

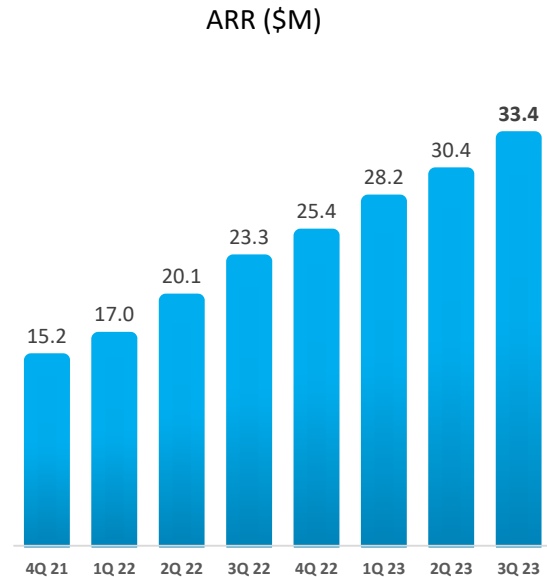


## ARR growth continues. Record positive operating cashflow

16 October 2023: 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 September 2023.

### Highlights

- > Annual Recurring Revenue (ARR<sup>1</sup>) of \$33.4m, up 10% on prior quarter (QoQ) and 44% on the previous corresponding period (PCP)
- > Q3 FY23 operating cashflow of \$1.39m
- > Monthly ARPU of \$2.57 up 9% QoQ and 17% on PCP
- > Product gross margin of 68%, stable with prior quarters
- > Onboarded 35 new direct and 209 indirect transacting partners
- > Gross paid user additions of 86k, offset by de-activation of 53k from a low ARPU, legacy partner, resulting in a net increase of 33k users
- > Total paid users now exceeds 1.1 million
- > DSE remains well-funded with \$24.6m cash at 30 September 2023.



### CEO Charif El Ansari stated:

“The growing ecosystem of cloud and SaaS based backup continues to present a supportive macro backdrop for Dropsuite. Our business is based on independent backup services and ease of use continues to be attractive to our direct and indirect selling partners and is now used by ~1.1 million users globally. With the growth, motivation and experience in our team, alongside our well-capitalised balance sheet, we remain confident that the Company will continue to execute on our well-positioned strategies and create value for 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	Sep 23	Jun 23	Sep 22	QoQ (%)	PCP (%)
ARR (\$m) - AUD	<b>33.41</b>	30.44	23.28	10%	44%
ARR (\$m) - USD	<b>21.47</b>	20.45	15.63	5%	37%
Monthly ARPU (\$m) - AUD	<b>2.57</b>	2.35	2.20	9%	17%
Monthly ARPU (\$m) - USD	<b>1.65</b>	1.58	1.47	5%	12%
FX AUD:USD	<b>0.64</b>	0.67	0.67	(4%)	(4%)

Cash Summary (\$m)	Sep 23	Jun 23	Sep 22	QoQ (%)	PCP (%)
Receipts from Customers	<b>8.10</b>	6.66	5.15	22%	57%
Payments to Suppliers	<b>(6.88)</b>	(6.48)	(4.63)	6%	49%
Net Cash Generated from Operations	<b>2.04</b>	0.97	0.60	>100%	>100%
Cash at hand	<b>24.56</b>	22.96	22.25	7%	10%

- USD monthly ARPU growth of 5% QoQ benefited from a higher ARPU product mix.
- Cash receipts increased via further focus on collections from aged debtors plus slightly delayed Q2 receipts falling into Q3.
- Cashflow generated from operating activities of \$1.39 million, +312% QoQ.
- Gross Margin was steady in the September quarter and up 3 percentage points PCP
- Cash on hand is \$24.6 million. The Company remains operating cashflow positive whilst continuing to reinvest in expanding the company's global capabilities.

## Operational and Product Overview

The Company continues to expand its global sales footprint, improve the backup and archive experience for DSE's managed service partners and streamline the support processes for end clients. Key activities during the quarter include:

- Full integration and launch with TD SYNEX, one of the largest IT Distributors globally.
- Onboarded first partners to the GovCloud storage environment.
- Onboarded 35 new direct and 209 indirect transacting partners.
- Continued to grow total paid user count to 1.1 million, with 86k of new gross paid users added. The additions were partially offset by a legacy partner de-activating 53k low ARPU users. This resulted in a net increase of 33k users.
- Multiple updates and feature enhancements to end user products and partner portals.

## Legacy Partner Churn Commentary

Commencing in Q4 FY22, a low ARPU legacy partner in a developing country commenced de-activating users, primarily due to macro-economic challenges in the region of operation. To date, approximately 89k of these users have rolled off DSE's platform and we anticipate the de-activation of the remaining circa 40k users in Q4 FY23. Despite the legacy partner churn, DSE has maintained a growth rate in overall users, increased ARPU and delivered total partner churn of below 3%.

## 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.
- Remaining profitable and cash flow positive while continuing to invest in partner facing and research & development functions.
- 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](http://www.dropsuite.com)