



Investor Presentation

Q3 2024 Update

October 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



~135
employees



>100
countries



~1.5M
paid users



>750
direct partners



~\$43M
ARR

What We Believe to be True

1 | Right team

~135 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

>750

IT reseller partners globally⁴

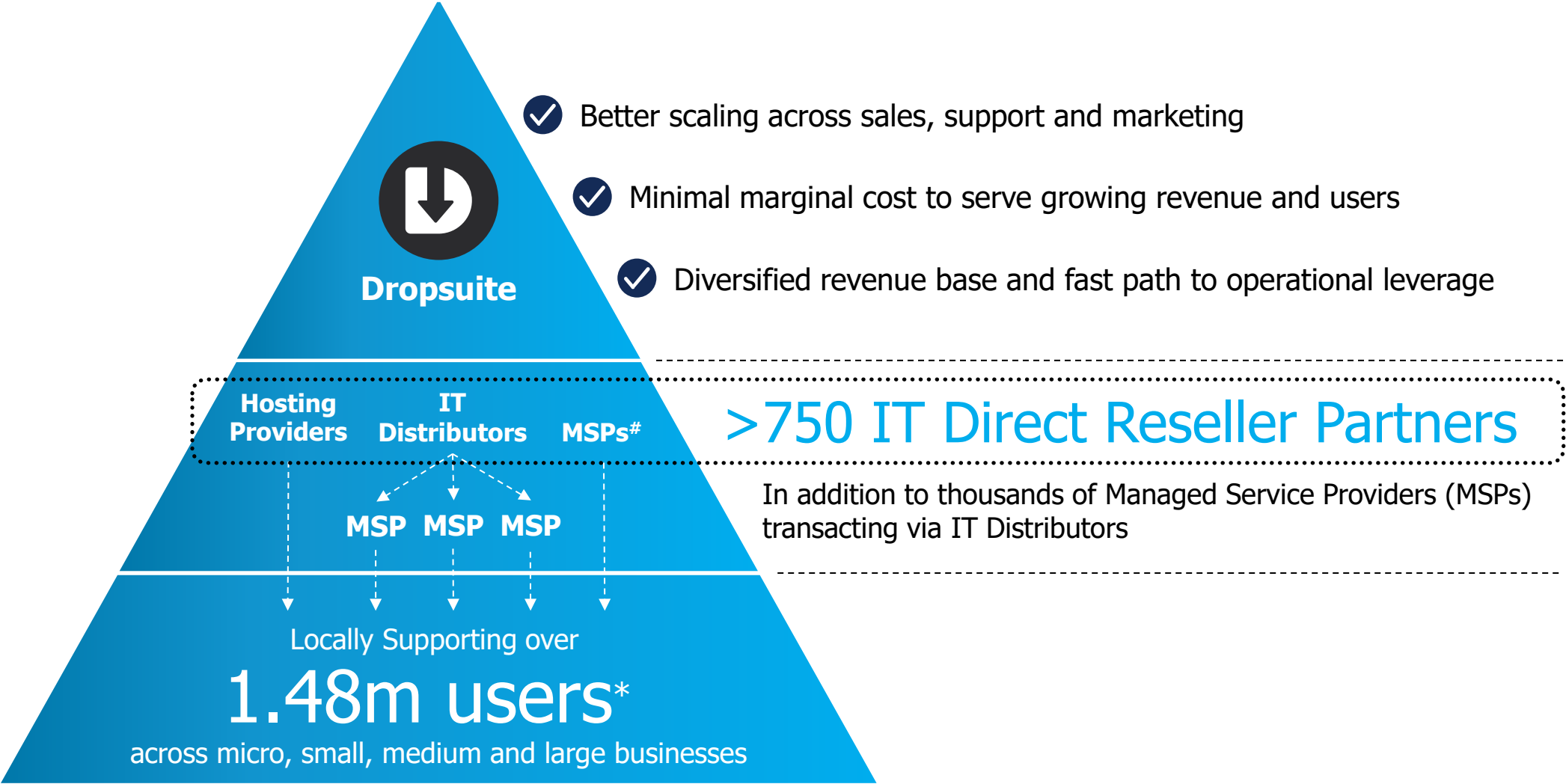
>5,000⁴

MSP providers transacting via IT distributors

Scalable

Marginal cost to serve growing revenue and users

Benefits of a Partner-led Business Model

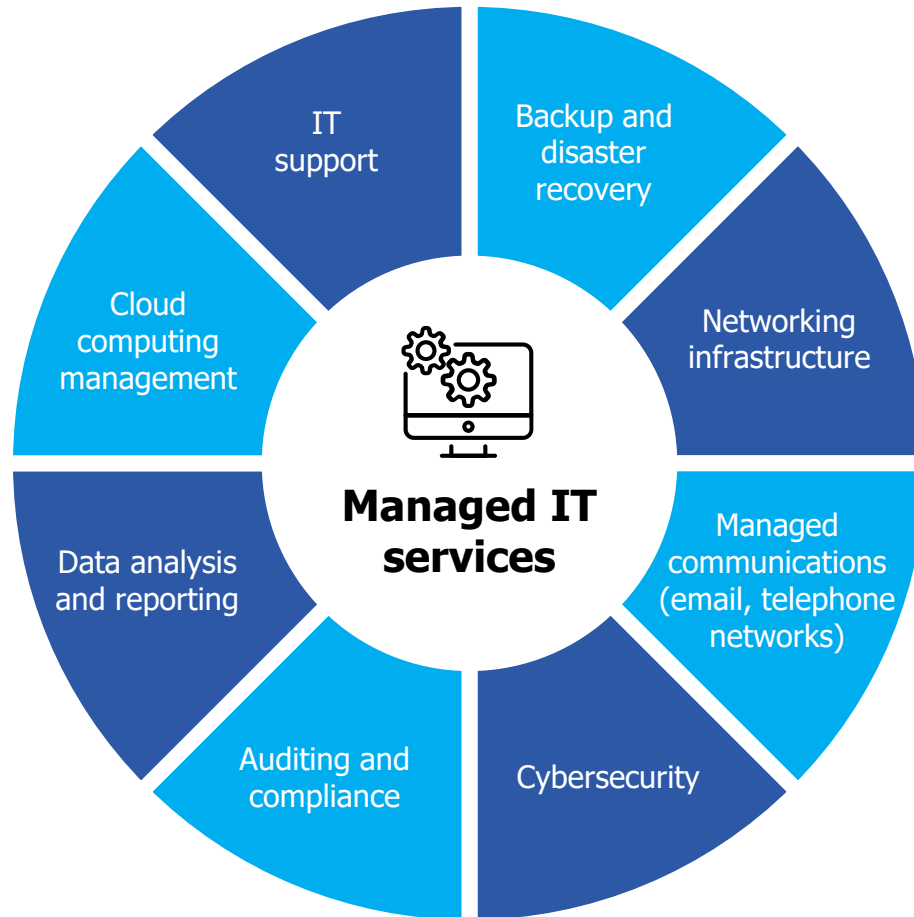


MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)

* # of MSPs: As at 30 September 2024

The Managed Service Provider (MSP). Our Customer

MSPs are outsourced IT providers servicing small to medium businesses with limited IT function



MSPs by the numbers



- 73% of MSPs have less than 100 clients
- 71% of MSP clients have 20 to 200 employees
- 95%+ of MSPs have total revenues <\$5M annually
- 132K+ MSPs globally \$757B market by 2030 with a 12.6% CAGR

Profile of an MSP



- Value ease of use, quality, automation, and security
- Security offerings are the #1 driver of MSP growth
- Challenged with hiring, training, and operationalising
- Challenged with supporting multiple clients, risk assessments, governance, and data loss prevention

Key Drivers for Record Seat Growth and Profitable ARR



Net Revenue Retention

Strong NRR from existing partners sustained by continued investment in core products and industry leading Customer Success and Technical Support



New Partners Growth

Strong growth in new transacting partners driven by contributions from both direct and distribution partners



PartnerServ Go to Market Motion

Paid migration service from other backup vendors drove material paid seat additions for DSE in Q3



Bring Your Own Storage (BYOS)

Expansion of OEM offering BYOS model is starting to contribute with more upside expected

Q3 2024 Results

(July to September)

Key Business Metrics Delivered in Q3 FY24

ARR

\$42.6m



9%* on QoQ
34%* on PCP

Gross Margin

69%



Stable QoQ and
PCP

Operating Cashflow

\$0.78m



46% on QoQ
(44%) on PCP

ARPU

\$2.39



(1%)* on QoQ
1% on PCP

Paid Users

1.48m



10% on QoQ
34% on PCP

Cash Receipts

\$9.68m



4% on QoQ
20% on PCP

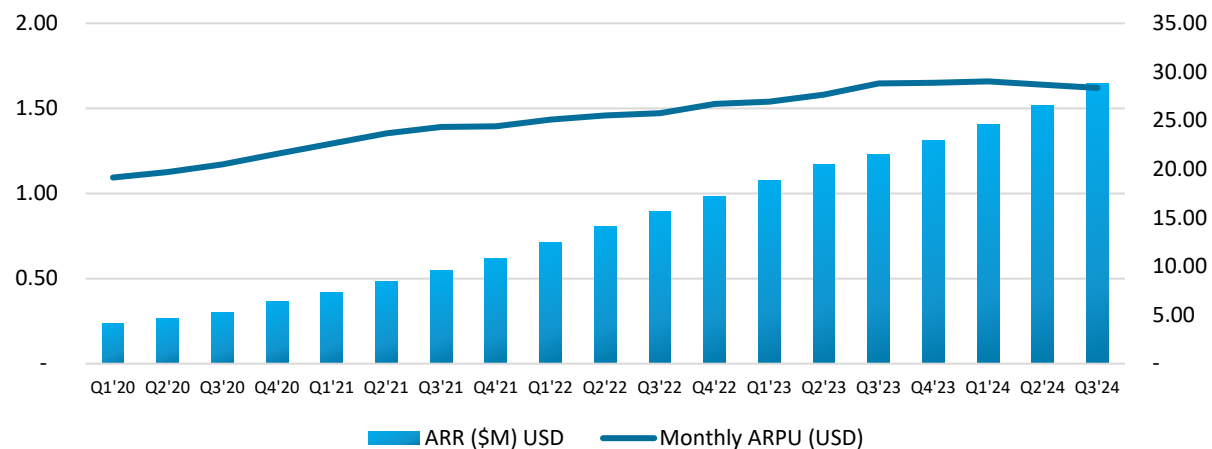
Commentary

- Record US\$2.3m of incremental ARR added
- +135K user adds in Q3
- +319K user adds YTD
- Churn stable below 3% level

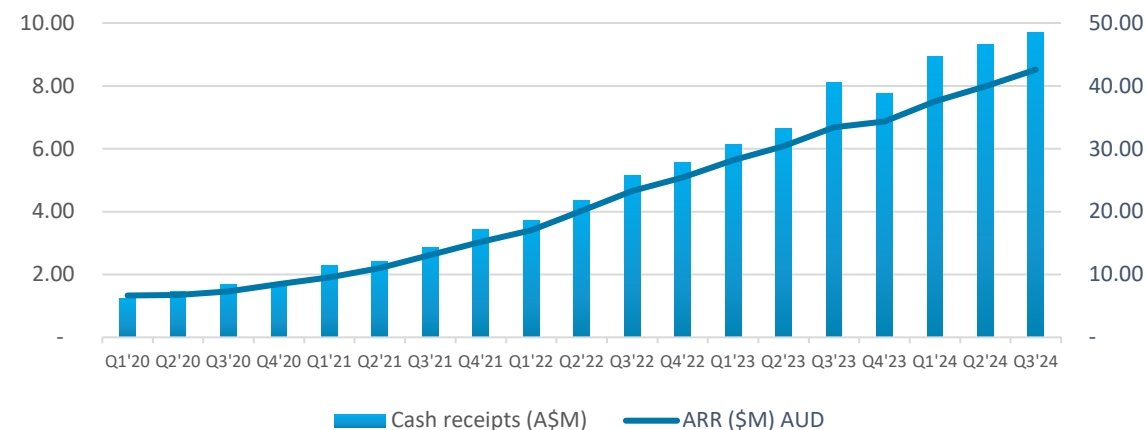
* On a constant currency basis

Positive Growth Momentum

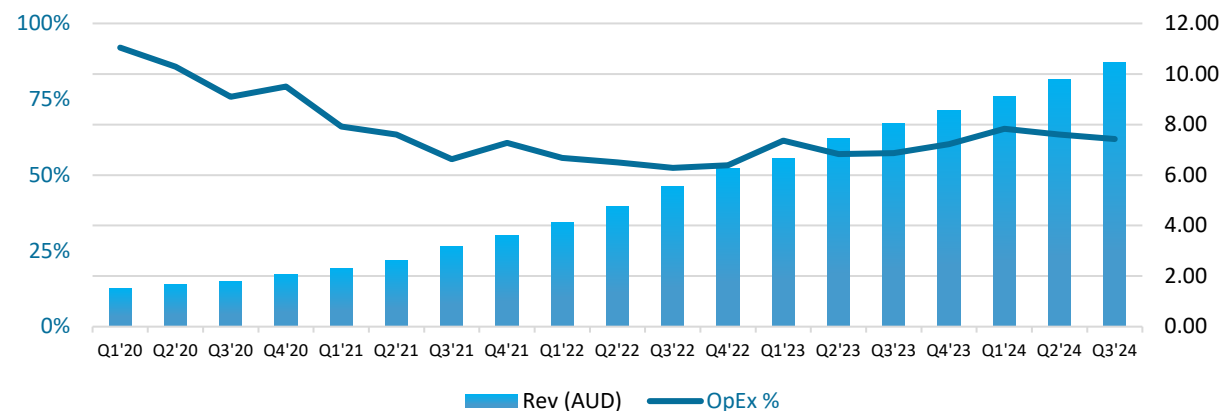
ARR and Monthly ARPU - USD (\$M)



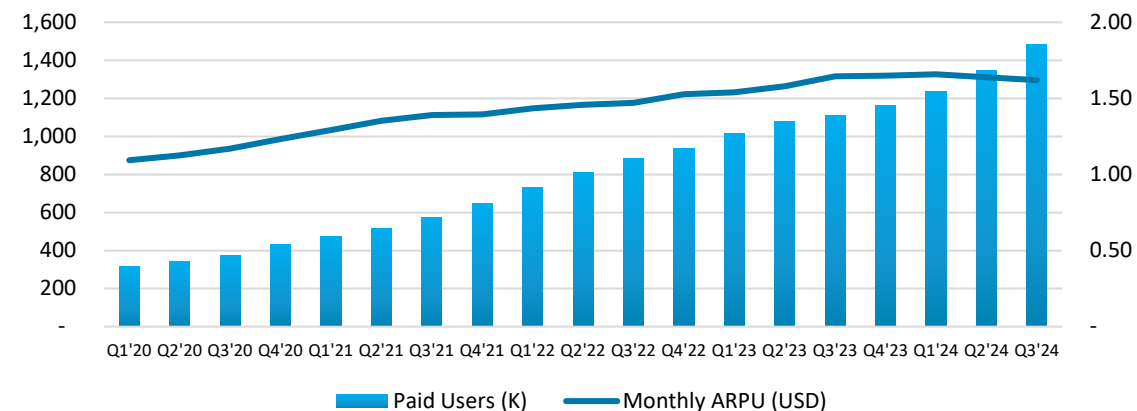
Cash Receipts and ARR growth - AUD (\$M)



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



Paid Users and ARPU (USD) growth



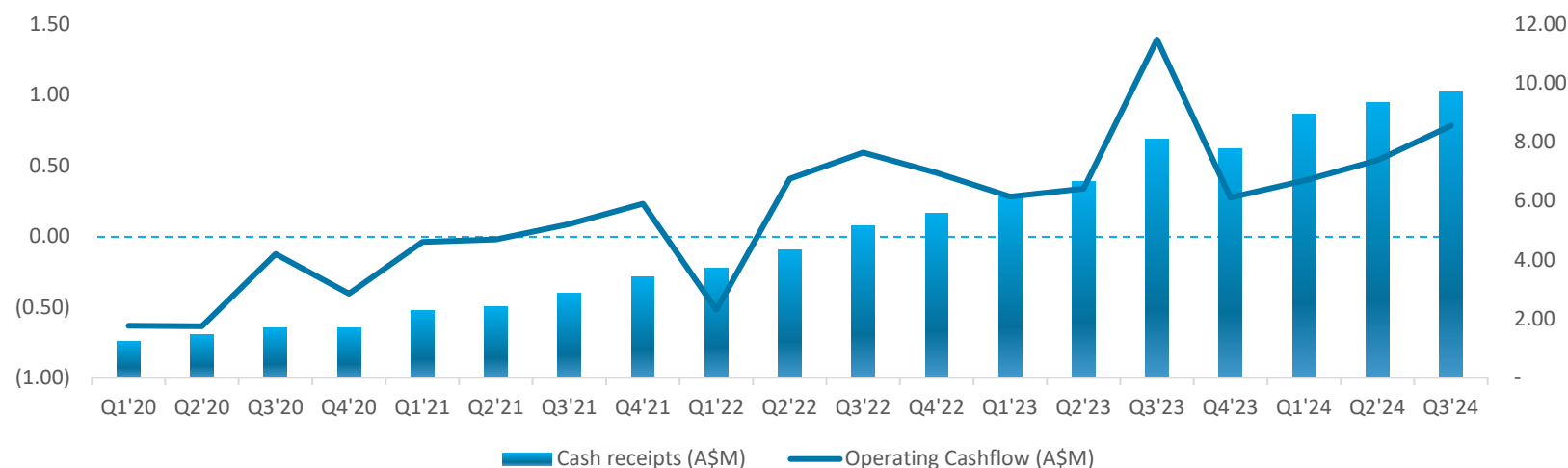
Positive Cashflow Generation

A\$ Million (normalised) ¹	Sep 24	Jun 24	Sep 23	QoQ (%)	PCP (%)
Receipts from customers	9.68	9.33	8.10	4%	20%
Payments to suppliers	(9.15)	(8.99)	(6.89)	2%	33%
Interest received	0.24	0.20	0.18	22%	39%
Net cash generated from operations	0.78	0.54	1.39	46%	(44%)
Cash on hand	25.48	25.13	24.56	1%	4%

Cashflow momentum continues

- Receipts growth consistent with prior quarters
- Payments to suppliers increased within expectations
- Operating cashflows generated circa \$0.78m

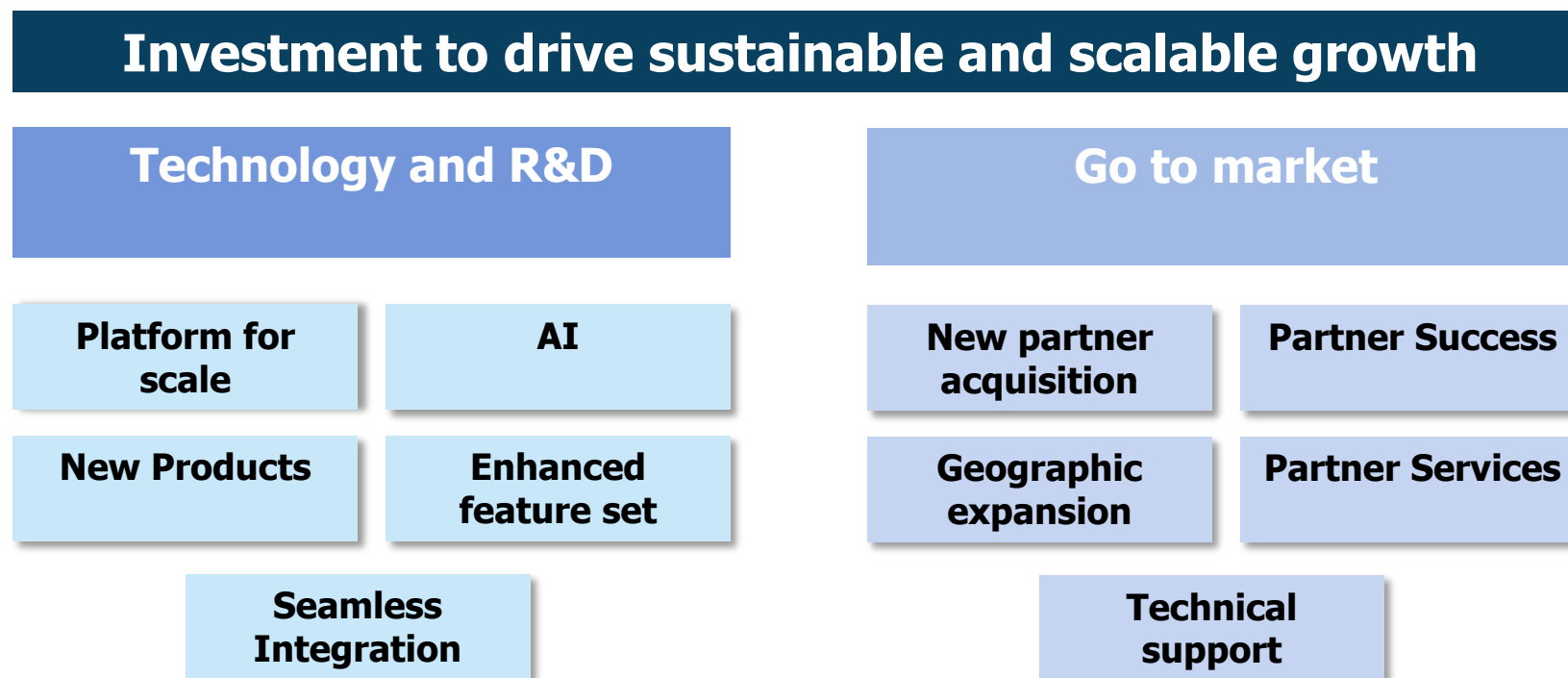
Operating Cashflow and Cash Receipts - AUD (\$M)



Delivering Future Growth

Investing to Deliver Future Growth

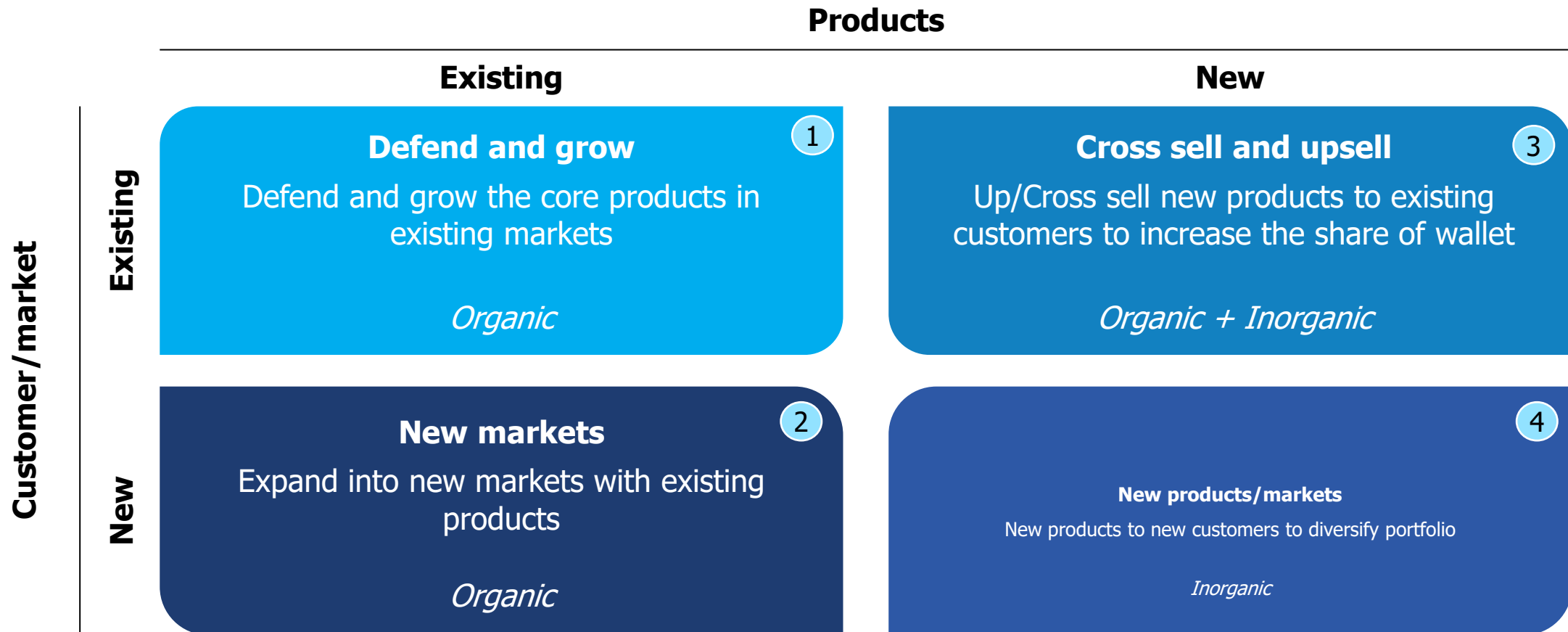
Multiple initiatives to enhance growth and increase partner and customer satisfaction



Balanced investment whilst maintaining FY24 guidance for positive cashflow and profitability

Our Capital Allocation and Growth Framework

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



Italics = growth framework

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

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”

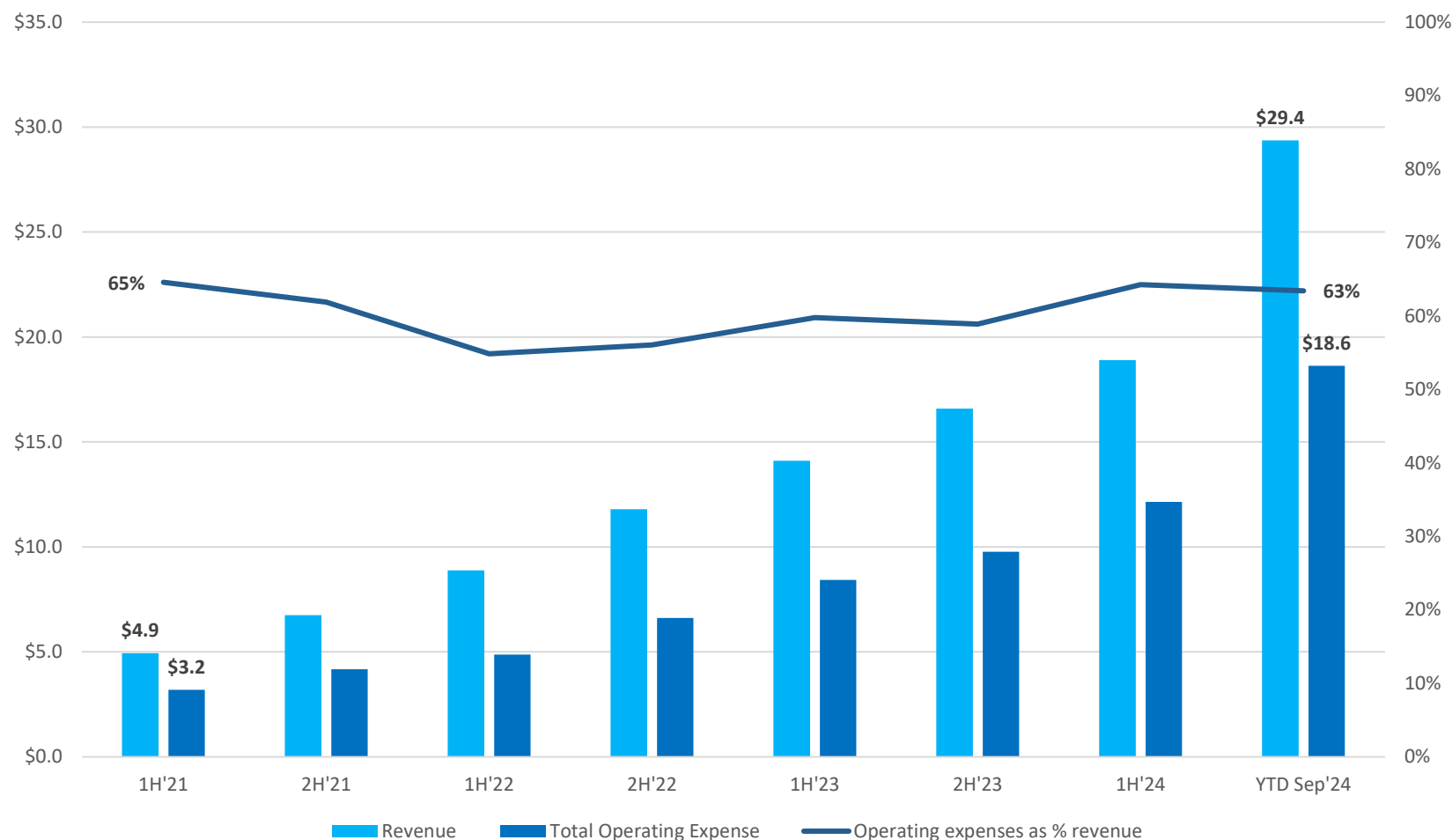
Programmatic sales and marketing motions to support expanding product portfolio

Increase ARR, drive ARPU and sustain Gross Margins

Consolidated Statement of Cash Flows

A\$ million	Sep 24	Jun 24	Sep 23	QoQ (%)	PCP (%)
Receipts from customers	9.68	9.33	8.10	4%	20%
Cloud Hosting	(3.19)	(2.93)	(2.84)	9%	12%
Advertising & marketing	(0.25)	(0.57)	(0.29)	(55%)	(12%)
Staff costs	(4.14)	(4.06)	(3.10)	2%	33%
Administration & corporate costs	(1.57)	(1.43)	(0.65)	9%	140%
Total Payments	(9.15)	(8.99)	(6.89)	2%	33%
Interest received	0.24	0.20	0.18	22%	39%
Net Cash Generated/(Used) from Operations	0.78	0.54	1.39	46%	(44%)
Cash flow from investing activities (PPE)	(0.04)	(0.06)	(0.05)	(33%)	(19%)
Cashflow from financing activities (all)	-	-	-	-	-
Effect of movement in exchange rates on cash held	(0.40)	(0.29)	0.26	26%	(254%)
Net increase/(decrease) in cash for the period	0.35	0.19	1.60	112%	(78%)
Cash on hand	25.48	25.13	24.56	1%	4%

A Balanced Approach to Investing in Growth



Operating Expenses

- DSE has managed operating expenses whilst increasing revenue
- Operating expenses in YTD'24 included:
 - Increase wages as staff grew from 98 to ~135;
 - Investment in Technology R&D to drive product development; and
 - Go to market Functions including marketing and business development initiatives
- DSE will continue to invest in research and development as well as go-to-market functions across the remainder of FY24 to drive future growth.

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



Deepika Garg

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



*Entra ID - new backup product targeted at Entra ID (formerly Azure Active Directory), which is Microsoft's cloud-based identity and access management solution providing authentication and authorization to a wide range of Microsoft products.

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

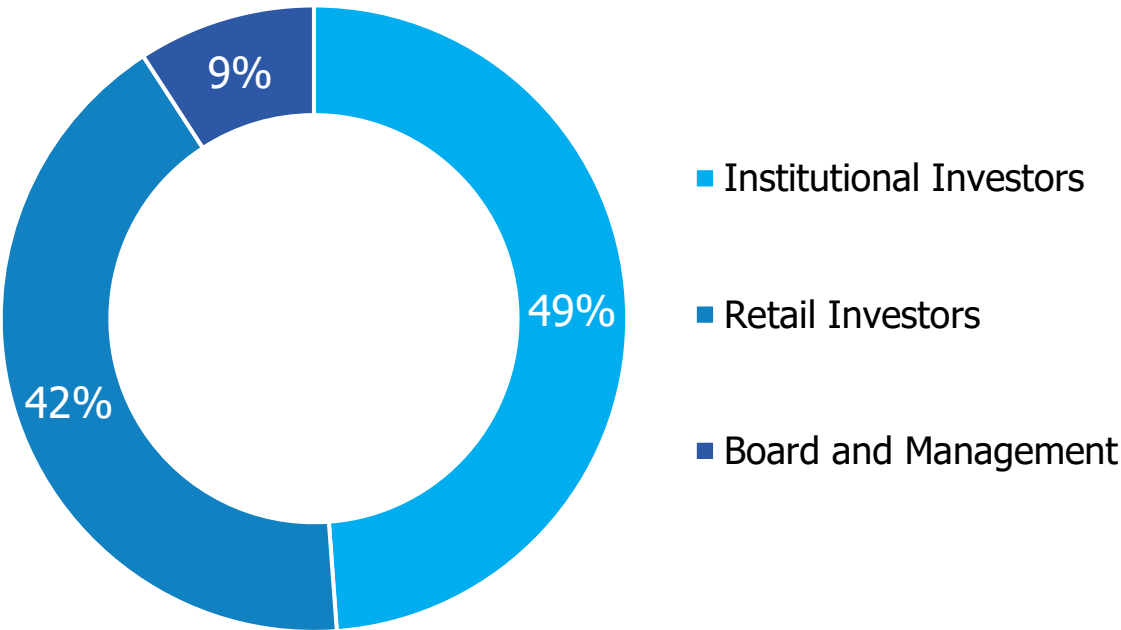
SAM: Serviceable Addressable Market

SME: Small to Medium enterprise

Corporate Overview

Share registry breakdown

As at 30 September 2024



Financial Information

Share price as September 30, 2024	\$3.40
Ordinary Share on Issue (M)	70.3
52-week trading (low/high)	2.20/3.63
Market Cap (\$)	\$239M
Cash (Sept 30, 2024)	\$25.48M
Debt (Sept 30, 2024)	nil

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