

**Dropbox**

Company Presentation  
November 2022

# 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 June 30, 2022 that we filed with the Securities and Exchange Commission (the “SEC”) on August 5, 2022, 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 macro economic uncertainty, 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, 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; our history of net losses and our ability to 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 that may result from the COVID-19 pandemic; 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.

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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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# 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

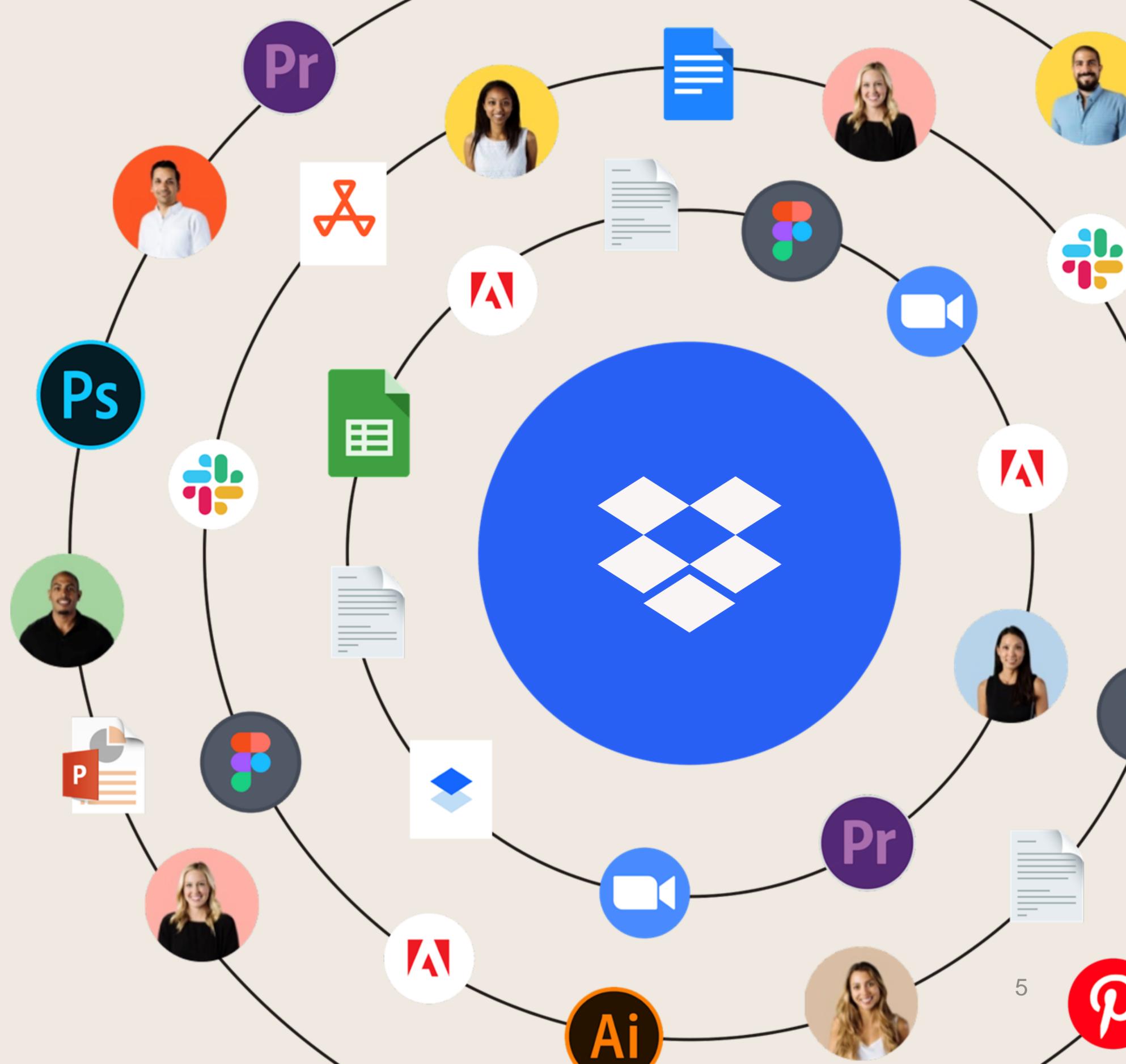
# Global Collaboration Platform at Scale\*

700M+  
registered users

800B+  
pieces of content

17.55M  
paying users

\*Data as of 9/30/22



# Keeping Files in Sync

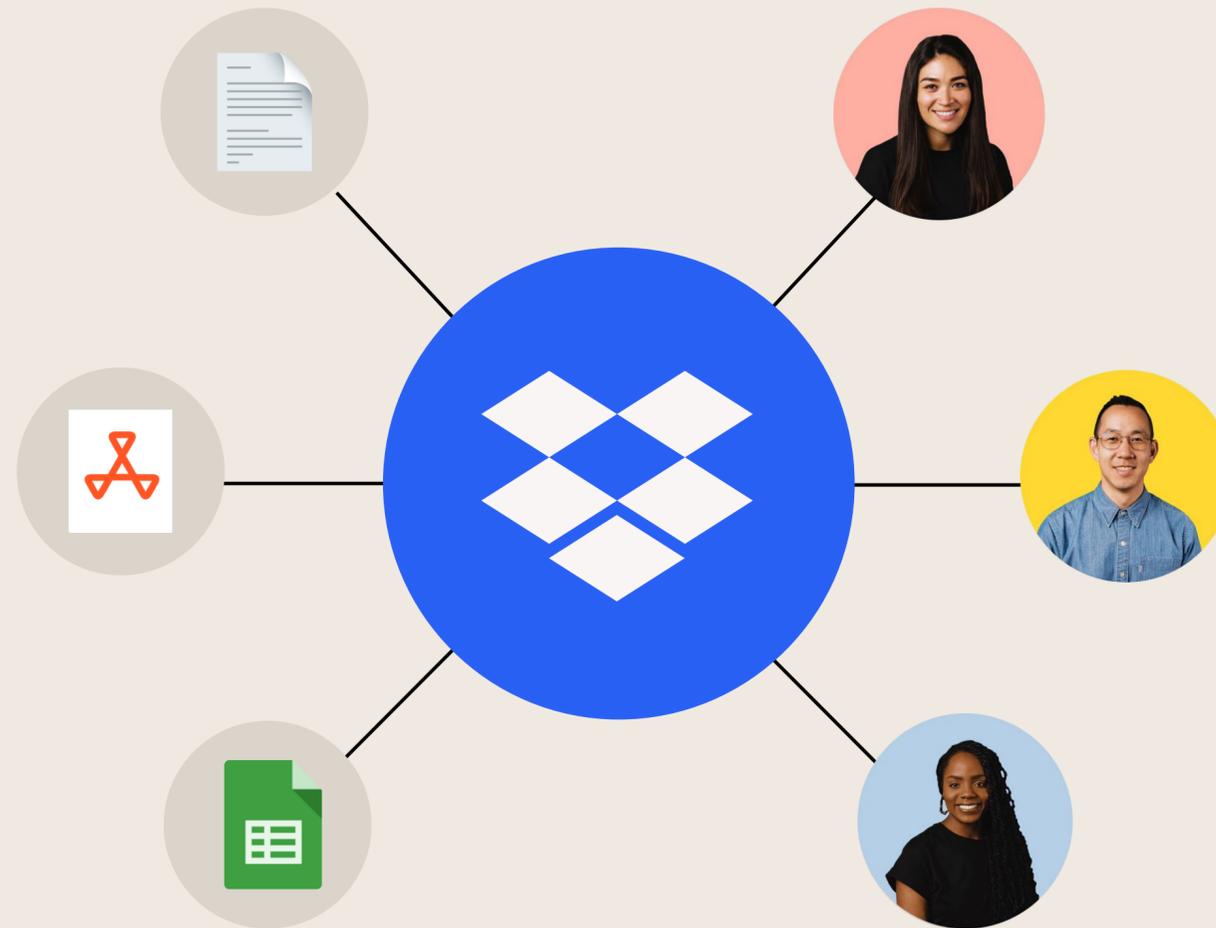
# Keeping Teams in Sync

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

# Our Product Portfolio



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Individuals	Teams	 <b>Dropbox Sign</b>	 <b>Dropbox DocSend</b>
Basic	Standard	Dropbox Sign	Personal
Plus	Advanced	Dropbox Sign API	Standard
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

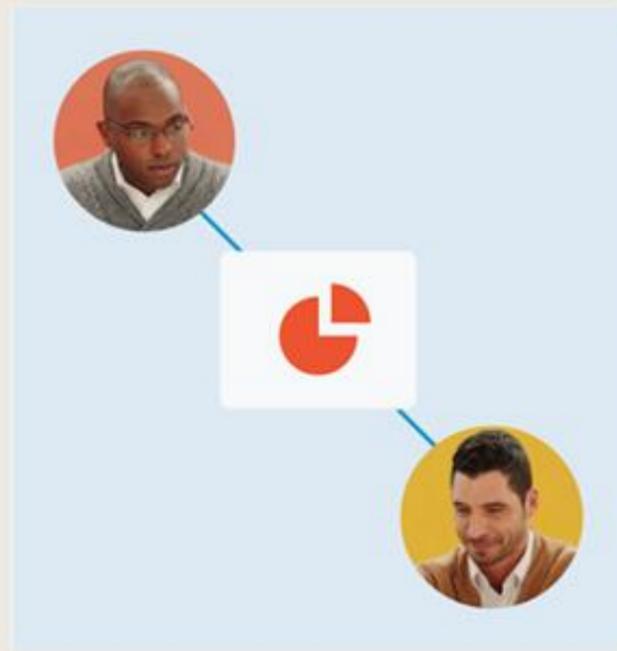
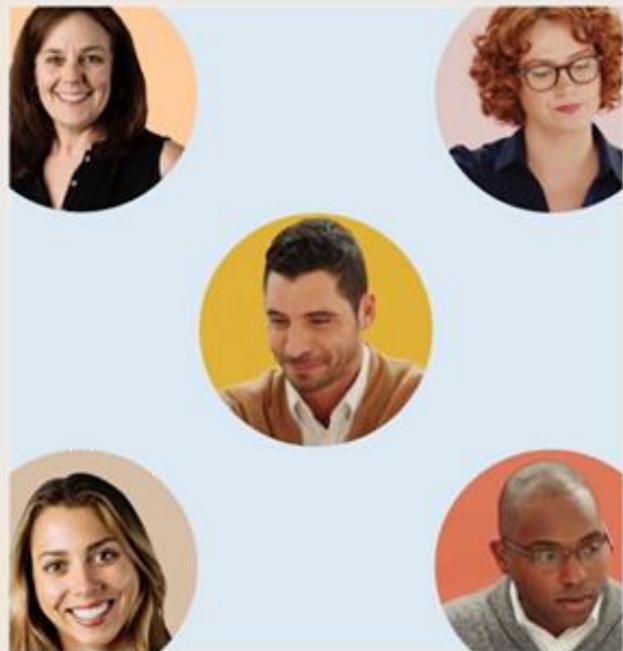
# Efficient Go-to-Market

Land

Adopt organically

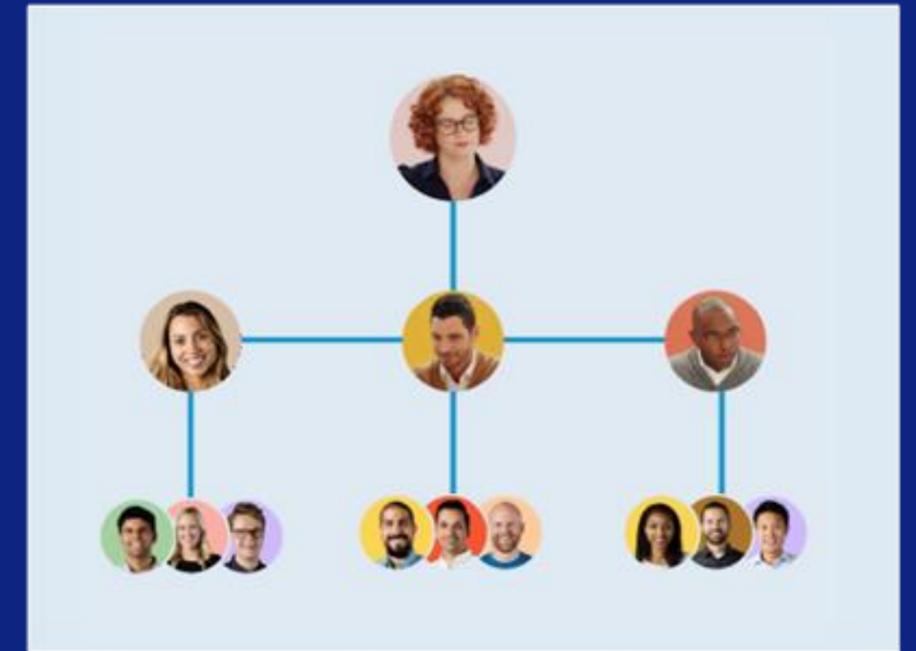
Land within companies

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

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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



# Product Experiences

Dropbox is developing new product experiences for distributed teams and creatives



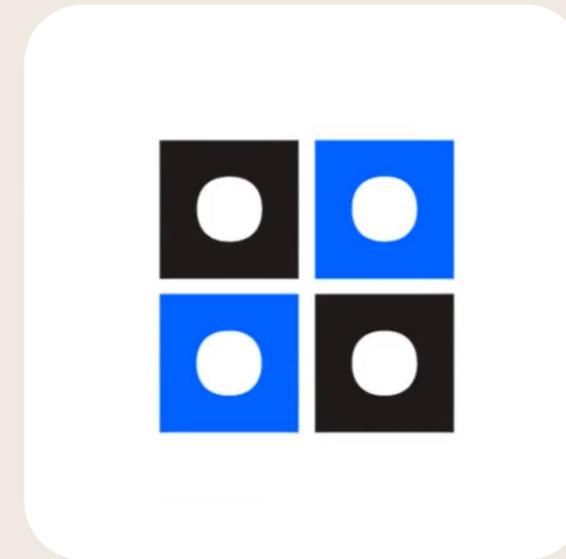
## Capture

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

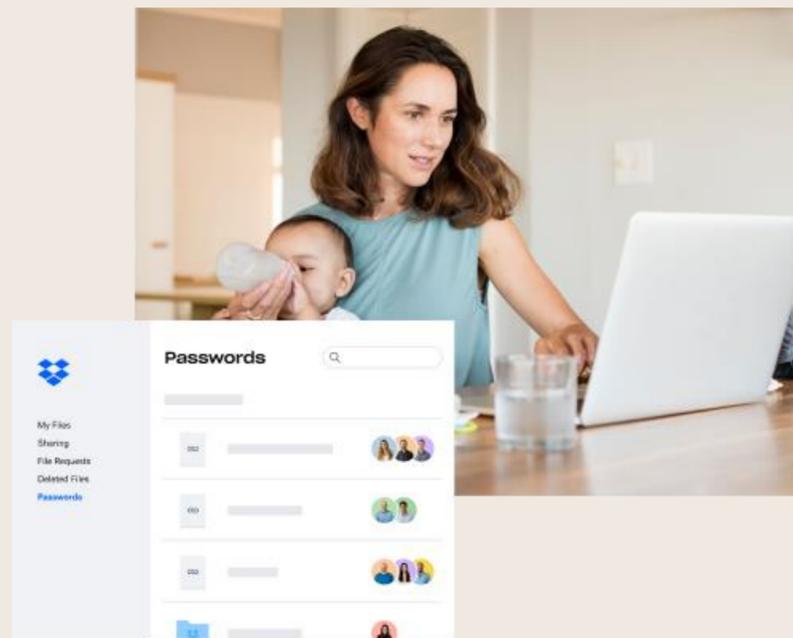


## Shop

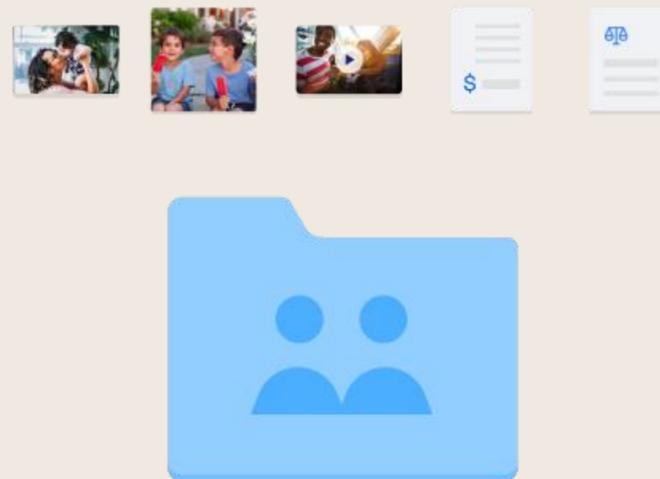
A platform to sell digital content creations that users store in their Dropbox

# Dropbox Family Plan

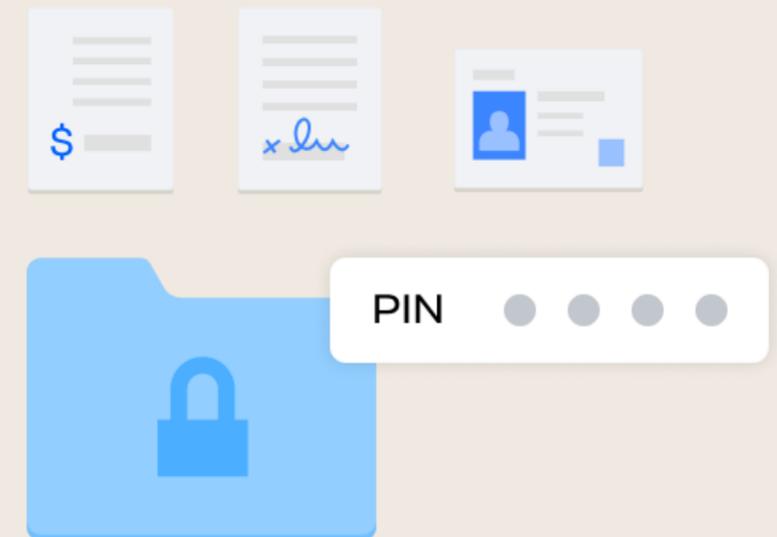
- Organize, centralize and protect your Family content
- Enhanced privacy and security features



Manage what matters most



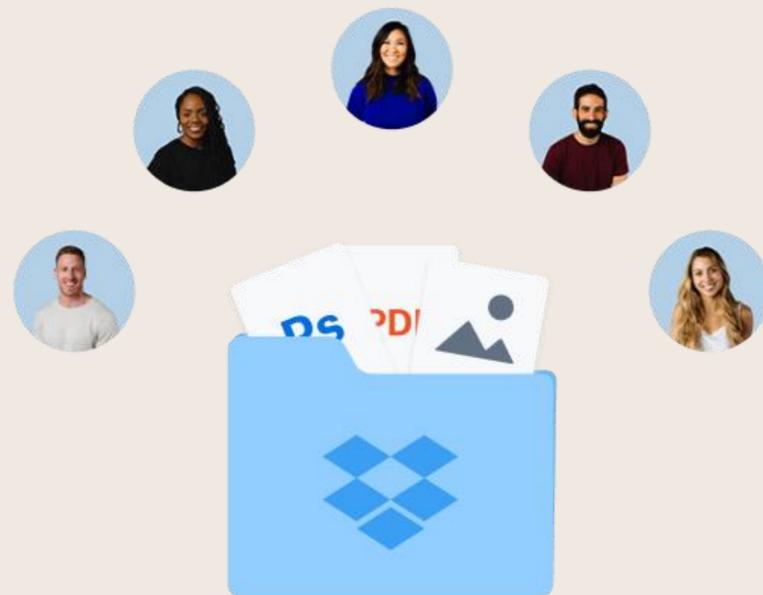
Keep your family connected



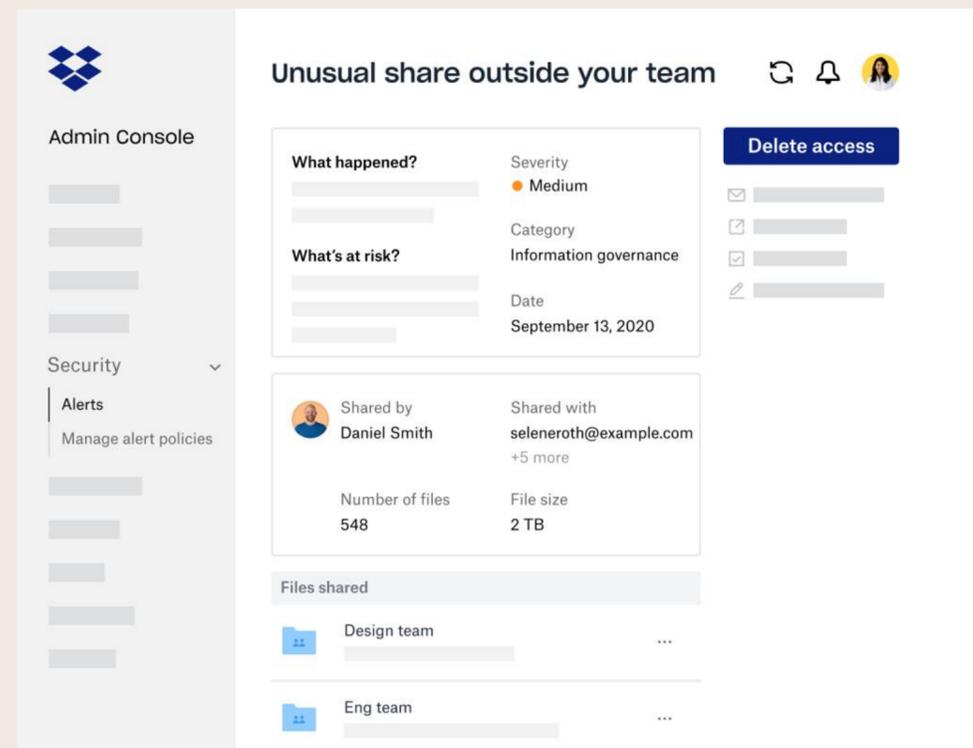
Keep sensitive info safe

# Dropbox Business

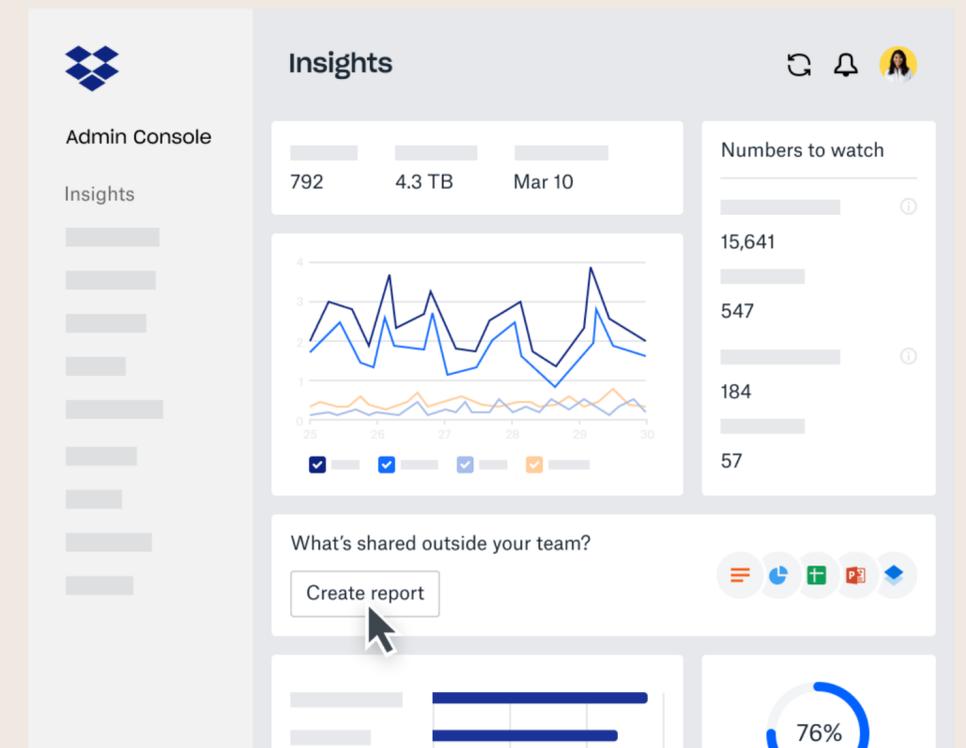
- Organize and centralize content around the needs of your team
- Collaborate in shared workspaces and streamline workflows
- Secure company data through visibility into content access and sharing



Shared team workspace



Data governance and audit logs



Advanced security alerts & notifications

# Dropbox Business Teams Expansion

- Dropbox now has over 600K paid plans for business teams (“Teams plans”)
- 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

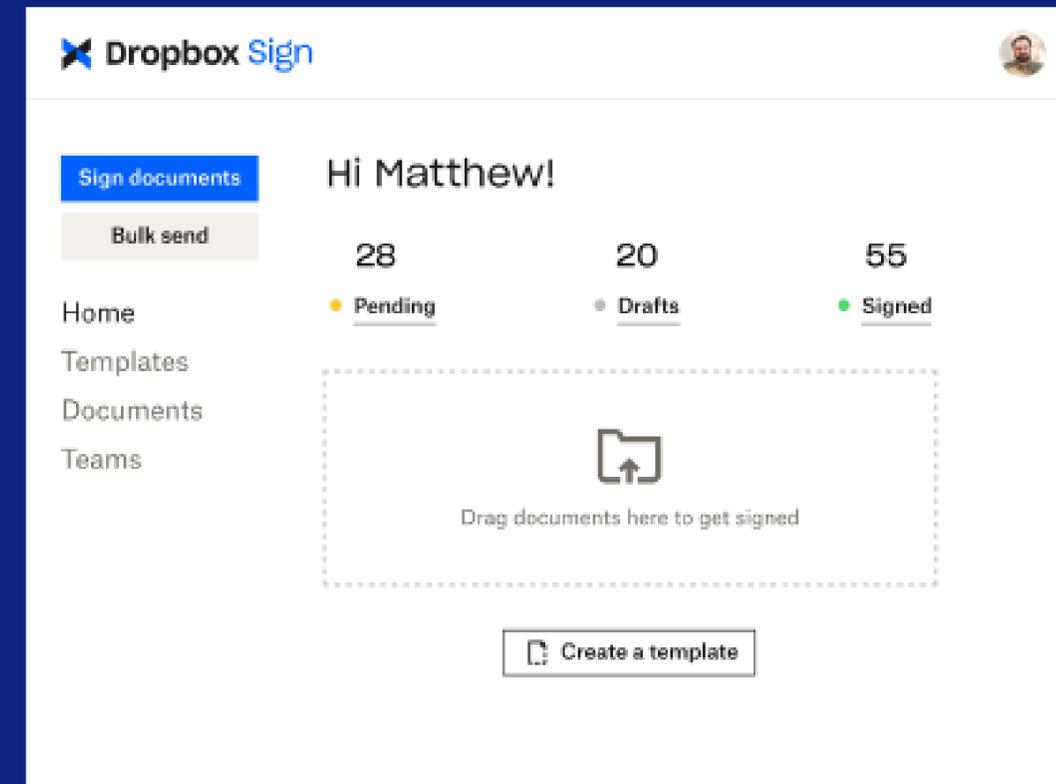
Your requests will be sent to admins for approval.

**~35%**  
of paying users are on  
Teams plans

# Dropbox Sign Update



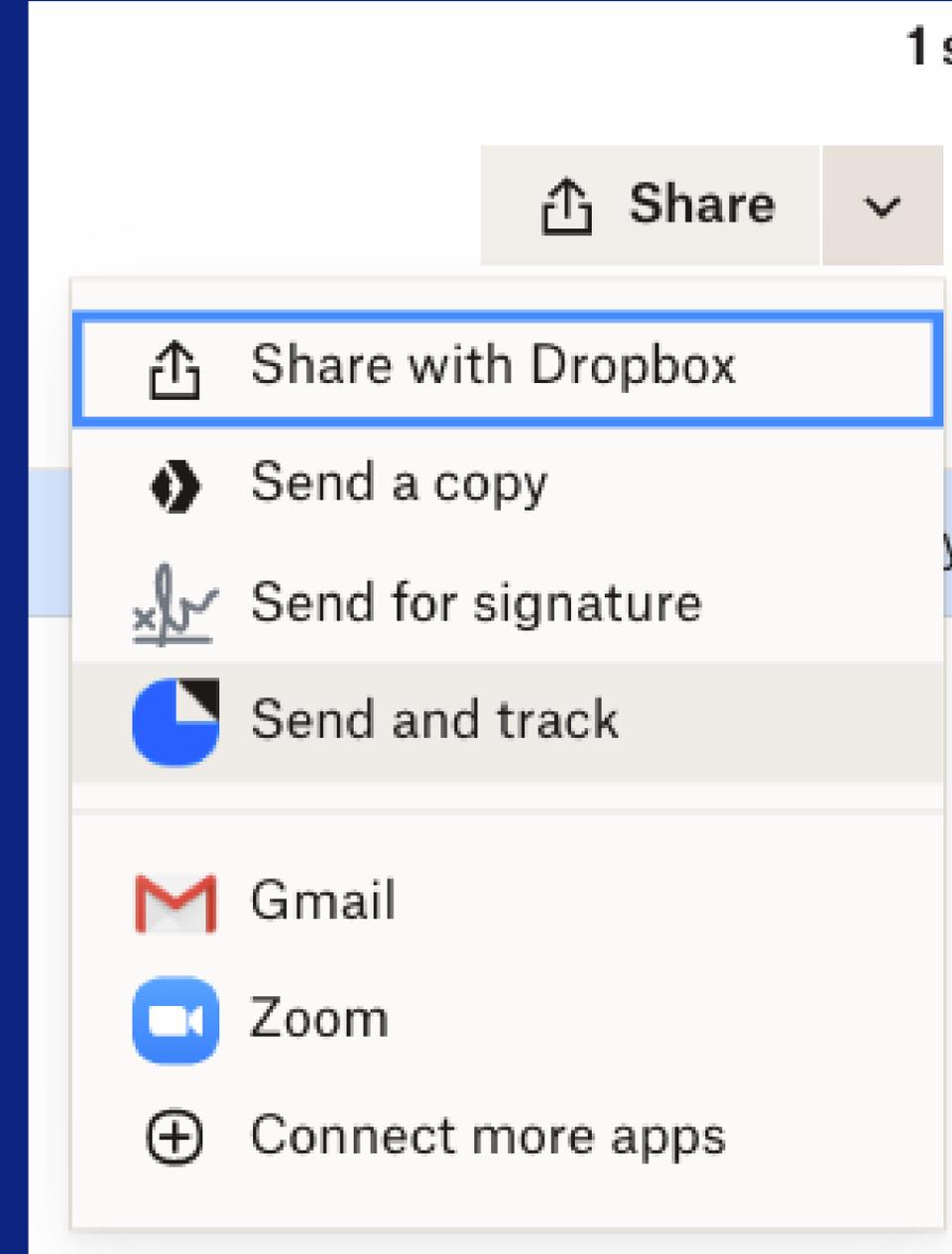
- Dropbox Sign now integrates with HubSpot
- Dropbox Forms included in Standard and Advanced Sign Plans
- Dropbox Sign now integrates with Microsoft SharePoint
- Launched new OpenAPI experience to try Sign API without writing a single line of code
- Introduced paid premium support
- Dropbox Sign is available in 21 additional languages



# 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
- DocSend launched DocSend Dashboard Analytics
- Launched DocSend Advanced Video Analytics in October
- Began testing DocSend-powered analytics as a freemium experience to Dropbox individual users

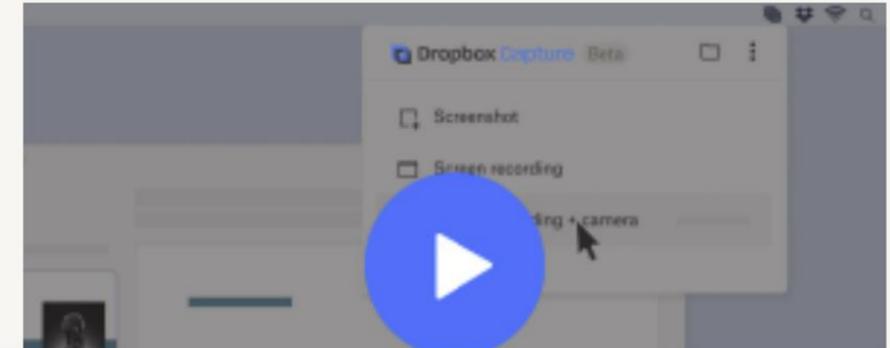


# Capture Update



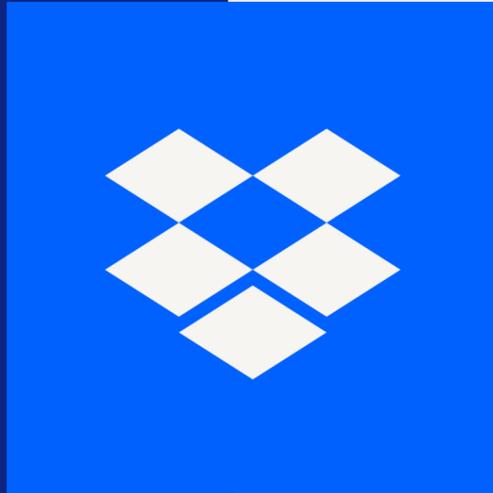
- In October Capture was released to all users
- Capture is now available across all Dropbox plans
  - Includes premium features for Professional and Teams plans, like editing for videos of any length and the ability to record in 4K up to the plan's storage limit
  - For Basic, Plus, Family Plan - users get up to two hours of recording time at 1080p and editing for videos under 5 minutes
- Our Capture users are creating over 100K+ Captures each month

A few tips for you to get started with Capture:



-  Screen recording + camera [Try it!](#)
-  Screen recording
-  Screenshot
-  Audio recording
-  Camera

# 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 global warming 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.



## 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.

# 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

# Dropbox Financial Strategy: Maintaining LT Margin Targets



**80%-82%**

Non-GAAP  
Gross Margin

**\$1 Bn**

Free Cash Flow  
by 2024

**30%-32%**

Non-GAAP  
Operating Margin

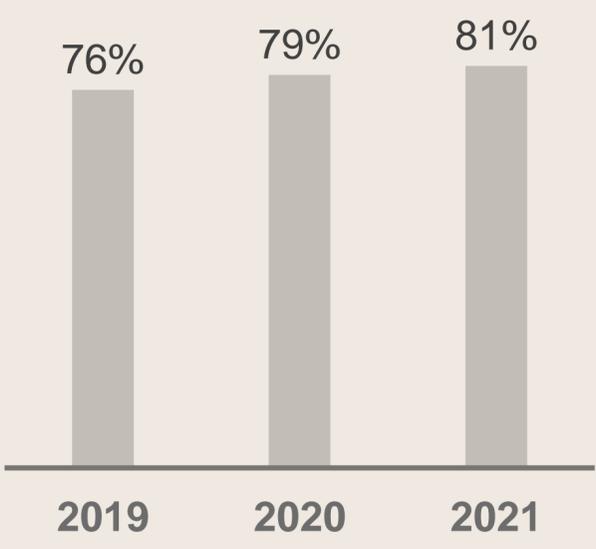
# Strong Performance at Scale



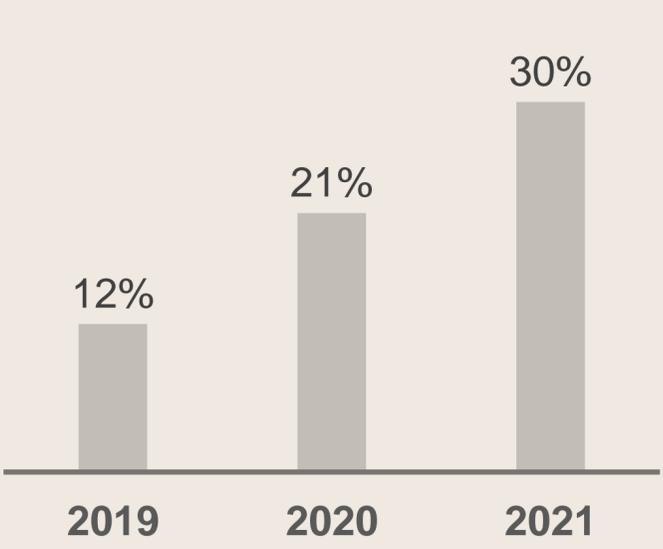
Revenue (\$M)



Free Cash Flow (\$M)



Non-GAAP  
Gross Margin



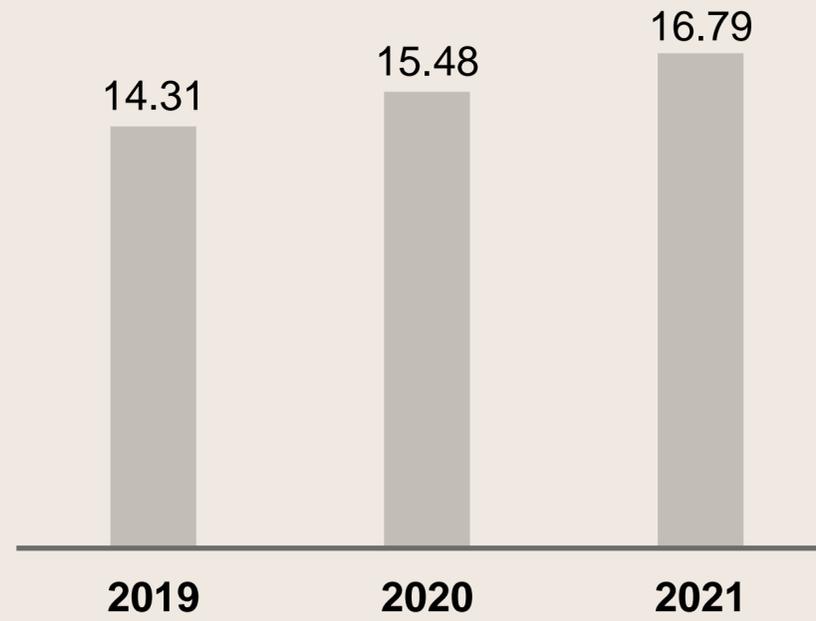
Non-GAAP  
Operating Margin

\*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)

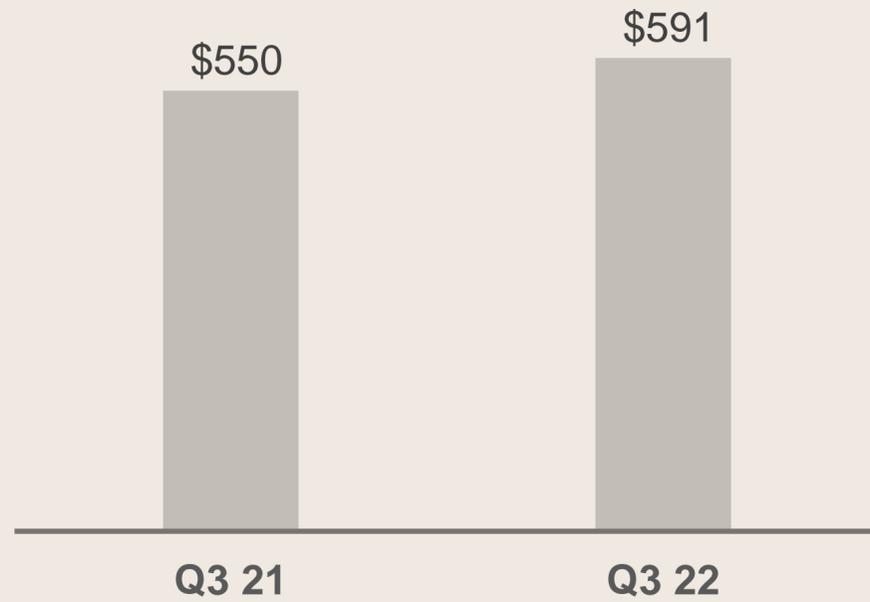


Paying Users (MM)

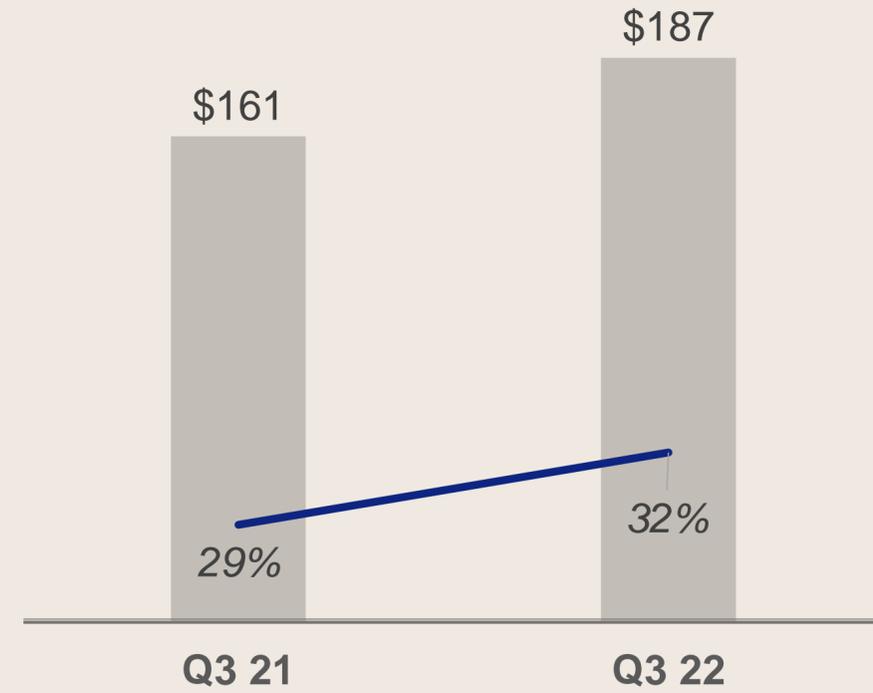


ARPU (\$)

# Q3'22 Financial Highlights



Revenue (\$M)



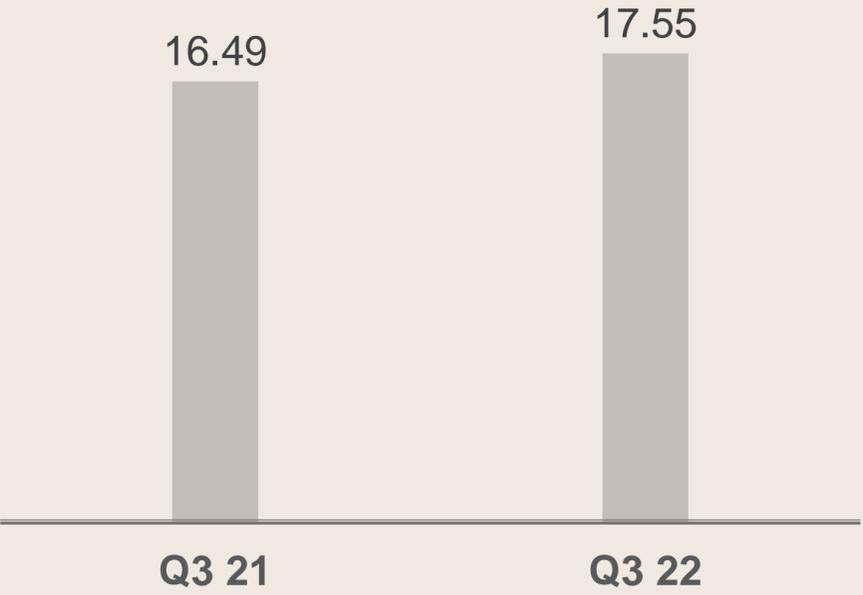
— Non-GAAP operating margin

Operating Income (\$M)

# Q3'22 Financial Highlights



CC ARR (\$M)



Paying Users (M)



ARPU (\$)

# Operating Leverage



**Proprietary Infrastructure**



**Virtual First**



**Workforce Optimization**

# Long-Term Target Model

Non-GAAP	2019	2020	2021	Long-term target
Gross Margin	76%	79%	81%	80 - 82%
R&D expense as % of revenue	30%	28%	25%	23– 25%
S&M expense as % of revenue	23%	20%	18%	18 – 20%
G&A expense as % of revenue	11%	10%	8%	8 – 10%
Operating margin	12%	21%	30%	30 – 32%
Annual Free Cash Flow	\$392M	\$491M	\$708M	\$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. 29

# Appendix

# Non-GAAP reconciliation

	Twelve Months Ended		
	2019	2020	2021
Income (loss) from operations - GAAP	\$ (80.5)	\$ (277.0)	\$ 274.4
Stock-based compensation	261.2	261.5	287.1
Acquisition-related and other expenses	15.9	16.9	26.8
Amortization of acquired intangible assets	8.4	9.5	13.1
Impairment related to real estate assets	—	398.2	31.3
Workforce reduction expense	—	—	14.3
Income from operations - Non-GAAP	\$ 205.0	\$ 409.1	\$ 647.0
<i>Non-GAAP operating margin</i>	<i>12.3%</i>	<i>21.4%</i>	<i>30.0%</i>

# Non-GAAP reconciliation

	Three Months Ended	
	September 30, 2021	September 30, 2022
Income from operations - GAAP	\$ 77.3	\$ 89.3
Stock-based compensation	72.8	86.1
Acquisition-related and other expenses	6.8	4.1
Amortization of acquired intangible assets	3.5	3.2
Impairment related to real estate assets	—	4.0
Workforce reduction expense	0.6	—
Income from operations - Non-GAAP	\$ 161.0	\$ 186.7
<i>Non-GAAP operating margin</i>	29.3%	31.6%

# Free cash flow reconciliation

	Twelve Months Ended		
	2019	2020	2021
Net Cash provided by operating activities	\$ 528.5	\$ 570.8	\$ 729.8
Capital expenditures	(136.1)	(80.1)	(22.1)
Free cash flow	\$ 392.4	\$ 490.7	\$ 707.7

# Non-GAAP reconciliation

	Three Months Ended September 30, 2022					
	GAAP	Stock based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Impairment related to real estate assets	Non-GAAP
Gross profit	\$ 481.3	\$ 6.4	\$ —	\$ 2.0	\$ —	\$ 489.7
<i>Gross margin</i>	81 %	1 %	—	—	—	83 %
Research and development	227.6	(60.6)	(1.4)	—	—	165.6
<i>Research and development margin</i>	39 %	(10)%	—	—	—	28 %
Sales and marketing	103.6	(6.0)	(1.7)	(1.2)	—	94.7
<i>Sales and marketing margin</i>	18 %	(1)%	—	—	—	16 %
General and administrative	56.8	(13.1)	(1.0)	—	—	42.7
<i>General and administrative margin</i>	10 %	(2)%	—	—	—	7 %
Impairment related to real estate assets	4.0	—	—	—	(4.0)	—
<i>Impairment related to real estate assets margin</i>	1 %	— %	—	—	(1)%	— %
Income from operations	89.3	86.1	4.1	3.2	4.0	186.7
<i>Operating margin</i>	15 %	15 %	1 %	1 %	1 %	32 %

# Non-GAAP reconciliation

	Three Months Ended September 30, 2021					
	GAAP	Stock based compensation	Acquisition-related and other expenses	Amortization of acquired intangible assets	Workforce reduction expense	Non-GAAP
Gross profit	\$ 438.2	\$ 6.0	\$ —	\$ 1.6	\$ —	\$ 445.8
<i>Gross margin</i>	80 %	1 %	— %	— %	— %	81 %
Research and development	187.3	(48.7)	(5.1)	—	(0.1)	133.4
<i>Research and development margin</i>	34%	(9%)	(1%)	—%	—%	24 %
Sales and marketing	115.7	(5.9)	(1.7)	(1.9)	(0.4)	105.8
<i>Sales and marketing margin</i>	21%	(1%)	—%	—%	—%	20 %
General and administrative	57.9	(12.2)	—	—	(0.1)	45.6
<i>General and administrative margin</i>	11%	(2%)	—%	—%	—%	9 %
Income from operations	77.3	72.8	6.8	3.5	0.6	161.0
<i>Operating margin</i>	14 %	13 %	1 %	1 %	— %	29 %

Note: % are rounded for presentation purposes

# Non-GAAP reconciliation

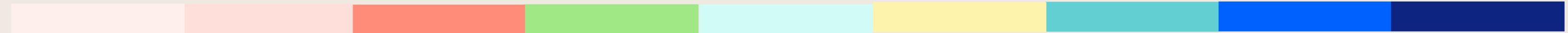
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<i>Operating margin</i>	14 %	13 %	1 %	1 %	— %	29 %

Note: % are rounded for presentation purposes

# Dropbox subscription plans

## Personal

## Business



	Basic	Plus	Family	Professional	Pro + eSign	Standard + DocSend	Standard	Advanced	Enterprise
Free		\$11.99 / month \$119.88 / year	\$19.99 / month \$203.88 / year	\$19.99 / month \$199.00 / year	\$31.99 / month \$299.88 / year	\$83 / user / month \$600 / user / year <i>3 users minimum</i>	\$18.00 / user / month \$180.00 / user / year <i>3 users minimum</i>	\$30.00 / user / month \$288.00 / user / year <i>3 users minimum</i>	Negotiated pricing
Dropbox Transfer*		<b>Everything in Basic and Backup**</b>	<b>Everything in Plus</b>	<b>Everything in Plus</b>	<b>Everything in Plus</b>	<b>Everything in Standard</b>	<b>Everything in Basic</b>	<b>Everything in Standard</b>	<b>Everything in Advanced</b>
Dropbox Paper									
Computer Backup			Up to 6 users	Auto OCR	5 templates for commonly signed documents	Real-time document analytics	External sharing reporting	1-year Extended version history	Enterprise mobility management (EMM)
File requests		Passwords	Family Room folder	Image search	Tamper-proofing	Multiple documents with a single link	Dropbox Passwords	Ransomware detection & recovery	Network control
30 day version history		Vault*	Capture	Watermarking	Audit trail that tracks and time-stamps actions	Passcodes and email verification	Dropbox Backup	Premium previews	Domain insights and account capture
HelloSign eSignatures		Dropbox Rewind		Shared link controls	Built in data validation	Approved viewer and domain lists	Dropbox Rewind	Time-based comments	24/7 phone support and advanced training
Passwords		Smart Sync and Smart Sync		Branded sharing	180 day version history	Capture	Smart Sync and Smart Sync	Viewer history	Capture
Capture		Auto-Evict		180 day version history	Branded watermarking		Auto-Evict	Single sign-on integration (SSO)	
		Full text search		Premium previews	Live chat support		Auto OCR, Image and full text search	Audit logs	
		Priority email support		Time-based comments	Advanced sharing controls		Watermarking	Device approvals	
		Capture		Viewer history	Capture		Shared link controls	Tiered admin roles	
				Traffic and insights			Branded sharing	Business hours phone support	
				Capture			180 day version history	Capture	
							Team folders		
							Admin console		
							Granular permissions		
							Enables HIPAA compliance		
							Unlimited API access**		
							Priority email + live chat		
							Capture		

\*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.

2GB of storage      2TB storage      2TB storage      3TB storage      3TB storage; Send unlimited documents for signature      5TB storage      5TB storage      As much storage as needed      As much storage as needed

