



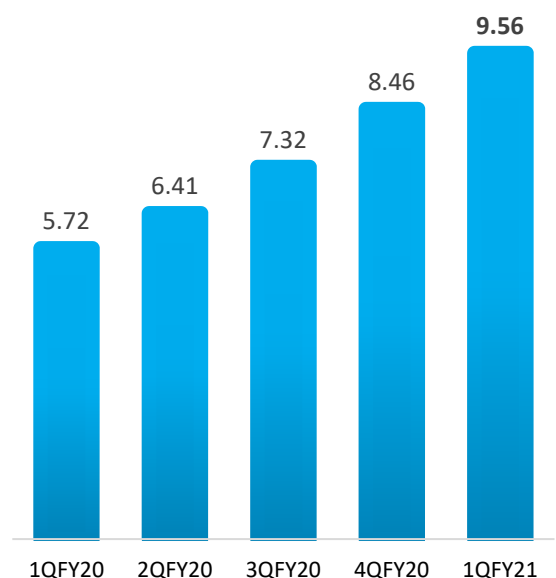
Continued positive results across key metrics

20 April 2021: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) is pleased to provide an overview of the Q1 results and Appendix 4C for the period ending 31 March 2021.

Highlights

- > **Annual Recurring Revenue (ARR¹)** of \$9.56m, a 15% increase on the prior quarter and a 77% increase on previous corresponding period (pcp) on a constant currency basis
- > **Users** increased to 472k up 10% quarter on quarter and 50% on pcp
- > **Monthly ARPU** of \$1.68 up 5% quarter on quarter on a constant currency basis
- > **Normalised Cash used in Operations²** decreased 19% quarter on quarter to (\$0.17m)
- > DSE ended the quarter with **\$2.44m cash** and is well funded (\$2.48m December 2020)
- > Continued positive trend across all metrics and expansion of product offerings as DSE moves steadily towards profitability and cashflow breakeven

Annual Recurring Revenue (\$M)



Charif El Ansari CEO of Dropsuite stated: “The first quarter of this calendar year has seen a continued positive trend in our partner engagement and user base. The current macro issues surrounding data breaches and ransomware attacks in high profile businesses highlights the critical role Dropsuite plays in safeguarding business data and ensuring operational resilience. Additionally, our relentless focus on product excellence and partner success, continues to strengthen our market position in the backup and archiving sector.”

“Our focus on our long-term success has underpinned our positive results with a solid cash position, growing ARR and a decreasing cash burn rate. We look forward to keeping the market updated on our continued progress and providing further insight into our future growth at our AGM in May.”

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

2. Cash receipts are normalised in order to capture delayed or early receipt of material customer payments around each quarter end. Actual (Non-Normalised) Cash Used in Operations was (\$0.04m) with Cash at Bank at end of March of \$2.44m

Operational and Product Overview

The strong tailwinds within the backup and archiving sector continue to positively impact on Dropsuite's results. In addition, the Company retains a solid and motivated sales team who continue to actively engage with current and new partners with 17 new transacting partners onboarded in the quarter. This resulted in 335 direct transacting partners and a user base of 472k end users reflecting an increase of 10% on the prior quarter and a 50% increase over pcp with annual partner revenue churn³ remaining below 3%.

The proportion of total revenue from Dropsuite's top 10 partners in Q1 equates to 69% of the group, down on the prior quarter and down from 71% pcp and remains within the Company's target range.

With the Amazon Web Services data centre launch for US Government customers along with various enhancements to our platform and the aforementioned Google Workplace backup availability (previously G Suite), the company can now be the single backup vendor for IT service providers across all major email and productivity products, across all industry verticals and all customer segments.

Financial Overview

Dropsuite delivered growth in key metrics of ARR and ARPU growing at 77% and 18% respectively on pcp, and 15% and 5% on the prior quarter on a constant currency basis. ARR increased to \$9.56 million, up from \$8.46 million in the prior quarter and ARPU remained strong at \$1.68, up 2% quarter on quarter and up 5% on a constant currency basis.

Actual F/X	Mar 20	Dec 20	Mar 21	QonQ	PCP
ARR (\$m) – AUD	6.65	8.46	9.56	13%	44%
ARR (\$m) – USD	4.13	6.37	7.31	15%	77%
Monthly ARPU (\$m) -AUD	1.76	1.64	1.68	2%	(5%)
Monthly ARPU (\$m) – USD	1.09	1.23	1.29	5%	18%
FX AUD:USD	0.62	0.75	0.77		

Normalised net cash used in operations decreased at (\$0.17) million, including one off payment related to subscriptions and staff bonus payments. Cash on hand for the group is \$2.44 million and it is expected that these funds will enable Dropsuite to continue to grow the revenue base as the Company progresses towards cashflow breakeven.

Cash Summary (\$m)	Mar 20	Dec 20	Mar 21	QonQ	PCP
Cash receipts	1.24	1.70	2.29	35%	84%
Normalised cash receipts	1.24	1.89	2.16	14%	73%
Net cash used in operations	(0.63)	(0.40)	(0.04)	(90%)	(94%)
Normalised net cash used in operations	(0.63)	(0.20)	(0.17)	(19%)	(74%)
Cash at hand	3.68	2.48	2.44	(2%)	(34%)

Non-normalised cash receipts from customers increased 35% on the prior quarter at \$2.29 million (Q4 2020: \$1.70 million) and up 84% on pcp (Q1 2020: \$1.24 million). Cash receipts at the end of March

3. March 2021 Revenue Churn is defined as Lost Revenue in March 2021 divided by March 2020 Revenue

included material upfront and early receipts from customers. Normalised cash receipts were \$2.16 million, a 14% increase on the prior quarter and up 73% on pcp (Q1 2020: \$1.24 million).

The Company maintained gross margin improvements achieved in prior quarters, achieving 67% gross margin at 31 March 2021 (31 December 2020: 67%), with a 4% improvement versus pcp (31 March 2020: 63%), driven by improved economies of scale and favourable supplier pricing.

Corporate Update

On 24 March 2021, the Company announced the issuance of 14,933,333 fully paid ordinary shares (**Shares**) issued to employees and listing advisers as a result of the vesting of 13,433,333 Class F Performance Shares and 1,500,000 Class G Performance Rights.

Payments to Related Parties

The Company has reported expenditure of \$227k for salaries and director fees to related parties, including an annual 2020 Short Term Incentive (STI) for Charif El Ansari paid in Q1 2021.

Outlook

The Company has retained a strong cash position with a decreasing burn rate leaving the business well positioned to fund its organic growth. As it moves towards profitability and cash flow generation, Dropsuite will continue reinvesting in growth by further expanding its product offering and diversifying the partner base over the course of 2021 and beyond. In addition, strong macro-economic tailwinds and a structurally growing market from cybersecurity, data privacy regulation and the mass migration of email services to the cloud are anticipated to continue benefitting the Company in the foreseeable future.

Quarterly Investor Webinar

The Company will provide an investor webinar to discuss the quarterly results. To register please follow the link below.

Date: Wednesday 21st April 2021

Time: 11:30am AEST

Registration Link: <https://us02web.zoom.us/j/84966988229>

The announcement was approved by the Board of Directors.

- END -

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Corporate

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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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Dropsuite Limited

ABN

91 008 021 118

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,285	2,285
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(781)	(781)
(c) advertising and marketing		(49)	(49)
(d) leased assets			
(e) staff costs		(1,163)	(1,163)
(f) administration and corporate costs		(333)	(333)
1.3 Dividends received (see note 3)			
1.4 Interest received		2	2
1.5 Interest and other costs of finance paid			
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		(39)	(39)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities			
(b) businesses			
(c) property, plant and equipment			
(d) investments			
(e) intellectual property			
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	0	0

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	0

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,482	2,482
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(39)	(39)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,443	2,443

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	843	882
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposits)	1,600	1,600
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,443	2,482

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	227
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	0	0
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(39)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,443
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	2,443
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	63.05
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 April 2021

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.