UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from________to________

Commission File Number 001-38434

Dropbox, Inc.

(Exact name of Registrant as specified in its charter)

Nevada	**26-0138832**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

Dropbox, Inc.
1800 Owens Street
San Francisco, California 94158
(415) 930-7766
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 4, 2026, there were 158,037,382 shares of the registrants' Class A common stock outstanding (which includes 8,266,666 shares of Class A common stock subject to restricted stock awards that were granted pursuant to the Co-Founder Grant, and vest upon the satisfaction of a service condition and achievement of certain stock price goals), 75,263,267 shares of the registrant's Class B common stock outstanding, and no shares of the registrant's Class C common stock outstanding.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risk and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans, or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- 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;
- Our ability to attract and retain users and convert users to paying users;
- 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;
- Our ability to prevent any significant disruption of service on our platform or loss of content;
- Our ability to compete successfully in competitive markets;
- Our expectations regarding the potential impacts of permanent global remote or distributed work, on our business, the business of our customers, suppliers and partners, and the economy;
- The demand for our platform or for content collaboration solutions in general;
- Our ability to effectively integrate our platform with others;
- Our ability to respond to rapid technological changes, including our ability to take advantage of potential market opportunities arising from what we believe to be a more permanent shift towards remote or distributed work;
- Our ability to achieve or maintain profitability;
- Our expectations around future growth;
- Our ability to successfully introduce new products and features;
- Our ability to effectively invest in the development of new products and technologies;
- Our ability to attract, retain, integrate, and manage key and other highly qualified personnel, including as a result of our Virtual First work model with an increasingly distributed workforce;
- Our capital allocation plans, including expected allocations of cash and timing for our share repurchases and other investments;
- Our expectations regarding the challenges and anticipated benefits to our business from our Virtual First work model as well as the impact to our financial results and business operations as a result of this model;
- Our expectations regarding general economic, political, and market trends and their respective impacts on our business;
- The effects of new or modified laws, policies, taxes, and regulations on our business;
- Our ability to maintain, protect, and enhance our intellectual property;

- The sufficiency of our cash and cash equivalents to meet our liquidity needs; and
- Acquisitions of companies and assets, including our ability to successfully integrate and realize the anticipated benefits of such acquisitions.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time-to-time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events, and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make.

SUMMARY OF RISK FACTORS

Below is a summary of the principal factors that could materially harm our business, operating results and/or financial condition, impair our future prospects or cause the price of our Class A common stock to decline. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading “Risk Factors” and should be carefully considered, together with other information in this Form 10-Q and our other filings with the Securities and Exchange Commission ("SEC") before making an investment decision regarding our Class A common stock.

- Our rate of growth has declined and we have experienced negative growth in past periods. If we do not successfully execute our plan for future growth, our growth rate may continue to decline and we may continue to experience negative growth in future periods.
- Our business depends on our ability to attract and retain users, convert users to paying users and upgrade paying users, and any decline in acquisitions, renewals or upgrades could adversely affect our future results of operations.
- We have in the past and may continue to experience privacy and data security breaches or incidents.
- Our business could be harmed by any significant disruption of service on our platform or loss of content.
- We operate in competitive markets, and we must continue to compete effectively.
- Failure to respond to rapid technological changes, extend our platform, or develop new features or products may harm our ability to compete effectively, which would adversely affect our business.
- Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.
- We generate revenue from sales of subscriptions to our platform, and declines in demand for our platform, or for content collaboration solutions in general, could negatively impact our business.
- We depend on our key personnel and other highly qualified personnel, and if we fail to attract, integrate, and retain our personnel, and maintain our unique corporate culture, our business could be harmed.
- We operate with a Virtual First work model and the long-term impact of this model on our financial results and business operations remains uncertain.
- Our business may be significantly impacted by a change in general economic, political, and market conditions, including any resulting effect on consumer or business spending.
- Our lack of a significant outbound sales force may limit the potential growth of our business.
- We may increase expenses in the future, and we may not be able to achieve or maintain profitability in future periods.
- Servicing our indebtedness under our term loan facility and 2028 Notes (as defined below) may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy our obligations under the term loan facility or 2028 Notes.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DROPBOX, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

	As of	
	March 31, 2026	**December 31, 2025**
Assets		
Current assets:		
Cash and cash equivalents	$ 1,207.4	$ 891.3
Short-term investments	81.4	146.9
Trade and other receivables, net	74.7	79.1
Prepaid expenses and other current assets	84.9	73.2
Total current assets	1,448.4	1,190.5
Property and equipment, net	358.3	378.4
Operating lease right-of-use asset	260.7	270.7
Intangible assets, net	27.4	33.7
Goodwill	455.5	454.9
Deferred tax assets	405.3	415.7
Other assets	75.3	101.0
Total assets	$ 3,030.9	$ 2,844.9
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 32.1	$ 24.3
Accrued and other current liabilities	142.1	121.7
Accrued compensation and benefits	42.5	111.8
Operating lease liability	51.4	51.3
Finance lease obligation	133.6	144.3
Convertible senior notes, net, current	—	695.4
Term loan, net, current	27.1	15.0
Deferred revenue	746.9	729.7
Total current liabilities	1,175.7	1,893.5
Operating lease liability, non-current	340.6	355.9
Finance lease obligation, non-current	181.0	201.5
Convertible senior notes, net, non-current	690.3	689.9
Term loan, net, non-current	2,584.6	1,433.7
Other non-current liabilities	70.4	67.6
Total liabilities	5,042.6	4,642.1
Commitments and contingencies (Note 9)		
Stockholders' deficit:		
Additional paid-in-capital	1,904.6	2,012.2
Accumulated deficit	(3,922.2)	(3,815.1)
Accumulated other comprehensive income	5.9	5.7
Total stockholders' deficit	(2,011.7)	(1,797.2)
Total liabilities and stockholders' deficit	$ 3,030.9	$ 2,844.9

See accompanying Notes to Condensed Consolidated Financial Statements.

DROPBOX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Revenue	$ 629.5	$ 624.7
Cost of revenue[(1)(2)]	128.1	116.7
Gross profit	501.4	508.0
Operating expenses:		
Research and development[(1)(2)]	184.2	178.4
Sales and marketing[(1)(2)]	86.9	92.0
General and administrative[(1)(2)]	57.5	53.8
Total operating expenses	328.6	324.2
Income from operations	172.8	183.8
Interest expense, net	(36.7)	(14.6)
Other income, net	5.3	0.3
Income before income taxes	141.4	169.5
Provision for income taxes	(26.9)	(19.2)
Net income	$ 114.5	$ 150.3
Net income per share-basic and diluted:		
Basic net income per share	$ 0.49	$ 0.52
Diluted net income per share	$ 0.48	$ 0.51
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	235.2	290.3
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	236.7	295.7

(1) Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2026	**2025**
Cost of revenue	$ 4.2	$ 4.9
Research and development	50.0	46.7
Sales and marketing	4.7	5.0
General and administrative	12.2	10.5
Total stock-based compensation	$ 71.1	$ 67.1

(2) Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the three months ended March 31, 2025.

See accompanying Notes to Condensed Consolidated Financial Statements.

DROPBOX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Net income	$ 114.5	$ 150.3
Other comprehensive income:		
Change in foreign currency translation adjustments	(0.1)	1.0
Change in net unrealized gains and losses on short-term investments	0.3	2.1
Total other comprehensive income	$ 0.2	$ 3.1
Comprehensive income	$ 114.7	$ 153.4

See accompanying Notes to Condensed Consolidated Financial Statements.

DROPBOX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions)
(Unaudited)

	Three Months Ended March 31, 2026						Three Months Ended March 31, 2025					
	Class A and Class B Common Stock		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total stockholders' deficit	Class A and Class B common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholders' deficit
	Shares	Amount					Shares	Amount				
Balances at beginning of period	242.9	$ —	$ 2,012.2	$ (3,815.1)	$ 5.7	$ (1,797.2)	295.9	$ —	$ 2,404.2	$ (3,146.5)	$ (10.1)	$ (752.4)
Release of restricted stock units and awards	2.9	—	—	—	—	—	2.8	—	—	—	—	—
Shares withheld related to net share settlement of restricted stock units and awards	(1.2)	—	(14.2)	(16.1)	—	(30.3)	(1.2)	—	(12.9)	(26.9)	—	(39.8)
Repurchases of common stock	(14.3)	—	(164.5)	(205.5)	—	(370.0)	(18.1)	—	(191.4)	(312.6)	—	(504.0)
Stock-based compensation	—	—	71.1	—	—	71.1	—	—	67.1	—	—	67.1
Other comprehensive income	—	—	—	—	0.2	0.2	—	—	—	—	3.1	3.1
Net income	—	—	—	114.5	—	114.5	—	—	—	150.3	—	150.3
Balances at end of period	230.3	$ —	$ 1,904.6	$ (3,922.2)	$ 5.9	$ (2,011.7)	279.4	$ —	$ 2,267.0	$ (3,335.7)	$ (7.0)	$ (1,075.7)

See accompanying Notes to Condensed Consolidated Financial Statement

DROPBOX, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
Cash flow from operating activities		
Net income	$ 114.5	$ 150.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	39.1	38.1
Stock-based compensation	71.1	67.1
Amortization of debt issuance costs	3.8	2.3
Net loss on equity investments	—	0.5
Amortization of deferred commissions	5.5	7.2
Non-cash operating lease expense	9.8	8.4
Deferred taxes	10.4	1.5
Other	0.2	(1.9)
Changes in operating assets and liabilities:		
Trade and other receivables, net	4.0	(0.8)
Prepaid expenses and other current assets	(16.4)	(15.3)
Other assets	(0.3)	1.7
Accounts payable	8.1	(3.5)
Accrued and other current liabilities	19.5	(4.1)
Accrued compensation and benefits	(69.3)	(65.1)
Deferred revenue	18.0	11.7
Other non-current liabilities	1.5	2.4
Operating lease liabilities	(15.0)	(10.7)
Cash paid for lease termination	—	(36.0)
Net cash provided by operating activities	204.5	153.8
Cash flow from investing activities		
Capital expenditures	(1.2)	(0.1)
Purchase of intangible assets	—	(0.4)
Proceeds from sales of short-term investments	0.2	—
Proceeds from maturities of short-term investments	65.4	30.0
Cash receipts from equipment rebates	0.9	6.9
Other	1.6	(0.6)
Net cash provided by investing activities	66.9	35.8
Cash flow from financing activities		
Proceeds from term loan facility	1,200.0	—
Payments of debt issuance costs and loan commitment fees	(8.1)	(3.3)
Principal payments against term loan facility	(6.8)	(2.5)
Repayment of convertible senior notes	(695.8)	—
Payments for taxes related to net share settlement of restricted stock units and awards	(30.3)	(39.8)
Principal payments on finance lease obligations	(43.4)	(33.8)
Common stock repurchases	(366.8)	(499.1)
Payment of acquisition-related indemnification holdback	(2.6)	—
Net cash provided by (used in) financing activities	46.2	(578.5)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.4)	3.3
Change in cash, cash equivalents, and restricted cash	316.2	(385.6)
Cash, cash equivalents, and restricted cash - beginning of period	905.9	1,360.5
Cash, cash equivalents, and restricted cash - end of period	$ 1,222.1	$ 974.9
Reconciliation of cash, cash equivalents, and restricted cash to amounts on condensed consolidated balance sheets - end of period		
Cash and cash equivalents	1,207.4	942.2
Restricted cash, current, included in prepaid expenses and other current assets	—	2.3
Restricted cash, non-current, included in other assets	14.7	30.4
Total cash, cash equivalents, and restricted cash	$ 1,222.1	$ 974.9
Supplemental cash flow data:		
Property and equipment acquired under finance leases	$ 12.4	$ 43.6

See accompanying Notes to Condensed Consolidated Financial Statements.

DROPBOX, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 1. Description of the Business and Summary of Significant Accounting Policies

Business

Dropbox, Inc. (the “Company” or “Dropbox”) helps keep life organized and work moving. The Company was incorporated in May 2007 as Evenflow, Inc., a Delaware corporation, and changed its name to Dropbox, Inc. in October 2009. In March 2025, the Company reincorporated in the state of Nevada. The Company is headquartered in San Francisco, California.

Basis of presentation and consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the United States of America generally accepted accounting principles (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. The accompanying unaudited condensed consolidated financial statements include the accounts of Dropbox and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet as of December 31, 2025 included herein was derived from the audited financial statements as of that date. The unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the balance sheets, statements of operations, statements of comprehensive income, statements of stockholders' deficit and the statements of cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full fiscal year ended December 31, 2026 or any future period.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2025, included in the Company's Annual Report on Form 10-K on file with the SEC (“Annual Report”).

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the Company’s condensed consolidated financial statements and accompanying notes. These estimates are based on information available as of the date of the condensed consolidated financial statements. Management evaluates these estimates and assumptions on a regular basis. Actual results may differ materially from these estimates.

The Company’s most significant estimates and judgments are related to the accounting for income taxes.

Financial information about segments and geographic areas

The Company manages its operations and allocates resources as a single operating segment. Further, the Company manages, monitors, and reports its financial information as a single reportable segment. See Note 14 "Segment Information and Geographic Areas" for additional information.

Foreign currency transactions

The assets and liabilities of the Company’s foreign subsidiaries are translated from their respective functional currencies into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue and expense amounts are translated at the average exchange rate for the period. Foreign currency translation gains and losses are recorded in other comprehensive income, net of tax.

Gains and losses realized from foreign currency transactions (those transactions denominated in currencies other than the foreign subsidiaries’ functional currency) are included in other income, net. Monetary assets and liabilities are remeasured using foreign currency exchange rates at the end of the period, and non-monetary assets are remeasured based on historical exchange rates. Foreign currency transaction gains or losses were immaterial during the three months ended March 31, 2026 and 2025.

Revenue recognition

The Company derives its revenue from the sale of subscriptions for access to its platform. The Company's policy is to exclude sales and other indirect taxes when measuring the transaction price of its subscription agreements. The Company accounts for revenue contracts with customers through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company's subscription agreements are generally non-cancelable and have monthly or annual contractual terms with a small percentage having multi-year contractual terms. Revenue is recognized ratably over the related contractual term beginning on the date that the platform is made available to a customer. Access to the platform represents a series of distinct services as the Company continually provides access to, and fulfills its obligation to, the end customer over the subscription term. The series of distinct services represents a single performance obligation that is satisfied over time. The Company recognizes revenue ratably because the customer receives and consumes the benefits of the platform throughout the contract period.

The Company bills in advance for monthly contracts and typically bills annually in advance for contracts with terms of one year or longer. The Company also recognizes an immaterial amount of contract assets, or unbilled receivables, primarily related to consideration for services completed but not billed at the reporting date. Unbilled receivables are classified as receivables when the Company has the right to invoice the customer.

The Company records contract liabilities when cash payments are received or due in advance of performance to deferred revenue. Deferred revenue primarily relates to the advance consideration received from the customer.

The price of subscriptions is generally fixed at contract inception and therefore, the Company's contracts do not contain a significant amount of variable consideration. As a result, the amount of revenue recognized in the periods presented from performance obligations satisfied (or partially satisfied) in previous periods was not material.

The Company recognized $344.6 million of revenue during the three months ended March 31, 2026 and 2025 that was included in the deferred revenue balances at the beginning of their respective periods.

As of March 31, 2026, future estimated revenue related to performance obligations that were unsatisfied or partially unsatisfied was $818.7 million. The substantial majority of the unsatisfied performance obligations will be satisfied over the next twelve months.

Stock-based compensation

The Company grants restricted stock units ("RSUs") to its employees and members of the Board of Directors under the 2008 Equity Incentive Plan ("2008 Plan"), the 2017 Equity Incentive Plan ("2017 Plan"), and the 2018 Equity Incentive Plan ("2018 Plan" and together with the 2008 Plan and 2017 Plan, the "Dropbox Equity Incentive Plans"). RSUs are subject to a service-based vesting condition over a four-year period, with vesting occurring quarterly, and have been the Company's primary form of stock-based compensation for employees, with the exception of certain awards granted to the Company's co-founder and certain executives. Compensation expense related to RSUs is recognized on a straight-line basis over the requisite service period, with forfeitures accounted for in the period in which they occur.

The Board of Directors determines the fair value of each share of underlying common stock based on the closing price of the Company's Class A common stock as reported on the Nasdaq Global Select Market on the date of the grant.

In December 2017, the Board of Directors approved a Co-Founder Grant of 10.3 million shares of Class A common stock in the form of restricted stock awards (“RSAs”) to Drew Houston, the Company's co-founder and Chief Executive Officer (the “Co-Founder Grant”). The grant is subject to service-based, market-based, and performance-based vesting conditions and is excluded from issued and outstanding Class A common stock until vesting. The Company estimated the grant date fair value using a Monte Carlo simulation model that incorporated the probability of not meeting stock price targets. The first tranche vested in the fourth quarter of 2021. Stock-based compensation expense for the Co-Founder Grant was recognized using the accelerated attribution method over the derived service period and will not be reversed if market conditions are unmet. As of December 31, 2024, the Company had fully recognized all related stock-based compensation expense. See Note 11, "Stockholders' Deficit," for additional information.

Cost of revenue

Cost of revenue consists primarily of expenses associated with the storage, delivery, and distribution of the Company’s platform for both paying users and free users. These costs, which are referred to as infrastructure costs, include depreciation of servers located in co-location facilities that the Company leases and operates, rent and facilities expense for those datacenters, network and bandwidth costs, support and maintenance costs for infrastructure equipment, and payments to third-party datacenter service providers. Cost of revenue also includes salaries, bonuses, benefits, travel-related expenses, and stock-based compensation, which are referred to as employee-related costs, for employees whose primary responsibilities relate to supporting the Company’s infrastructure and delivering user support. Other non-employee costs included in cost of revenue include credit card fees related to processing customer transactions and allocated overhead, such as facilities, including rent, utilities, depreciation on leasehold improvements and other equipment shared by all departments, and shared information technology costs. In addition, cost of revenue includes amortization of developed technologies, professional fees related to user support initiatives, and property taxes related to datacenter equipment.

Cash, cash equivalents, and restricted cash

Cash consists primarily of cash on deposit with banks and includes amounts in transit from payment processors for credit and debit card transactions, which typically settle within five business days. Cash equivalents include highly liquid investments purchased with an original maturity date of 90 days or less from the date of purchase.

Restricted cash relates to cash collateral used to secure outstanding letters of credit primarily for the Company’s office lease agreements. The Company had restricted cash of $14.7 million and $14.6 million as of March 31, 2026 and December 31, 2025, respectively.

The Company monitors its credit risk by considering factors such as historical experience, credit ratings, current economic conditions, and reasonable and supportable forecasts.

Short-term investments

The Company’s short-term investments are primarily comprised of corporate notes and obligations, U.S. Treasury securities, asset-backed securities, U.S. agency obligations, supranational securities, and municipal securities. The Company determines the appropriate classification of its short-term investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified and accounted for its short-term investments as available-for-sale securities as the Company may sell these securities at any time for use in its current operations or for other purposes, even prior to maturity. As a result, the Company classifies its short-term investments, including securities with stated maturities beyond twelve months, within current assets in the condensed consolidated balance sheets.

The Company's short-term investments are recorded at fair value each reporting period. Unrealized gains and losses on these short-term investments are reported as a separate component of accumulated other comprehensive income in the condensed consolidated balance sheets until realized. Unrealized gains and losses for any short-term investments that management intends to sell or it is more likely than not that management will be required to sell prior to their anticipated recovery are recorded in other income, net. The Company segments its portfolio based on the underlying risk profiles of the securities and has a zero-loss expectation for U.S. treasury and U.S. government agency securities. The Company regularly reviews the securities in an unrealized loss position and evaluates the current expected credit loss by considering factors such as credit ratings, issuer-specific factors, current economic conditions, and reasonable and supportable forecasts. The Company did not record any material credit losses during the three months ended March 31, 2026. As of March 31, 2026 and December 31, 2025, no allowance for credit losses in short-term investments was recorded.

(Amounts in tables are in millions except per share data, or as otherwise noted)

Concentrations of risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, accounts receivable, and short-term investments. Although the Company deposits its cash and cash equivalents with multiple well-established financial institutions, the deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents and management believes that the institutions where the Company has deposits are financially stable and, accordingly, minimal credit risk exists.

Trade accounts receivable are typically unsecured and are derived from revenue earned from customers located around the world. One distribution partner accounted for 52% of total trade and other receivables, net as of March 31, 2026. One distribution partners accounted for 47% of total trade and other receivables, net as of December 31, 2025. No customer accounted for more than 10% of the Company's revenue in the periods presented.

The Company hosts its services and serves all of its users using a combination of its own custom-built infrastructure that it leases and operates in co-location facilities and third-party datacenter services such as Amazon Web Services ("AWS"). The Company's technology infrastructure, combined with select use of AWS resources, provides a distributed and scalable architecture on a global scale. The Company has designed its platform with multiple layers of redundancy to guard against data loss and deliver high availability.

Deferred commissions, net

Deferred commissions, net is stated as gross deferred commissions less accumulated amortization. Deferred commissions are considered to be incremental and recoverable costs of obtaining a contract with a customer such as sales commissions earned by the Company's sales force including related payroll taxes and revenue share earned by strategic partners. These amounts have been capitalized as deferred commissions within prepaid and other current assets and other assets on the condensed consolidated balance sheets. The Company deferred incremental costs of obtaining a contract of $3.3 million and $5.0 million during the three months ended March 31, 2026 and 2025, respectively.

Deferred commissions, net included in prepaid and other current assets were $16.3 million and $17.1 million as of March 31, 2026 and December 31, 2025, respectively. Deferred commissions, net included in other assets were $17.0 million and $18.4 million as of March 31, 2026 and December 31, 2025, respectively.

Commissions related to new contracts are typically deferred and amortized over a period of benefit of five years. The period of benefit was estimated by considering factors such as historical customer attrition rates, the useful life of the Company's technology, and the impact of competition in its industry. Commissions that are commensurate with renewal contracts are typically amortized over one year. Amortization of deferred commissions was $5.5 million and $7.2 million for the three months ended March 31, 2026 and 2025, respectively. Amortization of deferred commissions costs are included in sales and marketing expense in the accompanying condensed consolidated statements of operations. There was no impairment loss in relation to the deferred costs for any period presented.

Property and equipment, net

Equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, which is generally three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the term of the related lease.

The following table presents the estimated useful lives of property and equipment:

Property and equipment	Useful life
Datacenter and other computer equipment	3 to 5 years
Furniture and Fixtures	7 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Lease obligations

The Company leases office space, datacenters, and equipment under non-cancelable finance and operating leases with various expiration dates through 2036. The Company determines if an arrangement contains a lease at inception.

Operating lease right-of-use assets and lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in the Company's operating leases is not readily determinable, and therefore an incremental borrowing rate is estimated to determine the present value of future payments. The estimated incremental borrowing rate factors in a hypothetical interest rate on a collateralized basis with similar terms, payments, and economic environments. Operating lease right-of-use assets also include any prepaid lease payments and lease incentives.

Certain of the operating lease agreements contain rent concession, rent escalation, and option to renew provisions. Rent concession and rent escalation provisions are considered in determining the single lease cost to be recorded over the lease term. Single lease cost is recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property. The lease terms may include options to extend or terminate the lease. The Company generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that the option will be exercised.

In addition, certain operating lease agreements contain tenant improvement allowances from its landlords. These allowances are accounted for as lease incentives and decrease the Company's right-of-use asset and reduce single lease cost over the lease term.

As part of the Company's Virtual First strategy, Dropbox has retained a portion of its office space for in-person collaboration while the remainder will be subleased. During the three months ended March 31, 2026 and 2025, the Company did not recognize any impairment charge related to right-of-use assets and other lease related property and equipment assets. See Note 8 "Leases" for additional information.

The Company leases certain equipment from various third parties, through equipment finance leases. These leases either include a bargain purchase option, a full transfer of ownership at the completion of the lease term, or the terms of the leases are at least 75 percent of the useful lives of the assets and are therefore classified as finance leases. These leases are capitalized in property and equipment, net and the related amortization of assets under finance leases is included in depreciation and amortization expense in the Company's consolidated statements of operations. Initial asset values and finance lease obligations are based on the present value of future minimum lease payments.

The Company finance lease agreements may contain lease and non-lease components. The non-lease components include payments for support related to infrastructure equipment obtained via finance leases, which are combined with the lease components and accounted for together as a single lease component.

Business combinations

The Company uses best estimates and assumptions, including but not limited to, future expected cash flows, expected asset lives, and discount rates, to assign a fair value to the tangible and intangible assets acquired and liabilities assumed in business combinations as of the acquisition date. These estimates are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, adjustments to the fair value of these tangible and intangible assets acquired and liabilities assumed may be recorded, with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the fair value of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to the Company's condensed consolidated statements of operations.

Long-lived assets, including goodwill and other acquired intangible assets, net

The Company evaluates the recoverability of its property and equipment and finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is measured by comparing the carrying amounts to the future undiscounted cash flows the assets are expected to generate. If such review determines that the carrying amount of specific property and equipment or intangible assets is not recoverable, the carrying amount of such assets is reduced to its fair value.

The Company reviews goodwill for impairment at least annually in the fourth quarter, or more frequently if events or changes in circumstances would more likely than not reduce the fair value of its single reporting unit below its carrying value.

The Company did not record any material impairment charges related to goodwill or intangible assets for the periods presented in these condensed consolidated financial statements.

Acquired property and equipment and finite-lived intangible assets are amortized over their useful lives. The Company evaluates the estimated remaining useful life of these assets when events or changes in circumstances warrant a revision to the remaining period of depreciation or amortization. If the Company revises the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life on a prospective basis.

Income taxes

Deferred income tax balances reflect the effects of temporary differences between the financial reporting and tax bases of the Company's assets and liabilities using enacted tax rates expected to apply when taxes are actually paid or recovered. In addition, deferred tax assets are recorded for net operating loss and credit carryforwards.

A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized based on all available positive and negative evidence. Such evidence includes, but is not limited to, recent cumulative earnings or losses, expectations of future taxable income by taxing jurisdiction, and the carry-forward periods available for the utilization of deferred tax assets.

The Company uses a two-step approach to recognizing and measuring uncertain income tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense.

The Company evaluates its uncertain tax positions on a regular basis and evaluations are based on a number of factors, including changes in facts and circumstances, changes in tax law, correspondence with tax authorities during the course of an audit, and effective settlement of audit issues.

U.S. tax law, as amended by the One Big Beautiful Bill Act, subjects a U.S. shareholder to current tax on net controlled foreign corporation tested income ("NCTI") earned by foreign subsidiaries. The Company accounts for NCTI as a period cost as incurred.

Fair value measurement

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value measurements for assets and liabilities, the Company considers the principal or most advantageous market in which it would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions, and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

Recently issued accounting pronouncements not yet adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of disaggregated information about the types of expenses (including employee compensation, depreciation, and amortization) in commonly presented expense captions in the statement of operations, as well as the total amount of selling expenses and, in annual periods, an entity's definition of selling expenses. The amendments in ASU 2024-03 are effective for annual periods beginning after December 15, 2026, and interim periods within annual periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which modernizes the accounting for internal-use software to current development practices, clarifies when to begin capitalizing costs, and enhances disclosure requirements. The amendments in ASU 2025-06 are effective for annual periods beginning after December 15, 2027, and interim periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies existing interim reporting disclosure requirements, including the form and content of interim financial statements, and establishes a principle requiring disclosure of material events and changes since the most recent annual reporting period. The amendments in ASU 2025-11 are effective for interim reporting periods within annual periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statements and related disclosures.

Recently adopted accounting pronouncements

In November 2024, the FASB issued ASU 2024-04, *Debt - Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The Company adopted ASU 2024-04 on January 1, 2026. The adoption of the standard did not have an impact on the Company's condensed consolidated financial statements as there were no induced conversions or modifications of the Company's convertible debt instruments during the period.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The practical expedient allows companies to assume the current conditions as of the balance sheet date do not change for the remaining life of the asset when measuring credit losses. The Company adopted ASU 2025-05 on January 1, 2026 and elected to apply the practical expedient. The adoption of the standard did not have a material impact on the Company's condensed consolidated financial statements.

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 2. Cash, Cash Equivalents and Short-Term Investments

The amortized cost, unrealized gains and losses and estimated fair value of the Company's cash, cash equivalents and short-term investments as of March 31, 2026 and December 31, 2025 consisted of the following:

	As of March 31, 2026			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Cash	$ 114.7	$ —	$ —	$ 114.7
Cash equivalents				
Money market funds	1,092.7	—	—	1,092.7
Total cash & cash equivalents	$ 1,207.4	$ —	$ —	$ 1,207.4
Short-term investments				
Corporate notes and obligations	45.5	—	(0.3)	45.2
U.S. Treasury securities	23.8	—	(0.1)	23.7
Municipal securities	10.9	—	(0.1)	10.8
Asset backed securities	1.7	—	—	1.7
Total short-term investments	81.9	—	(0.5)	81.4
Total	$ 1,289.3	—	(0.5)	1,288.8

	As of December 31, 2025			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Cash	$ 126.5	$ —	$ —	$ 126.5
Cash equivalents				
Money market funds	764.8	—	—	764.8
Total cash & cash equivalents	$ 891.3	$ —	$ —	$ 891.3
Short-term investments				
Corporate notes and obligations	79.6	0.1	(0.6)	79.1
U.S. Treasury securities	45.4	0.1	(0.2)	45.3
Municipal securities	10.8	—	(0.1)	10.7
Asset backed securities	6.3	—	(0.1)	6.2
U.S. agency obligations	3.8	—	—	3.8
Supranational securities	1.8	—	—	1.8
Total short-term investments	147.7	0.2	(1.0)	146.9
Total	1,039.0	0.2	(1.0)	1,038.2

Included in cash and cash equivalents is cash in transit from payment processors for credit and debit card transactions of $10.2 million and $8.1 million as of March 31, 2026 and December 31, 2025, respectively.

All short-term investments were designated as available-for-sale securities as of March 31, 2026 and December 31, 2025.

The following table presents the contractual maturities of the Company’s short-term investments as of March 31, 2026:

(Amounts in tables are in millions except per share data, or as otherwise noted)

	As of March 31, 2026	
	Amortized Cost	Estimated Fair Value
Due within one year	$ 63.0	$ 62.5
Due between one to three years	18.4	18.4
Due after three years	0.5	0.5
Total	$ 81.9	$ 81.4

The Company had 51 short-term investments in unrealized loss positions as of March 31, 2026. There were no material gains or losses from short-term investments that were reclassified out of accumulated other comprehensive income for the three months ended March 31, 2026 and 2025.

As of March 31, 2026, the Company's short-term investments portfolio consisted of four security types, three of which were in an unrealized loss position. The Company's short-term investments had unrealized losses of approximately $0.5 million as of March 31, 2026. The following tables present the breakdown of the short-term investments that have been in a continuous unrealized loss position aggregated by investment category, as of March 31, 2026 and December 31, 2025:

	As of March 31, 2026					
	Less than 12 months		More than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate notes and obligations	$ 0.8	$ —	$ 33.3	$ (0.3)	$ 34.1	$ (0.3)
U.S. Treasury securities	3.3	—	11.9	(0.1)	15.2	(0.1)
Municipal securities	6.2	—	4.6	(0.1)	10.8	(0.1)
Total	$ 10.3	$ —	$ 49.8	$ (0.5)	$ 60.1	$ (0.5)

	As of December 31, 2025					
	Less than 12 months		More than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Corporate notes and obligations	$ 1.1	$ —	$ 58.5	$ (0.6)	$ 59.6	$ (0.6)
U.S. Treasury securities	5.0	—	28.4	(0.2)	33.4	(0.2)
Municipal securities	—	—	4.5	(0.1)	4.5	(0.1)
Asset backed securities	—	—	4.8	(0.1)	4.8	(0.1)
Total	$ 6.1	$ —	$ 96.2	$ (1.0)	$ 102.3	$ (1.0)

Unrealized losses on short-term investments have not been recorded into income because management does not intend to sell nor will it be required to sell these securities prior to their anticipated recovery, and for which the decline in fair value is largely due to changes in interest rates. The credit ratings associated with the corporate notes and obligations are mostly unchanged, are highly rated and the issuers continue to make timely principal and interest payments.

The Company recorded interest income from its cash, cash equivalents, and short-term investments of $7.6 million and $12.7 million during the three months ended March 31, 2026 and 2025, respectively.

Note 3. Fair Value Measurements

The Company measures its financial instruments at fair value each reporting period using a fair value hierarchy that prioritizes the use of observable inputs and minimizes the use of unobservable inputs. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

(Amounts in tables are in millions except per share data, or as otherwise noted)

The following table presents information about the Company’s financial instruments that are measured at fair value on a recurring basis using the input categories discussed in Note 1:

	As of March 31, 2026			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 1,092.7	$ —	$ —	$ 1,092.7
Total cash equivalents	$ 1,092.7	$ —	$ —	$ 1,092.7
Short-term investments				
Corporate notes and obligations	—	45.2	—	45.2
U.S. Treasury securities	—	23.7	—	23.7
Municipal securities	—	10.8	—	10.8
Asset backed securities	—	1.7	—	1.7
Total short-term investments	—	81.4	—	81.4
Total	$ 1,092.7	$ 81.4	$ —	$ 1,174.1

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 764.8	$ —	$ —	$ 76
Total cash equivalents	$ 764.8	$ —	$ —	$ 76
Short-term investments				
Corporate notes and obligations	—	79.1	—	7
U.S. Treasury securities	—	45.3	—	4
Municipal securities	—	10.7	—	1
Asset backed securities	—	6.2	—	
U.S. agency obligations	—	3.8	—	
Supranational securities	—	1.8	—	
Total short-term investments	—	146.9	—	14
Total	$ 764.8	$ 146.9	$ —	$ 91

The Company had no transfers between levels of the fair value hierarchy during the periods presented.

The carrying amounts of certain financial instruments, including cash and restricted cash held at banks, accounts receivable and accounts payable approximate fair value due to their short-term maturities and are excluded from the fair value table above.

The Company had $693.3 million in aggregate principal amount of 0% convertible senior notes due in 2028 (the "2028 Notes"), outstanding as of March 31, 2026. Refer to Note 7 "Debt" for additional information.

The estimated fair value of the 2028 Notes, based on a market approach as of March 31, 2026 was approximately $659.3 million. The 2028 Notes were categorized as Level 2 instruments as the estimated fair value was determined based on the trading activity of the 2028 Notes in an over-the-counter market on the last business day of the period.

The Company had $2,681.6 million of term loans outstanding with a carrying value of $2,611.7 million as of March 31, 2026. Refer to Note 7 "Debt" for additional information. As of March 31, 2026, the fair value of the term loans approximated the carrying value as of such date. The term loans are categorized as Level 2 instruments as the estimated fair value was determined based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities.

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 4. Property and Equipment, Net

Property and equipment, net consisted of the following:

	As of	
	March 31, 2026	December 31, 2025
Datacenter and other computer equipment	$ 819.5	$ 823.5
Furniture and fixtures	9.4	9.4
Leasehold improvements	104.3	104.3
Construction in progress	0.3	0.4
Total property and equipment	933.5	937.6
Accumulated depreciation	(575.2)	(559.2)
Property and equipment, net	$ 358.3	$ 378.4

The Company leases certain infrastructure equipment from various third parties, through finance leases. Infrastructure assets as of March 31, 2026 and December 31, 2025 included a total of $487.6 million and $485.5 million, respectively, acquired under finance lease agreements. These leases are capitalized in property and equipment, and the related depreciation of assets under finance leases is included in depreciation expense. The accumulated depreciation of the equipment under finance leases totaled $198.3 million and $183.8 million as of March 31, 2026 and December 31, 2025, respectively.

Depreciation expense related to property and equipment was $32.7 million and $31.7 million for the three months ended March 31, 2026 and 2025, respectively.

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 5. Intangible Assets

Intangible assets consisted of the following:

	As of March 31, 2026	As of December 31, 2025	Weighted-average remaining useful life (In years) As of March 31, 2026
Developed technology	$ 97.3	$ 97.3	2.8
Customer relationships	48.5	48.5	1.3
Patents	14.6	16.6	1.7
Software	8.9	8.9	0.0
Trademarks and trade names	5.8	5.8	0.0
Licenses	0.5	0.5	2.7
Assembled workforce in asset acquisitions	0.8	3.8	2.9
Other	1.1	1.1	0.0
Total intangibles	177.5	182.5	
Accumulated amortization	(150.1)	(148.8)	
Intangible assets, net	$ 27.4	$ 33.7	

Amortization expense was $6.3 million and $6.4 million for the three months ended March 31, 2026 and 2025, respectively.

Expected future amortization expense for intangible assets as of March 31, 2026 is as follows:

	Intangible assets
Remainder of 2026	$ 10.4
2027	8.2
2028	5.1
2029	2.7
2030	0.6
Thereafter	0.4
Total	$ 27.4

Note 6. Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. The changes in the carrying amounts of goodwill were as follows:

Balance at December 31, 2025	$ 454.9
Effect of foreign currency translation	0.6
Balance at March 31, 2026	$ 455.5

Goodwill amounts are not amortized, but tested for impairment on an annual basis. There was no impairment of goodwill during the periods ended March 31, 2026 and December 31, 2025.

Note 7. Debt

Term loan facility

During the fourth quarter of 2024, the Company entered into a secured five-year term loan facility under a Credit and Guaranty Agreement (the “initial Credit Agreement”), providing up to $2.0 billion in aggregate principal amount of term loans, consisting of $1.0 billion of initial term loans (the "initial term loans"), which were fully drawn at closing, and $1.0 billion of initial delayed draw term loan commitments (the "initial delayed draw term loan commitments"). The initial Credit Agreement also provides for a secured letter of credit facility in an aggregate amount of up to $35.0 million.

In the third quarter of 2025, the Company entered into Amendment No. 1 (the “First Amendment”) to its initial Credit Agreement (collectively, the “Amended Credit Agreement”) to add $700.0 million in delayed draw term loan commitments (the “2025 delayed draw term loans”). The Amended Credit Agreement now provides a secured term loan facility of $2.7 billion (collectively, the “term loan facility”). The term loan facility is guaranteed by certain material subsidiaries and secured by substantially all assets of the Company and such subsidiary guarantors.

The term loans are measured at amortized cost on the condensed consolidated balance sheets. Issuance costs of $27.6 million were deducted from the carrying value and are amortized and recognized as a component of interest expense over the five-year term using the effective interest method. Additional deferred issuance costs of $27.6 million and $11.9 million related to the initial delayed draw term loan commitments and 2025 delayed draw term loans, respectively, were recognized initially as deferred assets and were reclassified and presented as a reduction of the carrying value of the related debt upon draw, and are amortized over the remaining term on an effective interest method basis from the time of draw. Issuance costs of $0.2 million related to the secured letter of credit facility were recognized as a prepaid asset and are amortized over the five-year access period on a straight-line basis.

The initial term loans and the initial delayed draw term loans have the same terms and are treated as a single fungible class of term loans for all purposes under the Amended Credit Agreement, except that interest on the initial delayed draw term loans commenced from the applicable date of draw. As of March 31, 2026, $1.0 billion was drawn on the initial delayed draw term loan commitments and no commitment remained available. As of March 31, 2026, $18.7 million of letters of credit were issued and $16.3 million remains to be issued under the letter of credit facility. As of March 31, 2026, no amounts were drawn on the letter of credit facility.

In the first quarter of 2026, the Company drew $700.0 million on the 2025 delayed draw term loan commitments and the proceeds were used primarily to repay the 2026 Notes (as defined below) at maturity, with the remaining proceeds available for general corporate purposes. As of March 31, 2026, no commitment remained available.

Pursuant to the terms of the Amended Credit Agreement, the Company was required to pay quarterly commitment fees of 1.00% per annum on the unused portions of both delayed draw term loan commitments. These fees were capitalized as the draws were probable of occurring and were reclassified against the carrying value of the respective debt upon draw. As of March 31, 2026, $12.4 million of deferred issuance costs related to the commitment fees has been fully reclassified and presented as a reduction of the carrying value of the related debt, as the commitments have been fully drawn and no amounts remain available. These fees are amortized over the respective debt terms using the effective interest method from the time of draw.

The initial term loans and initial delayed draw term loans mature on December 11, 2029, with quarterly principal payments of 0.25% of the original principal amount or such greater percentage as may be required to make the initial delayed draw term loans fungible with any then-outstanding initial term loans and initial delayed draw term loans. Quarterly principal payments for the initial term loans and initial delayed draw term loans began on March 31, 2025 and will continue on the last business day of each quarter thereafter. The 2025 delayed draw term loans mature on September 9, 2030, with quarterly repayments of 0.25% of the original principal amount. Quarterly principal payments on the 2025 delayed draw term loans began on March 31, 2026 and will continue on the last business day of each quarter thereafter. Prepayments are permitted at any time, in whole or in part, subject to premiums of 2.00% of the aggregate principal amount prepaid on or within one year of the closing date for the initial Credit Agreement (or the effective date of the First Amendment in the case of the 2025 delayed draw term loans) and 1.00% of such amount prepaid after one year but on or prior to two years from the closing date for the initial Credit Agreement (or the effective date of the First Amendment in the case of the 2025 delayed draw term loans). Any amounts repaid or prepaid may not be reborrowed. Mandatory prepayments on the term loan facility may be required upon the occurrence of certain events as defined in the Amended Credit Agreement, which the Company considers remote as of March 31, 2026.

(Amounts in tables are in millions except per share data, or as otherwise noted)

The following is a summary of the term loan facility as of March 31, 2026 and December 31, 2025.

	Term Loan
March 31, 2026	
Principal balance	$ 2,681.6
Unamortized issuance costs	(69.9)
Carrying value, net	$ 2,611.7
December 31, 2025	
Principal balance	$ 1,488.3
Unamortized issuance costs	(39.6)
Carrying value, net	$ 1,448.7

Borrowings under the term loan facility bear interest, at the Company’s option, at either (a) an alternate base rate, which is defined as a fluctuating rate per annum equal to the greatest of (i) the prime rate then in effect, (ii) the federal funds rate then in effect, plus 0.50% per annum, and (iii) a term SOFR rate determined on the basis of a one-month interest period plus 1.00% per annum, in each case, plus a margin of 2.75%, or (b) an overnight or term SOFR rate (based on one, three or six month interest periods), plus a margin of 3.75%. Interest is payable quarterly in arrears with respect to borrowings bearing interest at the alternate base rate on the last business day of an interest period, but at most monthly and at least quarterly, with respect to overnight and term SOFR rate borrowings.

Interest expense associated with the term loan facility for the three months ended March 31, 2026 and 2025 was $37.9 million and $21.6 million, respectively, with such interest expense consisting of interest expense on the outstanding principal of the term loan facility and amortization of issuance costs.

The Amended Credit Agreement allows for additional term loan facilities or increased commitments, subject to certain conditions and limits. It includes customary representations and warranties, customary affirmative and negative covenants, and customary events of default. Failure to comply with these covenants may result in a portion of the outstanding term loan debt becoming due immediately. The Company was in compliance with all covenants under the term loan facility as of March 31, 2026.

Maturities on the Company's term loan facility are as follows:

	Term Loan
Remainder of 2026	$ 20.4
2027	27.1
2028	27.1
2029	1,935.0
2030	672.0
Thereafter	—
Total	$ 2,681.6

Convertible senior notes

During the first quarter of 2021, the Company issued $695.8 million aggregate principal amount of 0% convertible senior notes due in 2026 (the "2026 Notes"). Additionally, during the first quarter of 2021, the Company issued $693.3 million aggregate principal amount of 0% convertible senior notes due in 2028 (the "2028 Notes," and together with the 2026 Notes, the "Notes"). The Notes were issued in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. The net proceeds from the sale of the 2026 Notes and 2028 Notes were approximately $1.4 billion after deducting offering and issuance costs related to the respective Notes.

As of the maturity date on March 1, 2026, no holder of the 2026 Notes had converted their principal amount. The Company used a total of $695.8 million in cash to repay the aggregate principal amount at their maturity.

The 2028 Notes do not bear regular interest. The 2028 Notes may bear special interest as the remedy relating to the Company's failure to comply with certain of its reporting obligations. The Company has complied with these reporting obligations from the issuance date through March 31, 2026. The 2028 Notes will mature on March 1, 2028, unless earlier converted, redeemed or repurchased.

The initial conversion rate for the 2028 Notes is 28.2889 shares of Class A common stock per $1,000 principal amount of such 2028 Notes, which is equivalent to an initial conversion price of approximately $35.35 per share. The conversion rate for the 2028 Notes will be subject to adjustment upon the occurrence of certain specified events but will not be adjusted for accrued and unpaid special interest. In addition, upon the occurrence of a make-whole fundamental change (as defined in the relevant indenture governing the 2028 Notes) or a notice of redemption, the Company will, in certain circumstances, increase the conversion rate of the 2028 Notes by a number of additional shares for a holder that elects to convert all or a portion of its 2028 Notes in connection with such make-whole fundamental change or who elects to convert such 2028 Notes that are subject to such notice of redemption. The conversion rate for the 2028 Notes shall not exceed 43.1406 shares per $1,000 principal amount of such Notes, subject to certain customary anti-dilution adjustments (as defined in the indenture governing the 2028 Notes). There have been no changes to the initial conversion price of the 2028 Notes since issuance as of March 31, 2026.

Upon conversion, the principal portion of the 2028 Notes being converted will be settled in cash, and any amount in excess of the principal portion of the 2028 Notes will be settled in cash or shares of the Company's Class A common stock or any combination thereof at the Company's option. The if-converted value of the 2028 Notes was below the principal value of the 2028 Notes as of March 31, 2026. As of March 31, 2026, the conditions allowing holders of the 2028 Notes to convert during the following fiscal quarter were not met.

Prior to the close of business on the business day immediately preceding December 1, 2027, the 2028 Notes will be convertible only under the following circumstances: (1) during any calendar quarter commencing after June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the Class A common stock for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2028 Notes on each applicable trading day; (2) during the five business day period after any five consecutive trading day period in which, for each trading day of that period, the trading price per $1,000 principal amount of 2028 Notes, for such trading day was less than 98% of the product of the last reported sale price of the Class A common stock and the conversion rate for the 2028 Notes on each such trading day; (3) if the Company calls any or all of the 2028 Notes for redemption, the 2028 Notes may be converted at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate transactions.

On or after December 1, 2027, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders of the 2028 Notes may convert all or a portion of their 2028 Notes regardless of the foregoing conditions.

The Company may redeem for cash all or any part of the 2028 Notes, at its option, on or after March 6, 2025, if the last reported sale price of its Class A common stock has been at least 130% of the conversion price for the 2028 Notes then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus any accrued and unpaid special interest to, but excluding, the redemption date. No sinking fund is provided for the 2028 Notes.

Upon the occurrence of a fundamental change (as defined in the indenture governing the 2028 Notes) prior to the maturity date, holders of the 2028 Notes may require the Company to repurchase all or a portion of the 2028 Notes for cash at a price equal to 100% of the principal amount of the 2028 Notes to be repurchased, plus any accrued and unpaid special interest to, but excluding, the fundamental change repurchase date. Additionally, and upon events of default (as defined in the indenture governing the 2028 Notes), the maturity of the 2028 Notes may be accelerated.

(Amounts in tables are in millions except per share data, or as otherwise noted)

The 2028 Notes are the Company’s general unsecured obligations and will rank senior in right of payment to any existing and future indebtedness that is contractually subordinated to the 2028 Notes; rank equal in right of payment with the Company’s existing and future senior unsecured indebtedness that is not so subordinated; effectively rank junior in right of payment to any of the Company’s existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness; and be structurally subordinated to all indebtedness and other liabilities (including trade payables) of subsidiaries of the Company.

In accounting for the 2028 Notes, issuance costs of $11.0 million were deducted from the carrying value of the 2028 Notes in the condensed consolidated balance sheet. Issuance costs will be recognized as interest expense over the seven-year term for the 2028 Notes.

The following is a summary of the Notes outstanding as of March 31, 2026 and December 31, 2025.

	2026 Notes	2028 Notes	Total
March 31, 2026			
Principal balance	$ —	$ 693.3	$ 693.3
Unamortized issuance costs	—	(3.0)	(3.0)
Carrying value, net	$ —	$ 690.3	$ 690.3
December 31, 2025			
Principal balance	$ 695.8	$ 693.3	$ 1,389.1
Unamortized issuance costs	(0.4)	(3.4)	(3.8)
Carrying value, net	$ 695.4	$ 689.9	$ 1,385.3

During the three months ended March 31, 2026 and 2025, the Company recognized $0.4 million in interest expense for the 2026 Notes, which matured on March 1, 2026, and $0.4 million and $0.3 million in interest expense for the 2028 Notes, respectively, with such interest expense consisting solely of amortization of issuance costs. The effective interest rate for the 2028 Notes was 0.22% as of March 31, 2026.

Maturities on the Company's convertible debt are as follows:

	Convertible Debt
Remainder of 2026	$ —
2027	—
2028	693.3
2029	—
2030 and thereafter	—
Total	$ 693.3

Convertible Note Hedges and Warrants

Concurrent with the offering of the Notes, the Company entered into convertible note hedge transactions with certain counterparties whereby the Company had the option to purchase a total of approximately 18.2 million shares for note hedges expiring in March 2026 (the “2026 Note Hedges”) and 19.6 million shares for note hedges expiring in March 2028 (the “2028 Note Hedges”, together with the 2026 Note Hedges, the “Note Hedges”), respectively, of its Class A common stock at a price of approximately $38.25 and $35.35 per share, respectively. The aggregate cost of the Note Hedges was $265.3 million.

The Company used a total of $695.8 million in cash to repay the aggregate principal amount of the 2026 Notes at their maturity. Additionally, there were no 2026 Note Hedges exercised, and no shares were received as of March 31, 2026. The 2026 Note Hedges expired upon maturity of the 2026 Notes.

The 2028 Note Hedges, or a portion thereof, are exercisable upon conversion of the 2028 Notes and the satisfaction of certain conditions set forth in the 2028 Note Hedges. Additionally, the 2028 Note Hedges may be terminated and early settled upon the occurrence of certain events, including certain merger events, events of default, and upon a fundamental change (as defined in the indenture for the 2028 Notes). The 2028 Note Hedges are settleable in cash, shares or a combination of cash and shares, at the option of the Company, and the settlement alternative will be the same as the settlement alternative of the conversion spread for the 2028 Notes.

The 2028 Note Hedges are expected generally to offset the potential dilution to the Class A common stock upon conversion of the 2028 Notes and/or reduce any cash payments the Company is required to make in excess of the principal amount of such converted 2028 Notes, as the case may be, in the event that the market price per share of the Class A common stock, as measured under the terms of the 2028 Note Hedges, is greater than the applicable strike price of those convertible note hedge transactions. As of March 31, 2026, the Company’s stock price was below the exercise price of the 2028 Note Hedges.

In addition, the Company sold warrants to certain counterparties whereby the holders of the warrants had the option to purchase a total of approximately 18.1 million shares of Class A common stock underlying such warrants expiring in 2026 (the “2026 Warrants”) and 20.1 million shares of Class A common stock underlying such warrants expiring in 2028 (the “2028 Warrants”, together with the 2026 Warrants, the “Warrants”), respectively, at an initial strike price of $46.36 and $46.36 per share, respectively. The Company received aggregate cash proceeds of $202.9 million from the sale of these Warrants.

If the market price per share of the Company’s Class A common stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants, the Warrants could have a dilutive effect, unless the Company elects, subject to certain conditions, to settle the Warrants in cash. The Warrants are only exercisable on the applicable expiration dates in accordance with the terms of the Warrants. Subject to the other terms of the Warrants, the first expiration date applicable to the 2026 Warrants and to the 2028 Warrants is June 1, 2026, and June 1, 2028, respectively, and the final expiration date applicable to the 2026 Warrants and 2028 Warrants is August 10, 2026 and August 10, 2028, respectively. As of March 31, 2026, the Company’s Class A common stock price was below the exercise price of the Warrants.

Taken together, the purchase of the Note Hedges and the sale of the Warrants are intended to reduce potential dilution from the conversion of the Notes and/or reduce any cash payments the Company is required to make in excess of the principal amount of such converted Notes, as the case may be, and to effectively increase the overall conversion price from $35.35 per share to $46.36 for the 2028 Notes.

The Note Hedges and the Warrants are equity-classified instruments as a result of being indexed to the Company’s Class A common stock and meeting certain equity classification criteria, and the instruments will not be remeasured in subsequent periods as long as the instruments continue to meet these accounting criteria. The premium paid for the Note Hedges has been included as a net reduction to additional paid-in capital within stockholders’ deficit, and the premium received for the Warrants has been included as a net increase to additional paid-in capital within stockholders' deficit.

Note 8. Leases

The Company has operating leases for corporate offices, datacenters and finance leases for infrastructure and computer equipment. The Company’s leases have remaining lease terms of under 1 year to 10 years, some of which include options to extend the leases for up to 5 years.

The Company also has subleases for a vast majority of its corporate offices. The Company classifies its subleases as operating leases. The subleases have remaining lease terms of under 1 year to 7 years, some of which include tenant options to extend the sublease for up to approximately 4 years. Sublease income, which is recorded as a reduction of rental expense, was $4.1 million and $3.0 million during the three months ended March 31, 2026 and 2025, respectively.

Future minimum lease payments under non-cancellable leases as of March 31, 2026 were as follows:

(Amounts in tables are in millions except per share data, or as otherwise noted)

	Operating leases[1]	Finance leases
Remainder of 2026	$ 52.9	$ 115.2
2027	72.0	118.0
2028	71.1	75.8
2029	71.0	28.1
2030	68.3	0.5
2031	48.5	—
Thereafter	79.6	—
Total future minimum lease payments	$ 463.4	$ 337.6
Less imputed interest	(71.4)	(23.0)
Total liability	$ 392.0	$ 314.6

[1] Consists of future non-cancelable minimum rental payments under operating leases for the Company’s corporate offices and datacenters where the Company has possession, excluding rent payments for short-term lease obligations, payments from the Company’s subtenants and variable operating expenses.

Future non-cancelable rent payments from the Company's subtenants as of March 31, 2026 were as follows:

	Operating leases
Remainder of 2026	$ 13.8
2027	20.7
2028	21.8
2029	16.1
2030	12.0
2031	8.5
Thereafter	10.9
Total future sublease rent payments, net	$ 103.8

In 2017, the Company signed a 15 year lease agreement for office space in San Francisco, California, to serve as its corporate headquarters which commenced in 2018. The Company's obligations under the lease are supported by a $17.5 million letter of credit. As of March 31, 2026, the Company's remaining minimum obligation under the lease for its headquarters was $134.6 million.

In the fourth quarter of 2020, the Company moved to a Virtual First work model pursuant to which remote work has become the primary experience for all of its employees. As part of the Virtual First work model, the Company retained a portion of its office space to be used for the Company’s team collaboration use and a portion was marketed for sublease. Subsequently, every quarter, the Company has evaluated its real estate portfolio for impairment under ASC 360. As part of this analysis, the Company reassesses its real estate asset groups and estimates the fair value of the office space to be subleased using current market conditions. Where the carrying value of the individual asset groups exceeds their fair value, an impairment charge will be recognized for the difference.

The Company did not record any impairment charges during the three months ended March 31, 2026 and 2025, respectively.

Note 9. Commitments and Contingencies

Legal matters

From time-to-time, the Company is a party to a variety of claims, lawsuits, investigations, inquiries, and proceedings which arise in the ordinary course of business, including claims of alleged infringement of intellectual property rights,

(Amounts in tables are in millions except per share data, or as otherwise noted)

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regulatory matters, and commercial disputes. The Company records a liability when it believes that it is probable that a loss will be incurred and the amount of loss or range of loss can be reasonably estimated. In its opinion, resolution of pending matters is not likely to have a material adverse impact on its condensed consolidated results of operations, cash flows, or its financial position. Given the unpredictable nature of legal proceedings, the Company bases its estimate on the information available at the time of the assessment. As additional information becomes available, the Company reassesses the potential liability and may revise the estimate.

Indemnification

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if its products or services infringe a third party's intellectual property rights. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims.

Other commitments

Other commitments include payments to third-party vendors for services related to the Company's infrastructure, infrastructure warranty contracts, and asset retirement obligations for office modifications. There have been no material changes in the Company's other commitments, as disclosed in the Annual Report.

Note 10. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of	
	March 31, 2026	**December 31, 2025**
Non-income taxes payable	$ 62.8	$ 58.9
Accrued legal and other external fees	23.9	20.1
Acquisition indemnification holdbacks	3.6	6.1
Income taxes payable	19.1	4.9
Other accrued and current liabilities	32.7	31.7
Total accrued and other current liabilities	$ 142.1	$ 121.7

Note 11. Stockholders' Deficit

Common stock

The Company's articles of incorporation authorizes the issuance of Class A common stock, Class B common stock, and Class C common stock. Holders of Class A common stock, Class B common stock, and Class C common stock are entitled to dividends on a pro rata basis, when, as, and if declared by the Company's Board of Directors, subject to the rights of the holders of the Company's preferred stock. Holders of Class A common stock are entitled to one vote per share, holders of Class B common stock are entitled to 10 votes per share, and holders of Class C common stock are entitled to zero votes per share.

As of March 31, 2026, the Company had authorized 2,400.0 million shares of Class A common stock, 475.0 million shares of Class B common stock, and 800.0 million shares of Class C common stock, each at par value of $0.00001. Holders of Class B common stock voluntarily converted 0.4 million and 0.6 million shares into an equivalent number of shares of Class A common stock during the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026, 155.0 million shares of Class A common stock, 75.3 million shares of Class B common stock, and no shares of Class C common stock were issued and outstanding. As of December 31, 2025, 167.2 million shares of Class A common stock, 75.7 million shares of Class B common stock, and no shares of Class C common stock were issued and outstanding. Class A shares issued and outstanding as of March 31, 2026 and December 31, 2025 exclude unvested restricted stock awards granted to certain executives, including 8.3 million unvested restricted stock awards granted to one of the Company's co-founders. See "Co-Founder Grant" section below for additional information.

Preferred stock

The Company's Board of Directors has the authority, without further action by the Company's stockholders, to issue up to 240.0 million shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time-to-time by the Board of Directors.

Stock repurchase program

In July 2023, the Board of Directors authorized a $1.2 billion share repurchase program, which the Company completed during the three months ended March 31, 2025. In December 2024, the Board of Directors authorized an additional $1.2 billion program, which the Company completed during the three months ended December 31, 2025. In August 2025, the Board of Directors authorized an additional $1.5 billion share repurchase program, under which the Company continues to repurchase shares. Share repurchases are made from time-to-time in private transactions or open market purchases, as permitted by securities laws and other legal requirements and are subject to a review of the circumstances in place at that time, including prevailing market prices. The program does not obligate the Company to repurchase any specific number of shares and may be discontinued at any time.

During the three months ended March 31, 2026 and 2025, the Company repurchased and subsequently retired 14.3 million and 18.1 million shares of its Class A common stock, for aggregate amounts of $370.0 million and $504.1 million, respectively. Included in the cost of treasury stock acquired pursuant to common share repurchases is the 1% excise tax imposed as part of the Inflation Reduction Act, in addition to repurchase execution costs incurred in connection with the Company’s share repurchase program.

Equity incentive plans

Under the 2018 Plan, the Company may grant stock-based awards to purchase or directly issue shares of common stock to employees, directors, and consultants. RSUs and RSAs are granted under the 2018 Plan. The 2018 Plan will terminate 10 years after the later of (i) its adoption or (ii) the most recent stockholder-approved increase in the number of shares reserved under the 2018 Plan, unless terminated earlier by the Company's Board of Directors. The 2018 Plan was adopted on March 22, 2018.

As of March 31, 2026, there were 23.3 million stock-based awards issued and outstanding and 143.1 million shares available for issuance under the Dropbox Equity Incentive Plans, Dropbox Sign's 2011 Equity Incentive Plan, DocSend's 2013 Stock Plan and DocSend's 2015 Stock Option and Grant Plan (collectively, the "Plans").

(Amounts in tables are in millions except per share data, or as otherwise noted)

There was no stock option activity for the three months ended March 31, 2026. Restricted stock activity for the Plans was as follows for the three months ended March 31, 2026:

		Restricted stock outstanding	
	Number of shares available for issuance under the Plans	Number of shares outstanding under the Plans	Weighted-average grant date fair value per share
Balance at December 31, 2025	131.0	24.9	$ 26.24
Additional shares authorized	12.2	—	—
Restricted stock units and awards released	—	(2.9)	25.10
Restricted stock units and awards canceled	1.7	(1.7)	25.54
Shares withheld related to net share settlement of restricted stock units and awards	1.2	—	—
Restricted stock units and awards granted	(3.0)	3.0	26.68
Balance as of March 31, 2026	143.1	23.3	$ 26.50
Vested at March 31, 2026		—	$ —
Unvested at March 31, 2026		23.3	$ 26.50

As of March 31, 2026, unamortized stock-based compensation related to RSAs and RSUs was $600.3 million. The weighted-average period over which such compensation expense will be recognized if the requisite service is provided is approximately 2.8 years as of March 31, 2026.

Co-Founder Grant

In December 2017, the Board of Directors approved the Co-Founder Grant, consisting of 10.3 million shares of Class A common stock in the form of RSAs granted to Drew Houston, the Company’s co-founder and Chief Executive Officer. The Co-Founder Grant is subject to service-, market-, and performance-based vesting conditions and is excluded from issued and outstanding shares until vesting. Mr. Houston holds voting rights and rights to cumulative declared dividends prior to vesting.

The Co-Founder Grant vests over ten years following the Company’s IPO, based on the achievement of stock price targets during a consecutive thirty-day trading period within the Performance Period, which began on January 1, 2019.

The first tranche, or 2.1 million shares, vested in the fourth quarter of 2021. Stock-based compensation expense was recognized over the derived service period using the accelerated attribution method and will not be reversed if the market conditions are not met for the remaining tranches. The stock-based compensation expense related to the Co-Founder Grant was fully recognized as of the fourth quarter of 2024.

Note 12. Net Income Per Share

The Company computes net income per share using the two-class method required for multiple classes of common stock and participating securities. The rights, including the liquidation and dividend rights, of the Class A common stock and Class B common stock are substantially identical, other than voting rights. Accordingly, the Class A common stock and Class B common stock share equally in the Company’s net income and losses.

Basic net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of shares of the Class A and Class B common stock outstanding.

Diluted net income per share is computed by dividing net income attributable to common stockholders by the weighted-average number of diluted common shares outstanding. The computation of the diluted net income per share of Class A common stock assumes the conversion of the Company's Class B common stock to Class A common stock, while the diluted net income per share of Class B common stock does not assume the conversion of those shares to Class A common stock. The dilutive effect of potentially dilutive common shares is reflected in diluted earnings per share by application of the if-converted method for the 2026 Notes and the 2028 Notes, and by application of the treasury stock method for the Company's other potentially dilutive securities.

The numerators and denominators of the basic and diluted EPS computations for the Company's common stock are calculated as follows (in millions, except for per share amounts):

	Three Months Ended March 31,			
	2026		2025	
	Class A	Class B	Class A	Class B
Basic net income per share:				
Numerator				
Net income attributable to common stockholders	$ 77.7	$ 36.8	$ 110.4	$ 39.9
Denominator				
Weighted-average number of common shares outstanding used in computing basic net income per share	159.7	75.5	213.4	76.9
Net income per common share, basic	$ 0.49	$ 0.49	$ 0.52	$ 0.52
Diluted net income per share:				
Numerator				
Net income attributable to common stockholders	$ 77.7	$ 36.8	$ 110.4	$ 39.9
Reallocation of net income as a result of conversion of Class B to Class A common stock	36.8	—	39.9	—
Reallocation of net income to Class B common stock	—	(0.3)	—	(0.8)
Net income attributable to common stockholders for diluted EPS	$ 114.5	$ 36.5	$ 150.3	$ 39.1
Denominator				
Weighted-average number of common shares outstanding used in computing basic net income per share	159.7	75.5	213.4	76.9
Weighted-average effect of dilutive restricted stock units and awards and employee stock options	1.5	—	5.4	—
Conversion of Class B to Class A common stock	75.5	—	76.9	—
Weighted-average number of common shares outstanding used in computing diluted net income per share	236.7	75.5	295.7	76.9
Net income per common share, diluted	$ 0.48	$ 0.48	$ 0.51	$ 0.51

The weighted-average impact of potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive was as follows:

(Amounts in tables are in millions except per share data, or as otherwise noted)

	Three Months Ended March 31,	
	2026	**2025**
Restricted stock units and awards	16.0	1.2
Co-Founder Grant	8.3	8.3
Convertible Senior Notes	31.1	37.8
Warrants	37.8	37.8
Total	93.2	85.1

Note 13. Income Taxes

The Company computed the year-to-date income tax provision by applying the estimated annual effective tax rate to the year-to-date pre-tax income and adjusting for discrete tax items in the period. The Company's provision for income taxes was $26.9 million and $19.2 million for the three months ended March 31, 2026 and 2025, respectively.

For the three months ended March 31, 2026 and 2025, the difference between the U.S. statutory rate and the Company's effective tax rate was primarily due to the jurisdictional mix of earnings, tax credits, and state income taxes.

The Company periodically evaluates the realizability of its net deferred tax assets based on all available evidence, both positive and negative. The realization of net deferred tax assets is dependent on the Company's ability to generate sufficient future taxable income during periods prior to the expiration of tax attributes to fully utilize these assets. As of March 31, 2026, the Company maintains valuation allowances against its deferred tax assets in certain states and foreign jurisdictions.

The Company is routinely under audit by U.S. federal, state, and local and non-U.S. tax authorities, which may include examinations of the timing and amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. The Internal Revenue Service (IRS) is currently examining the Company's U.S. consolidated federal income tax returns for the tax years ending December 31, 2022 through December 31, 2024. The Company records liabilities related to uncertain tax positions and believes that it has provided adequate reserves for income tax uncertainties in all open tax years.

Unrecognized tax benefits increased by $7.5 million during the three months ended March 31, 2026. The increase was driven by a gross increase in unrecognized tax benefits related to tax positions taken in the period, of which $5.7 million, if recognized, would affect the Company's effective tax rate.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework, and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. The impacts of OBBBA are reflected in the results for the three months ended March 31, 2026.

(Amounts in tables are in millions except per share data, or as otherwise noted)

Note 14. Segment Information and Geographic Areas

Segment Information

The Company’s chief operating decision-maker (“CODM”), the Chief Executive Officer, manages the Company's business activities as a single operating and reportable segment at the consolidated level. Accordingly, the CODM uses consolidated net income, as reported on the condensed consolidated statements of operations, to allocate resources as part of the annual planning process and to assess the performance of the Company's single reportable segment, primarily by monitoring actual results versus the annual plan.

The significant expenses reviewed by the CODM are cost of revenue, research and development, sales and marketing, general and administrative, and stock-based compensation, as presented in the condensed consolidated statements of operations. Cost of revenue, research and development, sales and marketing, and general and administrative expenses include depreciation and amortization expenses, which are disclosed in Note 4 "Property and Equipment, Net" and Note 5 "Intangible Assets", respectively. Other segment items consist of interest expense, net, other income, net, and provision for income taxes, as presented in the condensed consolidated statements of operations.

The CODM does not evaluate segment performance using balance sheet information.

Geographic Areas

Long-lived assets and revenue by geographic region are as follows:

Long-lived assets

The following table sets forth long-lived assets by geographic area based on the physical location of the operations recording the asset:

	As of	
	March 31, 2026	December 31, 2025
United States	$ 338.2	$ 357.2
International [1]	20.1	21.2
Total property and equipment, net	$ 358.3	$ 378.4

[1] No single country other than the United States had a property and equipment balance greater than 10% of total property and equipment, net, as of March 31, 2026 and December 31, 2025.

Revenue

Revenue by geography is generally based on the address of the customer as defined in the Company’s subscription agreement. The following table sets forth revenue by geographic area for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,	
	2026	2025
United States	$ 351.6	$ 356.4
International [1]	277.9	268.3
Total revenue	$ 629.5	$ 624.7

[1] No single country outside of the United States accounted for more than 10% of total revenue during the three months ended March 31, 2026 and 2025, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K. As discussed in the section titled "Note About Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" under Part II, Item 1A in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K. Our fiscal year ends December 31.

Overview

Our modern economy runs on knowledge. Today, knowledge lives in the cloud as digital content, and Dropbox is where businesses and individuals can create, access, and share this content globally. We serve more than 700 million registered users across approximately 180 countries.

Since our founding in 2007, our market opportunity grew as we've expanded from keeping files in sync to keeping teams in sync. In a world where using technology at work can be fragmented and distracting, Dropbox makes it easy to focus on the work that matters.

By solving these universal problems, we've become invaluable to our users. The popularity of our platform allows us to scale efficiently. We've built a thriving global business with 18.09 million paying users.

Our Subscription Plans

We generate revenue from individuals, families, teams, and organizations by selling subscriptions to our platform, which serve the varying needs of our diverse customer base. Our subscriptions include individual licenses through our Plus, Simple, Professional or Essentials plans, or multiple licenses through our Family plan or our Standard, Advanced, Business, Business Plus and Enterprise team plans. We also offer Dash, our AI-powered universal search tool, which we offer to teams at an additional cost. Each team or family represents a separately billed deployment that is managed through a single administrative dashboard. Teams must have a minimum of three users, but can also have more than tens of thousands of users. Families can have up to six users. Customers can choose between an annual or monthly plan, with a small number of large organizations on multi-year plans. A majority of our customers opt for our annual plan, although we have seen and may continue to see an increase in customers opting for our monthly plans. We typically bill our customers at the beginning of their respective terms and recognize revenue ratably over the term of the subscription period. International customers can pay in U.S. dollars or a select number of foreign currencies.

Our premium subscription plans, such as Professional and Advanced, provide more functionality than our other subscription plans and have higher per user prices. Our team subscription plans offer robust capabilities for businesses, and the vast majority of Dropbox Business teams purchase our Standard or Advanced subscription plans. While our Enterprise subscription plan offers more opportunities for customization, companies can subscribe to any of these team plans for their business needs.

We offer FormSwift, our cloud-based service that gives individuals and businesses a simple solution to create, complete, edit, and save critical business forms and agreements. We offer only monthly subscriptions based on their individual or business needs. We typically bill FormSwift customers at the beginning of their respective terms and recognize revenue ratably over the subscription period. FormSwift primarily sells within the United States, and the majority of its sales are in U.S. dollars. We made the strategic decision to significantly reduce investments in FormSwift at the beginning of 2025 and plan to wind down operations by the end of 2026, which has negatively impacted our annual recurring revenue ("ARR"), revenue and paying users.

We also offer DocSend as our secure document sharing and analytics solution. DocSend offers paid subscription plans, including a Personal plan designed for individuals and Standard, Advanced, Advanced Data Rooms and Enterprise plans designed for business users and teams. Similar to Dropbox plans, pricing of DocSend's plans is based on the number of licenses purchased. Customers can choose between an annual or monthly plan, with a small number of large organizations on multi-year plans. We typically bill DocSend customers at the beginning of their respective terms and recognize revenue ratably over the subscription period. DocSend primarily sells within the United States, and the majority of sales are in U.S. dollars.

We also offer Dropbox Sign, as our e-signature solution. Dropbox Sign has several product lines, and the pricing and revenue generated from each product line varies. Product lines are primarily priced based on the number of licenses purchased (similar to Dropbox plans), while some are priced based on a customer's transaction volume. Depending on the product purchased, teams must have a minimum number of licenses, but can also have hundreds of users. Customers can choose between an annual or monthly plan, with a small number of large organizations on multi-year plans. We typically bill Dropbox Sign customers at the beginning of their respective terms and recognize revenue ratably over the subscription period. Dropbox Sign products are offered globally, with pricing primarily denominated in U.S. dollars.

Our Customers

Our customer base is highly diversified, and in the period presented, no customer accounted for more than 1% of our revenue. Our customers include individuals, families, teams, and organizations of all sizes, from freelancers and small businesses to Fortune 100 companies. They work across a wide range of industries, including professional services, technology, media, education, industrials, consumer and retail, and financial services. Within companies, our platform is used by all types of teams and functions, including sales, marketing, product, design, engineering, finance, legal, and human resources.

Our Business Model

Drive new signups

We acquire users efficiently and at relatively low costs through word-of-mouth referrals, direct in-product referrals, and sharing of content. Anyone can create a Dropbox account for free through our website or app and be up and running in minutes. These users often share and collaborate with other non-registered users, attracting new signups into our network.

Increase conversion of registered users to our paid subscription plans

We generate over 90% of our revenue from self-serve channels—users who purchase a subscription through our app or website. To grow our recurring revenue base, we actively encourage our registered users to convert to one of our paid plans based on the functionality that best suits their needs. We do this via in-product prompts and notifications, time-limited free trials of paid subscription plans, email campaigns, and lifecycle marketing. We use these tactics in combination with the goal of generating increased recurring revenues from our existing user base.

Upgrade and expand existing customers

We offer a range of paid subscription plans, from Plus, Simple, Professional, and Essentials for individuals to Standard, Advanced, Business, Business Plus and Enterprise for teams. We analyze usage patterns within our network and run hundreds of targeted marketing campaigns to encourage paying users to upgrade their plans. We prompt individual subscribers who collaborate with others on Dropbox to purchase our Standard, Advanced or Business, and Business Plus plans for a better team experience, and we also encourage existing Dropbox Business teams to purchase additional licenses or to upgrade to premium subscription plans. We also aim to offer additional products that expand our content collaboration capabilities, such as through our acquisitions of Dropbox Sign, DocSend and Reclaim.

Recent Developments

Impact of Macroeconomic and Geopolitical Factors on our Business

Our overall performance depends in part on worldwide economic and geopolitical conditions and their impact on customer behavior. Uncertain economic conditions including inflation, fluctuations in interest rates, fluctuations in foreign exchange rates, impacts of tariffs and retaliatory actions, geopolitical issues, changes in government administration policy positions, and other conditions may adversely impact our results of operations and financial performance.

During the three months ended March 31, 2026, we outperformed expectations, with stronger customer retention and engagement, particularly across Individual plans. Teams performance showed signs of stabilization, supported by continued progress on pricing and packaging simplification, a more unified checkout experience, credit card trials, and onboarding and activation improvements. While these initiatives are beginning to yield positive results, we remain cautious in our outlook as these efforts are still in the early stages of adoption and impact.

Due to our subscription-based business model, any impact of the current macroeconomic environment on our business, particularly as a result of changes in our customer behavior, may not be fully reflected in our results of operations until future periods, if at all. For a further discussion of the potential impacts of the macroeconomic environment on our business, see “Risk Factors” included in Part II, Item 1A. of this report.

Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

Total annual recurring revenue

We primarily focus on total annual recurring revenue (“Total ARR”) as the key indicator of the trajectory of our business performance. Total ARR represents the amount of revenue that we expect to recur annually, enables measurement of the progress of our business initiatives, and serves as an indicator of future growth. In addition, Total ARR is less subject to variations in short-term trends that may not appropriately reflect the health of our business; however, the changes in ARR throughout the year could be subject to seasonality. Total ARR is a performance metric and should be viewed independently of revenue and deferred revenue, and is not intended to be a substitute for, or combined with, any of these items.

Total ARR consists of contributions from all of our revenue streams, including subscriptions and add-ons. We calculate 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. We first include ARR related to acquired companies in our total ARR in the period of the acquisition. We adjust the exchange rates used to calculate Total ARR on an annual basis at the beginning of each fiscal year.

Our ARR fluctuates and may decrease in some periods as compared to prior periods. In the near term, ARR has experienced and may continue to experience a slight decline, primarily reflecting our strategic decision to significantly reduce investments in FormSwift at the beginning of 2025 as well as our plan to wind down operations by the end of 2026.

Total ARR increased for the period ended March 31, 2026, compared to the periods ended December 31, 2025 and March 31, 2025, primarily driven by a favorable impact of changes in foreign exchange rates across multiple currencies relative to the U.S. dollar and growth in Individual plans, offset by our strategic decision to significantly reduce our investment in FormSwift.

The below tables set forth our Total ARR using the exchange rates set at the beginning of the applicable year, as well as on a constant currency basis relative to the exchange rates used in 2026.

	As of		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
		(In millions)	
Total ARR	$2,560	$2,526	$2,552

	As of		
Constant Currency	**March 31, 2026**	**December 31, 2025**	**March 31, 2025**
		(In millions)	
Total ARR	$2,560	$2,562	$2,589

Paying users

We define paying users as the number of users who have active paid licenses for access to our platform as of the end of the period. One person would count as multiple paying users if the person had more than one active license. For example, a 50-person Dropbox Enterprise team would count as 50 paying users, and an individual Dropbox Plus user would count as one paying user. If that individual Dropbox Plus user was also part of the 50-person Dropbox Enterprise team, we would count the individual as two paying users. We first include paying users related to acquired companies among our paying users in the period of the acquisition.

For DocSend, FormSwift and Reclaim, we define paying users as the number of users who have active paid licenses for access to our platform as of the end of the period.

Dropbox Sign has several product lines and the pricing and revenue generated from each product line varies, with some product lines priced based on the number of licenses purchased (similar to Dropbox plans), while others are priced based on a customer's transaction volume. For purposes of Dropbox Sign results, we include as paying users either (i) the number of users who have active paid licenses for access to the Dropbox Sign platform as of the period end for those products that are priced based on the number of licenses purchased (which is the same method we use to evaluate existing Dropbox plans) or (ii) the number of customers for those products that are priced based on transaction volumes.

The number of paying users as of March 31, 2026 increased as compared to December 31, 2025, largely due to growth in our Simple plan partially offset by continued softness in our Teams plans, for which we are starting to see early signs of improvement, and reduced investment in FormSwift. However, the number of paying users as of March 31, 2026 declined as compared to March 31, 2025, largely due to our strategic decision to significantly reduce our investments in FormSwift at the beginning of 2025. We expect that the total number of paying users will continue to fluctuate from period to period and may continue to decrease in some periods as compared to prior periods.

The below table sets forth the number of paying users as of March 31, 2026, December 31, 2025, and March 31, 2025.

	As of		
	March 31, 2026	**December 31, 2025**	**March 31, 2025**
		(In millions)	
Paying users	18.09	18.08	$ 18.16

Average revenue per paying user

We define average revenue per paying user, or ARPU, as our revenue for the period presented divided by the average paying users during the same period. For interim periods, we use annualized revenue, which is calculated by dividing the revenue for the particular period by the number of days in that period and multiplying this value by 365 days. Average paying users are calculated based on adding the number of paying users as of the beginning of the period to the number of paying users as of the end of the period, and then dividing by two.

The average revenue per paying user increased for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025, as a result of the favorable impact of changes in foreign exchange rates across multiple currencies relative to the U.S. dollar offset by our strategic decision to significantly reduce our investment in FormSwift.

The below table sets forth our ARPU for the three months ended March 31, 2026 and 2025.

	Three Months Ended March 31,	
	2026	**2025**
ARPU	$ 141.18	$ 139.26

Non-GAAP Financial Measure

In addition to our results determined in accordance with U.S. generally accepted accounting principles, or GAAP, we believe that free cash flow, or FCF, a non-GAAP financial measure, is useful in evaluating our liquidity.

Free cash flow

We define FCF as GAAP net cash provided by operating activities less capital expenditures. We believe that FCF is a liquidity measure and that it 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. FCF is presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. FCF has limitations as an analytical tool, and it should not 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 are that FCF does not reflect our future contractual commitments, excludes investments made to acquire assets under finance leases, includes capital expenditures, and may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure.

Our FCF increased for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, primarily due to an increase in cash provided by operating activities, reflecting payments made in the first quarter of 2025 for the third tranche termination fee for the partial termination of our lease for our San Francisco, California corporate headquarters and related to our 2024 reduction in workforce.

We expect our FCF to fluctuate in the near term due to ongoing operating efficiency initiatives and variability in interest payments now that our term loan facility is fully drawn, as well as fluctuations in market interest rates. We expect capital expenditures will generally remain consistent in future periods as we continue to invest in our internal infrastructure, network and security to support our user base, except for a one-time incremental investment related to the build-out of our new San Francisco, California headquarters given we will vacate our current San Francisco, California headquarters due to subleases executed in the first quarter of 2026. The timing of our operating expenses as described below, may cause FCF to vary from period to period as a percentage of revenue.

The following is a reconciliation of FCF to the most comparable GAAP measure, net cash provided by operating activities:

	Three Months Ended March 31,	
	2026	**2025**
	(In millions)	
Net cash provided by operating activities	$ 204.5	$ 153.8
Capital expenditures	(1.2)	(0.1)
Free cash flow	$ 203.3	$ 153.7

Components of Our Results of Operations

Revenue

We generate revenue from sales of subscriptions to our platform.

Revenue is recognized ratably over the related contractual term generally beginning on the date that our platform is made available to a customer. Our subscription agreements typically have monthly or annual contractual terms, although a small percentage have multi-year contractual terms. Our agreements are generally non-cancelable. We typically bill in advance for monthly contracts and annually in advance for contracts with terms of one year or longer. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized.

Our revenue is driven primarily by conversions and upsells to our paid plans. We also generate revenue from transaction based products. We generate over 90% of our revenue from self-serve channels. No customer represented more than 1% of our revenue in the periods presented.

Our revenue growth is impacted by both the number of paying users and our ability to increase the average revenue per paying user. Our overall paying user growth rate has declined, and we expect growth in paying users to fluctuate from period to period in the future. If we do not successfully reverse the trend of decreasing average revenue per paying user, for example through increased sales of our higher-priced subscription plans, or otherwise offset slower growth or declines in paying users, we expect our revenue and revenue growth rate to continue decreasing.

Cost of revenue and gross margin

Cost of revenue. Our cost of revenue consists primarily of expenses associated with the storage, delivery, and distribution of our platform for both paying users and free users. These costs, which we refer to as infrastructure costs, include depreciation of our servers located in co-location facilities that we lease and operate, rent and facilities expense for those datacenters, network and bandwidth costs, support and maintenance costs for our infrastructure equipment, and payments to third-party datacenter service providers. Cost of revenue also includes salaries, bonuses, employer payroll taxes and benefits, travel-related expenses, and stock-based compensation, which we refer to as employee-related costs, for employees whose primary responsibilities relate to supporting our infrastructure and delivering user support. Other non-employee costs included in cost of revenue include credit card fees related to processing customer transactions, and allocated overhead, such as facilities, including rent, utilities, depreciation on leasehold improvements and other equipment shared by all departments, and shared information technology costs. In addition, cost of revenue includes amortization of developed technologies, professional fees related to user support initiatives, and property taxes related to datacenter equipment.

We plan to continue increasing the capacity and enhancing the capability and reliability of our infrastructure to support user growth and increased use of our platform. We expect that cost of revenue will increase in absolute dollars in both the near term and long term.

Gross margin. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin may fluctuate from period to period based on the timing of additional capital expenditures and the related depreciation expense, or other increases in our infrastructure costs, as well as revenue fluctuations. We expect gross margin to remain relatively constant in both the near term and long term.

Operating expenses

Research and development. Our research and development expenses consist primarily of employee-related costs for our engineering, product, and design teams, compensation expenses related to key personnel from acquisitions and allocated overhead. These groups are responsible for the design, development, testing, delivery of new technologies and features, and support of our self-serve platform. We continue to focus our product development efforts on adding new features and enhancing the functionality and ease of use of our offerings. Additionally, research and development expenses include internal development-related third-party hosting fees. We have expensed almost all of our research and development costs as they were incurred.

We expect that research and development costs will decrease in absolute dollars and as a percentage of revenue in both the near term and long term as we continue to drive operating efficiencies across the business, partially offset by ongoing investment in key growth initiatives.

Sales and marketing. Our sales and marketing expenses relate to both self-serve and outbound sales activities, and consist primarily of employee-related costs, advertising costs, brand marketing costs, lead generation costs, sponsorships and allocated overhead. Sales commissions earned by our outbound sales team and the related payroll taxes, as well as commissions earned by third-party resellers that we consider to be incremental and recoverable costs of obtaining a contract with a customer, are deferred and are typically amortized over an estimated period of benefit of five years. Additionally, sales and marketing expenses include non-employee costs related to app store fees, fees payable to third-party sales representatives and amortization of acquired customer relationships.

We expect that sales and marketing expenses will remain consistent in absolute dollars in the near term and could fluctuate in the long term as we seek to grow our user base and increase our brand awareness while also retaining flexibility to invest in growth.

General and administrative. Our general and administrative expenses consist primarily of employee-related costs for our legal, finance, human resources, and other administrative teams, as well as certain executives. In addition, general and administrative expenses include allocated overhead, outside legal, accounting and other professional fees, and non income-based taxes.

We expect to incur additional general and administrative expenses to support the growth of the Company. We expect that general and administrative expenses will fluctuate in absolute dollars in future periods and remain relatively constant in both the near term and the long term as a percentage of revenue.

Interest expense, net

Interest expense, net consists primarily of interest expense related to our term loan facility, finance lease obligations for infrastructure and amortization of debt issuance costs, offset by interest income earned on our investments classified as cash and cash equivalents, and short-term investments. We expect that interest expense, net may fluctuate in both the near term and the long term now that our term loan facility is fully drawn, as well as from changes in market interest rates.

Other income, net

Other income, net consists of other non-operating gains or losses, including those related to gains or losses on sale of assets, foreign currency transaction gains and losses, lease arrangements, which include sublease income, and gains and losses related to our short-term investments.

Provision for income taxes

Provision for income taxes consists of U.S. federal, state and foreign jurisdiction income taxes. For 2026 and 2025, the difference between the U.S. statutory rate and our effective tax rate is primarily due to the jurisdictional mix of earnings, tax credits, state income taxes, stock-based compensation, and changes to our unrecognized tax benefits.

Results of Operations

The following tables set forth our results of operations for the periods presented:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Revenue	$ 629.5	$ 624.7
Cost of revenue[1][2]	128.1	116.7
Gross profit	501.4	508.0
Operating expenses:		
Research and development[1][2]	184.2	178.4
Sales and marketing[1][2]	86.9	92.0
General and administrative[1][2]	57.5	53.8
Total operating expenses	328.6	324.2
Income from operations	172.8	183.8
Interest expense, net	(36.7)	(14.6)
Other income, net	5.3	0.3
Income before income taxes	141.4	169.5
Provision for income taxes	(26.9)	(19.2)
Net income	$ 114.5	$ 150.3

[1] Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Cost of revenue	$ 4.2	$ 4.9
Research and development	50.0	46.7
Sales and marketing	4.7	5.0
General and administrative	12.2	10.5
Total stock-based compensation	$ 71.1	$ 67.1

[2] Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the three months ended March 31, 2025.

The following table sets forth our results of operations for each of the periods presented as a percentage of revenue:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	*(As a % of revenue)**	
Revenue	100 %	100 %
Cost of revenue[1][2]	20	19
Gross profit	80	81
Operating expenses:		
Research and development[1][2]	29	29
Sales and marketing[1][2]	14	15
General and administrative[1][2]	9	9
Total operating expenses	52	52
Income from operations	27	29
Interest expense, net	(6)	(2)
Other income, net	1	—
Income before income taxes	22	27
Provision for from income taxes	(4)	(3)
Net income	18 %	24 %

[1] Includes stock-based compensation as a percentage of revenue as follows:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
	*(As a % of revenue)**	
Cost of revenue	1 %	1 %
Research and development	8	7
Sales and marketing	1	1
General and administrative	2	2
Total stock-based compensation	11 %	11 %

[2] Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the three months ended March 31, 2025.

* Percentages may not foot due to rounding.

Comparison of the three months ended March 31, 2026 and 2025

Revenue

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Revenue	$ 629.5	$ 624.7	$ 4.8	0.8 %

Revenue increased $4.8 million or 0.8% during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025 primarily due to growth from our Individual plans, offset by our strategic decision to significantly reduce our investment in FormSwift and our plan to wind down operations by the end of 2026. In addition, revenue was positively impacted by changes in foreign exchange rates across multiple currencies.

Cost of revenue, gross profit, and gross margin

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Cost of revenue	$ 128.1	$ 116.7	$ 11.4	9.8 %
Gross profit	501.4	508.0	(6.6)	(1.3)%
Gross margin	80 %	81 %		

Cost of revenue increased $11.4 million or 9.8% during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025. This increase was primarily driven by an $11.4 million increase in infrastructure costs, including costs associated with adding equipment in support of our data center refresh cycle, data center facilities costs, and third party hosting fees.

Our gross margin decreased during the three months ended March 31, 2026 compared to the three months ended March 31, 2025, primarily due to a 9.8% increase in our cost of revenue, partially offset by a 0.8% increase in revenue during the period, as described above.

Research and development

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Research and development	$ 184.2	$ 178.4	$ 5.8	3.3 %

Research and development expenses increased $5.8 million or 3.3% during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to an increase of $6.2 million in employee-related costs driven by an increase in headcount.

Sales and marketing

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Sales and marketing	$ 86.9	$ 92.0	$ (5.1)	(5.5)%

Sales and marketing expenses decreased $5.1 million or 5.5% during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to a decrease of $3.1 million related to advertising expenses as well as a $2.8 million decrease in employee-related costs driven by a decrease in headcount.

General and administrative

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
General and administrative	$ 57.5	$ 53.8	$ 3.7	6.9 %

General and administrative expenses increased $3.7 million or 6.9% during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to lower expenses in the first quarter of 2025 resulting from the release of $4.3 million of non-income tax reserves partially offset by a decrease of $1.6 million in professional services.

Interest expense, net

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Interest expense, net	$ (36.7)	$ (14.6)	$ (22.1)	151.4 %

Interest expense, net increased by $22.1 million during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to an increase in interest expense related to our term loan facility now that it is fully drawn.

Other income, net

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Other income, net	$ 5.3	$ 0.3	$ 5.0	1,666.7 %

Other income, net increased by $5.0 million during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to a $2.7 million increase in foreign currency transaction gains and a $2.1 million gain on datacenter equipment resales.

Provision for income taxes

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
	(In millions)			
Provision for income taxes	$ (26.9)	$ (19.2)	$ (7.7)	40.1 %

Provision for income taxes increased $7.7 million during the three months ended March 31, 2026, as compared to the three months ended March 31, 2025, primarily due to the impact of the One Big Beautiful Bill Act reflected in the three months ended March 31, 2026, a reduction in stock based compensation tax benefits, and changes to our unrecognized tax benefits.

Liquidity and Capital Resources

As of March 31, 2026, we had cash and cash equivalents of $1,207.4 million and short-term investments of $81.4 million, which were held for working capital purposes. Our cash, cash equivalents, and short-term investments consist primarily of cash, money market funds, corporate notes and obligations, U.S. Treasury securities, asset-backed securities, U.S. agency obligations, supranational securities, and municipal securities. As of March 31, 2026, $304.3 million of our cash and cash equivalents was held by our foreign subsidiaries. We do not expect to incur material taxes in the event we repatriate any of these amounts. Our cash is held at several large financial institutions and our investments are focused on the preservation of capital, fulfillment of our liquidity needs, and maximization of investment performance within the parameters set forth in our investment policy and subject to market conditions. The investment policy sets forth credit rating minimums, permissible allocations, and limits our exposure to specific investment types. We believe these policies mitigate our exposure to risk concentrations.

We have historically financed our operations primarily through cash generated from our operations, borrowings from our term loan facility, the Notes (as defined below) issuance, equity issuances, and finance leases for our infrastructure-related assets in co-location facilities that we directly lease and operate. We enter into finance leases in part to better match the timing of payments for infrastructure-related assets with that of cash received from our paying users. In our business model, some of our registered users convert to paying users over time, and consequently there is a lag between initial investment in infrastructure assets and cash received from some of our users.

In February 2021, we issued approximately $1.4 billion in aggregate principal amount of the 2026 Notes and the 2028 Notes (together the "Notes"), comprised of $695.8 million in aggregate principal amount of 2026 Notes and $693.3 million in aggregate principal amount of 2028 Notes. The net proceeds from the issuance of the 2026 Notes and 2028 Notes were $684.8 million, net of debt issuance costs, and $682.3 million, net of debt issuance costs, respectively. The Company paid a total of $695.8 million in cash to settle the unconverted principal balance of the 2026 Notes upon maturity in the first quarter of 2026 using the proceeds from the 2025 delayed draw term loans described below. The 2028 Notes mature on March 1, 2028. The 2028 Notes do not bear regular interest and the principal does not accrete. The 2028 Notes may bear special interest as the remedy relating to our failure to comply with certain of our reporting obligations. The 2028 Notes can be converted or repurchased prior to maturity if certain conditions are met.

In December 2024, we entered into a secured five-year term loan facility in an aggregate principal amount of up to $2.0 billion, consisting of initial term loans and initial delayed draw term loan commitments (the "initial delayed draw term loans") each in an aggregate principal amount of up to $1.0 billion, respectively. The terms of the initial Credit Agreement also provide for a secured letter of credit facility in an aggregate amount of up to $35.0 million. In September 2025, we entered into the First Amendment to the term loan facility which provided for additional secured delayed draw term loan commitments in an aggregate principal amount of up to $700.0 million (the "2025 delayed draw term loans"), which was drawn in the first quarter of 2026 to settle the 2026 Notes as described above, with the remaining proceeds available for general corporate purposes.

The initial term loans and initial delayed draw term loans have a maturity date of December 11, 2029 and the 2025 delayed draw term loans have a maturity date of September 9, 2030. Quarterly principal payments for the initial term loans and initial delayed draw term loans began on March 31, 2025 and on the last business day of the quarter after the funding of such loans, respectively, and will continue on the last business day of each quarter thereafter, equal to 0.25% of the original principal amount of such term loans or such greater percentage as may be required to make the initial delayed draw term loans fungible with any then-outstanding initial term loans and initial delayed draw term loans. Quarterly repayments of 0.25% of the original principal amount of the 2025 delayed draw term loans began on March 31, 2026 and on the last business day of the quarter after the funding of such loans and continuing thereafter. As of March 31, 2026, we had $2,681.6 million outstanding on the term loan facility and no commitment remained available. As of March 31, 2026, $18.7 million of letters of credit were issued and $16.3 million remains to be issued under the letter of credit facility.

Interest on borrowings under the term loan facility accrues at either an alternate base rate plus a margin of 2.75% or a term SOFR rate plus a margin of 3.75% (further described in Note 7 "Debt") at our option.

The term loan facility permits us, subject to satisfaction of certain conditions, including obtaining commitments from new or existing lenders, to add new term loan facilities or increase the term loan commitments under the term loan agreement, in each case, subject to certain limits. Additionally, the Amended Credit Agreement contains customary representations and warranties, customary affirmative and negative covenants, and customary events of default. Failure to comply with these covenants may result in a portion of the outstanding term loan debt becoming due immediately. We were in compliance with all covenants under the term loan facility as of March 31, 2026.

Our principal uses of cash in recent periods have been funding our operations, repurchases of our Class A common stock, the satisfaction of tax withholding obligations in connection with the settlement of RSUs and RSAs, making principal payments on our finance lease obligations, and capital expenditures. Our Board of Directors has authorized two separate $1.2 billion Class A common stock repurchase programs in July 2023 and December 2024. We completed the July 2023 and December 2024 authorizations during the three months ended March 31, 2025 and December 31, 2025, respectively. In August 2025, our Board of Directors authorized a new repurchase program of up to an additional $1.5 billion of the outstanding shares of our Class A common stock. Share repurchases are made from time-to-time in private transactions or open market purchases as permitted by securities laws and other legal requirements and are subject to a review of the circumstances in place at that time, including prevailing market prices. The program does not obligate us to repurchase any specific number of shares and has no specified time limit; it may be discontinued at any time. During the three months ended March 31, 2026, we repurchased and subsequently retired 14.3 million shares of our Class A common stock for an aggregate amount of $370.0 million. This amount includes the 1% excise tax under the Inflation Reduction Act, as well as repurchase execution costs incurred in connection with our share repurchase program. The pace of our share repurchases may fluctuate due to various circumstances, including market conditions, our stock price, and other strategic investments.

Our future capital requirements will depend on many factors including our revenue growth rate, subscription renewal activity, billing frequency, the timing and extent of spending to support further infrastructure development and research and development efforts, the timing and extent of additional capital expenditures to invest in infrastructure equipment to support our user base, our ability to sublease space at office locations where we have unused spaces, the satisfaction of tax withholding obligations for the release of restricted stock units and awards, investments in sales and marketing, the expansion of international operations, the introduction of new product capabilities and enhancement of our platform, the continuing market acceptance of our platform, and the volume, timing, and amount of our share repurchases. In addition, we have and may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including intellectual property rights. In light of all these circumstances, we may be required to seek additional equity or debt financing, or we may decide to do so opportunistically. In the event that additional financing is required or desired from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, results of operations, and financial condition could be materially and adversely affected.

Our cash flow activities were as follows for the periods presented:

	Three Months Ended March 31,	
	2026	2025
	(In millions)	
Net cash provided by operating activities	$ 204.5	$ 153.8
Net cash provided by investing activities	66.9	35.8
Net cash provided by (used in) financing activities	46.2	(578.5)
Effect of exchange rate changes on cash and cash equivalents	(1.4)	3.3
Net increase (decrease) in cash and cash equivalents	$ 316.2	$ (385.6)

Operating activities

Our largest source of operating cash is cash collections from our paying users for subscriptions to our platform. Our primary uses of cash from operating activities are for employee-related expenditures, infrastructure-related costs, and marketing expenses. Net cash provided by operating activities is impacted by our net income adjusted for certain non-cash items, including stock-based compensation, depreciation and amortization expenses, as well as the effect of changes in operating assets and liabilities.

For the three months ended March 31, 2026, net cash provided by operating activities was $204.5 million, which primarily consisted of our net income of $114.5 million, adjusted for stock-based compensation expense of $71.1 million, depreciation and amortization expenses of $39.1 million, and net cash outflow of $49.9 million from operating assets and liabilities. The outflow from operating assets and liabilities was primarily due to the payment of our 2025 corporate bonus.

The increase of $50.7 million in net cash provided by operating activities during the three months ended March 31, 2026, compared to the three months ended March 31, 2025, was primarily due to a decrease of $69.8 million in cash outflows from changes in operating assets and liabilities, primarily driven by the payments made in the first quarter of 2025 for the third tranche termination fee for the partial termination of our lease for our San Francisco, California corporate headquarters and for payments related to our 2024 reduction in workforce. This was partially offset by a decrease of $19.1 million in net income, as adjusted for stock-based compensation, depreciation and amortization expenses, and other non-cash (gains) losses.

Investing activities

Net cash provided by investing activities is primarily impacted by net investment activity, which includes sales, maturities, and purchases of short-term investments, cash paid for acquisitions, and for purchasing infrastructure equipment in co-location facilities that we directly lease and operate.

For the three months ended March 31, 2026, net cash provided by investing activities was $66.9 million, which primarily related to $65.6 million in net investment activity inflows, driven by the maturities of short-term investments.

The increase of $31.1 million in net cash provided by investing activities during the three months ended March 31, 2026, compared to the three months ended March 31, 2025, was primarily due to an increase of $35.6 million in net investment activity inflows, offset by a decrease of $6.0 million in cash receipts from equipment rebates.

Financing activities

Net cash used in financing activities is primarily impacted by cash used for repurchases of common stock, tax withholding obligations for the release of RSUs and RSAs, principal payments on finance lease obligations for our infrastructure equipment, principal payments on amounts drawn upon the term loan facility, payments of debt issuance costs and loan commitment fees related to the term loan facility, repayments of convertible senior notes at maturity, and payments of acquisition-related indemnity holdback amounts, offset by proceeds from the term loan facility.

For the three months ended March 31, 2026, net cash provided by financing activities was $46.2 million, which primarily consisted of $1,200.0 million in proceeds from the term loan facility. The inflow was offset by $695.8 million for the repayment of convertible senior notes at maturity, $366.8 million for the repurchase of our common stock, $30.3 million for the satisfaction of tax withholding obligations for the release of RSUs and RSAs, $43.4 million in principal payments on finance lease obligations, $8.1 million in payments of debt issuance costs and loan commitment fees under the term loan facility, and $6.8 million in principal payments against the term loan facility.

The increase of $624.7 million in net cash provided by financing activities during the three months ended March 31, 2026, compared to the three months ended March 31, 2025, was primarily due to an increase of $1,200.0 million in proceeds from the term loan facility and a decrease of $132.3 million in repurchases of our common stock. This was offset by an increase of $695.8 million for the repayment of convertible senior notes at maturity, an increase of $9.6 million in principal payments on finance lease obligations, and an increase of $4.8 million in payments of debt issuance costs and loan commitment fees.

Critical Accounting Estimates

See Part II, Item 7, “Critical Accounting Estimates” in our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no material changes to our critical accounting policies and estimates since our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

See Note 1 “Description of the Business and Summary of Significant Accounting Policies” to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for recently issued accounting pronouncements not yet adopted as of the date of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We had cash and cash equivalents of $1,207.4 million and short-term investments of $81.4 million as of March 31, 2026. We hold our cash and cash equivalents and short-term investments for working capital purposes. Our cash, cash equivalents, and short-term investments consist primarily of cash, money market funds, corporate notes and obligations, U.S. Treasury securities, asset-backed securities, U.S. agency obligations, supranational securities, and municipal securities. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs, and the control of cash and investments. We do not enter into investments for trading or speculative purposes. Our cash equivalents and our portfolio of debt securities are subject to market risk due to changes in interest rates.

As of March 31, 2026, a hypothetical increase in interest rates by 100 basis points would have had an immaterial impact on the market value of our investment portfolio. This estimate is based on a sensitivity model that measures market value changes when changes in interest rates occur.

Borrowings under the term loan facility bear interest, at our option, at either (a) an alternate base rate, which is defined as a fluctuating rate per annum equal to the greatest of (i) the prime rate then in effect, (ii) the federal funds rate then in effect, plus 0.50% per annum, and (iii) a term SOFR rate determined on the basis of a one-month interest period plus 1.00% per annum, in each case, plus a 2.75%, margin, or (b) an overnight term SOFR rate (based on one, three or six month interest periods), plus a 3.75% margin. As of March 31, 2026, we had $2,681.6 million outstanding under the term loan facility. We do not have any other long-term debt or financial liabilities with floating interest rates that would subject us to interest rate fluctuations. For the three months ended March 31, 2026, a hypothetical 100 basis point increase or decrease in interest rates would have resulted in a $4.7 million change in interest expense related to the term loan facility.

Foreign currency exchange risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates relative to U.S. dollars, our reporting currency.

Most of our revenue is generated in U.S. dollars, with the remainder generated in Euros, British pounds sterling, Australian dollars, Canadian dollars, and Japanese yen.

Our expenses are generally denominated in the currencies in which our operations are located, which are primarily the United States and, to a lesser extent, Europe and Asia. The functional currency of Dropbox International Unlimited, our international headquarters and largest international entity, is denominated in U.S. dollars. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates in ways that are unrelated to our operating performance.

As exchange rates may fluctuate significantly between periods, revenue and operating expenses, when converted into U.S. dollars, may also experience significant fluctuations between periods. Volatile market conditions, including those arising from macroeconomic events, such as the volatility and uncertainty in the banking and financial services sector, fluctuating interest rates, tightening of credit markets, as well as geopolitical events have and may in the future result in significant changes in exchange rates, and in particular a weakening of foreign currencies relative to the U.S. dollar has and may in the future negatively affect our revenue expressed in U.S. dollars. Historically, a majority of our revenue and operating expenses have been denominated in U.S. dollars, Euros, and British pounds sterling. Although we are impacted by the exchange rate movements from a number of currencies relative to the U.S. dollar, our results of operations are particularly impacted by fluctuations in the U.S. dollar-Euro and U.S. dollar-British pounds sterling exchange rates. During the three months ended March 31, 2026, 34% of our sales were denominated in currencies other than U.S. dollars. Our expenses, by contrast, are primarily denominated in U.S. dollars. As a result, any increase in the value of the U.S. dollar against these foreign currencies could cause our revenue to decline relative to our costs, thereby decreasing our margins.

Foreign currency transaction gains or losses were immaterial during the three months ended March 31, 2026 and 2025. A hypothetical 10% change in foreign currency rates would not have resulted in material gains or losses for the three months ended March 31, 2026 and 2025.

To date, we have not engaged in any hedging activities. As our international operations grow, we will continue to reassess our approach to managing risks relating to fluctuations in currency rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Disclosure Controls and Procedures

Our management, including our principal executive officer and principal financial officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Legal Proceedings

We are currently involved in, and may in the future be involved in, legal proceedings, claims, inquiries, and government investigations in the ordinary course of business, including legal proceedings with third parties asserting infringement of their intellectual property rights, regulatory matters and commercial disputes.

In December 2022, Entangled Media, LLC filed a patent infringement suit asserting two U.S. patents against Dropbox. The case is currently pending in the Northern District of California (San Jose Division). In August 2025, the court granted-in-part Dropbox's Motion for Summary Judgment, finding that Dropbox does not infringe one of the asserted patents. One patent remains for trial, which is currently set for September 8, 2026. Dropbox believes it has meritorious defenses and plans to vigorously defend this matter.

While we remain confident in the Company's defenses to the asserted allegations in this case, it is not possible to determine the ultimate outcome at this time, however, we do not believe any potential loss would be material to our financial position or results of operations.

Future litigation may be necessary, among other things, to defend ourselves or our users by determining the scope, enforceability, and validity of third-party proprietary rights or to establish our proprietary rights. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 1A. RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our Class A common stock. Our business, results of operations, financial condition, or prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of the risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose all or part of your investment. In addition, any worsening of the economic environment may exacerbate the risks described below, any of which could have a material impact on us. This situation continues to evolve, and additional impacts may arise that we are not currently aware of.

Risks Related to Our Business and Operations

Our rate of growth has declined and we have experienced negative growth in past periods. If we do not successfully execute our plan for future growth, our growth rate may continue to decline and we may continue to experience negative growth in future periods.

The rate of growth of our business and revenue has declined in recent periods and we have experienced negative growth. If we are unable to execute on our new product initiatives and plans for growth in the future, we may be unable to reverse this trend. Our new product initiatives, including any AI-based initiatives, are intended to result in growth, but such initiatives require a period of investment and ultimately may not succeed on the timelines we expect or at all. If our new products or product enhancements do not achieve adequate adoption by our customers or do not result in increased paid users or subsequent renewals, our competitive position will be impaired or our anticipated revenue growth may not be achieved. Any additional revenue our new initiatives generate may be insufficient to offset the amounts we have invested or the declining rates of growth in other areas of our business and may harm our profitability.

Efforts to grow and expand our business, including the introduction of new features and products, places a continuous significant strain on our management, operational, and financial resources. As we introduce new products and features, including AI features, our information technology systems, organizational structures, and internal controls and procedures may not be adequate to support our operations, particularly to the extent our user base and third-party relationships expand or change as a result of these new products and features. In addition, our challenges may be heightened in connection with our Virtual First work model, as we engage an increasingly distributed employee base in countries around the world, as well as our focus on aligning our resources to create a nimble and streamlined organization. Issues related to Virtual First have from time-to-time in the past, and may in the future, slow or limit our ability to execute against our product initiatives, impact user experience, and impair growth. Moreover, any increasing complexity of our product offerings could harm our customer experience and negatively impact user retention or the conversion of registered users to paying users.

In order to return to growth or reaccelerate our growth, we must effectively allocate our resources and if we invest in future growth, or reduce resources allocated to certain products, functions, or strategies, and fail to achieve our goals our business will be harmed. Our ability to forecast our future results of operations and future growth is subject to a number of risks and uncertainties, including our ability to effectively plan for and model future growth, and we have not always received, and we may not in the future receive, the return we expect on investments that we make in our business in the time we expect or at all. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by companies in rapidly changing industries. We may need to change our approach with respect to products, functions and strategies, including reducing investment, phasing out certain products or changing the product, marketing or sales approach, such as our announcement regarding FormSwift. If we fail to achieve the necessary level of efficiency in our organization, or our investments do not result in the growth we expect, our business, results of operations, and financial condition could be harmed.

Our business depends on our ability to attract and retain users, convert users to paying users and upgrade paying users, and any decline in acquisitions, renewals or upgrades could adversely affect our future results of operations.

Our business depends upon our ability to continually add new users and to maintain and expand our relationships with our users. In particular, in order to grow our revenue, we must attract and retain paying users and convert registered users to paying users. Historically, our revenue has been driven by our self-serve model, and we generate more than 90% of our revenue from self-serve channels. Our self-service channel revenue is driven by word-of-mouth referrals, recommendations, and positive brand recognition in the marketplace, among other factors. Any decrease in user satisfaction with our products or support could harm our brand, word-of-mouth referrals, and ability to grow.

Many of our users initially access our platform free of charge. We strive to demonstrate the value of our platform to our registered users, thereby encouraging them to convert to paying users through in-product prompts and notifications, and time-limited trials of paid subscription plans. As of March 31, 2026, we served over 700 million registered users but only 18.09 million paying users. The actual number of unique users is lower than we report as one person may register more than once on our platform. As a result, we have fewer unique registered users that we may be able to convert to paying users. A majority of our registered users may never convert to a paid subscription to our platform, and failure to convert users to a paid subscription will restrict our ability to grow our revenue.

Even if we are able to convert a user to a paying user, or attract paying users, our business is subscription-based, and paying users are not obligated to and may not renew their subscriptions after their existing subscriptions expire. As a result, we cannot provide assurance that paying users will renew their subscriptions utilizing the same tier of our products or upgrade to premium offerings. Renewals and upgrades of subscriptions to our platform have fluctuated, we have experienced periods in which our number of paying users has declined, renewals and upgrades of subscriptions to our platform have declined and our number of paying users may continue to fluctuate or decline in any period or over time. Paying users may downgrade or not renew their subscriptions because of several factors, such as dissatisfaction with our products, support, pricing, mix of features (including data storage limits), or user experience, a user no longer having a need for our products, as a result of impacts from our decisions regarding marketing spend and investment focus, including changes in our strategy with respect to, or phase-out of, certain products or features, such as our announcement regarding FormSwift, the availability of competitive products, including products that are, or are perceived to be, less expensive, shifts in the mix of monthly and annual subscriptions or the impact of macroeconomic trends or catastrophic events on our paying users and their willingness or ability to pay for subscriptions. Any decrease in renewals or downgrade of subscriptions to our platform could harm our ability to grow revenue.

We are focused on increasing recurring revenue and we believe that users that subscribe to our premium paid offerings demonstrate a propensity to retain and expand their deployments over time. If we are unable to increase our paying user growth rates or to offset declines in the number of new paying users with increased revenue per paying user, our revenue and operating results will be adversely affected. We seek to expand within organizations through viral means by adding new users, having workplaces purchase additional products, or expanding the use of Dropbox into other departments within a workplace. We often see enterprise IT decision-makers adopting Dropbox after noticing substantial organic adoption by individuals and teams within the organization. However, if our paying users cancel their subscriptions or fail to renew, or if we fail to upgrade our paying users to premium offerings or expand within organizations, our business, results of operations, and financial condition may be harmed. In addition, certain of our enterprise licenses have a large number of seat licenses. Loss of paying users due to non-renewal of contracts that cover a large number of seat licenses has from time to time negatively impacted our number of paying users, causing the number of net new paying users to decline or be negative. Accordingly, an enterprise decision not to renew its license may have a material impact on our number of paying users and could also have a significant impact on our business, results of operations, and financial condition as a result. Furthermore, macroeconomic changes or other factors resulting in our customers reducing their number of seat licenses over time, including as a result of increased adoption of AI tools, could negatively impact our business and financial results. Additionally, the timing of certain contract renewals that include a significant number of seat licenses may make any projections relating to our future paying users more uncertain. Although it is important to our business that our users renew their subscriptions after their existing subscriptions expire and that we expand our commercial relationships with our users, given the volume of our users, we may be unable to address any retention issues with specific users in a timely manner, which could harm our business.

We have and may continue to see an increase in new customers opting for our monthly plans rather than our annual plans, including from users who upgrade to paid plans using mobile devices. As a result, to the extent more of our users subscribe to our paid plans through mobile devices or otherwise opt for monthly plans, subscription renewals may fluctuate or decline.

We have in the past and may continue to experience privacy and data security breaches or incidents.

Unauthorized parties have in the past gained access, and may in the future gain access, to systems, networks, or facilities used in our business through various means, including gaining unauthorized access to our systems, networks, or facilities, attempting to fraudulently induce our employees, users, or others into disclosing user names, passwords, or other sensitive information. For example, as previously disclosed in our Form 8-K filed with the Securities and Exchange Commission on May 1, 2024, on April 24, 2024, we became aware of unauthorized access to the Dropbox Sign production environment. We continue to face risks relating to this incident, including harm to our reputation and customer relationships, and ongoing litigation, in the form of a consolidated class action lawsuit that has been filed in federal court in the Northern District of California, and regulatory scrutiny related to this incident, and we may discover other impacts or new related events may occur that could affect our business operations, financial condition or results of operations. Any unauthorized or inadvertent access to, or an actual or perceived security breach of or incident impacting, our systems, or networks, or facilities, or those of third parties on which we rely, or those of any businesses or technologies we have acquired, could result in an actual or perceived loss of, or unauthorized access to or disclosure, modification, misuse, loss, corruption, unavailability, or destruction of, our data or our users' content, regulatory investigations, proceedings, and orders, claims, demands, and litigation, indemnity obligations, damages, penalties, fines, and other costs in connection with actual and alleged contractual breaches, violations of applicable laws and regulations or other actual or asserted obligations, and other liabilities. Any such incident could also materially damage our reputation and market position and harm our business, results of operations, and financial condition, including reducing our revenue, causing us to issue credits to users, negatively impacting our ability to accept and process user payment information, eroding our users' trust in our services and payment solutions, subjecting us to costly user notification or remediation, harming our ability to retain users, harming our brand, or increasing our cost of acquiring new users. We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Further, if a high-profile security breach or incident occurs with respect to another content collaboration solutions provider, our users and potential users could lose trust in the security of content collaboration solutions providers generally, which could adversely impact our ability to retain users or attract new ones. We have also incorporated AI technologies into certain products and expect to continue to incorporate additional AI technologies into our products and otherwise into our business and operations in the future. The use of AI technologies and the accelerated product development lifecycle for AI products may create additional or increase existing cybersecurity risks and may result in security or privacy incidents. Further, cybersecurity attacks may use AI technologies and increase the risk of security incidents.

The use of our platform involves the transmission, storage, and processing of user content, some of which may be considered personal, confidential, or sensitive information of users or their organizations. We also process, store and transmit our own data as part of our business and operations. This data may include personal, confidential, or sensitive information. We have previously faced and will continue to face security threats from malicious third parties that could obtain unauthorized access to our systems, infrastructure, and networks. We anticipate that these threats will continue to grow in scope and complexity over time. Although we have taken corrective actions in response to past incidents, and have developed systems and processes that are designed to protect the personal data of users and their organizations, protect our systems, prevent data loss, and prevent other security breaches and security incidents, these security measures have not fully protected our systems in the past and cannot guarantee security in the future.

Emerging and evolving cybersecurity threats pose significant challenges and involve increasingly sophisticated threat actors, including those leveraging AI and machine learning. Malware, ransomware, viruses, social engineering (such as phishing), denial of service, insider misuse, and other network attacks have become more prevalent, particularly against cloud-based services. Threat actors may use AI or autonomous AI agents to enhance and scale attacks, including generating convincing phishing content, deepfakes, and adaptive malware, making detection and mitigation more difficult. In this fast-changing threat environment, we are continuously assessing our security posture, including through the use of penetration testing and red team exercises, to identify gaps, threats, and vulnerabilities and, where we believe appropriate, we actively take additional and ongoing steps that are intended to strengthen our defenses, including cybersecurity capabilities, and to mitigate the risk of a breach or incident. We also evaluate risks associated with our use of AI, including risks related to data integrity, model security, and potential misuse or manipulation. However, AI technologies may introduce new or amplify existing risks, including unintended system behaviors or exploitation by malicious actors. If we fail to respond appropriately to any identified gaps, threats or vulnerabilities, including by providing sufficient investment and prioritizing strategic initiatives, or if we fail to adequately identify the gaps, threats or vulnerabilities, we face greater risk that an unauthorized party will obtain access to, or disrupt, our systems or networks or obtain access to data or content that we or third parties on which we rely store or otherwise process. Notwithstanding our efforts, we may fail to detect the existence of security breaches or incidents, including breaches or compromises of user content, and may be unable to prevent unauthorized access to user content. Malicious third parties might use techniques that we are unable to defend against to compromise and infiltrate our systems, infrastructure, and networks. The techniques used to obtain unauthorized access to, and to disable or degrade service, or sabotage systems change frequently and are often not recognized until launched against a target. They may originate from less regulated or remote areas around the world, or from state-sponsored actors, and the risks could also be elevated in connection with wars or other armed conflicts. If our security measures are breached or compromised or we, our systems, facilities or networks, or those of third parties on which we rely otherwise are subject to a security breach or incident, or our users' content or other data is otherwise accessed, misused, modified, rendered unavailable, destroyed, or otherwise processed through unauthorized means, or if any such actions are believed to occur, our platform may be perceived as insecure, and we may lose existing users or fail to attract and retain new users. Moreover, public announcements concerning any cybersecurity-related incidents and steps we may take to respond to or remediate any such incidents could be perceived by securities analysts or investors to be negative, and such perception could, among other things, have an adverse effect on the price of our Class A common stock.

We may rely on third parties when deploying our infrastructure, and in doing so, expose it to security risks outside of our direct control. We rely on outside vendors and contractors to perform services necessary for the operation of the business, and they may fail to adequately secure our user and company content data. Furthermore, despite our security measures, some contractors and other individuals, whom our intelligence indicates are supported by nation states, have in the past gained, and in the future may gain, access to our systems. This risk may increase when vendors and contractors work remotely, including as part of our Virtual First work model. Additionally, unapproved internal AI product usage or human error in the product development process each have the potential to result in disclosure of user or company content data.

In addition, certain developers or other partners who create applications that integrate with our platform, may receive or store information provided by us or by our users through these applications. If these third parties or developers fail to adopt or adhere to adequate data security practices or the Dropbox Developer Terms and Conditions, or in the event of a breach or other compromise of their networks or systems, our data or our users' data may be improperly accessed, used, or disclosed.

Third parties may attempt to compromise our employees and their privileged access into internal systems to gain access to accounts, our information, our networks, or our systems or those of third parties on which we rely. Employee error, malfeasance, errors in our systems and processes, or other errors in the storage, use, transmission, or other processing of personal information has in the past and could in the future result in an actual or perceived breach of user privacy or inadvertent disclosure of information, and such errors could adversely affect our business, brand, and reputation. For example, in the past an error in our use of a trusted third party to provide anti-malware and phishing services resulted in URLs embedded within content shared on Dropbox or uploaded to DocSend being made available to other paid subscribers and partners of that third party. However, only the URLs were sent - neither the document itself, nor any information within it, was shared. To address this, we asked the service provider to delete the affected URLs from its databases, and they did so. While we are not aware of any URLs that were exploited by malicious actors, we cannot rule this out. As a standard practice, we complied with our notification obligations to applicable regulatory authorities. While we believe we have adequate systems in place to detect and prevent integration of software and services that may compromise personal information, we can provide no assurances those systems will be effective in every case.

Our business could be harmed by any significant disruption of service on our platform or loss of content.

Our brand, reputation, and ability to attract, retain, and serve our users is dependent upon the reliable performance of our platform, including our underlying technical infrastructure. Our users rely on our platform to store digital copies of their valuable content, including financial records, business information, documents, photos, and other important content. Our technical infrastructure may not be adequately designed with sufficient reliability and redundancy to avoid performance delays or outages that could be harmful to our business and turnover in our personnel may additionally impact our ability to respond to any such delays or outages. If our platform is unavailable when users attempt to access it, or if it does not load as quickly as they expect, users may not use our platform as often in the future, or at all.

The continued growth of our user base and the amount and types of information stored, synced, and shared on our platform will require an increasing amount of technical infrastructure, including network capacity and computing power, to continue to satisfy the needs of our users. The vast majority of user content is stored in our own custom-built infrastructure in co-location facilities that we directly lease and operate. As we continue to add, enhance and modify our infrastructure to meet our business needs, we may move or transfer additional content accordingly.

Further, as we continue to evolve our business to meet the needs of our users, we may overestimate or underestimate our infrastructure capacity requirements, which could adversely affect our results of operations. The costs associated with leasing and maintaining our custom-built infrastructure in co-location facilities and third-party datacenters already constitute a significant portion of our capital and operating expenses. We continuously evaluate our short- and long-term infrastructure capacity requirements to ensure adequate capacity for new and existing users while minimizing unnecessary excess capacity costs. If we overestimate the demand for our platform and therefore secure excess infrastructure capacity, our operating margins could be reduced. If we underestimate our infrastructure capacity requirements, we may not be able to service the expanding needs of new and existing users, and our hosting facilities, network, or systems may fail. Additionally, our ability to accurately perform capacity planning is dependent on the reliability of the global supply chain for hardware, network, and platform infrastructure equipment. Due to the current macro environment and related price increases and competition for a limited supply of such equipment, our global supply chain for datacenter equipment has experienced challenges, and such challenges could adversely impact our infrastructure capacity. Our datacenter equipment is primarily manufactured by third-party manufacturers, some of which utilize certain components for which there are few qualified suppliers. The availability or price of such components may also be impacted by tariffs and global trade policy, including retaliatory actions, affecting such components. Prolonged disruptions at these suppliers could lead to a disruption in our ability to manufacture datacenter equipment on time to meet demand. Furthermore, our competitors use some of the same suppliers and their demand for hardware components can affect the capacity available to us resulting in inadequate datacenter capacity. Furthermore, our efforts to mitigate such disruptions and compete for such equipment may impact the timing and magnitude of our infrastructure spending, resulting in unexpected increases in shorter-term or longer-term costs than originally projected.

In addition, the datacenters that we use are vulnerable to damage or interruption from human error, technical defects, intentional bad acts, security breaches and incidents, including computer malware, ransomware, cyber viruses, social engineering (phishing attacks), denial of service or other attacks, employee theft or misuse and other network attacks, earthquakes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could disrupt our service, destroy user content, or prevent us from being able to continuously back up or record changes in our users' content. In the event of significant physical damage to one of these datacenters, it may take a significant period of time to achieve full resumption of our services, and our disaster recovery planning may not account for all eventualities. Damage or interruptions to these datacenters could harm our platform and business.

We operate in competitive markets, and we must continue to compete effectively.

The market for content collaboration platforms is competitive and rapidly changing. Certain features of our platform compete in the cloud storage market with products offered by Microsoft, Amazon, Apple, Google, and Adobe and in the content collaboration market with products offered by Microsoft, Atlassian, Slack (now part of Salesforce), and Google. On a more limited basis, we compete with Box in the cloud storage market for deployments by large enterprises, as well as in the e-signature market along with Adobe and DocuSign and in the AI content search market along with Glean, Guru and Notion. We have also made and will continue to make significant investments in developing products in the highly-competitive marketplace for AI technology and, in light of the rapid development and significant competitive pressures, we may not be able to compete effectively or realize a return on our investments. We also compete with smaller private companies that offer point solutions in the cloud storage market or the content collaboration market. We believe the principal competitive factors in our markets include the following:

- user-centric design;
- ease of adoption and use;
- scale of user network;
- features and platform experience;
- performance;
- brand recognition and trust;
- security and privacy;
- accessibility across several devices, operating systems, and applications;
- third-party integration;
- customer support;
- continued innovation;
- pricing;
- investments in AI; and
- macroeconomic trends.

With the introduction of new technologies and market entrants, we expect competition to intensify. Many of our actual and potential competitors have competitive advantages over us, such as greater name recognition, longer operating histories, more varied products and services, larger marketing budgets, more established marketing relationships, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical, and other resources. Some of our competitors may make acquisitions or enter into strategic relationships or alliances to offer a broader range of products and services than we do. These combinations may make it increasingly difficult for us to compete effectively. We expect these trends to continue as competitors strengthen or maintain their market positions.

Demand for our platform is sensitive to price, and our pricing and packaging has in the past and could in the future negatively impact our top of funnel and conversion rates. Many factors, including our marketing, user acquisition and technology costs, and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. Certain of our competitors offer, or may in the future offer, lower-priced or free products or services that compete with our platform or may bundle and offer a broader range of products and services.

Similarly, certain competitors may use marketing strategies that enable them to acquire users at a lower cost than us. There can be no assurance that we will not be forced to engage in price-cutting initiatives or to increase our marketing and other expenses to attract and retain users in response to competitive pressures, either of which could materially and adversely affect our business, results of operations, and financial condition.

Failure to respond to rapid technological changes, extend our platform, or develop new features or products may harm our ability to compete effectively, which would adversely affect our business.

The content collaboration market is characterized by rapid technological change and frequent new product and service introductions. Our ability to grow our user base and increase revenue from existing users will depend heavily on our ability to enhance and improve our platform, introduce new features and products, increase our strategic partnerships with third parties, and interoperate across an increasing range of devices, operating systems, and third-party applications. Users may require features and capabilities that our current platform does not have. The need to respond to technological changes may require investments in our business and strategic shifts that could impact short-term growth or profitability. In particular, we have made, and intend to continue making, significant investments in developing products that will incorporate AI. While we believe that such new products have the potential to drive future growth of our business, the development of such new features will require us to incur significant costs, and may adversely affect our gross margins, and there is no guarantee that these new product offerings will ultimately be adopted by users, achieve product-market fit, result in additional revenue or otherwise generate our desired return on investment. Further, we may need to shift our strategy or strategic direction, such as our announcement regarding FormSwift, modify our products or increase our investment, any of which could require us to incur additional costs or change our expectations for return on investment. Additionally, use of newly-developed AI technology could result in reputational harm, operational risks, or legal liability.

In addition, while we believe remote or distributed work will continue to have a significant and long lasting impact on the workforce, and will open up increased market opportunities for us, such as our work on new AI-driven products, such opportunities may not materialize or, if they do, we may not be able to develop new features or products, or enhance our existing offerings, sufficiently to take advantage of them. We invest significantly in research and development, and our goal is to focus our spending on measures that improve quality and ease of adoption and create organic user demand for our platform. There is no assurance that our enhancements to our platform or our new product experiences, partnerships, features, or capabilities will be compelling to our users or gain market acceptance. If our research and development investments do not accurately anticipate user demand, we are unsuccessful in establishing or maintaining our strategic partnerships, or if we fail to develop our platform in a manner that satisfies user preferences in a timely and cost-effective manner, we may fail to retain our existing users or increase demand for our platform.

The introduction of new products and services by competitors or the development of entirely new technologies to replace existing offerings could make our platform obsolete or adversely affect our business, results of operations, and financial condition. We may experience difficulties with software development, design, or marketing that could delay or prevent our development, introduction, or implementation of new product experiences, features, or capabilities. We also may experience broad-based business or economic disruptions that could adversely affect the productivity of our employees and result in delays in the development or implementation process. For example, we operate in a Virtual First work model, which may lead to disruptions and decreased productivity that could result in delays in our product development process as compared to a fully in-office model. We have also in the past experienced delays in our internally planned release dates for new features and capabilities, and there can be no assurance that new product experiences, features, or capabilities will be released according to schedule. Any delays could result in adverse publicity, loss of revenue or market acceptance, or claims by users brought against us, all of which could have a material and adverse effect on our reputation, business, results of operations, and financial condition. Moreover, new features may require substantial investment, and we have no assurance that such investments will be successful. If users do not widely adopt our new product experiences, features, and capabilities, we may not be able to realize a positive return on our investment. If we are unable to develop, license, or acquire new features and capabilities to our platform on a timely and cost-effective basis, or if such enhancements do not achieve market acceptance, our business, results of operations, and financial condition could be adversely affected.

Our business depends upon the interoperability of our platform across devices, operating systems, and third-party applications that we do not control.

One of the most important features of our platform is its broad interoperability with a range of diverse devices, operating systems, and third-party applications. Our platform is accessible from the web and from devices running Windows, Mac OS, iOS, Android, WindowsMobile, and Linux. We also have integrations with Microsoft, Adobe, Apple, Salesforce, Atlassian, Slack (now part of Salesforce), BetterCloud, Google, IBM, Cisco, VMware, Okta, Symantec, Palo Alto Networks, Zoom, and a variety of other productivity, collaboration, data management, and security vendors. We are dependent on the accessibility of our platform across these third-party operating systems and applications that we do not control. Third-party services and products are constantly evolving, and we may not be able to modify our platform and have in the past experienced delays in modifying our platform to assure its compatibility with that of other third parties following development changes. If we are unable to ensure compatibility of our platform with desired third-party services, our business may be adversely impacted.

In addition, several of our competitors own, develop, operate, or distribute operating systems, app stores, third-party datacenter services, and other software, and also have material business relationships with companies that own, develop, operate, or distribute operating systems, applications markets, third-party datacenter services, and other software that our platform requires in order to operate. Some of these competitors have inherent advantages developing products and services that more tightly integrate with their software and hardware platforms or those of their business partners.

In addition, some of our competitors may be able to disrupt the operations or compatibility of our platform with their products or services, or exert strong business influence on our ability to, and terms on which we, operate and distribute our platform. For example, we currently offer products that directly compete with several large technology companies that we rely on to ensure the interoperability of our platform with their products or services. We also rely on these companies to make our mobile applications available through their app stores. As our respective products evolve, we expect this level of competition to increase. Should any of our competitors modify their products or standards in a manner that degrades the functionality of our platform or gives preferential treatment to competitive products or services, whether to enhance their competitive position or for any other reason, the interoperability of our platform with these products could decrease and our business, results of operations, and financial condition could be harmed.

We generate revenue from sales of subscriptions to our platform, and declines in demand for our platform, or for content collaboration solutions in general, could negatively impact our business.

We generate, and expect to continue to generate, revenue from the sale of subscriptions to our platform. As a result, widespread acceptance and use of content collaboration solutions in general, and our platform in particular, is critical to our future growth and success. If the content collaboration market fails to grow or grows more slowly than we currently anticipate, or if there are changes in trends with regard to remote or distributed work, demand for our platform could be negatively affected.

Changes in user preferences for content collaboration may have a disproportionately greater impact on us than if we offered multiple platforms or disparate products. Demand for content collaboration solutions in general, and our platform in particular, is affected by a number of factors, many of which are beyond our control. Some of these potential factors include:

- awareness of the content collaboration category generally;
- availability of products and services that compete with ours;
- the impact, scale, and duration, of trends towards or away from remote or distributed work;
- ease of adoption and use;
- features and platform experience;
- performance;
- brand recognition and trust;
- security and privacy;
- customer support;

- pricing;
- investments in AI; and
- macroeconomic trends.

The content collaboration market is subject to rapidly changing user demand and trends in preferences. If we fail to successfully predict and address these changes and trends, meet user demands, or achieve more widespread market acceptance of our platform, our business, results of operations, and financial condition could be harmed.

We depend on our key personnel and other highly qualified personnel, and if we fail to attract, integrate, and retain our personnel, and maintain our unique corporate culture, our business could be harmed.

We depend on the continued service and performance of our key personnel. In particular, Andrew W. Houston, our Chief Executive Officer and one of our co-founders, is critical to our vision, strategic direction, culture, and offerings. From time-to-time, there have been changes in our management team resulting from the hiring or departure of our executives, and there may be additional changes in the future. While we seek to manage these transitions carefully, such changes may result in a loss of institutional knowledge and may cause disruptions to our business. If we fail to successfully integrate new key personnel into our organization or if key employees are unable to successfully transition into new roles, our business could be adversely affected.

All of our officers and key personnel are at-will employees. In addition, many of our key technologies and systems are custom-made for our business by our key personnel. The loss of key personnel, including key members of our management team, as well as certain of our key marketing, sales, product development, or technology personnel, could disrupt our operations and have an adverse effect on our ability to grow our business. In addition, while we believe our Virtual First work model gives us the opportunity to align our resources to create a more nimble and streamlined organization, we can provide no assurance that we will be able to successfully execute on these plans, and failure to successfully manage these transitions may cause disruptions to our business. Additionally, we will need to adapt and respond to frequently changing circumstances that may impact our workforce, such as natural disasters or pandemics, or our ability to maintain an effective workforce may be impacted.

To execute our business plan, we must attract and retain highly qualified personnel. Competition for these employees is intense and we may not be successful in attracting and retaining qualified personnel. We have experienced, and we may continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. As we continue to operate in a Virtual First work model, our recent hires and planned hires may not become as productive as we expect, and we may be unable to hire, integrate, or retain sufficient numbers of qualified individuals. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, particularly in the internet and high-technology industries, job candidates often consider the value of the equity they are to receive in connection with their employment. Employees may be more likely to leave us if the shares they own or the shares underlying their equity incentive awards have significantly appreciated or significantly reduced in value. Many of our employees may receive significant proceeds from sales of our equity in the public markets, which may reduce their motivation to continue to work for us. If we fail to attract new personnel, or fail to retain and motivate our current personnel, our business, financial results, and growth prospects could be harmed.

Additionally, if we do not maintain and continue to develop our corporate culture as we grow and evolve, it could harm our ability to foster the innovation, creativity, and teamwork we believe that we need to support our growth. Additions of executive-level management, significant numbers of new and remote employees, our workforce reduction, and higher employee turnover could significantly and adversely impact our culture, as could our Virtual First work model.

We operate with a Virtual First work model and the long-term impact of this model on our financial results and business operations remains uncertain.

Since October 2020, we have operated under a Virtual First work model pursuant to which remote work has become the primary experience for all of our employees and we expect our workforce to remain significantly distributed over the long term. Additionally, there is no guarantee that we will realize the anticipated benefits to our business, including cost savings, increased employee satisfaction or ability to attract and retain employees. We may also not achieve operational efficiencies, or increased productivity.

Our Virtual First work model could make it increasingly difficult to oversee our increasingly distributed workforce and manage our business, potentially resulting in harm to our company culture, increased employee attrition, and the loss of key personnel, as well as potentially negatively impacting product research and development and the growth of our business. We may also experience an increased risk of privacy and data security breaches and incidents involving our data or our users' content. Any of these factors could adversely affect our financial condition and operating results.

In addition, our Virtual First work model has reduced our need for office space relative to our existing lease commitments and, as a result, we have recorded and may in the future record impairment charges related to the office spaces we no longer expect to need, which impacted and may in the future impact our ability to achieve or maintain GAAP profitability. Furthermore, any prolonged recessionary period and industry shifts towards remote or distributed work, declines in rent prices or increased availability of open office space, may prevent us from finding subtenants for our unused office space on favorable terms or at all. In the event that we are unable to sublease our space on favorable terms or at all, or if we are able to sublease space but our subtenants fail to make lease payments to us or otherwise default on their obligations to us, we may generate less sublease income than we have currently estimated, continue to incur substantial payment obligations under our leases and incur additional or higher impairment charges than we have currently estimated, any of which could materially and adversely affect our business, cash flows, results of operations, profitability, and financial condition.

Our business may be significantly impacted by general economic, political, and market conditions, including any resulting effect on consumer or business spending.

Our business may be affected by general economic, political, and market conditions, including any resulting negative impact on spending by our business and consumer users. Some of our users may view a paid subscription to our platform as a discretionary purchase, and our paying users have in the past and may in the future reduce their spending on our platform during an economic downturn, especially in the event of a prolonged recessionary period. Concerns about inflation, fluctuating or uncertain interest rates, unemployment trends, increased tariffs, retaliatory actions, international trade regulations, geopolitical issues, including wars and other armed conflicts, global health epidemics and other highly communicable diseases, bank insolvencies and related uncertainty and volatility in the financial services industry, or a widespread economic slowdown or recession (in the United States or internationally) have led to, and could continue to lead to, increased market volatility and economic uncertainty, which could cause current and prospective paying users to delay, decrease, or cancel purchases of our products and services, or delay or default on their payment obligations. In response to economic uncertainty, we have been more disciplined in our hiring and operating expenses, either of which could negatively impact our ability to grow and invest in our business. As a result, our business, results of operations, and financial condition may be significantly affected by changes in the economy generally.

Our lack of a significant outbound sales force may limit the potential growth of our business.

Historically, our business model has been driven by organic adoption and viral growth, with more than 90% of our revenue generated from self-serve channels. As a result, we do not have a significant outbound sales force, which has enabled us to be more efficient with our sales and marketing spend. Our word-of-mouth and user referral marketing model may not continue to be as successful as we anticipate, and our limited experience selling directly to large organizations through our outbound sales force may impede our future growth. As we continue to scale our business, an enhanced sales infrastructure could assist in reaching larger organizations and growing our revenue. Identifying and recruiting additional qualified sales personnel and training them would require significant time, expense, and attention, and would significantly impact our business model. Further, adding more sales personnel would change our cost structure and results of operations, and we may have to reduce other expenses in order to accommodate a corresponding increase in sales and marketing expenses. If our limited outbound sales force and lack of significant experience selling and marketing to large organizations prevents us from reaching larger organizations and growing our revenue, and if we are unable to hire, develop, and retain talented sales personnel in the future, our business, results of operations, and financial condition could be adversely affected.

We may expand sales to large organizations, which could lengthen sales cycles and result in greater deployment challenges.

As our business evolves, we may need to invest more resources into sales to large organizations. Large organizations may undertake a significant evaluation and negotiation process, which can lengthen our sales cycle. We may also face unexpected deployment challenges with large organizations or more complicated deployment of our platform. Large organizations may demand more configuration and integration of our platform or require additional security management or control features. We may spend substantial time, effort, and money on sales efforts to large organizations without any assurance that our efforts will produce any sales. Additionally, our ability to sell via an outbound sales force has been, and may continue to be, impeded by events, such as macroeconomic factors, tighter technology spending, layoffs at our potential customers, public health epidemics, and other catastrophic events. As a result, sales to large organizations may lead to greater unpredictability in our business, results of operations, and financial condition.

Any failure to offer high-quality customer support may harm our relationships with our users and our financial results.

We have designed our platform to be easy to adopt and use with minimal to no support necessary. Any increased user demand for customer support could increase costs and harm our results of operations. In addition, as we continue to grow our operations and support our global user base, we need to be able to continue to provide efficient customer support that meets our customers' needs globally at scale. If we are unable to provide efficient customer support globally at scale, including through the use of third-party customer support partners, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could harm our results of operations. Our new user signups are highly dependent on our business reputation and on positive recommendations from our existing users. Any failure to maintain high-quality customer support, or a market perception that we do not maintain high-quality customer support, could harm our reputation, business, results of operations, and financial condition.

Our business depends on a strong brand, and if we are unable to maintain and enhance our brand, our ability to expand our base of users will be impaired and our business, results of operations, and financial condition will be harmed.

We believe that our brand identity and awareness have contributed to our success and have helped fuel our efficient go-to-market strategy. We also believe that maintaining and enhancing the Dropbox brand is critical to expanding our base of users. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Any unfavorable publicity or consumer perception of our platform or the providers of content collaboration solutions generally could adversely affect our reputation and our ability to attract and retain users. Additionally, if we fail to promote and maintain the Dropbox brand, our business, results of operations, and financial condition will be materially and adversely affected.

Our current operations outside the United States and our efforts to expand, subject us to increased business and economic risks that could impact our results of operations.

We have paying users across approximately 180 countries and approximately 44% of our revenue in the year ended December 31, 2025 was generated from paying users outside the United States. We expect to continue to expand our international operations, which may include employees working in new jurisdictions and providing our products in additional languages. Any new markets or countries into which we attempt to sell subscriptions to our platform may not be receptive. For example, we may not be able to expand further in some markets if we are unable to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. International expansion has required, and will continue to require, investment of significant funds and other resources. Expanding and operating internationally subjects us to regulatory, economic, geographic, social, and political risks and may increase risks that we currently face, including risks associated with:

- compliance with applicable international laws, regulations, and standards including laws and regulations with respect to labor and employment, privacy, data protection, cybersecurity, AI, consumer protection, tax, export control and sanctions, and unsolicited email, and the risk of penalties to our users and individual members of management or employees if our practices are deemed to be out of compliance;
- recruiting and retaining talented and capable employees in locations outside the United States, and maintaining our company culture across all of our locations, including in light of our Virtual First work model and an increasingly distributed workforce;
- providing our platform and operating our business across a significant distance, in different languages and among different cultures, including the potential need to modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as the United States;
- operating in jurisdictions that do not protect intellectual property rights in the same manner or to the same extent as the United States;

- compliance by us and our business partners with anti-corruption laws, import and export control laws, tariffs, trade barriers, economic sanctions, and other regulatory limitations on our ability to provide our platform in certain international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories and might prevent us from repatriating cash earned outside the United States;
- political, social, and economic instability, conflicts, and wars, and their regional and global ramifications;
- changes in diplomatic and trade relationships, including the imposition of new trade restrictions, trade protection measures, import or export requirements, trade embargoes and other trade barriers;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate;
- higher costs of doing business internationally, including increased accounting, travel, infrastructure, and legal compliance costs; and
- the impact of natural disasters and public health epidemics on employees, travel and the global economy.

If we continue to invest substantial time and resources to expand our operations internationally and are unable to manage these risks effectively, our business, financial condition, and results of operations could be adversely affected. In addition, continued international expansion may subject our business to broader economic, political, and other international risks, including economic volatility, security risks, and geopolitical conflicts. Further, compliance with laws, regulations, and standards applicable to our global operations substantially increases our cost of doing business in international jurisdictions. We may be unable to keep current with changes in laws, regulations, or standards as they change. Although we have implemented policies and procedures designed to support compliance with these laws, regulations, and standards there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners, and agents will comply with the varying and sometimes conflicting laws, regulations and standards in all jurisdictions. Any violations could result in regulatory investigations and enforcement actions, fines, civil and criminal penalties, damages, injunctions, restrictions on our ability to conduct business, or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, our business, results of operations, and financial condition could be adversely affected.

We depend on our infrastructure and third-party datacenters, and any disruption in the operation of these facilities or failure to renew the services could adversely affect our business.

We host our services and serve all of our users using a combination of our own custom-built infrastructure that we lease and operate in co-location facilities and third-party datacenter services such as Amazon Web Services. While we typically control and have access to the servers we operate in co-location facilities and the components of our custom-built infrastructure that are located in those co-location facilities, we control neither the operation of these facilities nor our third-party service providers. Furthermore, we have no physical access or control over the services provided by Amazon Web Services.

Datacenter leases and agreements with the providers of datacenter services expire at various times. The owners of these datacenters and providers of these datacenter services may have no obligation to renew their agreements with us on commercially reasonable terms, or at all. Problems faced by datacenters, with our third-party datacenter service providers, with the telecommunications network providers with whom we or they contract, or with the systems by which our telecommunications providers allocate capacity among their users, including us, could adversely affect the experience of our users or result in unexpected increases in our costs. Our third-party datacenter operators could decide to close their facilities or cease providing services without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by our third-party datacenter operators or any of the service providers with whom we or they contract may have negative effects on our business, the nature and extent of which are difficult to predict.

If the datacenters and service providers that we use are unable to keep up with our growing needs for capacity, or if we are unable to renew our agreements with datacenters, and service providers on commercially reasonable terms, we may be required to transfer servers or content to new datacenters or engage new service providers, and we may incur significant costs, and possible service interruption in connection with doing so. Any adverse changes in third-party service levels at datacenters or any real or perceived errors, bugs, defects, disruptions, or other performance problems that adversely impact our platform could harm our reputation and may result in damage to, or loss or compromise of, our users' content. Interruptions in our platform might, among other things, reduce our revenue, cause us to issue refunds to users, subject us to potential liability, harm our reputation, or decrease our renewal rates, and we may not have adequate recourse, or recourse at all, from the datacenter and service provider, which could further harm our business, results of operations and financial condition.

We have relationships with third parties to provide, develop, and create applications that integrate with our platform, and our business could be harmed if we are unable to continue these relationships.

We use software and services licensed and procured from third parties to develop and offer our platform. We may need to obtain additional licenses and services from third parties to use intellectual property and technology associated with the development of our platform, which might not be available to us on acceptable terms, or at all. Any loss of the right to use any software or services required for the development and maintenance of our platform could result in delays in the provision of our platform until equivalent technology is either developed by us, or, if available from others, is identified, obtained, and integrated, which could harm our platform and business. Any errors or defects in third-party software or services could result in errors or a failure of our platform, which could harm our business, results of operations, and financial condition.

We also depend on our ecosystem of developers to create applications that will integrate with our platform. As of December 31, 2025, Dropbox received over 75 billion API calls per month, and just over 1,000,000 developers had registered and built applications on our platform. Our reliance on this ecosystem of developers creates certain business risks relating to the quality of the applications built using our APIs, service interruptions of our platform from these applications, lack of service support for these applications, and possession of intellectual property rights associated with these applications.

We may not have the ability to control or prevent these risks. As a result, issues relating to these applications could adversely affect our business, brand, and reputation.

Our use of open source software could negatively affect our ability to offer and sell subscriptions to our platform and subject us to possible litigation.

A portion of the technologies we use incorporates open source software, and we may incorporate open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. These licenses may subject us to certain unfavorable conditions, including requirements that we offer our platform that incorporates the open source software for no cost, that we make publicly available source code for modifications or derivative works we create based upon incorporating or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license. Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose any of our source code that incorporates or is a modification of our licensed software. If an author or other third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we could be required to incur significant legal expenses defending against those allegations and could be subject to significant damages, enjoined from offering or selling our solutions that contained the open source software, and required to comply with the foregoing conditions. Any of the foregoing could disrupt and harm our business, results of operations, and financial condition.

Our ability to sell subscriptions to our platform and retain users could be harmed by real or perceived material defects or errors in our platform.

The software technology underlying our platform is inherently complex and may contain material defects or errors, particularly when first introduced or when new features or capabilities are released. We have from time-to-time found defects or errors in our platform, and new defects or errors in our existing platform or new software may be detected in the future by us or our users. There can be no assurance that our existing platform and new software will not contain defects. Any real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity or lead to data security, access, retention, or other performance issues, all of which could harm our business. The costs incurred in correcting such defects or errors may be substantial and could harm our results of operations and financial condition. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and could harm our business, results of operations, and financial condition.

We also utilize hardware purchased or leased and software and services licensed from third parties on our platform. Any defects in, or unavailability of, our third-party software, services, or hardware that cause interruptions to the availability of our services, loss of data, or performance issues could, among other things:

- cause a reduction in revenue or delay in market acceptance of our platform;

- require us to issue refunds to our users or expose us to claims for damages;
- cause us to lose existing users and make it more difficult to attract new users;
- divert our development resources or require us to make extensive changes to our platform, which would increase our expenses;
- increase our technical support costs; and
- harm our reputation and brand.

We have acquired or invested in, and may in the future acquire or invest in, other businesses, assets, and technologies, which could require significant management attention, disrupt our business operations, cause us to incur debt or dilute stockholder value, and may not be successful.

As part of our business strategy, we have acquired or invested in, and may in the future acquire or invest in, other companies, employee teams, or technologies to complement or expand our products, obtain personnel, or otherwise complement or grow our business.

The pursuit of acquisitions or investments may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not they are consummated.

We may not be able to find suitable acquisition or investment candidates and we may not be able to complete acquisitions or investments on favorable terms, if at all, and even if we are able to identify suitable acquisition candidates, we may not be able to receive approval from the applicable competition authorities, or such target may be acquired by another company, including one of our competitors.

If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve the anticipated benefits from such acquisitions, due to a number of factors, including:

- acquisition-related costs, liabilities, or tax impacts, some of which may be unanticipated;
- difficulty utilizing or integrating the acquired intellectual property, technology infrastructure, and operations;
- difficulty integrating and retaining key employees of acquired businesses and related challenges motivating and retaining our key employees after such acquisition;
- ineffective or inadequate, controls, procedures, or policies at an acquired business;
- inability to effectively offer, price, and support multiple product lines or services offerings of acquired businesses;
- potential unknown liabilities or risks associated with an acquired business, including those arising from existing contractual obligations, security vulnerabilities, cybersecurity incidents, or litigation matters;
- inability to maintain relationships with key customers, suppliers, and partners of an acquired business;
- failure to accurately forecast the financial impact of an acquisition transaction, including accounting charges;
- challenges integrating accounting, finance and forecasting practices of acquired business within our business;
- lack of experience in new markets, products or technologies;
- inability to effectively integrate brand identity of acquired businesses within those of our business;
- diversion of management's attention from other business concerns; and
- use of resources that are needed in other parts of our business.

We may have to pay a substantial portion of our available cash, incur debt, or issue equity securities to pay for any such acquisitions, each of which could affect our financial condition or the value of our capital stock. The issuance of equity consideration or the sale of equity to finance any such acquisitions could result in dilution to our stockholders. If we incur more debt, it would result in increased fixed obligations and could also subject us to covenants or other restrictions that would impede our ability to flexibly operate our business.

In addition, we may not be able to integrate acquired businesses successfully or effectively manage the combined company following an acquisition. If we fail to successfully integrate acquisitions, or the people or technologies associated with those acquisitions, the results of operations of the combined company could be adversely affected. Any integration process will require significant time, resources, and attention from management, and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could adversely affect our business, results of operations, and financial condition.

A significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill. We review goodwill for impairment at least annually. If our acquisitions do not yield expected returns, we may be required to record impairment charges based on this assessment, which could adversely affect our results of operations.

Any acquisition we complete could be viewed negatively by users, developers, partners, or investors, and could have adverse effects on our existing business relationships, financial condition, or the value of our capital stock. Further, an acquired business may not achieve the returns or strategic benefits we expected and we may have unanticipated expenses, write-offs or charges related to such acquisitions.

If we fail to address the foregoing risks or other problems encountered in connection with past or future acquisitions of businesses, new technologies, services and other assets, strategic investments or other transactions, or if we fail to successfully integrate such acquisitions or investments, or if we are unable to successfully complete other transactions or such transactions do not meet our strategic objectives, our business, results of operations and financial condition could be adversely affected.

Our current and future indebtedness may limit our operating flexibility or otherwise affect our business.

Our current indebtedness, including our 2028 Notes and our term loan facility, place significant restrictions on our business and could have important consequences to our stockholders and effects on our business, as could any future indebtedness.

For example, the terms of our term loan facility contain a number of covenants that limit our ability and our subsidiaries' ability to, among other things, incur additional indebtedness, create liens, merge or consolidate with other companies, sell substantially all of our assets, pay dividends, make redemptions and repurchases of stock, engage in transactions with affiliates, make investments, loans and acquisitions, and prepay certain indebtedness, in each case subject to qualifications and exceptions.

In addition, such current and future indebtedness could:

- make it more difficult for us to satisfy our debt obligations, including our term loan facility and the 2028 Notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our current and future operations, make it more difficult to successfully execute our business strategy, or restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness or are not subject to restrictive covenants;
- restrict or otherwise impact the pace and timing of repurchases under our stock repurchase program; and

- limit our availability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy, or other general purposes.

Any of the foregoing could have a material adverse effect on our business, cash flows, results of operations, and financial condition.

Our operations may be interrupted and our business, results of operations, and financial condition could be adversely affected if we default on our leasing or credit obligations.

We finance a significant portion of our expenditures through leasing arrangements, and we may enter into additional similar arrangements in the future. As of December 31, 2025, we had an aggregate of $1,110.6 million of commitments to settle contractual obligations. In particular, we utilize both finance and operating leases to finance some of our equipment, datacenters and offices. In addition, as of December 31, 2025, we had $1,488.3 million in aggregate principal amount of term loans outstanding under our term loan facility. If we default on these leasing or credit obligations, our leasing partners and lenders may, among other things:

- require repayment of any outstanding lease obligations or loans;
- terminate our leasing arrangements;
- terminate our access to the leased datacenters we utilize;
- stop delivery of ordered equipment;
- sell or require us to return our leased equipment;
- require repayment of the outstanding term loans borrowed under our term loan facility;
- terminate our term loan facility and exercise rights and remedies against the collateral securing our term loan facility; or
- require us to pay increased and significant interest, fees, penalties, or damages.

If some or all of these events were to occur, our operations may be interrupted and our ability to fund our operations or obligations, as well as our business, results of operations, and financial condition, could be adversely affected. In particular, if the debt under our term loan facility were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, which could immediately materially and adversely affect our business, cash flows, results of operations, and financial condition. Even if we were able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us.

Risks Related to Our Financial Performance or Results

Our revenue growth rate has declined in recent periods and may continue to slow in the future.

Our rates of revenue growth have slowed and may continue to slow in future periods. Many factors may contribute to declines in our growth rates, including higher market penetration, increased competition, particularly from the availability of less expensive and bundled competitive products, slowing demand for our platform and declines in our rate of growth in paying users, a decrease in the growth of the overall content collaboration market, resource allocation across our business, including investments in new technologies or products that may not drive growth in the short term, a failure by us to continue capitalizing on growth opportunities, the impact of changing economic conditions, including as a result of catastrophic events, on our current and prospective paying users, fluctuations in foreign currency exchange rates, and the maturation of our business, among others. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. If our growth rates decline further, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

We may increase expenses in the future, and we may not be able to achieve or maintain profitability in future periods.

As we strive to grow our business, expenses may increase as we continue to make investments to scale our business, reposition our products, and respond to new technologies; in particular, we are making significant investments in AI technologies and product development. For example, we will need an increasing amount of technical infrastructure to continue to satisfy the needs of our user base. Our research and development expenses may also increase as we plan to continue to hire employees for our engineering, product, and design teams to support these efforts. These investments may not result in increased revenue or growth in our business or our revenue may not grow to the extent we expect and expense growth may outpace revenue. Accordingly, our profitability may fluctuate in certain periods, or we may fail to meet our profitability targets. Further, we have created mobile applications and mobile versions of Dropbox that are distributed to users primarily through app stores operated by Apple and Google, each of whom charge us in-application purchase fees. As a result, if more of our users subscribe to our products through mobile applications, these fees may have an adverse impact on our results of operations. In addition, in connection with our Virtual First work model, we have incurred impairment charges related to our facilities and may incur additional or unanticipated expense related to subleasing our facilities, including lower than anticipated sublease income that may result in additional or higher impairment charges than we have currently estimated, particularly if we are unable to sublease our unused office space on favorable terms or at all or if our subtenants fail to make lease payments to us in connection with our Virtual First work model. The long-term benefits of our Virtual First work model may not materialize in the way we expect and any savings may not offset these charges and expenses, which would have an adverse impact on our profitability. We may also encounter unforeseen or unpredictable factors, including fluctuations in foreign currency exchange rates, unforeseen operating expenses, complications, or delays, which may result in increased costs, or cause us to generate less sublease income than we have currently estimated.

Furthermore, it is difficult to predict the size and growth rate of our market, user demand for our platform or for any new features or products we develop, user adoption and renewal of our platform or of any new features or products we develop, the entry of competitive products and services, or the success of existing competitive products and services. As a result, we may not achieve or maintain profitability in future periods, or we may not otherwise achieve our goals related to profitability. If we fail to grow our revenue sufficiently to keep pace with our investments and other expenses, our results of operations and financial condition would be adversely affected.

Servicing our indebtedness under our term loan facility and 2028 Notes may require a significant amount of cash, and we may not have sufficient cash flow or the ability to raise the funds necessary to satisfy our obligations under our term loan facility or 2028 Notes.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including our term loan facility and the 2028 Notes, or to make cash payments in connection with any conversion of the 2028 Notes or upon any fundamental change if holders of the 2028 Notes require us to repurchase their Notes for cash, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. In addition, our term loan facility exposes us to floating interest rates where changes in benchmark interest rates could negatively impact our borrowing costs. Our business may not generate cash flow from operations in the future sufficient to service our indebtedness and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, which would materially and adversely impact our business, financial condition and operating results.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations, including our revenue, gross margin, operating margin, profitability, cash flow from operations, and deferred revenue, may vary significantly in the future and period-to-period comparisons of our results of operations may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result, may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly results of operations include, without limitation, those listed below:

- our ability to retain and upgrade paying users;
- our ability to attract new paying users and convert registered to paying users;
- the timing of expenses and recognition of revenue;

- the amount and timing of operating expenses, including expenses related to the maintenance and expansion of our business, operations, and infrastructure, hiring, and sales and marketing campaigns, as well as entry into or exit of operating and finance leases;
- the timing of expenses related to acquisitions;
- any large indemnification payments to our users or other third parties;
- changes in our pricing policies or those of our competitors;
- the timing and success of new product feature and service introductions by us or our competitors;
- network outages or actual or perceived security breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- changes in laws and regulations that impact our business;
- general economic and market conditions;
- fluctuations in foreign currency exchange rates;
- catastrophic events, including earthquakes, fires, floods, tsunamis, or other weather events, power loss, telecommunications failures, software or hardware malfunctions, cyber-attacks, wars, or terrorist attacks, and pandemics;
- changes in reserves or other non-cash credits or charges, such as the impairment charges as a result of changes in the corporate real estate market which impacted our subleasing strategy in conjunction with our Virtual First work model, and changes to deferred tax asset valuation allowances; and
- any other impacts from our Virtual First work model.

Fluctuation in quarterly results may negatively impact the value of our securities.

Our results of operations may not immediately reflect downturns or upturns in sales because we recognize revenue from our users over the term of their subscriptions with us.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. Our subscription arrangements generally have monthly or annual contractual terms, and we also have a small percentage of multi-year contractual terms. Amounts that have been billed are initially recorded as deferred revenue until the revenue is recognized. As a result, a large portion of our revenue for each quarter reflects deferred revenue from subscriptions entered into during previous quarters, and downturns or upturns in subscription sales, or renewals and potential changes in our pricing policies may not be reflected in our results of operations until later periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as subscription revenue from new users is recognized over the applicable subscription term. By contrast, a significant majority of our costs are expensed as incurred, which occurs as soon as a user starts using our platform. As a result, an increase in users could result in our recognition of more costs than revenue in the earlier portion of the subscription term. We may not attain sufficient revenue to maintain positive cash flow from operations or achieve profitability in any given period.

Our results of operations, which are reported in U.S. dollars, could be adversely affected if currency exchange rates fluctuate substantially in the future.

We are exposed to the effects of fluctuations in currency exchange rates within our international operations. This exposure is the result of selling in multiple currencies and operating in foreign countries where the functional currency is the local currency. In 2025, 27% of our sales were denominated in currencies other than U.S. dollars. Our expenses, by contrast, are primarily denominated in U.S. dollars. As a result, any increase in the value of the U.S. dollar against these foreign currencies has in the past and could in the future cause our revenue to decline relative to our costs, thereby decreasing our margins. Our results of operations are primarily subject to fluctuations in the Euro and British pound sterling. Because we conduct business in currencies other than U.S. dollars, but report our results of operations in U.S. dollars, we also face translation exposure due to fluctuations in currency exchange rates, which could hinder our ability to predict our future results and earnings and could materially impact our results of operations. We do not currently maintain a program to hedge exposures to non-U.S. dollar currencies.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

In connection with the pricing of the 2028 Notes, we entered into convertible note hedge transactions with certain financial institutions or affiliates of financial institutions, which we refer to as the “option counterparties,” and we are subject to the risk that one or more of such option counterparties may default on their obligations under the convertible note hedge transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If any option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the convertible note hedge transaction. Our exposure will depend on many factors but, generally, the increase in our exposure will be correlated to the increase in the market price of our Class A common stock and in the volatility of the market price of our Class A common stock. In addition, upon a default by the option counterparty, we may suffer adverse tax consequences and dilution with respect to our Class A common stock. We can provide no assurance as to the financial stability or viability of any option counterparty.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2025, we had U.S. federal and state and non-U.S. net operating loss carryforwards and U.S. federal and state and non-U.S. research credit carryforwards available to reduce our future taxable income and/or tax liabilities. It is possible that we will not generate sufficient taxable income in time to use all of these net operating loss carryforwards and/or research credit carryforwards before their expiration. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change,” the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset its post-change income may be limited. In general, an “ownership change” will occur if there is a cumulative change in our ownership by “5-percent stockholders” that exceeds 50 percentage points over a rolling three-year period. Similar rules and other limitations may apply under state tax laws. We have determined that we have experienced multiple ownership changes and, as a result, the annual utilization of our net operating loss carryforwards and other pre-change attributes will be subject to limitation. However, we do not expect that the annual limitations will significantly impact our ability to utilize our net operating loss or tax credit carryforwards prior to expiration.

Our operating results may be harmed if we are required to collect or pay incremental sales, value-added, or other related indirect taxes for our services or in jurisdictions where we have not historically done so.

We collect sales and value-added tax as part of our subscription agreements in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us, including for past sales by us or our resellers and other partners. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our services could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage users from purchasing subscriptions to our platform, or otherwise harm our business, results of operations, and financial condition.

Our results of operations and financial condition could be materially affected by the enactment of legislation implementing changes in the U.S. or non-U.S. taxation of international business activities or the adoption of other tax reform policies.

Due to the increasing focus by government taxing authorities on multinational companies, the tax laws of certain countries in which we do business could change on a prospective or retroactive basis, or there could be changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions with respect to current law.

For example, on July 4, 2025, tax legislation commonly known as the One Big Beautiful Bill Act (the "OBBBA") was enacted in the United States. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. Because states conform to the Code on varying bases, these U.S. federal changes may not be adopted, may be adopted on a delayed basis, or may be selectively decoupled at the state level. In addition, future regulatory or accounting guidance related to OBBBA could further affect the interpretation and application of these rules. As a result, OBBBA may increase compliance complexity and create uncertainty in the application of tax laws, which could adversely impact our state tax liabilities, cash taxes, effective tax rate, and tax provision.

Other changes to U.S. or non-U.S. tax laws could increase our liabilities for taxes, interest and penalties, lead to higher effective tax rates, and harm our cash flows, results of operations and financial condition.

We have publicly disclosed market opportunity estimates, growth forecasts, and key metrics, including the key metrics included in this Quarterly Report on Form 10-Q, as well as in our other public statements, which could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.

Market opportunity estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The estimates and forecasts we disclose relating to the size and expected growth of our target market may prove to be inaccurate. Even if the markets in which we compete meet the size estimates and growth we have forecasted, our business could fail to grow at similar rates, if at all. We also rely on assumptions and estimates to calculate certain of our key metrics, such as annual recurring revenue, paying users, average revenue per paying user and free cash flow. We regularly review and may adjust our processes for calculating our key metrics to improve their accuracy. Our key metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be harmed.

Risks Related to Legal and Regulatory Compliance

We are subject to a variety of U.S. and international laws that could subject us to claims, increase the cost of operations, or otherwise harm our business due to changes in the laws, changes in the interpretations of the laws, greater enforcement of the laws, or investigations into compliance with the laws.

We are subject to compliance with various laws, including those covering copyright, indecent content, child protection, consumer protection, age verification, and similar matters. There have been instances where improper or illegal content has been stored on our platform without our knowledge. As a service provider operating at scale, we do not comprehensively monitor our platform to evaluate the legality of content stored on it. While to date we have not been subject to material legal or administrative actions as result of this content, the laws in this area are currently in a state of flux and vary widely between jurisdictions. Accordingly, it may be possible that in the future we and our competitors may be subject to legal actions, along with the users who uploaded such content. In addition, regardless of any legal liability we may face, our reputation could be harmed should there be an incident generating extensive negative publicity about the content stored on our platform. Such publicity could harm our business and results of operations.

Moreover, uncertainty in the regulatory landscape relating to AI along with new or enhanced governmental or regulatory scrutiny could negatively impact our business in the U.S. or in other jurisdictions where we operate. For example, the European Union enacted the Artificial Intelligence Act in March 2024 that prohibits certain AI applications and systems and imposes additional requirements on the use of certain applications or systems. Additionally, several U.S. states have proposed, and in certain cases have enacted, legislation covering the deployment and regulation of AI technology, or otherwise imposing obligations in connection with the use of AI.

We are also subject to consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto-renewal. These laws, as well as any changes in these laws, could adversely affect our self-serve model and make it more difficult for us to retain and upgrade paying users and attract new ones. Additionally, we have in the past, are currently, and may from time-to-time in the future become the subject of inquiries and other actions by regulatory authorities as a result of our business practices, including our policies and practices around subscriptions, billing, auto-renewal, intermediary liability, privacy, and data protection. Consumer protection laws may be interpreted or applied by regulatory authorities in a manner that could require us to make changes to our operations or incur fines, penalties or settlement expenses, which may result in harm to our business, results of operations, and brand.

Our platform depends on the ability of our users to access the internet and our platform has been blocked or restricted in some countries for various reasons. For example, our platform is blocked in the People’s Republic of China. If we fail to anticipate developments in the law, or fail for any reason to comply with relevant law, our platform could be further blocked or restricted and we could be exposed to significant liability that could harm our business.

We are also subject to various U.S. and international anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and Irish Criminal Justice (Corruption Offences) Act 2018, as well as other similar anti-bribery and anti-kickback laws and regulations. These laws and regulations generally prohibit companies and their employees and intermediaries from authorizing, offering, or providing improper payments or benefits to officials and other recipients for improper purposes.

Although we take precautions to prevent violations of these laws, our exposure for violating these laws increases as we continue to expand our international presence and any failure to comply with such laws could harm our reputation and our business.

We are subject to export and import control laws and regulations that could impair our ability to compete in international markets or subject us to liability if we violate such laws and regulations.

We are subject to U.S. export controls and sanctions regulations that prohibit the shipment or provision of certain products and services to certain countries, governments, and persons targeted by U.S. sanctions. While we take precautions to prevent our products and services from being exported in violation of these laws, including implementing IP address blocking, we may have experienced violations in the past and we cannot guarantee that the precautions we take will prevent future violations of export control and sanctions laws. For example, in 2017, we discovered that our platform had been accessed by certain users in apparent violation of United States sanctions regulations. We filed an Initial Voluntary Self Disclosure in October 2017 with the Office of Foreign Assets Control, or OFAC, and a Final Voluntary Self Disclosure with OFAC in February 2018. In October 2018, OFAC notified us that it had completed its review of these matters and closed its review with the issuance of a Cautionary Letter. No monetary penalties were assessed with respect to the 2018 filing. If in the future we are found to be in violation of U.S. sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us, particularly in light of warning letters we previously received from OFAC.

In addition, various countries regulate the import and export of certain encryption and other technology, including import and export permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our users' ability to access our platform in those countries. For example, the U.S. Department of Justice has issued rules regarding certain bulk sensitive personal data transfers. Changes in our platform or client-side software, or future changes in export and import regulations may prevent our users with international operations from deploying our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions or related legislation, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential users with international operations. Any decreased use of our platform or limitation on our ability to export or sell our products would likely adversely affect our business, results of operations, and financial results.

Our actual or perceived failure to comply with privacy, data protection, and information security laws, regulations, and obligations could harm our business.

We receive, store, process, and use personal information and other user content. Numerous federal, state, local, and international laws and regulations address privacy, data protection, information security, and the storing, sharing, use, processing, transfer, disclosure, and protection of personal information and other content, the scope of which are changing, subject to differing interpretations, and may be inconsistent among jurisdictions, or conflict with other rules. We also post privacy policies and are subject to contractual obligations to third parties related to privacy, data protection, and information security. We strive to comply with applicable laws, regulations, policies, and other legal obligations relating to privacy, data protection, and information security to the extent possible. However, the regulatory framework for privacy and data protection worldwide is, and is likely to remain, uncertain for the foreseeable future, and it is possible that these or other actual or alleged obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices.

We also expect that there will continue to be new laws, regulations, and industry standards concerning privacy, data protection, AI, and information security proposed and enacted in various jurisdictions.

On July 10, 2023, the European Commission adopted an adequacy decision relating to the transfer of personal data from the European Economic Area ("EEA") to the U.S. that takes place under the EU-U.S. Data Privacy Framework ("DPF"). The DPF is the successor to the EU-U.S. Privacy Shield ("Privacy Shield") and allows participating entities to transfer personal data to the U.S. As we continued to participate in Privacy Shield, we transitioned automatically to the DPF. The DPF also applies to transfers from the UK and Switzerland to the U.S.

While we rely on legal mechanisms to transfer data from the EEA, the United Kingdom, and Switzerland to the United States, there is some regulatory uncertainty surrounding the future of data transfers from these locations to the United States, and we are closely monitoring regulatory developments in this area. On July 16, 2020, the Court of Justice of the European Union ("CJEU") imposed additional obligations on companies relying on standard contractual clauses approved by the European Commission ("SCCs") to transfer personal data. A 2023 decision by the Irish Data Protection Commission ("IDPC") found the additional measures employed by Meta Platforms, Inc. ("Meta") in response to the CJEU decision to be inadequate, resulting in an order for Meta to suspend transfers of EU data to the US. This decision was limited to Meta, but similar decisions against other providers are possible. The CJEU and IDPC decisions and related developments may result in data protection regulators applying differing standards for, and requiring additional measures in connection with, transfers of personal data from the EEA and Switzerland to the United States. The European Commission issued revised SCCs in June 2021 that are required to be implemented. The revised SCCs and other developments relating to cross-border data transfer may require us to implement additional contractual and technical safeguards for any personal data transferred out of the EEA and Switzerland, which may increase our costs, lead to increased regulatory scrutiny or liability, necessitate additional contractual negotiations, and adversely impact our business, results of operations, and financial results.

Additionally, several states in the U.S. have enacted new data privacy laws. For example, the California Consumer Privacy Act of 2018 (“CCPA”), which affords consumers expanded privacy protections, went into effect on January 1, 2020. The California Privacy Rights Act ("CPRA"), effective as of January 1, 2023, significantly modified the CCPA, resulting in uncertainty and requiring us to incur additional costs and expenses. The enactment of the CCPA has prompted similar legislative developments in other states. For example, Virginia, Colorado, Utah, and Connecticut have each passed laws similar to the CCPA and CPRA that took effect in 2023; Florida, Montana, Oregon, and Texas have enacted similar laws that took effect in 2024; Tennessee, Delaware, New Jersey, Nebraska, Iowa, Maryland, Minnesota, and New Hampshire have enacted similar laws that took effect in 2025; Indiana, Kentucky, and Rhode Island have enacted similar laws that took effect in 2026; and Alabama and Oklahoma have enacted similar laws that take effect in 2027. Other laws relating to privacy and cybersecurity, many of which are similar to the CCPA and CPRA, are being considered by other state legislatures, and certain U.S. states have enacted such legislation, such as Washington’s My Health, My Data Act, which includes a private right of action. The U.S. federal government also is contemplating federal privacy legislation. These developments create the potential for a patchwork of overlapping but different laws throughout the U.S. relating to privacy and cybersecurity. The effects of the CCPA and these other laws remain far-reaching and, depending on final regulatory guidance and other related developments, may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. Similarly, a number of legislative initiatives in the EEA and the United States, at both the federal and state level, as well as other jurisdictions have been proposed or enacted, and could impose new obligations in areas affecting our business. For example, on November 17, 2022, the Digital Services Act (“DSA”) entered into force in the EU and includes new obligations to limit the spread of illegal content and illegal products online, increase the protection of minors, and provide users with more choice and transparency and allows for fines of up to 6% of annual turnover. The impacts of the DSA on the overall industry, business models and our operations are uncertain, and these regulations could result in changes to our subscriptions or introduce new operational requirements and administrative costs, each of which could have an adverse effect on our business, results of operations, and financial condition. Further, the EU has enacted or revised numerous regimes relating to cybersecurity. For example, it has revised its Cybersecurity Directive (“NIS2”), with EU member states having been obligated to transpose it into national law by October 17, 2024, but with some member states’ transpositions yet to be finalized. NIS2, among other things, obligates companies to adopt or update policies and procedures on issues such as incident handling and supply chain security, implementing certain administrative measures, and requires top management’s involvement in cybersecurity risk-management measures, with top management potentially held liable for non-compliance. More generally, NIS2 provides for significant penalties for noncompliance, requiring EU member states to provide for a maximum fine level of at least €10,000,000 or 2% of annual turnover, whichever is greater. In addition, the Digital Operational Resiliency Act became effective in January 2025. This law aims to establish a universal framework for managing and mitigating information and communication technology risks that will apply to entities in the financial sector and their third-party cloud service providers.

Some countries are also considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data, or similar requirements, that could increase the cost and complexity of delivering our services.

With laws and regulations such as the GDPR in the EU and the CCPA in the U.S. imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Any failure or perceived failure by us to comply with our privacy policies, our privacy-related obligations to users or other third parties, or any of our other legal obligations relating to privacy, data protection, or information security may result in governmental investigations, enforcement actions or other proceedings, litigation, claims, or public statements against us by consumer advocacy groups or others, and could result in significant liability or cause our users to lose trust in us, which could have an adverse effect on our reputation and business.

Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, and policies that are applicable to the businesses of our users may limit the adoption and use of, and reduce the overall demand for, our services. In addition to government regulation, self-regulatory standards and industry-specific regulations, other industry standards or requirements may legally or contractually apply to us or be argued to apply to us, or we may elect to comply with, or to facilitate our customers' compliance with, such regulations, standards, requirements, or other actual or asserted obligations. If we are unable or are perceived to be unable to comply with any of these regulations, standards, requirements, or other actual or asserted obligations, if we are unable to maintain certifications or standards relevant to our customers, or if our customers are unable to obtain regulatory approval to use our services where required, our business may be harmed. In addition, an inability to satisfy the standards of certain government agencies that our customers may expect may have an adverse impact on our business and results.

Additionally, if third parties we work with, such as vendors or developers, violate applicable laws or regulations or our policies, such violations may also put our users' content at risk and could in turn have an adverse effect on our business. Any significant change to applicable laws, regulations, or industry practices regarding the collection, use, retention, security, or disclosure of our users' content, or regarding the manner in which the express or implied consent of users for the collection, use, retention, or disclosure of such content is obtained, could increase our costs and require us to modify our services and features, possibly in a material manner, which we may be unable to complete, and may limit our ability to store and process user data or develop new services and features.

Our business could be adversely impacted by changes in internet access for our users or laws specifically governing the internet.

Our platform depends on the quality of our users' access to the internet. Certain features of our platform require significant bandwidth and fidelity to work effectively. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt or increase the cost of user access to our platform, which would negatively impact our business. We could incur greater operating expenses and our user acquisition and retention could be negatively impacted if network operators:

- implement usage-based pricing;
- discount pricing for competitive products;
- otherwise materially change their pricing rates or schemes;
- charge us to deliver our traffic at certain levels or at all;
- throttle traffic based on its source or type;
- implement bandwidth caps or other usage restrictions; or
- otherwise try to monetize or control access to their networks.

On June 11, 2018, the repeal of the Federal Communications Commission's, or FCC, "net neutrality" rules took effect and returned to a "light-touch" regulatory framework. The prior rules were designed to ensure that all online content is treated the same by internet service providers and other companies that provide broadband services. Additionally, California and a number of other states are considering or have enacted legislation or executive actions that would regulate the conduct of broadband providers. We cannot predict whether the FCC order or state initiatives will be modified, overturned, or vacated by legal action of the court, federal legislation, or the FCC. With the repeal of net neutrality rules in effect, we could incur greater operating expenses, which could harm our results of operations. As the internet continues to experience growth in the number of users, frequency of use, and amount of data transmitted, the internet infrastructure that we and our users rely on may be unable to support the demands placed upon it. The failure of the internet infrastructure that we or our users rely on, even for a short period of time, could undermine our operations and harm our results of operations.

In addition, there are various laws and regulations that could impede the growth of the internet or other online services, and new laws and regulations may be adopted in the future. These laws and regulations could, in addition to limiting internet neutrality, involve taxation, tariffs, privacy, data protection, content, copyrights, distribution, electronic contracts and other communications, consumer protection, and the characteristics and quality of services, any of which could decrease the demand for, or the usage of, our platform. Legislators and regulators may make legal and regulatory changes, or interpret and apply existing laws, in ways that require us to incur substantial costs, expose us to unanticipated civil or criminal liability, or cause us to change our business practices. These changes or increased costs could materially harm our business, results of operations, and financial condition.

We are currently, and may be in the future, party to intellectual property rights claims and other litigation matters and, if resolved adversely, they could have a significant impact on our business, results of operations, or financial condition.

We own a large number of patents, copyrights, trademarks, domain names, and trade secrets and, from time-to-time, are subject to litigation based on allegations of infringement, misappropriation or other violations of intellectual property, or other rights. As we face increasing competition and gain an increasingly high profile, the possibility of intellectual property rights claims, commercial claims, and other assertions against us grows. We have in the past been, are currently, and may from time-to-time in the future become, a party to litigation and disputes related to our intellectual property, our business practices, transactions involving our securities and our platform. For example, as discussed in the section titled "Legal Proceedings," we have recently been involved in a legal proceeding against Entangled Media (the "Entangled Media Litigation"), which has alleged that Dropbox infringes certain of their respective patents. Trial is currently set for September 8, 2026. Any final judgment in the district court may be appealed by either party to the Federal Circuit.

It is not possible presently, with respect to the Entangled Media Litigation, to either (i) determine the final outcome of this matter or (ii) estimate any maximum possible exposure or range of loss. We are also facing litigation arising out of our recent reincorporation from Delaware to Nevada. Regardless of the merit of any such litigation, it may result in additional expenses and distraction for the Company. The costs of supporting litigation and dispute resolution proceedings are considerable, and there can be no assurances that a favorable outcome will be obtained. Our business, results of operations, and financial condition could be materially and adversely affected by such costs and any unfavorable outcomes in current or future litigation. We may need to settle litigation and disputes on terms that are unfavorable to us, or we may be subject to an unfavorable judgment that may not be reversible upon appeal. The terms of any settlement or judgment may require us to cease some or all of our operations or pay substantial amounts to the other party. With respect to any intellectual property rights claim, we may have to seek a license to continue practices found to be in violation of third-party rights, which may not be available on reasonable terms and may significantly increase our operating expenses. A license to continue such practices may not be available to us at all, and we may be required to develop alternative non-infringing technology or practices or discontinue the practices. The development of alternative, non-infringing technology or practices could require significant effort and expense.

Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets.

We rely and expect to continue to rely on a combination of patents, patent licenses, trade secrets, domain name protections, trademarks, and copyright laws, as well as confidentiality and license agreements with our employees, consultants, and third parties, to protect our intellectual property and proprietary rights. In the United States and abroad, we have over 1,900 issued patents and more than 280 pending patent applications. However, third parties may knowingly or unknowingly infringe our proprietary rights, third parties may challenge our proprietary rights, pending and future patent, trademark, and copyright applications may not be approved, and we may not be able to prevent infringement without incurring substantial expense. We have also devoted substantial resources to the development of our proprietary technologies and related processes. In order to protect our proprietary technologies and processes, we rely in part on trade secret laws and confidentiality agreements with our employees, consultants, and third parties. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights. Further, laws in certain jurisdictions may afford little or no trade secret protection, and any changes in, or unexpected interpretations of, the intellectual property laws in any country in which we operate may compromise our ability to enforce our intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. If the protection of our proprietary rights is inadequate to prevent use or appropriation by third parties, the value of our platform, brand, and other intangible assets may be diminished and competitors may be able to more effectively replicate our platform and its features. Any of these events could materially and adversely affect our business, results of operations, and financial condition.

Risks Related to Ownership of Our Class A Common Stock

The trading price of our Class A common stock may be volatile, and you could lose all or part of your investment.

The trading price of our Class A common stock may be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. Factors that could cause fluctuations in the trading price of our Class A common stock include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time-to-time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- actual sales or announcements of sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections, or our failure to meet those projections;
- announcements by us or our competitors of new products, features, or services;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- actual or anticipated changes in our key metrics;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- actual or perceived breaches of, or failures related to, privacy, data protection or data security;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed transactions, which may include acquisitions of businesses, products, services, or technologies, financing arrangements, or joint ventures or partnerships by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management;
- the inclusion, exclusion, or deletion of our stock from any trading indices; and
- general economic conditions and slow or negative growth of our markets and catastrophic events, including earthquakes, fires, floods, tsunamis, or other weather events, power loss, telecommunications failures, software or hardware malfunctions, cyber-attacks, wars or other armed conflicts, terrorist attacks, and pandemics.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Any securities litigation that may be instituted against us in the future could result in substantial costs and a diversion of our management's attention and resources.

The multi-class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of our IPO, and it may depress the trading price of our Class A common stock.

Our Class A common stock has one vote per share, our Class B common stock has ten votes per share, and our Class C common stock has no voting rights, except as otherwise required by law and subject to any limitations provided in our articles of incorporation. As of March 31, 2026, our directors and executive officers, and their respective affiliates, held in the aggregate 82.5% of the voting power of our capital stock, with Mr. Houston holding approximately 82.4% of the voting power of our capital stock. We are including the Co-Founder Grant (as defined in "Stock-based compensation" included in Part I of this report) in this calculation since the shares underlying such grant are legally issued and outstanding shares of our Class A common stock and Mr. Houston is able to vote these shares prior to their vesting. Because of the ten-to-one voting ratio between our Class B and Class A common stock, the holders of our Class B common stock collectively will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our Class A and Class B common stock. This concentrated control will limit or preclude other stockholders' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring or otherwise submitted for stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that other stockholders may feel are in their best interests as one of our stockholders.

Future transfers or sales by holders of Class B common stock will generally result in those shares converting to Class A common stock, except for certain transfers described in our articles of incorporation, including transfers effected for estate planning purposes where sole dispositive power and exclusive voting control with respect to the shares of Class B common stock is retained by the transferring holder and transfers between our co-founders. In addition, each outstanding share of Class B common stock held by a stockholder who is a natural person, or held by the permitted entities or permitted transferees of such stockholder (as described in our articles of incorporation), will convert automatically into one share of Class A common stock upon the death of such natural person. In the event of Mr. Houston's death or permanent and total disability, shares of Class B common stock held by Mr. Houston, his permitted entities or permitted transferees will convert to Class A common stock, provided that the conversion will be deferred for nine months, or up to 18 months if approved by a majority of our independent directors, following his death or permanent and total disability. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those individual holders of Class B common stock who retain their shares in the long term.

In addition, because our Class C common stock carries no voting rights (except as otherwise required by law, subject to any limitations provided in our articles of incorporation), if we issue Class C common stock in the future, the holders of Class B common stock may be able to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders for a longer period of time than would be the case if we issued Class A common stock rather than Class C common stock in such transactions.

Substantial future sales could depress the market price of our Class A common stock.

The market price of our Class A common stock could decline as a result of a large number of sales of shares of such stock, and the perception that these sales could occur may also depress the market price of our Class A common stock, particularly if those sales are by our officers and directors and their affiliates.

Sales of our shares may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

Transactions relating to our 2028 Notes may dilute the ownership interest of stockholders, or may otherwise depress the price of our common stock.

If the 2028 Notes are converted by holders of such series, we are required under the applicable indenture to pay cash up to the aggregate principal amount converted and pay or deliver, as the case may be, cash, Class A common stock, or any combination of cash or Class A common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregated principal amount of such Notes converted. If we elect to deliver any Class A common stock upon conversion of the 2028 Notes with respect to our conversion obligation in excess of the aggregated principal amount of such

Notes converted, if any, it would dilute the ownership interests of existing stockholders. Any sales in the public market of the Class A common stock issuable upon such conversion could adversely affect prevailing market prices of our Class A common stock. In addition, certain holders of the 2028 Notes may engage in short selling to hedge their position in the Notes. Anticipated future issuances of shares of our Class A common stock upon conversion of the 2028 Notes could depress the price of our Class A common stock.

Nevada law and provisions in our articles of incorporation and bylaws, could make a merger, tender offer, or proxy contest difficult, thereby depressing the market price of our Class A common stock.

Our status as a Nevada corporation and the anti-takeover provisions of the Nevada Revised Statutes may discourage, delay, or prevent a change in control by prohibiting or restricting us from engaging in a business combination with an interested stockholder for a period of up to four years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our articles of incorporation and bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- any transaction that would result in a change in control of our company requires the approval of a majority of our outstanding Class B common stock voting as a separate class;
- our multi-class common stock structure, which provides our holders of Class B common stock with the ability to significantly influence the outcome of matters requiring or otherwise submitted for stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock, Class B common stock, and Class C common stock;
- when the outstanding shares of Class B common stock represent less than a majority of the total combined voting power of our Class A and Class B common stock, or the Voting Threshold Date, our Board of Directors will be classified into three classes of directors with staggered three-year terms;
- until the Class B common stock, as a class, converts to Class A common stock, any amendments to our articles of incorporation will require the approval of two-thirds of the combined vote of our then-outstanding shares of Class A common stock and Class B common stock, voting as a single class; and certain amendments to our articles of incorporation will require the approval of a majority of the outstanding shares of Class A common stock and Class B common stock, each voting as a separate class;
- following the conversion of our Class B common stock, as a class, to Class A common stock, certain amendments to our articles of incorporation will require the approval of two-thirds of the then outstanding voting power of our stockholders, voting as a single class;
- our bylaws provide that approval of stockholders holding two-thirds of our outstanding voting power voting as a single class is required for stockholders to amend or adopt any provision of our bylaws;
- after the Voting Threshold Date our stockholders will only be able to take action at a meeting of stockholders, and will not be able to take action by written consent for any matter;
- until the Voting Threshold Date, our stockholders will be able to act by written consent only if the action is first recommended or approved by the Board of Directors;
- vacancies on our Board of Directors will be able to be filled only by our Board of Directors and not by stockholders;
- only the chairman of our Board of Directors, our chief executive officer, a majority of our Board of Directors, or, until the Class B common stock, as a class, converts to Class A common stock, stockholders holding thirty percent of the combined voting power of our Class A and Class B common stock are authorized to call a special meeting of stockholders;
- certain litigation against us may be required to be brought in Nevada;
- our articles of incorporation authorizes undesignated preferred stock, the terms of which may be established and shares of which may be issued, without the approval of the holders of Class A common stock; and

- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

These anti-takeover defenses could discourage, delay, or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our bylaws designate the Eighth Judicial District Court of the State of Nevada, Clark County, Nevada as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our bylaws provide that, unless we expressly consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the Nevada Revised Statutes, or the articles of incorporation or the bylaws, or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Eighth Judicial District Court of the State of Nevada, Clark County, Nevada, in all cases subject to the court having jurisdiction over indispensable parties named as defendants.

Our bylaws also provide that unless we consent in writing to the selection of an alternative forum the federal district courts of the United States of America will be the sole and exclusive forum for resolving any claim asserting a cause of action arising under the Securities Act against any person in connection with any offering of our securities, including any auditor, underwriter, expert, control person, or other defendant.

Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees.

If we face relevant litigation and are unable to enforce these provisions, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

We cannot guarantee that our stock repurchase program will be fully implemented or that it will enhance long-term stockholder value.

We initially implemented a stock repurchase program in 2020. In August 2025, the Board of Directors authorized the repurchase of up to an additional $1.5 billion of the outstanding shares of our Class A common stock. As of March 31, 2026, we have repurchased approximately $6.1 billion of outstanding shares of our Class A common stock, including under prior authorizations. The repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Share repurchases are made from time-to-time in private transactions or open market purchases, as permitted by securities laws and other legal requirements. Any future share repurchases remain subject to the circumstances in place at that time, including prevailing market prices. As a result, the timing and the volume of our share repurchases may fluctuate. In addition, the United States has implemented a 1% non-deductible excise tax on the value of certain stock repurchases by publicly traded companies. This tax will generally increase the costs to us of any share repurchases. The stock repurchase program could affect the price of our Class A common stock, increase volatility and diminish our cash reserves. Our repurchase program may be suspended or terminated at any time, and the pace or frequency of our repurchases may fluctuate or change, and our Board of Directors may not authorize additional amounts for repurchase in the future. Even if the current or future stock repurchase programs are fully implemented, such programs may not enhance long-term stockholder value.

We do not intend to pay dividends or other distributions for the foreseeable future.

We have never declared nor paid cash dividends on our capital stock. We currently intend to retain any future earnings to finance the operation and expansion of our business and fund our stock repurchase program, and we do not expect to declare or pay any dividends or other distributions in the foreseeable future. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment. In addition, our term loan facility contains restrictions on our ability to pay dividends.

General Risk Factors

Our business could be disrupted by catastrophic events.

Occurrence of any catastrophic event, including earthquake, fire, flood, tsunami, or other weather event, power loss, telecommunications failure, software or hardware malfunctions, cyber-attacks, wars, or terrorist attacks, could result in lengthy interruptions in our service or result in unexpected increases in our costs. Further, outbreaks of pandemic diseases, or the fear of such events, have resulted in responses, including government-imposed travel restrictions, grounding of flights, and shutdown of workplaces. As a result, we have in the past conducted business with substantial modifications, including modifications to employee travel and employee work locations. Any such modifications we make in the future may disrupt important business operations, such as our product development and sales and marketing activities, and the productivity of our employees.

Additionally, our U.S. headquarters is located in the San Francisco Bay Area, a region known for seismic activity, and our insurance coverage may not compensate us for losses that may occur in the event of an earthquake or other significant natural disaster. In addition, acts of terrorism could cause disruptions to the internet or the economy as a whole. Even with our disaster recovery arrangements, our service could be interrupted. If our systems were to fail or be negatively impacted as a result of a natural disaster or other event, our ability to deliver products to our users would be impaired, we could lose critical data and we may be subject to increased costs. If we are unable to develop adequate plans to mitigate the impact of a disaster or to ensure that our business functions continue to operate during and after a disaster, and successfully execute on those plans in the event of a disaster or emergency, our business, results of operations, financial condition, and reputation would be harmed.

We may have exposure to greater than anticipated tax liabilities, which could adversely impact our results of operations.

We are subject to income and other taxes in the United States and various jurisdictions outside of the United States. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates. Our tax expense could also be impacted by changes in non-deductible expenses, changes in excess tax benefits of stock-based compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes and effects from acquisitions.

We are routinely under audit by U.S. federal, state, and local and non-US tax authorities. These audits include questioning the timing and the amount of income and deductions and the allocation of income and deductions among various tax jurisdictions. We believe our tax estimates are reasonable; however, tax authorities may disagree with tax positions we take and if any such tax authority were to successfully challenge any such position, our financial results and operations could be materially and adversely affected. The Internal Revenue Service (IRS) is currently examining our consolidated U.S. federal income tax returns for the periods ending December 31, 2022 through December 31, 2024. We may also be subject to additional tax liabilities due to changes in non-income-based taxes resulting from changes in U.S. federal or state or non-U.S. tax laws, including the implementation of digital services or other similar taxes or taxes imposed in retaliation for any tariffs in the United States, changes in taxing jurisdictions' administrative interpretations, decisions, policies, and positions, results of tax examinations, settlements or judicial decisions, changes in accounting principles, or changes to our business operations, including acquisitions, as well as the evaluation of new information that results in a change to a tax position taken in a prior period.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the Nasdaq Global Select Market, or Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are also required to provide an annual management report on the effectiveness of our disclosure controls and procedures over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight. In addition, our independent registered public accounting firm is required to audit the effectiveness of our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act annually. Testing, or the subsequent testing by our independent registered public accounting firm, may reveal material weaknesses or significant deficiencies. If material weaknesses are identified or we are not able to comply with the requirements of Section 404 in a timely manner, our reported financial results could be materially misstated, we could receive an adverse opinion regarding our internal control over financial reporting from our independent registered public accounting firm, we could be subject to investigations or sanctions by regulatory authorities and we could incur substantial expenses.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Additionally, to the extent we acquire other businesses, the acquired company may not have a sufficiently robust system of internal controls and we may uncover new deficiencies. Weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Furthermore, the loss of expertise and institutional knowledge of employees may negatively impact our ability to maintain adequate controls and procedures. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement that could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that are required to be included in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

Our reported results of operations may be adversely affected by changes in accounting principles generally accepted in the United States.

Generally accepted accounting principles in the United States are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported results of operations, and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. It is difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could negatively affect our results of operations.

We may need additional capital, and we cannot be certain that additional financing will be available on favorable terms, or at all.

Historically, we have funded our operations and capital expenditures primarily through equity issuances, cash generated from our operations, and debt financing. Although we currently anticipate that our existing cash, cash equivalents and short-term investments, amounts available under our existing term loan facility, and cash flow from operations will be sufficient to meet our cash needs for the foreseeable future, we may require additional financing. We evaluate financing opportunities from time-to-time, and our ability to obtain financing will depend, among other things, on our development efforts, business plans, operating performance, and condition of the capital markets at the time we seek financing. We cannot assure you that additional financing will be available to us on favorable terms when required, or at all and, in light of macroeconomic challenges, inflation and fluctuating interest rates, financing terms have become less favorable. If we raise additional funds through the issuance of equity or equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of our Class A common stock, and our stockholders may experience dilution.

Our Class A common stock market price and trading volume could decline if securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business.

The trading market for our Class A common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. The analysts' estimates are based upon their own opinions and are often different from our estimates or expectations. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our securities would likely decline. If few securities analysts maintain coverage of us, or if one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our securities could decrease, which could cause the price and trading volume of our Class A common stock to decline.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table presents information with respect to Dropbox's repurchases of Class A common stock during the quarter ended March 31, 2026.

Period	Total Number of Shares Purchased (in millions)[1]	Average Price Paid per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Programs (in millions)[1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly Announced Programs (in millions)[1]
January 1 - 31	5.52	$ 26.55	5.52	$ 1,020.26
February 1 - 28	7.34[3]	$ 24.67	7.33	$ 839.50
March 1 - 31	1.50	$ 26.06	1.50	$ 800.33
Total	14.36	$ 25.53	14.35	

(1) In July 2023, the Board of Directors authorized a $1.2 billion share repurchase program, which we completed during the three months ended March 31, 2025. In December 2024, the Board of Directors authorized an additional $1.2 billion program, which we completed during the three months ended December 31, 2025. In August 2025, the Board of Directors authorized an additional $1.5 billion share repurchase program, under which we continue to repurchase shares. Under this program, shares may be repurchased, subject to general business and market conditions and other investment opportunities, through open market purchases or privately held negotiated transactions, including through Rule 10b5-1 plans, in each case as permitted by securities laws and other legal requirements. The repurchase program does not have an expiration date. See Note 11 "Stockholders' Deficit" to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

(2) Average price paid per share includes costs associated with the repurchases, excluding the 1% excise tax imposed as part of the Inflation Reduction Act.

(3) Includes 9,741 shares of restricted common stock withheld by the Company upon vesting of restricted stock awards to satisfy tax withholding requirements.

ITEM 5. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

No directors or officers, as defined in Rule 16a-1(f), adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K Item 408.

ITEM 6. EXHIBITS

We have filed the exhibits listed on the accompanying Exhibit Index, which is incorporated herein by reference.

EXHIBIT INDEX

Exhibit Number	Description	Form	File Number	Incorporated by Reference from Exhibit Number	Filed with SEC
10.1*+	Offer Letter between the Registrant and Eric Webster.				
31.1	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statement of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Stockholders' Deficit, and (vi) Notes to Unaudited Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).				

* Filed herewith.
+ Indicates management contract or compensatory plan.
† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Dropbox, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

DROPBOX, INC.

Date:	May 8, 2026	By:	/s/ Andrew W. Houston
			Andrew W. Houston Chief Executive Officer *(Principal Executive Officer)*
Date:	May 8, 2026	By:	/s/ Ross Tennenbaum
			Ross Tennenbaum Chief Financial Officer *(Principal Financial Officer)*

Exhibit 10.1

November 14, 2025

Eric Webster

Offer of Employment by Dropbox, Inc.

Dear Eric:

On behalf of Dropbox, Inc. (“Dropbox”), we are pleased to offer you full-time employment in US - Massachusetts - non-NYC Metro, USA commencing on December 16, 2025, unless otherwise agreed to by you and Dropbox.[1] Dropbox is a Virtual First company which means that your primary work experience will be remote. You will initially have the position of Chief Business Officer, Level MGR9 and will initially report to the Chief Executive Officer. The terms of this Agreement are as follows:

1. Compensation.

Salary. Your starting annualized salary will be $500,000.00 per year, paid in accordance with Dropbox’s normal payroll procedures.

Bonus. You will be eligible to receive an annual bonus of 100% of your base salary, contingent upon Dropbox's annual performance and your annual performance rating. No bonus will be earned or received unless you're still employed on the payment date. If you have been employed by Dropbox for less than a year, any bonus earned will be prorated. If you start on or after November 1 of your starting year, you will not be eligible for the bonus for that year but will be eligible in future years, subject to the bonus policy.

Equity. We will recommend to the Dropbox Board of Directors (or its delegate) that you be granted restricted stock units (“*RSUs*”) with an approximate current value of $14,000,000.00 under Dropbox’s equity incentive plan, with the number of shares granted to be determined by the average closing price of Dropbox common stock for the prior month (the “Grant”). The Grant will be subject to the terms of Dropbox’s Equity Award Grant Policy, equity incentive plan, and the Restricted Stock Unit Agreement between you and Dropbox. This Grant is further subject to the Board’s approval and the promise to recommend the approval does not create an obligation

[1] Nothing in this Agreement, including Section 10, requires that a change to your start date be in a writing signed by both parties. An electronic agreement to your new start date by both parties will be sufficient.

for Dropbox to issue any equity grant. Further details on the equity plan and will be provided upon the Board's (or its delegate's) approval of the Grant.

2. Benefits. You and your family members will be eligible to participate in Dropbox's standard employee benefits plans as they are provided to US - Massachusetts - non-NYC Metro, USA employees to the extent that you meet their eligibility criteria. This Section 2 does not create any obligation on the part of Dropbox to adopt or maintain any employee benefit plan or program at any time. Dropbox may amend or terminate, any employee benefit plan or program at any time.

3. Compliance with Applicable Law and Company Policies; Compensation Recovery. You must comply with applicable law, the Company's Worldwide Code of Business Conduct and Ethics, and the Company's corporate policies, as applicable, including without limitation, any compensation recovery policies maintained by the Company from time to time. Notwithstanding anything to the contrary herein, (i) compliance with applicable law, the Company's Worldwide Code of Business Conduct and Ethics, and the Company's corporate policies, as applicable, will be a pre-condition to earning, or vesting in, any incentive compensation, and (ii) any incentive compensation which is subject to the Company's Incentive-Based Compensation Recovery Policy will not be earned or vested, even if already granted, paid or settled, until such policy ceases to apply to such compensation and any other conditions applicable to such compensation are satisfied.

4. Confidentiality. As an employee of Dropbox, you will have access to certain confidential information of Dropbox and you may, during the course of your employment, develop certain information or inventions that will be Dropbox property. To protect Dropbox's interests, you will need to sign Dropbox's standard "Employee Invention Assignment and Confidentiality Agreement" ("EIACA") as a condition of your employment. We do not want you to, and we direct you not to, bring with you any confidential or proprietary material of any former employer or other party or to violate any other obligations you may have to any former employer or other party. You represent that your signing of this offer letter, agreement(s) concerning equity incentives granted to you, if any, and Dropbox's EIACA and your commencement of employment with Dropbox will not violate or conflict with the terms of any agreement currently in place between you and current or past employers or other parties.

5. Duty of Loyalty. During the period that you render services to Dropbox, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of Dropbox. You will disclose to Dropbox in writing any other employment, business or activity that you are currently associated with or participate in that competes or may compete with Dropbox. During the period that you render services to Dropbox, you will not assist any other person or organization in competing with Dropbox or in preparing to engage in competition with the business or proposed business of Dropbox.

6. At-Will Employment. If you decide to accept our offer, and we hope that you will, you will be an at-will employee of Dropbox, which means the employment relationship can be terminated by either you or Dropbox for any reason, at any time, with or without prior notice

or cause. Any statements or representations to the contrary (and, indeed, any statements contradicting any provision in this letter) should be regarded by you as ineffective. Further, your participation in any equity or benefit program should not be regarded as assuring you of continuing employment for any period of time. Any modification or change in your at-will employment status may only occur by a written employment agreement signed by you and Dropbox's Chief Executive Officer or his delegate. Dropbox reserves the right to modify the terms of your employment, as well as any of the terms set forth in this letter or in any other policy, letter or agreement.

7. Authorization to Work. Within three business days after starting your new position you will need to present documentation demonstrating that you have authorization to work in the United States. This offer of employment will be void if you fail to timely provide such authorization. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact your supervisor.

8. Arbitration (Not applicable to Sexual Harassment or Discrimination Claims). Except as explained in this paragraph, you and Dropbox shall submit to mandatory and exclusive binding arbitration of any and all controversies or claims arising from, or relating to, your employment with Dropbox and/or the termination of your employment that are based upon any federal, state or local ordinance, statute, regulation or constitutional provision. The sole exceptions are claims for workplace sexual harassment and/or discrimination; claims under applicable workers' compensation law; unemployment insurance claims; actions seeking provisional remedies pursuant to California Code of Civil Procedure Section 1281.8 or equivalent laws in other jurisdictions; and/or claims expressly prohibited by law from being subject to binding arbitration (the "Excluded Claims"). While you're not required to arbitrate any of the Excluded Claims, you may choose to do so if you'd like once a dispute arises. It's entirely up to you.

Also, you agree to submit any of the Excluded Claims to pre-suit mediation before filing any civil action alleging such claim(s). This way, the parties will have an early opportunity to try and reach an amicable resolution of their dispute. The mediation will be with a mutually selected neutral mediator from JAMS and Dropbox will pay all reasonable mediation fees. If either Dropbox or you brings both arbitrable and non-arbitrable claims in the same or related action, both agree that the non-arbitrable claims shall be stayed until the conclusion of arbitration, to the extent allowed by law.

THE PARTIES HEREBY WAIVE ANY RIGHTS THEY MAY HAVE TO TRIAL BY JURY IN REGARD TO CLAIMS SUBJECT TO ARBITRATION UNDER THIS AGREEMENT. You and Dropbox agree that the arbitrator shall have the sole authority to determine the arbitrability of all claims. You also agree that any arbitrable claims shall be resolved on an individual basis, and you agree to waive your right, to the extent allowed by applicable law, to consolidate any arbitrable claims with the claims of any other person in a class or collective action. This Agreement does not restrict your right to file administrative claims you may bring before any government agency where, as a matter of law, the parties may not restrict your ability to file such claims (including, but not limited to, the National Labor Relations Board, the Equal Employment Opportunity Commission, and the Department of Labor). However, the parties agree that, to the fullest extent permitted by law and consistent with this Agreement, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. Such arbitration shall be governed by the Federal Arbitration Act and conducted through the American Arbitration Association in the city closest to your work location where the AAA has an office, before a single neutral arbitrator, in accordance with the employment arbitration rules in effect at that time; alternatively, the parties may mutually agree on a location for arbitration through the AAA. The AAA Employment Arbitration Rules and Mediation may be found and reviewed at http://www.adr.org and click on "Rules and Procedures." If you are unable to access these rules, please let the Recruiter know and they will provide you a hardcopy. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. You shall bear only those costs of arbitration you would otherwise bear had you brought a claim covered by this Agreement in court. Judgment upon the determination or award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

9. Background Check. This offer and your employment are contingent upon satisfactory verification of criminal, education, and employment background. You will not be able to begin your employment until the verification has been completed, and this offer may be rescinded based upon information obtained from your background check, consistent with the applicable law.

10. Severance. You will be eligible to enter into a Change in Control and Severance Agreement (the "Severance Agreement") applicable to you based on your position within the Company. The Severance Agreement will specify the severance payments and benefits you would be eligible to receive in connection with certain terminations of your employment with the Company. These protections will supersede all other severance payments and benefits you would otherwise currently be eligible for, or would become eligible for in the future, under any plan, program or policy that the Company may have in effect from time to time.

11. Complete Agreement. This Agreement and the EIACA constitute the entire agreement relating to your employment and supersedes all prior offers, written or oral, with respect to your employment by Dropbox. Except as otherwise stated above, this Agreement may only be modified by an agreement in writing signed by both parties.

12. Governing Law. This Agreement, except to the extent governed by the Federal Arbitration Act, will be governed by the law of the state in which you work for Dropbox.

13. Acceptance. This offer will remain open until November 21, 2025 and is contingent upon you beginning continuous full-time employment by the commencement date above and in the location identified above. This offer, except to the extent governed by the Federal Arbitration Act, will be governed by US - Massachusetts - non-NYC Metro, USA law. Your signature will acknowledge that you have read and understood and agree to the terms of this offer and any attachments.

We look forward to welcoming you to Dropbox.

Very truly yours,

/s/ Drew Houston

Drew Houston
Chief Executive Officer

I have read and understood this offer letter and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

/s/ Eric Webster

Eric Webster

11/17/2025

Date Signed

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew W. Houston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dropbox, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

DROPBOX, INC.

By:	/s/ Andrew W. Houston
Name:	Andrew W. Houston
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ross Tennenbaum, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Dropbox, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2026

DROPBOX, INC.

By: /s/ Ross Tennenbaum
Name: Ross Tennenbaum
Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew W. Houston, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Dropbox, Inc. for the fiscal quarter ended March 31, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Dropbox, Inc.

Date:	May 8, 2026	By:	/s/ Andrew W. Houston
		Name:	Andrew W. Houston
		Title:	Chief Executive Officer
			(Principal Executive Officer)

I, Ross Tennenbaum, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Dropbox, Inc. for the fiscal quarter ended March 31, 2026 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Dropbox, Inc.

Date:	May 8, 2026	By:	/s/ Ross Tennenbaum
		Name:	Ross Tennenbaum
		Title:	Chief Financial Officer
			(Principal Financial Officer)