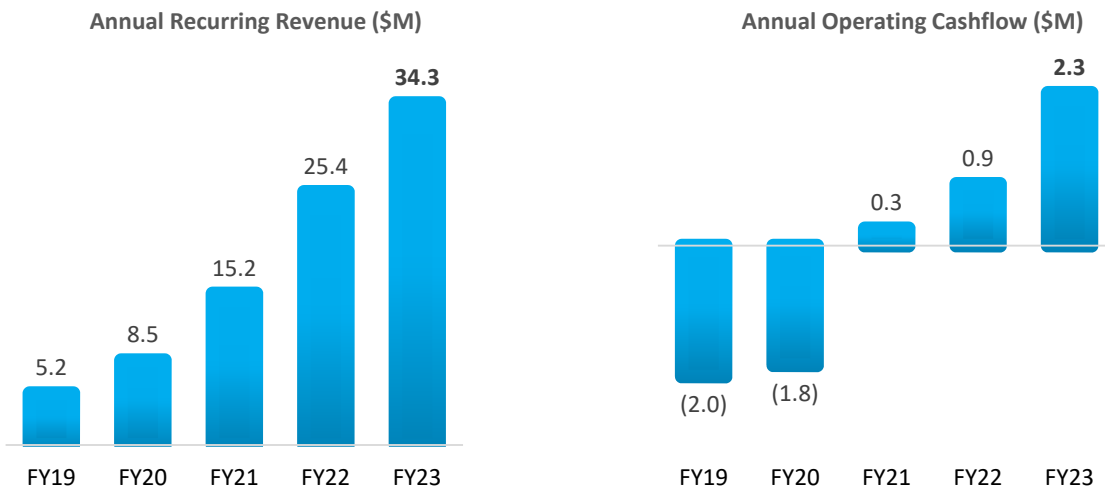




FY23 drivers continued growth across all key financial and operating metrics

28 February 2024: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”) provides this commentary for the financial results for the year ended 31 December 2023:

Highlights



- > Total FY23 Revenue of \$30.6 m, up 48% (FY22 \$20.7 m)
- > Annualised recurring revenue of \$34.3m at the end of December 2023, up 35% (FY22 \$25.4m)
- > EBITDA of \$1.1m (FY22 \$1.3m) led by sustained revenue growth, gross margin improvement and profitable reinvestment
- > Positive net cashflow from operations of \$2.3m, up 145% (FY22 \$0.9m)
- > Average revenue per user of \$2.46, up 9% (FY22 \$2.26)
- > Well capitalised for growth with \$24.3m in cash (FY22 \$22.3m)

CEO Commentary

Managing Director and CEO, Charif Elansari said: “Our FY23 results continued to highlight the Company’s highly scalable and sustainable growth with positive momentum across all of our key financial and operational metrics. Our growth momentum will be sustained by continued investment in research and development as well as go-to-market functions in FY24. However, our investment will be balanced by our desire to maintain positive cashflow and profitability in line with levels delivered in FY23. With a robust balance sheet, favourable market tailwinds from data security and regulation in an environment of increasing cyber-attacks, the scalability of our product suite, and importantly the excellent service and support we provide to our clients, we are well positioned to deliver growing and sustainable returns to our shareholders. “

Financial summary

In FY23 Dropsuite delivered a 48% increase in revenue to \$30.6m (FY22: \$20.7m) driven by a combination of the continued expansion in the Company's end users via the highly scalable partner-based reseller model, an uplift in ARPU reflecting new product developments and strong industry tailwinds.

End user numbers increased to over 1.1 million, a 24% uplift YoY, as the Company continued to focus on the Managed Service Provider (MSP) market. With over 620 IT reseller partners globally, Dropsuite has a highly scalable platform which is anticipated to continue to drive future growth.

EBITDA of \$1.1m was down slightly on the previous year (FY22: \$1.3m) driven by continued reinvestment across each function, and a higher non-cash share-based employee payments expense during the year. Underlying EBITDA increased 29% to \$2.7m (FY22: \$2.1m).

Net cash generated from operations was \$2.3m, up 145% on the PCP and the third consecutive year of positive cashflow. Dropsuite investment in Research & Development and Go-To-Market functions in FY23 continued to position the Company for future growth. Investment in these areas in FY24 will continue with the aim of maintaining cashflow and profitability in line with FY23 levels.

Dropsuite remains well capitalised for growth with \$24.3m in cash (FY22 \$22.3m).

Key Financial Indicators (A\$m)	2023	2022	Change %
Revenue from operating activities	30.63	20.69	48%
Interest income	0.71	0.26	175%
Gross margin %	68%	66%	2%
Operating expenses	(18.20)	(11.49)	58%
Share based payments expense	(1.62)	(0.87)	87%
Total Operating expenses	(19.82)	(12.36)	60%
Net Profit from ordinary activities	1.58	1.45	9%
EBITDA	1.11	1.25	(12%)
Underlying EBITDA	2.72	2.11	29%
Net Cash Generated from Operations	2.27	0.93	145%

Key Operating Indicators (A\$m)	2023	2022	Change %
Annual Recurring Revenue (ARR)	34.32	25.41	35%
Average Revenue Per User (ARPU)	2.46	2.26	9%
Paid user numbers	1.16m	0.93m	24%
Direct partners	620	491	26%

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 the existing partner ecosystem, strong sales pipeline and expanded product line.
- Increasing 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.

- END -

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

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