

## Focused on sustainable growth

24 August 2021: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) ("Dropsuite" or the "Company") is pleased to release the Company's Interim Financial Year 2021 results.

### Overview

- > Total revenue for the half of \$4.9m (1H20: \$3.2m) up 55% on prior corresponding period (pcp)
- > Annualised Recurring Revenue up 64% on pcp to \$11.0m at the end of June 2021 (82% in USD)
- > 51% increase in paid users and 20% increase in Annual Revenue Per User (APRU) on pcp
- > EBITDA loss decreased to (\$0.06m), a 93% improvement on pcp
- > Operating Cashflow improved by 95% on pcp to (\$0.06m)
- > Gross Margin decreased marginally to 67%, largely as a result of expanding server and storage capacity in new data centres
- > Continued Diversification of the revenue base with a 30% increase in new transacting partner numbers to 354



### CEO Commentary

"Dropsuite have delivered strong first half results reflecting the continued focus on our customer experience and product quality. Over the half we have seen a significant increase in revenue to \$4.9 million, up 55% on pcp and 28% on the prior half.

"The Company is well-positioned for further growth with a well-regarded product as evidenced by recognition for the second year running from Info-Tech's Research Group SoftwareReviews where we ranked first for customers 'intention to renew' and 'likelihood to recommend'. We are pleased with this recognition but remain cognisant of operating in a rapidly changing sector with significant challenges for our customers as they navigate the issues of ransomware and cyber-attacks. Dropsuite is dedicated to working with our customers to provide them with a seamless solution to counter these potential issues. These factors alongside our market reputation and the continued improvement in EBITDA and Operating Cashflow bode well for Dropsuite over the remainder of CY21."

## Financial Summary

Over the June 2021 half, the Company delivered total revenue of \$4.95 million (up 55% PCP) reflecting continued strong demand for the company's software and indicative of a growing addressable market. Annualised Recurring Revenue (ARR) at \$11.03 million was up 64% year-on-year, with solid momentum from new and existing IT reseller partners.

Additionally, the improvement in half-year EBITDA loss to (\$0.06) million is indicative of the return from the Company's material investment in working capital to improve and evolve our platform and team capabilities. The Company remains committed to continual product improvement and as such increased spend on expanding server and storage capacity in new data centres resulted in a Gross Margin of 67%, a decrease of 2% on pcp but necessary to continue to deliver the highest level of customer service for partners and end users alike.

Cash on hand of \$2.40m decreased 20% on pcp, however, Cash Used in Operations decreased 97% to (\$0.06m), providing a solid base for the start of 2H21.

Summary of Results (\$Ak)	1H 2021	1H 2020	% change
Gross Revenue	4,938	3,185	55%
Other Income	12	51	(26%)
Gross Margin %	67%	69%	(2%)
Operating Expenses*	3,192	2,972	(7%)
EBITDA profit/(loss)	(64)	(885)	93%
Net profit/(loss)	(77)	(1,277)	94%

\*Includes Share based payment expense of \$96k in 1H21 and \$14k in 1H20

Post period end, the Company undertook a well-supported institutional placement raising \$20.0 million at \$0.21 per share from new and existing institutional and sophisticated investors. The funds raised will be used to accelerate strategic growth objectives; advance M&A opportunities which leverage existing internal growth and take advantage of strong market tailwinds around data protection; and strengthen the Company's working capital and balance sheet position.

## Outlook

Dropsuite is positioned to continue to deliver strong annual recurring revenue driven by our significant existing partner base and a solid pipeline of new partners. Strong market tailwinds from data security and regulation are expected to stay for the foreseeable future.

Over the second half of 2021 the company will focus on:

- Delivering continued ARR growth via existing partner ecosystem and strong sales pipeline
- Drive product innovation to maintain our leading position as a backup vendor of choice
- Achieving cash break-even and operating profitability in 2H 2021
- Continuing to invest in talent bench-strength as well as sales and marketing expansion
- Advancing M&A opportunities which leverage existing internal growth and take advantage of strong market tailwinds around data protection

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The announcement was approved by the Board of Directors.

**For further information, please contact:**

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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](http://www.dropsuite.com)

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