



Investor Presentation

1H 2024 Update

August 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



134
employees



>100
countries



~1.35M
paid users



>700
direct partners



~\$40M
ARR

What we believe to be true

1 | Right team

134 team members

11 countries across North America, Europe and APAC

60%

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

>700

IT reseller partners globally⁴

>4,500⁴

MSP providers transacting via IT distributors

Scalable

Marginal cost to serve growing revenue and users

Key business metrics delivered in 1H 24

ARR

\$39.9m



31% on PCP

Gross Margin

69%



Stable PCP

Operating Cashflow

\$0.93m



51% on PCP

ARPU

\$2.47



5% on PCP

Paid Users

1.35m



25% on PCP

Cash Receipts

\$18.3m



43% on PCP

1H 24 Commentary

- A\$5.6m of incremental ARR added (+US\$3.5m)
- Record paid user adds of 184k
- Churn returned to <3% level
- Strengthened Cash Receipts
- 4th half of positive operating cashflow
- Strong balance sheet with \$25.1m in cash and no debt

Financial Summary – 1H 2024

A\$ Million	1H FY24	1H FY23	PCP (%)
Revenue from operating activities	18,904	14,079	34%
Interest income	418	303	38%
Gross Profit	13,055	9,721	34%
Operating expenses	12,148	8,432	44%
Net Profit/(loss) from ordinary activities	273	836	(67%)
EBITDA	7	577	(99%)
Share based payments expense	767	495	55%
Underlying EBITDA*	774	1,072	(28%)
Cash Receipts	18,271	12,782	43%
Net cash generated from operations	931	616	51%
Cash on hand	25,127	24,289	3%

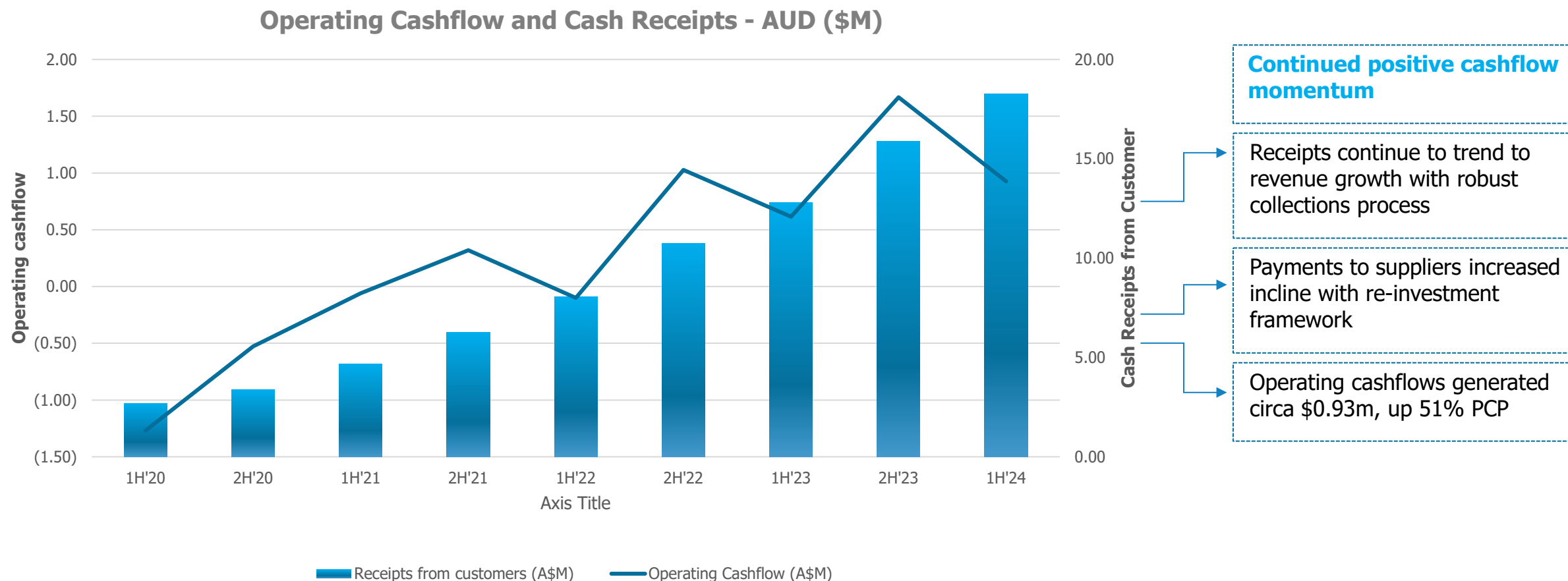
Driven by partner and seat growth in 1H

Increased reflects higher staff costs and DSE's stated strategy to invest into R&D and Go-to-Market programs in FY24

Inline with management expectations for 1H

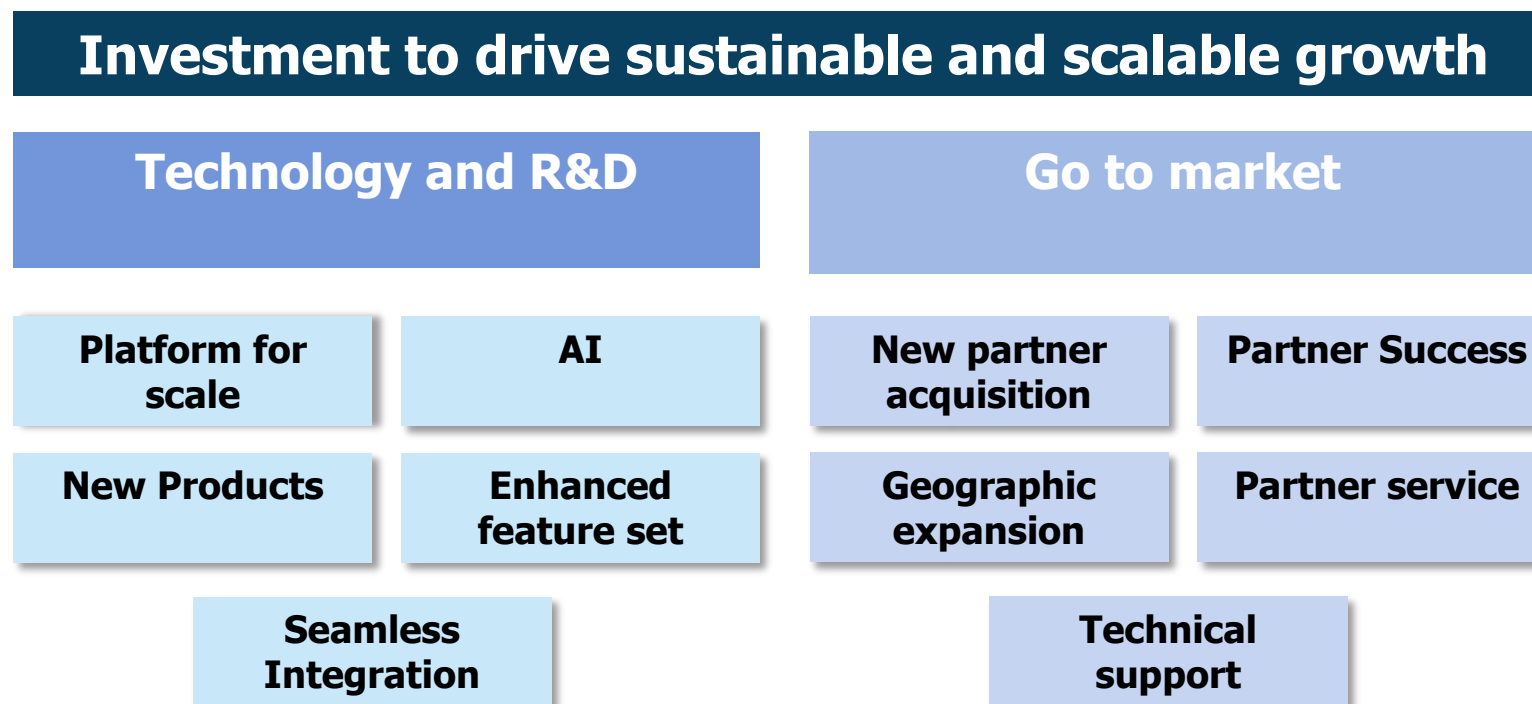
*Underlying EBITDA: Earnings before interest, tax, depreciation, amortisation and share based payments expenses

Positive cashflow generation



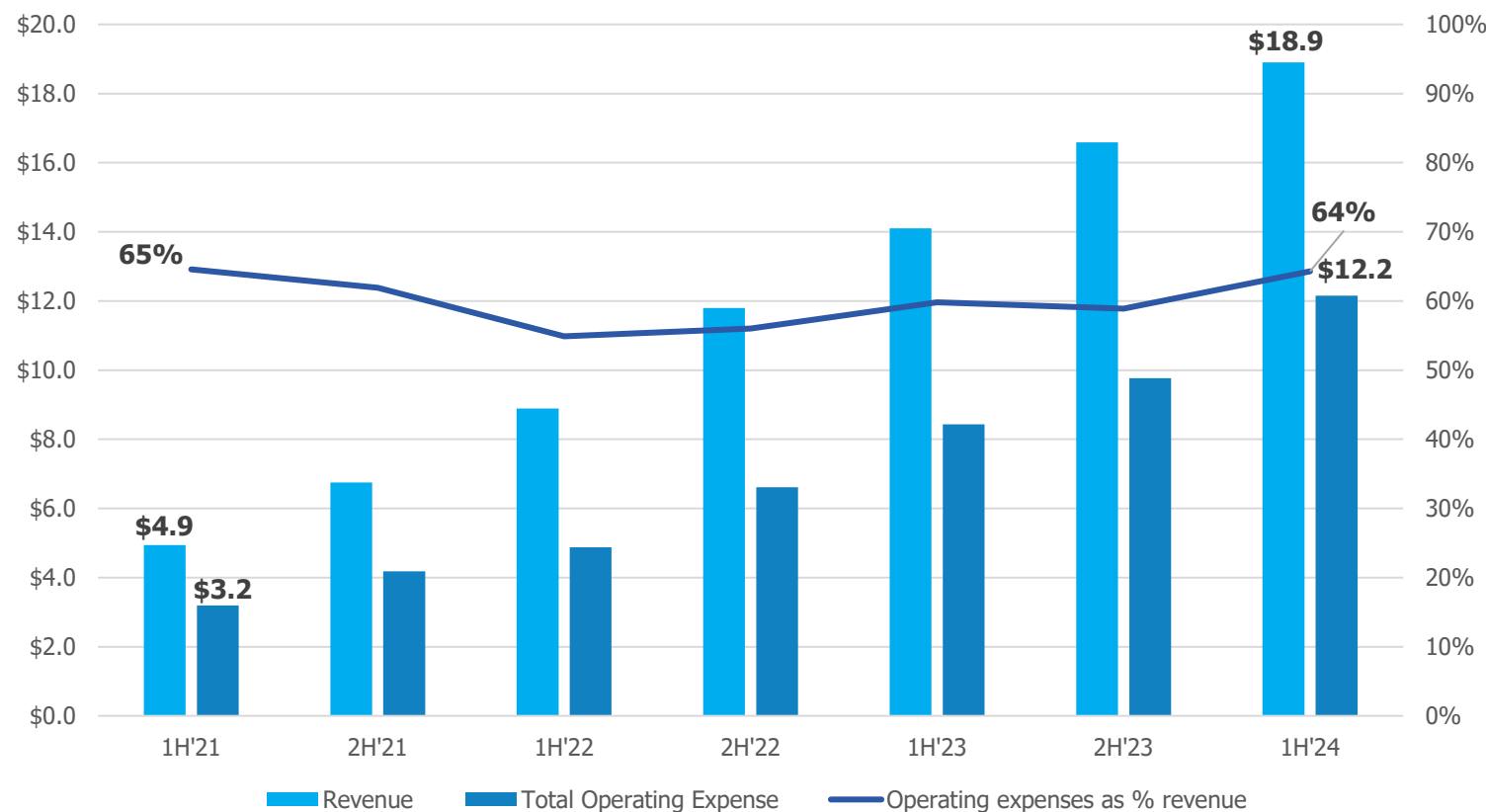
Investing to deliver future growth

Multiple initiatives to enhance growth and increase partner and customer satisfaction



Balanced investment with positive cashflow and profitability broadly in line with FY23 levels

A balanced approach to investing in growth



Operating Expenses

- DSE has managed operating expenses whilst increasing revenue
- Operating expenses in 1H-24 included:
 - Increase wages as staff grew from 98 to 134;
 - Investment in Technology R&D to drive product development; and
 - Go to market Functions including marketing and business development initiatives
- DSE will continue to investment in research and development as well as go-to-market functions across FY24 to drive future growth.

Outlook



Strong market tailwinds from cyber security and regulation



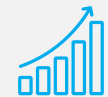
Market leading position in Microsoft 365 backup



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

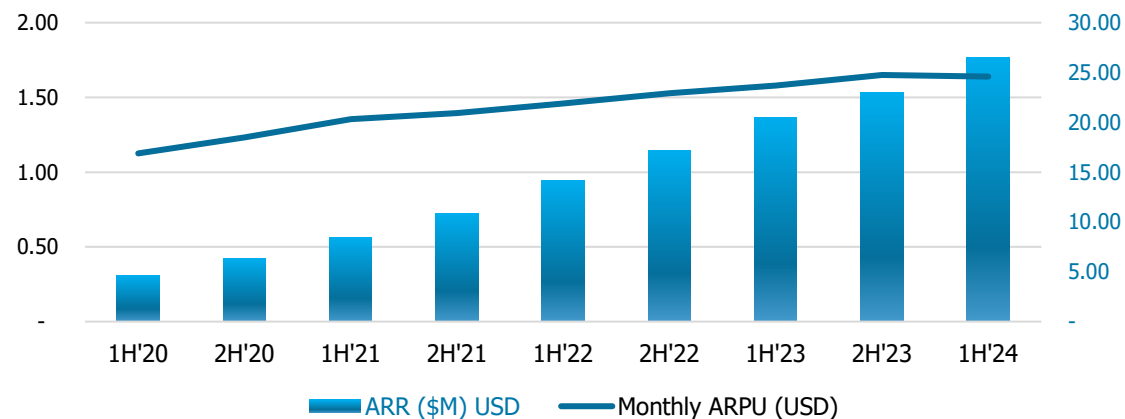


FY24 guidance for positive EBITDA and Operating Cash Flow

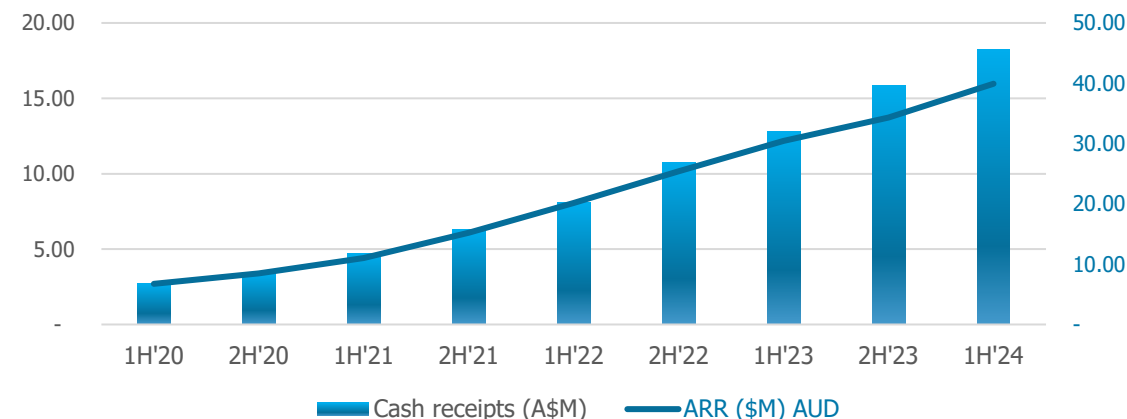
Appendix

Positive growth momentum

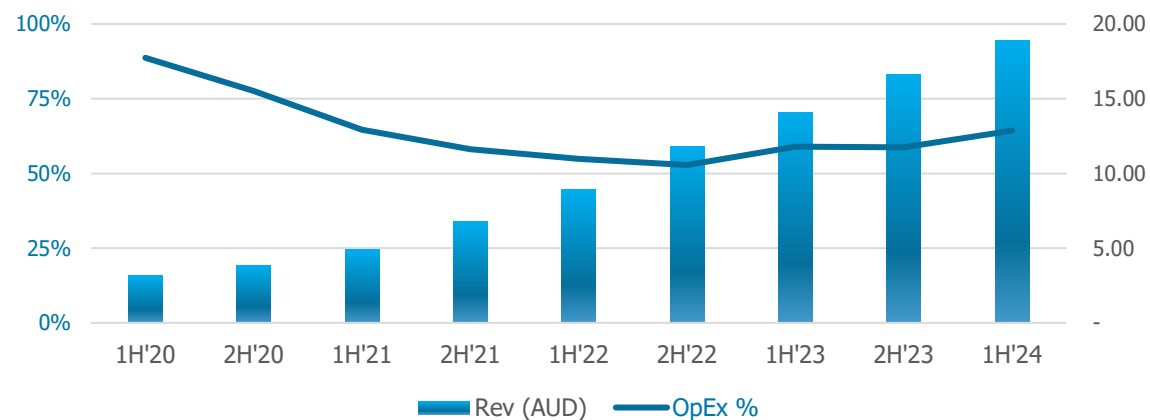
ARR and Monthly ARPU - USD (\$M)



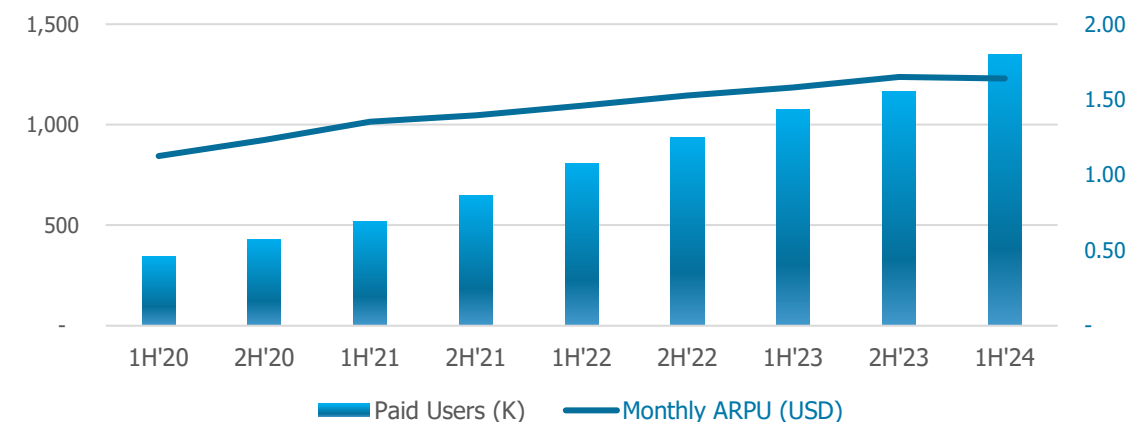
Cash Receipts and ARR growth - AUD (\$M)



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

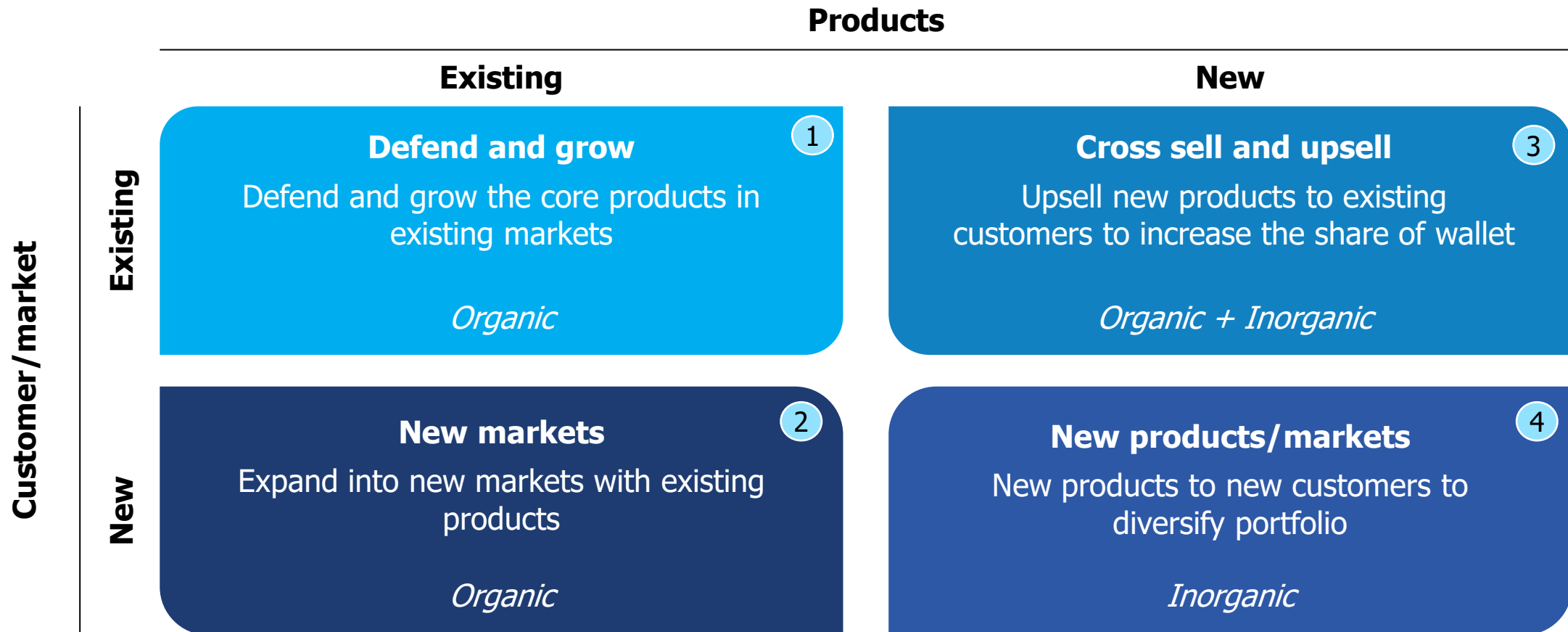


Paid Users and ARPU (USD) growth



Our capital allocation and growth framework

To deliver growth rates that exceed industry growth for data protection and managed services



Italics = growth framework

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

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.

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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

PCP: Prior Corresponding Period

QBO: QuickBooks Online

QoQ: Prior Quarter Comparative Period

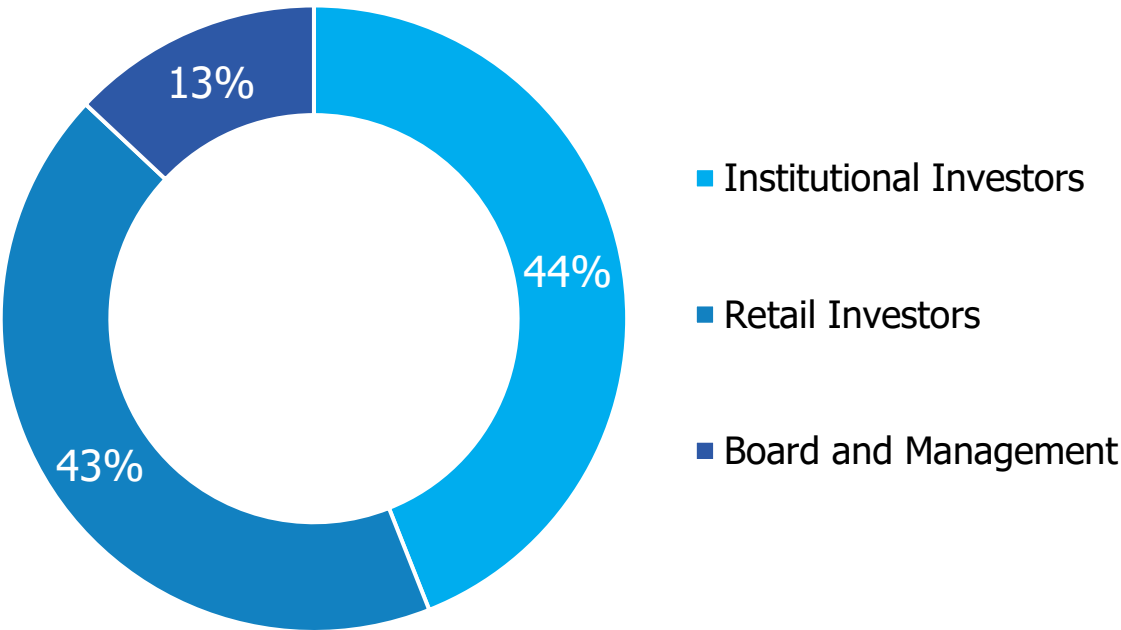
SAM: Serviceable Addressable Market

SME: Small to Medium enterprise

Corporate overview

Share registry breakdown

As at 30 June 2024



Financial Information

Share price as August 23, 2024	\$3.42
Ordinary Share on Issue (M)	69.8
52-week trading (low/high)	1.70/3.85
Market Cap (\$)	\$239M
Cash (June 30, 2024)	\$25.1M
Debt (June 30, 2024)	nil

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