



# Investor Presentation

**August 2023**



ASX:DSE

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# 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



**~100**  
employees



**>100**  
countries



**>1M**  
paid users



**~600**  
direct partners



**>\$30M**  
ARR

# 1H 2023 Results

# Strong Business Metrics Delivered in 1H 2023

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Revenue

**\$14.1m**



58% on PCP

Gross Margin

**69%**



>700 basis points YoY

Operating Cashflow

**\$0.62m**



>100% on PCP

EBITDA

**\$0.58m**



38% on PCP

Paid Users

**1.08m**



33% on PCP

1H23 exit ARR

**\$30.4m**



45% on PCP on constant currency

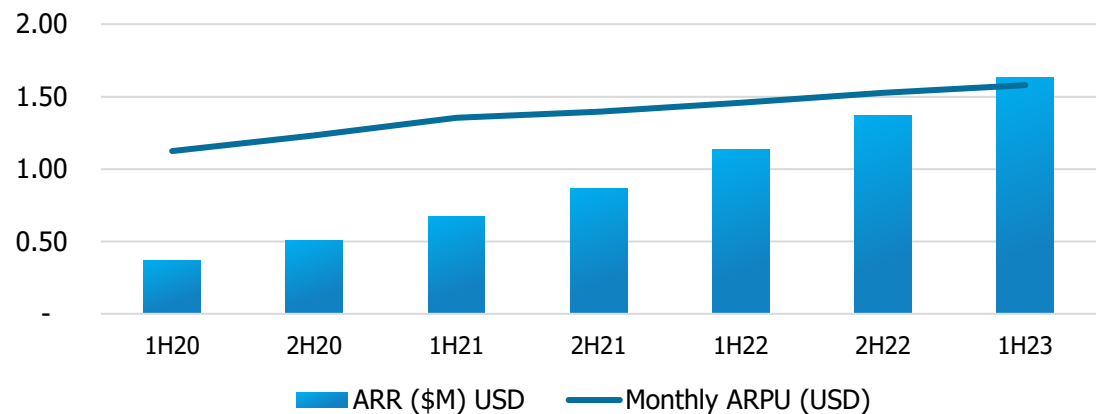
## Commentary

- Continued ARR growth momentum and low-partner revenue churn <3%
- Gross Margin storage initiatives continued in 1H23 delivering improved margins vs PCP
- Positive operating cashflow generation whilst reinvesting for growth

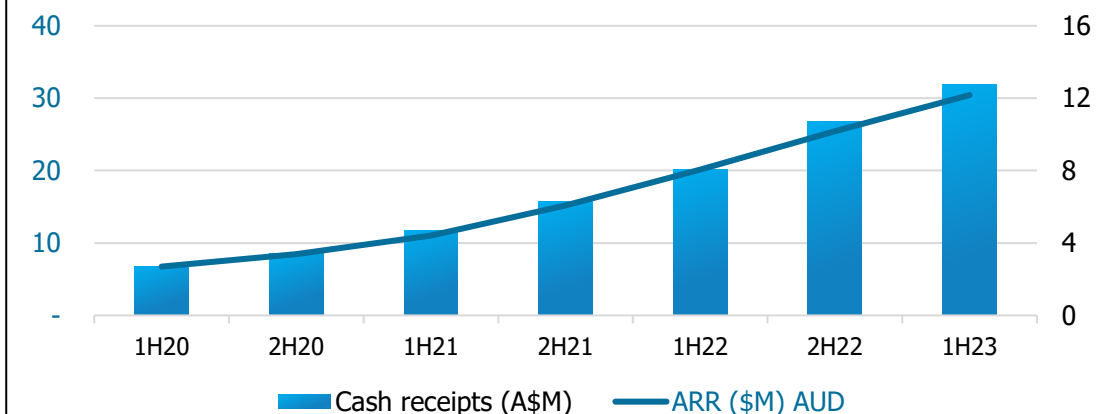
# Continued Positive Growth Momentum

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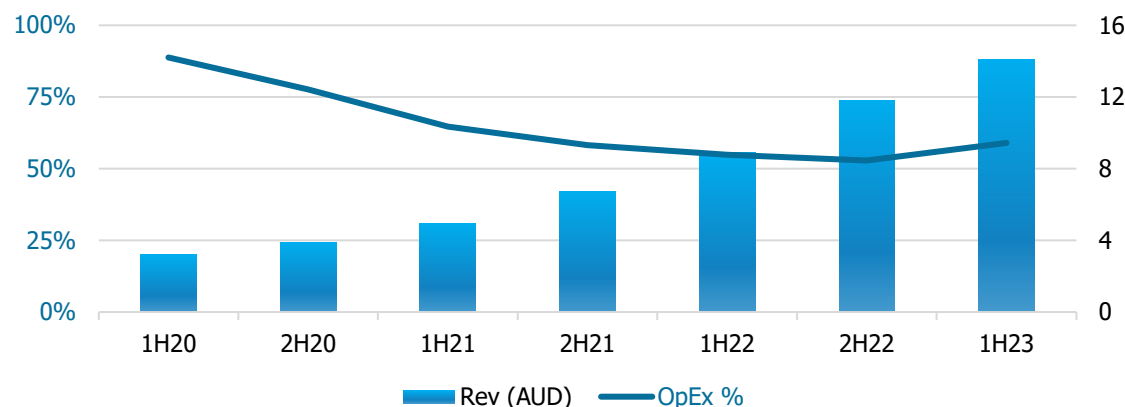
## ARR and Monthly APRU - USD (\$M)



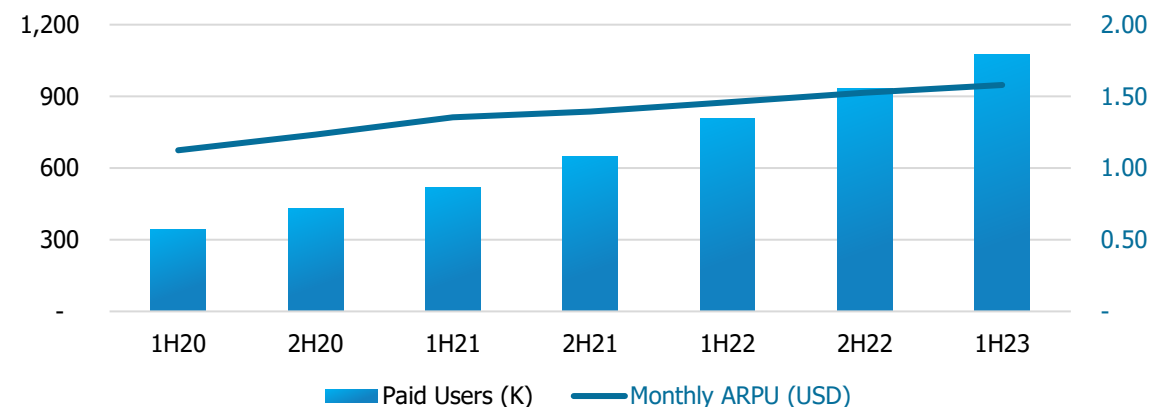
## Cash Receipts and ARR growth - AUD (\$M)



## Operating Expense to Revenue Ratio - AUD (\$M)



## Paid Users and ARPU (USD\$) growth

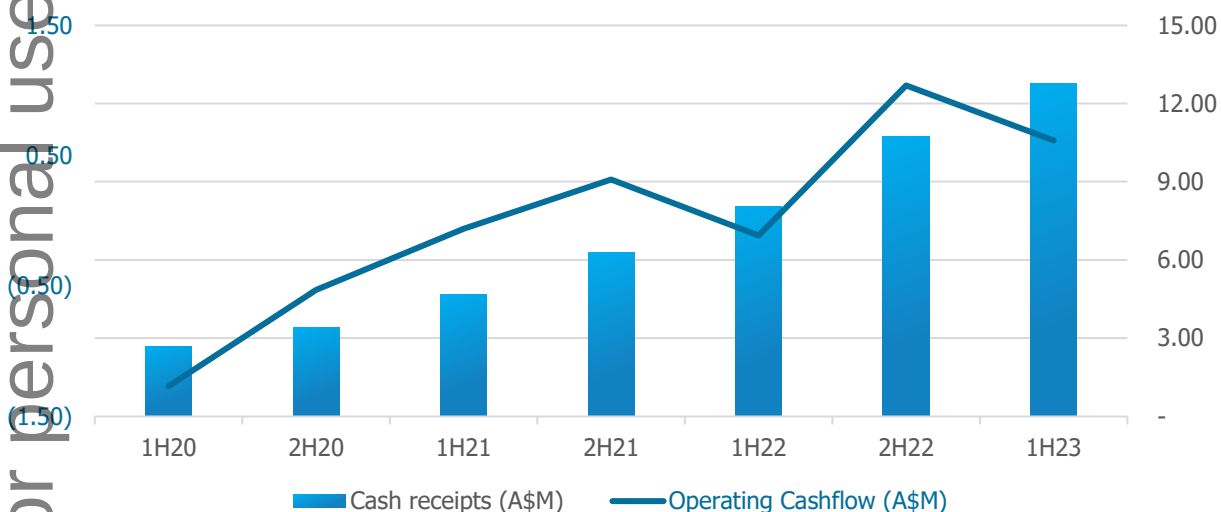


# 1H 2023 Financial Summary

| A\$ million                               | 1H23   | 1H22   | Change (%)        |
|-------------------------------------------|--------|--------|-------------------|
| Revenue from operating activities         | 14.08  | 8.89   | 58%               |
| Interest Income                           | 0.30   | 0.02   | >100%             |
| Gross margin %                            | 69%    | 62%    | +700 basis points |
| Operating expenses                        | (8.43) | (4.88) | (73%)             |
| Net Profit from ordinary activities       | 0.84   | 0.31   | >100%             |
| EBITDA                                    | 0.58   | 0.42   | 38%               |
| Underlying EBITDA                         | 1.07   | 0.51   | >100%             |
| Cash Receipts from customers              | 12.78  | 8.06   | 59%               |
| Net Cash Generated/(Used) from Operations | 0.62   | (0.11) | >100%             |

# Trend of Operating Cashflows Continues

Operating Cashflow and Cash Receipts - AUD (\$M)



## Positive Operating Cashflow

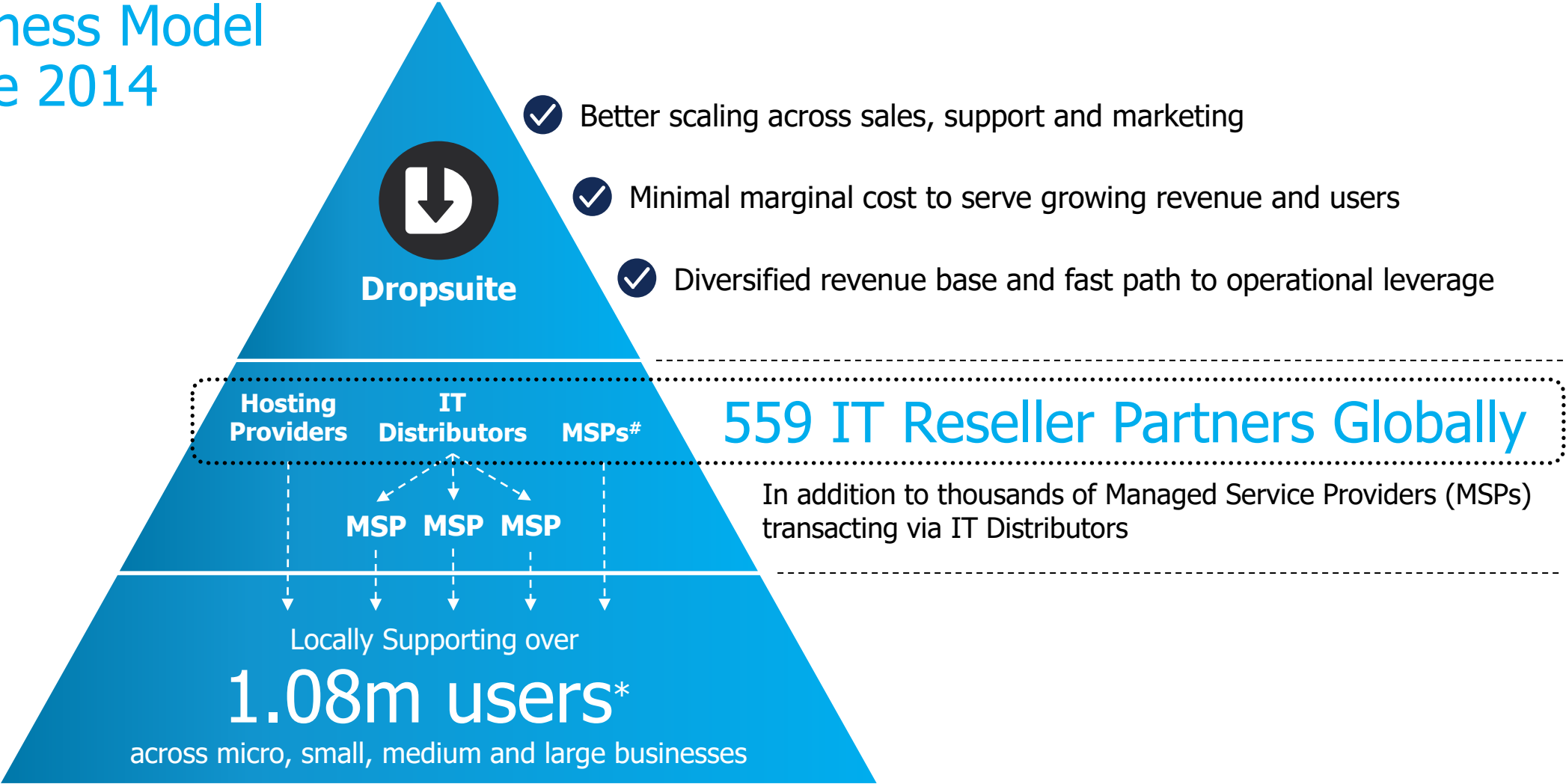
- Cash receipts growth consistent with ARR growth and inline with expectations
- Cash flow generated from operating activities positive for 1H23, whilst continuing to invest for growth



\* Cash at Bank at 30 June 2023 of \$22.96m includes effect of movement in exchange rates on cash held of 0.08m during the reporting period

# Delivering Future Growth

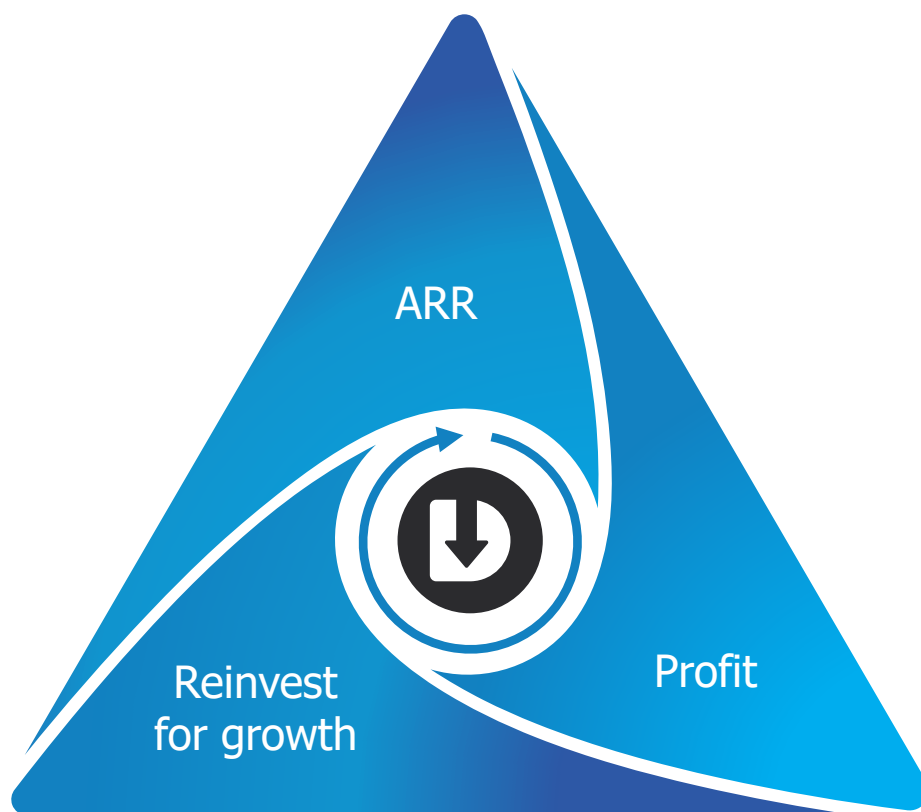
# Partner-led Business Model Since 2014



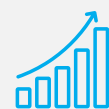
MSP: Managed Service Provider is an outsourced IT provider ensuring business availability and security for mostly small and mediums businesses (SMBs)  
\* # of MSPs: As at 30 June 2023

# Investment Framework

## Our Investment Framework



## Enablers of Growth



Significant industry tailwinds



Product leadership



Growing partner network



Underserved large addressable market



Highly skilled and motivated team

# 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>• Protect and accelerate the core business. Grow and delight partner base</li></ul>                                 | <ul style="list-style-type: none"><li>• Replicate superior user experience and partner integration</li></ul>                                                  | <ul style="list-style-type: none"><li>• Broaden scope of Dropsuite’s data protection platform and share of wallet</li></ul>                                            |
| Rationale     | <ul style="list-style-type: none"><li>• Only ~2% 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>                                                                                     |

## Investment Highlights and Outlook



Continued 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



Continued ARR growth via partner ecosystem and strong pipeline



FY23 guidance for positive EBITDA and Operating Cash Flow



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



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This presentation is authorised by the Board of Directors

# Appendix

# Board and Management



**Charif El Ansari**

Managing Director



**Theo Hnarakis**

Non-Executive  
Chairman



**Dr. Bruce Tonkin**

Non-Executive Director



**Frederique van de Poll**

Global Head of HR



**Manoj Kalyanaraman**

Chief Technology  
Officer



**Bill Kyriacou**

Chief Financial Officer



**Eric Roach**

SVP Global Channel  
Sales & Marketing



**Mark Kirstein**

Chief Product Officer

# 1H 2023 Consolidated statement of cash flows

| A\$ million                                       | 1H23    | 1H22   | Change (%) |
|---------------------------------------------------|---------|--------|------------|
| Receipts from customers                           | 12.78   | 8.06   | 59%        |
| Cloud Hosting                                     | (4.47)  | (3.42) | (31%)      |
| Advertising & marketing                           | (0.78)  | (0.43) | (79%)      |
| Staff costs                                       | (6.33)  | (3.48) | (82%)      |
| Administration & corporate costs                  | (0.88)  | (0.60) | (49%)      |
| Total Payments                                    | (12.46) | (8.20) | (52%)      |
| Interest received                                 | 0.30    | 0.02   | >100%      |
| Net Cash Generated/(Used) from Operations         | 0.62    | (0.10) | >100%      |
| Cash flow from investing activities (PPE)         | (0.08)  | (0.03) | >100%      |
| Cashflow from financing activities (all)          | -       | -      | -          |
| Effect of movement in exchange rates on cash held | 0.08    | 0.08   | (2%)       |
| Net increase/(decrease) in cash for the period    | 0.62    | (0.05) | >100%      |
| Cash on hand                                      | 22.96   | 21.55  | 7%         |

# 1H 2023 Consolidated statement of financial position

| A\$ million                 | 1H23         | FY22         |
|-----------------------------|--------------|--------------|
| Cash and cash equivalents   | 22.96        | 22.34        |
| Trade and Other Receivables | 5.44         | 4.06         |
| Other assets                | 0.71         | 0.38         |
| Non-current assets          | 0.18         | 0.14         |
| <b>Total assets</b>         | <b>29.29</b> | <b>26.92</b> |
| Current Liabilities         | 3.43         | 2.64         |
| Non-current liabilities     | 0.05         | 0.05         |
| <b>Total Liabilities</b>    | <b>3.48</b>  | <b>2.69</b>  |
| <b>Net Assets</b>           | <b>25.81</b> | <b>24.23</b> |
| Issued capital              | 43.42        | 43.42        |
| Reserves                    | 1.73         | 0.99         |
| Accumulated losses          | (19.33)      | (20.17)      |
| <b>Total Equity</b>         | <b>25.81</b> | <b>24.23</b> |

# DSE Growth Driven by Increasing Cyber Security Risk

## The Data

**90%**

of Cybersecurity attacks start with email

**62%**

of breaches and data loss occur through human error

**\$20B**

global cost of ransomware in 2022

**84%**

of companies **don't backup** their SaaS application data (US)



## Industry Pain Points

- **Cyber Threats and Ransomware**
- **Data Loss and Corruption** due to human error or technical breakdown
- Growing strain to **hire IT professionals**, with increasing SLA expectations by end users
- **Cyber insurance** requirements are increasingly strict and complex, with backup being a key precondition for insurance
- Growing **regulatory and compliance** requirements

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

# Exceptional User Experience

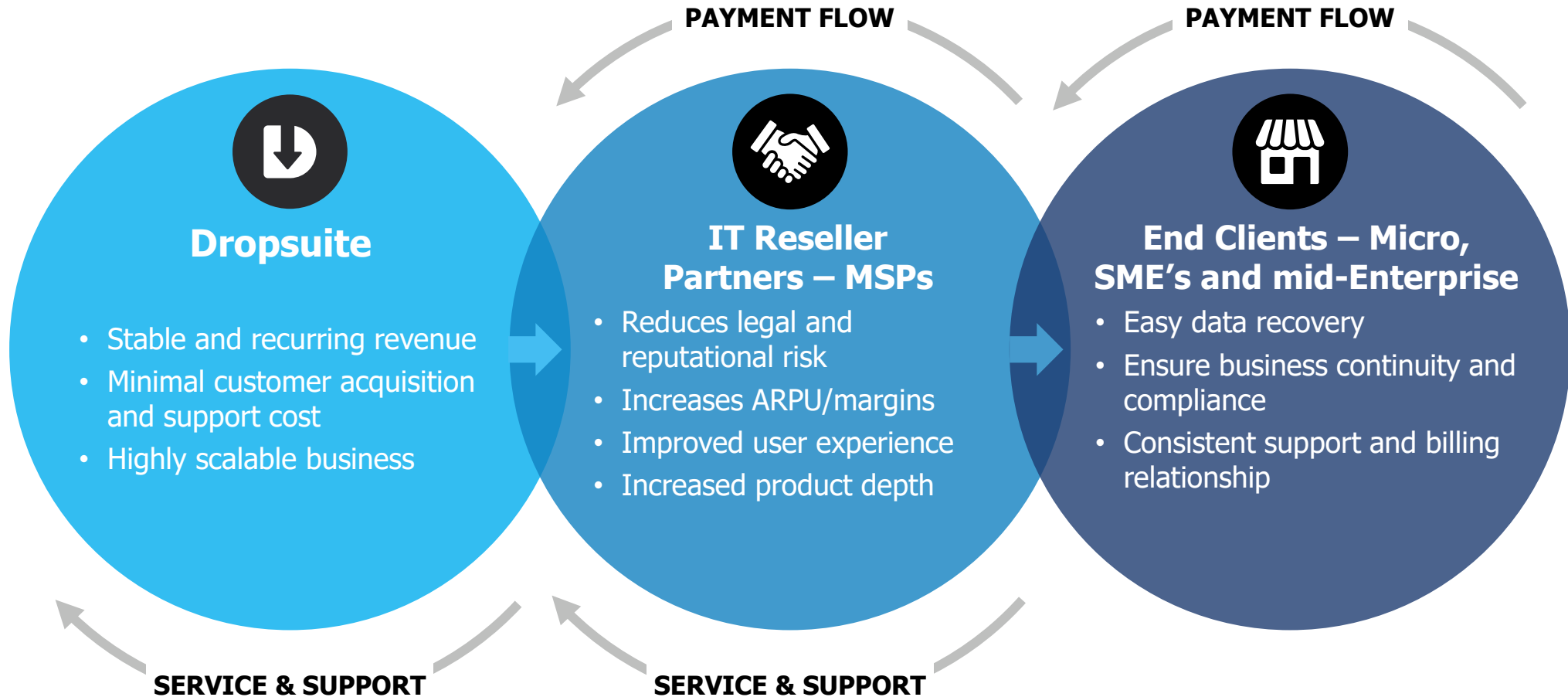
Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



\*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



# The Dropsuite Advantage

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**Seamless Partner Experience** Integrates with any partner infrastructure and delivers streamlined provisioning, billing and support



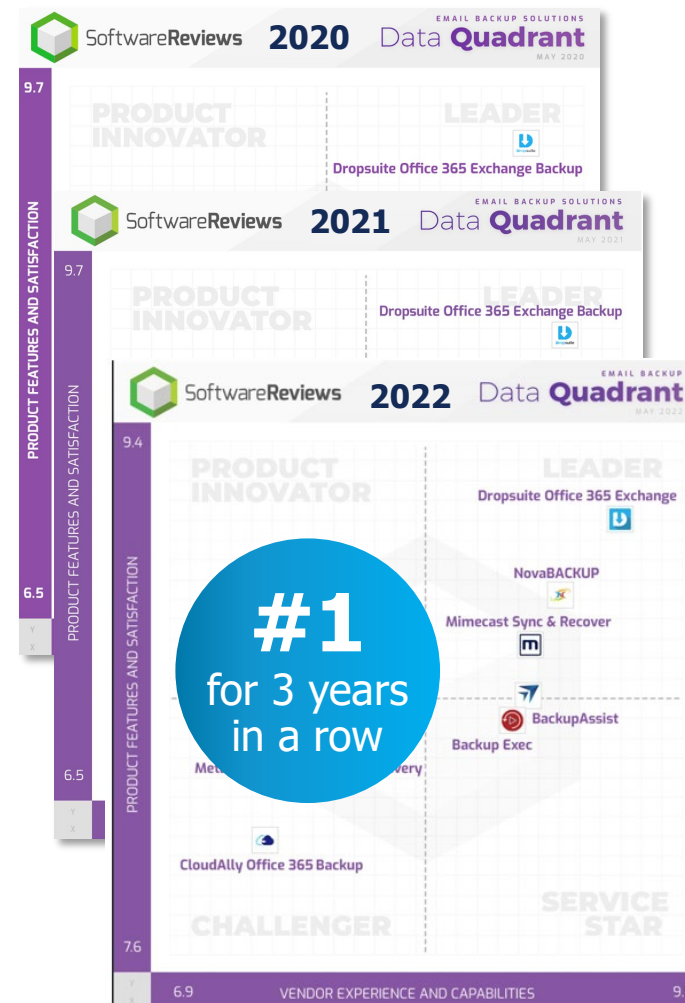
**Exceptional User Experience** Simple intuitive interface that is packed with useful and powerful features, including search, insights and reporting



**Cutting-edge Cloud Platform** Built for the cloud from day one. Secure public and private cloud platform deployed globally to meet data sovereignty regulatory requirements



**Highly Responsive Team** Expert training, marketing and technical support delivered by an agile and passionate team



# 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

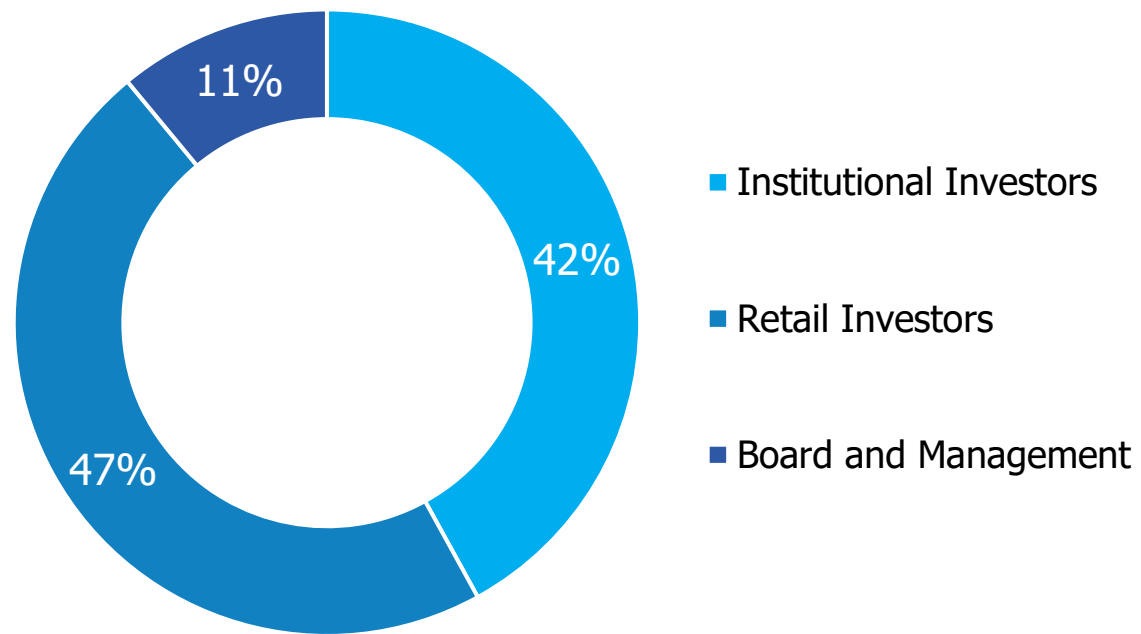
**PCP:** Prior Corresponding Period in Constant Currency % growth

**SME:** Small to Medium enterprise

**QBO:** QuickBooks Online

# Corporate Overview

## Top 50 share registry breakdown



### Financial Information

|                                 |               |
|---------------------------------|---------------|
| Share price as of June 30, 2023 | 30.5 cents    |
| Ord Share on Issue (M)          | 690           |
| 52-week trading (low/high)      | 0.16/0.32     |
| <b>Market Cap (\$)</b>          | <b>\$210M</b> |
| Cash (June 30, 2023)            | \$23.0M       |
| Debt (June 30, 2023)            | nil           |

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