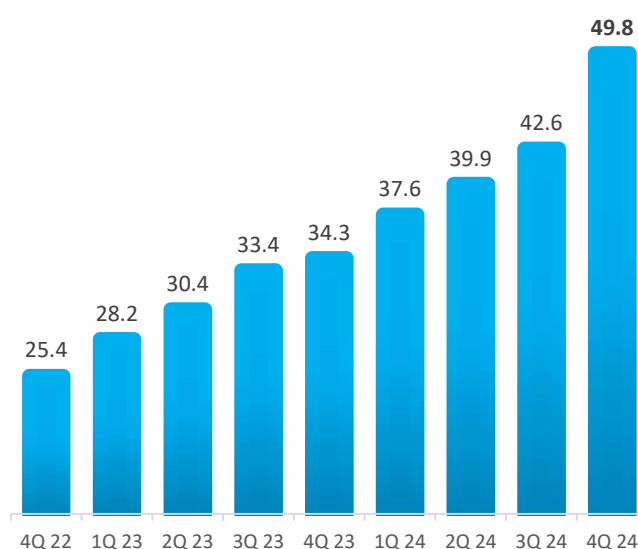# Dropsuite

## Record Quarter Demonstrates Power of Partner Ecosystem

**28 January 2025: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) ("Dropsuite" or the "Company")** is pleased to provide an overview of the Company's financial and operating performance for the quarter ending 31 December 2024.

## Highlights

> Annual Recurring Revenue (ARR[1]) of $49.8m, up 37% on the Previous Corresponding Period (PCP) on a constant currency basis

> Record seat adds of 165k, growing total paid user count to 1.65 million, +42% on PCP

> FY24 seat adds in excess of 480k

> Monthly ARPU of $2.52

> Product gross margin of 70%

> Churn remains below 3% level

> Normalised Q4 FY24 operating cashflow of $0.32m

> Remains well funded with $28.6m in cash at 31 December 2024 and no debt

**ARR ($M)**



| | 4Q 22 | 1Q 23 | 2Q 23 | 3Q 23 | 4Q 23 | 1Q 24 | 2Q 24 | 3Q 24 | 4Q 24 |
|---|---|---|---|---|---|---|---|---|---|
| | 25.4 | 28.2 | 30.4 | 33.4 | 34.3 | 37.6 | 39.9 | 42.6 | 49.8 |

**CEO Charif El Ansari stated:**

"With escalating global cyber threats, stricter data regulations and a growing position in the Managed Service Provider (MSP) channel, Dropsuite achieved another quarter of record growth in Q4 2024. Our paid user base expanded 42% year-over-year, validating our strategic focus on product and channel expansion. Our continued growth stems from our dual commitment of delivering innovative data protection solutions while maintaining industry-leading customer support standards. Looking ahead, we will continue to strategically invest in product development and market expansion initiatives to sustain our momentum and enhance long-term shareholder value."

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

**Financial Overview**

| ARR & ARPU | Dec 24 | Sep 24 | Dec 23 | QoQ (%) | PCP (%) |
|---|---|---|---|---|---|
| ARR ($m) - AUD | 49.82 | 42.59 | 34.32 | 17% | 45% |
| *ARR ($m) - USD* | 31.52 | 28.83 | 23.00 | 9% | 37% |
| Monthly ARPU ($m) - AUD | 2.52 | 2.39 | 2.46 | 5% | 3% |
| *Monthly ARPU ($m) - USD* | 1.59 | 1.62 | 1.65 | (2%) | (3%) |
| *FX AUD:USD* | 0.63 | 0.68 | 0.67 | (7%) | (6%) |

| Cash Summary ($m)* | Dec 24 | Sep 24 | Dec 23 | QoQ (%) | PCP (%) |
|---|---|---|---|---|---|
| Receipts from Customers | 13.10 | 9.68 | 7.77 | 35% | 69% |
| **Normalised Receipts from Customers** | **11.00** | **9.68** | **7.77** | **14%** | **42%** |
| Payments to Suppliers | (11.02) | (9.15) | (7.73) | 20% | 43% |
| **Normalised Payments to Suppliers** | **(10.89)** | **(9.15)** | **(7.73)** | **19%** | **41%** |
| **Interest Income** | **0.22** | **0.24** | **0.23** | **(11%)** | **(4%)** |
| Net Cash Generated from Operations | 2.30 | 0.78 | 0.27 | 194% | >100% |
| **Normalised Cash Generated from Operations** | **0.32** | **0.78** | **0.27** | **(59%)** | **20%** |
| Cash at hand | 28.57 | 25.48 | 24.30 | 12% | 18% |

*Normalised Cash Receipts and Operating Cashflow as the company received early cash receipts in the last days of the December that would normally have been received in early January, with smaller payments to suppliers also normalised.

**Operational and Product Overview**

Dropsuite continues to invest into internal initiatives such as new product development, increased global sales footprint, and expanded customer service facilities to improve the backup and archive experience for Dropsuite's partners and streamline the support processes for end clients.

Key activities during the quarter include:

- Record quarterly paid user additions of 165k, up 42% year-on-year
- Paid user additions of 483k in 2024, exiting the year with 1.65 million users
- Strong paid user additions attributed to:
    - Active partner onboarding throughout 2024, with 28 new direct and 169 indirect MSP partners in Q4;
    - Contribution from Dropsuite's *PartnerServ* service (a paid migration service from other backup vendors into Dropsuite) and the newly launched *Bring Your Own Storage* (**BYOS**) product material contributed to seat adds in the quarter
    - BYOS product delivers lower ARPU seat adds. However the lower cost nature of these channels ensures group margins were maintained at historic levels.
- Strong net revenue retention from our existing partner base driven by continued investment in core product and enhanced Customer Success and Technical Support enablement.

- Ongoing improvement of our integration capabilities to deliver a seamless partner experience through integrated provisioning, billing and support.
- Roll out of the new backup product targeted at Entra ID (formerly Azure Active Directory) to >100 MSP partners. Entra ID is Microsoft's cloud-based identity and access management solution providing authentication and authorization to a wide range of Microsoft products. Monetisation to start from late Q1 2025 onwards.

**Outlook**

Dropsuite is well positioned to deliver strong annual recurring revenue growth driven by our significant existing partner base and a growing pipeline of new partners and new products.

The Company remains focussed on:

- Delivering profitable ARR growth via its existing partner ecosystem, strong sales pipeline and expanded product line.
- Incremental investment in Research & Development and Go-To-Market functions to sustain profitable growth momentum.
- Driving product innovation, including new product introductions, to maintain our leading position as a backup vendor of choice.
- Maintain positive cashflow and profitability.
- 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