

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

November 6, 2025
Date of Report (date of earliest event reported)

DROPBOX, INC.

(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation)

001-38434
(Commission File Number)

26-0138832
(I. R. S. Employer Identification No.)

1800 Owens St.
San Francisco, California 94158
(Address of principal executive offices)
(415) 930-7766

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Class A Common Stock, par value \$0.00001 per share	DBX	The NASDAQ Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 – Results of Operations and Financial Condition

On November 6, 2025, Dropbox, Inc. (“Dropbox” or the “Company”) issued a press release and will hold a conference call announcing its financial results for the quarter ended September 30, 2025. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated by reference herein.

Item 7.01 – Regulation FD Disclosure

On November 6, 2025, Dropbox posted supplemental investor materials on its investors.dropbox.com website. Dropbox intends to use its investors.dropbox.com website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

The information in this current report on Form 8-K and the exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	<u>Press Release entitled "Dropbox Announces Fiscal 2025 Third Quarter Results" dated November 6, 2025</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: November 6, 2025

Dropbox, Inc.

/s/ Timothy J. Regan

Timothy J. Regan

Chief Financial Officer

Dropbox Announces Fiscal 2025 Third Quarter Results

Third Quarter GAAP Operating Margin of 27.5% and Non-GAAP Operating Margin of 41.1%
Net Cash Provided by Operating Activities of \$302.1 Million and Free Cash Flow of \$293.7 Million
Revenue of \$634.4 Million, down 0.7% year-over-year; on a constant currency basis, down 1.2% year-over-year

SAN FRANCISCO, Calif. - November 6, 2025 - Dropbox, Inc. (NASDAQ: DBX), today announced financial results for its third quarter ended September 30, 2025.

"We delivered a strong Q3, exceeding our revenue guidance and expanding operating margins as we continue to drive efficiency across the business," said Drew Houston, Dropbox Co-Founder and Chief Executive Officer. "We just launched the self-serve version of Dash and deep integration with Dropbox, giving both new customers and our existing base of 575,000 paying businesses access to an AI assistant and search engine that connects to all their work apps. Early customer response has been positive, and we're also seeing continued improvement in retention and execution in our core business as we focus on sustainable growth."

Third Quarter Fiscal 2025 Results

- Total revenue was \$634.4 million, a decrease of 0.7% from the same period last year. On a constant currency basis, year-over-year revenue decreased by 1.2%.⁽¹⁾
- Total ARR was \$2.536 billion, a decrease of 1.7% from the same period last year. On a constant currency basis, year-over-year ARR decreased by 1.5%.⁽²⁾ Total ARR decreased \$6.1 million quarter-over-quarter.
- Paying users totaled 18.07 million, as compared to 18.24 million for the same period last year. Average revenue per paying user was \$139.07, as compared to \$139.05 for the same period last year.
- GAAP gross margin was 79.8%, as compared to 82.5% for the same period last year. Non-GAAP gross margin was 81.4%, as compared to 84.0% for the same period last year due to increased depreciation resulting from the Company's datacenter refresh cycle.
- GAAP operating margin was 27.5%, as compared to 20.0% for the same period last year. Non-GAAP operating margin was 41.1%, as compared to 36.2% for the same period last year. The increase in GAAP operating margin was partially due to a decrease in employee-related costs driven by a decrease in headcount.
- GAAP net income was \$123.8 million, as compared to \$106.7 million for the same period last year. Non-GAAP net income was \$196.7 million, as compared to \$190.4 million for the same period last year.
- Net cash provided by operating activities was \$302.1 million, as compared to \$274.2 million for the same period last year. Free cash flow was \$293.7 million, as compared to \$270.1 million for the same period last year.
- GAAP diluted net income per share attributable to common stockholders was \$0.47, as compared to \$0.34 in the same period last year. Non-GAAP diluted net income per share attributable to common stockholders was \$0.74, as compared to \$0.60 in the same period last year.⁽³⁾
- Cash, cash equivalents and short-term investments ended at \$925.3 million.

⁽¹⁾ We calculate constant currency revenue growth rates by applying the prior period weighted average exchange rates to current period results.

⁽²⁾ We calculate total annual recurring revenue ("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 our exchange rates used to calculate Total ARR on an annual basis, at the beginning of each fiscal year. We calculate constant currency Total ARR growth rates by applying the current period exchange rate to prior period results.

⁽³⁾ GAAP and Non-GAAP diluted net income per share attributable to common stockholders is calculated based upon 265.1 million and 316.4 million diluted weighted-average shares outstanding of common stock for the three months ended September 30, 2025 and 2024, respectively.

Financial Outlook

Dropbox will provide forward-looking guidance in connection with this quarterly earnings announcement on its conference call, webcast, and on its investor relations website at <http://investors.dropbox.com>.

Conference Call Information

Dropbox plans to host a conference call today to review its third quarter financial results and to discuss its financial outlook. This call is scheduled to begin at 2:00 p.m. PT / 5:00 p.m. ET and can be accessed by using the web link at <http://investors.dropbox.com>.

About Dropbox

Dropbox is the one place to keep life organized and keep work moving. With more than 700 million registered users across approximately 180 countries, we're on a mission to design a more enlightened way of working. Dropbox is headquartered in San Francisco, CA, and has employees around the world. For more information on our mission and products, visit <http://dropbox.com>.

Use of Non-GAAP Financial Measures

Reconciliations of non-GAAP financial measures to the most directly comparable financial results as determined in accordance with GAAP are included at the end of this press release following the accompanying financial data. For a description of these non-GAAP financial measures, including the reasons management uses each measure, please see the section of the tables titled "About Non-GAAP Financial Measures."

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, among other things, our expectations regarding the performance of our Core FSS business as well as new product initiatives and adoption by current and new customers. Words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plans," and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. These forward-looking statements speak only as of the date of this press release and are subject to risks, uncertainties, and assumptions including, but not limited to: (i) our ability to retain and upgrade paying users; (ii) our ability to attract new users or convert registered users to paying users; (iii) our expectations regarding general economic, political, and market trends and their respective impacts on our business; (iv) impacts to our financial results and business operations as a result of pricing and packaging changes to our subscription plans; (v) our future financial performance, including trends in revenue, costs of revenue, gross profit or gross margin, operating expenses, paying users, annual recurring revenue, average revenue per user, free cash flow, and the assumptions underlying such trends; (vi) our ability to achieve or maintain profitability; (vii) our ability to prevent security breaches and our liability or other potential legal, regulatory, or reputational consequences of any unauthorized access to our data or our customer data; (viii) significant disruption of service on our platform or loss of content; (ix) any decline in demand for our platform or for content collaboration solutions in general; (x) changes in the interoperability of our platform across devices, operating systems, and third-party applications that we do not control; (xi) our ability to compete successfully in competitive markets; (xii) 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; (xiii) our ability to improve quality and ease of adoption of our new and enhanced product experiences, features, and capabilities; (xiv) our expectations around future growth; (xv) our various acquisitions of companies and assets and the potential of such acquisitions to require significant management attention, disrupt our business, or dilute stockholder value; (xvi) our ability to attract, retain, integrate, and manage key and other highly qualified personnel, including as a result of our Virtual First model with an increasingly distributed workforce; (xvii) our capital allocation plans with respect to our stock repurchase program and other investments; and (xviii) 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. Further information on risks that could affect Dropbox's results is included in our filings with the Securities and Exchange Commission ("SEC"), including our Form 10-Q for the quarter ended June 30, 2025. Additional information will be made available in our quarterly report on Form 10-Q for the quarter ended September 30, 2025 and other reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Dropbox assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this release, except as required by applicable law.

Dropbox, Inc.
Condensed Consolidated Statements of Operations
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 634.4	\$ 638.8	\$ 1,884.8	\$ 1,904.6
Cost of revenue ⁽¹⁾⁽²⁾	128.3	111.5	368.7	324.3
Gross profit	506.1	527.3	1,516.1	1,580.3
Operating expenses:				
Research and development ⁽¹⁾⁽²⁾	182.3	225.7	545.1	671.9
Sales and marketing ⁽¹⁾⁽²⁾	91.5	110.5	271.3	331.8
General and administrative ⁽¹⁾⁽²⁾	57.6	63.3	170.2	178.3
Net loss on real estate assets ⁽³⁾	—	—	2.6	—
Total operating expenses	331.4	399.5	989.2	1,182.0
Income from operations	174.7	127.8	526.9	398.3
Interest (expense) income, net	(20.3)	3.8	(53.5)	15.8
Other income, net	2.8	1.1	1.1	3.3
Income before income taxes	157.2	132.7	474.5	417.4
Provision for income taxes	(33.4)	(26.0)	(74.8)	(67.9)
Net income	\$ 123.8	\$ 106.7	\$ 399.7	\$ 349.5
Basic net income per share	\$ 0.47	\$ 0.34	\$ 1.46	\$ 1.08
Diluted net income per share	\$ 0.47	\$ 0.34	\$ 1.43	\$ 1.07
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	261.1	314.5	274.4	323.9
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	265.1	316.4	279.1	327.1

⁽¹⁾ Includes stock-based compensation expense as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cost of revenue	\$ 5.1	\$ 5.8	\$ 15.6	\$ 17.0
Research and development	55.9	66.7	156.4	186.3
Sales and marketing	5.1	6.1	15.8	17.4
General and administrative	12.5	13.7	35.6	40.1
Total stock-based compensation	\$ 78.6	\$ 92.3	\$ 223.4	\$ 260.8

⁽²⁾ Includes expenses related to our reduction in workforce in the fourth quarter of 2024, such as severance, benefits and other related items during the three and nine months ended September 30, 2025.

⁽³⁾ Includes impairment charges related to real estate assets as a result of our Virtual First work model.

Dropbox, Inc.
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

	As of	
	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 730.7	\$ 1,328.3
Short-term investments	194.6	265.9
Trade and other receivables, net	73.9	70.4
Prepaid expenses and other current assets	83.5	73.8
Total current assets	1,082.7	1,738.4
Property and equipment, net	377.3	358.8
Operating lease right-of-use asset	280.3	158.9
Intangible assets, net	40.4	54.9
Goodwill	453.4	442.8
Deferred tax assets	433.9	466.7
Other assets	127.8	104.7
Total assets	\$ 2,795.8	\$ 3,325.2
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 37.3	\$ 36.5
Accrued and other current liabilities	149.7	143.2
Accrued compensation and benefits	85.1	105.2
Operating lease liability	52.0	64.9
Finance lease obligation	132.1	123.3
Convertible senior notes, net, current	694.9	—
Term loan, net, current	11.5	10.0
Deferred revenue	740.6	727.7
Total current liabilities	1,903.2	1,210.8
Operating lease liability, non-current	366.6	250.4
Finance lease obligation, non-current	205.7	203.5
Convertible senior notes, net, non-current	689.5	1,381.6
Term loan, net, non-current	1,102.4	962.9
Other non-current liabilities	59.6	68.4
Total liabilities	4,327.0	4,077.6
Stockholders' deficit:		
Additional paid-in-capital	2,100.3	2,404.2
Accumulated deficit	(3,633.6)	(3,146.5)
Accumulated other comprehensive income (loss)	2.1	(10.1)
Total stockholders' deficit	(1,531.2)	(752.4)
Total liabilities and stockholders' deficit	\$ 2,795.8	\$ 3,325.2

Dropbox, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Cash flows from operating activities				
Net income	\$ 123.8	\$ 106.7	\$ 399.7	\$ 349.5
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	39.6	35.3	116.7	99.1
Stock-based compensation	78.6	92.3	223.4	260.8
Net loss on real estate assets	—	—	2.6	—
Amortization of debt issuance costs	2.4	1.1	7.1	3.2
Net gain on equity investments	(1.2)	—	(0.7)	—
Amortization of deferred commissions	6.2	7.7	20.2	22.6
Non-cash operating lease expense	11.6	9.0	28.9	27.1
Deferred taxes	31.4	2.7	33.4	3.2
Other	0.6	(5.3)	(5.3)	(5.2)
Changes in operating assets and liabilities:				
Trade and other receivables, net	1.7	(1.5)	(1.9)	(0.4)
Prepaid expenses and other current assets	(6.7)	10.5	(28.0)	(11.2)
Other assets	0.7	1.3	5.1	3.3
Accounts payable	0.8	(2.0)	(2.3)	(3.8)
Accrued and other current liabilities	6.2	5.7	(13.8)	(12.3)
Accrued compensation and benefits	19.5	22.8	(20.7)	(19.2)
Deferred revenue	(2.3)	(2.8)	13.3	13.8
Other non-current liabilities	1.9	1.1	5.0	3.5
Operating lease liabilities	(12.7)	(10.4)	(30.3)	(38.8)
Cash paid for lease termination	—	—	(36.0)	(14.9)
Net cash provided by operating activities	302.1	274.2	716.4	680.3
Cash flows from investing activities				
Capital expenditures	(8.4)	(4.1)	(10.5)	(19.2)
Purchase of intangible assets	—	—	(0.4)	(0.2)
Business combinations, net of cash acquired	(4.7)	(36.7)	(13.1)	(57.8)
Purchases of short-term investments	—	—	—	(62.3)
Proceeds from sales of short-term investments	—	105.7	—	164.3
Proceeds from maturities of short-term investments	25.1	76.7	76.1	283.2
Cash receipts from equipment rebates	4.6	10.3	14.2	22.4
Other	1.2	1.2	(0.3)	(0.4)
Net cash provided by investing activities	17.8	153.1	66.0	330.0
Cash flows from financing activities				
Proceeds from term loan facility	150.0	—	150.0	—
Payments of debt issuance costs and loan commitment fees	(11.5)	—	(17.4)	—
Principal payments against term loan facility	(2.9)	—	(7.9)	—
Payments for taxes related to net share settlement of restricted stock units and awards	(35.8)	(33.2)	(113.9)	(109.2)
Proceeds from issuance of common stock, net of taxes withheld	—	0.2	0.1	0.3
Principal payments on finance lease obligations	(33.6)	(32.3)	(101.9)	(96.2)
Common stock repurchases	(389.8)	(348.7)	(1,298.9)	(888.3)
Payment of acquisition-related indemnification holdback	—	(17.1)	—	(17.1)
Net cash used in financing activities	(323.6)	(431.1)	(1,389.9)	(1,110.5)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.3)	6.3	11.2	2.9
Change in cash, cash equivalents, and restricted cash	(5.0)	2.5	(596.3)	(97.3)
Cash, cash equivalents, and restricted cash - beginning of period	769.2	515.1	1,360.5	614.9
Cash, cash equivalents, and restricted cash - end of period	\$ 764.2	\$ 517.6	\$ 764.2	\$ 517.6
Supplemental cash flow data:				
Property and equipment acquired under finance leases	\$ 44.8	\$ 58.5	\$ 112.9	\$ 120.4

Dropbox, Inc.
Three Months Ended September 30, 2025
Reconciliation of GAAP to Non-GAAP results
(In millions, except for percentages, which may not foot due to rounding)
(Unaudited)

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Intangibles amortization	Workforce reduction expense ⁽¹⁾	Non-GAAP
Cost of revenue	\$ 128.3	\$ (5.1)	\$ —	\$ (4.9)	\$ —	\$ 118.3
Cost of revenue margin	20.2 %	(0.8%)	— %	(0.8%)	— %	18.6 %
Gross profit	506.1	5.1	—	4.9	—	516.1
Gross margin	79.8 %	0.8 %	— %	0.8 %	— %	81.4 %
Research and development	182.3	(55.9)	(1.4)	—	—	125.0
Research and development margin	28.7 %	(8.8%)	(0.2%)	— %	— %	19.7 %
Sales and marketing	91.5	(5.1)	—	(0.9)	(0.1)	85.4
Sales and marketing margin	14.4 %	(0.8%)	— %	(0.1%)	— %	13.5 %
General and administrative	57.6	(12.5)	(0.3)	—	(0.1)	44.7
General and administrative margin	9.1 %	(2.0%)	— %	— %	— %	7.0 %
Income from operations	\$ 174.7	\$ 78.6	\$ 1.7	\$ 5.8	\$ 0.2	\$ 261.0
Operating margin	27.5%	12.4 %	0.3 %	0.9 %	— %	41.1 %

⁽¹⁾ Includes expenses related to our reduction in workforce in the fourth quarter of 2024, such as severance, benefits and other related items.

Dropbox, Inc.
Three Months Ended September 30, 2024
Reconciliation of GAAP to Non-GAAP results
(In millions, except for percentages, which may not foot due to rounding)
(Unaudited)

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Intangibles amortization	Non-GAAP
Cost of revenue	\$ 111.5	\$ (5.8)	\$ —	\$ (3.6)	\$ 102.1
<i>Cost of revenue margin</i>	17.5 %	(0.9%)	— %	(0.6%)	16.0 %
Gross profit	527.3	5.8	—	3.6	536.7
<i>Gross margin</i>	82.5 %	0.9 %	— %	0.6 %	84.0 %
Research and development	225.7	(66.7)	(3.6)	—	155.4
<i>Research and development margin</i>	35.3 %	(10.4%)	(0.6%)	— %	24.3 %
Sales and marketing	110.5	(6.1)	—	(3.4)	101.0
<i>Sales and marketing margin</i>	17.3 %	(1.0%)	— %	(0.5%)	15.8 %
General and administrative	63.3	(13.7)	(0.8)	—	48.8
<i>General and administrative margin</i>	9.9 %	(2.1%)	(0.1%)	— %	7.6 %
Income from operations	\$ 127.8	\$ 92.3	\$ 4.4	\$ 7.0	\$ 231.5
<i>Operating margin</i>	20.0%	14.4 %	0.7 %	1.1 %	36.2 %

Dropbox, Inc.
Nine Months Ended September 30, 2025
Reconciliation of GAAP to Non-GAAP results
(In millions, except for percentages, which may not foot due to rounding)
(Unaudited)

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Intangibles amortization	Net loss on real estate assets ⁽¹⁾	Workforce reduction expense ⁽²⁾	Non-GAAP
Cost of revenue	\$ 368.7	\$ (15.6)	\$ (1.9)	\$ (14.6)	\$ —	\$ (0.4)	\$ 336.2
<i>Cost of revenue margin</i>	19.6 %	(0.8%)	(0.1%)	(0.8%)	— %	— %	17.8 %
Gross profit	1,516.1	15.6	1.9	14.6	—	0.4	1,548.6
<i>Gross margin</i>	80.4 %	0.8 %	0.1 %	0.8 %	— %	— %	82.2 %
Research and development	545.1	(156.4)	(4.1)	—	—	(1.9)	382.7
<i>Research and development margin</i>	28.9 %	(8.3%)	(0.2%)	— %	— %	(0.1%)	20.3 %
Sales and marketing	271.3	(15.8)	—	(2.9)	—	(0.7)	251.9
<i>Sales and marketing margin</i>	14.4 %	(0.8%)	— %	(0.2%)	— %	— %	13.4 %
General and administrative	170.2	(35.6)	(0.8)	—	—	(0.7)	133.1
<i>General and administrative margin</i>	9.0 %	(1.9%)	— %	— %	— %	— %	7.1 %
Net loss on real estate assets	2.6	—	—	—	(2.6)	—	—
<i>Net loss on real estate assets margin</i>	0.1 %	— %	— %	— %	(0.1%)	— %	— %
Income from operations	\$ 526.9	\$ 223.4	\$ 6.8	\$ 17.5	\$ 2.6	\$ 3.7	\$ 780.9
<i>Operating margin</i>	28.0 %	11.9 %	0.4 %	0.9 %	0.1 %	0.2 %	41.4 %

⁽¹⁾ Includes impairment charges related to real estate assets as a result of our Virtual First work model.

⁽²⁾ Includes expenses related to our reduction in workforce in the fourth quarter of 2024, such as severance, benefits and other related items.

Dropbox, Inc.
Nine Months Ended September 30, 2024
Reconciliation of GAAP to Non-GAAP results
(In millions, except for percentages, which may not foot due to rounding)
(Unaudited)

	GAAP	Stock-based compensation	Acquisition-related and other expenses	Intangibles amortization	Non-GAAP
Cost of revenue	\$ 324.3	\$ (17.0)	\$ —	\$ (9.5)	\$ 297.8
<i>Cost of revenue margin</i>	17.0 %	(0.9%)	— %	(0.5%)	15.6 %
Gross profit	1,580.3	17.0	—	9.5	1,606.8
<i>Gross margin</i>	83.0 %	0.9 %	— %	0.5 %	84.4 %
Research and development	671.9	(186.3)	(9.9)	—	475.7
<i>Research and development margin</i>	35.3 %	(9.8%)	(0.5%)	— %	25.0 %
Sales and marketing	331.8	(17.4)	—	(9.5)	304.9
<i>Sales and marketing margin</i>	17.4 %	(0.9%)	— %	(0.5%)	16.0 %
General and administrative	178.3	(40.1)	(2.1)	—	136.1
<i>General and administrative margin</i>	9.4 %	(2.1%)	(0.1%)	— %	7.1 %
Income from operations	\$ 398.3	\$ 260.8	\$ 12.0	\$ 19.0	\$ 690.1
<i>Operating margin</i>	20.9%	13.7 %	0.6 %	1.0 %	36.2 %

Dropbox, Inc.
Three and Nine Months Ended September 30, 2025 and 2024
Reconciliation of GAAP net income to Non-GAAP net income and Non-GAAP diluted net income per share
(In millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
GAAP net income	\$ 123.8	\$ 106.7	\$ 399.7	\$ 349.5
Stock-based compensation	78.6	92.3	223.4	260.8
Acquisition-related and other expenses	1.7	4.4	6.8	12.0
Amortization of acquired intangible assets	5.8	7.0	17.5	19.0
Net loss on real estate assets	—	—	2.6	—
Workforce reduction expense	0.2	—	3.7	—
Net gain on equity investments	(1.2)	—	(0.7)	—
Income tax effects of non-GAAP adjustments	(12.2)	(20.0)	(51.5)	(60.1)
Non-GAAP net income	\$ 196.7	\$ 190.4	\$ 601.5	\$ 581.2
Non-GAAP diluted net income per share	\$ 0.74	\$ 0.60	\$ 2.16	\$ 1.78
Weighted-average shares used to compute Non-GAAP diluted net income per share	265.1	316.4	279.1	327.1

Dropbox, Inc.
Three and Nine Months Ended September 30, 2025 and 2024
Reconciliation of free cash flow and supplemental cash flow disclosure
(In millions, except for percentages)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Free cash flow reconciliation:				
Net cash provided by operating activities	\$ 302.1	\$ 274.2	\$ 716.4	\$ 680.3
Less:				
Capital expenditures	(8.4)	(4.1)	(10.5)	(19.2)
Free cash flow	\$ 293.7	\$ 270.1	\$ 705.9	\$ 661.1
Free cash flow margin	46.3 %	42.3 %	37.5 %	34.7 %
Plus:				
Cash paid for interest on debt, net of the associated tax benefit	20.5	—	59.1	—
Unlevered free cash flow	\$ 314.2	\$ 270.1	\$ 765.0	\$ 661.1
Supplemental disclosures:				
Key employee holdback payments related to acquisitions ⁽¹⁾	\$ —	\$ 0.8	\$ 0.4	\$ 1.8
Payments related to workforce reduction ⁽²⁾	\$ 0.7	\$ —	\$ 13.2	\$ —
Cash paid for lease termination ⁽³⁾	\$ —	\$ —	\$ 36.0	\$ 14.9

⁽¹⁾ Includes payments related to employee holdbacks pertaining to our acquisitions. The related expenses are recognized within research and development expenses over the required service periods.

⁽²⁾ Includes payments made related to our reductions in workforce in the fourth quarter of 2024, such as severance, benefits, and other related items. During the three and nine months ended September 30, 2025, total cash payments included the accrued pro rata amount of annual employee bonus.

⁽³⁾ Includes payments made for the partial lease termination of our San Francisco, California corporate headquarters during the nine months ended September 30, 2025 and September 30, 2024.

About Non-GAAP Financial Measures

To provide investors and others with additional information regarding Dropbox's results, we have disclosed the following non-GAAP financial measures: revenue growth and Total ARR growth excluding foreign exchange effect, which we refer to as on a constant currency basis, non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP operating expenses (including research and development, sales and marketing and general and administrative), non-GAAP income from operations, non-GAAP net income, free cash flow ("FCF"), unlevered FCF and non-GAAP diluted net income per share. We also present various margins, all of which are calculated as the applicable non-GAAP financial measure divided by revenue. We have provided a reconciliation of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure. Non-GAAP cost of revenue, gross profit, operating expenses, income from operations, and net income differ from GAAP in that they exclude stock-based compensation expense, amortization of acquired intangible assets, acquisition-related and other expenses, which include third-party diligence costs, expenses related to key employee holdback agreements, net loss on real estate assets, expenses related to our reduction in workforce, net (gain) loss on equity investments and the income tax effect of the aforementioned adjustments. FCF differs from GAAP net cash provided by operating activities in that it treats capital expenditures as a reduction to net cash provided by operating activities. Free cash flow margin is calculated as FCF divided by revenue. Unlevered FCF represents net cash provided by operating activities adjusted for cash paid for capital expenditures and cash paid for interest on indebtedness and is calculated by adding cash paid for interest on debt, net of the associated tax benefit, to FCF. In order to present revenue on a constant currency basis for the quarter ended September 30, 2025, we calculate constant currency revenue growth rates by applying the prior period weighted average exchange rates to current period results. We calculate constant currency Total ARR growth rates by applying the current period rate to prior period results. We present constant currency information to provide a framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations.

Our management uses these non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short and long-term operating plans, and to evaluate Dropbox's financial performance and the ability to generate cash from operations. Management believes these non-GAAP financial measures reflect Dropbox's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Dropbox's business, as they exclude expenses that are not reflective of ongoing operating results. Management also believes that these non-GAAP financial measures provide useful supplemental information to investors and others in understanding and evaluating Dropbox's operating results and future prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

We believe that the non-GAAP financial measures, non-GAAP cost of revenue, gross profit, operating expenses, income from operations, net income, and diluted net income per share are meaningful to investors because they help identify underlying trends in our business that could otherwise be masked by the effect of the expenses that we exclude.

We believe that FCF is an indicator of our liquidity over the long term and provides useful information regarding cash provided by operating activities and cash used for investments in property and equipment required to maintain and grow our business. Unlevered FCF provides additional information about our liquidity adjusted for the impact of our capital structure. FCF and unlevered FCF are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. FCF and unlevered FCF each have limitations as analytical tools, and neither metric should be considered in isolation or as a substitute for analysis of other GAAP financial measures, such as net cash provided by operating activities. Some of the limitations of FCF and unlevered FCF are that they each do not reflect our future contractual commitments, exclude investments made to acquire assets under finance leases, include capital expenditures, and may be calculated differently by other companies in our industry, limiting their respective usefulness as comparative measures.

The use of non-GAAP cost of revenue, gross profit, operating expenses, income from operations, net income, free cash flow, unlevered free cash flow, and diluted net income per share measures has certain limitations as they do not reflect all items of income, expense, and cash expenditures, as applicable, that affect Dropbox's operations. Dropbox mitigates these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. Additionally, we have provided supplemental disclosures in our reconciliation of net cash provided by operating activities to free cash flow to include expenses related to key employee holdback payments related to our various acquisitions, payments related to workforce reduction and cash paid for lease termination. These non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Management encourages investors and others to review Dropbox's financial information in its entirety and not rely on a single financial measure.

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