

DROPSUITE LIMITED | ASX:DSE

dropsuite | Investor Presentation

Quarterly Results Update

January 2021

Dropsuite Safeguards Business Information

We are a global partner-centric company building secure, scalable and highly useable cloud backup technologies for businesses, big and small.



Scalable Revenue

Underpinned by growing SaaS revenue



Backup Leader

#1 cloud vendor as validated by InfoTech



Global Presence

Deployed across 136 countries to over 430k users



Committed Team

Across North America, Asia Pacific and Europe

Results Overview

December Quarter 2020



Quarterly Results Overview

Record results across all top line metrics

**Annual
Recurring
Revenue***

\$8.5m

↑ 78% on pcp

**Average
Revenue
per User***

\$1.64/mo

↑ 19% on pcp

**Normalised
Cash burn
in Q4'20**

(\$0.2m)

↓ -55% on pcp

**Reseller
Partners**

318

↑ 38% on pcp

End Users

431k

↑ 49% on pcp

**Partner
Churn Rate**

3%

↔ flat on pcp

PCP - Previous Corresponding Period

* Percentage pcp growth is based on Constant Currency

Market Opportunity



The Challenge

90%

of Cybersecurity attacks start with email



30K

Websites are hacked everyday



200K

Privacy breach cases reported in year 1 of GDPR



62%

of breaches and data loss occur through human error



The Opportunity

US \$22B Global Cloud Backup Market by 2025 with 24% CAGR from 2017¹

1 Billion Business Email Users in 2019

84% of companies don't backup their SaaS application data (US)

More than 260M Microsoft O365 Users growing at 20% p.a.

Emerging challenges around GDPR privacy compliance and remote workplace

General Data Privacy Regulation (GDPR) is a set of strict data privacy rules that went into effect in mid 2018

1. Source: <https://www.globenewswire.com/news-release/2020/03/04/1995163/0/en/Cloud-Backup-and-Recovery-Software-Market-to-Reach-22-22-Billion-Globally-by-2025-Says-Allied-Market-Research.html/>

Tailwinds Propelling Growth

Favourable market and regulatory drivers



Cybersecurity & Data Loss Threats

91% of sophisticated cyber-attacks start through email
62% of breaches and data loss occur through human error



Data Protection Regulatory Compliance

GDPR and multiple regulations in healthcare, financial and other verticals dictate strict data protection and governance



Economical Pressures

Cloud services disrupting IT providers' margin streams making the focus on recurring revenue services critical to survival



User Experience

Partners demand a seamless user experience throughout the sales and support cycle

Data Breaches Dec 2020-Jan 2021

The **SolarWinds** security breach, impacted numerous U.S. government agencies, business customers and consulting firms — triggering *emergency U.S. national security* meetings in The White House

Microsoft says Russian hackers viewed some of the software company's source code

FireEye, a *Top Cybersecurity Firm*, Says It Was Hacked by a Nation-State

Hackers steal **Mimecast** certificate used to encrypt customers' Microsoft M365 traffic

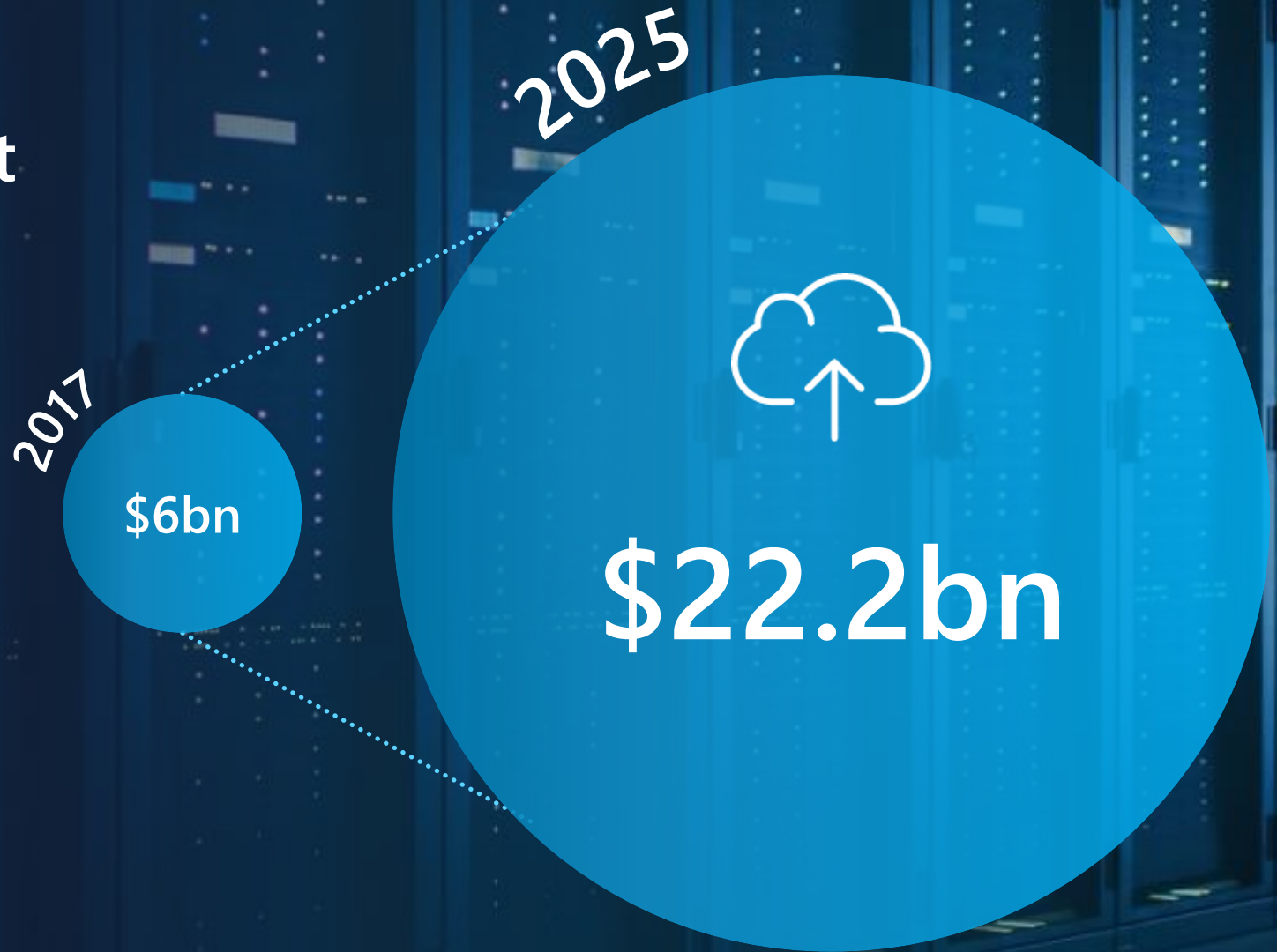
No organization, big or small is safe from data breaches.

Solely depending on cyber software for protection without deploying robust Data Backup and Recovery is a risk proposition.



Global Data Backup and Recovery Market Growth Potential

Cloud Backup and Recovery Software Market forecast to reach \$22 billion by 2025, with market growth rising at a CAGR of 24% during the forecast period



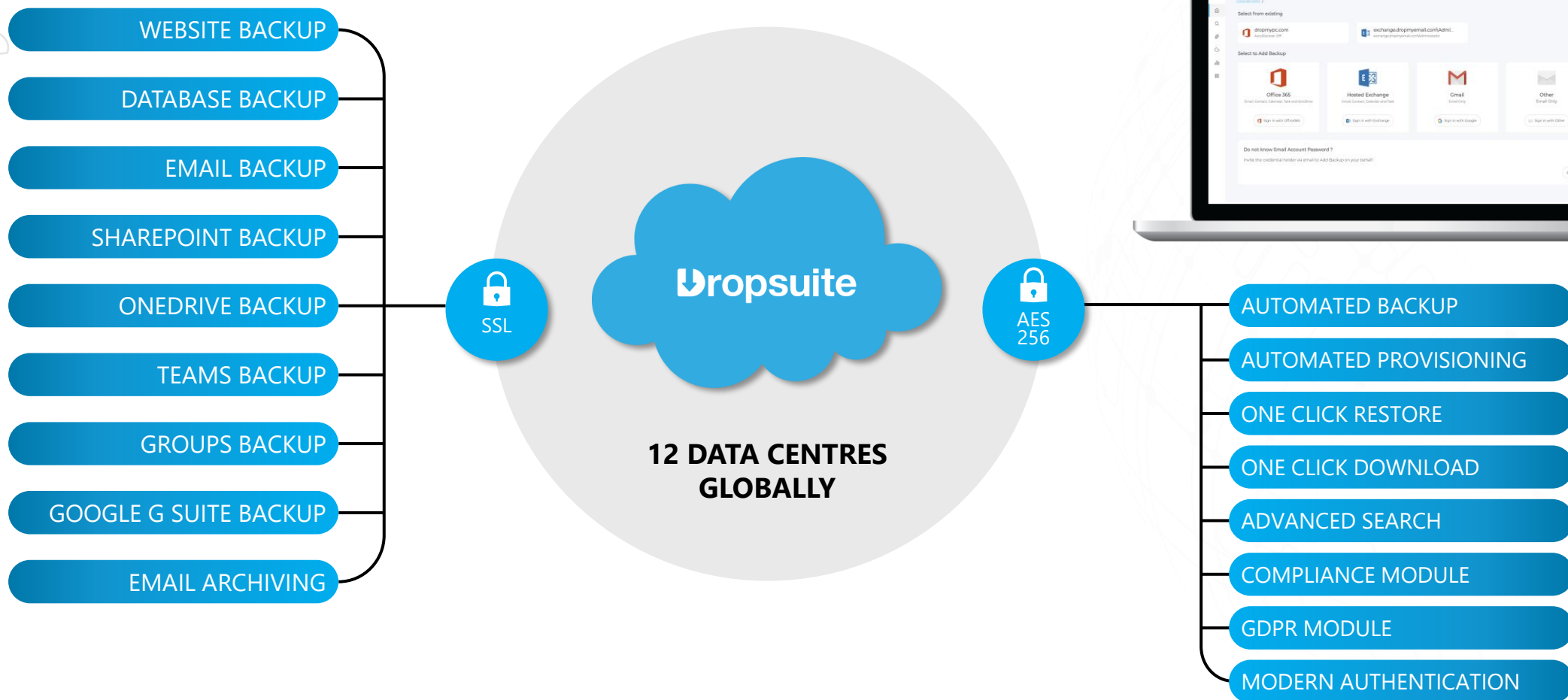
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Our Products



The Product Suite



The Dropsuite Advantage



Exceptional User Experience

Simple intuitive interface that is packed with useful and powerful features, including insights and analytics



Seamless Partner Integration

Integrates with any partner infrastructure and delivers streamlined provisioning, billing and support



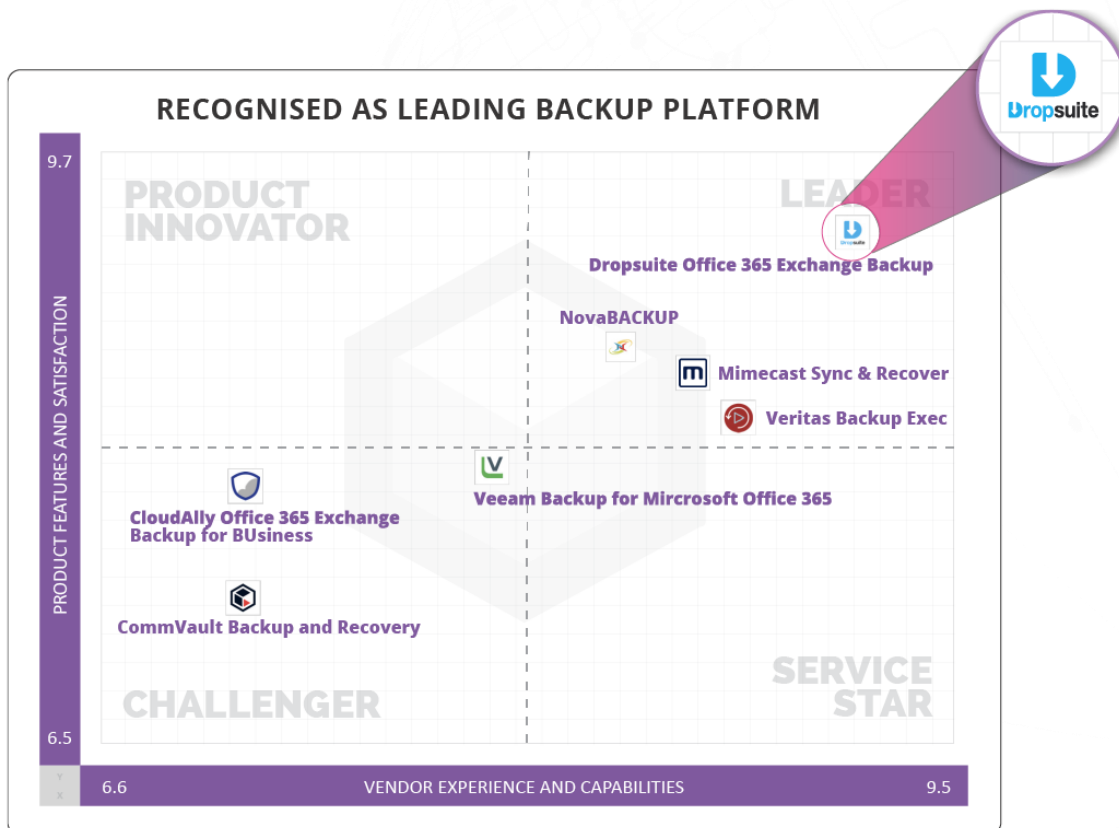
Cutting-edge Cloud Platform

Built for the cloud from day one. Secure public and private cloud platform deployed globally



Highly Responsive Team

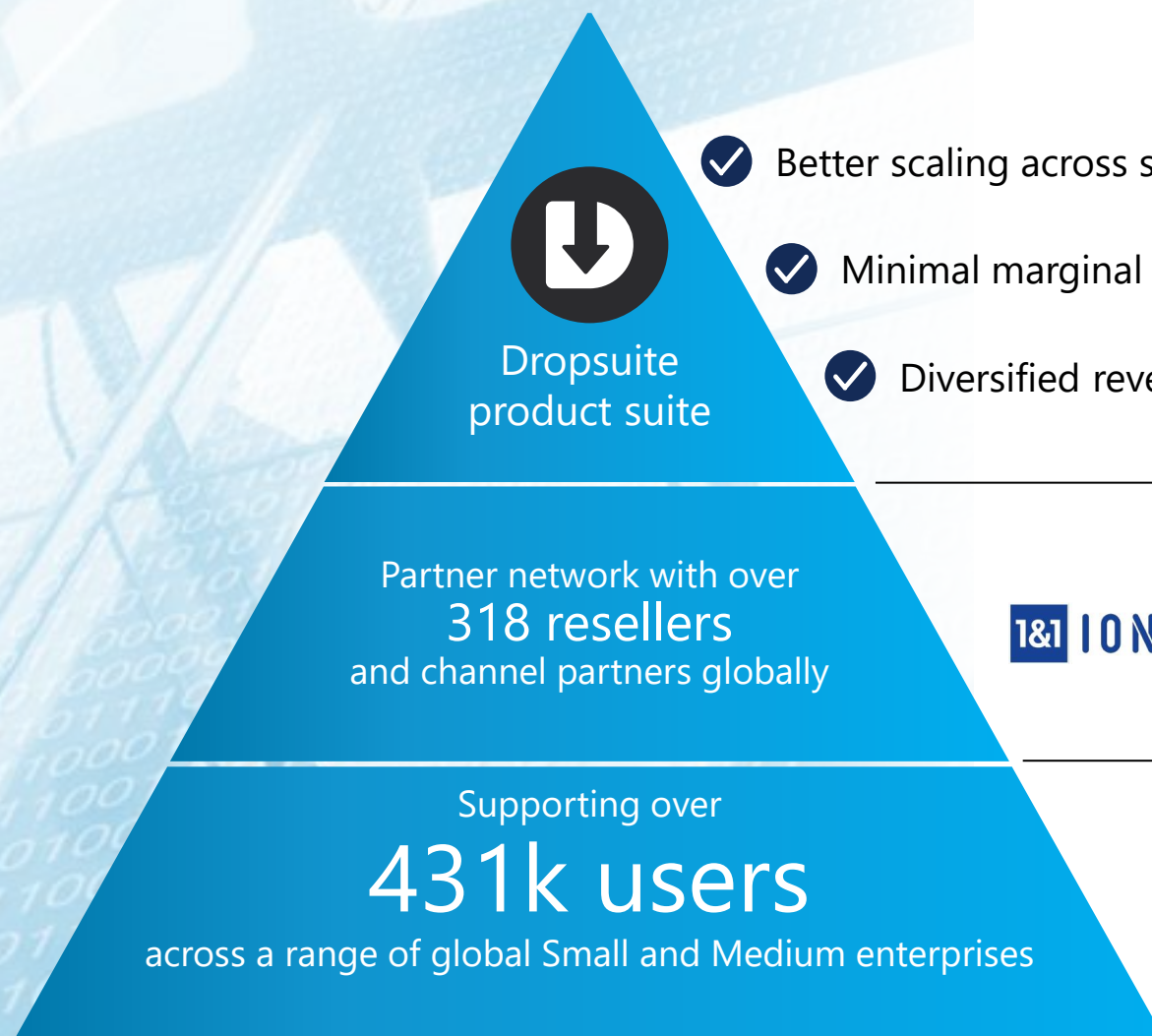
Expert training, marketing and technical support delivered by an agile and passionate team



Our Business Model



Partner-Led Business Model



✓ Better scaling across sales, support and marketing

✓ Minimal marginal cost to serve growing revenue and users

✓ Diversified revenue base and fast path to operational leverage

 **IONOS**

 **GoDaddy**



 **ConnectWise**

GMO

+ \$8.5M
ARR

Focused on Channel and Ecosystem Partners



Three Pillars of our Growth Strategy

Areas of Focus / Investment



Growth Through Partnerships

Capitalize on product leadership validation
Partner enablement for joint success (training, marketing etc)



Continuous Product Innovation

Increased functionality for partners and all client segments
Further security enhancements and certification



Diversity of Revenue and Boost ARPU

O365 Backup and Email Archiving to drive monthly ARPU growth
Monetise new key partners and mid-enterprise clients

Growth Through Global Reseller Partnerships

Global footprint with 318 IT Partners. Massive headroom for growth from existing and new partners

Key Updates

Solid contribution from existing partners underscored with EOY seasonality and high-profile data breaches in the US.

Added 26 new revenue generating partners in the December quarter of 2020

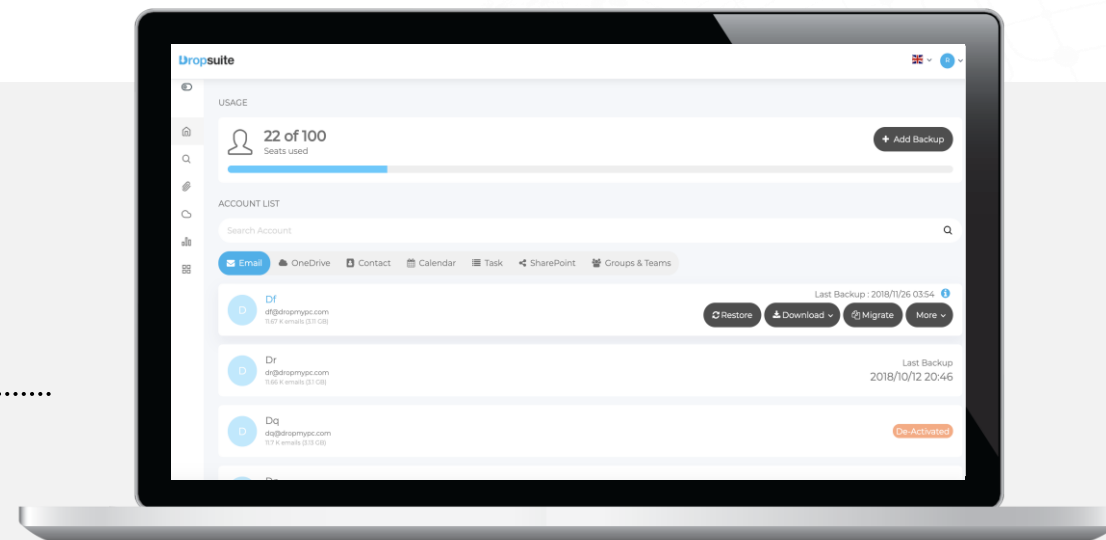
Top 10 Partners contributing 70% of Revenue down from 74% PCP

Annualized Partner Revenue Churn for December 2020 at best-in-class level of 3%

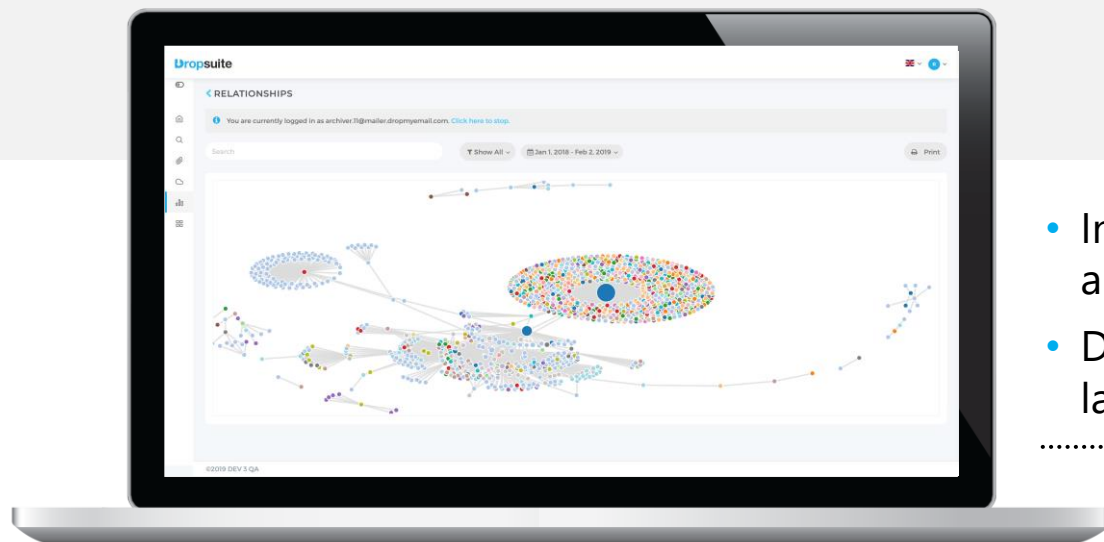


Continuous Product Innovation

- #1 email backup by Info-tech, a software research firm
 - ~200 product upgrades and enhancements in 2020
 - Google Suite Email Archiving launched in Q4 2020
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- Increased product functionality and optionality for all partners and end clients from all segments
 - Deeper integration and capabilities for new strategic partners launching in 1H2021
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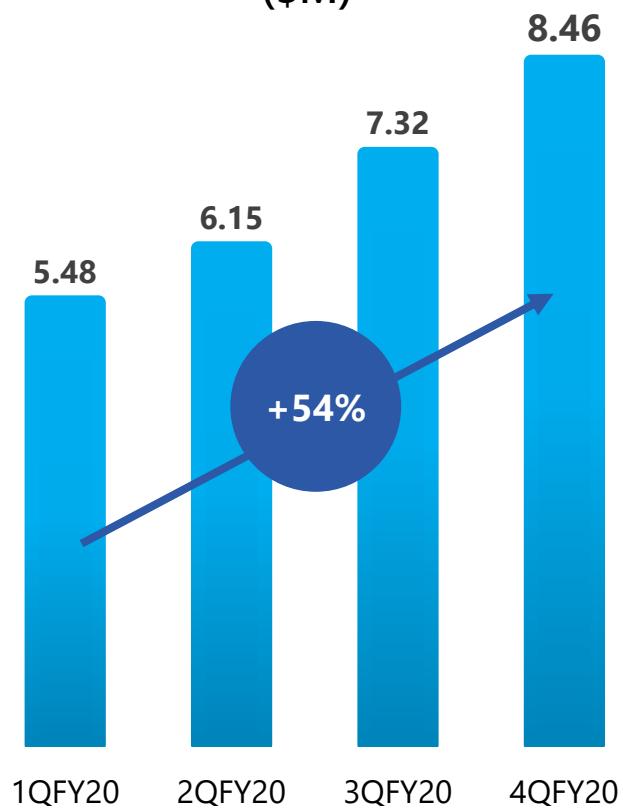


Financial Overview

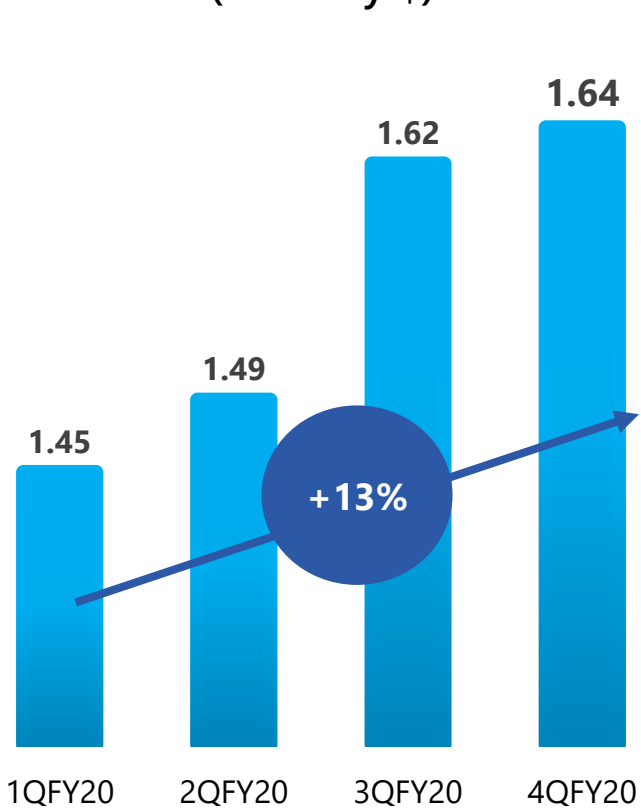


Growth in Key Performance Metrics

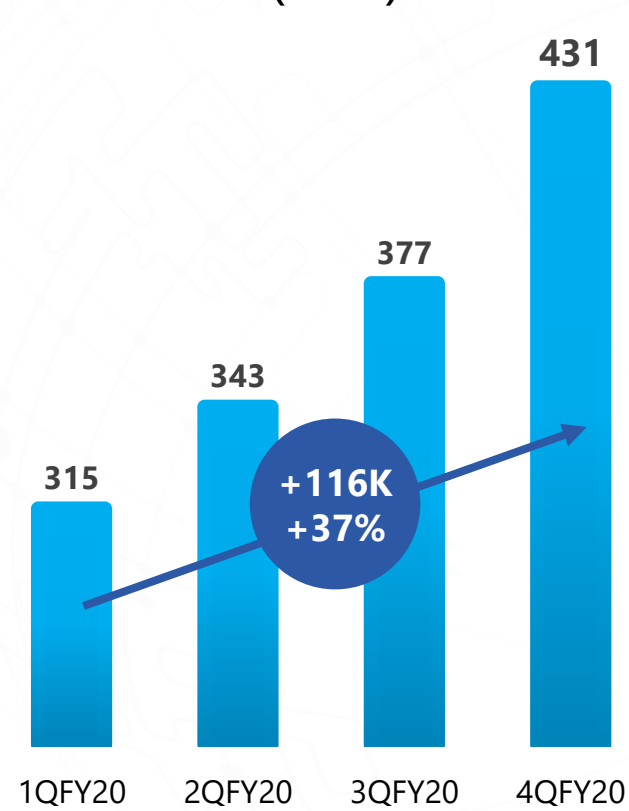
Annualized Recurring Revenue*
(\$M)



Average Revenue/User*
(Monthly \$)



Paid Users
('000s)



Continued Trend Towards Profitability and Positive Cashflow

Calendar Q4 2020

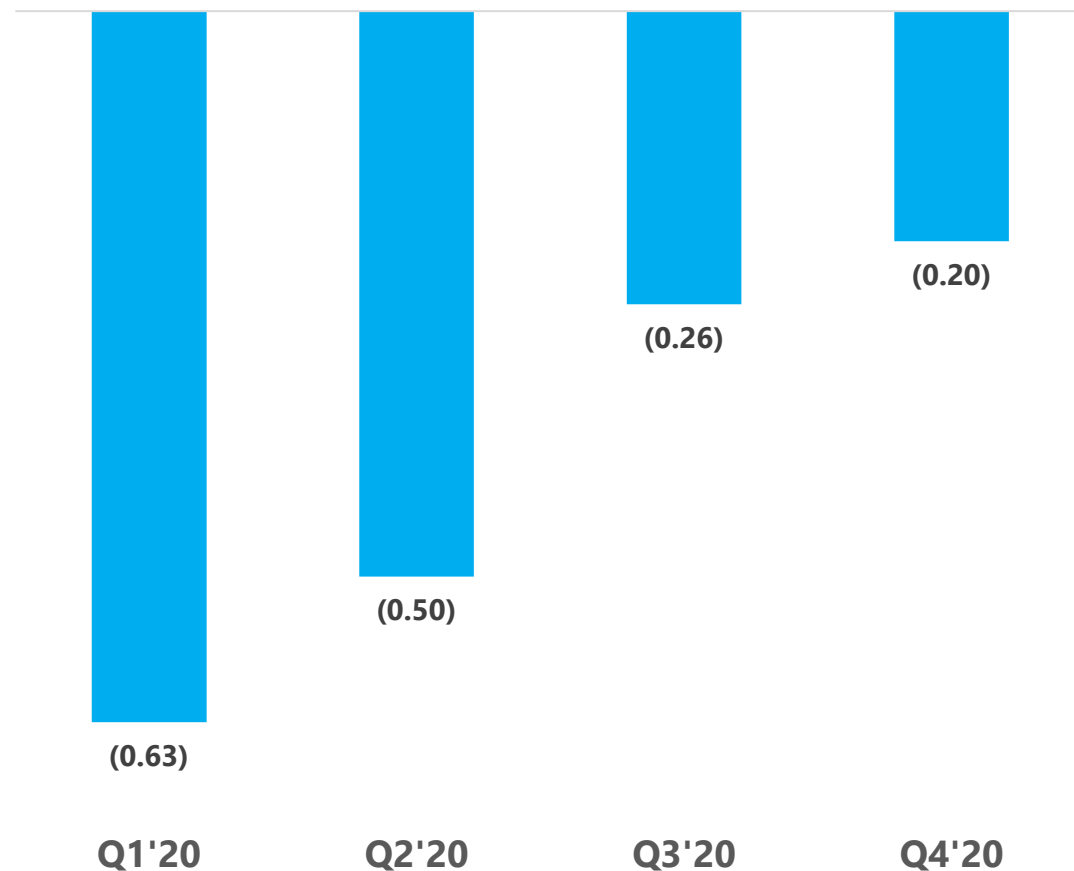
Cash Receipts: Normalised for cash receipts from partners who paid within the first days after the end of the December quarter were \$1.89m, an increase of 26% QoQ.

Normalised burn decreased 35% QoQ and 66% on PCP with disciplined cost management approach in place to improve net cash from operations in 2021 while continuing to invest in future growth

(\$Million)	Dec-19	Sep-20	Dec-20	QoQ	PCP
Cash Receipts	1.10	1.69	1.70	0%	54%
<i>Normalised Cash Receipts</i>	<i>1.10</i>	<i>1.50</i>	<i>1.89</i>	<i>26%</i>	<i>72%</i>
Net Cash from Operations	(0.46)	(0.13)	(0.40)	217%	(13%)
<i>Normalised Net Cash from Operations</i>	<i>(0.61)</i>	<i>(0.31)</i>	<i>(0.20)</i>	<i>(35%)</i>	<i>(66%)</i>
Cash at hand	1.42	2.89	2.48	(14%)	74%

Decreasing Cash Burn

Historical Normalised Cash Burn (\$m)



Historically Dropsuite has experienced a higher cash burn in Q1 and Q2 related to expenses weighted to the first half

Anticipating a meaningful decrease cash burn over the course of FY21 compared to previous corresponding period but expect a similar weighting in expenses to the first half

Outlook



Strong ARR and user growth trajectory driven by our existing partner ecosystem and a strong sales pipeline



Well-funded for organic growth and positioned to reach profitability and cash break-even in 2H 2021



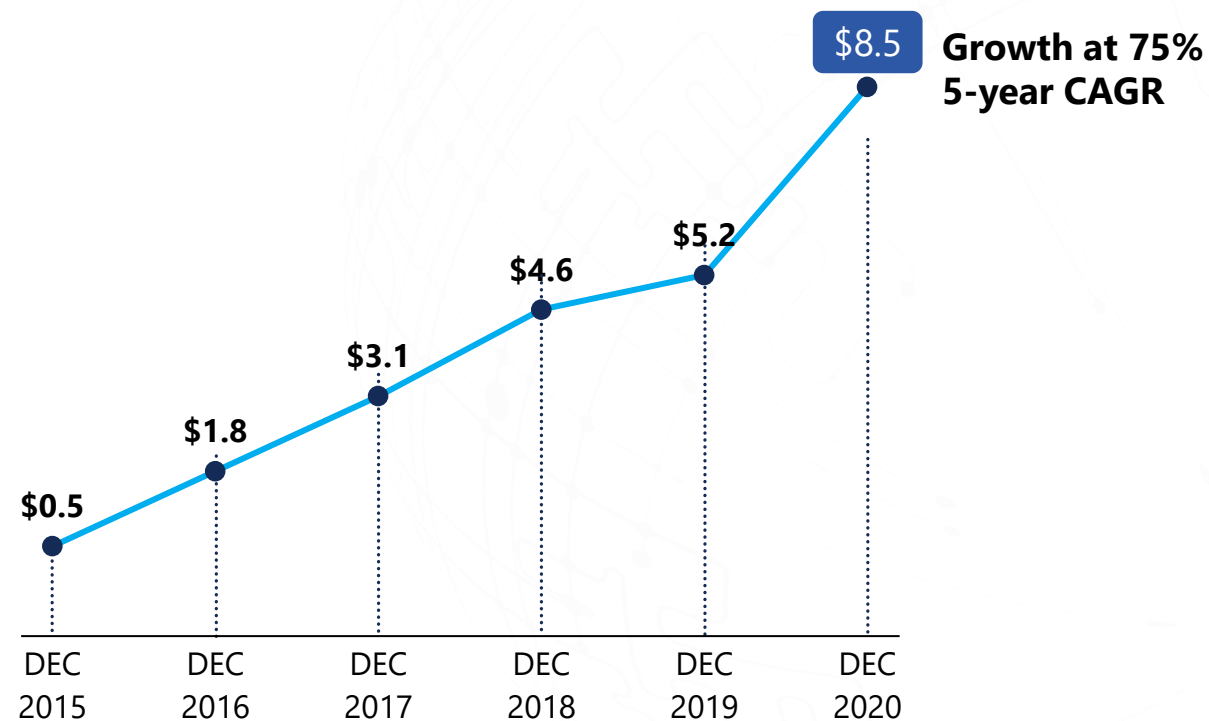
Well positioned in a structurally growing market (cybersecurity, cloud & regulation)



Continued product innovation to maintain our leading position as backup vendor of choice

Annualised Recurring Revenue (ARR \$M)

Solid execution and topline growth in the last 5 years



Appendices



Dropsuite Email Backup also Ranks #1 in Satisfaction for 21 of the 22 Product Feature and Vendor Capability Categories

Vendor Capabilities

- #1 Business Value Created
- #1 Ease of Data Integration
- #1 Ease of Implementation
- #1 Product Strategy And Rate Of Improvement
- #1 Vendor Support
- #1 Usability And Intuitiveness
- #1 Breadth Of Features
- #1 Quality Of Features
- #1 Availability And Quality Of Training
- #1 Ease Of IT Administration
- #2 Ease of Customization

Product Features

- #1 Mailbox Backup Restore
- #1 Security
- #1 Granular Restore
- #1 Permissions Awareness
- #1 Support for Backup Types
- #1 Transaction Log Backup Restore
- #1 Backup Archiving
- #1 Full System Backup Restore
- #1 Compliance
- #1 Information Store Backup Restore
- #1 Media Support

Leadership Team

CHARIF ELANSARI

Managing Director

- Founding member of Google Asia Pacific
- Previously held senior positions at Google and Dell in Asia Pacific and North America



THEO HNARAKIS

Non-Executive Chairman

- Previously, MD of ASX 300 Melbourne IT, News Corporation & PMP Communications Group
- Director at Farmgate MSU (Provenir)



DR. BRUCE TONKIN

Non-Executive Director

- Chief Operating Officer at .au Domain Administration Limited
- Previously, CTO and CSO of Melbourne IT (ASX 300)



RIDLEY RUTH

Chief Operating Officer

- 20 years experience in selling security software to service providers
- Previously VP of Sales at CloudFlare



RON HART

Chief Technology Officer

- Early pioneer of cloud-based platforms
- Lead technology developer at US- based myTriggers.com and inContact (NASDAQ: SAAS)



BILL KYRIACOU

Head of Finance

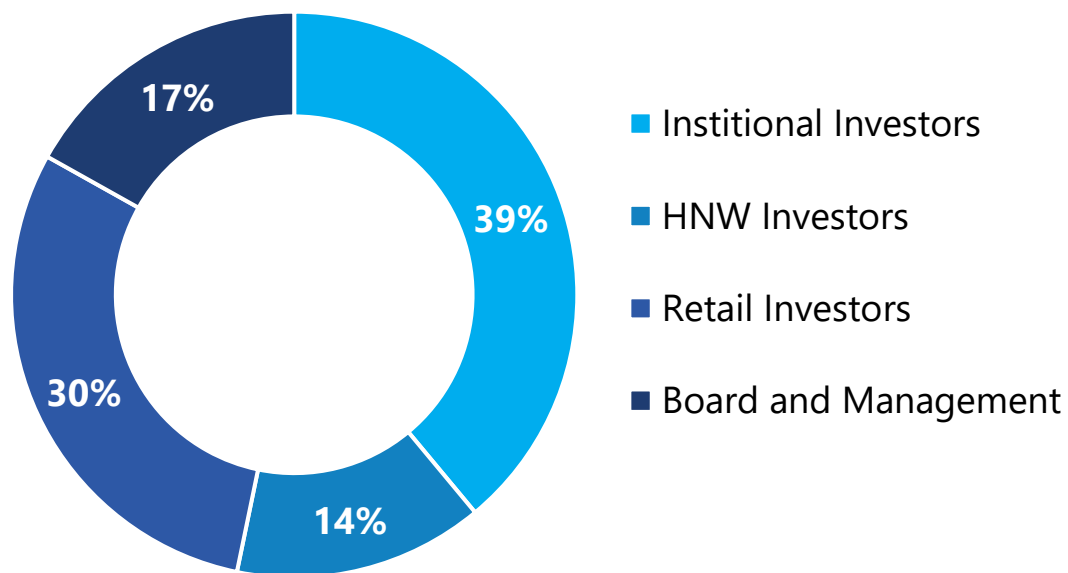
- 15 years of finance experience in listed technology and media companies
- Previously Computershare and Crowd Mobile Limited.



Corporate Overview

DSE has a strong balance sheet and zero debt

Top 50 share registry breakdown



Board of Directors

Theo Hnarakis
Charif Elansari
Bruce Tonkin

Non-Executive Chairman
Managing Director
Non-Executive Director

Substantial Shareholders

Topline Capital Partners (USA)	15.6%
Tracy Anne Fearon	6.7%
Charif Elansari	5.3%
BNP Paribas Nominees Pty Ltd (AU)	5.6%
HSBC Custody Nominees (AU)	5.0%
Total	38.07%

Financial Information

Share price as of January 15, 2021	16 cents
Ord Share on Issue (M)	565
52-week trading (low/high)	0.027/0.175
Market Cap (\$M)	\$90.40
Cash (30 December 2020)	\$2.48M
Debt (30 December 2020)	nil

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