

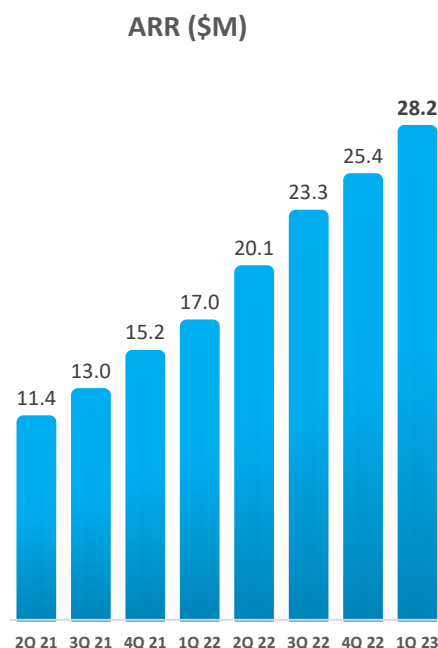


## Record ARR in Q1 of A\$28.2m. Paid users surpass 1 million

17 April 2023: 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 2023.

### Highlights

- > **Annual Recurring Revenue (ARR<sup>1</sup>) of \$28.2m**, up 11% on prior quarter (QoQ) and 66% on the previous corresponding period (PCP)
- > Q1 FY23 **operating cashflow of \$0.28m**, the 4<sup>th</sup> consecutive positive quarter of cashflow generation, with FY23 expected to also be operating cashflow positive
- > Monthly **ARPU of A\$2.31** up 2% QoQ and 18% on PCP
- > Product **gross margin of 69%**, stable with prior quarter
- > DSE ended the quarter with **\$22.7m cash** and remains well funded to progress on acquisitions and internal reinvestment for growth initiatives



**CEO Charif El Ansari stated:** “Dropsuite’s market-leading position as a Software-as-a-Service backup provider along with a range of favourable industry tailwinds in the global data protection space helped to drive record revenue growth, a fourth consecutive quarter of positive cashflow and pleasingly we surpassed 1 million paid users for the first time. Further, due to our ongoing focus on reducing Cloud costs, Dropsuite was able to sustain its operating leverage and margins to produce profitable growth during the quarter.

“We remain confident that with our experienced and motivated team, the Company will maintain its consistent momentum and be well positioned to take advantage of industry tailwinds to achieve sustainable growth in future periods.”

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

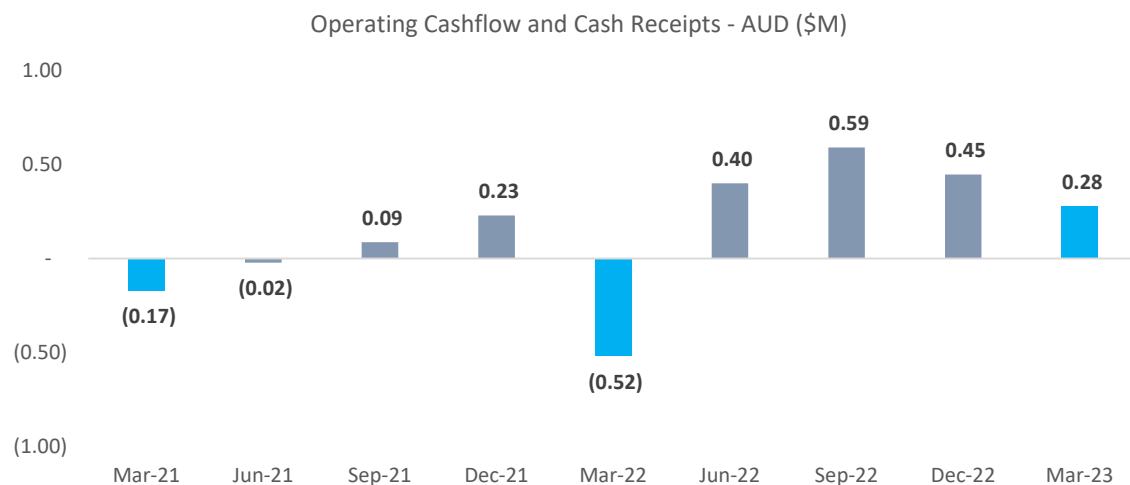
## Financial Overview

ARR & ARPU	Mar 2023	Dec 2022	Mar 2022	QoQ	PCP
ARR (\$m) – AUD	28.20	25.41	17.00	11%	66%
ARR (\$m) – USD	18.82	17.15	12.51	10%	50%
Monthly ARPU (\$m) – AUD	2.31	2.26	1.95	2%	18%
Monthly ARPU (\$) – USD	1.54	1.53	1.43	1%	7%
FX AUD:USD	0.667	0.674	0.738	(1%)	(10%)

Cash Summary (\$m)	Mar 2023	Dec 2022	Mar 2022	QoQ	PCP
Cash receipts	6.12	5.58	3.72	10%	65%
Net cash generated in operations	0.28	0.45	(0.52)	(37%)	154%
Cash at hand	22.69	22.34	21.07	2%	8%

- USD monthly ARPU growth of 1% QoQ benefited from a higher ARPU product mix
- Cash receipts from customers were \$6.12 million, up 10% on Q4 2022 and up 65% on PCP. The cash receipts growth is consistent with ARR growth for the quarter
- Cashflow generated from operating activities of \$0.28 million
- Q1 is generally impacted by higher outgoing payments relating to annual subscriptions, insurances and staff performance bonuses
- Cash on hand is \$22.69 million. The Company continues to be operating cashflow positive whilst reinvesting in expanding the company's capabilities globally

## Quarterly Operational Cashflow (A\$M)



\*Mar-22 included \$0.27m of payments for due diligence

### **Operational and Product Overview**

The Company continues to invest in expanding its operations globally, and has grown the team across sales, marketing, product and support. The Company continues to work through opportunities to improve the backup and archive experience for DSE's partners, to reduce their resource costs and streamline their support processes for partners and their end clients.

During the quarter the Company:

- Welcomed Mark Kirstein as Chief Product Officer (CPO) who will be responsible for Dropsuite's Product, Technical Support and Strategy. Mark's most recent position was VP of Product Management and Strategic Initiatives with Market Leader, where he oversaw strategic growth and product for several businesses within Constellation Software.
- Launched QBO Backup that enhances data protection for QuickBooks Online (QBO) customers by offering a comprehensive solution ensuring the safety of customers' valuable financial data while also providing secure access and recovery when needed. Designed with Managed Service Providers (MSPs) partners in mind, the solution helps partners reduce risk for their customers while also growing their service offerings. Monetisation is expected from April 2023 onwards.
- Onboarded 33 new direct and 191 indirect transacting partners.
- Surpassed total paid user count of 1 million in the quarter, with 87k of new gross paid users added (excluding churn of 7k users leaving DSE's platform from legacy hosting partner deactivating those users), a paid user increase of 9% QoQ and 39% PCP.
- Gross Margin of 69% aligns with prior quarter and is above overall expectations for 2023.

### **Corporate**

The Company has reported expenditure of \$319k for salaries and director fees to related parties.

### **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:

- Continuing to deliver ARR growth via existing partner ecosystem and strong sales pipeline.
- Remaining profitable and cash flow positive in calendar year 2023 in line with 2022
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Continuing to invest in talent bench-strength as well as sales and marketing expansion and product innovation.
- Advancing high conviction M&A opportunities which leverage existing internal growth and take advantage of strong market tailwinds around data protection.

## **Quarterly Investor Webinar**

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

Date: Monday 17 April 2023

Time: 11:00am AEST

Registration Link: [https://us02web.zoom.us/webinar/register/WN\\_J4pSqkw0TCWI-4oCCx1xag](https://us02web.zoom.us/webinar/register/WN_J4pSqkw0TCWI-4oCCx1xag)

The announcement was approved by the Board of Directors.

- END -

### **For further information, please contact:**

#### **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](http://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 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	6,124	6,124
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,083)	(2,083)
(c) advertising and marketing	(318)	(318)
(d) leased assets		
(e) staff costs	(3,215)	(3,215)
(f) administration and corporate costs	(368)	(368)
1.3 Dividends received (see note 3)		
1.4 Interest received	140	140
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>280</b>	<b>280</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(41)	(41)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(41)</b>	<b>(41)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	22,336	22,336
4.2	Net cash from / (used in) operating activities (item 1.9 above)	280	280
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(41)	(41)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	115	115
4.6	<b>Cash and cash equivalents at end of period</b>	<b>22,690</b>	<b>22,690</b>

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	8,090	8,090
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (Term Deposits)	14,600	14,600
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>22,690</b>	<b>22,690</b>

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	319
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.*

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	0	0
7.5	<b>Unused financing facilities available at quarter end</b>		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.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	280
8.2	Cash and cash equivalents at quarter end (item 4.6)	22,690
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	22,690
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
	<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: 17 April 2023

Authorised by: The Board of Directors  
(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.