

**DROPSUITE LIMITED | ASX:DSE**



# **FULL YEAR (2018) RESULTS PRESENTATION**

MARCH 2019



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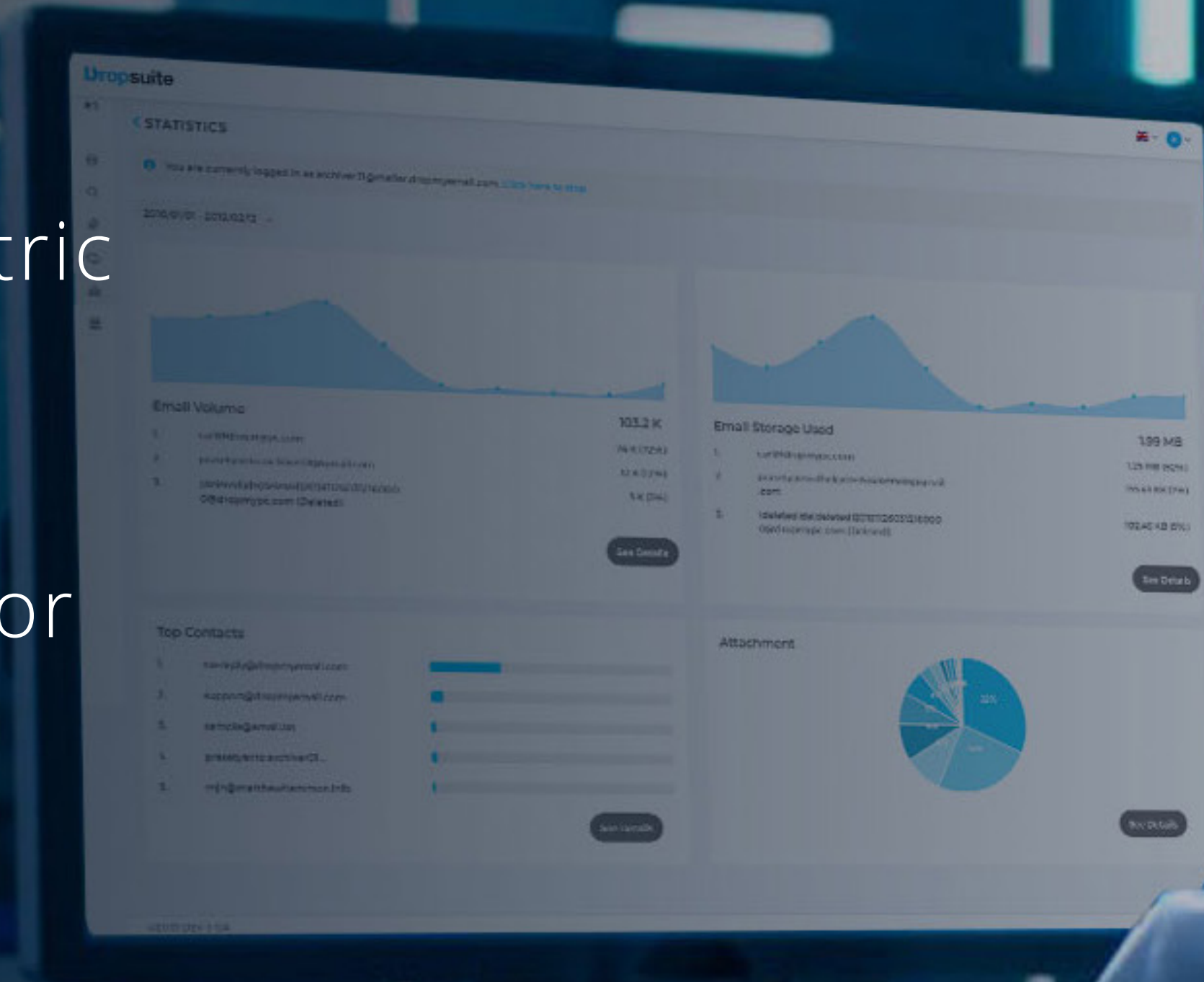
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# WE SAFEGUARD BUSINESS INFORMATION

We are a global partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small.





# 2018 IN REVIEW

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- ⊕ 50% year on year growth in Annualized Recurring Revenue(ARR\*) and 100% year on year revenue growth
- ⊕ 40x year on year revenue growth from the Email Backup/Archiving products
- ⊕ Doubled the size of paying partners to ~140, mostly from the Managed Service Provider (MSP) channel including major service providers such as ALSO (EU), PAX8 (US) and UOL (Brazil)
- ⊕ Well-funded to continue organic growth (\$3.5M Cash as of Dec'18)
- ⊕ 50% reduction in EBITDA loss year on year
- ⊖ Massive growth from one partner who then de-activated a large portion of their paying user-base. Now this partner's paying user-base is stable with low churn.
- ⊖ Major US partner opts to migrate significant portion of customer base to their own platform. We will retain small portion of high-end users and maintain continued dialogue on new opportunities.

*\*Annualised Recurring Revenue (ARR) is defined as the value of the contracted recurring revenue multiplied by 12 months. The revenue figures are pending the final audit due late March*

# 2018 FINANCIAL SUMMARY

FY2017 VS. FY2018

## REVENUE

**\$5.22M**

+104%

## GROSS MARGIN

**77%**

-0.8%

## OPEX

**\$4.98M**

+29%

## EBITDA\*

**\$0.98M**

+48%

(IMPROVEMENT)

## CASH

**\$3.5M**

-30%

## DEBT

**\$0**

0%

\*Underlying



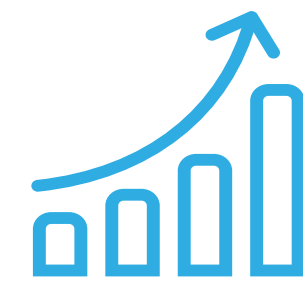
# 2018 OPERATIONAL HIGHLIGHTS

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## Growth Through Global Reseller Partnerships

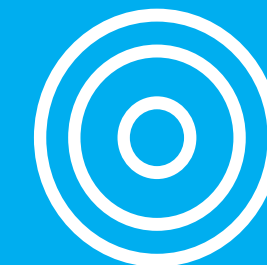
- Jan'19 ARR at >\$4.7M absorbing the migration of largest website partner
- Expanded channel coverage with several key partnerships
- Doubled revenue generating partners to 142 including UOL (Brazil), Pax8 (US) and ALSO (EU)



## Diversify Revenue and boost ARPU

- Email Revenue grew by 40x from Dec'17 to '18, and now represents 30% of revenue
- Top 10 contribution continues to decline, down by 7% YoY
- ARPU\* from partners with SMB/Enterprise users >2x those with on micro-business users

*\*ARPU: Average revenue per user*



## Continuous Product Innovation with scalable technology

- Full O365 data backup and archiving with business insights
- Scaled email backup to process billions of objects per day
- Localized email product in 6 new languages with data centers in 9 (including 3 new) locations

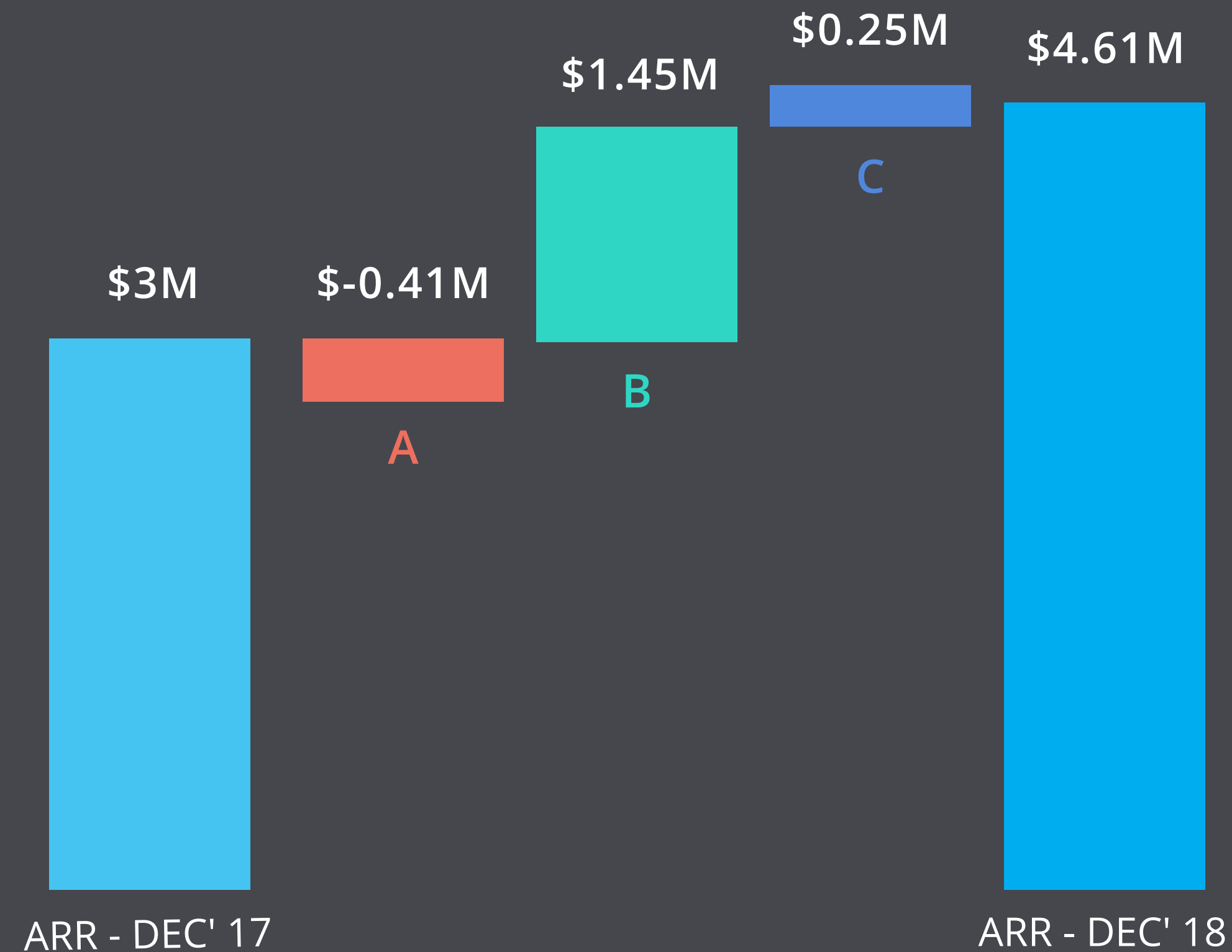


## Increase Sales Through Existing Partners

- 3 new entrants in top 10 revenue contributing partners.
- More work (account management) undertaken to propel further growth
- Deeper relationships allowing for strategic discussions on new growth opportunities

# ANNUALIZED REVENUE RUN RATE WATERFALL

December 2018



A: ARR lost predominantly from DSE's largest website backup partner first announced in April 2018

B: ARR added from the 72 new partners added throughout 2018, almost entirely from Email backup and archiving

C: ARR added through existing - mostly website hosting- partners



# TAILWINDS PROPELLING GROWTH

Favourable Market and Regulatory Drivers



## CYBERSECURITY & DATA LOSS THREATS

91% of sophisticated cyber-attacks start through email 62% of breaches and data loss occur through human error



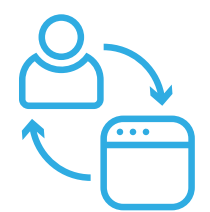
## DATA PROTECTION REGULATORY COMPLIANCE

GDPR and multiple regulations in healthcare, financial and other verticals dictate strict data protection and governance



## ECONOMICAL PRESSURES

Cloud services disrupting IT providers' margin streams making the focus on recurring revenue services critical to survival



## USER EXPERIENCE

Partners demand a seamless user experience throughout the sales and support cycle



*Dropsuite simplifies data protection so businesses can focus on what they do best, by providing industry-leading backup, archiving, compliance, discovery and recovery delivered at scale to power any organization's defence*





# PRODUCT + TECHNOLOGY IN FOCUS

## 132

Product upgrades and  
feature enhancements  
in 2018

## 60%

of Full-Time-Employees  
focused on product and  
engineering

## FOUR KEY TENETS

### PARTNER SUCCESS

#### APIs & Plug-ins

Fits any partner infrastructure

### USER EXPERIENCE

#### Simple Data Protection

Feature rich yet easy to use

### SCALABILITY & SECURITY

#### Scalable Architecture

Process billions of items daily

### BUSINESS INTELLIGENCE

#### Deeper integrations

With strategic partners

#### Full Office 365 suite

Backup/ Archiving Coverage

#### Insights and Analytics

Actionable and useful

#### Provisioning Platform

For partners of any size

#### Military-Grade Encryption

#### Compliance & Auditing

Built for regulated industries

2019 Product and Technology roadmap continues to evolve around those four tenets



# AREAS OF FOCUS - 2019

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## CHANNEL

Primary focus on Managed Service Providers and distributors

Secondary focus on Medium and large Website Hosting Providers



## TECHNOLOGY

Scalable cloud technologies that can be deployed globally

Big data to deliver actionable insights and analytic



## SEGMENT

SMEs and Mid-Enterprise Customers (10-1000s of Employees)

Micro and small businesses (less than 10 Employees)



## VERTICAL

All verticals with extra focus on regulated industries such as Finance and Healthcare

All verticals that rely on customer information held electronically and/or need to comply with privacy laws



## GEOGRAPHY

OECD countries mainly US, CAN, EU, ANZ and UK

Worldwide



# FINANCIAL UPDATE





# UNDERLYING PROFIT & LOSS – HISTORICAL TRENDS

\$000	2015	2016	2017	2018	2017 VS. 2018
REVENUE	295	1,382	2,562	5,218	104%
COGS	(246)	(338)	(578)	(1,216)	111%
GROSS MARGIN	49	1,044	1,984	4,002	102%
GM%	17%	76%	77%	77%	-0.8%
EXPENSES	(1,036)	(2,786)	(3,872)	(4,987)	29%
EBITDA*	(987)	(1,741)	(1,888)	(985)	-48%
<i>as a % of Revenue</i>	-334%	-126%	-74%	-17%	

\*Underlying EBITDA



# CASH FLOW – HISTORICAL TRENDS

(\$)	2015	2016	2017	2018	2017 VS. 2018
Cash receipts	293	1,180	2,304	4,706	104%
Cash Outflows	1,181	2,445	6,372	6,181	-3%
Cashburn	(887)	(1,265)	(4,068)	(1,475)	-64%
Closing Cash @ 31 Dec*	16	5,339	4,962	3,487	-30%
		(Capital Raise)	(Capital Raise)		

\*Closing 2016 and 2017 includes cash raise through RTO (2016) and Placement (2017)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	(\$)	2018	2017	2017 VS. 2018
CURRENT ASSETS		4,407	5,516	-20%
*NON- CURRENT ASSETS		1,506	1,384	9%
TOTAL ASSETS		5,913	6,901	-14%
CURRENT LIABILITIES		787	616	28%
NON-CURRENT LIABILITIES		50	-	-
TOTAL LIABILITIES		837	616	36%
NET ASSETS		5,126	6,285	-18%
EQUITY		5,126	6,285	-18%

*\*Change in Accounting Policy from 2019 onwards: DSE will no longer capitalize software development.*





# CAPITALIZATION TABLE

February 2019

SHARE TABLE	AMOUNT
ORDINARY FULLY PAID SHARES`	493,680,533
PERFORMANCE SHARES LINKED TO REVENUE GOALS	19,433,333
TOTAL POTENTIAL SHARES	513,113,866



## MULTIPLE NEAR-TERM VALUE CATALYSTS:

- Growth and de-risking of ARR - sales accelerating from recently-added Partners
- Product enhancements and new products added - SME and Enterprise grade
- Ongoing sales mix shift in sales to market - leading Email Backup and Archiving products





# IN SUMMARY

-  Strong growth trajectory
-  Favourable market/growth drivers
-  Global user and partner base
-  Built-out scalable technology
-  Serves large addressable market
-  Experienced leadership team

## CONTACT

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