



## **DROPSUITE LIMITED**

(ASX: DSE)

### **ASX and Media Release**

**11 January 2019**

#### **Operations Update**

- **Annualised Revenue Run Rate (ARR\*) exceeded \$4.6m as at 31 December 2018 - up ~40% year-on-year and South American partner numbers have stabilised as expected**
- **Expected slowdown in website backup business with largest website backup partner progressively migrating over a 12-month period a portion of their existing users to their own product. This will be counteracted by DSE increasing Partner numbers and growing Paid Users of Email Backup and Archiving products**
- **Email Backup and Archiving Jan-Dec 2019 revenue has grown 13x, and is delivering more diversified revenue streams from a much larger addressable market**
- **New Partnerships launched in Q3 2018 are now booking revenue and growing Paid User numbers**
- **A Significant new partnership is expected in Q1 2019**

Global cloud software provider **Dropsuite** Limited (ASX: DSE) ("Dropsuite" or the "Company") is pleased to provide this operational update.

Dropsuite reaffirms that Paid User numbers have stabilised at approximately 350,000 with Annual Recurring Revenue\* exceeding \$4.6M, up ~40% year-on-year. Paid User numbers from its South American partner are now tracking at normal levels with new, pre-qualified users being steadily added, albeit at a modest rate.

#### **Product Update**

As articulated last year, Dropsuite's new product focus is on higher revenue/'stickier' user Email Backup and Archiving, where the addressable market is much larger, and we are getting solid traction in key geographies with top tier partners.

Our product and engineering teams continue to enhance the customer experience, feature-set and scalability. We are witnessing a high-win partner ratio driven by our products' superior level of differentiation vs. the competition. As a case in point, revenue from Email Backup and Archiving grew 13x in 2018 (January-December) and made up >30% of total December 2018 revenue versus only 3% in January 2018.

#### **Partnership Update**

Dropsuite previously reported that several of the new partnerships launched in Q3 2018 have started to book revenue. Of special mention is a new North American partner that has added more than 5,000 higher ARPU Paid Users since its November launch to 31 December 2018. Whilst still in the early stages, the rate of growth is particularly encouraging for two reasons:

1. It demonstrates that Dropsuite is actively de-risking its revenue base so ARR is made up of revenue contributions from a wider spread of partners and products, and
2. Our focus on securing larger SMEs through our partnership model is now happening and paying off. Clients being serviced by our Managed Service Provider resellers deliver lower risk, lower churn and higher ARPU.

Dropsuite also advises that its largest website backup partner has confirmed the progressive migration – over a 12-month period or indeed longer – of a large portion of their current user base away from the Dropsuite website backup platform to an in-house platform. This partner was referenced in our update on 27 April 2018, and as such, Dropsuite has managed migrations from this partner before. Dropsuite will closely monitor this situation and more information will be provided in due course, if required. As new partners and users are added, Dropsuite expects to comfortably absorb this migration. Such developments provide further impetus for the Company to continue diversifying its Partner and User base.

### **Outlook**

Dropsuite enters 2019 in a strong position and expects ARR growth along with a continuation of our global expansion, more partner wins, and further product innovation.

Furthermore, and of equal importance, Dropsuite expects to deliver on its growth objectives for 2019 leveraging its existing cash position and maintaining its tightly managed operating expenditures. The Company looks forward to providing a further update on performance at the end of the month.

### **Comment**

**Dropsuite's Chief Executive Officer Charif Elansari said:** *"Dropsuite is making excellent progress expanding its partner and revenue base. As new partners ramp up sales and marketing efforts, the short-term impacts to ARR will be much less evident. Growth in the Email Backup and Archiving business in 2018 is evidence of this shift. We have every confidence in our business model and we have a very deep global SME market opportunity that is indeed compelling and potentially highly lucrative. We look forward to keeping shareholders regularly apprised of our growth developments."*

-ENDS-

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### **About Dropsuite**

Dropsuite is a global cloud software platform enabling SMBs in over 100 countries to easily backup, recover and protect their important business information. Dropsuite's network of preferred reseller partners has a combined customer reach of millions of small and medium-sized businesses worldwide. Dropsuite partners with some of the biggest global names in the hosting and IT service provider market, including GoDaddy, the world's largest domain name registrar, and Ingram Micro, the world's largest distributor of computer and technology products. For more information please visit: [www.dropsuite.com](http://www.dropsuite.com)

\*Annualised Revenue Run Rate (ARR) is defined as the month's invoiced revenue multiplied by 12 months. The revenue figures are unaudited.