



# Investor Presentation

## FY 2023 Financial Results

**February 2024**

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



**~115**  
employees



**>100**  
countries



**>1.16M**  
paid users



**620**  
direct partners



**>\$34.3M**  
ARR

# Key business metrics delivered in FY 2023

ARR

**\$34.3m**



34% on PCP  
on constant  
currency

Gross Margin

**68%**



2% on PCP

Operating Cashflow

**\$2.3m**



145% YoY

ARPU

**\$2.46**



8% YoY on  
constant  
currency

Paid Users

**1.16m**



24% YoY

Cash Receipts

**\$28.7m**



52% YoY

## Commentary

- FY23 results highlight the Company's highly scalable and sustainable business model
- Positive momentum across all key financial and operational metrics
- Third year of positive operating cashflow
- Well capitalised and positioned to drive growth in FY24

# Strategic Drivers

# What we believe to be true

1

## **Right team**

We continue building the right team and the right culture for long-term success

2

## **Right time**

There has never been a better time to be in the Data Protection business

3

## **Right place**

Our choice to go-to-market with MSP partners is validated every day



**To deliver the right strategy**

# Right team

Highly skilled and responsive team



Fully formed Executive Leadership team



Increased specialization and expertise across core functions



Continued focus on R&D and innovation to scale



Low single-digit regretted employee attrition

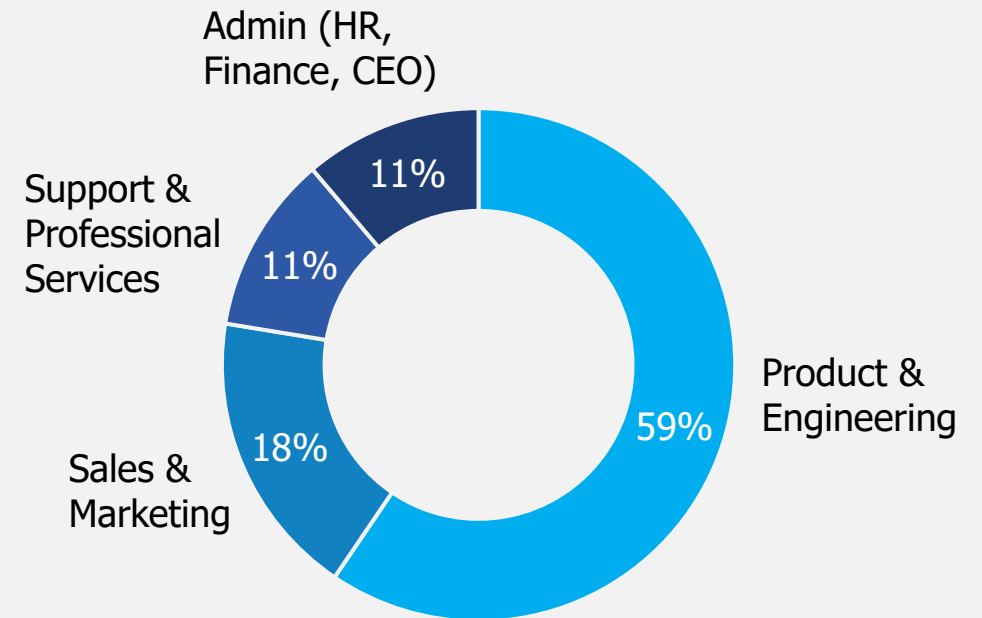


>110 team members in 11 countries across North America, Europe and Asia Pacific



Distributed/hybrid team since 2014

## Team by Function



As at 31<sup>st</sup> Dec 2023

# Right time

Tailwinds propelling growth with a large total addressable market



Cyber threats

**400 Million**

Microsoft 365 and Google Workspace users globally in 2022<sup>1</sup>

**\$11 Billion**

MSP Channel Backup & Disaster Recovery (with double-digit CAGR)<sup>2</sup>



Regulation

**\$10.5 Trillion**

Expected cost of cyber-attacks by 2025<sup>3</sup>

**67%**

Organisations cite increase in ransomware and malware<sup>4</sup>



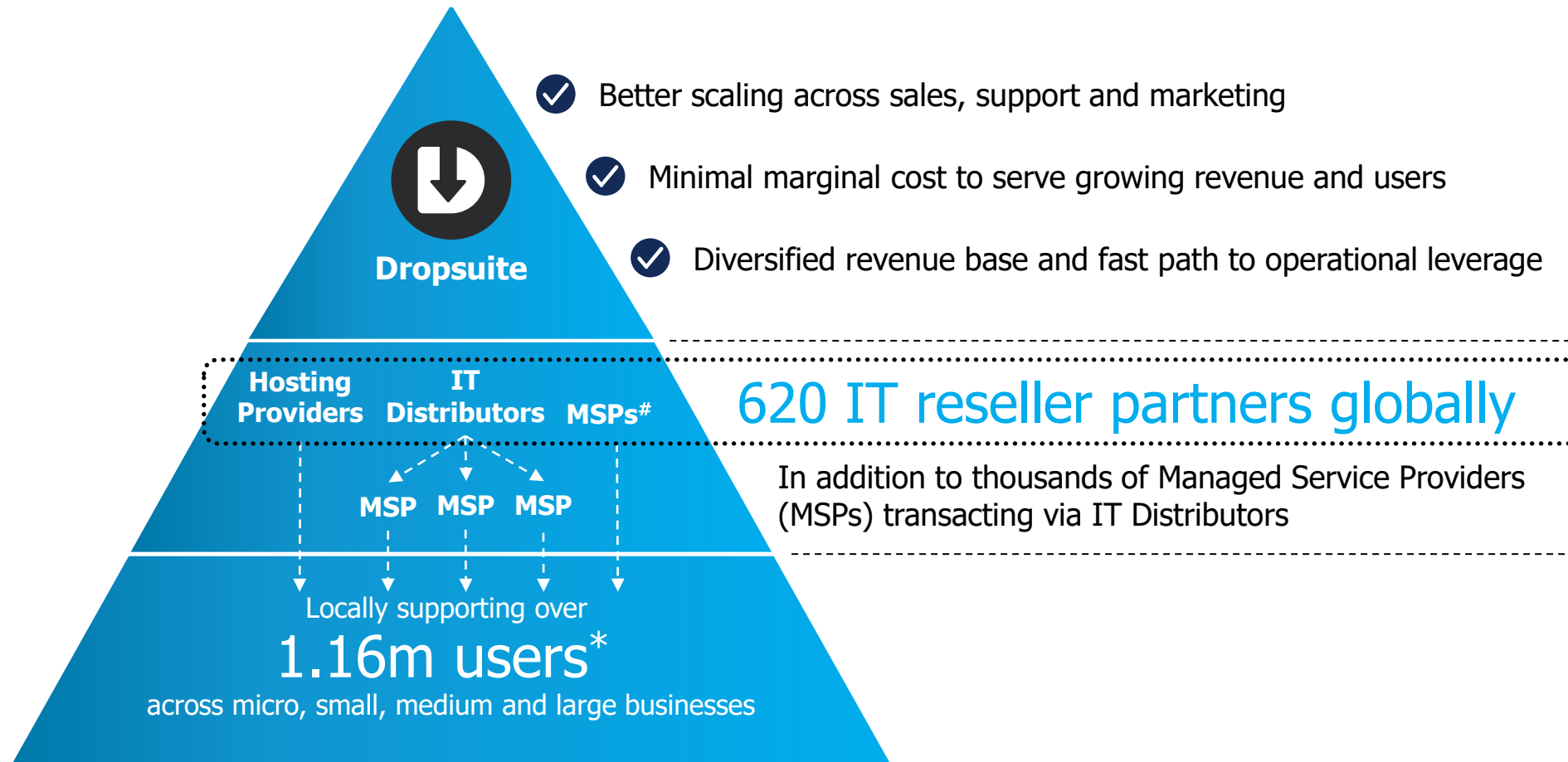
Cloud migration

The global cybersecurity total addressable market may reach **\$2 Trillion**, 10x the size of the vended market.<sup>5</sup>

1. Microsoft and Google 2022/2023 2. Canalys 2022 3. McKinsey & Co 2022. 4. Dell 2022. 5. Source: McKinsey & Co 2022

# Right place

Partner-led business model with meaningful product differentiation

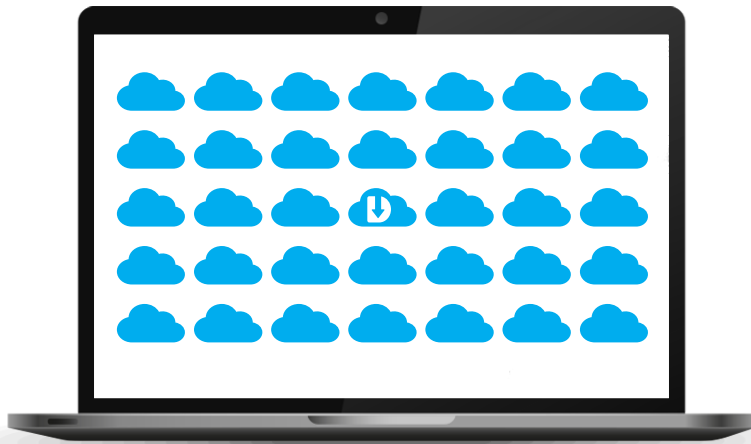


# MSP: Managed Service Provider \* As at 31 December 2023



# How Dropsuite stands out in the market

## 36 Credible Vendors Microsoft 365 Cloud Backup



- ✓ Full Microsoft 365 Backup offering including Teams and SharePoint
- ✓ Integration into MSP workflows and ERPs
- ✓ Deep integration and alignment with strategic distributors
- ✓ Unique combination of data backup with compliance/archiving
- ✓ Compatibility with all major email platforms including Google Workspace
- ✓ Caters to data sovereignty in all target markets including US GovCloud

# FY 2023 Results

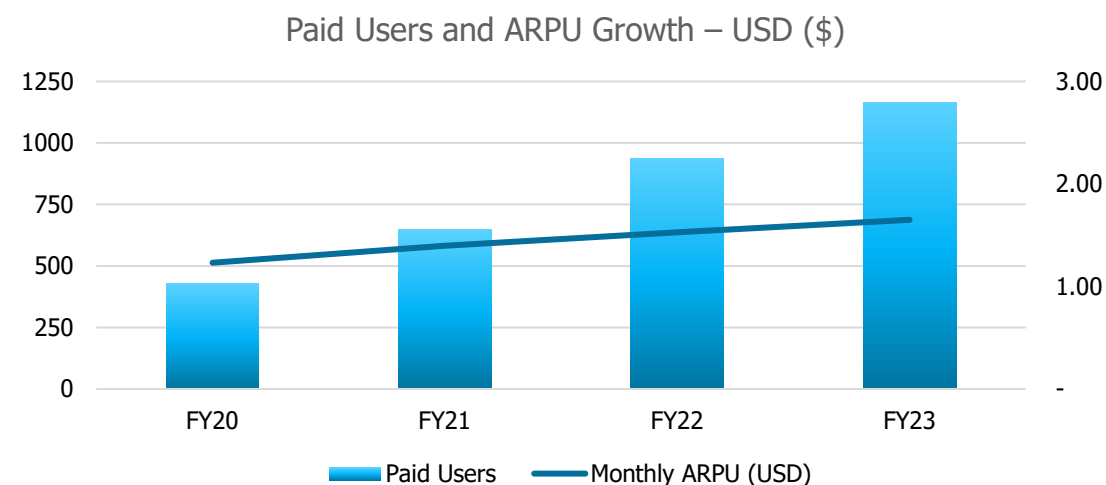
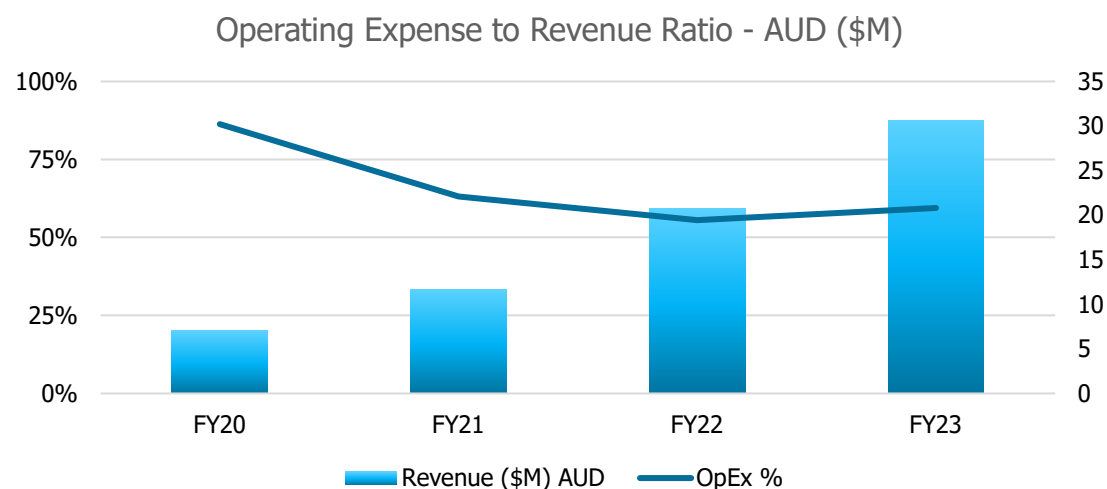
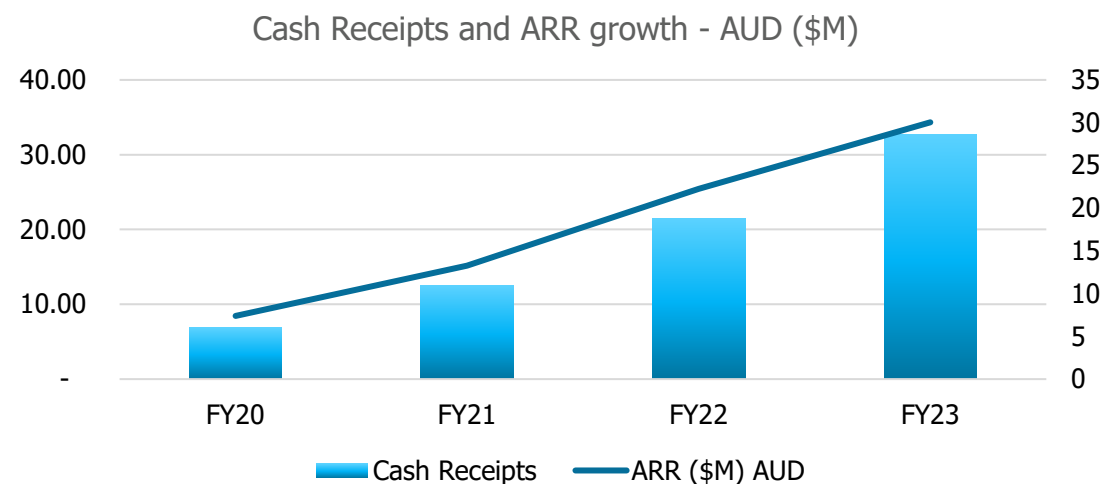
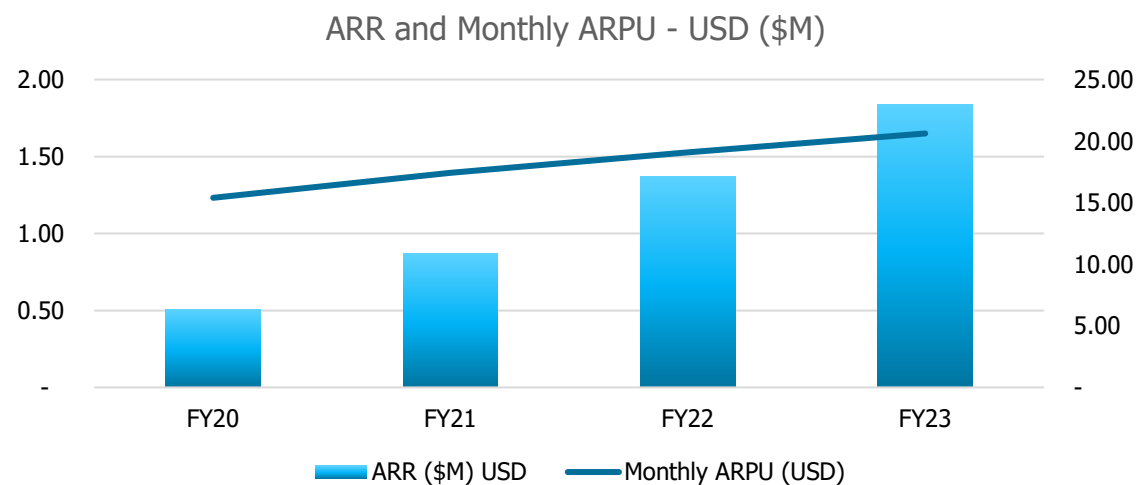
(1 January to 31 December 2023)

# Financial Summary – FY 2023

A\$ Million	2023	2022	2021	PCP (%)	
Revenue from operating activities	30.63	20.69	11.69	48%	Stable ARPU and growing user numbers delivered topline growth
Interest income	0.71	0.26	0.00	175%	
Gross margin %	68%	66%	64%	2%	
Operating expenses	(19.82)	(12.36)	(7.54)	60%	Improvement driven by combination of topline growth and focus on cost.
Net Profit/(loss) from ordinary activities	1.58	1.45	(0.03)	9%	
EBITDA	1.11	1.25	0.003	(12%)	
Share based payments expense	(1.62)	(0.87)	(0.17)	87%	Third year of positive cash generation. Dropsuite will continue to balance investment to maintain positive cashflow
Underlying EBITDA*	2.72	2.11	0.39	29%	
Cash Receipts	28.65	18.80	10.96	52%	
Net cash generated from operations	2.27	0.93	0.26	145%	
Cash on hand	24.30	22.34	21.60	9%	

\*Underlying EBITDA: Earnings before interest, tax, depreciation, amortisation, share based payments expenses and due diligence costs

# Continued Positive Growth Momentum



# Increased investment in R&D, while the profitability and cashflow outlook remains positive

Function as % of OpEx

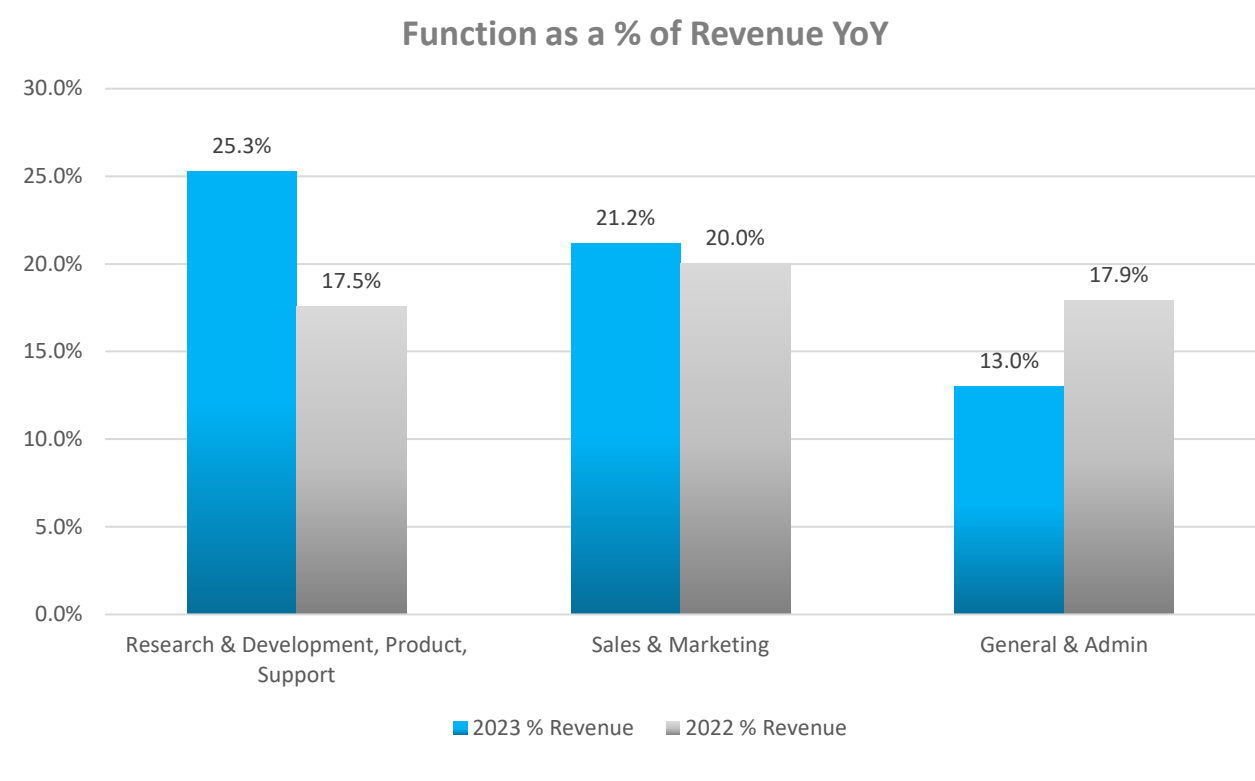
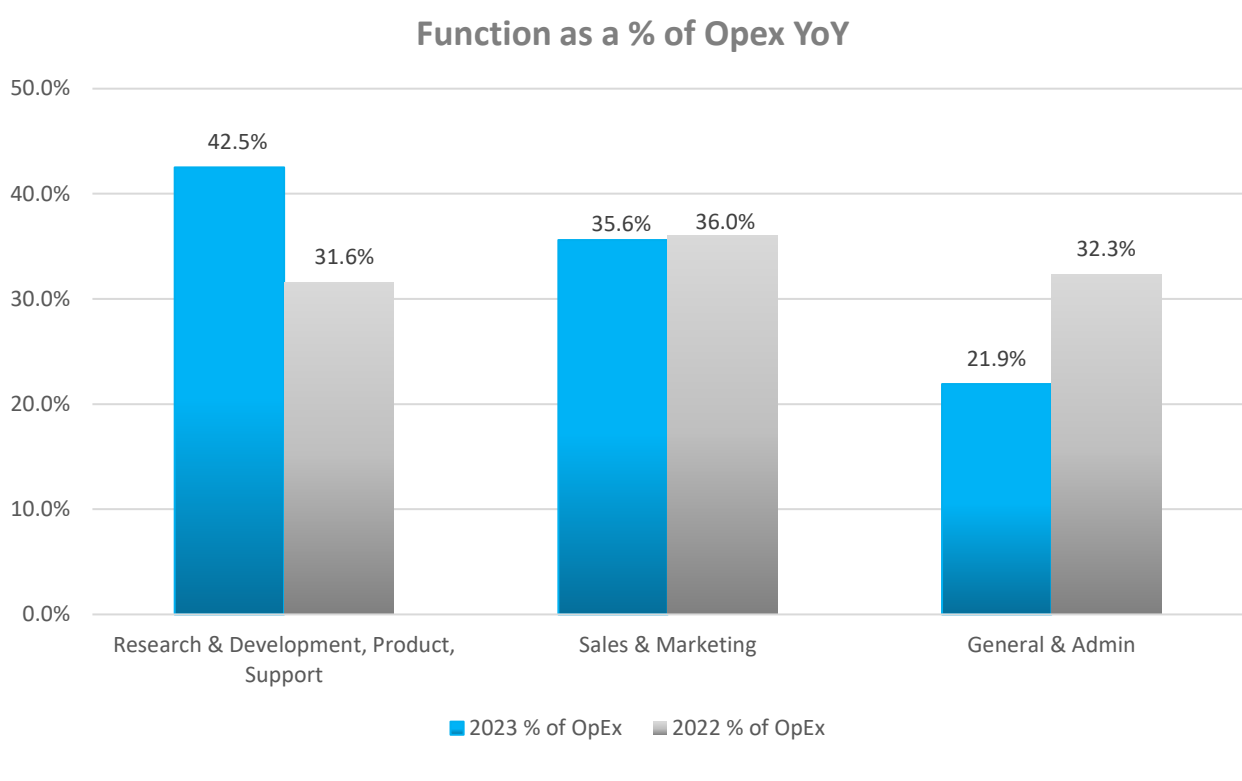
A\$ Million	2023	2022	2023 % of OpEx
Research & Development, Product, Support	7.74	3.63	42.5%
Sales & Marketing	6.48	4.15	35.6%
General & Admin	3.98	3.71	21.9%
Total Operating Expenses*	18.20	11.49	100.0%

Functional breakdown:

- R&D investment in FTEs, tooling and security upgrades across all regions
- S&M investment in FTEs, partner programs, sponsorship and tooling upgrades
- G&A investment in FTEs and tooling upgrades

\*Excludes share-based payments expenses

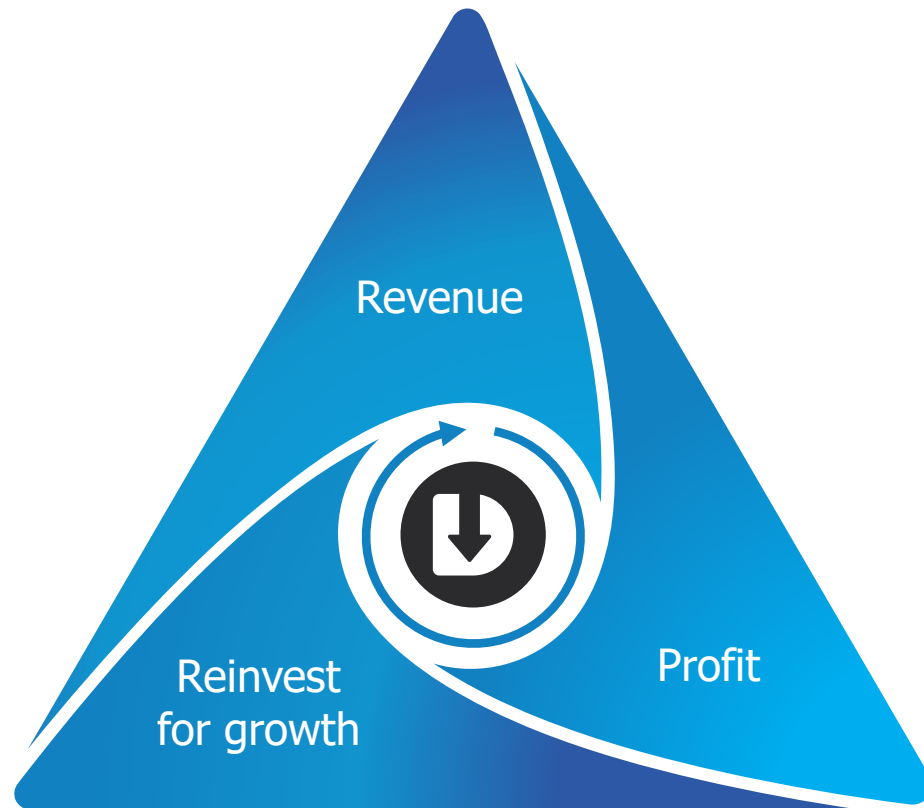
# Increased profitable investment year on year



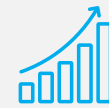
# Delivering Future Growth

# Our capital allocation framework

DSE will reinvest to drive revenue growth while staying profitable and cash flow positive



## Enablers of growth



Significant industry tailwinds



Product leadership



Growing partner network



Underserved large addressable market



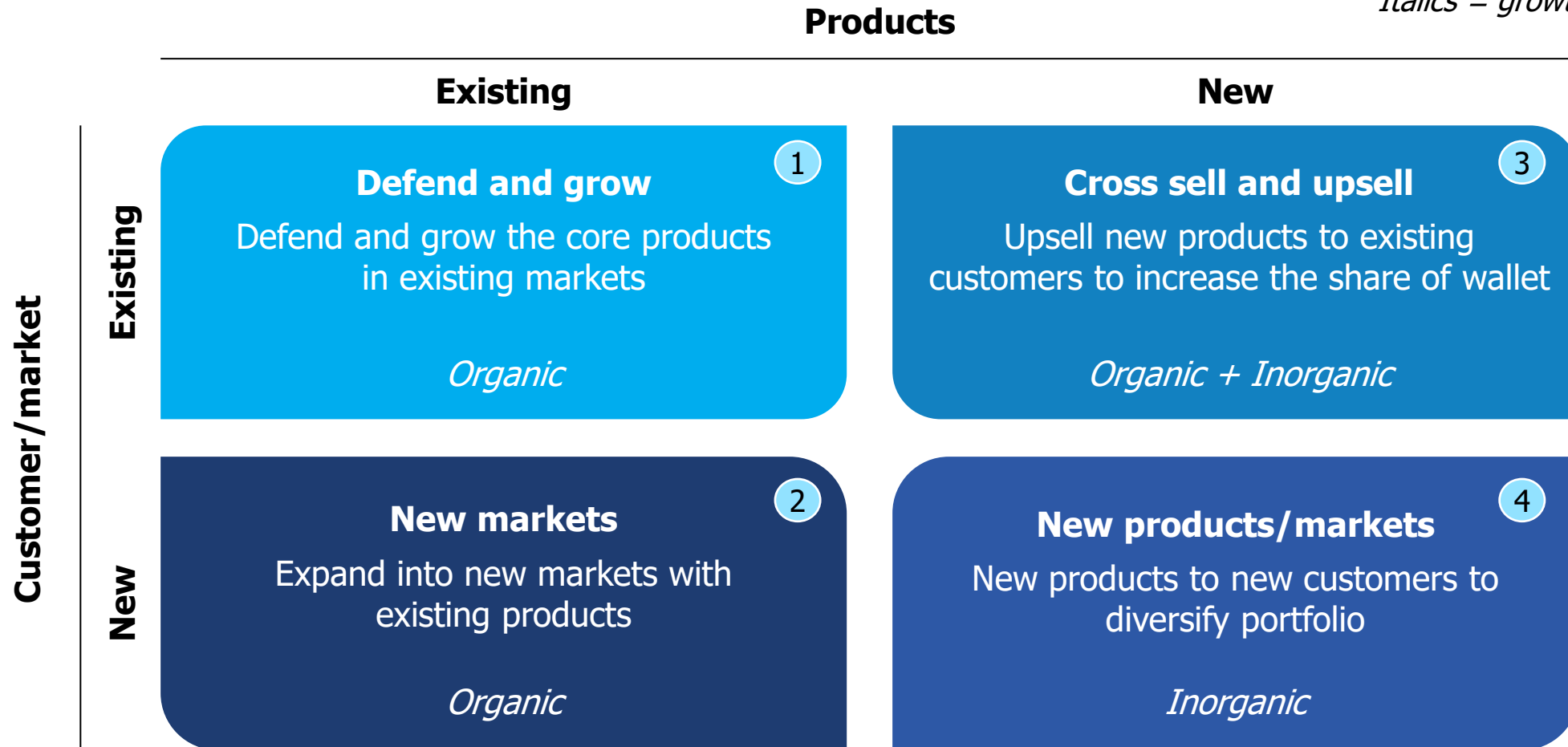
Highly skilled and motivated team



# Our capital allocation and growth framework

DSE to deliver 2x industry growth rates via a range of organic and acquisitional growth initiatives

*Italics = growth framework*



# Investment highlights and outlook



Strong market tailwinds from cyber 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



Internal investment to drive continued growth



[dropsuite.com](https://dropsuite.com)



[dropsuite](https://twitter.com/dropsuite)



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This presentation is authorised by the Board of Directors

# Appendix

# FY 2023 Consolidated statement of cash flows

A\$ Million	FY 2023	FY 2022	Change (%)
Receipts from customers	28.65	18.80	52%
Cloud hosting	(10.33)	(7.67)	35%
Advertising & marketing	(1.33)	(1.12)	19%
Staff costs	(12.84)	(7.81)	65%
Administration & corporate costs	(2.57)	(1.51)*	71%
Total payments	(27.08)	(18.10)	50%
Interest received	0.69	0.23	200%
Net cash generated/(used) from operations	2.27	0.93	145%
Cash flow from investing activities (PPE)	(0.14)	(0.08)	75%
Cashflow from financing activities (all)	-	-	-
Effect of movement in exchange rates on cash held	(0.18)	(0.12)	54%
Net increase/(decrease) in cash for the period	1.95	0.73	167%
Cash on hand	24.29	22.34	9%

# FY 2023 Consolidated statement of financial position

A\$ million	FY 2023	FY 2022
Cash and cash equivalents	24.29	22.34
Trade and Other Receivables	5.85	4.06
Other assets	0.65	0.38
Non-current assets	0.36	0.14
<b>Total assets</b>	<b>31.16</b>	<b>26.92</b>
Current Liabilities	3.71	2.64
Non-current liabilities	0.06	0.05
<b>Total Liabilities</b>	<b>3.77</b>	<b>2.69</b>
<b>Net Assets</b>	<b>27.39</b>	<b>24.23</b>
Issued capital	43.42	43.42
Reserves	2.56	0.99
Accumulated losses	(18.59)	(20.17)
<b>Total Equity</b>	<b>27.39</b>	<b>24.23</b>

# Board and Management



**Theo Hnarakis**

Non-Executive  
Chairman



**Dr. Bruce Tonkin**

Non-Executive  
Director



**Eric Martorano**

Non-Executive  
Director



**Charif El Ansari**

Managing  
Director



**Bill Kyriacou**

Chief Financial  
Officer



**Frederique van de Poll**

Global Head  
of HR



**Manoj Kalyanaraman**

Chief Technology  
Officer



**Eric Roach**

SVP Global Channel  
Sales & Marketing



**Mark Kirstein**

Chief Product  
Officer

# Exceptional user experience

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

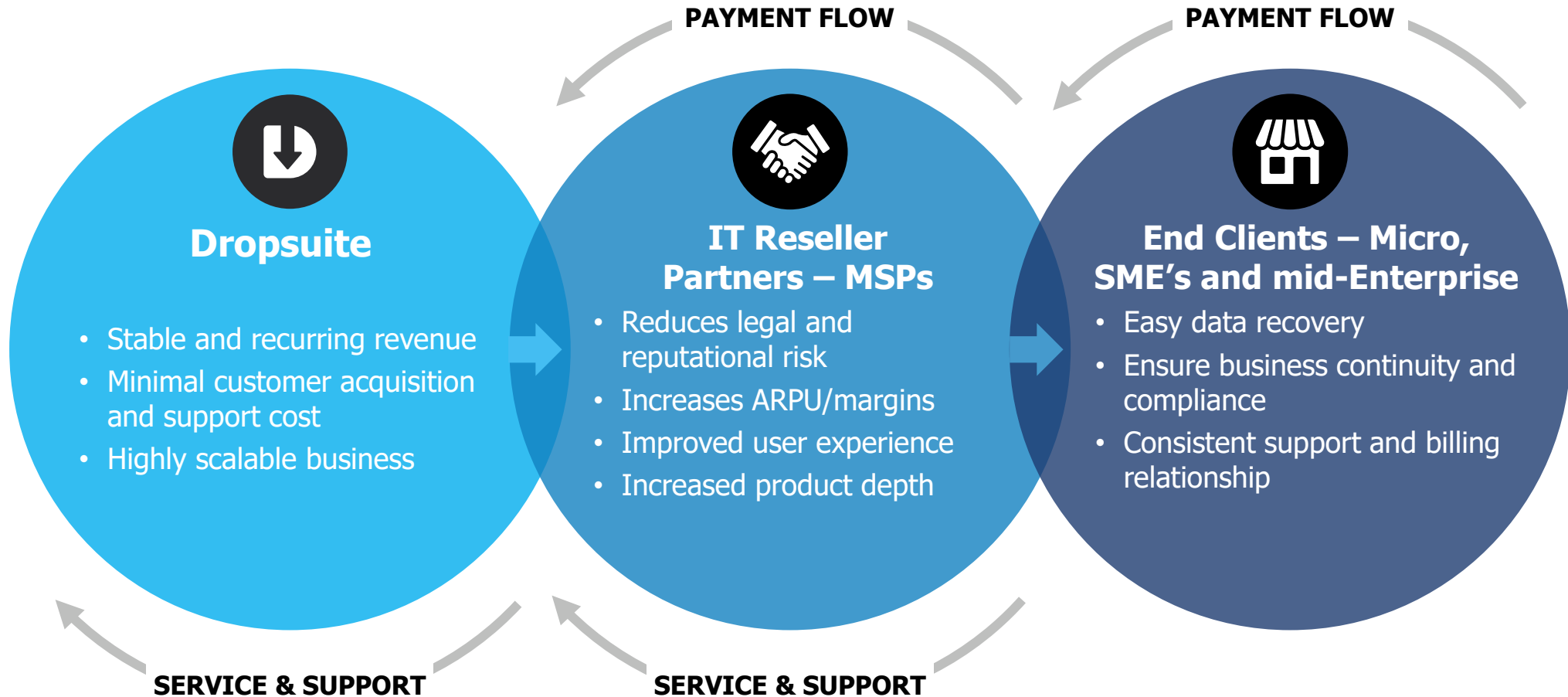


\*GovCloud Solution - allows US government agencies and other regulated industries to easily backup and restore sensitive and classified data in the cloud while maintaining heightened security requirements. Dropsuite's M365 backup and archiving solutions can now be stored in Amazon Web Services (AWS) 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



# MSP requirements and how we win



## MSP requirements of security providers

- Compelling solution set that meets the intense scrutiny of their security stack
- Best-in-class performance that provides the MSP protection and confidence
- Solution continuously exceeds the growing and changing regulatory and compliance requirements of their customers
- An easy, friction-free partnering experience
- The ability to monetize as a compliment to their solution stack fit



## Why MSPs choose Dropsuite

- Dropsuite is universally recognized as a premium product in the cloud backup space
- Very low churn gives MSPs the confidence Dropsuite products deliver as advertised
- Backup + Archiving is a meaningful differentiator
- Partner experience – easy procurement/set up, predictable billing, removal of MSP costs
- Compelling partner economics and “stack fit”

# Regulatory shifts are well aligned with product and go-to-market strategies

## Industry Regulations



## Privacy Laws



## Best Practice Frameworks



# 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"><li>• <b>Protect and accelerate the core business. Grow and delight partner base</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Replicate superior user experience and partner integration</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Broaden scope of Dropsuite's data protection platform and share of wallet</b></li></ul>
Rationale	<ul style="list-style-type: none"><li>• Only ~3% of MSPs globally are Dropsuite partners</li><li>• Security &amp; backup are core MSP offerings</li></ul>	<ul style="list-style-type: none"><li>• Security &amp; backup are core MSP offerings</li><li>• Help MSPs to increase recurring revenue &amp; profit</li></ul>	<ul style="list-style-type: none"><li>• SaaS Protection continued to be an underserved area</li><li>• Fast time-to-market with a seamless partner experience</li></ul>
Impact	<ul style="list-style-type: none"><li>• ARR</li><li>• Partners</li><li>• Users</li></ul>	<ul style="list-style-type: none"><li>• ARR</li><li>• ARPU</li><li>• GM%</li></ul>	<ul style="list-style-type: none"><li>• ARR</li><li>• ARPU</li><li>• GM%</li></ul>

# 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

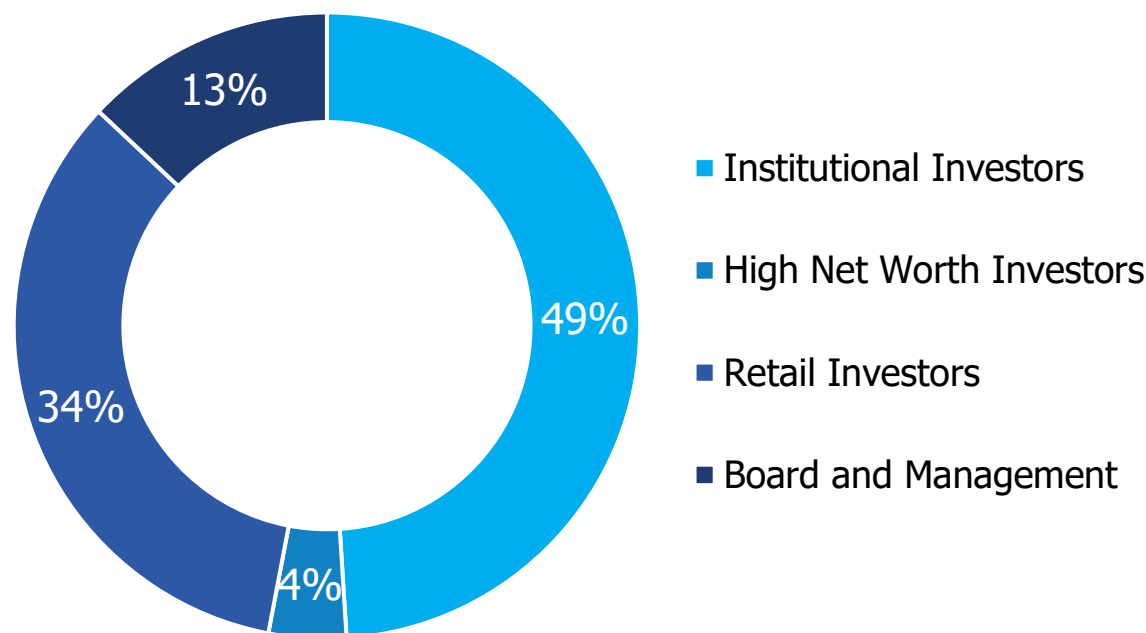
**QBO:** QuickBooks Online

**ERP:** Enterprise Resourcing Planning

**Underlying EBITDA:** Earnings before interest, tax, depreciation, amortisation and share based payments expense

# Corporate overview

## Top 50 share registry breakdown



### Financial Information

Share price as December 31, 2023	24.5 cents
Ord Share on Issue (M)	690
52-week trading (low/high)	0.16/0.385
<b>Market Cap (\$)</b>	<b>\$171M</b>
Cash (December 31, 2023)	\$24.6M
Debt (December 31, 2023)	nil

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