



# Investor Presentation

19 July 2023

ASX:DSE



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# 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



**~100**  
employees



**>100**  
countries



**>1M**  
paid users



**~600**  
direct partners



**>\$30M**  
ARR

# Q2 2023 Results

(April to June)

# Solid Business Metrics Delivered in Q2

ARR

**\$30.4m**



45% on PCP  
on constant  
currency

Gross Margin

**69%**



500 basis  
points YoY

Operating Cashflow

**\$0.34m**



20% on  
QoQ  
(18%) on  
PCP

ARPU

**\$2.35**



13% on PCP  
on constant  
currency

Paid Users

**1.08m**



33%  
on PCP

Cash Receipts

**\$6.66m**



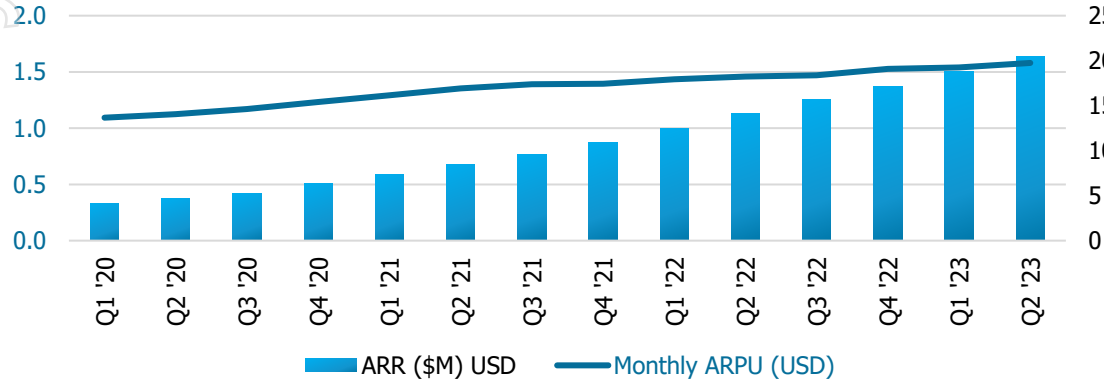
53% on  
PCP

## Commentary

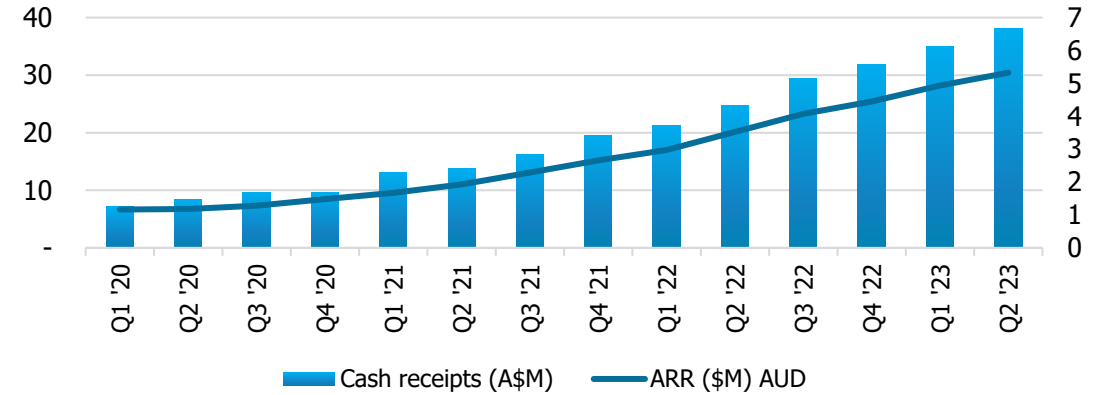
- Continued ARR growth momentum and low-partner revenue churn <3%
- Gross Margin storage initiatives continued in Q2
- Operating Cashflow generation strong in Q2 and remaining positive for FY23

# Continued Positive Growth Momentum

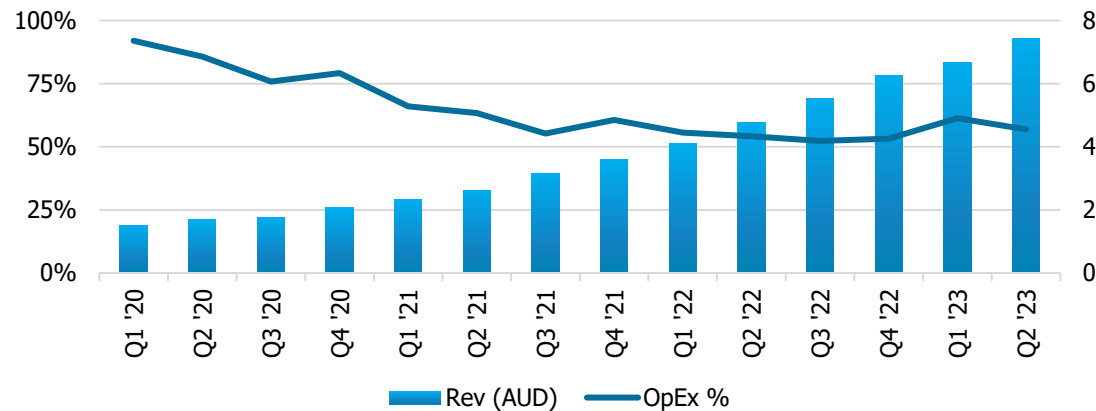
### ARR and Monthly APRU - USD (\$M)



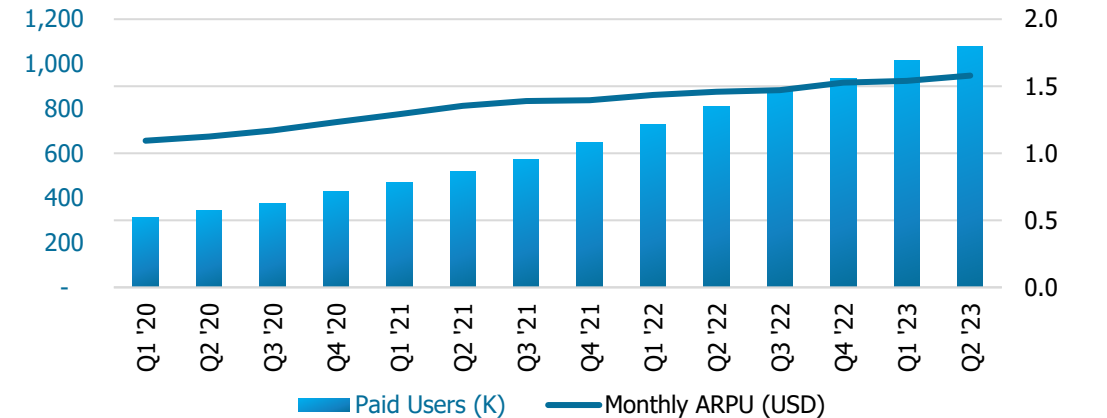
### Cash Receipts and ARR growth - AUD (\$M)



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



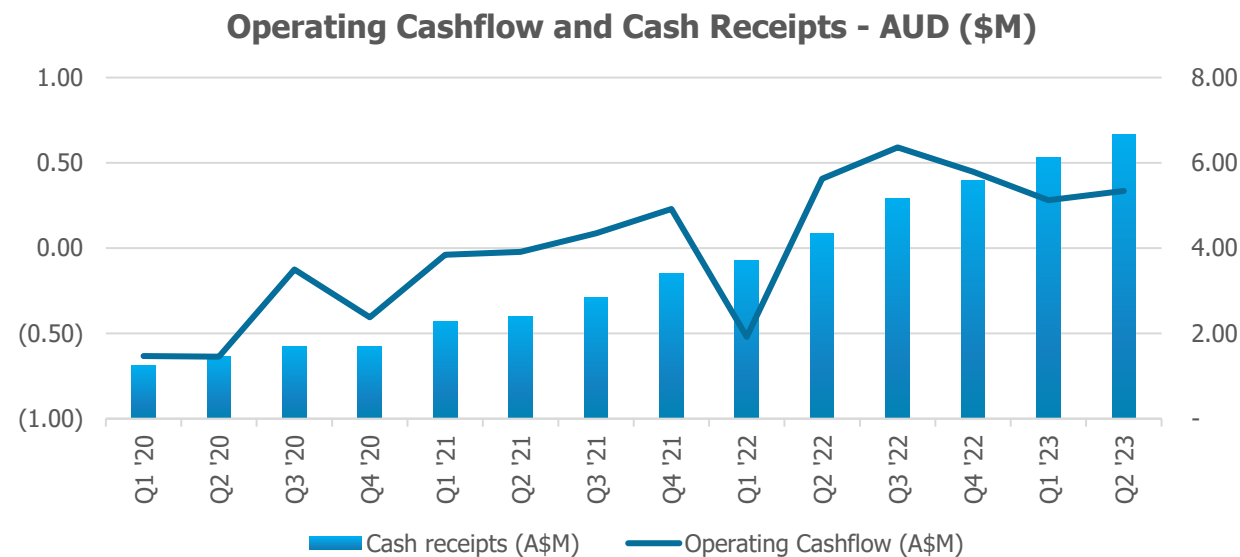
### Paid Users and ARPU (USD) growth



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# Strong Cash Balance; Operating Cashflows remain strong

(\$M) per quarter	Jun 23	Mar 23	Jun 22	QoQ	PCP
Cash Receipts	6.66	6.12	4.34	9%	53%
Net Cash Generated from Operations	0.34	0.28	0.40	20%	(18%)
Cash at Hand *	22.96	22.69	21.55	1%	7%



## Positive Operating Cashflow

- Cash receipts growth consistent with ARR growth for the quarter
- Cash flow generated from operating activities continued to be positive; up 20% QoQ
- Fifth consecutive positive operating cashflow quarter



\* Cash at Bank at end of Jun of \$22.96m includes effect of movement in exchange rates on cash held of (\$0.03m) during the quarter

# DSE Growth Driven by Increasing Cyber Security Risk

## The Data

**90%**

of Cybersecurity attacks start with email

**62%**

of breaches and data loss occur through human error

**\$20B**

global cost of ransomware in 2022

**84%**

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



## 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 expectations by end users
- **Cyber insurance** requirements are increasingly strict and complex, with backup being a key precondition for insurance
- Growing **regulatory and compliance** requirements

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

# Exceptional User Experience

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

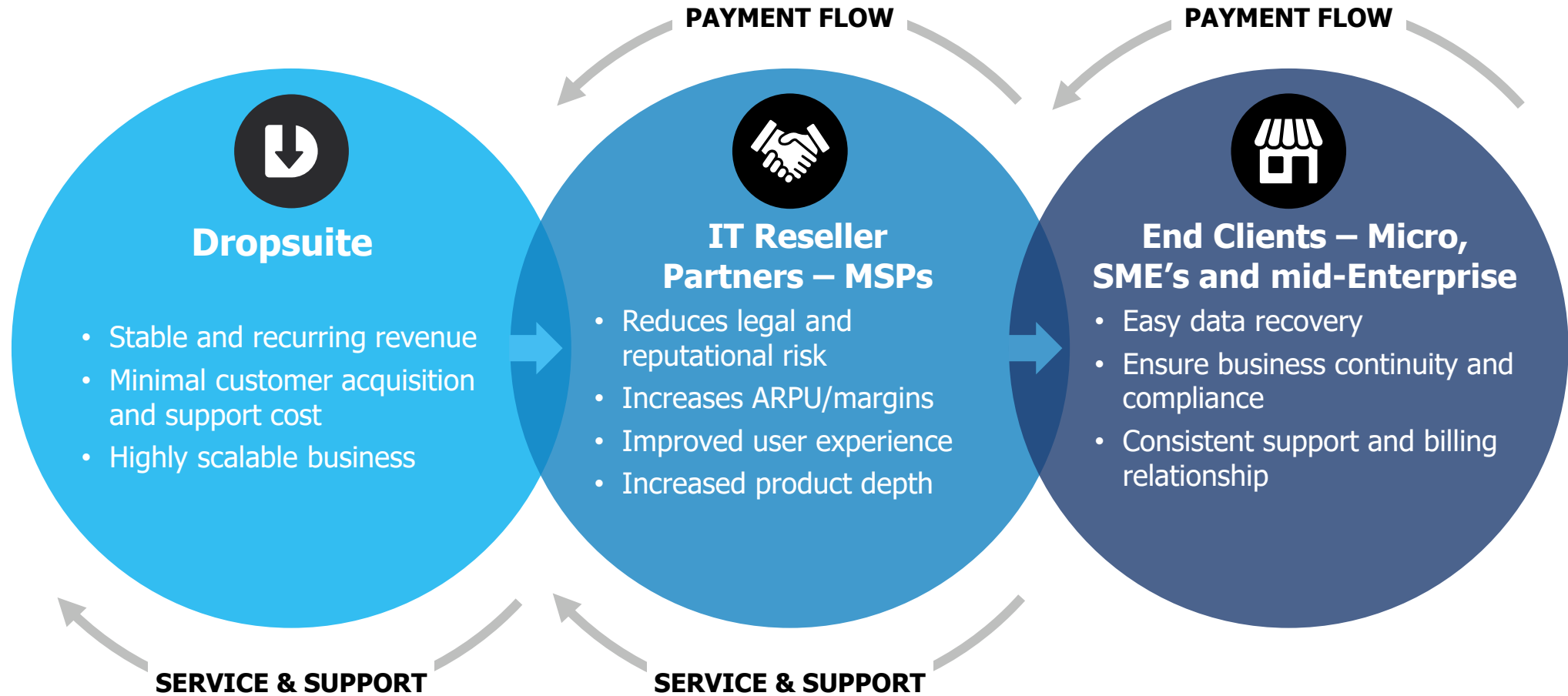


\*GovCloud Solution - allows US government agencies and other regulated industries to easily backup and restore sensitive and classified data in the cloud while maintaining heightened security requirements. Dropsuite's M365 backup and archiving solutions can now be stored in Amazon Web Services (AWS)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



# Partner-led Business Model

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



# The Dropsuite Advantage



**Seamless Partner Experience** 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 search, insights and reporting



**Cutting-edge Cloud Platform** Built for the cloud from day one. Secure public and private cloud platform deployed globally to meet data sovereignty regulatory requirements

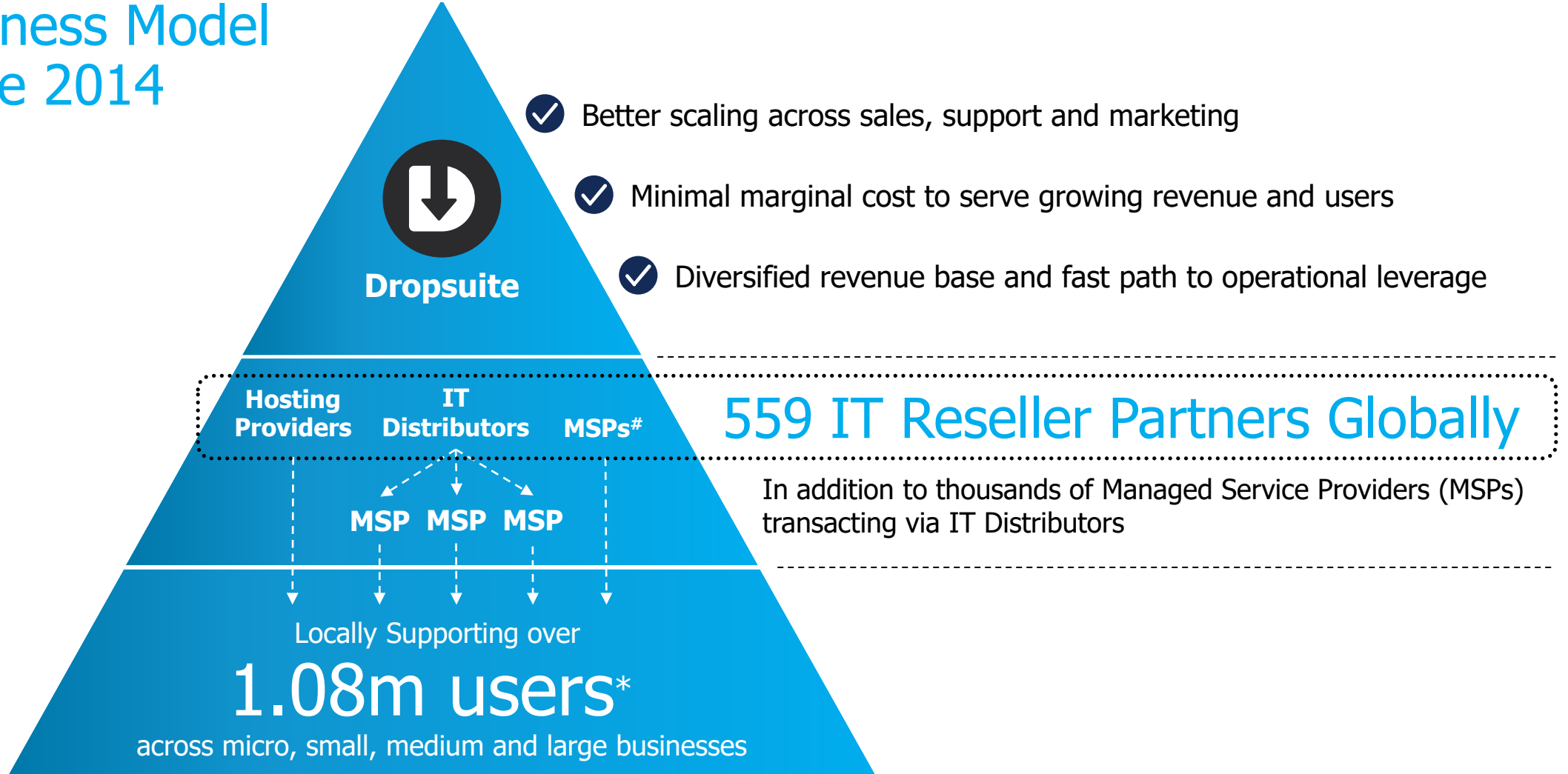


**Highly Responsive Team** Expert training, marketing and technical support delivered by an agile and passionate team



# Delivering Future Growth

# Partner-led Business Model Since 2014



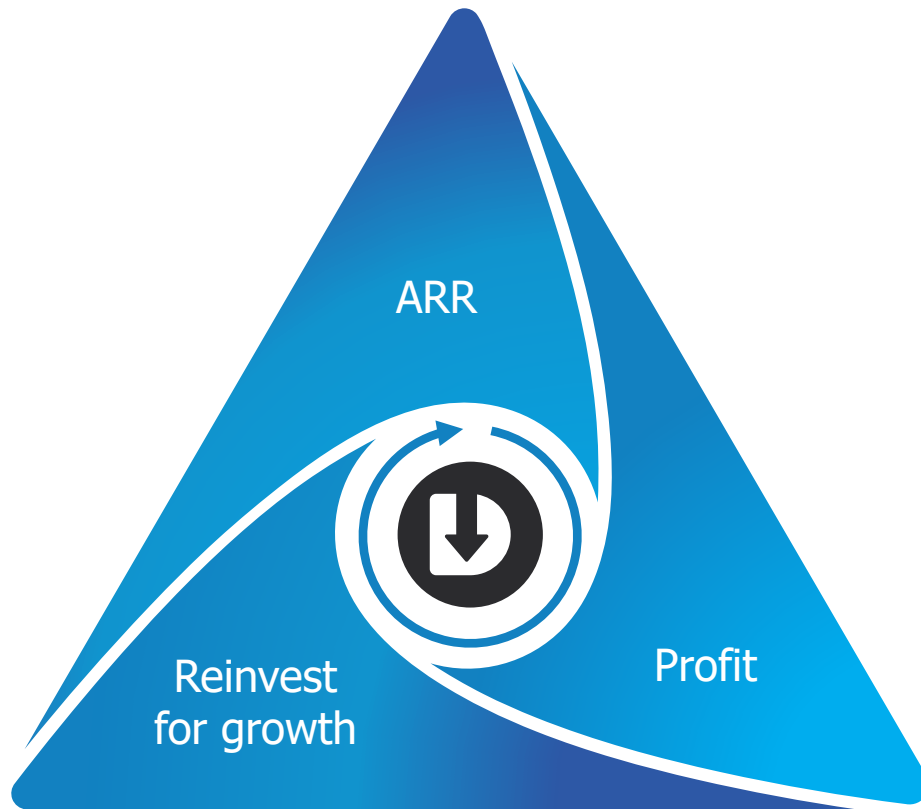
MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)

\* # of MSPs: As at 30 June 2023

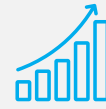
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# Investment Framework

## Our Investment Framework



## Enablers of Growth



Significant industry tailwinds



Product leadership



Growing partner network



Underserved large addressable market



Highly skilled and motivated team

# Our Growth Strategy and Ambition

Our ambition is to be the data protection vendor of choice in the segments we serve, delivering a growth rate twice that of the industry through till 2025

Growth Pillar	Core Business	New Product Innovation	Accretive Acquisition
<b>Strategy</b>	<ul style="list-style-type: none"><li>• <b>Protect and accelerate the core business. Grow and delight partner base</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Replicate superior user experience and partner integration</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Broaden scope of Dropsuite's data protection platform and share of wallet</b></li></ul>
<b>Rationale</b>	<ul style="list-style-type: none"><li>• Only ~2% of MSPs globally are Dropsuite partners</li><li>• Security &amp; backup are core MSP offerings</li></ul>	<ul style="list-style-type: none"><li>• Security &amp; backup are core MSP offerings</li><li>• Help MSPs to increase recurring revenue &amp; profit</li></ul>	<ul style="list-style-type: none"><li>• SaaS Protection continued to be an underserved area</li><li>• Fast time-to-market with a seamless partner experience</li></ul>
<b>Impact</b>	<ul style="list-style-type: none"><li>• ARR</li><li>• Partners</li><li>• Users</li></ul>	<ul style="list-style-type: none"><li>• ARR</li><li>• ARPU</li><li>• GM%</li></ul>	<ul style="list-style-type: none"><li>• ARR</li><li>• ARPU</li><li>• GM%</li></ul>

## Investment Highlights and Outlook



Strong market tailwinds from data security and regulation



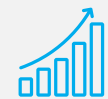
Market leading position in Microsoft 365 backup



Highly engaged team with structure to support growth



Pursuing accretive M&A opportunities



ARR growth via partner ecosystem and strong sales pipeline



FY23 guidance for positive EBITDA and Operating Cash Flow



[dropsuite.com](https://dropsuite.com)



[dropsuite](https://twitter.com/dropsuite)



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This presentation is authorised by the Board of Directors



# Appendix

# Board and Management



**Charif El Ansari**  
Managing Director



**Theo Hnarakis**  
Non-Executive  
Chairman



**Dr. Bruce Tonkin**  
Non-Executive Director



**Bill Kyriacou**  
Chief Financial Officer



**Frederique van de Poll**  
Global Head of HR



**Manoj Kalyanaraman**  
Chief Technology  
Officer



**Ridley Ruth**  
Chief Operating Officer



**Eric Roach**  
SVP Global Channel  
Sales & Marketing



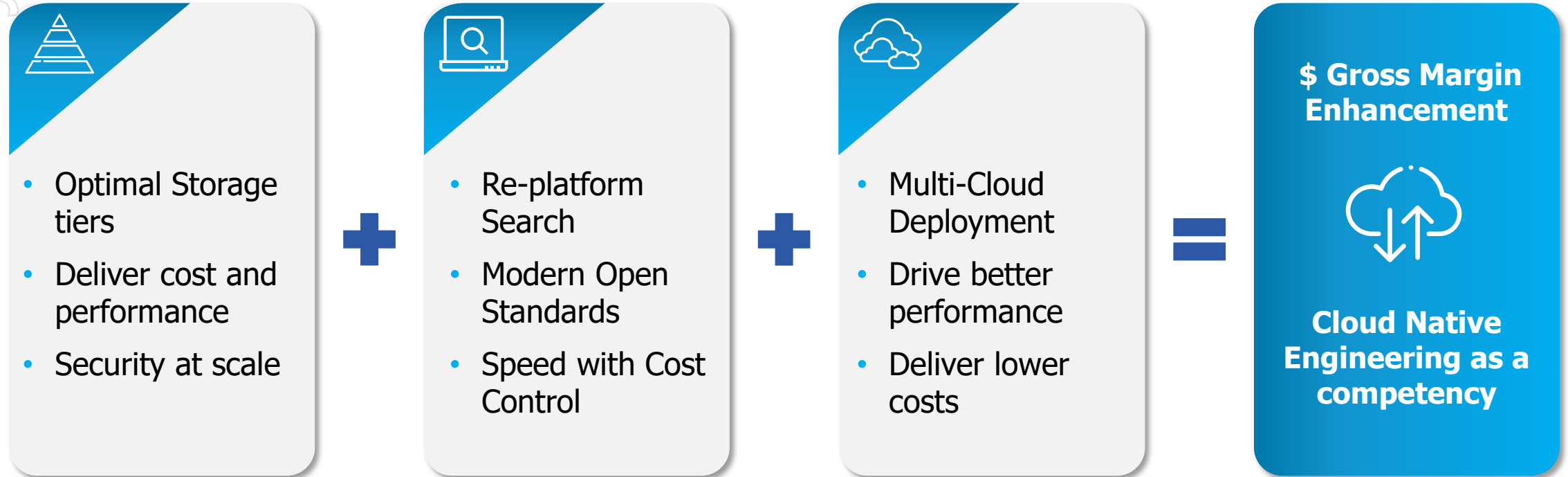
**Mark Kirstein**  
Chief Product Officer

# Consolidated statement of cash flows

(\$M) per quarter	Jun 23	Mar 23	Jun 22	QoQ	PcP
<b>Cash Receipts</b>	<b>6.66</b>	<b>6.12</b>	<b>4.34</b>	<b>+9%</b>	<b>+53%</b>
<b>Cloud Hosting</b>	(2.38)	(2.08)	(1.82)	+14%	+31%
<b>Advertising &amp; marketing</b>	(0.46)	(0.32)	(0.24)	+44%	+91%
<b>Staff costs</b>	(3.13)	(3.21)	(1.74)	(3%)	+79%
<b>Admin &amp; Corporate</b>	(0.52)	(0.37)	(0.16)	+40%	>100%
<b>Total Cash Outgoings</b>	(6.48)	(5.98)	(3.96)	+8%	+64%
<b>Interest Received</b>	0.15	0.14	0.02	+10%	>100%
<b>Net Cash Generated from Operations</b>	<b>0.34</b>	<b>0.28</b>	<b>0.41</b>	<b>+20%</b>	<b>(18%)</b>
<b>Cash flow from investing activities (PPE)</b>	(0.04)	(0.04)	(0.01)	(11%)	>100%
<b>Cash flow from financing activities (all)</b>	-	-	-	-	-
<b>Effect of movement in exchange rates on cash held</b>	(0.03)	0.11	0.08	(>100%)	(>100%)
<b>Net Increase / (decrease) in cash for the period</b>	0.27	0.35	0.48	(25%)	(44%)
<b>Cash at Hand</b>	<b>22.96</b>	<b>22.69</b>	<b>21.55</b>	<b>+1%</b>	<b>+7%</b>

# Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally



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# Notable MSP Trends and How We Win



## Notable & Emerging Trends

- Ever **growing cyber and ransomware threat** landscape affecting both users and MSPs
- **Cyber insurance** requirements are increasingly strict and complex
- **Revenue and margin** pressures with a move to the Cloud
- Growing **regulatory and compliance** requirements
- Growing **strain to hire IT professionals**, with increasing SLA expectations by end users



## How Dropsuite Drives MSP Success

- Highly **secure and encrypted** data backup in a **separate Cloud**
- **Backup** along with security software **prerequisite** to obtain **cyber** insurance
- Backup is an integral component of the **security stack** sold to end users
- **Archiving and Compliance module** is a meaningful differentiator
- **“One-stop” solution** to all email backup needs integrated into MSP’s workflow

# Secular Shifts are Well Aligned with Product and Go-to-Market Strategies

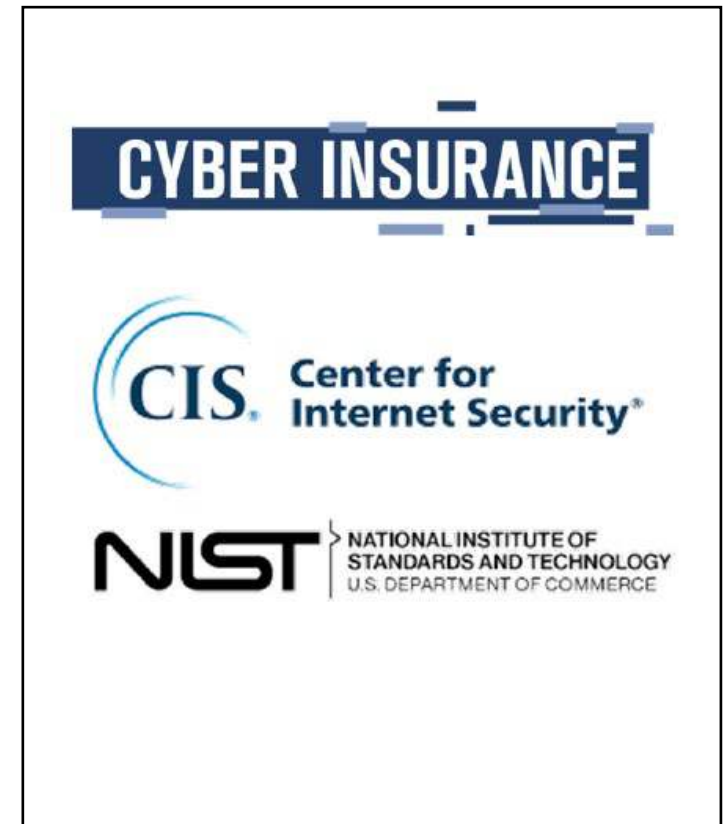
## Industry Regulations



## Privacy Laws



## Best Practice Frameworks



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# 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

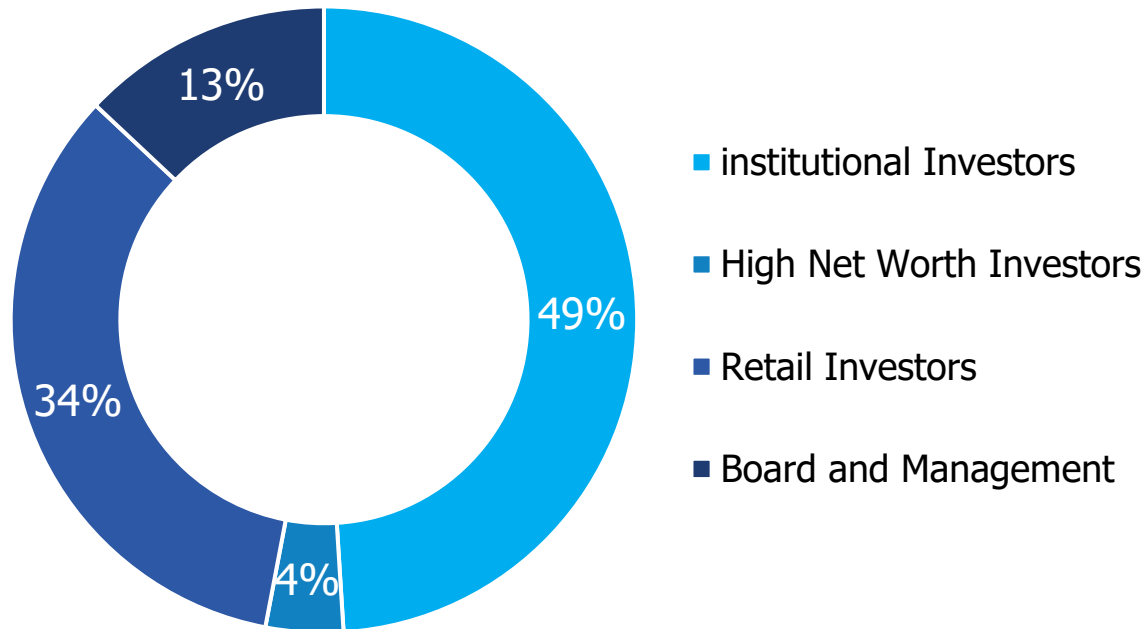
**PCP:** Prior Corresponding Period in Constant Currency % growth

**SME:** Small to Medium enterprise

**QBO:** QuickBooks Online

# Corporate Overview

## Top 50 share registry breakdown



### Financial Information

Share price as of June 30, 2023	30.5 cents
Ord Share on Issue (M)	690
52-week trading (low/high)	0.16/0.32
<b>Market Cap (\$)</b>	<b>\$210M</b>
Cash (June 30, 2023)	\$23.0M
Debt (June 30, 2023)	nil



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