

# Dropbox

**Company Presentation**

May 2020

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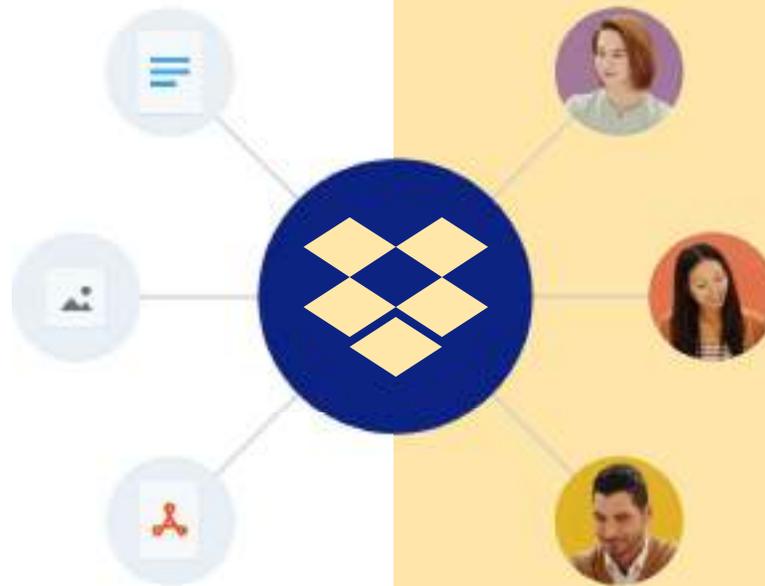
In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes certain non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses (including research and development, sales and marketing 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

Cloud storage  
2007

Backup & sync  
File sharing  
Shared folders



## Keeping teams in sync

Smart Workspace  
Today

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

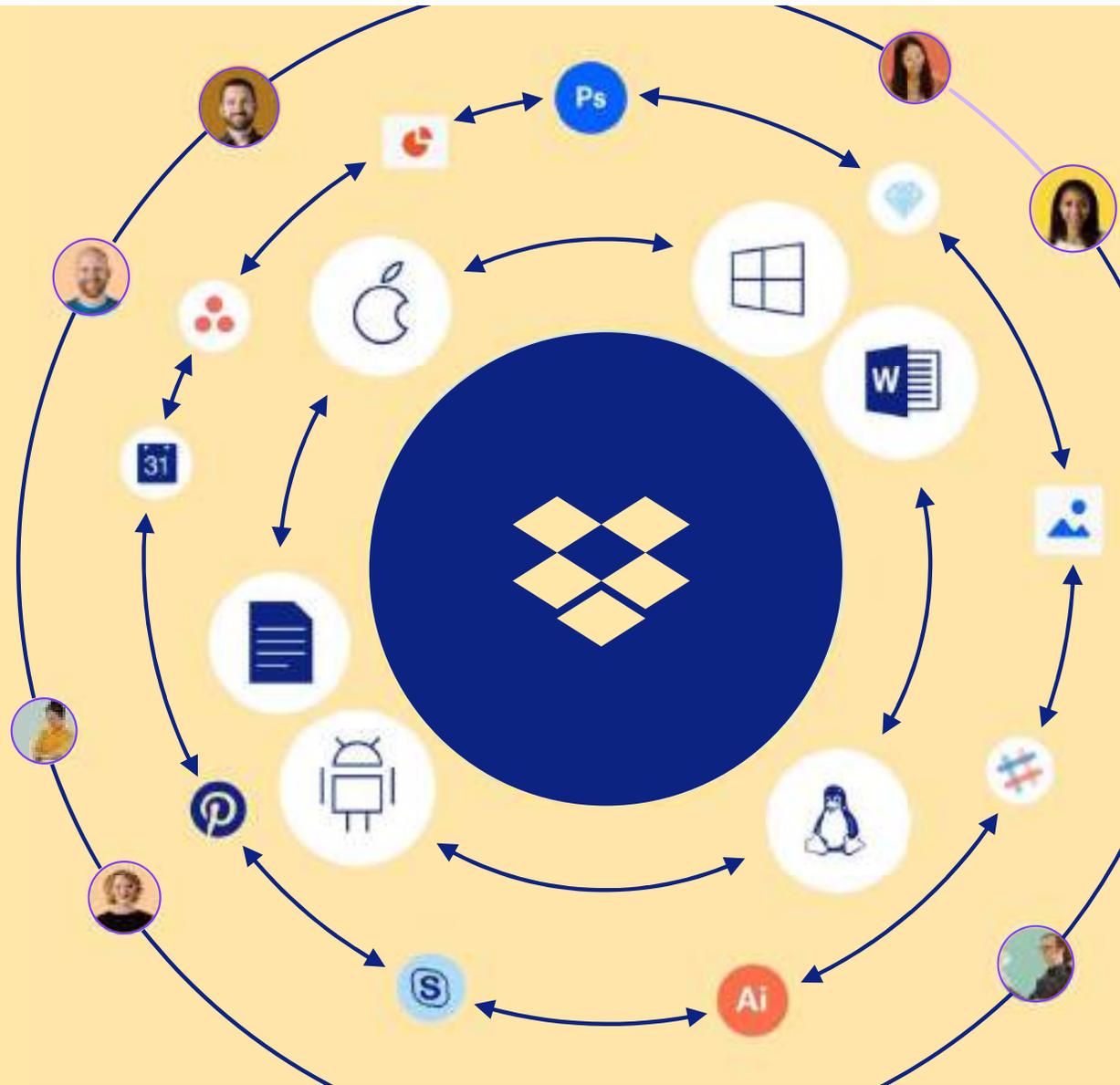
# Global collaboration platform at scale

**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 displays a Dropbox workspace titled "Package Design". On the left, a dark sidebar lists "Shared Folders" including "Warehouse", "Package Design", "Shipping", "Materials", and "Resources". The main workspace area features a search bar at the top with the text "Search in Package Design". Below the search bar, the workspace title "Package Design" is followed by a message: "We've narrowed our new package designs down to three final options. Please review all three pinned files below." Three pinned items are shown: "Production guides" (a document icon), "Box Samples" (a folder icon), and "Materials.pdf" (a PDF icon, which is highlighted with a blue border). Below the pinned items, a notification states "Updated just now by Angela Z" and a list of tasks: "Present concepts to marketing @Angela Zhang" (checked), "Approve production schedule @Daniel Smith", and "Final concept selection by June 4". A table below lists workspace contents: "7 folders, 5 files". The table has columns for "Name" and "Modified". The items listed are "Package Dimensions.gsheel" (modified 2:34 PM), "Earth-Friendly Materials" (modified 1:04 PM), and "Box Samples" (modified 1:04 PM). On the right side, a "Materials.pdf" file is shown with a thumbnail, its name, and size "12 MB". Below the file, there are icons for sharing, a comment count of "3", and a "Write a comment" button. A comment thread follows: "@Angela Zhang Thanks for sharing! Option #2 is my..." and "Let's make sure we can get this in production before...". An "Activity" section at the bottom right shows recent actions: "Daniel Smith shared in Zoom" (3 hours ago), "Jay Singh shared in #package-design" (3 hours ago), and "William Jackson opened" (3 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.gsheel	2:34 PM
Earth-Friendly Materials	1:04 PM
Box Samples	1:04 PM

Materials.pdf  
12 MB • Modified 5 hours ago

Write a comment

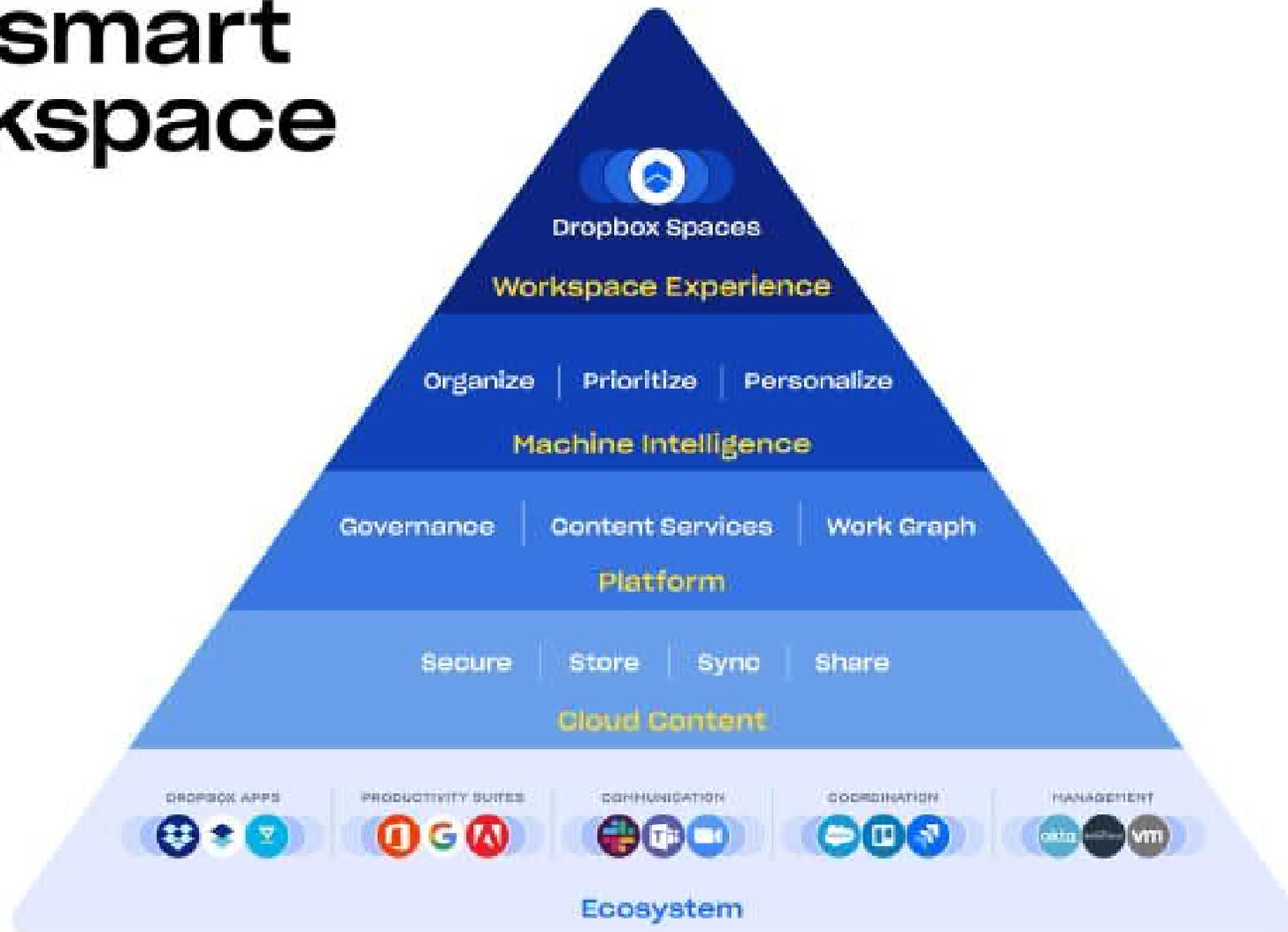
@Angela Zhang Thanks for sharing! Option #2 is my...

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

Activity

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

# The smart workspace



# Reinventing the software playbook

## Traditional playbook

Designed for IT

Top-down distribution

Walled garden

Rip-and-replace

## What sets Dropbox apart

Designed for users

Bottom-up adoption

Open ecosystem

Live side-by-side

vs.

vs.

vs.

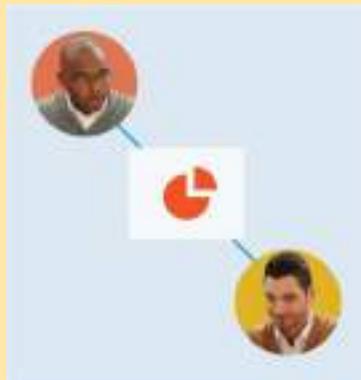
vs.

# 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

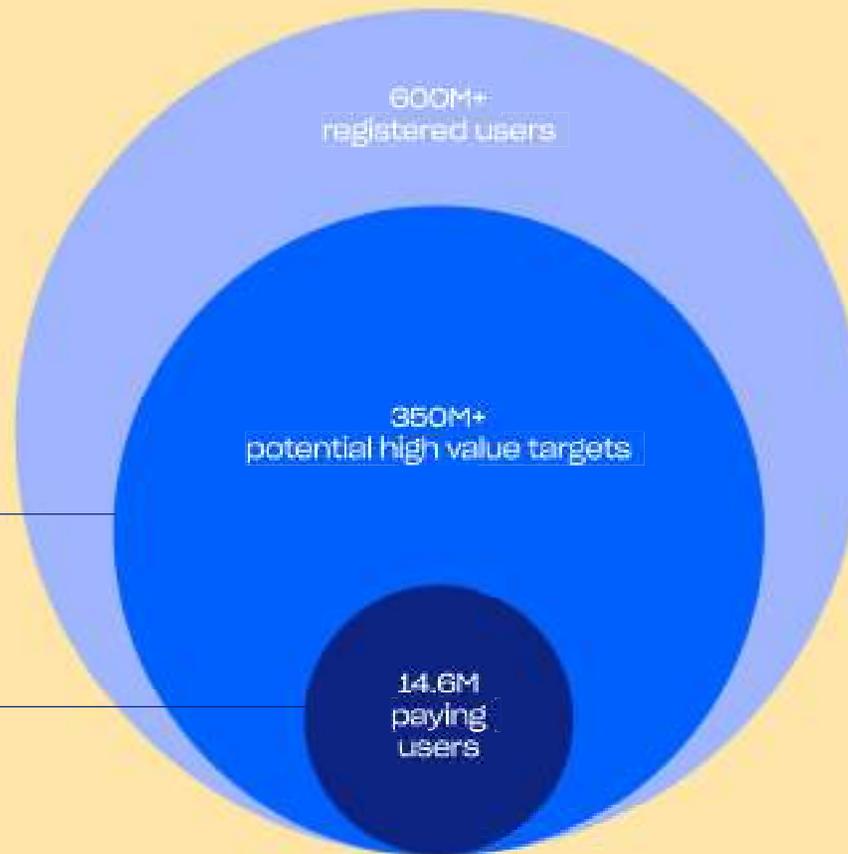


# Growth drivers

## 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

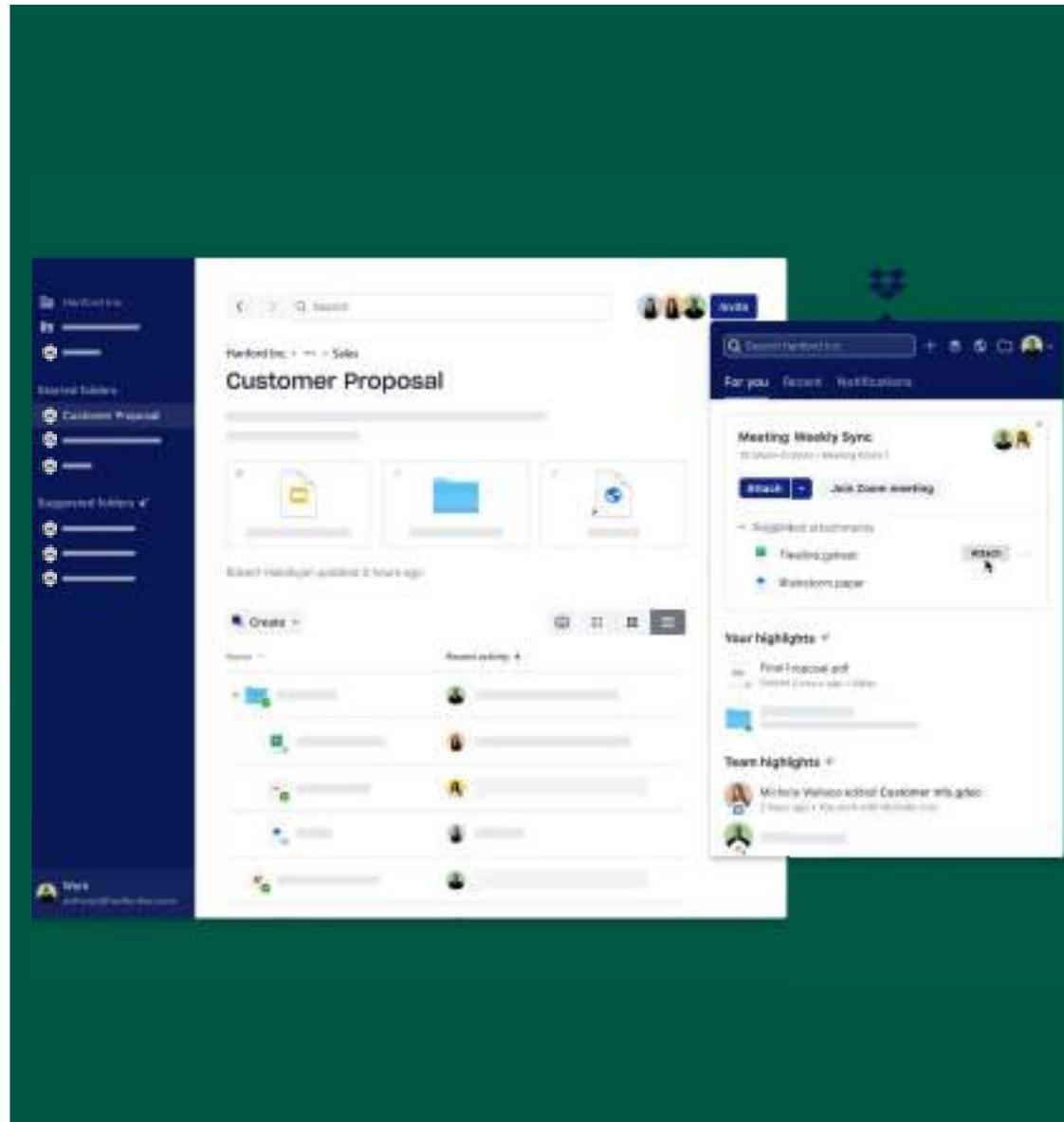
Brings together cloud content and traditional files in one place

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

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Brings people together by transforming folders into rich workspaces



# DBXi: Machine Intelligence in Action

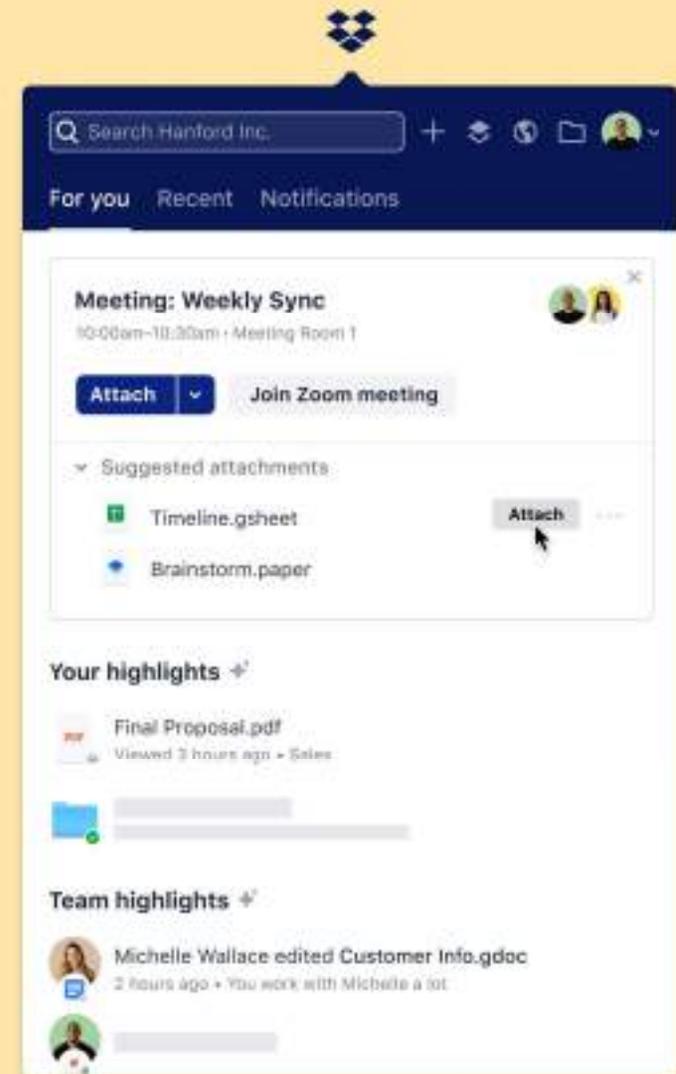
Surfaces and suggests relevant content

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Personalizes search based on activity

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Rich text and image search



# 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 project titled "Customer Proposal" under "Hanford Inc." and "Projects > 2020". The interface includes a search bar, a list of files and folders (Final proposal.pptx, Presentation assets, Trello.web), and a "Create" button. A task list is visible, with "Leadership approval" checked and "Share final proposal with customer @Angela Zhang" unchecked. A comment thread shows a comment from Daniel Smith: "Sounds good. I'll follow up with the vendor tomorrow and get back to you in more detail!" (2 minutes ago). A "Recent activity" section shows a file named "Reference.pptx" and the same comment. The interface also shows a list of members: "You, Angela Zhang & 2 other members".



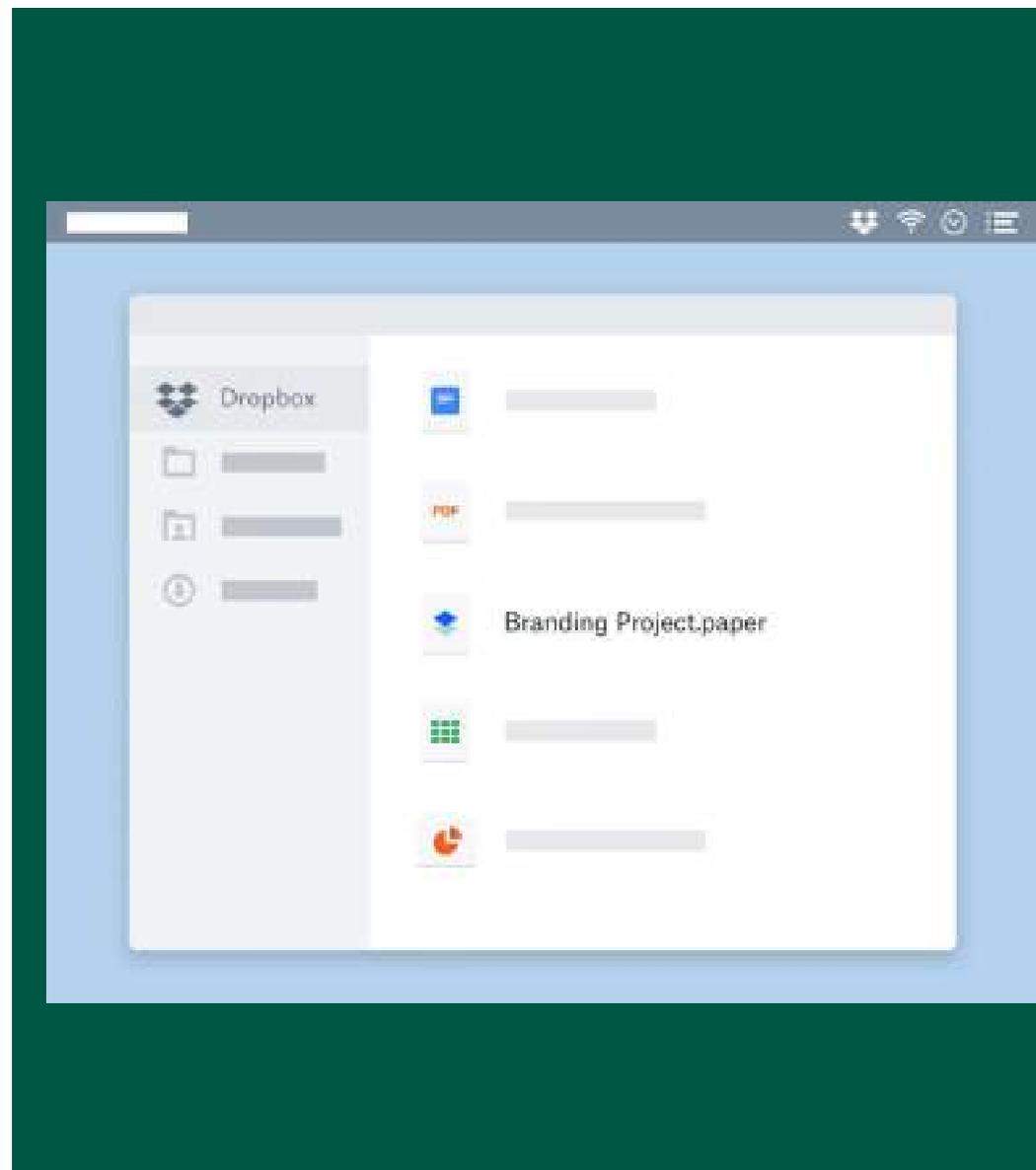
Paper now lives in the filesystem, next to Google & Office docs

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Create, store, and access Paper docs from Dropbox

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More discoverable to new users

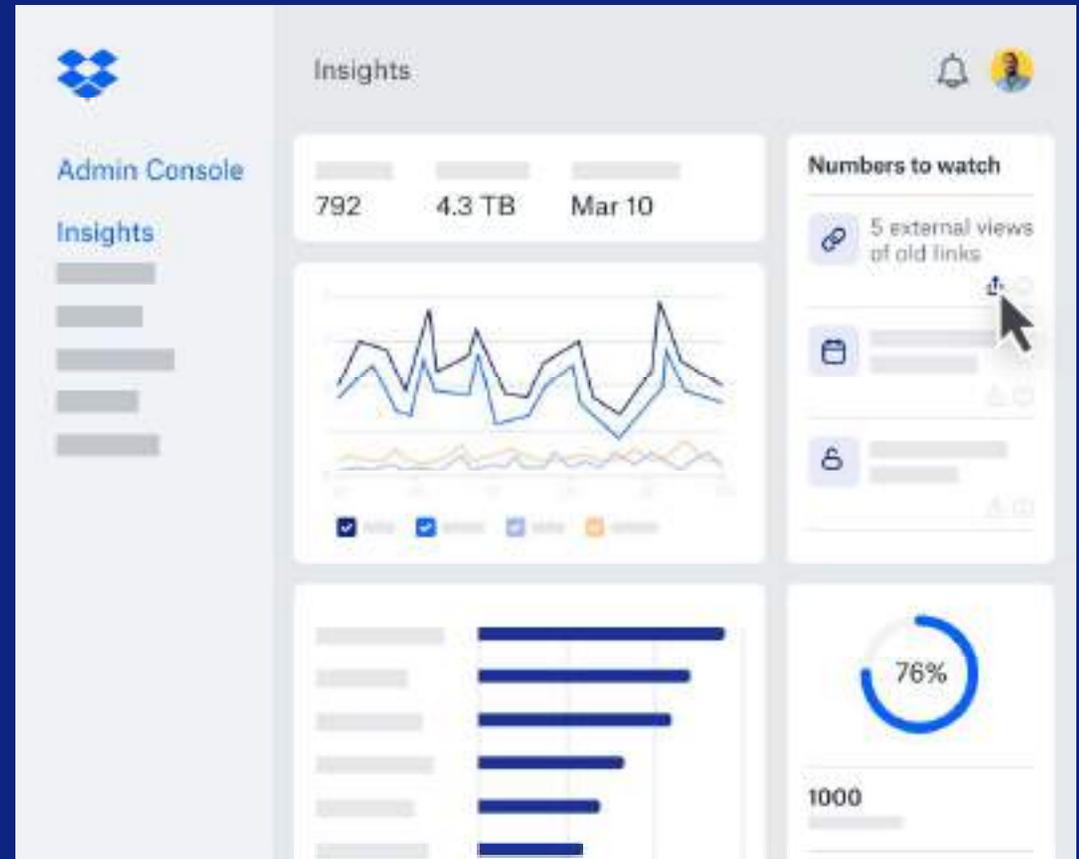


# Insights Dashboard

Simplify team management

Leverage actionable insights

Monitor sharing activity for compliance



## HelloSign integration

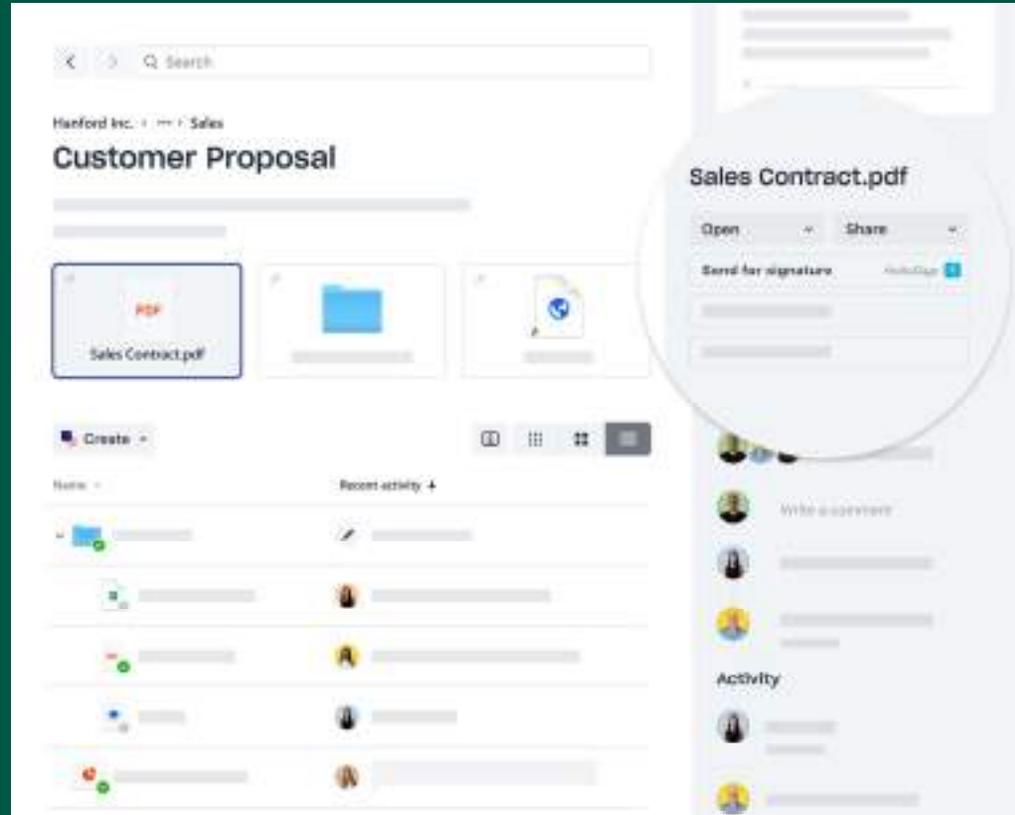
Easily sign docs from within Dropbox

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HelloSign functionality surfaced intelligently based on file-types

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Best-in-class integration

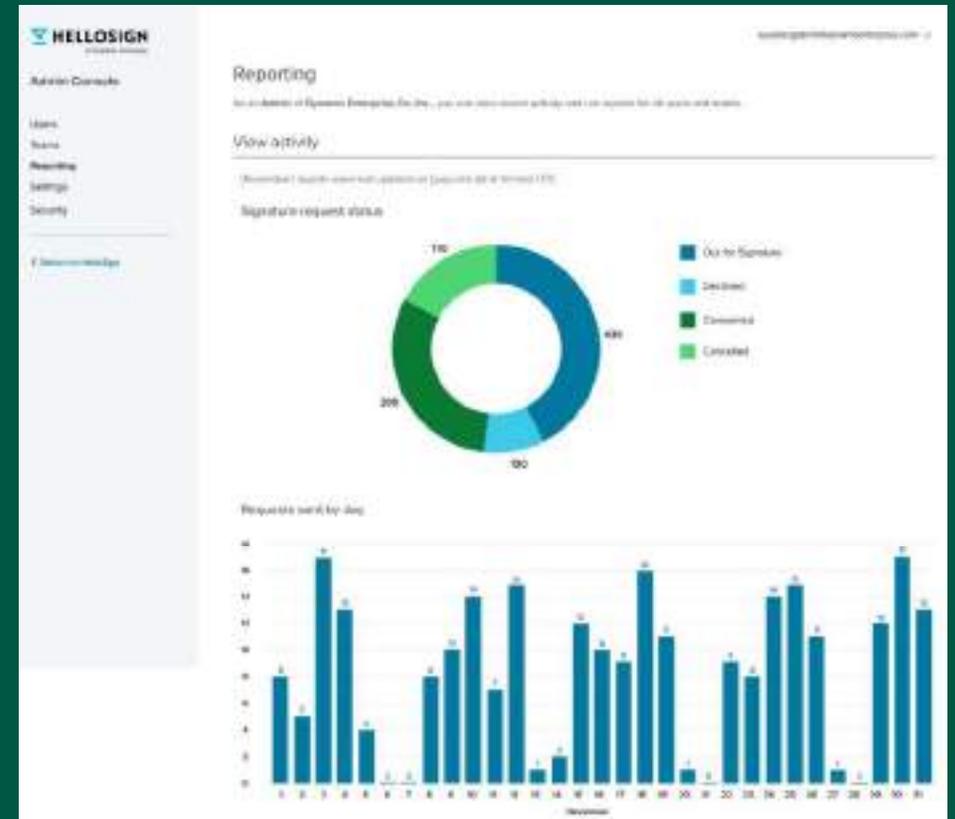


# HelloSign Admin Console

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

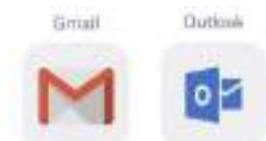
Bridge siloed tools to reduce toggling

Allow users to choose their preferred apps

## Request eSignatures



## Send emails



## Send files and faxes to teammates



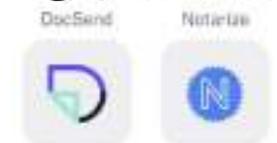
## Add files to chat messages



## Edit PDFs



## Manage document workflows



## Edit and comment on video content



## View, edit, and adjust images



## Create designs



## Submit expenses



# Dropbox Transfer

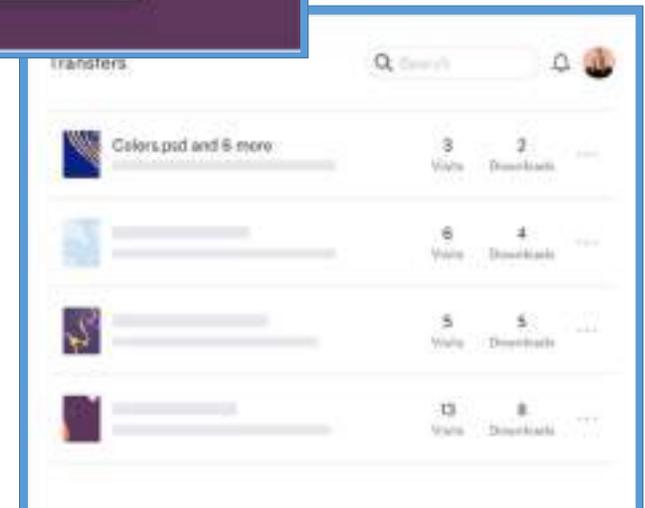
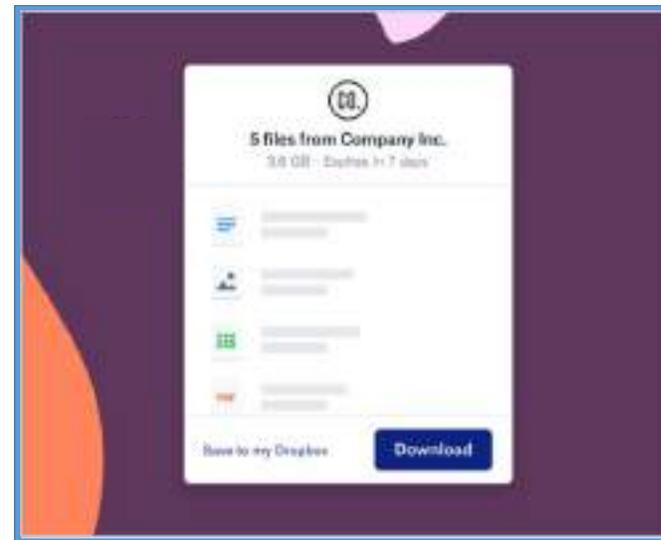
Easily and securely share large files and folders

Recipients can view, download, and comment on Transfers

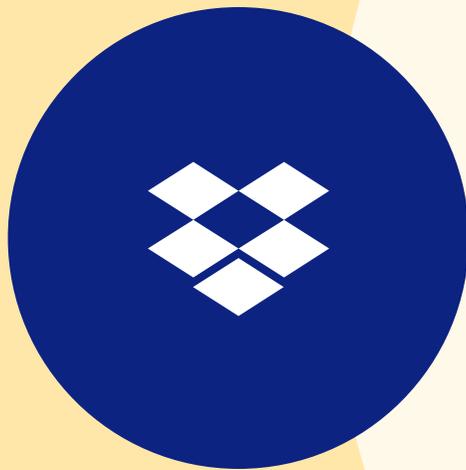
Senders receive analytics and real-time notifications around file activity

Note: Size of Transfers varies based on Dropbox plan: Basic (100GB), Plus & Standard (2TB), Professional, Advanced, Enterprise, and Education (1,000GB).

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.

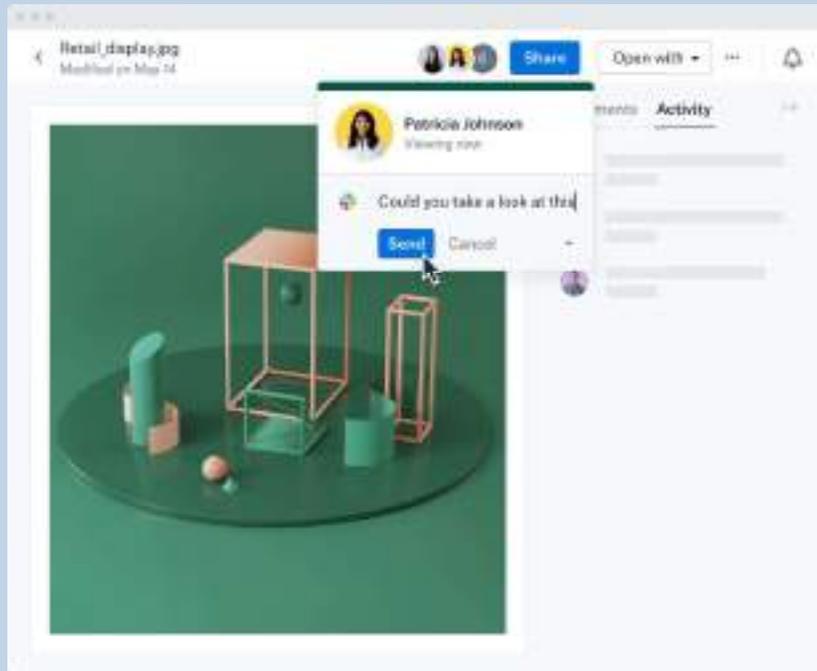


# Deep integration partners

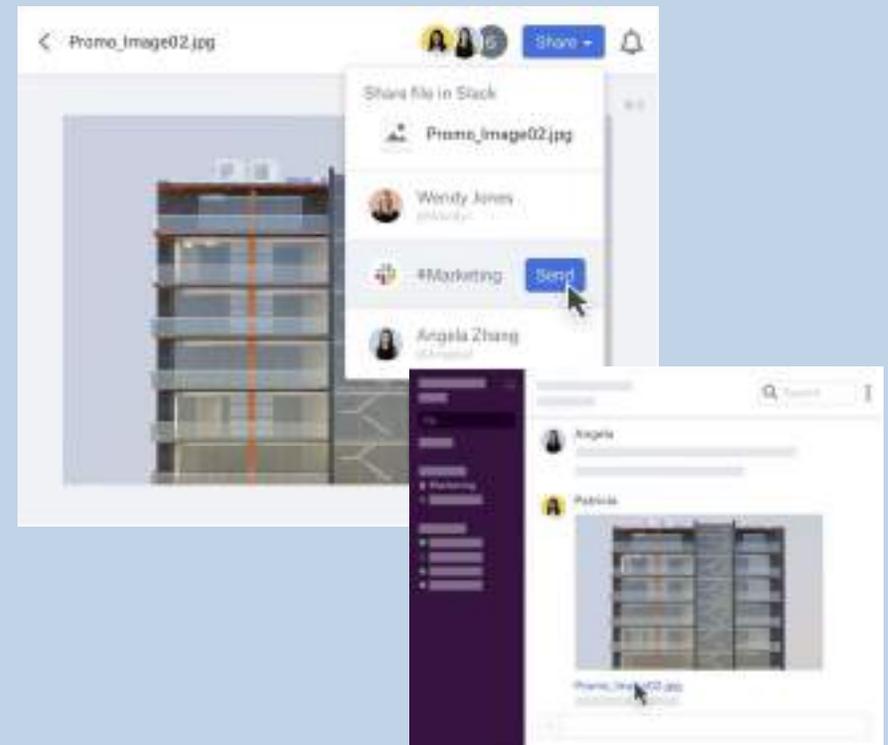


# Slack integration

Start Slack conversations from Dropbox

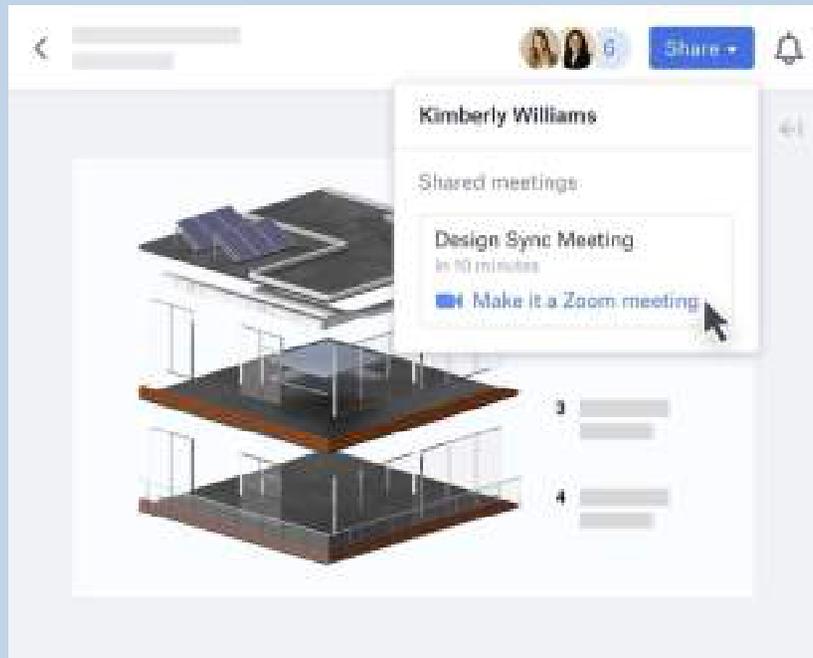


Share content to Slack from Dropbox

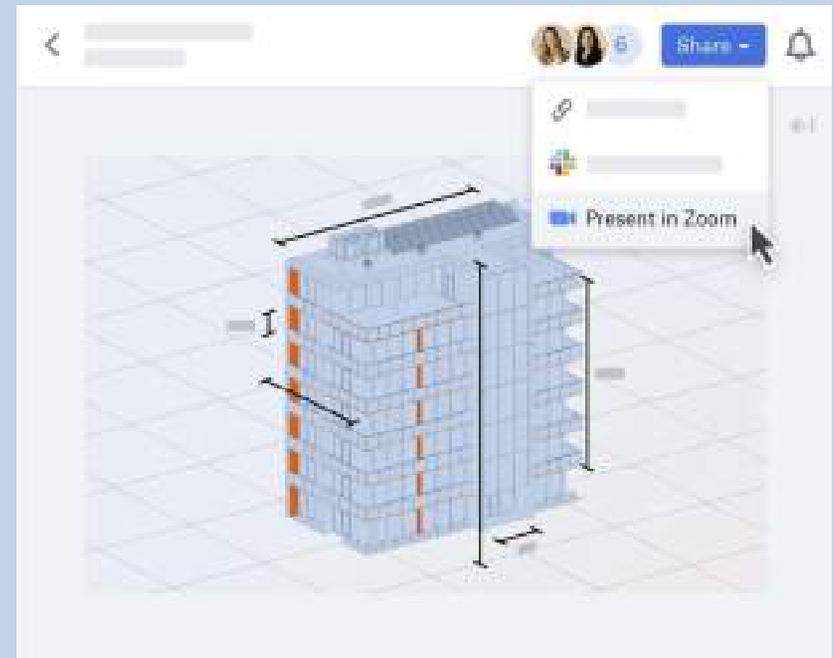


# Zoom integration

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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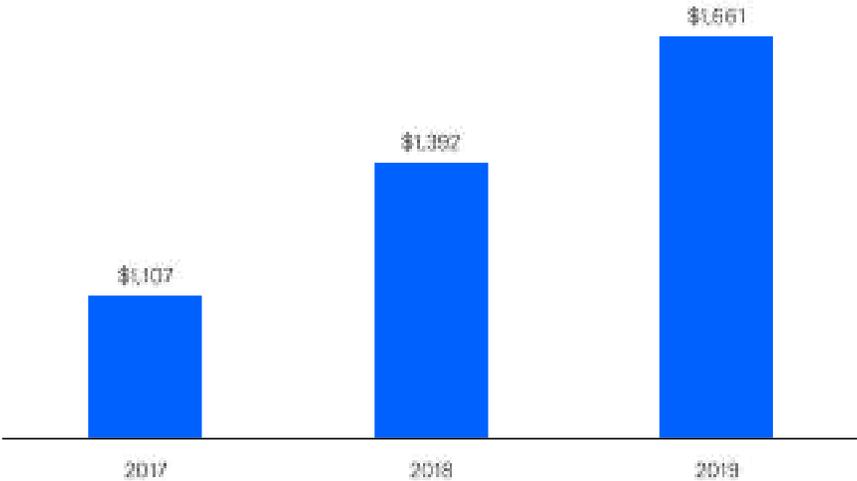
New add-on SKU sold by DBX

# Financial highlights

# Financial highlights

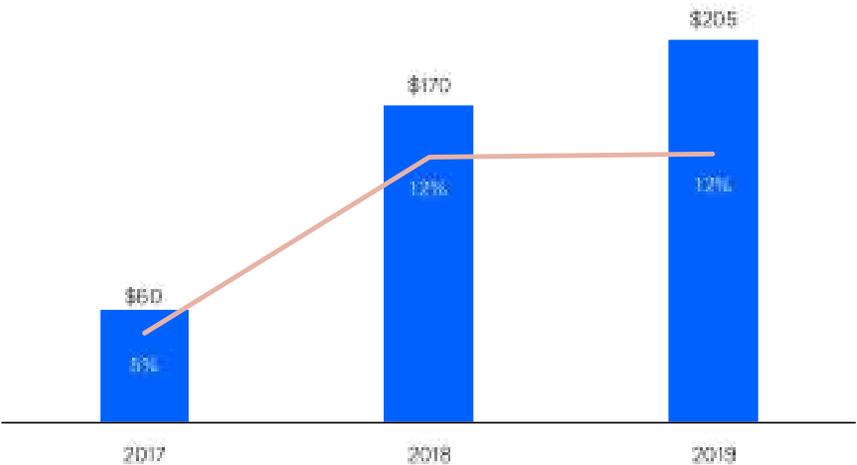
## Revenue (\$M)

19% YoY growth in 2019



## Operating income (\$M)

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

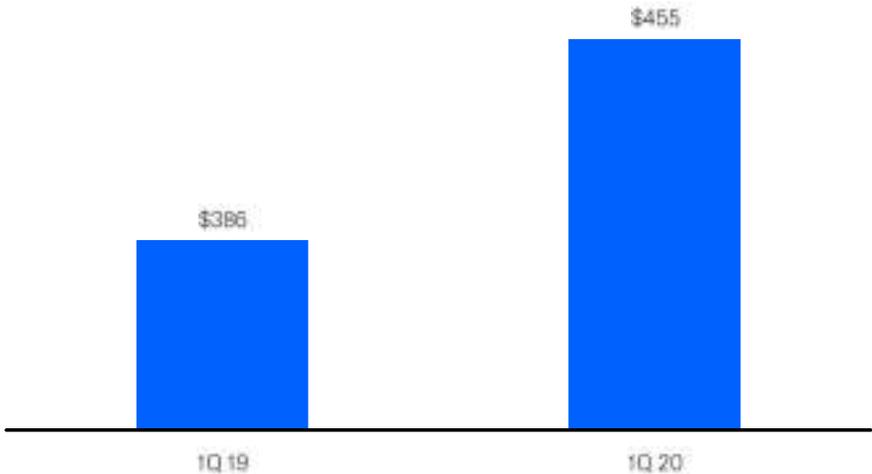


Figures presented are non-GAAP and exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

# Financial highlights

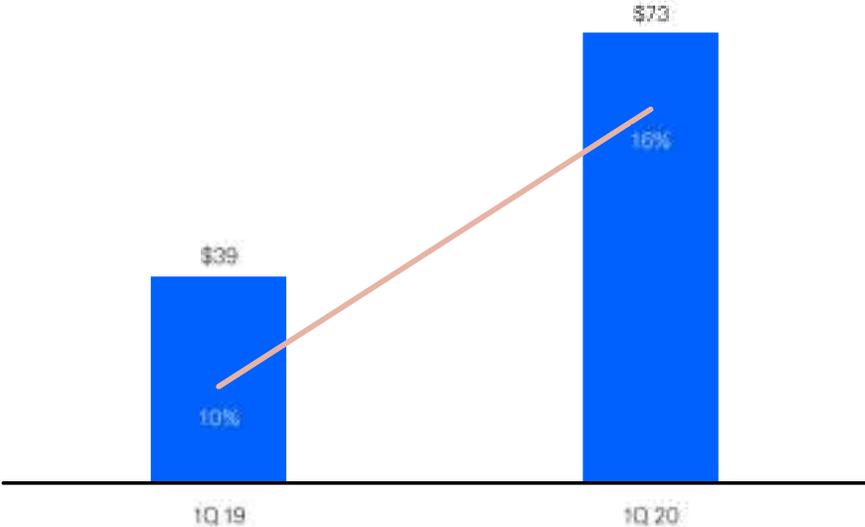
## Revenue (\$M)

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

Non-GAAP	2019	Long-term target
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 \$119.88 / year	\$19.99 / month \$199.00 / year	\$15.00 / user / month \$150.00 / user / year <small>3 users minimum</small>	\$25.00 / user / month \$240.00 / user / year <small>3 users minimum</small>	Negotiated pricing
			Everything in Plus	Everything in Professional	Everything in Standard	Everything in Advanced
		Smart Sync Dropbox Rewind Dropbox Transfer* Full text search Remote device wipe Priority email support 30 day version history	Enhanced Smart Sync Auto OCR Premium previews Watermarking Time-based comments Shared link controls 180 day version history	Team folders Admin console Granular permissions Active directory connector Enables HIPAA compliance Unlimited API access**	Business hours phone support Single sign-on integration (SSO) Audit logs Device approvals Tiered admin roles	24/7 phone support Enterprise mobility management (EMM) Network control 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 3 docs / mo	\$15 / mo 1 user 1 template	\$10 / user Minimum 5 users Starts at 5 templates	\$30 / user Minimum 5 users Unlimited templates	\$99 / mo 50 API calls 5 templates	\$249 / mo 150 API calls 15 templates	\$449 / mo 450 API calls Unlimited templates	Negotiated pricing 1,000+ API calls 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 Notifications	2-factor auth Template links Decline to sign	Custom branding In-person signing Team features	Signer attachments Advanced signing Advanced reporting Team management Master account billing HIPAA (w/ BAA) CRM/CPQ Integration**	Test mode Decline to sign Optional signers Audit trail Notifications	Embedded signing Embedded requesting Single foreign language	Multi-foreign languages Advanced signing Custom branding Signer attachments Bulk send	Embedded templates White labeling Data deletion 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 Up to 100 txns* / mo	\$299 / mo Up to 150 txns* / mo	\$399 / mo Up to 250 txns* / mo	\$699 / mo Up to 450 txns* / mo	Negotiated Pricing Starts at 1,000 txns* / mo	
Unlimited Users/Teams Unlimited Workflows Unlimited Participants HelloWorks Portal API Access Shareable Links Conditional Logic	<b>Everything in Free</b> Company Branding SMS Authentication	“	” “	”	<b>Everything in Mid Market</b> Delegated Authentication
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 5 pages	\$9.99 / mo 5 users 300 pages / mo	\$19.99 / mo 10 users 500 pages / mo	\$39.99 / mo 20 users 1,000 pages / mo	Negotiated pricing 20+ users 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** Int'l coverage Edit & sign	Email to fax Receive faxes Multi-recipient faxes 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 compensation	Acquisition-related and other expenses	Amortization of acquired intangible 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	<u>\$ 39.0</u>	<u>\$ 73.1</u>

