



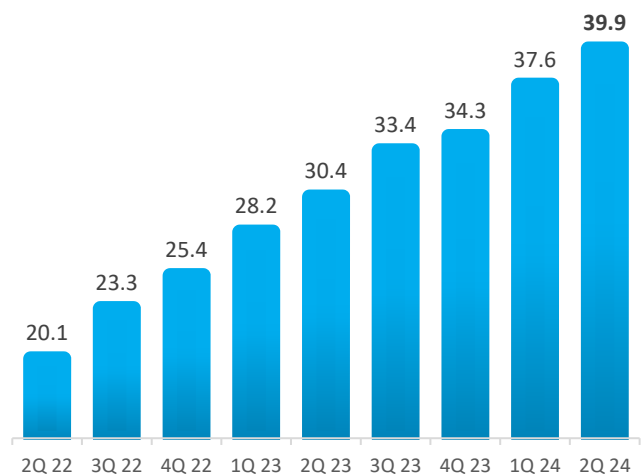
Quarterly User Growth Reaches Record High

22 July 2024: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) is pleased to provide an overview of the Company’s financial and operating performance for the quarter ending 30 June 2024.

Highlights

- > Annual Recurring Revenue (ARR¹) of \$39.9m, up 31% on the Previous Corresponding Period (PCP)
- > Record seat adds of 112k, growing total paid user count to 1.35 million
- > Monthly ARPU of \$2.47, up 5% PCP
- > Product gross margin of 69%
- > Churn returned to <3% level
- > Q2 FY24 operating cashflow of \$0.54m

ARR (\$M)



CEO Charif El Ansari stated:

“Continued growth in the global data protection market, combined with our leading position and customer-centric approach, drove record seat additions in Q2 2024. This momentum, along with continued expansion of our MSP partnerships, fuels our optimism for future growth. Furthermore, churn returned to its historical level of <3% after a slight uptick in the March quarter. This reflects our strong commitment to client service and support across the organisation. With a robust balance sheet, favourable market tailwinds including data security and regulation, and a highly scalable distribution channel, we are well positioned to deliver growing and sustainable returns to our shareholders.”

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

Financial Overview

ARR & ARPU	Jun 24	Mar 24	Jun 23	QoQ (%)	PCP (%)
ARR (\$m) - AUD	39.92	37.56	30.44	6%	31%
ARR (\$m) - USD	26.52	24.63	20.45	8%	30%
Monthly ARPU (\$m) - AUD	2.47	2.53	2.35	(3%)	5%
Monthly ARPU (\$m) - USD	1.64	1.66	1.58	(1%)	4%
FX AUD:USD	0.66	0.66	0.67	1%	(1%)

Cash Summary (\$m)	Jun 24	Mar 24	Jun 23	QoQ (%)	PCP (%)
Receipts from Customers	9.33	8.94	6.66	4%	40%
Payments to Suppliers	(8.99)	(8.76)	(6.48)	3%	39%
Interest Income	0.20	0.21	0.15	(3%)	29%
Net Cash Generated from Operations	0.54	0.39	0.34	37%	60%
Cash at hand	25.13	24.91	22.96	1%	9%

- Incremental ARR added of US\$1.9m for the quarter
- Cashflow generated from operating activities of \$0.54 million. Cashflow generation and cash receipts have been normalised for the fluctuation in timing of cash receipts and working capital from customers from prior quarter.
- Gross Margin of 69% stable and inline with the prior quarters.

Operational and Product Overview

Dropsuite continues to invest into internal initiatives such as new product development, increased global sales footprint, and expanded customer service facilities to improve the backup and archive experience for DSE's partners and streamline the support processes for end clients. Key activities during the quarter include:

- Record quarterly paid user count of 112k, growing total paid user count to 1.35 million
- Strong partner acquisition quarter onboarding 53 new direct and 295 indirect transacting Managed Service Provider (MSP) partners.
- Launched new backup product targeted at Entra ID (formerly Azure Active Directory), which is Microsoft's cloud-based identity and access management solution providing authentication and authorization to a wide range of Microsoft products.
- Dropsuite has made both its backup and archiving product offerings available to verified Not-for-profit (NFP) organisations which will allow MSPs to provide Dropsuite's solutions to their NFP clients at a discounted price. The special priced NFP products is a common practice with many software companies including Microsoft, Google and Salesforce.
- Added HaloPSA to our product lineup of supported PSA vendors. HaloPSA is one of the fastest growing PSA vendors on the market. In Q1 FY24, DSE launched a PSA Integration Marketplace, a centralized hub for partners to seamlessly integrate Dropsuite with their preferred PSA vendor, discover integrations, manage organizations, and drive internal operational efficiencies.

Outlook

Dropsuite is well positioned to deliver strong annual recurring revenue growth driven by our significant existing partner base and a growing pipeline of new partners and new products. The Company remains focussed on:

- Delivering ARR growth via its existing partner ecosystem, strong sales pipeline and expanded product line.
- Incremental investment in Research & Development and Go-To-Market functions in 2024 to sustain growth momentum.
- Maintaining cashflow and profitability broadly in line with FY23 levels.
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Pursuing high conviction M&A opportunities taking advantage of strong market tailwinds around data protection.

The announcement was approved by the Board of Directors.

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About Dropsuite

Dropsuite is a cloud software platform enabling businesses to easily backup, recover and protect their important business information. Dropsuite's commitment to advanced, secure and scalable cloud technologies keeps us in the forefront of the industry and makes us the choice of leading IT Service Providers globally. For more information please visit: www.dropsuite.com