



Investor Presentation

19 July 2023

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



~100
employees



>100
countries



>1M
paid users



~600
direct partners



>\$30M
ARR

Q2 2023 Results

(April to June)

Solid Business Metrics Delivered in Q2

ARR

\$30.4m



45% on PCP
on constant
currency

Gross Margin

69%



500 basis
points YoY

Operating Cashflow

\$0.34m



20% on
QoQ
(18%) on
PCP

ARPU

\$2.35



13% on PCP
on constant
currency

Paid Users

1.08m



33%
on PCP

Cash Receipts

\$6.66m



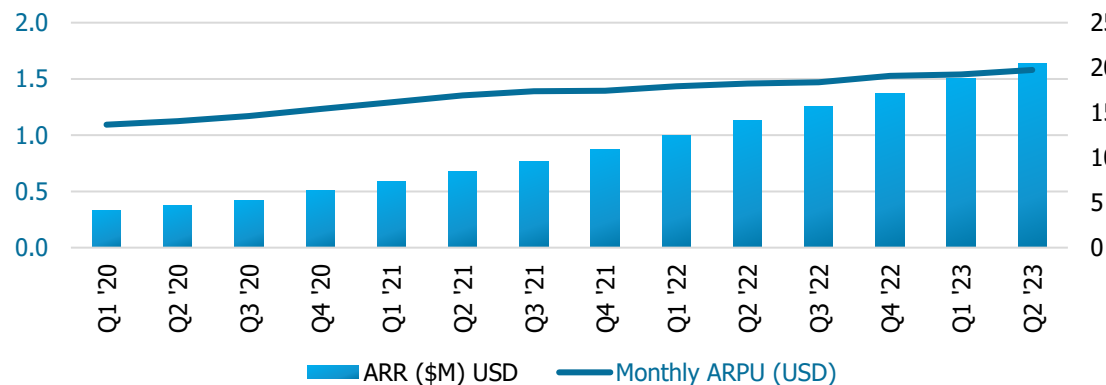
53% on
PCP

Commentary

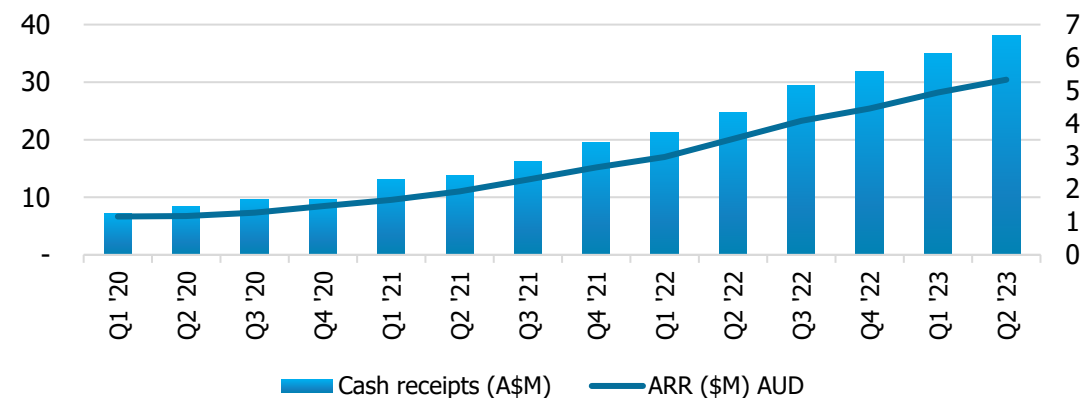
- Continued ARR growth momentum and low-partner revenue churn <3%
- Gross Margin storage initiatives continued in Q2
- Operating Cashflow generation strong in Q2 and remaining positive for FY23

Continued Positive Growth Momentum

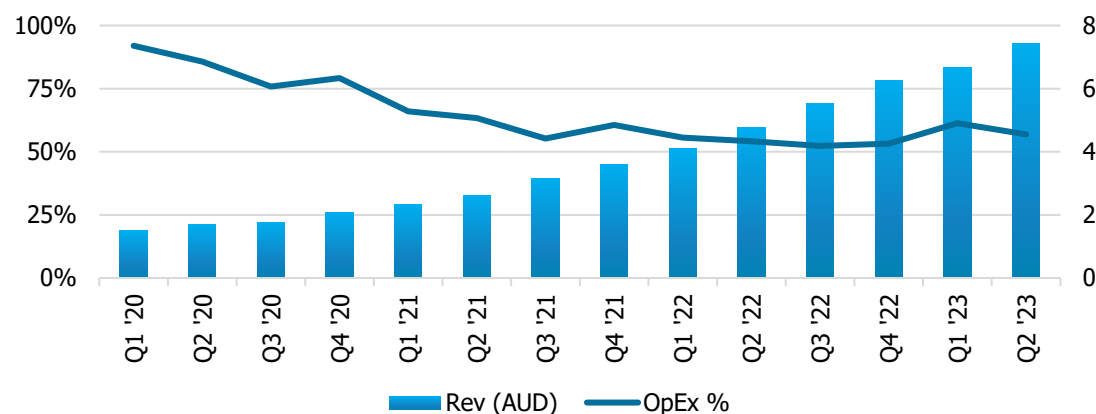
ARR and Monthly APRU - USD (\$M)



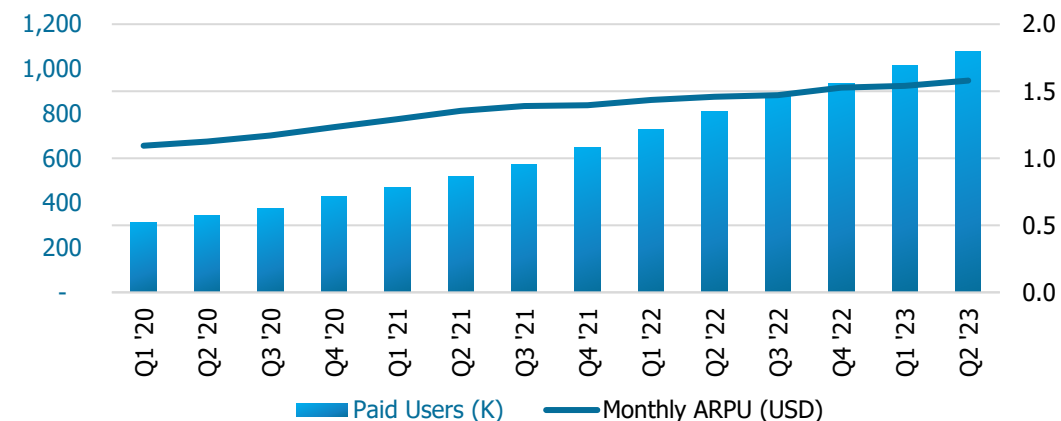
Cash Receipts and ARR growth - AUD (\$M)



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

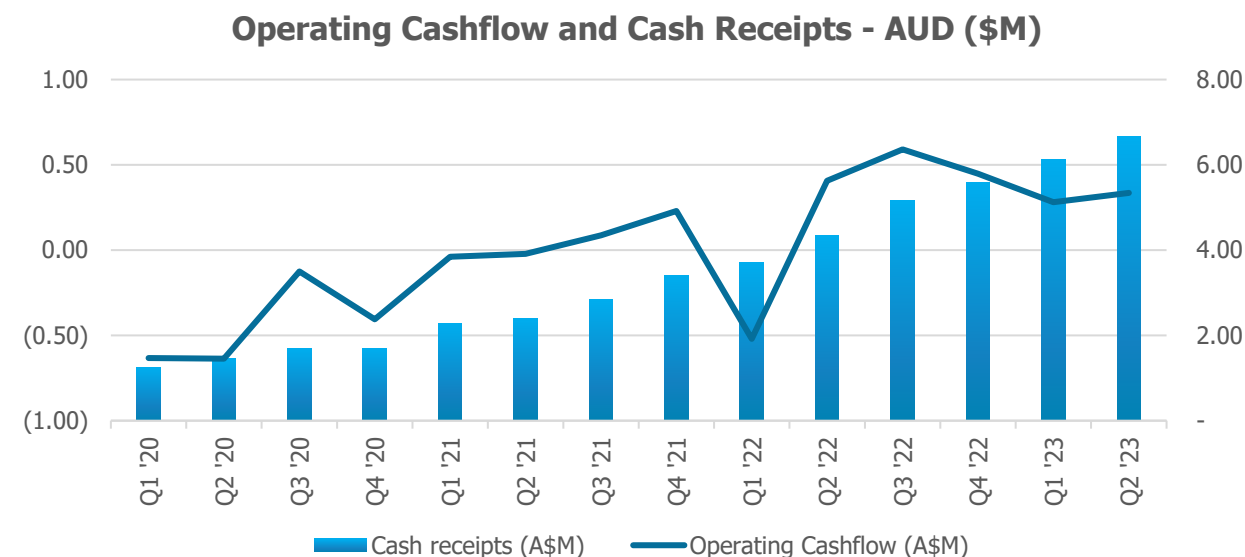


Paid Users and ARPU (USD) growth



Strong Cash Balance; Operating Cashflows remain strong

(\$M) per quarter	Jun 23	Mar 23	Jun 22	QoQ	PCP
Cash Receipts	6.66	6.12	4.34	9%	53%
Net Cash Generated from Operations	0.34	0.28	0.40	20%	(18%)
Cash at Hand *	22.96	22.69	21.55	1%	7%



Positive Operating Cashflow

- Cash receipts growth consistent with ARR growth for the quarter
- Cash flow generated from operating activities continued to be positive; up 20% QoQ
- Fifth consecutive positive operating cashflow quarter



* Cash at Bank at end of Jun of \$22.96m includes effect of movement in exchange rates on cash held of (\$0.03m) during the quarter

DSE Growth Driven by Increasing Cyber Security Risk

The Data

90%

of Cybersecurity attacks start with email

62%

of breaches and data loss occur through human error

\$20B

global cost of ransomware in 2022

84%

of companies **don't backup** their SaaS application data (US)



Industry Pain Points

- **Cyber Threats and Ransomware**
- **Data Loss and Corruption** due to human error or technical breakdown
- Growing strain to **hire IT professionals**, with increasing SLA expectations by end users
- **Cyber insurance** requirements are increasingly strict and complex, with backup being a key precondition for insurance
- Growing **regulatory and compliance** requirements

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

Exceptional User Experience

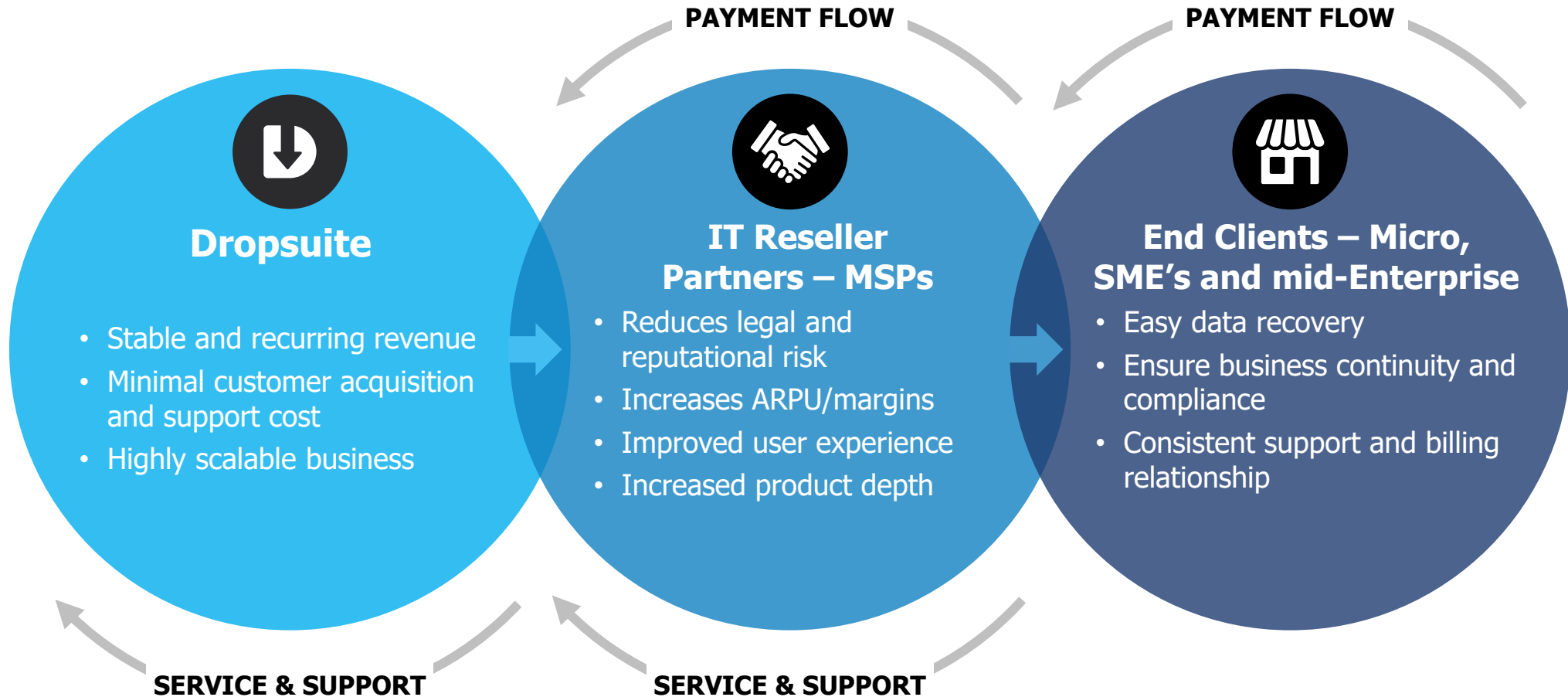
Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



*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.

Partner-led Business Model

Scale driven by Partner network that targets large end user addressable market



The Dropsuite Advantage



Seamless Partner Experience Integrates with any partner infrastructure and delivers streamlined provisioning, billing and support



Exceptional User Experience Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



Cutting-edge Cloud Platform Built for the cloud from day one. Secure public and private cloud platform deployed globally to meet data sovereignty regulatory requirements

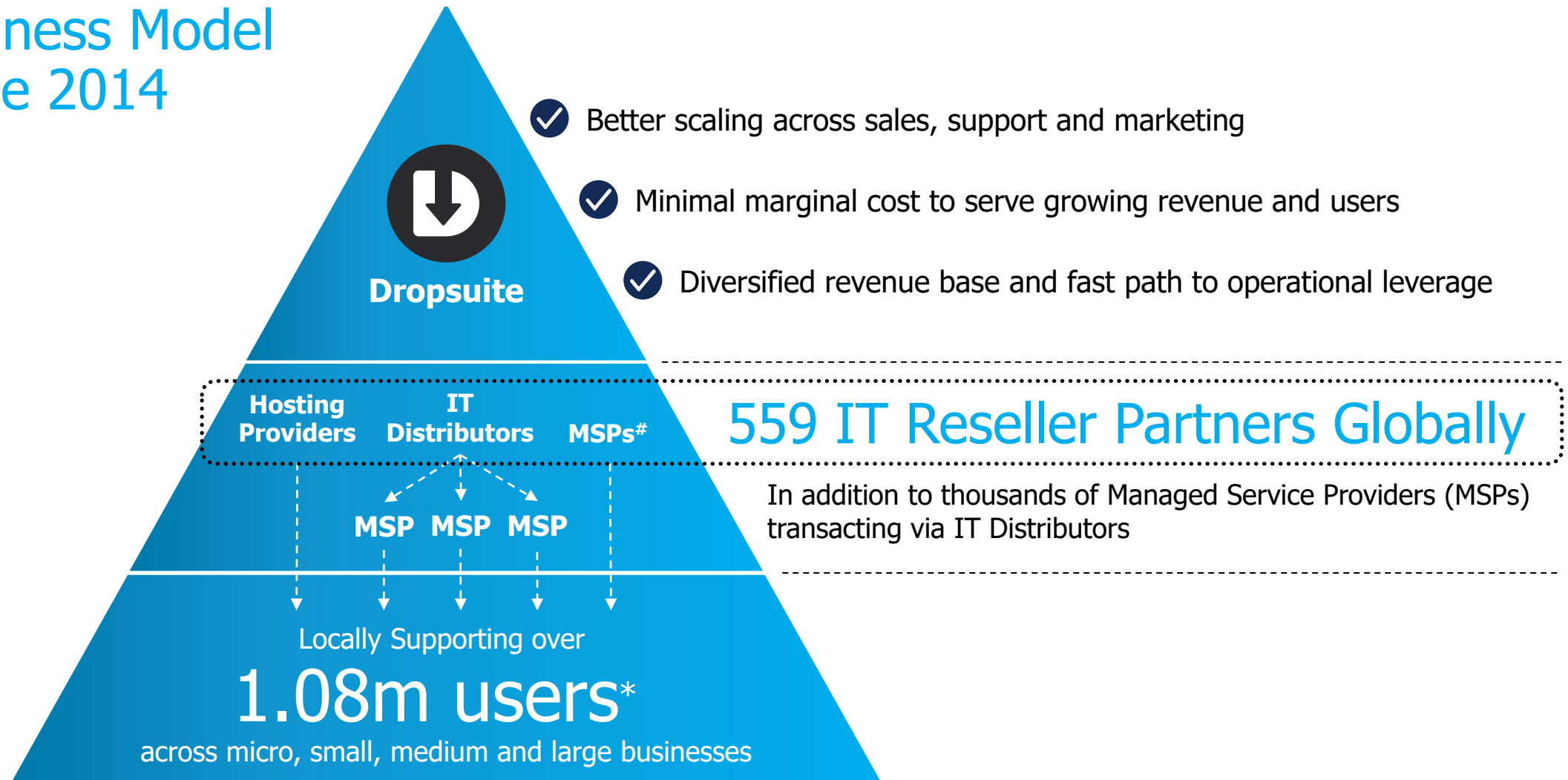


Highly Responsive Team Expert training, marketing and technical support delivered by an agile and passionate team



Delivering Future Growth

Partner-led Business Model Since 2014

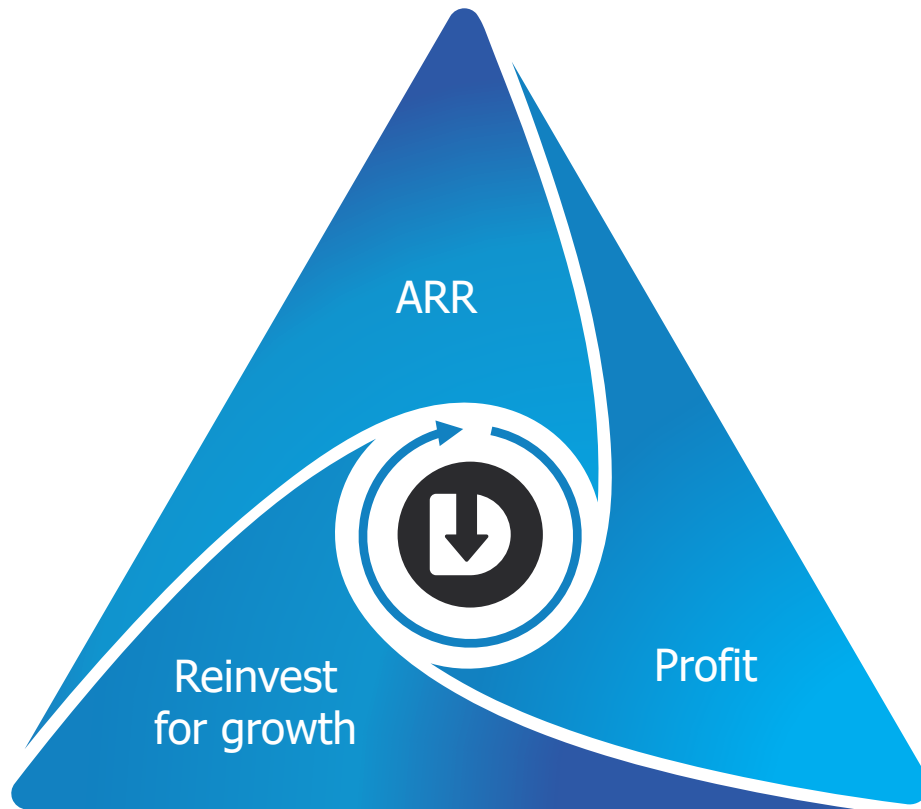


MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)

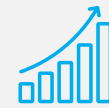
* # of MSPs: As at 30 June 2023

Investment Framework

Our Investment Framework



Enablers of Growth



Significant industry tailwinds



Product leadership



Growing partner network



Underserved large addressable market



Highly skilled and motivated team

Our Growth Strategy and Ambition

Our ambition is to be the data protection vendor of choice in the segments we serve, delivering a growth rate twice that of the industry through till 2025

Growth Pillar	Core Business	New Product Innovation	Accretive Acquisition
Strategy	<ul style="list-style-type: none">• Protect and accelerate the core business. Grow and delight partner base	<ul style="list-style-type: none">• Replicate superior user experience and partner integration	<ul style="list-style-type: none">• Broaden scope of Dropsuite's data protection platform and share of wallet
Rationale	<ul style="list-style-type: none">• Only ~2% of MSPs globally are Dropsuite partners• Security & backup are core MSP offerings	<ul style="list-style-type: none">• Security & backup are core MSP offerings• Help MSPs to increase recurring revenue & profit	<ul style="list-style-type: none">• SaaS Protection continued to be an underserved area• Fast time-to-market with a seamless partner experience
Impact	<ul style="list-style-type: none">• ARR• Partners• Users	<ul style="list-style-type: none">• ARR• ARPU• GM%	<ul style="list-style-type: none">• ARR• ARPU• GM%

Investment Highlights and Outlook



Strong market tailwinds from data 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



FY23 guidance for positive EBITDA and Operating Cash Flow



dropsuite.com



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Investor Relations

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This presentation is authorised by the Board of Directors

Appendix

Board and Management



Charif El Ansari
Managing Director



Theo Hnarakis
Non-Executive
Chairman



Dr. Bruce Tonkin
Non-Executive Director



Bill Kyriacou
Chief Financial Officer



Frederique van de Poll
Global Head of HR



Manoj Kalyanaraman
Chief Technology
Officer



Ridley Ruth
Chief Operating Officer



Eric Roach
SVP Global Channel
Sales & Marketing



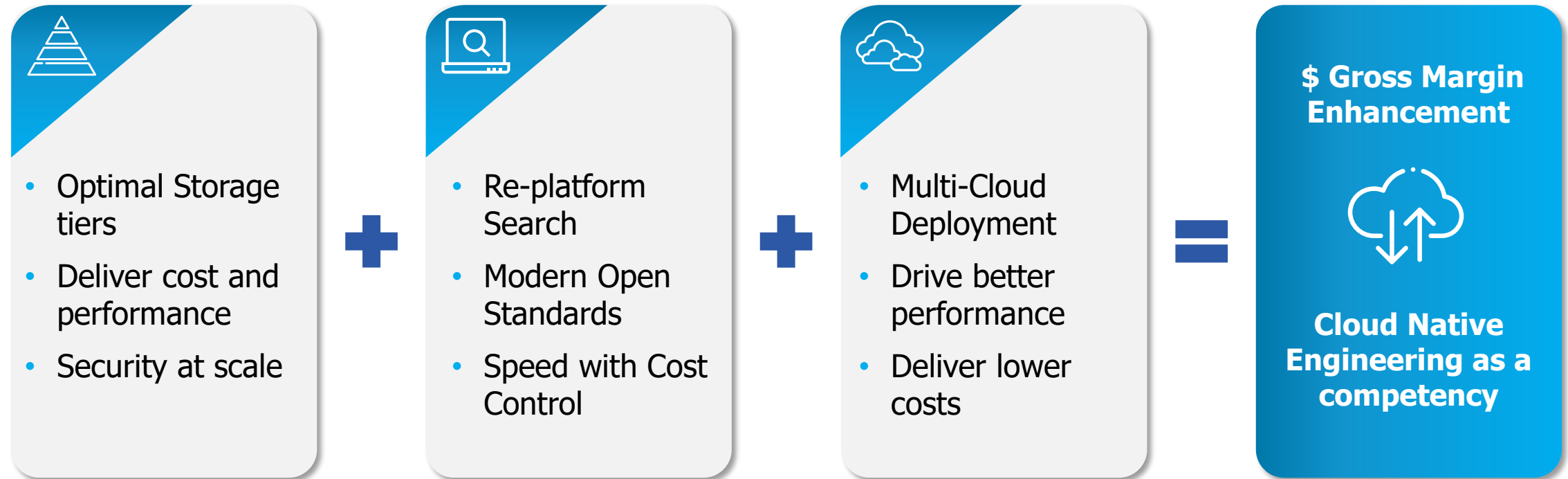
Mark Kirstein
Chief Product Officer

Consolidated statement of cash flows

(\$M) per quarter	Jun 23	Mar 23	Jun 22	QoQ	PcP
Cash Receipts	6.66	6.12	4.34	+9%	+53%
Cloud Hosting	(2.38)	(2.08)	(1.82)	+14%	+31%
Advertising & marketing	(0.46)	(0.32)	(0.24)	+44%	+91%
Staff costs	(3.13)	(3.21)	(1.74)	(3%)	+79%
Admin & Corporate	(0.52)	(0.37)	(0.16)	+40%	>100%
Total Cash Outgoings	(6.48)	(5.98)	(3.96)	+8%	+64%
Interest Received	0.15	0.14	0.02	+10%	>100%
Net Cash Generated from Operations	0.34	0.28	0.41	+20%	(18%)
Cash flow from investing activities (PPE)	(0.04)	(0.04)	(0.01)	(11%)	>100%
Cash flow from financing activities (all)	-	-	-	-	-
Effect of movement in exchange rates on cash held	(0.03)	0.11	0.08	(>100%)	(>100%)
Net Increase / (decrease) in cash for the period	0.27	0.35	0.48	(25%)	(44%)
Cash at Hand	22.96	22.69	21.55	+1%	+7%

Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally



Notable MSP Trends and How We Win



Notable & Emerging Trends

- Ever **growing cyber and ransomware threat** landscape affecting both users and MSPs
- **Cyber insurance** requirements are increasingly strict and complex
- **Revenue and margin** pressures with a move to the Cloud
- Growing **regulatory and compliance** requirements
- Growing **strain to hire IT professionals**, with increasing SLA expectations by end users



How Dropsuite Drives MSP Success

- Highly **secure and encrypted** data backup in a **separate Cloud**
- **Backup** along with security software **prerequisite** to obtain **cyber** insurance
- Backup is an integral component of the **security stack** sold to end users
- **Archiving and Compliance module** is a meaningful differentiator
- **"One-stop" solution** to all email backup needs integrated into MSP's workflow

Secular Shifts are Well Aligned with Product and Go-to-Market Strategies

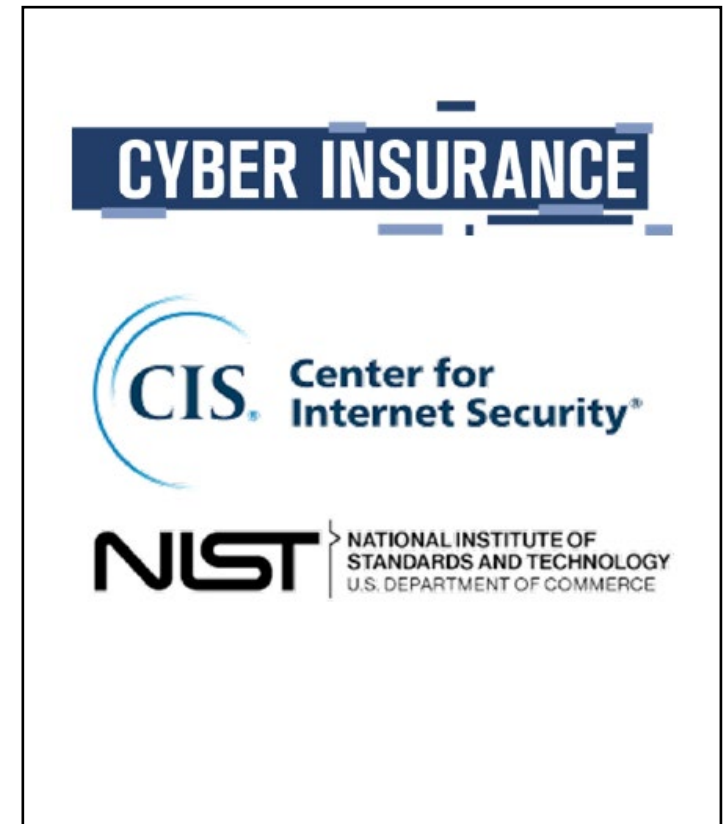
Industry Regulations



Privacy Laws



Best Practice Frameworks



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

QoQ: Prior Quarter Comparative Period

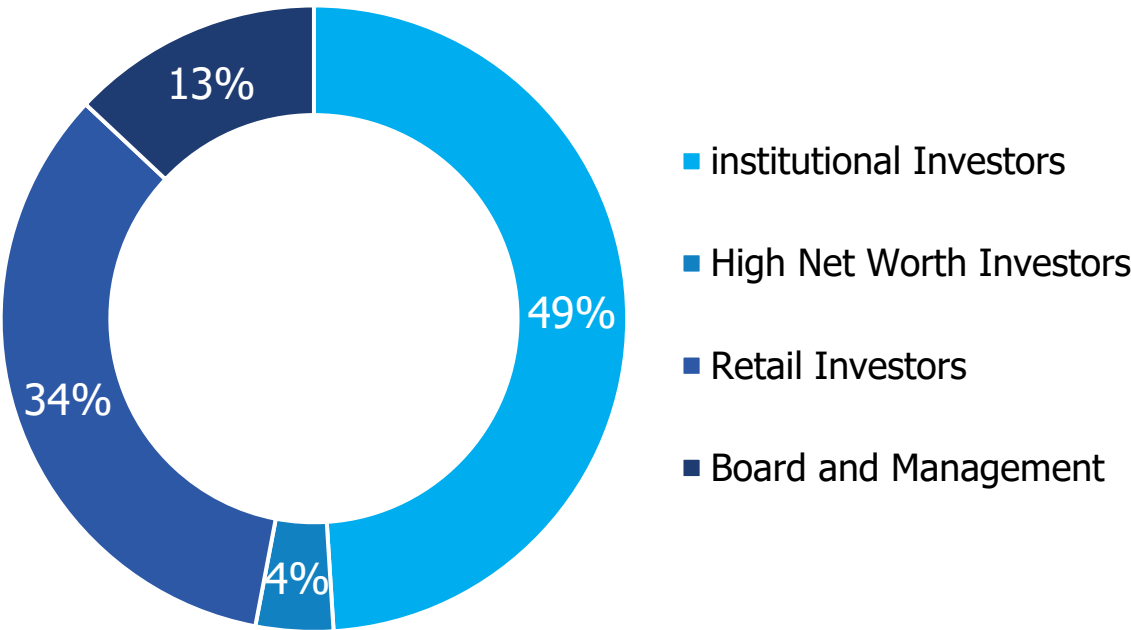
PCP: Prior Corresponding Period in Constant Currency % growth

SME: Small to Medium enterprise

QBO: QuickBooks Online

Corporate Overview

Top 50 share registry breakdown



Financial Information

Share price as of June 30, 2023	30.5 cents
Ord Share on Issue (M)	690
52-week trading (low/high)	0.16/0.32
Market Cap (\$)	\$210M
Cash (June 30, 2023)	\$23.0M
Debt (June 30, 2023)	nil

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