

Dropbox

Company Presentation
May 2023

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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

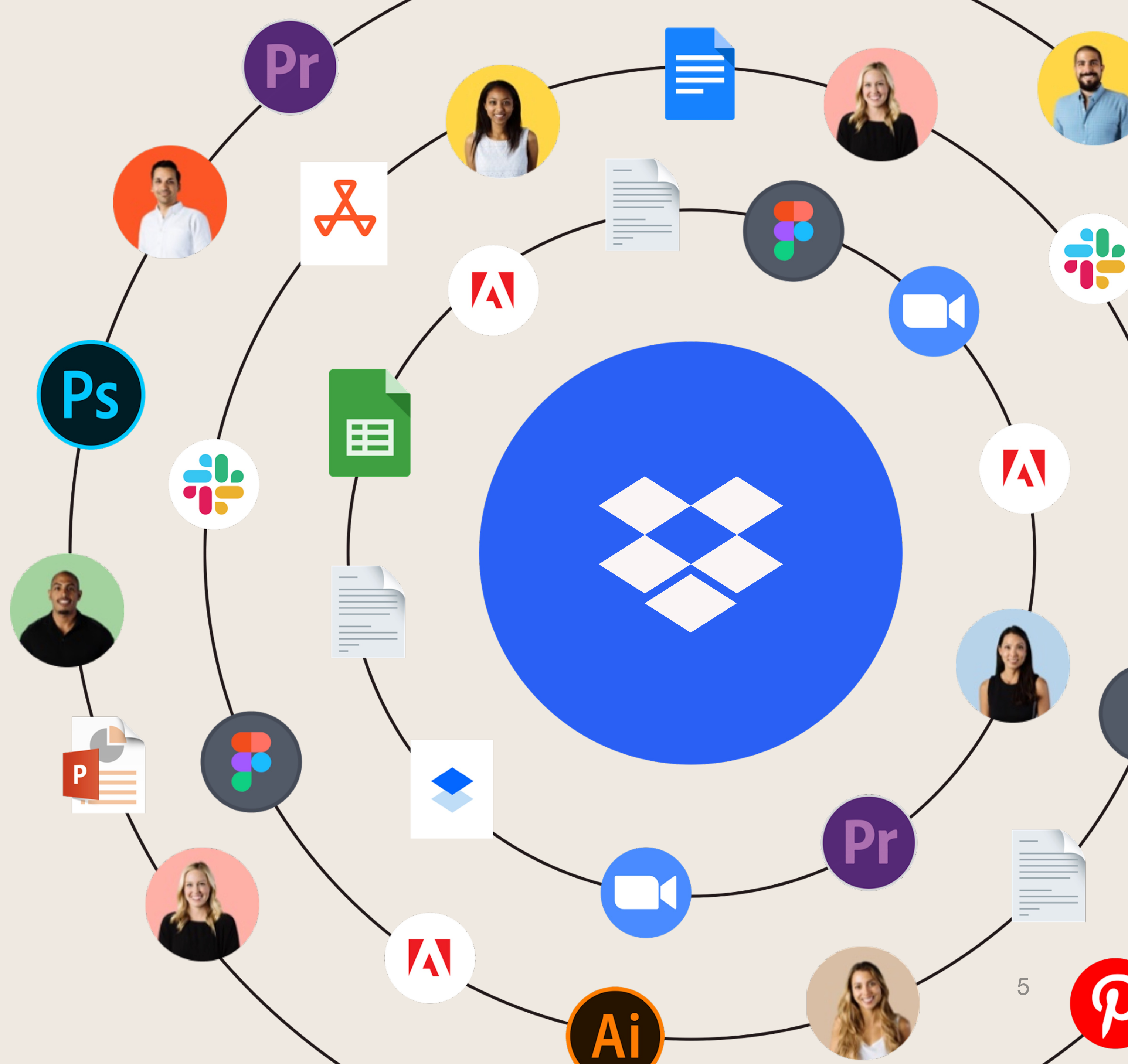
Global Collaboration Platform at Scale*

700M+
registered users

800B+
pieces of content

17.90M
paying users

*Data as of 3/31/2023



Keeping Files in Sync

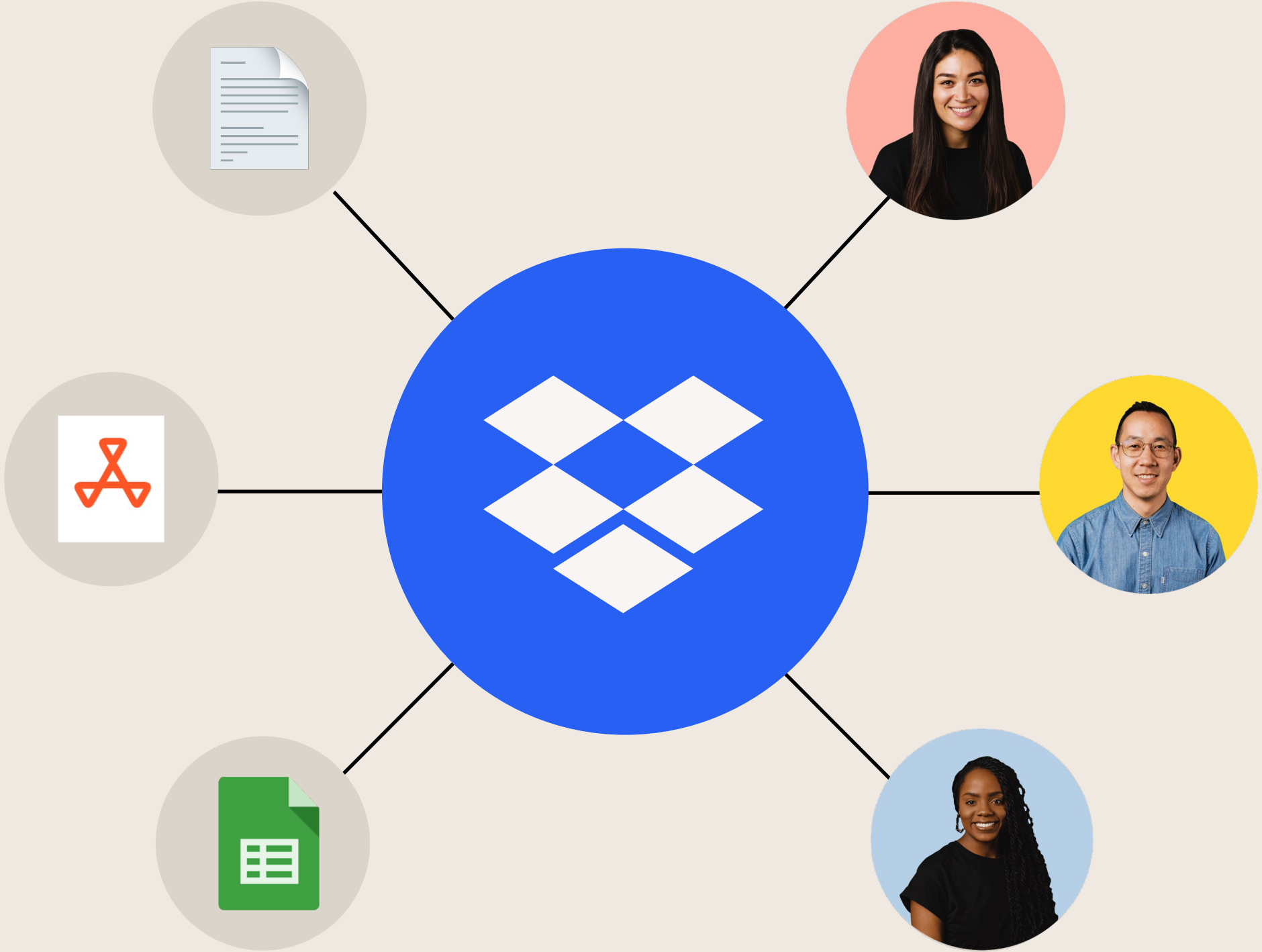
Keeping Teams in Sync

Cloud storage

2007

Backup & sync

File sync and sharing



Beyond FSS

Today

Team collaboration

Content management

Professional sharing

Secure sharing and analytics

Project management

eSignature

Content backup

Template Libraries

Our Product Portfolio



Individuals

Teams



Basic	Standard	Dropbox Sign	Personal	Premium Annual
Plus	Advanced	Dropbox Sign API	Standard	Monthly Subscription
Family	Enterprise	Dropbox Forms	Advanced	
Professional		Dropbox Fax	Enterprise	

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

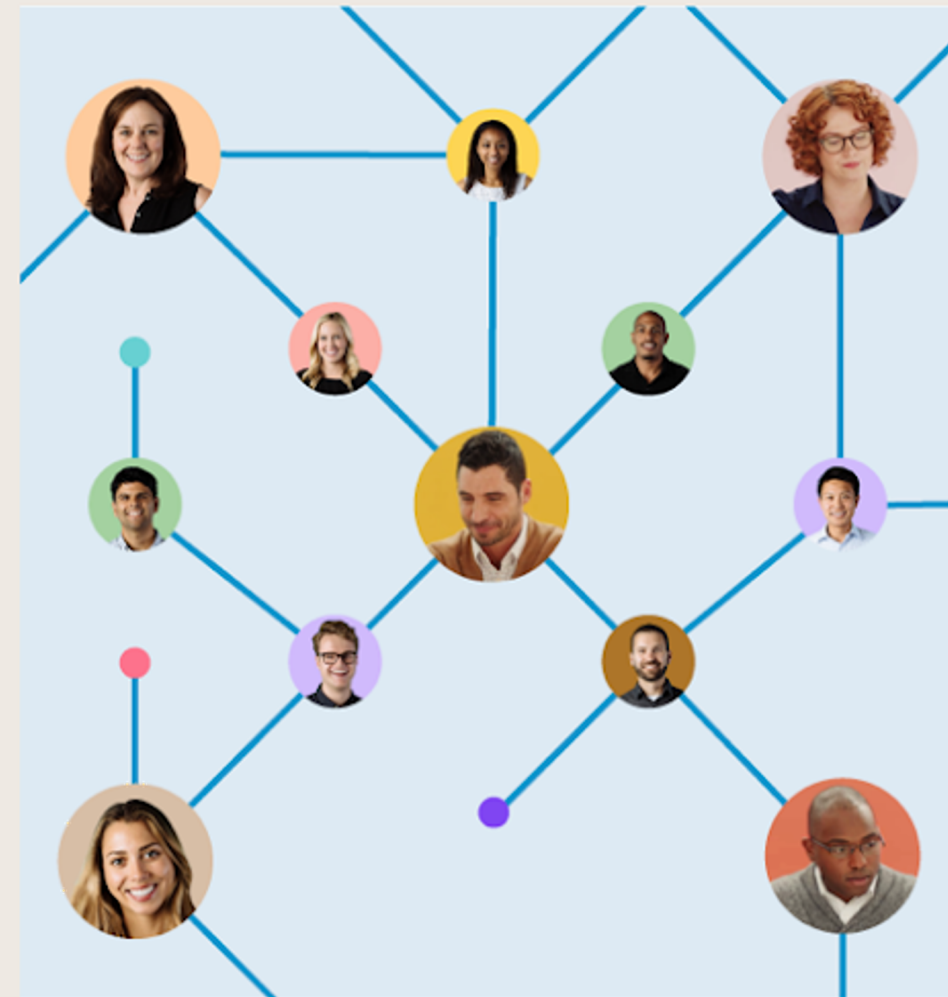
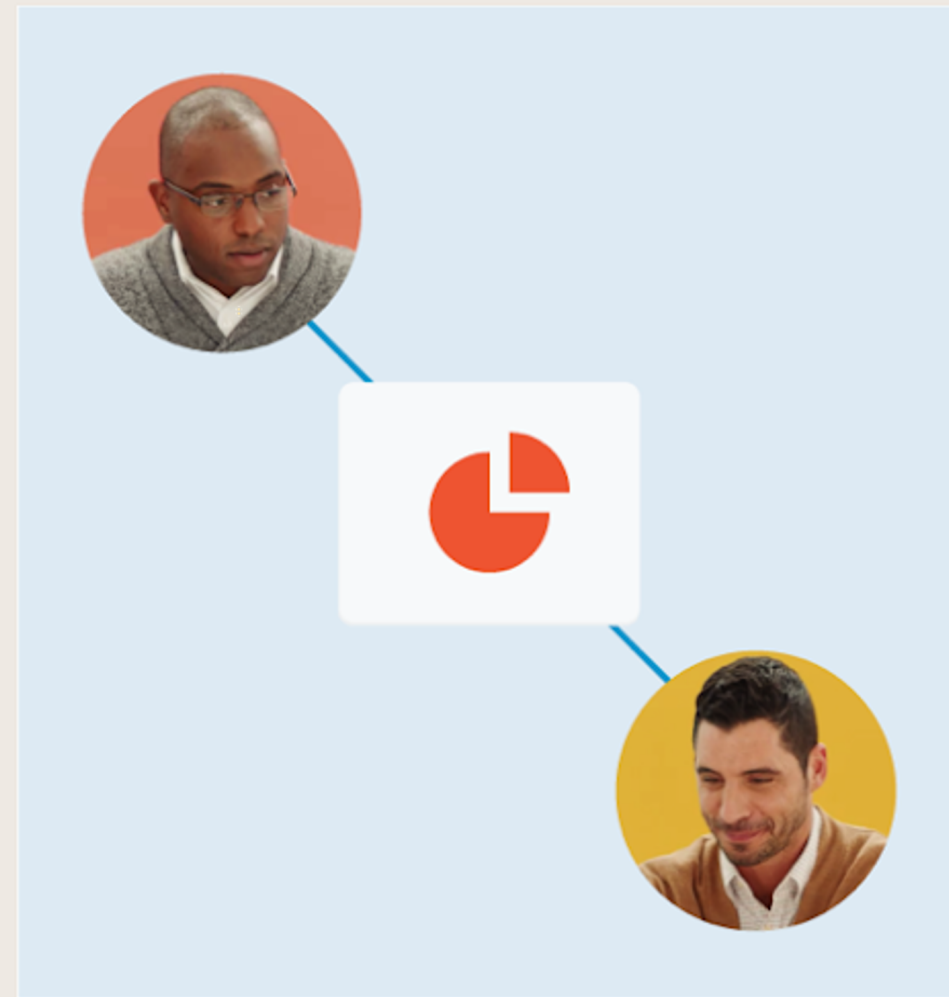
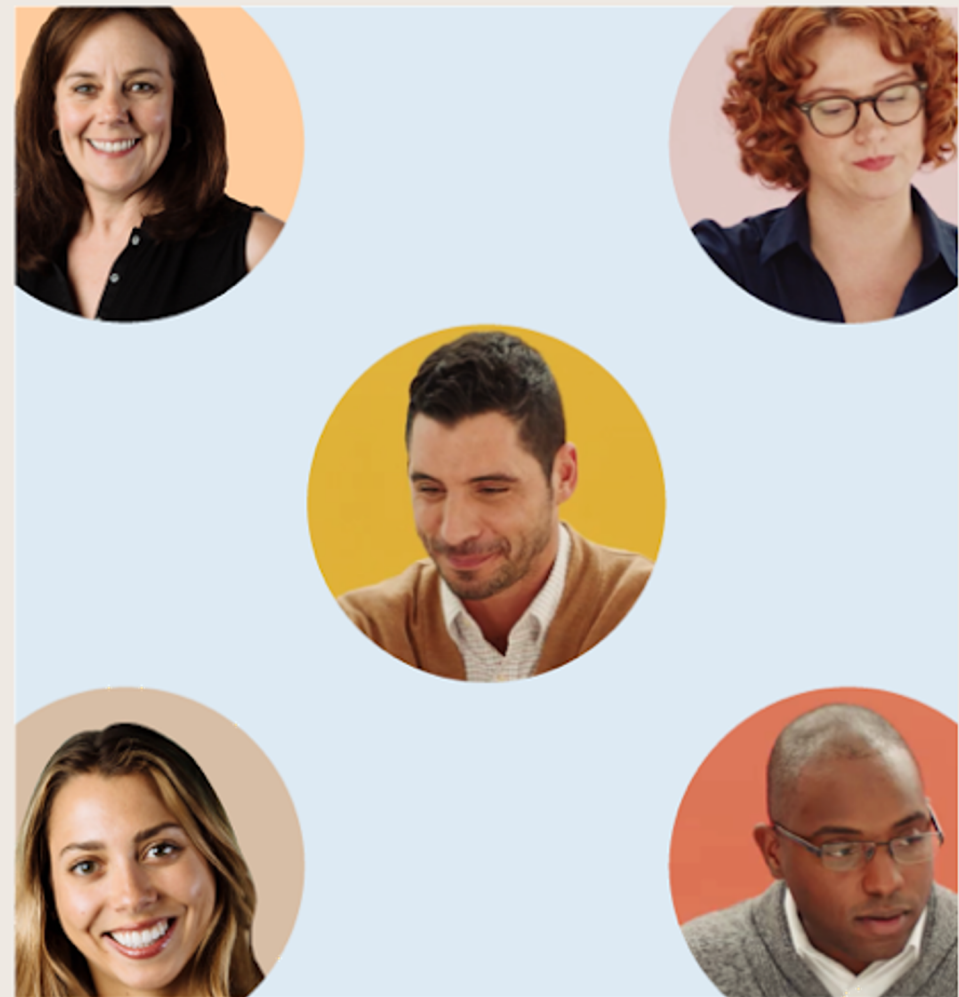
Efficient Go-to-Market

Land

Adopt organically

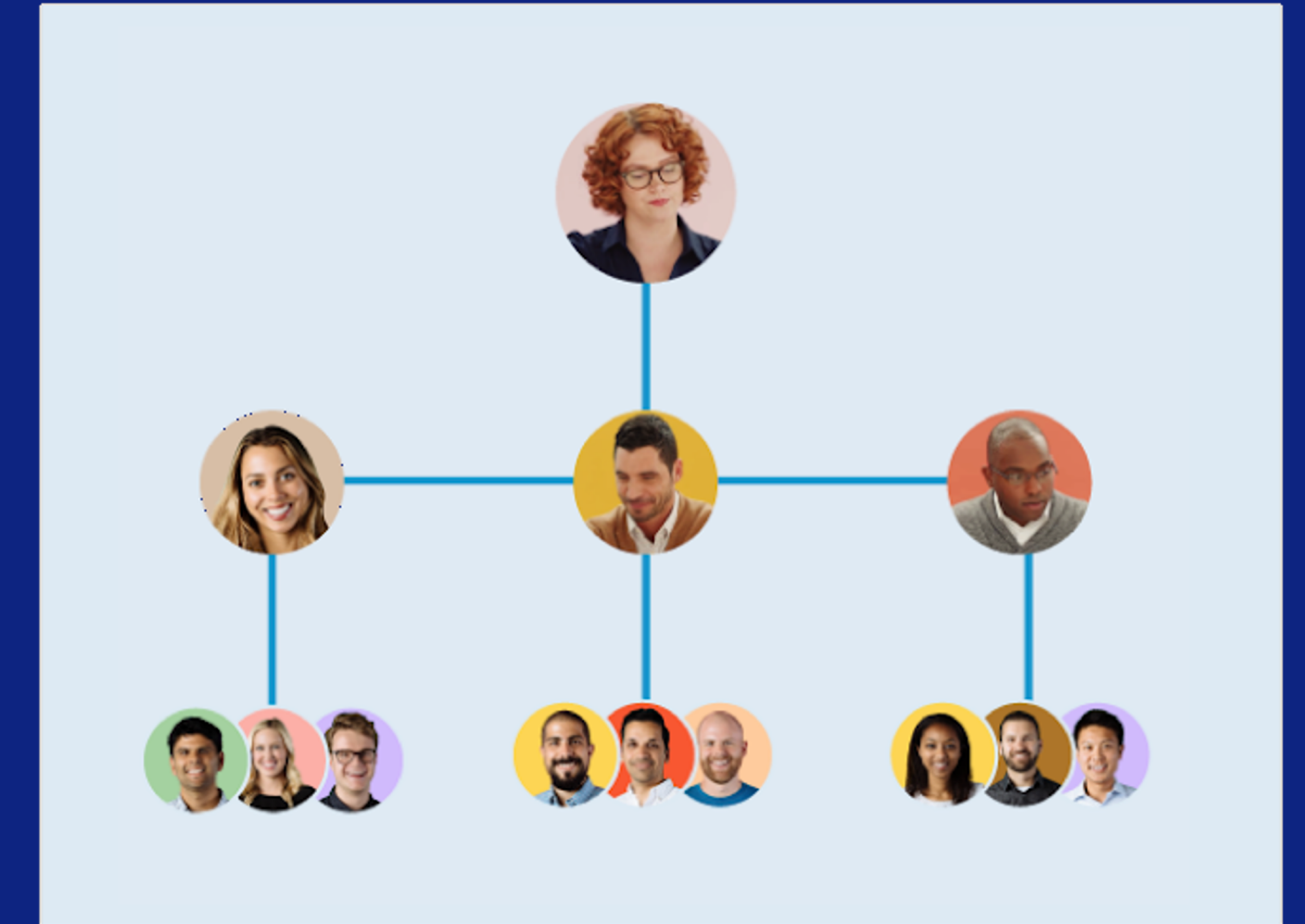
Land within companies

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 beyond FSS

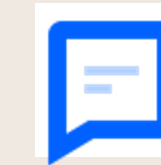
New Features Help Organize Digital Content

Dropbox introduces new tools to easily automate and maintain an organized file system

Keeping digital content organized across work and home has become **increasingly complex**

Introducing features such as:

- Automated folders & dashboards
- Multi-file organize
- Naming conventions
- Tagging
- Document conversion



Video Workflows

Dropbox is developing new product experiences for distributed teams and creatives



Capture

An all-in-one visual communication tool that helps team members share their work and ideas asynchronously



Replay

A video collaboration tool that makes it easier to collect, manage, and respond to feedback, all in one place



DocSend

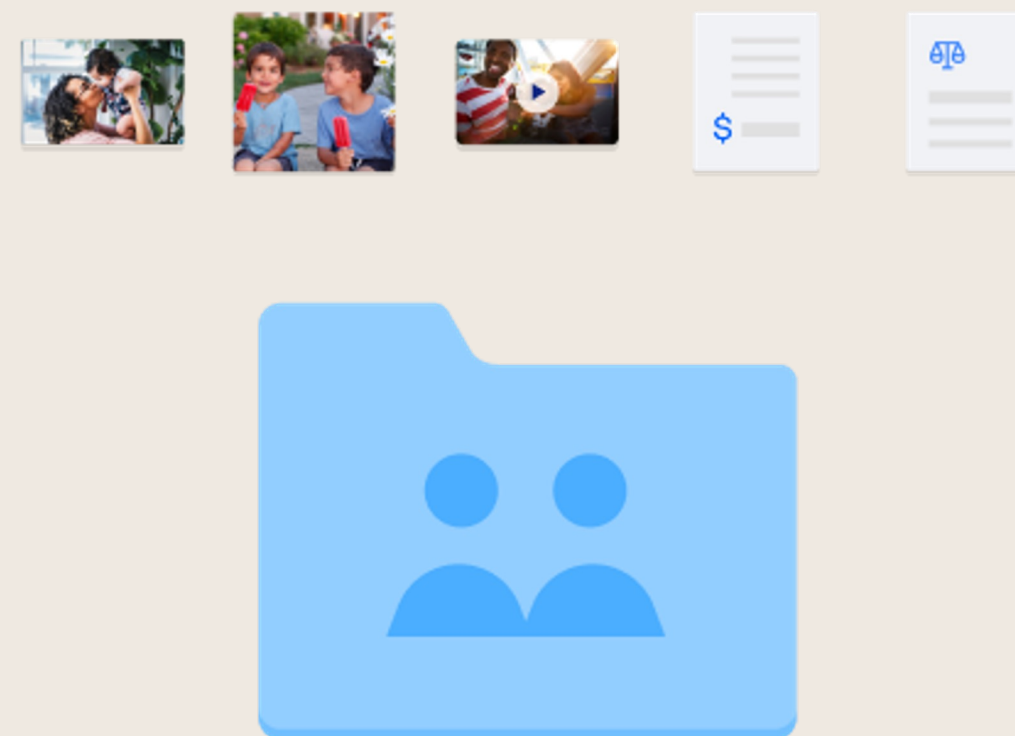
A video and presentation sharing platform with advanced analytics to see what your visitors are really watching

Dropbox Family Plan

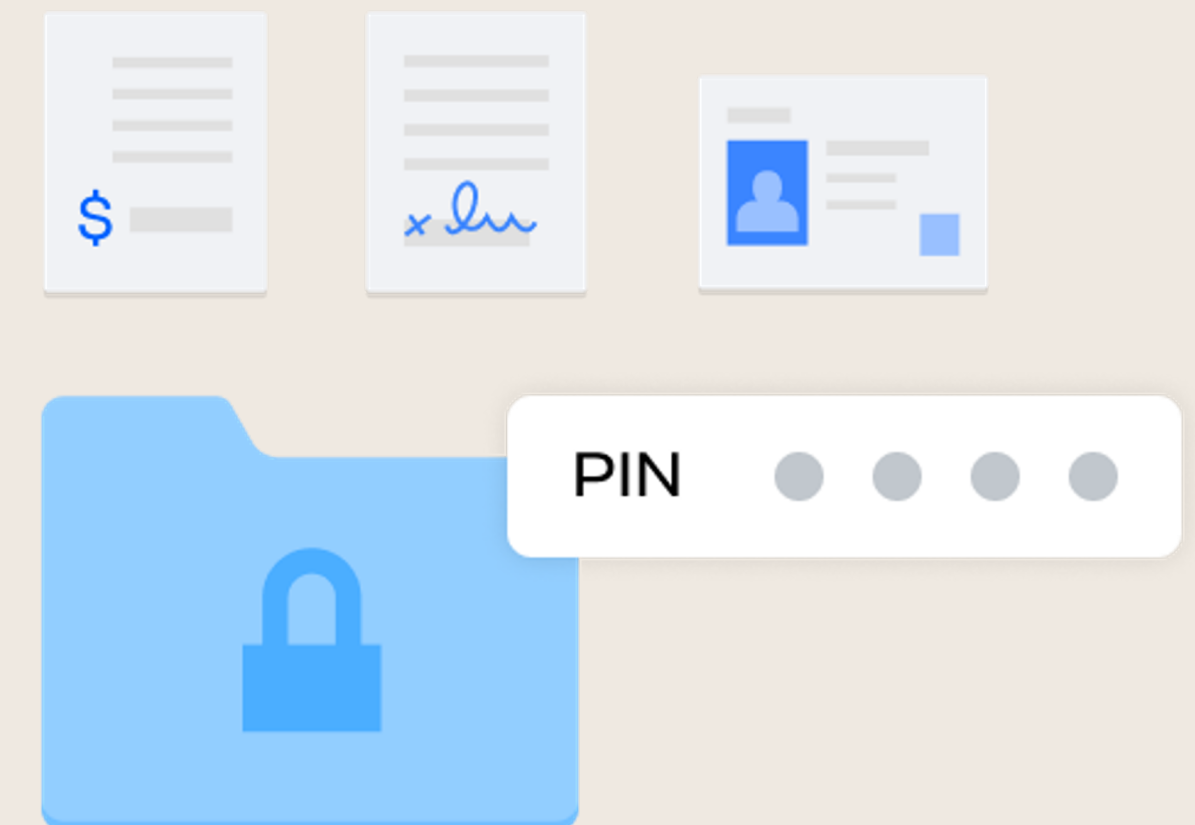
- Organize, centralize and protect your Family content
- Enhanced privacy and security features



Manage what matters most



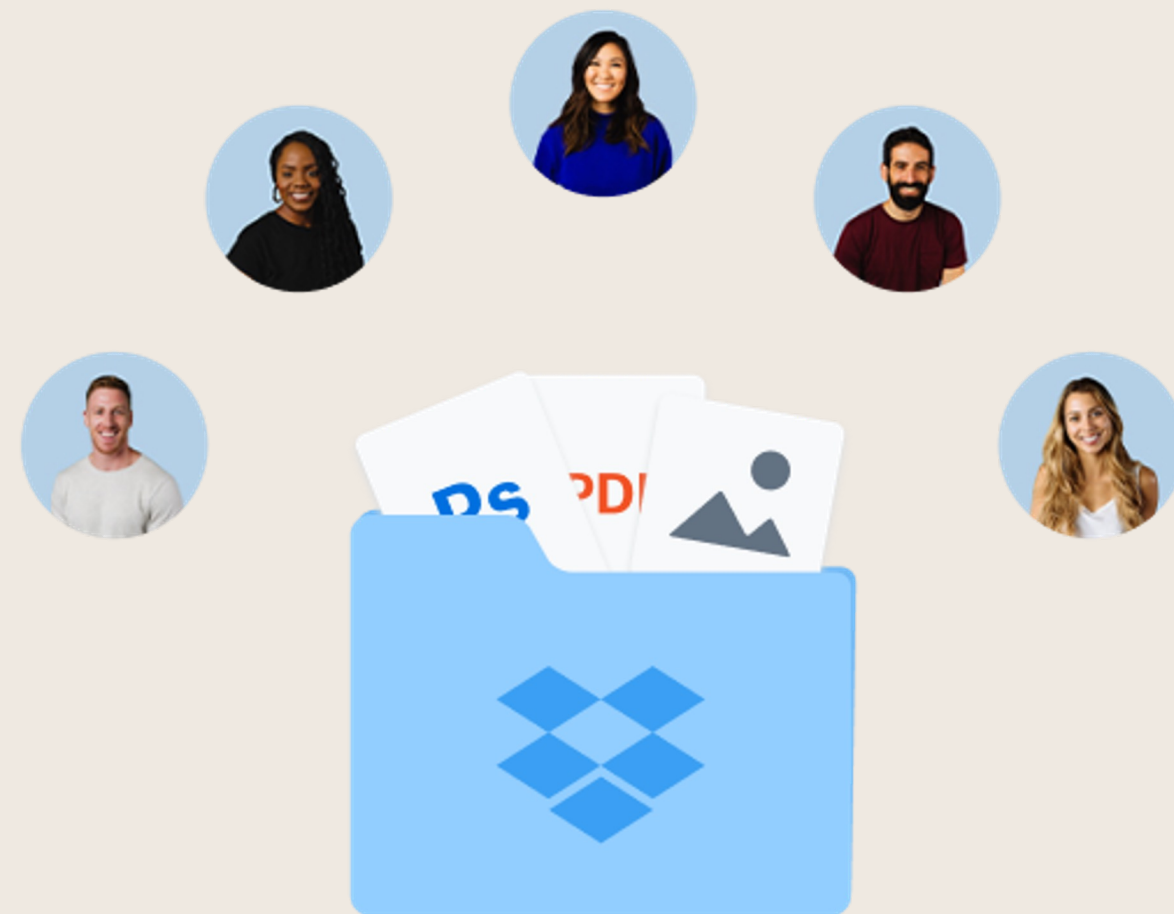
Keep your family connected



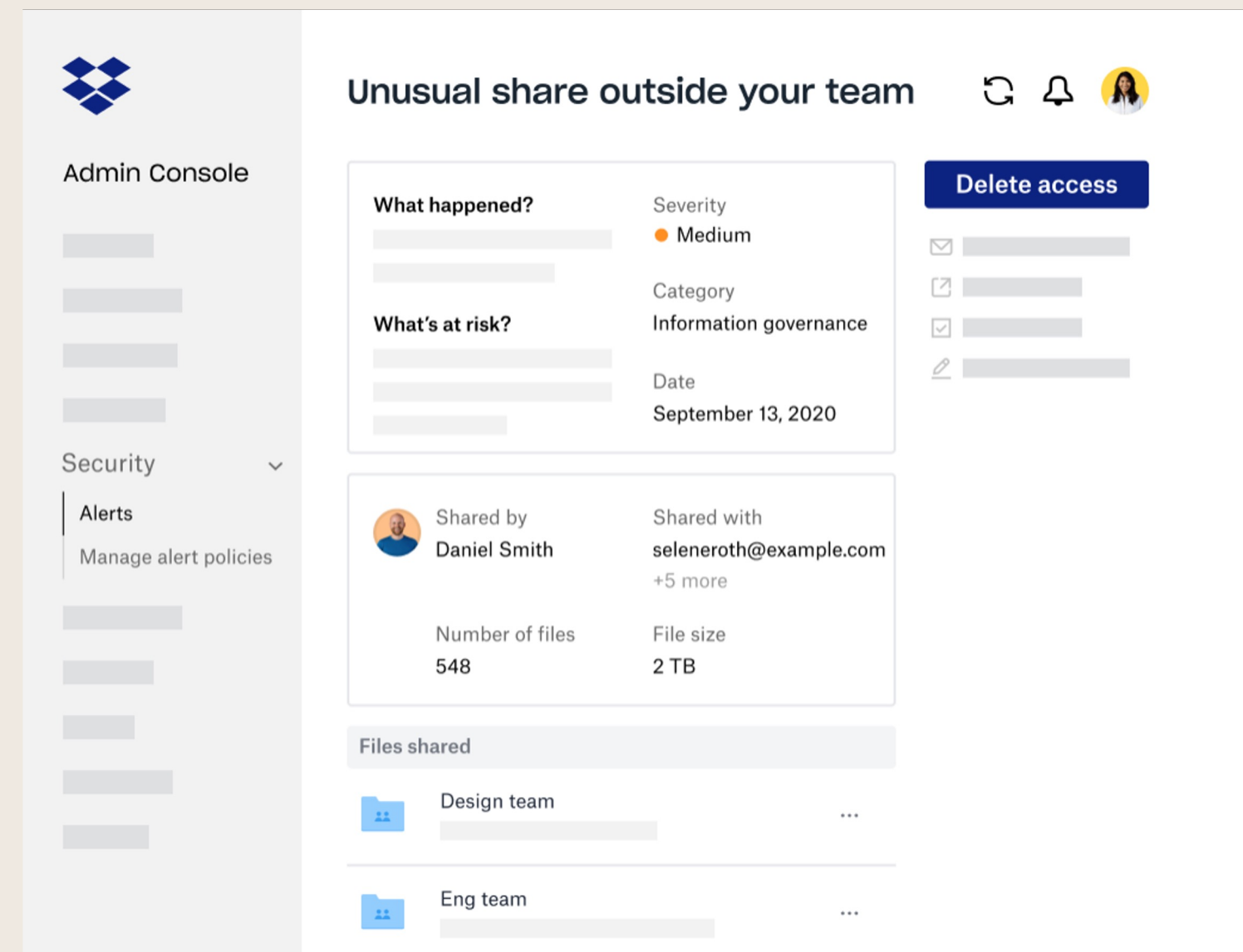
Keep sensitive info safe

Dropbox Business

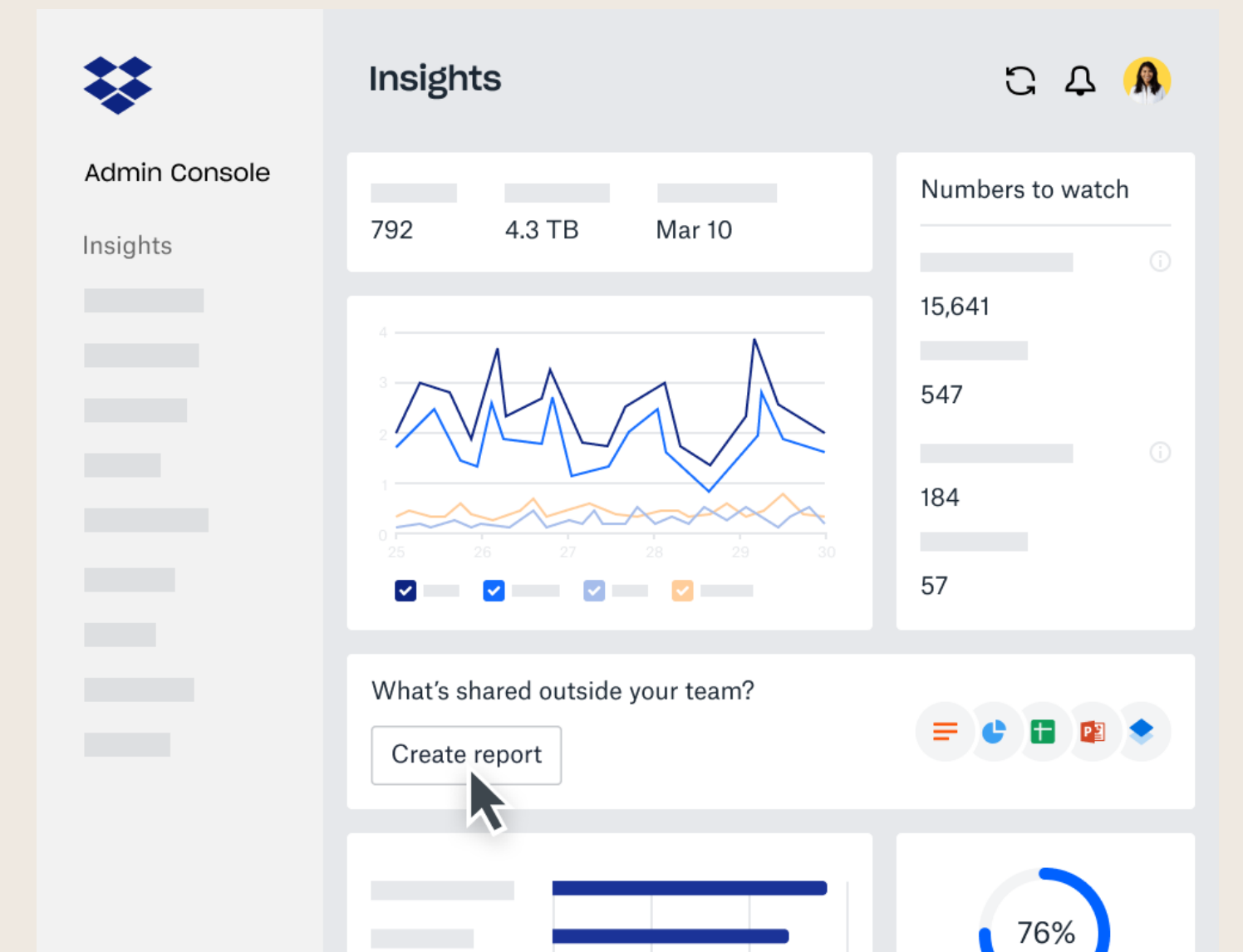
- Organize and centralize content around the needs of your team
- Collaborate in shared workspaces and streamline workflows
- Secure company data through visibility into content access and sharing



Shared team workspace




Data governance and audit logs



Advanced security alerts & notifications




Dropbox Business Teams Expansion

- Dropbox has ~600K business teams
- Making it even easier to invite people to join your team
- Team admins & members can now easily invite collaborators to join the team after sharing content with them




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.

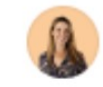
-  **Ann Thompson**
athompson@hanfordinc.com
 - @hanfordinc.com email match
 - Your team has shared 7 folders with them
 - Your team has worked with them since Aug 3, 2020
-  **Jay**
jay@hanfordinc.com
 - @hanfordinc.com email match
 - Your team has shared 7 folders with them
 - Your team has worked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

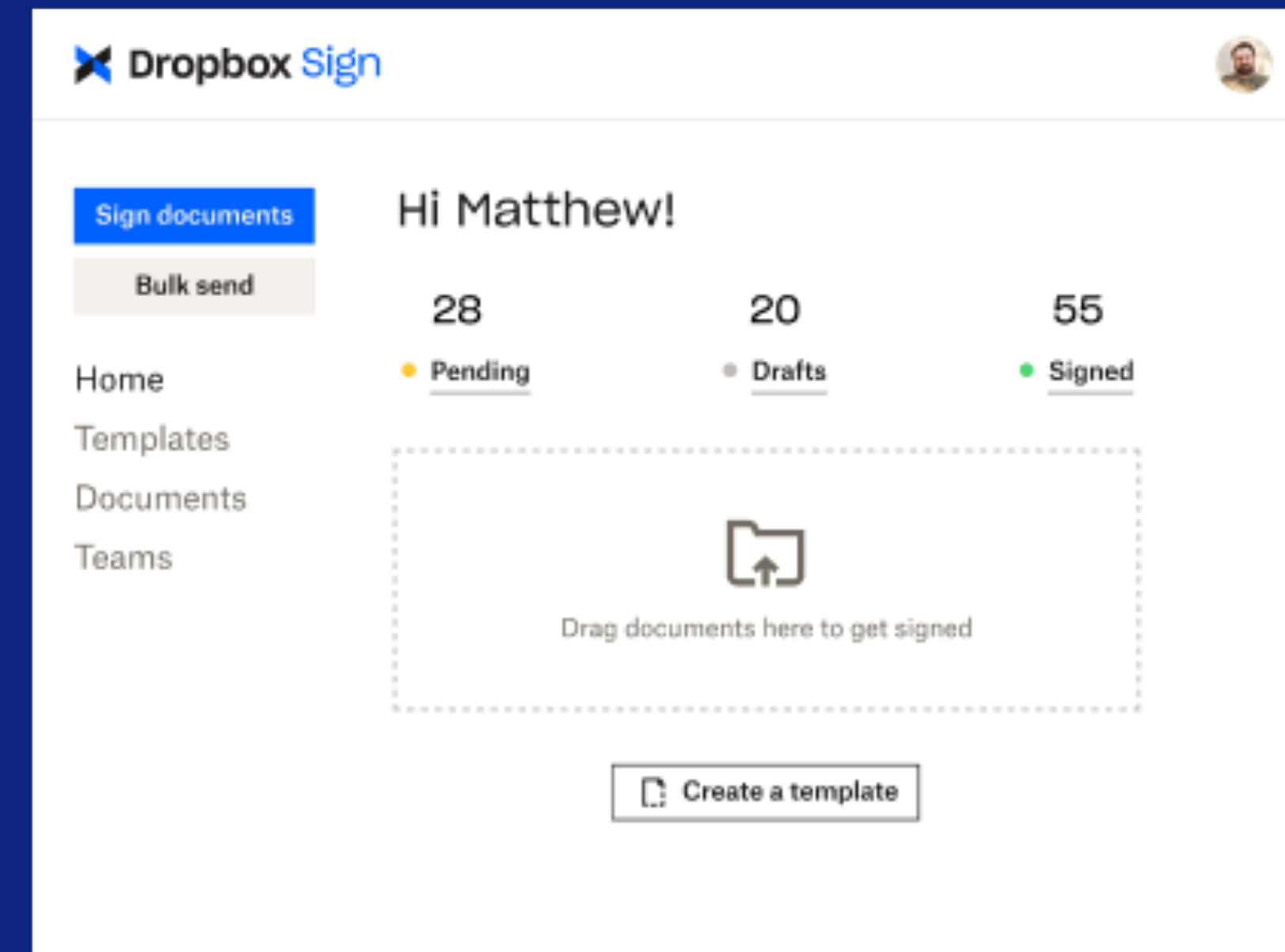
Your requests will be sent to admins for approval.

~35%
of paying users are on
Teams plans

Dropbox Sign Update



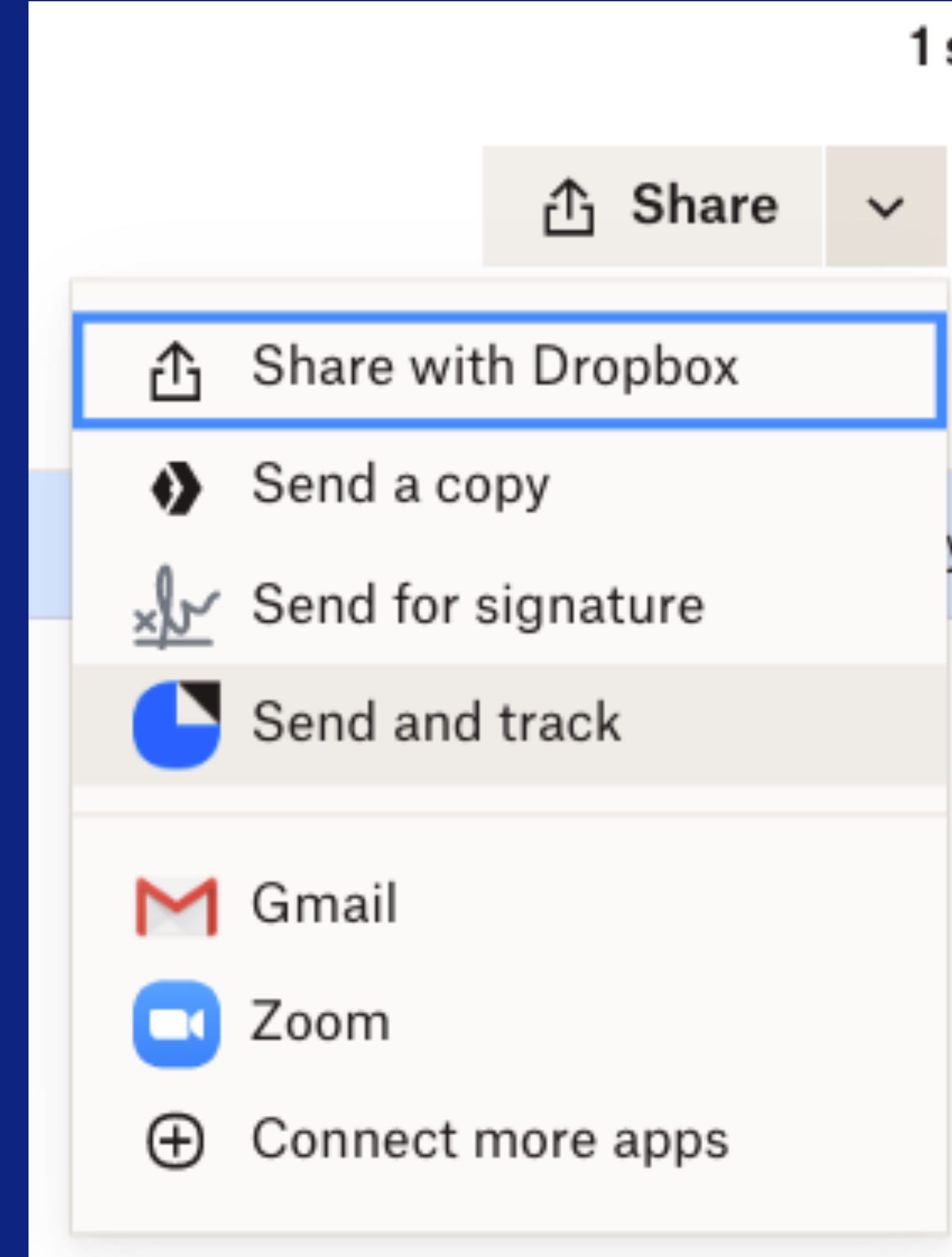
- Dropbox Forms included in Standard and Premium Sign Plans
- Dropbox Sign API standardized on OpenAPI, delivering a better developer experience and feature complete SDKs
- Dropbox Sign API released a completely rebuilt API dashboard for developers
- Dropbox Sign is available in 21 additional languages
- Dropbox Sign customers can now edit signature requests after sending



DocSend Update



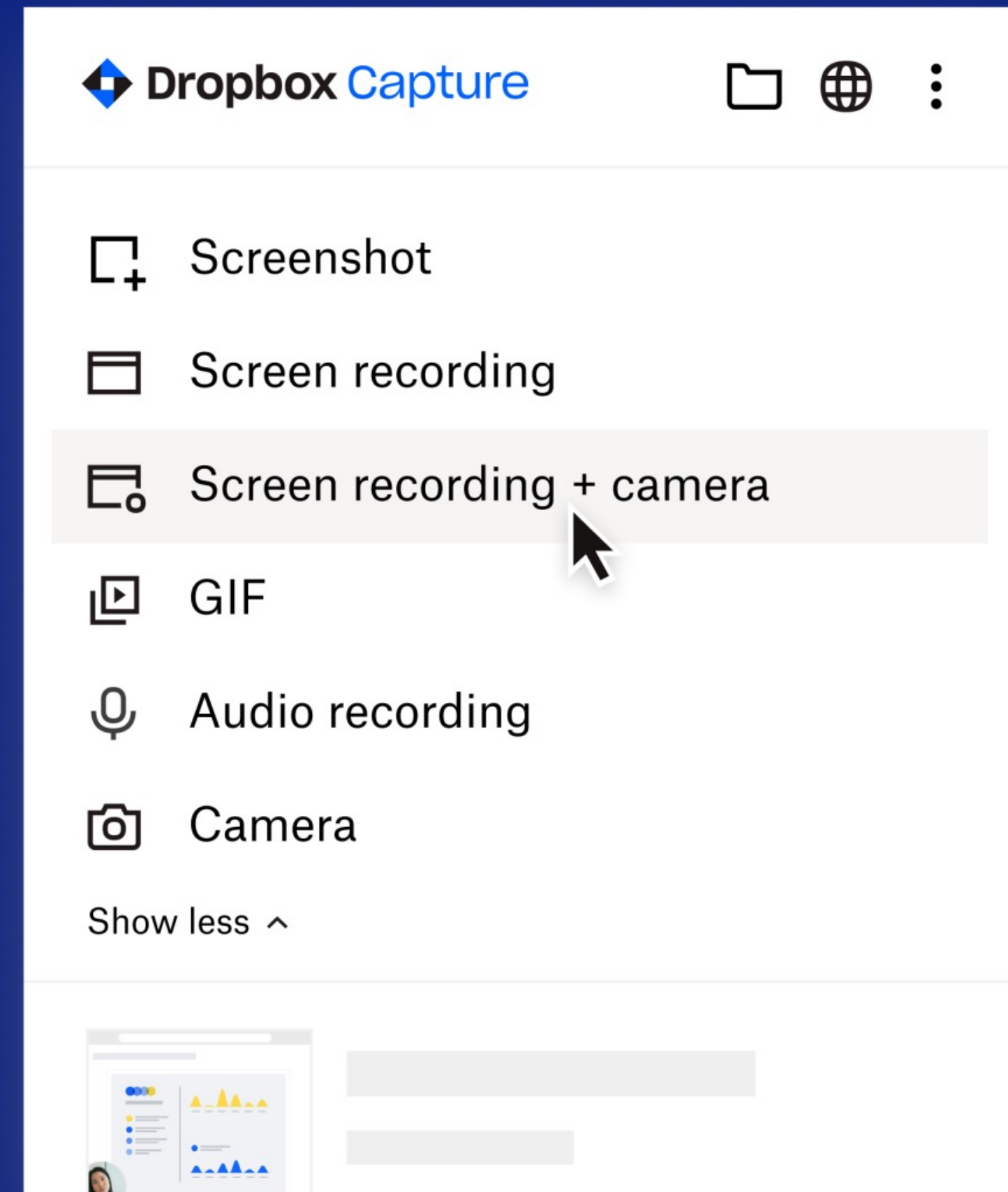
- DocSend is a full suite of self-serve products to manage document sharing and analytics through real-time controls and insights for:
 - Virtual data rooms for fundraising
 - M&A
 - Sales and marketing
 - Investor relations
- Launched DocSend Dashboard Analytics last year
- Launched Advanced Video Analytics in October
- Offering DocSend-powered analytics as a freemium experience to Dropbox individual users



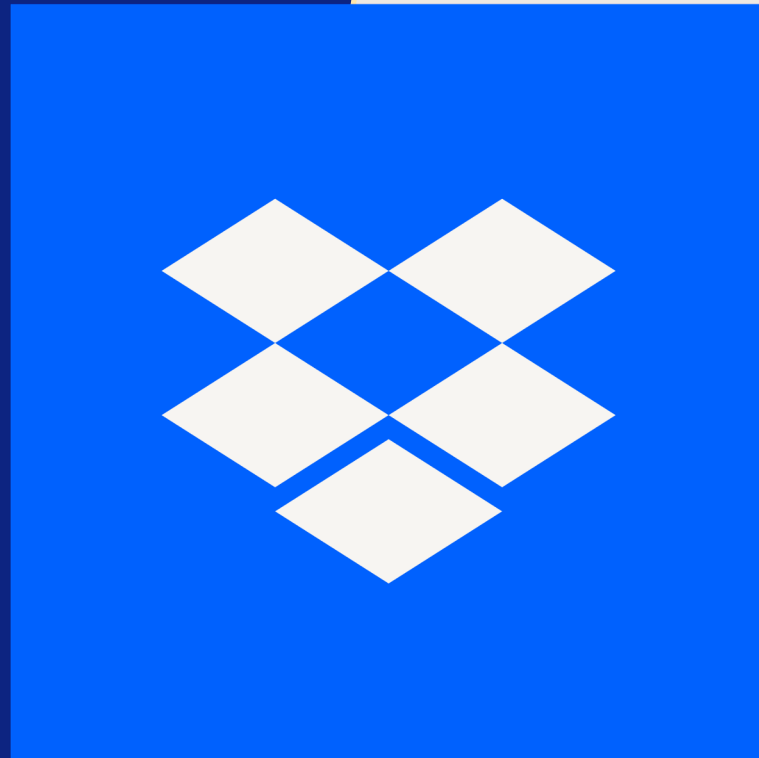
Capture Update



- In October, Capture became available across all Dropbox Plans:
 - Customers on Professional and Team plans can record videos in 4K up to the plan's storage limit and edit videos of any length
 - Customers on Basic, Plus and Family plans get up to two hours of recording time at 1080p and editing for videos under 5 minutes
- Capture customers are creating over 150K+ captures each month



Deep Integration Partners



Google

slack

ATLASSIAN

BetterCloud

Adobe

zoom

Microsoft

salesforce

Environmental, Social, and Governance

Dropbox published its **first ESG Impact Report in October**, which shares data for 2021.



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 five directors who are women or members of underrepresented communities to our board.

The full report and more information can be found at dropbox.com/esg

Financial Highlights

Financial Highlights

Predictable and balanced financial model

Investing for continued revenue growth

Driving strong operating leverage

Significant share repurchases

Dropbox Financial Strategy: Maintaining Long-Term Targets



80%-82%

Non-GAAP
Gross Margin

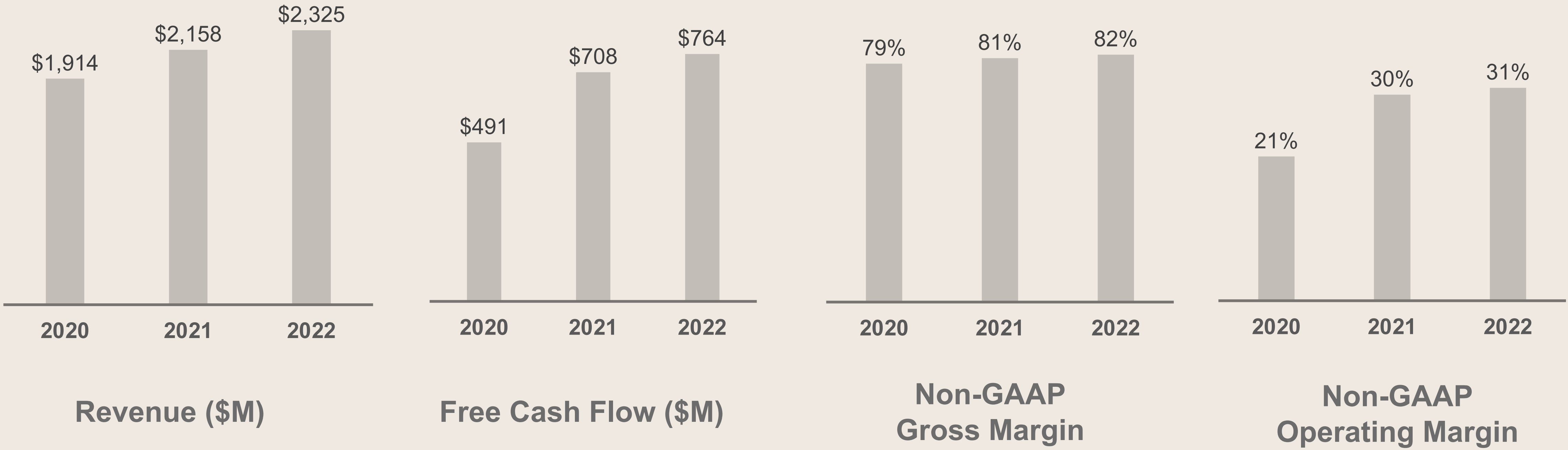
\$1 Bn

Free Cash Flow
by 2024

30%-32%

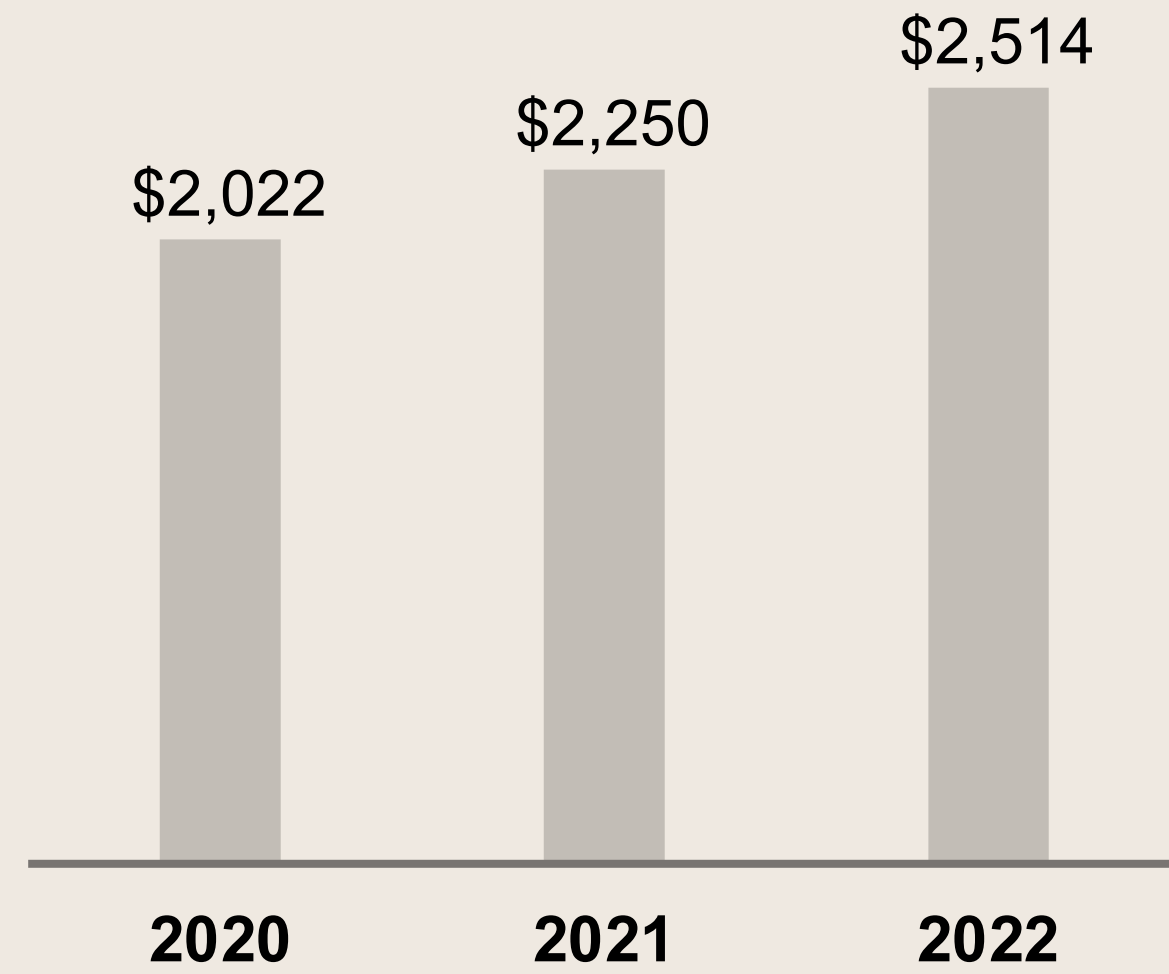
Non-GAAP
Operating Margin

Strong Performance at Scale

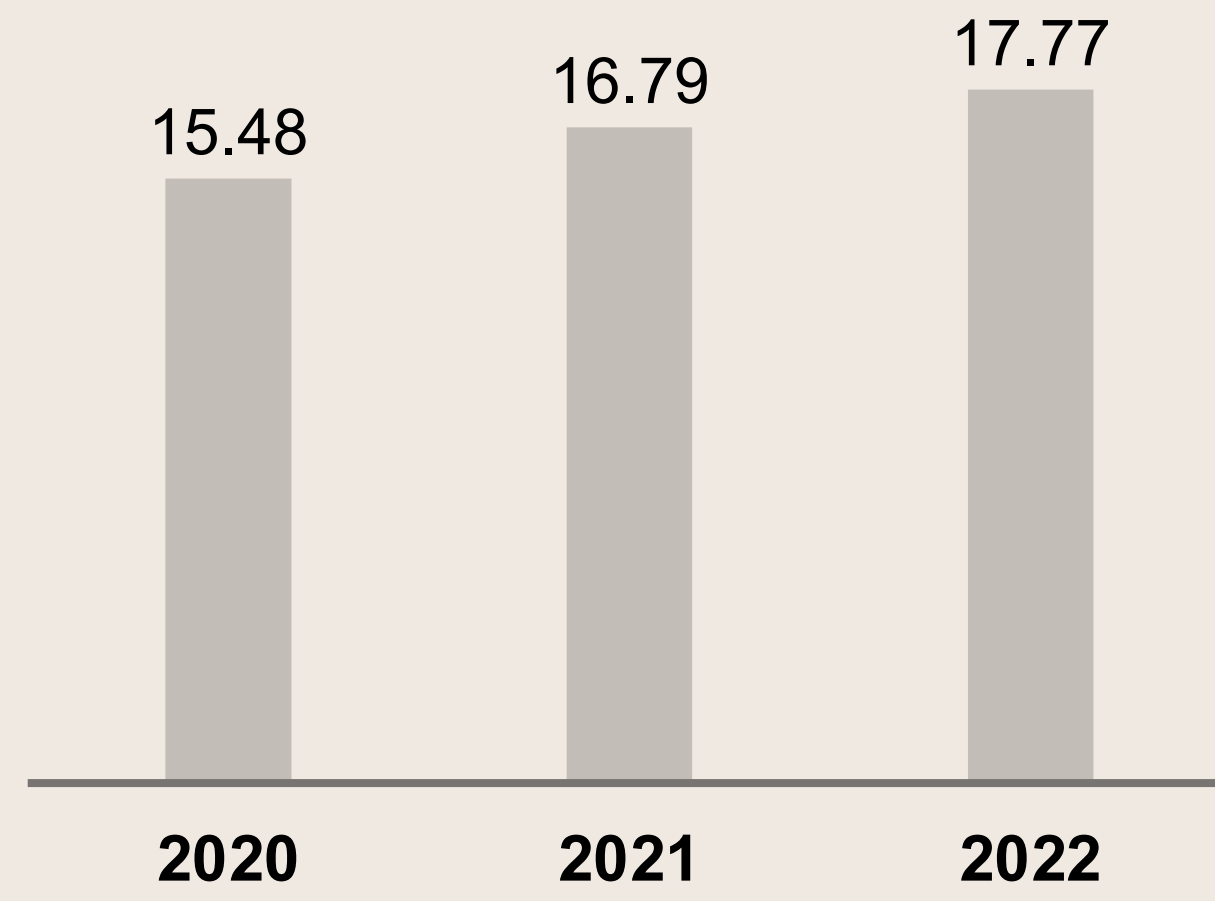


*Note: Non-GAAP gross margin and non-GAAP operating margin exclude stock-based compensation expense and certain non-recurring adjustments. Free cash flow is GAAP net cash provided by operating activities less capital expenditures. See appendix for non-GAAP reconciliation.

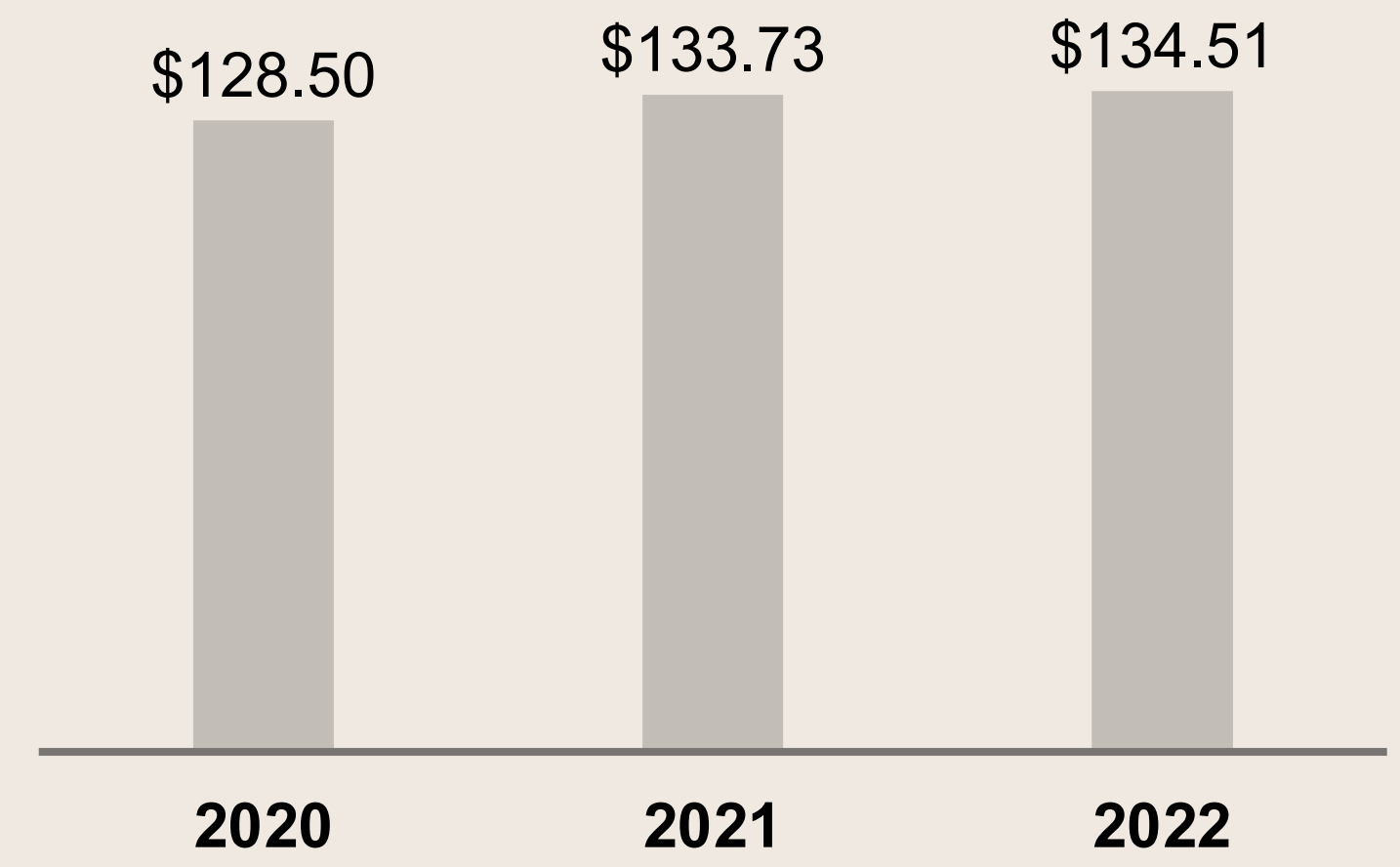
Key Metrics



CC ARR (\$M)

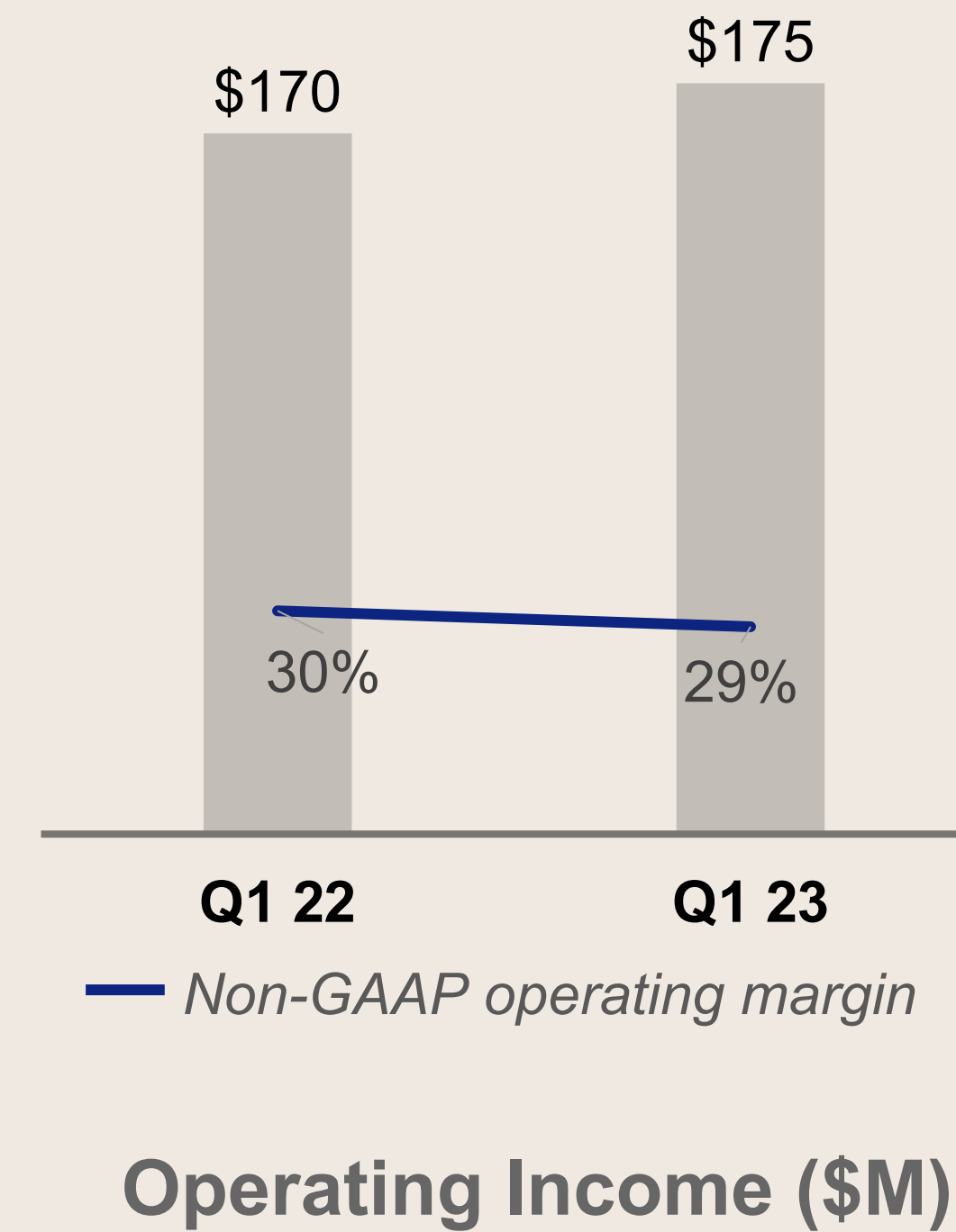
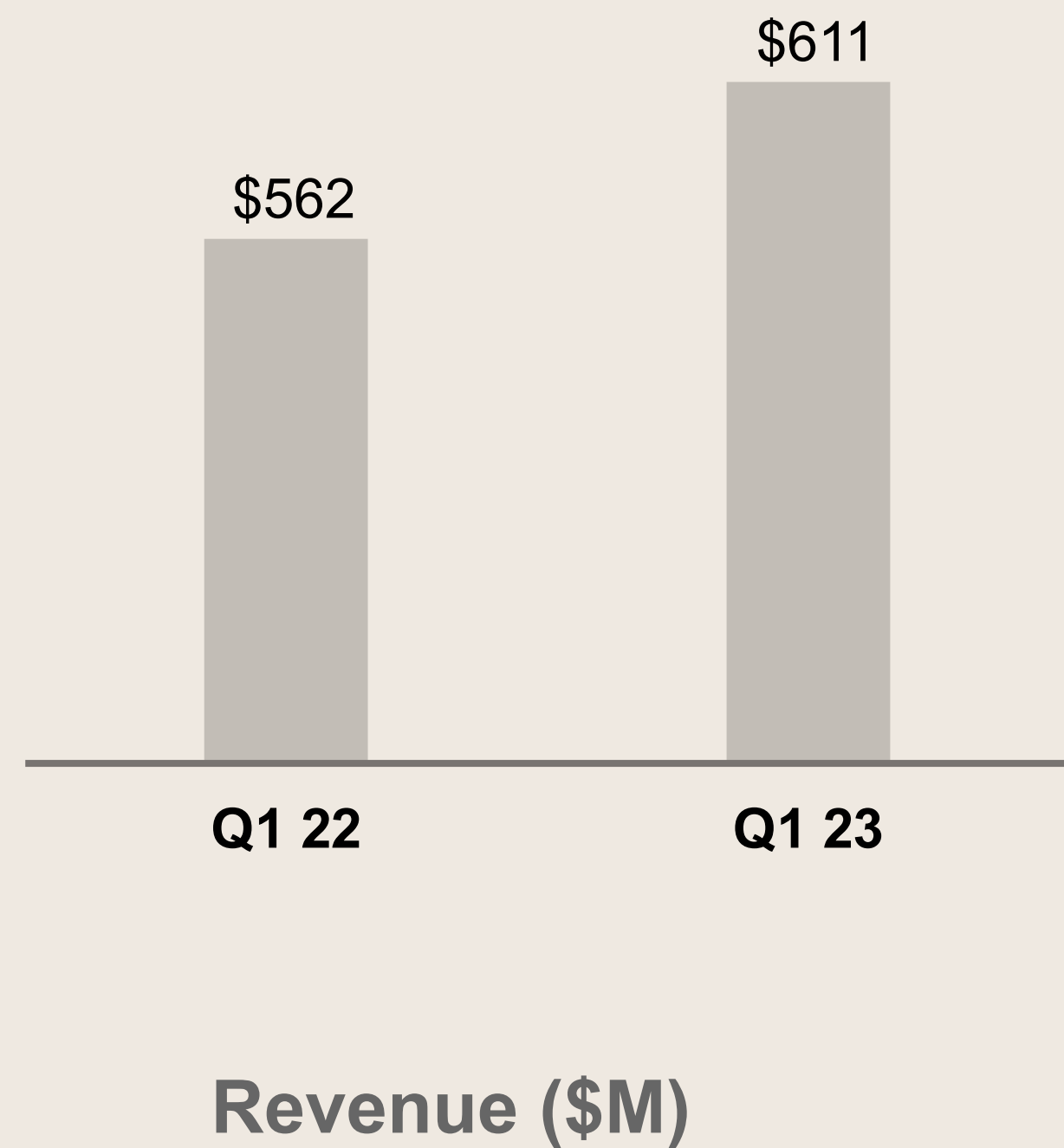


Paying Users (MM)



ARPU (\$)

Q1'23 Financial Highlights



Operating Leverage



Proprietary Infrastructure



Virtual First



Workforce Optimization

Long-Term Target Model

Non-GAAP	2020	2021	2022	Long-Term target
Gross Margin	79%	81%	82%	80 - 82%
R&D expense as % of revenue	28%	25%	28%	23 - 25%
S&M expense as % of revenue	20%	18%	16%	18 - 20%
G&A expense as % of revenue	10%	8%	7%	8 - 10%
Operating margin	21%	30%	31%	30 - 32%
Annual Free Cash Flow	\$491M	\$708M	\$764M	\$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. 28

Appendix

Non-GAAP reconciliation

	Twelve Months Ended		
	2020	2021	2022
Income (loss) from operations - GAAP	\$ (277.0)	\$ 274.4	\$ 181.3
Stock-based compensation	261.5	287.1	330.7
Acquisition-related and other expenses	16.9	26.8	18.0
Amortization of acquired intangible assets	9.5	13.1	13.8
Impairment related to real estate assets	398.2	31.3	175.2
Workforce reduction expense	—	14.3	—
Income from operations - Non-GAAP	\$ 409.1	\$ 647.0	\$ 719.0
<i>Non-GAAP operating margin</i>	21.4 %	30.0 %	30.9 %

Non-GAAP reconciliation

	Three Months Ended	
	March 31, 2022	March 31, 2023
Income from operations - GAAP	\$ 89.5	\$ 84.1
Stock-based compensation	72.3	76.0
Acquisition-related and other expenses	5.0	7.4
Amortization of acquired intangible assets	3.5	7.0
Income from operations - Non-GAAP	<u>\$ 170.3</u>	<u>\$ 174.5</u>
<i>Non-GAAP operating margin</i>	30.3 %	28.6 %

Free cash flow reconciliation

	Twelve Months Ended		
	2020	2021	2022
Net Cash provided by operating activities	\$ 570.8	\$ 729.8	\$ 797.3
Capital expenditures	(80.1)	(22.1)	(33.8)
Free cash flow	\$ 490.7	\$ 707.7	\$ 763.5

Non-GAAP reconciliation

Three Months Ended March 31, 2023

	GAAP	Stock based compensation	Acquisition- related and other expenses	Amortization of acquired intangible assets	Non-GAAP
Gross profit	\$ 494.3	\$ 5.4	\$ —	\$ 3.6	\$ 503.3
<i>Gross margin</i>	81%	1%	—%	1%	82%
Research and development	235.2	(52.9)	(5.4)	—	176.9
<i>Research and development margin</i>	38%	(9%)	(1%)	—%	29%
Sales and marketing	119.2	(5.5)	(1.7)	(3.4)	108.6
<i>Sales and marketing margin</i>	20%	(1%)	—%	(1%)	18%
General and administrative	55.8	(12.2)	(0.3)	—	43.3
<i>General and administrative margin</i>	9%	(2%)	—%	—%	7%
Income from operations	84.1	76.0	7.4	7.0	174.5
<i>Operating margin</i>	14%	12%	1%	1%	29%

Note: % are rounded for presentation purposes

Non-GAAP reconciliation

Three Months Ended March 31, 2022

	GAAP	Stock based compensation	Acquisition- related and other expenses	Amortization of acquired intangible assets	Non-GAAP
Gross profit	\$ 449.5	\$ 5.7	\$ —	\$ 2.0	\$ 457.2
<i>Gross margin</i>	80%	1%	—%	—%	81%
Research and development	210.8	(50.5)	(3.2)	—	157.1
<i>Research and development margin</i>	37%	(9%)	(1%)	—%	28%
Sales and marketing	95.7	(4.5)	(1.7)	(1.5)	88.0
<i>Sales and marketing margin</i>	17%	(1%)	—%	—%	16%
General and administrative	53.5	(11.6)	(0.1)	—	41.8
<i>General and administrative margin</i>	10%	(2%)	—%	—%	7%
Income from operations	89.5	72.3	5.0	3.5	170.3
<i>Operating margin</i>	16%	13%	1%	1%	30%

Note: % are rounded for presentation purposes

Dropbox subscription plans

Personal

Business



	Basic	Plus	Family	Professional	Pro + eSign	Standard	Standard + DocSend	Advanced	Enterprise
Price	Free	\$11.99 / month \$119.88 / year	\$19.99 / month \$203.88 / year	\$19.99 / month \$198.96 / year	\$31.99 / month \$299.88 / year	\$18.00 / user / month \$180.00 / 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>	Negotiated pricing
Features	Dropbox Transfer* Dropbox Paper Dropbox Computer Backup File requests 30 day version history 3 Sign eSignatures Dropbox Passwords Dropbox Capture*	Everything in Basic Full text search Vault* Offline mobile folders Dropbox Rewind Remote device wipe Smart Sync and Smart Sync Auto-Evict Priority email support	Everything in Plus Up to 6 users Family Room folder	Everything in Plus Auto OCR & Image search Shared link controls Branded sharing Adv. Dropbox Transfer* 180 day version history Premium previews Time-based comments Document watermarking Viewer history Traffic and insights Adv. Dropbox Capture* Live chat support	Everything in Pro Unlimited Sign eSignatures 5 templates for commonly signed documents Tamper-proofing Audit trail that tracks and time-stamps actions Built in data validation	Everything in Plus External sharing reporting Auto OCR & Image Search Document Watermarking Shared link controls Branded sharing Adv. Dropbox Capture* 180 day version history Team folders Admin console Granular permissions Enables HIPAA compliance Unlimited API access** Priority email + live chat support	Everything in Standard Real-time document analytics Multiple documents with a single link Passcodes and email verification Approved viewer and domain lists Virtual Data Room folders	Everything in Standard Ransomware detection & recovery Adv. Dropbox Transfer* 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	Everything in Advanced Enterprise mobility management (EMM) Network control Domain insights and account capture 24/7 phone support and advanced training
Storage	2GB of storage	2TB storage	2TB storage	3TB storage	3TB storage	5TB storage (pooled)	5TB storage (pooled)	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. Basic, Plus, and Family only have 2 hours of Capture recording time. Pro, Standard and Advanced have unlimited Capture recording time and editing features.
 **Teams have unlimited API access to productivity and security partners but may be subject to a cap on API calls to data transport partners.

