Dropsuite

Investor Presentation
Q4 2023 Update

January 2024

ASX:DSE

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

~115
employees

>100
countries

>1.16M
paid users

620
direct partners

>$34.3M
ARR

Dropsuite

What we believe to be true

1

Right team

We continue building the right team and the right culture for long-term success

2

Right time

There has never been a better time to be in the Data Protection business

3

Right place

Our choice to go-to-market with MSP partners is validated every day

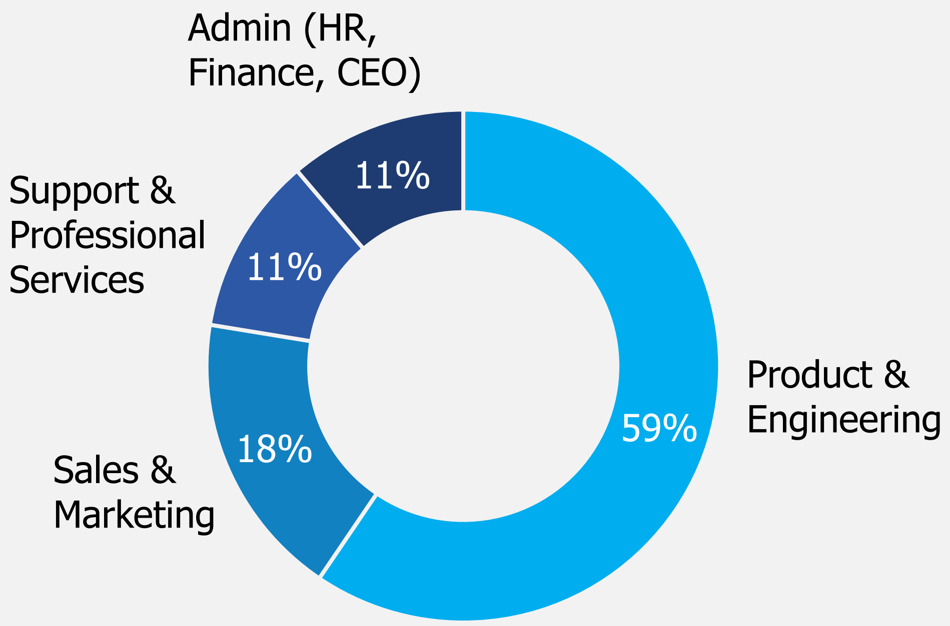
To deliver the right strategy

Right team

Highly skilled and responsive team

- Fully formed Executive Leadership team
- Increased specialization and expertise across core functions
- Continued focus on R&D and innovation to scale
- Low single-digit regretted employee attrition
- >110 team members in 11 countries across North America, Europe and Asia Pacific
- Distributed/hybrid team since 2014

Team by Function



Dropsuite

Right time

Tailwinds propelling growth with a large total addressable market

Cyber threats

Regulation

Cloud migration

400 Million

Office 365 and Google Workspace users globally in 2022[1]

$11 Billion

MSP Channel Backup & Disaster Recovery (with double-digit CAGR)[2]

$10.5 Trillion

Expected cost of cyber-attacks by 2025[3]

67%

Organisations cite increase in ransomware and malware[4]

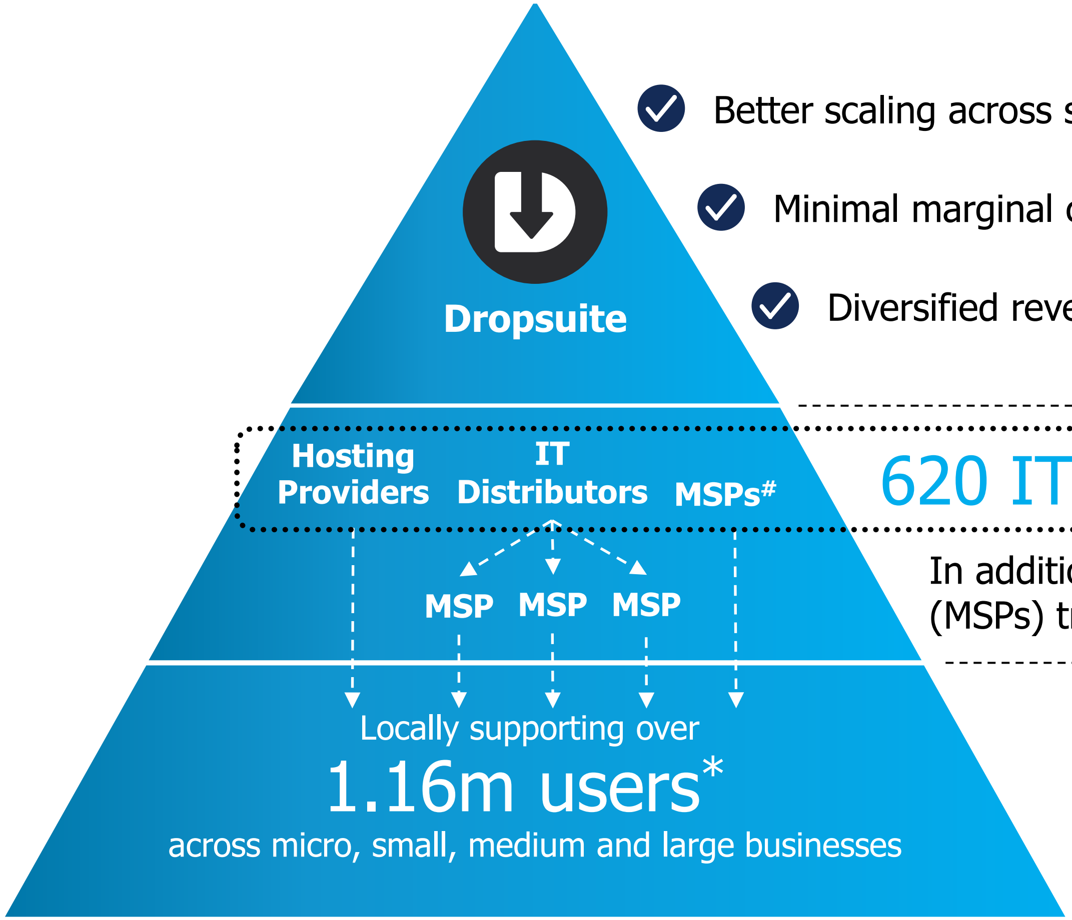
The global cybersecurity total addressable market may reach **$2 Trillion**, 10x the size of the vended market.[5]

1. Microsoft and Google 2022/2023 2. Canalys 2022 3. McKinsey & Co 2022. 4. Dell 2022. 5. Source: McKinsey & Co 2022

Dropsuite

Right place

Partner–led business model with meaningful product differentiation



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

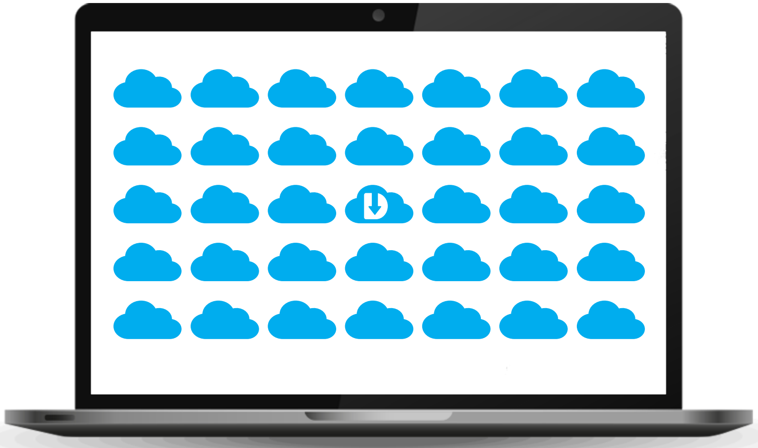
620 IT reseller partners globally

In addition to thousands of Managed Service Providers (MSPs) transacting via IT Distributors

MSP: Managed Service Provider * As at 31 December 2023

How Dropsuite stands out in the market

36 Credible Vendors
Microsoft 365 Cloud Backup



- Full Microsoft 365 Backup offering including Teams and SharePoint
- Integration into MSP workflows and ERPs
- Deep integration and alignment with strategic distributors
- Unique combination of data backup with compliance/archiving
- Compatibility with all major email platforms including Google Workspace
- Caters to data sovereignty in all target markets including US GovCloud

Q4 2023 Results

(October to December)

Key business metrics delivered in Q4

ARR
$34.3m
34% on PCP on constant currency

Gross Margin
70%
+200 basis points on QoQ
Inline on PCP

Operating Cashflow
$0.27m
(80%) on QoQ
(39%) on PCP

ARPU
$2.46
8% on PCP on constant currency

Paid Users
1.16m
24% on PCP

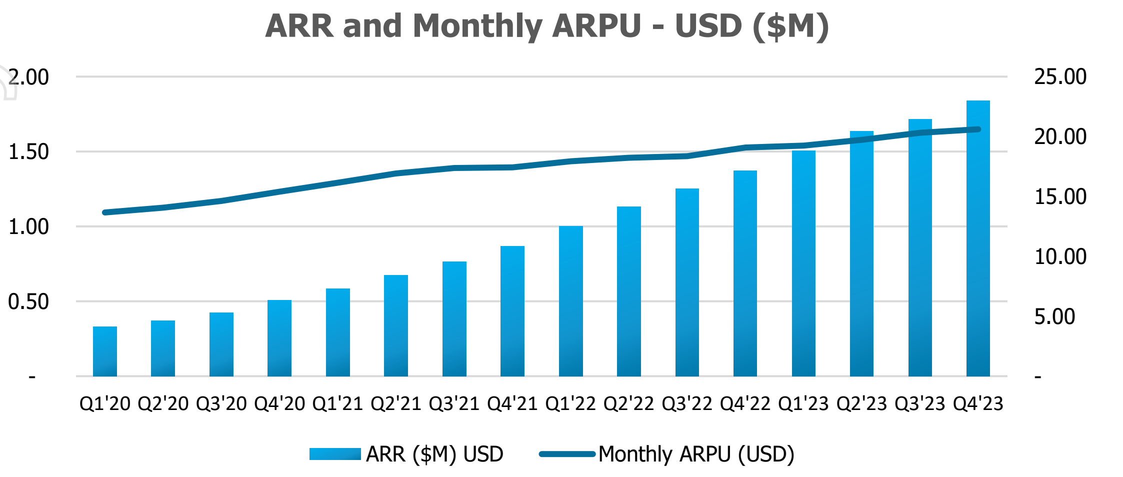
Cash Receipts
$7.77m
39% on PCP

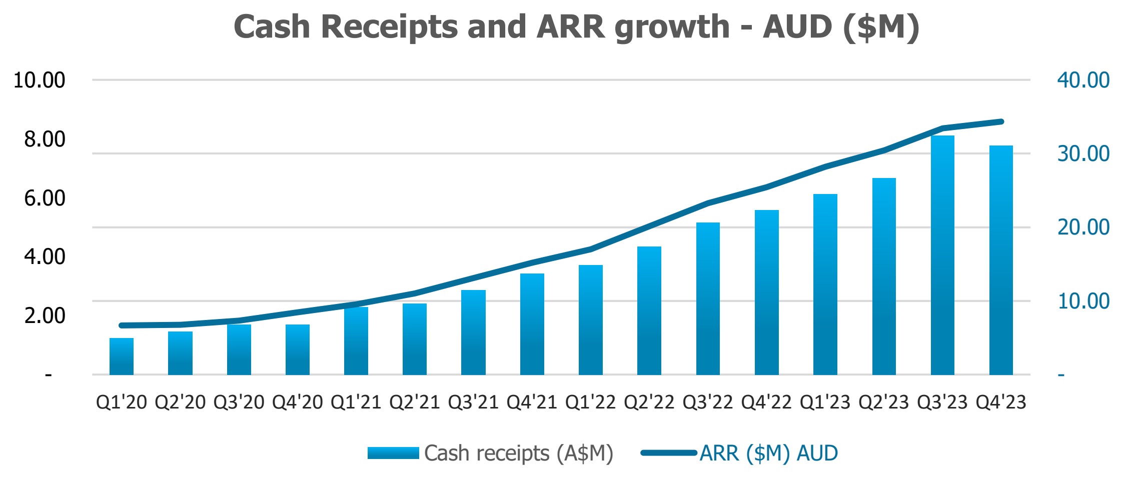
Commentary

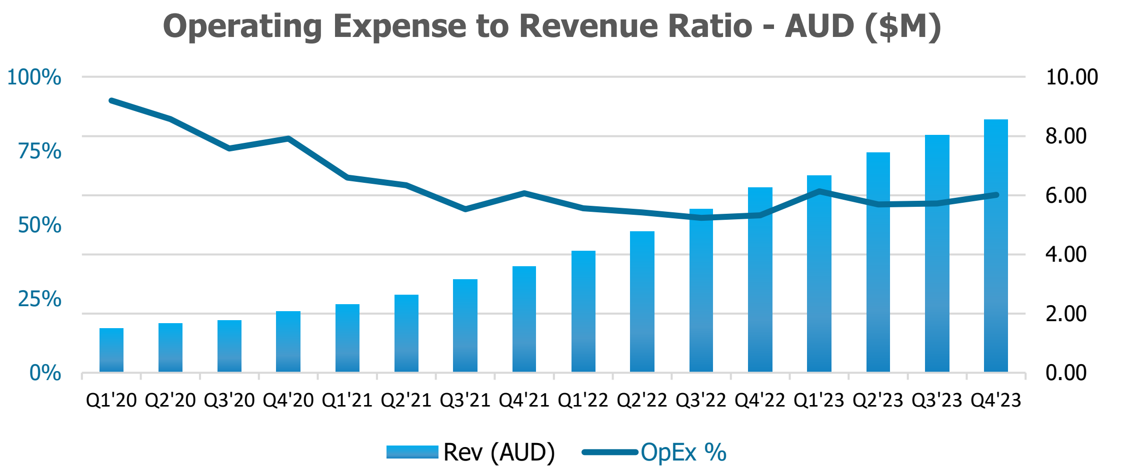
- ARR up 7% on a constant currency basis
- Partner revenue churn <6%. Normalised <3% when excluding final de-activation from legacy partner
- Gross Paid Users added (ex-legacy partner) was 93k, up 48% PCP
- Solid Q4 cash receipts with full year Operating Cashflow ~$2.3m

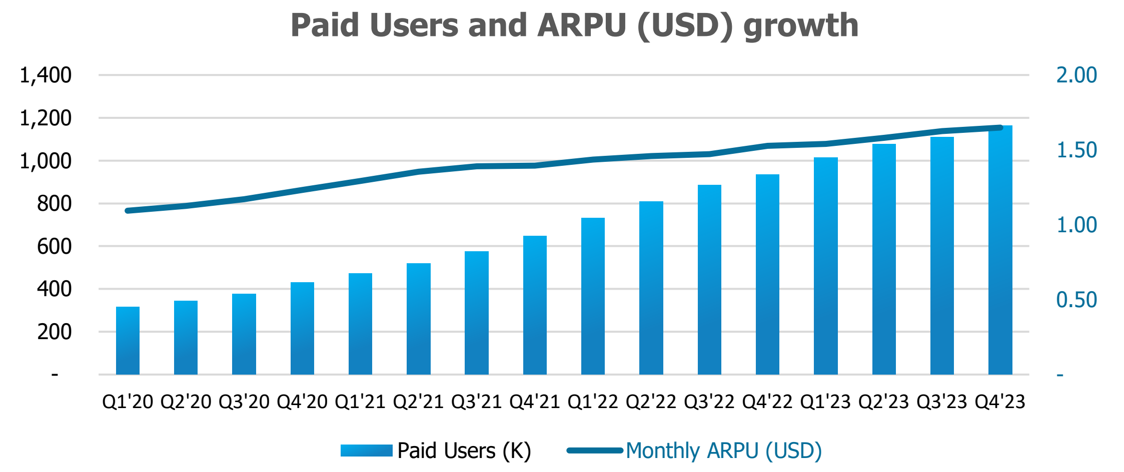
Dropsuite

Continued positive growth momentum





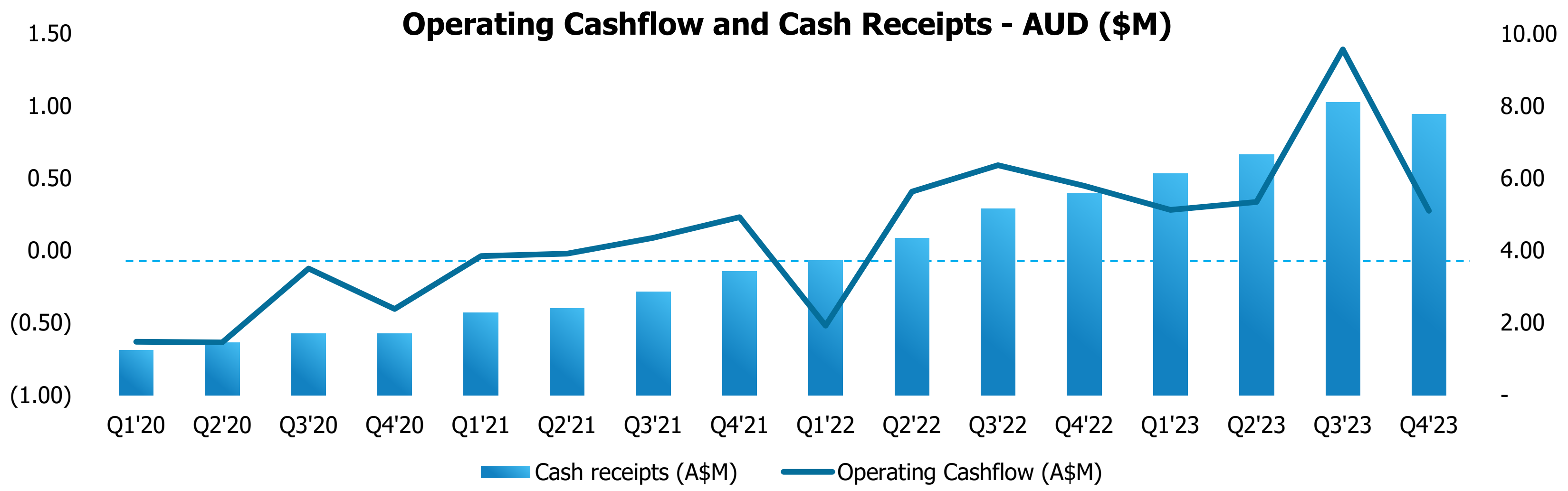




Dropsuite

Continued cashflow generation trend

A$ Million	Dec 23	Sep 23	Dec 22	QoQ (%)	PCP (%)
Receipts from customers	7.77	8.10	5.58	(4%)	39%
Payments to suppliers	(7.72)	(6.88)	(5.28)	12%	46%
Interest received	0.23	0.18	0.14	28%	67%
Net cash generated from operations	0.27	1.39	0.45	(80%)	(39%)
Cash on hand	24.30	24.56	22.34	(1%)	9%



Continued positive cashflow momentum

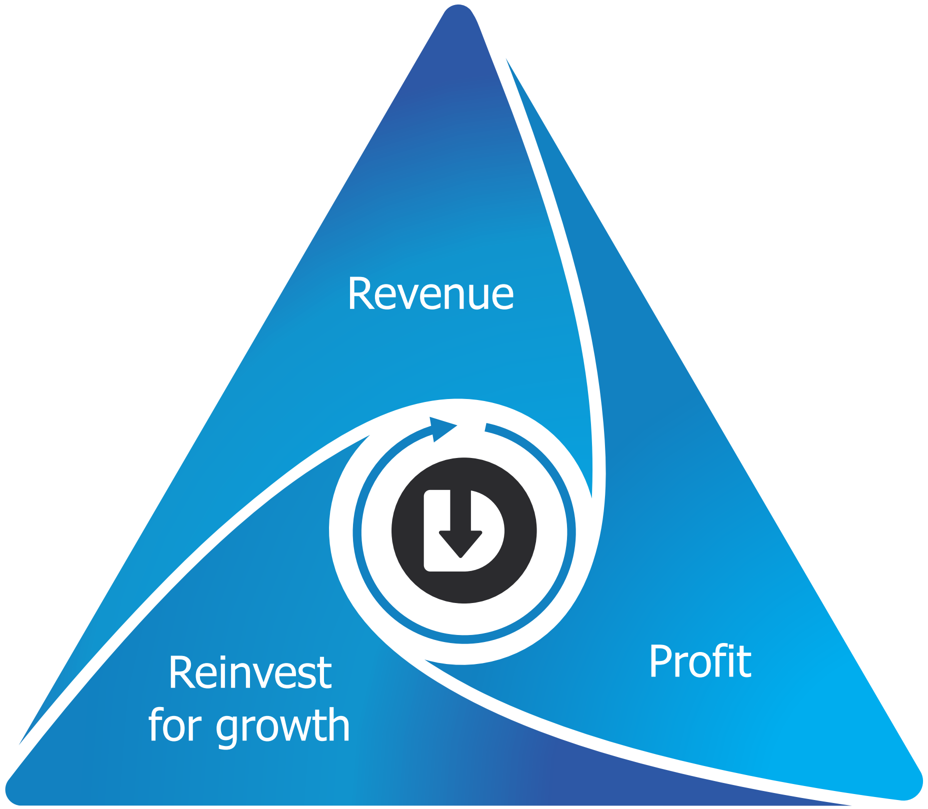
- Steady collections in quarter (Q3 inc. delayed Q2 receipts)
- Payments to suppliers increased with prepayments made in IT and marketing
- FY23 operating cashflows generated circa $2.3m

Delivering Future Growth

Dropsuite

Our capital allocation framework

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



Enablers of growth

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

Our capital allocation and growth framework

DSE to deliver 2x industry growth rates via a range of organic and acquisitional growth initiatives

Italics = growth framework

Customer/market \ Products	Existing	New
Existing	1 **Defend and grow** Defend and grow the core products in existing markets *Organic*	3 **Cross sell and upsell** Upsell new products to existing customers to increase the share of wallet *Organic + Inorganic*
New	2 **New markets** Expand into new markets with existing products *Organic*	4 **New products/markets** New products to new customers to diversify portfolio *Inorganic*

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

Dropsuite

dropsuite.com

dropsuite

Dropsuite Limited
Level 30, 35 Collins Street
Melbourne VIC 3000, Australia

Charif Elansari
Managing Director, Dropsuite
charif@dropsuite.com

Bill Kyriacou
CFO, Dropsuite
bill@dropsuite.com

Investor Relations
Craig Sainsbury
Automic Markets
craig.sainsbury@automicgroup.com.au
+61 428 550 499

This presentation is authorised by the Board of Directors

Dropsuite

Appendix

Consolidated statement of cash flows

A$ Million	Dec 23	Sep 23	Dec 22	QoQ (%)	PCP (%)
Receipts from customers	7.77	8.10	5.58	(4%)	39%
Cloud hosting	(3.02)	(2.84)	(2.18)	6%	38%
Advertising & marketing	(0.47)	(0.29)	(0.44)	63%	6%
Staff costs	(3.41)	(3.10)	(2.32)	10%	47%
Administration & corporate costs	(0.83)	(0.65)	(0.34)	27%	148%
Total payments	(7.72)	(6.88)	(5.28)	12%	46%
Interest received	0.23	0.18	0.14	28%	67%
Net cash generated/(used) from operations	0.27	1.39	0.45	(80%)	(39%)
Cash flow from investing activities (PPE)	(0.01)	(0.05)	(0.04)	(82%)	(75%)
Cashflow from financing activities (all)	-	-	-	-	-
Effect of movement in exchange rates on cash held	(0.52)	0.26	(0.32)	(302%)	62%
Net increase/(decrease) in cash for the period	(0.26)	1.60	0.09	(116%)	(389%)
Cash on hand	24.30	24.56	22.34	(1%)	9%

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

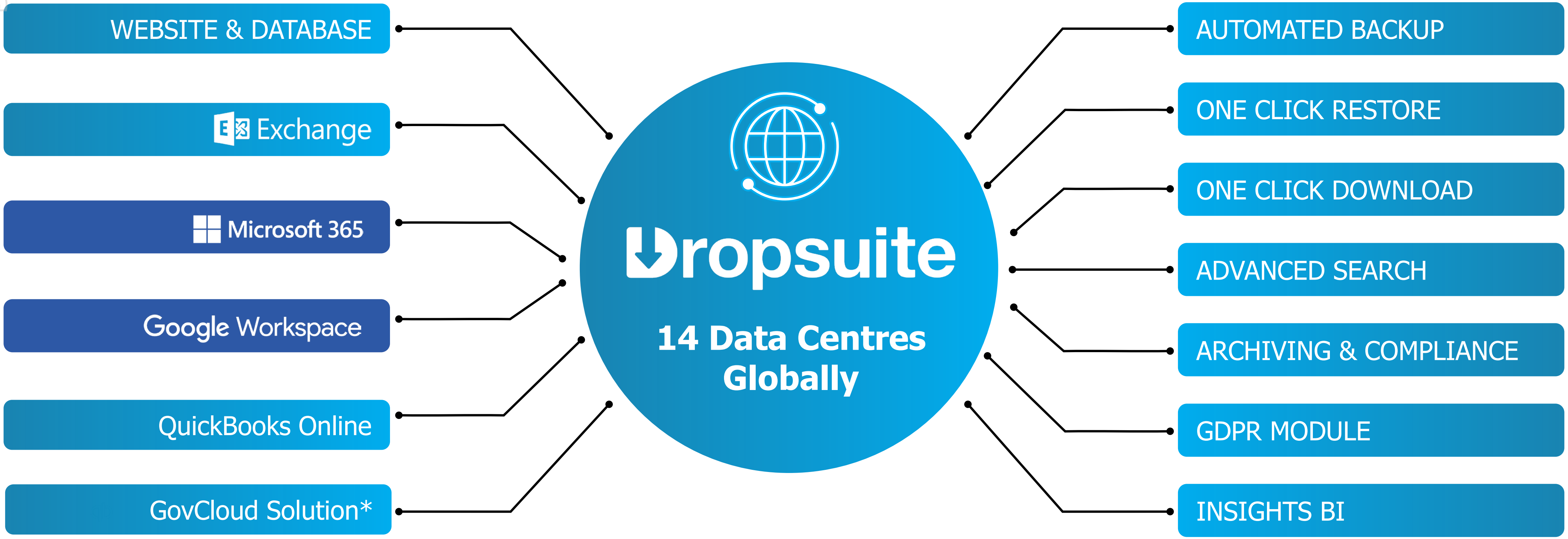
Manoj Kalyanaraman
Chief Technology Officer

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.

Partner–led business model

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

PAYMENT FLOW

PAYMENT FLOW

Dropsuite

- Stable and recurring revenue
- Minimal customer acquisition and support cost
- Highly scalable business

IT Reseller Partners – MSPs

- Reduces legal and reputational risk
- Increases ARPU/margins
- Improved user experience
- Increased product depth

End Clients – Micro, SME's and mid-Enterprise

- Easy data recovery
- Ensure business continuity and compliance
- Consistent support and billing relationship

SERVICE & SUPPORT

SERVICE & SUPPORT

MSP requirements and how we win

MSP requirements of security providers

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

Why MSPs choose Dropsuite

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

Secular shifts are well aligned with product and go-to-market strategies

Industry Regulations

SARBANES-OXLEY
FINRA
HIPAA COMPLIANT
GLBA
Gramm-Leach-Bliley Act
THE UK CORPORATE GOVERNANCE CODE
APRA
Australian Prudential Regulation Authority
CERTIFICATION
NEPA
National Environmental Policy Act

Privacy Laws

GDPR
LGPD
Lei Geral de Proteção de Dados Pessoais
India's Personal Data Protection Bill (PDPB)
FERPA
Family Educational Rights & Privacy Act
CALIFORNIA CONSUMER PRIVACY ACT
PIPEDA
The POPI Act

Best Practice Frameworks

CYBER INSURANCE
CIS Center for Internet Security
NIST NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY
U.S. DEPARTMENT OF COMMERCE

Dropsuite

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
Strategy	• **Protect and accelerate the core business. Grow and delight partner base**	• **Replicate superior user experience and partner integration**	• **Broaden scope of Dropsuite's data protection platform and share of wallet**
Rationale	• 3% of MSPs globally are Dropsuite partners • Security & backup are core MSP offerings	• Security & backup are core MSP offerings • Help MSPs to increase recurring revenue & profit	• SaaS Protection continued to be an underserved area • Fast time-to-market with a seamless partner experience
Impact	• ARR • Partners • Users	• ARR • ARPU • GM%	• ARR • ARPU • GM%

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

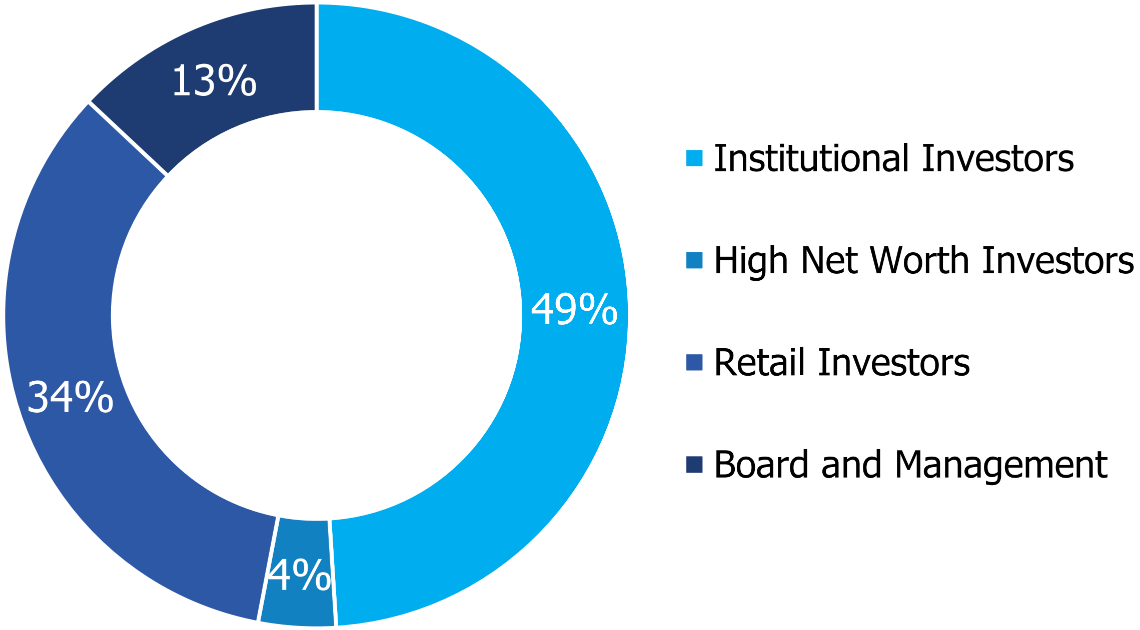
SME: Small to Medium enterprise

QBO: QuickBooks Online

Dropsuite

Corporate overview

Top 50 share registry breakdown



Financial Information

Share price as December 31, 2023	24.5 cents
Ord Share on Issue (M)	696
52-week trading (low/high)	0.16/0.385
Market Cap ($)	**$171M**
Cash (December 31, 2023)	$24.3M
Debt (December 31, 2023)	nil

Dropsuite

Disclaimer

This presentation has been produced by Dropsuite limited and may contain forward looking statements that are based on management's current expectations, beliefs and assumptions and are subject to a number of risks and uncertainties. Forward looking statements contained in this presentation are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, the actual outcomes and results may differ from those described. In any forward-looking statement in which Dropsuite limited expresses an expectation or belief such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished. We are not under any duty to update forward-looking statements unless required to by law. This investor presentation is not an offer of securities, and does not form part of any prospectus that has or may be issued. Dropsuite limited and its directors, employees, associates, affiliates and agents, make no: a. Representations or warranties, expressed or implied, in relationship to this presentation or the accuracy, reliability or completeness of any information in it or the performance of Dropsuite Limited; and b. Accept no responsibility for the accuracy or completeness of this presentation. This presentation is intended to provide information only and does not constitute or form an offer of securities or a solicitation or invitation to buy or apply for securities, nor it or any part of it form the basis of, or be relied upon in any connection with any contracts or commitment whatsoever. The information in this presentation does not take into account the objectives, financial situation or particular needs of any person. Nothing in this presentation constitutes investment, legal, tax or other advice. This presentation does not, nor does it purport to, contain all the information prospective investors in Dropsuite limited would desire or require in reaching an investment decision. To the maximum extent permitted by law, Dropsuite Limited, their officers, directors, employees, associates, affiliates or agents, nor any other person accepts any liability for any loss, claim, damages, costs or expenses of any nature (whether foreseeable or not), including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its content or otherwise arising in connection with it or any errors or omissions in it. The distribution of this presentation in jurisdictions outside of Australia may be restricted by law. This presentation has not been filed, lodged, registered or approved in any jurisdiction and recipients of this presentation should keep themselves informed of and comply with and observe all applicable legal and regulatory requirements. In Australia, this presentation is made only to sophisticated or professional investors under the corporations act, but will be released on the ASX.

Dropsuite