 years with the ASX Listing Compliance team, as a Senior Advisor overseeing a portfolio of listed entities ensuring compliance with the ASX listing rules. During his tenure at the ASX he worked on many Initial Public Offerings (IPO's) and numerous complex corporate transactions.
Interests in shares:	200,000 ordinary shares
Interests in options:	None
Interests in rights:	75,000 performance rights
Contractual rights to shares:	75,000 performance rights

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Theo Hnarakis	12	12	-	-	-	-
Charif El Ansari	12	12	-	-	-	-
Bruce Tonkin	12	12	-	-	-	-

Held: represents the number of meetings held during the time the Director held office.

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Remuneration report

Message from the Chairman of the Remuneration Committee

Dear Shareholders,

On behalf of Dropsuite's Board, I am pleased to present to you our remuneration report for 2023.

Dropsuite continues to evolve as a company and is now a multi-product, multi-channel and multi-segment business. Our partner-led business model, where we are the solution of choice for all email and productivity backup needs for thousands of Manage Service Providers across the globe, provides significant scaling benefits with marginal cost to serve our growing user base.

Our highly scalable business model enabled the Company to deliver exceptional financial and operational performance in 2023 via growth across all our key metrics. Whilst we are continuing to invest in future growth we are doing so in a fiscally responsible manner allowing the Company to maintain cashflow positivity.

The Board believes that the Company has successfully implemented its business strategy and achieved key critical milestones through the year. Our achievements through 2023 reflect our highly engaged, diverse and dedicated team, led by our Chief Executive Officer, Charif Elansari.

The Company's remuneration framework for Senior executives follows 3 key components:

- Fixed remuneration: consisting of base salary, superannuation and non-monetary benefits,
- Short-term incentives ('STI'): an 'at risk' component of remuneration where the performance where payments granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue attainment, profit contribution, customer satisfaction, leadership contribution and product management.
- The long-term incentives ('LTI'): an 'at risk' component of remuneration where Performance Rights are awarded to executives over a period of three years based on long-term incentive measures. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2023.

I am satisfied that the remuneration framework for Dropsuite is consistent with market expectations and practice. The framework aligns the senior management team with the long-term success of the Company and its shareholders.

Finally, on behalf of the Dropsuite Board, we hope that you find this Remuneration report insightful. Thank you for your continued support of Dropsuite. We look forward to your ongoing engagement and feedback at our Annual General Meeting in May 2024.

Yours sincerely,



Theo Hnarakis
Chairperson

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Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

The Board sets the fees for the non-executive directors at a level that provides Dropsuite with the ability to attract and retain directors of a high calibre.

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The fees paid to non-executive directors are structured to reflect time commitment, workloads and responsibilities. Inline with our ASX listing, Dropsuite benchmarks non-executive fees against the Australian market.

In order to maintain independence, non-executive directors have not received any performance-related or at-risk compensation. Dropsuite does not provide any scheme for retirement benefits, other than statutory superannuation, for non-executive directors.

Country of residence	Chair $	Director $
Annual salary with effect from 1 January 2023		
Australia	178,364	81,750

No additional fees are currently paid for the Chair or members of committees.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include share-based payments. Performance rights are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the share price hurdles. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2023.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Board of Directors is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 31 December 2023, no independent advice from remuneration consultants was sought.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')
At the 2022 AGM, 99.95% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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Details of remuneration

Amounts of remuneration
The key management personnel of the Group consisted of the following Directors of Dropsuite Limited:

- Theo Hnarakis - Non-Executive Chairman
- Bruce Tonkin - Non-Executive Director
- Charif Elansari – Managing Director and Chief Executive Officer

And the following persons:

- Manoj Kalyanaraman – Chief Technology Officer
- Bill Kyriacou – Chief Financial Officer
- Kobe Lizheng (Li) – Company Secretary

	Short-term benefits			Post-employment benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Equity-settled*** $	Total $
Non-Executive Directors:						
T Hnarakis						
FY 2023	**178,364**	**-**	**-**	**19,174**	**-**	**197,538**
FY 2022	163,636	-	-	16,773	-	180,409
B Tonkin						
FY 2023	**81,750**	**-**	**-**	**8,788**	**-**	**90,538**
FY 2022	75,000	-	-	7,688	-	82,688
Executive Directors:						
C Elansari						
FY 2023	**402,549**	**112,311**	**1,069**	**-**	**220,770**	**736,699**
FY 2022	341,291	107,972	1,193	-	62,972	513,428
Other Key Management Personnel:						
M Kalyanaraman						
FY 2023	**353,615**	**63,209**	**3,852**	**-**	**254,389**	**675,065**
FY 2022	248,110	-	1,937	-	191,114	441,161
B Kyriacou						
FY 2023	**223,572**	**21,631**	**9,000**	**25,336**	**48,245**	**327,784**
FY 2022	137,800	-	3,000	7,350	11,677	159,827
K Li						
FY 2023	**60,000**	**-**	**-**	**-**	**7,075**	**67,075**
FY 2022	60,000	-	-	-	290	60,290
R Ruth *						
FY 2023	**-**	**-**	**-**	**-**	**-**	**-**
FY 2022	253,174	124,761	65,730	-	6,490	450,155
R Hart **						
FY 2023	**-**	**-**	**-**	**-**	**-**	**-**
FY 2022	30,206	-	888	-	6,490	37,584
Total AUD FY 2023	**1,299,850**	**197,151**	**13,921**	**53,298**	**530,479**	**2,094,699**
Total AUD FY 2022	1,309,217	232,733	72,748	31,811	279,033	1,925,542

* Ceased to be deemed a KMP on 1 January 2023 and resigned 19 September 2023

** Ceased to be deemed a KMP on 15 February 2022

*** Equity settled relates to Fully Paid Ordinary shares related to the Performance rights granted under the Employee Long Term Incentive plans

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2023	2022	2023	2022	2023	2022
Non-Executive Directors:						
T Hnarakis	100%	100%	-	-	-	-
B Tonkin	100%	100%	-	-	-	-
Executive Directors:						
C Elansari	55%	67%	15%	21%	30%	12%
Other Key Management Personnel:						
M Kalyanaraman	53%	57%	9%	-	38%	43%
B Kyriacou	78%	93%	7%	-	15%	7%
K Li	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 'Group 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 first quarter of the following financial year by the Board of Directors.

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

	Cash bonus paid/payable		Cash bonus forfeited	
Name	2023	2022	2023	2022
Executive Directors:				
C El Ansari	62%	94%	38%	6%
Other Key Management Personnel:				
M Kalyanaraman	72%	98%	28%	2%
B Kyriacou	65%	91%	35%	9%
K Li	-	-	-	-

Service agreements

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

Name:	**Charif Elansari**
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	20 December 2016
Term of agreement:	On-going
Details:	Base salary for the year ending 31 December 2023 of SGD $358,932 plus statutory social security, 'at-risk' STI subject to annual performance review by the Nomination and Remuneration Committee. 6 month termination notice by either party. Cash bonus of up to 45% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

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Name:	**Manoj Kalyanaraman**
Title:	Chief Technology Officer
Agreement commenced:	16 February 2022
Term of agreement:	On-going
Details:	Base salary for the year ending 31 December 2023 of SGD $315,300 plus 'at-risk' STI subject to annual performance review, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party. Cash bonus of up to 25% as per KPI achievement, non-solicitation and non-compete clauses.

Name:	**Bill Kyriacou**
Title:	Chief Financial Officer
Agreement commenced:	1 September 2022
Term of agreement:	On-going
Details:	Base salary for the year ending 31 December 2023 of AUD $223,566 plus superannuation, 'at-risk' STI subject to annual performance review to be reviewed by the Nomination and Remuneration Committee. 2 month termination notice by either party. Cash bonus of up to 15% as per KPI achievement, non-solicitation and non-compete clauses.

Name:	**Kobe Li**
Title:	Company Secretary
Agreement commenced:	31 July 2021
Term of agreement:	On-going
Details:	Base monthly service fee for the year ending 31 December 2023 of AUD $5,000 (excluding GST). 2 month termination notice by either party.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2023.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting*	Fair value per right at grant date
C Elansari	2,000,000	22 May 2023	Various	31 Mar 2026	$0.00	$0.264
M Kalyanaraman	2,400,000	12 Apr 2022	Various	31 Mar 2025	$0.00	$0.187
M Kalyanaraman	600,000	06 Apr 2023	Various	31 Mar 2026	$0.00	$0.166
B Kyriacou	75,000	12 Apr 2022	Various	31 Mar 2025	$0.00	$0.187
B Kyriacou	500,000	06 Apr 2023	Various	31 Mar 2026	$0.00	$0.166
K Li	75,000	06 Apr 2023	Various	31 Mar 2026	$0.00	$0.166

* Share price hurdle for vesting varies per tranche

Performance rights granted carry no dividend or voting rights.

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The number of performance rights over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Number of rights granted during the year 2023	Number of rights granted during the year 2022	Number of rights vested during the year 2023	Number of rights vested during the year 2022
C Elansari	2,000,000	-	400,000	350,000
M Kalyanaraman	600,000	3,200,000	800,000	-
B Kyriacou	500,000	100,000	165,000	402,500
K Li	75,000	-	80,000	70,000

Additional information

The earnings of the Group for the five years to 31 December 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Sales revenue	30,633	20,689	11,689	7,030	4,681
EBITDA	1,105	1,251	3	(1,653)	(2,351)
EBIT	879	1,191	(34)	(2,134)	(3,180)
Profit/(loss) after income tax	1,584	1,450	(31)	(2,147)	(3,146)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.29	0.18	0.23	0.14	0.04
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	0.23	0.21	0.01	(0.39)	(0.64)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received on vesting and exercise of performance rights	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
T Hnarakis	11,752,311	-	-	-	11,752,311
C Elansari	33,685,439	400,000	-	-	34,085,439
B Tonkin	1,514,123	-	-	-	1,514,123
M Kalyanaraman	-	800,000	-	(200,000)	600,000
B Kyriacou	1,454,444	165,000	-	-	1,619,444
K Li	120,000	80,000	-	-	200,000
	48,526,317	1,445,000	-	(200,000)	49,771,317

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Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
T Hnarakis	-	-	-	-	-
C Elansari	400,000	2,000,000	(400,000)	-	2,000,000
B Tonkin	-	-	-	-	-
M Kalyanaraman	3,200,000	600,000	(800,000)	-	3,000,000
B Kyriacou	240,000	500,000	(165,000)	-	575,000
K Li	80,000	75,000	(80,000)	-	75,000
	3,920,000	3,175,000	(1,445,000)	-	5,650,000

This concludes the remuneration report, which has been audited.

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Shares under performance rights

Unissued ordinary shares of Dropsuite Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
12 April 2022	31 August 2025	8,140,000
18 July 2022	30 June 2025	400,000
6 April 2023	31 March 2026	8,450,000
22 May 2023	31 March 2026	2,000,000
		18,990,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

The following ordinary shares of Dropsuite Limited were issued during the year ended 31 December 2023 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
12 April 2022	$0.31	2,846,667
1 September 2020	$0.24	3,353,333
		6,200,000

Indemnity and insurance of 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 to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors



Theo Hnarakis
Non-Executive Chairperson

28 February 2024
Melbourne, Victoria

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RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Dropsuite Limited and its controlled entities for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

28 February 2024
Melbourne, Victoria

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

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Dropsuite Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	5	30,633	20,689
Other income	6	6	6
Interest revenue calculated using the effective interest method		712	259
Expenses			
Hosting fees		(9,712)	(7,085)
Marketing and conference expense	7	(1,415)	(963)
Technology expense		(1,442)	(572)
Professional fees	8	(327)	(284)
Employee benefits expense	9	(13,201)	(8,134)
Share-based payment expense	25,37	(1,617)	(866)
Depreciation expense	17,18	(226)	(60)
Other expenses	10	(1,820)	(1,540)
Finance costs	11	(7)	-
Profit before income tax expense		1,584	1,450
Income tax expense	12	-	-
Profit after income tax expense for the year		1,584	1,450
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(47)	16
Other comprehensive income for the year, net of tax		(47)	16
Total comprehensive income for the year		1,537	1,466
		Cents	**Cents**
Basic earnings per share	36	0.23	0.21
Diluted earnings per share	36	0.22	0.21

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The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dropsuite Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Assets			
Current assets			
Cash and cash equivalents	13	24,289	22,336
Trade and other receivables	14	5,855	4,060
Other assets	15	650	377
Total current assets		30,794	26,773
Non-current assets			
Investments	16	12	9
Property, plant and equipment	17	142	69
Right-of-use assets	18	141	-
Other assets	15	68	66
Total non-current assets		363	144
Total assets		31,157	26,917
Liabilities			
Current liabilities			
Trade and other payables	19	3,172	2,231
Contract liabilities	20	67	149
Lease liabilities	21	130	-
Employee benefits	22	339	256
Total current liabilities		3,708	2,636
Non-current liabilities			
Lease liabilities	21	14	-
Other liabilities	23	50	50
Total non-current liabilities		64	50
Total liabilities		3,772	2,686
Net assets		27,385	24,231
Equity			
Issued capital	24	43,416	43,416
Reserves	25	2,559	989
Accumulated losses		(18,590)	(20,174)
Total equity		27,385	24,231

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

Dropsuite Limited
Consolidated statement of changes in equity
For the year ended 31 December 2023

Group	Issued capital $'000	Foreign exchange reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2022	43,416	30	77	(21,624)	21,899
Profit after income tax expense for the year	-	-	-	1,450	1,450
Other comprehensive income for the year, net of tax	-	16	-	-	16
Total comprehensive income for the year	-	16	-	1,450	1,466
Transactions with owners in their capacity as owners:					
Performance rights	-	-	866	-	866
Balance at 31 December 2022	43,416	46	943	(20,174)	24,231

Group	Issued capital $'000	Foreign exchange reserve $'000	Share-based payments reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2023	43,416	46	943	(20,174)	24,231
Profit after income tax expense for the year	-	-	-	1,584	1,584
Other comprehensive income for the year, net of tax	-	(47)	-	-	(47)
Total comprehensive income for the year	-	(47)	-	1,584	1,537
Transactions with owners in their capacity as owners:					
Share-based payments (note 37)	-	-	1,617	-	1,617
Balance at 31 December 2023	43,416	(1)	2,560	(18,590)	27,385

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

Dropsuite Limited
Consolidated statement of cash flows
For the year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		28,653	18,796
Payments to suppliers and employees (inclusive of GST)		(27,080)	(18,101)
		1,573	695
Interest received		698	233
Net cash from operating activities	35	2,271	928
Cash flows from investing activities			
Payments for property, plant and equipment	17	(137)	(78)
Net cash used in investing activities		(137)	(78)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		2,134	850
Cash and cash equivalents at the beginning of the financial year		22,336	21,604
Effects of exchange rate changes on cash and cash equivalents		(181)	(118)
Cash and cash equivalents at the end of the financial year	13	24,289	22,336

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

Note 1. General information

The financial statements cover Dropsuite Limited as a Group consisting of Dropsuite Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (together referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Dropsuite Limited's functional and presentation currency.

Dropsuite Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 30, Collins Place, 35 Collins Street Melbourne VIC 3000	10 Anson Road #14-07 International Plaza Singapore 079903

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 February 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention except for financial assets measured at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 December 2023 and the results of all subsidiaries for the year then ended.

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Note 2. Material accounting policy information (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency 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.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
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.

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Note 2. Material accounting policy information (continued)

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. For direct customer sign-ups via website, the revenue is recognised over time (based on 12 month contract), from the date of sign-up and first performance obligation met.

The Group's business model involves the provision of digital back up services for data, email and websites to end-users via distributors. The 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
The commission paid represents the cost of fulfilling a contract. Therefore, no judgement is needed to measure the amount of costs of obtaining contracts.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. This category includes investments in ordinary shares for which the Group had not irrevocably elected to classify at fair value through profit or loss.

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Note 2. Material accounting policy information (continued)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

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Note 2. Material accounting policy information (continued)

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte-Carlo pricing model, taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

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Note 2. Material accounting policy information (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Monte Carlo option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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Note 2. Material accounting policy information (continued)

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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Dropsuite Limited, 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 financial year.

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 potential ordinary shares and the weighted average number of additional shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. 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 significant 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.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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Note 3. Critical accounting judgements, estimates and assumptions (continued)

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

The Group is organised into one operating segment, being the provision of backup services. The determination of this operating segment is based on the internal reports that are reviewed and used by the Board (who is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews sales revenue from the provision of backup services over time. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

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

Intersegment transactions
Intersegment transactions were made at market rates.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 31 December 2023 approximately $21.0 million (31 December 2022: $13.9 million) of the Group's external revenue was derived from sales to 10 major customers.

Revenue by geographical area
Refer to note 5 for geographical information.

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Note 5. Revenue

	Group 2023 $'000	Group 2022 $'000
Backup services	30,633	20,689

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Group 2023 $'000	Group 2022 $'000
Geographical regions		
Australia	1,007	595
Singapore	135	144
Europe	7,468	4,712
United States of America	20,913	14,294
Rest of the World	1,110	944
	30,633	20,689
Timing of revenue recognition		
Services transferred at a point in time	30,361	20,352
Services transferred over time	272	337
	30,633	20,689

Note 6. Other income

	Group 2023 $'000	Group 2022 $'000
Revaluation of investments	3	1
Government grants	3	5
Other income	6	6

Note 7. Marketing and conference expense

	Group 2023 $'000	Group 2022 $'000
Marketing expenses	731	746
Conference and exhibition expenses	684	217
	1,415	963

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Note 8. Professional fees

	Group 2023 $'000	Group 2022 $'000
Accounting, auditing and taxation expenses	314	281
Legal expenses	13	3
	327	284

Note 9. Employee benefits expense

	Group 2023 $'000	Group 2022 $'000
Wages and salaries	12,281	7,432
Director's fees	663	604
Superannuation	257	98
	13,201	8,134

Note 10. Other expenses

	Group 2023 $'000	Group 2022 $'000
Office rental expense	16	83
Bank and merchant fees	142	138
Other office expenses	458	327
Office services	38	33
Foreign currency gains and losses	154	45
Withholding tax	130	208
Corporate advisory and listing fees	202	180
Due diligence fees	-	25
Travelling expenses	436	308
Impairment of receivables	63	62
Insurance expenses	181	131
	1,820	1,540

Note 11. Finance costs

	Group 2023 $'000	Group 2022 $'000
Interest and finance charges paid/payable on lease liabilities	5	-
Other interest and finance charges paid	2	-
	7	-

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Note 12. Income tax

	Group 2023 $'000	Group 2022 $'000
Current income tax		
Current income tax (benefit)/expense	-	-
Adjustments in respect of previous current income tax	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	720	1,229
Adjustment in respect of prior year tax losses / DTA	1,007	-
Not recognised	(1,727)	(1,229)
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,584	1,450
Tax at the statutory tax rate of 25%	396	363
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	404	216
	800	579
Current year temporary differences not recognised	(1,727)	(93)
Difference in overseas tax rates	(80)	(486)
Under/over in respect of prior years	1,007	-
Income tax expense	-	-

Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabiities are attributable to the following:

	Statement of financial position		Statement of comprehensive income		Balance	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Deferred tax assets						
Trade and other payables	40	22	(18)	(1)	22	21
Intangible assets	567	567	-	113	567	680
Investments	13	14	1	3	14	17
Business related costs - profit or loss	1	2	1	(2)	2	-
Unrealised foreign exchange gains	-	-	-	(1)	-	(1)
Tax losses	7,623	9,357	1,735	1,114	9,358	10,471
	8,244	9,962	1,719	1,226	9,963	11,188
Deferred tax liabilities						
Trade and other receivables	(10)	-	10	-	-	-
Property, plant and equipment	-	(1)	-	1	-	-
	(10)	(1)	10	1	-	-
	8,234	9,961	1,729	1,227	9,963	11,188

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Note 13. Cash and cash equivalents

	Group 2023 $'000	Group 2022 $'000
Current assets		
Cash at bank	6,262	7,536
Cash on deposit	18,027	14,800
	24,289	22,336

Note 14. Trade and other receivables

	Group 2023 $'000	Group 2022 $'000
Current assets		
Trade receivables	5,717	4,033
Less: Allowance for expected credit losses	(150)	(86)
	5,567	3,947
Other receivables	199	27
Deposits	50	59
Interest receivable	39	27
	5,855	4,060

Allowance for expected credit losses
The Group has recognised a loss of $64,000 (31 December 2022: $64,000) in profit or loss in respect of the expected credit losses for the year ended 31 December 2023.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Group	2023 %	2022 %	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Neither past due nor impaired	-	-	2,788	2,144	-	-
0 - 60 days overdue	-	-	2,434	1,712	-	-
60 - 90 days overdue	-	-	149	62	-	-
> 90 days overdue	43%	75%	346	115	150	86
			5,717	4,033	150	86

Movements in the allowance for expected credit losses are as follows:

	Group 2023 $'000	Group 2022 $'000
Opening balance	86	22
Additional provisions recognised	64	64
Closing balance	150	86

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Note 15. Other assets

	Group 2023 $'000	Group 2022 $'000
Current assets		
Prepayments	650	377
Non-current assets		
Security deposits	18	16
Other non-current assets	50	50
	68	66

Note 16. Investments

	Group 2023 $'000	Group 2022 $'000
Non-current assets		
Ordinary shares	12	9
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	9	7
Additions	-	1
Revaluation increments	3	1
Closing fair value	12	9

Refer to note 28 for further information on fair value measurement.

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Note 17. Property, plant and equipment

	Group 2023 $'000	Group 2022 $'000
Non-current assets		
Leasehold improvements - at cost	42	8
Less: Accumulated depreciation	(14)	(8)
	28	-
Fixtures and fittings - at cost	19	11
Less: Accumulated depreciation	(12)	(11)
	7	-
Computer equipment - at cost	492	360
Less: Accumulated depreciation	(394)	(291)
	98	69
Office equipment - at cost	17	7
Less: Accumulated depreciation	(8)	(7)
	9	-
	142	69

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Leasehold improvements $'000	Fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 January 2022	-	-	47	-	47
Additions	-	-	78	-	78
Exchange differences	-	-	4	-	4
Depreciation expense	-	-	(60)	-	(60)
Balance at 31 December 2022	-	-	69	-	69
Additions	34	8	132	10	184
Depreciation expense	(6)	(1)	(103)	(1)	(111)
Balance at 31 December 2023	28	7	98	9	142

Note 18. Right-of-use assets

	Group 2023 $'000	Group 2022 $'000
Non-current assets		
Land and buildings - right-of-use	256	-
Less: Accumulated depreciation	(115)	-
	141	-

The Group leases buildings for its offices under agreements of between 1.08 to 1.16 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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Note 18. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Group	Buildings - right-of-use $'000	Total $'000
Balance at 1 January 2022	-	-
Balance at 31 December 2022	-	-
Additions	256	256
Depreciation expense	(115)	(115)
Balance at 31 December 2023	141	141

For other AASB 16 and lease related disclosures refer to the following:
- Refer to note 11 for interest on lease liabilities;
- Refer to note 21 for lease liabilities at 31 December 2023;
- Refer to note 27 for maturity analysis of lease liabilities; and
- Refer to the consolidated statement of cash flows for repayment of lease liabilities.

Note 19. Trade and other payables

	Group 2023 $'000	Group 2022 $'000
Current liabilities		
Trade payables	1,270	705
Wages payable	149	37
Bonus payable	763	660
Superannuation	35	66
Hosting fee accrual	888	668
Other payables and accrued expenses	67	95
	3,172	2,231

Refer to note 27 for further information on financial instruments.

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Note 20. Contract liabilities

	Group 2023 $'000	Group 2022 $'000
Current liabilities		
Contract liabilities	67	149

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	149	135
Payments received in advance	190	324
Transfer to revenue - included in the opening balance	(152)	(135)
Transfer to revenue - performance obligations satisfied in previous periods	(120)	(175)
Closing balance	67	149

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $67,000 as at 31 December 2023 ($149,000 as at 31 December 2022) and is expected to be recognised as revenue in future periods as follows:

	Group 2023 $'000	Group 2022 $'000
Within 6 months	54	109
6 to 12 months	13	40
	67	149

Note 21. Lease liabilities

	Group 2023 $'000	Group 2022 $'000
Current liabilities		
Lease liability	130	-
Non-current liabilities		
Lease liability	14	-

Refer to note 27 for further information on financial instruments.

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Note 22. Employee benefits

	Group 2023 $'000	Group 2022 $'000
Current liabilities		
Annual leave	339	256

Note 23. Other liabilities

	Group 2023 $'000	Group 2022 $'000
Non-current liabilities		
Unmarketable parcel of shares	50	50

Less than marketable parcels held until 2024.

Note 24. Issued capital

	Group 2023 Shares	Group 2022 Shares	Group 2023 $'000	Group 2022 $'000
Ordinary shares - fully paid	696,092,092	689,892,092	43,416	43,416

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 January 2022	681,868,086		43,416
Issue of shares	11 February 2022	6	$0.00	-
Performance rights exercised	23 August 2022	8,024,000	$0.18	-
Balance	31 December 2022	689,892,092		43,416
Performance rights exercised	4 July 2023	2,846,667	$0.31	-
Performance rights exercised	26 September 2023	3,353,333	$0.24	-
Balance	31 December 2023	696,092,092		43,416

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

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Note 24. Issued capital (continued)

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 31 December 2022 Annual Report.

Note 25. Reserves

	Group	
	2023 $'000	2022 $'000
Foreign currency reserve	(1)	46
Share-based payments reserve	2,560	943
	2,559	989

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

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Note 25. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Group	Foreign currency $'000	Share-based payments $'000	Total $'000
Balance at 1 January 2022	30	77	107
Foreign currency translation	16	-	16
Performance rights	-	866	866
Balance at 31 December 2022	46	943	989
Foreign currency translation	(47)	-	(47)
Performance rights	-	1,617	1,617
Balance at 31 December 2023	(1)	2,560	2,559

Note 26. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 27. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group 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 risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Group	2023 $'000	2022 $'000	2023 $'000	2022 $'000
US dollars	6,043	4,040	493	299
Singapore dollars	13,474	13,240	12,038	8,575
Indian rupees	6,239	1,062	26,247	15,880

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Note 27. Financial instruments (continued)

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Group - 2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,270	-	-	-	1,270
Interest-bearing - variable						
Lease liability	3.00%	132	14	-	-	146
Total non-derivatives		1,402	14	-	-	1,416

Group - 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	705	-	-	-	705
Total non-derivatives		705	-	-	-	705

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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Note 28. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Group - 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares	12	-	-	12
Total assets	12	-	-	12

Group - 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares	9	-	-	9
Total assets	9	-	-	9

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 29. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Group 2023 $	Group 2022 $
Short-term employee benefits	1,510,922	1,614,698
Post-employment benefits	53,298	31,811
Share-based payments	530,479	279,033
	2,094,699	1,925,542

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Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, and its network firms:

	Group 2023 $	2022 $
Audit services - RSM Australia Partners		
Audit or review of the financial statements	79,723	68,000
Other services - RSM Australia Partners		
Due diligence	-	18,636
Tax services	6,270	19,000
	6,270	37,636
	85,993	105,636
Audit services - network firms		
Audit or review of the financial statements	34,206	31,901

Note 31. Commitments

Commitments
No capital or other commitments for the year ended 31 December 2023 and 31 December 2022.

Note 32. Related party transactions

Parent entity
Dropsuite Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

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Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $'000	Parent 2022 $'000
Loss after income tax	(2,188)	(1,245)
Total comprehensive income	657	259

Statement of financial position

	Parent 2023 $'000	Parent 2022 $'000
Total current assets	14,702	15,392
Total assets	23,990	26,047
Total current liabilities	258	127
Total liabilities	309	178
Equity		
Issued capital	43,416	43,416
Reserves	1,202	1,202
Accumulated losses	(20,937)	(18,749)
Total equity	23,681	25,869

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2023 and 31 December 2022.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2023 and 31 December 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 31 December 2022.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Dropmysite Pte Ltd	Singapore	100%	100%
Dropmysite Inc	United States of America	100%	100%
Greenbase Corporation Pty Ltd	Australia	100%	100%
Dropsuite India Private Limited	India	100%	100%

Note 35. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Group 2023 $'000	Group 2022 $'000
Profit after income tax expense for the year	1,584	1,450
Adjustments for:		
Depreciation and amortisation	226	60
Net fair value gain on investments	(3)	(1)
Share-based payments	1,617	866
Foreign exchange differences	(46)	16
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,794)	(1,910)
Increase in prepayments	(273)	(132)
Increase in other operating assets	(1)	(7)
Increase in trade and other payables	957	147
Increase in employee benefits	83	426
(Decrease)/increase in other operating liabilities	(79)	13
Net cash from operating activities	2,271	928

Note 36. Earnings per share

	Group 2023 $'000	Group 2022 $'000
Profit after income tax	1,584	1,450
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	692,194,887	684,066,447
Adjustments for calculation of diluted earnings per share:		
Non-converted performance rights	18,990,000	15,440,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	711,184,887	699,506,447

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Note 36. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	0.23	0.21
Diluted earnings per share	0.22	0.21

Note 37. Share-based payments

A long-term incentives plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board of Directors, grant performance rights in the Company to certain employees of the Group. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

Set out below are summaries of performance rights granted under the plan:

2023

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/09/2020	31/08/2024	3,640,000	-	(3,353,333)	(286,667)	-
12/04/2022	31/03/2025	11,400,000	-	(2,846,667)	(413,333)	8,140,000
18/07/2022	30/06/2025	400,000	-	-	-	400,000
06/04/2023	31/03/2026	-	9,025,000	-	(575,000)	8,450,000
22/05/2023	31/03/2026	-	2,000,000	-	-	2,000,000
		15,440,000	11,025,000	(6,200,000)	(1,275,000)	18,990,000

2022

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
17/07/2019	01/07/2023	4,832,000	-	(4,664,000)	(168,000)	-
01/09/2020	31/08/2024	7,800,000	-	(3,360,000)	(800,000)	3,640,000
12/04/2022	31/03/2025	-	11,400,000	-	-	11,400,000
18/07/2022	30/06/2025	-	400,000	-	-	400,000
		12,632,000	11,800,000	(8,024,000)	(968,000)	15,440,000

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.58 years (31 December 2022: 1.73 years).

For the performance rights granted during the current financial year, the Monte Carlo valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Expected volatility	Risk-free interest rate	Fair value at grant date
06/04/2023	31/03/2026	$0.21	73.00%	2.83%	$0.166
22/05/2023	31/03/2026	$0.28	73.00%	3.31%	$0.264

Note 38. Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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Dropsuite Limited
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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
Non-Executive Chairperson

28 February 2024
Melbourne, Victoria

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INDEPENDENT AUDITOR'S REPORT
To the Members of Dropsuite Limited

Opinion

We have audited the financial report of Dropsuite Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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 2023 and of its financial performance for the year then 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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.

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Key Audit Matter	How our audit addressed this matter
Recognition of Revenue Refer to Note 5 in the financial statements	
Revenue recognition was considered a key audit matter, due to the significance of the revenue amounts to the Group's consolidated financial statements. The Group's revenue is primarily derived from the provision of backup and archiving services to customers.	Our audit procedures in relation to the recognition of revenue included: • Assessing the recognition and measurement of revenue against the requirements of AASB 15 *Revenue from contracts with customers*; • Evaluating the operating effectiveness of management's controls relating to revenue recognition; • For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including invoice and bank statements; • Ensuring that revenue has been correctly deferred and recognised over the correct financial period; and • Reviewing post year-end credit notes raised.
Share-based Payments Refer to Note 37 in the financial statements	
In the current year, share-based payments in the form of performance rights were awarded to employees and key management personnel. In addition, options were converted to shares for various stakeholders during the current year. There is an element of subjectivity in management's assessment around achievement of performance conditions relating to the performance rights. We identified share-based payments as a key audit area due the complexity in the valuation of the options and performance rights issued.	Our audit procedures included, among others: • Reviewing the accounting for the share-based payments in accordance with AASB 2 Share-based Payments; • Reviewing the minutes of directors' meetings for the approvals in relation to the granting of the instruments; • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of performance conditions for the performance rights issued; • Our corporate finance team reviewing management's calculations and assessing appropriateness of inputs/assumptions and valuation method used; and • Ensuring adequacy of financial statement disclosures as required under AASB 2.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the 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, 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 the 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 ability of the Group 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 the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Dropsuite Limited, for the year ended 31 December 2023, complies with section *300A* of the *Corporations Act 2001.*

Responsibilities

The directors of the Company 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 conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



M PARAMESWARAN
Partner

28 February 2024
Melbourne, Victoria

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Dropsuite Limited
Shareholder information
31 December 2023

The shareholder information set out below was applicable as at 21 February 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		
	Number of holders	Number of shares	% of total shares issued
1 to 1,000	241	45,876	0.01
1,001 to 5,000	477	1,429,656	0.21
5,001 to 10,000	247	1,997,013	0.29
10,001 to 100,000	707	26,187,353	3.76
100,001 and over	252	666,432,194	95.73
	1,924	696,092,092	100.00
Holding less than a marketable parcel	318	164,200	0.02

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT)	239,354,741	34.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	56,248,749	8.08
CITICORP NOMINEES PTY LIMITED	46,521,543	6.68
MRS TRACY ANNE FEARON	37,415,184	5.38
MR CHARIF ELANSARI	33,685,439	4.84
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	31,063,691	4.46
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,697,116	3.84
THEODORE JAMES HNARAKIS	11,752,311	1.69
MR RIDLEY MCLEAN RUTH JR	11,294,468	1.62
MIRRABOOKA INVESTMENTS LIMITED	10,326,184	1.48
MR PHILLIP ANTHONY CARLTON & MS ALINE JANE PACHECO	9,631,589	1.38
MR HILAL TALAL HALAWI	8,364,239	1.20
MR RONALD THOMAS HART JR	7,694,667	1.11
BNP PARIBAS NOMS PTY LTD	5,465,854	0.79
VINCENZO CIUMMO	5,433,797	0.78
CONTENT AND SYSTEMS PTE LTD	4,627,377	0.66
ADROSAGA PARTNERS (ASIA) PTE LTD	3,571,429	0.51
GLORY WEALTH GROUP LTD	3,500,000	0.50
UDIT BERLIA	3,240,689	0.47
FARR PTY LTD	2,166,101	0.31
	558,055,168	80.17

Unquoted equity securities

There are no unquoted equity securities.

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Dropsuite Limited
Shareholder information
31 December 2023

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
TOPLINE CAPITAL PARTNERS LP	206,841,465	29.71
MRS TRACY ANNE FEARON	37,415,184	5.38

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

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.

Share buy-back

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 Company's share register as follows:
Automic Pty Ltd
Telephone: +61 2 9698 5414
Website: 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 email 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 Issuer Sponsored should advice 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 Broker 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 by 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
Shareholder information
31 December 2023

Stock Exchange Listing

The Company's shares are listed on the ASX. Details of share transactions and prices published in the financial papers and online under the code DSE.

Registered Office

The registered office of the Company is:
Dropsuite Limited
Level 30, Collins Place, 35 Collins Street
Melbourne VIC 3000

Telephone:	+65 6813 2090
Website:	www.dropsuite.com
Company Secretary:	Kobe Lizheng

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