



AGM Presentation

21 May 2024

ASX:DSE



Agenda

Chairman Address

Theo Hnarakis

MD Presentation

Charif Elansari

Formal Business

Q&A

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

Chairman's Address



Strategically positioned

Strong industry tailwinds of cyber threats, cloud migration and regulation



Growth across all financial and operational metrics

FY23 net profit of \$1.6m



Product Leadership and Customer Service

DSE received a number of industry awards from parties such as Pax8 and Microsoft365



Strong and Committed Management Team

Key strategic hires to Management Team and Board



Reinvestment for Growth

Well capitalised to drive investment for growth and acquisitional opportunities

MD's Presentation

Company Overview

Year in Review

Outlook

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

FY23 Operational Highlights

Dropsuite remains our partners' preferred choice for email and productivity backup requirements

Product

- #1 Software Reviews for O365 Backup for 4 years in a row
- Launched Quickbooks Online Backup and GovCloud Backup and Archiving service
- Multiple updates and feature enhancements

Partners

- Onboarded 143 new direct transacting partners including 6 distributors
- 620 Direct partners +26% YoY
- Onboarded 982 new indirect transacting partners
- Sponsored 30 Tradeshows and partner events

Users

- 1.16 million Paid Users +24% YoY
- Net Revenue Retention of >125%*
- Churn <3%*
- 40% from end clients with > 200 users

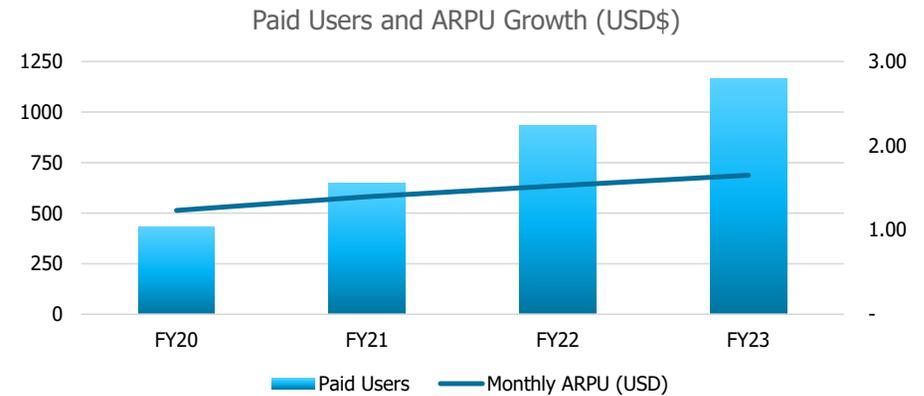
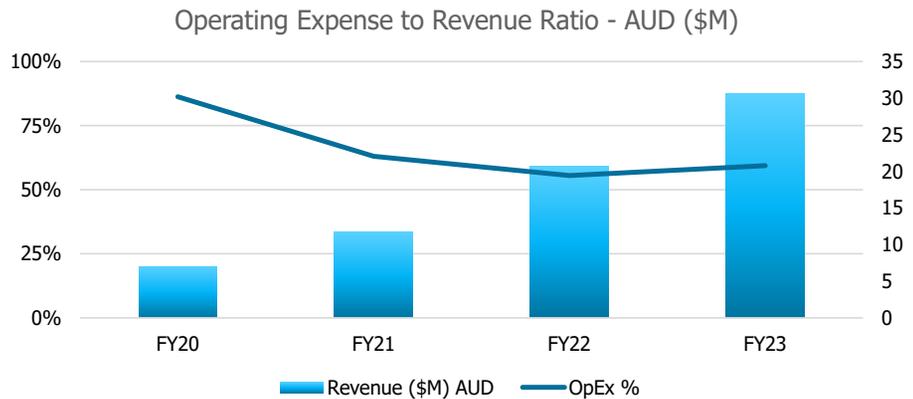
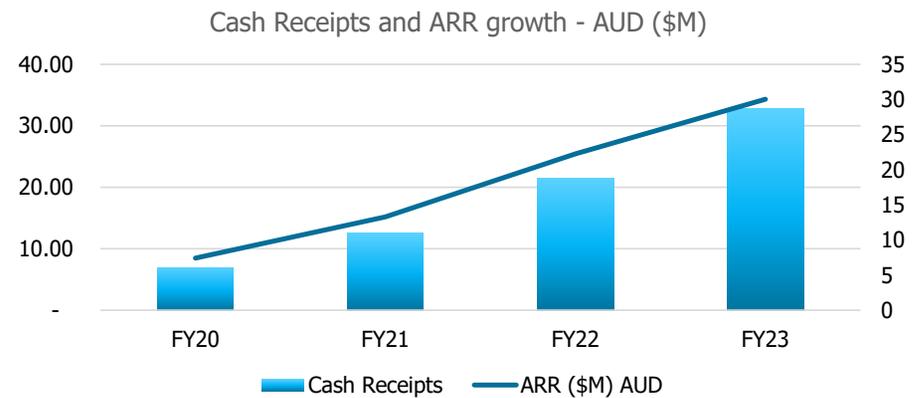
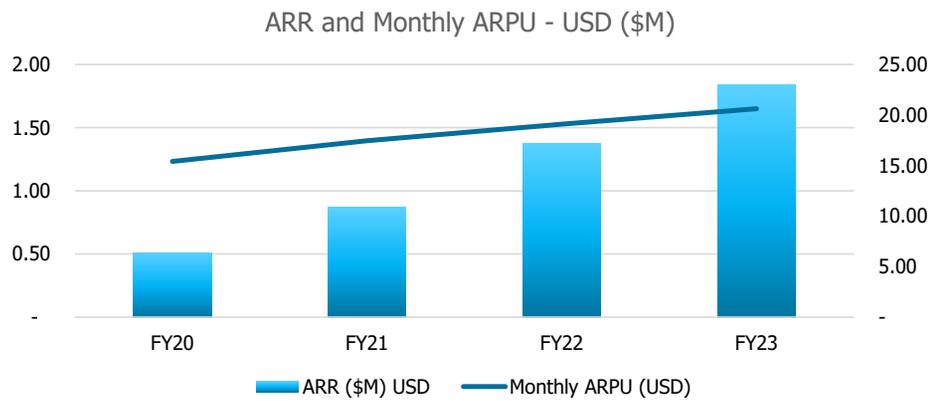
**NRR Dec-22 vs. Dec 23 for Direct Partners
Excludes Legacy Partner Churn throughout 2023**

Best Microsoft 365 Backup: #1 Four Years Running by Software Reviews

- ✓ Comprehensive and **fast-evolving** features and capabilities
- ✓ Deep **integration** into MSP **workflows** and ERPs
- ✓ Integration and **alignment** with strategic **distributors** globally
- ✓ Unique combination of data backup with **compliance/archiving**
- ✓ **Compatibility** with all email platforms
- ✓ Caters to **data sovereignty** in key markets including US GovCloud



Positive Growth Momentum Across Key Metrics



FY 2023 – Financial Highlights

ARR

\$34.3m



34% on PCP
on constant
currency

Operating Revenue

\$30.63m



+48% PCP

Gross Margin

68%



200 basis
points on
PCP 66%

Operating Cashflow

\$2.3m



+145% YoY

ARPU

\$2.46



8% on PCP on
constant
currency

Underlying EBITDA

\$2.72m



29% on PCP

Underlying EBITDA
Margin 8.8%

Cash Receipts

\$28.7m



52% on PCP

Earnings per share

0.23c



+10% PCP

Delivering Future Growth

Measured Investment to Deliver Future Growth

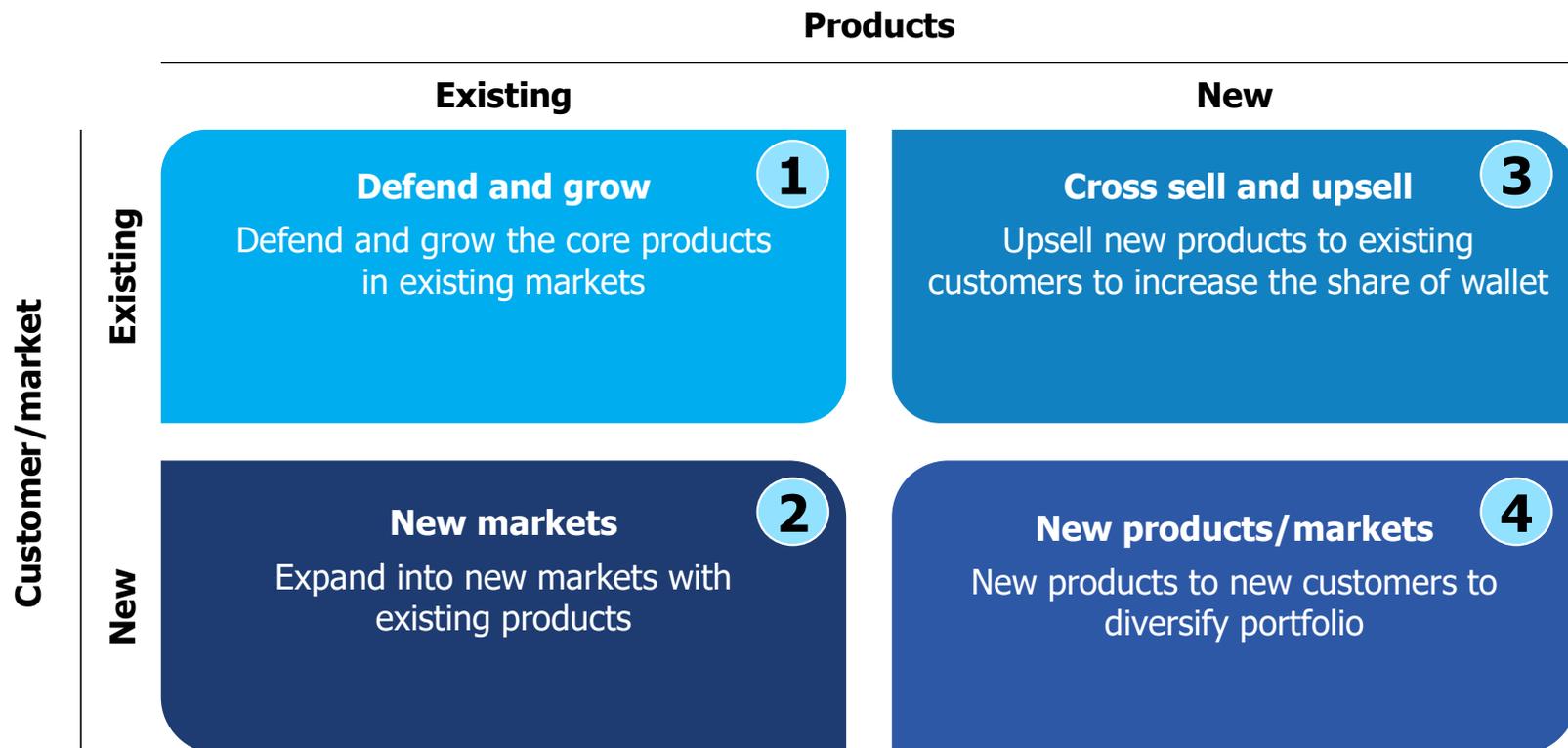
Initiatives to enhance growth and increase partner and customer satisfaction



DSE will balance investment to ensure we maintain 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



Quad 1: Defend and Grow Core Products in Existing Markets

Creating value and customer loyalty in our core business



Sustained product leadership

Through fast-evolving features/capabilities, platform scaling and security hardening



Integrations into MSP workflows and distributor platforms

More integration ecosystem players with native reporting and insights



Partner Success at scale

Hybrid high-touch and automated Customer Success coverage with best-in-class technical support

Increase ARR and NRR whilst sustaining Gross Margins

Quad 2: New Markets with Existing Products

Expand and acquire customers with existing products by adding features or re-packaging



Double down on archiving and compliance

New regulatory requirements emerging creating opportunities for Archiving & Backup in new verticals



US GovCloud, education, and non-profit

Increase in demand from government, educational institutions, and non-profit organizations with unique requirements



Enable mid-market customers

Through Bring-Your-Own-Storage (BYOS), enhanced security capabilities, and scalable user experience

Increasing our SAM by leveraging our core products

Quad 3: Cross/Up sell New Products to Existing Customers

Expanding our TAM through new product offerings



Broader data protection solutions

Expand platform to solve for emerging data protection challenges



Pursue high conviction bolt-on acquisitions

Target high quality companies with complementary data protection products



Increase partner "share of wallet"

Programmatic sales and marketing motions to support expanding product portfolio

Increase ARR, drive ARPU and sustain Gross Margins

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

Financial Summary – FY 2023

A\$ Million	2023	2022	2021	PCP (%)	
Revenue from operating activities	30.63	20.69	11.69	48%	Stable ARPU and growing user numbers delivered topline growth
Interest income	0.71	0.26	0.00	175%	
Gross margin %	68%	66%	64%	2%	
Operating expenses	(19.82)	(12.36)	(7.54)	60%	Improvement driven by combination of topline growth and focus on cost.
Net Profit/(loss) from ordinary activities	1.58	1.45	(0.03)	9%	
EBITDA	1.11	1.25	0.003	(12%)	
Share based payments expense	(1.62)	(0.87)	(0.17)	87%	Third year of positive cash generation. Dropsuite will continue to balance investment to maintain positive cashflow
Underlying EBITDA*	2.72	2.11	0.17	29%	
Cash Receipts	28.65	18.80	10.96	52%	
Net cash generated from operations	2.27	0.93	0.26	145%	
Cash on hand	24.30	22.34	21.60	9%	

*Underlying EBITDA: Earnings before interest, tax, depreciation, amortisation and share based payments expenses

FY 2023 Consolidated statement of cash flows

A\$ Million	FY 2023	FY 2022	Change (%)
Receipts from customers	28.65	18.80	52%
Cloud hosting	(10.33)	(7.67)	35%
Advertising & marketing	(1.33)	(1.12)	19%
Staff costs	(12.84)	(7.81)	65%
Administration & corporate costs	(2.57)	(1.51)*	71%
Total payments	(27.08)	(18.10)	50%
Interest received	0.69	0.23	200%
Net cash generated/(used) from operations	2.27	0.93	145%
Cash flow from investing activities (PPE)	(0.14)	(0.08)	75%
Cashflow from financing activities (all)	-	-	-
Effect of movement in exchange rates on cash held	(0.18)	(0.12)	54%
Net increase/(decrease) in cash for the period	1.95	0.73	167%
Cash on hand	24.29	22.34	9%

FY 2023 Consolidated statement of financial position

A\$ million	FY 2023	FY 2022
Cash and cash equivalents	24.29	22.34
Trade and Other Receivables	5.85	4.06
Other assets	0.65	0.38
Non-current assets	0.36	0.14
Total assets	31.16	26.92
Current Liabilities	3.71	2.64
Non-current liabilities	0.06	0.05
Total Liabilities	3.77	2.69
Net Assets	27.39	24.23
Issued capital	43.42	43.42
Reserves	2.56	0.99
Accumulated losses	(18.59)	(20.17)
Total Equity	27.39	24.23

Exceptional user experience

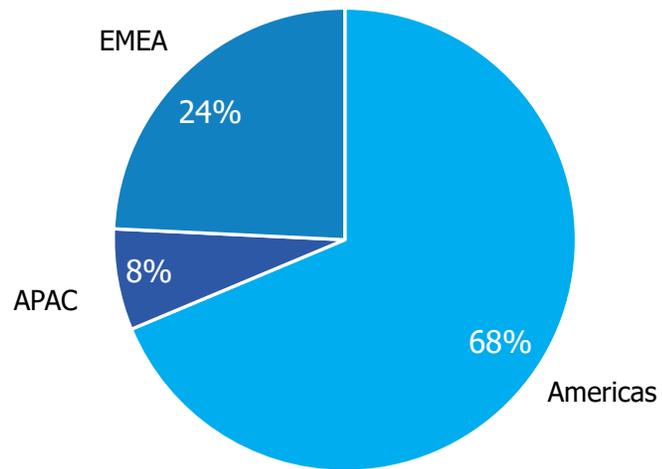
Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



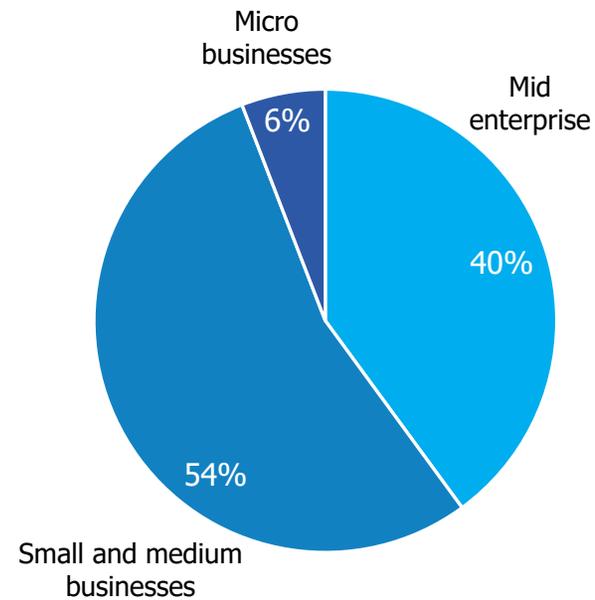
*GovCloud Solution - allows US government agencies and other regulated industries to easily backup and restore sensitive and classified data in the cloud while maintaining heightened security requirements. Dropsuite's M365 backup and archiving solutions can now be stored in Amazon Web Services (AWS)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

Revenue by Geography and by Customer Segment

Revenue by Geography



Revenue by Customer Segment



Customer Segment breakdown:

- Micro = 1-5 users
- Small & Medium = 6-200 users
- Mid-Enterprise = >200 users

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

NRR: Net Revenue Retention is defined as percentage of revenue retained from existing partners over a 12 month period

QoQ: Prior Quarter Comparative Period

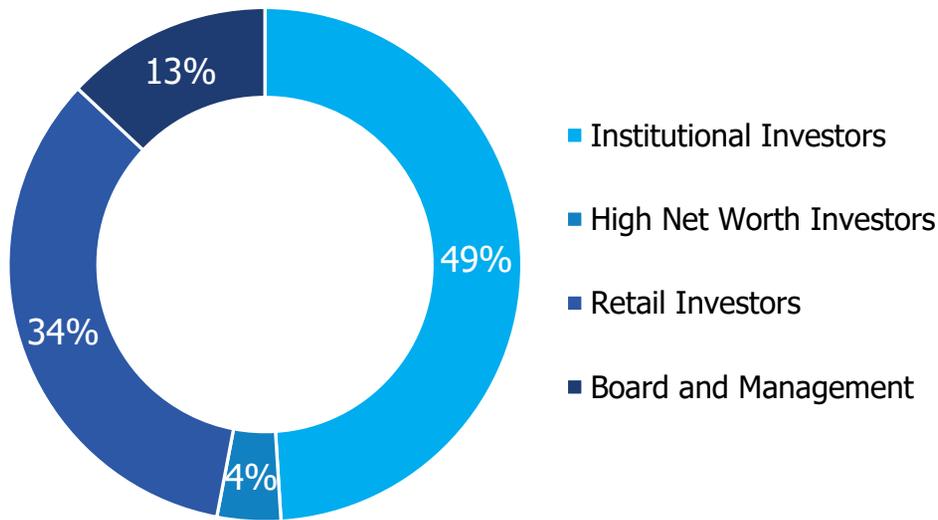
PCP: Prior Corresponding Period in Constant Currency % growth

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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