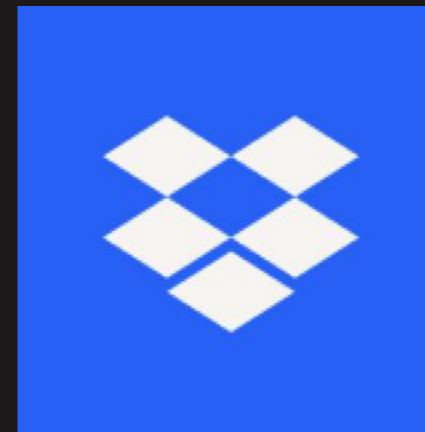


# Fourth Quarter 2023 Financial Results



**Dropbox**

February 2024

# Safe Harbor Statement

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, plans for growth, technological capabilities and new features and products and the long-term financial targets of Dropbox, Inc. (“Dropbox,” “we,” “us,” or similar terms), as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made or management’s good-faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the events and circumstances contemplated by the forward-looking statements made in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in our quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2023 that we filed with the Securities and Exchange Commission (the “SEC”) on November 3, 2023, and include, but are not limited to, the impact to our financial results, business operations, the business of our customers, suppliers, partners and the economy as a result of general macro economic, political and market uncertainty, as well as the potential for a more permanent global shift to remote work; our ability to retain and upgrade paying users, and increase our recurring revenue; our ability to attract new users or convert registered users to paying users; our future financial performance, including trends in revenue, costs of revenue, gross profit or gross margin, operating expenses, paying users, and free cash flow, including, in all respects, with respect to any future targets described herein; our ability to achieve and maintain profitability; our liability for any unauthorized access to our data or our users’ content, including through privacy and data security breaches, significant disruption of service on our platform or loss of content, particularly from any potential disruptions in the supply chain for hardware necessary to offer our services; any decline in demand for our platform or for content collaboration solutions in general; changes in the interoperability of our platform across devices, operating systems, and third-party applications that we do not control; competition in our markets; our ability to respond to rapid technological changes, extend our platform, develop new features or products, or gain market acceptance for such new features or products, our ability to manage our growth or plan for future growth; our acquisition of other businesses and the potential of such acquisitions to require significant management attention, disrupt our business, or dilute stockholder value; our ability to attract and retain key personnel and highly qualified personnel; our capital allocation plans with respect to our stock repurchase program and other investments; and the dual class structure of our common stock and its effect of concentrating voting control with certain stockholders who held our capital stock prior to the completion of our initial public offering. These factors could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. Additional information will be available in other future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. Except as required by law, Dropbox does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating income, non-GAAP operating expenses (including research and development, sales and marketing and general and administrative), non-GAAP operating margin and free cash flow. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools, and they should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. The non-GAAP measures Dropbox uses may differ from the non-GAAP measures used by other companies.

This presentation also contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information may be based on many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the data contained in the industry publications and other publicly available information. Dropbox does not undertake to update such data after the date of this presentation.

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01

# Business Overview

# Dropbox Today

Leader in file sync and share

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Smart workspace for digital content collaboration

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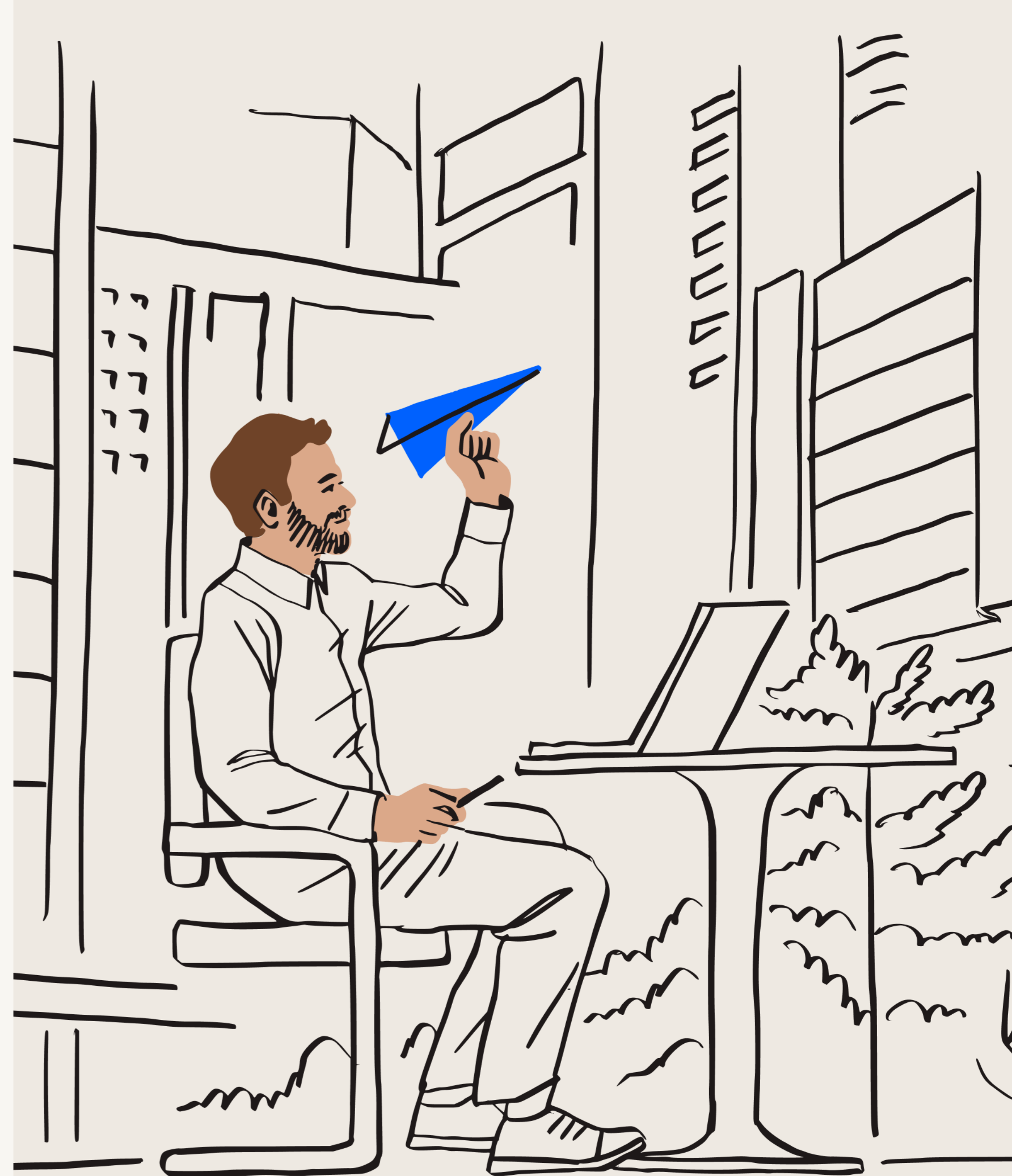
Addressing individual and team workflows

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Leveraging virality and scale in go-to-market

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Balanced growth and cash flow generation model



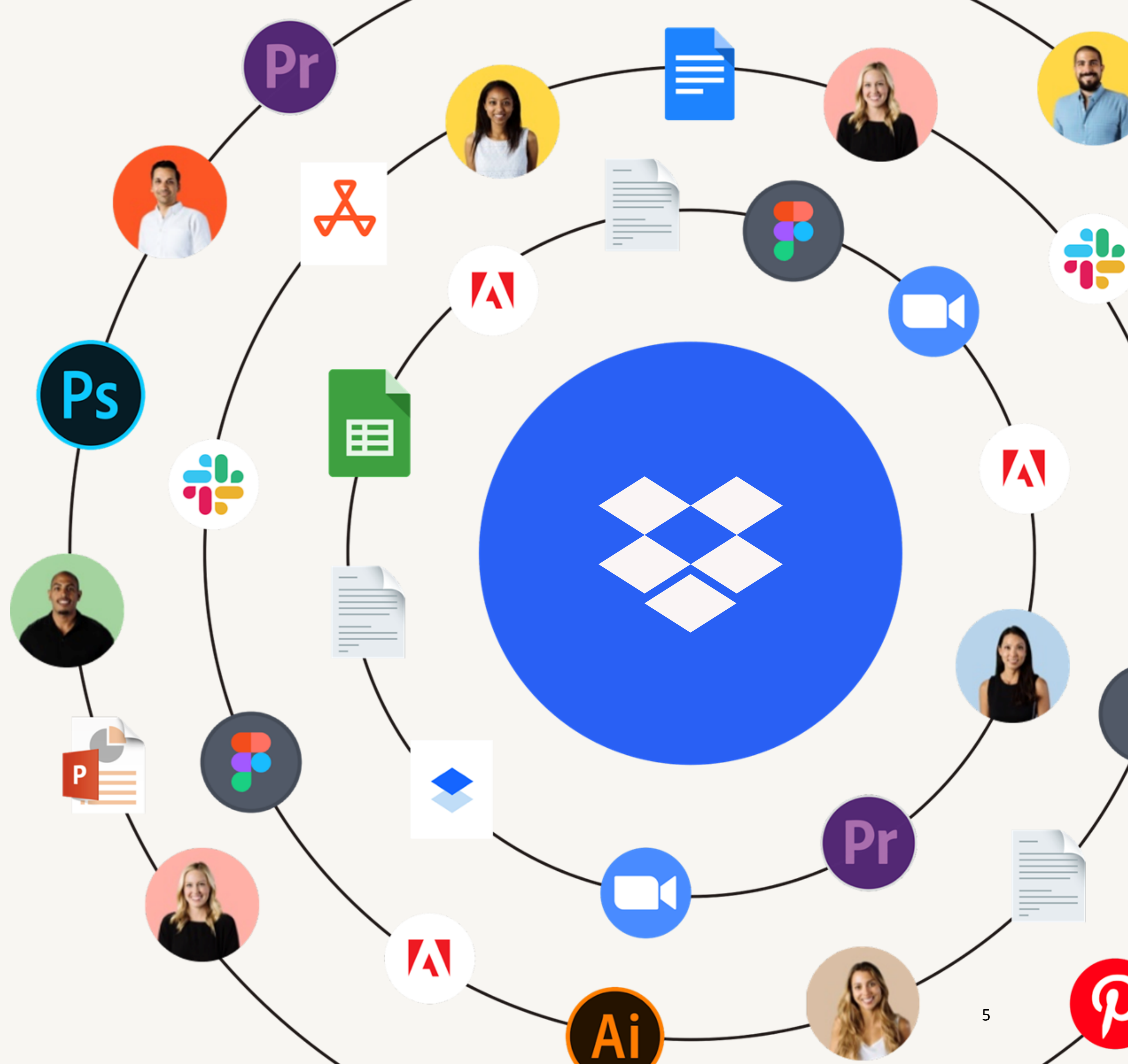
# Global Collaboration Platform at Scale

700M+  
Registered Users<sup>(1)</sup>

18.12M  
Paying Users<sup>(1)</sup>

1T+  
Pieces of Content<sup>(1)</sup>

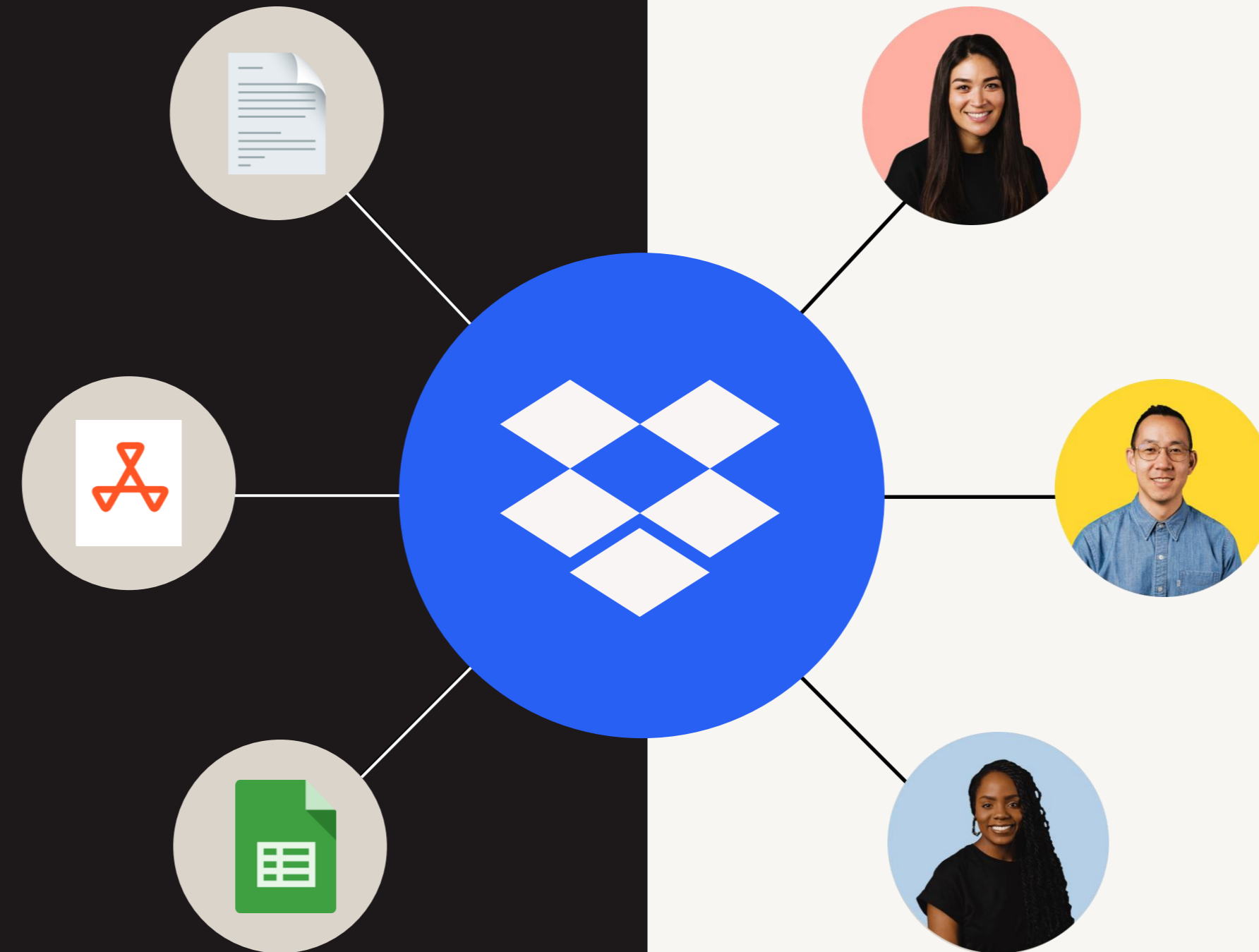
(1) As of 12/31/2023



# Dropbox- 2007











## Keeping Files in Sync

 Content Backup






# Dropbox- 2024

## Keeping Teams In Sync

-  Content & User Controls
-  Advanced Sharing Controls & Analytics
-  Collaborative Workflows
-  Professional Delivery
-  Project Management
-  Contract Management
-  Video Editing & Review
-  Cloud & Device Backup
-  Template Libraries
-  AI Universal Search

# Product Portfolio



Individuals	Teams	 <b>Dropbox Sign</b>	 <b>Dropbox DocSend</b>	 from Dropbox
Basic	Standard	Dropbox Sign	Personal	Premium Annual
Plus	Advanced	Dropbox Sign API	Standard	Monthly
Family	Enterprise	Dropbox Forms	Advanced	Subscription
Essentials	Business	Dropbox Fax	Enterprise	
	Business Plus			

# Reinventing the Software Playbook

## Traditional Playbook

## Dropbox Playbook

Designed For IT

vs.

Designed For Users

Top-Down Distribution

vs.

Bottom-Up Adoption

Walled Garden

vs.

Open Ecosystem

Rip-And-Replace

vs.

Live Side-By-Side



# Efficient Go-to-Market

Land

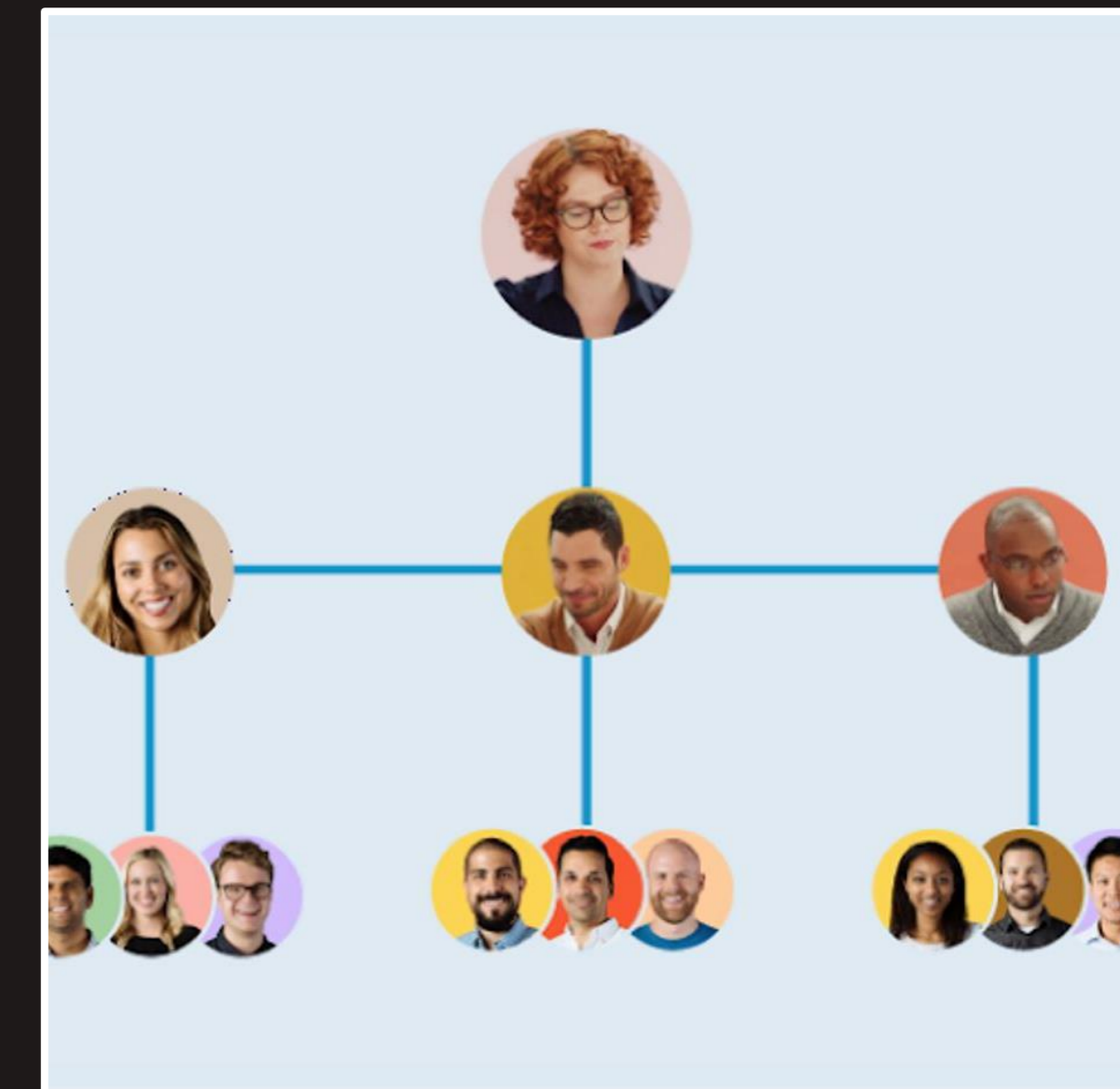
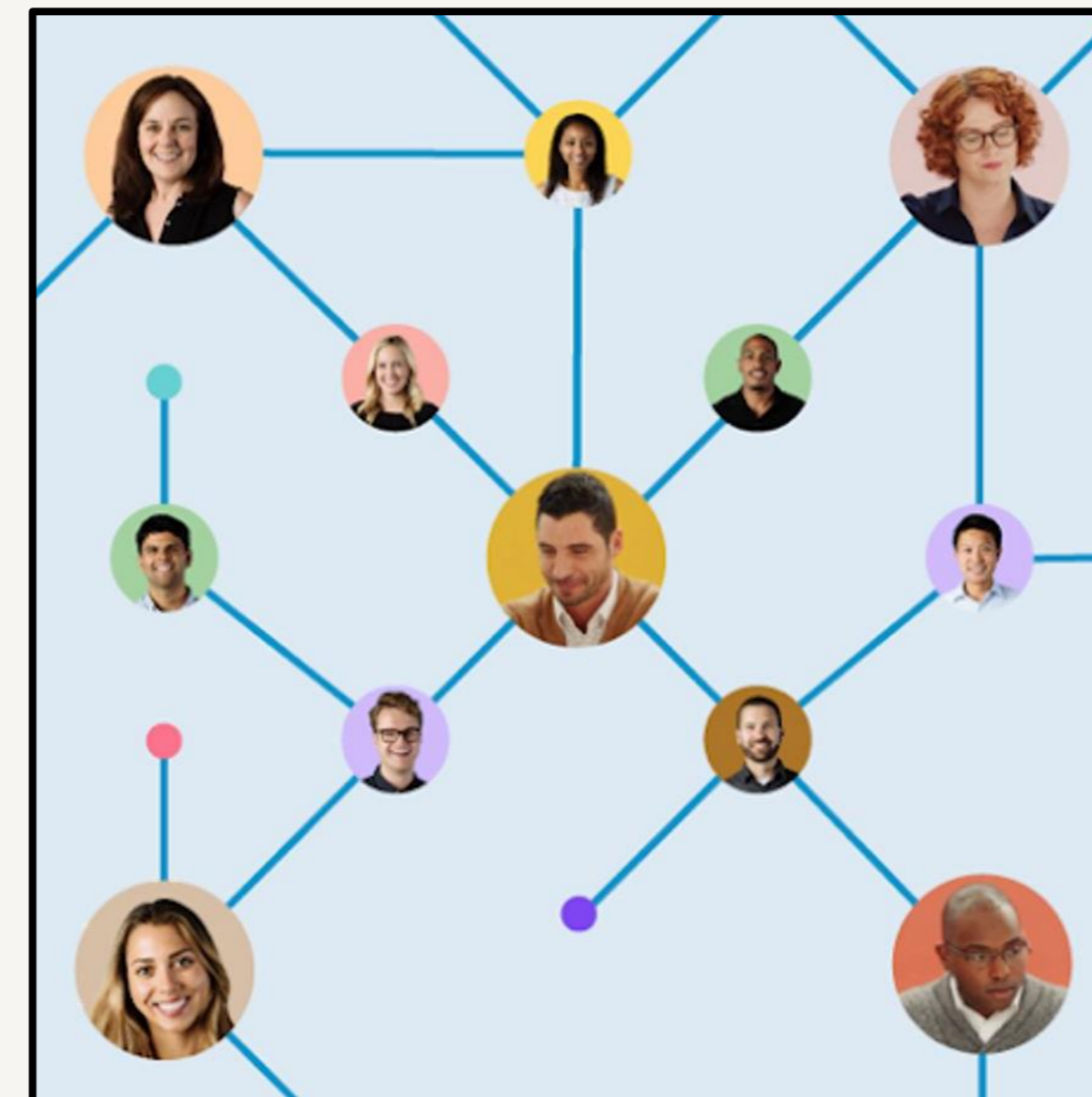
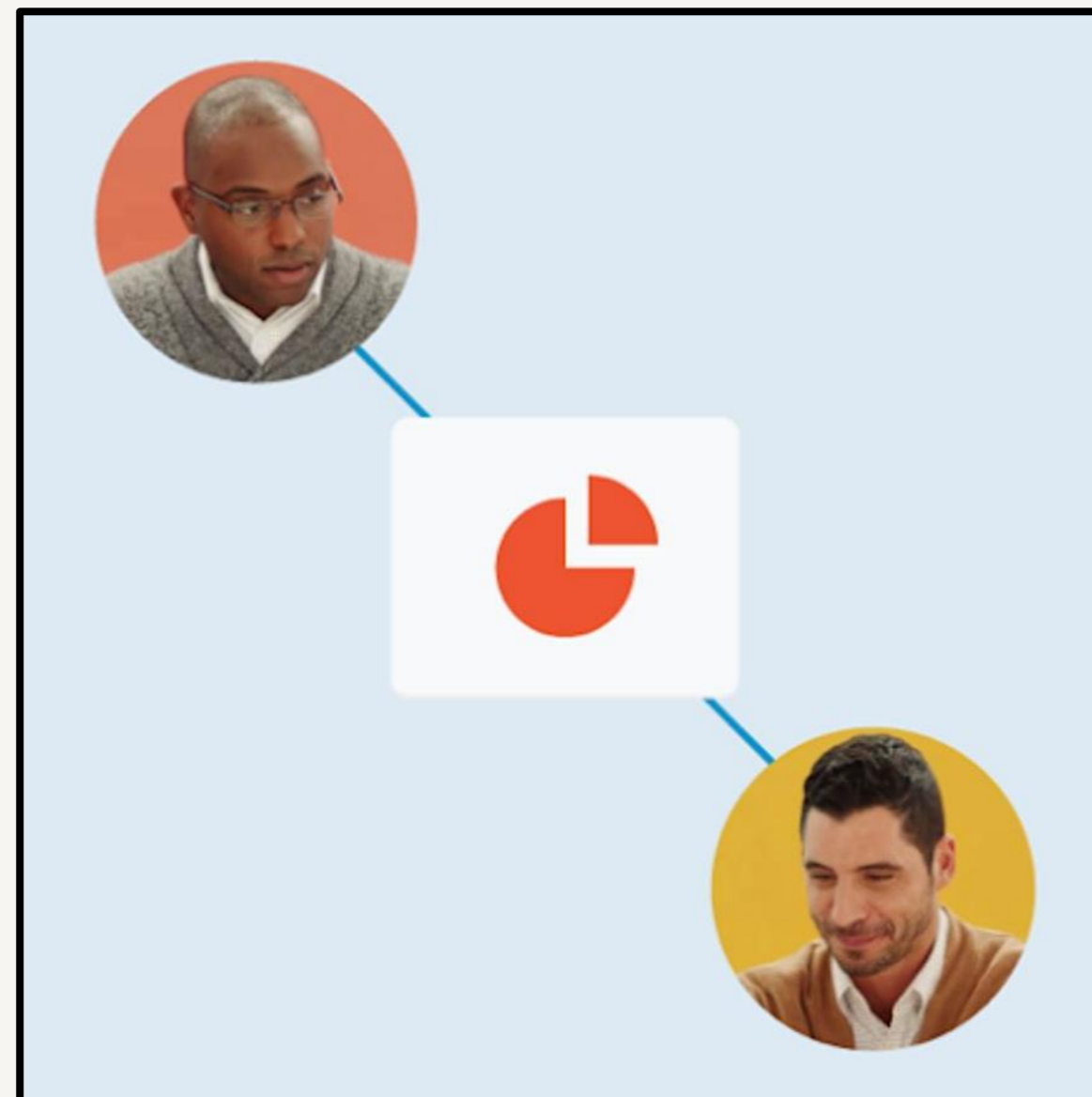
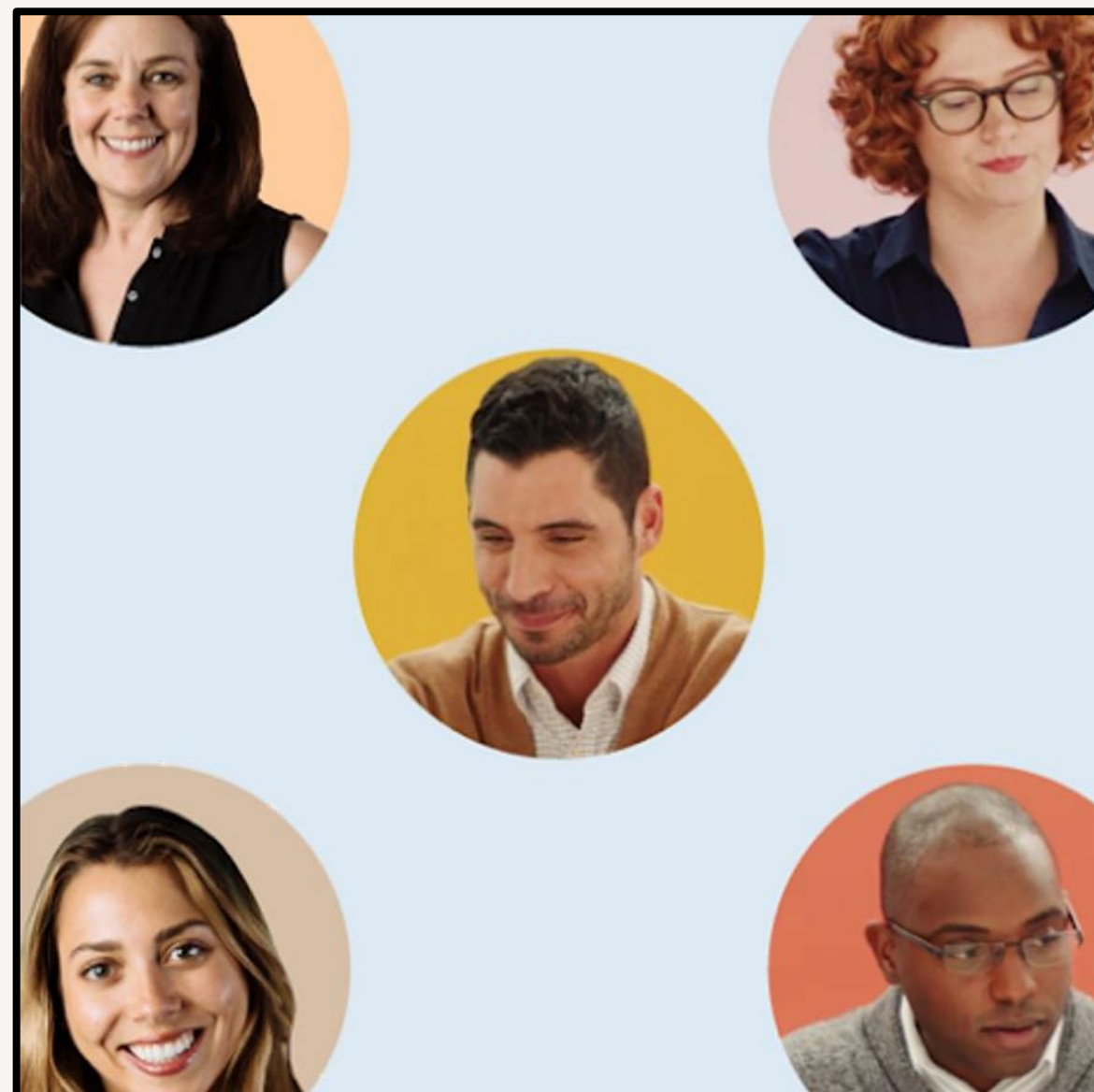
Expand

Adopt Organically

Land Companies

Expand Companies

Wall-to-Wall Deployment



# Growth Drivers

## Execute

### **Convert and Retain**

Drive registered users to become paying users of Individual and Team plans

### **Upsell**

Prompt existing users to upgrade to premium plans or purchase additional licenses and add-ons

## Innovate

### **New Product Experiences**

Leverage scale and user insights to enhance existing products and drive adoption of new ones

### **Expand into Workflows**

Invest in integrations and native capabilities to enable more workflows beyond FSS

# New Features Help Organize Digital Content

[Dropbox provides streamlined automation tools for organized file systems](#)

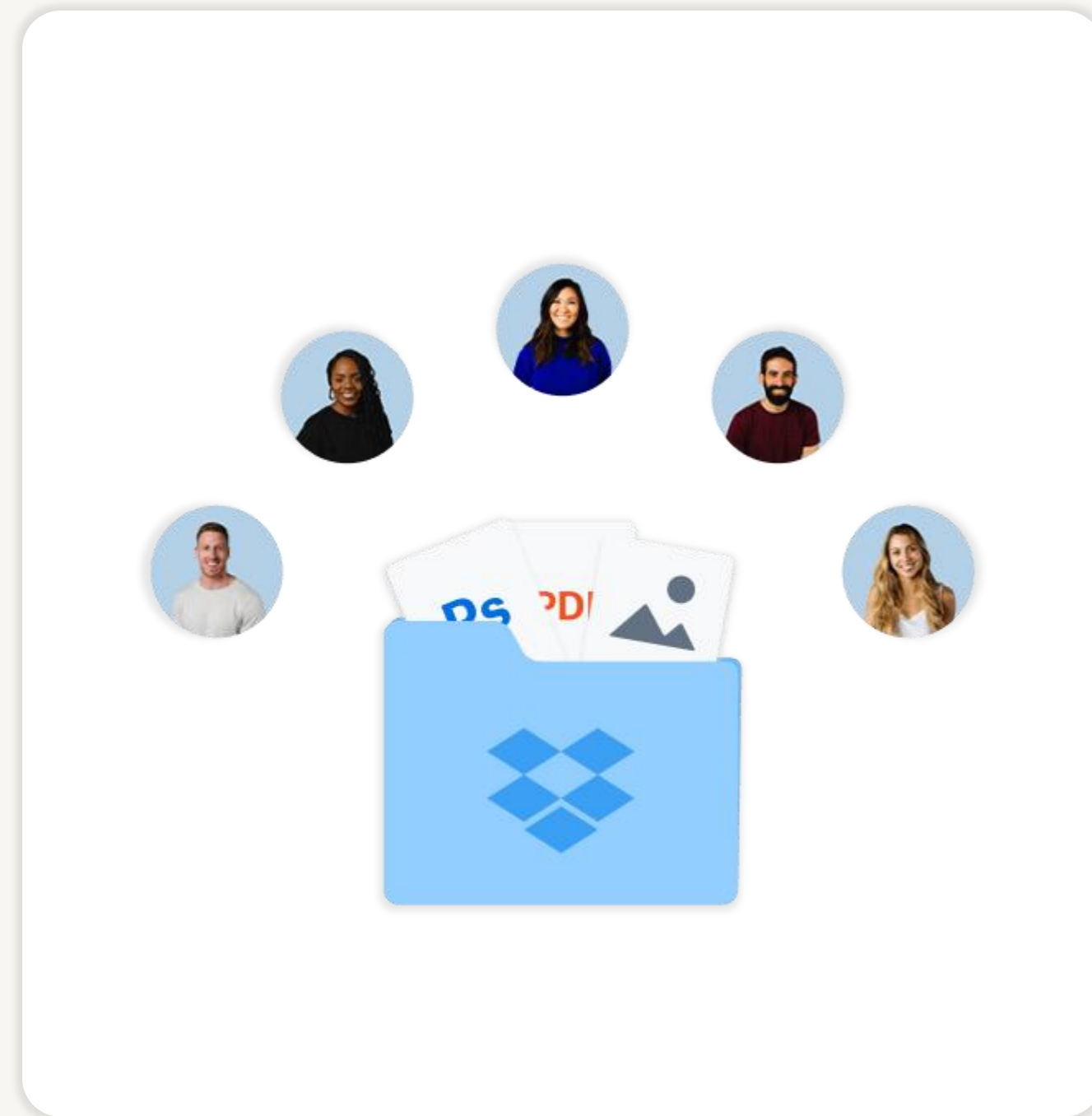
Managing digital content across work and home has grown more complex

## Introducing features such as:

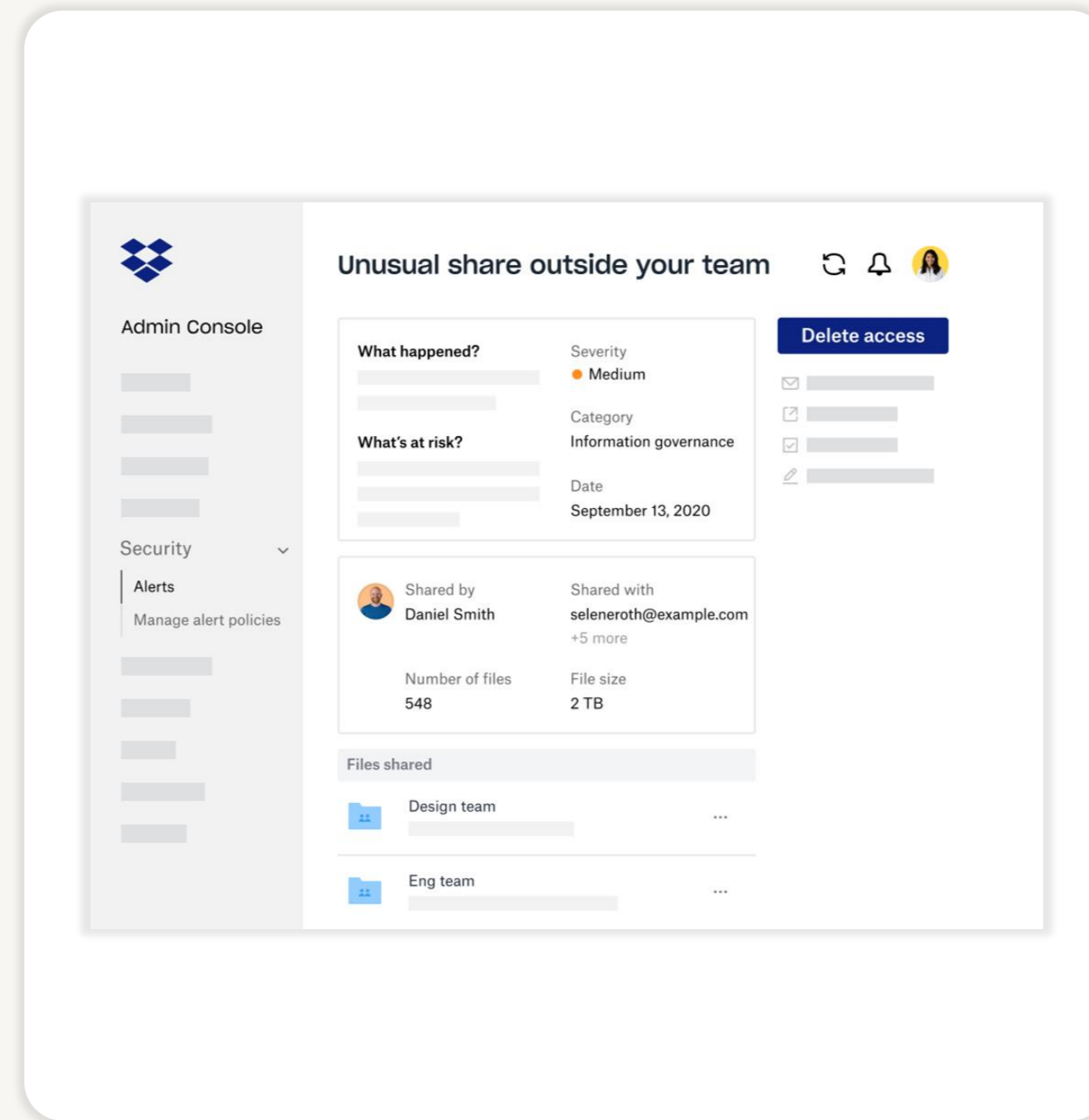
- Automated Folders & Dashboards
- Multi-File Organize
- Naming Conventions
- Tagging
- Document Conversion

# Dropbox Business

Tailor team content, collaborate efficiently, and ensure data security



**Shared team workspace**




**Data governance  
and audit logs**



**Advanced security  
alerts & notifications**




# Dropbox Business Teams Expansion

Simplified team collaboration invites for shared content




Invite people to your Dropbox team

Invite them to Hanford Inc. Dropbox, so they don't have to ask you each time they need access to files or more storage.


-  Ann Thompson  
athompson@hanfordinc.com 
  - @hanfordinc.com email match
  - Your team has shared 7 folders with them
  - Your team has worked with them since Aug 3, 2020
-  jay@hanfordinc.com 
  - @hanfordinc.com email match
  - Your team has shared 7 folders with them
  - Your team has worked with them since Aug 3, 2020
-  zoe@cobaltcircle.co 
  - Your team has shared 7 folders with them
  - Your team has worked with them since Aug 3, 2020

You'll be charged for 1 more person, and your new monthly total is \$150.00. Watch for an email with all the details.



Request an invite for  
athompson@hanfordinc.com to join your  
Dropbox team

Invite them to Hanford Inc. Dropbox, so they don't have to ask you each time they need access to files or more storage.

-  Ann Thompson  
athompson@hanfordinc.com

Your requests will be sent to admins for approval.

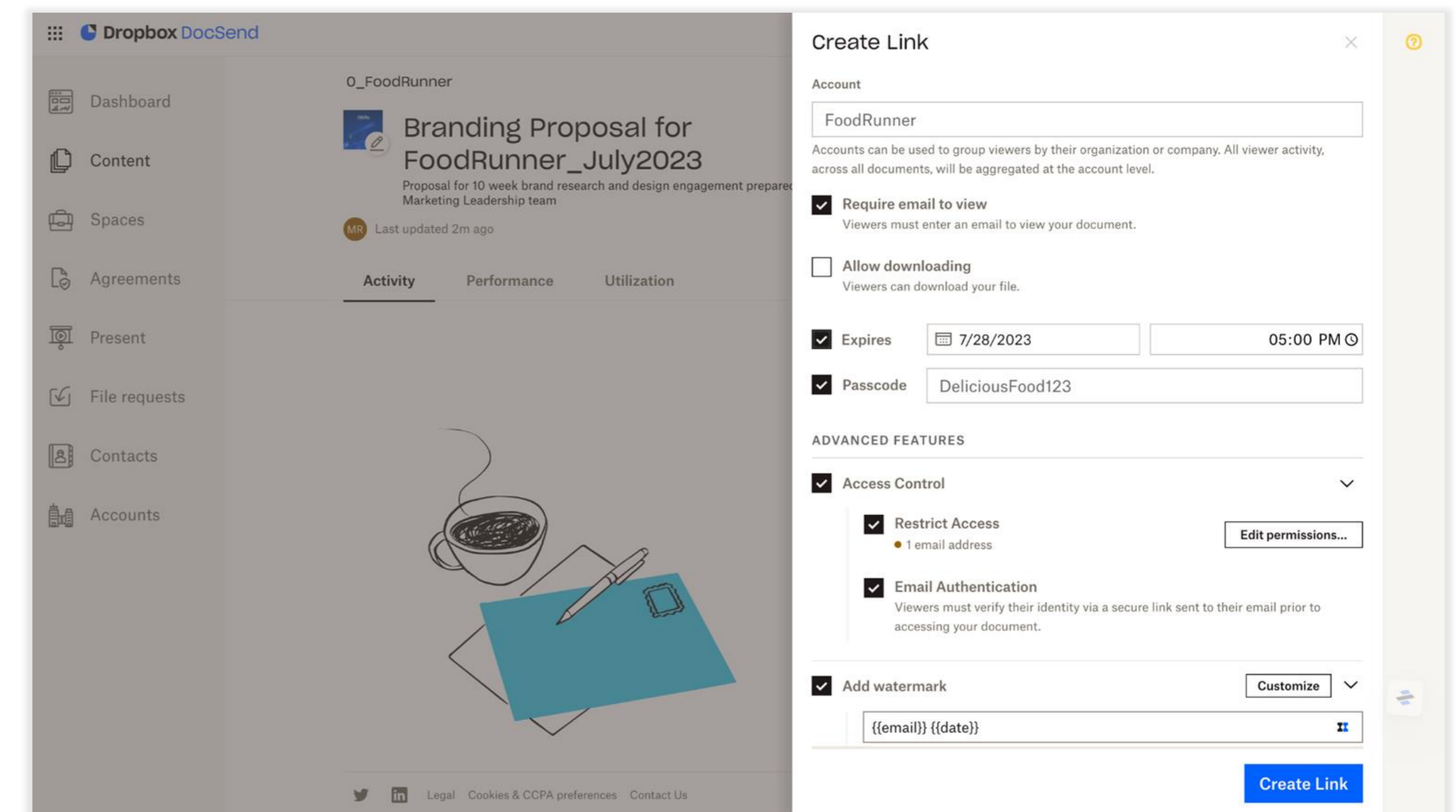
~575K  
Business Teams<sup>(1)</sup>

~35%  
Of Paying Users are  
Business Teams<sup>(1)</sup>

(1) As of 12/31/2023

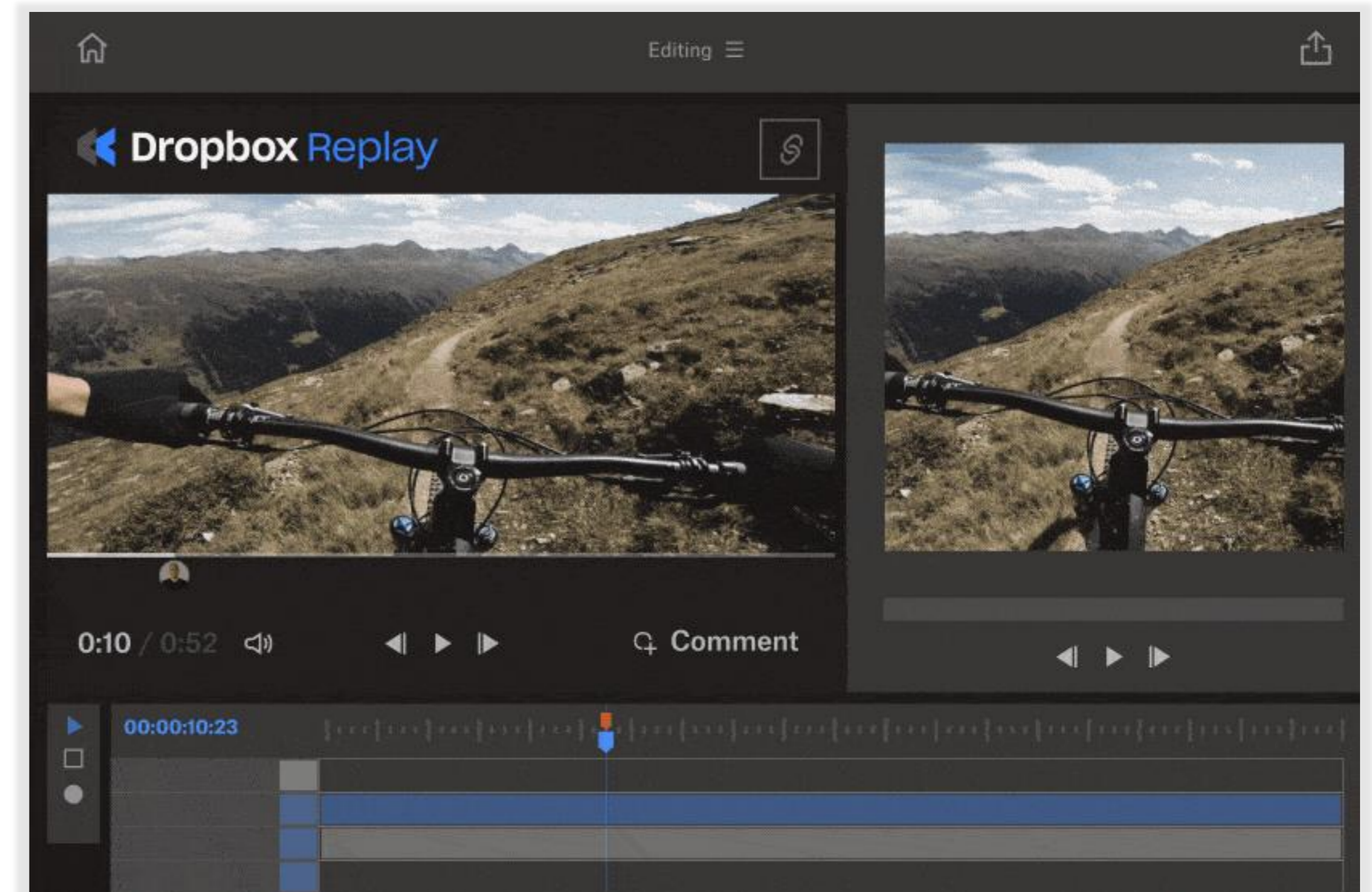
# Dropbox DocSend Update

- DocSend empowers professionals with real-time signal on interest in their proposals and deal documents and control of how/if their documents are distributed or downloaded
- DocSend Standalone
  - SKUs: Personal, Standard, Advanced, Enterprise
  - Audiences: Capital Markets, Financial Services, Professional Services
  - Use case: Fundraising, Investor relations, Client portal, Due diligence
- DocSend in Dropbox
  - SKUs: Dropbox Essentials, Business, Business Plus
  - Audience: Self-employed professionals, SMB Sales & Marketing Teams
  - Use case: Proposal management
- Recent launches
  - April 2023: Soft-launched DocSend functionality as “Send and Track” hub in Dropbox Essentials
  - June 2023: DocSend website and standalone SKUs available in 13 new languages
  - Oct 2023: Advanced+ Beta launched to meet the needs of customers looking for advanced security controls for sending high volumes of sensitive documents



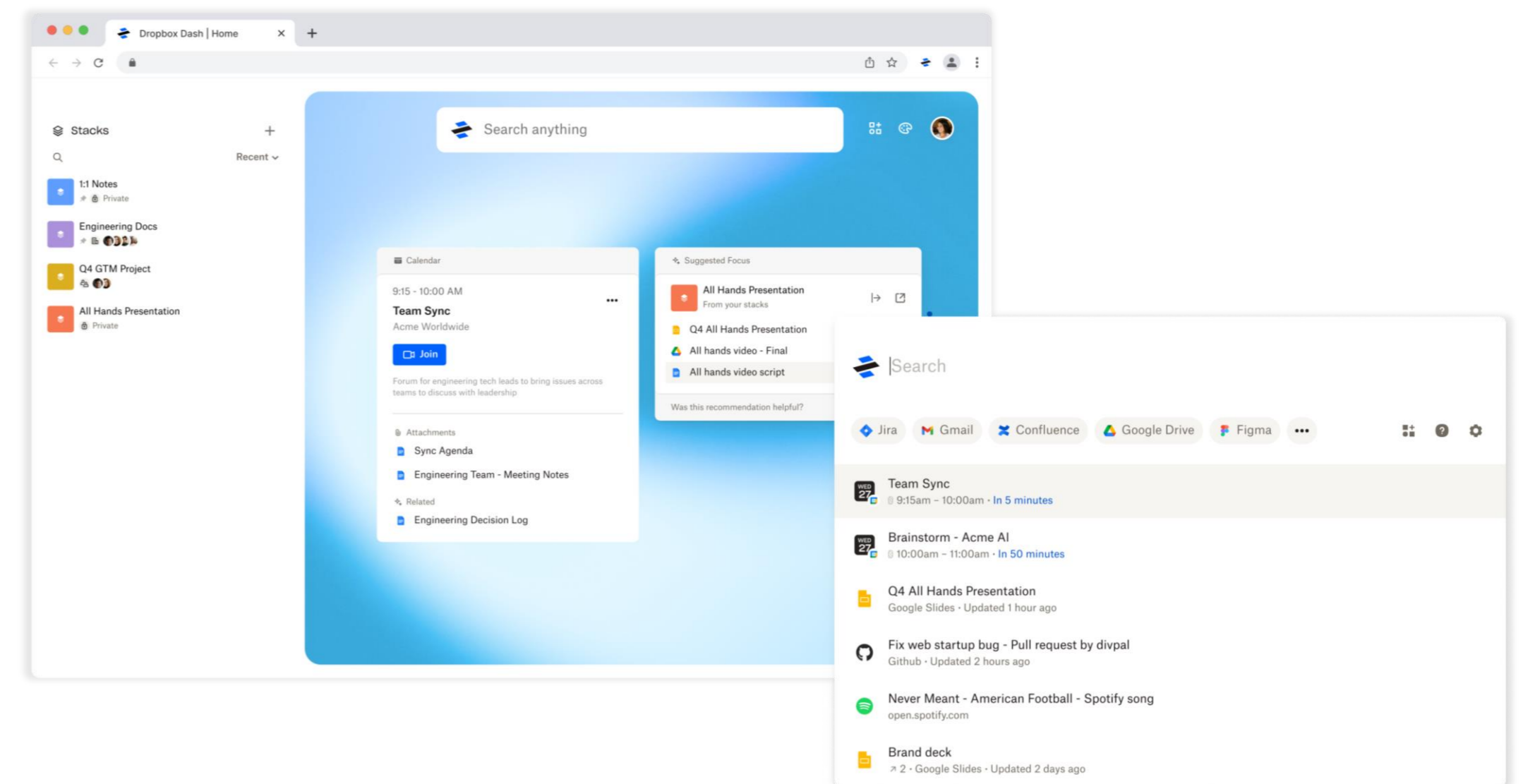
# Dropbox Replay Update

- In 2023, Replay became available as a Freemium offering across all Dropbox Plans and includes up to 10 free files
- It is also available as a paid Add-On for all our paid plans (with the exception of Family plan) with more premium security and collaboration features
- Recent feature launches include:
  - Integration into Adobe After Effects
  - Integration into Apple Final Cut Pro
  - Lossless Audio Playback
  - Side-by-side version comparison



# Dropbox Dash Update

- Dropbox Dash - your personal universal search tool that allows you to search all your apps, all your tabs, all in one place
- Access the info you need instantly. Search for content across Google Workspace, Microsoft Outlook, Asana, Notion, Salesforce, and more from a single centralized place
- Save time and frustration. Find out what meetings to attend, what files you'll need, and which projects to prioritize from one tab
- Get smart, AI-enhanced organization. Collect and organize all your links in one place
- Dropbox Dash is in open Beta





# Integrations

Partner integrations with vendor-neutral software capabilities



# Environmental, Social, and Governance

## Enhancing value through corporate responsibility

### Environmental

Dropbox is committed to fighting climate change and reducing our carbon footprint. We're always looking at ways we can make a difference in our day-to-day business practices and have set meaningful sustainability goals that we plan to accomplish by 2030. As of Dec 2021, we've sourced 100% renewable electricity for our operations, including our data centers

### Social

Our DEI initiatives, workforce development programs, and ethical business practices all play a role in driving Social Responsibility at Dropbox. In addition, we also empower our employees to give back by providing paid volunteer time off, matching donations, and making product donations to nonprofits, through our Dropbox for Good program.

### Governance

We're committed to maintaining an independent and diverse board of directors. Since 2019, we've added directors who are women or members of underrepresented communities to our board.

Additional content related to the Dropbox ESG program can be [here](#)

02

# Financial Highlights

# Financial Highlights

Predictable and balanced financial model

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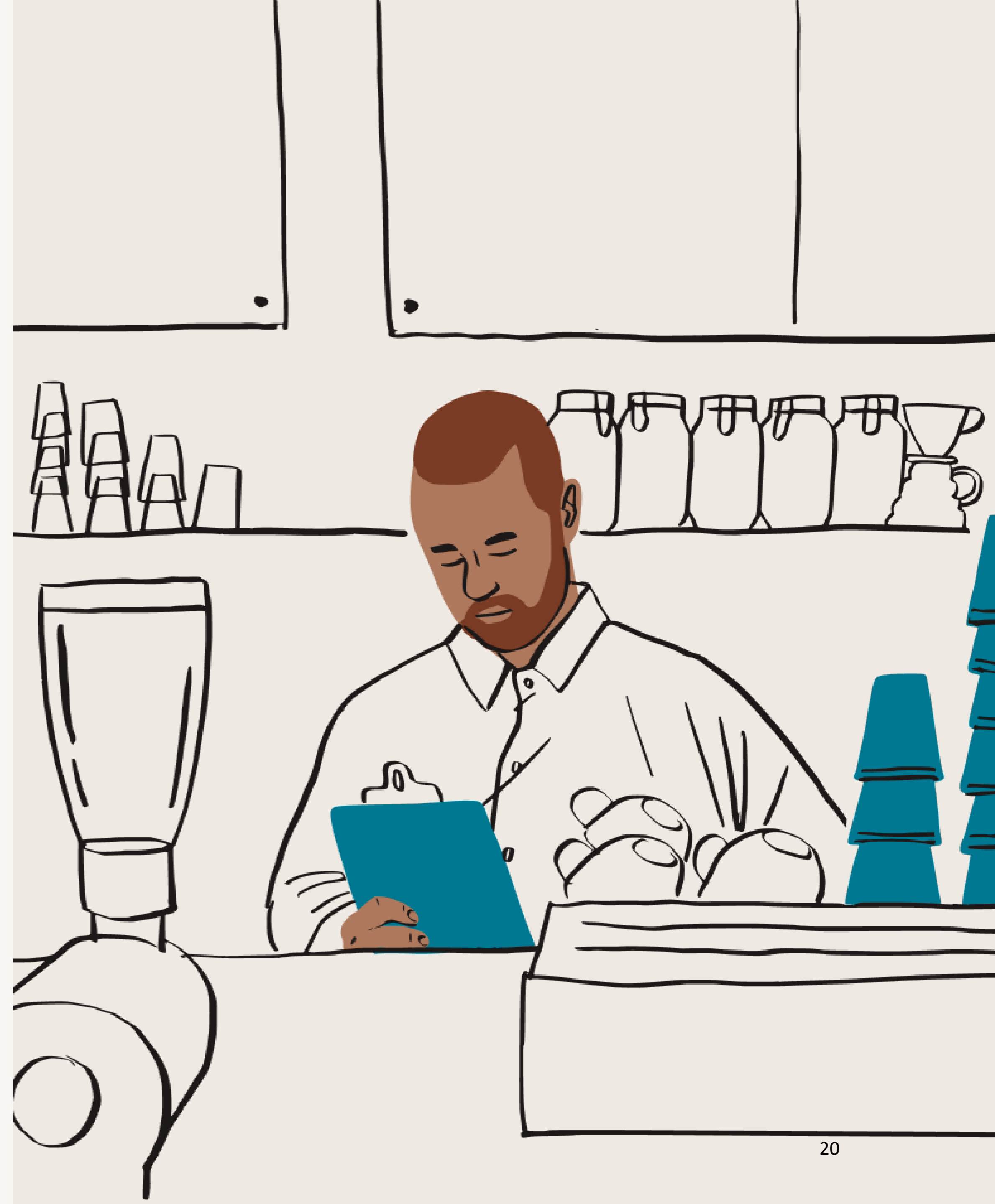
Investing for continued revenue growth

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Driving strong operating leverage

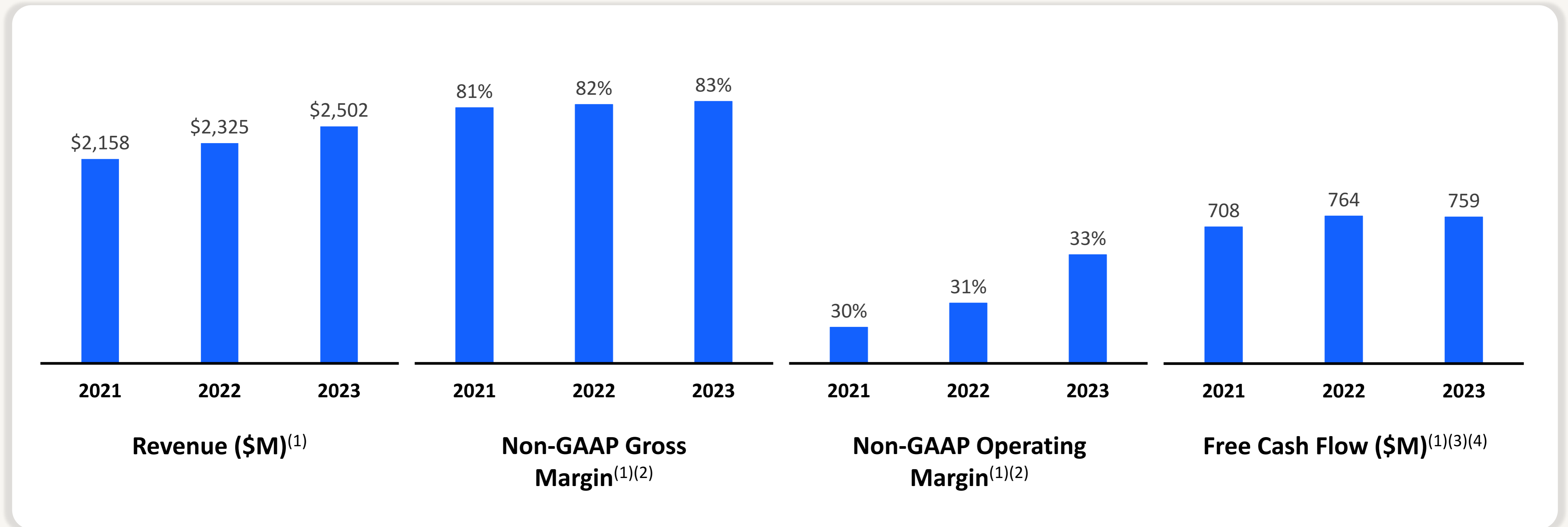
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Significant share repurchases



# Performance

## Strong performance at scale



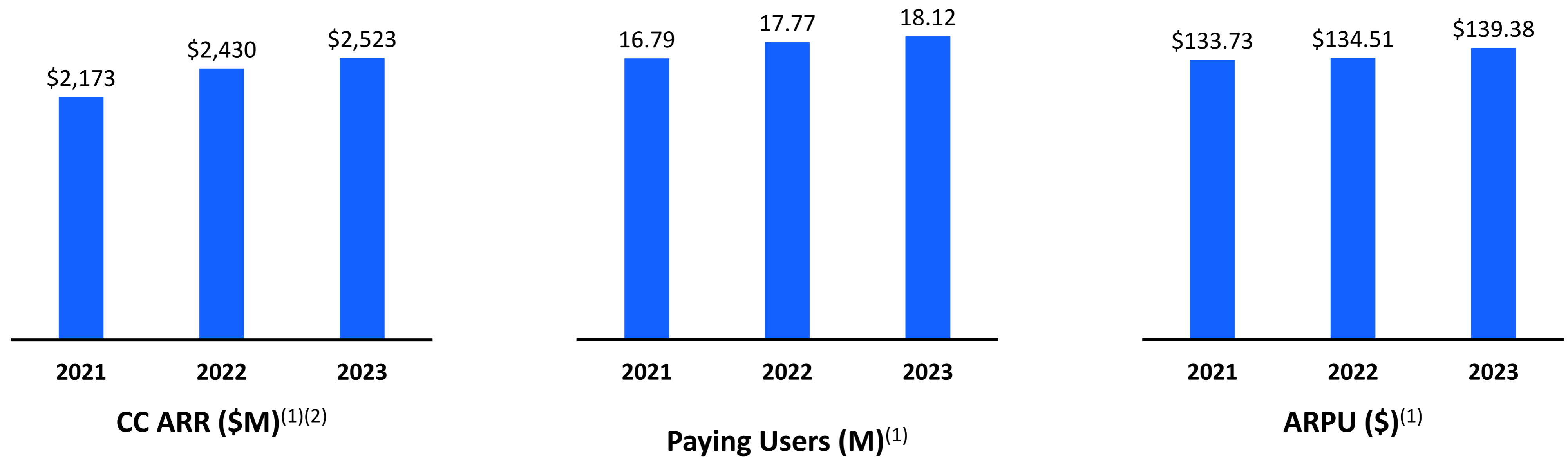
(1) Graphs presented in this illustration are not drawn to precise scale relative to each other.

(2) Non-GAAP gross margin and non-GAAP operating margin exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

(3) Free cash flow is GAAP net cash provided by operating activities less capital expenditures. See appendix for non-GAAP reconciliation.

(4) Free cash flow in 2023 is inclusive of payments of ~\$39M related to the reduction in force and ~\$28M for the termination of a part of real estate lease in San Francisco in Q4.

# Key Metrics

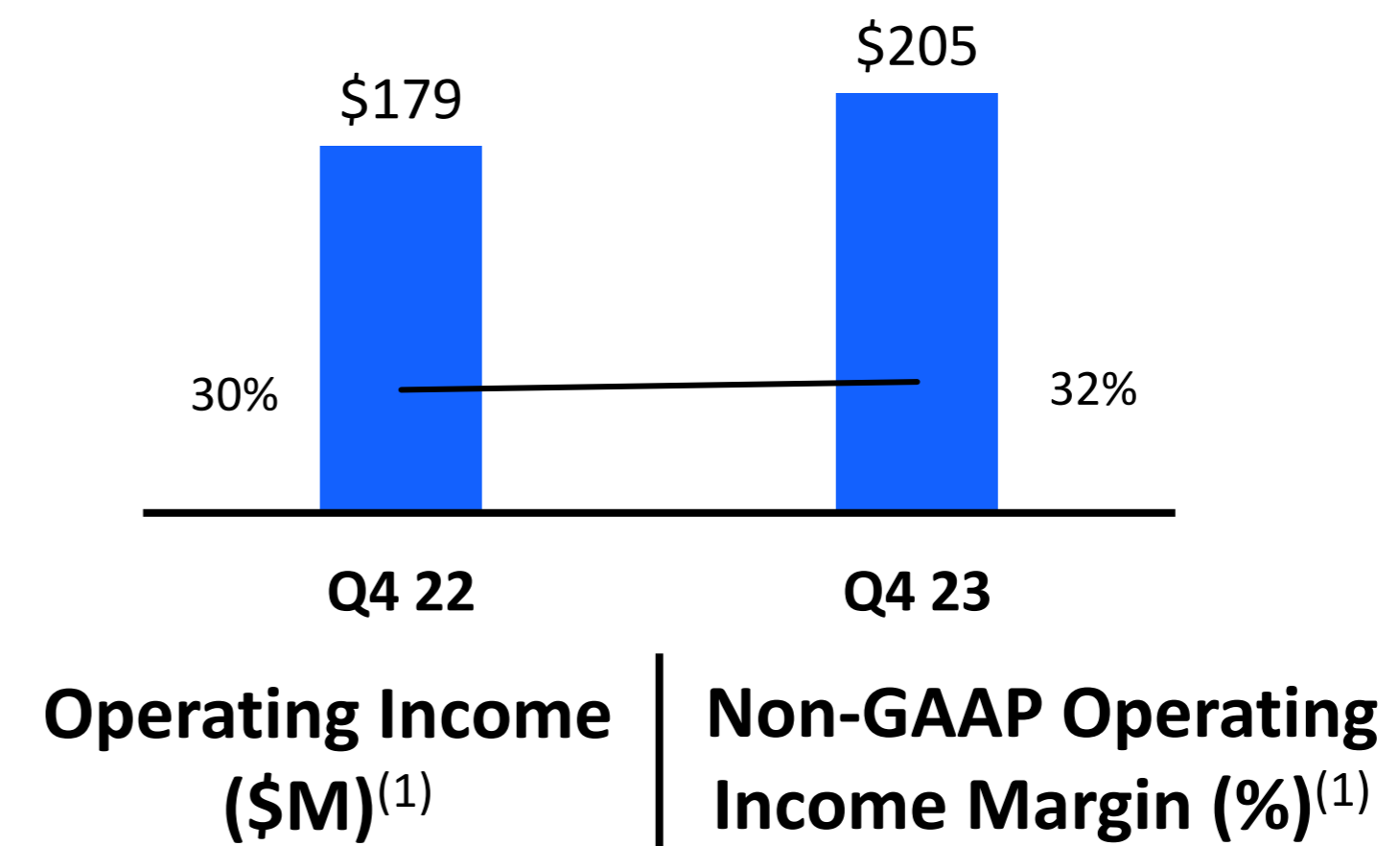
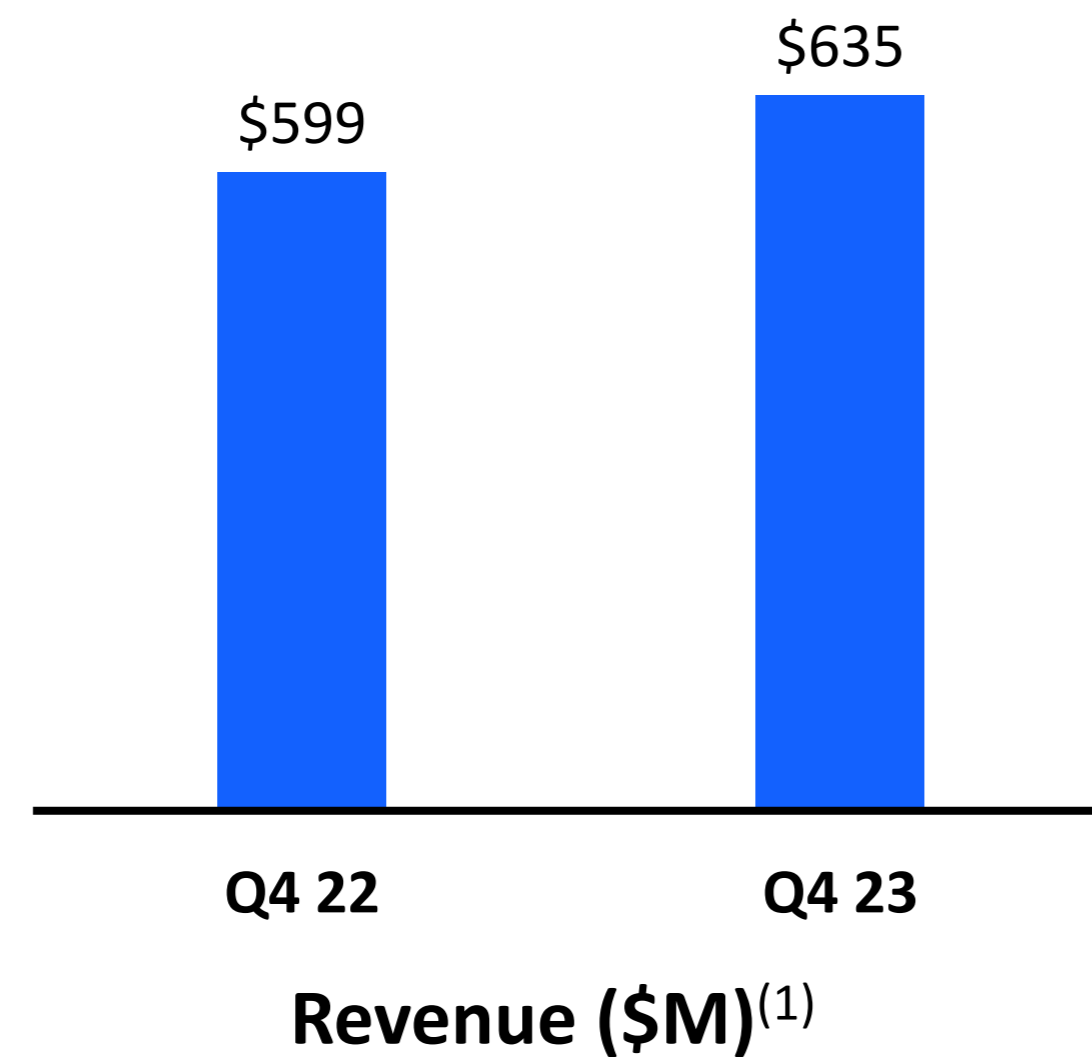


(1) Graphs presented in this illustration are not drawn to precise scale relative to each other.

(2) Total ARR for 2021 and 2022 are revaluated using exchange rates set at the beginning of fiscal 2023.

# Q4'23 Financial Highlights

Executing against growth and profitability in economic uncertainty



(1) Graphs presented in this illustration are not drawn to precise scale relative to each other.

# Operating Leverage

Structural competitive advantage, scalability, and increased profitability



**Proprietary Infrastructure**



**Virtual First**



**Workforce Optimization**



03

# Appendix

# Non-GAAP Reconciliation

	<b>2021</b>	<b>Twelve Months Ended</b>		<b>2023</b>
	<b>2021</b>	<b>2022</b>	<b>2022</b>	<b>2023</b>
Income from operations - GAAP	\$ 274.4	\$ 181.3	\$ 538.7	\$ 538.7
Stock-based compensation	287.1	330.7	338.0	338.0
Acquisition-related and other expenses	26.8	18.0	30.9	30.9
Amortization of acquired intangible assets	13.1	13.8	28.2	28.2
Net (gain) loss on real estate assets	31.3	175.2	(155.2)	(155.2)
Workforce reduction expense	14.3	—	39.3	39.3
Income from operations - Non-GAAP	<u>\$ 647.0</u>	<u>\$ 719.0</u>	<u>\$ 819.9</u>	<u>\$ 819.9</u>
<i>Non-GAAP operating margin</i>	<i>30.0 %</i>	<i>30.9 %</i>	<i>32.8 %</i>	<i>32.8 %</i>

# Non-GAAP Reconciliation

	Three Months Ended	
	December 31, 2022	December 31, 2023
Income (loss) from operations - GAAP	\$ (80.4)	\$ 267.4
Stock-based compensation	87.3	82.9
Acquisition-related and other expenses	5.7	4.3
Amortization of acquired intangible assets	4.0	7.1
Net (gain) loss on real estate assets	162.5	(157.4)
Workforce reduction expense	—	0.4
Income from operations - Non-GAAP	<u>\$ 179.1</u>	<u>\$ 204.7</u>
<i>Non-GAAP operating margin</i>	29.9 %	32.2 %

# Non-GAAP Reconciliation

	Twelve Months Ended		
	2021	2022	2023
Net Cash provided by operating activities	\$ 729.8	\$ 797.3	\$ 783.7
Capital expenditures	(22.1)	(33.8)	(24.3)
Free cash flow	\$ 707.7	\$ 763.5	\$ 759.4

# Non-GAAP Reconciliation

## Twelve Months Ended - 2023

	GAAP	Stock based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Net (gain) loss on real estate assets	Workforce reduction expense	Non-GAAP
Gross profit	\$ 2,023.1	\$ 23.3	\$ —	\$ 14.6	\$ —	\$ 2.9	\$ 2,063.9
<i>Gross margin</i>	81 %	1 %	— %	1 %	— %	— %	83 %
Research and development	936.5	(237.6)	(22.2)	—	—	(27.8)	648.9
<i>Research and development margin</i>	37 %	(9) %	(1) %	— %	— %	(1) %	26 %
Sales and marketing	466.0	(22.0)	(8.3)	(13.6)	—	(6.7)	415.4
<i>Sales and marketing margin</i>	19 %	(1) %	— %	(1) %	— %	— %	17 %
General and administrative	237.1	(55.1)	(0.4)	—	—	(1.9)	179.7
<i>General and administrative margin</i>	9 %	(2) %	— %	— %	— %	— %	7 %
Net (gain) loss on real estate assets	(155.2)	—	—	—	155.2	—	—
<i>Net (gain) loss on real estate assets margin</i>	(6) %	— %	— %	— %	6 %	— %	— %
Income from operations	538.7	338.0	30.9	28.2	(155.2)	39.3	819.9
<i>Operating margin</i>	22%	14 %	1 %	1 %	(6) %	2 %	33 %

Note: % are rounded for presentation purposes

# Non-GAAP Reconciliation

	Twelve Months Ended - 2022					
	GAAP	Stock based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Net (gain) loss on real estate assets	Non-GAAP
Gross profit	\$ 1,880.7	\$ 24.7	\$ —	\$ 8.3	\$ —	\$ 1,913.7
<i>Gross margin</i>	81 %	1 %	—	—	—	82 %
Research and development	891.9	(232.3)	(8.2)	—	—	651.4
<i>Research and development margin</i>	38 %	(10) %	— %	—	—	28 %
Sales and marketing	409.4	(22.4)	(6.8)	(5.5)	—	374.7
<i>Sales and marketing margin</i>	18 %	(1) %	—	—	—	16 %
General and administrative	222.9	(51.3)	(3.0)	—	—	168.6
<i>General and administrative margin</i>	10 %	(2) %	—	—	—	7 %
Net (gain) loss on real estate assets	175.2	—	—	—	(175.2)	—
<i>Net (gain) loss on real estate assets margin</i>	8 %	—	—	—	(8) %	—
Income from operations	181.3	330.7	18.0	13.8	175.2	719.0
<i>Operating margin</i>	8%	14 %	1 %	1 %	8 %	31 %

Note: % are rounded for presentation purposes

# Non-GAAP Reconciliation

## Three Months Ended December 31, 2023

	GAAP	Stock based compensation	Acquisition- related and other expenses	Amortization of acquired intangible assets	Net (gain) loss on real estate assets	Workforce reduction expense	Non-GAAP
Gross profit	\$ 513.0	\$ 5.7	\$ —	\$ 3.7	\$ —	\$ —	\$ 522.4
<i>Gross margin</i>	81 %	1 %	— %	1 %	— %	— %	82 %
Research and development	222.1	(58.7)	(4.3)	—	—	(0.2)	158.9
<i>Research and development margin</i>	35 %	(9) %	(1) %	— %	— %	— %	25 %
Sales and marketing	119.6	(5.0)	—	(3.4)	—	(0.1)	111.1
<i>Sales and marketing margin</i>	19 %	(1) %	— %	(1) %	— %	— %	18 %
General and administrative	61.3	(13.5)	—	—	—	(0.1)	47.7
<i>General and administrative margin</i>	10 %	(2) %	— %	— %	— %	— %	8 %
Net (gain) loss on real estate assets	(157.4)	—	—	—	157.4	—	—
<i>Net (gain) loss on real estate assets margin</i>	(25) %	—	—	—	25 %	—	— %
Income from operations	267.4	82.9	4.3	7.1	(157.4)	0.4	204.7
<i>Operating margin</i>	42 %	13 %	1 %	1 %	(25) %	— %	32 %

Note: % are rounded for presentation purposes

# Non-GAAP Reconciliation

Three Months Ended December 31, 2022

	GAAP	Stock based compensation	Acquisition- related and other expenses	Amortization of acquired intangible assets	Net (gain) loss on real estate assets	Non-GAAP
Gross profit	\$ 483.0	\$ 5.9	\$ —	\$ 2.4	\$ —	\$ 491.3
<i>Gross margin</i>	81 %	1 %	— %	— %	— %	82 %
Research and development	238.5	(62.7)	(2.2)	—	—	173.6
<i>Research and development margin</i>	40 %	(11) %	— %	— %	— %	29 %
Sales and marketing	105.1	(6.0)	(1.7)	(1.6)	—	95.8
<i>Sales and marketing margin</i>	18 %	(1) %	— %	— %	— %	16 %
General and administrative	57.3	(12.7)	(1.8)	—	—	42.8
<i>General and administrative margin</i>	10 %	(2) %	— %	— %	— %	7 %
Net (gain) loss on real estate assets	162.5	—	—	—	(162.5)	—
<i>Net (gain) loss on real estate assets margin</i>	27 %	— %	— %	— %	(27) %	— %
Income from operations	(80.4)	87.3	5.7	4.0	162.5	179.1
<i>Operating margin</i>	(13) %	14 %	1 %	1 %	27 %	30 %

Note: % are rounded for presentation purposes



# Subscription Plans

Personal					Business					
Basic	Plus	Family	Professional	Essentials	Standard	Business	Standard + DocSend	Advanced	Business Plus	Enterprise
Free	\$11.99 / month \$119.88 / year	\$19.99 / month \$203.88 / year	\$19.99 / month \$198.96 / year	\$22.00 / month \$216.00 / year	\$18.00 / user / month \$180.00 / user / year <i>3 users minimum</i>	\$24.00 / user / month \$240.00 / user / year <i>3 users minimum</i>	\$83 / user / month \$600 / user / year <i>3 users minimum</i>	\$30.00 / user / month \$288.00 / user / year <i>3 users minimum</i>	\$32.00 / user / month \$312.00 / user / year <i>3 users minimum</i>	Negotiated pricing
Dropbox Transfer <sup>(1)</sup> Dropbox Paper Dropbox Computer Backup File requests 30-day version history 3 Sign eSignatures Dropbox Passwords Dropbox Capture <sup>(1)</sup>	<b>Everything in Basic</b>  Full text search Vault <sup>(1)</sup> Offline mobile folders Dropbox Rewind Remote device wipe Smart Sync and Smart Sync Auto-Evict Priority email support	<b>Everything in Plus</b>  Up to 6 users Family Room folder	<b>Everything in Plus</b>  Auto OCR & Image search Shared link controls Branded sharing Adv. Dropbox Transfer <sup>(1)</sup> 180-day version history Premium previews Time-based comments Document watermarking Viewer history Traffic and insights Adv. Dropbox Capture <sup>(1)</sup> Live chat support	<b>Everything in Pro</b>  Unlimited Sign eSignatures 5 templates for commonly signed documents Tamper-proofing Audit trail that tracks and time-stamps actions Built in data validation Sharing tracking analytics powered by DocSend Transfer size 100GB	<b>Everything in Plus</b>  External sharing reporting Auto OCR & Image Search Document Watermarking Shared link controls Branded sharing Adv. Dropbox Capture <sup>(1)</sup> 180-day version history Team folders Admin console Granular permissions Enables HIPAA compliance Unlimited API access <sup>(2)</sup> Priority email + live chat support	<b>Everything in Standard</b>  Unlimited Sign eSignatures 15 eSign templates Transfer size 100GB Tamper-proofing Audit trail that tracks and time-stamps actions	<b>Everything in Standard</b>  Real-time document analytics Multiple documents with a single link Passcodes and email verification Approved viewer and domain lists Virtual Data Room folders	<b>Everything in Standard</b>  Ransomware detection & recovery Adv. Dropbox Transfer <sup>(1)</sup> 1-year Extended version history Premium previews Time-based comments Viewer history Single sign-on integration (SSO) Audit logs Device approvals Tiered admin roles Business hours phone support	<b>Everything in Advanced</b>  Unlimited Sign eSignatures Unlimited eSign templates Transfer size 250GB Tamper-proofing Audit trail that tracks and time-stamps actions	<b>Everything in Advanced</b>  Enterprise mobility management (EMM) Network control Domain insights and account capture 24/7 phone support and advanced training
2GB of storage	2TB storage	2TB storage	3TB storage	3TB storage	5TB storage (pooled)	9TB storage (pooled)	5TB storage (pooled)	5TB storage/user	15TB storage (pooled)	As much storage as needed



(1) Vault is only available in Plus, Family, and Professional. Size of Dropbox Transfer varies based on Dropbox plan: Basic (100MB), Plus, Family, & Standard (2GB), Professional, Advanced, and Enterprise (100GB). Professional, Advanced, and Enterprise plans also receive advanced Transfer functionality. Basic, Plus, and Family only have 2 hours of Capture recording time. Pro, Standard and Advanced have unlimited Capture recording time and editing features.  
 (2) Teams have unlimited API access to productivity and security partners but may be subject to a cap on API calls to data transport partners.

Thank You