

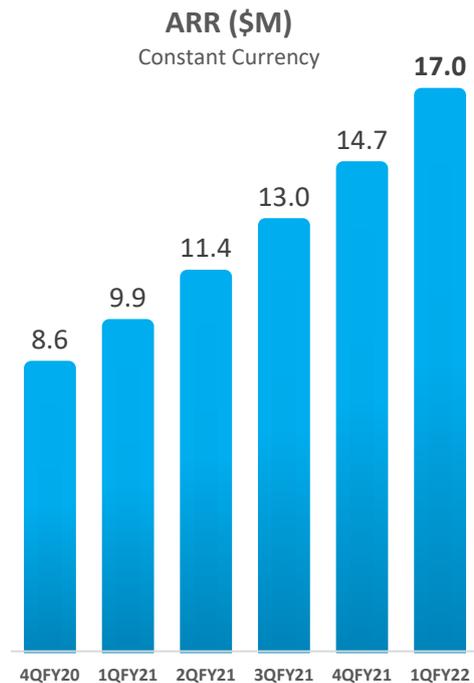


## ARR at \$17m, up 71% on PCP

**20 April 2022: Global cloud backup and archiving software provider Dropsuite Limited (ASX: DSE) (“Dropsuite” or the “Company”)** is pleased to provide an overview of the Q1 results and Appendix 4C for the period ending 31 March 2022.

### Highlights

- > Annual Recurring Revenue (ARR<sup>1</sup>) of \$17m, a 15% increase on the prior quarter and a 71% increase on previous corresponding period (pcp) on a constant currency basis
- > Q1 FY22 normalised outflow of (\$0.25m) due to one-off payments including annual bonuses and insurance premiums. This excludes (\$0.27m) of due diligence payments. Reaffirm positive cashflow outlook for FY22
- > Users increased 81k to 730k up 13% quarter on quarter and 55% on pcq
- > Monthly ARPU of A\$1.95 up 2% quarter on quarter on a constant currency basis
- > Product gross margin of 63%
- > Expanded management team with appointment of CTO, Global Head of HR and Global Support Manager to complement DSE existing highly engaged team
- > DSE ended the quarter with \$21.1m cash and remains well funded to progress on acquisitions and internal product development initiatives



CEO Charif El Ansari stated: “It is pleasing to see the momentum we delivered during 2021 continue in the first quarter of the 2022. We have again delivered a record quarterly ARR, and importantly have expanded our user base and further improved our ARPU. As our business continues to expand, we want to ensure that we have the foundations, systems and people to drive sustainable growth. During the period we significantly bolstered our senior management team. With a highly experienced and motivated team, strong industry tailwinds and a well capitalised balance sheet, we are well positioned to drive further growth over the course of 2022 and beyond.”

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

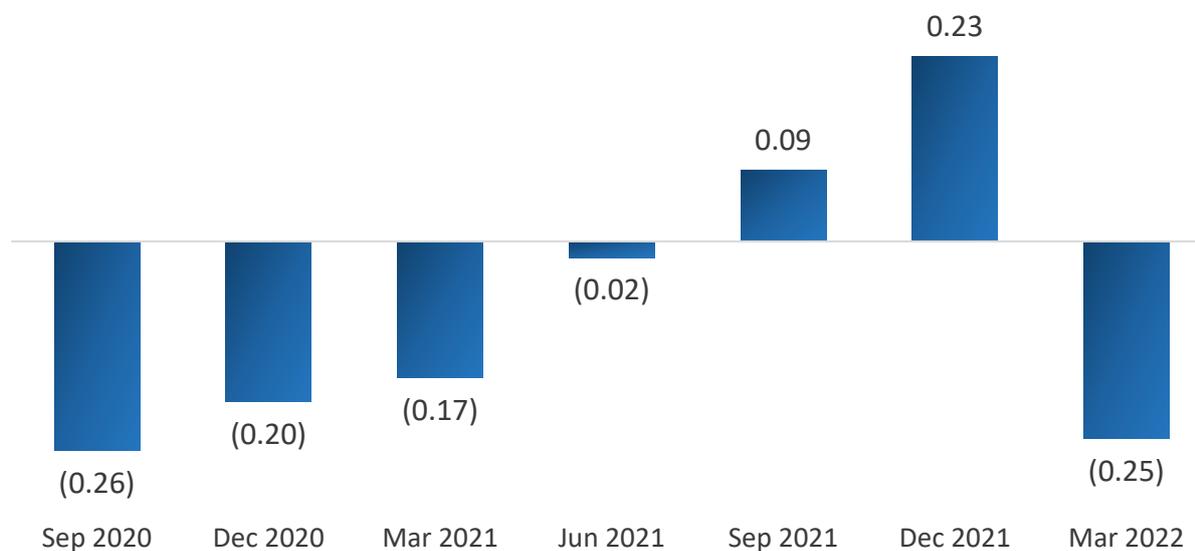
## Financial Overview

| Actual F/X               | Mar 2022 | Dec 2021 | Mar 2021 | QoQ | PCP |
|--------------------------|----------|----------|----------|-----|-----|
| ARR (\$m) – AUD          | 17.00    | 15.19    | 9.56     | 12% | 78% |
| ARR (\$m) – USD          | 12.51    | 10.86    | 7.31     | 15% | 71% |
| Monthly ARPU (\$m) -AUD  | 1.95     | 1.95     | 1.68     | 0%  | 16% |
| Monthly ARPU (\$m) – USD | 1.43     | 1.40     | 1.29     | 3%  | 11% |
| FX AUD:USD               | 0.74     | 0.72     | 0.77     |     |     |

- Actual (non-normalised) cash receipts from customers were \$3.72 million, up 9% on Q4 2021 (\$3.42 million) and up 63% on pcp (\$2.29 million).
- Normalised net cash outflow from operations of (\$0.25) million, reversing the trend of previous positive cashflow quarters. However, the March quarter contains a number of one-off cash payments such as annual bonuses, insurance renewals and other subscription services. The Company reaffirms its guidance for positive cashflow in 2022.
- During the quarter, the company implemented cost saving initiatives in storage which resulted in gross margin increasing from 62% from 63%. We expect further improvements throughout 2022
- Cash on hand is \$21.1 million. The Company is well funded to continue to grow the revenue base and expand our product offering to customers.

| Cash Summary (\$m)                     | Mar 2022 | Dec 2021 | Mar 2021 | QoQ    | PCP   |
|--|----------|----------|----------|--------|-------|
| Cash receipts                          | 3.72     | 3.42     | 2.29     | 9%     | 63%   |
| Normalised cash receipts               | 3.72     | 3.42     | 2.16     | 9%     | 72%   |
| Net cash used in operations            | (0.52)   | 0.23     | (0.04)   | (323%) | n/a   |
| Normalised net cash used in operations | (0.25)   | 0.23     | (0.17)   | (206%) | (48%) |
| Cash at hand                           | 21.07    | 21.60    | 2.44     | (2%)   | 762%  |

### Quarterly Operational Cashflow (A\$M)



## Operational and Product Overview

The Company continues to invest in people, skills and culture, and has expanded and retained a solid and motivated team across all functions. The focus is on investing in its customer facing and product and engineering teams over the quarter. During this time, the Company:

- Onboarded 12 new direct and 197 indirect transacting partners
- Added 81K paid users. Total user count is 730k, up 13% versus the prior quarter and up 55% PCP
- Delivered low annual partner revenue churn<sup>2</sup> of sub~3%

As per prior quarter, the company continued to add further storage and compute capacity across all data centres to manage the increases in storage, resulting from new user growth and higher ARPU products mix.

The Company continues to work through opportunities to improve the backup and archive experience for DSE's partners, to reduce their resource costs and streamline their support processes for end clients.

The Company has made significant inroads to expand its services offering to cover Google Workspace, enhance the backup and archiving offering for Microsoft 365 and Microsoft Teams, introduce a new partner portal experience, and invest in additional features that differentiate Dropsuite's offerings in the marketplace.

## Management Update

During the period, Dropsuite has extended its senior management team to provide the personnel and structures to continue to drive revenue growth, strong culture and impeccable customer service. Key appointments include:

- **Manoj Kalyanaraman**, Chief Technology Officer (CTO): Manoj has over 20 years of experience in engineering, strategic innovation, and global leadership. Prior to joining Dropsuite, Manoj worked at BitTitan as the VP of Product and Engineering, where he contributed to the transformation of the mail migration platform into a full-service Microsoft 365 and Google Workspaces assessment and migration platform.
- **Frederique van de Poll**, Global Head of HR: Frederique joins Dropsuite with a wealth of global HR leadership experience. Frederique worked as the HR manager for the Hollandse School Limited Singapore, before taking on the head of HR role to help scale Gravity Supply Chain Solutions, a SaaS company. Frederique has a master's degree in Work and Organisational Psychology.
- **Ricky Frey**, Global Support Manager: Based in Seattle, USA, Ricky will be joining the Dropsuite team with over a decade of experience in SaaS systems and support. He previously led Americas Support, Customer Success at BitTitan.

## Corporate

The Company has reported expenditure of \$256k for salaries and director fees to related parties.

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2. Partner Churn is defined as lost revenue in current year divided by revenue in previous corresponding period

## Outlook

Dropsuite is well positioned to continue to deliver strong annual recurring revenue growth driven by our significant existing partner base and a growing pipeline of new partners. The strong market tailwinds from data security and regulation are expected to remain with a growing pool of Microsoft 365 and Google Workspace users, expected to exceed 570 million by 2026, providing a significant growth opportunity.

Over 2022 the company will focus on:

- Continuing to deliver ARR growth via existing partner ecosystem and strong sales pipeline.
- Achieving continued operating profitability and positive cash flow in 2022.
- Driving product innovation to maintain our leading position as a backup vendor of choice.
- Continuing to invest in talent bench-strength as well as sales and marketing expansion.
- Advancing high conviction M&A opportunities which leverage existing internal growth and take 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: Thursday 21<sup>st</sup> April 2022

Time: 11:30am AEST

Registration Link: [https://us02web.zoom.us/webinar/register/WN\\_E7PvfMdBQRKp4GCotOFdAA](https://us02web.zoom.us/webinar/register/WN_E7PvfMdBQRKp4GCotOFdAA)

The announcement was approved by the Board of Directors.

- END -

### **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)

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Dropsuite Limited

**ABN**

91 008 021 118

**Quarter ended ("current quarter")**

31 March 2022

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| <b>1. Cash flows from operating activities</b>            |                                    |   |
| 1.1 Receipts from customers                               | 3,720                              | 3,720   |
| 1.2 Payments for  |                                    |   |
| (a) research and development                              |                                    |   |
| (b) product manufacturing and operating costs             | (1,595)                            | (1,595)   |
| (c) advertising and marketing                             | (194)                              | (194)   |
| (d) leased assets   |                                    |   |
| (e) staff costs   | (1,745)                            | (1,745)   |
| (f) administration and corporate costs                    | (434)                              | (434)   |
| 1.3 Dividends received (see note 3)                       |                                    |   |
| 1.4 Interest received                                     | 1                                  | 1   |
| 1.5 Interest and other costs of finance paid              |                                    |   |
| 1.6 Income taxes paid                                     |                                    |   |
| 1.7 Government grants and tax incentives                  |                                    |   |
| 1.8 Other (Due Diligence expenses)                        | (273)                              | (273)   |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(518)</b>                       | <b>(518)</b>                                    |
| <b>2. Cash flows from investing activities</b>            |                                    |   |
| 2.1 Payments to acquire or for:                           |                                    |   |
| (a) entities  |                                    |   |
| (b) businesses  |                                    |   |
| (c) property, plant and equipment                         | (13)                               | (13)  |
| (d) investments   |                                    |   |
| (e) intellectual property                                 |                                    |   |
| (f) other non-current assets                              |                                    |   |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| 2.2                                  | Proceeds from disposal of:                            |                            |  |
|                                      | (a) entities  |                            |  |
|                                      | (b) businesses  |                            |  |
|                                      | (c) property, plant and equipment                     |                            |  |
|                                      | (d) investments                                       |                            |  |
|                                      | (e) intellectual property                             |                            |  |
|                                      | (f) other non-current assets                          |                            |  |
| 2.3                                  | Cash flows from loans to other entities               |                            |  |
| 2.4                                  | Dividends received (see note 3)                       |                            |  |
| 2.5                                  | Other (provide details if material)                   |                            |  |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(13)</b>                | <b>(13)</b>                            |

|             |   |          |          |
|-------------|---|----------|----------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |          |          |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       |          |          |
| 3.2         | Proceeds from issue of convertible debt securities                                      |          |          |
| 3.3         | Proceeds from exercise of options   |          |          |
| 3.4         | Transaction costs related to issues of equity securities or convertible debt securities |          |          |
| 3.5         | Proceeds from borrowings  |          |          |
| 3.6         | Repayment of borrowings   |          |          |
| 3.7         | Transaction costs related to loans and borrowings                                       |          |          |
| 3.8         | Dividends paid  |          |          |
| 3.9         | Other (provide details if material)   |          |          |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>0</b> | <b>0</b> |

|           |  |        |        |
|-----------|--|--------|--------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |        |        |
| 4.1       | Cash and cash equivalents at beginning of period                             | 21,604 | 21,604 |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (518)  | (518)  |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (13)   | (13)   |

Appendix 4C  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (12<br/>months)<br/>\$A'000</b> |
|---|--|------------------------------------|---|
| 4.4   | Net cash from / (used in) financing activities (item 3.10 above) | 0                                  | 0   |
| 4.5   | Effect of movement in exchange rates on cash held                | 0                                  | 0   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of period</b>                | <b>21,073</b>                      | <b>21,073</b>                                   |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 2,073                              | 20,604                              |
| 5.2        | Call deposits   |                                    |                                     |
| 5.3        | Bank overdrafts   |                                    |                                     |
| 5.4        | Other (Term Deposits)   | 19,000                             | 1,000                               |
| <b>5.5</b> | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>21,073</b>                      | <b>21,604</b>                       |

| <b>6.</b> | <b>Payments to related parties of the entity and their associates</b>                   | <b>Current quarter<br/>\$A'000</b> |
|-----------|---|------------------------------------|
| 6.1       | Aggregate amount of payments to related parties and their associates included in item 1 | 256                                |
| 6.2       | Aggregate amount of payments to related parties and their associates included in item 2 |                                    |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

| <b>7. Financing facilities</b>  | <b>Total facility amount at quarter end \$A'000</b> | <b>Amount drawn at quarter end \$A'000</b> |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |   |  |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   |   |  |
| 7.1 Loan facilities   |   |  |
| 7.2 Credit standby arrangements   |   |  |
| 7.3 Other (please specify)  |   |  |
| <b>7.4 Total financing facilities</b>   | 0   | 0  |
| <b>7.5 Unused financing facilities available at quarter end</b>   |   | 0  |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. |   |  |
|   |   |  |

| <b>8. Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (518)          |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 21,073         |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | 0              |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 21,073         |
| <b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 41             |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>     |                |
| 8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  |                |
| Answer:  |                |
| 8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |                |
| Answer:  |                |
| 8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
| Answer:  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |                |

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 April 2022

Authorised by: the Board

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.