



# Investor Presentation

## Q1 2024 Update

April 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



**~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 2022<sup>1</sup>

### **\$10.5 Trillion**

Expected cost of cyber-attacks by 2025<sup>2</sup>

### **67%**

Organisations cite increase in ransomware and malware<sup>3</sup>

## 3 | Right Place

### **660**

IT reseller partners globally<sup>4</sup>

### **>4,000<sup>4</sup>**

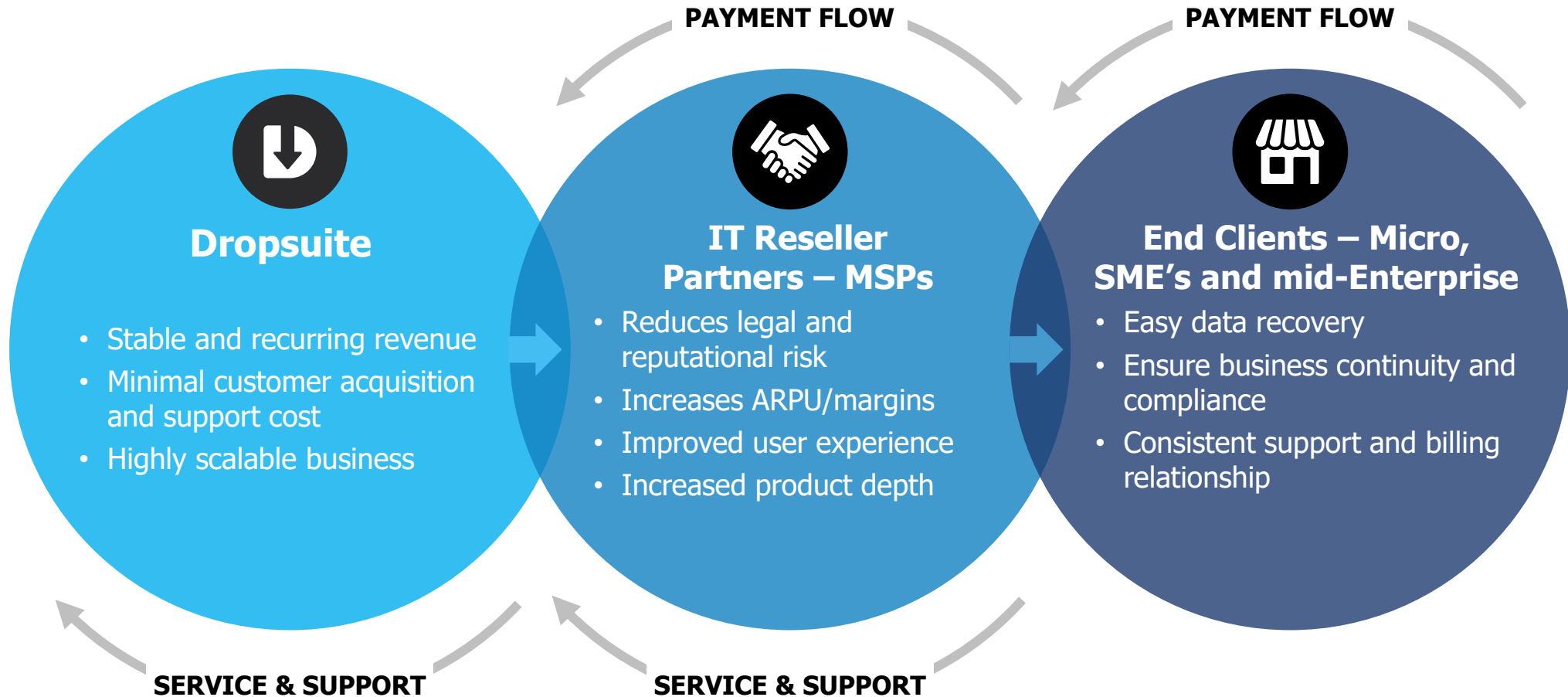
MSP providers transacting via IT distributors

### **Scalable**

Marginal cost to serve growing revenue and users

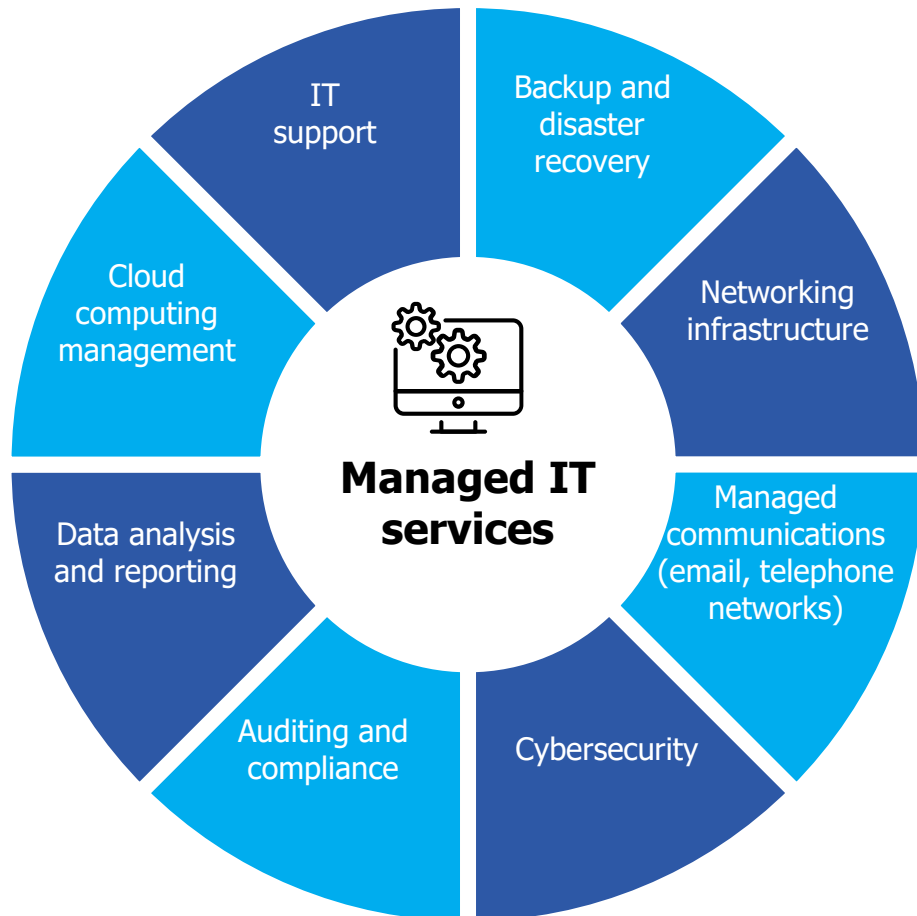
# Partner-led business model

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

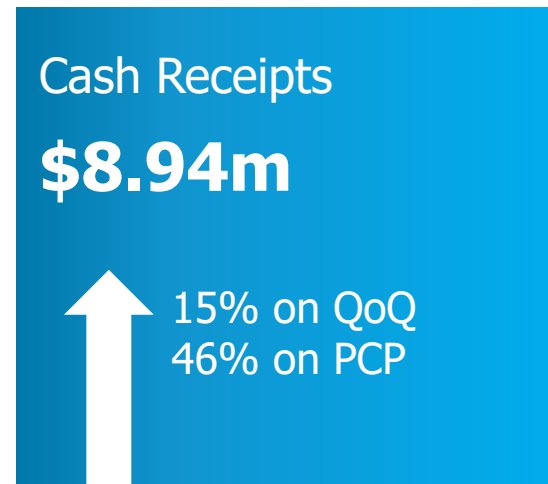
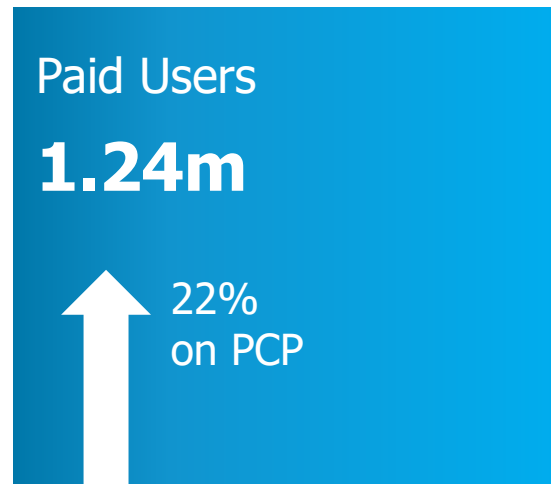
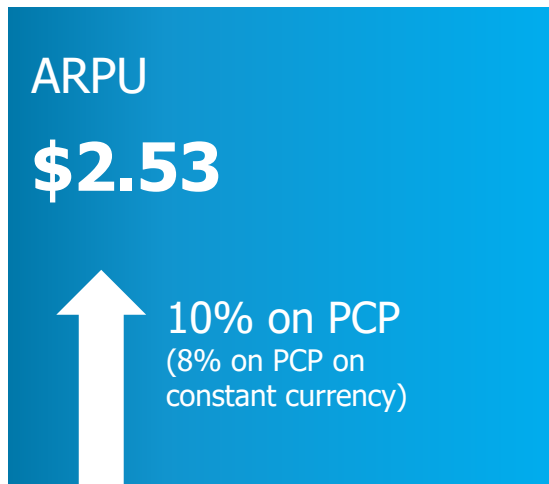
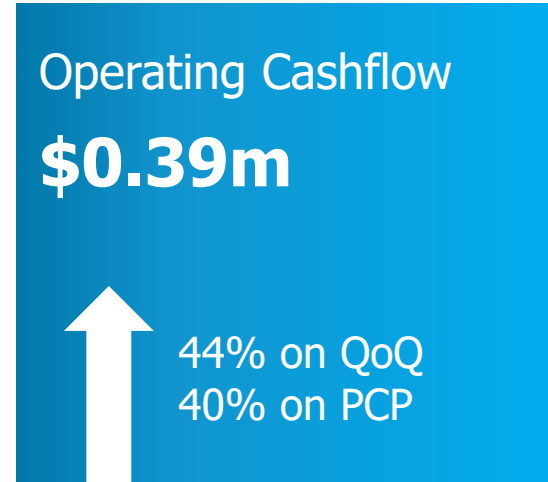
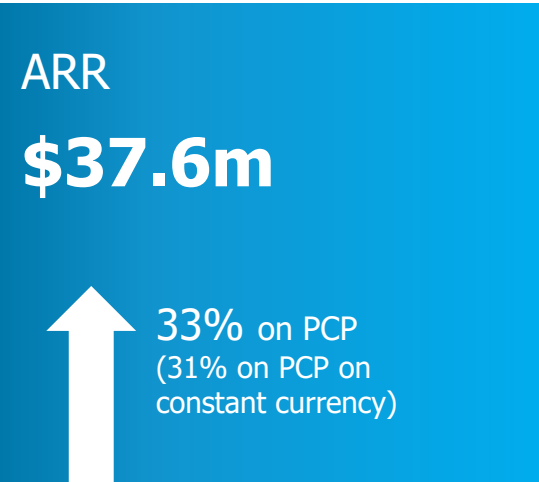
To be the data protection vendor of choice in the segments we serve

Growth Pillar	Core Business	New Product Innovation	Accretive Acquisition
<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 data protection platform and grow share of wallet</b></li></ul>
<b>Rationale</b>	<ul style="list-style-type: none"><li>• &lt;4% 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>

# Q1 2024 Results

(January to March)

# Key business metrics delivered in Q1'24



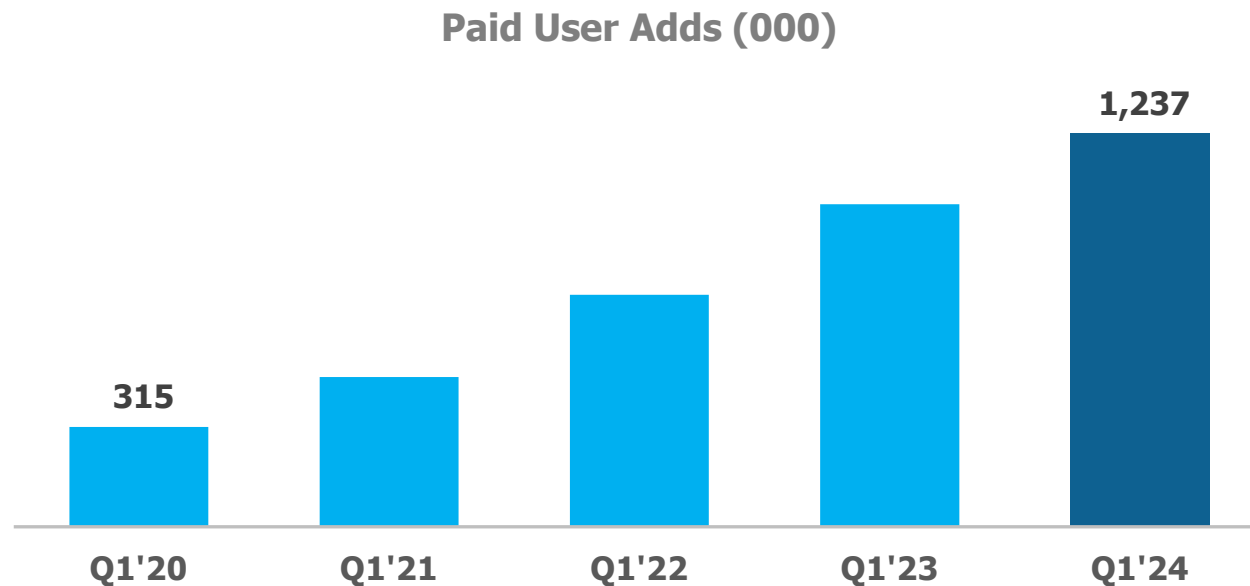
## Commentary

- 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



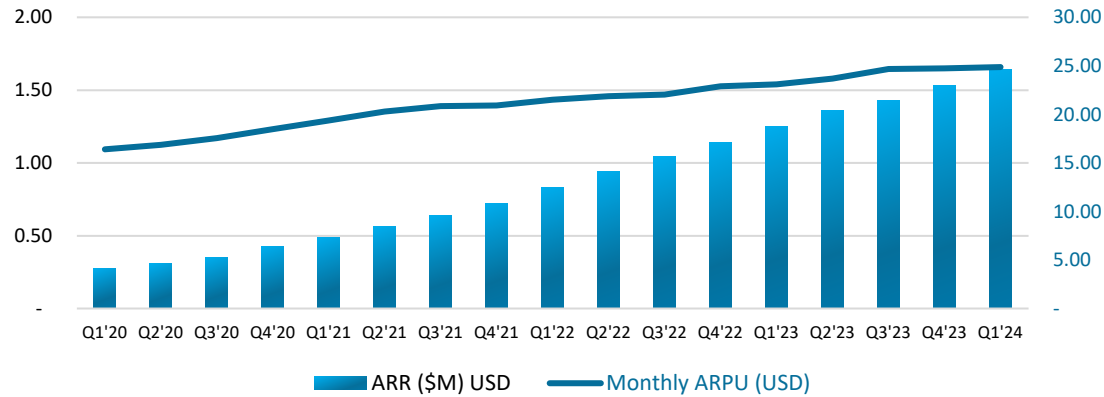
## Commentary

- 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

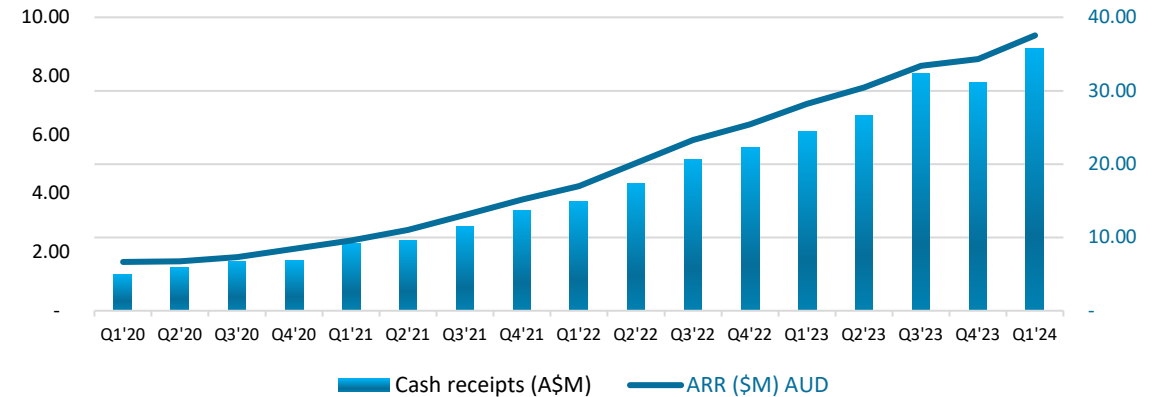
\*Revenue churn is taking into account direct and indirect partner historical churn, excluding legacy partner deactivations.

# Positive growth momentum

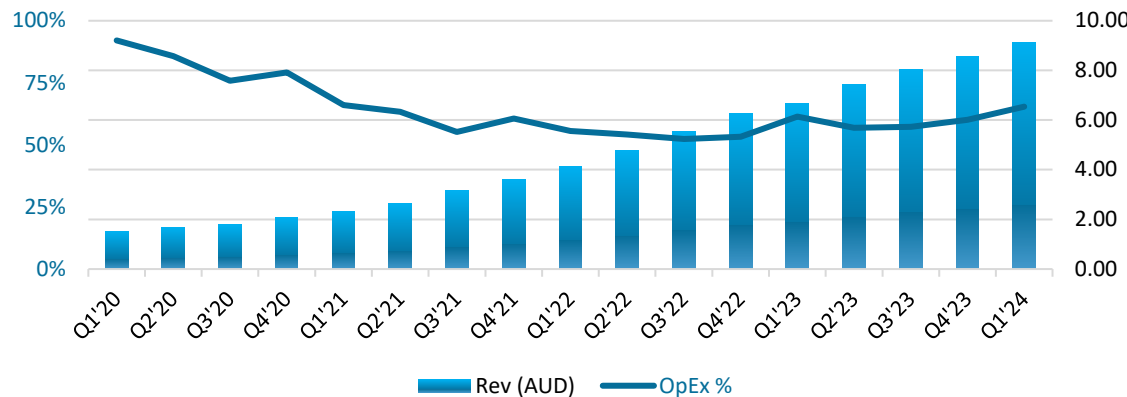
### ARR and Monthly ARPU - USD (\$M)



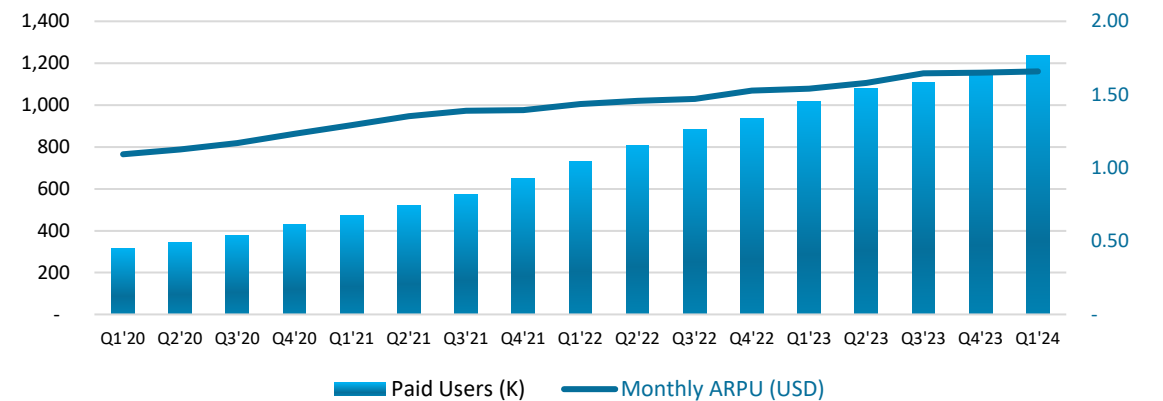
### Cash Receipts and ARR growth - AUD (\$M)



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



### Paid Users and ARPU (USD) growth



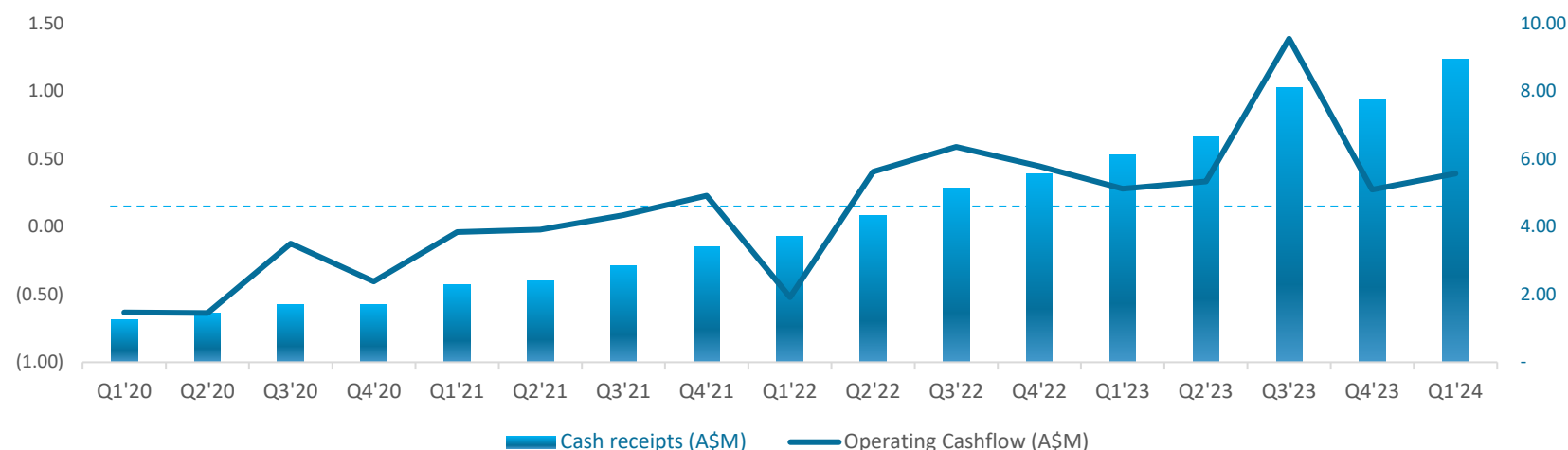
# Positive cashflow generation

A\$ Million (normalised) <sup>1</sup>	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%

## Continued positive cashflow momentum

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

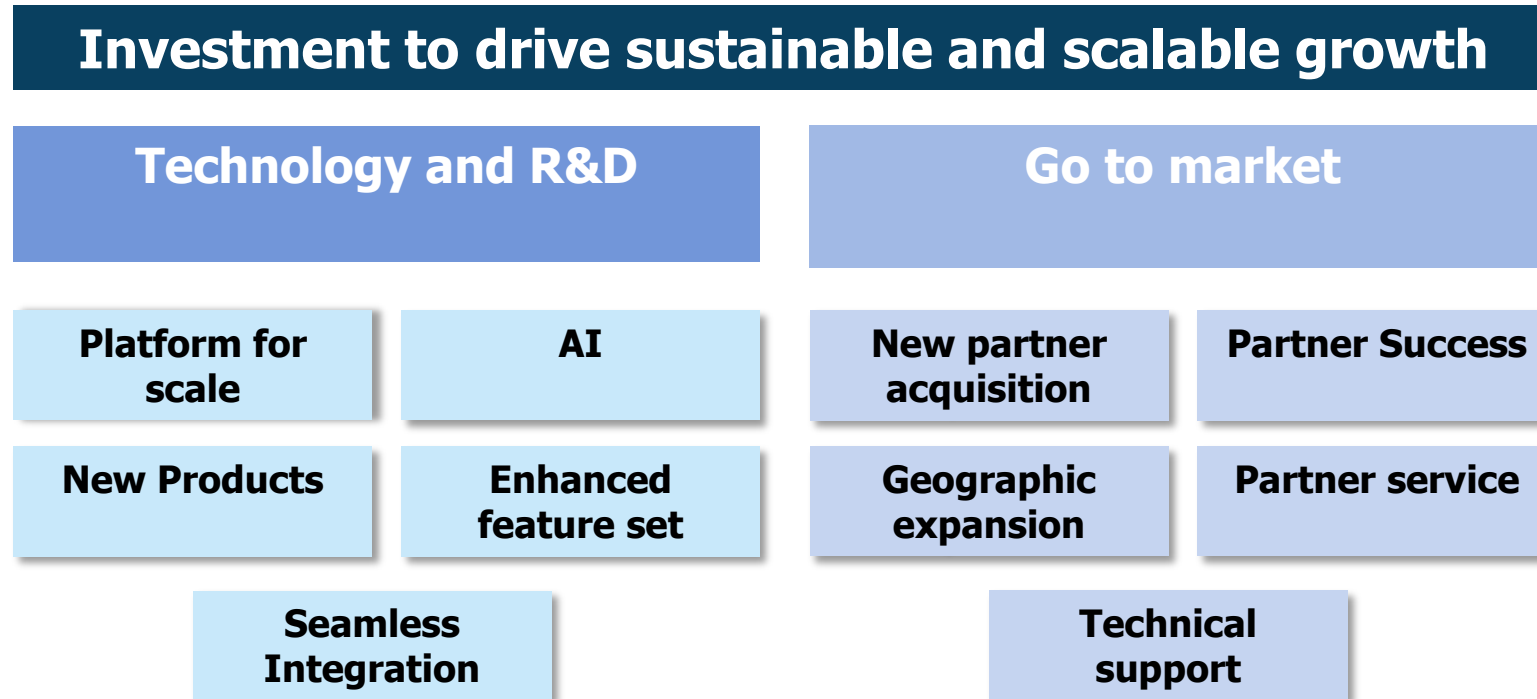
## Operating Cashflow and Cash Receipts - AUD (\$M)



# Delivering Future Growth

# Investing to deliver future growth

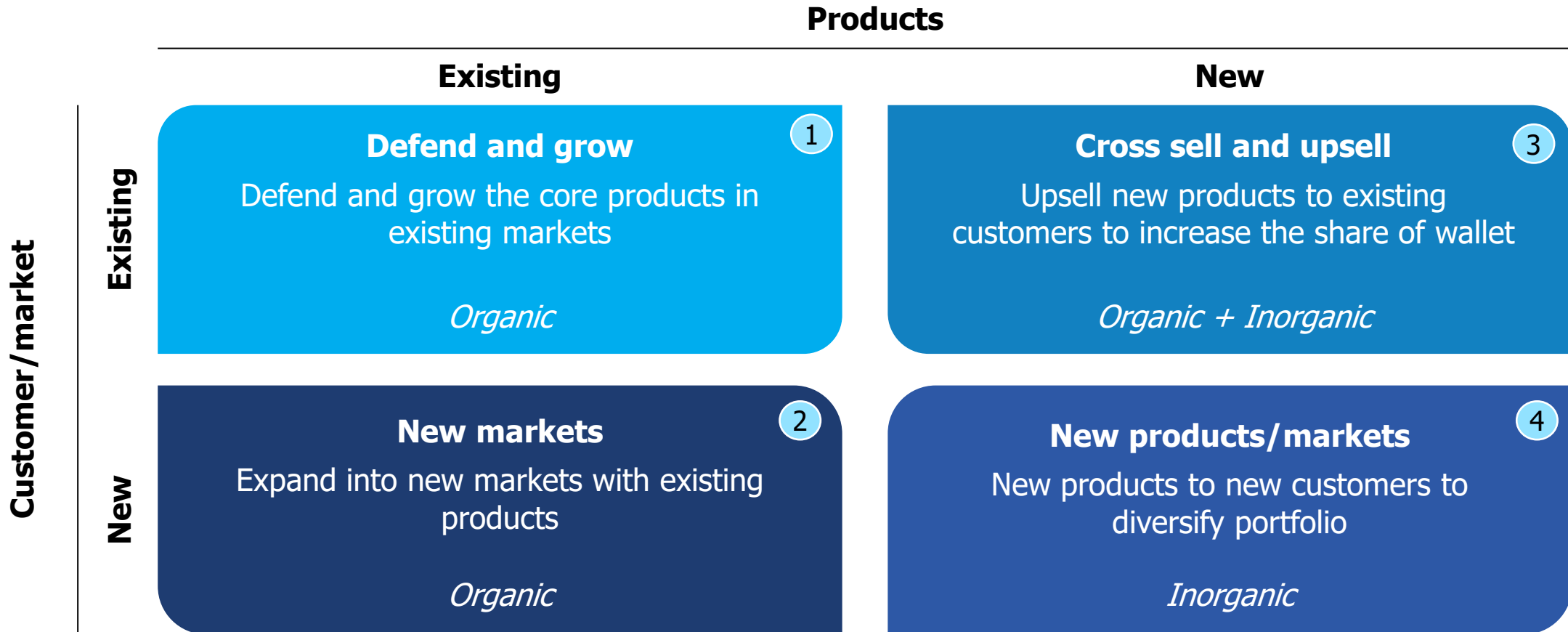
Multiple initiatives to enhance growth and increase partner and customer satisfaction



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



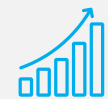
Market leading position in Microsoft 365 backup



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

<b>A\$ million</b>	<b>Mar 24</b>	<b>Dec 23</b>	<b>Mar 23</b>	<b>QoQ (%)</b>	<b>PCP (%)</b>
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

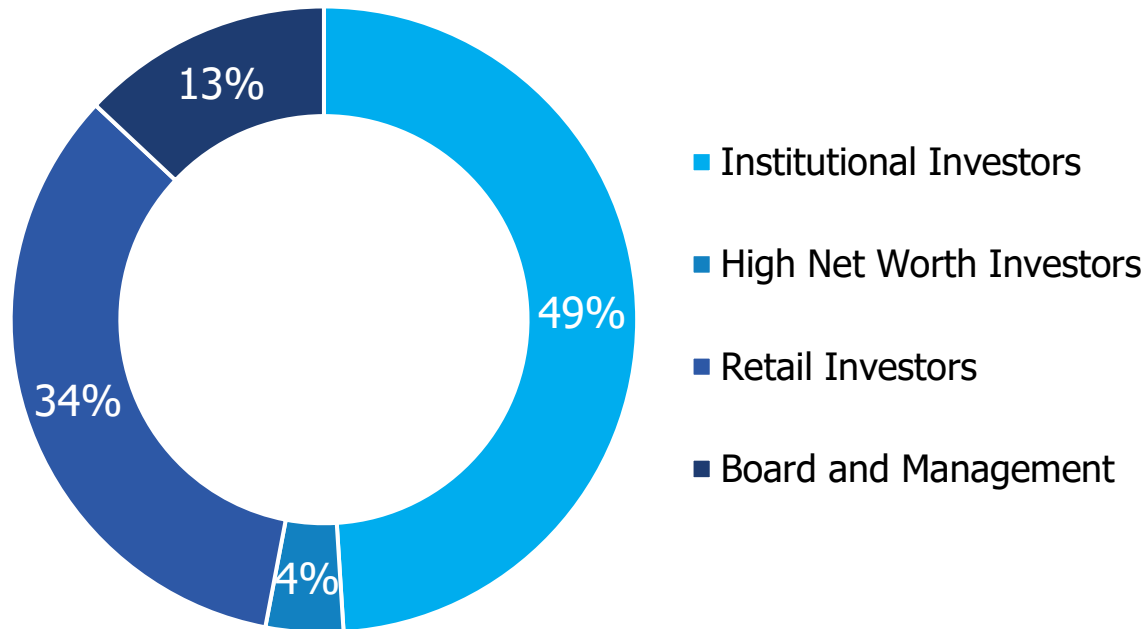
**PCP:** Prior Corresponding Period in Constant Currency % growth

**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
<b>Market Cap (\$)</b>	<b>\$208M</b>
Cash (March 31, 2024)	\$24.9M
Debt (March 31, 2024)	nil

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