

# Dropbox

Company Presentation  
August 2020

# Safe harbor Statement

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future results of operations or financial performance of Dropbox, Inc. (“Dropbox,” “we,” “us,” or similar terms), certain key financial and operating metrics, capital expenditures, plans for growth and future operations, technological capabilities, benefits from new product features, acquisitions and strategic relationships, long-term financial targets, 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, such as the impacts to our financial results, business operations and the business of our customers, suppliers and partners as a result of the COVID-19 pandemic and related public health measures. 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 March 31, 2020 that we filed with the Securities and Exchange Commission (the “SEC”) on May 8, 2020, and include, but are not limited to, the impacts to our financial results, business operations, the business of our customers, suppliers and partners as a result of the COVID-19 pandemic and related public health measures, 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 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 resulting from remote work; our ability to realize benefits from strategic partnerships; and our ability to compete successfully in competitive markets. 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 made available in our quarterly report on Form 10-Q for the quarter ended June 30, 2020 and in other 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 expenses (including research and development, sales and marketing and general and administrative), non-GAAP operating income, 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. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

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.

# Keeping files in sync

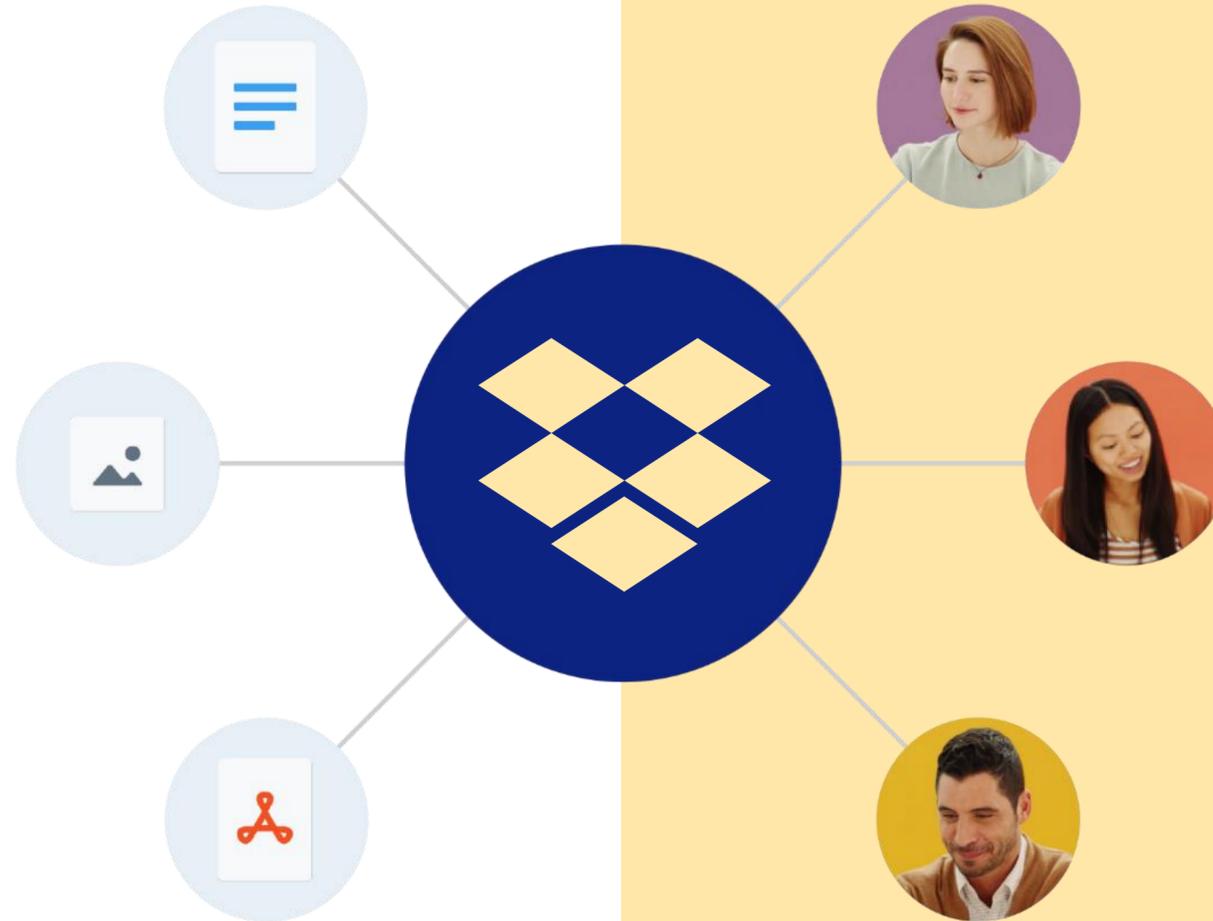
# Keeping teams in sync

Cloud storage  
2007

Smart Workspace  
Today

Backup & sync  
File sharing  
Shared folders

Content management  
Collaborative apps  
Professional sharing  
Project management  
Document workflow



# Dropbox today

We're a business software company that defies traditional boundaries

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We're a smart workspace for the world's digital content

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We have a rare combination of virality, scale, and cash generation

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We have a long runway for growth

# Global collaboration platform at scale

**600M+**

registered users

**550B+**

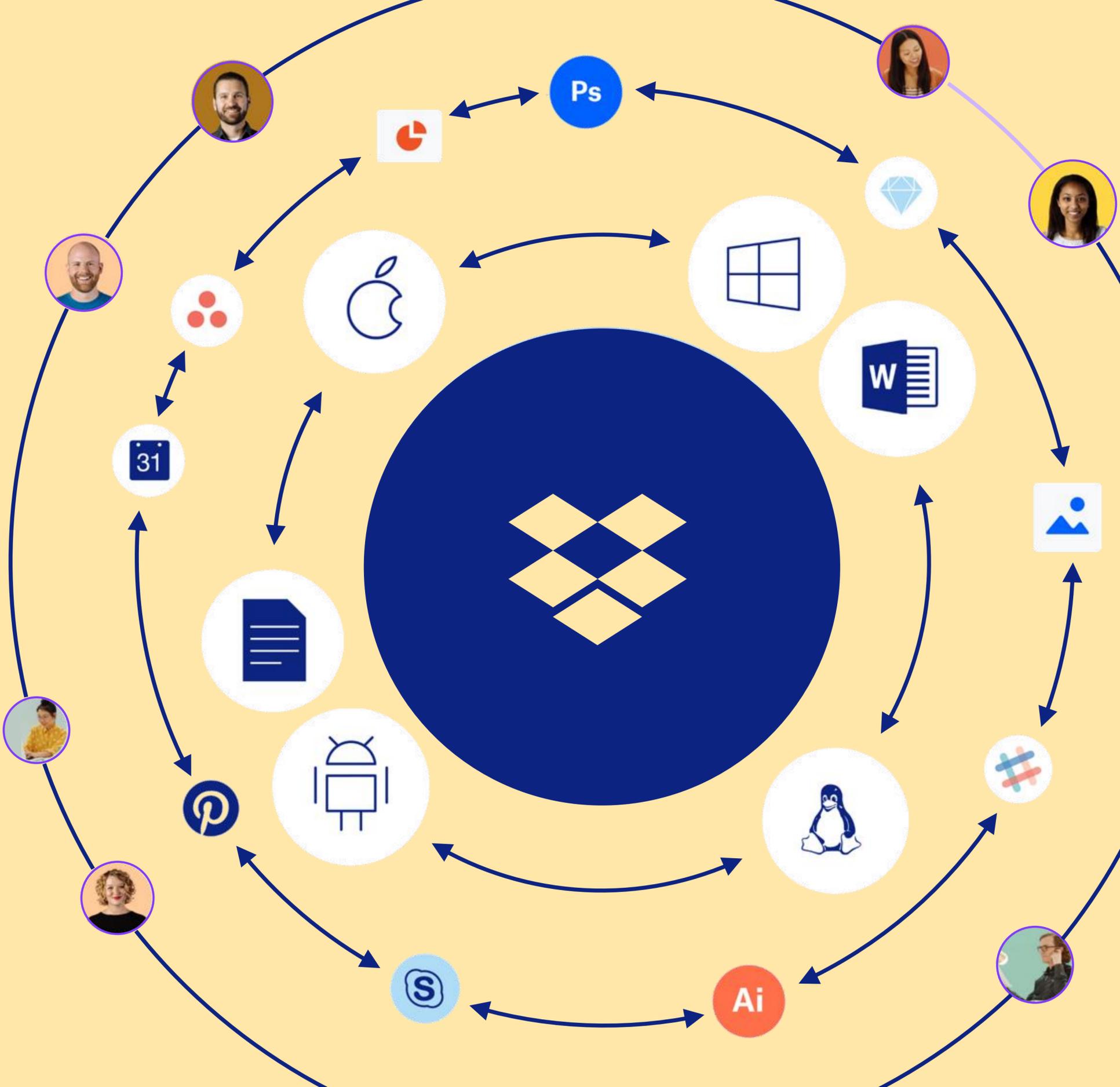
pieces of content

**15.0M**

paying users

**80%**

of subscribers use us for work



# Dropbox is building the world's first smart workspace

A unified workspace that organizes your content, connects your SaaS tools, and brings teams together

The screenshot displays a workspace titled "Package Design" within the Dropbox interface. On the left, a dark sidebar shows the user's profile "Pepo Studio Inc." and "Angela Zhang", along with "Starred Folders" including Warehouse, Package Design, Shipping, Materials, and Resources. The main workspace area features a search bar at the top, a title "Package Design", and a message: "We've narrowed our new package designs down to three final options. Please review all three pinned files below." Below this are three pinned items: "Production.gslides", "Box Samples", and "Materials.pdf", with the latter highlighted by a blue border. A task list includes a checked item "Present concepts to marketing @Angela Zhang" and two unchecked items: "Approve production schedule @Daniel Smith" and "Final concept selection by June 4". A file list below shows "7 folders, 5 files" with columns for "Name" and "Modified". The list includes "Package Dimensions.gsheet" (2:34 PM), "Earth-Friendly Materials" (1:04 PM), and "Box Samples" (1:04 PM). On the right, a card for "Materials.pdf" (7.2 MB, modified 5 hours ago) is shown with a comment section containing three comments and an "Activity" section listing recent actions like "Daniel Smith shared in Zoom" and "Jay Singh shared in #package-design".

Search in Package Design

## Package Design

We've narrowed our new package designs down to three final options. Please review all three pinned files below.

- Present concepts to marketing @Angela Zhang
- Approve production schedule @Daniel Smith
- Final concept selection by June 4

Updated just now by Angela Z

7 folders, 5 files

Name	Modified
Package Dimensions.gsheet	2:34 PM
Earth-Friendly Materials	1:04 PM
Box Samples	1:04 PM
Most Recent activities	1:04 PM

Pepo Studio Inc. > Package Design

Materials.pdf  
7.2 MB • Modified 5 hours ago

Write a comment

@Angela Zhang Thanks for sharing! Option #2 is my...

Let's make sure we can get this in production before...

Activity

- Daniel Smith shared in Zoom 3 hours ago
- Jay Singh shared in #package-design 3 hours ago
- William Jackson opened 2 hours ago

# 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

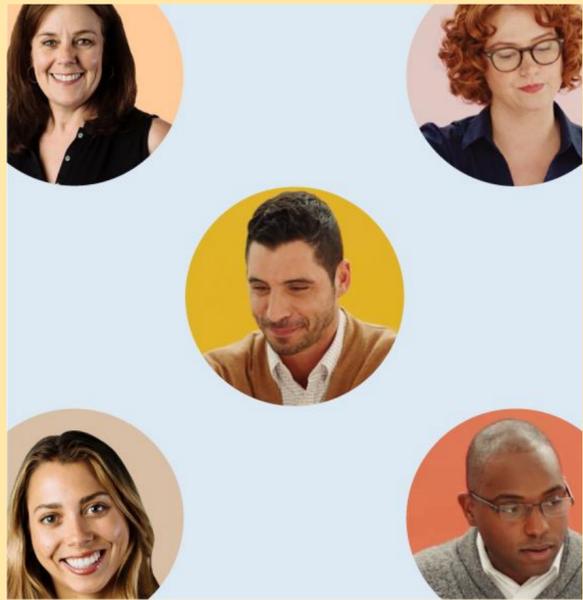
Rip-and-replace

vs.

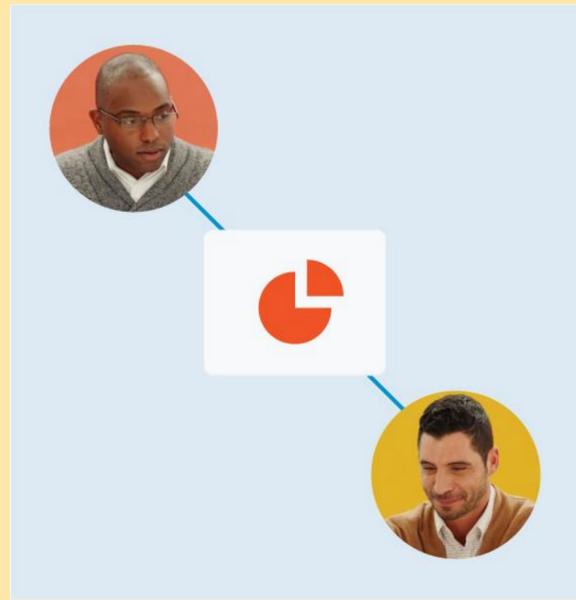
Live side-by-side

# Efficient Go-to-Market

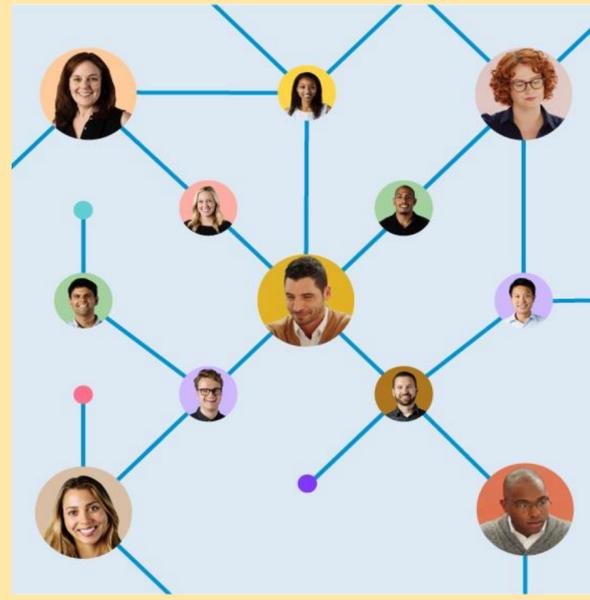
Self-serve  
“land”



Starts with massive user adoption

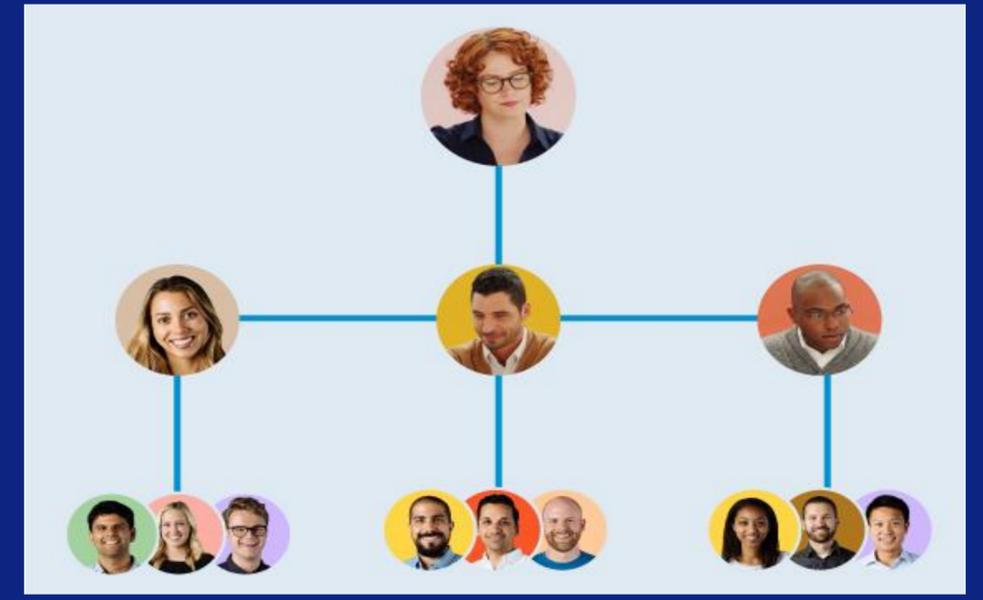


Land within companies



Expand within companies

Targeted outbound  
“expand”



Full deployment

# Open ecosystem



**50B+**  
API calls /month

**75%**  
of teams linked  
to a third-party  
app

**750K+**  
registered  
developers

# Hybrid infrastructure: Scale, Agility, & Innovation



# Growth drivers

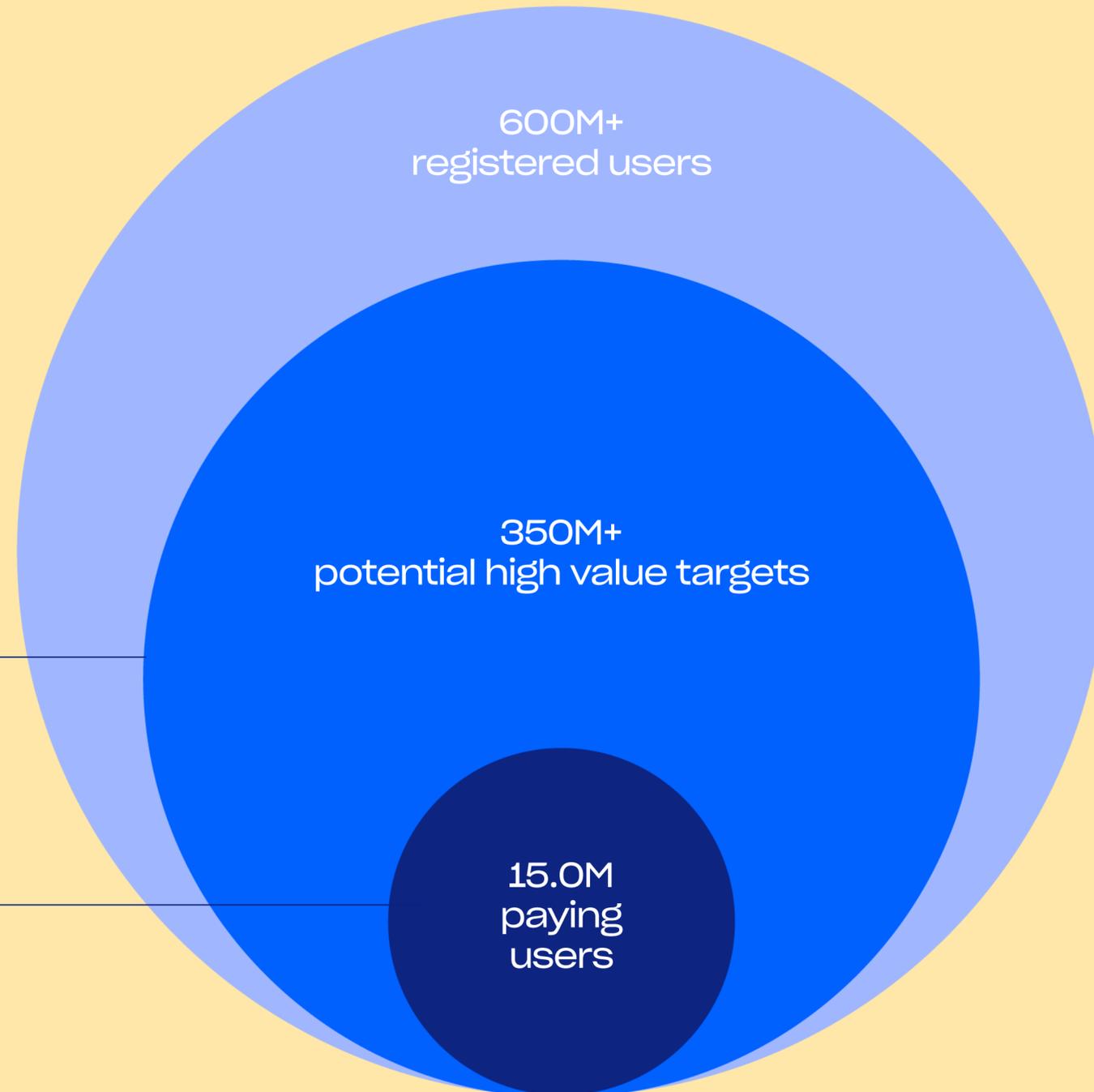
## Execute

### Convert

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

### Upsell

Prompt existing paying users to upgrade to premium plans or purchase additional licenses



## Innovate

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

Expand ecosystem  
Grow thriving ecosystem to put Dropbox at the center of users' lives

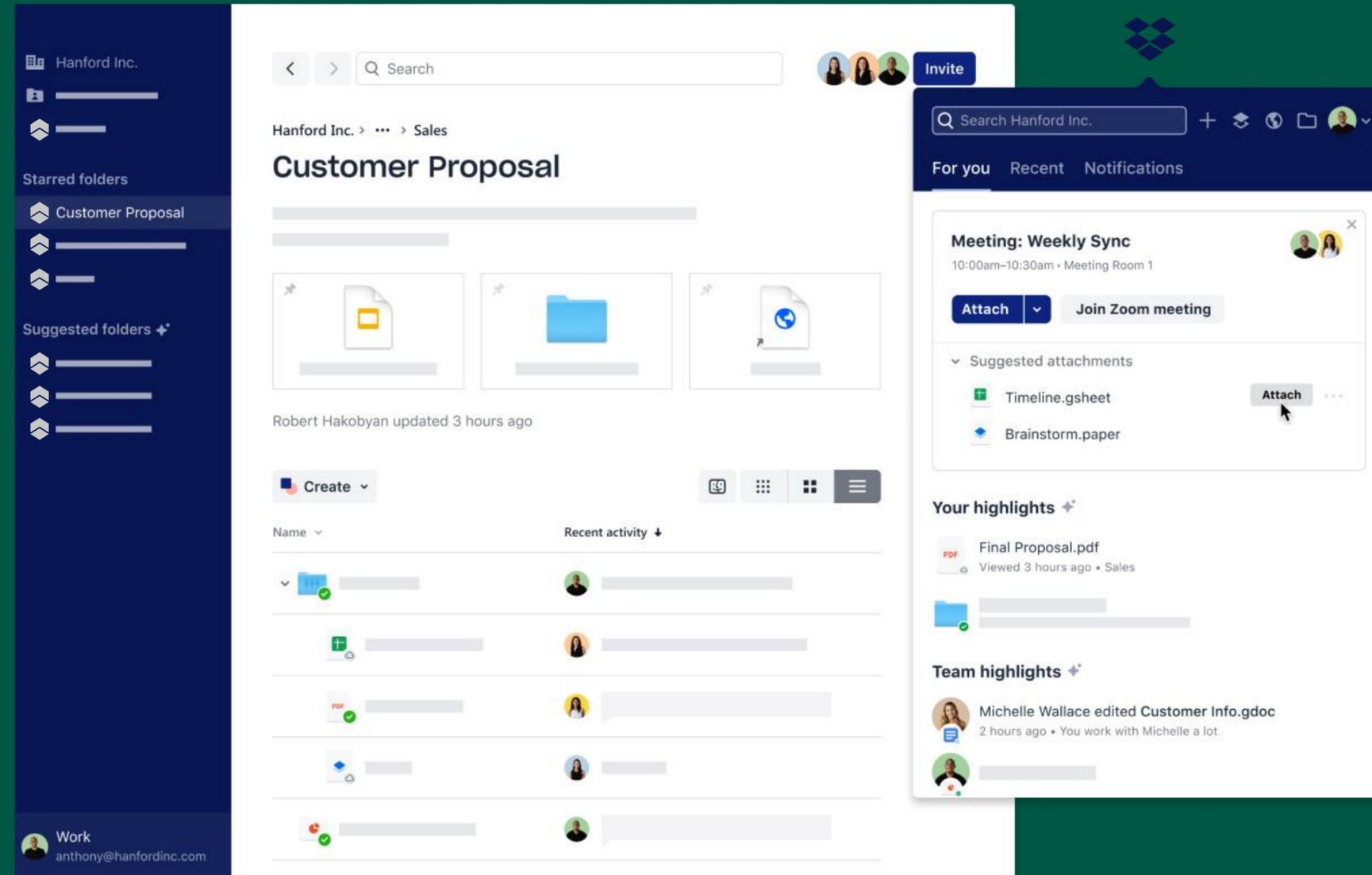
# Product highlights

# The New Dropbox

Brings together cloud content and traditional files in one place

Brings tools together by integrating with best-of-breed apps

Brings people together by transforming folders into rich workspaces



# Dropbox Transfer

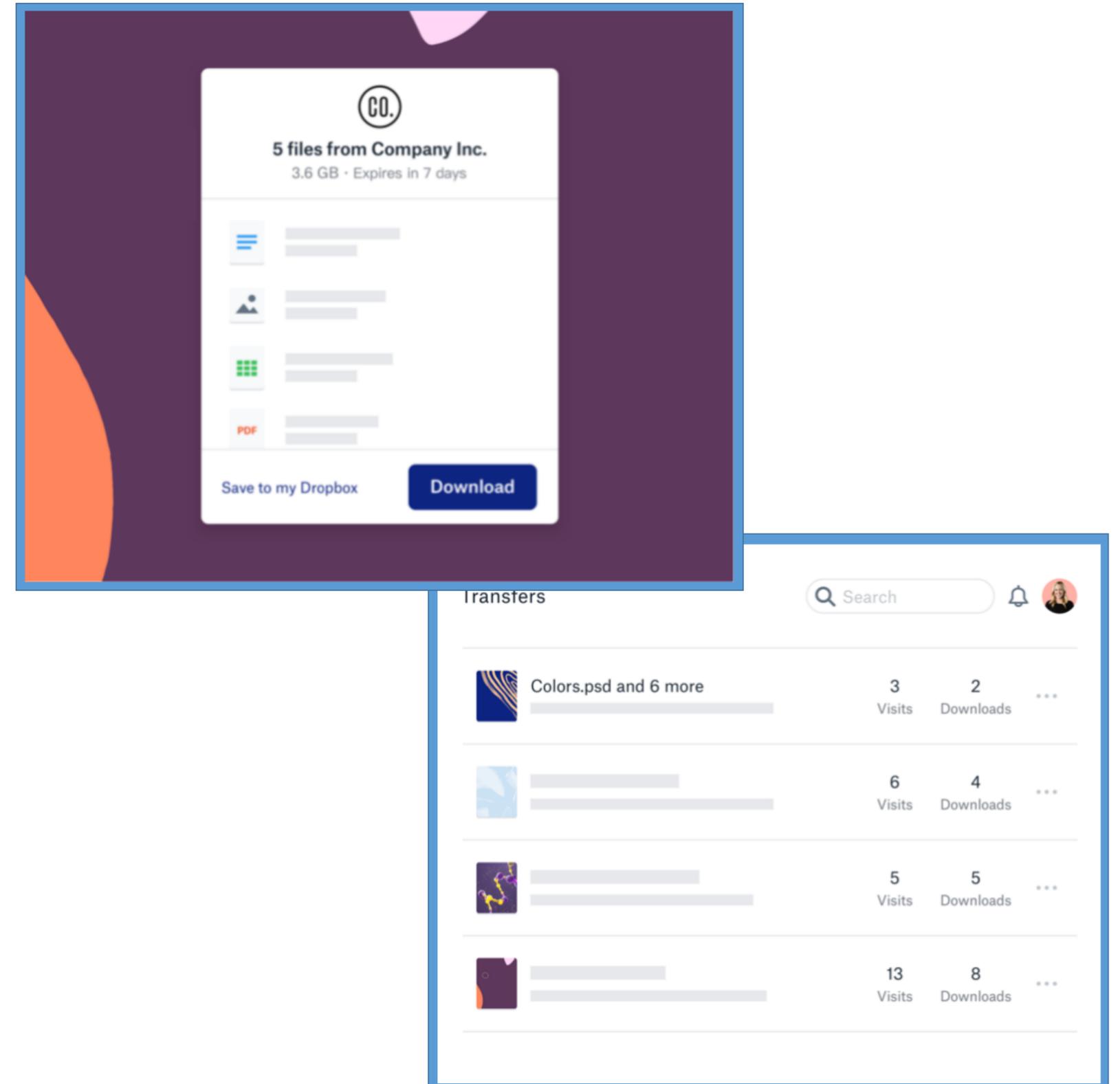
Easily and securely share large files and folders

Recipients can view, download, and comment on Transfers

Senders receive analytics and real-time notifications around file activity

Note: Size of Transfers varies based on Dropbox plan: Basic (100MB), Plus & Standard (2GB), Professional, Advanced, Enterprise, and Education (100GB).

Note: Transfers are automatically set to expire after 7 days, but Professional, Advanced, Enterprise, and Education users have the option to set the transfer to expire in 7, 30, 60, or 90 days.



# Dropbox Passwords

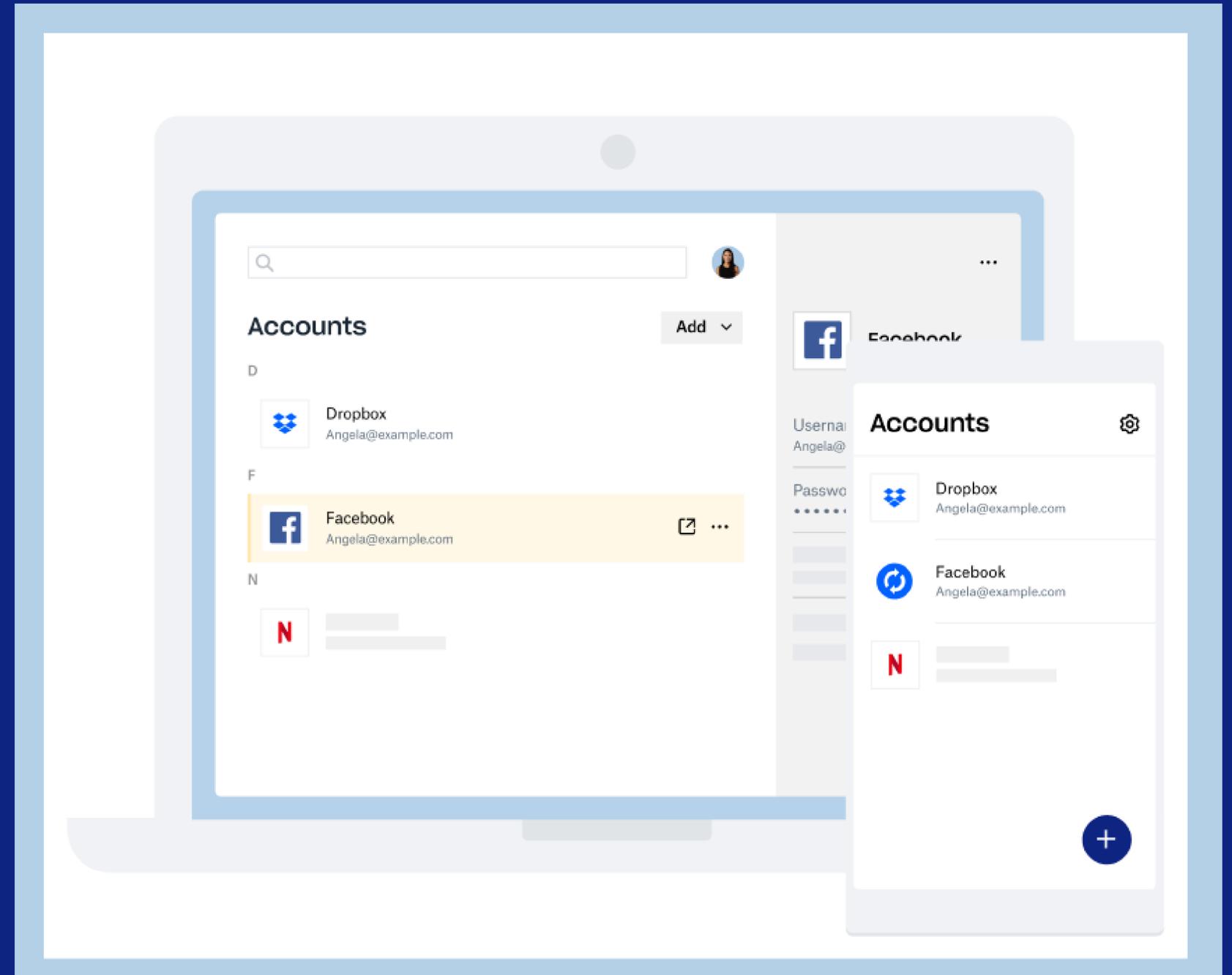
Store and sync passwords across all devices

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Easily sign in from anywhere

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Zero-knowledge encryption keeps users' data secure



# Dropbox Vault

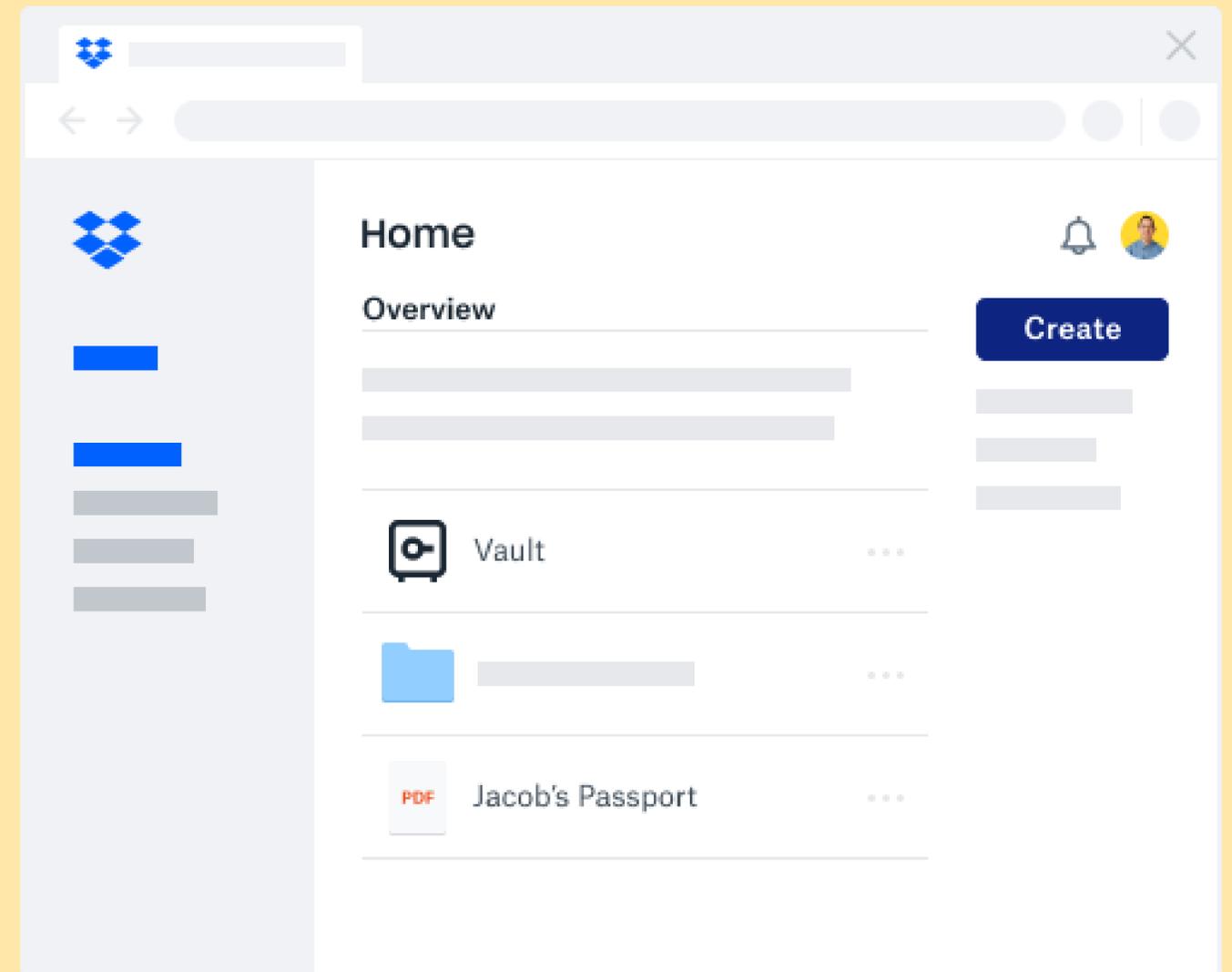
Securely store passports, tax documents,  
and financial statements

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PIN code provides extra layer of security

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Designate trusted friends and family  
access to your Vault



# Computer Backup

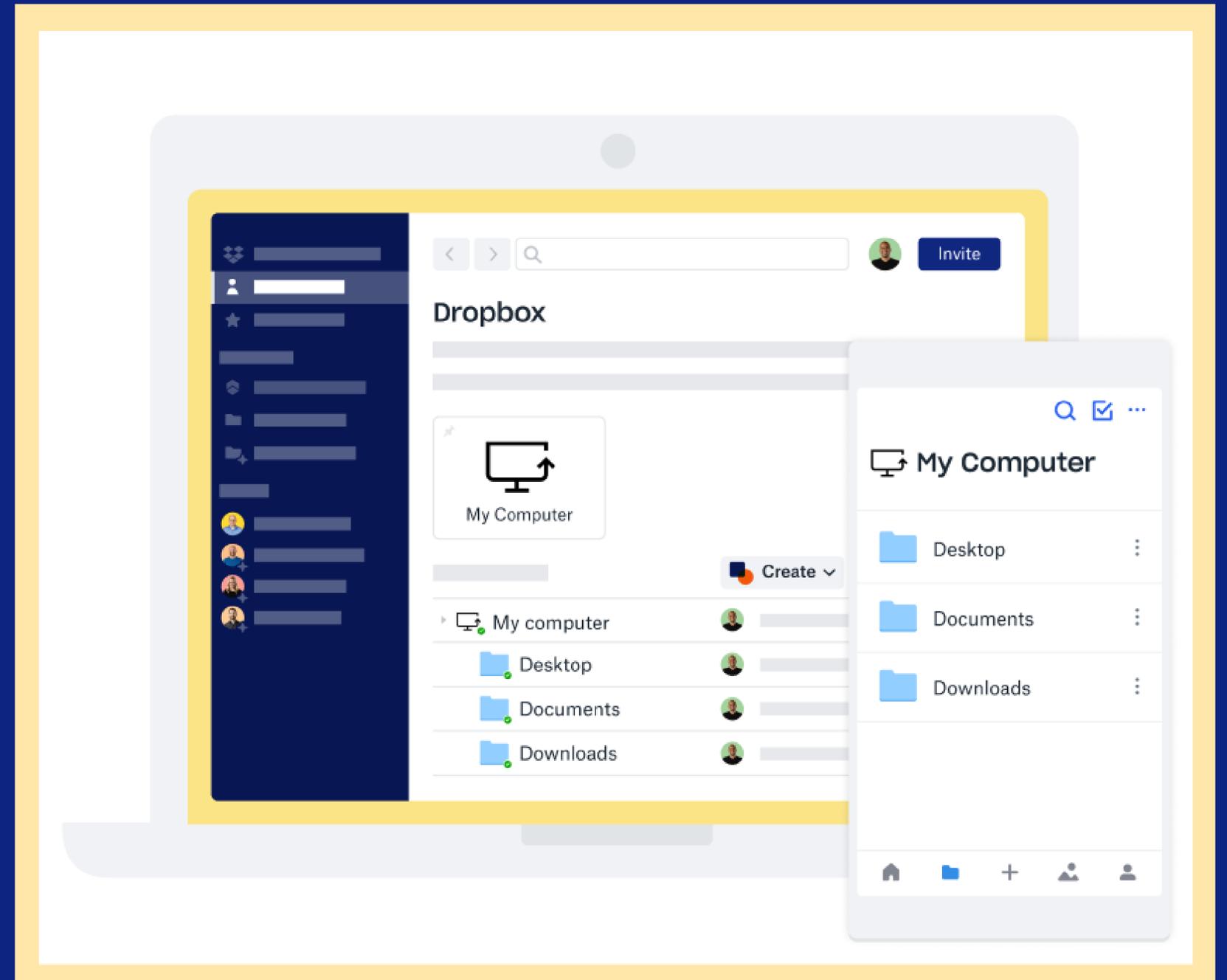
Automatically back-up folders on a PC or Mac

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Content is continuously synced between the cloud and a hard drive

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Easily access all your content from within Dropbox



# Dropbox Family

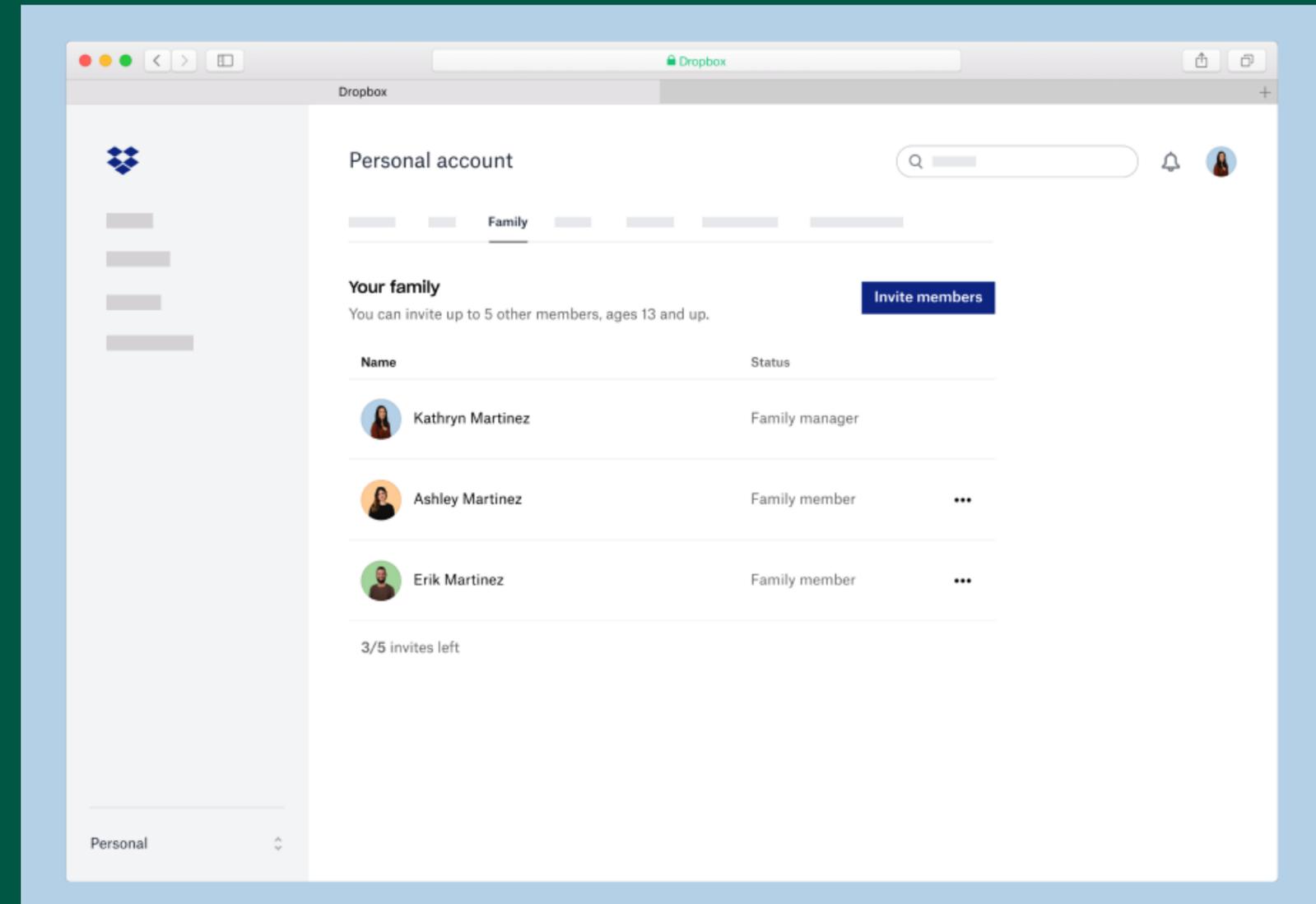
Keep your family's digital lives connected

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Create both shared and personal spaces

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Support up to 6 members in one plan



# Drobox App Center

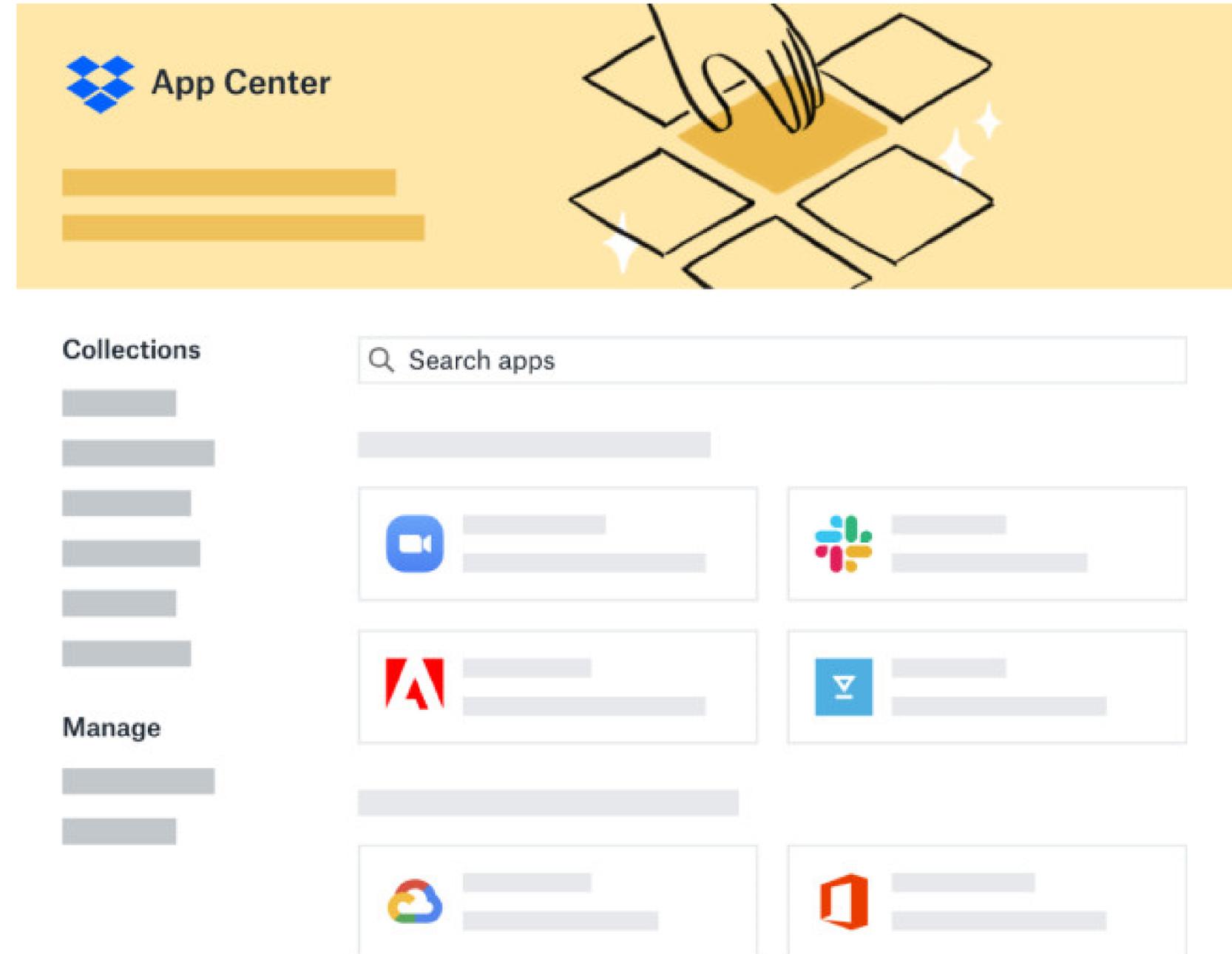
Discover and connect apps to your Dropbox account

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

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Creates a more engaging and higher-value experience with Dropbox



# HelloSign Native Integration

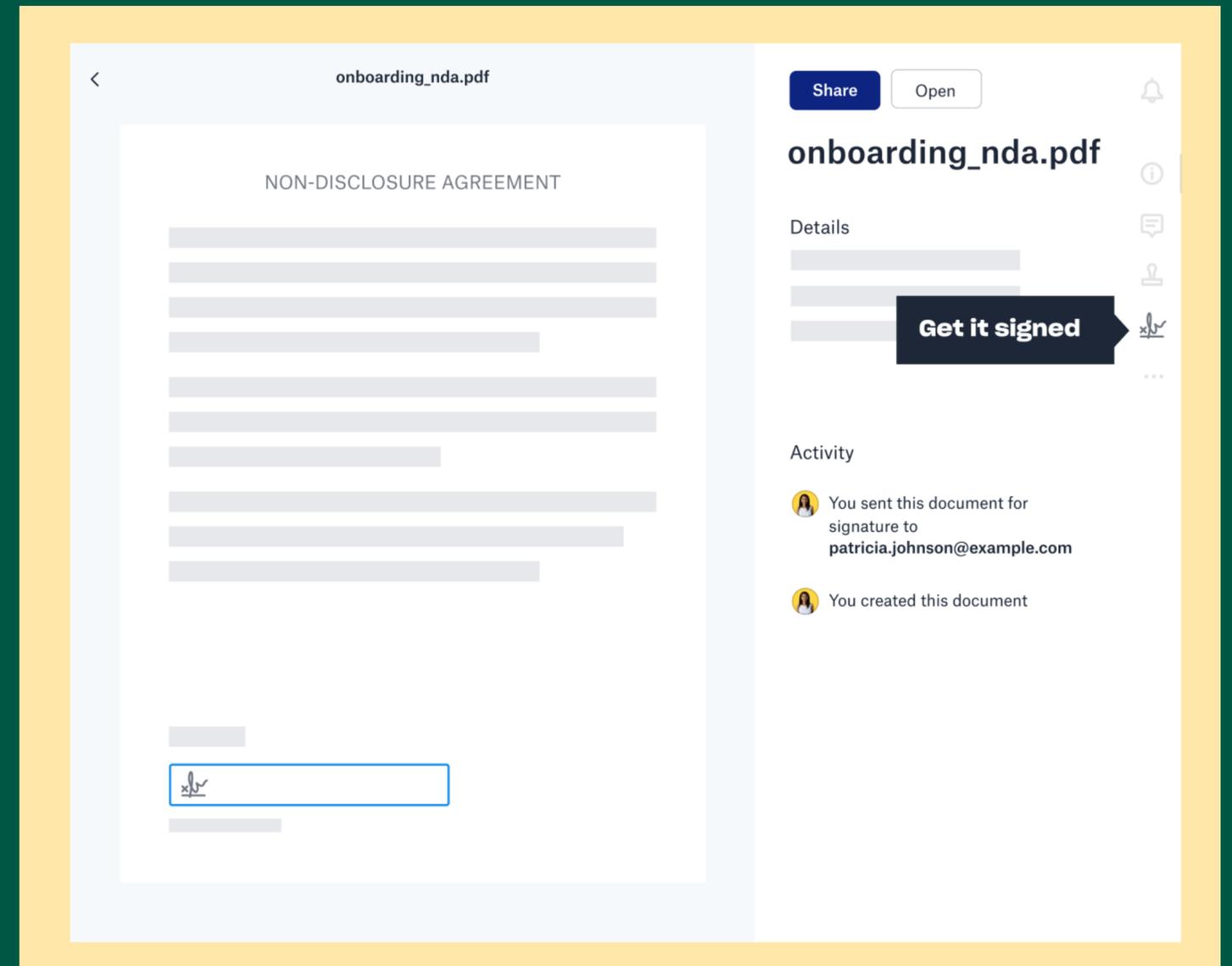
Sign, send, and receive documents all without ever leaving Dropbox

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Manage an entire end-to-end workflow within Dropbox

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HelloSign is now the primary eSignature tool for Dropbox users



# Deep integration partners



Google

  
Adobe

zoom

 slack

 Microsoft

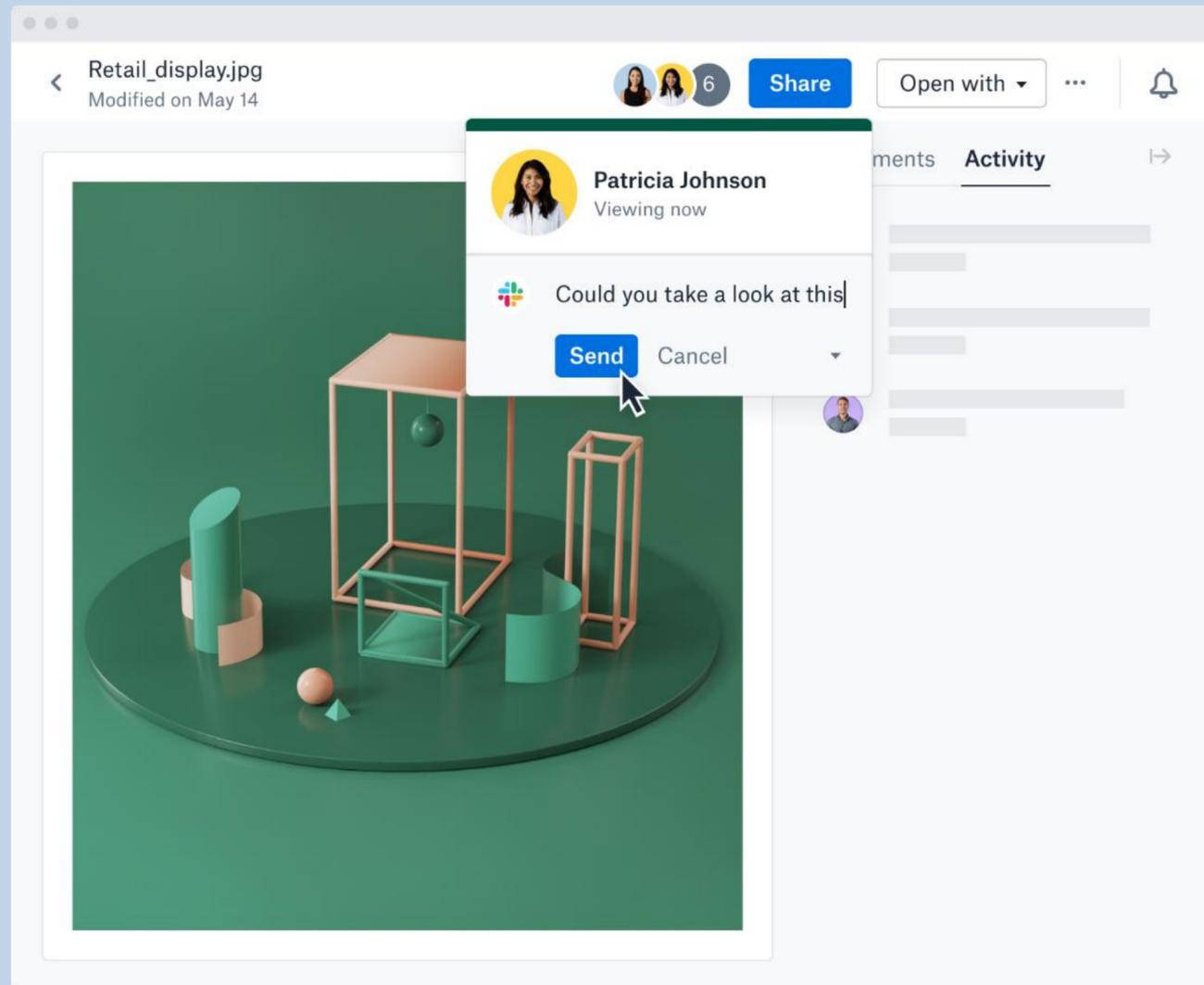
 **ATLASSIAN**

 BetterCloud

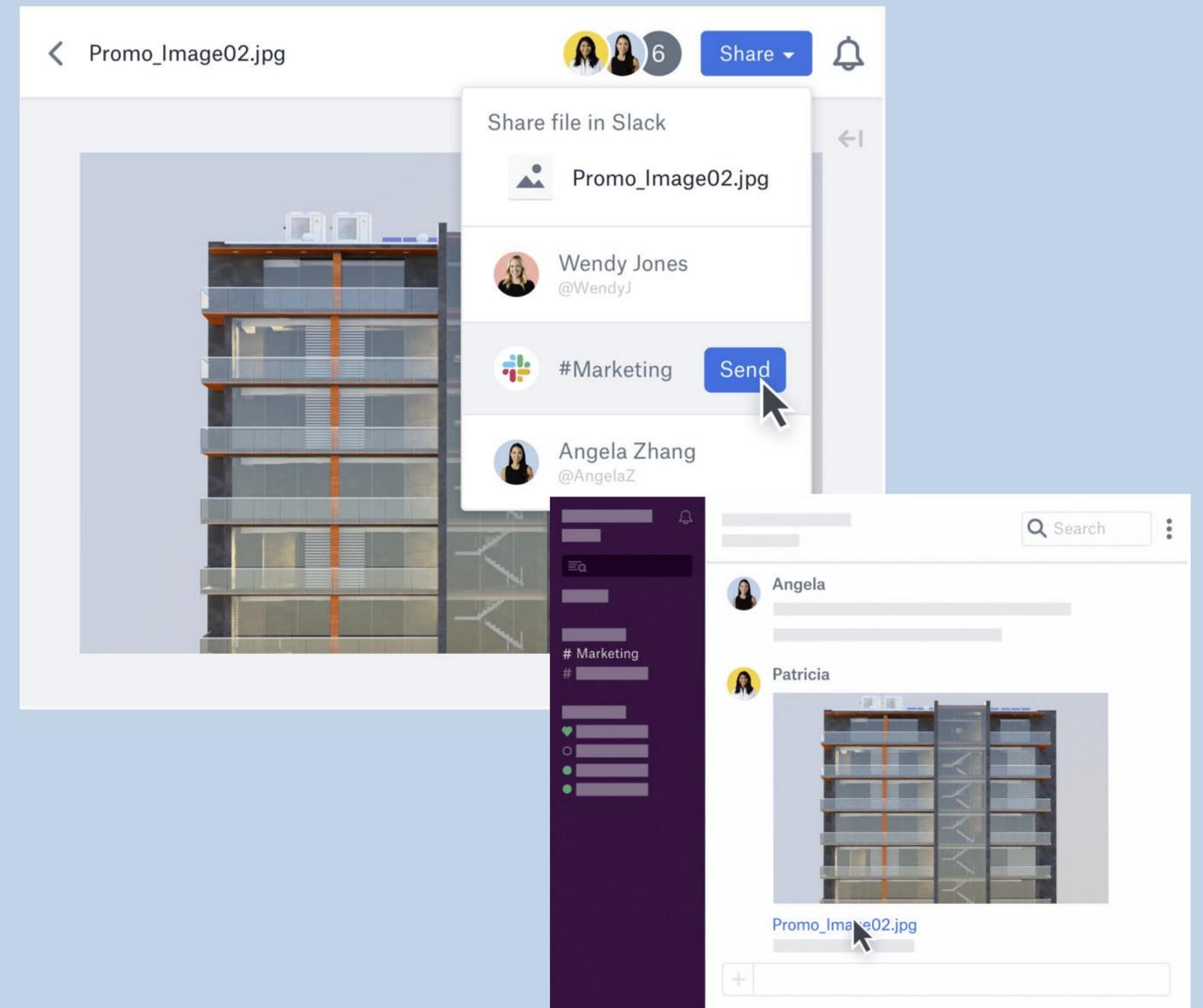
 salesforce

# Slack integration

Start Slack conversations from Dropbox



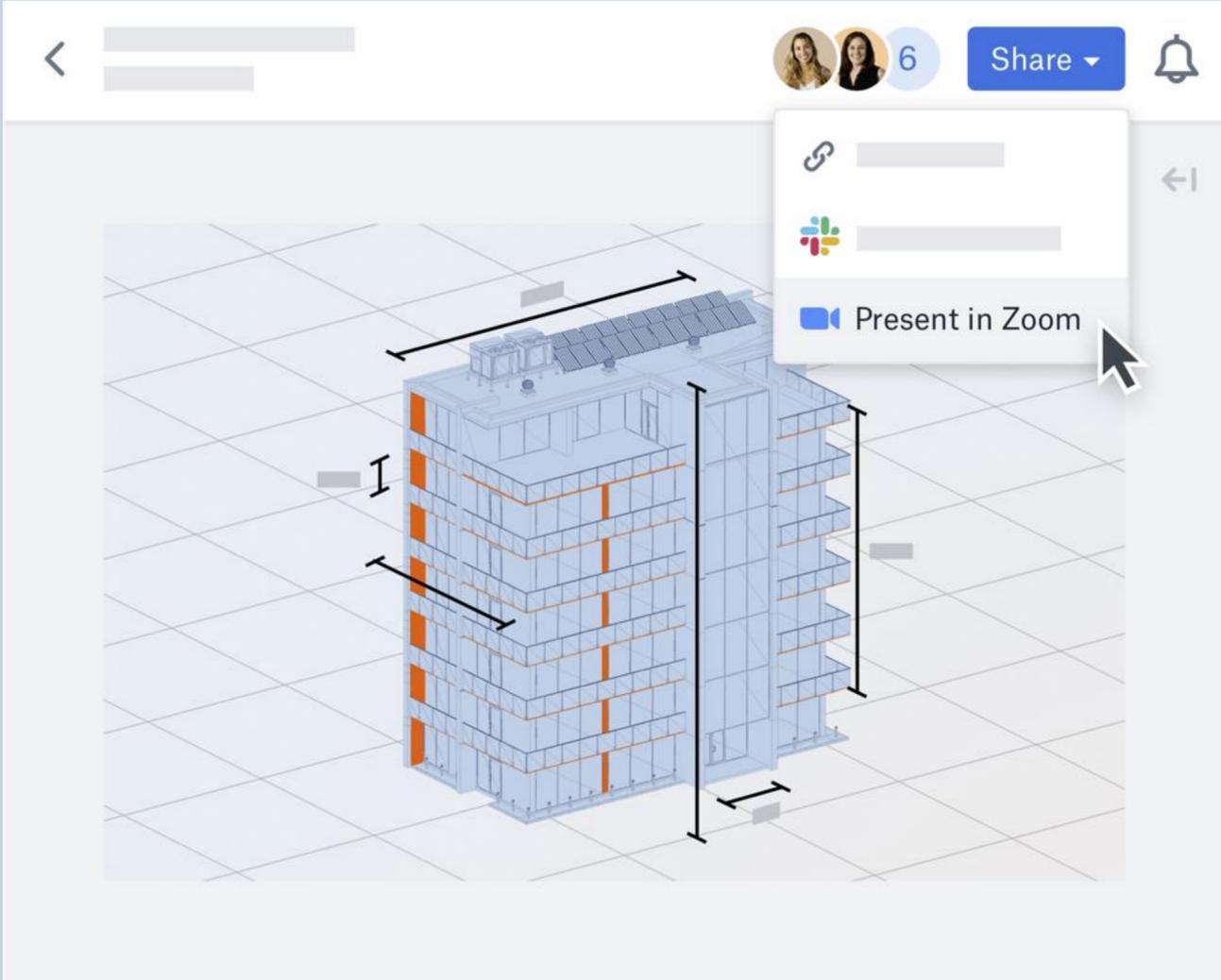
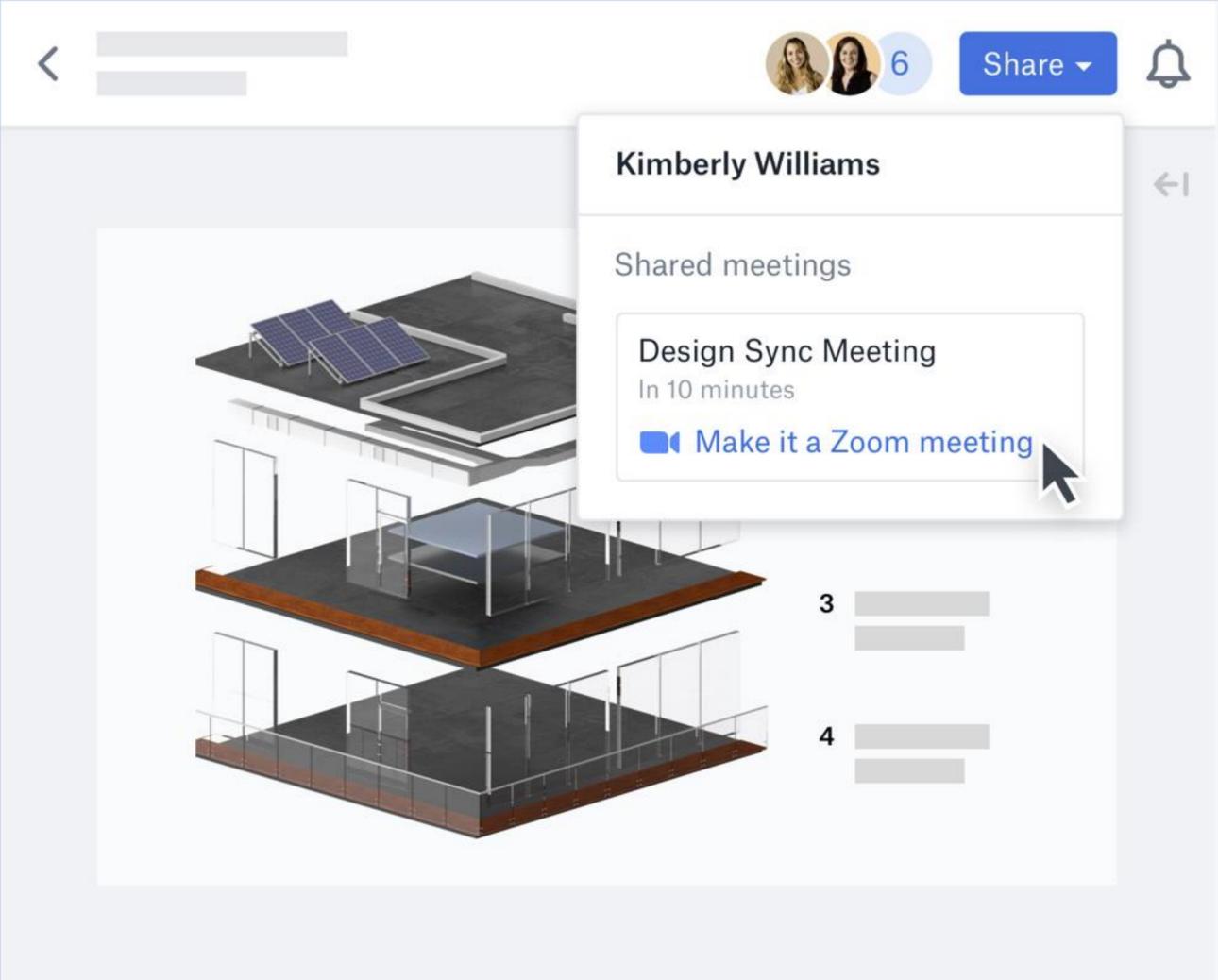
Share content to Slack from Dropbox



# Zoom integration

Start Zoom meetings from Dropbox

Present Dropbox content via Zoom



# Data protection & orchestration



&



Automated workflows for account capture, onboarding, & offboarding

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Data loss prevention

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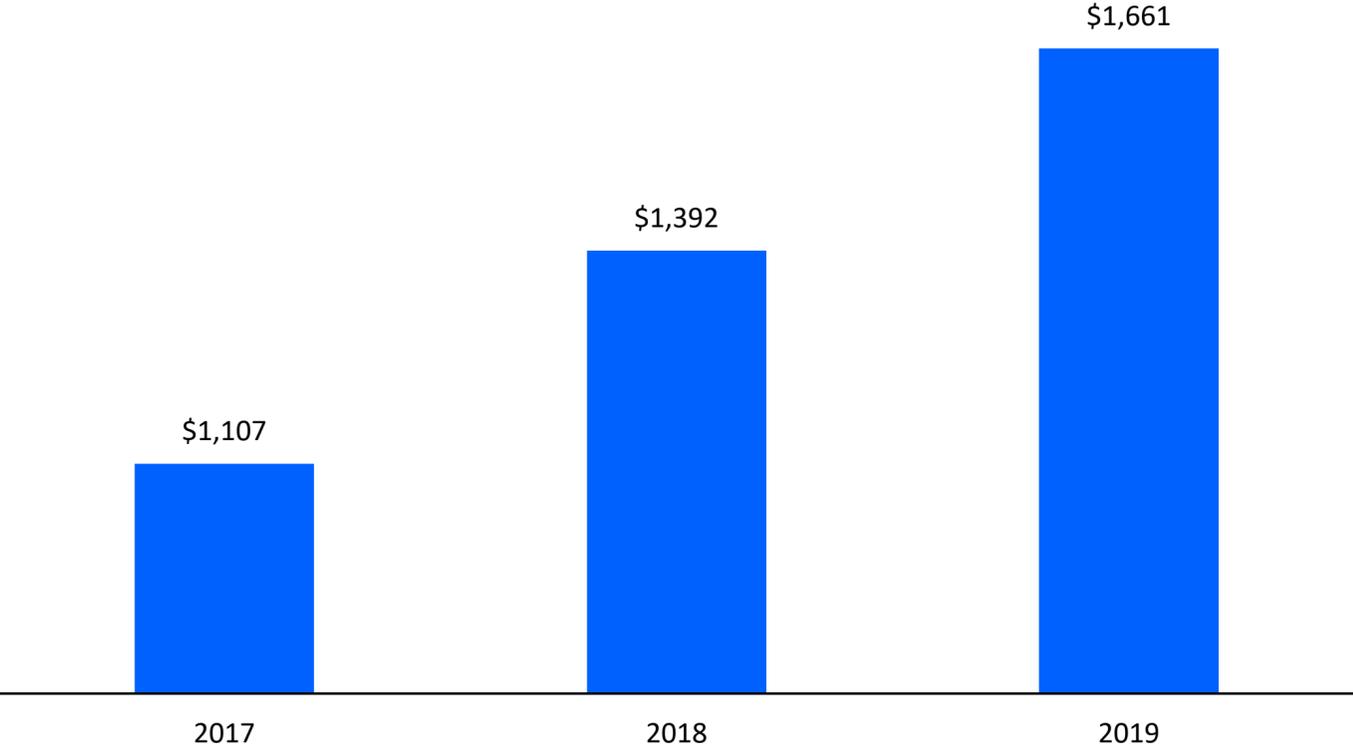
New add-on SKU sold by DBX

# Financial highlights

# Financial highlights

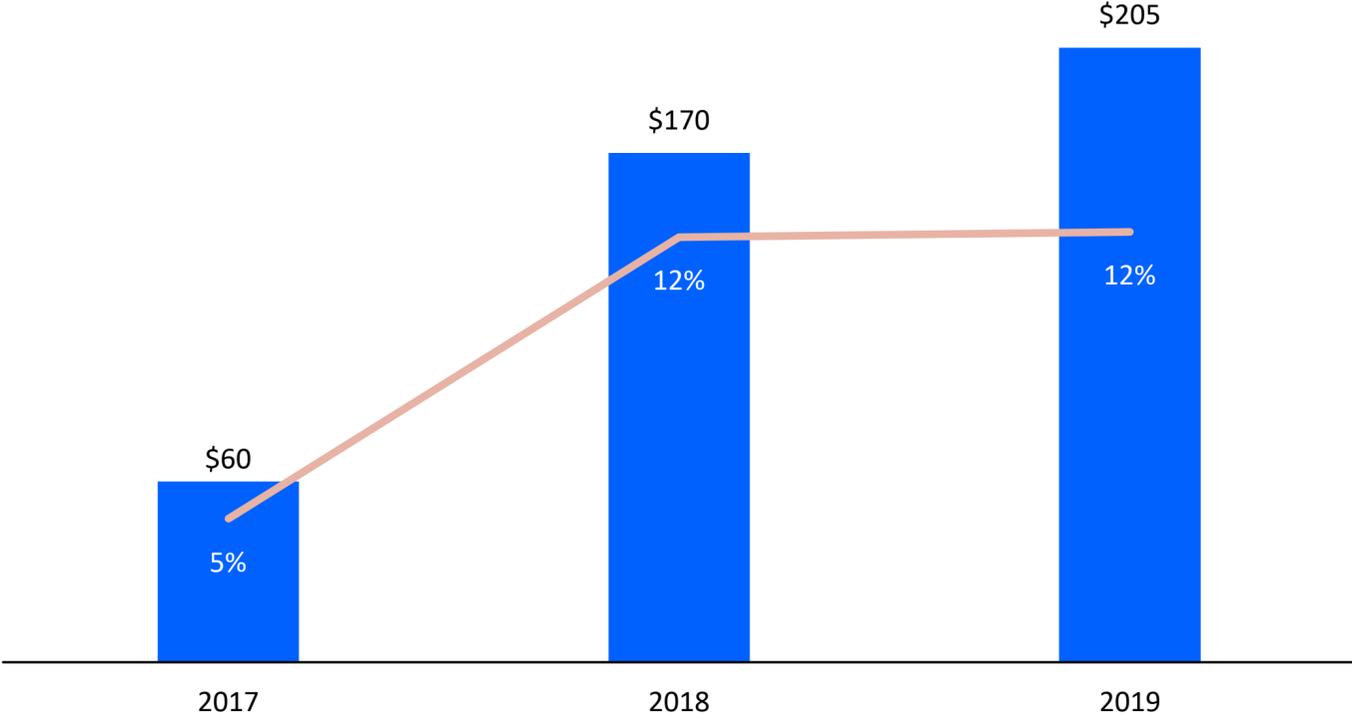
## Revenue (\$M)

19% YoY growth in 2019



## Operating income (\$M)

■ Non-GAAP operating income  
— Non-GAAP operating margin

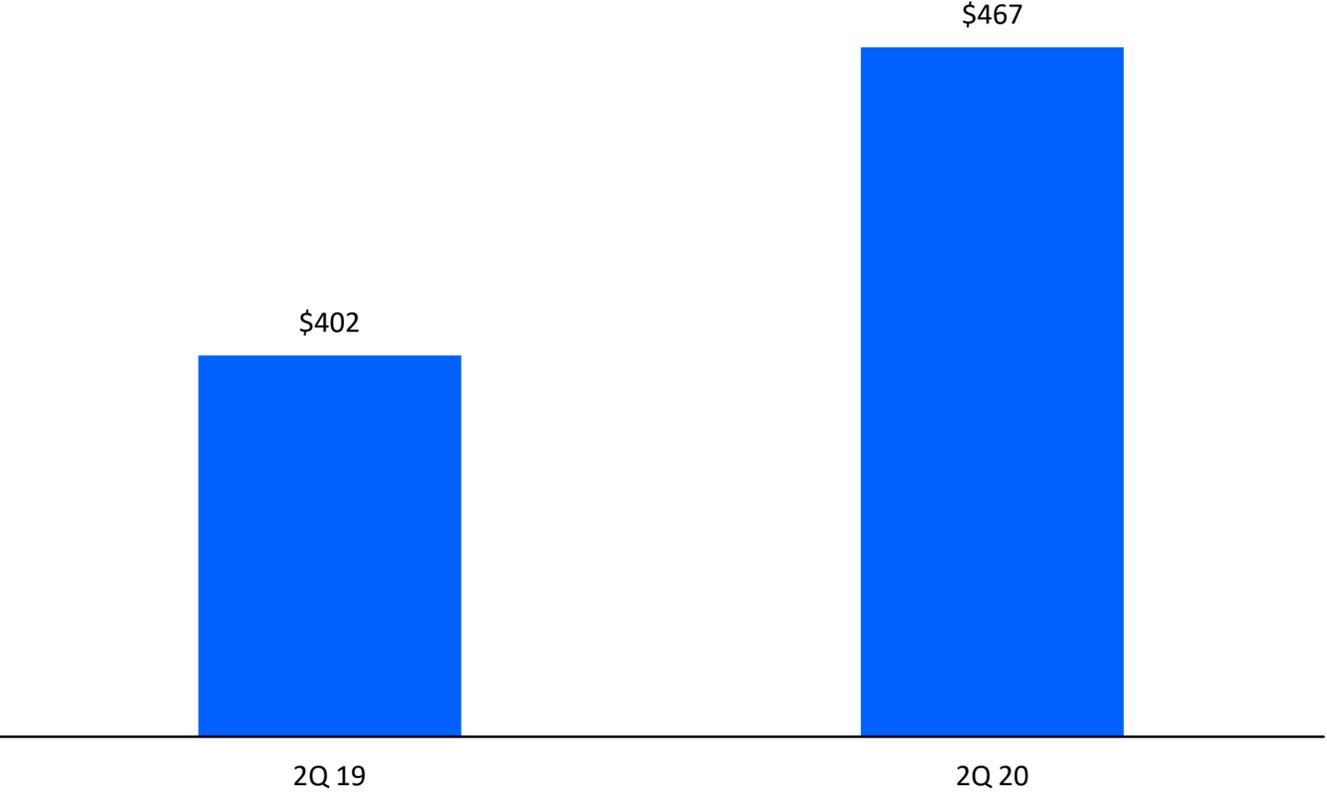


Figures presented are non-GAAP and exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

# Financial highlights

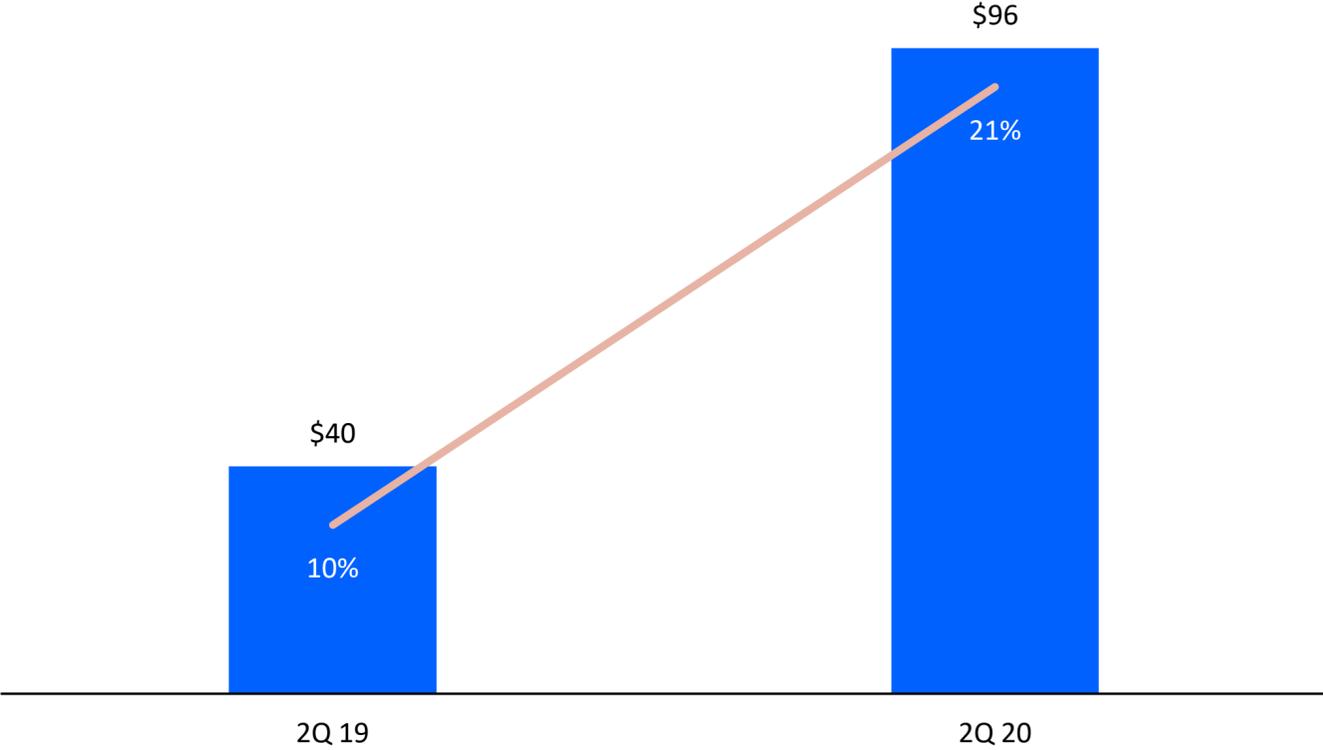
## Revenue (\$M)

16% YoY growth in Q2'20



## Operating income (\$M)

■ Non-GAAP operating income  
— Non-GAAP operating margin



Figures presented are non-GAAP and exclude stock-based compensation expense, amortization of acquired intangibles, and HelloSign acquisition-related expenses. See appendix for non-GAAP reconciliation.

# Target model

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

Note: Margin framework excludes one-time deal-related investments associated with M&A.

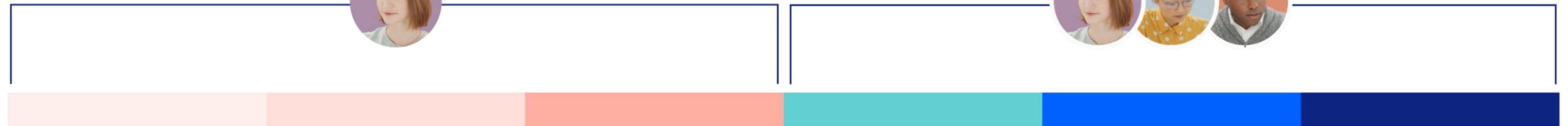
# Appendix

# Dropbox subscription plans

Individuals



Teams



Basic

Plus

Professional

Standard

Advanced

Enterprise

Free	\$11.99 / month \$119.88 / 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
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**Everything in Plus**

- Smart Sync
- Computer Backup
- Passwords
- Vault\*
- Dropbox Rewind
- Dropbox Transfer\*
- Full text search
- Priority email support
- 30 day version history

- Enhanced Smart Sync
- Auto OCR
- Premium previews
- Watermarking
- Time-based comments
- Shared link controls
- 180 day version history

**Everything in Professional**

- Team folders
- Admin console
- Granular permissions
- Active directory connector
- Enables HIPAA compliance
- Unlimited API access\*\*

**Everything in Standard**

- Business hours phone support
- Single sign-on integration (SSO)
- Audit logs
- Device approvals
- Tiered admin roles

**Everything in Advanced**

- 24/7 phone support
- Enterprise mobility management (EMM)
- Network control
- Domain insights and analytics

2GB of storage

2TB storage

3TB storage

5TB storage

As much storage as needed

As much storage as needed

\*Vault is only available in Plus. \*Size of Dropbox Transfer varies based on Dropbox plan: Basic (100MB), Plus & Standard (2GB), Professional, Advanced, and Enterprise (100GB).

\*\*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	Pro	Business	Enterprise*	Bronze	Silver	Gold	Enterprise***
	1 user 3 docs / mo	\$15 / mo 1 user 1 template	\$10 / user Minimum 5 users Starts at 5 templates	\$30 / user Minimum 5 users Unlimited templates	\$99 / mo 50 API calls 5 templates	\$249 / mo 150 API calls 15 templates	\$449 / mo 450 API calls Unlimited templates	Negotiated pricing 1,000+ API calls Unlimited templates
	<b>Everything in Free</b>	<b>Everything in Pro</b>	<b>Everything in Business</b>		<b>Everything in Bronze</b>	<b>Everything in Silver</b>	<b>Everything in Gold</b>	
Audit trail Notifications	2-factor auth Template links Decline to sign	Custom branding In-person signing Team features	Signer attachments Advanced signing Advanced reporting Team management Master account billing HIPAA (w/ BAA) CRM/CPQ Integration**	Test mode Decline to sign Optional signers Audit trail Notifications	Embedded signing Embedded requesting Single foreign language	Multi-foreign languages Advanced signing Custom branding Signer attachments Bulk send	Embedded templates White labeling Data deletion HIPAA (w/ BAA)	

Unlimited document storage in HelloSign or  
Prebuilt storage integrations with Dropbox and several others

Unlimited document storage in HelloSign

\*Additional **Enterprise+** plan available with advanced functionality

\*\*Salesforce SalesCloud, Salesforce CPQ and Oracle CPQ add-ons available at an additional \$5 / \$15 / \$15 / user per month respectively

\*\*\*Higher volume API plans with advanced functionality available

# HelloWorks subscription plans

SMB		Mid Market			ENT
HW Free	HW 150	HW 250	HW 450	HW 1K+	
\$0 / mo Up to 100 txns* / mo	\$299 / mo Up to 150 txns* / mo	\$399 / mo Up to 250 txns* / mo	\$699 / mo Up to 450 txns* / mo	Negotiated Pricing Starts at 1,000 txns* / mo	
Unlimited Users/Teams Unlimited Workflows Unlimited Participants HelloWorks Portal API Access Shareable Links Conditional Logic	<b>Everything in Free</b> Company Branding SMS Authentication	“	“ “	“ <b>Everything in Mid Market</b> Delegated Authentication	
Unlimited Storage	Unlimited Storage	Unlimited Storage	Unlimited Storage	Unlimited Storage	

*\*Any time a workflow is launched (or sent out) for completion a single (1) "Transaction" (txn) is created*

# HelloFax subscription plans

Free	Home Office	Professional	Small Business	Enterprise*
1 user 5 pages	\$9.99 / mo 5 users 300 pages / mo	\$19.99 / mo 10 users 500 pages / mo	\$39.99 / mo 20 users 1,000 pages / mo	Negotiated pricing 20+ users Starts at 2,000 pages / mo
	<b>Everything in Free</b>	<b>Everything in Home Office</b>	<b>Everything in Professional</b>	<b>Everything in Small Business</b>
Single fax line** Int'l coverage Edit & sign	Email to fax Receive faxes Multi-recipient faxes API access***			

Unlimited document storage in HelloFax or  
Prebuilt storage integrations with Dropbox and several others

\*Higher volume plans available with advanced features

\*\*Additional fax lines available for \$4.99 / month

\*\*\*API access available for an add-on fee of \$2 / month per line and \$0.05 / page with a \$100 minimum monthly fee

# Non-GAAP reconciliation

	Twelve months ended		
	2017	2018	2019
Loss from operations - GAAP	\$ (113.7)	\$ (494.0)	\$ (80.5)
Stock-based compensation	164.6	650.1	261.2
Donation of common stock to the Dropbox Foundation	9.4	-	-
Employer payroll taxes related to the release of two-tier RSUs	-	13.9	-
Acquisition-related and other expenses	-	-	15.9
Amortization of acquired intangible assets	-	-	8.4
Income from operations - Non-GAAP	\$ 60.3	\$ 170.0	\$ 205.0

# Non-GAAP reconciliation

	Twelve months ended - 2019				
	GAAP	Stock-based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Non-GAAP
Gross profit	\$ 1,250.3	\$ 15.8	\$ -	\$ 3.4	\$ 1,269.5
<i>Gross margin</i>	75%	1%	0%	0%	76%
Research and development	662.1	(147.6)	(14.5)	-	500.0
<i>Research and development margin</i>	40%	-9%	-1%	0%	30%
Sales and marketing	423.3	(31.4)	-	(5.0)	386.9
<i>Sales and marketing margin</i>	26%	-2%	0%	0%	23%
General and administrative	245.4	(66.4)	(1.4)	-	177.6
<i>General and administrative margin</i>	15%	-4%	0%	0%	11%
Income (loss) from operations	(80.5)	261.2	15.9	8.4	205.0
<i>Operating margin</i>	-5%	16%	1%	1%	12%

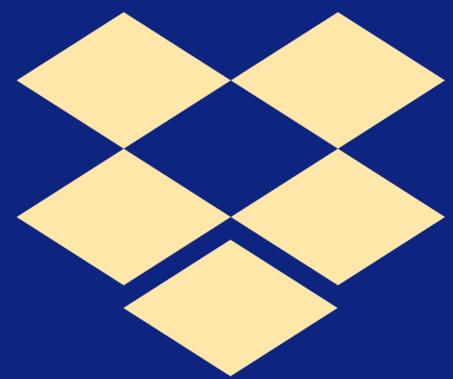
# Non-GAAP reconciliation

## Twelve months ended - 2019

Net cash provided by operating activities	\$	528.5
Capital expenditures		(136.1)
Free cash flow	\$	392.4

# Non-GAAP reconciliation

	Three months ended	
	June 30, 2019	June 30, 2020
Income (Loss) from operations - GAAP	\$ (34.0)	\$ 12.8
Stock-based compensation	68.1	76.6
Acquisition-related and other expenses	4.1	4.4
Amortization of acquired intangible assets	2.3	2.4
Income from operations - Non-GAAP	\$ 40.5	\$ 96.2



**Dropbox**