

## 1. Company details

Name of entity:	Dropsuite Limited
ABN:	91 008 021 118
Reporting period:	For the year ended 31 December 2024
Previous period:	For the year ended 31 December 2023

## 2. Results for announcement to the market

			<b>\$'000</b>
Revenues from ordinary activities	up	34.3% to	41,153
Profit from ordinary activities after tax	down	47.7% to	829
Profit for the year	down	47.7% to	829

### 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 \$829,000 (31 December 2023: \$1,584,000).

## 3. Net tangible assets

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>44.01</u>	<u>39.34</u>

Calculated as follows:

	<b>Group</b>	
	<b>2024 \$'000</b>	<b>2023 \$'000</b>
Net assets	<u>30,924</u>	<u>27,385</u>
Net tangible assets	<u>30,924</u>	<u>27,385</u>
Number of shares on issue at 31 December (no.)	<u>70,259,393</u>	<u>69,609,209</u>

Number of shares on issue for the prior period have been restated to reflect consolidation of shares in the ratio of 10:1 which occurred in the current period.

## 4. Control gained over entities

Not applicable.

## 5. Loss of control over entities

Not applicable.

## **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 2024 is attached.

---

## **12. Signed**

Signed



Kobe Lizheng  
Company Secretary  
Melbourne, Victoria

Date: 27 February 2025

 Dropsuite

# Annual Report 2024

For personal use only



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.

Corporate directory.....	2
Chairman's Review .....	3
CEO's Review .....	6
Directors' report.....	13
Auditor's independence declaration .....	31
Consolidated statement of profit or loss and other comprehensive income.....	32
Consolidated statement of financial position .....	33
Consolidated statement of changes in equity.....	34
Consolidated statement of cash flows.....	35
Notes to the consolidated financial statements .....	36
Note 1. General information .....	36
Note 2. Material accounting policy information.....	36
Note 3. Critical accounting judgements, estimates and assumptions .....	43
Note 4. Operating segments .....	44
Note 5. Revenue .....	45
Note 6. Other income .....	45
Note 7. Marketing and conference expense.....	45
Note 8. Professional fees .....	46
Note 9. Employee benefits expense.....	46
Note 10. Other expenses .....	46
Note 11. Finance costs.....	46
Note 12. Income tax .....	47
Note 13. Cash and cash equivalents.....	48
Note 14. Trade and other receivables.....	48
Note 15. Other assets .....	49
Note 16. Investments .....	49
Note 17. Property, plant and equipment.....	50
Note 18. Right-of-use assets.....	50
Note 19. Trade and other payables.....	51
Note 20. Contract liabilities.....	52
Note 21. Lease liabilities .....	52
Note 22. Employee benefits .....	53
Note 23. Other liabilities .....	53
Note 24. Issued capital.....	53
Note 25. Reserves.....	54
Note 26. Dividends.....	55
Note 27. Financial instruments.....	55
Note 28. Fair value measurement.....	57
Note 29. Key management personnel disclosures.....	57
Note 30. Remuneration of auditors .....	58
Note 31. Commitments.....	58
Note 32. Related party transactions.....	58
Note 33. Parent entity information.....	59
Note 34. Interests in subsidiaries .....	60
Note 35. Cash flow information .....	60
Note 36. Earnings per share .....	61
Note 37. Share-based payments.....	61
Note 38. Events after the reporting period .....	62
Consolidated entity disclosure statement.....	63
Directors' declaration.....	64
Independent auditor's report to the members of Dropsuite Limited .....	65
Shareholder information .....	69

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	Herbert Smith Freehills ANZ Tower 161 Castlereagh Street Sydney NSW 2000
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	<a href="http://www.dropsuite.com">www.dropsuite.com</a>
Corporate Governance Statement	<a href="http://www.dropsuite.com/investor-centre/corporate-governance/">www.dropsuite.com/investor-centre/corporate-governance/</a>

# Chairman's Review



Dear Shareholders,

On behalf of the Board of Directors of Dropsuite Limited, I am pleased to present the 2024 Annual Report.

Dropsuite continued to grow our market position in the global data protection sector over the 2024 financial year which was reflected in a 45% increase in our Annualised Recurring Revenue and a 42% uplift in our user numbers to over 1.65m. Importantly, our growth continues to be executed against a backdrop of profitability and positive cashflow, which ensures our business remains positioned to drive sustainable growth.

Our continued success in expanding our global footprint is a positive endorsement of the quality of our solutions, but importantly a reflection of the industry leading commitment Dropsuite brings to client service and support across our organisation.

To ensure we continue to evolve our solutions and service we continue to invest in our business. As in previous years we will balance that investment against our financial performance to ensure that our growth is sustainable and funded from internal cashflow.

We have a highly scalable platform, driven by our partner led business model. Therefore while we will continue to invest in our business across the 2025 financial year, the growing scale of our company will continue to deliver retained profits and cashflow, enhancing shareholder returns. Simplistically, we do not see our long-term spending requirements keeping pace with topline growth, which will result in improved financial and return metrics in the years ahead.

Post the end of the financial year, Dropsuite Board unanimously recommended that shareholders vote in favour of the proposed Scheme of Arrangement with NinjaOne, whereby NinjaOne will acquire 100% of the ordinary shares in Dropsuite, in an all-cash offer of A\$5.90 per share.

While the Board is highly confident in the long-term fundamentals and growth prospects for Dropsuite, we believe the Scheme represents a compelling opportunity for shareholders to realise their investment in Dropsuite, for 100% cash at an attractive premium to where Dropsuite has historically traded.

As always, our performance in 2024 was delivered by a combination of a superior focus on customer and the excellence of our team at Dropsuite. I would like to take the opportunity 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 2024 would not have been possible.

Finally, I would like to thank our customers, our shareholders and my fellow directors for your continued support over the past year.

Yours Sincerely,



**Theo Hnarakis**  
Chairman

# Highlights

## ANNUAL RECURRING REVENUE (ARR)

**\$49.82m**

up 45% on PCP (Actual)  
up 37% on PCP (Constant Currency)

## RESELLER PARTNERS

**779**

up 26% on PCP

## OPERATING CASHFLOW GENERATED

**\$4.16m**

up 83% PCP Actual  
down 11% PCP Normalised

## PAID USERS

**1.65m**

up 42% on PCP

## AVERAGE REVENUE PER USER (ARPU)

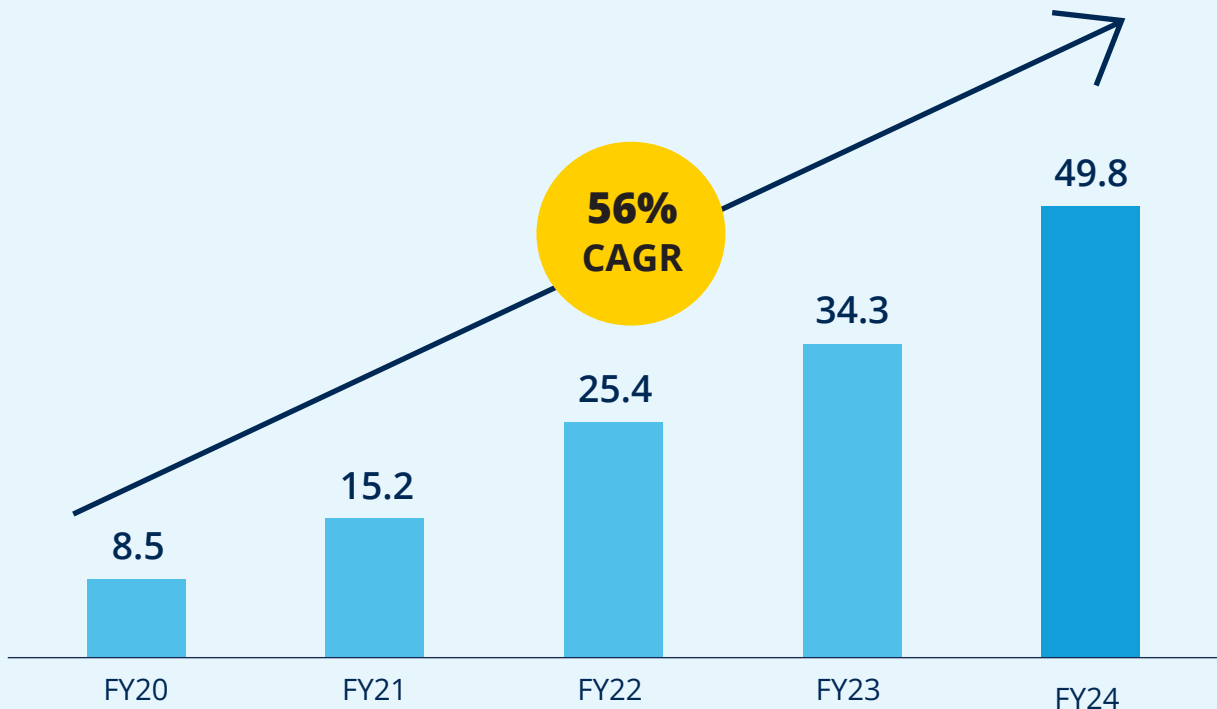
**\$2.52**

up 2% PCP (Actual)  
down 3% PCP (Constant Currency)

## PARTNER REVENUE CHURN

**< 3%**

## ANNUAL RECURRING REVENUE (\$M)



# CEO's Review



Dear Shareholders,

Dropsuite's FY 2024 results highlight the Company's highly scalable and sustainable business model, delivering a strong uplift in recurring revenue whilst maintaining positive cashflow and profitability. Our continued momentum is driven by an environment of increasing cyber-attacks, the scalability of our product suite, our partner led business model and the excellent service we provide our clients.

## Supportive macro environment

Dropsuite is a partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small. The growing focus from businesses on safeguarding their operations from cyber-attacks continues to provide strong macro tailwinds for our organisation.

### The Data

**90%**

of Cybersecurity attacks start with email

**\$20B**

global cost of ransomware in 2022

**62%**

of breaches and data loss occur through human error

**84%**

of companies **don't backup** their SaaS application data (US)

With such a large and growing addressable market, we remain confident with our growth strategy to augment our data protection platform and expand our "share with wallet" with our existing and growing partner base.

## Industry Pain Points



Cyber threats and ransomware



Data loss and corruption due to human error or technical breakdown



Growing strain to hire IT professionals, with increasing SLA expectation by end users



Cyber insurance requirements are increasingly strict and complex, with backup being a key precondition for insurance



Growing regulatory and compliance requirements

Whilst there remain strong tailwinds for our solution suite, Dropsuite continues to adapt, refine and identify new opportunities. In 2024 we saw a material uptake on our ParterServ offering, a paid migration service from other backup vendors into Dropsuite. We have adapted our solutions, and pricing, for the not-for-profit sector which has unlocked a major new growth area for the Company. Our strategic expansion into a BYOS (Bring Your Own Storage) model contributed strongly in the 2nd half of 2024 as well, The new growth avenues, coupled with the supportive macro environment will position the Company well to deliver future revenue growth that is well above total industry growth.

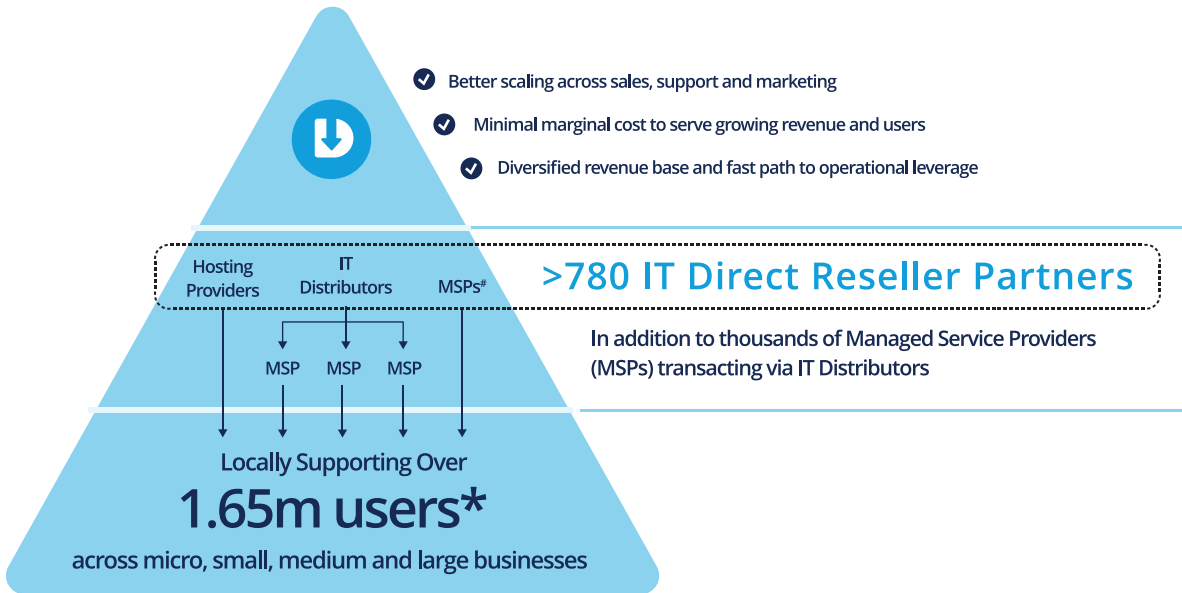
## Benefits of our partner led business model

Our partner-led business model is a unique aspect of our go-to-market strategy that we believe delivers:

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

In addition to Dropsuite's ~780 direct transacting partners, the business has thousands of indirect transacting Managed Service Provider (MSP) partners transacting via our cloud distribution partners.

### Benefits of a Partner-led Business Model

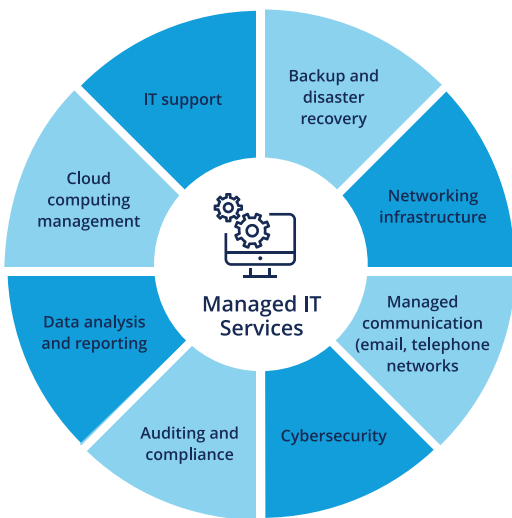


MSP: Managed Service Provider is an Outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)  
 \*# of MSPs: As at 31 December 2024

MSPs represent Dropsuite’s principal growth engine and customer acquisition vehicle. The global presence of MSP’s is increasing given macro trends including the increasing drive by businesses to find operational efficiencies, continued migration of systems to the Cloud and rising cybersecurity risks and increasing IT complexity. Within a global addressable market of approximately 132,000 MSP’s, Dropsuite has a penetration rate of less than 4%, leaving plenty of room for continued growth.

### The MSP. Our Customer

MSP are outsourced IT provides serving small to medium businesses with limited IT Function



#### MSPs by the numbers

- 73% of MSPs have less than 100 clients
- 71% of MSP clients have 20 to 200 employees
- 95%+ of MSPs have total revenues <\$5M annually
- 132K+ MSP globally \$757B market by 2030 with a 12.6% CAGR

#### Profile of an MSP

- Value ease of use, quality, automation, and security
- Security offerings is the #1 driver of MSP growth
- Challenged with hiring, training, and operationalizing
- Challenged monitoring multiple clients, risk assessments, governance, and data loss prevention

The benefits of the partner led business model were reflected in the >480,000 users added over the course of 2024, and the 56% CAGR we have achieved since 2020. With a strong partner network, ample opportunity to grow and a leading solution we anticipate that the partner led business model will continue to drive scalable and profitable growth for our Company.

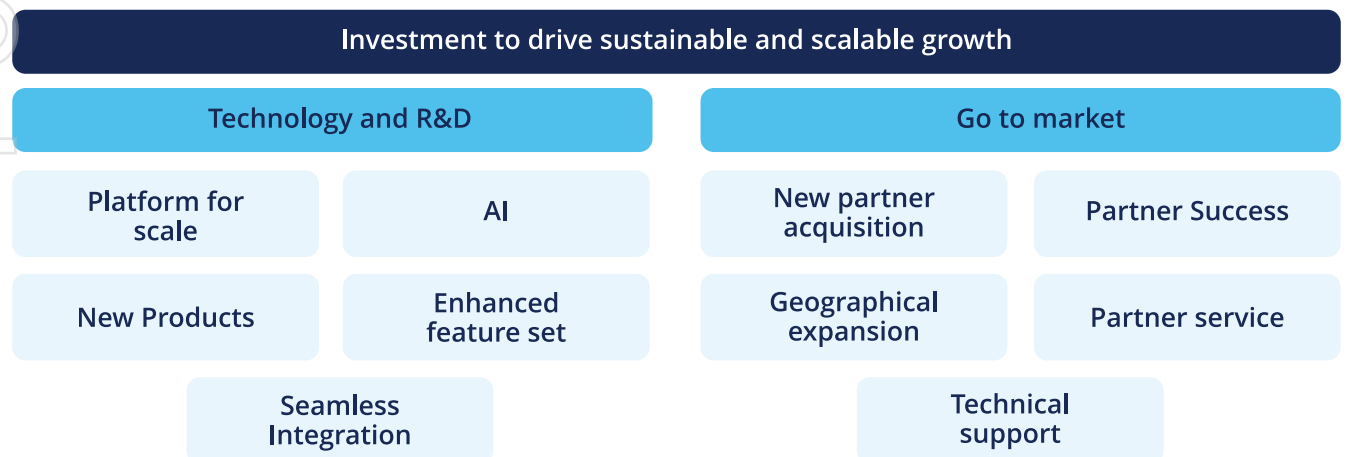
## Strong Topline and Operational Performance

Dropsuite's delivered strong topline growth in 2024, with a 37% increase in our Annualised Recurring Revenue (ARR) on a constant currency basis to \$49.8 million. Importantly the growth in ARR was delivered against the backdrop of a solid gross margin of 70% as of December 2024.

Dropsuite continued to add partner and client numbers at a record rate. At year-end we increased our direct partner count to ~780 and our paid users rose to a record high of 1.65 million, up 42% on the prior year. Average Revenue Per User (ARPU) declined 3% on a constant currency basis to A\$2.52 per month mostly due to BYOS and an increased mix of backup only product additions from competitive displacement deals.

Importantly, we were able stay profitable and cash flow positive despite continued investments in R&D and go-to-market motions. Our operating EBITDA was positive \$0.4 million while net cash generated from operating activities was \$2.0 million on a normalised basis and \$4.2 million on an actual basis. Actual net cash generated from operations was abnormally impacted by early cash receipts the Company received in the last days of December that would normally have been received in early January.

Dropsuite continues to retain an exceptionally strong balance sheet with no debt and \$28.6 million in net cash. The strength and flexibility of our balance sheet allows the Company the ability to continue to invest for growth and ensure that our solutions and focus on customer service remain best in class.



## Spend by Function as a % of Operating expense

A\$ Million	2024	2023	PCP (%)	2024 % of OpEx
Research & Development, Product, Support	13.36	7.74	72.6%	50.6%
Sales & Marketing	7.85	6.48	21.1%	29.8%
General & Admin	5.17	3.98	30.0%	19.6%
<b>Total Operating Expenses*</b>	<b>26.39</b>	<b>18.20</b>	<b>45.0%</b>	<b>100.0%</b>

\*Excluding share-based payments and transaction expenses

At year-end the business held \$28.6 million cash with zero debt.

## Driving operational and product development

Dropsuite remains our partners' preferred choice for email and productivity backup requirements across any platform, geography, and customer segments. Dropsuite continues to invest into internal initiatives such as new product development, increased global sales footprint, and expanded customer service facilities to improve the backup and archive experience for DSE's partners and streamline the support processes for end clients. Key activities during 2024 include:

- Strong net revenue retention from our existing partner base driven by continued investment in core product and enhanced Customer Success and Technical Support enablement
- Expanded and improved our integration capabilities to deliver a seamless partner experience through integrated provisioning, billing, support.
- Launch of PSA Integration Marketplace, a centralized hub for partners to seamlessly integrate Dropsuite with their preferred PSA vendor, discover integrations, manage organizations, and drive internal operational efficiencies.
- Launched new backup product targeted at Microsoft Entra ID (formerly Azure Active Directory), which is Microsoft's cloud-based identity and access management solution providing authentication and authorization to a wide range of Microsoft products.
- Enhanced restore capabilities via Point-in-Time-Restore (PITR) which allows users to restore their mailboxes as they appeared at a specific point in time. This feature, paired with our industry leading continuous backup architecture, gives partners and their clients an ability to restore all data from a human error or respond to specific cyber events.
- Updated reporting and insights for MSP partners to provide insights into backed-up account coverage and seat utilisation.
- Launched a Bring Your Own Storage (BYOS) offering allowing select partners to use their existing storage infrastructure for their customers' backup needs.

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.

Dropsuite was recognised 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.

## Our People

Dropsuite continues to ensure that we have a highly engaged, diverse and dedicated team that puts our partners first and ensure that our users have access to our industry leading customer service. As we grow our operational footprint, we continue to expand our employee base across Asia Pacific, North America and Europe which now stands at 155, up from 119 in 2023.

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 2024 were very positive, in line with previous years, highlighting an engaged team with an open and high-performance culture.

## Scheme Implementation Deed with NinjaOne

Post the end of the financial year, Dropsuite announced it entered into a Scheme Implementation Deed with NinjaOne, LLC under which NinjaOne has agreed to acquire 100% of the ordinary shares in Dropsuite, in an all-cash offer of A\$5.90 per share to be effected by way of a Scheme of Arrangement. The Scheme Consideration of A\$5.90 per share values Dropsuite equity at approximately A\$420m and represents a 34.1% premium to Dropsuite's closing share price of A\$4.40 per share on the day prior to the announcement.

The Dropsuite Board of Directors unanimously recommends that Dropsuite shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interest of Dropsuite shareholders.

A Scheme Booklet containing information relating to the Scheme, reasons for the Board's recommendation, an Independent Expert's report and details of the Scheme Meeting is, at the time of writing, being prepared and will be provided to the Australian Securities and Investments Commission for review, and subsequently sent to shareholders. It is expected to be provided to shareholders in March 2025.

Shareholders will then have the opportunity to vote on the Scheme at the Scheme Meeting, which is expected to be held in early-May 2025. Subject to shareholder approval being obtained and other conditions of the Scheme being satisfied or waived in accordance with the SID, the Scheme is expected to be implemented in late May 2025.

## Outlook

Dropsuite is well positioned to deliver growth driven by our significant existing partner base and a growing pipeline of new partners and new products. The Company remains focussed on:

- Delivering ARR growth via its existing partner ecosystem, strong sales pipeline and expanded product line.
- Incremental investment in Research & Development and Go-To-Market functions in 2025.
- Driving product innovation to maintain our leading position as a data protection vendor of choice.
- Finally, I would like to take this opportunity to extend my gratitude to our stakeholders: our employees, partners, and shareholders for their continued support of Dropsuite throughout the years. I would also like to express my gratitude to our board members for their guidance and governance over the past year.

Sincerely,



**Charif Elansari**  
Managing Director

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 2024 ('FY 2024').

### **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 - Chairperson  
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 data 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 \$829,000 (31 December 2023: \$1,584,000).

#### **Key highlights for FY 2024**

- Total revenue for the year of \$41.2m up 34% on previous corresponding period ('pcp')
- Annualised Recurring Revenue of \$49.8m, a 45% increase on actual basis on pcp
- Gross margin of 69% for FY 2024, up 100 basis points on pcp
- EBITDA of \$0.41m led by sustained revenue growth, gross margin improvement and profitable cost reinvestment
- Positive net cashflow generated from operations of \$4.2m, a 83% increase on pcp
- Average revenue per user of \$2.52, a 2% increase on pcp
- Well capitalised for growth with \$28.6m in cash, a 12% 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 21 May 2024, the Company undertook a share consolidation on a ten to one basis with approval of the shareholders.

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**

On 28 January 2025, the Company announced it has entered into a Scheme Implementation Deed ('SID') with NinjaOne, LLC and NinjaOne Australia Pty Ltd (together, 'NinjaOne') under which NinjaOne has agreed to acquire 100% of the ordinary shares in Dropsuite, in an all-cash offer of A\$5.90 per share ('Scheme Consideration') to be effected by way of a Scheme of Arrangement ('Scheme').

The Scheme Consideration of A\$5.90 per share values Dropsuite equity at approximately A\$420m and as at 24 January 2025. The Scheme is subject to shareholder approval to be held at a meeting later in the year.

No other matter or circumstance has arisen since 31 December 2024 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.

**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 receives 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.

<b>Risk</b>	<b>Nature of risk</b>	<b>Controls established</b>
Information Security, Technology and Cyber	Dropsuite faces ever-evolving cyber security threats and must be able to prevent, detect, respond and recover 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.	<p>Proactive mitigation of technology and third-party vulnerabilities through a framework of protect, monitor, detect, respond, recover.</p> <p>CIS v8 (Security Framework) as our cybersecurity baseline providing a prescriptive and actionable set of controls against known threats whilst primarily a technical control framework, it aligns with broader cybersecurity standards such as ISO 27001 and NIST, supporting efficient risk management and strengthening our overall security posture.</p> <p>Security testing and training completed by specialist external security firms, including penetration testing, phishing exercises and social engineering testing.</p> <p>Advanced tools and services (e.g., cloud-based security solutions) enable real-time monitoring for suspicious activity and prompt incident detection.</p> <p>Regular security awareness training programs equip employees to recognize and prevent cyber threats, strengthening our overall security posture.</p>

For persons

Risk	Nature of risk	Controls established
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.	<p>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. Our framework aligns with and supports compliance with GDPR, HIPAA, and supports data privacy regulations, reinforcing our commitment to data protection and regulatory adherence.</p> <p>Regular audits and assessments to validate our adherence to these standards and identify areas for improvement.</p>
Competitor Risk	The risk of new entrants or intensifying competition in the email backup and archiving ecosystem increasing product competition for Dropsuite.	<p>Dropsuite has a diverse MSP network that eliminates risk for mass transition to new technology.</p> <p>Dropsuite continues to invest into new technology and increased product development to ensure that we have a best-in-class product which will reduce the risk of customer churn from any potential new entrant.</p> <p>Dropsuite will continue to ensure that we have a world-class support team to provide exceptional customer service.</p> <p>Dropsuite will continue to monitor all notable competitors.</p>
Compliance and Regulation	Ensure compliance with all applicable regulatory requirements through our established policies and frameworks.	<p>An internal and external audit program overseen by the Board.</p> <p>Active board monitoring of key compliance risks.</p> <p>Active management of the group's compliance, in accordance with the requirements of the Corporations Law.</p> <p>Engagement of external expert advisors as required</p>
Capital and Liquidity Management	Effective capital management to meet the Group's ongoing funding requirements and to withstand market volatility.	<p>Disciplined allocation of capital by function.</p> <p>Scenario modelling and stress testing of assumptions to inform decisions.</p> <p>Limits of currency exposure.</p> <p>Limits on exposure to counterparties.</p>

For personal use only

Risk	Nature of risk	Controls established
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.	<p>Active adoption and promotion of Dropsuite's values that support a healthy and collaborative working environment.</p> <p>Employee engagement surveys every 12 months with action plans to address results.</p> <p>An annual performance management process, setting objectives and accountability.</p> <p>Promotion of an inclusive workplace culture where differences are valued, supported by policies and training.</p> <p>Benchmarking and setting competitive remunerations.</p> <p>Development and succession planning.</p>
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.	<p>Expand data protection offerings to increase the serviceable addressable market.</p> <p>Continuous product improvement and innovation to ensure and sustain product differentiation.</p> <p>Maintain and improve cost structure of the company's product offerings.</p> <p>Ensure adequate Customer Success resources are deployed to ensure partner/customer retention.</p> <p>Ensure diversity of our MSP partners to ensure no key MSP risk.</p>
Business Interruption	<p>Significant business interruption leading to commercial loss may result from a wide range of risk sources including:</p> <ul style="list-style-type: none"> <li>• Loss of end user data</li> <li>• Natural disasters, such as floods and bushfires</li> </ul>	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 Chairperson  
**Qualifications:** B. Accounting from the University of South Australia and is a Fellow of Australian Institute of Company Directors (FICD).  
**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)  
**Interests in shares:** 1,175,232 ordinary shares  
**Interests in options:** None  
**Interests in rights:** None  
**Contractual rights to shares:** None

**Name:** Charif Elansari  
**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:** 3,158,544 ordinary shares  
**Interests in options:** None  
**Interests in rights:** 150,000 performance rights  
**Contractual rights to shares:** 150,000 performance rights

**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 Executive 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:** 151,413 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:** None  
**Former directorships (last 3 years):** Velosio, LLC (resigned 2024)  
**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.

**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:** 21,875 ordinary shares  
**Interests in options:** None  
**Interests in rights:** 5,625 performance rights  
**Contractual rights to shares:** 5,625 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 2024, 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	-	-	-	-
Eric Martorano	12	12	-	-	-	-

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

## 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 2024.

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 ensured the Company delivered exceptional financial and operational performance in 2024 via growth across 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 2024 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 payments are 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 2024.

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 upcoming Annual General Meeting.

Yours sincerely,



**Theo Hnarakis**  
Chairperson

## **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.

The fees paid to non-executive directors are structured to reflect time commitment, workloads and responsibilities. In line 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.

<b>Country of residence</b>	<b>Chair</b> \$	<b>Director</b> \$
<i>Annual salary with effect from 1 January 2024</i>		
Australia	196,199	90,000
United States	-	90,771

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 2024.

*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 2024, no independent advice from remuneration consultants was sought.

*Voting and comments made at the Company's 2024 Annual General Meeting ('AGM')*

At the 2024 AGM, 99.96% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### *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
- Eric Martorano – 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

For personal use only

	Short-term benefits			Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Equity-settled* \$	
<i>Non-Executive Directors:</i>						
T Hnarakis						
<b>FY 2024</b>	<b>196,199</b>	-	-	<b>22,072</b>	-	<b>218,271</b>
FY 2023	178,364	-	-	19,174	-	197,538
B Tonkin						
<b>FY 2024</b>	<b>90,000</b>	-	-	<b>10,125</b>	-	<b>100,125</b>
FY 2023	81,750	-	-	8,788	-	90,538
E Martorano						
<b>FY 2024**</b>	<b>90,771</b>	-	-	-	-	<b>90,771</b>
FY 2023	-	-	-	-	-	-
<i>Executive Directors:</i>						
C Elansari						
<b>FY 2024</b>	<b>551,768</b>	<b>168,550</b>	<b>3,635</b>	-	<b>193,588</b>	<b>917,541</b>
FY 2023	402,549	112,311	1,069	-	220,770	736,699
<i>Other Key Management Personnel:</i>						
M Kalyanaraman						
<b>FY 2024</b>	<b>386,358</b>	<b>75,823</b>	<b>3,897</b>	-	<b>142,115</b>	<b>608,193</b>
FY 2023	353,615	63,209	3,852	-	254,389	675,065
B Kyriacou						
<b>FY 2024</b>	<b>240,340</b>	<b>28,120</b>	<b>9,000</b>	<b>29,418</b>	<b>33,786</b>	<b>340,664</b>
FY 2023	223,572	21,631	9,000	25,336	48,245	327,784
K Li						
<b>FY 2024</b>	<b>66,000</b>	-	-	-	<b>4,573</b>	<b>70,573</b>
FY 2023	60,000	-	-	-	7,075	67,075
<b>Total AUD FY 2024</b>	<b>1,621,436</b>	<b>272,493</b>	<b>16,532</b>	<b>61,615</b>	<b>374,062</b>	<b>2,346,138</b>
Total AUD FY 2023	1,299,850	197,151	13,921	53,298	530,479	2,094,699

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

\*\* Mr Martorano commenced on 1 January 2024.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
T Hnarakis	100%	100%	-	-	-	-
B Tonkin	100%	100%	-	-	-	-
E Martorano	100%	-	-	-	-	-
<i>Executive Directors:</i>						
C Elansari	61%	55%	18%	15%	21%	30%
<i>Other Key Management Personnel:</i>						
M Kalyanaraman	65%	53%	12%	9%	23%	38%
B Kyriacou	82%	78%	8%	7%	10%	15%
K Li	94%	100%	-	-	6%	-

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:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2024	2023	2024	2023
<i>Executive Directors:</i>				
C Elansari	82%	62%	18%	38%
<i>Other Key Management Personnel:</i>				
M Kalyanaraman	79%	72%	21%	28%
B Kyriacou	78%	65%	22%	35%
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:	<b>Charif Elansari</b>
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 2024 of SGD \$403,080 plus statutory social security, 'at-risk' STI subject to annual performance review by the Nomination and Remuneration Committee. In April 2024, the Board approved a relocation allowance payable monthly at SGD \$9,792 with a review date 2 years from commencement date of 1 April 2024. 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.

**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 2024 of SGD \$340,524 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 2024 of AUD \$240,340 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 2024 of AUD \$5,500 (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 2024.

#### 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	\$0.000	\$0.264
M Kalyanaraman	2,400,000	12 Apr 2022	Various	31 Mar 2025	\$0.000	\$0.187
M Kalyanaraman	600,000	06 Apr 2023	Various	31 Mar 2026	\$0.000	\$0.166
B Kyriacou	75,000	12 Apr 2022	Various	31 Mar 2025	\$0.000	\$0.187
B Kyriacou	500,000	06 Apr 2023	Various	31 Mar 2026	\$0.000	\$0.166
K Li	75,000	06 Apr 2023	Various	31 Mar 2026	\$0.000	\$0.166

\* Share price hurdle for vesting varies per tranche

Performance rights granted carry no dividend or voting rights.

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 2024 are set out below:

	Number of rights granted during the year 2024*	Number of rights granted during the year 2023	Number of rights granted during the year 2023 post 10:1 share consolidation	Number of rights granted during the year 2024 post 10:1 share consolidation	Number of rights vested during the year 2023	Number of rights vested during the year 2023 post 10:1 share consolidation
C Elansari	-	2,000,000	200,000	50,000	400,000	40,000
M Kalyanaraman	-	600,000	60,000	127,000	80,000	8,000
B Kyriacou	-	500,000	50,000	16,000	165,000	16,500
K Li	-	75,000	7,500	1,875	80,000	8,000

\* No performance rights were granted to key management personnel during the year.

### Additional information

The earnings of the Group for the five years to 31 December 2024 are summarised below:

	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Sales revenue	41,153	30,633	20,689	11,689	7,030
EBITDA	414	1,105	1,251	3	(1,653)
EBIT	108	879	1,191	(34)	(2,134)
Profit/(loss) after income tax	829	1,584	1,450	(31)	(2,147)

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

	2024*	2023*	2022	2021	2020
Share price at financial year end (\$)	4.64	0.29	0.18	0.23	0.14
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)*	1.19	2.29	0.21	0.01	(0.39)

\* Basic earnings per share for 2024 and 2023 are after taking account of the 10:1 share consolidation. Prior to this, the figures represent the signed Annual Reports of those years.

### 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	Adjustment for 10:1 share consolidation	Received on vesting and exercise of performance rights	Additions	Disposals/ other	Balance at the end of the year
<b>Ordinary shares</b>						
T Hnarakis	11,752,311	(10,577,079)	-	-	-	1,175,232
C Elansari	34,085,439	(30,676,895)	50,000	-	(300,000)	3,158,544
E Martorano	-	-	-	-	-	-
B Tonkin	1,514,123	(1,362,710)	-	-	-	151,413
M Kalyanaraman	600,000	(540,000)	127,000	-	(24,000)	163,000
B Kyriacou	1,619,444	(1,457,499)	16,000	-	-	177,945
K Li	200,000	(180,000)	1,875	-	-	21,875
	<u>49,771,317</u>	<u>(44,794,183)</u>	<u>194,875</u>	<u>-</u>	<u>(324,000)</u>	<u>4,848,009</u>

*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	Adjustment for 10:1 share consolidation	Granted	Vested	Expired/forfeited/other	Balance at the end of the year
<i>Ordinary shares</i>						
T Hnarakis	-	-	-	-	-	-
C Elansari	2,000,000	(1,800,000)	-	(50,000)	-	150,000
E Martorano	-	-	-	-	-	-
B Tonkin	-	-	-	-	-	-
M Kalyanaraman	3,000,000	(2,700,000)	-	(127,000)	-	173,000
B Kyriacou	575,000	(517,500)	-	(16,000)	-	41,500
K Li	75,000	(67,500)	-	(1,875)	-	5,625
	<u>5,650,000</u>	<u>(5,085,000)</u>	<u>-</u>	<u>(194,875)</u>	<u>-</u>	<u>370,125</u>

*This concludes the remuneration report, which has been audited.*

### 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 March 2025	399,467
18 July 2022	03 June 2025	16,000
06 April 2023	31 March 2026	622,500
22 May 2023	31 March 2026	150,000
01 May 2024	01 May 2027	555,000
		<u>1,742,967</u>

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 2024 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	\$0.000	398,535
06 April 2023	\$0.160	201,250
22 May 2023	\$0.270	50,000
		<u>649,785</u>

### 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.

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

27 February 2025  
Melbourne, Victoria

RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000

PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

[www.rsm.com.au](http://www.rsm.com.au)

### 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 2024, 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

Dated: 27 February 2025  
Melbourne, Victoria

**Dropsuite Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2024**



	Note	Group 2024 \$'000	2023 \$'000
<b>Revenue</b>	5	41,153	30,633
Other income	6	14	6
Interest revenue calculated using the effective interest method		926	712
<b>Expenses</b>			
Hosting fees		(12,816)	(9,712)
Marketing and conference expense	7	(1,732)	(1,415)
Technology expense		(3,613)	(1,442)
Professional fees	8	(493)	(327)
Employee benefits expense	9	(18,080)	(13,201)
Share-based payment expense	25,37	(1,549)	(1,617)
Depreciation expense	17,18	(306)	(226)
Other expenses	10	(2,469)	(1,820)
Finance costs	11	(2)	(7)
Loss on disposal of assets		(1)	-
<b>Profit before income tax expense</b>		1,032	1,584
Income tax expense	12	(203)	-
<b>Profit after income tax expense for the year</b>		829	1,584
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		1,161	(47)
Other comprehensive income/(loss) for the year, net of tax		1,161	(47)
<b>Total comprehensive income for the year</b>		1,990	1,537
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	36	1.19	2.29
Diluted earnings per share	36	1.16	2.23

*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 2024**



	Note	Group 2024 \$'000	2023 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	28,566	24,289
Trade and other receivables	14	6,554	5,855
Income tax recoverable	12	140	-
Other assets	15	1,207	650
<b>Total current assets</b>		<b>36,467</b>	<b>30,794</b>
<b>Non-current assets</b>			
Investments	16	-	12
Property, plant and equipment	17	164	142
Right-of-use assets	18	665	141
Other assets	15	89	68
<b>Total non-current assets</b>		<b>918</b>	<b>363</b>
<b>Total assets</b>		<b>37,385</b>	<b>31,157</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	5,372	3,172
Contract liabilities	20	60	67
Lease liabilities	21	188	130
Employee benefits	22	423	339
<b>Total current liabilities</b>		<b>6,043</b>	<b>3,708</b>
<b>Non-current liabilities</b>			
Lease liabilities	21	368	14
Other liabilities	23	50	50
<b>Total non-current liabilities</b>		<b>418</b>	<b>64</b>
<b>Total liabilities</b>		<b>6,461</b>	<b>3,772</b>
<b>Net assets</b>		<b>30,924</b>	<b>27,385</b>
<b>Equity</b>			
Issued capital	24	45,230	43,416
Reserves	25	3,455	2,559
Accumulated losses		(17,761)	(18,590)
<b>Total equity</b>		<b>30,924</b>	<b>27,385</b>

*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 2024**



<b>Group</b>	<b>Issued capital \$'000</b>	<b>Foreign exchange reserve \$'000</b>	<b>Share-based payments reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
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 loss for the year, net of tax	-	(47)	-	-	(47)
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>(47)</b>	<b>-</b>	<b>1,584</b>	<b>1,537</b>
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 37)	-	-	1,617	-	1,617
<b>Balance at 31 December 2023</b>	<b>43,416</b>	<b>(1)</b>	<b>2,560</b>	<b>(18,590)</b>	<b>27,385</b>
<b>Group</b>	<b>Issued capital \$'000</b>	<b>Foreign exchange reserve \$'000</b>	<b>Share-based payments reserve \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 January 2024	43,416	(1)	2,560	(18,590)	27,385
Profit after income tax expense for the year	-	-	-	829	829
Other comprehensive income for the year, net of tax	-	1,161	-	-	1,161
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,161</b>	<b>-</b>	<b>829</b>	<b>1,990</b>
<i>Transactions with owners in their capacity as owners:</i>					
Transfer upon exercise of options/rights	1,814	-	(1,814)	-	-
Share-based payments (note 37)	-	-	1,549	-	1,549
<b>Balance at 31 December 2024</b>	<b>45,230</b>	<b>1,160</b>	<b>2,295</b>	<b>(17,761)</b>	<b>30,924</b>

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 2024**



	Note	Group 2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		41,047	28,653
Payments to suppliers and employees (inclusive of GST)		(37,438)	(27,080)
		3,609	1,573
Interest received		868	698
Interest and other finance costs paid		(2)	-
Income taxes paid		(315)	-
Net cash from operating activities	35	4,160	2,271
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	17	(201)	(137)
Payments for security deposits		(21)	-
Proceeds from disposal of investments		13	-
Net cash used in investing activities		(209)	(137)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(140)	-
Net cash used in financing activities		(140)	-
Net increase in cash and cash equivalents		3,811	2,134
Cash and cash equivalents at the beginning of the financial year		24,289	22,336
Effects of exchange rate changes on cash and cash equivalents		466	(181)
Cash and cash equivalents at the end of the financial year	13	28,566	24,289

*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**

Level 30, Collins Place, 35 Collins Street  
Melbourne VIC 3000

### **Principal place of business**

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 27 February 2025. 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 during the financial year ended 31 December 2024.

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 2024 and the results of all subsidiaries for the year then ended.

## **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.

## **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.

## **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 right at the end of the reporting period 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.

## **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.

## **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.

## **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.

## **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 2024. 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.

### **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 2024 approximately \$31.1 million (31 December 2023: \$21.0 million) of the Group's external revenue was derived from sales to 10 (31 December 2023: 10) major customers.

#### *Revenue by geographical area*

Refer to note 5 for geographical information.

**Note 5. Revenue**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Backup sales	41,063	30,633
Service sales	90	-
Revenue	<u>41,153</u>	<u>30,633</u>

*Disaggregation of revenue*

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

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Geographical regions</i>		
Australia	2,142	1,007
Singapore	131	135
Europe	8,082	7,468
United States of America	29,615	20,913
Rest of the World	1,183	1,110
	<u>41,153</u>	<u>30,633</u>

*Timing of revenue recognition*

Services transferred at a point in time	40,900	30,361
Services transferred over time	253	272
	<u>41,153</u>	<u>30,633</u>

**Note 6. Other income**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revaluation of investments	1	3
Government grants	13	3
Other income	<u>14</u>	<u>6</u>

**Note 7. Marketing and conference expense**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Marketing expenses	1,256	731
Conference and exhibition expenses	476	684
	<u>1,732</u>	<u>1,415</u>

**Note 8. Professional fees**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Accounting, auditing and taxation expenses	254	314
Legal expenses	80	13
Acquisition related legal fees	159	-
	<u>493</u>	<u>327</u>

**Note 9. Employee benefits expense**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	16,524	12,281
Director's fees	952	663
Superannuation	604	257
	<u>18,080</u>	<u>13,201</u>

**Note 10. Other expenses**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Office rental expense	25	16
Bank and merchant fees	182	142
Other office expenses	654	458
Office services	43	38
Foreign currency gains and losses	264	154
Withholding tax	17	130
Corporate advisory and listing fees	251	202
Travelling expenses	558	436
Impairment of receivables	55	63
Insurance expenses	225	181
Fines and penalties	1	-
Sales tax expense	194	-
	<u>2,469</u>	<u>1,820</u>

**Note 11. Finance costs**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest and finance charges paid/payable on lease liabilities	2	5
Other interest and finance charges paid	-	2
	<u>2</u>	<u>7</u>

**Note 12. Income tax**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current income tax</i>		
Current income tax (benefit)/expense	203	-
Adjustments in respect of previous current income tax	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	542	720
Adjustment in respect of prior year tax losses / DTA	16	1,007
Not recognised	(558)	(1,727)
Aggregate income tax expense	<u>203</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>1,032</u>	<u>1,584</u>
Tax at the statutory tax rate of 25%	258	396
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	<u>262</u>	<u>404</u>
Current year temporary differences not recognised	520	800
Difference in overseas tax rates	(504)	(1,727)
Under/over in respect of prior years	171	(80)
	<u>16</u>	<u>1,007</u>
Income tax expense	<u>203</u>	<u>-</u>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>30,702</u>	<u>32,936</u>
Potential tax benefit @ 25%	<u>7,676</u>	<u>8,234</u>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Unused tax losses	28,510	30,491
Deductible temporary differences	<u>2,192</u>	<u>2,445</u>
Total deferred tax assets not recognised	<u>30,702</u>	<u>32,936</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

**Note 12. Income tax (continued)**

	Group	
	2024 \$'000	2023 \$'000
Income tax recoverable		
Income tax refund due	140	-
	<u>140</u>	<u>-</u>

**Note 13. Cash and cash equivalents**

	Group	
	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Cash at bank	8,616	6,262
Cash on deposit	19,950	18,027
	<u>28,566</u>	<u>24,289</u>

**Note 14. Trade and other receivables**

	Group	
	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Trade receivables	6,204	5,717
Less: Allowance for expected credit losses	(65)	(150)
	<u>6,139</u>	<u>5,567</u>
Other receivables	234	199
Deposits	101	50
Interest receivable	80	39
	<u>6,554</u>	<u>5,855</u>

*Allowance for expected credit losses*

The Group has recognised a loss of \$55,000 (31 December 2023: \$64,000) in profit or loss in respect of the expected credit losses for the year ended 31 December 2024.

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

Group	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024 %	2023 %	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Neither past due nor impaired	-	-	4,209	2,788	-	-
0 - 60 days overdue	-	-	1,304	2,434	-	-
60 - 90 days overdue	-	-	275	149	-	-
> 90 days overdue	16%	43%	416	346	65	150
			<u>6,204</u>	<u>5,717</u>	<u>65</u>	<u>150</u>

**Note 14. Trade and other receivables (continued)**

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

	Group	
	2024 \$'000	2023 \$'000
Opening balance	150	86
Additional provisions recognised	55	64
Receivables written off during the year as uncollectable	(140)	-
Closing balance	<u>65</u>	<u>150</u>

**Note 15. Other assets**

	Group	
	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Prepayments	<u>1,207</u>	<u>650</u>
<i>Non-current assets</i>		
Security deposits	39	18
Other non-current assets	<u>50</u>	<u>50</u>
	<u>89</u>	<u>68</u>

**Note 16. Investments**

	Group	
	2024 \$'000	2023 \$'000
<i>Non-current assets</i>		
Ordinary shares	<u>-</u>	<u>12</u>

**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	12	9
Disposals	(12)	-
Revaluation increments	<u>-</u>	<u>3</u>
Closing fair value	<u>-</u>	<u>12</u>

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

**Note 17. Property, plant and equipment**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Leasehold improvements - at cost	42	42
Less: Accumulated depreciation	(26)	(14)
	<u>16</u>	<u>28</u>
Fixtures and fittings - at cost	19	19
Less: Accumulated depreciation	(15)	(12)
	<u>4</u>	<u>7</u>
Computer equipment - at cost	690	492
Less: Accumulated depreciation	(554)	(394)
	<u>136</u>	<u>98</u>
Office equipment - at cost	20	17
Less: Accumulated depreciation	(12)	(8)
	<u>8</u>	<u>9</u>
	<u><u>164</u></u>	<u><u>142</u></u>

*Reconciliations*

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

<b>Group</b>	<b>Leasehold improvements</b>	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January 2023	-	-	69	-	69
Additions	34	8	132	10	184
Depreciation expense	(6)	(1)	(103)	(1)	(111)
	<u>28</u>	<u>7</u>	<u>98</u>	<u>9</u>	<u>142</u>
Balance at 31 December 2023	28	7	98	9	142
Additions	-	-	198	3	201
Depreciation expense	(12)	(3)	(160)	(4)	(179)
	<u>16</u>	<u>4</u>	<u>136</u>	<u>8</u>	<u>164</u>
Balance at 31 December 2024	<u><u>16</u></u>	<u><u>4</u></u>	<u><u>136</u></u>	<u><u>8</u></u>	<u><u>164</u></u>

**Note 18. Right-of-use assets**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	916	256
Less: Accumulated depreciation	(251)	(115)
	<u>665</u>	<u>141</u>

The Group leases buildings for its offices under agreements of between 2.08 to 4.22 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

**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:

<b>Group</b>	Buildings - right-of-use \$'000	Total \$'000
Balance at 1 January 2023	-	-
Additions	256	256
Depreciation expense	(115)	(115)
Balance at 31 December 2023	141	141
Additions	660	660
Depreciation expense	(136)	(136)
Balance at 31 December 2024	665	665

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 2024;
- 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**

	<b>Group</b>	
	<b>2024</b> \$'000	<b>2023</b> \$'000
<i>Current liabilities</i>		
Trade payables	1,810	1,270
Wages payable	317	149
Bonus payable	1,208	763
Superannuation	56	35
Hosting fee accrual	1,312	888
Other payables and accrued expenses	669	67
	5,372	3,172

Refer to note 27 for further information on financial instruments.

**Note 20. Contract liabilities**

	Group	
	2024 \$'000	2023 \$'000
<i>Current liabilities</i>		
Contract liabilities	60	67

*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	67	149
Payments received in advance	241	190
Transfer to revenue - included in the opening balance	(67)	(152)
Transfer to revenue - performance obligations satisfied in previous periods	(181)	(120)
Closing balance	60	67

*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 \$60,000 as at 31 December 2024 (\$67,000 as at 31 December 2023) and is expected to be recognised as revenue in future periods as follows:

	Group	
	2024 \$'000	2023 \$'000
Within 6 months	49	54
6 to 12 months	11	13
	60	67

**Note 21. Lease liabilities**

	Group	
	2024 \$'000	2023 \$'000
<i>Current liabilities</i>		
Lease liability	188	130
<i>Non-current liabilities</i>		
Lease liability	368	14

Refer to note 27 for further information on financial instruments.

## Note 22. Employee benefits

	Group	
	2024 \$'000	2023 \$'000
<i>Current liabilities</i>		
Annual leave	423	339

## Note 23. Other liabilities

	Group	
	2024 \$'000	2023 \$'000
<i>Non-current liabilities</i>		
Unmarketable parcel of shares	50	50

Less than marketable parcels held until 2024.

## Note 24. Issued capital

	Group			
	2024 Shares	2023 Shares	2024 \$'000	2023 \$'000
Ordinary shares - fully paid	70,259,393	696,092,092	45,230	43,416

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2023	689,892,092		43,416
Performance rights exercised	4 July 2023	2,846,667	\$0.310	-
Performance rights exercised	26 September 2023	3,353,333	\$0.240	-
Balance	31 December 2023	696,092,092		43,416
Issue of shares from performance rights exercised	3 May 2024	2,012,500	\$0.160	324
Issue of shares from performance rights exercised	21 May 2024	500,000	\$0.270	139
Share consolidation 10:1	21 May 2024	(628,743,734)		-
Issue of shares from performance rights exercised	9 September 2024	398,535	\$3.390	1,351
Balance	31 December 2024	70,259,393		45,230

### 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.

**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 2023 Annual Report.

**Note 25. Reserves**

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency reserve	1,160	(1)
Share-based payments reserve	2,295	2,560
	<u>3,455</u>	<u>2,559</u>

*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.

**Note 25. Reserves (continued)**

*Movements in reserves*

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

<b>Group</b>	Foreign currency \$'000	Share-based payments \$'000	Total \$'000
Balance at 1 January 2023	46	943	989
Foreign currency translation	(47)	-	(47)
Performance rights	-	1,617	1,617
Balance at 31 December 2023	(1)	2,560	2,559
Foreign currency translation	1,161	-	1,161
Performance rights	-	1,549	1,549
Exercise of options/rights (note 24)	-	(1,814)	(1,814)
Balance at 31 December 2024	<u>1,160</u>	<u>2,295</u>	<u>3,455</u>

**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:

<b>Group</b>	<b>Assets</b>		<b>Liabilities</b>	
	<b>2024</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>	<b>2024</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
US dollars	8,266	6,043	7,708	493
Singapore dollars	15,737	13,474	16,184	12,038
Indian rupees	11,637	6,239	5,659	26,247

**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.

<b>Group - 2024</b>	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,810	-	-	-	1,810
<i>Interest-bearing - variable</i>						
Lease liability	3.00%	196	209	152	-	557
<b>Total non-derivatives</b>		<b>2,006</b>	<b>209</b>	<b>152</b>	<b>-</b>	<b>2,367</b>

<b>Group - 2023</b>	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
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	1,270	-	-	-	1,270
<i>Interest-bearing - variable</i>						
Lease liability	3.00%	132	14	-	-	146
<b>Total non-derivatives</b>		<b>1,402</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>1,416</b>

**Note 27. Financial instruments (continued)**

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

**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 - 2024**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Ordinary shares	-	-	-	-
Total assets	-	-	-	-

**Group - 2023**

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

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:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,910,461	1,510,922
Post-employment benefits	61,615	53,298
Share-based payments	374,062	530,479
	<u>2,346,138</u>	<u>2,094,699</u>

**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:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	101,140	79,723
<i>Other services - RSM Australia Partners</i>		
Tax services	3,013	6,270
	<u>104,153</u>	<u>85,993</u>
<i>Audit services - network firms</i>		
Audit or review of the financial statements	<u>35,327</u>	<u>34,206</u>

**Note 31. Commitments**

There were no capital or other commitments for the year ended 31 December 2024 and 31 December 2023.

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	196	132
One to five years	361	14
	<u>557</u>	<u>146</u>

**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.

**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*

	<b>Parent</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) after income tax	1,015	(2,188)
Total comprehensive income	<u>1,015</u>	<u>657</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	20,587	14,702
Total assets	<u>29,646</u>	<u>23,990</u>
Total current liabilities	329	258
Total liabilities	<u>1,289</u>	<u>309</u>
Equity		
Issued capital	45,230	43,416
Reserves	3,049	1,202
Accumulated losses	<u>(19,922)</u>	<u>(20,937)</u>
Total equity	<u><u>28,357</u></u>	<u><u>23,681</u></u>

*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 2024 and 31 December 2023.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2024 and 31 December 2023.

*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.

**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	
		2024 %	2023 %
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	
	2024 \$'000	2023 \$'000
Profit after income tax expense for the year	829	1,584
Adjustments for:		
Depreciation and amortisation	306	226
Net fair value loss/(gain) on investments	1	(3)
Share-based payments	1,549	1,617
Foreign exchange differences	296	(46)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(700)	(1,794)
Increase in prepayments	(585)	(273)
Increase in other operating assets	(21)	(1)
Increase in trade and other payables	1,976	957
Increase in employee benefits	105	83
Increase/(decrease) in other operating liabilities	404	(79)
Net cash from operating activities	<u>4,160</u>	<u>2,271</u>

*Non-cash investing and financing activities*

	Group	
	2024 \$'000	2023 \$'000
Additions to the right-of-use assets	660	-
Shares issued under employee share plan	1,814	-
	<u>2,474</u>	<u>-</u>

**Note 35. Cash flow information (continued)**

*Changes in liabilities arising from financing activities*

<b>Group</b>	Lease liabilities \$'000
Balance at 1 January 2023	-
Acquisition of leases	256
Other changes	(112)
	144
Balance at 31 December 2023	144
Net cash used in financing activities	(248)
Acquisition of leases	660
	556
Balance at 31 December 2024	556

**Note 36. Earnings per share**

Basic and diluted earnings per share for the comparative period have been restated to reflect consolidation of shares in the ratio of 10:1 in accordance with AASB 133 'Earnings Per Share'.

	<b>Group</b>	
	<b>2024</b> <b>\$'000</b>	<b>2023</b> <b>\$'000</b>
Profit after income tax	829	1,584
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	69,898,096	69,219,489
Adjustments for calculation of diluted earnings per share:		
Non-converted performance rights	1,742,967	1,899,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	71,641,063	71,118,489
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	1.19	2.29
Diluted earnings per share	1.16	2.23

**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.

**Note 37. Share-based payments (continued)**

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

		2024						
Grant date	Expiry date	Balance at the start of the year	Adjustment for 10:1 share consolidation	Share consolidation restatement	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
12/04/2022	31/03/2025	8,140,000	(7,325,998)	814,002	-	(374,535)	(40,000)	399,467
18/07/2022	03/06/2025	400,000	(360,000)	40,000	-	(24,000)	-	16,000
06/04/2023	31/03/2026	8,450,000	(7,605,000)	845,000	-	(201,250)	(21,250)	622,500
22/05/2023	31/03/2026	2,000,000	(1,800,000)	200,000	-	(50,000)	-	150,000
25/06/2024	25/06/2025	-	-	-	138,750	-	-	138,750
25/06/2024	25/06/2026	-	-	-	166,500	-	-	166,500
25/06/2024	25/06/2027	-	-	-	249,750	-	-	249,750
		<u>18,990,000</u>	<u>(17,090,998)</u>	<u>1,899,002</u>	<u>555,000</u>	<u>(649,785)</u>	<u>(61,250)</u>	<u>1,742,967</u>

		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	03/06/2025	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
		<u>15,440,000</u>	<u>11,025,000</u>	<u>(6,200,000)</u>	<u>(1,275,000)</u>	<u>18,990,000</u>

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 1.27 years (31 December 2023: 1.58 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
25/06/2024	25/06/2025	\$0.260	64.00%	4.17%	\$1.640
25/06/2024	25/06/2026	\$0.260	64.00%	4.17%	\$1.900
25/06/2024	25/06/2027	\$0.260	64.00%	4.11%	\$1.980

**Note 38. Events after the reporting period**

On 28 January 2025, the Company announced it has entered into a Scheme Implementation Deed ('SID') with NinjaOne, LLC and NinjaOne Australia Pty Ltd (together, 'NinjaOne') under which NinjaOne has agreed to acquire 100% of the ordinary shares in Dropsuite, in an all-cash offer of A\$5.90 per share ('Scheme Consideration') to be effected by way of a Scheme of Arrangement ('Scheme').

The Scheme Consideration of A\$5.90 per share values Dropsuite equity at approximately A\$420m and as at 24 January 2025. The Scheme is subject to shareholder approval to be held at a meeting later in the year.

No other matter or circumstance has arisen since 31 December 2024 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.

<b>Entity name</b>	<b>Entity type*</b>	<b>Place formed / Country of incorporation</b>	<b>Ownership interest %</b>	<b>Tax residency</b>
Dropsuite Limited**	Body Corporate	Australia	100%	Australia
Dropmysite Pte Ltd	Body Corporate	Singapore	100%	Singapore
Dropmysite Inc	Body Corporate	United States of America	100%	United States of America
Greenbase Corporation Pty Ltd	Body Corporate	Australia	100%	Australia
Dropsuite India Private Limited	Body Corporate	India	100%	India

\* None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group.

\*\* Dropsuite Limited is the head entity of the Group.

### **Basis of preparation**

This consolidated entity disclosure statement ('CEDS') has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001. The entities listed in the statement are Dropsuite Limited and all the entities it controls as at 31 December 2024 in accordance with AASB 10 'Consolidated Financial Statements'.

For personal use

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 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

27 February 2025  
Melbourne, Victoria

## 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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

## Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed this matter
<p><b>Recognition of Revenue</b> Refer to Note 5 in the financial statements</p> <p>Revenue recognition was considered a key audit matter, due to the significance of the revenue amounts to the Group's consolidated financial statements.</p> <p>The Group's revenue is primarily derived from the provision of backup and archiving services to customers.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> <li>Assessing the recognition and measurement of revenue against the requirements of AASB 15 <i>Revenue from contracts with customers</i>;</li> <li>Evaluating the operating effectiveness of management's controls relating to revenue recognition;</li> <li>For a sample of revenue transactions, substantiating transactions by agreeing to supporting documentation, including invoice and bank statements;</li> <li>Ensuring that revenue has been correctly deferred and recognised over the correct financial period; and</li> <li>Reviewing post year-end credit notes raised.</li> </ul>
<p><b>Share-Based Payments</b> Refer to Note 37 in the financial statements</p> <p>In the current year, share-based payments in the form of performance rights were awarded to employees and key management personnel. 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.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Reviewing the accounting for the share-based payments in accordance with AASB 2 Share-based Payments;</li> <li>Reviewing the minutes of directors' meetings for the approvals in relation to the granting of the instruments;</li> <li>Reviewing the reasonableness of management's estimates of the likelihood of the achievement of performance conditions for the performance rights issued;</li> <li>Our corporate finance team reviewing management's calculations and assessing appropriateness of inputs/assumptions and valuation method used; and</li> <li>Ensuring adequacy of financial statement disclosures as required under AASB 2.</li> </ul>

## 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 2024, 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:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of 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/auditors\\_responsibilities/ar2.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar2.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 2024.

In our opinion, the Remuneration Report of Dropsuite Limited, for the year ended 31 December 2024, 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.

A handwritten signature in blue ink, appearing to read "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read "M Parameswaran".

**M PARAMESWARAN**  
Partner

Dated: 27 February 2025  
Melbourne, Victoria

The shareholder information set out below was applicable as at 18 February 2025.

**Distribution of equitable securities**

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

	Ordinary shares		% of total shares issued
	Number of holders	Number of shares	
1 to 1,000	897	306,024	0.44
1,001 to 5,000	494	1,247,009	1.78
5,001 to 10,000	131	1,040,382	1.48
10,001 to 100,000	169	5,785,414	8.23
100,001 and over	51	61,880,564	88.07
	<u>1,742</u>	<u>70,259,393</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>228</u>	<u>3,713</u>	<u>0.01</u>

**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)	12,692,798	18.07
CITICORP NOMINEES PTY LIMITED	12,584,554	17.91
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,921,642	8.43
MR CHARIF ELANSARI	3,068,544	4.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,029,539	4.31
BNP PARIBAS NOMS PTY LTD	2,883,393	4.10
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,656,138	3.78
MRS TRACY ANNE FEARON	2,517,739	3.58
WARBONT NOMINEES PTY LTD (UNPAID ENTREPOT A/C)	2,187,531	3.11
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,129,333	3.03
THEODORE JAMES HNARAKIS	1,175,232	1.67
MIRRABOOKA INVESTMENTS LIMITED	1,049,704	1.49
NEWECONOMY COM AU NOMINEES PTY LIMITED (900 ACCOUNT)	885,651	1.26
MR PHILLIP ANTHONY CARLTON & MS ALINE JANE PACHECO	700,000	1.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	693,542	0.99
PALM BEACH NOMINEES PTY LIMITED	679,077	0.97
MR RONALD THOMAS HART JR	650,000	0.93
MR HILAL TALAL HALAWI	548,328	0.78
VINCENZO CIUMMO	543,380	0.77
CONTENT AND SYSTEMS PTE LTD	373,738	0.53
	<u>56,969,863</u>	<u>81.08</u>

*Unquoted equity securities*

There are no unquoted equity securities.

### **Substantial holders**

Substantial holders in the Company are set out below:

	<b>Ordinary shares</b>	
	<b>Number held</b>	<b>% of total shares issued</b>
TOPLINE CAPITAL PARTNERS LP (Notice dated 28 January 2025)	13,829,409	19.68

### **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](http://www.automic.com.au)

### **Electronic Announcements and Report**

Shareholders who wish to receive announcements made to the ASX, as well as electronic copies of the Annual Report and Half Yearly Report, are invited to provide their 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 advise the Share Registry promptly of any changes of name and/or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the Share Registry website or obtained by contacting the Share Registry.

Shareholders who are in CHESS and 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 be supported by documentary evidence.

### **Consolidation of Shareholdings**

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

### **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.

**Dropsuite Limited**  
**Shareholder information**  
**31 December 2024**



**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](http://www.dropsuite.com)  
Company Secretary: Kobe Lizheng

For personal use only