

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

Cloud storage
2007

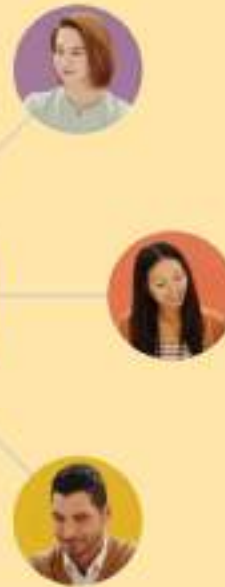
Backup & sync
File sharing
Shared folders



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

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

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

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 the Dropbox interface for a workspace named "Package Design". On the left, a dark sidebar shows the workspace hierarchy: "Papo Studio Inc." (workspace), "Angela Zhang" (user), and "Shared Folders" including "Warehouse", "Package Design" (selected), "Shipping", "Materials", and "Resources". The main content area features a search bar at the top, followed by the workspace 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, three pinned items are listed: "Present concepts to marketing @Angela Zhang" (checked), "Approve production schedule @Daniel Smith", and "Final concept selection by June 4". Three file thumbnails are shown: "Production.gslides", "Box Samples", and "Materials.pdf" (which is highlighted with a blue border). A timestamp indicates the workspace was "Updated just now by Angela Z". Below the files, a table lists the workspace's contents: "7 folders, 5 files". The table has columns for "Name" and "Modified". The listed items are "Package Dimensions.gsheet" (modified 2:34 PM), "Earth-Friendly Materials" (modified 1:04 PM), and "Box Samples" (modified 1:04 PM). At the bottom of the main area, a breadcrumb trail shows "Papo Studio Inc. > Package Design". On the right side, a preview of the "Materials.pdf" file is shown, along with a comment section where users can write comments. Below the comments, an "Activity" section shows recent actions: "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

Production.gslides Box Samples Materials.pdf

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 |

Papo Studio Inc. > Package Design

Materials.pdf
12 MB • Modified 5 hours ago

Write a comment

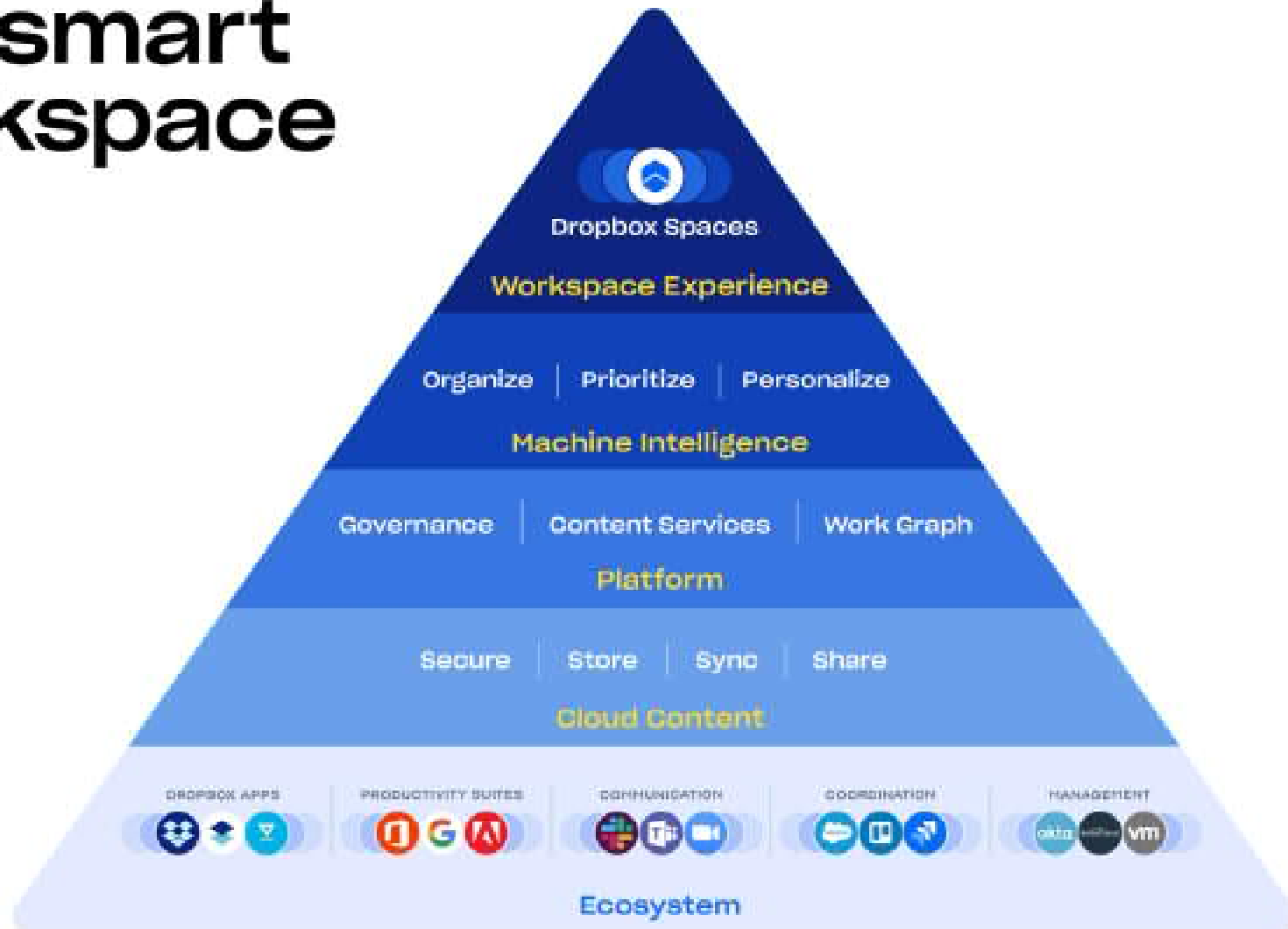
@Angela Zhang Thanks for sharing! Option #2 is my...

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 2 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

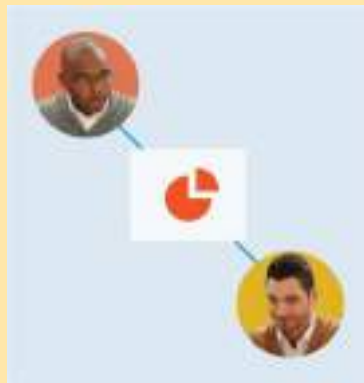
Live side-by-side

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

Growth drivers

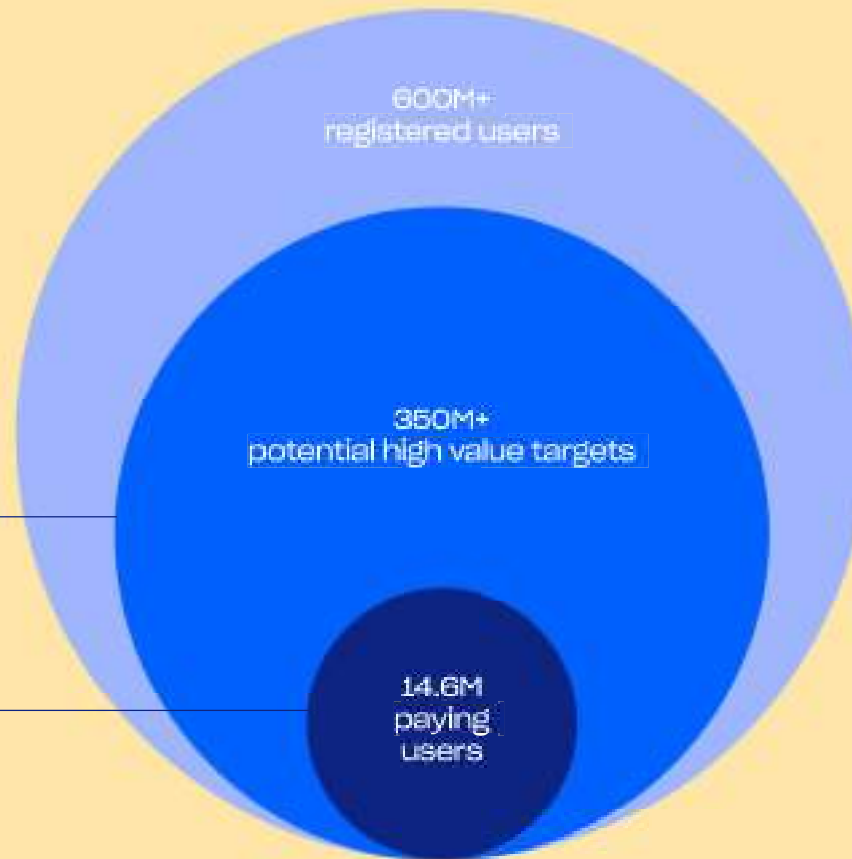
Execute

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

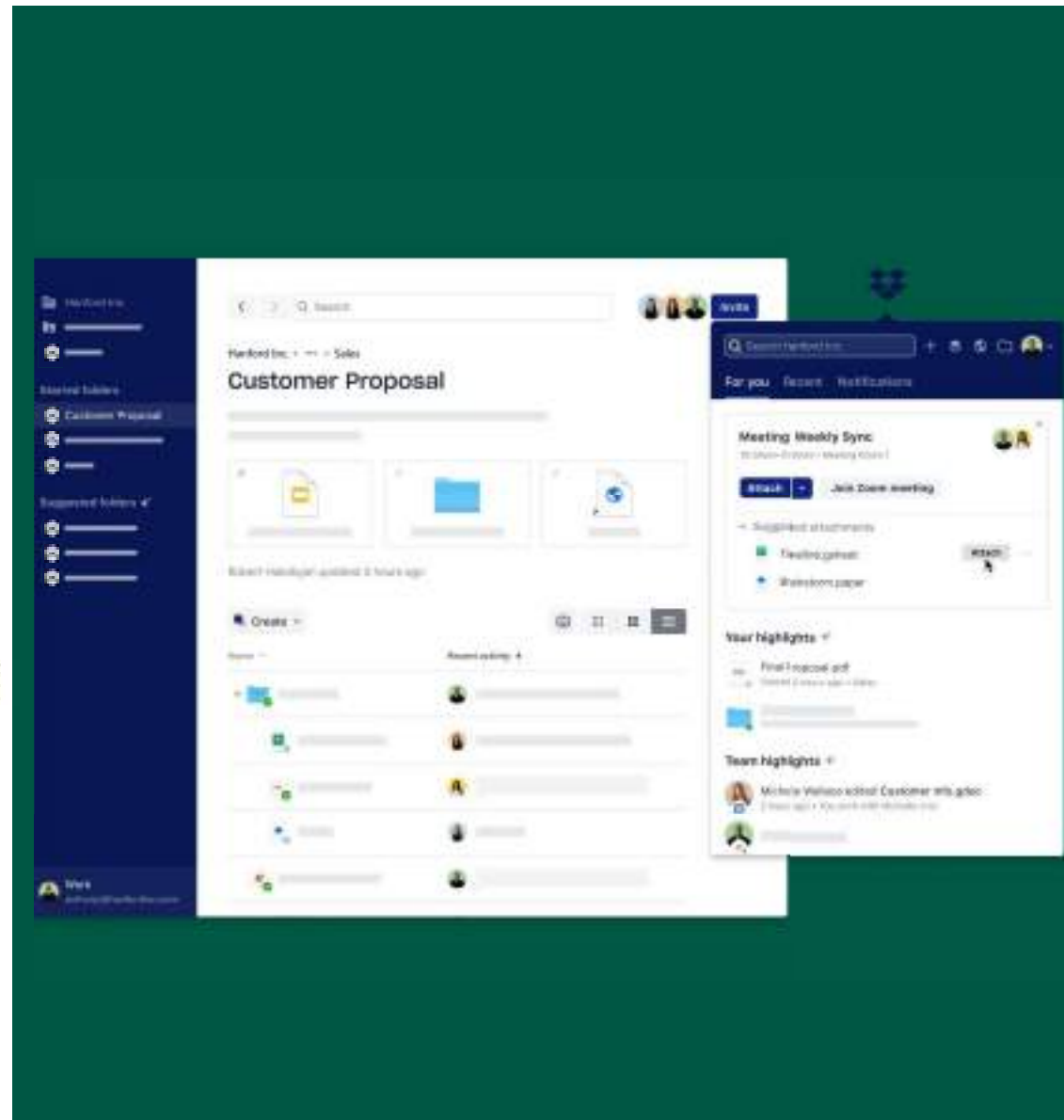
Product highlights

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

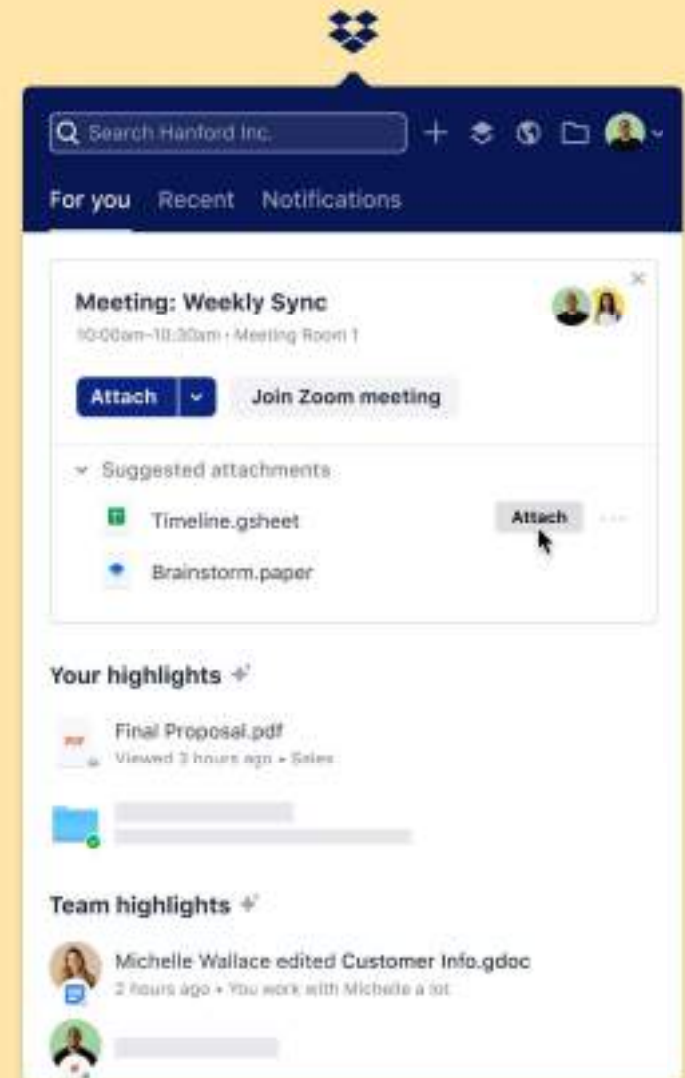


DBXi: Machine Intelligence in Action

Surfaces and suggests relevant content

Personalizes search based on activity

Rich text and image search

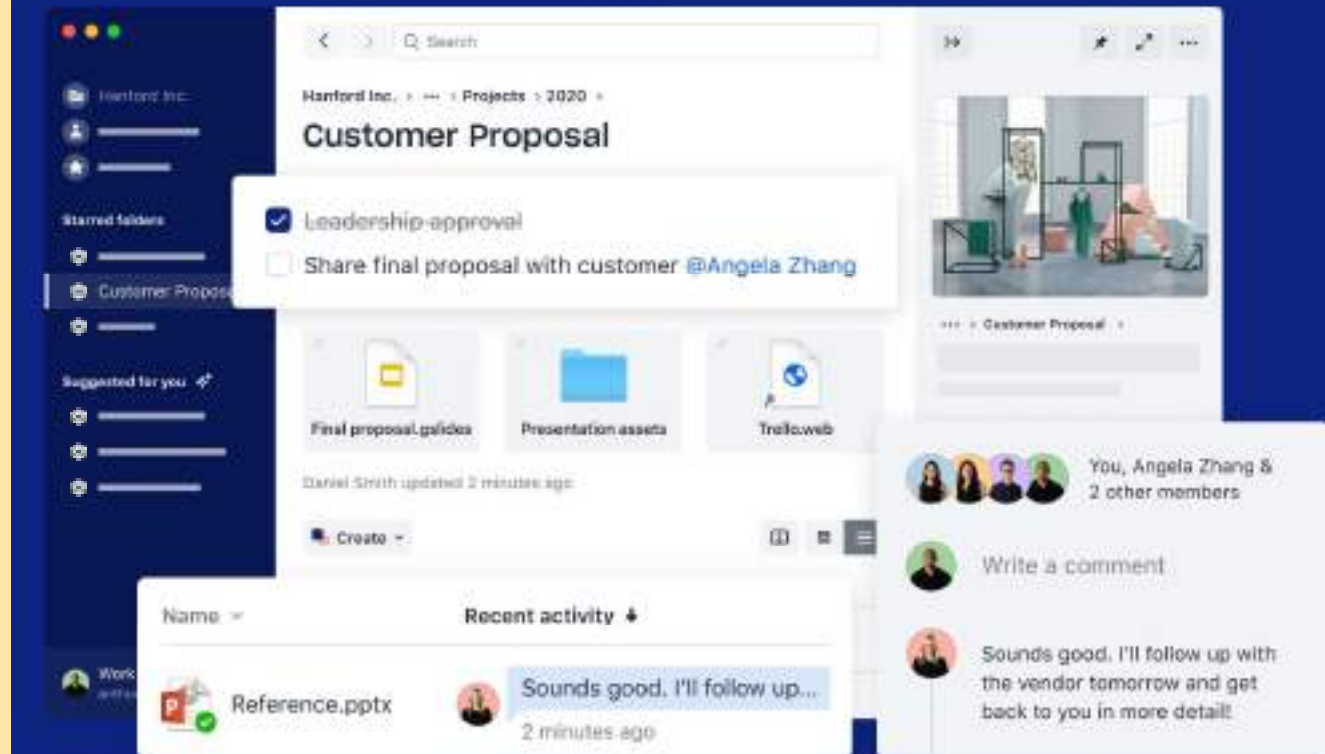


Dropbox Spaces

Add context to content with descriptions and to-dos

Track progress on shared work with notifications

Create, view, and resolve comments

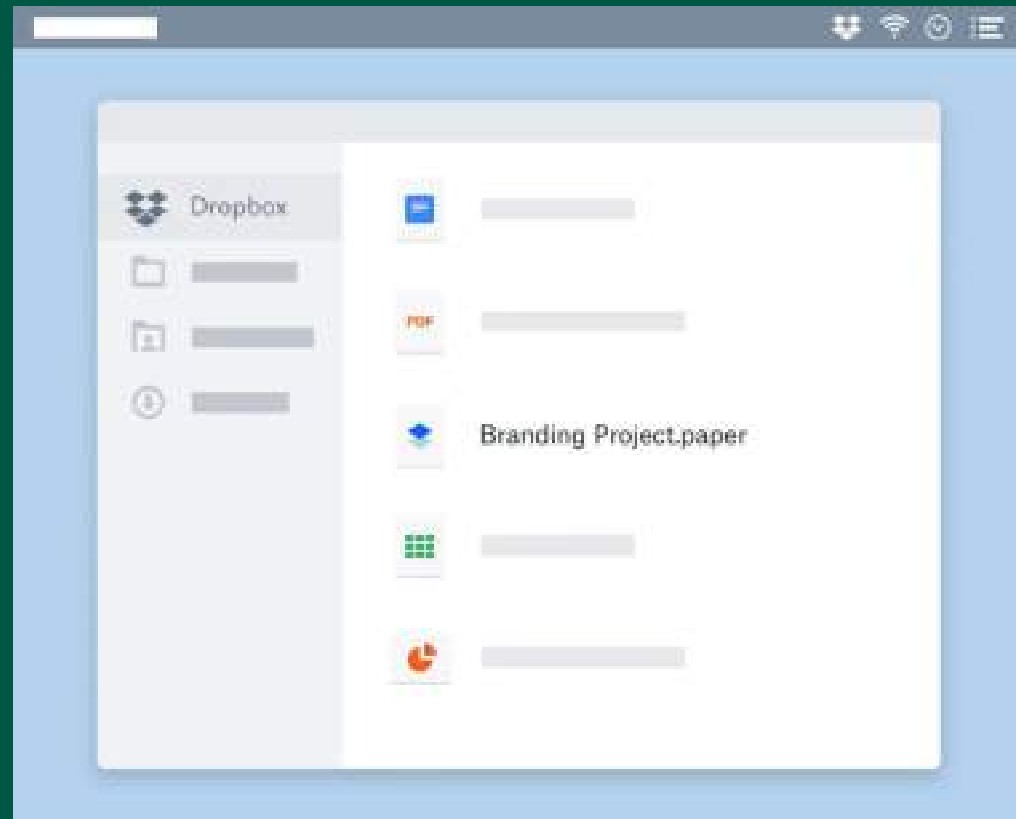




Paper now lives in the filesystem, next to Google & Office docs

Create, store, and access Paper docs from Dropbox

More discoverable to new users

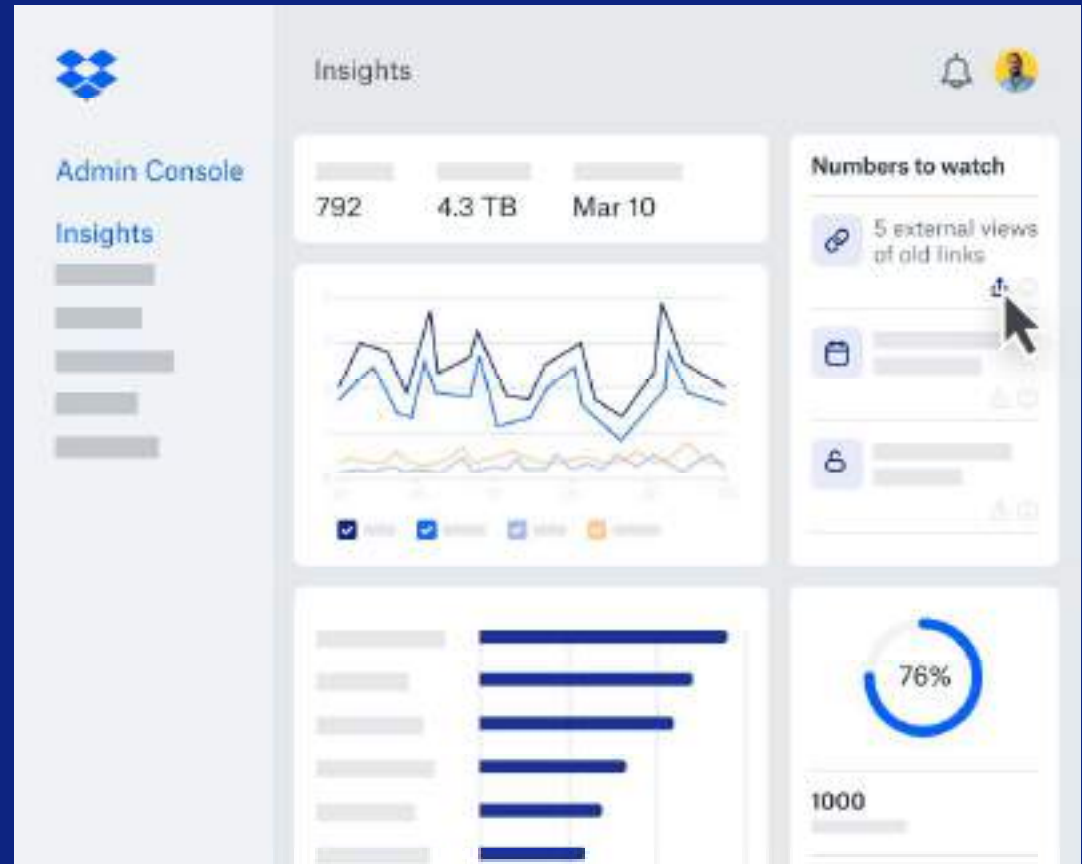


Insights Dashboard

Simplify team management

Leverage actionable insights

Monitor sharing activity for compliance

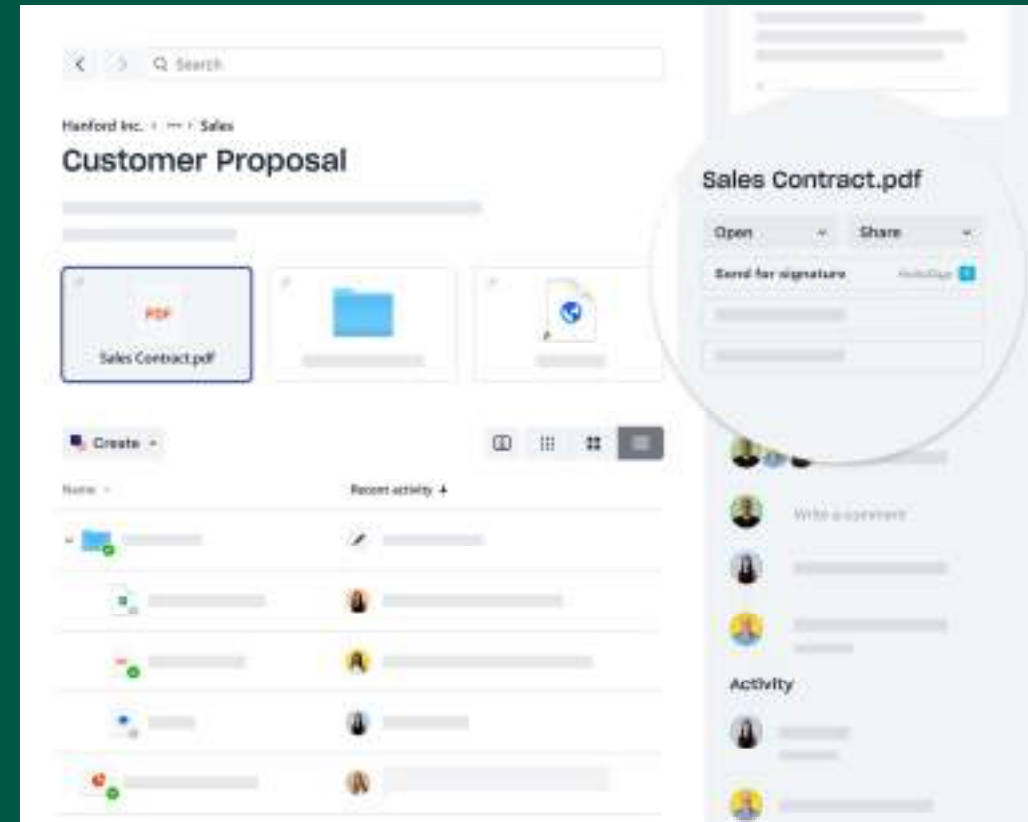


▽ HelloSign integration

Easily sign docs from within Dropbox

HelloSign functionality surfaced intelligently based on file-types

Best-in-class integration

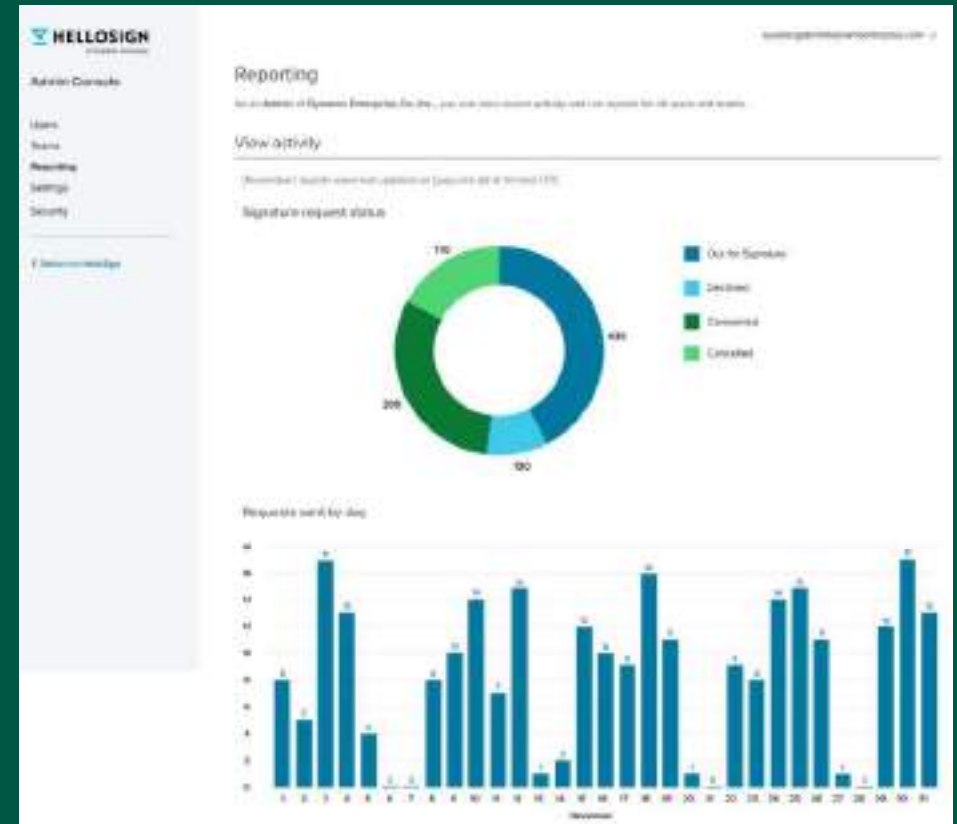


HelloSign Admin Console

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

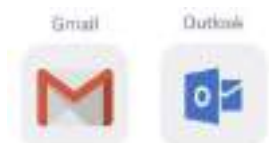
Bridge siloed tools to reduce toggling

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

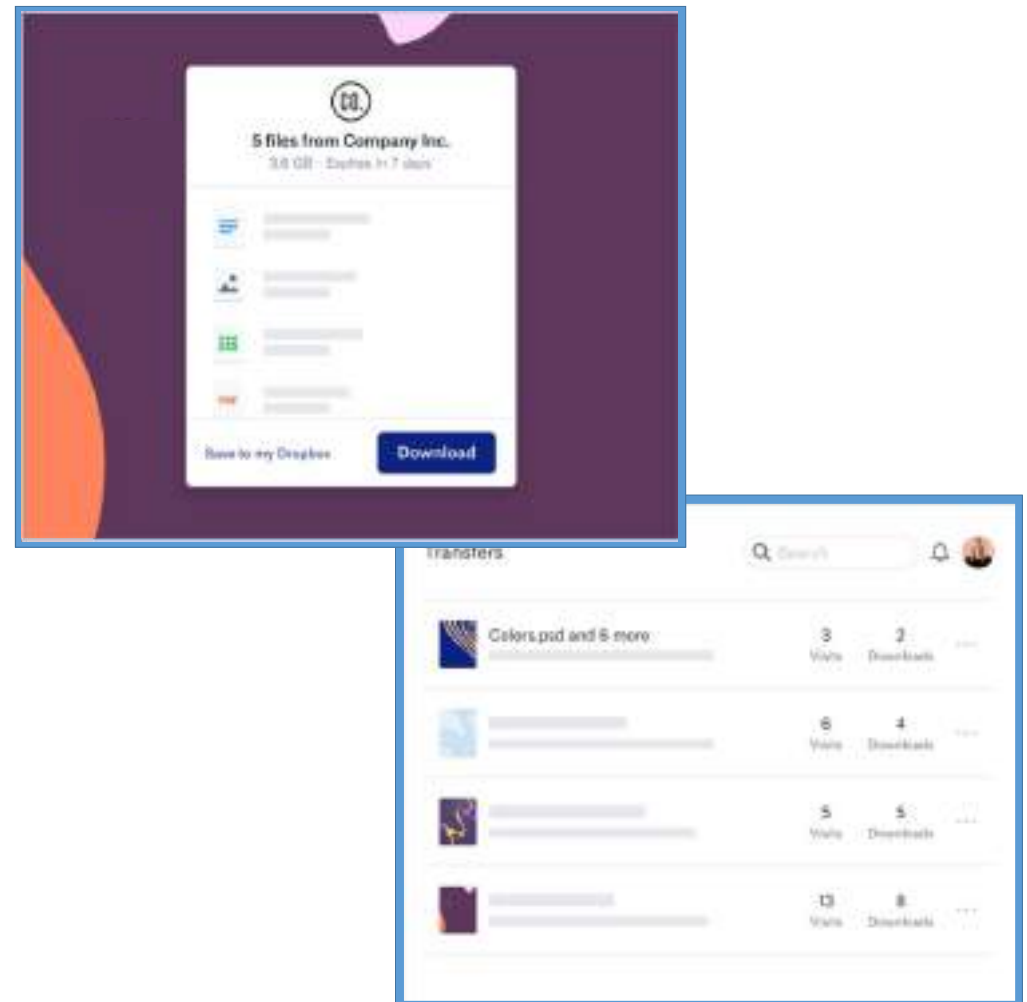
Easily and securely share large files and folders

Recipients can view, download, and comment on Transfers

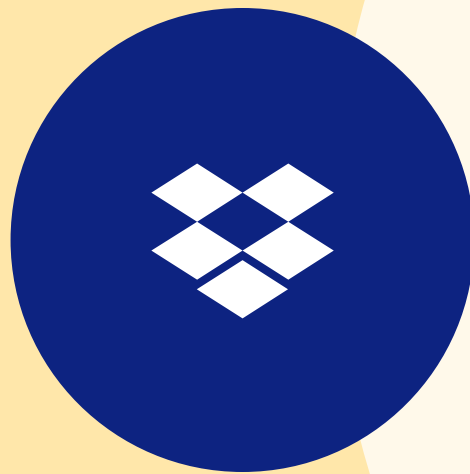
Senders receive analytics and real-time notifications around file activity

Note: Size of Transfers varies based on Dropbox plan: Basic (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



zoom



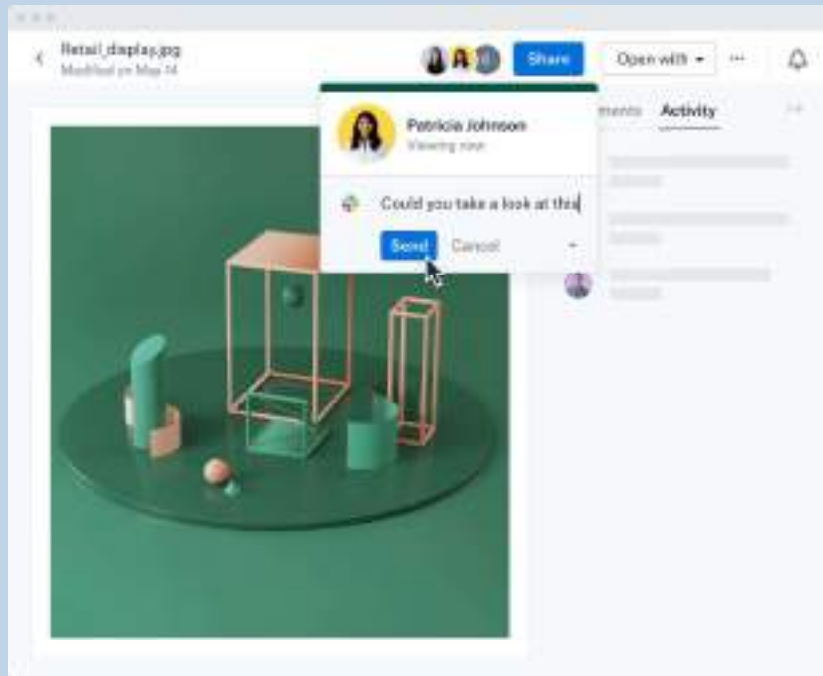
ATLASSIAN

BetterCloud

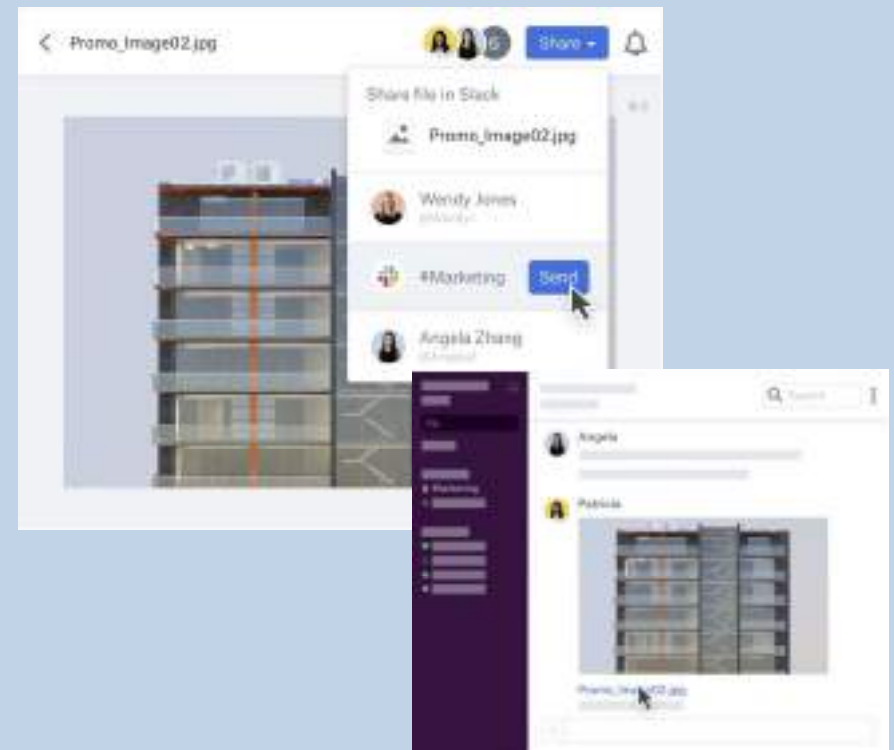


Slack integration

Start Slack conversations from Dropbox

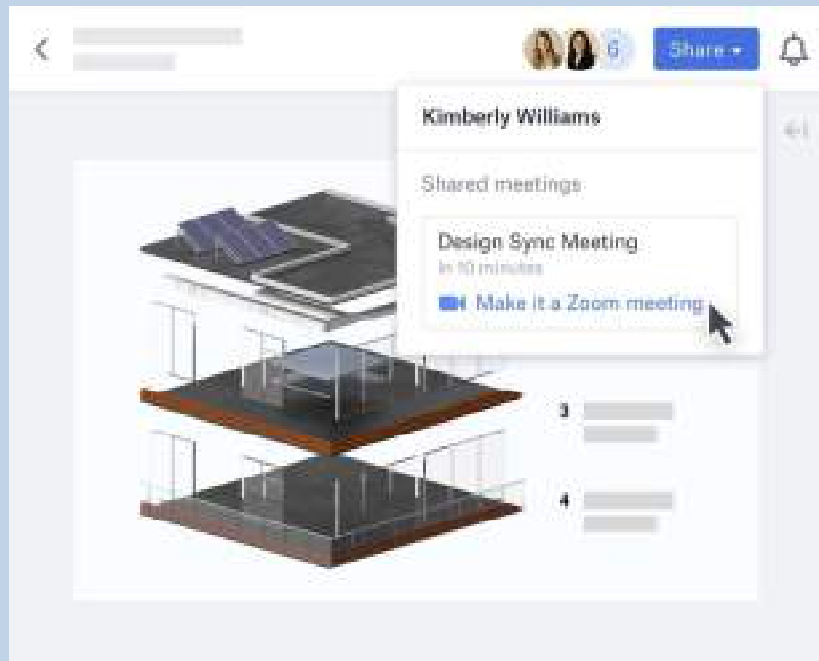


Share content to Slack from Dropbox

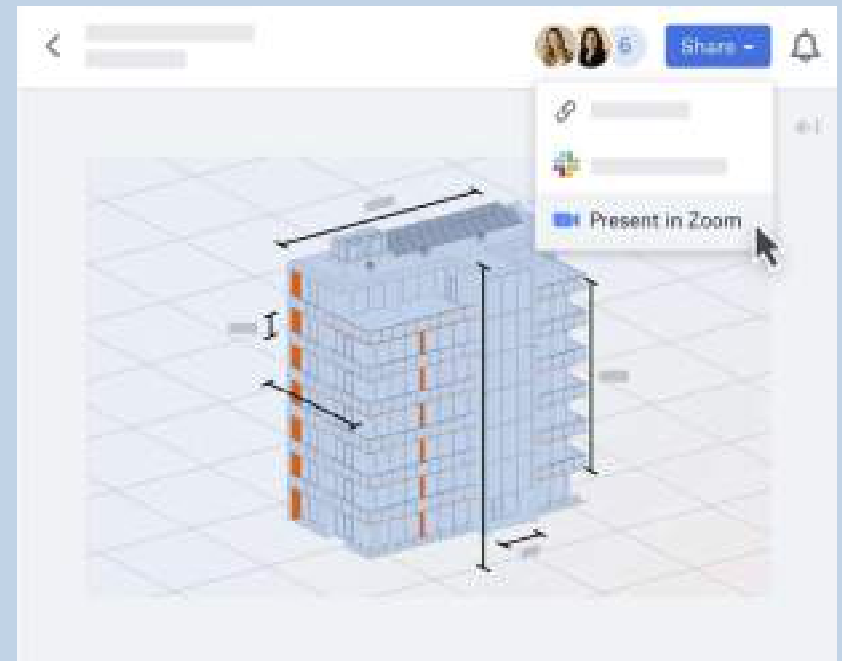


Zoom integration

Start Zoom meetings from Dropbox



Present Dropbox content via Zoom



Data protection & orchestration



Automated workflows for account capture, onboarding, & offboarding

Data loss prevention

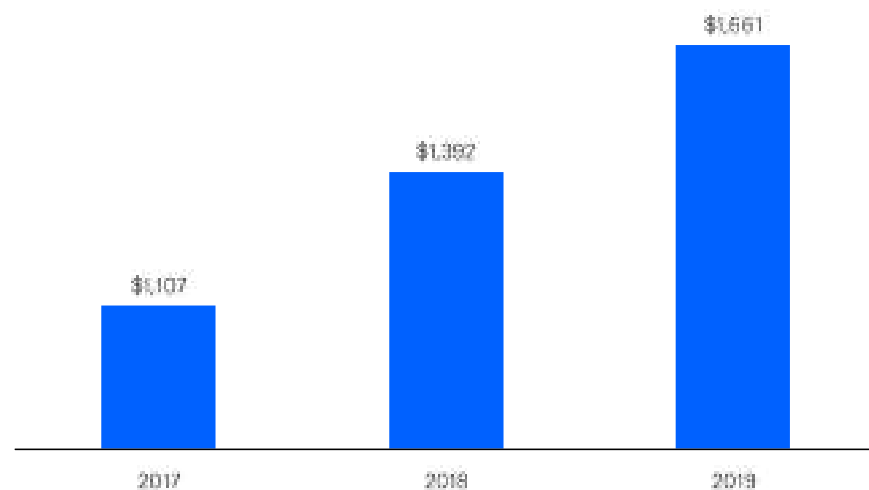
New add-on SKU sold by DBX

Financial highlights

Financial highlights

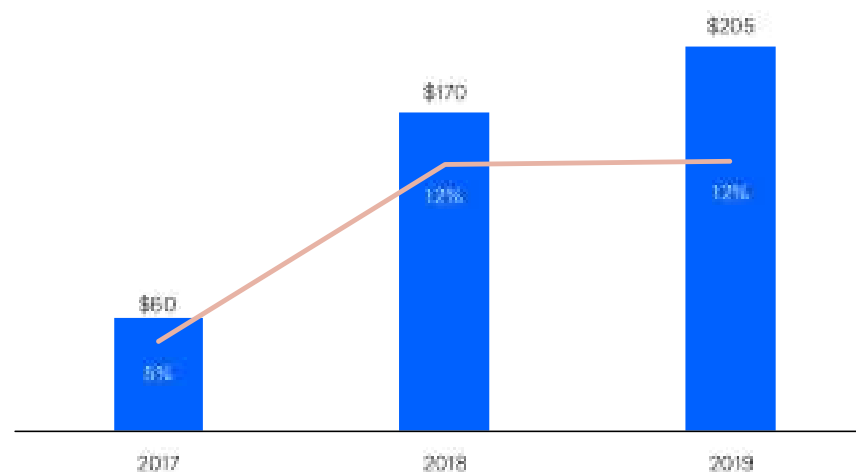
Revenue (\$M)

19% YoY growth in 2019



Operating income (\$M)

Non-GAAP operating income
Non-GAAP operating margin

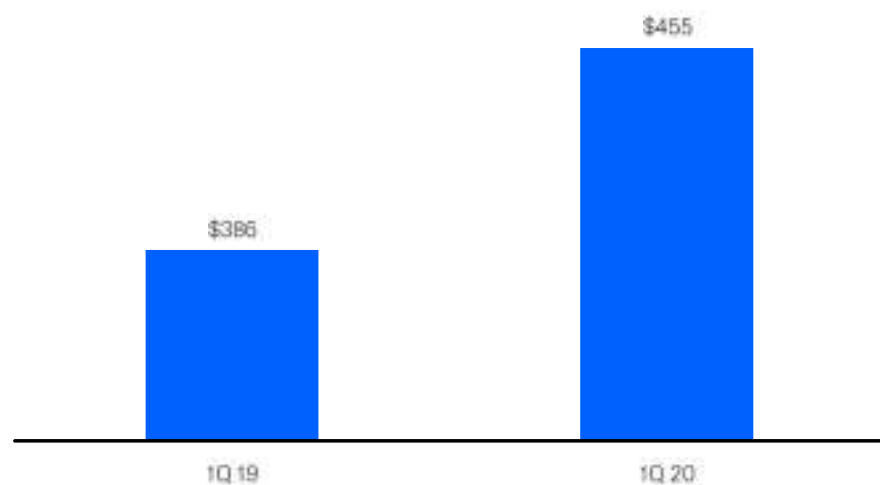


Figures presented are non-GAAP and exclude stock-based compensation expense and certain non-recurring adjustments. See appendix for non-GAAP reconciliation.

Financial highlights

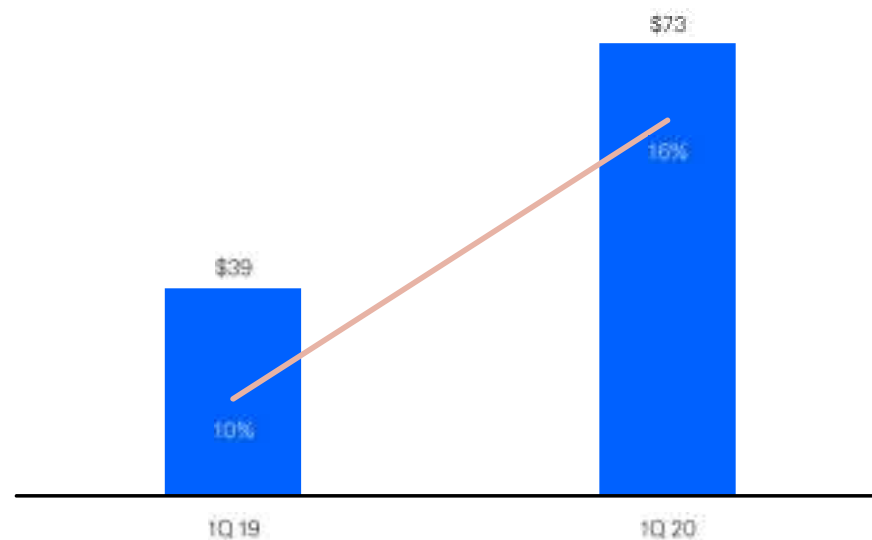
Revenue (\$M)

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



| 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 |
| Everything in Free Audit trail Notifications | | | | Everything in Bronze Test mode Decline to sign Optional signers Audit trail Notifications | | | |
| Everything in Pro Custom branding In-person signing Team features | | | | Everything in Silver Multi-foreign languages Advanced signing Custom branding Signer attachments Bulk send | | | |
| Everything in Business Signer attachments Advanced signing Advanced reporting Team management Master account billing HIPAA (w/ BAA) CRM/CPQ Integration** | | | | Everything in Gold 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 | Everything in Free Company Branding SMS Authentication | “ | ” “ | ” Everything in Mid Market 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 |
| | Everything in Free | Everything in Home Office | Everything in Professional | Everything in Small Business |
| 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% |

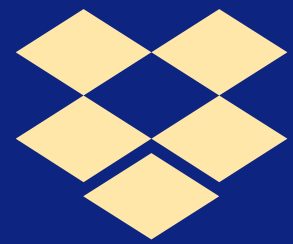
Non-GAAP reconciliation

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> |



Dropbox