



Investor Presentation

Q1 2024 Update

April 2024

ASX:DSE



ersonal use only



We help businesses stay in business

Dropsuite is a partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small



~120
employees



>100
countries



>1.24M
paid users



660
direct partners



>\$37.6M
ARR

What we believe to be true

1 | Right team

120 team members

11 countries across North America, Europe and APAC

59%

Staff focussed on product and engineering

#1

Microsoft 365 Cloud Backup provider by Software Reviews for 4 consecutive years

2 | Right time

400 Million

Office 365 and Google Workspace users globally in 2022¹

\$10.5 Trillion

Expected cost of cyber-attacks by 2025²

67%

Organisations cite increase in ransomware and malware³

3 | Right Place

660

IT reseller partners globally⁴

>4,000⁴

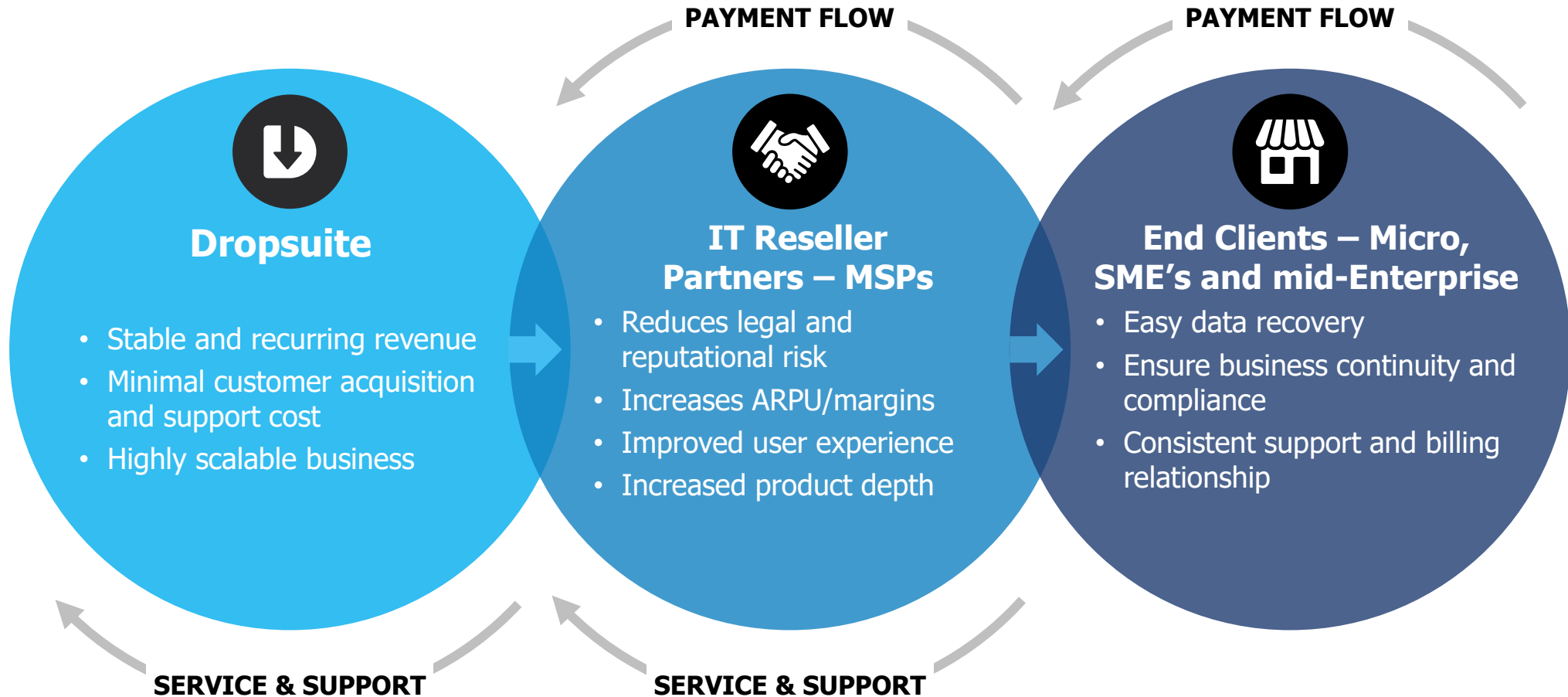
MSP providers transacting via IT distributors

Scalable

Marginal cost to serve growing revenue and users

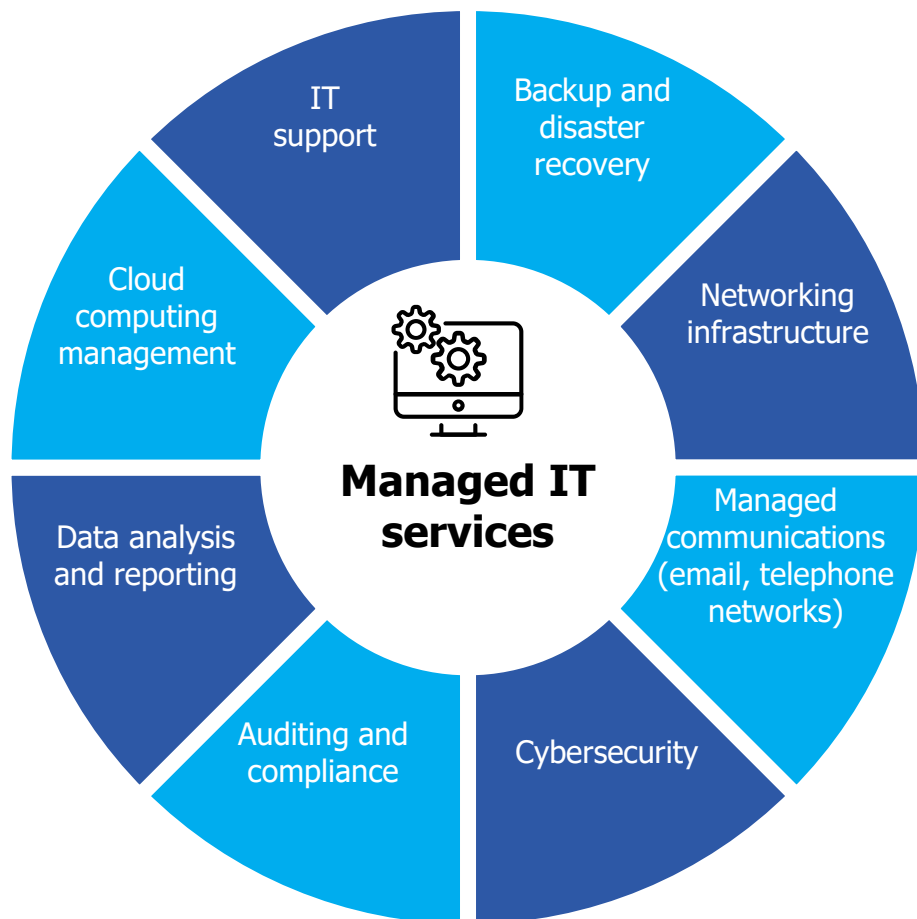
Partner-led business model

Scale driven by Partner network that targets large end user addressable market



MSP requirements and how we win

MSPs are outsourced IT providers servicing small to medium businesses with limited IT function



Why MSPs choose Dropsuite

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

Our growth strategy and ambition

To be the data protection vendor of choice in the segments we serve

Growth Pillar	Core Business	New Product Innovation	Accretive Acquisition
Strategy	<ul style="list-style-type: none">Protect and accelerate the core business. Grow and delight partner base	<ul style="list-style-type: none">Replicate superior user experience and partner integration	<ul style="list-style-type: none">Broaden scope of data protection platform and grow share of wallet
Rationale	<ul style="list-style-type: none"><4% of MSPs globally are Dropsuite partnersSecurity & backup are core MSP offerings	<ul style="list-style-type: none">Security & backup are core MSP offeringsHelp MSPs to increase recurring revenue & profit	<ul style="list-style-type: none">SaaS Protection continued to be an underserved areaFast time-to-market with a seamless partner experience
Impact	<ul style="list-style-type: none">ARRPartnersUsers	<ul style="list-style-type: none">ARRARPUGM%	<ul style="list-style-type: none">ARRARPUGM%

Q1 2024 Results

(January to March)

Key business metrics delivered in Q1'24

ARR

\$37.6m



33% on PCP
(31% on PCP on
constant currency)

Gross Margin

69%



In line with
prior quarters

Operating Cashflow

\$0.39m



44% on QoQ
40% on PCP

ARPU

\$2.53



10% on PCP
(8% on PCP on
constant currency)

Paid Users

1.24m



22%
on PCP

Cash Receipts

\$8.94m



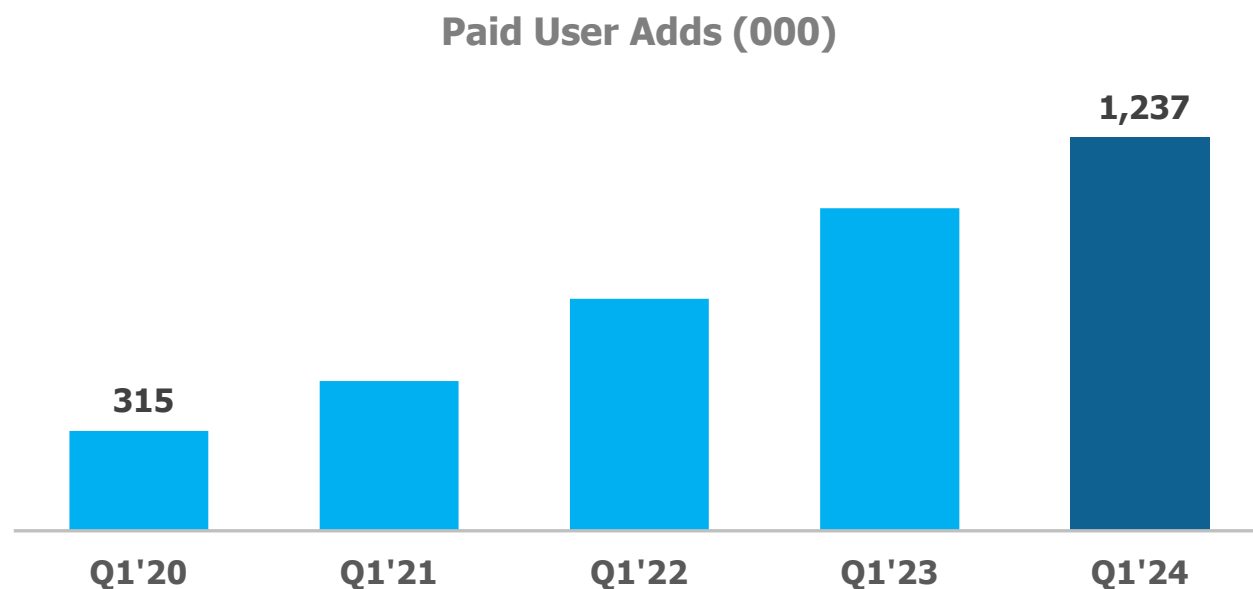
15% on QoQ
46% on PCP

Commentary

- ARR up 7% QoQ on a constant currency basis
- Cashflow generated from operating activities of \$0.39 million
- Q1 seasonally impacted by higher outgoing payments relating to the annual subscription, insurances and staff performance bonus payments
- Gross Margin 69%

Organic Growth

DSE has grown to over 1.24 million users through organic growth channels



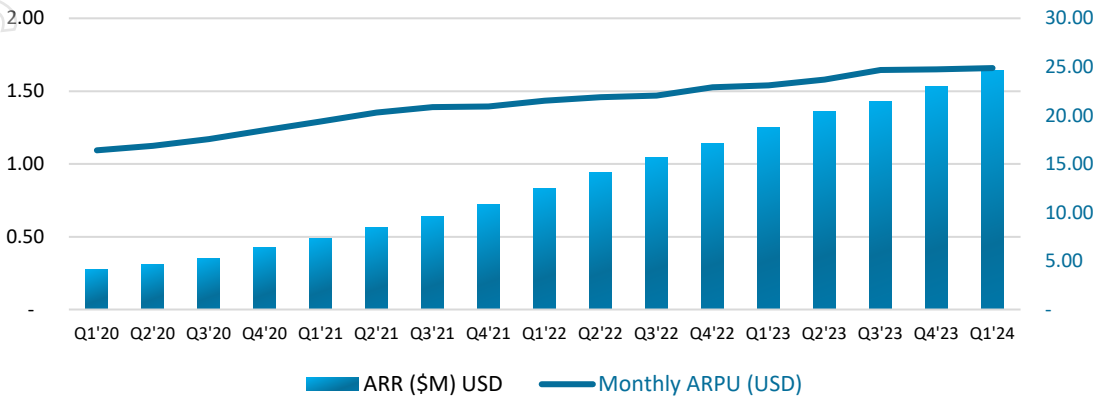
Commentary

- Paid user additions of 73k in Q1 FY24
- Paid users increased to 1.24 million, up 22% versus PCP
- Legacy partner deactivation experienced in 2023 has ceased
- Increased MSP network and channel partners expected to grow seat add momentum through 2024
- Increase in revenue churn* in Q1 FY24 to <5% (historically <3%) primarily due to increased competition on pricing especially in the EMEA region
- Dropsuite is introducing measures to address and mitigate churn going forward

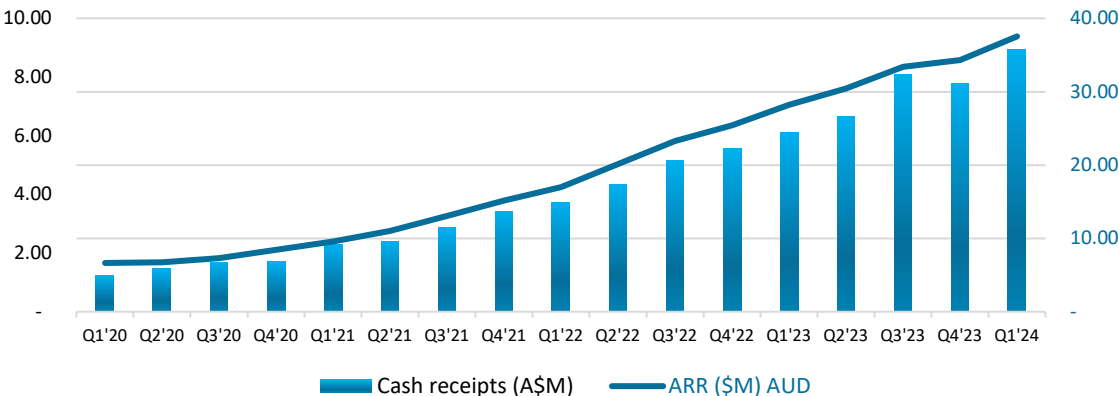
*Revenue churn is taking into account direct and indirect partner historical churn, excluding legacy partner deactivations.

Positive growth momentum

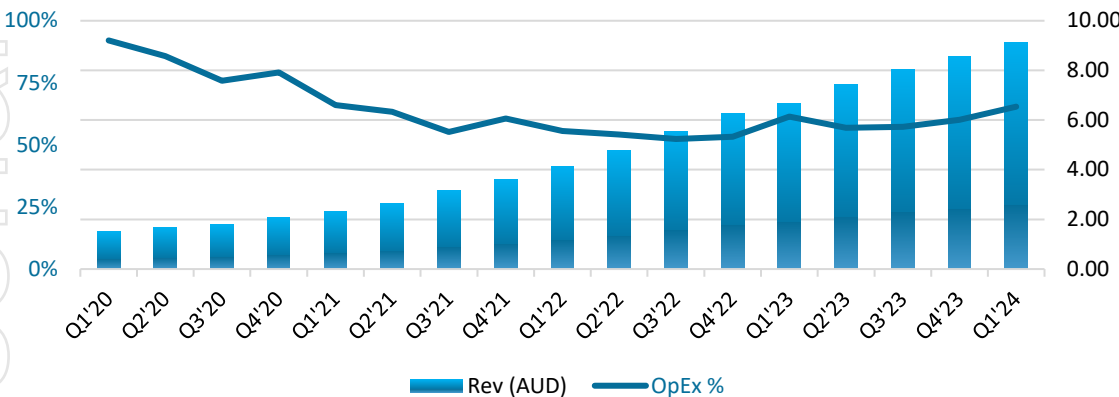
ARR and Monthly ARPU - USD (\$M)



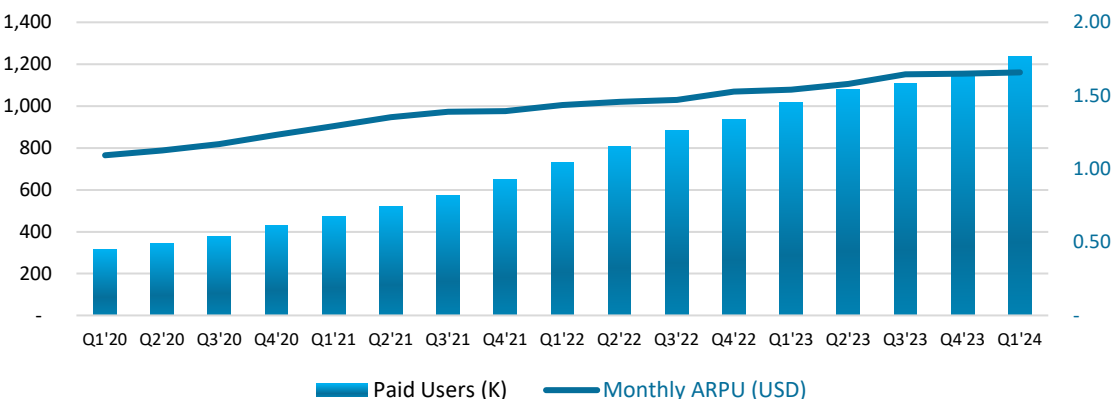
Cash Receipts and ARR growth - AUD (\$M)



Operating Expense to Revenue Ratio - AUD (\$M)



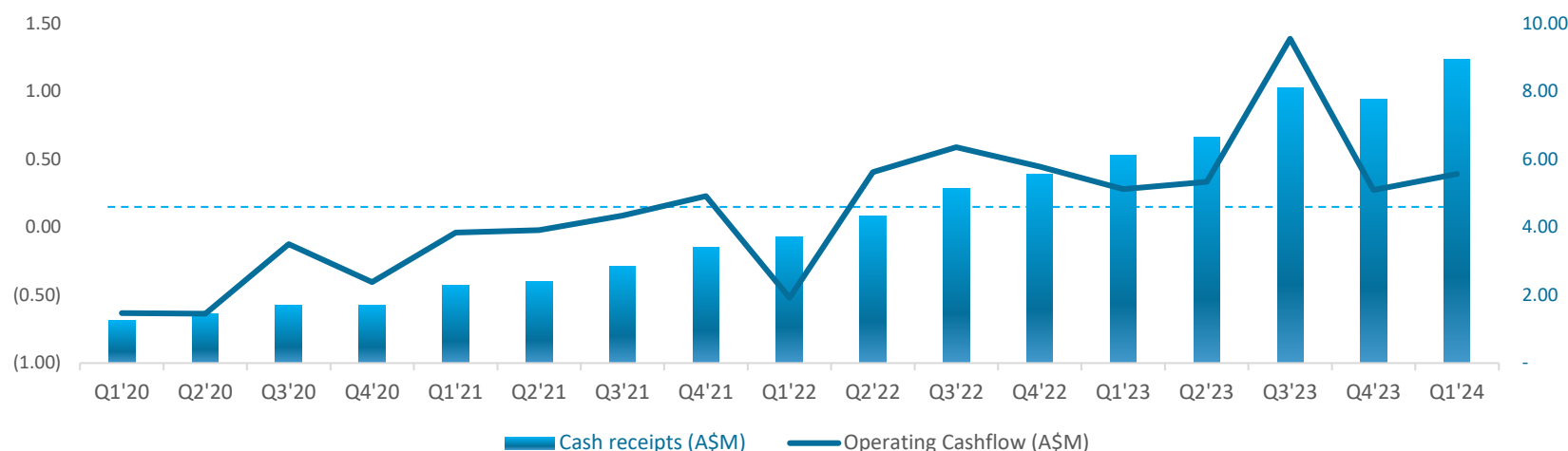
Paid Users and ARPU (USD) growth



Positive cashflow generation

A\$ Million (normalised) ¹	Mar 24	Dec 23	Mar 23	QoQ (%)	PCP (%)
Receipts from customers	8.94	7.77	6.12	15%	46%
Payments to suppliers	(8.76)	(7.72)	(5.98)	13%	46%
Interest received	0.21	0.23	0.14	(9%)	47%
Net cash generated from operations	0.39	0.27	0.28	44%	40%
Cash on hand	24.91	24.30	22.69	3%	10%

Operating Cashflow and Cash Receipts - AUD (\$M)



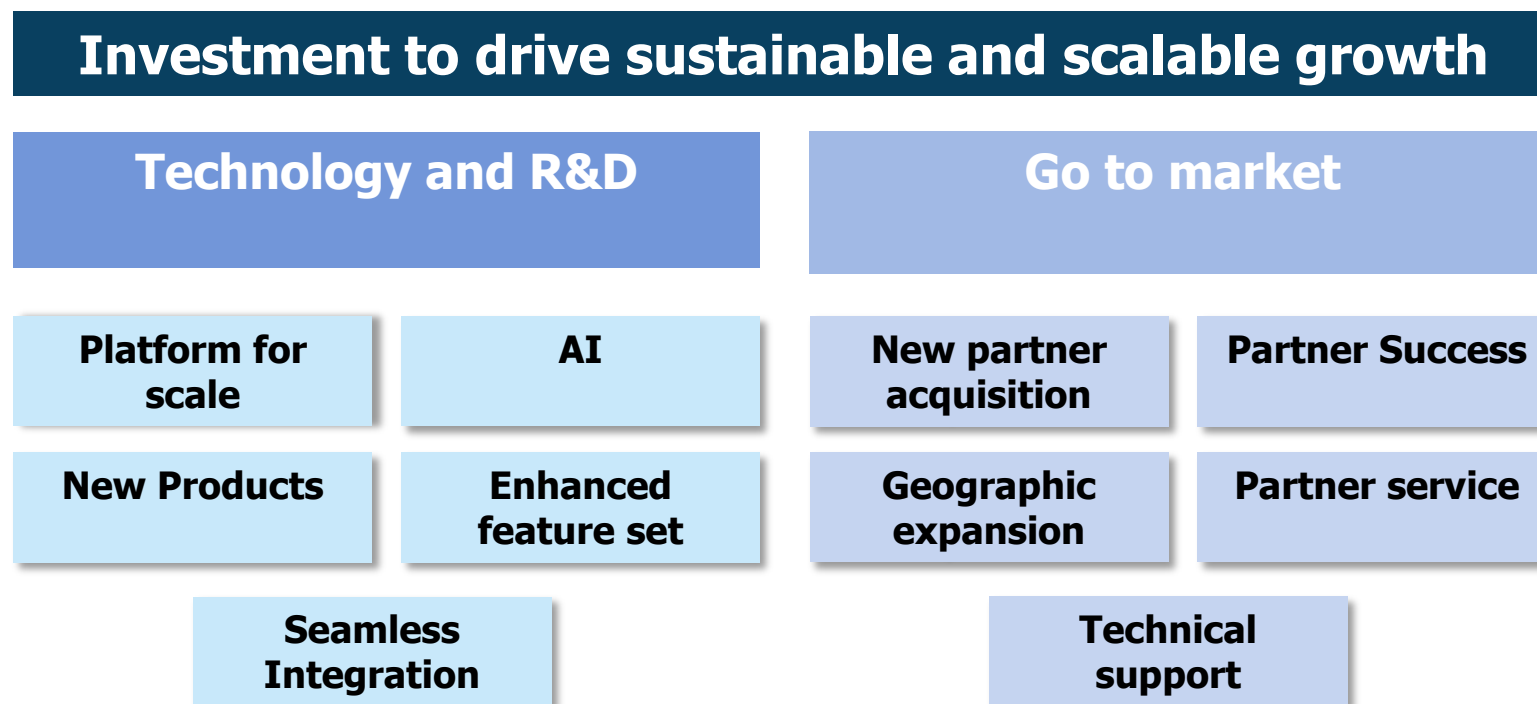
Continued positive cashflow momentum

- Receipts growth includes timing benefits
- Payments to suppliers increased with annual outflows
- Operating cashflows generated circa \$0.39m

Delivering Future Growth

Investing to deliver future growth

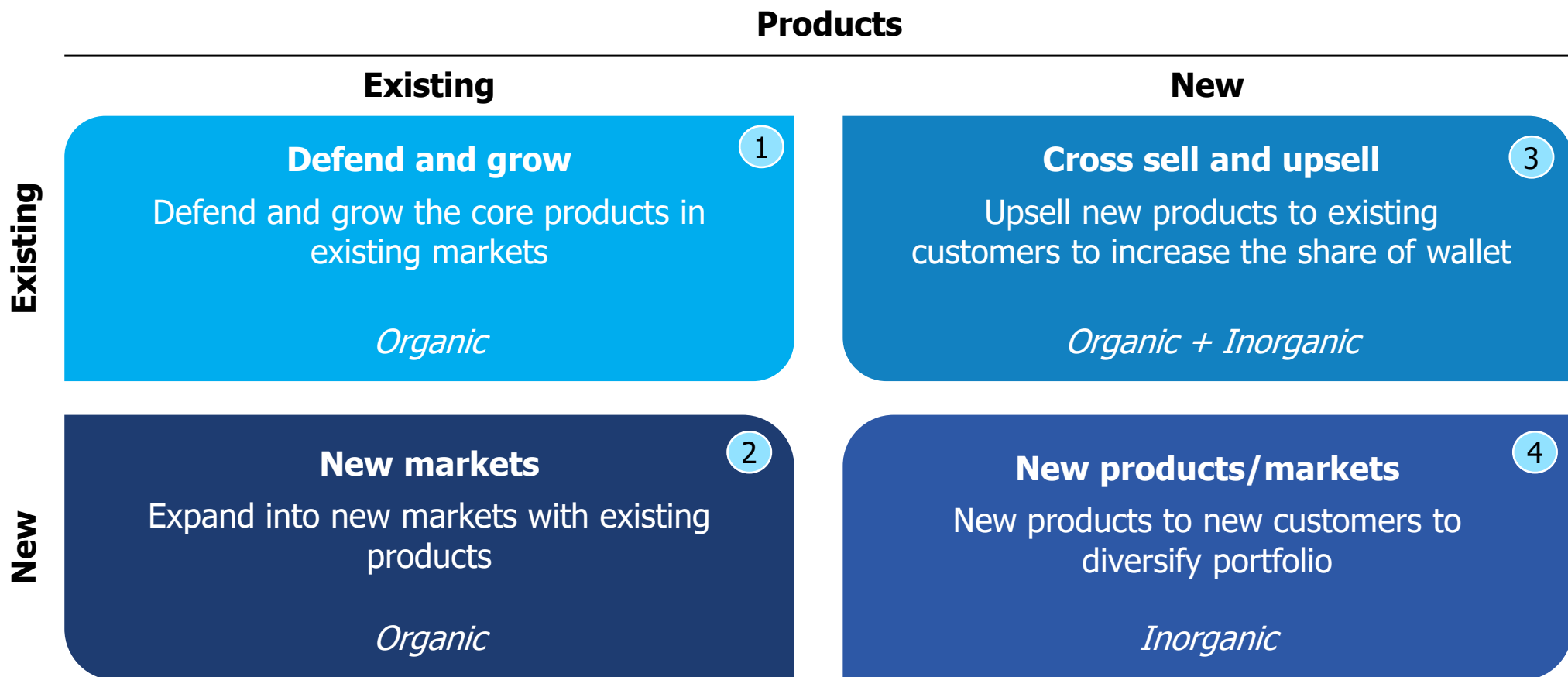
Multiple initiatives to enhance growth and increase partner and customer satisfaction



Balanced investment with positive cashflow and profitability broadly in line with FY23 levels

Our capital allocation and growth framework

To deliver growth rates that exceed industry growth for data protection and managed services



Italics = growth framework

Investment highlights and outlook



Strong market tailwinds from cyber security and regulation



Market leading position in Microsoft 365 backup



Highly engaged team with structure to support growth



Pursuing accretive M&A opportunities



ARR growth via partner ecosystem and strong sales pipeline



Internal investment to drive continued growth

Appendix

Consolidated statement of cash flows

A\$ million	Mar 24	Dec 23	Mar 23	QoQ (%)	PCP (%)
Receipts from customers	8.94	7.77	6.12	15%	46%
Cloud Hosting	(2.81)	(3.02)	(2.08)	(7%)	35%
Advertising & marketing	(0.13)	(0.47)	(0.32)	(72%)	(60%)
Staff costs	(4.62)	(3.41)	(3.21)	36%	44%
Administration & corporate costs	(1.19)	(0.83)	(0.37)	44%	224%
Total Payments	(8.76)	(7.72)	(5.98)	13%	46%
Interest received	0.21	0.23	0.14	(9%)	47%
Net Cash Generated/(Used) from Operations	0.39	0.27	0.28	44%	40%
Cash flow from investing activities (PPE)	(0.04)	(0.01)	(0.04)	359%	(0%)
Cashflow from financing activities (all)	-	-	-	-	-
Effect of movement in exchange rates on cash held	0.27	(0.52)	0.11	(152%)	134%
Net increase/(decrease) in cash for the period	0.62	(0.26)	0.35	(342%)	76%
Cash on hand	24.91	24.30	22.69	3%	10%

Board and Management



Theo Hnarakis

Non-Executive
Chairman



Dr. Bruce Tonkin

Non-Executive
Director



Eric Martorano

Non-Executive
Director



Charif El Ansari

Managing
Director



Bill Kyriacou

Chief Financial
Officer



Frederique van de Poll

Global Head
of HR



Manoj Kalyanaraman

Chief Technology
Officer



Eric Roach

SVP Global Channel
Sales & Marketing



Mark Kirstein

Chief Product
Officer

Exceptional user experience

Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



*GovCloud Solution - allows US government agencies and other regulated industries to easily backup and restore sensitive and classified data in the cloud while maintaining heightened security requirements. Dropsuite's M365 backup and archiving solutions can now be stored in Amazon Web Services (AWS) GovCloud (US), allowing US-based users to safeguard their public sector clients' data and comply with FedRAMP moderate data security requirements.

Glossary

ARR: Annualised Recurring Revenue - is defined as the value of the contracted monthly recurring revenue multiplied by 12 months

ARPU: Average Revenue Per User

CAGR: Compound Annual Growth Rate

Churn: Partner Revenue Churn is defined as Lost Revenue in current period divided by previous period Revenue

MSP: Managed Service Provider is defined as an outsourced IT provider ensuring business availability and security for mostly small and medium businesses

QoQ: Prior Quarter Comparative Period

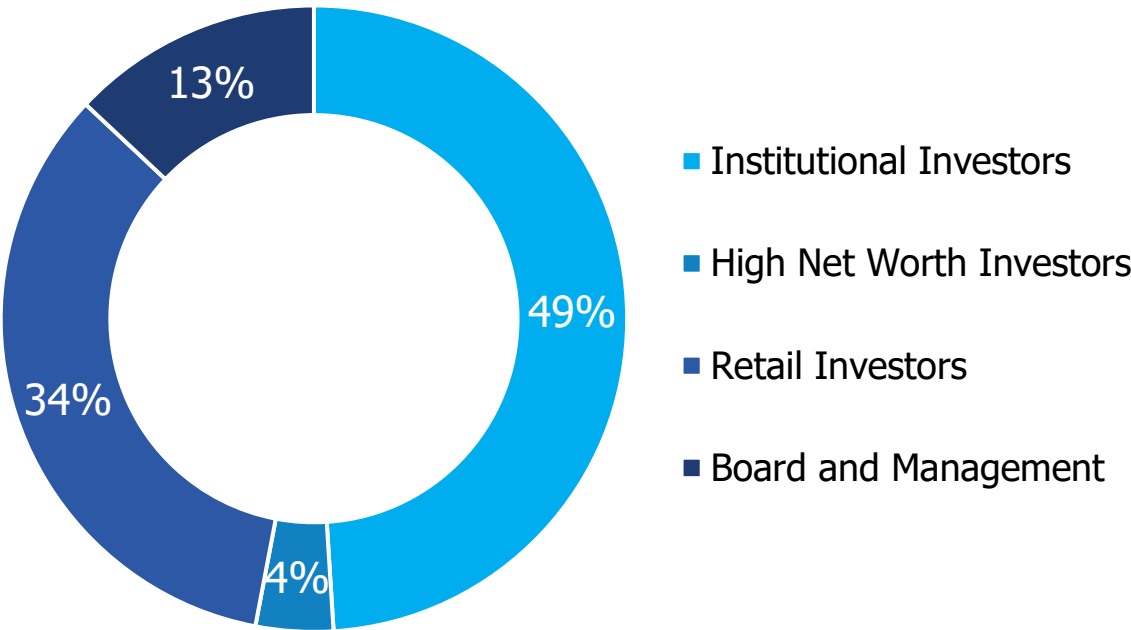
PCP: Prior Corresponding Period in Constant Currency % growth

SME: Small to Medium enterprise

QBO: QuickBooks Online

Corporate overview

Top 50 share registry breakdown



Financial Information

Share price as March 31, 2024	29.9 cents
Ord Share on Issue (M)	696
52-week trading (low/high)	0.21/0.40
Market Cap (\$)	\$208M
Cash (March 31, 2024)	\$24.9M
Debt (March 31, 2024)	nil

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