

Dropbox

Company Presentation
February 2021

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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 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, 2020 that we filed with the Securities and Exchange Commission (the “SEC”) on November 6, 2020, and include, but are not limited to, our ability to realize anticipated benefits to our business from our shift to a Virtual First work model as well as impacts to our financial results and business operations as a result of this shift; the impacts to our financial results, business operations, the business of our customers, suppliers, partners and the economy as a result of the COVID-19 pandemic and related public health measures, as well as the potential for a more permanent global shift to remote work; our ability to retain and upgrade paying users, in particular paying users impacted by the COVID-19 pandemic, and increase our recurring revenue; our ability to attract new users or convert registered users to paying users, in particular prospective paying users financially impacted by the COVID-19 pandemic; our future financial performance, including trends in revenue, cost of revenue, gross profit or gross margin, operating expenses, paying users, and free cash flow; our history of net losses and our ability to achieve or maintain profitability; the demand for our platform or for content collaboration solutions in general; possible harm caused by significant disruption of service, particularly from any potential disruptions in the supply chain for hardware necessary to offer our services that may result from the COVID-19 pandemic, or loss or unauthorized access to users’ content; our ability to effectively interoperate our platform with others; our ability to successfully integrate acquired businesses; our ability to continue to release, gain customer acceptance of, and provide support for, additional product features and new and improved versions of our services, particularly in light of potential disruptions to the productivity of our employees that may result from our shift to a Virtual First work model; our ability to manage our growth or plan for future growth; 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; our ability to realize benefits from strategic partnerships; our ability to compete successfully in competitive markets; 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.

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Business Overview

Dropbox Today

Leader in file sync and share

Smart workspace for digital content collaboration

Addressing individual and team workflows

Leveraging virality and scale in go-to-market

Balanced growth and cash flow generation model

Global Collaboration Platform at Scale*

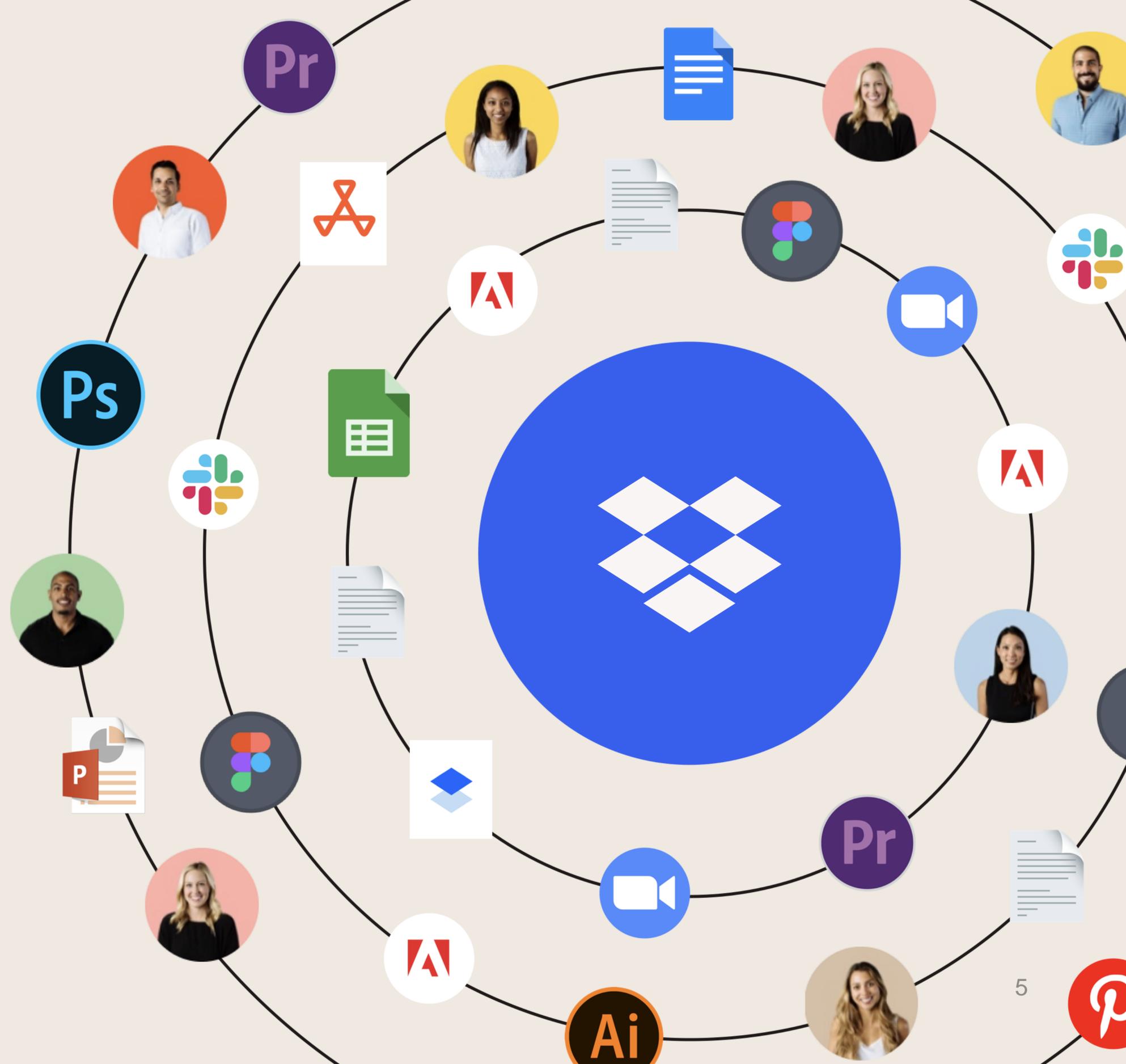
700M+
registered users

550B+
pieces of content

15.48M
paying users

80%
of subscribers use us for work

*Data as of 12/31/20



Keeping Files in Sync

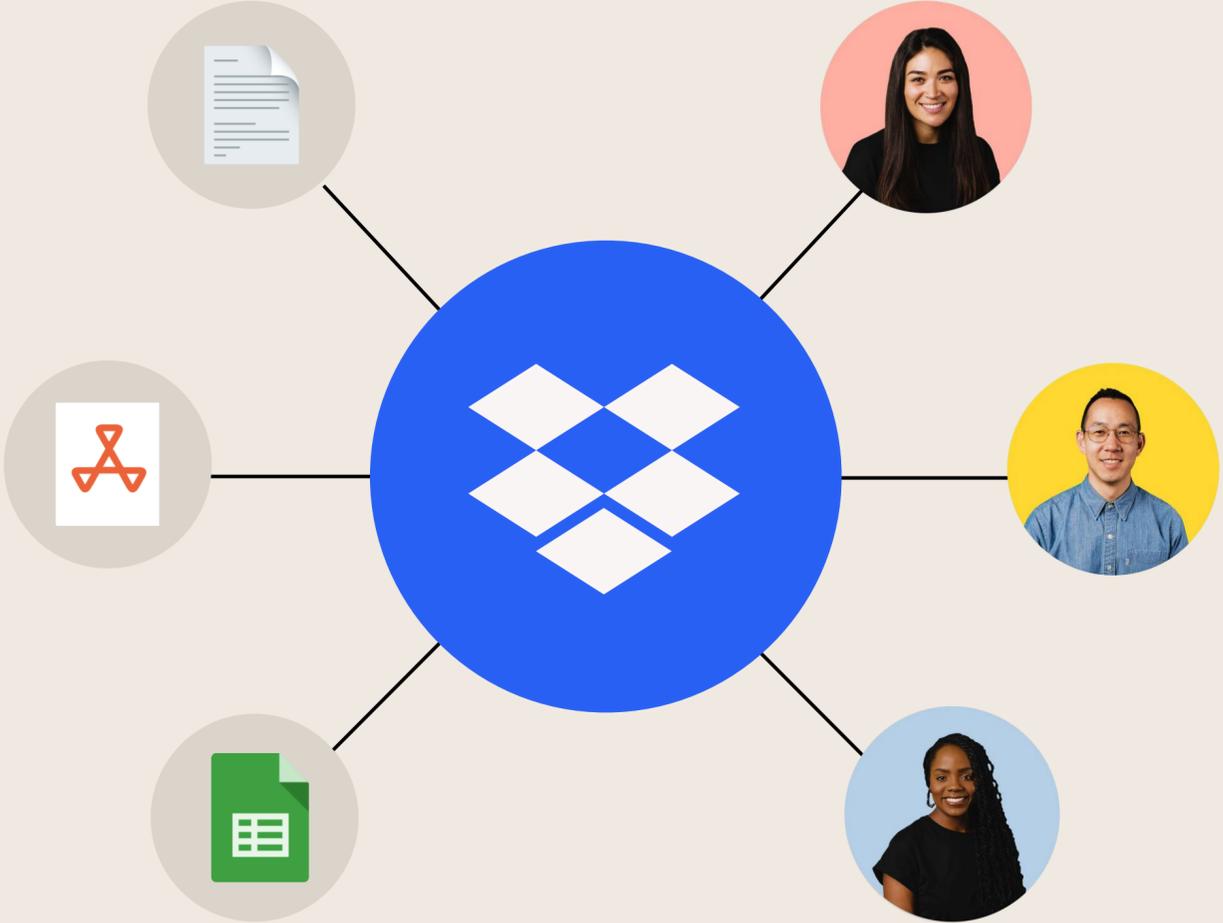
Keeping Teams in Sync

Cloud storage

2007

Backup & sync

File sync and sharing



Smart Workspace

Today

Team collaboration

Content management

Professional sharing

Project management

eSignature

Personal privacy

Content backup

Our Product Portfolio



Individuals

Teams

Basic

Plus

Professional

Family

Standard

Advanced

Enterprise

HelloSign

HelloSign API

HelloWorks

HelloFax

Reinventing the Software Playbook

Traditional playbook

What sets Dropbox apart

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

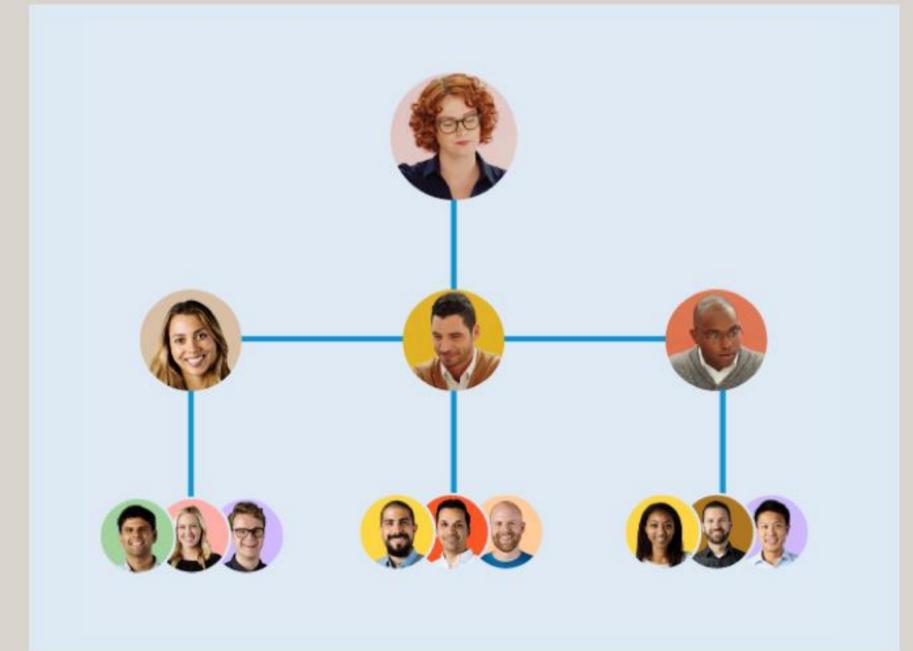
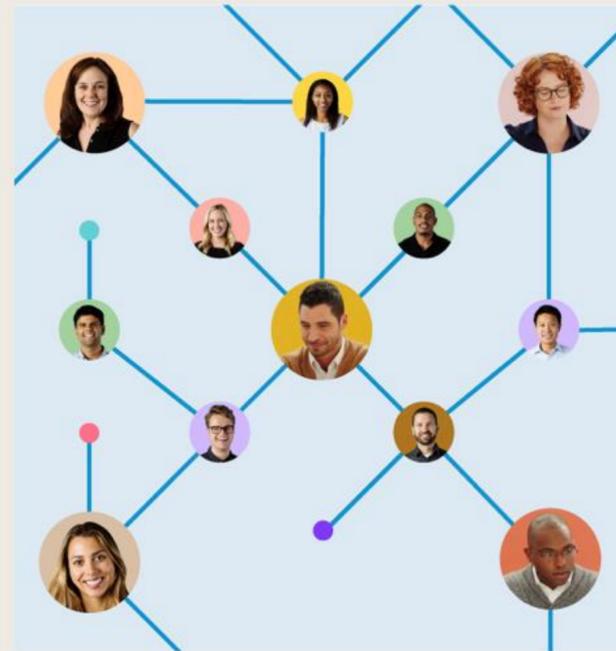
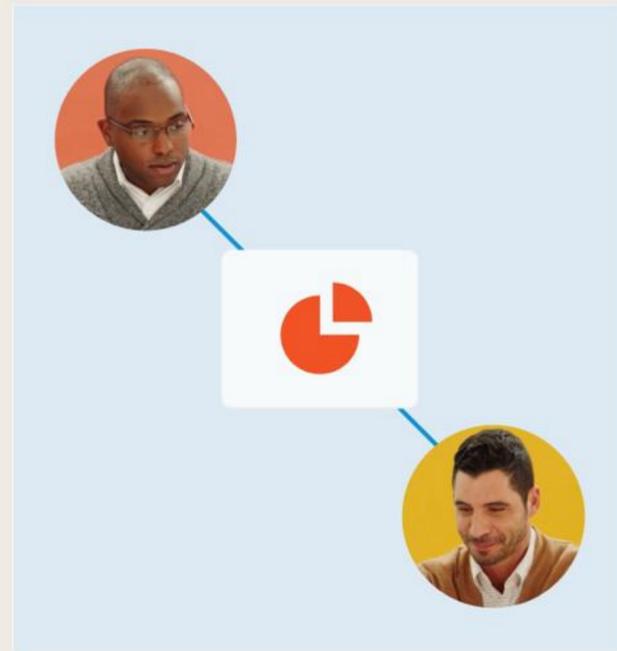
Adopt organically

Land within companies

Expand within companies

Expand

Deploy fully



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

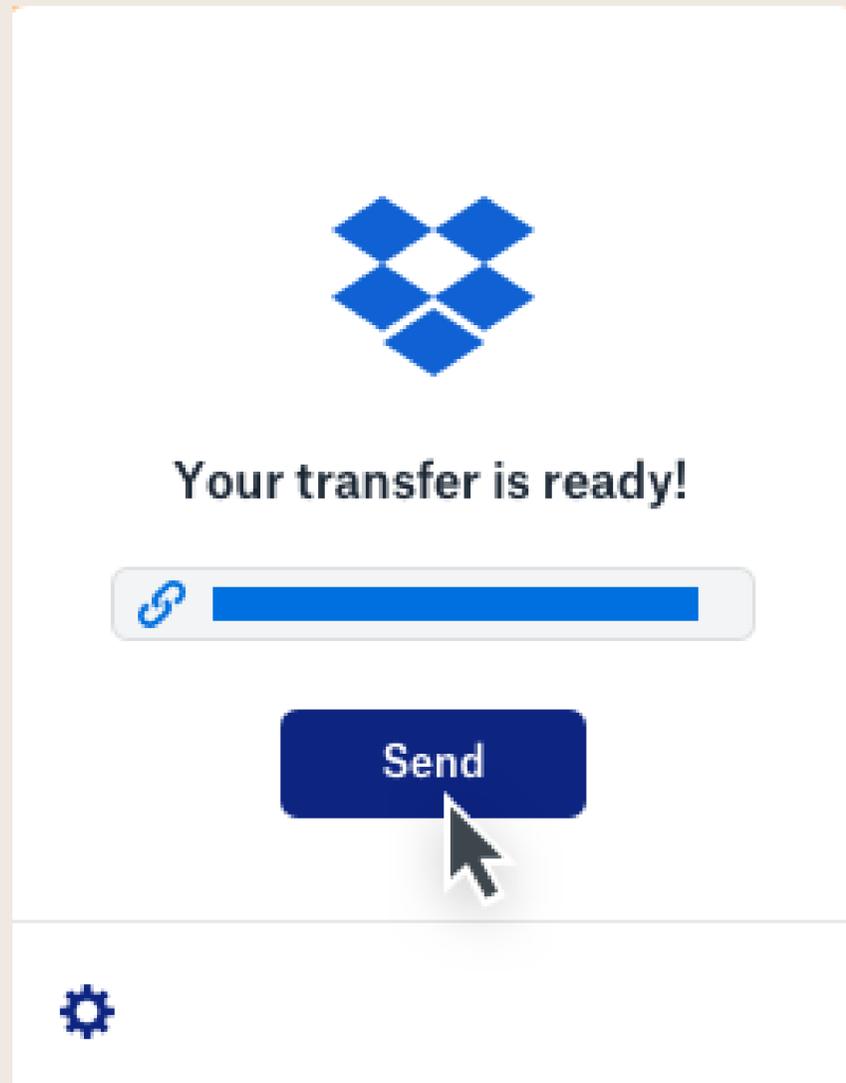
Leverage scale and user insights to enhance existing products and drive adoption of new ones

Expand into workflows

Invest in integrations and native capabilities to enable more workflows

New Products and Features

Transfer

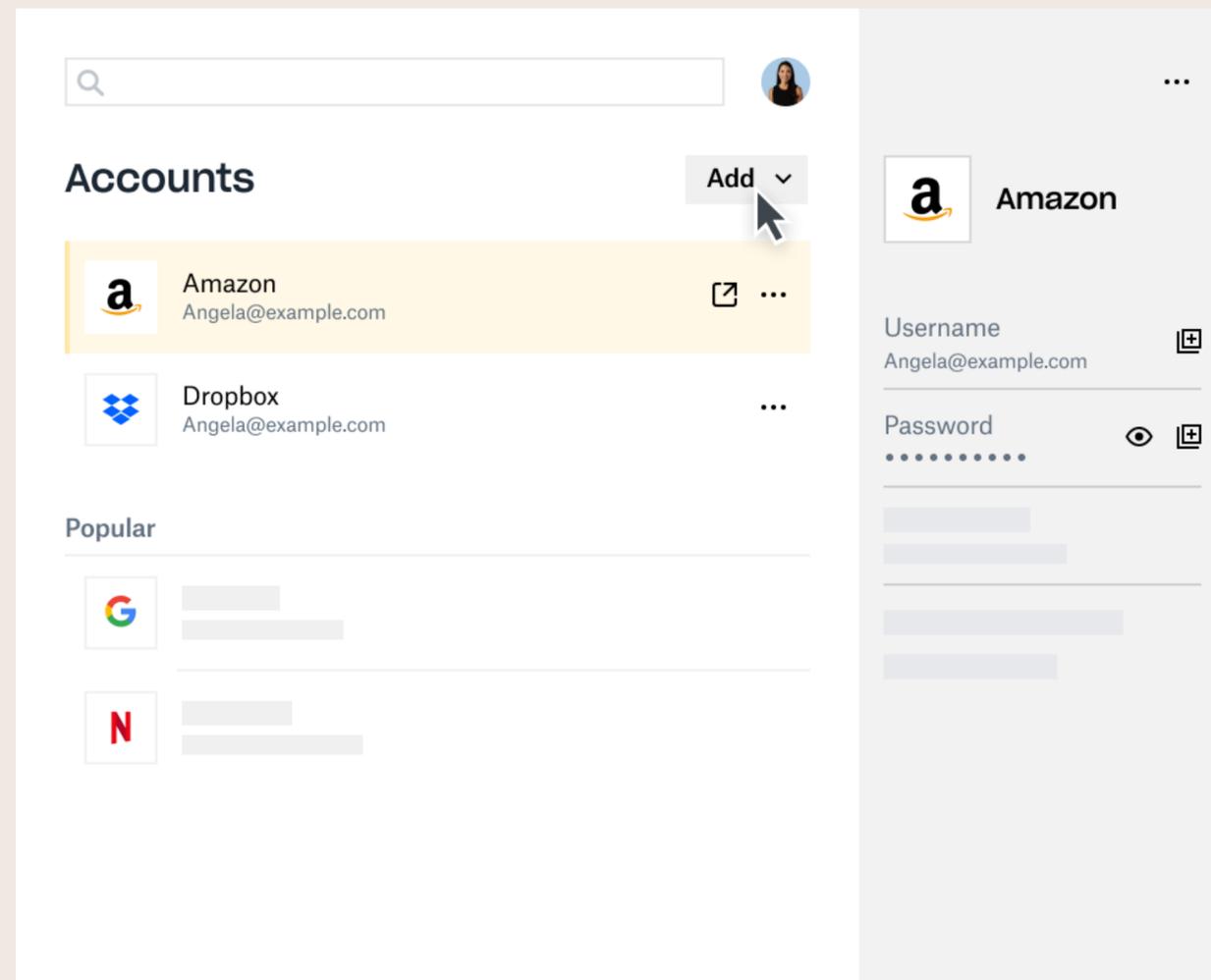


Vault

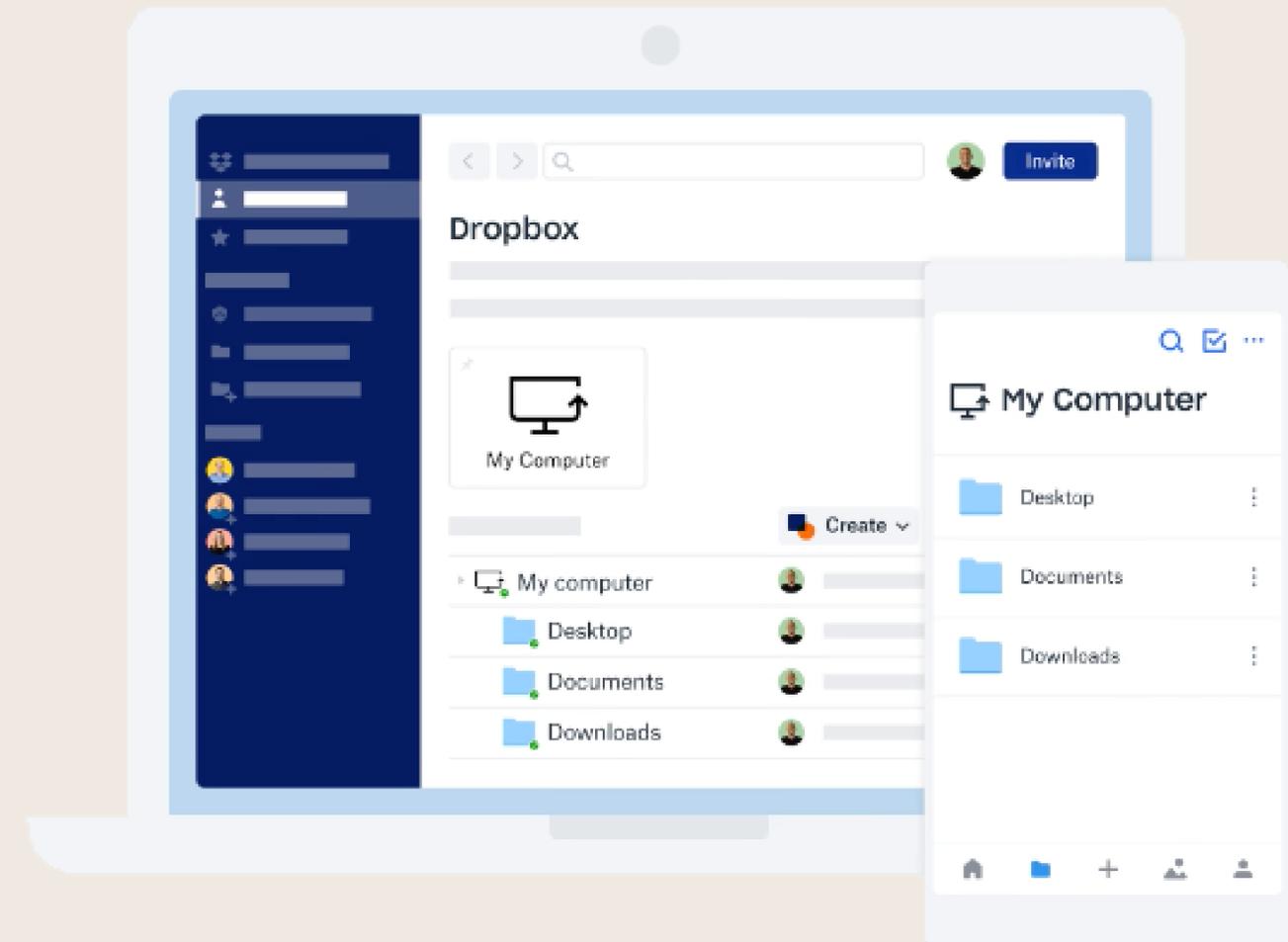


New Products and Features

Passwords



Backup



Growing Portfolio of Add-on Products for Teams

Advanced Team and Content Controls

- Automated workflows for account capture, onboarding & off-boarding
 - Data Loss Prevention
-

Data Governance

- Recover any files deleted or changed in the last 10 years
 - Offered with or without Legal Hold capability
-

Data Migration

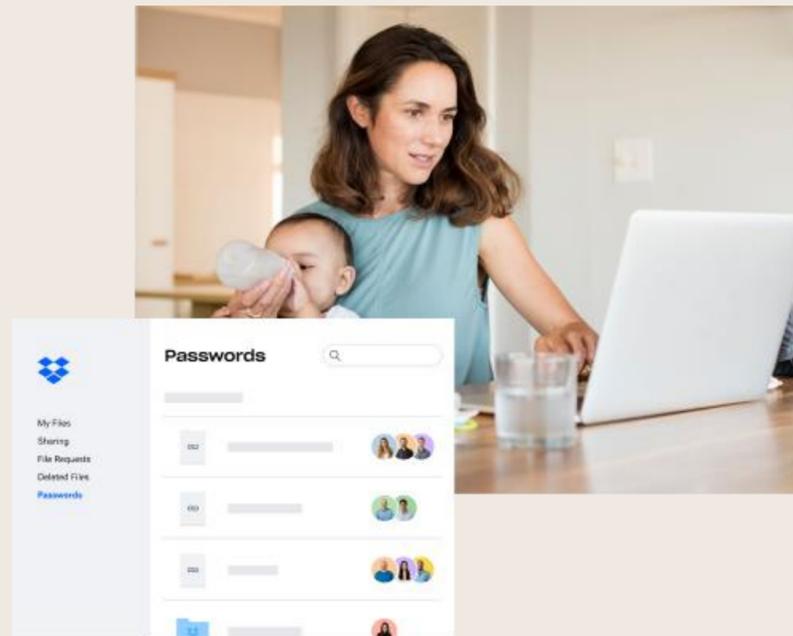
- Quickly migrate files from local or cloud storage into Dropbox Business
 - Insightful analytics & comprehensive reporting
-

Creative Tools

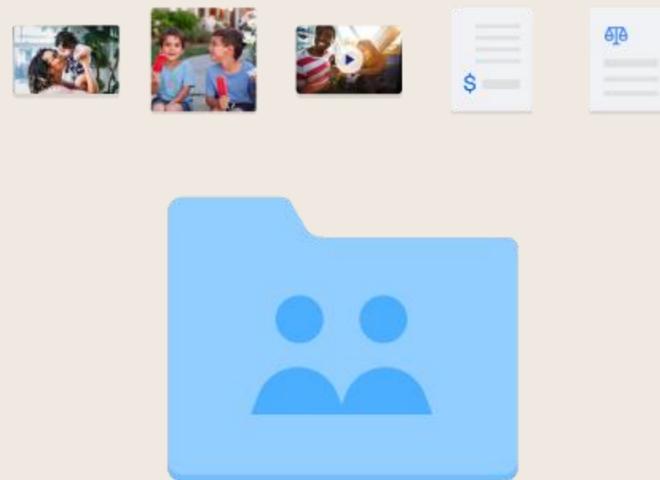
- Secure and easy large file previews and transfers
 - Review and aggregate frame-based commenting for large videos
 - Integration with Adobe Creative Cloud
-

Dropbox Family

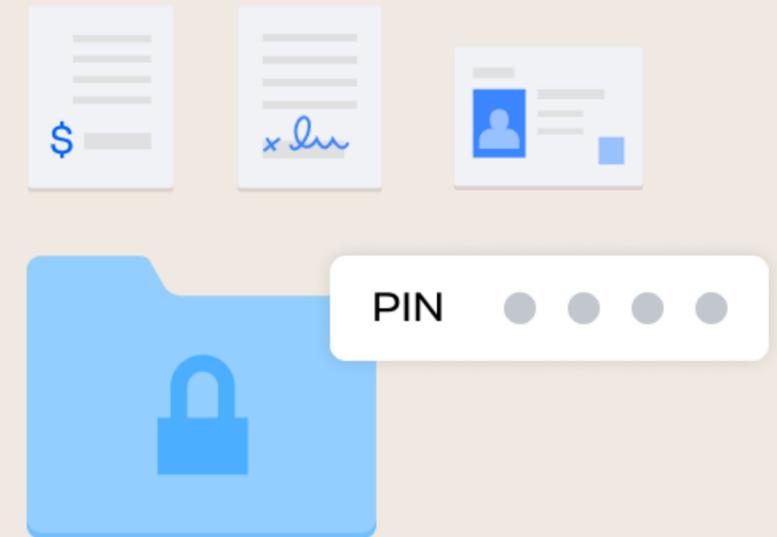
- Organize, centralize and protect your Family content
- Enhanced privacy and security features



Manage what matters most



Keep your family connected



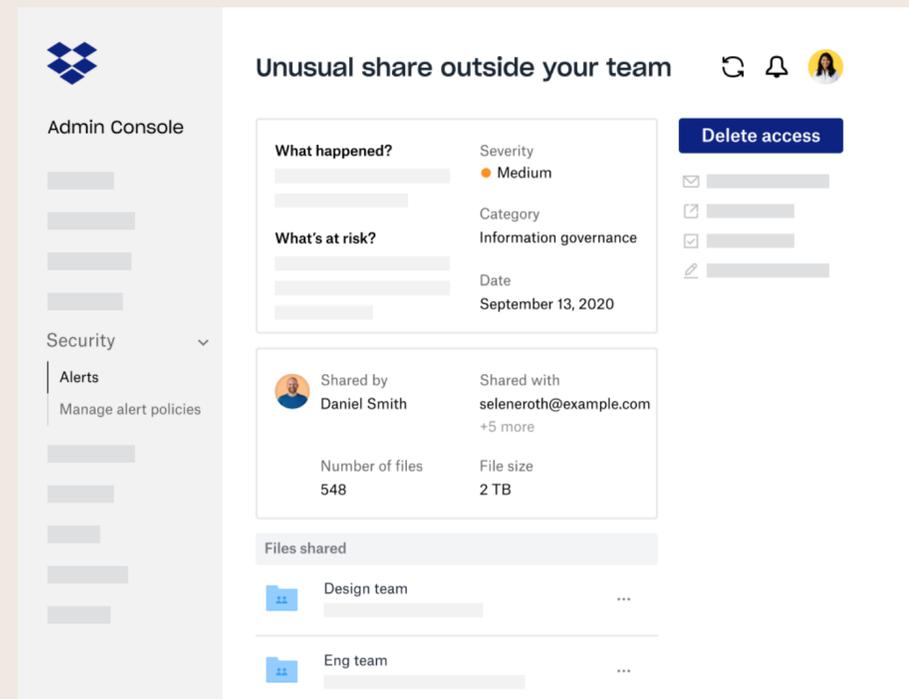
Keep sensitive info safe

Dropbox Business

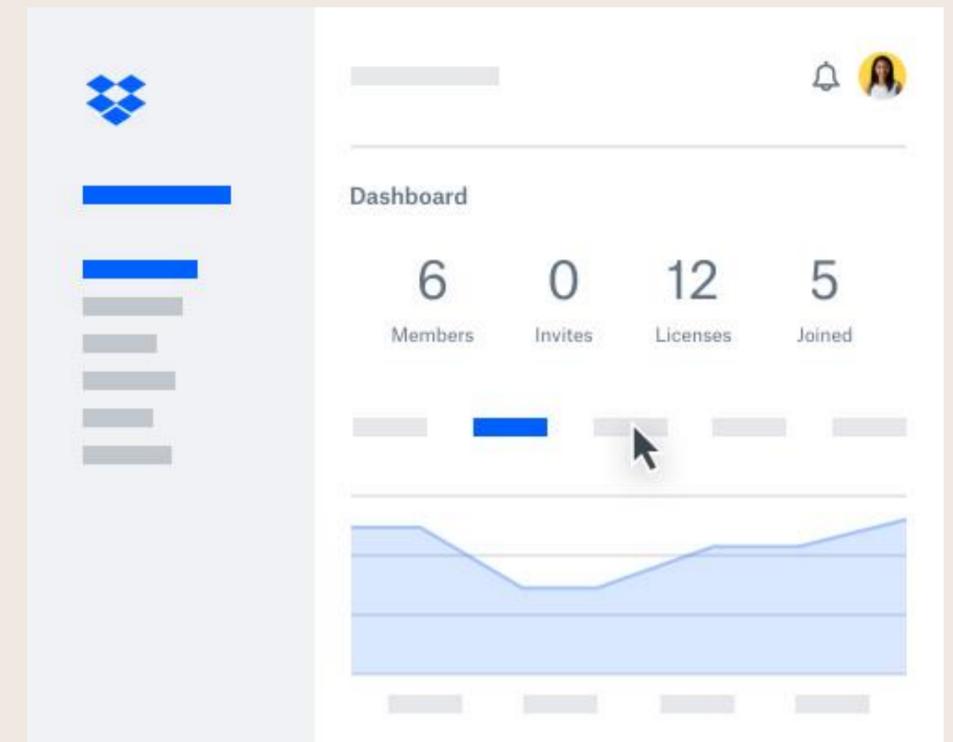
- Organize and centralize content around the needs of your team
- Collaborate in shared workspaces and streamline workflows
- Secure company data through visibility into content access and sharing



Shared team workspace



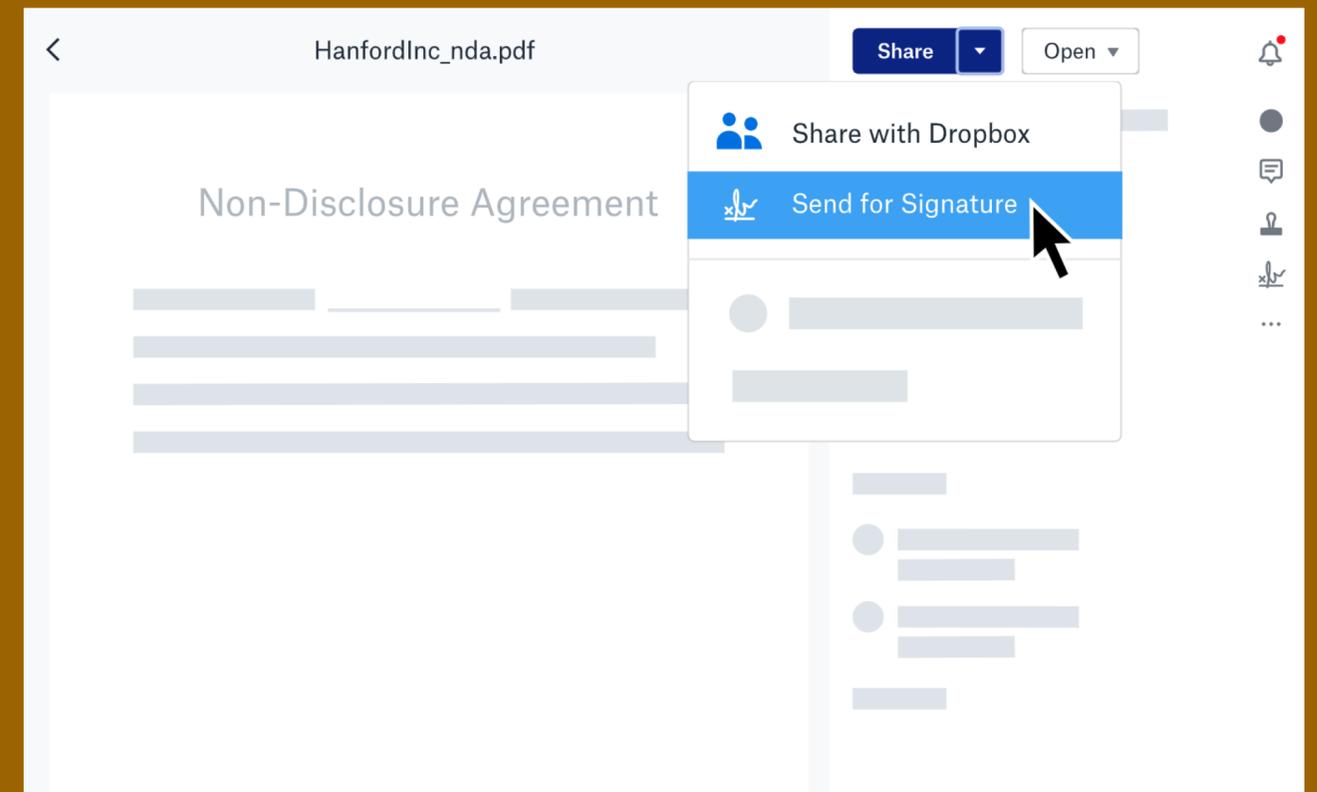
Data governance and audit logs



Team management & centralized billing

HelloSign Update

- Native integration in Dropbox
- 70%+ growth in end-user signature requests
- 60%+ growth in API transactions
- Launched in 21 additional languages
- Increasing cross-sell velocity



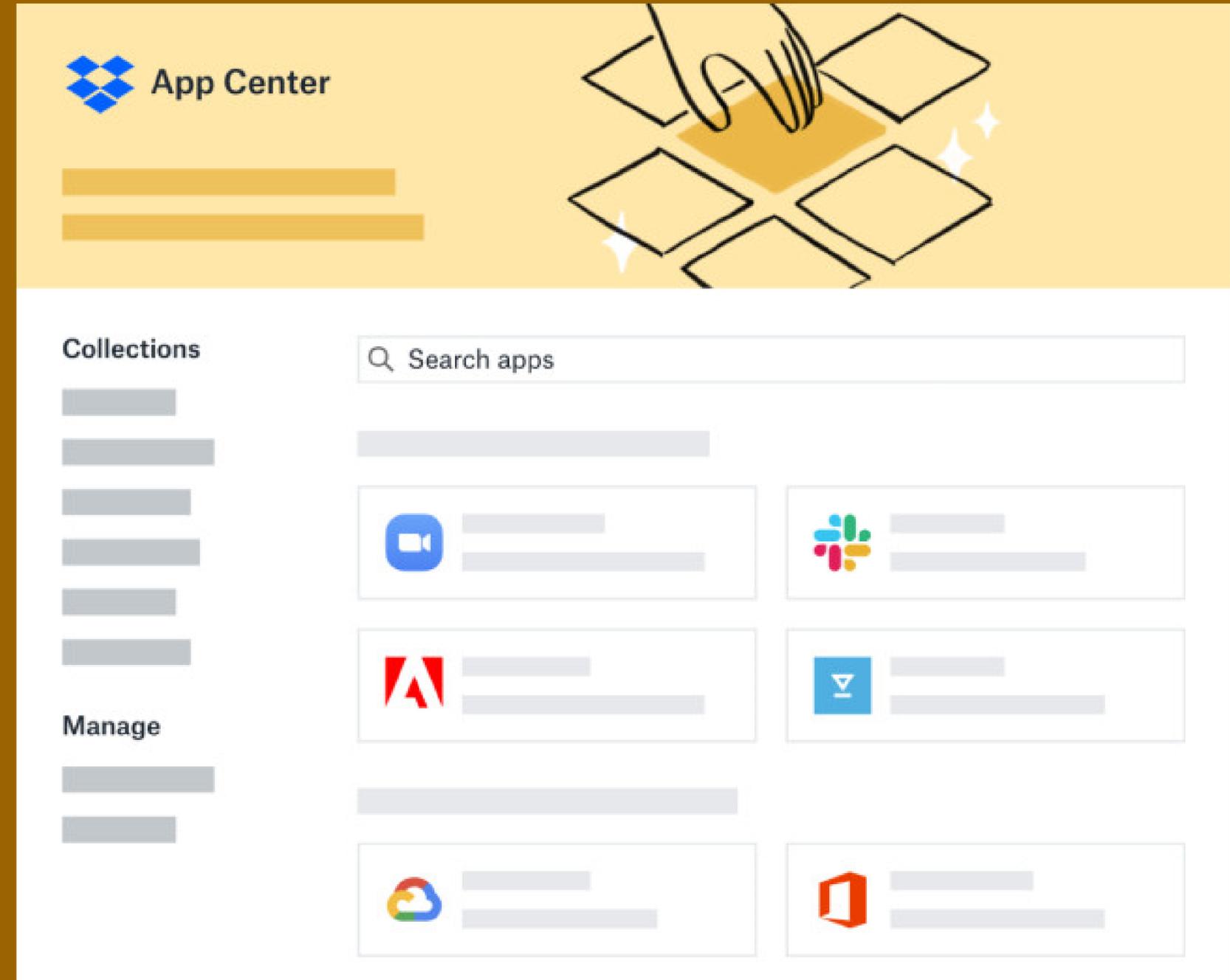
*Note: Growth rates reflect 2019-2020 period

Dropbox App Center

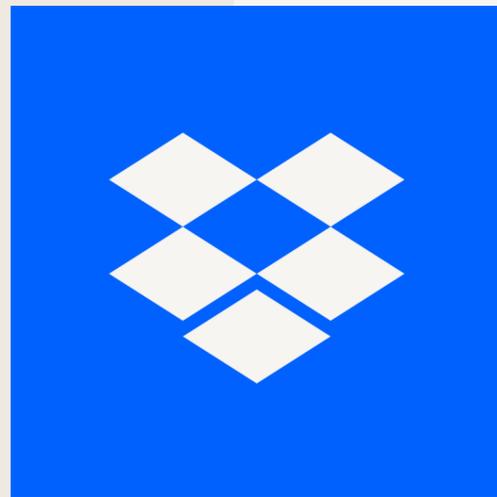
Discover and connect apps to your Dropbox account

Over 40+ apps to choose from across a range of categories

Creates a more engaging and higher-value experience with Dropbox



Deep Integration Partners



Financial Highlights

Financial Highlights

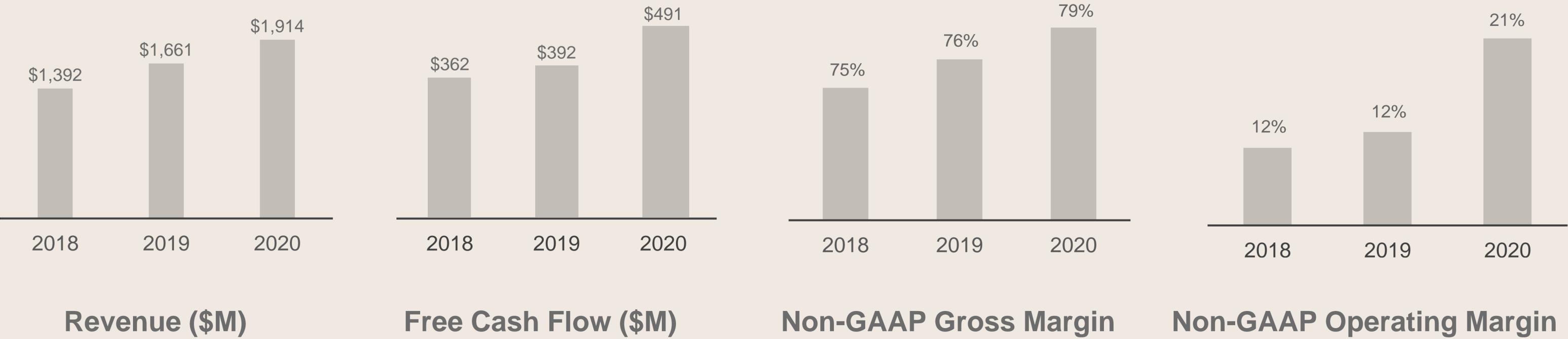
Significant revenue and cash flow scale

Predictable and balanced financial model

Investing for continued revenue growth

Driving for strong operating leverage

Strong Performance at Scale

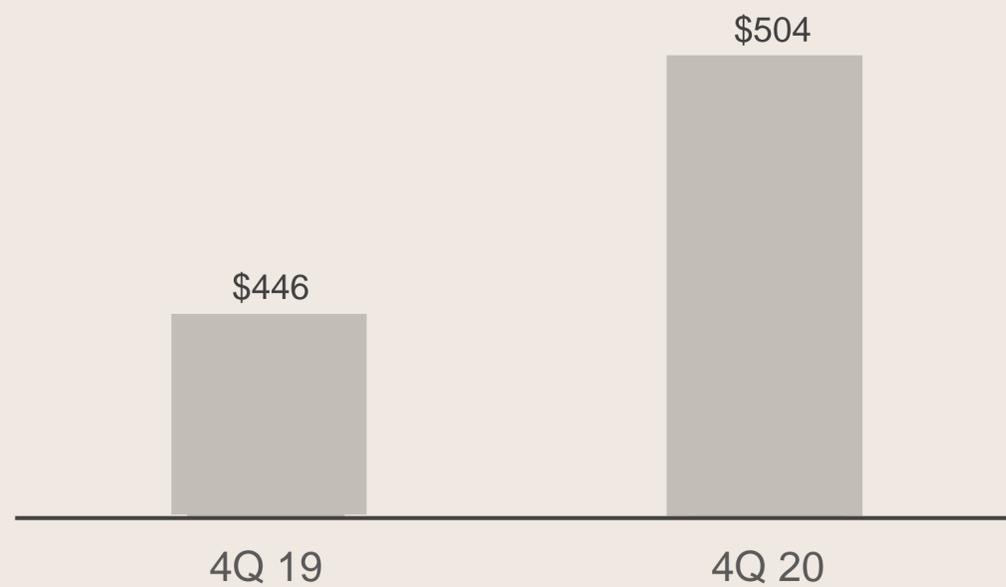


*Note: Non-GAAP gross margin and non-GAAP operating margin exclude stock-based compensation expense and certain non-recurring adjustments. Free cash flow is GAAP net cash provided by operating activities less capital expenditures. See appendix for non-GAAP reconciliation.

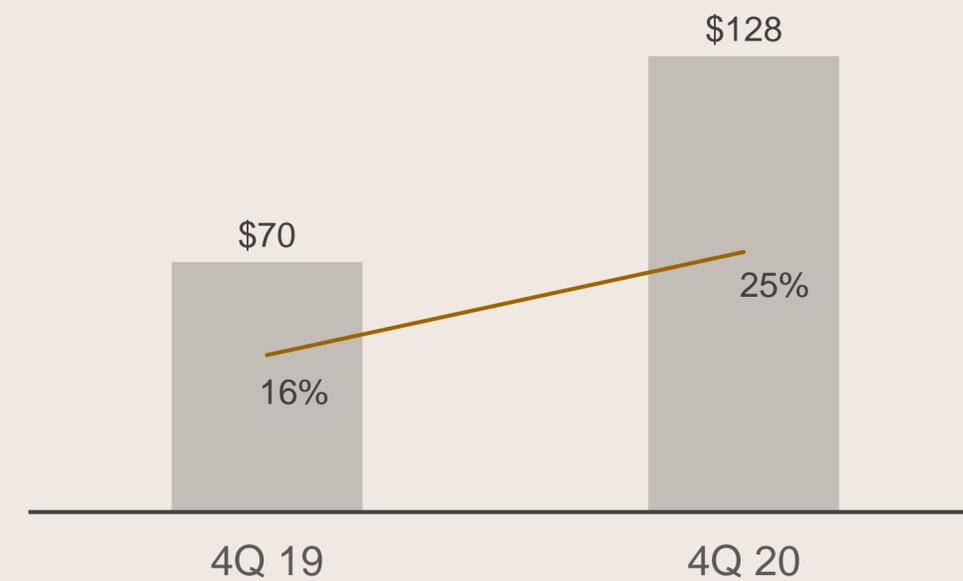
Key Metrics



Q4'20 Financial Highlights



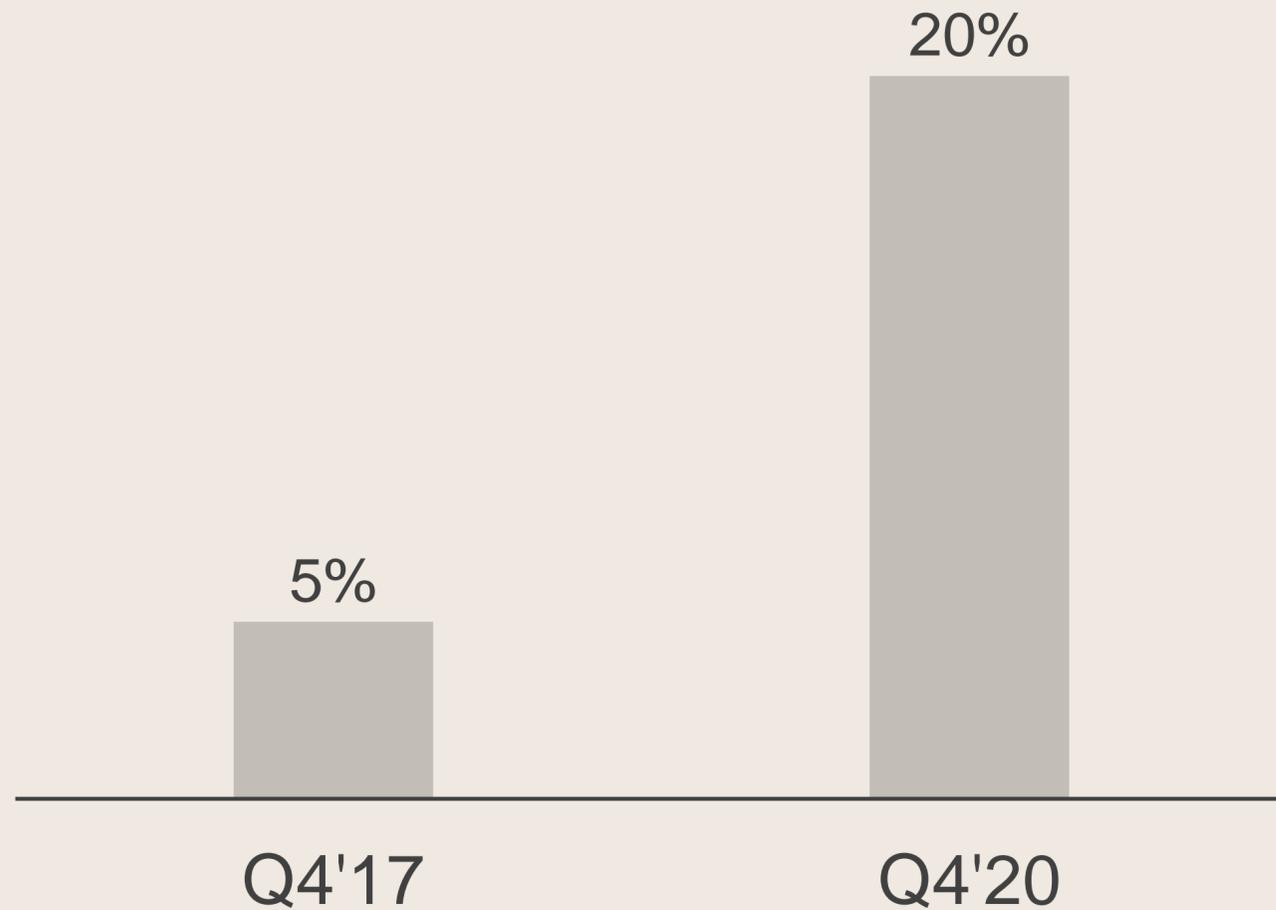
Revenue (\$M)



Operating Income (\$M)

Mix-shift to Premium Plans

% Paying Users on Premium Plans

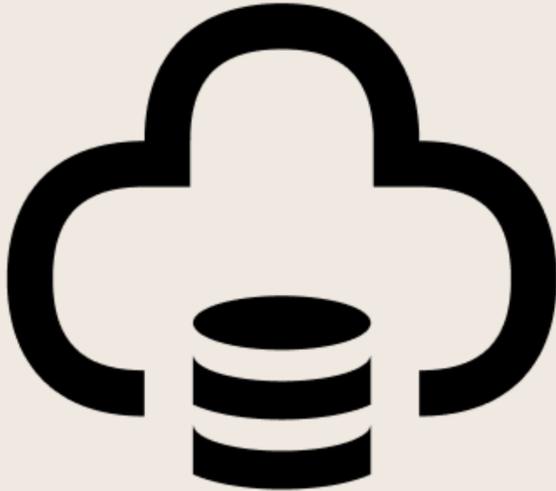


4x

Increase in the attach rate of users to premium plans

*Note: Figures exclude HelloSign. Premium plans refer to Dropbox Professional and Dropbox Advanced.

Operating Leverage



Proprietary Infrastructure



Virtual First



Workforce Optimization

Target Model

Non-GAAP	2019	2020	Long-term target
Gross Margin	76%	79%	78 - 80%
R&D expense as % of revenue	30%	28%	23– 25%
S&M expense as % of revenue	23%	20%	18 – 20%
G&A expense as % of revenue	11%	10%	8 – 10%
Operating margin	12%	21%	28 – 30%
Annual Free Cash Flow	\$392M	\$491M	\$1B+

*Note: Margins and expenses exclude stock-based compensation expense and certain non-recurring adjustments. Free cash flow is GAAP net cash provided by operating activities less capital expenditures. See appendix for non-GAAP reconciliation.

Appendix

Dropbox Subscription Plans

	Personal			Business			
	Basic	Plus	Family	Professional	Standard	Advanced	Enterprise
Free		\$11.99 / month \$119.88 / year	\$19.99 / month \$203.88 / year	\$19.99 / month \$199.00 / year	\$15.00 / user / month \$150.00 / user / year <i>3 users minimum</i>	\$25.00 / user / month \$240.00 / user / year <i>3 users minimum</i>	Negotiated pricing
Dropbox Transfer*	Everything in Basic	Everything in Plus	Everything in Plus	Everything in Plus	Everything in Basic	Everything in Standard	Everything in Advanced
Dropbox Paper							
Computer Backup	Passwords	Up to 6 users	Auto OCR	Dropbox Rewind	Premium previews	Enterprise mobility management (EMM)	
File requests	Vault*	Family Room folder	Image search	Smart Sync and Smart Sync	Time-based comments	Network control	
30 day version history	Dropbox Rewind		Watermarking	Auto-Evict	Viewer history	Domain insights and account capture	
HelloSign eSignatures	Smart Sync and Smart Sync		Shared link controls	Auto OCR, Image and full text search	Single sign-on integration (SSO)	24/7 phone support and advanced training	
	Auto-Evict		Branded sharing	Watermarking	Audit logs		
	Full text search		180 day version history	Shared link controls	Device approvals		
	Priority email support		Premium previews	Branded sharing	Tiered admin roles		
			Time-based comments	180 day version history	Business hours phone support		
			Viewer history	Team folders			
			Traffic and insights	Admin console			
				Granular permissions			
				Active directory connector			
				Enables HIPAA compliance			
				Unlimited API access**			
				Priority email + live chat			
2GB of storage	2TB storage	2TB storage	3TB storage	5TB storage	As much storage as needed	As much storage as needed	

*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.

**Teams have unlimited API access to productivity and security partners but may be subject to a cap on API calls to data transport partners.

HelloSign Subscription Plans



FREE	ESSENTIAL	STANDARD	PREMIUM
\$0	\$15 / user / mo	\$25 / user / mo	\$40 / user / mo
1 user	1 user	Minimum 2 users	Minimum 5 users
0 Templates	5 Templates	15 Templates	Unlimited Templates
3 req / mo	Unlimited reqs	Unlimited reqs	Unlimited reqs
Audit Trail Notification Signer fields <i>and more....</i>	Includes Free Data validation Multiple languages Tamper-proofing Template Links <i>and more....</i>	Includes Ess. Branding Bulk send Salesforce integration ^{\$} SMS auth. <i>and more....</i>	Includes Std. Adv. signing tools Adv. signer fields Adv. reporting Multi-teams ^{\$} <i>and more....</i>

Plans include unlimited document storage in HelloSign or Prebuilt storage integrations with Dropbox and several others



FREE	ESSENTIAL	STANDARD	PREMIUM
Build & Test our API for Free	\$75 / mo	\$250 / mo	\$400 / mo
	5 Templates	15 Templates	Unlimited Templates
	Starts 50 reqs / mo*	Starts 100 reqs / mo*	Starts 100 reqs / mo*
	API dashboard Audit trail Data validation SDKs in 6 languages Signer fields <i>and more....</i>	Includes Ess. Branding Bulk send Embedded signing Signer attachments <i>and more....</i>	Includes Std. Adv. signing tools Adv. signer fields Embedded templates White labeling ^{\$} <i>and more....</i>

Plans include unlimited document storage in HelloSign

^{\$} Additional cost add-on

* Higher API volume tiers available, up to 300K per month

Definitions

Total Annual Recurring Revenue, (“Total ARR” or “ARR”) – represents the amount of revenue that we expect to recur, enables measurement of the progress of our business initiatives, and serves as an indicator of future growth. We calculate Total ARR as the number of users who have active paid licenses for access to our platform as of the end of the period, multiplied by their annualized subscription price to our platform. We adjust the exchange rates used to calculate Total ARR on an annual basis at the beginning of each fiscal year.

Average Revenue per Paying User, (“ARPU”) – is defined as our revenue for the period presented divided by the average paying users during the same period. For interim periods, we use annualized revenue, which is calculated by dividing the revenue for the particular period by the number of days in that period and multiplying this value by 365 days. Average paying users are calculated based on adding the number of paying users as of the beginning of the period to the number of paying users as of the end of the period, and then dividing by two.

Paying Users – are defined as the number of users who have active paid licenses for access to our platform as of the end of the period. One person would count as multiple paying users if the person had more than one active license. For example, a 50-person Dropbox Business team would count as 50 paying users, and an individual Dropbox Plus user would count as one paying user. If that individual Dropbox Plus user was also part of the 50-person Dropbox Business team, we would count the individual as two paying users.

Non-GAAP reconciliation

	Twelve months ended - 2020						Non-GAAP
	GAAP	Stock-based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Impairment related to real estate assets		
Gross profit	\$ 1,499.3	\$ 17.1	\$ -	\$ 3.9	\$ -	\$ 1,520.3	
<i>Gross margin</i>	78%	1%	-	-	-	79%	
Research and development	727.5	(174.1)	(16.8)	-	-	536.6	
<i>Research and development margin</i>	38%	-9%	-1%	-	-	28%	
Sales and marketing	422.8	(33.7)	-	(5.6)	-	383.5	
<i>Sales and marketing margin</i>	22%	-2%	-	-	-	20%	
General and administrative	227.8	(36.6)	(0.1)	-	-	191.1	
<i>General and administrative margin</i>	12%	-2%	-	-	-	10%	
Impairment related to real estate assets	398.2	-	-	-	(398.2)	-	
<i>Impairment related to real estate assets margin</i>	21%	-	-	-	-21%	-	
Income (loss) from operations	(277.0)	261.5	16.9	9.5	398.2	409.1	
<i>Operating margin</i>	-14%	14%	1%	-	21%	21%	

Non-GAAP reconciliation

	Twelve months ended - 2019					Non-GAAP
	GAAP	Stock-based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets		
Gross profit	\$ 1,250.3	\$ 15.8	\$ -	\$ 3.4	\$ 1,269.5	
<i>Gross margin</i>	75%	1%	-	-	76%	
Research and development	662.1	(147.6)	(14.5)	-	500.0	
<i>Research and development margin</i>	40%	-9%	-1%	-	30%	
Sales and marketing	423.3	(31.4)	-	(5.0)	386.9	
<i>Sales and marketing margin</i>	26%	-2%	-	-	23%	
General and administrative	245.4	(66.4)	(1.4)	-	177.6	
<i>General and administrative margin</i>	15%	-4%	-	-	11%	
Income (loss) from operations	(80.5)	261.2	15.9	8.4	205.0	
<i>Operating margin</i>	-5%	16%	1%	1%	12%	

Non-GAAP reconciliation

Twelve months ended - 2018

	GAAP	Stock-based compensation	Employer payroll related to the release of two- tier RSUs	Non-GAAP
Gross profit	\$ 997.0	\$ 47.0	\$ 1.1	\$ 1,045.1
<i>Gross margin</i>	72%	3%	-	75%
Research and development	768.2	(368.2)	(8.3)	391.7
<i>Research and development margin</i>	55%	-26%	-1%	28%
Sales and marketing	439.6	(94.3)	(2.2)	343.1
<i>Sales and marketing margin</i>	32%	-7%	-	25%
General and administrative	283.2	(140.6)	(2.3)	140.3
<i>General and administrative margin</i>	20%	-10%	-	10%
Income (loss) from operations	(494.0)	650.1	13.9	170.0
<i>Operating margin</i>	-35%	47%	1%	12%

Non-GAAP reconciliation

	Twelve months ended - 2020		
	2018	2019	2020
Net cash provided by operating activities	\$ 425.4	\$ 528.5	\$ 570.8
Capital expenditures	(63.0)	(136.1)	(80.1)
Free cash flow	<u>\$ 362.4</u>	<u>\$ 392.4</u>	<u>\$ 490.7</u>

Non-GAAP reconciliation

	Three months ended	
	December 31, 2019	December 31, 2020
Loss from operations - GAAP	\$ (6.6)	\$ (346.6)
Stock-based compensation	69.3	69.4
Acquisition-related and other expenses	4.5	4.2
Amortization of acquired intangible assets	2.3	2.4
Impairment related to real estate assets	-	398.2
Income from operations - Non-GAAP	\$ 69.5	\$ 127.6

Non-GAAP reconciliation

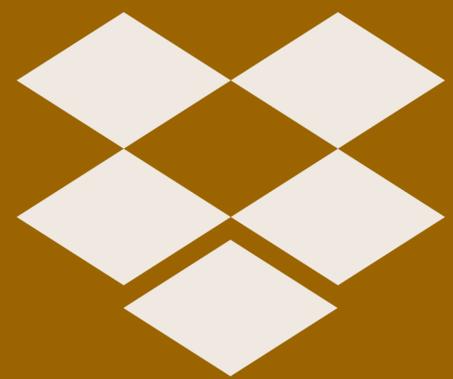
Three months ended December 31, 2020

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Impairment related to real estate assets	Non-GAAP
Gross profit	\$ 398.3	\$ 4.5	\$ -	\$ 0.9	\$ -	\$ 403.7
<i>Gross margin</i>	79%	1%	-	-	-	80%
Research and development	176.6	(43.0)	(4.2)	-	-	129.4
<i>Research and development margin</i>	35%	-9%	-1%	-	-	26%
Sales and marketing	109.9	(8.6)	-	(1.5)	-	99.8
<i>Sales and marketing margin</i>	22%	-2%	-	-	-	20%
General and administrative	60.2	(13.3)	-	-	-	46.9
<i>General and administrative margin</i>	12%	-3%	-	-	-	9%
Impairment related to real estate assets	398.2	-	-	-	(398.2)	-
<i>Impairment related to real estate assets margin</i>	79%	-	-	-	-79%	-
Income (loss) from operations	(346.6)	69.4	4.2	2.4	398.2	127.6
<i>Operating margin</i>	-69%	14%	1%	-	79%	25%

Non-GAAP reconciliation

Three months ended December 31, 2019

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Non-GAAP
Gross profit	\$ 341.1	\$ 4.0	\$ -	\$ 0.9	\$ 346.0
<i>Gross margin</i>	76%	1%	-	-	78%
Research and development	176.9	(40.5)	(4.1)	-	132.3
<i>Research and development margin</i>	40%	-9%	-1%	-	30%
Sales and marketing	106.3	(7.8)	-	(1.4)	97.1
<i>Sales and marketing margin</i>	24%	-2%	-	-	22%
General and administrative	64.5	(17.0)	(0.4)	-	47.1
<i>General and administrative margin</i>	14%	-4%	-	-	11%
Income (loss) from operations	(6.6)	69.3	4.5	2.3	69.5
<i>Operating margin</i>	-1%	16%	1%	1%	16%



Dropbox