



Strong user growth delivers record revenue and operating cashflow

28 August 2024: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) is pleased to release the Company’s results for the 6 months ended 30 June 2024 (1H FY24).

Highlights

- > Total revenue for the half of \$18.9m up 34% on previous corresponding period (pcp)
- > Annual Recurring Revenue (ARR¹) of \$39.9m, a 31% increase on a constant currency basis
- > Operating expenses grew through the period reflecting the Company’s stated investment in research and development as well as go-to-market functions in FY24 aimed at driving future growth
- > Cash from operating activities of \$0.9m, the fourth consecutive half of positive cashflow
- > Product gross margin of 69%, steady with prior periods
- > Positive EBITDA² of \$0.77m

Summary of Results (A\$000’s)	1H FY24	1H FY23	% Change
Gross Revenue	18,904	14,079	34%
Gross Profit	13,055	9,721	34%
Operating Expenses	12,148	8,432	44%
EBITDA (exc share based payments expense)	774	1,072	(28%)
Net Profit after tax	273	836	(67%)
Cash generated from Operating Activities	931	616	51%
Cash and cash equivalents	25,127	22,958	9%

CEO Charif El Ansari stated: “Our first-half fiscal year 2024 results underscore our team's continued success in driving scalable and sustainable growth. We delivered strong performance across key financial and operational indicators. With a robust balance sheet, benefiting from positive market tailwinds, and ongoing investments in research and development as well as sales and marketing, we are confident in maintaining our positive trajectory throughout fiscal year 2024.”

Financial Commentary

Revenue in 1H-24 increased 34.3% to \$18.9 million (1H-23: \$14.1m) driven by an increase in user numbers and a slight uplift in ARPU. The Company’s ARR at 30 June 2024 was \$39.9m, a 31% increase on a constant currency basis vs 1H-23.

Gross profit increased by 34.3% to \$13.1 million (1H-23: \$9.7 million).

Operating expenses increased throughout the period reflecting the Company’s stated strategy of investment in research and development as well as go-to-market functions in FY24 aimed at driving future growth. Operating expenses, which consist of employee benefits, IT expenses, sales and

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

2. EBITDA (exc share based payments) is defined as Earnings before Interest, Tax, Depreciation & Amortisation and Share based payments expense

marketing expenses and administrative and other operating expenses increased by approximately 44.1% to \$12.1 million (1H-23: \$8.4 million). The primary component of the lift in operating expenses was a \$2.1 million increase in employee costs reflecting the increase in headcount from 98 to 134 at 30 June 2024.

Operating cashflow for the period grew to \$0.93m, an increase of 51% on prior period.

The company had no debt and \$25.1m in available cash at 30 June 2024.

Operational Performance

	1H FY24	1H FY23	% Change
Annual Recurring Revenue (\$m) – AUD	39.9	30.4	31%
Paid Users (m)	1.35	1.08	25%
Direct Transacting Partners (000's)	0.7	0.6	28%
Indirect Transacting Partners (000's)	4.1	3.1	30%
Monthly ARPU (\$) - AUD	2.47	2.35	5%

Outlook

Dropsuite is well positioned to deliver strong annual recurring revenue growth driven by our persistent industry tailwinds, significant partner base and a growing pipeline of new partners and new products. The Company remains focused on:

- Delivering ARR growth via its existing partner ecosystem, strong sales pipeline and expanded product line.
- Incremental investment in Research & Development and Go-To-Market functions in 2H-2024 to sustain growth momentum.
- Maintaining positive cashflow and profitability performance.
- Driving product innovation to maintain our leading position as the partner's 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