



## Dropsuite Q3 2019 Activities Summary

Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) presents its financial and operational update for the quarter ended 30 September 2019.

- Normalised cash receipts of \$1.05m (prior quarter \$1.18m) and in line with forecasts – full impact of migration from one US partner now fully absorbed – Q4 cash receipts will increase.
- Annualised Recurring Revenue (ARR\*) at \$4.46m, up 15% on prior quarter ARR of \$3.88m, well on track to deliver \$4.8m-\$5m ARR by end December 2019.
- Revenue from Email Backup and Archiving now makes up 63% of total revenue – up from 58% in prior quarter.
- Number of paid users up 6% quarter-on-quarter to 266,000 and APRU up 8% to \$1.40.

### Q3 Activities Summary

Q3 2019 normalised cash receipts were \$1.05m which are in line with prior quarter (\$1.18m) as forecasted. As previously reported, the full revenue impact of the previously announced final phase-out of a US partner’s website backup migration to their own platform is reflected in this quarter’s cash receipts given the lag between invoicing and payment. The phase out has now been fully absorbed and the Company expects cash receipts will be higher from this calendar quarter (Q4) onwards.

As anticipated Annualised Recurring Revenue (ARR\*) is now resuming its upward trajectory and increased 15% quarter-on-quarter to \$4.46m (prior quarter: \$3.88m). This is being driven by revenue from existing email backup and archiving partners. Dropsuite’s backup and archiving product is enjoying very good take-up, now making up 63% of total revenue (up by 5% quarter on quarter from 58%).

The growth in quarter-on-quarter ARR is reflected in the table below:

	Jun-19	Lost from Migration*	Added from Existing Partner	Added from New Partners	Sep-19
ARR (\$M)	\$3.88M	(\$0.08M)	\$0.63M	\$0.03M	\$4.46M

*\* Largest US-headquartered Website Backup partner who migrated the bulk of their users in the first half of the year away from Dropsuite’s product to an in-house solution that partner acquired. The migration is complete per this partner’s confirmation, and they remain a valuable transacting partner.*

Dropsuite continues to de-risk and diversify its revenue base, with the top 10 partners now accounting for 74% of total revenue and the total number of partners is now 200, up from 175 last quarter (12.5% higher than the previous quarter).

The total number of paid users has increased 6% quarter-on-quarter to 266,000 and Monthly Average Revenue Per User (ARPU) is up 8% to \$1.40 which reflects the growing appeal among businesses for Dropsuite’s SaaS-based email backup and archiving technology.

## Q4'19 Outlook

After a challenging 12 months, Dropsuite is now well-placed for growth, with new partner wins recently reported, and organic revenue growth materialising from existing partners. The business is firing in all major markets. ARR is well on track to deliver \$4.8m-\$5m ARR by end December 2019.

The Company is sufficiently funded with cash at bank of \$1.9m to deliver current growth objectives, with operating expenditure (OpEx) vigilance still in place. As well, Dropsuite continues to enhance its SaaS technology with more features and functionality to maintain its a competitive edge.

## Comment

**Managing Director Charif Elansari said:** *"We are pleased with the progress made in the quarter and we are now entering a period of renewed growth which is best reflected in the improving ARR.*

*"Across key growth metrics we are now growing and diversifying – ARR, ARPU, paid users and partner numbers. We look forward to reporting on progress in future updates."*

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

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

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## **About Dropsuite**

Dropsuite is a global cloud software platform enabling businesses 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 businesses worldwide. Dropsuite partners with some of the biggest global names in the hosting and IT service provider market. For more information please visit: [www.dropsuite.com](http://www.dropsuite.com)