

Dropbox Announces Second Quarter 2026 Results

Revenue of \$631.5 Million, an increase of 0.9% year-over-year; excluding FormSwift, up 1.7% year-over-year
Second Quarter GAAP Operating Margin of 26.1% and Non-GAAP Operating Margin of 39.7%
Net Cash Provided by Operating Activities of \$238.5 Million and Unlevered Free Cash Flow of \$283.5 Million

SAN FRANCISCO, Calif. - August 6, 2026 - Dropbox, Inc. (NASDAQ: DBX), today announced financial results for its second quarter ended June 30, 2026.

"Q2 reinforced that our return to growth in the core business is not a one-quarter event," said Ashraf Alkarmi, co-Chief Executive Officer of Dropbox. "We continued to see positive year-over-year revenue growth excluding FormSwift, added 96,000 paying users for our third consecutive quarter of paying user growth, exceeded our guidance on non-GAAP operating margin at over 39%, and generated \$283.5 million of unlevered free cash flow. That performance is the result of disciplined, methodical work, and it's the foundation we're building on. Stepping into this role, I'm excited for what's ahead as we bring Dash intelligence directly into a smarter Dropbox that our customers already trust, and use the infrastructure we've built over nearly two decades to extend that value for the more than 18 million paying customers already on Dropbox today."

Second Quarter 2026 Results Compared to Second Quarter 2025

- Total revenue was \$631.5 million, an increase of 0.9%. Excluding FormSwift, revenue grew 1.7%. On a constant currency basis, total revenue excluding FormSwift increased by 0.1%.⁽¹⁾
- Total ARR was \$2.566 billion, an increase of 1.0%. Excluding FormSwift, Total ARR grew 1.7%, and 0.2% on a constant currency basis. Total ARR on a constant currency basis increased \$6.2 million quarter-over-quarter; excluding FormSwift, it increased \$11.0 million.⁽²⁾
- Paying users totaled 18.19 million, as compared to 18.13 million. Paying users increased by 96,000 quarter-over-quarter. Average revenue per paying user was \$139.68, as compared to \$138.32.
- GAAP gross margin was 80.2%, flat year-over-year. Non-GAAP gross margin was 81.6%, as compared to 82.2%.
- GAAP operating margin was 26.1%, as compared to 26.9%. Non-GAAP operating margin was 39.7%, as compared to 41.5%.
- GAAP net income was \$95.8 million, as compared to \$125.6 million. Non-GAAP net income was \$170.0 million, as compared to \$197.7 million.
- Net cash provided by operating activities was \$238.5 million, as compared to \$260.5 million. Unlevered free cash flow was \$283.5 million, as compared to \$276.4 million.
- GAAP diluted net income per share attributable to common stockholders was \$0.42, as compared to \$0.45. Non-GAAP diluted net income per share attributable to common stockholders was \$0.75, as compared to \$0.71.⁽³⁾
- Cash, cash equivalents and short-term investments ended at \$1.114 billion.

⁽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 226.8 million and 276.7 million diluted weighted-average shares outstanding of common stock for the three months ended June 30, 2026 and 2025, 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 second 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 business as well as our new product initiatives and expectations for our business. 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, unlevered 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-K for the year

ended December 31, 2025. Additional information will be made available in our quarterly report on Form 10-Q for the quarter ended June 30, 2026 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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 631.5	\$ 625.7	\$ 1,261.0	\$ 1,250.4
Cost of revenue ⁽¹⁾⁽²⁾	125.0	123.7	253.1	240.4
Gross profit	506.5	502.0	1,007.9	1,010.0
Operating expenses:				
Research and development ⁽¹⁾⁽²⁾	188.1	184.4	372.3	362.8
Sales and marketing ⁽¹⁾⁽²⁾	89.8	87.8	176.7	179.8
General and administrative ⁽¹⁾⁽²⁾	63.8	58.8	121.3	112.6
Net loss on real estate assets	—	2.6	—	2.6
Total operating expenses	341.7	333.6	670.3	657.8
Income from operations	164.8	168.4	337.6	352.2
Interest expense, net	(50.0)	(18.6)	(86.7)	(33.2)
Other income (expense), net	2.9	(2.0)	8.2	(1.7)
Income before income taxes	117.7	147.8	259.1	317.3
Provision for income taxes	(21.9)	(22.2)	(48.8)	(41.4)
Net income	\$ 95.8	\$ 125.6	\$ 210.3	\$ 275.9
Basic net income per share	\$ 0.43	\$ 0.46	\$ 0.91	\$ 0.98
Diluted net income per share	\$ 0.42	\$ 0.45	\$ 0.91	\$ 0.96
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	224.8	272.4	230.0	281.3
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	226.8	276.7	231.8	286.1

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of revenue	\$ 4.5	\$ 5.6	\$ 8.7	\$ 10.5
Research and development	52.1	53.8	102.1	100.5
Sales and marketing	5.8	5.7	10.5	10.7
General and administrative	14.9	12.6	27.1	23.1
Total stock-based compensation	\$ 77.3	\$ 77.7	\$ 148.4	\$ 144.8

⁽²⁾ Includes expenses related to our reduction in workforce such as severance, benefits and other related items during the three months ended June 30, 2026 and three and six months ended June 30, 2025. The expenses during the three months ended June 30, 2026, were related to the reduction in workforce resulting from a strategic reorganization to unify the Company's product organization, which are included within research and development expense.

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

	As of	
	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,056.2	\$ 891.3
Short-term investments	57.6	146.9
Trade and other receivables, net	76.3	79.1
Prepaid expenses and other current assets	75.9	73.2
Total current assets	1,266.0	1,190.5
Property and equipment, net	338.1	378.4
Operating lease right-of-use asset	261.5	270.7
Intangible assets, net	22.4	33.7
Goodwill	456.9	454.9
Deferred tax assets	402.8	415.7
Other assets	78.6	101.0
Total assets	\$ 2,826.3	\$ 2,844.9
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 35.7	\$ 24.3
Accrued and other current liabilities	111.4	121.7
Accrued compensation and benefits	71.6	111.8
Operating lease liability	55.1	51.3
Finance lease obligation	128.9	144.3
Convertible senior notes, net, current	—	695.4
Term loan, net, current	27.1	15.0
Deferred revenue	748.9	729.7
Total current liabilities	1,178.7	1,893.5
Operating lease liability, non-current	334.2	355.9
Finance lease obligation, non-current	157.0	201.5
Convertible senior notes, net, non-current	690.7	689.9
Term loan, net, non-current	2,582.4	1,433.7
Other non-current liabilities	71.6	67.6
Total liabilities	5,014.6	4,642.1
Stockholders' deficit:		
Additional paid-in-capital	1,823.8	2,012.2
Accumulated deficit	(4,018.9)	(3,815.1)
Accumulated other comprehensive income	6.8	5.7
Total stockholders' deficit	(2,188.3)	(1,797.2)
Total liabilities and stockholders' deficit	\$ 2,826.3	\$ 2,844.9

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cash flows from operating activities				
Net income	\$ 95.8	\$ 125.6	\$ 210.3	\$ 275.9
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	36.4	39.0	75.5	77.1
Stock-based compensation	77.3	77.7	148.4	144.8
Net loss on real estate assets	—	2.6	—	2.6
Amortization of debt issuance costs	5.1	2.4	8.9	4.7
Net loss on equity investments	—	—	—	0.5
Amortization of deferred commissions	5.2	6.8	10.7	14.0
Non-cash operating lease expense	10.4	8.9	20.2	17.3
Deferred taxes	2.5	0.5	12.9	2.0
Other	0.3	(4.0)	0.5	(5.9)
Changes in operating assets and liabilities:				
Trade and other receivables, net	(2.1)	(2.8)	1.9	(3.6)
Prepaid expenses and other current assets	4.5	(6.0)	(11.9)	(21.3)
Other assets	2.0	2.7	1.7	4.4
Accounts payable	3.4	0.4	11.5	(3.1)
Accrued and other current liabilities	(21.1)	(15.9)	(1.6)	(20.0)
Accrued compensation and benefits	29.2	24.9	(40.1)	(40.2)
Deferred revenue	1.3	3.9	19.3	15.6
Other non-current liabilities	2.2	0.7	3.7	3.1
Operating lease liabilities	(13.9)	(6.9)	(28.9)	(17.6)
Cash paid for lease termination	—	—	—	(36.0)
Net cash provided by operating activities	238.5	260.5	443.0	414.3
Cash flows from investing activities				
Capital expenditures	(3.3)	(2.0)	(4.5)	(2.1)
Purchase of intangible assets	(3.3)	—	(3.3)	(0.4)
Business combinations, net of cash acquired	—	(8.4)	—	(8.4)
Proceeds from sales of short-term investments	—	—	0.2	—
Proceeds from maturities of short-term investments	23.9	21.0	89.3	51.0
Cash receipts from equipment rebates	0.6	2.7	1.5	9.6
Other	1.3	(0.9)	2.9	(1.5)
Net cash provided by investing activities	19.2	12.4	86.1	48.2
Cash flows from financing activities				
Repayment of convertible senior notes	—	—	(695.8)	—
Proceeds from term loan facility	—	—	1,200.0	—
Payments of debt issuance costs and loan commitment fees	(5.1)	(2.6)	(13.2)	(5.9)
Principal payments against term loan facility	(6.7)	(2.5)	(13.5)	(5.0)
Payments for taxes related to net share settlement of restricted stock units and awards	(32.6)	(38.3)	(62.9)	(78.1)
Proceeds from issuance of common stock, net of taxes withheld	—	0.1	—	0.1
Principal payments on finance lease obligations	(35.3)	(34.5)	(78.7)	(68.3)
Common stock repurchases	(330.3)	(410.0)	(697.1)	(909.1)
Payment of acquisition-related indemnification holdback	—	—	(2.6)	—
Net cash used in financing activities	(410.0)	(487.8)	(363.8)	(1,066.3)

Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.4)	9.2	(2.8)	12.5
Change in cash, cash equivalents, and restricted cash	(153.7)	(205.7)	162.5	(591.3)
Cash, cash equivalents, and restricted cash - beginning of period	<u>1,222.1</u>	<u>974.9</u>	<u>905.9</u>	<u>1,360.5</u>
Cash, cash equivalents, and restricted cash - end of period	<u>\$ 1,068.4</u>	<u>\$ 769.2</u>	<u>\$ 1,068.4</u>	<u>\$ 769.2</u>
Supplemental cash flow data:				
Property and equipment acquired under finance leases	<u>\$ 7.9</u>	<u>\$ 24.5</u>	<u>\$ 20.3</u>	<u>\$ 68.1</u>

Dropbox, Inc.
Three Months Ended June 30, 2026
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	\$ 125.0	\$ (4.5)	\$ —	\$ (4.1)	\$ —	\$ 116.4
<i>Cost of revenue margin</i>	19.8 %	(0.7%)	— %	(0.6%)	— %	18.4 %
Gross profit	506.5	4.5	—	4.1	—	515.1
<i>Gross margin</i>	80.2 %	0.7 %	— %	0.6 %	— %	81.6 %
Research and development	188.1	(52.1)	(1.3)	—	(2.8)	131.9
<i>Research and development margin</i>	29.8 %	(8.3%)	(0.2%)	— %	(0.4%)	20.9 %
Sales and marketing	89.8	(5.8)	—	(0.5)	—	83.5
<i>Sales and marketing margin</i>	14.2 %	(0.9%)	— %	(0.1%)	— %	13.2 %
General and administrative	63.8	(14.9)	—	—	—	48.9
<i>General and administrative margin</i>	10.1 %	(2.4%)	— %	— %	— %	7.7 %
Income from operations	\$ 164.8	\$ 77.3	\$ 1.3	\$ 4.6	\$ 2.8	\$ 250.8
<i>Operating margin</i>	26.1%	12.2 %	0.2 %	0.7 %	0.4 %	39.7 %

⁽¹⁾ Includes expenses such as severance, benefits and other related items related to the reduction in workforce resulting from a strategic reorganization to unify our product organization.

Dropbox, Inc.
Three Months Ended June 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	Workforce reduction expense ⁽¹⁾	Non-GAAP
Cost of revenue	\$ 123.7	\$ (5.6)	\$ (1.9)	\$ (4.9)	\$ —	\$ (0.1)	\$ 111.2
<i>Cost of revenue margin</i>	19.8 %	(0.9%)	(0.3%)	(0.8%)	— %	— %	17.8 %
Gross profit	502.0	5.6	1.9	4.9	—	0.1	514.5
<i>Gross margin</i>	80.2 %	0.9 %	0.3 %	0.8 %	— %	— %	82.2 %
Research and development	184.4	(53.8)	(1.5)	—	—	(0.7)	128.4
<i>Research and development margin</i>	29.5 %	(8.6%)	(0.2%)	— %	— %	(0.1%)	20.5 %
Sales and marketing	87.8	(5.7)	—	(0.9)	—	(0.3)	80.9
<i>Sales and marketing margin</i>	14.0 %	(0.9%)	— %	(0.1%)	— %	— %	12.9 %
General and administrative	58.8	(12.6)	(0.3)	—	—	(0.1)	45.8
<i>General and administrative margin</i>	9.4 %	(2.0%)	— %	— %	— %	— %	7.3 %
Net loss on real estate assets	2.6	—	—	—	(2.6)	—	—
<i>Net loss on real estate assets margin</i>	0.4 %	— %	— %	— %	(0.4%)	— %	— %
Income from operations	\$ 168.4	\$ 77.7	\$ 3.7	\$ 5.8	\$ 2.6	\$ 1.2	\$ 259.4
<i>Operating margin</i>	26.9%	12.4 %	0.6 %	0.9 %	0.4 %	0.2 %	41.5 %

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

Dropbox, Inc.
Six Months Ended June 30, 2026
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	\$ 253.1	\$ (8.7)	\$ —	\$ (9.1)	\$ —	\$ 235.3
<i>Cost of revenue margin</i>	20.1 %	(0.7%)	— %	(0.7%)	— %	18.7 %
Gross profit	1,007.9	8.7	—	9.1	—	1,025.7
<i>Gross margin</i>	79.9 %	0.7 %	— %	0.7 %	— %	81.3 %
Research and development	372.3	(102.1)	(2.6)	—	(2.8)	264.8
<i>Research and development margin</i>	29.5 %	(8.1%)	(0.2%)	— %	(0.2%)	21.0 %
Sales and marketing	176.7	(10.5)	—	(1.3)	—	164.9
<i>Sales and marketing margin</i>	14.0 %	(0.8%)	— %	(0.1%)	— %	13.1 %
General and administrative	121.3	(27.1)	(1.2)	—	—	93.0
<i>General and administrative margin</i>	9.6 %	(2.1%)	(0.1%)	— %	— %	7.4 %
Income from operations	\$ 337.6	\$ 148.4	\$ 3.8	\$ 10.4	\$ 2.8	\$ 503.0
<i>Operating margin</i>	26.8 %	11.8 %	0.3 %	0.8 %	0.2 %	39.9 %

⁽¹⁾Includes expenses such as severance, benefits and other related items related to the reduction in workforce resulting from a strategic reorganization to unify our product organization during the three months ended June 30, 2026.

Dropbox, Inc.
Six Months Ended June 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	Workforce reduction expense ⁽¹⁾	Non-GAAP
Cost of revenue	\$ 240.4	\$ (10.5)	\$ (1.9)	\$ (9.7)	\$ —	\$ (0.4)	\$ 217.9
<i>Cost of revenue margin</i>	19.2 %	(0.8%)	(0.2%)	(0.8%)	— %	— %	17.4 %
Gross profit	1,010.0	10.5	1.9	9.7	—	0.4	1,032.5
<i>Gross margin</i>	80.8 %	0.8 %	0.2 %	0.8 %	— %	— %	82.6 %
Research and development	362.8	(100.5)	(2.7)	—	—	(1.9)	257.7
<i>Research and development margin</i>	29.0 %	(8.0%)	(0.2%)	— %	— %	(0.2%)	20.6 %
Sales and marketing	179.8	(10.7)	—	(2.0)	—	(0.6)	166.5
<i>Sales and marketing margin</i>	14.4 %	(0.9%)	— %	(0.2%)	— %	— %	13.3 %
General and administrative	112.6	(23.1)	(0.5)	—	—	(0.6)	88.4
<i>General and administrative margin</i>	9.0 %	(1.8%)	— %	— %	— %	— %	7.1 %
Net loss on real estate assets	2.6	—	—	—	(2.6)	—	—
<i>Net loss on real estate assets margin</i>	0.2 %	— %	— %	— %	(0.2%)	— %	— %
Income from operations	\$ 352.2	\$ 144.8	\$ 5.1	\$ 11.7	\$ 2.6	\$ 3.5	\$ 519.9
<i>Operating margin</i>	28.2%	11.6 %	0.4 %	0.9 %	0.2 %	0.3 %	41.6 %

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

Dropbox, Inc.

Three and Six Months Ended June 30, 2026 and 2025

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 June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
GAAP net income	\$ 95.8	\$ 125.6	\$ 210.3	\$ 275.9
Stock-based compensation	77.3	77.7	148.4	144.8
Acquisition-related and other expenses	1.3	3.7	3.8	5.1
Amortization of acquired intangible assets	4.6	5.8	10.4	11.7
Net loss on real estate assets	—	2.6	—	2.6
Workforce reduction expense	2.8	1.2	2.8	3.5
Net loss on equity investments	—	—	—	0.5
Income tax effects of non-GAAP adjustments	(11.8)	(18.9)	(25.3)	(39.3)
Non-GAAP net income	\$ 170.0	\$ 197.7	\$ 350.4	\$ 404.8
Non-GAAP diluted net income per share	\$ 0.75	\$ 0.71	\$ 1.51	\$ 1.41
Weighted-average shares used to compute Non-GAAP diluted net income per share	226.8	276.7	231.8	286.1

Dropbox, Inc.

Three and Six Months Ended June 30, 2026 and 2025

Reconciliation of unlevered free cash flow and supplemental cash flow disclosure

(In millions, except for percentages)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Unlevered free cash flow reconciliation:				
Net cash provided by operating activities	\$ 238.5	\$ 260.5	\$ 443.0	\$ 414.3
Less:				
Capital expenditures	(3.3)	(2.0)	(4.5)	(2.1)
Free cash flow	\$ 235.2	\$ 258.5	\$ 438.5	\$ 412.2
Free cash flow margin	37.2 %	41.3 %	34.8 %	33.0 %
Plus:				
Cash paid for interest on debt, net of the associated tax benefit	48.3	17.9	81.4	38.6
Unlevered free cash flow	\$ 283.5	\$ 276.4	\$ 519.9	\$ 450.8
Supplemental disclosures:				
Key employee holdback payments related to acquisitions ⁽¹⁾	\$ 1.1	\$ 0.4	\$ 4.9	\$ 0.4
Payments related to workforce reduction ⁽²⁾	\$ 2.5	\$ 2.3	\$ 2.5	\$ 12.5
Cash paid for lease termination ⁽³⁾	\$ —	\$ —	\$ —	\$ 36.0

⁽¹⁾ Includes payments related to employee holdbacks pertaining to our acquisitions included in cash flows from operating activities. 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 second quarter of 2026 and fourth quarter of 2024, such as severance, benefits, and other related items. During the three and six months ended June 30, 2025, total cash payments included the accrued pro rata amount of annual employee bonus.

⁽³⁾ Represents payments made for the partial lease termination of our San Francisco, California corporate headquarters during the six months ended June 30, 2025.

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, costs relating to impairment of certain acquired assets and expenses related to key employee holdback agreements, net loss on real estate assets, expenses related to our reduction in workforce, net 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 June 30, 2026, 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. We have also presented revenue and total ARR excluding FormSwift because we significantly reduced our investment at the beginning of 2025 and plan to wind down operations by the end of 2026, which we believe provides a useful view of our ongoing results of operations.

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 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.

Contacts**Investors:**

Sarah Schubach
ir@dropbox.com

or

Media:

Tim Rathschmidt
press@dropbox.com