

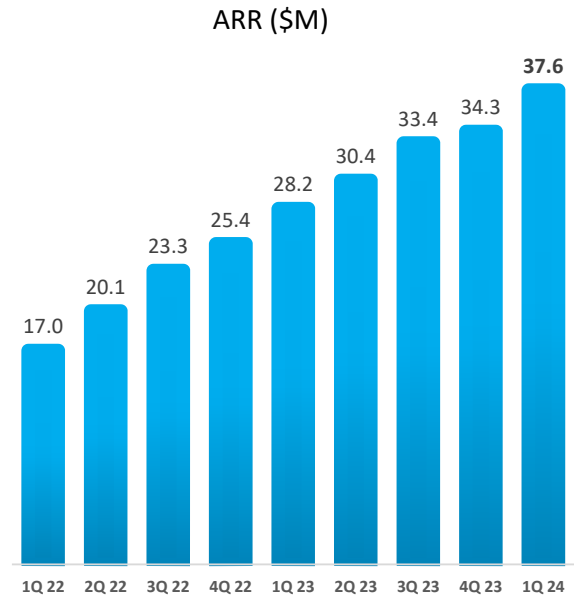


## 33% organic ARR growth, positive cashflow and strong margins

18 April 2024: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) is pleased to provide an overview of the Company’s financial and operating performance for the quarter ending 31 March 2024.

### Highlights

- > Annual Recurring Revenue (ARR<sup>1</sup>) of \$37.6m, up 33% on the Previous Corresponding Period (PCP)
- > ARR increased 9% on prior quarter (QoQ) with assistance from depreciating AUD:USD (up 7% on a constant currency basis).
- > Q1 FY24 operating cashflow of \$0.39m.
- > Monthly ARPU of \$2.53 up 10% on PCP (up 8% on a constant currency basis).
- > Product gross margin of 69%, in line with previous quarters.
- > Onboarded 40 new direct and 220 indirect transacting partners.
- > Total users increased 22% vs PCP to 1.24 million.
- > DSE continues to invest in research and development and go-to-market functions to drive sustainable and scalable growth.
- > DSE remains well-funded with \$24.9m cash as at 31 March 2024.



### CEO Charif El Ansari stated:

“It was pleasing to deliver another quarter of recurring revenue growth and importantly we did so against the backdrop of maintaining our margins and delivering positive cashflow. While the seats adds were lower than the previous quarter, the addition of more than 1,200 MSP partners over the past 12 months will drive momentum in this metric throughout FY24. We plan to continue investing in research and development as well as go-to-market functions to drive long term sustainable and profitable growth. With a robust balance sheet, favourable market tailwinds including data security and regulation, the scalability of our product suite, and importantly coupled with the excellent best-in-class service and support we provide to our clients, we are well positioned to deliver growing and sustainable returns to our shareholders. “

1. Annualised Recurring Revenue (ARR) is defined as the value of the contracted recurring revenue multiplied by 12 months.

## Financial Overview

ARR & ARPU	Mar 24	Dec 23	Mar 23	QoQ (%)	PCP (%)
ARR (\$m) - AUD	37.56	34.32	28.20	9%	33%
ARR (\$m) - USD	24.63	23.00	18.82	7%	31%
Monthly ARPU (\$m) - AUD	2.53	2.46	2.31	3%	10%
Monthly ARPU (\$m) - USD	1.66	1.65	1.54	1%	8%
FX AUD:USD	0.66	0.67	0.67	(2%)	(2%)

Cash Summary (\$m)	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 Income	0.21	0.23	0.14	(9%)	47%
Net Cash Generated from Operations	0.39	0.27	0.28	44%	40%
Cash at hand	24.91	24.30	22.69	3%	10%

- USD monthly ARPU growth of 1% QoQ benefited from a higher ARPU product mix.
- Cashflow generated from operating activities of \$0.39 million despite Q1 being seasonally impacted by higher outgoing payments relating to the annual subscriptions, insurances and staff performance bonus payments. Cashflow generation has been normalised for the fluctuation in timing of cash receipts and working capital from customers.
- Gross Margin of 69% inline with the prior quarters.

## Operational and Product Overview

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. The company anticipates continued internal investment in FY24 to drive scalable growth. Key activities during the quarter include:

- Onboarded 40 new direct and 220 indirect transacting Managed Service Provider (MSP) partners, including new distribution partners in EMEA
- Continued to grow total paid user count to 1.24 million, with 73k of new paid users added during the quarter.
- Dropsuite noted an increase in revenue churn<sup>2</sup> in Q1 FY24 to <5% (historically <3%) primarily due to increased competition on pricing especially in the EMEA region. The Company has been introducing the necessary measures to address and mitigate churn going forward.
- Launch of Professional Service Automation (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.
- Enhanced data 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 or respond to specific cyber events.

<sup>2</sup> \*Revenue churn is taking into account direct and indirect partner historical churn, excluding legacy partner deactivations.

## Outlook

Dropsuite is well positioned to deliver strong annual recurring revenue 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 existing partner ecosystem, strong sales pipeline and expanded product line.
- Increasing investment in Research & Development and Go-To-Market functions in 2024 to sustain growth momentum.
- Maintaining cashflow and profitability broadly in line with FY23 levels.
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Pursuing high conviction M&A opportunities taking advantage of strong market tailwinds around data protection.

The announcement was approved by the Board of Directors.

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### About Dropsuite

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 Service Providers globally. For more information please visit: [www.dropsuite.com](http://www.dropsuite.com)