

# Dropbox

**Company Presentation**

May 2020

# Safe harbor Statement

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future results of operations or financial performance of Dropbox, Inc. (“Dropbox,” “we,” “us,” or similar terms), certain key financial and operating metrics, capital expenditures, plans for growth and future operations, technological capabilities, benefits from new product features, acquisitions and strategic relationships, long-term financial targets, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, such as the impacts to our financial results, business operations and the business of our customers, suppliers and partners as a result of the COVID-19 pandemic and related public health measures. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the events and circumstances contemplated by the forward-looking statements made in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2019 that we filed with the Securities and Exchange Commission (the “SEC”) on February 21, 2020, and include, but are not limited to, the impacts to our financial results, business operations, the business of our customers, suppliers and partners as a result of the COVID-19 pandemic and related public health measures, our ability to retain and upgrade paying users, in particular paying users impacted by the COVID-19 pandemic, and increase our recurring revenue; our ability to attract new users or convert registered users to paying users, in particular prospective paying users financially impacted by the COVID-19 pandemic; our future financial performance, including trends in revenue, cost of revenue, gross profit or gross margin, operating expenses, paying users, and free cash flow; our ability to achieve or maintain profitability; the demand for our platform or for content collaboration solutions in general; possible harm caused by significant disruption of service, particularly from any potential disruptions in the supply chain for hardware necessary to offer our services that may result from the COVID-19 pandemic, or loss or unauthorized access to users’ content; our ability to effectively interoperate our platform with others; our ability to successfully integrate acquired businesses; our ability to continue to release, gain customer acceptance of, and provide support for, additional product features and new and improved versions of our services, particularly in light of potential disruptions to the productivity of our employees resulting from remote work; our ability to realize benefits from strategic partnerships; and our ability to compete successfully in competitive markets. These factors could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the forward-looking statements. Additional information will be made available in our quarterly report on Form 10-Q for the quarter ended March 31, 2020 and in other future reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. Except as required by law, Dropbox does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses (including research and development, sales and marketing and general and administrative), non-GAAP operating income, non-GAAP operating margin and free cash flow. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools, and they should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. The non-GAAP measures Dropbox uses may differ from the non-GAAP measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this presentation.

This presentation also contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information may be based on many assumptions and limitations, and you are cautioned not to give undue weight to such information. We have not independently verified the accuracy or completeness of the data contained in the industry publications and other publicly available information. Dropbox does not undertake to update such data after the date of this presentation.

# Keeping files in sync

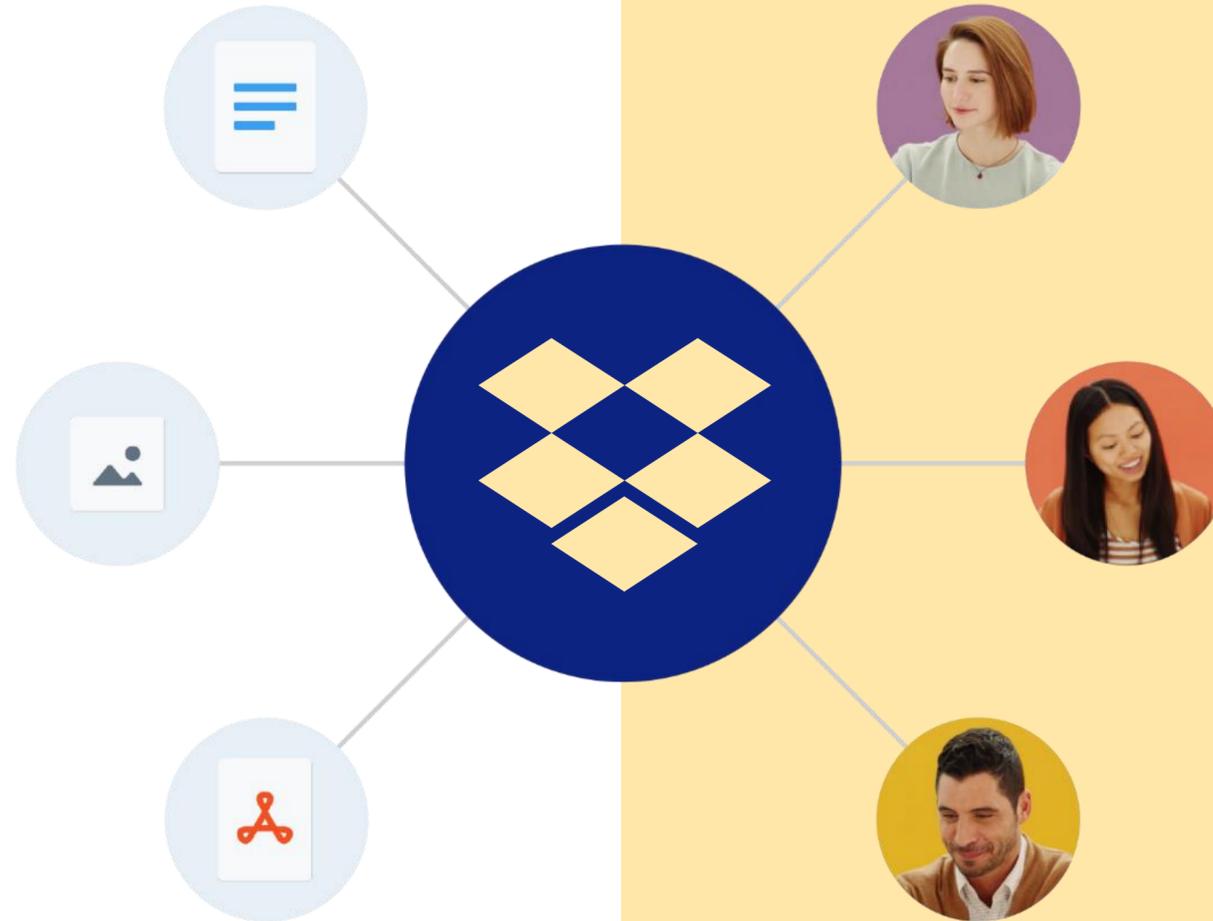
# Keeping teams in sync

Cloud storage  
2007

Smart Workspace  
Today

Backup & sync  
File sharing  
Shared folders

Content management  
Collaborative apps  
Professional sharing  
Project management  
Document workflow



# Dropbox today

We're a business software company that defies traditional boundaries

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

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

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We have a long runway for growth

# Global collaboration platform at scale

**600M+**

registered users

**550B+**

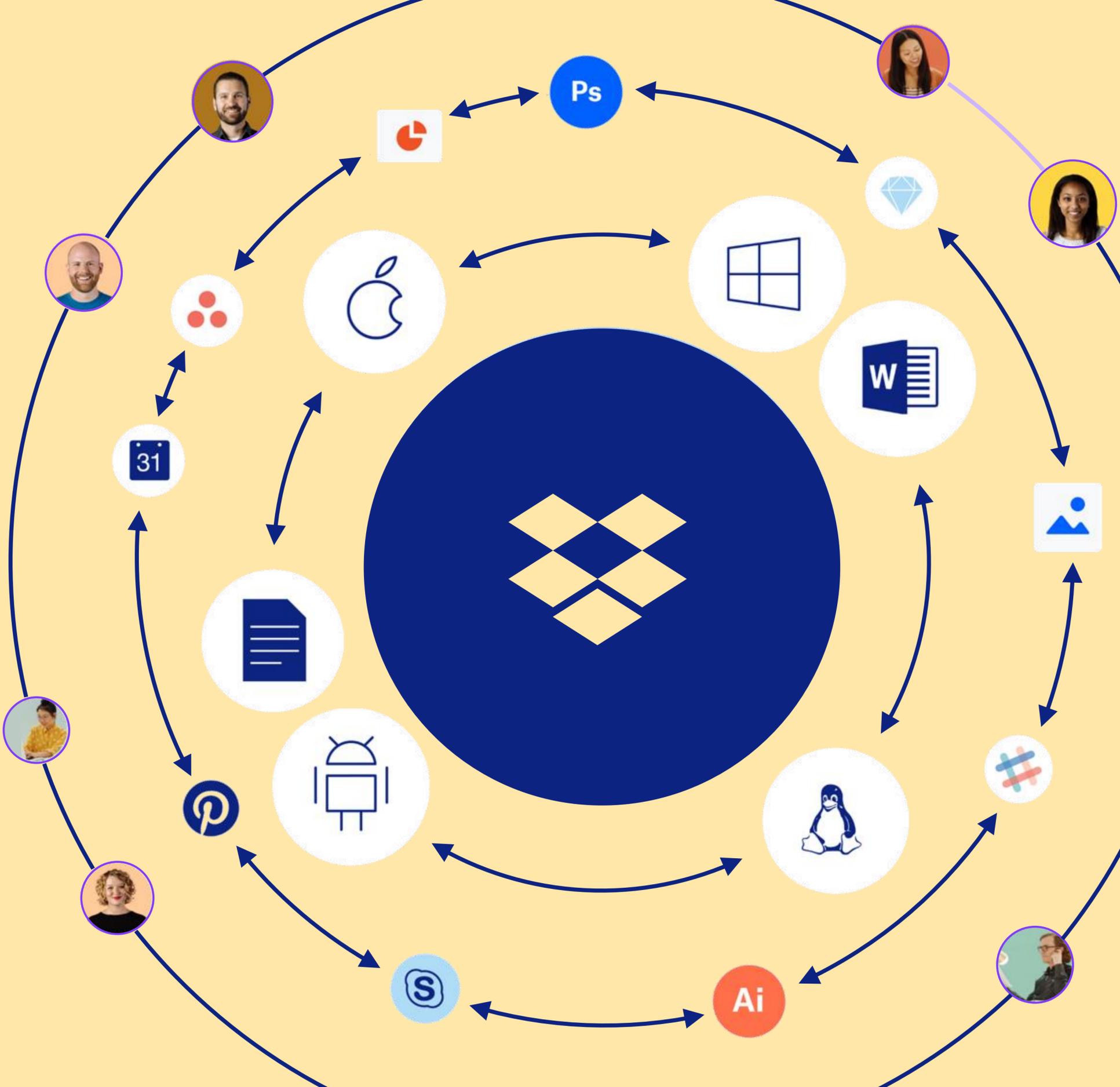
pieces of content

**14.6M**

paying users

**80%**

of subscribers use us for work



# Dropbox is building the world's first smart workspace

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

The screenshot shows a Dropbox workspace for 'Package Design'. On the left is a dark sidebar with navigation options: Pepo Studio Inc., Angela Zhang, Starred Folders (Warehouse, Package Design, Shipping, Materials, Resources), and a user profile for Pepo Studio Inc. (zhang@...dioinc.com). The main content area features a search bar, a title 'Package Design', and a message: 'We've narrowed our new package designs down to three final options. Please review all three pinned files below.' Below this are three pinned items: 'Production.gslides', 'Box Samples', and 'Materials.pdf' (highlighted with a blue border). A task list includes: 'Present concepts to marketing @Angela Zhang' (checked), 'Approve production schedule @Daniel Smith', and 'Final concept selection by June 4'. A table below shows workspace contents: 7 folders and 5 files. The table has columns for Name and Modified. The files listed are: 'Package Dimensions.gsheet' (2:34 PM), 'Earth-Friendly Materials' (1:04 PM), and 'Box Samples' (1:04 PM). On the right, a card for 'Materials.pdf' (7.2 MB, modified 5 hours ago) is shown with a comment section containing three comments and an activity feed with three items: 'Daniel Smith shared in Zoom' (3 hours ago), 'Jay Singh shared in #package-design' (3 hours ago), and 'William Jackson opened' (2 hours ago).

Search in Package Design

## Package Design

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

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

Updated just now by Angela Z

7 folders, 5 files

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

Pepo Studio Inc. > Package Design

**Materials.pdf**  
7.2 MB • Modified 5 hours ago

3

Write a comment

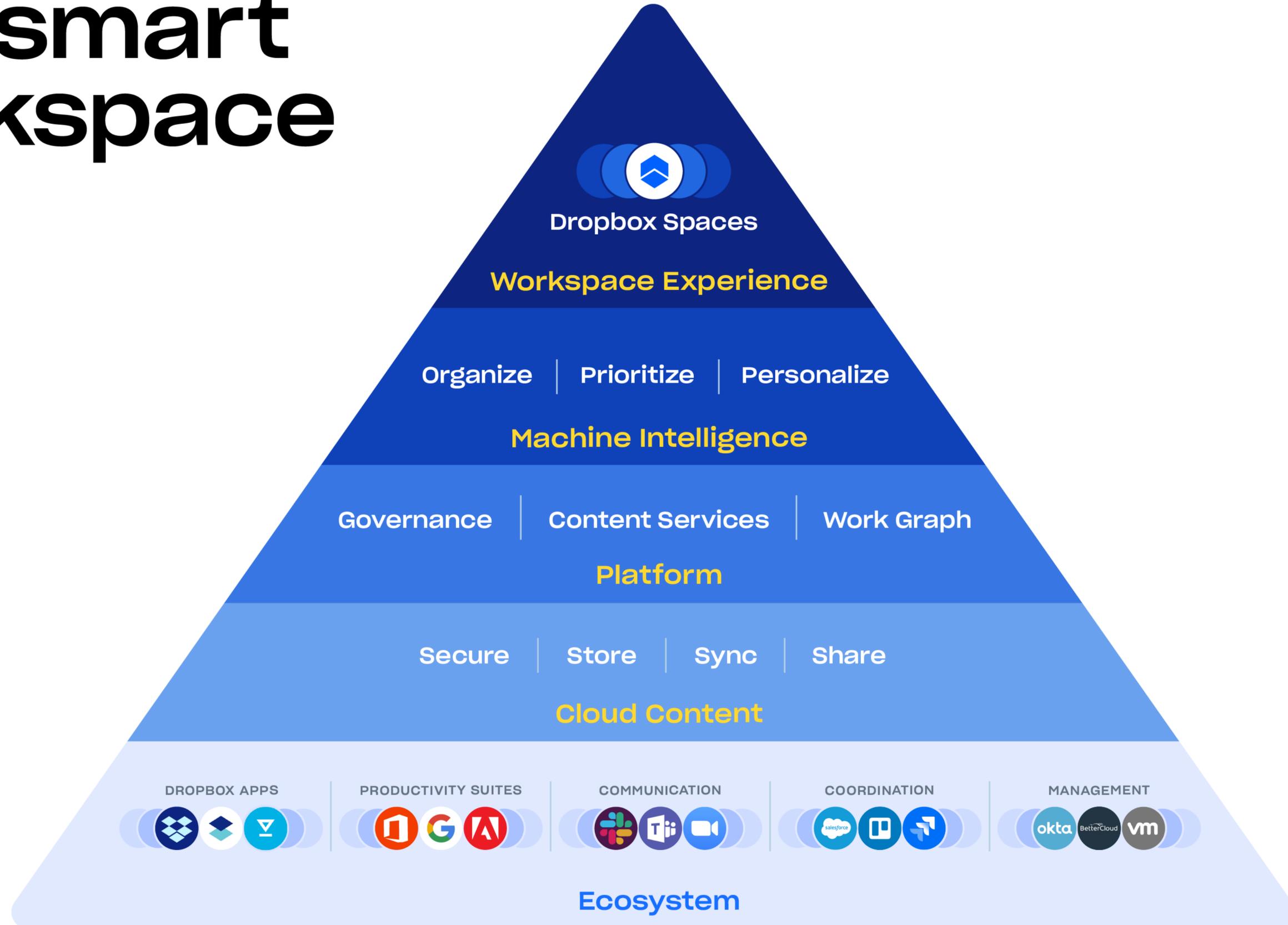
@Angela Zhang Thanks for sharing! Option #2 is my...

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

### Activity

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

# The smart workspace



# Reinventing the software playbook

## Traditional playbook

## What sets Dropbox apart

Designed for IT

vs.

Designed for users

Top-down distribution

vs.

Bottom-up adoption

Walled garden

vs.

Open ecosystem

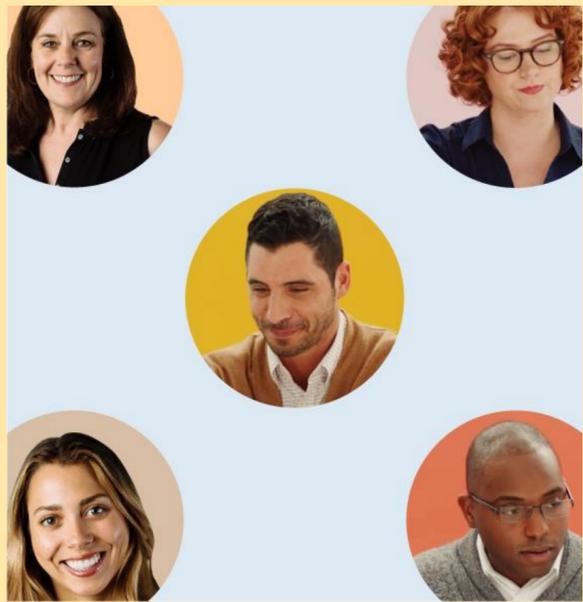
Rip-and-replace

vs.

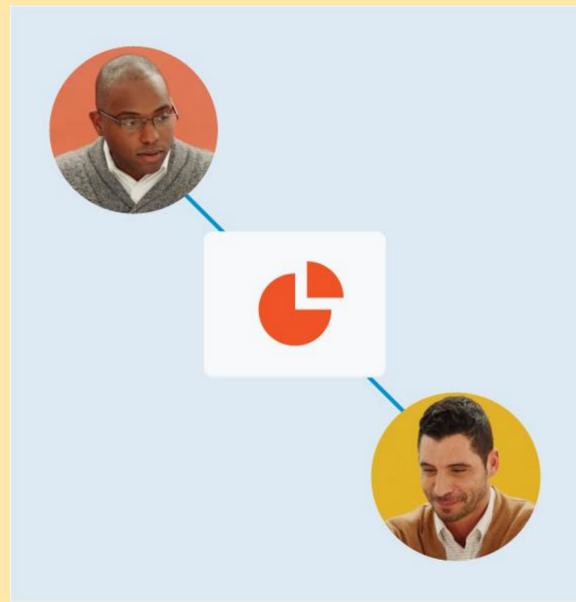
Live side-by-side

# Efficient Go-to-Market

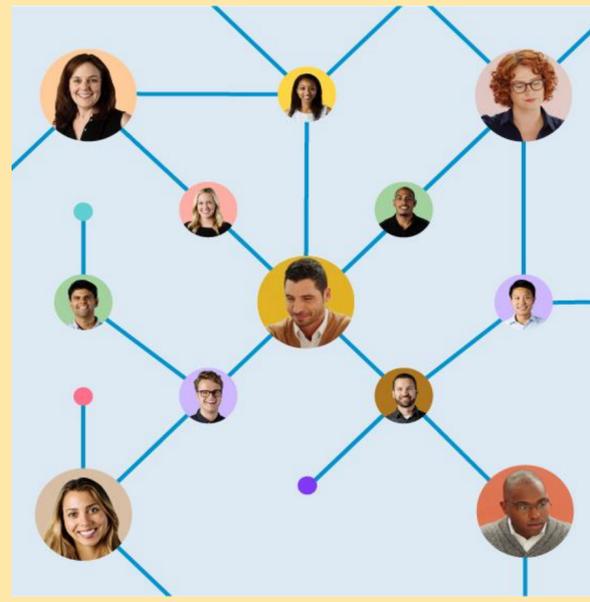
Self-serve  
“land”



Starts with massive user adoption

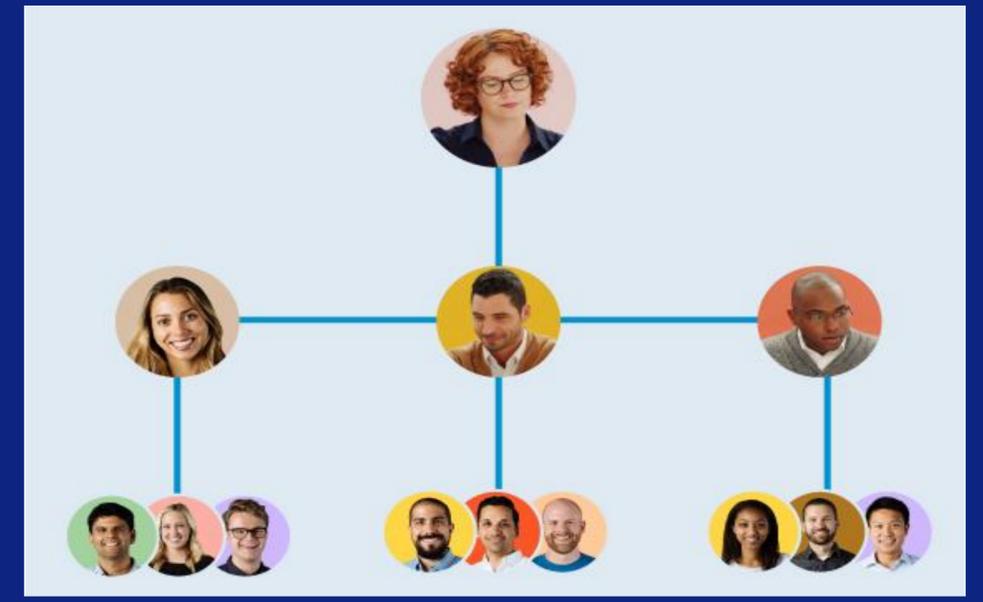


Land within companies



Expand within companies

Targeted outbound  
“expand”



Full deployment

# Open ecosystem



**50B+**  
API calls /month

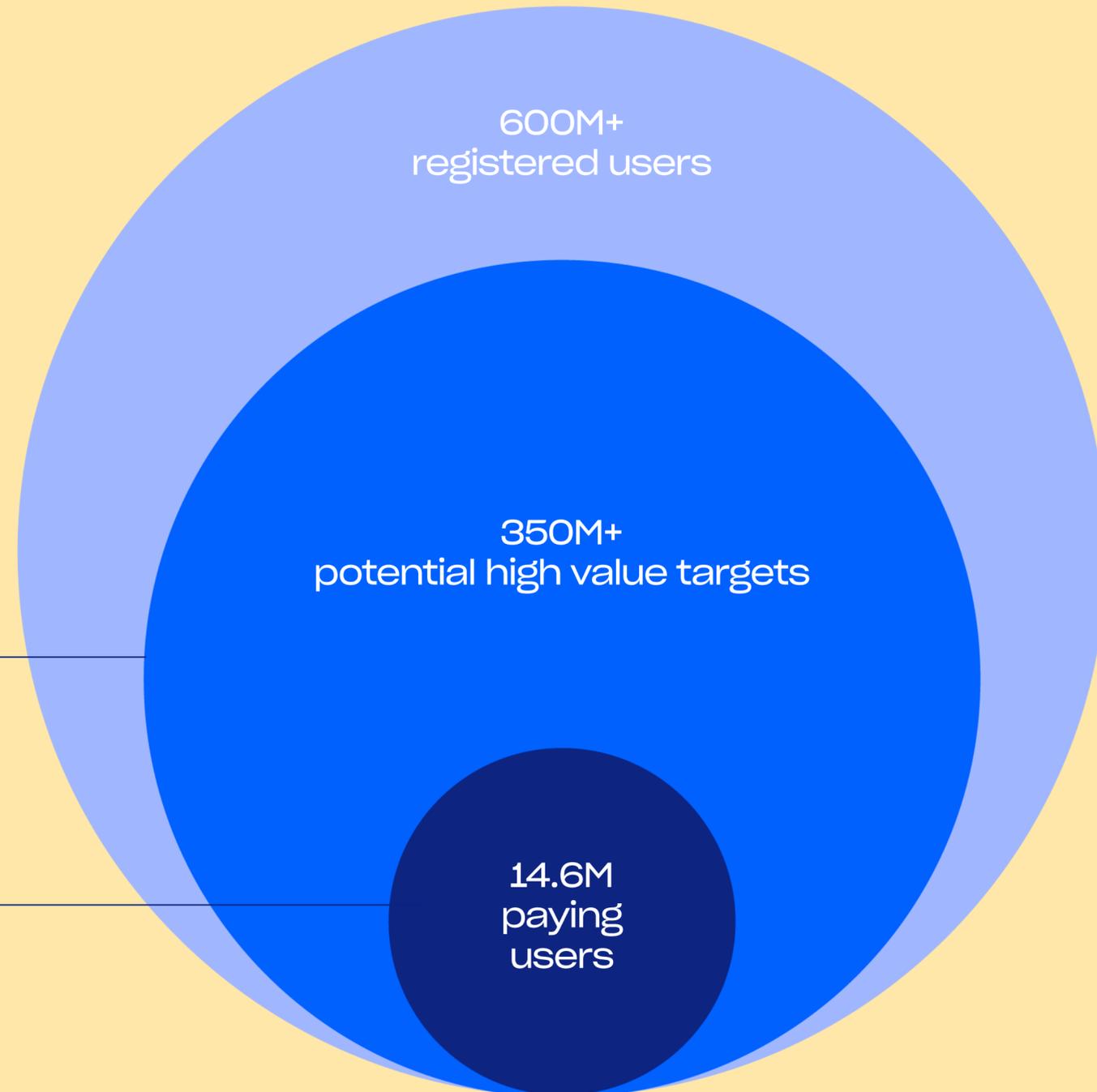
**75%**  
of teams linked  
to a third-party  
app

**750K+**  
registered  
developers

# Hybrid infrastructure: Scale, Agility, & Innovation



# Growth drivers



## Execute

### Convert

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

### Upsell

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

## Innovate

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

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

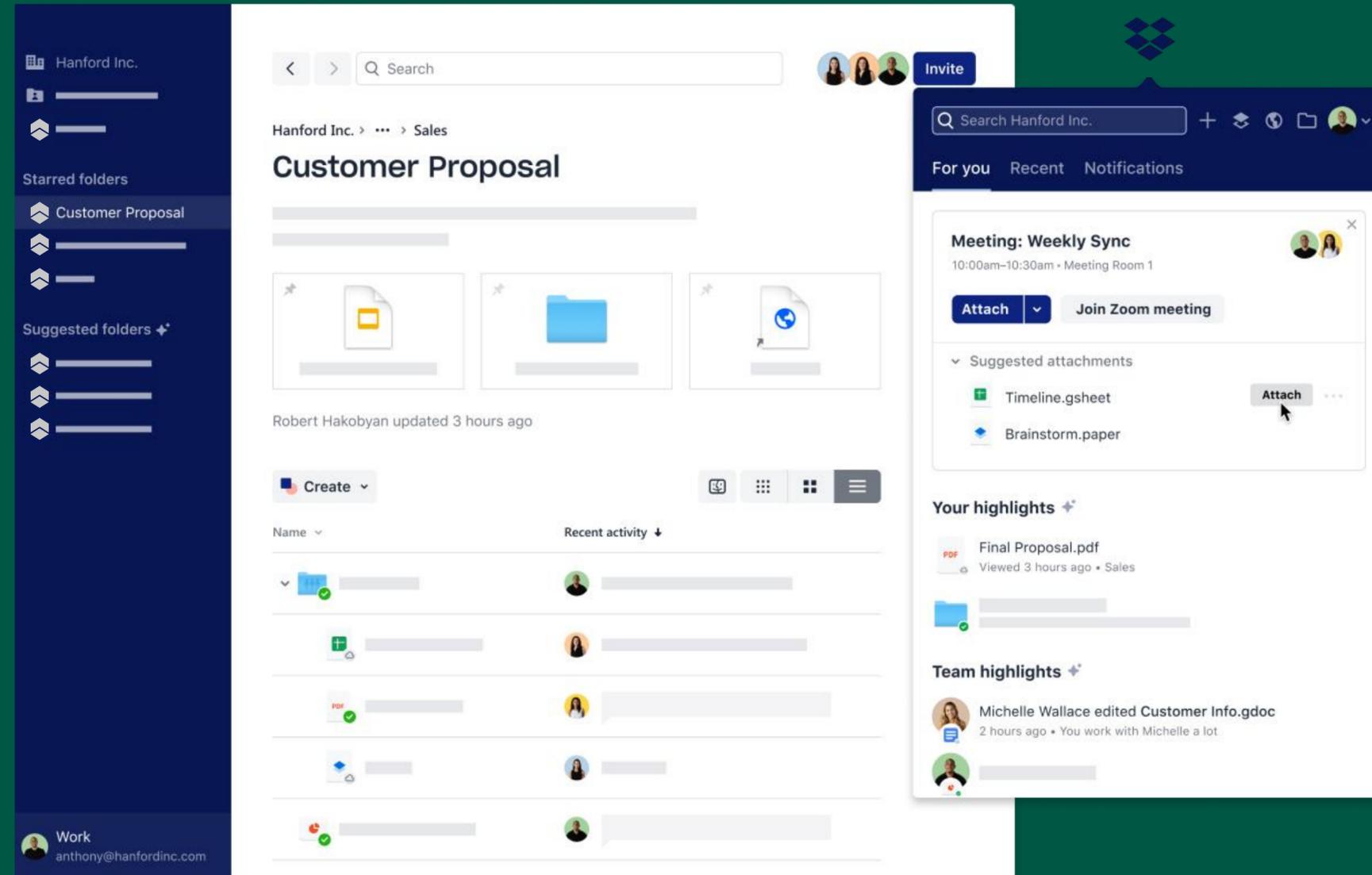
# Product highlights

# The New Dropbox

Brings together cloud content and traditional files in one place

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

Brings people together by transforming folders into rich workspaces



# DBXi: Machine Intelligence in Action

Surfaces and suggests relevant content

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Personalizes search based on activity

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Rich text and image search

The screenshot displays the Microsoft Teams interface for a meeting titled "Meeting: Weekly Sync" scheduled for 10:00am-10:30am in Meeting Room 1. The interface includes a search bar at the top with the text "Search Hanford Inc." and navigation tabs for "For you", "Recent", and "Notifications". Below the meeting card, there are buttons for "Attach" and "Join Zoom meeting". A section titled "Suggested attachments" lists two files: "Timeline.gsheet" and "Brainstorm.paper", each with an "Attach" button and a menu icon. Below this, there are sections for "Your highlights" and "Team highlights". The "Your highlights" section shows a PDF file named "Final Proposal.pdf" viewed 3 hours ago in the Sales department. The "Team highlights" section shows a notification that Michelle Wallace edited "Customer Info.gdoc" 2 hours ago, with a note that the user works with Michelle frequently.

# Dropbox Spaces

Add context to content with descriptions and to-dos

Track progress on shared work with notifications

Create, view, and resolve comments

The screenshot displays the Dropbox Spaces interface for a workspace named "Customer Proposal" under "Hanford Inc." The interface includes a left sidebar with navigation options like "Starred folders" and "Suggested for you". The main content area shows a breadcrumb trail "Hanford Inc. > Projects > 2020 > Customer Proposal" and a search bar. A task list is visible with items: "Leadership approval" (checked) and "Share final proposal with customer @Angela Zhang" (unchecked). Below the tasks are file thumbnails for "Final proposal.gslides", "Presentation assets", and "Trello.web". A notification states "Daniel Smith updated 2 minutes ago". At the bottom, a "Recent activity" table shows a file "Reference.pptx" with a green checkmark and a comment: "Sounds good. I'll follow up..." from a user, dated "2 minutes ago". On the right, a comment thread shows a group of members ("You, Angela Zhang & 2 other members") and a comment: "Write a comment" and "Sounds good. I'll follow up with the vendor tomorrow and get back to you in more detail!".

Hanford Inc. > Projects > 2020 > Customer Proposal

Search

- Leadership approval
- Share final proposal with customer @Angela Zhang

Final proposal.gslides | Presentation assets | Trello.web

Daniel Smith updated 2 minutes ago

Create

| Name           | Recent activity                                 |
|----------------|---|
| Reference.pptx | Sounds good. I'll follow up...<br>2 minutes ago |

You, Angela Zhang & 2 other members

Write a comment

Sounds good. I'll follow up with the vendor tomorrow and get back to you in more detail!



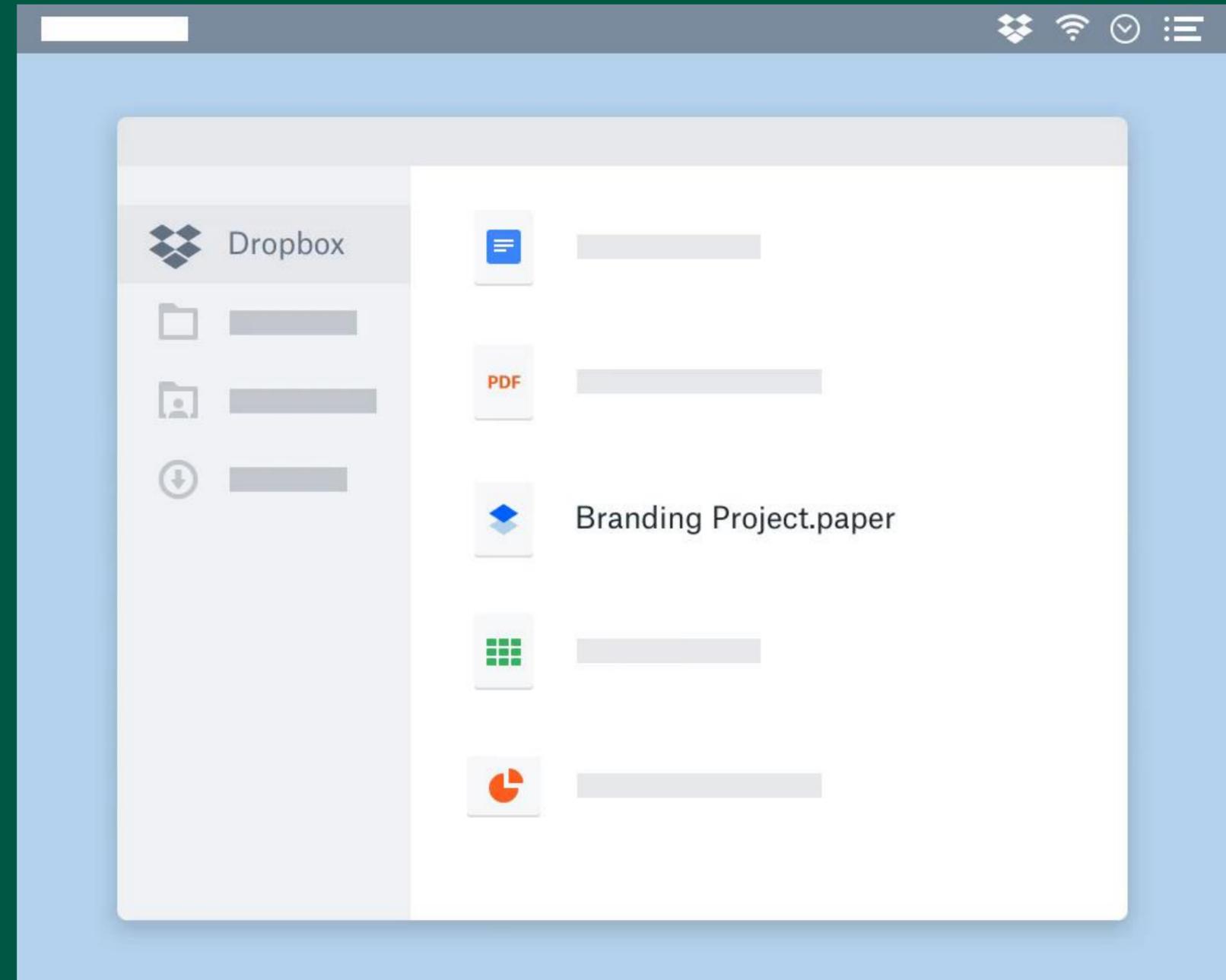
Paper now lives in the filesystem, next to Google & Office docs

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Create, store, and access Paper docs from Dropbox

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More discoverable to new users

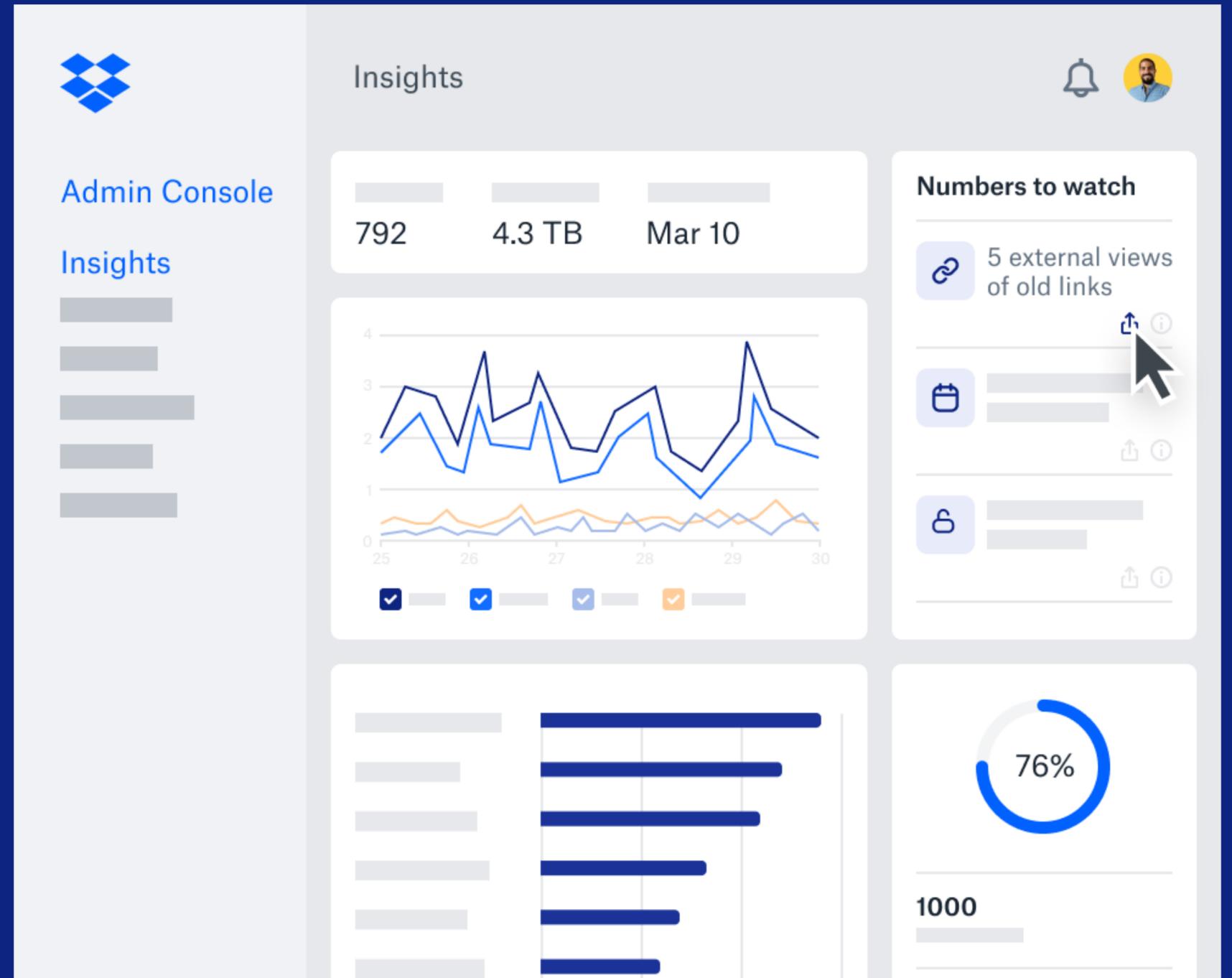


# Insights Dashboard

Simplify team management

Leverage actionable insights

Monitor sharing activity for compliance



# HelloSign integration

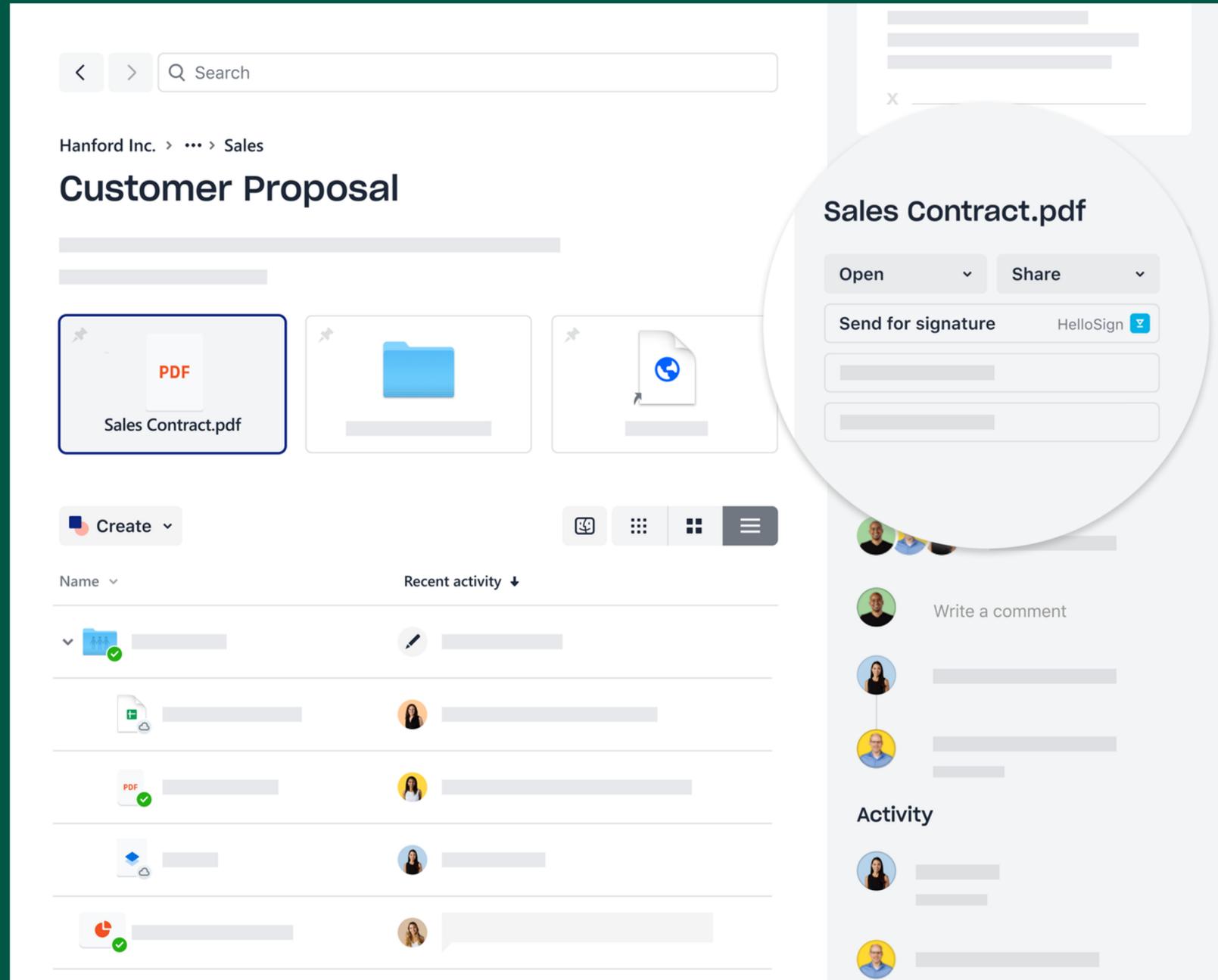
Easily sign docs from within Dropbox

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HelloSign functionality surfaced intelligently based on file-types

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Best-in-class integration



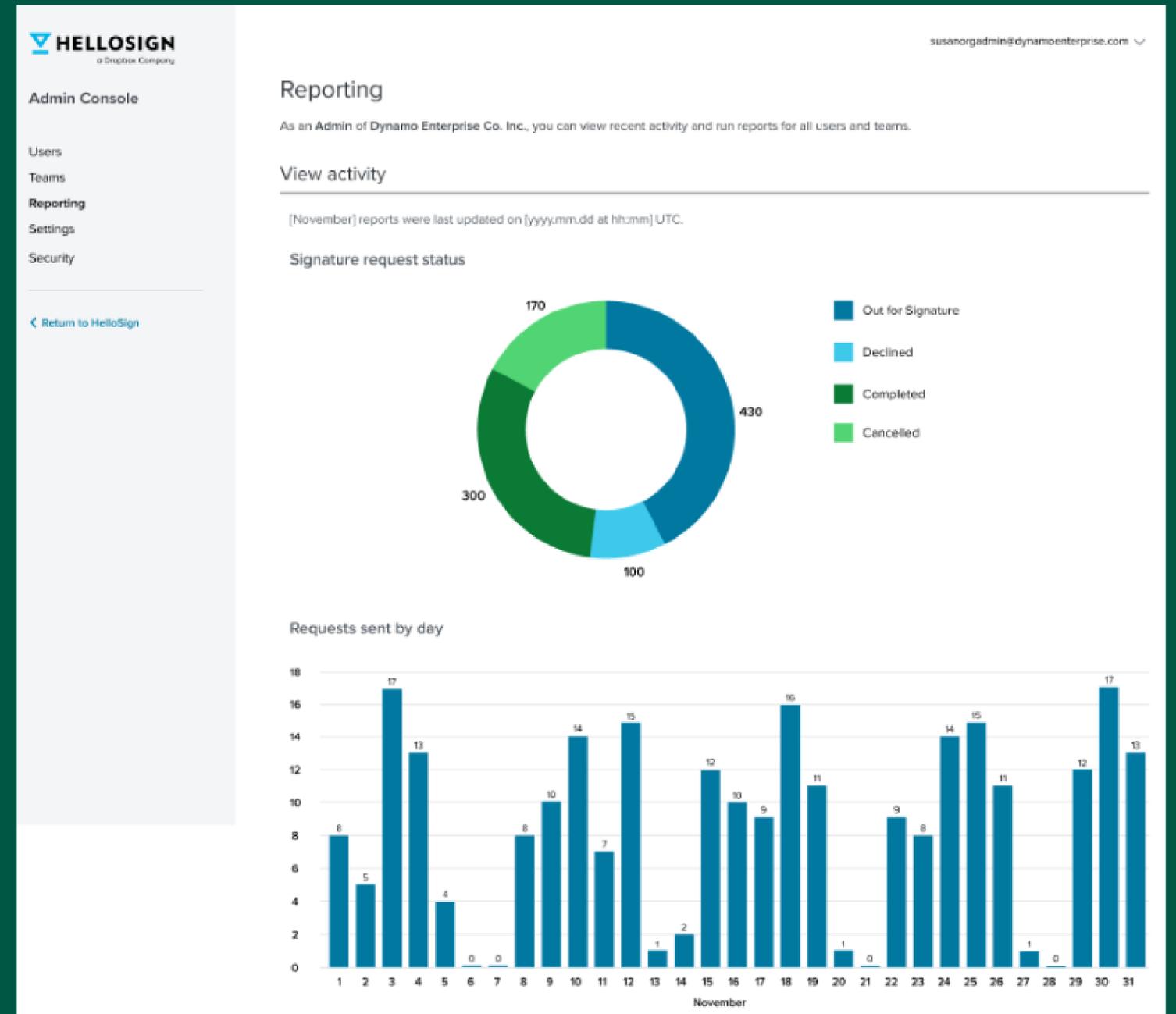
The screenshot displays a Dropbox interface for a folder named "Customer Proposal" under "Hanford Inc. > Sales". A search bar is at the top. A file named "Sales Contract.pdf" is highlighted with a blue border. A context menu is open over this file, showing options: "Open", "Share", and "Send for signature" (with a HelloSign logo). Below the file list, there is a "Create" button and a "Recent activity" section showing a list of files and their activity. On the right side, there is a "Write a comment" section and an "Activity" section.

# HelloSign Admin Console

Centralized command center

Compile activity and performance reports across sub-organizations

Improve document turnaround and completion rates with analytics



# Extensions

Seamlessly initiate and manage workflows

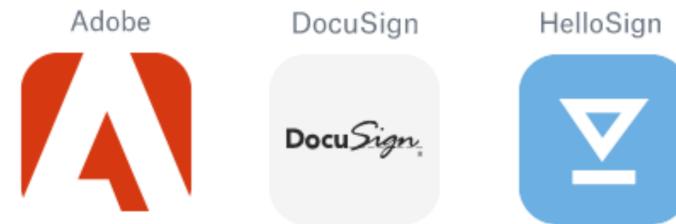
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Bridge siloed tools to reduce toggling

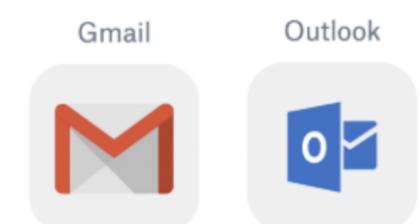
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Allow users to choose their preferred apps

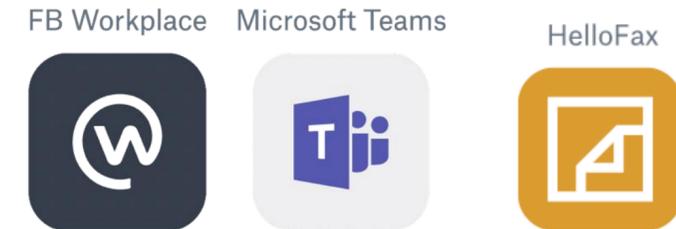
Request eSignatures



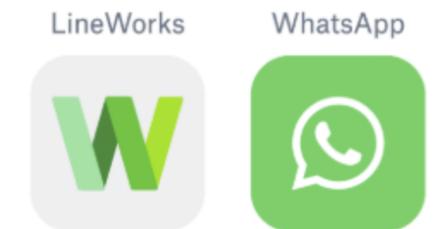
Send emails



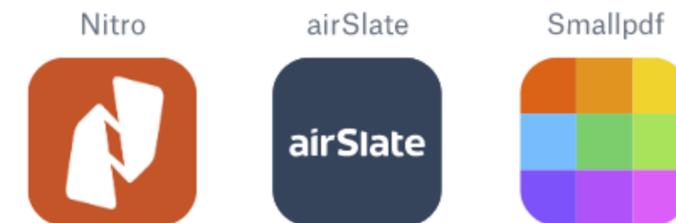
Send files and faxes to teammates



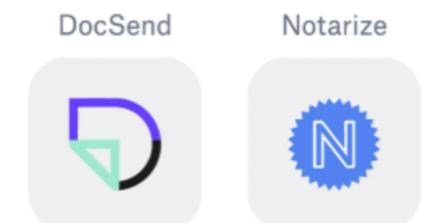
Add files to chat messages



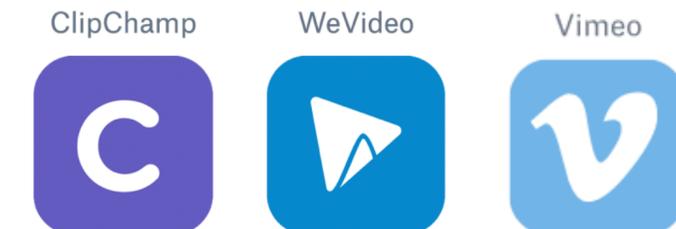
Edit PDFs



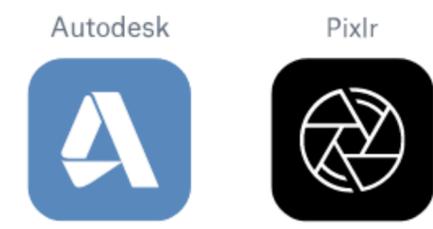
Manage document workflows



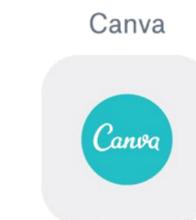
Edit and comment on video content



View, edit, and adjust images



Create designs



Submit expenses



# Dropbox Transfer

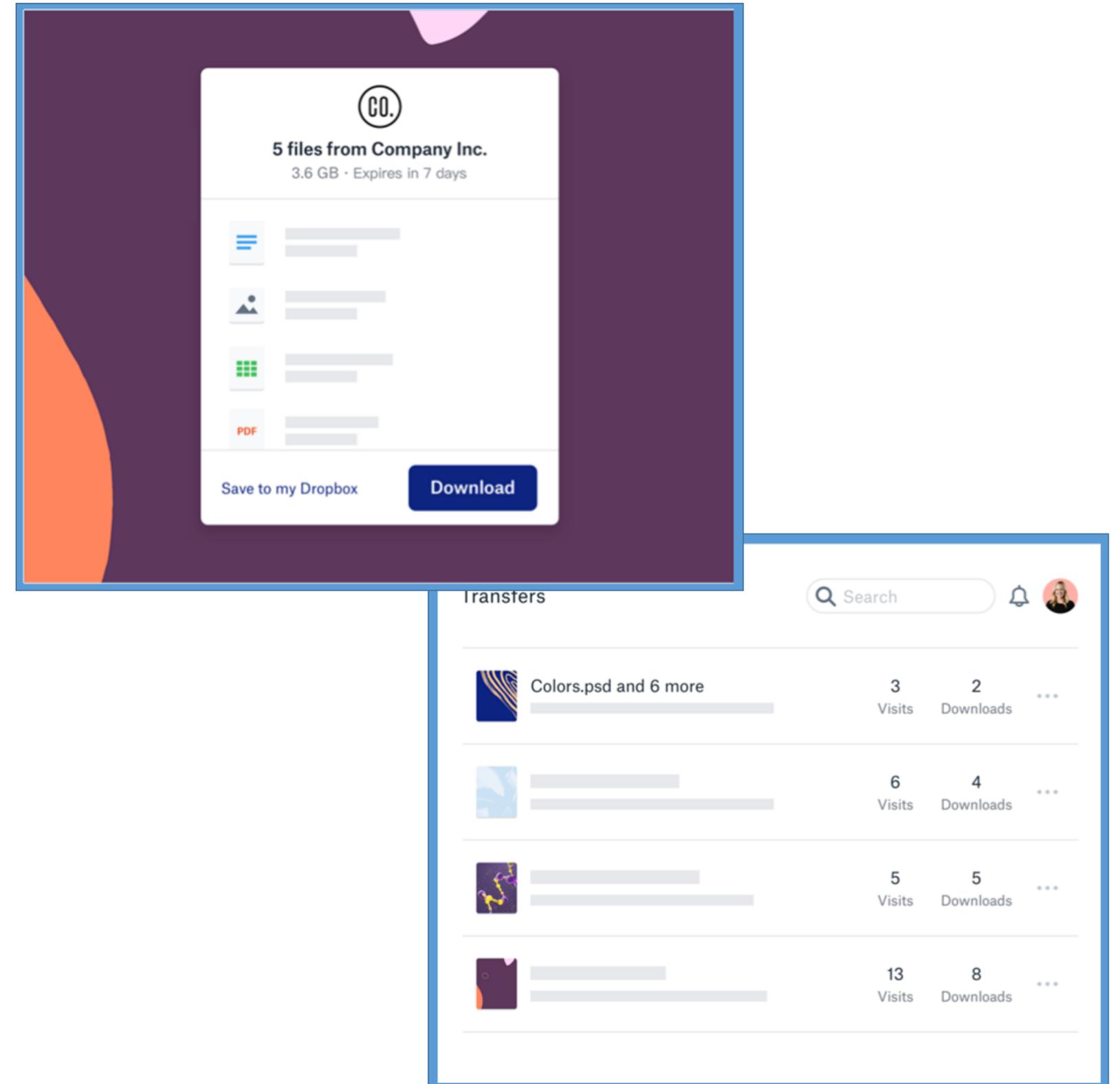
Easily and securely share large files and folders

Recipients can view, download, and comment on Transfers

Senders receive analytics and real-time notifications around file activity

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

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



# Deep integration partners



Google

  
Adobe

zoom

 slack

 Microsoft

 **ATLASSIAN**

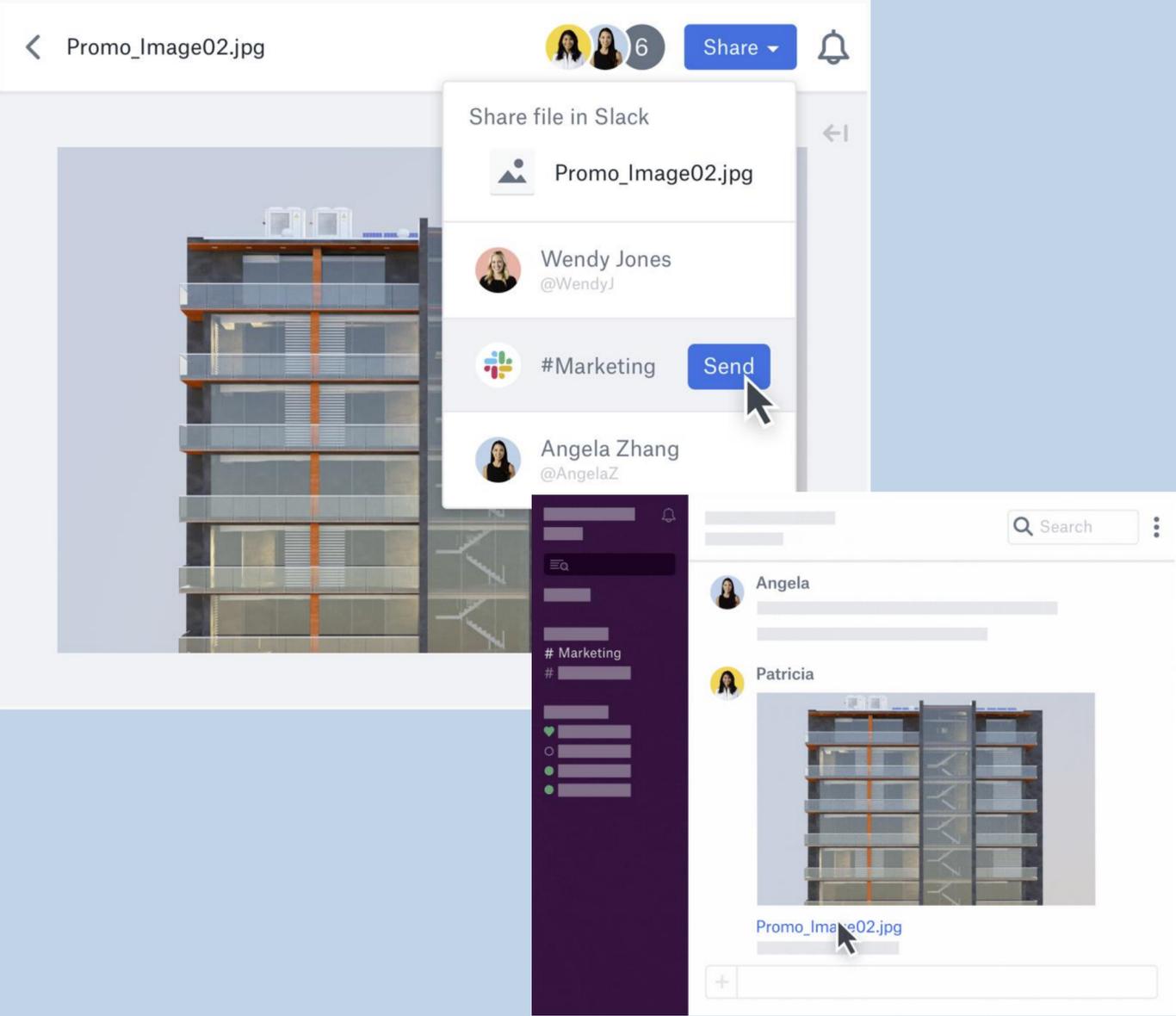
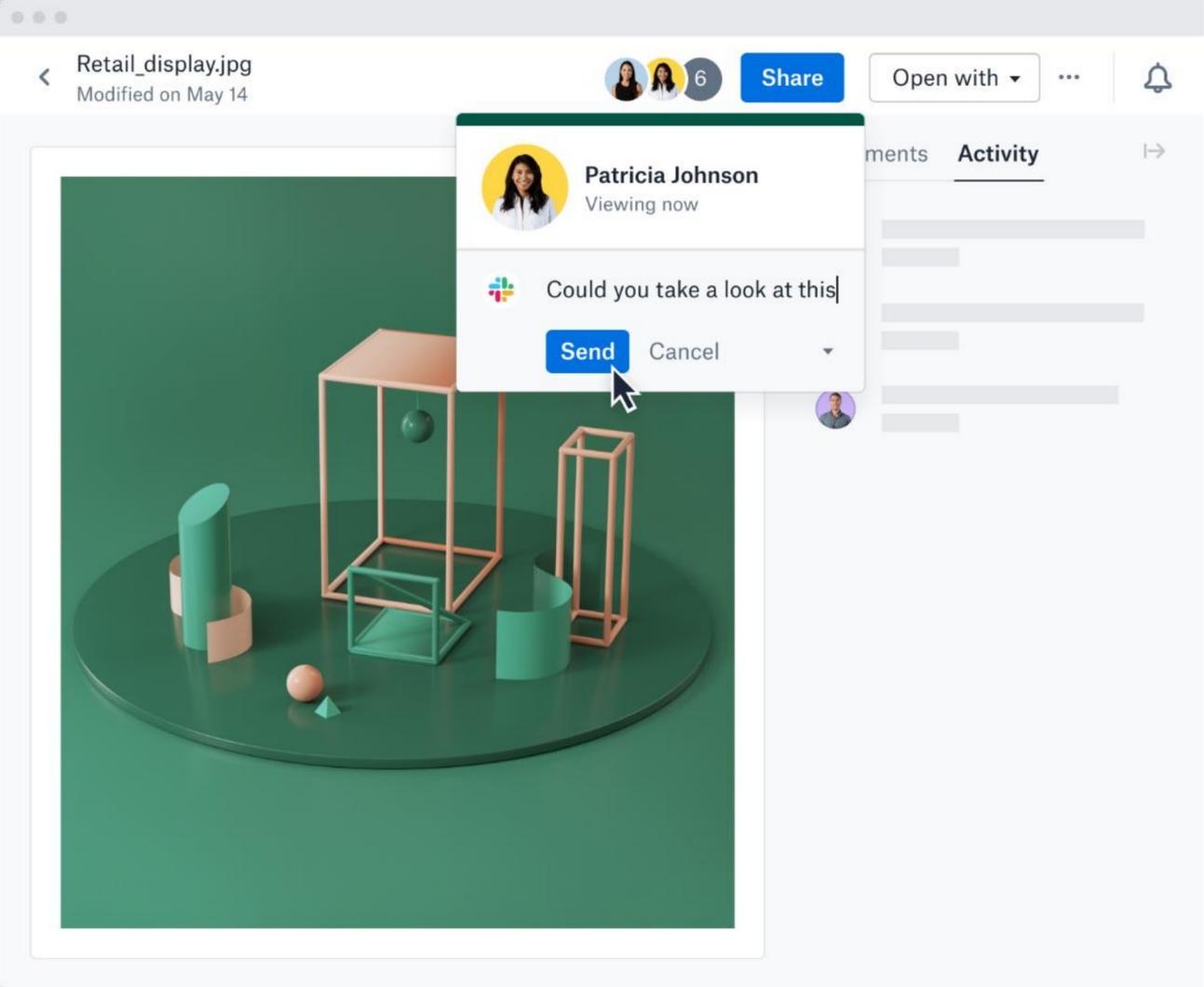
 BetterCloud

 salesforce

# Slack integration

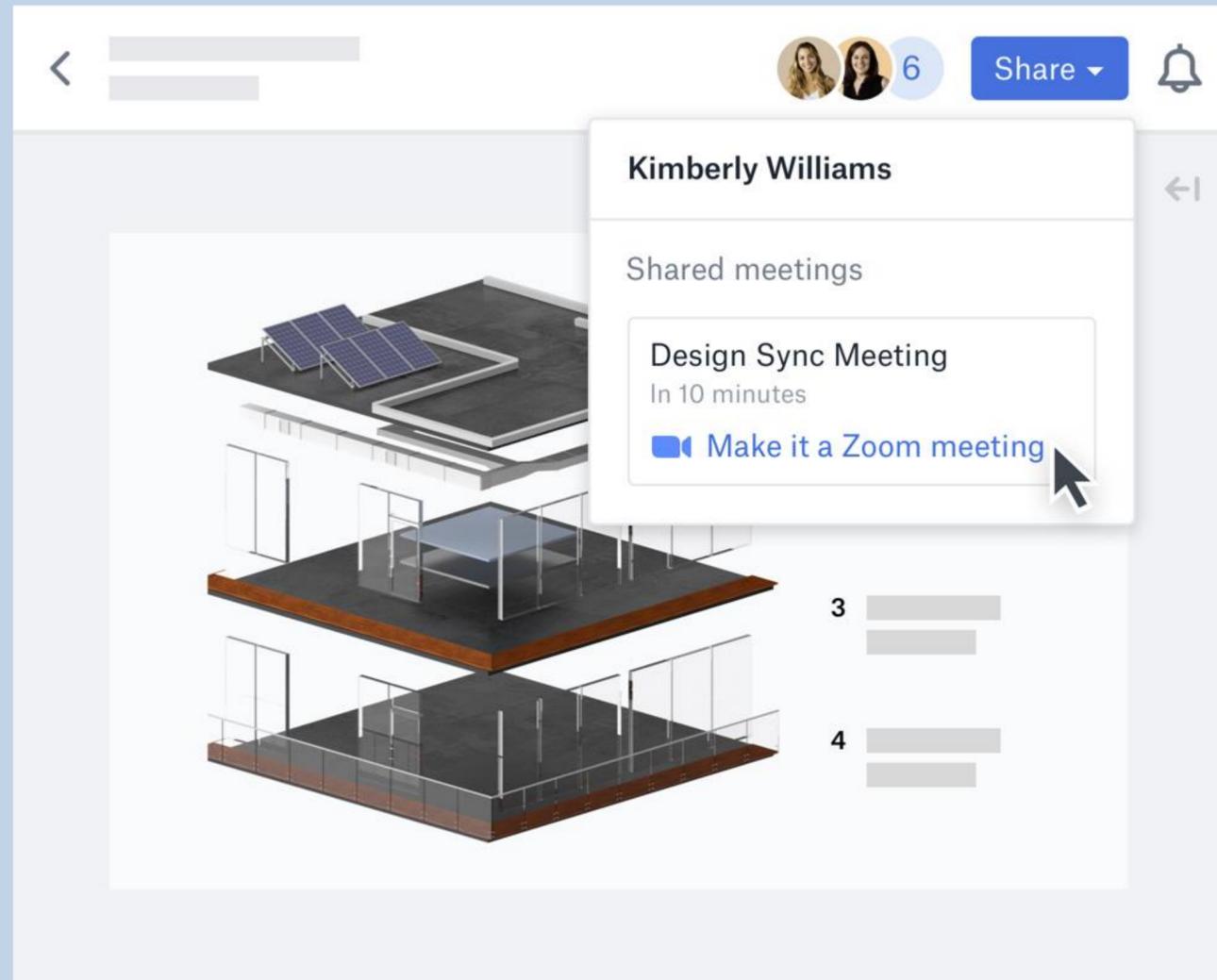
Start Slack conversations from Dropbox

Share content to Slack from Dropbox

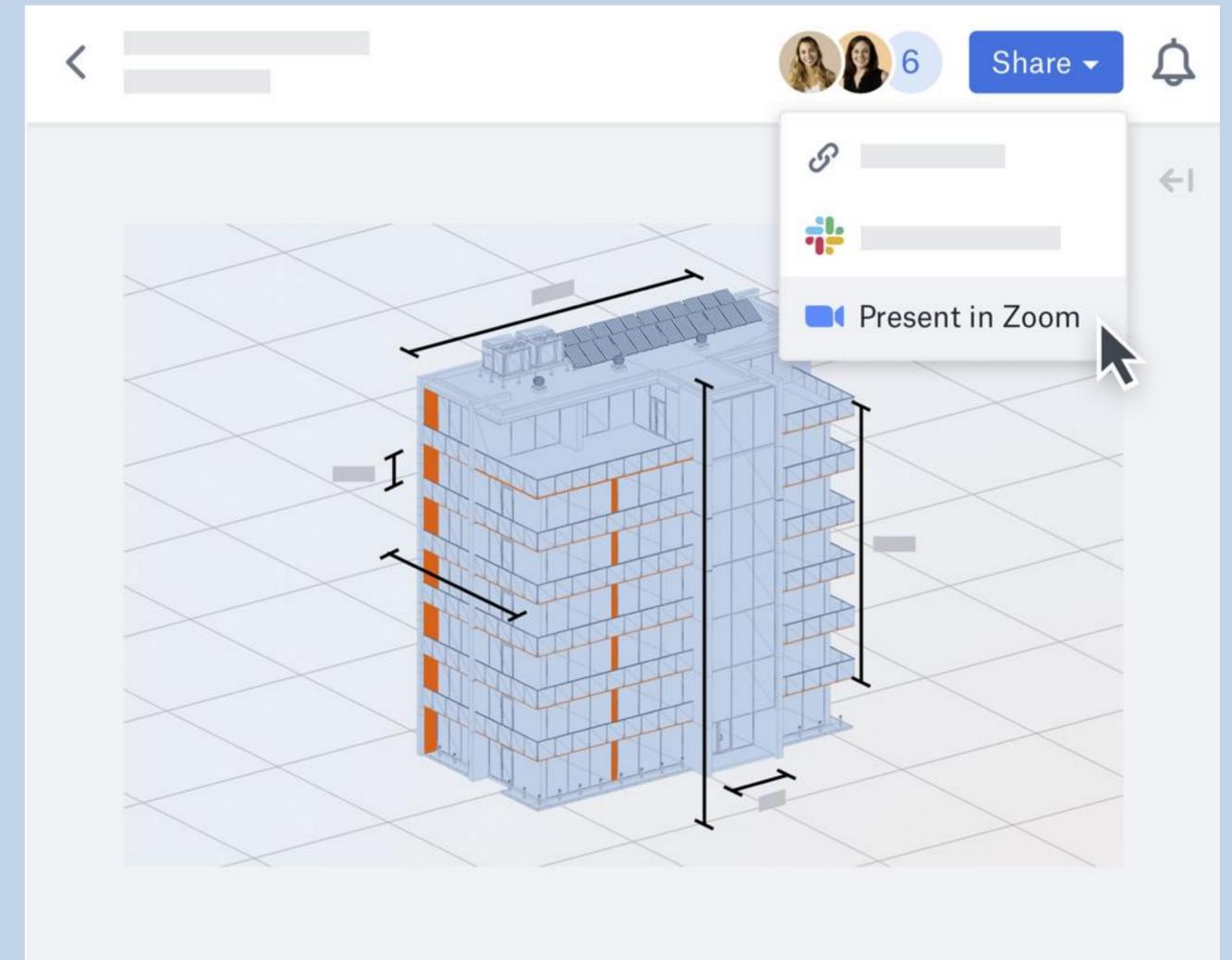


# Zoom integration

Start Zoom meetings from Dropbox



Present Dropbox content via Zoom



# Data protection & orchestration



Automated workflows for account capture, onboarding, & offboarding

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Data loss prevention

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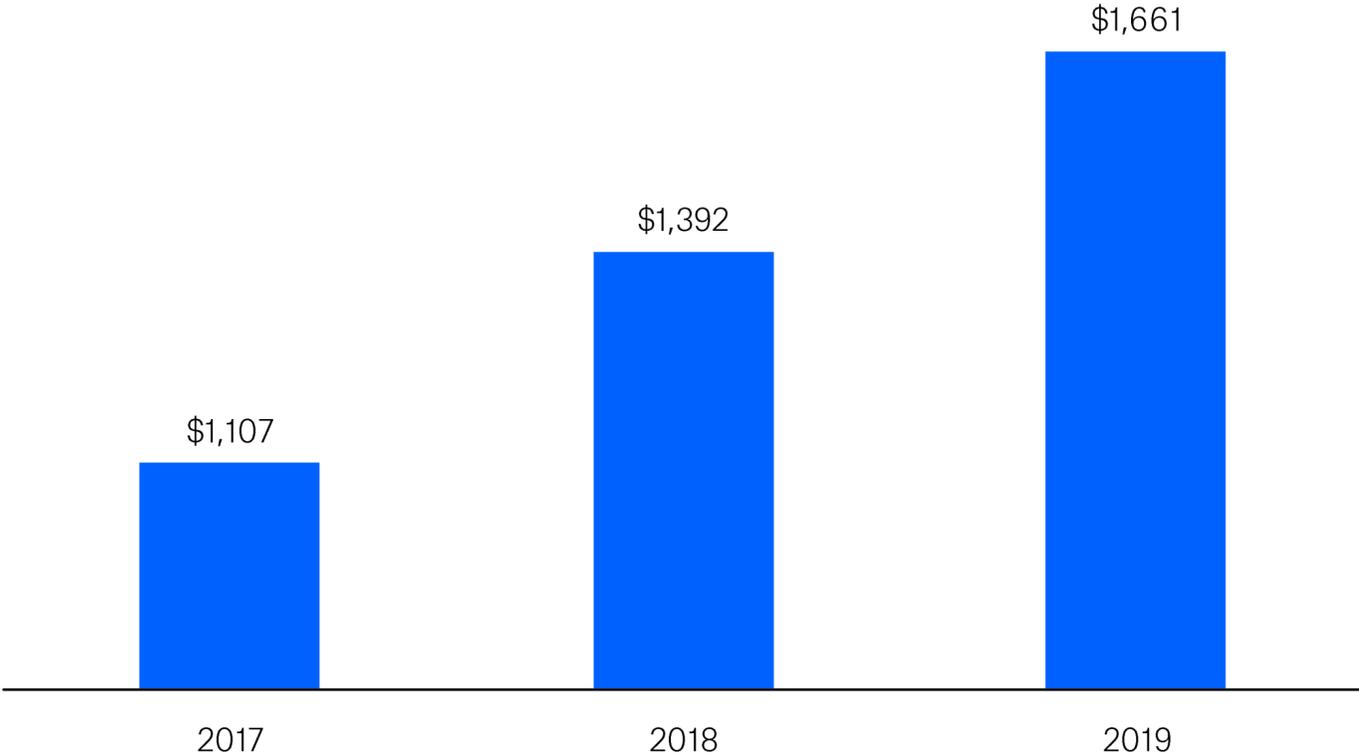
New add-on SKU sold by DBX

# Financial highlights

# Financial highlights

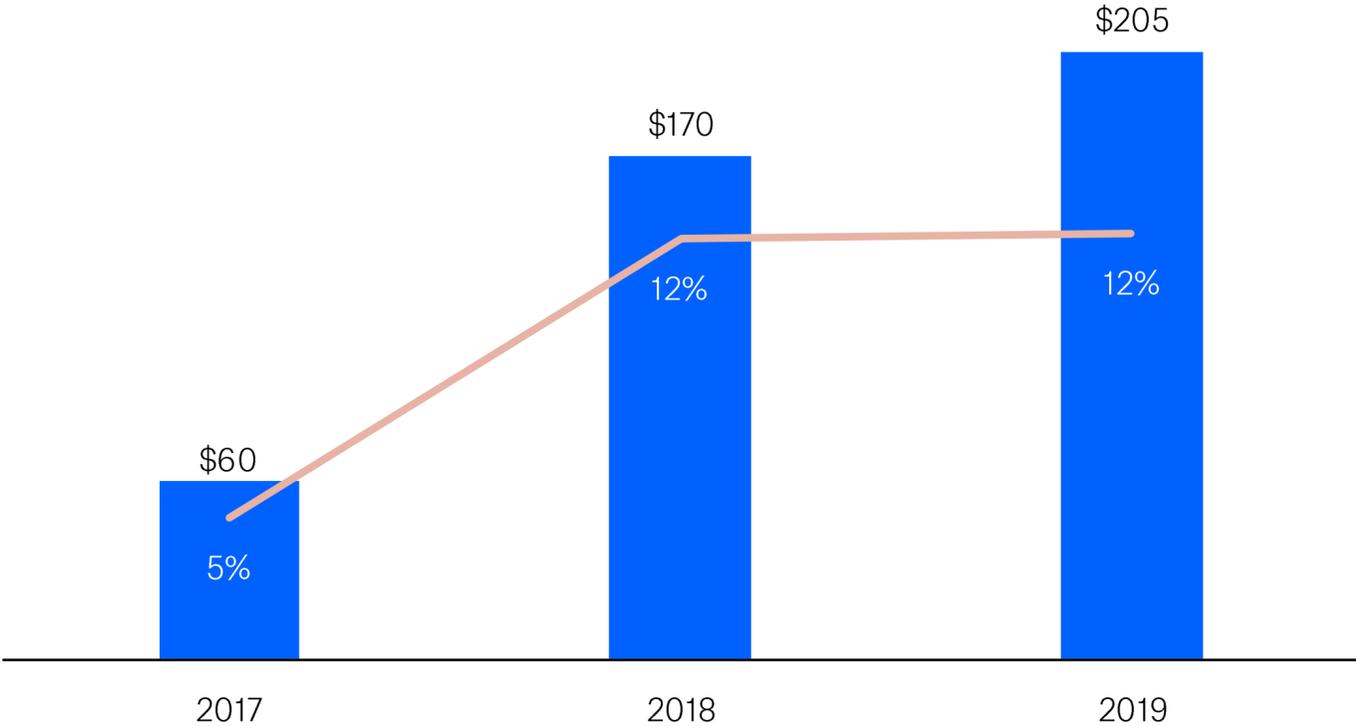
## Revenue (\$M)

19% YoY growth in 2019



## Operating income (\$M)

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

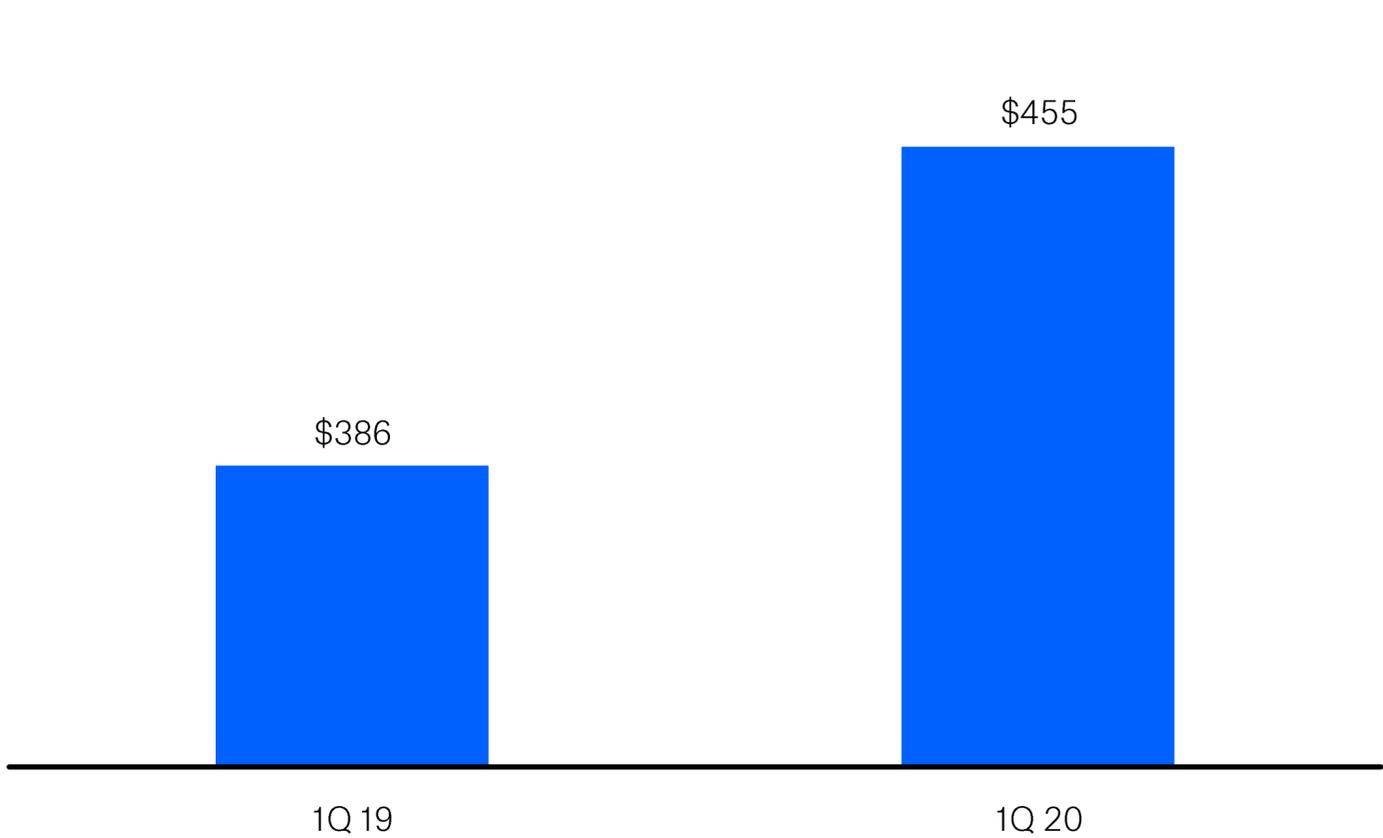


Figures presented are non-GAAP and exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

# Financial highlights

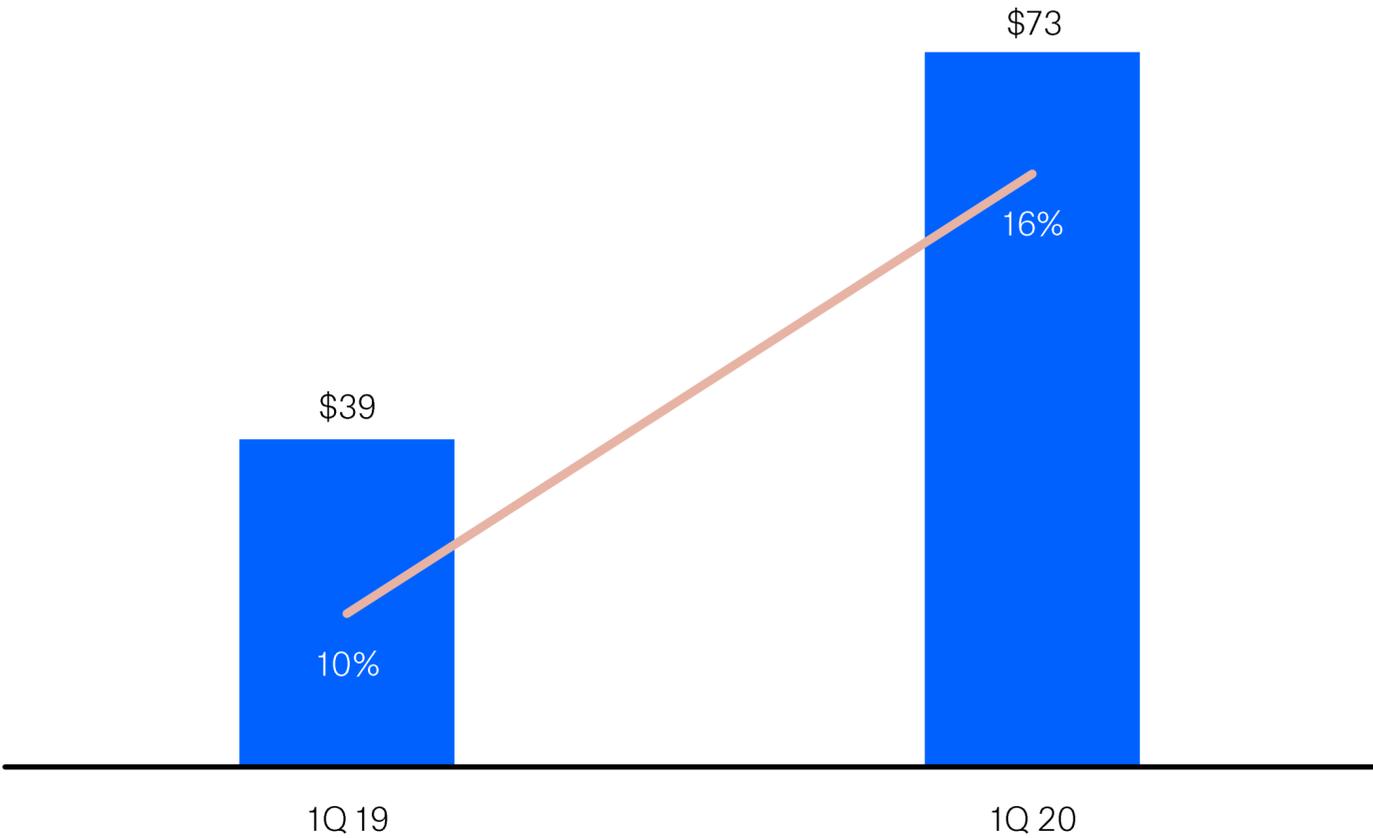
## Revenue (\$M)

18% YoY growth in Q1'20



## Operating income (\$M)

- Non-GAAP operating income
- Non-GAAP operating margin



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

# Target model

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

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

# Appendix

# Dropbox subscription plans

## Individuals



## Teams



| Basic          | Plus  | Professional  | Standard  | Advanced   | Enterprise   |
|----------------|---|---|---|--|--|
| Free           | \$11.99 / month<br>\$119.88 / year  | \$19.99 / month<br>\$199.00 / year  | \$15.00 / user / month<br>\$150.00 / user / year<br><i>3 users minimum</i>  | \$25.00 / user / month<br>\$240.00 / user / year<br><i>3 users minimum</i>   | Negotiated pricing   |
|                |   | Everything in Plus  | Everything in Professional  | Everything in Standard   | Everything in Advanced   |
|                | Smart Sync<br>Dropbox Rewind<br>Dropbox Transfer*<br>Full text search<br>Remote device wipe<br>Priority email support<br>30 day version history | Enhanced Smart Sync<br>Auto OCR<br>Premium previews<br>Watermarking<br>Time-based comments<br>Shared link controls<br>180 day version history | Team folders<br>Admin console<br>Granular permissions<br>Active directory connector<br>Enables HIPAA compliance<br>Unlimited API access** | Business hours phone support<br>Single sign-on integration (SSO)<br>Audit logs<br>Device approvals<br>Tiered admin roles | 24/7 phone support<br>Enterprise mobility management (EMM)<br>Network control<br>Domain insights and analytics |
| 2GB of storage | 2TB storage   | 3TB storage   | 5TB storage   | As much storage as needed  | As much storage as needed  |

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

\*\*Teams have unlimited API access to productivity and security partners but may be subject to a cap on API calls to data transport partners.

# HelloSign subscription plans

## HELLOSIGN

## HELLOSIGN API

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

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

Unlimited document storage in HelloSign

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

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

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

# HelloWorks subscription plans

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

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

# HelloFax subscription plans

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

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

\*Higher volume plans available with advanced features

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

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

# Non-GAAP reconciliation

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

# Non-GAAP reconciliation

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

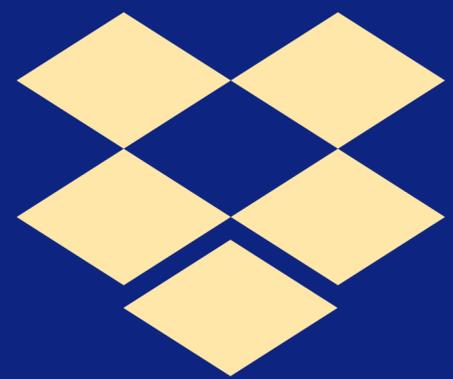
# Non-GAAP reconciliation

Twelve months ended - 2019

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

# Non-GAAP reconciliation

|  | Three months ended |                |
|--|--------------------|----------------|
|  | March 31, 2019     | March 31, 2020 |
| Income (Loss) from operations - GAAP       | \$ (21.3)          | \$ 26.8        |
| Stock-based compensation                   | 55.6               | 39.8           |
| Acquisition-related and other expenses     | 3.3                | 4.2            |
| Amortization of acquired intangible assets | 1.4                | 2.3            |
| Income from operations - Non-GAAP          | \$ 39.0            | \$ 73.1        |



**Dropbox**