

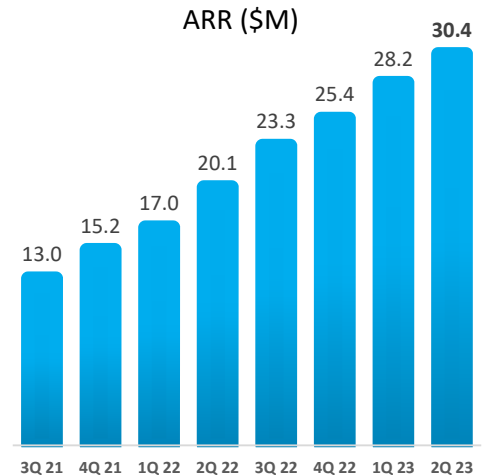


ARR exceeds \$30m, up 51% on PCP

19 July 2023: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) is pleased to provide an overview of the Q2 financial and business update for the period ending 30 June 2023.

Highlights

- > Annual Recurring Revenue (ARR¹) of \$30.4m, up 8% on prior quarter (QoQ) and 51% on the Previous Corresponding Period (PCP)
- > Q2 FY23 operating cashflow of \$0.34m
- > Monthly ARPU of \$2.35 up 2% QoQ and 13% on PCP
- > Product gross margin of 69%, stable with prior quarter
- > Investment in expanded global sales staff in 1H FY23 anticipated to accelerate growth
- > Well-funded with \$23.0m cash at 30 June 2023



CEO Charif El Ansari stated: “Dropsuite continued its steady growth and momentum in Q2, cementing its market-leading position as a Software-as-a-Service backup provider. The business is well positioned strategically and is benefiting from a range of industry tailwinds where global data protection is a key component of a cybersecurity strategy, which contributed to the continued growth. The investment we made to expand our global sales team over the previous six months is building a growing pipeline and is anticipated to accelerate our growth over the remainder of 2023 and beyond.

“With a highly experienced and motivated growing team, along with our well capitalised balance sheet, we remain confident that the Company will maintain its steady momentum.”

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

Financial Overview

ARR & ARPU	Jun 2023	Mar 2023	Jun 2022	QoQ	PCP
ARR (\$m) – AUD	30.44	28.20	20.14	8%	51%
ARR (\$m) – USD	20.45	18.82	14.14	9%	45%
Monthly ARPU (\$m) – AUD	2.35	2.31	2.07	2%	13%
Monthly ARPU (\$) – USD	1.58	1.54	1.45	3%	8%
FX AUD:USD	0.672	0.667	0.70	1%	(4%)

Cash Summary (\$m)	Jun 2023	Mar 2023	Jun 2022	QoQ	PCP
Cash receipts	6.66	6.12	4.34	9%	53%
Net cash generated in operations	0.34	0.28	0.40	20%	(18%)
Cash at hand	22.96	22.69	21.55	1%	7%

- USD monthly ARPU growth of 3% QoQ benefited from further mix shifts to higher ARPU products.
- Cash receipts from customers were \$6.66 million, up 9% on Q1 2023 and up 53% on PCP. The cash receipts growth remains consistent with ARR growth for the quarter.
- Cashflow generated from operating activities of \$0.34 million, +20% QoQ.
- Cash on hand is \$22.96 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 and continue to improve the backup and archive experience for DSE's partners and their end users. During the quarter the Company:

- Started monetising our QBO Backup service. This service enhances data protection for QuickBooks Online (QBO) customers. QBO is the leading cloud accounting software provider in North America for Small & Medium Businesses.
- Launched GovCloud Backup and Archiving targeting US-based M365 public sector users allowing them to safeguard their government and public sector clients' data.
- Received the first ever Pax8 Beyond Collaboration Vendor Award. The award recognises Dropsuite's strong global collaboration with Pax8.
- Onboarded 35 new direct and 250 indirect transacting partners.
- Continued to grow total paid user count to 1.08 million in the quarter, with 76k of new gross paid users added (excluding reduction of 13k users leaving DSE's platform from legacy hosting partner deactivating those users), a net paid user increase of 6% QoQ and 33% PCP.
- The investment in sales and marketing during the first half is expected to drive higher user numbers in future quarters.

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.
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Continuing to invest in partner facing as well as research & development functions.
- Pursuing high conviction M&A opportunities taking advantage of strong market tailwinds around data protection.

Quarterly Investor Webinar

The Company will provide an investor webinar to discuss the quarterly results. To register please follow the link below.

Date: Wednesday 19 July 2023

Time: 2:30pm AEST

Registration Link: https://us02web.zoom.us/webinar/register/WN_DsOBdxthSW6HETycGs8NwA

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