

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-0138832

(I.R.S. Employer
Identification Number)

Dropbox, Inc.

1800 Owens Street

San Francisco, California 94158

(Address of principal executive offices, including zip code)

(415) 930-7766

(Registrant's telephone number, including area code)

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Class A Common Stock, par value \$0.00001 per share	DBX	The NASDAQ Stock Market LLC
<u>Securities registered pursuant to Section 12(g) of the Act</u>		
None		

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Yes ☐ No ☒

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Class A common stock held by non-affiliates of the registrant, based on the closing price of a share of the registrant's Class A common stock on June 30, 2024 as reported by the NASDAQ Global Select Market on such date was approximately \$ 3,488.1 million. Shares of the registrant's Class A common stock held by each executive officer, director and holder of 5% or more of the outstanding Class A common stock have been excluded as such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

As of February 18, 2025, there were 224,824,684 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 and 142,548 shares of Class A common stock subject to restricted stock awards that were granted to other Dropbox executives and vest upon the satisfaction of a service condition), 76,925,771 shares of the registrant's Class B common stock outstanding, and no shares of the registrant's Class C common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to the 2025 Annual Meeting of Stockholders are incorporated herein by references in Part II and Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2024.

TABLE OF CONTENTS

	<u>Page</u>
Part I	
Item 1. Business	6
Item 1A. Risk Factors	15
Item 1B. Unresolved Staff Comments	44
Item 1C. Cybersecurity	44
Item 2. Properties	45
Item 3. Legal Proceedings	45
Item 4. Mine Safety Disclosures	46
Part II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47
Item 6. [Reserved]	48
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	49
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	67
Item 8. Financial Statements and Supplementary Data	68
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	112
Item 9A. Controls and Procedures	112
Item 9B. Other Information	113
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	113
Part III	
Item 10. Directors, Executive Officers and Corporate Governance	114
Item 11. Executive Compensation	114
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	114
Item 13. Certain Relationships and Related Transactions, and Director Independence	114
Item 14. Principal Accountant Fees and Services	114
Part IV	
Item 15. Exhibits, Financial Statement Schedules	115
Item 16. Form 10-K Summary	118

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K include, but are not limited to, statements about:

- Our ability to retain and upgrade paying users;
- Our ability to attract new users or convert registered 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, including the impact of the incident we experienced in April 2024;
- 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 expectations regarding general economic, political, and market trends and their respective impacts on our business;
- 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 in light of our workforce reductions and as a result of our Virtual First 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;
- The effects of new or modified laws, policies, taxes, and regulations on our business;
- Our ability to maintain, protect, and enhance our intellectual property;

[Table of Contents](#)

- The sufficiency of our cash and cash equivalents to meet our liquidity needs; and
- Acquisitions of companies and assets.

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

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K. 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K 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-K and our other filings with the Securities and Exchange Commission ("SEC") before making an investment decision regarding our Class A common stock.

- Our business depends on our ability to retain and upgrade paying users, and any decline in renewals or upgrades could adversely affect our future results of operations.
- Our future growth could be harmed if we fail to attract new users or convert registered users to paying users.
- We have in the past and may continue to experience privacy and data security breaches or incidents.
- Our rate of growth has declined in past periods. If we do not successfully execute our plan for future growth, our growth rate may continue to decline and we may experience negative growth.
- 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.
- 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.
- 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 workforce and the long-term impact of this model on our financial results and business operations remains uncertain.
- Our lack of a significant outbound sales force may limit the potential growth of our business.
- Our revenue growth rate has declined in recent periods and may continue to slow in the future.
- 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, 2026 Notes 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, 2026 Notes, or 2028 Notes.

PART I.

ITEM 1. BUSINESS

Overview

Dropbox, Inc. (the “Company”, “we”, or “us”) is the one place to keep life organized and keep work moving.

We were founded in 2007 with a simple idea: Life would be a lot better if everyone could access their most important information anytime from any device. For over a decade, we’ve largely accomplished that mission by building tools to help people work from anywhere—and along the way we recognized that for most of our users, sharing and collaborating on the Dropbox, Inc. platform (“Dropbox”) was even more valuable than storing files.

Our market opportunity grew as we’ve expanded from keeping files in sync to keeping teams in sync. Today, we are well-positioned to reimagine the way work gets done. We’re focusing on reducing the inordinate amount of time and energy the world spends on “work about work”—tedious tasks like searching for content, switching between applications, and managing workflows. We believe the need for our platform will continue to grow as teams become more fluid and global, and content is increasingly fragmented across incompatible tools and devices. Dropbox breaks down silos by centralizing the flow of information between the products and services our users prefer, even if they’re not our own. 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 18.22 million paying users as of December 31, 2024.

What Sets Us Apart

From our founding, we’ve focused on simplifying the lives of our users. In a world where business software can be frustrating to use, challenging to integrate, and expensive to sell, we take a different approach. As businesses around the world adapt to a distributed environment, we are at the forefront of developing the technology to support them. We provide tools to help distributed teams prioritize, get organized, and keep work moving securely—from anywhere.

Simple and intuitive design

While traditional tools developed in the desktop age have struggled to keep up with evolving user demands, Dropbox was designed for the cloud era. We build simple, beautiful products that bring joy to our users and make it easier for them to do their best work.

Open ecosystem

Because people use a wide variety of devices, tools and platforms, Dropbox works across the devices, operating systems, and apps users want—from Android to iOS, Windows, Mac, desktop, and mobile. We also integrate seamlessly with other products, integrating with partners including Microsoft, Zoom, Slack (now part of Salesforce), BetterCloud, Atlassian, and Google.

Viral, bottom-up adoption

Every year, millions of users sign up for Dropbox. Bottom-up adoption within organizations has been critical to our strategy and success as users increasingly choose their own tools at work. We generate over 90% of our revenue from self-serve channels—users who purchase a subscription through our app or website.

Performance and security

Our custom-built infrastructure allows us to maintain high standards of performance, availability, and security. Dropbox is built on proprietary, block-level sync technology to achieve industry-leading performance. We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. We also offer numerous layers of protection, from secure file data transfer and encryption to network configuration and application-level controls.

Our Solution

Dropbox allows individuals, teams, and organizations to collaborate more effectively and focus on the work that matters. Anyone can sign up for free through our website or app, and upgrade to a paid subscription plan for premium features. 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, industrial, 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.

Key elements of our platform

- *Unified home for content.* We provide a unified home for the world's content and the relevant context around it. To date, our users have added hundreds of billions of pieces of content to Dropbox, totaling over multiple exabytes of data. When users adopt the Dropbox platform, they gain access to a digital workspace that supports the full content lifecycle—they can create and organize their content, access it from anywhere, share it with internal and external collaborators, and review feedback and history.
- *Global sharing network.* We've built one of the largest collaboration platforms in the world. We cater to the needs of dynamic, dispersed teams. The overwhelming majority of our customers use Dropbox to share and collaborate. More users benefit from frictionless sharing, and powerful network effects increase the utility and stickiness of our platform.
- *Product experiences and integrations.* The insights we glean from our community of users and our deep integrations with best-of-breed companies lead us to develop or acquire new product experiences and extend the capabilities of our platform. Products like Dropbox Passwords, Dropbox Backup, Dropbox Sign, DocSend, Dropbox Dash for Business ("Dash"), Dropbox Replay, Dropbox Transfer, and Reclaim.ai, Inc. ("Reclaim") and deep integrations with companies like Microsoft, Zoom, Atlassian, Slack (now part of Salesforce), and BetterCloud help us provide our users with the functionality they need to do their best work. Machine learning further improves the user experience by enabling more intelligent search, better organization, and utility of information. We have also made investments in developing products that will incorporate artificial intelligence ("AI") technologies, further expanding the value of our platform and deepening user engagement. Additionally, our strategic partnerships with AI-focused companies strengthen our ability to drive AI-powered innovation and reimagine digital collaboration.

These elements reinforce one another to produce a powerful flywheel effect. As users create and share more content with more people, they expand our global sharing network. This network allows us to gather insights and feedback that help us create new product experiences. And with our scale, we can instantly put these innovations in the hands of millions. This, in turn, helps attract more users and content, which further propels the flywheel.

Our Capabilities

Dropbox is a single organized place where individuals and teams can create content, access it from anywhere, and share it with collaborators. The power of our platform lies in the breadth of our capabilities and the diverse ways our users make Dropbox work for them. We monetize through a range of subscription plans. Our platform capabilities are described below:

Create

Paper. With Dropbox Paper, users can co-author content, tag others, create timelines, assign tasks with due dates, embed and comment on files, tables, checklists, code snippets, and rich media—all in real-time. We designed Paper to be simple and beautiful so users can focus on the most important ideas and tasks at hand.

Doc scanner. The doc scanner in our mobile app lets users create content in Dropbox from hard copies. This includes transforming everything from printed materials to whiteboard brainstorming sessions into digital documents that users can edit and share. We apply proprietary machine learning techniques to automatically detect the document being scanned, extract it from the background, fit it to a rectangular shape, remove shadows, adjust the contrast, and save it as a PDF or image file. For Dropbox Business teams, scanned content is analyzed using Optical Character Recognition so text within these scans is searchable in Dropbox.

Access and organize

Search. Dropbox has powerful search capabilities that allow users to quickly find the files and folders they need. Our autocomplete technology surfaces and prioritizes content based on users' previous activity. For Dropbox Plus, Professional, and Business users, full text search allows users to scan the entire content of their files.

Rich previews. Rich previews allow users to easily interact with files across any device without having to open different applications. Users can comment on, annotate, review, and present files, and see who viewed and edited them. We support previews of over 300 file types, and Dropbox users currently preview files tens of millions of times every day.

Version history. As paying users work on files, our servers keep snapshots of all their changes. Users can see a file's complete version history so they can reference and retrieve older versions, depending on the users' subscription. Version histories are kept up to 365 days for paying users, depending on the users' subscription.

Third-party ecosystem. Our open and thriving ecosystem fosters deeper relationships with our users and developers. Developers can build applications that connect to Dropbox through our DBX Developer Platform. For example, email apps can plug into Dropbox to send attachments or shared links, video-conferencing apps allow users to start meetings and share content natively from Dropbox, and eSignature apps give users the ability to manage and maintain contract workflows all from within Dropbox. As of December 31, 2024, Dropbox was receiving over 75 billion API calls per month and just over 1,000,000 developers had registered and built applications on our platform. In addition, more than 80% of Dropbox Business teams have linked to one or more third-party applications.

Rewind. Dropbox Rewind is a tool that lets a user take a folder, or their entire account, back to a specific point in time. The tool uses version history to undo changes made to files and folders, and can recover any file edits or deletions up to the last 365 days, depending on the users' subscription.

Dropbox Backup. Dropbox Backup automatically syncs folders on a user's computer to the cloud. When turned on, files on the user's PC or Mac are continuously backed up on the cloud. Any changes made in synced folders are automatically updated in the Dropbox account and on the hard drive. Dropbox Backup allows users to get up-to-date versions of files stored on the user's PC or Mac from anywhere and from any device instantly. Content is secure in the cloud, no matter what happens to the user's computer.

Passwords. Dropbox Passwords allows users to sign-in to websites and apps by creating and storing unique usernames and passwords across devices. The app can autofill usernames and passwords for instant access anywhere within applications available for Windows, Mac, iOS, and Android.

Dash. Dropbox Dash is an AI powered, universal search tool, which makes it easy for teams to search, organize, share, and protect content from across their connected apps, all in one place.

Reclaim. Reclaim is an AI-powered scheduling tool that helps companies prioritize tasks and coordinate schedules with a calendar app.

Share

Folders. There are three types of folders in Dropbox: private, shared, and team folders. A private folder allows an individual to sync files between devices. A shared folder allows users to quickly and easily start a project space for group collaboration. A team folder, which is only available for Dropbox Business teams, is a central, administrator-managed hub where they can store and collaborate on content.

Shared links. Users can share files and folders with anyone, including non-Dropbox users, by creating a Dropbox link. Once created, the link can be sent through email, text, Meta, X, instant message, or other channels. The recipient can view the file with a rich preview or see all the files in a shared folder. Dropbox Professional subscribers and Dropbox Business teams can set passwords and expiration dates and specify whether recipients can comment on or download the files.

Transfer. Dropbox Transfer gives users a quick and secure way to send large files or collections of files to anyone. With Transfer, users can send up to 100 GB of files in just a few clicks, depending on the users' subscription. Users also have the option to drag and drop files to upload from their computer, or add items stored in Dropbox. After creating a transfer, users receive a link that can be pasted anywhere and sent to anyone. Recipients receive copies of the files, so the sender's originals remain untouched.

File requests. With file requests, users can invite anyone to submit files into a specified Dropbox folder through a simple link—regardless of whether the recipient has a Dropbox account. File requests are ideal for tasks such as collecting bids from contractors or requesting submissions from coworkers and clients. All submitted files are organized into a Dropbox folder that's private to the requesting user.

Watermarking. Our Dropbox watermarking feature allows users to protect and share digital files quickly and easily. The watermark feature can be used to protect graphic designs, confidential contracts, and personal photographs. Users can create their own custom watermark and watermark any file without leaving Dropbox.

DocSend. DocSend is a secure document sharing and analytics platform that gives customers visibility into what happens to their documents after they send them. DocSend technology enables customers to track who opens their documents and how much time they spend on each page, protect documents with security features like email verification and viewer whitelisting, and share multiple documents with a single link.

Collaborate

Comments and annotations. Dropbox comments and annotations marry content with the conversations and relevant context around it. Instead of being scattered across separate silos, such as email and chat, the editing and development of content are tied to a file. Users can give feedback on specific parts of files through a rich, innovative overlay on our web and mobile platforms.

File activity stream. An activity feed lives next to every file preview on our web interface and in the desktop app, telling users what's happening with a file. The feed shows when someone opens a file, edits a file, or shares a file.

Notifications. We use real-time notifications across all our channels—web, desktop, email, and mobile—to keep users up-to-date on what's happening with their work. Users can choose to be notified when someone opens, edits, shares, or comments on a file, or adds a file to their shared folders.

Viewer information and presence. On both file previews and Paper docs, Dropbox shows users in real-time who's viewing a doc and when a doc was last viewed by other users. On desktop, the Dropbox badge is a subtle overlay to Microsoft Word, Excel, and PowerPoint that lets users know if someone opens or edits the file they're working in. The Dropbox badge gives users real-time insight into how others are interacting with their content, bringing modern collaboration features often found only in web-based documents to desktop files.

Dropbox Sign. Dropbox Sign is an eSignature and document workflow platform that enables customers to easily sign, send, and receive documents through its intuitive web and mobile based interfaces. Once documents are signed, copies automatically sync to the user's Dropbox account.

FormSwift. FormSwift is a cloud-based service that gives individuals and businesses a simple solution to create, complete, edit, and save critical business forms and agreements.

Secure

Security protections. We employ strong protections for all of the data on our platform.

- *Encryption.* Dropbox file data at rest is encrypted using 256-bit Advanced Encryption Standard, or AES. To protect data in transit between Dropbox apps such as desktop, mobile, API, or web and our servers, Dropbox uses Secure Sockets Layer, or SSL, and Transport Layer Security, or TLS, for data transfer, creating a secure tunnel protected by 128-bit or higher AES encryption.
- *File recovery.* Every deletion event in Dropbox is recorded, including when groups of files are deleted. Users can easily recover files through our web interface. Dropbox Plus subscribers may recover prior versions for up to 30 days after deletion, and Dropbox Professional and Dropbox Business subscribers may recover prior versions for up to 180 days after deletion.

Administrator controls. Dropbox Business team administrators have many ways to customize security settings in both global and granular ways, including real-time detections of suspicious behavior, risky activity, and potential data leaks.

- *Sharing permissions:* Team administrators can set up and monitor how their members share team folders, and can set sharing permissions on all folders, sub-folders, and links through the sharing tab.
- *Remote device wipe:* Team administrators can delete their organization's Dropbox content from a member's linked devices, which is especially useful should someone lose a device or leave the team.
- *Audit log:* Team administrators can monitor which members are sharing files and logging into Dropbox, among other events. They can review activity logs, create full reports for specific time ranges, and pull activity reports on specific members. Advanced and Enterprise team administrators have access to audit logs with file-event tracking.
- *Device approvals:* Advanced and Enterprise team administrators can manage how members access Dropbox on their devices.

[Table of Contents](#)

- *Tiered administrator roles*: Advanced and Enterprise teams have the ability to set multiple administrator roles, each with a different set of permissions.
- *Network control*: Enterprise team administrators can restrict personal Dropbox usage on their organization's network.

Third-party security integrations. We've partnered with industry-leading third parties to enable us to provide a wide range of IT processes and satisfy industry compliance standards, including:

- *Security information and event management*: Allows Dropbox Business administrators to oversee and manage employee activity, and access sensitive data through the administrator page.
- *Data loss prevention*: Protects sensitive data like personally identifiable information and payment card industry data stored in Dropbox Business accounts.
- *eDiscovery and legal hold*: Enables secure search and the ability to collect and preserve electronically stored information in Dropbox Business accounts.
- *Digital rights management*: Provides third-party encryption for company data stored in Dropbox Business accounts.
- *Data migration and on-premises backup*: Assists in transferring large amounts of data between locations and securing sensitive information with on-site data backup.
- *Identity management*: Allows companies to keep their Dropbox Business team authenticated with an external identity provider like Active Directory.

Our Subscription Plans

We offer a range of subscription plans for our users, including a free, Basic plan, paid Personal plans, and Business plans.

Our Customers

We've built a thriving global business with 18.22 million paying users. As of December 31, 2024, we had more than 575,000 paying Dropbox Business teams. Our customer base is highly diversified, and in 2024, 2023, and 2022, 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.

How we support our customers

All of our users can access support through the following resources:

- *Help center*: Provides an online repository of helpful information about our platform, responses to frequently asked questions, and best practices for use.
- *Community support*: Facilitates collaboration between users on answers, solutions, and ideas about our platform in an online community.
- *Social media support*: Provides users real-time product and service updates, and offers tips and troubleshooting information.
- *Guided troubleshooting*: Offers step-by-step instructions to resolve common questions and provides a portal to submit help requests for questions that aren't otherwise addressed.

We also offer additional levels of support for our paying users depending on the subscription plan they choose.

Our Sales and Marketing Approach

As users share content and collaborate on our platform, they introduce and invite new users, driving growth. We generate over 90% of our revenue from self-serve channels, which limits customer acquisition costs.

We've developed an efficient marketing function that's focused on building brand awareness and reinforcing our self-serve model.

Our goal is to rapidly demonstrate the value of our platform to our users in order to convert them to paying users and upgrade them to our premium offerings. We reach them through in-product prompts and notifications, time-limited trials of paid subscription plans, email, and lifecycle marketing. Each year, hundreds of millions of devices—including computers, phones, and tablets—are actively connected to the Dropbox platform, representing a large number of touchpoints to communicate with our users. We complement our self-serve strategy with targeted outbound sales to pursue organizations best suited to our product.

Once prospects are identified, our sales team works to broaden adoption of our platform into wider-scale deployments. We also acquire some users through paid marketing and distribution partnerships in which hardware manufacturers pre-install our software on their devices.

Our Technology Infrastructure and Operations

Our users trust us with their most important content, and we focus on providing them with a secure and easy-to-use platform. More than 90% of our users' data is stored on our own custom-built infrastructure, which has been designed from the ground up to be reliable and secure, and to provide annual data durability of at least 99.999999999%. We have datacenter co-location facilities in Oregon, Texas, and Virginia.

We also utilize Amazon Web Services, or AWS, for the remainder of our users' storage needs and to help deliver our services. These AWS datacenters are located in the United States, Australia, Europe, and Japan, which allows us to localize where content is stored. Our technology infrastructure, combined with select use of AWS resources, provides us with a distributed and scalable architecture on a global scale.

We designed our platform with multiple layers of redundancy to guard against data loss and deliver high availability. Incremental backups are performed hourly and full backups are performed daily. In addition, as a default, redundant copies of content are stored independently in at least two separate geographic regions and replicated reliably within each region.

We make investments in technology both to improve our existing products and services and to develop new ones. We have made, and intend to continue making, investments in developing products that will incorporate AI, such as Dash.

Our Commitment to Security, Privacy and Legal Compliance

Trust is the foundation of our relationship with our users, and we take significant measures every day to protect their privacy and security.

Security

Our sophisticated infrastructure is designed to protect our users' content while it is transferred, stored, and processed. We offer multiple layers of protection, including secure file data transfer, encryption, network configuration, and application-level controls. For Dropbox Business teams, our tools also empower administrators with control and visibility features that allow them to customize our platform to their organizations' needs. Our information security policies and management framework are designed to build a culture of security, and we continually assess risks and improve the security, confidentiality, integrity, and availability of our systems. We voluntarily engage third-party security auditors to test our systems and controls at least annually against the most widely recognized security standards and regulations. We also encourage and support independent research through our bug bounty program, where we work with leading security researchers from around the world to maintain the high standards of security our users have come to expect.

Dropbox supports HIPAA and HITECH compliance. We sign business associate agreements with our customers who require them in order to comply with the Health Insurance Portability and Accountability Act, or HIPAA, and the Health Information Technology for Economic and Clinical Health Act, or HITECH. We also offer a HIPAA assessment report performed by an independent third party.

Privacy

We are committed to keeping user data private, and are subject to a number of privacy laws and regulations such as the European Union's General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA") in the U.S. These laws and regulations impose increasingly numerous, complex obligations on us. To address our obligations under such privacy laws and regulations, we operate a robust privacy program and have appointed a Data Protection Officer. Our privacy policy details how we process our users' personal data as well as the steps we take to protect it. For third-party developers that create applications that connect to Dropbox, we also set forth terms and guidelines that explain their obligation to protect the privacy of our users' personal data.

Other Government Regulations

We are subject to compliance with various laws and regulations. These include those covering copyright, indecent content, child protection, and similar matters regarding the content stored and created on our platform as well as consumer protection laws that may impact our sales and marketing efforts, including laws related to subscriptions, billing, and auto renewal. In addition to laws and regulations governing content stored and created on our platform and consumer protection, we are also subject to anti-corruption laws and export and import regulations. The laws in these areas are often in a state of flux and can vary widely between jurisdictions. To comply with and manage our obligations under such laws and regulations, we track relevant legislative, regulatory, and contractual requirements. In addition, we have instituted processes and policies to ensure we review our business practices for appropriate compliance with such requirements.

Our Competition

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, Slack (now part of Salesforce), Google, and Adobe and in the content collaboration market with products offered by Microsoft, Atlassian, and Google. On a more limited basis, we compete with Box in the cloud storage market for deployments by large enterprises and with Adobe and DocuSign in the e-signature market. We also compete with smaller private companies that offer point solutions in the cloud storage market or the content collaboration market.

We believe that 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;
- 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.

We believe we compete favorably across these factors, however, some of our competitors may have greater name recognition, longer operating histories, more varied services, the ability to bundle a broader range of products and services, larger marketing budgets, established marketing relationships, access to larger user bases, major distribution agreements with hardware manufacturers and resellers, and greater financial, technical, and other resources.

Intellectual Property

We believe that our intellectual property rights are valuable and important to our business. We rely on patents, patent applications, trademarks, copyrights, trade secrets, know-how license agreements, confidentiality procedures, non-disclosure agreements, employee disclosure and invention assignment agreements, and other contractual rights to establish and protect our proprietary rights. In addition, from time to time we've purchased patents, inbound licenses, trademarks, domain names, and patent applications from third parties.

We have over 1,800 issued patents and more than 250 pending patent applications in the United States and abroad. These patents and patent applications seek to protect our proprietary inventions relevant to our business. In addition, we license a number of key third-party patents in the file collaboration, storage, syncing, and sharing markets.

We have trademark rights in our name, our logo, and other brand indicia, and have trademark registrations for select marks in the United States and many other jurisdictions around the world. We also have registered domain names for websites that we use in our business, such as www.dropbox.com, and similar variations.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. Despite our efforts to protect our intellectual property rights, they may not be respected in the future or may be invalidated, circumvented, or challenged. In addition, the laws of various foreign countries where our products are distributed may not protect our intellectual property rights to the same extent as laws in the United States.

Human Capital

At Dropbox, we believe that the world can work better. But that starts with us: building a team that emphasizes the kindness and collaboration needed to grow. We believe the strength of our workforce is one of the most significant contributors to our success. As of December 31, 2024, we had 2,204 full-time employees. Of our full-time employees, 1,755 were located in the United States and 449 were employees located outside of the United States. None of our employees are represented by a labor union, except to the extent certain employees outside the United States are represented by national trade unions or local works councils. We have not experienced any work stoppages, and we believe that our employee relations are strong.

In October 2024, we announced a reduction of our global workforce by approximately 20% to streamline our team structure to better align with our long-term growth and profitability objectives. We provided employees impacted by this reduction in workforce with severance packages and job placement support.

Virtual First

In October 2020, we announced our Virtual First work model pursuant to which remote work has become the primary experience for all of our employees. As a result, we have seen our workforce become more distributed over time. Teams also meet in person several times a year, using repurposed real estate called "Dropbox Studios" or flexible workspaces known as "On-Demand Spaces." Part of Virtual First includes empowering our employees to adopt flexible working arrangements and providing tools for efficient remote collaboration and continuing to provide opportunities for in-person collaboration at "Dropbox Studios" or "On-Demand Spaces." Additionally, we provide our employees with a quarterly allowance that can be used to cover expenses related to health and fitness, family and caregiver support, productivity and ergonomics, financial wellness, and learning and development programs, as well as resources to support their effectiveness in their work environments.

Compensation and Benefits Program

Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business, contribute to our strategic goals and create long-term value for our stockholders. We provide employees with competitive compensation packages that include base salary, annual incentive bonuses, 401(k) with a company match up to a specific threshold, and equity awards which align the interests of our employees with our stockholders. Our highly competitive benefits package includes medical, dental, vision, life and disability plans. In addition to these core benefits, we also provide enhanced mental health benefits, family formation benefits and our adoption and surrogacy assistance program. Our comprehensive programs also provide various leave benefits - including paid parental leave for all eligible employees.

Employee Wellness and Safety

We recognize the importance of the well-being of our employees. With our Virtual First work model, we remain committed to supporting their wellness and development. A component of our comprehensive health and wellness benefits package to all employees includes time-off opportunities as well as mental and physical wellness benefits. We conduct a bi-annual employee satisfaction survey to gather candid feedback from employees with focus on areas such as experience with our managers, wellness initiatives, career and company initiatives. Survey results are reviewed extensively and become part of our action plans at all levels of the organization.

In addition, the safety of our employees is paramount to our success. We have a physical security policy applicable to all our employees with a global physical security team that is empowered to protect the safety of our employees in the event of emergencies or disasters.

Learning and Development

We want all of our employees to have thriving careers where they grow and develop in meaningful ways. We develop and provide access to internal learning and development resources to assist in professional development in various ways such as

skills-building programs, on-demand learning options, mentoring programs, and leadership development courses. We also offer extensive onboarding and training programs to prepare our employees at all levels for career progression and individual development.

Community

We empower our employees to give back to their communities by providing paid volunteer time off, matching a portion of employee donations to nonprofits, and making product donations to nonprofit organizations nominated by our employees.

Corporate Information

We were incorporated in May 2007 as Evenflow, Inc., a Delaware corporation, and changed our name to Dropbox, Inc. in October 2009. Our principal offices are located at 1800 Owens Street, San Francisco, California, 94158, and our telephone number is (415) 930-7766. Our Class A common stock is listed on the Nasdaq Global Select Market under the symbol "DBX."

Available Information

Our website is located at <http://www.dropbox.com/>, our investor relations website is located at <http://investors.dropbox.com/>, and our blog is located at <https://blog.dropbox.com/topics/news>. We have used, and intend to continue to use, our investor relations website, our blog, press releases, public conference calls and webcasts to disclose material non-public information and to comply with our disclosure obligations under Regulation FD. The following filings are available through our investor relations website after we file them with the SEC: Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and our Proxy Statement for our annual meeting of stockholders. These filings are also available for download free of charge on our investor relations website. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov. The contents of these websites are not incorporated into this filing. Further, the Company's references to the URLs for these websites are intended to be inactive textual references only.

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 Annual Report, you should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, 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 business depends on our ability to retain and upgrade paying users, and any decline in renewals or upgrades could adversely affect our future results of operations.

Our business depends upon our ability to maintain and expand our relationships with our 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 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, or user experience, a user no longer having a need for our products, the availability of competitive 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 encourage both basic and paying users to upgrade to our premium offerings by recommending additional features and through in-product prompts and notifications. 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. 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 could negatively impact 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. 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.

Our future growth could be harmed if we fail to attract new users or convert registered users to paying users.

We must continually add new users to grow our business beyond our current user base and to replace users who choose not to continue to use our platform. In particular, in order to grow our revenue, we must attract 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. Any decrease in user satisfaction with our products or support could harm our brand, word-of-mouth referrals, and ability to grow.

Additionally, 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 December 31, 2024, we served over 700 million registered users but only 18.22 million paying users. The actual number of unique users is lower than we report as one person may register more than once for 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.

We have experienced periods in which our number of paying users has declined, and our paying and registered user growth rates have declined and may continue to decline in the future as our pricing and packaging strategy and features (including data storage limits) change, our market penetration rates increase, and as a result of market conditions and increasing competition with respect to our current products. The availability of less expensive and bundled competitive products also has negatively impacted and may continue to negatively impact our user growth rate and our ability to convert registered users to paying users. The growth rate of our user base and the rate of conversion of registered users to paying users has declined in the past, and if such trends continue, our revenue may grow more slowly than expected or decline.

Furthermore, events or conditions that financially impact our registered users and other prospective paying users, such as macroeconomic factors, layoffs, inflation, fluctuating interest rates, or catastrophic events, have in the past caused and may cause in future periods these users to delay or reduce technology spending, which impacted, and may continue to impact our ability to convert registered users or otherwise attract new paying users, restricting our ability to grow our revenue. 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 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.

[Table of Contents](#)

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 unique challenges and involve sophisticated threat actors. Computer malware, ransomware, viruses, social engineering (phishing attacks), denial of service or other attacks, employee theft or misuse and increasingly sophisticated network attacks have become more prevalent, particularly against cloud services. 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 cybersecurity capabilities and mitigate the risk of a breach or incident. If we fail to respond appropriately to any identified gaps, threats or vulnerabilities, including by providing adequate funding 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, contractors and other individuals (some of 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 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 have done 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 rate of growth has declined in past periods. If we do not successfully execute our plan for future growth, our growth rate may continue to decline and we may experience negative growth.

The rate of growth of our business and revenue has declined, and we expect to experience negative growth in the near term. 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. 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.

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, and to the extent our user base and third-party relationships expand, our information technology systems, organizational structures, and internal controls and procedures may not be adequate to support our operations. 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 more nimble and streamlined organization. These issues 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 maintain or reaccelerate our growth, we must effectively allocate our resources and if we invest in future growth, 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 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. 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 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. 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, 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, 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. 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 that could impact short-term growth or profitability. We have made, and intend to continue making, significant investments in developing products that will incorporate AI, and while we are optimistic that such new products have the potential to drive future growth of our business, the development of such new features will incur significant costs and there is no guarantee that such new product offerings will ultimately be successful. Additionally, use of newly-developed AI technology could result in reputational harm, operational risks, or legal liability. 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.

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, in response to the COVID-19 pandemic, we transitioned to 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. The risk of such disruptions and decreased productivity may persist as our workforce operates under a Virtual First model. We have also in the past experienced delays in our internally planned release dates of 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 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, 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.

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 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, 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.

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 strategy will give 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 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. Furthermore, our 2024 reduction in workforce may result in increased attrition, reduce employee morale, and negatively impact employee recruiting and retention. 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 model.

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

In October 2020, we announced a Virtual First work model pursuant to which remote work has become the primary experience for all of our employees and our intention is for our workforce to continue being more distributed over time. However, although we anticipate that our Virtual First work model will have a long-term positive impact on our financial results and business operations, the impact remains uncertain. 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, as we continue to operate with our Virtual First model, we will need less office space than we are currently contractually committed to leasing 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. The extended decline in demand for commercial real estate in San Francisco, in particular, has impacted our subleasing strategy and resulted in us taking additional impairment charges beyond our original expectations. 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 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, 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 43% of our revenue in the year ended December 31, 2024 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 changes in third-party service levels at datacenters or any real or perceived errors, defects, disruptions, or other performance problems with 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.

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, 2024, Dropbox was receiving 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 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 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 2026 Notes, 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, the 2026 Notes 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, 2024, we had an aggregate of \$1,088.6 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, we borrowed \$1.0 billion of term loans under our term loan facility for general corporate purposes, including repurchases of our stock. 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.

Our profitability may fluctuate in certain periods, or we may fail to meet our profitability targets. 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. 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, although we anticipate that our Virtual First work model will have a long-term positive impact on our financial results and business operations, the impact remains uncertain. 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 model. 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, 2026 Notes, 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, 2026 Notes, 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, the 2026 Notes and 2028 Notes, or to make cash payments in connection with any conversion of the 2026 Notes, 2028 Notes or upon any fundamental change if holders of the applicable series of 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. For example, while we have been profitable on a GAAP basis in prior fiscal quarters, our quarterly operating results have fluctuated in the past and will fluctuate in the future. 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 related to the maintenance and expansion of our business, operations, and infrastructure, 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-attack, war, 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 model, and releases of 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 2024, 26% 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 2026 Notes and 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, 2024, we had federal, state, and foreign net operating loss carryforwards and federal and state 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 sales or other related taxes for our subscription services 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 foreign 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. Any such changes 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.

For example, the Organization for Economic Cooperation and Development ("OECD") and many countries have proposed to reallocate some portion of profits of large multinational companies with global revenues exceeding EUR20 billion to markets where sales arise ("Pillar One"), as well as enact a global minimum tax rate of at least 15% for multinationals with global revenue exceeding EUR750 million ("Pillar Two"), and many countries are considering or have begun to adopt these proposals. In December 2022, the Council of the European Union ("EU") formally adopted the EU Minimum Tax Directive, which would require member states to adopt Pillar Two into their domestic law, effective for fiscal years starting on or after December 31, 2023. The majority of the jurisdictions in which we operate have enacted legislation to implement Pillar Two. Other countries are actively considering changes to their tax laws to adopt certain parts of the OECD's proposals. The enactment of Pillar Two legislation has not, and is not expected to, have a material adverse effect on the Company's effective tax rate, financial position, results of operations, and cash flows.

Other changes to U.S. or non-U.S. tax laws could have an adverse impact on our business, results of operations, financial condition and cash flows .

We have publicly disclosed market opportunity estimates, growth forecasts, and key metrics, including the key metrics included in this Annual Report on Form 10-K, 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, 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.

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. 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 have gone or will go into effect in 2025, and Indiana, Kentucky, and Rhode Island have enacted similar laws that will go into effect in 2026. 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 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 risk 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 legal proceedings against Motion Offense, which alleged that Dropbox infringes certain of its patents. A jury trial was conducted in May 2023. The jury found in favor of Dropbox on all counts including non-infringement and invalidity of the patents and awarded no damages to Motion Offense. In August 2024, the court entered judgment in line with the May 2023 jury verdict. On September 27, 2024, Motion Offense filed a Motion for Judgment as a Matter of Law and a renewed Motion for a New Trial. As of December 31, 2024, briefing is complete and Dropbox has requested a hearing on the Motions. The final judgment may be appealed to the Federal Circuit. It is not possible presently to either (i) determine the final outcome of this matter or (ii) estimate any maximum possible exposure or range of loss. We may also face litigation arising out of our recently announced intention to reincorporate 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 1,800 issued patents and more than 250 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;
- 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, including the S&P 400 Index, to which we were recently added; and

[Table of Contents](#)

- 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-attack, war, or other armed conflict, or 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. As of December 31, 2024, our directors and executive officers, and their respective affiliates, held in the aggregate 77.5% of the voting power of our capital stock, with Mr. Houston holding approximately 77.4% of the voting power of our capital stock. We are including the Co-Founder Grant (as defined in "Significant Impacts of Stock-Based Compensation" included in Part II, Item 7 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 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 amended and restated certificate 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 amended and restated certificate 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), 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 2026 Notes and 2028 Notes may dilute the ownership interest of stockholders, or may otherwise depress the price of our common stock.

If the 2026 Notes or 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 2026 Notes or 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 2026 Notes or 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 2026 Notes or 2028 Notes could depress the price of our Class A common stock.

Delaware law and provisions in our restated certificate of incorporation and restated bylaws, and after our proposed reincorporation, 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 Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our restated certificate of incorporation and restated 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 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, and directors will only be able to be removed from office for cause;
- until the Class B common stock, as a class, converts to Class A common stock, any amendments to our restated certificate 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; and following the conversion of our Class B common stock, as a class, to Class A common stock, certain amendments to our amended and restated certificate of incorporation will require the approval of two-thirds of our then outstanding voting power;
- our amended and restated bylaws will 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, a stockholder 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 Delaware;

- our restated certificate 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.

We recently announced our intention to reincorporate from Delaware to Nevada and expect such reincorporation to take place in March 2025. Nevada law has many similar anti-takeover provisions, and our articles of incorporation and bylaws following the reincorporation will have the same or similar provisions as described above. 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 amended and restated bylaws designate a state or federal court located within the State of Delaware 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 amended and restated 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 Delaware General Corporation Law, or the certificate of incorporation or the amended and restated bylaws, or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware, in all cases subject to the court having jurisdiction over indispensable parties named as defendants.

Our amended and restated 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.

If and when we reincorporate from Delaware to Nevada, our Nevada bylaws will have similar provisions regarding forum for adjudication of disputes except that where our current bylaws specify the Court of Chancery of the State of Delaware, our bylaws following our planned reincorporation in Nevada will specify the Eighth Judicial District Court of the State of Nevada, in Clark County, Nevada.

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. Most recently, in December 2024, we announced an authorization for repurchase of up to an additional \$1.2 billion of the outstanding shares of our Class A common stock. As of December 31, 2024, we have repurchased approximately \$4.0 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 will be 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, as part of the IRA, the United States 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, even if fully implemented, may not enhance long-term stockholder value.

We do not intend to pay dividends 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 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-attack, war, or terrorist attack, 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 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 subject to review and audit by U.S. federal, state, local, and foreign tax authorities. Such 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. We may also be subject to additional tax liabilities due to changes in non-income-based taxes resulting from changes in U.S. federal, state, or international tax laws, 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, including as a result of our 2024 reduction in workforce, 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 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We recognize the importance of assessing, identifying, and managing material risks associated with cybersecurity threats. These risks include, among other things, operational risks; intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy or security laws and other litigation and legal risk; and reputational risks. We have implemented a variety of cybersecurity processes, technologies, and controls to aid in our efforts to identify, assess and manage such material risks. Our approach includes: (1) an enterprise risk management program, which includes cybersecurity risks and is periodically refreshed; (2) security and privacy reviews designed to identify risks from new features, software, and vendors; (3) a vulnerability management program designed to identify hardware and software vulnerabilities; (4) an internal red team program, which simulates cyber threats, intended to allow us to address vulnerabilities before threat actors identify them; and (5) a threat intelligence program designed to model and research our adversaries. These processes vary in maturity across the business and are processes we work to continually improve.

Our process for identifying and assessing material risks from cybersecurity threats (our "Cybersecurity Process") operates alongside our broader overall risk assessment process, covering other risks facing the company. As part of our Cybersecurity Process appropriate disclosure personnel will collaborate with subject matter specialists, as necessary, to gather insights for identifying and assessing material cybersecurity threat risks, their severity, and potential mitigations.

We also maintain an incident response program to prepare for, detect, respond to, and recover from cybersecurity incidents, which include processes to triage, assess the severity of, escalate, contain, investigate, and remediate identified incidents, as well as to comply with potentially applicable legal obligations and mitigate brand and reputational damage. Further, we conduct periodic tabletop exercises to test and fortify the controls of our cyber incident response program. The incident response team assesses the severity and priority of incidents, with escalations of cybersecurity incidents provided to our management team. If a cybersecurity incident is determined to be a material cybersecurity incident, our incident response plan and cybersecurity disclosure controls and procedures define the process to disclose such a material cybersecurity incident.

Our cybersecurity risk management approach is supplemented by external and internal management audits against commonly accepted frameworks, including SOC-2 and ISO 27001, which are designed to test the effectiveness of our security controls. We conduct penetration testing on a periodic basis and have established an external bug bounty program through which security researchers can help identify vulnerabilities in our systems before threat actors do. We also maintain a vendor risk management program designed to identify and mitigate risks associated with third-party suppliers and business partners. This program includes pre-engagement diligence, contractual security and notification provisions, and ongoing monitoring, as appropriate.

We describe whether and how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, under the heading "We have in the past and may continue to experience privacy and data security breaches or incidents" included as part of our risk factor disclosures at Item 1A of this Annual Report on Form 10-K.

Governance

Our Board of Directors is actively involved in overseeing cybersecurity risk management. At least once a year, the Board of Directors discusses our programs and policies related to cybersecurity and risk initiatives and considers them closely both from a risk management perspective and as part of Dropbox's business strategy. Additionally, our Audit Committee oversees programs and policies related to cybersecurity risks and initiatives. Our Audit Committee is comprised entirely of independent directors who evaluate these issues at least quarterly.

We have also established a cross-functional leadership team to oversee our information security and privacy programs and practices, as well as to assess, identify, manage, and mitigate security and privacy risks. Members of this team also report periodically to the Board of Directors, Audit Committee, and members of our senior leadership team. This team includes senior leaders from our legal, privacy, information security, information technology, infrastructure, and compliance teams, including our Chief Privacy Officer, our VP, Security, and our Chief Legal Officer. Our Chief Privacy Officer has held various roles advising Dropbox and two other large publicly-traded technology companies on a variety of privacy, regulatory, and product counseling issues since 2010. Our VP, Security joined Dropbox in 2022 and has held roles in cybersecurity, engineering, and operations, including leadership positions, with a variety of companies for over 20 years. Our Chief Legal Officer has been with us since 2011, having served as our Chief Legal Officer or General Counsel for a total of over seven years, and has over 20 years of experience in the legal profession.

Members of senior leadership are informed about and monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described herein, including the operation of our incident response plan. Additionally, all employees are required to complete annual information security and privacy training, which are reviewed and updated annually. They also receive ongoing security awareness education via informational emails, talks and presentations, and resources available on our intranet.

ITEM 2. PROPERTIES

Our corporate headquarters are located in San Francisco, California, pursuant to an operating lease that expires in 2033. We lease additional offices in San Francisco and around the world, including in Seattle, Washington and Dublin, Ireland. We have datacenter co-location facilities in Oregon, Texas, and Virginia. We believe that these facilities are generally suitable to meet our needs.

ITEM 3. 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.

On July 12, 2019, Motion Offense, LLC ("Motion Offense") filed a patent infringement suit in the Western District of Texas (Waco Division) against Dropbox's customer Sprouts Farmers Market ("Sprouts"), based on Sprouts' use of Dropbox Business. The suit claims that Sprouts' use of Dropbox Business infringes U.S. Patent Nos. 10,013,158 and 10,021,052. On August 14, 2019, in the District of Delaware, Dropbox filed a complaint for declaratory judgment of no infringement of the patents asserted against Sprouts by Motion Offense ("Delaware Action"), and subsequently amended the complaint to add claims for declaratory judgment that the asserted patents are invalid. Motion Offense's motion to transfer the Delaware Action to the Western District of Texas was granted. The Western District of Texas stayed the Sprouts case pending resolution of the Dropbox case. On June 15, 2020, Motion Offense filed an amended answer to Dropbox's declaratory judgment complaint, including counterclaims asserting that Dropbox infringes the 10,013,158 and 10,021,052 patents, as well as U.S. Patent Nos. 10,303,353, 10,613,737, and 10,587,548. On July 23, 2021, Motion Offense filed a related patent infringement suit against Dropbox in the Western District of Texas asserting that Dropbox also infringes U.S. Patent No. 11,044,215. The two cases were consolidated.

At the trial in May 2023, the jury found in favor of Dropbox on all counts including non-infringement and invalidity of the patents and awarded no damages to Motion Offense. Dropbox filed a Motion for Entry of Judgment on August 28, 2023 and on September 27, 2023, Motion Offense filed a Motion for a New Trial. At a hearing on January 3, 2024, the Court denied Motion Offense's Motion for a New Trial. On January 8, 2024, the court ordered supplemental briefing relating to the Motion for Entry of Judgment and briefing. On August 29, 2024, the court entered judgement in line with the May 2023 jury verdict.

On September 27, 2024, Motion Offense filed a Motion for Judgment as a Matter of Law and a renewed Motion for a New Trial. Briefing is complete and Dropbox has requested a hearing on the Motions.

Before trial, Motion Offense filed a third patent infringement suit against Dropbox out of the same family of patents as the prior two suits. This suit was not consolidated into the trial. The case is currently stayed pending final resolution of the Inter Partes Review of the asserted patent. We believe Motion Offense's allegations in that suit are similarly without merit and will vigorously defend against them.

While we remain confident in the Company's defenses to the asserted allegations in these cases, it is not possible to determine the ultimate outcome at this time, and thus we cannot reasonably estimate the maximum potential exposure or range of possible loss.

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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information for Class A Common Stock

Our Class A common stock has been listed on the Nasdaq Global Market under the symbol "DBX" since March 23, 2018.

Holders of Record

As of February 18, 2025, we had 496 holders of record of our Class A common stock, 82 holders of record of our Class B common stock, and no holders of record of our Class C common stock. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of our Board of Directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions, and other factors that our Board of Directors may deem relevant.

Issuer Purchases of Equity Securities

The following table presents information with respect to our repurchases of Class A common stock during the quarter ended December 31, 2024.

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⁾
October 1 - 31	4.73	\$ 25.84	4.73	\$ 397.31
November 1 - 30	2.28 ⁽³⁾	\$ 27.03	2.25	\$ 336.61
December 1 - 31	5.51	\$ 30.38	5.51	\$ 1,369.14
Total	12.52	\$ 28.06	12.49	

⁽¹⁾ On February 17, 2022, we announced that our Board of Directors authorized the repurchase of \$1.2 billion of the outstanding shares of our Class A common stock. On July 26, 2023, we announced that our Board of Directors further authorized the repurchase of an additional \$1.2 billion of the outstanding shares of our Class A common stock. We completed the February 2022 authorization of \$1.2 billion during the three months ended March 31, 2024, and continued stock repurchases under the July 2023 authorization. On December 11, 2024, we announced that our Board of Directors further authorized the repurchase of up to an additional \$1.2 billion of the outstanding shares of our Class A common stock. 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 12 "Stockholders' Deficit" for additional information.

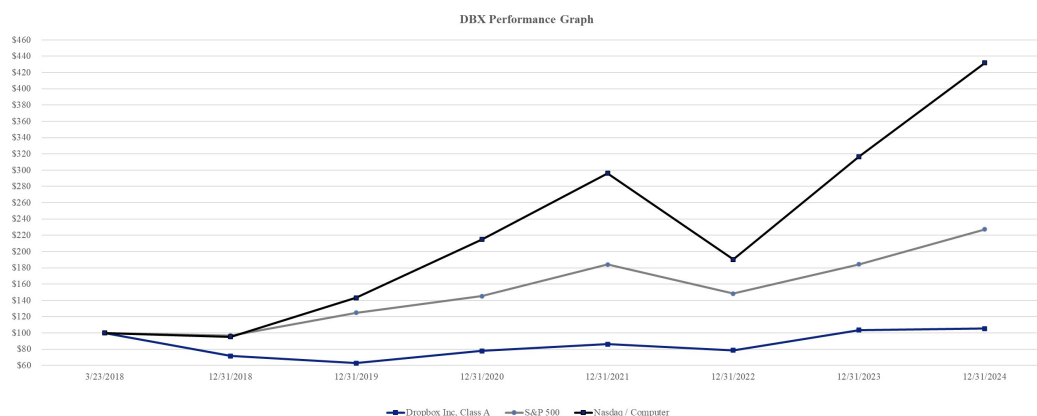
⁽²⁾ Average price paid per share includes costs associated with the repurchases, excluding the 1% excise tax imposed as part of the Inflation Reduction Act.

⁽³⁾ Includes 34,264 shares of restricted common stock withheld by the Company upon vesting of restricted stock awards to satisfy tax withholding requirements.

Stock Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission, or the SEC, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Act.

The following graph compares (i) the cumulative total stockholder return on our Class A common stock from March 23, 2018 (the date our Class A common stock commenced trading on the Nasdaq Global Select Market) through December 31, 2024 with (ii) the cumulative total return of the Standard & Poor’s 500 Index and the Nasdaq Computer Index over the same period, assuming the investment of \$100 in our common stock and in both of the other indices on March 23, 2018 and the reinvestment of dividends. The graph uses the closing market price on March 23, 2018 of \$28.48 per share as the initial value of our common stock. As discussed above, we have never declared or paid a cash dividend on our common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future.



*Returns are based on historical results and are not necessarily indicative of future performance. See the disclosure in Part I, Item 1A, “Risk Factors.”

Unregistered Sales of Equity Securities

None.

ITEM 6. RESERVED

ITEM 7. 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 the consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this Annual Report on Form 10-K. For a comparison of our results of operations for the fiscal years ended December 31, 2023 and 2022 see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 16, 2024.

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 18.22 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. Subscribers can purchase individual licenses through our Plus, Professional or Essentials plan, or purchase multiple licenses through our Family plan or our Standard, Advanced, Business, Business Plus and Enterprise team plans. We have also introduced Dash for Business, 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 plans, 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 Standard and Advanced 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.

Our bundle subscription plans, such as Dropbox Essentials for solo professionals, Dropbox Business for small teams, and Dropbox Business Plus for larger teams, provide professionals and teams the ability to consolidate multiple offerings such as PDF editing, eSignature capabilities, document analytics, video collaboration tools, and advanced security functionality into a single place to manage their content.

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. Customers can choose between annual or 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 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, 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. We sell Dropbox Sign products globally and sell primarily in U.S. dollars.

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, Professional, Essentials and Family 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.

Virtual First

In October 2020, we announced our Virtual First work model pursuant to which remote work has become the primary experience for all of our employees. As a result, we have seen our workforce become more distributed over time, although we are continuing to offer our employees opportunities for in-person collaboration in all locations we currently have offices, either through our existing real-estate that were repurposed into collaborative spaces called "Dropbox Studios" or flexible workspaces known as "On-Demand Spaces". Consistent with this strategy, we have retained a portion of our office space while the remainder is being or will be subleased.

We recorded impairment charges to net loss (gain) on real estate assets of \$0.1 million and \$3.6 million during the years ended December 31, 2024 and 2023, respectively, related to right-of-use assets and other lease related property and equipment assets. See Note 9, "Leases" for additional information. We may incur additional impairment charges depending on the state of the corporate real estate market or shifts in our Virtual First strategy.

In October 2023, we executed a partial termination of our lease for our San Francisco, California corporate headquarters and subsequently recorded a gain on real estate assets of \$158.8 million during the year ended December 31, 2023. The gain represents the reduction to our future lease payments in excess of the sublease income we previously anticipated collecting for this space. See Note 9, "Leases" for additional information.

Recent Developments

Impact of Macroeconomic 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, and other conditions may adversely impact our results of operations and financial performance.

During the year ended December 31, 2024, we experienced mixed performance across our plans. Growth in Individual plans was offset by ongoing pressure within our Teams plans, as businesses faced a challenging operating environment. Additionally, while DocSend delivered better-than-anticipated results, FormSwift faced continued pressure in the second half of the year.

We have seen and may continue to see cost savings from our Virtual First work model in areas including events, travel, utilities, and other benefits. 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 I, Item 1A. of this report.

Cybersecurity

In April 2024, we became aware of unauthorized access to the Dropbox Sign production environment, as previously disclosed in our Form 8-K filed with the Securities and Exchange Commission on May 1, 2024. While we remain subject to various risks due to the incident, including ongoing litigation and regulatory scrutiny, as of the date of this filing, it has not had, and no facts have come to light indicating that it is likely to have, a material impact on Dropbox's overall financial condition or results of operations.

Reduction in Workforce

In October 2024, we announced a reduction of our global workforce by approximately 20% to streamline our team structure to better align with our long-term growth and profitability objectives. During the year ended December 31, 2024, we incurred \$47.2 million of expenses related to severance, benefits, and other related items. See Note 1 "Description of the Business and Summary of Significant Accounting Policies - Reduction in Workforce" for additional information.

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.

Our ARR fluctuates and may decrease in some periods as compared to prior periods. For example, ARR decreased in the fourth quarter of 2024 as compared to the third quarter of 2024 as a result of increased churn in Teams plans offset by growth in Individual plans. We expect a slight decline in our ARR growth in the near term due to our strategic decision to significantly reduce our investments in FormSwift at the beginning of 2025, decreased resourcing due to our reduction in workforce, and headwinds stemming from a challenging operating environment, particularly as it relates to our Teams plans.

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.

Total ARR increased for the period ended December 31, 2024, compared to the period ended December 31, 2023 primarily driven by an increase in paying users in our Individual plans offset by upsell weakness and churn in Teams plans. In 2024, ARR was positively impacted by the foreign currency exchange rates used to calculate ARR compared to 2023, as we update exchange rates annually at the beginning of the year.

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 2024.

	As of December 31,	
	2024	2023
	(In millions)	
Total ARR	\$ 2,574	\$ 2,523

Constant Currency	As of December 31,	
	2024	2023
	(In millions)	
Total ARR	\$ 2,574	\$ 2,540

Revaluing our ending Total ARR for fiscal 2024 using exchange rates set at the beginning of fiscal 2025, Total ARR at the end of fiscal 2024 would be \$2,567 million.

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 December 31, 2024 grew as compared to December 31, 2023, largely from an increase in paying users in Individual plans and from our acquisition of Reclaim partially offset by a decrease in paying users due to downsell pressures across our Teams plans. However, our overall paying user growth rate has declined and may decline in the future.

The total number of paying users fluctuates and may decrease in some periods as compared to prior periods. For example, paying users decreased slightly in the fourth quarter of 2024 as compared to the third quarter of 2024 primarily due to challenges in Teams and expected seasonality within our business offset by growth in Individual plans. We expect a slight decrease in our net new paying users in the near term, due to our strategic decision to significantly reduce our investments in FormSwift at the beginning of 2025, decreased resourcing due to our reduction in workforce, and a challenging operating environment, particularly as it relates to Teams plans.

The below table sets forth the number of paying users as of December 31, 2024 and 2023.

	As of December 31,	
	2024	2023
	(In millions)	
Paying users	18.22	18.12

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.

As a result of an increased mix of sales towards our higher priced plans, as well as a shift to monthly subscription plans, which have a higher price point than our annual plans, we experienced an increase in our average revenue per paying user for the year ended December 31, 2024, compared to the year ended December 31, 2023, respectively.

The below table sets forth our ARPU for the years ended December 31, 2024 and 2023.

	Year Ended December 31,	
	2024	2023
ARPU	\$ 140.23	\$ 139.38

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 year ended December 31, 2024, compared to the year ended December 31, 2023, primarily due to an increase in cash provided by operating activities for the reasons discussed below, including improvements in operating efficiencies, partially offset by an increase in payments related to our 2024 reduction in workforce as compared to our 2023 reduction in workforce.

We expect our FCF to generally increase in the near term as we drive operating efficiencies, partly due to our 2024 reduction in workforce. We expect to continue to purchase infrastructure equipment to support our user base and anticipate that our capital expenditures will generally remain consistent in future periods as we continue to invest in our internal infrastructure, network and security. 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:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Net cash provided by operating activities	894.1	783.7
Capital expenditures	(22.5)	(24.3)
Free cash flow	\$ 871.6	\$ 759.4

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 and fees from the referral of users to our partners. 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 our number of paying users, as well as 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. Accordingly, if we do not increase the average revenue per paying user, for example through pricing and packaging changes or increased sales of our higher-priced subscription plans, to offset slower growth or decline in paying users, our revenue and revenue growth rate will decline.

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, expenses related to our reduction in workforce such as severance, benefits and other related items, 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 the datacenters.

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 decrease slightly in absolute dollars in the near term due to a one-time benefit of increasing the useful lives of certain infrastructure server and component assets from four to five years and increase in absolute dollars in the long term as the benefit lapses. See Note 1. "Description of the Business and Summary of Significant Accounting Policies - Use of Estimates" for additional information.

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 decrease slightly in the near term as we lap the benefit of our extension of useful lives of certain infrastructure server and component assets and remain relatively constant in the long term. See Note 1. "Description of the Business and Summary of Significant Accounting Policies - Use of Estimates" for additional information.

Operating expenses

Research and development. Our research and development expenses consist primarily of employee-related costs for our engineering, product, and design teams, expenses related to our reduction in workforce such as severance, benefits and other related items, 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 a result of our 2024 reduction in workforce, partially offset by continued hiring for our engineering, product, and design teams in roles critical to our future 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, expenses related to our reduction in workforce such as severance, benefits and other related items, 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 decrease in absolute dollars and as a percentage of revenue in both the near term and long term as a result of our 2024 reduction in workforce, partially offset by continued investment in sales and marketing in the long term, in order to grow our user base and increase our brand awareness. The trend and timing of sales and marketing expenses will depend in part on the timing of marketing campaigns.

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 expenses related to our reduction in workforce such as severance, benefits and other related items, allocated overhead, outside legal, accounting and other professional fees, non income-based taxes, and the recognition of stock-based compensation expense related to the grant of restricted stock made to our co-founder.

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.

Net loss (gain) on real estate assets

Net loss (gain) on real estate assets consists of impairment charges related to certain right-of-use assets and other lease related property and equipment assets in 2024 and 2023 and a gain due to the partial termination of our lease for our San Francisco, California corporate headquarters in 2023. See Note 9, "Leases" for additional information.

Interest income, net

Interest income, net consists primarily of interest income earned on our investments classified as cash and cash equivalents, and short-term investments, offset by interest expense related to our term loan facility, finance lease obligations for infrastructure and amortization of debt issuance costs.

Other income (loss), net

Other income (loss), 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 realized 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 2024 and 2023, the difference between the U.S. statutory rate and our effective tax rate is primarily due to jurisdictional mix of earnings, tax credits, state income taxes, and changes to our unrecognized tax benefits.

Results of Operations

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

	Year Ended December 31,	
	2024	2023
	<i>(In millions)</i>	
Revenue	\$ 2,548.2	\$ 2,501.6
Cost of revenue ⁽¹⁾⁽²⁾	445.1	478.5
Gross profit	2,103.1	2,023.1
Operating expenses:		
Research and development ⁽¹⁾⁽²⁾	914.9	936.5
Sales and marketing ⁽¹⁾⁽²⁾	460.7	466.0
General and administrative ⁽¹⁾⁽²⁾	241.2	237.1
Net loss (gain) on real estate assets ⁽³⁾	0.1	(155.2)
Total operating expenses	1,616.9	1,484.4
Income from operations	486.2	538.7
Interest income, net	13.9	19.4
Other income (loss), net	9.7	(3.7)
Income before income taxes	509.8	554.4
Provision for income taxes	(57.5)	(100.8)
Net income	\$ 452.3	\$ 453.6

⁽¹⁾ Includes stock-based compensation as follows:

	Year Ended December 31,	
	2024	2023
	<i>(In millions)</i>	
Cost of revenue	\$ 22.9	\$ 23.3
Research and development ⁽⁴⁾	247.6	237.6
Sales and marketing	23.7	22.0
General and administrative	52.3	55.1
Total stock-based compensation	\$ 346.5	\$ 338.0

⁽²⁾ Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the years ended December 31, 2024 and 2023. See Note 1, "Description of the Business and Summary of Significant Accounting Policies - Reduction in Workforce" for additional information.

⁽³⁾ Includes a one-time gain of \$158.8 million related to the partial termination of the Company's lease for its San Francisco, California corporate headquarters for the year ended December 31, 2023 and impairment charges related to real estate assets for the years ended December 31, 2024 and 2023.

⁽⁴⁾ On March 15, 2023, the former President resigned, resulting in the reversal of \$6.7 million in stock-based compensation expense. Of the total amount reversed, \$4.4 million related to expense recognized prior to January 1, 2023.

[Table of Contents](#)

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

	Year Ended December 31,	
	2024	2023
	(As a % of revenue)*	
Revenue	100 %	100 %
Cost of revenue ⁽¹⁾⁽²⁾	17	19
Gross profit	83	81
Operating expenses:		
Research and development ⁽¹⁾⁽²⁾	36	37
Sales and marketing ⁽¹⁾⁽²⁾	18	19
General and administrative ⁽¹⁾⁽²⁾	9	9
Net loss (gain) on real estate assets ⁽³⁾	—	(6)
Total operating expenses	63	59
Income from operations	19	22
Interest income, net	1	1
Other income (loss), net	—	—
Income before income taxes	20	22
Provision for income taxes	(2)	(4)
Net income	18 %	18 %

⁽¹⁾ Includes stock-based compensation as a percentage of revenue as follows:

	Year Ended December 31,	
	2024	2023
	(As a % of revenue)*	
Cost of revenue	1 %	1 %
Research and development ⁽⁴⁾	10	9
Sales and marketing	1	1
General and administrative	2	2
Total stock-based compensation	14 %	14 %

⁽²⁾ Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the years ended December 31, 2024 and 2023. See Note 1, "Description of the Business and Summary of Significant Accounting Policies - Reduction in Workforce" for additional information.

⁽³⁾ Includes a one-time gain of \$158.8 million related to the partial termination of the Company's lease for its San Francisco, California corporate headquarters for the year ended December 31, 2023 and impairment charges related to real estate assets for the years ended December 31, 2024 and 2023.

⁽⁴⁾ On March 15, 2023, the former President resigned, resulting in the reversal of \$6.7 million in stock-based compensation expense. Of the total amount reversed, \$4.4 million related to expense recognized prior to January 1, 2023.

* Percentages may not foot due to rounding.

Comparison of the years ended December 31, 2024 and 2023

Revenue

	Year Ended December 31,				
	2024	2023			
	(In millions)				
Revenue	\$ 2,548.2	\$ 2,501.6	\$ 46.6	1.9	%

Revenue increased \$46.6 million or 1.9% during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to an increase of \$43.4 million from additional paying users, an increased mix of sales towards our higher priced plans, as well as a shift to monthly subscription plans, which have a higher price point than our annual plans. Revenue was positively impacted by \$3.2 million from changes in foreign exchange rates across multiple currencies.

Cost of revenue, gross profit, and gross margin

	Year Ended December 31,				
	2024	2023			
	(In millions)				
Cost of revenue	\$ 445.1	\$ 478.5	\$ (33.4)	(7.0)	%
Gross profit	2,103.1	2,023.1	80.0	4.0	%
Gross margin	83 %	81 %			

Cost of revenue decreased \$33.4 million or 7.0% during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to a decrease of \$26.2 million in infrastructure costs, as a result of the \$30.5 million benefit due to the change in useful lives from 4 to 5 years for certain infrastructure and component assets during the year ended December 31, 2024.

Our gross margin increased during the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to a 1.9% increase in revenue during the period and a 7.0% decrease in our cost of revenue as described above.

Research and development

	Year Ended December 31,				
	2024	2023			
	(In millions)				
Research and development	\$ 914.9	\$ 936.5	\$ (21.6)	(2.3)	%

Research and development expenses decreased \$21.6 million or 2.3% during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to decreases of \$12.3 million in allocated overhead and \$7.6 million in employee related costs. These decreases were offset by an increase of \$1.9 million in severance, benefits & other related costs due to our 2024 reduction in workforce, as compared to our 2023 reduction in workforce.

Sales and marketing

	Year Ended December 31,				
	2024	2023			
	(In millions)				
Sales and marketing	\$ 460.7	\$ 466.0	\$ (5.3)	(1.1)	%

[Table of Contents](#)

Sales and marketing expenses decreased \$5.3 million or 1.1% during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to decreases of \$17.3 million in employee related costs and \$4.1 million in overhead. These decreases were offset by increases of \$5.8 million in severance, benefits & other related costs due to our 2024 reduction in workforce, as compared to our 2023 reduction in workforce and \$4.3 million related to advertising and other marketing related expenses.

General and administrative

	Year Ended December 31,				
	2024	2023	\$ Change	% Change	
	(In millions)				
General and administrative	\$ 241.2	\$ 237.1	\$ 4.1	1.7	%

General and administrative expenses increased \$4.1 million or 1.7% during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to increases of \$3.0 million in non-income based taxes and \$2.7 million in outside services.

Net loss (gain) on real estate assets

	Year Ended December 31,			
	2024	2023	\$ Change	% Change
	(In millions)			
Net loss (gain) on real estate assets	\$ 0.1	\$ (155.2)	\$ 155.3	(100) %

Net loss on real estate assets was \$0.1 million during the year ended December 31, 2024 due to impairment related to real estate assets. Net gain on real estate assets was \$155.2 million during the year ended December 31, 2023 primarily due to a gain of \$158.8 million as a result of the partial termination of our lease for our San Francisco, California corporate headquarters, offset by \$3.6 million of impairment charges.

Interest income, net

Interest income, net decreased by \$5.5 million during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to interest on our outstanding term loan debt.

Other income (loss), net

Other income (loss), net increased by \$13.4 million during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to a \$6.0 million gain on real estate assets as a result of a one-time payment from a subtenant and \$4.2 million increase in foreign currency transaction gains.

Provision for income taxes

Provision for income taxes decreased \$43.3 million during the year ended December 31, 2024, as compared to the year ended December 31, 2023, primarily due to the impact of the 2023 lease amendment on prior year income before income taxes, an increase in tax credits, and reductions to our unrecognized tax benefits due to an effective settlement with a foreign taxing authority.

Liquidity and Capital Resources

As of December 31, 2024, we had cash and cash equivalents of \$1.3 billion and short-term investments of \$265.9 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, certificates of deposit, asset-backed securities, commercial paper, foreign government securities, U.S. agency obligations, supranational securities, and municipal securities. As of December 31, 2024, \$410.3 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, the convertible senior notes (the "Notes") issuance, borrowings from our term loan facility, equity issuances, and finance leases to finance 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. We also have a term loan facility for additional working capital flexibility, as described below.

In February 2021, we issued approximately \$1.4 billion in aggregate principal amount of 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 2026 Notes mature on March 1, 2026 and the 2028 Notes mature on March 1, 2028. The Notes of each series do not bear regular interest and the principal does not accrete. The Notes of each series may bear special interest as the remedy relating to our failure to comply with certain of our reporting obligations. These Notes can be converted or repurchased prior to maturity if certain conditions are met.

Our principal uses of cash in recent periods have been funding our operations, repurchases of our Class A common stock, purchases of short-term investments, the satisfaction of tax withholding obligations in connection with the settlement of restricted stock units and awards, making principal payments on our finance lease obligations, and capital expenditures. In February 2022, our Board of Directors authorized the repurchase of up to \$ 1.2 billion of the outstanding shares of our Class A common stock. In July 2023, our Board of Directors further authorized the repurchase of up to an additional \$1.2 billion of the outstanding shares of our Class A common stock. We completed the February 2022 authorization of \$1.2 billion during the three months ended March 31, 2024 and continued stock repurchases under the July 2023 authorization. In December 2024, our Board of Directors further authorized the repurchase of up to an additional \$1.2 billion of the outstanding shares of our Class A common stock. Share repurchases will be made from time-to-time in private transactions or open market purchases as permitted by securities laws and other legal requirements and will be 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 year ended December 31, 2024, we repurchased and subsequently retired 49.5 million shares of our Class A common stock for an aggregate amount of \$1.2 billion. The 1% excise tax imposed as part of the Inflation Reduction Act is included in the cost of treasury stock acquired pursuant to common share repurchases. The pace of our share repurchases may fluctuate due to various circumstances, including market conditions and our stock price.

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 delayed draw term loan commitments each in an aggregate principal amount of up to \$1.0 billion, respectively. The terms of the agreement also provide for a secured letter of credit facility in an aggregate amount of up to \$35.0 million. The term loans have a maturity date of December 11, 2029, with quarterly principal payments beginning on March 31, 2025 and continuing on the last business day of each quarter thereafter, equal to 0.25% of the original principal amount of such term loans. As of December 31, 2024, we had \$1.0 billion outstanding on the initial term loans, no amounts outstanding on the delayed draw term loan commitments, and no letters of credit issued under the secured letter of credit facility.

Interest on borrowings under the term loan facility accrues at either an alternate base rate or a term SOFR rate (further described in Note 8 "Debt") at the Company's option. Pursuant to the terms of the term loan facility, we are required to pay a quarterly commitment fee that accrues at a rate of 1.00% per annum on the unused portion of the delayed draw term loan commitments.

[Table of Contents](#)

The term loan facility permits the Company, 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 term loan 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 December 31, 2024.

As of December 31, 2024, we have utilized a significant portion of our U.S. federal, state and foreign net operating losses. Future utilization of remaining net operating loss and research credit carryforwards are subject to statutory limits.

We believe our existing cash and cash equivalents, together with our short-term investments, cash provided by operations and amounts available under the term loan facility, will be sufficient to meet our needs for the foreseeable future. In addition to the Notes and obligations under the term loan facility discussed above, as of December 31, 2024, we have cash commitments due to additional known contractual obligations. Our cash commitments due to known contractual obligations primarily relate to operating and finance lease arrangements. As of December 31, 2024, we additionally had \$154.1 million of commitments with third-party vendors for services related to our infrastructure, infrastructure warranty contracts, and asset retirement obligations for office modifications, with terms of 12 years or less.

Our operating lease arrangements consist of leases for our offices and datacenters with terms of 12 years or less. As of December 31, 2024, future non-cancelable minimum rental payments related to operating leases were \$578.8 million, which includes \$200.1 million of future contractual rent payments allocated to non-lease components, and excludes rent payments from our subtenants and variable operating expenses. As of December 31, 2024, we are entitled to non-cancelable rent payments from our subtenants of \$59.9 million, which will be collected over the next 9 years. Our finance lease arrangements primarily consist of leases for our infrastructure with terms of 4 years or less. As of December 31, 2024, future non-cancelable minimum rental payments under finance leases were \$355.7 million. Refer to Note 9, "Leases", for more information.

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, the expansion of sales and marketing and international operation activities, 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:

	Year Ended December 31,	
	2024	2023
	(In millions)	
Net cash provided by operating activities	\$ 894.1	\$ 783.7
Net cash provided by investing activities	443.8	395.2
Net cash used in financing activities	(586.6)	(799.2)
Effect of exchange rate changes on cash and cash equivalents	(5.7)	2.4
Net increase (decrease) in cash and cash equivalents	\$ 745.6	\$ 382.1

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 year ended December 31, 2024, net cash provided by operating activities was \$894.1 million, which primarily consisted of our net income of \$452.3 million, adjusted for stock-based compensation expense of \$346.5 million, depreciation and amortization expenses of \$137.3 million, and net cash outflow of \$111.5 million from operating assets and liabilities. The outflow from operating assets and liabilities was primarily due to the payment of our corporate bonus, payments for our reduction in workforce, and the payment for the second tranche termination fee for the partial termination of our lease for our San Francisco, California corporate headquarters, offset by an increase in deferred revenue from increased subscription sales, as a majority of our paying users are invoiced in advance.

The increase of \$110.4 million in net cash provided by operating activities during the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to an increase of \$75.1 million in net income, as adjusted for stock-based compensation and depreciation and amortization expenses. Additionally, there was a decrease of \$35.3 million in cash outflows from changes in operating assets and liabilities.

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 year ended December 31, 2024, net cash provided by investing activities was \$443.8 million, which primarily related to \$493.1 million in net investment activity inflows, driven by the sales and maturities of short-term investments, net of purchases. The increase was partially offset by cash paid for acquisitions of \$57.8 million and cash paid for capital expenditures of \$22.5 million related to infrastructure build-outs and purchased components, spares, and laptops.

The increase of \$48.6 million in net cash provided by investing activities during the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to an increase of \$97.2 million in net investment activity inflows and a decrease of \$1.8 million in cash paid for capital expenditures, offset by an increase of \$57.8 million in cash paid for acquisitions.

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 restricted stock units ("RSUs") and restricted stock awards ("RSAs"), principal payments on finance lease obligations for our infrastructure equipment, and payments of acquisition-related indemnity holdback amounts, offset by proceeds from the term loan facility.

For the year ended December 31, 2024, net cash used in financing activities was \$586.6 million, which primarily consisted of \$1,241.6 million for the repurchase of our common stock, \$148.7 million for the satisfaction of tax withholding obligations for the release of restricted stock units and awards, and \$129.4 million in principal payments on finance lease obligations. The outflow was offset by net proceeds from the term loan facility of \$949.9 million.

The decrease of \$212.6 million in net cash used in financing activities during the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to proceeds from the term loan facility, net of debt issuance costs of \$950.0 million, offset by an increase of \$701.7 million in repurchases of our common stock and an increase of \$17.7 million in cash paid for the release of acquisition-related indemnity holdback payments after the acquisition date in accordance with the merger agreement.

Significant Impacts of Stock-Based Compensation**Co-Founder Grant**

In December 2017, the Board of Directors approved the grant to Drew Houston, the Company's Co-Founder and Chief Executive Officer, of 10.3 million shares of Class A common stock in the form of RSAs (the "Co-Founder Grant"). This Co-Founder Grant has service-based, market-based, and performance-based vesting conditions. The Co-Founder Grant is excluded from Class A common stock issued and outstanding until the satisfaction of these vesting conditions. The Co-Founder Grant also provides the holder with certain stockholder rights, such as the right to vote the shares with the other holders of Class A common stock and a right to cumulative declared dividends.

The Co-Founder Grant is eligible to vest over the ten-year period following the date the Company's shares of Class A common stock commenced trading on the Nasdaq Global Select Market in connection with the Company's IPO. The Co-Founder Grant is comprised of nine tranches that are eligible to vest based on the achievement of stock price goals, each of which are referred to as a Stock Price Target, measured over a consecutive thirty-day trading period during the Performance Period. The Performance Period began on January 1, 2019.

Company Stock Price Target	Shares Eligible to Vest for Mr. Houston
\$30.00	2,066,667
\$37.50	1,033,334
\$45.00	1,033,334
\$52.50	1,033,333
\$60.00	1,033,333
\$67.50	1,033,333
\$75.00	1,033,333
\$82.50	1,033,333
\$90.00	1,033,333

The Performance Vesting Condition for the Co-Founder Grant was satisfied on the date the Company's shares of Class A common stock commenced trading on the Nasdaq Global Select Market in connection with the Company's IPO, which was March 23, 2018.

The first tranche of the Co-Founder Grant, or 2.1 million shares of Class A common stock, vested in the fourth quarter of 2021. The stock-based compensation expense for the Co-Founder Grant is recognized utilizing the accelerated attribution method over the requisite service period identified as the derived service period over which the market conditions are expected to be achieved, and is not reversed if the market conditions are not satisfied.

Critical Accounting Estimates

Our consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K are prepared in accordance with generally accepted accounting principles, or GAAP, in the United States. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

While our significant accounting policies are more fully described in Note 1 "Description of the Business and Summary of Significant Accounting Policies" to our Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K, we believe that the accounting policies described below involve a greater degree of judgment and estimation uncertainty.

Net loss (gain) on real estate assets

We assess any changes to lease agreements in accordance with ASC 842, Leases ("ASC 842"). When amendments to existing lease agreements occur, we remeasure and reallocate the remaining consideration to the lease and non-lease components in the contract using a relative standalone price allocation, as well as reassess the classification of the lease at the effective date of the modification.

In the fourth quarter of 2023, we executed an amendment to the lease ("the lease amendment") for our San Francisco, California corporate headquarters. As a result of the lease amendment, we remeasured the related lease liability and right-of-use asset using the estimated incremental borrowing rate as of the modification date and using a relative standalone price reallocation of total contract consideration between the lease and non-lease components of the contract. The non-lease components include common area maintenance costs, which are significant in relation to the overall agreement. The determination of the standalone price of the lease and non-lease components involved judgment and was based on assumptions including future market rent rates, free rent periods and anticipated increases to common area maintenance costs. As a result of the lease amendment, we recognized a one-time gain of \$158.8 million in the fourth quarter of 2023 from the corresponding remeasurement of the lease liability and adjustment to the right-of-use asset (which was previously impaired), partially offset by an increase in the liability for unrecoverable common area maintenance costs. Refer to Note 9, "Leases", for more information.

In accordance with ASC 360, Property, Plant, and Equipment ("ASC 360"), we evaluate our long-lived assets for impairment whenever events and circumstances indicate that the assets might be impaired. When the projected undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, the assets are adjusted to their estimated fair value and an impairment loss is recorded as a component of operating income.

As a result of our Virtual First strategy, we reassess our asset groupings and evaluate the recoverability of our right-of-use and related lease assets, including leasehold improvements, furniture and fixtures, and computer equipment. We monitor ongoing changes in the corporate real estate market that may impact our subleasing strategy in conjunction with our Virtual First model. We recorded impairment charges related to real estate assets of \$0.1 million during the year ended December 31, 2024. Estimating the fair value of our real estate assets can require the application of significant judgment. Refer to Note 9, "Leases", for more information.

Income Taxes

Deferred income tax balances reflect the effects of temporary differences between the financial reporting and tax bases of our 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, which requires management's judgment, 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. To the extent sufficient positive evidence becomes available, we may release all or a portion of our valuation allowance in one or more future periods.

During the years ended December 31, 2024, and 2023, we evaluated the realizability of our deferred tax assets, which did not result in the release of any part of our historical valuation allowance. Future releases of the remaining valuation allowance, if any, would result in the recognition of certain deferred tax assets which may include a material income tax benefit for the period in which such release is recorded. Refer to Note 14, "Income Taxes" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for more information.

Change in Accounting Estimate

In the first quarter of 2024, we determined that the useful lives of certain infrastructure server and component assets, which are included in "Property and equipment, net", should be increased from four to five years, as we plan to extend the economic life of these assets in light of recent technological advancements. This change in useful lives was effective beginning in fiscal year 2024, and had a favorable impact for the full fiscal year 2024 to cost of revenue and operating income of \$30.5 million based on assets that were included in "Property and equipment, net" as of December 31, 2023.

Recent Accounting Pronouncements

See Note 1, "Description of the Business and Summary of Significant Accounting Policies" to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for recently adopted accounting pronouncements as of the date of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk

We had cash and cash equivalents of \$1.3 billion and short-term investments of \$265.9 million as of December 31, 2024. 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, certificates of deposit, asset-backed securities, commercial paper, foreign government 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 December 31, 2024, 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.

Any 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 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%. As of December 31, 2024, we had \$1.0 billion 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. As of December 31, 2024, a hypothetical increase or decrease in interest rates by 100 basis points would have had an immaterial impact on our 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 year ended December 31, 2024, 26% 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.

Net foreign currency transaction gains and losses were immaterial during the year ended December 31, 2024 and we recorded net foreign currency transaction losses of \$3.2 million during the year ended December 31, 2023. A hypothetical 10% change in foreign currency rates would not have resulted in material gains or losses for the years ended December 31, 2024 and 2023.

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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

DROPBOX, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)	69
Consolidated Balance Sheets	72
Consolidated Statements of Operations	74
Consolidated Statements of Comprehensive Income	75
Consolidated Statements of Stockholders' Deficit	76
Consolidated Statements of Cash Flows	77
Notes to Consolidated Financial Statements	79

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Dropbox, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dropbox, Inc. (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 21, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue from Contracts with Customers

Description of the Matter As described in Note 1 to the consolidated financial statements, the Company derives its revenue from subscription fees from customers for access to its platform, which is recognized ratably over the related contractual term.

Auditing the Company's revenue recognition required significant effort due to the high volume of individually-low-monetary-value transactions that are processed through several applications responsible for initiation, processing, and recording.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over revenue recognition. For example, with the assistance of IT professionals, we tested the internal controls over billing of subscriptions, reconciliation of billings to cash receipts, and revenue recognition.

To test the Company's accounting for revenue recognition, we performed substantive audit procedures that included, among others, testing the completeness and accuracy of the underlying data within the Company's billing system, and by performing data analytics to evaluate the recognition of revenue and deferred revenue amounts.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2013.

San Francisco, California

February 21, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Dropbox, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Dropbox, Inc.'s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Dropbox, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 21, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

San Francisco, California

February 21, 2025

DROPBOX, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except for par value)

	As of December 31,	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,328.3	\$ 614.9
Short-term investments	265.9	741.1
Trade and other receivables, net	70.4	68.7
Prepaid expenses and other current assets	73.8	91.9
Total current assets	1,738.4	1,516.6
Property and equipment, net	358.8	309.2
Operating lease right-of-use asset	158.9	183.8
Intangible assets, net	54.9	58.1
Goodwill	442.8	402.2
Deferred tax assets	466.7	460.4
Other assets	104.7	53.2
Total assets	\$ 3,325.2	\$ 2,983.5
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 36.5	\$ 38.5
Accrued and other current liabilities	143.2	155.2
Accrued compensation and benefits	105.2	109.2
Operating lease liability	64.9	57.4
Finance lease obligation	123.3	116.2
Term loan, net, current	10.0	—
Deferred revenue	727.7	725.0
Total current liabilities	1,210.8	1,201.5
Operating lease liability, non-current	250.4	310.7
Finance lease obligation, non-current	203.5	168.5
Convertible senior notes, net, non-current	1,381.6	1,377.8
Term loan, net, non-current	962.9	—
Other non-current liabilities	68.4	90.8
Total liabilities	4,077.6	3,149.3
Commitments and contingencies (Note 10)		
Stockholders' deficit:		
Convertible preferred stock, \$ 0.00001 par value; no shares authorized, issued and outstanding as of December 31, 2024; no shares authorized, issued and outstanding as of December 31, 2023	—	—
Preferred stock, \$ 0.00001 par value; 240.0 shares authorized, and no shares issued and outstanding as of December 31, 2024; 240.0 shares authorized and no shares issued and outstanding as of December 31, 2023	—	—
Common stock, \$ 0.00001 par value; Class A common stock - 2,400.0 shares authorized and 218.4 shares issued and outstanding as of December 31, 2024; 2,400.0 shares authorized and 256.0 shares issued and outstanding as of December 31, 2023; Class B common stock - 475.0 shares authorized and 77.5 shares issued and outstanding as of December 31, 2024; 475.0 shares authorized and 80.7 shares issued and outstanding as of December 31, 2023; Class C common stock - 800.0 shares authorized and no shares issued and outstanding as of December 31, 2024; 800.0 shares authorized and no shares issued and outstanding as of December 31, 2023	—	—
Additional paid-in-capital	2,404.2	2,598.0
Accumulated deficit	(3,146.5)	(2,742.3)
Accumulated other comprehensive loss	(10.1)	(21.5)

Total stockholders' deficit	(752.4)	(165.8)
Total liabilities and stockholders' deficit	\$ 3,325.2	\$ 2,983.5

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 2,548.2	\$ 2,501.6	\$ 2,324.9
Cost of revenue ⁽¹⁾⁽²⁾	445.1	478.5	444.2
Gross profit	2,103.1	2,023.1	1,880.7
Operating expenses:			
Research and development ⁽¹⁾⁽²⁾	914.9	936.5	891.9
Sales and marketing ⁽¹⁾⁽²⁾	460.7	466.0	409.4
General and administrative ⁽¹⁾⁽²⁾	241.2	237.1	222.9
Net loss (gain) on real estate assets ⁽³⁾	0.1	(155.2)	175.2
Total operating expenses	1,616.9	1,484.4	1,699.4
Income from operations	486.2	538.7	181.3
Interest income, net	13.9	19.4	3.3
Other income (loss), net	9.7	(3.7)	8.1
Income before income taxes	509.8	554.4	192.7
(Provision for) benefit from income taxes ⁽⁴⁾	(57.5)	(100.8)	360.5
Net income	\$ 452.3	\$ 453.6	\$ 553.2
Net income per share-basic and diluted:			
Basic net income per share	\$ 1.42	\$ 1.33	\$ 1.53
Diluted net income per share	\$ 1.40	\$ 1.31	\$ 1.52
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	318.2	341.2	361.2
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	323.4	345.6	363.3

⁽¹⁾ Includes stock-based compensation as follows:

	Year Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 22.9	\$ 23.3	\$ 24.7
Research and development ⁽⁵⁾	247.6	237.6	232.3
Sales and marketing	23.7	22.0	22.4
General and administrative	52.3	55.1	51.3
Total stock-based compensation	\$ 346.5	\$ 338.0	\$ 330.7

⁽²⁾ Includes expenses related to the Company's reduction in workforce such as severance, benefits and other related items during the years ended December 31, 2024 and 2023. See Note 1, "Description of the Business and Summary of Significant Accounting Policies - Reduction in Workforce" for additional information.

⁽³⁾ Includes a one-time gain of \$ 158.8 million related to the partial termination of the Company's lease for its San Francisco, California corporate headquarters for the year ended December 31, 2023 and impairment charges related to real estate assets for the years ended December 31, 2024, 2023, and 2022.

⁽⁴⁾ Results of Operations for the year ended December 31, 2022 includes a one-time benefit from income taxes of \$ 420.2 million due to the release of a valuation allowance on the U.S. federal and certain state deferred tax assets.

⁽⁵⁾ On March 15, 2023, the former President resigned, resulting in the reversal of \$ 6.7 million in stock-based compensation expense. Of the total amount reversed, \$ 4.4 million related to expense recognized prior to January 1, 2023.

See accompanying Notes to Consolidated Financial Statements.

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

	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 452.3	\$ 453.6	\$ 553.2
Other comprehensive income (loss):			
Change in foreign currency translation adjustments	(2.2)	0.2	(7.1)
Change in net unrealized gains and (losses) on short-term investments	13.6	27.2	(39.2)
Total other comprehensive income (loss)	\$ 11.4	\$ 27.4	\$ (46.3)
Comprehensive income	\$ 463.7	\$ 481.0	\$ 506.9

See accompanying Notes to Consolidated Financial Statements.

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

	Convertible preferred stock		Class A and Class B common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total stockholders' deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2021	<u>—</u>	<u>\$ —</u>	<u>375.5</u>	<u>\$ —</u>	<u>\$ 2,448.1</u>	<u>\$ (2,739.4)</u>	<u>\$ (2.6)</u>	<u>\$ (293.9)</u>
Release of restricted stock units and awards	—	—	14.4	—	—	—	—	—
Shares withheld related to net share settlement of restricted stock units and awards	—	—	(5.1)	—	(41.5)	(77.9)	—	(119.4)
Repurchases of common stock	—	—	(35.6)	—	(287.4)	(508.0)	—	(795.4)
Exercise of stock options and awards	—	—	0.2	—	0.5	—	—	0.5
Tax benefit attributable to bond hedges purchased in connection with issuance of convertible senior notes	—	—	—	—	61.2	—	—	61.2
Stock-based compensation	—	—	—	—	330.7	—	—	330.7
Other comprehensive loss	—	—	—	—	—	—	(46.3)	(46.3)
Net income	—	—	—	—	—	553.2	—	553.2
Balance at December 31, 2022	<u>—</u>	<u>\$ —</u>	<u>349.4</u>	<u>\$ —</u>	<u>\$ 2,511.6</u>	<u>\$ (2,772.1)</u>	<u>\$ (48.9)</u>	<u>\$ (309.4)</u>
Release of restricted stock units and awards	—	—	15.1	—	—	—	—	—
Shares withheld related to net share settlement of restricted stock units and awards	—	—	(5.3)	—	(48.5)	(86.6)	—	(135.1)
Repurchases of common stock	—	\$ —	(22.7)	\$ —	(205.6)	(337.2)	—	\$ (542.8)
Exercise of stock options and awards	—	—	0.2	—	2.5	—	—	2.5
Stock-based compensation	—	—	—	—	338.0	—	—	338.0
Other comprehensive income	—	—	—	—	—	—	27.4	27.4
Net income	—	—	—	—	—	453.6	—	453.6
Balance at December 31, 2023	<u>—</u>	<u>\$ —</u>	<u>336.7</u>	<u>\$ —</u>	<u>\$ 2,598.0</u>	<u>\$ (2,742.3)</u>	<u>\$ (21.5)</u>	<u>\$ (165.8)</u>
Release of restricted stock units and awards	—	—	14.4	—	—	—	—	—
Shares withheld related to net share settlement of restricted stock units and awards	—	—	(5.7)	—	(55.2)	(93.5)	—	(148.7)
Repurchases of common stock	—	—	(49.5)	—	(485.9)	(763.0)	—	(1,248.9)
Exercise of stock options and awards	—	—	0.1	—	0.9	—	—	0.9
Stock-based compensation	—	—	—	—	346.5	—	—	346.5
Other comprehensive income	—	—	—	—	—	—	11.4	11.4
Net income	—	—	—	—	—	452.3	—	452.3
Balance at December 31, 2024	<u>—</u>	<u>\$ —</u>	<u>295.9</u>	<u>\$ —</u>	<u>\$ 2,404.2</u>	<u>\$ (3,146.5)</u>	<u>\$ (10.1)</u>	<u>\$ (752.4)</u>

See accompanying Notes to Consolidated Financial Statement

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

	Year Ended December 31,		
	2024	2023	2022
Cash flow from operating activities			
Net income	\$ 452.3	\$ 453.6	\$ 553.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	137.3	170.0	157.1
Stock-based compensation	346.5	338.0	330.7
Net loss (gain) on real estate assets	0.1	(155.2)	175.2
Amortization of debt issuance costs	4.6	4.2	4.2
Net loss (gain) on equity investments	0.2	—	(5.0)
Amortization of deferred commissions	30.3	38.6	39.5
Non-cash operating lease expense	35.9	43.5	63.8
Deferred taxes	(5.4)	38.4	(396.3)
Other	3.8	(0.6)	(0.8)
Changes in operating assets and liabilities:			
Trade and other receivables, net	(2.4)	(14.5)	(5.5)
Prepaid expenses and other current assets	(5.4)	(41.1)	(50.0)
Other assets	6.4	23.3	(9.7)
Accounts payable	(4.5)	1.2	13.0
Accrued and other current liabilities	(24.7)	(20.8)	4.7
Accrued compensation and benefits	(4.1)	(22.6)	(6.8)
Deferred revenue	1.5	21.6	25.6
Other non-current liabilities	(6.4)	(1.5)	(17.9)
Operating lease liabilities	(57.0)	(65.4)	(86.4)
Tenant improvement allowance reimbursement	—	1.1	8.7
Cash paid for lease termination	(14.9)	(28.1)	—
Net cash provided by operating activities	894.1	783.7	797.3
Cash flow from investing activities			
Capital expenditures	(22.5)	(24.3)	(33.8)
Purchase of intangible assets	(0.2)	(0.3)	(1.1)
Business combinations, net of cash acquired	(57.8)	—	(75.4)
Purchases of short-term investments	(62.3)	(208.7)	(571.2)
Proceeds from sales of short-term investments	241.7	352.4	213.7
Proceeds from maturities of short-term investments	313.7	252.2	389.1
Proceeds from sales of equity investments	—	—	10.6
Other	31.2	23.9	19.6
Net cash provided by (used in) investing activities	443.8	395.2	(48.5)
Cash flow from financing activities			
Proceeds from term loan facility	1,000.0	—	—
Payments of debt issuance costs	(50.1)	(0.1)	—
Payments for taxes related to net share settlement of restricted stock units and awards	(148.7)	(135.1)	(119.4)
Proceeds from issuance of common stock, net of taxes withheld	0.9	2.5	0.5

	Year Ended December 31,		
	2024	2023	2022
Principal payments on finance lease obligations	(129.4)	(126.6)	(127.5)
Common stock repurchases	(1,241.6)	(539.9)	(795.4)
Payment of acquisition-related indemnification holdback	(17.7)	—	—
Net cash used in financing activities	(586.6)	(799.2)	(1,041.8)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(5.7)	2.4	(7.2)
Change in cash, cash equivalents, and restricted cash	745.6	382.1	(300.2)
Cash, cash equivalents, and restricted cash - beginning of period	614.9	232.8	533.0
Cash, cash equivalents, and restricted cash - end of period	\$ 1,360.5	\$ 614.9	\$ 232.8
Reconciliation of cash, cash equivalents, and restricted cash to amounts on consolidated balance sheets - end of period			
Cash and cash equivalents	1,328.3	614.9	232.8
Restricted cash, current included in prepaid expenses and other current assets	1.1	—	—
Restricted cash, non-current included in other assets	31.1	—	—
Total cash, cash equivalents, and restricted cash	<u>\$ 1,360.5</u>	<u>\$ 614.9</u>	<u>\$ 232.8</u>
Supplemental cash flow data:			
Cash paid during the period for:			
Interest	\$ 15.2	\$ 10.5	\$ 8.2
Income taxes	\$ 61.0	\$ 68.2	\$ 27.6
Non-cash investing and financing activities:			
Property and equipment received and accrued in accounts payable and accrued liabilities	\$ —	\$ 2.0	\$ 2.6
Property and equipment acquired under finance leases	\$ 171.6	\$ 144.7	\$ 105.8

See accompanying Notes to Consolidated Financial Statements.

DROPBOX, INC.
NOTES TO 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. The Company is headquartered in San Francisco, California.

Basis of presentation and consolidation

The accompanying consolidated financial statements have been prepared in accordance with the United States of America generally accepted accounting principles ("GAAP"). The accompanying consolidated financial statements include the accounts of Dropbox and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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 consolidated financial statements and accompanying notes. These estimates are based on information available as of the date of the 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 valuation of right-of-use and other lease related property and equipment assets as well as income taxes.

The Company reviews the useful lives of long-lived assets on an ongoing basis, and effective January 1, 2024, the Company changed the estimate of the useful lives of certain infrastructure server and component assets, which are included in property and equipment, net and are depreciated through cost of revenue, from four to five years. The Company has extended the economic life of these assets in light of recent technological advancements. The effect of this change in estimate during the year ended December 31, 2024 was a reduction in depreciation expense of \$ 30.5 million, and a benefit to net income of \$ 23.5 million or \$ 0.07 per basic and diluted share. The impact from the change in the Company's estimate was calculated based on assets that existed as of the effective date of the change and applying the revised estimated useful lives prospectively.

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 15 "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 (loss), 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 year ended December 31, 2024 and the Company recorded net foreign currency transaction losses of \$ 3.2 million during the year ended December 31, 2023.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue recognition

The Company derives its revenue from subscription fees from customers 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 \$ 724.0 million, \$ 701.6 million and \$ 671.5 million of revenue during the years ended December 31, 2024, 2023 and 2022, respectively, that was included in the deferred revenue balances at the beginning of their respective periods.

As of December 31, 2024, future estimated revenue related to performance obligations that were unsatisfied or partially unsatisfied was \$ 810.4 million. The substantial majority of the unsatisfied performance obligations will be satisfied over the next twelve months.

Stock-based compensation

The Company has primarily granted 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"). Since August 2015, the Company has granted RSUs, which have a service-based vesting condition over a four-year period vesting quarterly, as the only stock-based awards to its employees, with the exception of awards granted to its co-founder and certain executives, and has not granted any stock options to employees under the Dropbox Equity Incentive Plans. The Company recognizes compensation expense associated with RSUs on a straight-line basis over the requisite service period and accounts for forfeitures 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.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

In December 2017, the Board of Directors approved the Company's Co-Founder Grant, consisting of 10.3 million shares of Class A Common Stock in the form of RSAs which were granted to Drew Houston, the Company's co-founder and Chief Executive Officer. This Co-Founder Grant has service-based, market-based, and performance-based vesting conditions. The Co-Founder Grant is excluded from Class A common stock issued and outstanding until the satisfaction of these vesting conditions. The Company estimated the grant date fair value of the Co-Founder Grant using a model based on multiple stock price paths developed through the use of a Monte Carlo simulation that incorporates into the valuation the possibility that certain stock price targets may not be satisfied. The first tranche of the Co-Founder Grant vested in the fourth quarter of 2021. The stock-based compensation expense for the Co-Founder Grant is recognized utilizing the accelerated attribution method over the requisite service period identified as the derived service period over which the market conditions are expected to be achieved, and is not reversed if the market conditions are not satisfied. Therefore, no incremental stock-based compensation was recognized upon vesting of these RSAs. See Note 12 "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 the datacenters.

Reduction in Workforce

2024 Reduction in Workforce

In October 2024, the Company announced a reduction of its global workforce by approximately 20 % to streamline the Company's team structure to better align with its long-term growth and profitability objectives. The Company paid \$ 52.1 million in cash expenditures during the year ended December 31, 2024, and estimates that it will make total cash expenditures of \$ 63 million to \$ 68 million, which includes the pro rata amount of the fiscal year 2024 annual employee bonus through October 30, 2024. As a result, the Company expects to recognize \$ 47 million to \$ 52 million of incremental expense, consisting of severance payments, employee benefits and related costs. The Company incurred substantially all of these charges in the fourth quarter of 2024, with the remainder to be recognized and paid in the first half of 2025.

These severance and related charges are included within the Company's consolidated statements of operations for the year ended December 31, 2024 as follows:

Cost of revenue	\$	2.4
Research and development		29.7
Sales and marketing		12.5
General and administrative		2.6
Total Charges	\$	47.2

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended December 31, 2024, changes in liabilities resulting from the severance charges and related costs were as follows:

	Severance and Related Costs
Balance as of December 31, 2023	\$ —
Charges	47.2
Cash payments ⁽¹⁾	(39.9)
Balance as of December 31, 2024	\$ 7.3

⁽¹⁾ For the year ended December 31, 2024, total cash payments were \$ 52.1 million when including the pro rata amount of the fiscal year 2024 annual employee bonus.

2023 Reduction in Workforce

On April 27, 2023, the Company announced a reduction of its global workforce by approximately 16 % to streamline its team structure in support of its long-term growth and profitability objectives. During the year ended December 31, 2023, the Company incurred \$ 39.3 million in charges in connection with the reduction in workforce, primarily consisting of cash expenditures for severance payments, employee benefits and related costs.

These severance charges are included within the Company's consolidated statements of operations for the year ended December 31, 2023 as follows:

	Severance and Related Costs
Cost of revenue	\$ 2.9
Research and development	27.8
Sales and marketing	6.7
General and administrative	1.9
Total Charges	\$ 39.3

For the year ended December 31, 2023, changes in liabilities resulting from the severance charges and related accruals were as follows:

	Severance and Related Costs
Balance as of December 31, 2022	\$ —
Charges	39.3
Cash payments	(39.3)
Balance as of December 31, 2023	\$ —

Advertising and promotional expense

Advertising and promotional expenses are primarily included in sales and marketing expenses within the consolidated statements of operations and are expensed when incurred. Advertising and promotional expenses were \$ 142.6 million, \$ 131.7 million, and \$ 94.8 million during the years ended December 31, 2024, 2023, and 2022, respectively.

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.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Company had restricted cash of \$ 32.2 million as of December 31, 2024. The letters of credit were previously issued under the Revolving credit facility (defined in Note 8 "Debt") which was terminated in December 2024. The Company did not have any restricted cash as of December 31, 2023.

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, certificates of deposit, asset-backed securities, commercial paper, U.S. agency obligations, foreign government securities, 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 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 loss in the 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 (loss), 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 year ended December 31, 2024. As of December 31, 2024 and 2023, no allowance for credit losses in short-term investments was recorded.

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. Two distribution partners accounted for 11 % and 48 % of total trade and other receivables, net as of December 31, 2024. Two distribution partners accounted for 11 % and 43 % of total trade and other receivables, net as of December 31, 2023. 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.

Trade and other receivables, net

Trade and other receivables, net consists primarily of trade receivables that are recorded at the invoice amount, net of an allowance for expected credit losses.

The allowance for expected credit losses is based on the Company's assessment of the collectability of accounts receivable. The Company assesses collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. The Company regularly reviews the adequacy of the allowance for expected credit losses by considering

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

the age of each outstanding invoice, the collection history of each customer, and other relevant factors, including contractual term and current and future economic conditions. The Company's allowance for expected credit losses was immaterial as of December 31, 2024 and 2023, respectively.

Non-trade receivables

The Company records non-trade receivables to reflect amounts due for activities outside of its subscription agreements, such as indemnification assets and receivables from tenants. Non-trade receivables totaled \$ 5.0 million and \$ 6.9 million, as of December 31, 2024 and 2023, respectively, and are classified within prepaid expenses and other current assets in the accompanying consolidated balance sheets. See Note 9 "Leases" for additional information.

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 consolidated balance sheets. The Company deferred incremental costs of obtaining a contract of \$ 28.1 million and \$ 24.7 million during the years ended December 31, 2024 and 2023, respectively.

Deferred commissions, net included in prepaid and other current assets were \$ 21.3 million and \$ 23.4 million as of December 31, 2024 and 2023, respectively. Deferred commissions, net included in other assets were \$ 21.9 million and \$ 22.0 million as of December 31, 2024 and 2023, 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 \$ 30.3 million, \$ 38.6 million and \$ 39.5 million for the years ended December 31, 2024, 2023 and 2022 respectively. Amortization of deferred commissions costs are included in sales and marketing expense in the accompanying 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
Office equipment and other	3 to 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.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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. The Company recorded total impairment charges of \$ 0.1 million, \$ 3.6 million and \$ 175.2 million during the years ended December 31, 2024, 2023 and 2022, respectively, related to real estate assets as a result of changes in the corporate real estate market which impacted the Company's subleasing strategy in conjunction with the Virtual First model. See Note 9 "Leases" for additional information.

In the fourth quarter of 2023, the Company executed an amendment to partially terminate the lease ("the lease amendment") for its San Francisco, California corporate headquarters. As a result of the lease amendment, the Company recognized a one-time gain of \$ 158.8 million in the fourth quarter of 2023 from the corresponding remeasurement of the lease liability and adjustment of the right-of-use asset (which was previously impaired), partially offset by an increase in the liability for unrecoverable common area maintenance costs.

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's finance lease agreements may contain lease and non-lease components. The non-lease components include payments for support on infrastructure equipment obtained via finance leases, which when not significant in relation to the overall agreement, are combined with the lease components and accounted for together as a single lease component.

Internal use software

The Company capitalizes certain costs related to developed or modified software solely for its internal use and cloud-based applications used to deliver its platform. The Company capitalizes costs during the application development stage once the preliminary project stage is complete, management authorizes and commits to funding the project, and it is probable that the project will be completed and that the software will be used to perform the function intended. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized internal use software costs were not material to the Company's consolidated financial statements during the years ended December 31, 2024, 2023 and 2022.

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 consolidated statements of operations.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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. At December 31, 2024, the single reporting unit had a negative carrying value of net assets. Goodwill allocated to the single reporting unit was \$ 442.8 million at December 31, 2024.

The Company has not recorded impairment charges on goodwill or intangible assets for the periods presented in these consolidated financial statements.

The Company recorded total impairment charges of \$ 0.1 million, \$ 3.6 million and \$ 175.2 million during the years ended December 31, 2024, 2023 and 2022, respectively, related to real estate assets as a result of changes in the corporate real estate market which impacted the Company's subleasing strategy in conjunction with its Virtual First model. See Note 9 "Leases" for additional information.

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. Refer to "Change in Accounting Estimate" for additional information related to the revised useful life of certain assets in the first quarter of 2024.

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. As of December 31, 2022, the Company released the valuation allowance on its U.S. federal and certain state deferred tax assets resulting in an income tax benefit of \$ 420.2 million.

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.

Although the Company believes that it has adequately reserved for its uncertain tax positions, it can provide no assurance that the final tax outcome of these matters will not be materially different. 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.

To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on the Company's financial condition and results of operations.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Tax Cuts and Jobs Act of 2017 ("TCJA") subjects a U.S. shareholder to current tax on global intangible low-taxed income ("GILTI") earned by foreign subsidiaries. The Company accounts for GILTI 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 December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, to enhance income tax disclosures primarily through changes in rate reconciliation and income taxes paid disclosures. The amendments in ASU 2023-09 are effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statement disclosures.

In November 2024, the FASB issued 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 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 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 amendments in ASU 2024-04 are effective for annual periods beginning after December 15, 2025, and interim periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The Company is currently evaluating the impact of this standard on the Company's consolidated financial statements.

Recently adopted accounting pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose significant segment expenses and other segment items. The ASU also clarifies that public entities, including those with a single reportable segment, are required to provide the new disclosures and all existing disclosures required by ASC 280, on both an annual and interim basis. The Company adopted ASU 2023-07 for the year ended December 31, 2024. The adoption of the standard did not result in significant change to the Company's consolidated financial statement disclosures. See Note 15 "Segment Information and Geographic Areas".

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

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The amortized cost, unrealized gains and losses and estimated fair value of the Company's cash, cash equivalents and short-term investments as of December 31, 2024 and 2023 consisted of the following:

	As of December 31, 2024			
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Cash	\$ 98.3	\$ —	\$ —	\$ 98.3
Cash equivalents				
Money market funds	1,230.0	—	—	1,230.0
Total cash & cash equivalents	\$ 1,328.3	\$ —	\$ —	\$ 1,328.3
Short-term investments				
Corporate notes and obligations	133.1	0.2	(3.3)	130.0
U.S. Treasury securities	85.0	—	(2.6)	82.4
Municipal securities	30.0	—	(0.7)	29.3
Asset backed securities	19.2	—	(0.3)	18.9
U.S. agency obligations	3.8	—	(0.2)	3.6
Supranational securities	1.8	—	(0.1)	1.7
Total short-term investments	272.9	0.2	(7.2)	265.9
Total	\$ 1,601.2	\$ 0.2	\$ (7.2)	\$ 1,594.2

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

As of December 31, 2023				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Estimated Fair Value
Cash	\$ 81.3	\$ —	\$ —	\$ 81.3
Cash equivalents				
Money market funds	514.8	—	—	514.8
U.S. Treasury securities	10.0	—	—	10.0
Commercial paper	4.4	—	—	4.4
Corporate notes and obligations	2.9	—	—	2.9
Certificates of deposit	1.3	—	—	1.3
Municipal securities	0.2	—	—	0.2
Total cash & cash equivalents	\$ 614.9	\$ —	\$ —	\$ 614.9
Short-term investments				
Corporate notes and obligations	359.6	0.4	(10.3)	349.7
U.S. Treasury securities	231.2	0.2	(6.1)	225.3
Asset backed securities	72.3	—	(2.3)	70.0
Municipal securities	48.3	—	(2.0)	46.3
Commercial paper	30.7	—	—	30.7
Certificates of deposit	8.4	—	—	8.4
U.S. agency obligations	6.0	—	(0.3)	5.7
Foreign government obligations	3.5	—	(0.2)	3.3
Supranational securities	1.8	—	(0.1)	1.7
Total short-term investments	761.8	0.6	(21.3)	741.1
Total	\$ 1,376.7	\$ 0.6	\$ (21.3)	\$ 1,356.0

Included in cash and cash equivalents is cash in transit from payment processors for credit and debit card transactions of \$ 9.9 million and \$ 17.0 million as of December 31, 2024 and 2023, respectively.

All short-term investments were designated as available-for-sale securities as of December 31, 2024 and 2023.

The following table presents the contractual maturities of the Company's short-term investments as of December 31, 2024:

As of December 31, 2024		
	Amortized cost	Estimated fair value
Due within one year	\$ 109.1	\$ 106.9
Due between one to three years	147.9	143.5
Due after three years	15.9	15.5
Total	\$ 272.9	\$ 265.9

The Company had 182 short-term investments in unrealized loss positions as of December 31, 2024. There were no material gains or losses from short-term investments that were reclassified out of accumulated other comprehensive loss for the years ended December 31, 2024 or 2023.

As of December 31, 2024, the Company's short-term investments portfolio consisted of six security types, all of which were in an unrealized loss position. The Company's short-term investments had unrealized losses of approximately \$ 7.2 million

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

as of December 31, 2024. 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 December 31, 2024 and 2023:

	As of December 31, 2024					
	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	\$ 1.9	\$ —	\$ 103.8	\$ (3.3)	\$ 105.7	\$ (3.3)
U.S. Treasury securities	9.0	(0.1)	65.7	(2.5)	74.7	(2.6)
Asset backed securities	—	—	16.0	(0.3)	16.0	(0.3)
Municipal securities	6.0	(0.1)	23.1	(0.6)	29.1	(0.7)
U.S. agency obligations	—	—	3.6	(0.2)	3.6	(0.2)
Supranational securities	—	—	1.7	(0.1)	1.7	(0.1)
Total	\$ 16.9	\$ (0.2)	\$ 213.9	\$ (7.0)	\$ 230.8	\$ (7.2)

	As of December 31, 2023					
	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	\$ 25.1	\$ (0.1)	\$ 240.3	\$ (10.2)	\$ 265.4	\$ (10.3)
U.S. Treasury securities	17.8	(0.1)	174.0	(6.0)	191.8	(6.1)
Asset backed securities	0.6	—	66.0	(2.3)	66.6	(2.3)
Municipal securities	—	—	46.1	(2.0)	46.1	(2.0)
U.S. agency obligations	—	—	3.5	(0.3)	3.5	(0.3)
Foreign government obligations	—	—	3.3	(0.2)	3.3	(0.2)
Supranational securities	—	—	1.6	(0.1)	1.6	(0.1)
Total	\$ 43.5	\$ (0.2)	\$ 534.8	\$ (21.1)	\$ 578.3	\$ (21.3)

Unrealized losses on short-term investments have not been recorded into income because management does not intend to sell nor will 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 \$ 39.0 million, \$ 34.6 million and \$ 15.7 million during the years ended December 31, 2024, 2023 and 2022, 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 when measuring fair value. 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.

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:

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

As of December 31, 2024				
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	\$ 1,230.0	\$ —	\$ —	\$ 1,230.0
Total cash equivalents	\$ 1,230.0	\$ —	\$ —	\$ 1,230.0
Short-term investments				
Corporate notes and obligations	—	130.0	—	130.0
U.S. Treasury securities	—	82.4	—	82.4
Municipal securities	—	29.3	—	29.3
Asset backed securities	—	18.9	—	18.9
U.S. agency obligations	—	3.6	—	3.6
Supranational securities	—	1.7	—	1.7
Total short-term investments	—	265.9	—	265.9
Total	\$ 1,230.0	\$ 265.9	\$ —	\$ 1,495.9

As of December 31, 2023				
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	\$ 514.8	\$ —	\$ —	\$ 514.8
U.S. Treasury securities	—	10.0	—	10.0
Commercial paper	—	4.4	—	4.4
Corporate notes and obligations	—	2.9	—	2.9
Certificates of deposit	—	1.3	—	1.3
Municipal securities	—	0.2	—	0.2
Total cash equivalents	\$ 514.8	\$ 18.8	\$ —	\$ 533.6
Short-term investments				
Corporate notes and obligations	—	349.7	—	349.7
U.S. Treasury securities	—	225.3	—	225.3
Asset backed securities	—	70.0	—	70.0
Municipal securities	—	46.3	—	46.3
Commercial paper	—	30.7	—	30.7
Certificates of deposit	—	8.4	—	8.4
U.S. agency obligations	—	5.7	—	5.7
Foreign government obligations	—	3.3	—	3.3
Supranational securities	—	1.7	—	1.7
Total short-term investments	—	741.1	—	741.1
Total	\$ 514.8	\$ 759.9	\$ —	\$ 1,274.7

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 in 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 \$ 695.8 million in aggregate principal amount of 0 % convertible senior notes due in 2026 (the "2026 Notes"), and \$ 693.3 million in aggregate principal amount of 0 % convertible senior notes due in 2028 (the "2028 Notes" and

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

together with the 2026 Notes, the "Notes"), outstanding as of December 31, 2024. Refer to Note 8 "Debt" for additional information.

The estimated fair value of the 2026 Notes and the 2028 Notes, based on a market approach as of December 31, 2024 was approximately \$ 695.8 million and \$ 708.2 million, respectively. The Notes were categorized as Level 2 instruments as the estimated fair value was determined based on the trading activity of the Notes in an over-the-counter market on the last business day of the period.

The Company had \$ 1.0 billion of term loans outstanding with a carrying value of \$ 972.9 million as of December 31, 2024. Refer to Note 8 "Debt" for additional information. As of December 31, 2024, the fair value of the term loan approximated its 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.

Note 4. Property and Equipment, Net

Property and equipment, net consisted of the following:

	As of December 31,	
	2024	2023
Datacenter and other computer equipment	\$ 830.2	\$ 783.2
Furniture and fixtures	10.7	11.6
Leasehold improvements	101.9	96.1
Construction in progress	0.2	4.6
Total property and equipment	943.0	895.5
Accumulated depreciation	(584.2)	(586.3)
Property and equipment, net	\$ 358.8	\$ 309.2

The Company leases certain infrastructure, computer equipment, and furniture from various third parties, through equipment finance leases. Infrastructure assets as of December 31, 2024 and 2023 included a total of \$ 501.1 million and \$ 457.4 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 \$ 223.3 million and \$ 234.7 million as of December 31, 2024 and 2023, respectively.

Depreciation expense related to property and equipment was \$ 109.3 million and \$ 139.7 million for the years ended December 31, 2024 and 2023, respectively.

Note 5. Business Combinations

On July 26, 2024, the Company completed the acquisition of Reclaim.ai Inc. ("Reclaim") and entered into employment arrangements with its employees. Reclaim is an AI-powered calendar application that helps users optimize their schedules for better productivity, collaboration, and work-life balance. The Company paid \$ 40.2 million in cash. The Company recorded \$ 30.6 million of goodwill and \$ 13.4 million of intangible assets resulting from the transaction. The goodwill is not expected to be deductible for income tax purposes.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Note 6. Intangible Assets

Intangible assets consisted of the following:

	As of December 31, 2024	As of December 31, 2023	Weighted- average remaining useful life (In years) As of December 31, 2024
Developed technology	\$ 93.7	\$ 74.3	2.9
Customer relationships	48.5	43.2	2.1
Patents	16.6	19.4	2.5
Software	8.9	8.9	0.0
Trademarks and trade names	5.8	5.8	0.9
Licenses	0.5	4.6	4.0
Assembled workforce in asset acquisitions	3.4	3.4	1.3
Other	1.2	1.3	0.8
Total intangibles	178.6	160.9	
Accumulated amortization	(123.7)	(102.8)	
Intangible assets, net	\$ 54.9	\$ 58.1	

Amortization expense was \$ 27.8 million, \$ 30.4 million and \$ 16.3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Expected future amortization expense for intangible assets as of December 31, 2024 is as follows:

	Intangible assets
2025	\$ 25.2
2026	16.0
2027	7.3
2028	4.1
2029	1.8
Thereafter	0.5
Total	\$ 54.9

Note 7. 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, 2023	\$ 402.2
Acquisitions ⁽¹⁾	40.9
Effect of foreign currency translation	(0.3)
Balance at December 31, 2024	\$ 442.8

⁽¹⁾ The Company completed two acquisitions of private companies during the year ended December 31, 2024.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Goodwill amounts are not amortized, but tested for impairment on an annual basis. There was no impairment of goodwill as of December 31, 2024, 2023 and 2022.

Note 8. Debt

Term loan facility

During the fourth quarter of 2024, the Company entered into a Credit and Guaranty Agreement (the "Credit Agreement"), with certain counterparties which provided for, among other things, a secured five-year term loan facility in an aggregate principal amount of up to \$ 2.0 billion, consisting of initial term loans and delayed draw term loan commitments each in an aggregate principal amount of up to \$ 1.0 billion, respectively. The Credit Agreement also provides for a secured letter of credit facility in an aggregate amount of up to \$ 35.0 million. The Company's obligations under the Credit Agreement are guaranteed by certain material subsidiaries of the Company and are secured by substantially all of the assets of the Company and such subsidiary guarantors. As of December 31, 2024, there were \$ 1.0 billion of term loans outstanding, measured at amortized cost. In accounting for the term loans, issuance costs of \$ 27.6 million were deducted from the carrying value of the term loan in the consolidated balance sheet. Issuance costs are amortized and recognized as a component of interest expense over the five-year term using the effective interest method. Furthermore, there were \$ 22.6 million and \$ 0.2 million of deferred issuance costs related to the delayed draw term loan commitments and secured letter of credit facility, respectively, which will be recognized initially as deferred assets and subsequently reclassified and presented as a direct deduction to the carrying value of the related debt upon an eventual draw, and amortized over the remaining term on an effective interest method basis from the time of draw.

The delayed draw term loan commitments of \$ 1.0 billion may be borrowed, subject to the satisfaction of certain conditions, from the closing date of the Credit Agreement through December 11, 2026, provided that the delayed draw term loan commitments shall be reduced to \$ 500.0 million as of December 11, 2025, if the undrawn delayed draw term loan commitments exceed \$ 500.0 million at that date. The delayed draw term loan commitments can be drawn in increments of \$ 5.0 million or greater and up to ten draws can be made. The initial term loans and the delayed draw term loans (if and when funded) shall have the same terms and shall be treated as a single fungible class of term loans for all purposes under the Credit Agreement, except that interest on any delayed draw term loan shall commence from the applicable date of draw. As of December 31, 2024, no amounts were outstanding on the delayed draw term loan commitments and no letters of credit were issued under the letter of credit facility.

Pursuant to the terms of the Credit Agreement, the Company is required to pay a quarterly commitment fee that accrues at a rate of 1.00 % per annum on the unused portion of the delayed draw term loan commitments. The 1.00 % fee will be capitalized each reporting period, as the draw is probable as of the issuance date, and reclassified against the carrying value of the debt upon draw and amortized over the debt term on an effective interest method basis from the time of draw. As of December 31, 2024, the accrued commitment fee was \$ 0.6 million.

The term loans have a maturity date of December 11, 2029 with quarterly principal payments beginning on March 31, 2025 and continuing on the last business day of each quarter thereafter, equal to 0.25 % of the original principal amount of such term loans. In addition, the term loans are subject to mandatory prepayments upon the occurrence of certain events as defined in the Credit Agreement, including excess cash flows generated by the Company's operating activities, the proceeds of certain asset sales and the incurrence of certain indebtedness. The Company believes the occurrence of any such events is remote as of the year ended December 31, 2024. The Company is permitted to prepay the term loans at any time in whole or in part, subject to a prepayment premium equal to 2.00 % of the aggregate principal amount prepaid on or prior to the first anniversary of the closing date and 1.00 % of the aggregate principal amount prepaid after the first anniversary of the closing date but on or prior to the second anniversary of the closing date. Term loans repaid or prepaid may not be reborrowed.

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 alternative 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.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Interest expense associated with the term loans for the year ended December 31, 2024 was \$ 5.2 million.

The Credit Agreement permits the Company, 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 Credit Agreement, in each case, subject to certain limits. Additionally, the term loan 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. The Company was in compliance with all covenants under the term loan facility as of December 31, 2024.

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

	Term Loan
2025	\$ 10.0
2026	10.0
2027	10.0
2028	10.0
2029	960.0
Total	\$ 1,000.0

Revolving credit facility

In December 2024, in connection with the Credit Agreement, the Company terminated its existing revolving credit facility and recorded a \$ 0.6 million loss on debt extinguishment, which is included in other income (loss), net, for the year ended December 31, 2024. The revolving credit facility provided for secured revolving loans in an aggregate principal amount of up to \$ 500.0 million, with a letter of credit sublimit of \$ 65.0 million and would have matured in February 2026.

Pursuant to the terms of the revolving credit facility, the Company was required to pay an annual commitment fee that accrued at a rate of 0.20 % per annum on the unused portion of the borrowing commitments under the revolving credit facility. In addition, the Company was required to pay a fee in connection with letters of credit issued under the revolving credit facility, which accrued at a rate of 1.375 % per annum on the amount of such letters of credit outstanding. There was an additional fronting fee of 0.125 % per annum multiplied by the average aggregate daily maximum amount available under all letters of credit. Borrowings under the revolving credit facility accrued interest, at the Company's option, at an annual rate based on credit spread adjusted SOFR plus a spread of 1.375 % or at an alternative base rate plus a spread of 0.375 %.

As part of the termination of the revolving credit facility, all remaining letters of credit were guaranteed by a single lender and secured with cash collateral, which is recorded as restricted cash and presented within prepaid expenses and other current assets and other assets on the consolidated balance sheets. The Company's letters of credit have final expiration dates through 2036.

Convertible senior notes

During the first quarter of 2021, the Company issued \$ 695.8 million aggregate principal amount of the 2026 Notes. Additionally, during the first quarter of 2021, the Company issued \$ 693.3 million aggregate principal amount of the 2028 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 Notes were approximately \$ 1.4 billion after deducting offering and issuance costs related to the Notes.

The Notes of each series do not bear regular interest. The Notes of each series 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 December 31, 2024. The 2026 Notes will mature on March 1, 2026, and the 2028 Notes will mature on March 1, 2028, in each case, unless earlier converted, redeemed or repurchased.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The initial conversion rate for the 2026 Notes is 26.1458 shares of the Company's Class A common stock per \$1,000 principal amount of such Note, which is equivalent to an initial conversion price of approximately \$ 38.25 per share. The initial conversion rate for the 2028 Notes is 28.2889 shares of Class A common stock per \$1,000 principal amount of such Notes, which is equivalent to an initial conversion price of approximately \$ 35.35 per share. The conversion rate for each series of 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 indentures governing the Notes) or a notice of redemption, the Company will, in certain circumstances, increase the conversion rate of the relevant series of Notes by a number of additional shares for a holder that elects to convert all or a portion of its Notes of such series in connection with such make-whole fundamental change or who elects to convert such Notes that are subject to such notice of redemption. The conversion rate for the 2026 Notes and 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 relevant indentures governing the Notes). There have been no changes to the initial conversion price of the Notes since issuance as of December 31, 2024.

Upon conversion, the principal portion of the Notes of the applicable series being converted will be settled in cash, and any amount in excess of the principal portion of such 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 2026 Notes and the 2028 Notes was below the principal value of the respective series of Notes as of December 31, 2024. In addition, during the year ended December 31, 2024 the conditions allowing holders of the 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, 2025, in the case of the 2026 Notes, and prior to the close of business on the business day immediately preceding December 1, 2027, in the case of the 2028 Notes, the Notes of the applicable series 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 relevant series of 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 2026 Notes or 2028 Notes, as applicable, 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 such series of Notes on each such trading day; (3) if the Company calls any or all of the Notes for redemption, such Notes of the applicable series called for redemption 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, 2025, in the case of the 2026 Notes, and on or after December 1, 2027, in the case of the 2028 Notes, until the close of business on the second scheduled trading day immediately preceding the relevant maturity date, holders of the relevant series of Notes may convert all or a portion of their Notes of such series regardless of the foregoing conditions.

The Company may redeem for cash all or any part of the Notes, at its option, on or after March 6, 2024, in the case of the 2026 Notes, and on or after March 6, 2025, in the case of the 2028 Notes, if the last reported sale price of its Class A common stock has been at least 130 % of the conversion price for the relevant series of 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 series of Notes to be redeemed, plus any accrued and unpaid special interest to, but excluding, the redemption date. No sinking fund is provided for the Notes.

Upon the occurrence of a fundamental change (as defined in the relevant indentures governing the Notes) prior to the relevant maturity date, holders of the relevant series of Notes may require the Company to repurchase all or a portion of the Notes of such series for cash at a price equal to 100 % of the principal amount of the series of 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 relevant indentures governing the Notes), the maturity of the Notes may be accelerated.

The 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 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

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 Notes, issuance costs of \$ 11.0 million and \$ 11.0 million for the 2026 Notes and the 2028 Notes, respectively, were deducted from the carrying value of the Notes in the consolidated balance sheet. Issuance costs will be recognized as interest expense over the five-year term and seven-year term for the 2026 Notes and the 2028 Notes, respectively.

The following is a summary of the Notes as of December 31, 2024 and 2023.

	2026 Notes	2028 Notes	Total
December 31, 2024			
Principal balance	\$ 695.8	\$ 693.3	\$ 1,389.1
Unamortized issuance costs	(2.6)	(4.9)	(7.5)
Carrying value, net	<u>\$ 693.2</u>	<u>\$ 688.4</u>	<u>\$ 1,381.6</u>
December 31, 2023			
Principal balance	\$ 695.8	\$ 693.3	\$ 1,389.1
Unamortized issuance costs	(4.8)	(6.5)	(11.3)
Carrying value, net	<u>\$ 691.0</u>	<u>\$ 686.8</u>	<u>\$ 1,377.8</u>

During the years ended December 31, 2024 and 2023, the Company recognized \$ 2.2 million in interest expense for the 2026 Notes and \$ 1.6 million in interest expense for the 2028 Notes, respectively, with such interest expense solely consisting of amortization of issuance costs. The effective interest rate for the 2026 Notes and the 2028 Notes was 0.32 % and 0.22 %, respectively, as of December 31, 2024.

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

	Convertible Debt
2025	\$ —
2026	695.8
2027	—
2028	693.3
2029	—
Thereafter	—
Total	<u>\$ 1,389.1</u>

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 convertible note hedge transactions was \$ 265.3 million.

The Note Hedges, or a portion thereof, are exercisable upon conversion of the Notes and the satisfaction of certain conditions set forth in the Note Hedges. Additionally, the 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 relevant indentures for the Notes). The Note Hedges are settleable in cash, shares or a combination of cash and shares, at the option of

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

the Company, and the settlement alternative will be the same as the settlement alternative of the conversion spread for the respective series of Notes.

The convertible note hedge transactions are expected generally to offset the potential dilution to the Class A common stock upon conversion of the relevant series of 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, in the event that the market price per share of the Class A common stock, as measured under the terms of the convertible note hedge transactions, is greater than the applicable strike price of those convertible note hedge transactions. As of December 31, 2024, the Company's stock price was below the exercise price of the respective 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 December 31, 2024, 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 offset potential dilution from the conversion of the 2026 Notes and the 2028 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 \$ 38.25 per share to \$ 46.36 per share and from \$ 35.35 per share to \$ 46.36 for the 2026 Notes and the 2028 Notes, respectively.

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 9. Leases

The Company has operating leases for corporate offices and datacenters, and finance leases for infrastructure and office equipment. The Company's leases have remaining lease terms of under 1 year to 12 years, some of which include options to extend the leases for up to 5 years.

The Company also has subleases for several floors of its former corporate offices. The Company classifies its subleases as operating leases. The subleases have remaining lease terms of 1 year to 9 years, some of which include options to extend the sublease for up to approximately 4 years. Sublease income, which is recorded as a reduction of rental expense, was \$ 14.0 million and \$ 15.3 million during the years ended December 31, 2024 and 2023, respectively.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The components of lease cost were as follows:

	Year Ended December 31,	
	2024	2023
Operating lease cost ⁽¹⁾	\$ 64.4	\$ 71.6
Finance lease cost:		
Amortization of assets under finance lease	77.9	111.7
Interest	14.8	10.5
Total finance lease cost	\$ 92.7	\$ 122.2

⁽¹⁾ Is presented gross of sublease income and includes short-term leases, which are immaterial.

Other information related to leases was as follows:

	Year Ended December 31,	
	2024	2023
Supplemental Cash Flow Information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Payments for operating leases included in cash from operating activities	\$ 76.1	\$ 91
Payments for finance leases included in cash from operating activities	14.8	1
Payments for finance leases included in cash from financing activities	129.4	12
Assets obtained in exchange for lease obligations:		
Operating leases	11.1	34
Finance leases	\$ 171.6	\$ 144

	As of December 31,	
	2024	2023
Weighted Average Remaining Lease Term (in years)		
Operating leases	8.1	8.6
Finance leases	2.8	2.7
Weighted Average Discount Rate		
Operating leases	3.8 %	3.7 %
Finance leases	5.5 %	4.4 %

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Future minimum lease payments under non-cancellable leases as of December 31, 2024 were as follows:

	Operating leases ⁽¹⁾	Finance leases
2025	\$ 78.6	138.4
2026	\$ 41.6	111.2
2027	\$ 41.0	73.9
2028	\$ 39.9	32.2
2029	\$ 39.1	—
Thereafter	\$ 138.4	—
Total future minimum lease payments	\$ 378.6	\$ 355.7
Less imputed interest	(63.3)	(28.9)
Total liability	\$ 315.3	\$ 326.8

⁽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 December 31, 2024 were as follows:

	Operating leases
2025	13.1
2026	9.4
2027	8.9
2028	8.6
2029	6.0
Thereafter	13.9
Total future sublease rent payments, net	\$ 59.9

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, which is secured by cash collateral. As of December 31, 2024, the Company's remaining minimum obligation under the lease for its headquarters was \$ 170.7 million, which excludes \$ 200.1 million of future payments allocated to non-lease components.

In the fourth quarter of 2020, the Company announced 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 strategy, 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. In connection with these changes, the Company evaluated certain of its right-of-use assets and other lease related assets including leasehold improvements, furniture and fixtures, and computer equipment for impairment under ASC 360.

As part of this analysis, the Company reassessed its real estate asset groups and estimated the fair value of the office space to be subleased using current market conditions. Where the carrying value of the individual asset groups exceeded their fair value, an impairment charge was recognized for the difference.

The Company recorded total impairment charges of \$ 0.1 million, \$ 3.6 million and \$ 175.2 million during the years ended December 31, 2024, 2023 and 2022, respectively, for right-of-use and other lease related assets.

In the fourth quarter of 2023, the Company executed an amendment to the lease ("the lease amendment") for its San Francisco, California corporate headquarters, whereby the Company will surrender to the landlord approximately 165,000 square feet of office space and pay an aggregate of \$ 79.0 million in termination payments. The surrendering of space and payment of termination fees will occur in three tranches: approximately 52,000 square feet and \$ 28.1 million paid in October

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

2023 upon the execution of the lease amendment, 54,000 square feet and \$ 14.9 million paid in June 2024, and the remaining 59,000 feet and \$ 36.0 million paid in January 2025.

As a result of the lease amendment, the Company remeasured its related lease liability and right-of-use asset using its estimated incremental borrowing rate as of the modification date and using a relative standalone price reallocation of total contract consideration between the lease and non-lease components of the contract. The non-lease components include common area maintenance costs, which are significant in relation to the overall agreement. The determination of the standalone price of the lease and non-lease components involved judgment and was based on assumptions including future market rent rates, free rent periods and anticipated increases to common area maintenance costs.

As a result of the lease amendment, the Company recognized a one-time gain of \$ 158.8 million in the fourth quarter of 2023 from the corresponding remeasurement of the lease liability and adjustment of the right-of-use asset (which was previously impaired), partially offset by an increase in the liability for unrecoverable common area maintenance costs. The gain is recorded within net loss (gain) on real estate assets in the consolidated statement of operations.

The Company's remaining lease liability associated with its corporate headquarters lease was \$ 133.3 million as of the year ended December 31, 2024. The liability for unrecoverable common area maintenance costs totaled \$ 51.7 million and \$ 70.0 million as of December 31, 2024 and 2023, respectively. The liability for unrecoverable common area maintenance costs is recorded within accrued and other current liabilities and other liabilities.

As of December 31, 2024, the Company has \$ 84.0 million in commitments for operating leases that have not yet commenced, and therefore are not included in right-of-use assets or operating lease liability. The operating leases will commence in 2025 with a lease term of 6 to 7 years.

Note 10. Commitments and Contingencies

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.

Future minimum payments under the Company's non-cancelable leases, finance lease obligations, and other commitments as of December 31, 2024, are as follows, and exclude non-cancelable rent payments from the Company's subtenants:

	Finance lease commitments	Operating lease commitments ⁽¹⁾	Other commitments ⁽²⁾
Year ended December 31:			
2025	\$ 138.4	\$ 115.9	\$ 70.0
2026	111.2	60.1	60.1
2027	73.9	60.1	—
2028	32.2	59.5	0.0
2029	—	59.4	—
Thereafter	—	223.8	15.0
Future minimum payments	355.7	\$ 578.8	\$ 154.0
Less interest and taxes	(28.9)		
Less current portion of the present value of minimum lease payments	(123.3)		
Financing lease obligations, net of current portion	\$ 203.5		

(1) This balance includes short-term lease obligations and \$ 200.1 million of future contractual rent payments allocated to non-lease components.

(2) This balance excludes indemnification and founder holdbacks related to our acquisitions. See Note 5, "Business Combinations" for additional information.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, 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 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.

Note 11. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	As of December 31,	
	2024	2023
Non-income taxes payable	\$ 59.2	\$ 61.3
Accrued legal and other external fees	26.1	28.8
Acquisition indemnification holdbacks ⁽¹⁾	4.0	16.9
Other accrued and current liabilities	53.9	48.2
Total accrued and other current liabilities	\$ 143.2	\$ 155.2

⁽¹⁾Acquisition indemnification holdbacks were released to the sellers' representative following the expiration of the applicable holdback period as of December 31, 2024.

Note 12. Stockholders' Deficit

Common stock

The Company's amended and restated certificate 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 December 31, 2024, 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 3.2 million and 1.5 million shares into an equivalent number of shares of Class A common stock during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, 218.4 million shares of Class A common stock, 77.5 million shares of Class B common stock, and no shares of Class C common stock were issued and outstanding. As of December 31, 2023, 256.0 million shares of Class A common stock, 80.7 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 December 31, 2024 and 2023 exclude unvested restricted stock awards granted to certain executives. Class A shares issued and outstanding also exclude 8.3 million unvested restricted stock awards granted to one of the Company's co-founders as of December 31, 2024 and 2023, respectively. See "Co-Founder Grant" section below for additional information.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Preferred stock

The Company's Board of Directors will have 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 February 2022, the Board of Directors authorized the Company to repurchase up to \$ 1.2 billion of the Company's outstanding shares of Class A common stock. In July 2023, the Board of Directors further authorized the repurchase of up to an additional \$ 1.2 billion of the Company's outstanding shares of Class A common stock. The Company completed the February 2022 authorization of \$ 1.2 billion during the three months ended March 31, 2024 and continued stock repurchases under the July 2023 authorization. In December 2024, the Board of Directors further authorized the repurchase of up to an additional \$ 1.2 billion of the Company's outstanding shares of Class A common stock . Share repurchases will be made from time-to-time in private transactions or open market purchases, as permitted by securities laws and other legal requirements and will be 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 year ended December 31, 2024, the Company repurchased and subsequently retired 49.5 million shares of its Class A common stock for an aggregate amount of \$ 1.2 billion. During the year ended December 31, 2023, the Company repurchased and subsequently retired 22.7 million shares of its Class A common stock, for an aggregate amount of \$ 542.8 million. 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.

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. Options are granted at a price per share equal to the fair market value of the Company's common stock at the date of grant. Options granted are exercisable over a maximum term of 10 years from the date of grant and generally vest over a period of four years . RSUs and RSAs are also 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.

In connection with the acquisition of DocSend, the Company assumed unvested stock options and an immaterial number of unvested RSUs that had been granted under DocSend's 2013 Stock Plan and DocSend's 2015 Stock Option and Grant Plan.

As of December 31, 2024, there were 25.8 million stock-based awards issued and outstanding and 122.8 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").

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Stock option and restricted stock activity for the Plans was as follows for the years ended December 31, 2024 and 2023:

	Number of shares available for issuance under the Plans	Options outstanding				Restricted stock outstanding	
		Number of shares outstanding under the Plans	Weighted-average exercise price per share	Weighted-average remaining contractual term (In years)	Aggregate intrinsic value	Number of shares outstanding under the Plans	Weighted-average grant date fair value per share
Balance as of December 31, 2022	97.9	0.4	\$ 11.30	4.5	\$ 4.5	34.8	\$ 23.40
Additional shares authorized	17.5	—	—	—	—	—	—
Options exercised and restricted stock units and awards released	—	(0.2)	10.27	—	—	(15.1)	22.77
Options and restricted stock units and awards canceled	11.5	—	—	—	—	(11.5)	23.46
Shares withheld related to net share settlement of restricted stock units and awards	5.3	—	—	—	—	—	—
Options and restricted stock units and awards granted	(22.2)	—	—	—	—	22.2	\$ 22.65
Balance at December 31, 2023	110.0	0.2	\$ 13.54	3.9	\$ 2.2	30.4	\$ 23.16
Additional shares authorized	16.8	—	—	—	—	—	—
Options exercised and restricted stock units and awards released	—	(0.1)	11.68	—	—	(14.4)	23.61
Options and restricted stock units and awards canceled / expired	10.9	—	—	—	—	(10.9)	23.68
Shares withheld related to net share settlement of restricted stock units and awards	5.7	—	—	—	—	—	—
Options and restricted stock units and awards granted	(20.6)	—	—	—	—	20.6	24.53
Balance as of December 31, 2024	122.8	0.1	\$ 6.13	3.9	\$ 0.6	25.7	\$ 23.79
Vested at December 31, 2024		0.1	\$ 6.13	3.9	\$ 0.6	—	\$ —
Unvested at December 31, 2024		—	\$ —	—	\$ —	25.7	\$ 23.79

The following table summarizes information about the pre-tax intrinsic value of options exercised during the years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2024	2023
Intrinsic value of options exercised	\$ 1.0	\$ 3.3

As of December 31, 2024, unamortized stock-based compensation related to unvested stock options, restricted stock awards (excluding the Co-Founder Grant), and RSUs was \$ 589.5 million. The weighted-average period over which such

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

compensation expense will be recognized if the requisite service is provided is approximately 2.6 years as of December 31, 2024.

Co-Founder Grant

In December 2017, the Board of Directors approved the Company's Co-Founder Grant, consisting of 10.3 million shares of Class A common stock in the form of RSAs which were granted to Drew Houston, the Company's co-founder and Chief Executive Officer. This Co-Founder Grant has service-based, market-based, and performance-based vesting conditions. The Co-Founder Grant is excluded from Class A common stock issued and outstanding until the satisfaction of these vesting conditions. The Co-Founder Grant also provides the holder with certain stockholder rights, such as the right to vote the shares with the other holders of Class A common stock and a right to cumulative declared dividends.

The Co-Founder Grant is eligible to vest over the ten-year period following the date the Company's shares of Class A common stock commenced trading on the Nasdaq Global Select Market in connection with the Company's IPO. The Co-Founder Grant is comprised of nine tranches that are eligible to vest based on the achievement of stock price goals, each of which are referred to as a Stock Price Target, measured over a consecutive thirty-day trading period during the Performance Period. The Performance Period began on January 1, 2019.

During the first four years of the Performance Period, no more than 20 % of the shares subject to the Co-Founder Grant would be eligible to vest in any calendar year. After the first four years, all shares are eligible to vest based on the achievement of the Stock Price Targets.

The first tranche of the Co-Founder Grant, or 2.1 million shares of Class A common stock, vested in the fourth quarter of 2021. The stock-based compensation expense for Mr. Houston's Co-Founder Grant is recognized utilizing the accelerated attribution method over the requisite service period identified as the derived service period over which the market conditions are expected to be achieved, and is not reversed if the market conditions are not satisfied. Therefore, no incremental stock-based compensation was recognized upon vesting of these RSAs.

The Company recognized stock-based compensation expense related to the Co-Founder Grant of \$ 2.4 million and \$ 9.4 million during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024, there was no unamortized stock-based compensation expense related to the Co-Founder Grant.

Note 13. 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.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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):

	Year Ended December 31,					
	2024		2023		2022	
	Class A	Class B	Class A	Class B	Class A	Class B
Basic net income per share:						
Numerator						
Net income attributable to common stockholders	\$ 339.3	\$ 113.0	\$ 345.7	\$ 107.9	\$ 426.8	\$ 126.4
Denominator						
Weighted-average number of common shares outstanding used in computing basic net income per share	238.7	79.5	260.1	81.1	278.6	82.6
Net income per common share, basic	\$ 1.42	\$ 1.42	\$ 1.33	\$ 1.33	\$ 1.53	\$ 1.53
Diluted net income per share:						
Numerator						
Net income attributable to common stockholders	\$ 339.3	\$ 113.0	\$ 345.7	\$ 107.9	\$ 426.8	\$ 126.4
Reallocation of net income as a result of conversion of Class B to Class A common stock	113.0	—	107.9	—	126.4	—
Reallocation of net income to Class B common stock	—	(1.7)	—	(1.4)	—	(0.7)
Net income attributable to common stockholders for diluted EPS	\$ 452.3	\$ 111.3	\$ 453.6	\$ 106.5	\$ 553.2	\$ 125.7
Denominator						
Weighted-average number of common shares outstanding used in computing basic net income per share	238.7	79.5	260.1	81.1	278.6	82.6
Weighted-average effect of dilutive restricted stock units and awards and employee stock options	5.2	—	4.4	—	2.1	—
Conversion of Class B to Class A common stock	79.5	—	81.1	—	82.6	—
Weighted-average number of common shares outstanding used in computing diluted net income per share	323.4	79.5	345.6	81.1	363.3	82.6
Net income per common share, diluted	\$ 1.40	\$ 1.40	\$ 1.31	\$ 1.31	\$ 1.52	\$ 1.52

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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:

	Year Ended December 31,		
	2024	2023	2022
Restricted stock units and awards	4.0	6.9	20.4
Options to purchase shares of common stock	—	—	0.3
Co-Founder Grant	8.3	8.3	8.3
Convertible Senior Notes	37.8	37.8	37.8
Warrants	37.8	37.8	37.8
Total	87.9	90.8	104.6

Note 14. Income Taxes

For the years ended December 31, 2024, 2023, and 2022, the Company's income from continuing operations before provision for income taxes was as follows:

	Year Ended December 31,		
	2024	2023	2022
Domestic	\$ 280.4	\$ 385.8	\$ 37.8
Foreign	229.4	168.6	154.9
Income before income taxes	\$ 509.8	\$ 554.4	\$ 192.7

The components of the (provision for) benefit from income taxes in the years ended December 31, 2024, 2023, and 2022, were as follows:

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ (21.7)	\$ (37.6)	\$ (13.2)
State	(11.2)	(14.6)	(15.3)
Foreign	(30.9)	(10.7)	(7.5)
Deferred:			
Federal	2.6	(23.0)	386.7
State	4.5	2.7	30.0
Foreign	(0.8)	(17.6)	(20.2)
(Provision for) benefit from income taxes	\$ (57.5)	\$ (100.8)	\$ 360.5

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

A reconciliation of income taxes at the statutory federal income tax rate to the benefit from (provision for) income taxes included in the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2024	2023	2022
Provision for income taxes at federal statutory rate	\$ (107.1)	\$ (116.4)	\$ (40.5)
State taxes, net of federal benefit	(10.5)	(14.6)	(4.9)
Foreign rate differential	2.3	(20.9)	(34.0)
Research and other credits	53.2	60.9	45.3
Non-deductible compensation	(4.7)	(7.4)	(3.4)
Permanent differences	(1.4)	(0.8)	(1.8)
Change in valuation allowance	(5.4)	(2.4)	409.9
Stock-based compensation	8.8	2.7	(4.3)
Changes in Unrecognized Tax Benefits	7.3	(1.9)	(5.8)
(Provision for) benefit from income taxes	<u>\$ (57.5)</u>	<u>\$ (100.8)</u>	<u>\$ 360.5</u>

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023 were as follows:

	As of December 31,	
	2024	2023
Deferred tax assets:		
Net operating loss carryforwards	\$ 20.7	\$ 18.9
Research credit carryforwards	194.9	217.1
Stock-based compensation	25.7	24.8
Accruals and reserves	25.9	29.0
Lease liability	60.4	72.5
Convertible senior notes	26.5	37.1
Capitalized research expenditures	289.3	233.3
Other	0.6	0.2
Gross deferred tax assets	644.0	632.9
Valuation allowance	(122.8)	(116.3)
Total deferred tax assets, net of valuation allowance	521.2	516.6
Deferred tax liabilities:		
Fixed assets and intangible assets	25.9	21.8
Right-of-use assets	24.7	31.4
Other	3.9	3.0
Total deferred tax liability	54.5	56.2
Net deferred tax assets	<u>\$ 466.7</u>	<u>\$ 460.4</u>

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 December 31, 2024, the Company continues to maintain valuation allowances against its deferred tax assets in certain states and one foreign jurisdiction.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

As of December 31, 2024, the Company had \$ 15.8 million of federal, \$ 53.7 million of state, and \$ 25.2 million of foreign net operating loss carryforwards available to reduce future taxable income. Of the federal net operating loss carryforwards, \$ 4.0 million will begin to expire in 2032 and \$ 11.8 million will carryforward indefinitely, while state net operating losses begin to expire in 2031. The foreign net operating loss carryforwards will carryforward indefinitely.

As of December 31, 2024, the Company had research credit carryforwards of \$ 192.9 million and \$ 180.0 million for federal and state income tax purposes, respectively, of which \$ 102.9 million and \$ 49.7 million is the unrecognized tax benefit portion related to the research credit carryforwards for federal and state, respectively. The federal and state credit carryforwards will begin to expire in 2041 and 2032, respectively.

As of December 31, 2024, the Company had \$ 0.5 million of foreign tax credit carryforwards, which will carryforward indefinitely.

Under Section 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 shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. The Company has determined that it has experienced multiple ownership changes and, as a result, the annual utilization of its net operating loss carryforwards and other pre-change attributes will be subject to limitation. However, the Company does not expect that the annual limitations will significantly impact its ability to utilize its net operating loss or tax credit carryforwards prior to expiration.

As of December 31, 2024, the balance of unrecognized tax benefits was \$ 162.7 million of which \$ 114.6 million, if recognized, would affect the effective tax rate and \$ 48.1 million would result in adjustment to deferred tax assets with corresponding adjustments to the valuation allowance.

A reconciliation of the beginning and ending amount of unrecognized tax benefit is as follows:

	Year Ended December 31,		
	2024	2023	2022
Balance of gross unrecognized tax benefits at the beginning of the fiscal year	\$ 149.8	\$ 127.2	\$ 107.3
Gross increases related to prior period tax positions	0.3	3.4	—
Gross decreases related to prior period tax positions	(0.2)	(0.7)	—
Gross increases related to current period tax positions	20.7	21.1	20.3
Reductions due to lapse in statute of limitations	—	(1.2)	(0.4)
Reductions due to settlements with taxing authorities	(7.9)	—	—
Balance of gross unrecognized tax benefits at the end of the fiscal year	\$ 162.7	\$ 149.8	\$ 127.2

The Company recognizes interest and penalties related to income tax matters as a component of income tax expense. As of December 31, 2024, the amount of accrued interest and penalties related to uncertain tax positions was \$ 5.0 million. Net interest and penalties (released)/recognized for the years ended December 31, 2024, 2023, and 2022 was \$(1.6) million, \$ 1.3 million, and \$ 1.7 million, respectively.

It is reasonably possible that there could be changes to the amount of uncertain tax positions due to activities of the taxing authorities, settlement of audit issues, reassessment of existing uncertain tax positions, or the expiration of applicable statutes of limitations; however, the Company is not able to estimate the impact of these items at this time.

The Company files income tax returns in the U.S. federal, multiple states, and foreign jurisdictions. All of the Company's tax years from 2011 and 2010 remain open for examination by the federal and state authorities, respectively, and from 2015 by foreign authorities.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Company generally does not provide deferred income taxes for the undistributed earnings of its foreign subsidiaries that the Company intends to reinvest indefinitely. Should circumstances change and it becomes apparent that some or all of the undistributed earnings will no longer be indefinitely reinvested, the Company will accrue for income taxes not previously recognized. As of December 31, 2024, there was no deferred tax liability on undistributed earnings, and the Company determined the amount of undistributed deferred tax liability to be immaterial.

The Organization for Economic Cooperation and Development ("OECD") and many countries have proposed to reallocate some portion of profits of large multinational companies with global revenues exceeding EUR20 billion to markets where sales arise ("Pillar One"), as well as enact a global minimum tax rate of at least 15% for multinationals with global revenue exceeding EUR750 million ("Pillar Two"), and many countries are considering or intend to adopt these proposals. In December 2022, the Council of the European Union ("EU") formally adopted the EU Minimum Tax Directive, which would require member states to adopt Pillar Two into their domestic law, effective for fiscal years starting on or after December 31, 2023. The majority of the jurisdictions in which we operate have enacted legislation to implement Pillar Two. Other countries are actively considering changes to their tax laws to adopt certain parts of the OECD's proposals. The enactment of Pillar Two legislation is not expected to have a material adverse effect on the Company's effective tax rate, financial position, results of operations, and cash flows. The Company will continue to monitor and reflect the impact of such legislative changes in future financial statements as appropriate.

Note 15. 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 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 consolidated statements of operations. Cost of revenue, research and development, sales and marketing, and general and administrative expenses include depreciation and amortization expense, which are disclosed in Note 4 "Property and Equipment, Net" and Note 6 "Intangible Assets", respectively. Other segment items consist of interest income, net, other income (loss), net, and (provision for) benefit from income taxes, as presented in the 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, based on the physical location of the operations recording the asset or the sale, are as follows:

Long-lived assets

The following table sets forth long-lived assets by geographic area:

	As of December 31,	
	2024	2023
United States	\$ 353.1	\$ 302.4
International ⁽¹⁾	5.7	6.8
Total property and equipment, net	\$ 358.8	\$ 309.2

⁽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 December 31, 2024 and 2023.

DROPBOX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 years ended December 31, 2024, 2023 and 2022.

	Year Ended December 31,		
	2024	2023	2022
United States	\$ 1,448.5	\$ 1,419.4	\$ 1,264.2
International ⁽¹⁾	1,099.7	1,082.2	1,060.7
Total revenue	\$ 2,548.2	\$ 2,501.6	\$ 2,324.9

⁽¹⁾ No single country outside of the United States accounted for more than 10% of total revenue during the years ended December 31, 2024, 2023 and 2022 respectively.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 Annual Report on Form 10-K. 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.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Our management, under the supervision of our Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this Annual Report on Form 10-K.

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 quarter ended December 31, 2024 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.

ITEM 9B. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

During our last fiscal quarter, none of our 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2025 Meeting of Stockholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended December 31, 2024.

We have adopted an insider trading policy governing the purchase, sale and other dispositions of our securities that applies to all personnel of Dropbox and of our subsidiaries, including directors, officers, and employees, to certain other covered persons. We believe that our insider trading policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations, as well as applicable listing standards. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2025 Meeting of Stockholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended December 31, 2024.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2025 Meeting of Stockholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended December 31, 2024.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2025 Meeting of Stockholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended December 31, 2024.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2025 Meeting of Stockholders. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the end of the fiscal year ended December 31, 2024.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

The following documents are filed as a part of this Annual Report on Form 10-K

(a) Financial statements

Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

(b) Financial statement schedules.

All financial statement schedules not listed above have been omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

(c) Exhibits

The documents listed in the Exhibit Index of this Annual Report on Form 10-K are incorporated by reference or are filed with this Annual Report on Form 10-K, in each case as indicated therein (numbered in accordance with Item 601 of Regulation S-K).

EXHIBIT INDEX

Exhibit Number	Description	Form	File Number	Exhibit	Filed with SEC
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	001-38434	3.2	May 11, 2018
3.2	Amended and Restated Bylaws of the Registrant.	8-K	001-38434	3.1	December 15, 2023
4.1	Form of Class A common stock certificate of the Registrant.	S-1/A	333-223182	4.1	March 12, 2018
4.2	Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated as of January 30, 2014, as amended.	S-1	333-223182	4.2	February 23, 2018
4.3	Amendment No. 2 to the Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated as of March 27, 2018.	10-Q	001-38434	4.3	May 11, 2018
4.4	Indenture, dated February 26, 2021, between the Registrant and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association) (2026 Notes).	8-K	001-38434	4.1	February 26, 2021
4.5	Indenture, dated February 26, 2021, between the Registrant and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association) (2028 Notes).	8-K	001-38434	4.2	February 26, 2021
4.6	Form of 0% Convertible Senior Note due 2026 (included in Exhibit 4.4).	8-K	001-38434	4.3	February 26, 2021
4.7	Form of 0% Convertible Senior Note due 2028 (included in Exhibit 4.5).	8-K	001-38434	4.4	February 26, 2021
4.8	Description of Capital Stock	10-Q	001-38434	4.1	August 7, 2020
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-223182	10.1	February 23, 2018
10.2+*	Dropbox, Inc. 2018 Equity Incentive Plan and related form agreements, as amended.				
10.3+	Dropbox, Inc. 2018 Employee Stock Purchase Plan and related form agreements.	S-1/A	333-223182	10.3	March 21, 2018
10.4+	Dropbox, Inc. 2018 Class C Stock Incentive Plan and related form agreements.	S-1/A	333-223182	10.4	March 21, 2018
10.5+	Dropbox, Inc. 2018 Class C Employee Stock Purchase Plan and related form agreements.	S-1/A	333-223182	10.5	March 21, 2018

[Table of Contents](#)

		Form	File Number	Exhibit	Filed with SEC
10.6+	Dropbox, Inc. 2017 Equity Incentive Plan and related form agreements.	S-1/A	333-223182	10.6	March 21, 2018
10.7+	Dropbox, Inc. 2008 Equity Incentive Plan, as amended, and related form agreements.	S-1/A	333-223182	10.7	March 21, 2018
10.8+	Dropbox, Inc. Amended and Restated Cash Bonus Plan.	10-K	001-38434	10.8	February 19, 2021
10.9+	Restricted Stock Agreement between the Registrant and Andrew W. Houston.	S-1	333-223182	10.9	February 23, 2018
10.10+	Revised Form of Change of Control and Severance Agreement as of February 2024 between the Registrant and certain executive officers	10-K	001-38434	10.10	February 16, 2024
10.11+	Employment Letter between the Registrant and Andrew W. Houston.	S-1/A	333-223182	10.12	March 12, 2018
10.12+	Form of Restricted Stock Agreement between the Registrant and certain executive officers.	10-K	001-38434	10.14	February 21, 2020
10.13+	Offer Letter between the Registrant and Timothy Regan	10-Q	001-38434	10.1	August 7, 2020
10.14	Office Lease between the Registrant and KR Mission Bay, LLC, dated as of October 6, 2017.	S-1	333-223182	10.19	February 23, 2018
10.15	Second Amendment to Office Lease between Dropbox, Inc. and KR Mission Bay, LLC, dated as of May 25, 2018.	10-Q	001-38434	10.2	August 10, 2018
10.16	Purchase Agreement, dated February 23, 2021, by and among the Registrant and J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC, as representatives of the several initial purchasers listed in Schedule I thereto.	8-K	001-38434	10.1	February 26, 2021
10.17	Form of Convertible Note Hedge Confirmation (2026 Notes).	8-K	001-38434	10.2	February 26, 2021
10.18	Form of Convertible Note Hedge Confirmation (2028 Notes).	8-K	001-38434	10.3	February 26, 2021
10.19	Form of 2026 Warrant Confirmation.	8-K	001-38434	10.4	February 26, 2021
10.20	Form of 2028 Warrant Confirmation.	8-K	001-38434	10.5	February 26, 2021
10.21+	Dropbox, Inc. Outside Director Compensation Policy and related form agreements.	10-K	001-38434	10.22	February 21, 2020
10.22	Eighth Amendment to Office Lease, dated November 1, 2021 and executed on December 16, 2021, by and between the Registrant and KRE Exchange Owner LLC	10-K	001-38434	10.26	February 18, 2022
10.23	Eleventh Amendment to Office Lease, dated October 1, 2023 and executed on October 17, 2023, by and between the Registrant and KRE Exchange Owner LLC	10-K	001-38434	10.24	February 16, 2024

Table of Contents

		Form	File Number	Exhibit	Filed with SEC
10.24+	Offer Letter between the Registrant and Eric Cox	10-K	001-38434	10.25	February 16, 2024
10.25	Credit and Guaranty Agreement, dated as of December 11, 2024, by and among the Registrant, the guarantors party thereto, the lenders party thereto, including Blackstone Private Credit Fund and certain of its affiliates, the issuing bank, and the administrative agent and collateral agent.	8-K	001-38434	10.1	December 11, 2024
19.1*	Insider Trading Policy				
21.1*	List of subsidiaries of the Registrant.				
23.1*	Consent of Independent Registered Public Accounting Firm.				
24.1*	Power of Attorney (included in signature pages hereto).				
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 Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1	Dropbox, Inc. Incentive- Based Compensation Recovery Policy	10-K	001-38434	97.1	February 16, 2024
101	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statement of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statement of Cash Flows, (v) Consolidated Statements of Stockholders' Deficit, and (vi) Notes to 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.				

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in San Francisco, California, on February 21, 2025.

DROPBOX, INC.

By: /s/ Andrew W. Houston
Andrew W. Houston
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew W. Houston and Timothy J. Regan, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution, for such individual in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or the individual's substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed by the following persons on behalf of the Company and in the capacities and on the dates indicated.

[Table of Contents](#)

Signature	Title	Date
/s/ Andrew W. Houston Andrew W. Houston	Chief Executive Officer and Chairman (Principal Executive Officer)	February 21, 2025
/s/ Timothy J. Regan Timothy J. Regan	Chief Financial Officer (Principal Accounting and Financial Officer)	February 21, 2025
/s/ Andrew Moore Andrew Moore	Director	February 21, 2025
/s/ Abhay Parasnis Abhay Parasnis	Director	February 21, 2025
/s/ Donald W. Blair Donald W. Blair	Director	February 21, 2025
/s/ Karen A. Peacock Karen A. Peacock	Director	February 21, 2025
/s/ Lisa Campbell Lisa Campbell	Director	February 21, 2025
/s/ Michael Seibel Michael Seibel	Director	February 21, 2025
/s/ Paul E. Jacobs Paul E. Jacobs	Director	February 21, 2025
/s/ Sara Mathew Sara Mathew	Director	February 21, 2025
/s/ Warren Jenson Warren Jenson	Director	February 21, 2025

DROPBOX, INC.

2018 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, Directors and Consultants, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal and regulatory requirements relating to the administration of equity-based awards and the related issuance of Shares thereunder, including but not limited to U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. country or jurisdiction to which Awards, Participants or any other aspects of the Plan or Participants' participation in the Plan are, or will be, subject.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control, and (B) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, the direct or indirect beneficial

ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12)-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its primary purpose is to change the jurisdiction of the Company's incorporation, or (ii) its primary purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(h) “Committee” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

(i) “Common Stock” means the Class A common stock of the Company.

(j) “Company” means Dropbox, Inc., a Delaware corporation, or any successor thereto.

(k) “Consultant” means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary to render bona fide services to such entity, provided the services (i) are not in connection with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company’s securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.

(l) “Director” means a member of the Board.

(m) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) “Employee” means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director’s fee by the Company will be sufficient to constitute “employment” by the Company.

(o) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(p) “Exchange Program” means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(q) “Fair Market Value” means, as of any date, the value of Common Stock determined as follows:

(i) The Fair Market Value will be the closing sales price for Common Stock as quoted on any established stock exchange or national market system (including without limitation the New York Stock Exchange, the Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market) on which the Common Stock is listed on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the determination date for the Fair Market Value occurs on a non-trading day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding trading day, unless otherwise determined by the Administrator.

(ii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

In addition, for purposes of determining the fair market value of Shares for any reason other than the determination of the exercise price of Options or Stock Appreciation Rights, fair market value will be determined by the Administrator in a manner compliant with Applicable Laws and applied consistently for such purpose. The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(r) "Fiscal Year" means the fiscal year of the Company.

(s) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) "Inside Director" means a Director who is an Employee.

(u) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means a stock option granted pursuant to the Plan.

(x) "Outside Director" means a Director who is not an Employee.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means the holder of an outstanding Award.

(aa) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(ab) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(ac) "Period of Restriction" means the period (if any) during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(ad) "Plan" means this 2018 Equity Incentive Plan.

(ae) "Registration Date" means the effective date of the first registration statement that is filed by the Company and declared effective pursuant to Section 12(b) of the Exchange Act, with respect to any class of the Company's securities.

(af) "Restricted Stock" means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(ag) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(ah) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(ai) "Section 16(b)" means Section 16(b) of the Exchange Act.

(aj) "Section 409A" means Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

(ak) "Securities Act" means the Securities Act of 1933, as amended.

(al) "Service Provider" means an Employee, Director or Consultant.

(am) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(an) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(ao) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan and the automatic increase set forth in Section 3(b) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is 41,368,326 Shares, plus (i) any Shares that, as of the Registration Date, have been reserved but not issued pursuant to any awards granted under the Company's 2017 Equity Incentive Plan (the "2017 Plan") and are not subject to any awards granted thereunder, (ii) any Shares subject to stock options, restricted stock units, or similar awards granted under the 2017 Plan that, on or after the Registration Date, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by the Company due to failure to vest, and (iii) a number of Shares equal to the shares of the Company's Class B common stock subject to stock options, restricted stock units, or similar awards granted under the Company's 2008 Equity Incentive Plan (the "2008 Plan") that, on or after the Registration Date, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by the Company for payment of an exercise price or for tax withholding obligations (including, for the avoidance of doubt, shares withheld on or after the Registration Date to satisfy tax withholding obligations with respect to restricted stock units vesting on the Registration Date), or are forfeited to or repurchased by the Company due to failure to vest, with the maximum number of Shares to be added to the Plan pursuant to clauses (i) through (iii) equal to 68,824,856 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. Subject to the provisions of Section 14 of the Plan, the number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2019 Fiscal Year, in an amount equal to the least of (i) 41,368,326 Shares, (ii) five percent (5%) of the outstanding shares of all classes of the Company's common stock on the last day of the immediately preceding Fiscal Year or (iii) such number of Shares determined by the Board.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(iv) Delegation of Authority for Day-to-Day Administration. Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in the Plan. Such delegation may be revoked at any time.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine whether and to what extent Awards are granted hereunder;

(iv) to determine the number of Shares or dollar amounts to be covered by each Award granted hereunder;

(v) to approve forms of Award Agreements for use under the Plan;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine;

(vii) to institute and determine the terms and conditions of an Exchange Program;

(viii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of facilitating compliance with applicable non-U.S. laws, easing the administration of the Plan, or for qualifying for favorable tax treatment under applicable non-U.S. laws;

(x) to modify or amend each Award (subject to Section 19 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);

(xi) to allow Participants to satisfy tax withholding obligations in such manner as prescribed in Section 15 of the Plan;

(xii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xiii) to temporarily suspend the exercisability of an Award if the Administrator deems such suspension to be necessary or appropriate for administrative purposes or to comply with Applicable Laws, provided that such suspension must be lifted prior to the expiration of the maximum term and post-termination exercisability period of an Award, unless doing so would not comply with Applicable Laws;

(xiv) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award;

(xv) to determine whether Awards will be settled in Shares, cash or in any combination thereof;

(xvi) to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including without limitation, (A) restrictions under an insider trading policy, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers; and

(xvii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards and will be given the maximum deference permitted by Applicable Laws.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate fair market value of the shares with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such options will be treated as nonstatutory stock options. For purposes of this Section 6(a), incentive stock options will be taken into account in the order in which they were granted. The fair market value of the shares will be determined as of the time the option with respect to such shares is granted.

(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws, (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Tolling Expiration. A Participant's Award Agreement may also provide that:

(1) if the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the tenth (10th) day after the last date on which such exercise would result in liability under Section 16(b); or

(2) if the exercise of the Option following the termination of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option or (B) the expiration of a period of thirty (30)-day period after the termination of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction (if any), the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of any applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of any applicable Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During any applicable Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the

terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria (if any) in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement, as determined by the Administrator, in its sole discretion. Notwithstanding the foregoing, the rules of Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) (if any) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Outside Director Limitations. No Outside Director may be paid, issued or granted, in any Fiscal Year, cash compensation and equity awards (including any Awards issued under this Plan) with an aggregate value greater than \$1,200,000 (with the value of each equity award based on its grant date fair value (determined in accordance with U.S. generally accepted accounting principles)). Any cash compensation paid or Awards granted to an individual for his or her services as an Employee, or for his or her services as a Consultant (other than as an Outside Director), will not count for purposes of the limitation under this Section 11.

12. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise or as otherwise required by Applicable Laws, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of Shares that may be delivered under the Plan and/or the number, class, and price of Shares covered by each outstanding Award, and the numerical Share limits in Section 3 of the Plan.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines subject to the restriction in the following paragraph, without a Participant's consent, including, without limitation, that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. The Administrator will not be obligated to treat all Awards, all Awards held by a Participant, all awards of the same type, or all portions of Awards similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award (or portion thereof), the Participant will fully vest in and have the right to exercise all of his or her outstanding Options and Stock Appreciation Rights (or portion thereof) that is not assumed or

substituted for, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units (or portions thereof) not assumed or substituted for will lapse, and, with respect to such Awards with performance-based vesting (or portions thereof) not assumed or substituted for, unless specifically provided otherwise under the applicable Award Agreement, a Company policy applicable to the Participant, or other written agreement between the Participant and the Company, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right (or portion thereof) is not assumed or substituted in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right (or its applicable portion) will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right (or its applicable portion) will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control. For the avoidance of doubt, the Administrator may determine that, for purposes of this Section 14(c), the Company is the successor corporation with respect to some or all of the Awards.

Notwithstanding anything in this Section 14(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director, in the event of a Change in Control in which such Awards are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant (unless such resignation is at the request of the acquirer), then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units will lapse, and, with respect to Awards with performance-based

vesting, unless specifically provided otherwise under the applicable Award Agreement, a Company policy applicable to the Participant, or other written agreement between the Participant and the Company, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

15. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company or, if different, the Parent or Subsidiary employing the Participant, an amount sufficient to satisfy U.S. and non-U.S. federal, state, or local taxes, social insurance (including the Participant's FICA obligation), payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant.

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value not in excess of the maximum statutory amount required to be withheld, or (iii) delivering to the Company already-owned Shares having a fair market value not in excess of the maximum statutory amount required to be withheld. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. Each payment or benefit under this Plan and each Award Agreement is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. The Plan, each Award and each Award Agreement under the Plan is intended to be exempt from or otherwise meet the requirements of Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. In no event will the Company (or any Parent or Subsidiary of the Company, as applicable) have any responsibility, obligation or liability under the terms of the Plan to reimburse, indemnify or hold harmless any Participant or any other person in respect of Awards, for any taxes, interest or penalties imposed or other costs incurred as a result of Section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor will they interfere in any way with the Participant's right or the right of the Company (or any Parent or Subsidiary of the Company) to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. Term of Plan. Subject to Section 23 of the Plan, the Plan will become effective upon the later to occur of (i) its adoption by the Board or (ii) the business day immediately prior to the Registration Date. It will continue in effect for a term of ten (10) years from the date adopted by the Board, unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination of the Plan

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to an Award unless the exercise of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any U.S. federal or state law, any non-U.S. law, or the rules and regulations of the U.S. Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained or maintained.

22. Forfeiture Events. The Administrator may specify in an Award Agreement that the Participant's rights, payments, and/or benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, recoupment, reimbursement, or reacquisition upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Notwithstanding any provisions to the contrary under this Plan, each Award granted under the Plan shall be subject to reduction, cancellation, forfeiture, recoupment, reimbursement, or reacquisition under the Company's clawback policy in effect as of the date such Award is granted or any other clawback policy of the Company as may be established and/or amended from time to time to comply with Applicable Laws (including, without limitation, pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is

otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws) (in each case, a “Clawback Policy”). The Administrator may require a Participant to forfeit, return, or reimburse the Company all or a portion of the Award and any amounts paid thereunder pursuant to the terms of any applicable Clawback Policy or as necessary or appropriate to comply with Applicable Laws. Unless this Section 22 specifically is mentioned and waived in an Award Agreement or other document, no recovery of compensation under a Clawback Policy or otherwise will constitute an event that triggers or contributes to any right of a Participant to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company or any Parent or Subsidiary of the Company.

23. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

DROPBOX, INC.
2018 EQUITY INCENTIVE PLAN
ISRAELI APPENDIX

This Israeli Appendix (the "**Appendix**") to the 2018 Equity Incentive Plan (as amended from time to time, the "**Plan**") of Dropbox, Inc. (the "**Company**") is adopted pursuant to the authority granted under Section 4(b)(viii) of the Plan and shall apply only to persons who are, or are deemed to be, residents of the State of Israel for Israeli tax purposes, as further detailed below.

1. GENERAL

1.1. The Committee, in its discretion, may grant Awards to eligible Participants and shall determine the tax route under which such Awards are intended to be granted, provided only one type of trustee awards may be granted, subject to the provisions of the Ordinance and the Rules. Each Award shall be evidenced by an Award Agreement, which shall expressly identify the tax classification of the Award, and be in such form and contain such provisions, as the Committee shall from time to time deem appropriate.

1.2. The Plan shall apply to any Awards granted pursuant to this Appendix, provided, that the provisions of this Appendix shall supersede and govern in the case of any inconsistency or conflict, either explicit or implied, arising between the provisions of this Appendix and the Plan.

1.3. Unless otherwise defined in this Appendix, capitalized terms contained herein shall have the same meanings given to them in the Plan.

2. DEFINITIONS.

1.1. "**3(9) Award**" means any Option or Restricted Stock Unit granted by the Company to any Participant who is engaged by an Israeli resident Subsidiary but is not an Israeli Employee and is taxed pursuant to Section 3(9) of the Ordinance.

1.2. "**102 Award**" means any Award granted to an Israeli Employee, provided it is settled only in shares of Common Stock.

1.3. "**102 Capital Gain Track Award**" means any 102 Award granted by the Company to an Israeli Employee pursuant to Section 102(b)(2) or (3) (as applicable) of the Ordinance under the capital gain track.

1.4. "**102 Non-Trustee Award**" means any 102 Award granted by the Company to an Israeli Employee pursuant to Section 102(c) of the Ordinance without a Trustee.

1.5. "**102 Ordinary Income Track Award**" means any 102 Award granted by the Company to an Israeli Employee pursuant to Section 102(b)(1) of the Ordinance under the ordinary income track.

1.6. "**102 Trustee Awards**" means, collectively, 102 Capital Gain Track Awards and 102 Ordinary Income Track Awards.

1.7. "**Applicable Law**" shall mean any applicable law, rule, regulation, statute, pronouncement, policy, interpretation, judgment, order or decree of any federal, provincial, state or local governmental, regulatory or

adjudicative authority or agency, of any jurisdiction, and the rules and regulations of any stock exchange, over-the-counter market or trading system on which the common stock of the Company are then traded or listed.

1.8. **"Controlling Stockholder"** means a controlling stockholder of the Company as such term is defined in Section 32(9) of the Ordinance.

1.9. **"Election"** as defined in Section 3.2 below.

1.10. **"Israeli Employee"** means either (i) an individual employed by an Israeli resident Subsidiary, or (ii) an individual who is serving and is engaged personally (and not through an entity) as an "office holder" by an Israeli resident Subsidiary, but in both cases, excluding any Controlling Stockholder.

1.11. **"ITA"** means the Israel Tax Authority.

1.12. **"Ordinance"** means the Israeli Income Tax Ordinance (New Version), 1961, including the Rules and any other regulations, rules, orders or procedures promulgated thereunder, as may be amended or replaced from time to time.

1.13. **"Required Holding Period"** as defined in Section 3.5.1 below.

1.14. **"Rules"** means the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003.

1.15. **"Section 102"** means Section 102 of the Ordinance.

1.16. **"Trust Agreement"** means the agreement to be signed between the Company, an Subsidiary and the Trustee for the purposes of Section 102.

1.17. **"Trustee"** means the trustee appointed by the Company's Board of Directors and/or by the Committee to serve as trustee pursuant to the provisions of Section 102 of the Ordinance and approved by the ITA.

1.18. **"Withholding Obligations"** as defined in Section 5.5 below.

3. 102 AWARDS

1.1. Trustee Tax Tracks. Awards granted as 102 Trustee Awards are intended to be granted as either 102 Capital Gain Track Awards or 102 Ordinary Income Track Awards. 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 3 and the general terms and conditions of the Plan, Section 102 and the Rules, except for any provisions of the Plan applying to Awards under different tax laws or regulations. The classification of any 102 Award shall be subject to and conditions upon compliance with the provisions of Applicable Law including the Ordinance and the Rules and any guidelines from the ITA.

1.2. Election of Track. Subject to Applicable Law, the Company may grant only one type of 102 Trustee Award at any given time to all Participants who are to be granted 102 Trustee Awards pursuant to this Appendix, and shall file an election with the ITA regarding the type of 102 Trustee Award it elects to grant before the date of grant of any 102 Trustee Award (the **"Election"**). Such Election shall also apply to any other securities received by any Participant as a result of holding the 102 Trustee Awards. The Company may

change the type of 102 Trustee Award that it elects to grant only after the expiration of at least 12 months from the end of the year in which the first grant was made in accordance with the previous Election, or as otherwise provided by Applicable Law. Any Election shall not prevent the Company from granting 102 Non-Trustee Awards.

1.3. Eligibility for Awards. Subject to Applicable Law, 102 Awards may only be granted to Israeli Employees. Such 102 Awards may either be granted to a Trustee or granted under Section 102(c) without a Trustee.

1.4. 102 Award Grant Date.

1.4.1. Each 102 Award will be deemed granted on the date determined by the Committee, subject to the provisions of the Plan.

1.4.2. Unless otherwise permitted by the Ordinance or by a tax ruling issued by the ITA, any grants of 102 Trustee Awards that are made on or after the date of the adoption of the Plan and this Appendix shall become effective only at the expiration of thirty (30) days after the filing of the Plan and this Appendix with the ITA, and such condition shall be read and is incorporated by reference into the Plan, any corporate resolutions approving such grants and into any Award Agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award Agreement.

1.5. 102 Trustee Awards.

1.5.1. Each 102 Trustee Award, each share of Common Stock issued pursuant to the grant, exercise or vesting of any 102 Trustee Award and any rights granted thereunder, shall be allocated or issued to and registered in the name of the Trustee and shall be held in trust or controlled by the Trustee for the benefit of the Participant for the requisite period prescribed by the Ordinance or such longer period as set by the Committee (the "**Required Holding Period**").

1.5.2. In the event that the requirements under Section 102 to qualify an Award as a 102 Trustee Award are not met, then the Award may be treated as a 102 Non-Trustee Award or shall be subject to tax under Section 3(i) or 2 of the Ordinance (as determined by the Company), all in accordance with the provisions of the Ordinance. Subject to the provisions of Section 102 and the Rules, the Trustee shall not release any 102 Trustee Awards or shares of Common Stock issued in connection with a Trustee 102 Award prior to the payment in full of the Participant's tax and compulsory payments arising from such 102 Trustee Awards and/or shares of Common Stock.

1.5.3. Each 102 Trustee Award shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Awards and shall prevail over any term contained in the Plan, this Appendix or the Award Agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in the Plan, this Appendix or Award Agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Participant. The Participant granted a 102 Trustee Award shall comply with the Ordinance and the

terms and conditions of the Trust Agreement entered into between the Company and the Trustee. The Participant shall execute any and all documents that the Company and/or the Subsidiary and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.

1.5.4. During the Required Holding Period, the Participant shall not release from trust or sell, assign, transfer or give as collateral, the shares of Common Stock issued in connection with a 102 Trustee Award and/or any securities issued or distributed with respect thereto, until the expiration of the Required Holding Period. Notwithstanding the above, if any such sale, release or other action occurs during the Required Holding Period it may result in adverse tax consequences to the Participant under Section 102 and the Rules, which shall apply to and shall be borne solely by such Participant. Subject to the foregoing, the Trustee may, pursuant to a written request from the Participant, but subject to the terms of the Plan and this Appendix, release and transfer such shares of Common Stock to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the shares of Common Stock, and confirmation of such payment has been received by the Trustee and the Company, and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, any agreement governing the shares of Common Stock, the Plan, this Appendix, the Award Agreement and any Applicable Law.

1.5.5. As a condition to the grant of a 102 Trustee Award the Participant shall sign a declaration as required in order to comply with the provisions of Section 102 and the Rules.

1.6. 102 Non-Trustee Awards. The foregoing provisions of this Section 3 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 and the applicable Rules. The Committee may determine that 102 Non-Trustee Awards, the shares of Common Stock issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto, shall be allocated or issued to a third party administrator, who shall hold such 102 Non-Trustee Award and all accrued rights thereon (if any) in trust for the benefit of the Participant and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the shares of Common Stock issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto. The Company may choose, alternatively, to require the Participant to provide the Company with a guarantee or other security, to the satisfaction of the employing Subsidiary and the Company, until the full payment of the applicable taxes.

4. 3(9) AWARDS

1.1. This Section 4 shall apply to Awards which are 3(9) Awards which are granted subject to the general terms and conditions of the Plan, except for any provisions of the Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 4 and the other terms of the Plan, this Section 4 shall prevail.

1.2. Shares of Common Stock pursuant to a 3(9) Award shall not be issued upon exercise or vesting, as applicable, unless the Participant delivers to the Company payment in cash or by bank check or such other form acceptable to the Committee of all withholding taxes due, if any, on account of the Participant acquiring shares of Common Stock under the Award or the Participant provides other assurance satisfactory to the Committee of the payment of those withholding taxes. Alternatively the Company may sell such amount of

shares of Common Stock underlying the Award as required to satisfy the tax withholding obligations and deliver the net amount to the Participant.

5. AGREEMENT REGARDING TAXES; DISCLAIMER

1.1.If the Committee shall so require, as a condition of exercise of an Award or the release of shares of Common Stock by the Trustee, a Participant shall agree that, no later than the date of such occurrence, the Participant will pay to the Company (or the Trustee, as applicable) or make arrangements satisfactory to the Committee and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by Applicable Law to be withheld or paid.

1.2.TAX LIABILITY. ALL TAX CONSEQUENCES UNDER ANY APPLICABLE LAW WHICH MAY ARISE FROM THE GRANT OF ANY AWARDS OR THE EXERCISE OR VESTING THEREOF, THE SALE OR DISPOSITION OF ANY SHARES OF COMMON STOCK GRANTED HEREUNDER OR ISSUED UPON EXERCISE OR (IF APPLICABLE) VESTING OF ANY AWARD, THE ASSUMPTION, SUBSTITUTION, CANCELLATION OR PAYMENT IN LIEU OF AWARDS OR FROM ANY OTHER ACTION IN CONNECTION WITH THE FOREGOING (INCLUDING WITHOUT LIMITATION ANY TAXES AND COMPULSORY PAYMENTS, SUCH AS SOCIAL SECURITY OR HEALTH TAX PAYABLE BY THE PARTICIPANT OR THE COMPANY IN CONNECTION THEREWITH) SHALL BE BORNE AND PAID SOLELY BY THE PARTICIPANT, AND THE PARTICIPANT SHALL INDEMNIFY THE COMPANY, THE SUBSIDIARY AND THE TRUSTEE, AND SHALL HOLD THEM HARMLESS AGAINST AND FROM ANY LIABILITY FOR ANY SUCH TAX OR PAYMENT OR ANY PENALTY, INTEREST OR INDEXATION THEREON. EACH PARTICIPANT AGREES TO, AND UNDERTAKES TO COMPLY WITH, ANY RULING, SETTLEMENT, CLOSING AGREEMENT OR OTHER SIMILAR AGREEMENT OR ARRANGEMENT WITH ANY TAX AUTHORITY IN CONNECTION WITH THE FOREGOING WHICH IS APPROVED BY THE COMPANY.

1.3.NO TAX ADVICE. THE PARTICIPANT IS ADVISED TO CONSULT WITH A TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF RECEIVING, EXERCISING OR DISPOSING OF AWARDS HEREUNDER. THE COMPANY DOES NOT ASSUME ANY RESPONSIBILITY TO ADVISE THE PARTICIPANT ON SUCH MATTERS, WHICH SHALL REMAIN SOLELY THE RESPONSIBILITY OF THE PARTICIPANT.

1.4.TAX TREATMENT. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY OR RESPONSIBILITY TO THE EFFECT THAT ANY AWARD SHALL QUALIFY WITH ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT, OR BENEFIT FROM ANY PARTICULAR TAX TREATMENT OR TAX ADVANTAGE OF ANY TYPE AND THE COMPANY SHALL BEAR NO LIABILITY IN CONNECTION WITH THE MANNER IN WHICH ANY AWARD IS EVENTUALLY TREATED FOR TAX PURPOSES, REGARDLESS OF WHETHER THE AWARD WAS GRANTED OR WAS INTENDED TO QUALIFY UNDER ANY PARTICULAR TAX REGIME OR TREATMENT. THIS PROVISION SHALL SUPERSEDE ANY DESIGNATION OF AWARDS OR TAX QUALIFICATION INDICATED IN ANY CORPORATE RESOLUTION OR AWARD AGREEMENT, WHICH SHALL AT ALL TIMES BE SUBJECT TO THE REQUIREMENTS OF APPLICABLE LAW. THE COMPANY DOES NOT UNDERTAKE AND SHALL NOT BE REQUIRED TO TAKE ANY ACTION IN ORDER TO QUALIFY ANY AWARD WITH THE REQUIREMENTS OF ANY PARTICULAR TAX TREATMENT AND NO INDICATION IN ANY DOCUMENT TO THE EFFECT THAT ANY AWARD IS INTENDED TO QUALIFY FOR ANY TAX TREATMENT SHALL IMPLY SUCH AN UNDERTAKING. NO ASSURANCE IS MADE BY THE COMPANY OR THE SUBSIDIARY THAT ANY PARTICULAR TAX TREATMENT ON THE DATE OF

GRANT WILL CONTINUE TO EXIST OR THAT THE AWARD WILL QUALIFY AT THE TIME OF EXERCISE OR DISPOSITION THEREOF WITH ANY PARTICULAR TAX TREATMENT. THE COMPANY AND THE SUBSIDIARY SHALL NOT HAVE ANY LIABILITY OR OBLIGATION OF ANY NATURE IN THE EVENT THAT AN AWARD DOES NOT QUALIFY FOR ANY PARTICULAR TAX TREATMENT, REGARDLESS WHETHER THE COMPANY COULD HAVE TAKEN ANY ACTION TO CAUSE SUCH QUALIFICATION TO BE MET AND SUCH QUALIFICATION REMAINS AT ALL TIMES AND UNDER ALL CIRCUMSTANCES AT THE RISK OF THE PARTICIPANT. THE COMPANY DOES NOT UNDERTAKE OR ASSUME ANY LIABILITY TO CONTEST A DETERMINATION OR INTERPRETATION (WHETHER WRITTEN OR UNWRITTEN) OF ANY TAX AUTHORITY, INCLUDING IN RESPECT OF THE QUALIFICATION UNDER ANY PARTICULAR TAX REGIME OR RULES APPLYING TO PARTICULAR TAX TREATMENT. IF THE AWARDS DO NOT QUALIFY UNDER ANY PARTICULAR TAX TREATMENT IT COULD RESULT IN ADVERSE TAX CONSEQUENCES TO THE PARTICIPANT.

1.5. The Company or the Subsidiary may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Company or the Subsidiary is required by any Applicable Law to withhold in connection with any Awards (collectively, **"Withholding Obligations"**). Such actions may include (i) requiring Participants to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments, payable by the Company in connection with the Award or the exercise or (if applicable) vesting thereof; (ii) subject to Applicable Law, allowing the Participants to provide shares of Common Stock, in an amount that at such time, reflects a value that the Committee determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding shares of Common Stock otherwise issuable upon the exercise of an Award at a value which is determined by the Committee to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Award by or on behalf of a Participant until all tax consequences arising from the exercise of such Award are resolved in a manner acceptable to the Company.

1.6. Each Participant shall notify the Company in writing promptly and in any event within ten (10) days after the date on which such Participant first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Awards granted or received hereunder or shares of Common Stock issued thereunder and shall continuously inform the Company of any developments, proceedings, discussions and negotiations relating to such matter, and shall allow the Company and its representatives to participate in any proceedings and discussions concerning such matters. Upon request, a Participant shall provide to the Company any information or document relating to any matter described in the preceding sentence, which the Company, in its discretion, requires.

1.7. With respect to 102 Non-Trustee Awards, if the Participant ceases to be employed by the Company or any Subsidiary, the Participant shall extend to the Company and/or the Subsidiary with whom the Participant is employed a security or guarantee for the payment of taxes due at the time of sale of shares of Common Stock, all in accordance with the provisions of Section 102 and the Rules.

6. ASSIGNABILITY, DESIGNATION AND SALE OF AWARDS

1.1. Despite any other provision of the Plan (including section 6(d)(i) of the Plan), no 102 Award or any right with respect thereto, or purchasable hereunder, whether fully paid or not, shall be assignable, transferable or given as collateral, or any right with respect to any 102 Award given to any third party whatsoever, and during the lifetime of the Israeli Employee, each and all of such Israeli Employee's rights with respect to a

Grant shall belong only to the Israeli Employee. Any such action made directly or indirectly, for an immediate or future validation, shall be void.

1.2.As long as 102 Awards or Common Stock issued or purchased hereunder are held by the Trustee on behalf of the Israeli Employee, all rights of the Israeli Employee t over the Common Stock cannot be transferred, assigned, pledged or mortgaged, other than by will or laws of descent and distribution.

7. ONE TIME AWARD

1.1.The 102 Awards and underlying Common Stock are extraordinary, one-time awards granted to the Israeli Employees, and are not and shall not be deemed a salary component for any purpose whatsoever, including in connection with calculating severance compensation under applicable law, nor shall receipt of an award entitle an Israeli Employee to any future Award.

8. GOVERNING LAW

1.1.This Appendix shall be governed by, construed and enforced in accordance with the laws of the State of California, without reference to conflicts of law principles, except that applicable Israeli laws, rules and regulations (as amended) shall apply to any mandatory tax matters arising hereunder.

DROPBOX, INC.
2018 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the Dropbox, Inc. 2018 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Agreement, which includes the Notice of Stock Option Grant (the "Notice of Grant"), the Terms and Conditions of Stock Option Grant attached hereto as Exhibit A, and all appendices and exhibits attached thereto (all together, the "Option Agreement").

NOTICE OF STOCK OPTION GRANT

Participant:

Address:

The undersigned Participant has been granted an Option to purchase Common Stock of Dropbox, Inc. (the "Company"), subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number: ___

Date of Grant: ___

Vesting Commencement Date: ___

Number of Shares Granted: ___

Exercise Price per Share: \$___

Total Exercise Price: \$___

Type of Option: ___ Incentive Stock Option

 ___ Nonstatutory Stock Option

Term/Expiration Date: ___

Vesting Schedule:

Subject to accelerated vesting as set forth below or in the Plan, this Option will be exercisable, in whole or in part, in accordance with the following schedule:

[Twenty-five percent (25%) of the Shares subject to the Option shall vest on the one (1) year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48th) of the Shares subject

to the Option shall vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.]

Termination Period:

This Option will be exercisable for three (3) months after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable for twelve (12) months after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 14 of the Plan.

By Participant's signature and the signature of the representative of the Company below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges receipt of a copy of the Plan. Participant has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement, and fully understands all provisions of the Plan and this Option Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT DROPBOX, INC.

Signature Signature

Print Name Print Name

Title

Address:

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. Grant of Option. The Company hereby grants to the individual (the "Participant") named in the Notice of Stock Option Grant of this Option Agreement (the "Notice of Grant") an option (the "Option") to purchase the number of Shares, as set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Option Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan will prevail.

(a) For U.S. taxpayers, the Option will be designated as either an Incentive Stock Option ("ISO") or a Nonstatutory Stock Option ("NSO"). If designated in the Notice of Grant as an ISO, this Option is intended to qualify as an ISO under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). However, if this Option is intended to be an ISO, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it will be treated as an NSO. Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

(b) For non-U.S. taxpayers, the Option will be designated as an NSO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Option Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Option Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the "Exercise Notice") in the form attached as Exhibit A or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the

Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares together and of any Tax Obligations (as defined in Section 6(a)). This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price.

5. Method of Payment Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) if Participant is a U.S. employee, surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares and that are owned free and clear of any liens, claims, encumbrances, or security interests, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") or Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which the Participant is providing services, the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Option, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) the Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of the Option or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to the Option (or exercise thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Service Recipient (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares.

(b) Tax Withholding. When the Option is exercised, Participant generally will recognize immediate U.S. taxable income if Participant is a U.S. taxpayer. If Participant is a non-U.S. taxpayer, Participant will be subject to applicable taxes in his or her jurisdiction. Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax Obligations. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax Obligations, in whole or in part (without limitation), if permissible by applicable local law, by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (iii) withholding the amount of such Tax Obligations from Participant's wages or other cash compensation paid to Participant by the Company and/or the Service Recipient, (iv) delivering to the Company already vested and owned Shares having a fair market value equal to such Tax Obligations, or (v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant. Further, if Participant is subject to tax in more than one jurisdiction between the Date of Grant and a date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges and agrees that the Company and/or the Service Recipient (and/or former employer, as applicable) may be required to withhold or account for tax in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such amounts are not delivered at the time of exercise.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant will immediately notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(d) Code Section 409A. Under Code Section 409A, a stock right (such as the Option) that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the fair market value of an underlying share on the date of grant (a "discount option") may be considered "deferred compensation." A stock right that is a "discount option" may result in (i) income recognition by the recipient of the stock right prior to the exercise of the stock right, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" may also result in additional state income, penalty and interest tax to the recipient of the stock right. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the fair market value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the fair market value of a Share on the date of grant, Participant shall be solely responsible for Participant's costs related to such a

determination. In no event will the Company or any of its Parent or Subsidiaries have any responsibility, liability, or obligation to reimburse, indemnify, or hold harmless Participant (or any other person) in respect of this Option or any other Awards, for any taxes, penalties or interest that may be imposed on, or other costs incurred by, Participant (or any other person) as a result of Section 409A.

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation, and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Nature of Grant. In accepting the Option, Participant acknowledges, understands and agrees that:

(a) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(b) all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;

(c) Participant is voluntarily participating in the Plan;

(d) the Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation;

(e) the Option and Shares acquired under the Plan and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(g) if the underlying Shares do not increase in value, the Option will have no value;

(h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(i) for purposes of the Option, Participant's engagement as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Option Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, (i) Participant's right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); and (ii) the period (if any) during which Participant may exercise the Option after such termination of Participant's engagement as a Service Provider will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's engagement agreement, if any; the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her Option grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(j) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(k) the following provisions apply only if Participant is providing services outside the United States:

(i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that none of the Company, the Service Recipient, or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the termination of Participant's engagement as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of

Participant's employment or service agreement, if any), and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Parent, any Subsidiary or the Service Recipient, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Data Privacy.

(i) European Union / European Economic Area / Switzerland / United Kingdom

(1) Data Privacy Terms. The following data privacy terms govern the grant of Options under the Plan to Participants in the European Union / European Economic Area / Switzerland / United Kingdom.

(i) Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about the Participant, including, but not limited to, his or her name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards granted under the Plan or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Company's collection, use, transfer and other processing of Participant's Data is necessary for the performance of the Plan. Therefore, the legal basis for the processing of Data is contractual necessity. The Data must be provided in order for Participant to participate in the Plan and for the parties to this Option Agreement to perform their respective obligations thereunder. If Participant does not provide Data, he or she will not be able to participate in the Plan and become a party to this Option Agreement.

(ii) Stock Plan Administration Service Providers. The Company transfers Data to Solium Capital Inc. ("Shareworks"), an independent service provider based in Alberta, Canada which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(iii) International Data Transfers. The Company and Shareworks are based in the United States and Canada, respectively. If Participant is outside the United States or Canada, Participant should note that his or her country has enacted data privacy laws that are different from the United States or Canada, and that the United States and Canada might not provide a level of protection of personal data equivalent to the level of protection in Participant's country. For example, the United States and some of these other jurisdictions have not been found by the European Commission to have adequate personal data protection safeguards. If the Company and the Employer transfer Data outside of the European Economic Area, Switzerland, or the UK, the Company will take legally valid steps to provide adequate safeguards. To transfer personal data, the Company and the Employer rely on mechanisms such as Standard Contractual Clauses, and the EU-U.S. Data Privacy Framework, the UK Extension to the EU-U.S. Data Privacy Framework, and the Swiss-US Data Privacy Framework.

(iv) Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond Participant's service relationship. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible.

(v) Data Subject Rights. Participant may have a number of rights under data privacy laws in his or her jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) have available the portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

(a) Non-European Union / European Economic Area / Switzerland / United Kingdom

(i) Data Privacy Terms. The following data privacy terms govern the grant of Options under the Plan to Participants outside the European Union / European Economic Area / Switzerland / United Kingdom.

(ii) Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about the Participant, including, but not limited to, his or her name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards granted under the Plan or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in his or her favor ("Data"), for the

purpose of implementing, administering and managing the Participant's participation in the Plan. The legal basis, where required, for the processing of Data is the Participant's consent.

(iii) Stock Plan Administration Service Providers. The Company transfers Data to Solium Capital Inc. ("Shareworks"), an independent service provider based in Alberta, Canada which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(iv) International Data Transfers. The Company and Shareworks are based in the United States and Canada, respectively. If Participant is outside the United States or Canada, Participant should note that his or her country may have enacted data privacy laws that are different from the United States or Canada and that the United States and Canada might not provide a level of protection of personal data equivalent to the level of protection in Participant's country. Participant understands that if he or she resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Shareworks and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes implementing, administering and managing Participant's participation in the Plan.

(v) Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond Participant's service relationship. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible. Participant understands that if he or she resides in certain jurisdictions, to the extent required by Applicable Law, Participant may, at any time, request access to Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents given by accepting the Option, in any case without cost, by contacting in writing his or her local human resources representative.

(vi) Voluntariness and Consequences of Consent, Denial or Withdrawal. Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if he or she later seeks to revoke the consent, Participant's compensation from or service relationship with the Employer will not be affected; the only consequence of refusing or withdrawing his or her consent is that the Company would not be able to grant Participant the Options or other Awards under the Plan or administer or maintain such Awards. Therefore, Participant understands that refusing or withdrawing his or her consent may

affect his or her ability to participate in the Plan (including the right to retain the Option). Participant understands that he or she may contact his or her local human resources representative for more information on the consequences of his or her refusal to consent or withdrawal of consent.

(vii) Data Subject Rights. Participant may have a number of rights under data privacy laws in his or her jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) have available the portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

(2) Additional Consents. Upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from Participant for the purpose of administering his or her participation in the Plan in compliance with the applicable data privacy laws, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

12. Address for Notices. Any notice to be given to the Company under the terms of this Option Agreement will be addressed to the Company at Dropbox, Inc., 1800 Owens Street, Suite 200, San Francisco, CA 94158, or at such other address as the Company may hereafter designate in writing.

13. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

14. Successors and Assigns. The Company may assign any of its rights under this Option Agreement to single or multiple assignees, and this Option Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Option Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Option Agreement may only be assigned with the prior written consent of the Company.

15. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the purchase by, or issuance of Shares, to Participant (or his or her estate) hereunder, such purchase or issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed,

effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the Option Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience.

16. Language. If Participant has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. Interpretation. The Administrator will have the power to interpret the Plan and this Option Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Option Agreement.

18. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Option awarded under the Plan or future options that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Option Agreement.

20. Agreement Severable. In the event that any provision in this Option Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Option Agreement.

21. Amendment, Suspension or Termination of the Plan. By accepting this Option, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read, and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law and Venue. This Option Agreement will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Option Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

23. Country Addendum. Notwithstanding any provisions in this Option Agreement, this Option shall be subject to any special terms and conditions set forth in the appendix (if any) to this Option Agreement for Participant's country (the "Country Addendum"). Moreover, if Participant

relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes part of this Option Agreement.

24. Modifications to the Agreement This Option Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Option Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Option Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Option Agreement, the Company reserves the right to revise this Option Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection with the Option.

25. No Waiver. Either party's failure to enforce any provision or provisions of this Option Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Option Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

26. Tax Consequences. Participant has reviewed with its own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Option Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Option Agreement.

DROPBOX, INC.
2018 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT
COUNTRY ADDENDUM

TERMS AND CONDITIONS

This Country Addendum includes additional terms and conditions that govern the Option granted to Participant under the Plan if Participant works in one of the countries listed below. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which he or she is currently working or if Participant relocates to another country after receiving the Option, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Certain capitalized terms used but not defined in this Country Addendum shall have the meanings set forth in the Plan, and/or the Stock Option Agreement to which this Country Addendum is attached.

NOTIFICATIONS

This Country Addendum also includes notifications relating to exchange control and other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries listed in this Country Addendum, as of December 2023. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the notifications herein as the only source of information relating to the consequences of his or her participation in the Plan because the information may be outdated when Participant exercises the Option or sells Shares acquired under the Plan.

In addition, the notifications are general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working (or is considered as such for local law purposes) or if Participant moves to another country after the Option is granted, the information contained herein may not be applicable to Participant.

EXHIBIT B

DROPBOX, INC.

2018 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Dropbox, Inc.
1800 Owens Street, Suite 200
San Francisco, CA 94158

Attention: Stock Administration

1. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Dropbox, Inc. (the "Company") under and pursuant to the 2018 Equity Incentive Plan (the "Plan") and the Stock Option Agreement, dated _____ and including the Notice of Grant, the Terms and Conditions of Stock Option Grant, and exhibits attached thereto (the "Option Agreement"). The purchase price for the Shares will be \$ _____, as required by the Option Agreement.
2. Delivery of Payment. Purchaser herewith delivers to the Company the full purchase price of the Shares and any Tax Obligations (as defined in Section 6(a) of the Option Agreement) to be paid in connection with the exercise of the Option.
3. Representations of Purchaser. Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.
4. Rights as Stockholder. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 of the Plan.
5. Tax Consultation. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.
6. Entire Agreement; Governing Law. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing

signed by the Company and Purchaser. This Option Agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

Submitted by: Accepted by:
PURCHASER DROPBOX, INC.

Signature Signature

Print Name Print Name

Address: _____
 Title

Date Received

DROPBOX, INC.
2018 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT
NOTICE OF RESTRICTED STOCK UNIT GRANT

Unless otherwise defined herein, the terms defined in the Dropbox, Inc. 2018 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Agreement, which includes the Notice of Restricted Stock Unit Grant (the "Notice of Grant"), Terms and Conditions of Restricted Stock Unit Grant attached hereto as Exhibit A, and all appendices and exhibits attached thereto, including the Country-Specific Terms and Conditions for Participants Outside the U.S. in the Country Addendum attached hereto as Exhibit B (the "Country Addendum") (all together, the "Award Agreement").

Participant:

Address:

The Participant named above has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this Award Agreement, as follows:

Grant Number: __

Date of Grant: __

Vesting Commencement Date: __

Number of Restricted Stock Units: __

Vesting Schedule:

Subject to any acceleration provisions contained in the Plan or set forth below, the Restricted Stock Units will vest in accordance with the following schedule:

One sixteenth (1/16th) of the Restricted Stock Units will vest on each Quarterly Vesting Date (as defined below), subject to Participant continuing to be a Service Provider through each such date.

A "Quarterly Vesting Date" is each of February 15, May 15, August 15, and November 15.

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant's right to acquire any Shares hereunder will immediately terminate.

By accepting this Award, Participant acknowledges receipt of a copy of the Plan and agrees (i) that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this Award Agreement, (ii) that Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel, and fully understands all provisions of the Plan and this Award Agreement, (iii) to accept as binding, conclusive, and final all decisions or interpretations of the

Administrator upon any questions relating to the Plan and the Award Agreement, and (iv) to notify Dropbox, Inc. (the “Company”) upon any change in the residence address indicated below.

By clicking “Accept” on the Shareworks award acceptance page, Participant is providing his or her acceptance of this Award and his or her agreement with all terms and conditions of the Award, as set forth in the Plan and this Award Agreement.

In addition, if Participant resides in Canada, Germany, Japan, Singapore, Sweden, the United Kingdom, or the United States and does not wish to receive this Award and/or does not consent and agree to the terms and conditions on which the Award is offered, as set forth in the Plan and this Award Agreement, then Participant must reject this Award by notifying the Company at Dropbox, Inc., Attention: Stock Administration, 1800 Owens Street, Suite 200, San Francisco, CA 94158 no later than **30 days following the Date of Grant**, in which case the Award will be cancelled. Participant’s failure to notify the Company of his or her rejection of the Award within this specified period will constitute the Participant’s acceptance of this Award and his or her agreement with all terms and conditions of the Award, as set forth in the Plan and this Award Agreement.

PARTICIPANT: DROPBOX, INC.

____ Signature Signature

____ Print Name Print Name

Title

Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

- (a) Grant of Restricted Stock Units. The Company hereby grants to the individual (the "Participant") named in the Notice of Grant of Restricted Stock Units of this Award Agreement (the "Notice of Grant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this Award Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Award Agreement the terms and conditions of the Plan shall prevail.
 - (b) Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.
 - (c) Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this Award Agreement will vest in accordance with the vesting schedule set forth in the Notice of Grant, subject to Participant continuing to be a Service Provider through each applicable vesting date.
 - (d) Payment after Vesting.
 - (i) General Rule. Subject to Section 8, any Restricted Stock Units that vest will be paid to Participant (or in the event of Participant's death, to his or her properly designated beneficiary or estate) in whole Shares. Subject to the provisions of Section 4(b), such vested Restricted Stock Units shall be paid in whole Shares as soon as practicable after vesting, but in each such case within sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of payment of any Restricted Stock Units payable under this Award Agreement.
 - (ii) Acceleration.
 - (1) Discretionary Acceleration. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. If Participant is a U.S. taxpayer, the payment of Shares vesting pursuant to this Section 4(b) shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A. The prior sentence may be superseded in a future agreement or amendment to this Award Agreement only by direct and specific reference to such sentence.
 - (2) Notwithstanding anything in the Plan or this Award Agreement or any other agreement (whether entered into before, on or after the Date of Grant), if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with Participant's termination as a Service Provider (provided that such termination is a
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"separation from service" within the meaning of Section 409A, as determined by the Company), other than due to Participant's death, and if (x) Participant is a U.S. taxpayer and a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following Participant's termination as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of Participant's termination as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death.

- (iii) Section 409A. It is the intent of this Award Agreement that it and all payments and benefits to U.S. taxpayers hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this Award Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this Award Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). However, in no event will the Company reimburse Participant, or be otherwise responsible for, any taxes or costs that may be imposed on Participant as a result of Section 409A. For purposes of this Award Agreement, "Section 409A" means Section 409A of the Code, and any final Treasury Regulations and Internal Revenue Service guidance thereunder, as each may be amended from time to time.
- (e) Forfeiture Upon Termination as a Service Provider. Notwithstanding any contrary provision of this Award Agreement, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Restricted Stock Units awarded by this Award Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.
- (f) Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Award Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own Tax-Related Items (as defined in Section 8 below) that may arise as a result of this investment or the transactions contemplated by this Award Agreement.
- (g) Death of Participant. Any distribution or delivery to be made to Participant under this Award Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, provided such designation is valid under Applicable Laws, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

(h) Tax-Related Items.

- (i) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") or Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which the Participant is providing services, the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Restricted Stock Units, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Employer or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) the Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Restricted Stock Units or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to the Restricted Stock Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "Tax-Related Items"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result.

Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax-Related Items.

- (ii) Tax Withholding. When Shares are issued as payment for vested Restricted Stock Units, Participant generally will recognize immediate U.S. taxable income if Participant is a U.S. taxpayer. If Participant is a non-U.S. taxpayer, Participant will be subject to applicable taxes in his or her jurisdiction. Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax-Related Items. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation), if permissible by applicable local law, by (i) requiring Participant to make a payment in a form acceptable to the Company; (ii) withholding in Shares to be issued upon settlement of the Restricted Stock Units, (iii) withholding from Participant's wages or other cash compensation payable to Participant by the Company and/or the Service Recipient, (iv) delivering to the Company already vested and owned Shares having a fair market value equal to such Tax-Related Items, or (v) withholding from proceeds of the sale of Shares acquired upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged

by the Company (on Participant's behalf pursuant to this authorization without further consent). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant and, until determined otherwise by the Company, this will be the method by which such Tax-Related Items are satisfied. The Company may withhold or account for Tax-Related Items by considering statutory or other withholding rates, including minimum or maximum rates applicable in Participant's jurisdiction(s). Further, if Participant is subject to tax in more than one jurisdiction between the Date of Grant and a date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges and agrees that the Company and/or the Service Recipient (and/or former employer, as applicable) may be required to withhold or account for tax in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of such Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and such Restricted Stock Units will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may refuse to deliver the Shares if such Tax-Related Items are not delivered at the time they are due.

- (i) Rights as Stockholder. Neither Participant, nor any person claiming under or through Participant, will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation, and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
- (j) No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK UNIT AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AWARD AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

- (k) Grant is Not Transferable. Except to the limited extent provided in Section 7, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.
- (l) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.
- (m) Address for Notices. Any notice to be given to the Company under the terms of this Award Agreement will be addressed to the Company at Dropbox, Inc., 1800 Owens Street, Suite 200, San Francisco, CA 94158, or at such other address as the Company may hereafter designate in writing.
- (n) Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any online or electronic system established and maintained by the Company or a third party designated by the Company, now or in the future. Participant must provide the Company or any designated third party administrator with a paper copy of any documents if his or her attempted electronic delivery of such document fails.
- (o) No Waiver. Either party's failure to enforce any provision or provisions of this Award Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Award Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.
- (p) Successors and Assigns. The Company may assign any of its rights under this Award Agreement to single or multiple assignees, and this Award Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Award Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Award Agreement may only be assigned with the prior written consent of the Company.
- (q) Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange

Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the Award Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of the Restricted Stock Units as the Administrator may establish from time to time for reasons of administrative convenience.

- (r) Interpretation. The Administrator will have the power to interpret the Plan and this Award Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination, or interpretation made in good faith with respect to the Plan or this Award Agreement.
- (s) Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.
- (t) Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read, and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.
- (u) Modifications to the Award Agreement. This Award Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Award in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Award Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Award Agreement, the Company reserves the right to revise this Award Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection to this Award of Restricted Stock Units.
- (v) Governing Law; Venue; Severability. This Award Agreement and the Restricted Stock Units are governed by the internal substantive laws, but not the choice of law rules, of California. For purposes of litigating any dispute that arises under these Restricted Stock Units or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of San Francisco County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this Award Agreement is made and/or to be performed. In the event that any provision hereof becomes or is declared by a court of competent

jurisdiction to be illegal, unenforceable or void, this Award Agreement shall continue in full force and effect.

- (w) Entire Agreement. The Plan is incorporated herein by reference. The Plan and this Award Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.
- (x) Country Addendum. The Restricted Stock Unit grant shall be subject to any additional terms and conditions set forth in the Country Addendum for Participant's country, attached hereto as Exhibit B. Moreover, if Participant relocates to one of the countries included in the Country Addendum, if any, the terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum constitutes part of this Award Agreement.

EXHIBIT B

COUNTRY-SPECIFIC TERMS AND CONDITIONS FOR PARTICIPANTS OUTSIDE THE U.S. (THE “COUNTRY ADDENDUM”)

Terms and Conditions

This Country Addendum includes additional terms and conditions that govern the Award of Restricted Stock Units granted to Participant under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which he or she is currently working or if Participant relocates or transfers to another country after receiving the Award of Restricted Stock Units, or is considered a resident of another country for local law purposes, the Company will, in its discretion, determine the extent to which the terms and conditions contained herein will be applicable to Participant.

Certain capitalized terms used but not defined in this Country Addendum shall have the meanings set forth in the Plan, and/or the Notice of Restricted Stock Unit Grant and Terms and Conditions of Restricted Stock Unit Grant to which this Exhibit B is attached.

Notifications

This Country Addendum may also include information regarding certain other issues of which Participant should be aware with respect to his or her participation in the Plan. The information is based on the exchange control, securities and other laws in effect in the countries listed in this Country Addendum as of February 2023. Such laws are often complex and change frequently. As a result, Participant should not rely on the information in this Country Addendum as the only source of information relating to the consequences of his or her participation in the Plan because the information may be outdated at the time Participant vests in the Restricted Stock Units and acquires Shares, or when Participant subsequently sell Shares acquired under the Plan.

In addition, the notifications are general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of any particular result. Accordingly, Participant should seek appropriate professional advice as to how the relevant laws in Participant's country may apply to Participant's situation.

Finally, if Participant is a citizen or resident of a country other than the one in which Participant is currently working and/or residing (or is considered as such for local law purposes) or if Participant moves or transfers to another country after receiving the Award of Restricted Stock Units, the information contained in this Country Addendum may not be applicable to Participant in the same manner.

GENERAL TERMS AND CONDITIONS
FOR PARTICIPANTS OUTSIDE THE U.S.

- (a) Nature of Grant. In accepting this Award, Participant acknowledges, understands, and agrees that:
- (i) the vesting of the Restricted Stock Units pursuant to the vesting schedule contained in this Award Agreement is earned only by continuing as a Service Provider;
 - (ii) the act of being hired or being granted the Restricted Stock Units will not result in vesting of the Restricted Stock Units;
 - (iii) the Restricted Stock Units and the Notice of Grant do not constitute an express or implied promise of continued engagement as a Service Provider for the vesting period, for any period, or at all, and do not interfere in any way with Participant's right or the right of the Employer to terminate his or her relationship as a Service Provider at any time, with or without cause, subject to Applicable Laws;
 - (iv) the Plan is established voluntarily by the Company, it is discretionary in nature and may be amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - (v) the grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
 - (vi) all decisions with respect to future Restricted Stock Units or other Awards, if any, will be at the sole discretion of the Company;
 - (vii) Participant is voluntarily participating in the Plan;
 - (viii) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of the same, are not intended to replace any pension rights or compensation;
 - (ix) the Restricted Stock Units and the Shares subject to the Restricted Stock Units, and the income from and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, holiday top-up, pension or retirement or welfare benefits or similar payments;
 - (x) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - (xi) for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the

Company or any Subsidiary (regardless of the reason for such termination and whether or not later to be found invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any) and, unless determined by the Administrator in its discretion, will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

- (xii) unless otherwise agreed with the Company in writing, the Restricted Stock Units and the Shares underlying the Restricted Stock Units, and the income from and value of the same, are not granted as consideration for, or in connection with, the service Participant may provide as a Director or as a member of the Board of Directors of any Subsidiary of the Company;
- (xiii) no claim or entitlement to compensation or damages shall arise from any forfeiture of the Restricted Stock Units resulting from (a) the termination of Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of the employment laws in the jurisdiction where he or she is a Service Provider or the terms of his or her employment or service agreement, if any) and/or (b) the application of any recoupment policy or any recovery or clawback policy otherwise required by law;
- (xiv) unless otherwise provided in the Plan or by the Company in its discretion, the Restricted Stock Units and the benefits evidenced by this Award Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and
- (xv) none of the Company, the Employer or any Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement.

2. Data Privacy.

- (i) European Union / European Economic Area / Switzerland / United Kingdom
- (1) Data Privacy Terms. The following data privacy terms govern the grant of Restricted Stock Units under the Plan to Participants in the European Union / European Economic Area / Switzerland / United Kingdom.
- (2) Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about the Participant, including, but not limited to, his or her name, home address, telephone number, email address, date of birth, social insurance number,

passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards granted under the Plan or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Participant's participation in the Plan. The Company's collection, use, transfer and other processing of Participant's Data is necessary for the performance of the Plan. Therefore, the legal basis for the processing of Data is a contractual necessity. The Data must be provided in order for Participant to participate in the Plan and for the parties to this Award Agreement to perform their respective obligations thereunder. If Participant does not provide Data, he or she will not be able to participate in the Plan and become a party to this Award Agreement.

- (3) Stock Plan Administration Service Providers. The Company transfers Data to Solium Capital Inc. ("Shareworks"), an independent service provider based in Alberta, Canada which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(viii) International Data Transfers. The Company and Shareworks are based in the United States and Canada, respectively. If Participant is outside the United States or Canada, Participant should note that his or her country has enacted data privacy laws that are different from the United States or Canada, and that the United States and Canada might not provide a level of protection of personal data equivalent to the level of protection in Participant's country. For example, the United States and some of these other jurisdictions have not been found by the European Commission to have adequate personal data protection safeguards. If the Company and the Employer transfer Data outside of the European Economic Area, Switzerland, or the UK, the Company will take legally valid steps to provide adequate safeguards. To transfer personal data, the Company and the Employer rely on mechanisms such as Standard Contractual Clauses, and the EU-U.S. Data Privacy Framework, the UK Extension to the EU-U.S. Data Privacy Framework, and the Swiss-US Data Privacy Framework.

- (4) Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond Participant's service relationship. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible.
- (5) Data Subject Rights. Participant may have a number of rights under data privacy laws in his or her jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) have available the portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

(ii) Non-European Union / European Economic Area / Switzerland / United Kingdom

(1) Data Privacy Terms. The following data privacy terms govern the grant of Restricted Stock Units under the Plan to Participants outside the European Union / European Economic Area / Switzerland / United Kingdom.

(2) Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about the Participant, including, but not limited to, his or her name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards granted under the Plan or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in his or her favor ("Data"), for the purpose of implementing, administering and managing the Participant's participation in the Plan. The legal basis, where required, for the processing of Data is the Participant's consent.

(3) Stock Plan Administration Service Providers. The Company transfers Data to Solium Capital Inc. ("Shareworks"), an independent service provider based in Alberta, Canada which is assisting the Company with the implementation, administration and management of the Plan. The Company may select a different service provider or additional service providers and share Data with such other service providers in a similar manner. Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

(4) International Data Transfers. The Company and Shareworks are based in the United States and Canada, respectively. If Participant is outside the United States or Canada, Participant should note that his or her country may have enacted data privacy laws that are different from the United States or Canada and that the United States and Canada might not provide a level of protection of personal data equivalent to the level of protection in Participant's country. Participant understands that if he or she resides outside the United States, Participant may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, Shareworks and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes implementing, administering and managing Participant's participation in the Plan.

(5) Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond Participant's service relationship. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this context and remove it from all of their systems used for such purposes, to the fullest extent possible. Participant understands that if he or she resides in certain jurisdictions, to the extent required by Applicable Law, Participant may, at any time, request access to Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents given by accepting these Restricted Stock Units, in any case without cost, by contacting in writing his or her local human resources representative.

(6) Voluntariness and Consequences of Consent, Denial or Withdrawal Participation in the Plan is voluntary and Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if he or she later seeks to revoke the consent, Participant's service relationship with the Employer will not be affected; the consequence of refusing or withdrawing his or her consent is that the Company would not be able to grant Participant the Restricted Stock Units or other Awards under the Plan or administer or maintain such Awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan (including the right to retain these Restricted Stock Units). Participant understands that he or she may contact his or her local human resources representative for more information on the consequences of his or her refusal to consent or withdrawal of consent.

(7) Data Subject Rights. Participant may have a number of rights under data privacy laws in his or her jurisdiction. Depending on where Participant is based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) have available the portability of Data, (vi) lodge complaints with competent authorities in Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant can contact his or her local human resources representative.

(8) Additional Consents. Upon request of the Company or the Employer, Participant agrees to provide an executed data privacy consent form to the Company and/or the Employer (or any other agreements or consents that may be required by the Company and/or the Employer) that the Company and/or the Employer may deem necessary to obtain from Participant for the purpose of administering his or her participation in the Plan in compliance with the applicable data privacy laws, either now or in the future. Participant understands and agrees that he or she will not be able to participate in the Plan if Participant fails to provide any such consent or agreement requested by the Company and/or the Employer.

By clicking "Accept" on the Shareworks award acceptance page or otherwise accepting this Award, Participant also provides his or her consent to the data processing practices described in this section to the extent that such consent is required by applicable law. For the avoidance of doubt, the consent provided herein shall be in addition to, and not in lieu of, any consent Participant might have previously provided to the processing of his or her personal information in the context of an agreement or Award implemented under the Plan and all such previous consent shall remain unaffected by the consent provided herein.

(c) Language. By accepting this Award, Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English as to allow him or her to understand the terms of this Award Agreement and any other documents related to the Plan. If Participant has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required by law.

(d) Insider Trading Restrictions/Market Abuse Laws. By accepting this Award, Participant acknowledges that he or she is bound by all the terms and conditions of the Company's insider trading policy as may be in effect from time to time. Participant further acknowledges that, depending on Participant's or his or her broker's country or the country in which the Shares are listed, he or she may be subject to insider trading restrictions and/or market abuse laws which may affect Participant's ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Restricted Stock Units), or rights linked to the value of Shares under the Plan during such times as Participation is considered to have "inside

information" regarding the Company (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders Participant placed before participant possessed inside information. Furthermore, Participant could be prohibited from (i) disclosing the inside information to any third party, which may include fellow employees and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy as may be in effect from time to time. Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and Participant should speak to his or her personal advisor on this matter.

(e) Foreign Asset/Account, Exchange Control and Tax Requirements. Depending on Participant's country, Participant may be subject to foreign asset/account, exchange control, tax reporting or other requirements which may affect Participant's ability to acquire or hold Restricted Stock Units or Shares under the Plan or cash received from participating in the Plan (including dividends and the proceeds arising from the sale of Shares) in a brokerage/bank account outside Participant's country. The Applicable Laws may require that Participant report such Restricted Stock Units, Shares, accounts, assets or transactions to the applicable authorities in such country and/or repatriate funds received in connection with the Plan to Participant's country with a certain time period or according to certain procedures. Participant acknowledges that he or she is responsible for ensuring compliance with any applicable requirements and should consult his or her personal legal advisor to ensure compliance with Applicable Laws.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

AUSTRALIA

Notifications

Securities Law Information. This offer of Restricted Stock Units is being made under Division 1A, Part 7.12 of the Corporations Act 2001.

If Participant offers Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on their disclosure obligations prior to making any such offer.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (the "Act") (Cth) applies (subject to the conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding AUD 10,000 and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of Participant. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

CANADA

Terms and Conditions

Nature of Grant. This provision supplements Section 1 ("Nature of Grant") of this Exhibit B:

For purposes of the Award, Participant's employment relationship will be considered terminated as of the date that is the earliest of (i) the date of Participant's termination, (ii) the date Participant receives notice of termination, or (iii) the date Participant is no longer actively providing services and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under Canadian laws or the terms of Participant's employment agreement, if any); in the event that the date Participant is no longer actively providing services cannot be reasonably determined under the terms of this Award Agreement and the Plan, the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing service for purposes of the Restricted Stock Units (including whether Participant may still be considered to be providing services while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate effective as of the last day of Participant's minimum statutory notice period, but Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant's statutory notice period nor will Participant be entitled to any compensation for lost vesting.

Settlement. This provision supplements Section 4 ("Payment after Vesting") of Exhibit A:

Notwithstanding any discretion set forth in Section 8(d) of the Plan, the Restricted Stock Units are payable in Shares only, and a grant of Restricted Stock Units does not provide any right for Participant to receive a cash payment or a combination of a cash payment and Shares.

Notifications

Securities Law Information. Participant understands he or she is permitted to sell Shares acquired through the Plan through the designated broker appointed under the Plan, if any, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed. The Shares are currently listed on the Nasdaq Global Select Market (the "Nasdaq").

Foreign Asset/Account Reporting Information. Canadian residents are required to report foreign specified property, including Shares and rights to receive Shares (e.g., Restricted Stock Units), on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds a certain threshold at any time during the year. Restricted Stock Units must be reported (generally, at a nil cost) if the cost threshold is exceeded because of other foreign specified property held by Participant. When Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if Participant owns other Shares, this ACB may have to be averaged with the ACB of the other Shares.

The following provisions will apply to Participants who are residents of Quebec:

Language Consent. A French translation of the Plan and the Agreement will be made available to Participant as soon as reasonably practicable. Participant understands that, from time to time, additional information related to the offering of the Plan might be provided in English and such information may not be immediately available in French. However, upon request, the Company will translate into French documents related to the offering of the Plan as soon as reasonably practicable

Consentement relatif à la langue utilisée. Une traduction française du Plan et du présent Contrat sera mise à la disposition de Participant dès que raisonnablement possible. Le Participant comprend que, de temps à autre, des informations supplémentaires liées à l'offre du Plan peuvent être fournies en anglais et que ces informations peuvent ne pas être immédiatement disponibles en français. Cependant, sur demande, la Compagnie traduira en français les documents relatifs à l'offre du Plan dès que raisonnablement possible.

Data Privacy. This provision supplements Section 2 ("Data Privacy") of this Exhibit B:

Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. Participant further authorizes the Company and any Parent or Subsidiary and the Administrator to disclose and discuss the Plan with their advisors. Participant further authorizes the Company and any Parent or Subsidiary to record such information and to keep such information in his or her employee file.

FRANCE

Terms and Conditions

Language Consent. By accepting this Award, Participant confirms having read and understood the Plan and this Award Agreement, which were provided in the English language. Participant accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant ces Droits sur des Actions Assujetties à des Restrictions, le Participant confirme avoir lu et compris le Plan et le présent Contrat d'Attribution qui ont été

transmis en langue anglaise. Le Participant accepte les termes et conditions de ces documents en connaissance de cause.

Non-Qualified Awards. The Restricted Stock Units are not intended to qualify for specific tax or social security treatment in France. The Company has decided not to provide terms and conditions of the grant in compliance with the French Commercial Code provisions on French qualified awards.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds securities (including Shares purchased under the Plan) or maintains a foreign bank account, Participant is required to report these to the French tax authorities when filing Participant's annual tax return.

Exchange Control Information. The value of any cash or securities imported to or exported from France without the use of a financial institution must be reported to the customs and excise authorities when the value of such cash or securities is equal to or greater than a certain amount. Participant should consult with the Participant's personal advisor for further details regarding this requirement.

GERMANY

Notifications

Foreign Asset/Account Reporting Information. If Participant's acquisition of Shares under the Plan leads to a "qualified participation" at any point during the calendar year, Participant will need to report the acquisition of Shares when Participant files his or her tax return for the relevant year. A qualified participation is attained if (i) the value of the Shares acquired exceeds €150,000 or (ii) the Shares held exceed 10% of the Company's Shares. Participant should consult with the his or her personal tax advisor to ensure compliance with applicable reporting obligations.

Exchange Control Information. Cross border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). Participant understands that in the event he or she receives a payment in excess of this amount in connection with the sale of securities (including Shares acquired under the Plan), Participant must report the payment to Bundesbank electronically using the "General Statistics Reporting Portal" ("*Allgemeines Meldeportal Statistik*") available via Bundesbank's website (www.bundesbank.de).

IRELAND

Terms and Conditions

Director Notification Information. If Participant is a director, shadow director or secretary of an Irish Parent or Subsidiary whose interests meet or exceed 1% of the Company's voting rights, pursuant to Section 53 of the Irish Company Act 1990, Participant must notify the Irish Parent or Subsidiary in writing within five (5) business days of receiving or disposing of an interest in the Company (e.g., Award, Shares, etc.), or within five (5) business days of becoming aware of the event giving rise to the notification requirement, or within five (5) business days of becoming a director, shadow director or secretary if such an interest exists at that

time. This notification requirement also applies with respect to the interests of a spouse or minor children, whose interests will be attributed to the director, shadow director or secretary.

ISRAEL

Terms and Conditions

The following provisions apply to Participants who are deemed to be residents of the State of Israel for tax purposes or are otherwise subject to taxation in Israel with respect to the Restricted Stock Units on the Date of Grant.

Trust Arrangement. The Restricted Stock Units and the Shares issued upon vesting or otherwise and/or any additional rights, including without limitation any right to receive any dividends or any Shares received as a result of an adjustment made under the Plan, that may be granted in connection with the Restricted Stock Units (the "Additional Rights") shall be issued to or controlled by the Trustee for the benefit of Participant under the provisions of Section 102 pursuant to the capital gains route for at least the period stated in Section 102 of the Ordinance and the Income Tax Rules (Tax Benefits in Share Issuance to Employees) 5763-2003 (the "Rules"). In the event the Restricted Stock Units or underlying Shares do not meet the requirements of Section 102, such Restricted Stock Units and the underlying Shares shall not qualify for the favorable tax treatment under the Capital Gains Route of Section 102. The Company makes no representations or guarantees that the Restricted Stock Units will qualify for favorable tax treatment and will not be liable or responsible if favorable tax treatment is not available under Section 102. Any fees associated with any vesting, sale, transfer or any act in relation to the Restricted Stock Units shall be borne by Participant, and the Trustee, the Employer, the Company and/or any Subsidiary shall be entitled to withhold or deduct such fees from payments otherwise due to the Company, the Subsidiary, the Employer or the Trustee. In accordance with the requirements of Section 102 and the Capital Gains Route, Participant shall neither sell, nor transfer the Shares or Additional Rights from the Trustee until the end of the Required Holding Period. Notwithstanding the above, if any such sale or transfer occurs before the end of the Required Holding Period, the sanctions under Section 102 shall apply to and shall be borne by Participant.

Responsibility for Taxes. The following provision supplements Section 8 ("Tax-Related Items") of Exhibit A:

Any and all taxes due in relation to the Restricted Stock Units and Shares, shall be borne solely by Participant. The Company and/or the Employer and/or any Subsidiary and/or the Trustee shall withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, Participant agrees to indemnify the Company, the Employer and/or any Subsidiary and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to Participant. The Company and/or the Employer and/or any Subsidiary and/or the Trustee, to the extent permitted by law, shall have the right to deduct from any payment otherwise due to Participant or from proceeds of the sale of the Shares, an amount equal to any Taxes required by law to be withheld with respect to the Shares. Participant will pay to the Company, the Employer any Subsidiary or the Trustee any amount of taxes that the Company or any Subsidiary or the Trustee may be required to withhold with respect to the Shares that cannot be satisfied by the means previously described. The Company may refuse to deliver the Shares if Participant fails to comply with his/her obligations in connection with the taxes as described in this section.

By accepting this Award, Participant (i) authorizes the Company to provide the Trustee with any information required for the purpose of administering the Plan including executing its obligations according to Section 102, the trust deed and the trust agreement, including without limitation information about the Restricted Stock Units, income tax rates, salary bank account, contact details and identification number, (ii) confirms and declares that he/she is familiar with Section 102 and the regulations and rules promulgated thereunder, including without limitations the provisions of the applicable tax route under which the Restricted Stock Units were granted, and agrees to comply with such provisions, as amended from time to time, provided that if such terms are not met, Section 102 may not apply or he/she may be subject to tax at higher rates, (iii) agrees to the terms and conditions of the trust deed signed between the Trustee and the Company and/or the applicable Subsidiary, including but not limited to the control of the Restricted Stock Units and Shares by the Trustee, (iv) acknowledges that releasing the Shares from the control of the Trustee prior to the termination of the Required Holding Period constitutes a violation of the terms of Section 102 and agrees to bear the relevant sanctions.

Notifications

Securities Law Information. The Company has obtained an exemption from the requirement to file a prospectus in Israel in connection with the offer of the Restricted Stock Units. Copies of the Plan and Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission are available free of charge upon request from the local human resources department.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. Participant understands that if Participant holds assets outside of Japan (e.g., Shares acquired under the Plan) with a total net fair market value exceeding ¥50,000,000 (or an equivalent amount in foreign currency) as of December 31 each year, Participant is required to report the details of such assets to the Japanese tax authorities by March 15th of the following year. Participant acknowledges that he or she should consult with Participant's personal tax advisor to determine Participant's personal reporting obligations.

Exchange Control Information. If Participant acquires Shares valued at more than ¥100,000,000 in a single transaction, Participant must file a "Securities Acquisition Report" with the Ministry of Finance through the Bank of Japan within 20 days of the purchase of such Shares.

NETHERLANDS

Terms and Conditions

Nature of Grant. This provision supplements Section 1 ("Nature of Grant") of this Exhibit B:

By accepting the Award, Participant acknowledges and agrees that the Restricted Stock Units are intended as an incentive for the Participant to remain in the service of the Employer and is not intended as remuneration for labor performed.

POLAND

Notifications

Exchange Control Information. If Participant holds foreign securities (including Shares) and maintains accounts abroad, Participant may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash (when combined with all other assets held abroad) held in such foreign accounts exceeds PLN 7,000,000, Participant must file reports on the transactions and balances of the accounts on a quarterly basis. Further, any fund transfers into or out of Poland in excess of €15,000 must be effected through a bank in Poland. Polish residents are required to store all documents related to foreign exchange transactions for a period of five (5) years.

Foreign Asset/Account Reporting Information. If Participant maintains bank or brokerage accounts holding cash and foreign securities (including Shares) outside of Poland, Participant will be required to report information to the National Bank of Poland on transactions and balances in such accounts if the value of such cash and securities exceeds a certain threshold. If required, such reports must be filed on a quarterly basis on special forms available on the website of the National Bank of Poland.

SINGAPORE

Terms and Conditions

Restriction on Sale of Shares. To the extent the Restricted Stock Units vest within six months of the Date of Grant, Participant may not dispose of the Shares issued upon settlement of the Restricted Stock Units, or otherwise offer the Shares to the public, prior to the six-month anniversary of the Date of Grant, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") and in accordance with any other applicable provision of the SFA.

Notifications

Securities Law Information. The grant of Restricted Stock Units under the Plan is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of SFA and are not made with a view to the Restricted Stock Units or the underlying Shares being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Director Notification Obligation. The directors, associate directors or shadow directors of a Singapore Subsidiary are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify such entity in writing within two business days of any of the following events: (i) the acquisition or disposal of an interest (e.g., Restricted Stock Units granted under the Plan or Shares) in the Company or any Subsidiary, (ii) any change in previously-disclosed interests (e.g., sale of Shares), or (iii) becoming a director, associate director or shadow director of a Subsidiary in Singapore, if the individual holds such an interest at that time. These notification requirements apply regardless of whether the directors are residents of or employed in Singapore. Furthermore the above notification requirements may be determined to apply to the Chief Executive Officer ("CEO"), in which case the CEO of a Singapore Subsidiary must also comply with such notification requirements.

SWEDEN

Terms and Conditions

Authorization to Withhold. The following provision supplements Section 8 of Exhibit A:

Without limiting the Company's and the Service Recipient's authority to satisfy their withholding obligations for Tax-Related Items as set forth in the Award Agreement, in accepting the Award of Restricted Stock Units, Participant authorizes the Company to withhold Shares or to sell Shares otherwise issuable to Participant upon vesting or settlement to satisfy Tax-Related Items, regardless of whether the Company and/or Service Recipient have an obligation to withhold such Tax-Related Items, provided that such withholding would not, in the Company's determination, result in adverse accounting consequences to the Company.

SWITZERLAND

Notifications

Securities Law Information. Neither this Award Agreement nor any other materials relating to the Award (1) constitute a prospectus according to articles 35 et. seq. of the Swiss Federal Act on Financial Services ("FinSA"), (2) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or a Subsidiary, or (3) have been or will be filed with, approved or supervised by any Swiss reviewing body according to article 51 of FinSA or any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority ("FINMA")).

TAIWAN

Terms and Conditions

Data Privacy Consent. This provision supplements Section 2 ("Data Privacy") of this Exhibit B:

Participant hereby acknowledges that Participant has read and understood the terms regarding the collection, processing and transfer of Data contained in Section 2 of this Exhibit B and by participating in the Plan, Participant agrees to such terms. In this regard, upon request of the Company or the Service Recipient, Participant agrees to provide an executed data privacy consent form to the Service Recipient or the Company (or any other agreements or consents that may be required by the Service Recipient or the Company) that the Company and/or the Service Recipient may deem necessary to obtain under the data privacy laws in Participant's country, either now or in the future. Participant understands that Participant will not be able to participate in the Plan if Participant fails to execute any such consent or agreement.

Notifications

Securities Law Information. The offer of participation in the Plan is available only for Service Providers of the Company, its Parent, or one of its Subsidiaries. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. Participant may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan up to US \$5,000,000 per year through an authorized foreign exchange bank. If the transaction amount is TWD 500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form, and other supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. This provision supplements Section 8 ("Tax-Related Items") of Exhibit A:

Without limitation to Section 8 of the Award Agreement, Participant hereby agrees that he or she is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by HM Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). Participant also agrees to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on Participant's behalf.

Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is a director or executive officer and income tax is not collected from or paid by Participant within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the indemnification described above occurs, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions ("NICs") may be payable. Participant understands that Participant will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying the Company or the Employer (as applicable) for the value of any employee NICs due on this additional benefit, which the Company or the Employer may obtain from Participant by any of the means referred to in the Plan or Section 8 of Exhibit A.

Dropbox, Inc.
Insider Trading Policy

What is the purpose of this Policy?

Dropbox has adopted this Insider Trading Policy to help you comply with the federal and state securities laws and regulations that govern trading in securities and to help the company minimize its legal and reputational risk. It is your responsibility to understand and follow this policy.

Insider trading is illegal and violates this policy. In addition to your own personal liability for insider trading, Dropbox, plus its directors, officers, and other supervisors, could face liability. Furthermore, even the appearance of insider trading can cause serious and lasting damage to Dropbox's and your own, personal reputation, and could also lead to government investigations or lawsuits that would be time-consuming and expensive. If insider trading is found to have occurred, you could face criminal and civil penalties which may include monetary fines and damages, imprisonment, and restrictions on future service as an officer or director of a public company. If you have any questions, please contact trading@ for advice.

To whom does this Policy apply?

This Policy applies to all Dropbox employees, officers, directors, contractors, advisors and consultants. This Policy also covers family members and non-family members who live in your household or are economically dependent on you and any entity whose transactions in securities you influence, direct or control. This Policy continues to apply even after you leave Dropbox for so long as you still have material nonpublic information.

For purposes of this Policy, "we," "us," "our," and "Dropbox" refers to Dropbox, Inc. and its subsidiaries.

Scope

This Policy covers compliance with federal and state securities laws and regulations while trading in Dropbox securities or the securities of a company with whom Dropbox has a business relationship.

When we refer to "trading", we mean any transaction involving Dropbox securities or the securities of a company with whom Dropbox has a business relationship. "Trades" covered under this Policy include purchases, sales, pledges, hedges, gifts, charitable contributions, loans, or any other direct or indirect transfers of securities. "Trades" also include any such transaction done on your behalf by money managers.

When we refer to "securities", we mean common stock, options to purchase common stock, restricted stock units (RSUs) and any other Dropbox securities such as debt securities (debentures, bonds, or notes), preferred stock, and warrants, as well as derivative securities such as put and call options, short sales, swaps, caps, and collars.

Policy Statement

No Trading while in Possession of Material Nonpublic Information

It is always illegal for anyone to trade in securities on the basis of material nonpublic information. If you are in possession of material nonpublic information about Dropbox, you are prohibited from:

- transacting in Dropbox securities;
- using that information to transact in the securities of other companies (so-called “shadow trading”);
- disclosing that information to other Dropboxers whose jobs don’t require them to have the information;
- disclosing that information to anyone outside of Dropbox, including family, friends, business associates, investors, or consulting firms, without prior written authorization from the Chief Legal Officer or in accordance with the Dropbox External Communications Policy; or
- expressing an opinion or making a recommendation about trading in Dropbox securities.

In addition, material nonpublic information about another company that you learn through your job at Dropbox is subject to the same restrictions around disclosure and trading. If you’re in possession of material nonpublic information about Dropbox’s suppliers, customers or competitors, you cannot (i) use that information to trade, directly or indirectly through others, or (ii) provide that information to another person in order to trade, in the securities of that other company. Any such action will be a violation of this Policy.

Non-Disclosure of Confidential Information

You may not at any time disclose material nonpublic information about Dropbox or another company to friends, family members, or any other person or entity that Dropbox has not authorized to know such information. In addition, you must handle the confidential information of others in accordance with any non-disclosure agreements we sign and our confidentiality policies. You also must limit your use of such confidential information to the purpose for which it was disclosed.

Even if you are not directly disclosing material nonpublic information, you may not make recommendations or express opinions about the securities of any company, including Dropbox, based on material nonpublic information. You also may not participate in any message boards, blogs, social media, or other online conversation platforms related to trading in Dropbox’s securities.

In the event that you receive an inquiry for information from someone outside of Dropbox, such as a stock analyst, you should refer the inquiry to our Investor Relations team (reach out to IR@). Responding to a request yourself violates this Policy and, in some cases, the law.

Definition of material nonpublic information

It can be challenging to define “material” information because the concept carries a certain amount of judgment. Generally, information is material if a reasonable investor would likely consider it important in making a decision to buy, hold or sell securities. This applies to both positive and negative information.

Here are some examples of material information:

- financial results;
 - projections of future earnings or losses;
 - major customer wins or losses;
 - major product announcements or delays;
-

- problems with major vendors;
- pending acquisitions, mergers, or capital raising activities;
- significant litigation or government investigations;
- changes in senior management or other significant personnel decisions;
- offerings of equity or debt securities;
- stock splits/dividends;
- stock repurchase programs; and
- data breaches or other significant cybersecurity incidents.

Information is “nonpublic” if it is not generally known or made available to the public. Even if information is widely known throughout Dropbox, it may still be nonpublic. Generally, for information to be considered public, it must be made generally available through media outlets or SEC filings.

Additionally, even after the release of information, a reasonable period of time must elapse to provide the public an opportunity to absorb and evaluate the information. As a general rule, at least one full trading day should elapse after the information is released before it’s considered public.

As a rule of thumb, if you think something might be material nonpublic information, you should act as though it is. You can always reach out to trading@ for advice.

Trading restrictions

Subject to the exceptions set forth below, this Policy also restricts trading as follows:

Quarterly Blackout Periods

All directors, officers, employees, contractors, and consultants of Dropbox, and their affiliated entities, as well as persons living in their household or persons who live elsewhere but whose transactions in Dropbox stock are directed or influenced by a Dropboxer, are subject to quarterly blackout periods during which they are prohibited from trading in Dropbox securities, regardless of whether they actually possess material nonpublic information. Any gifting or charitable contributions of Dropbox securities is also prohibited during blackout periods.

The prohibition against trading during the blackout period also means that brokers cannot fulfill “limit orders” on your behalf or on behalf of anyone noted in the paragraph above, and any broker with whom it is placed must be informed of this at the time such “limit order” is placed. Dropbox strongly suggests closing out all limit orders prior to the beginning of the blackout period.

Quarterly blackout periods will start when the market closes on the 14th day of the third month of the fiscal quarter and will end when the market opens on the second full trading day following Dropbox’s earnings release.

Special Blackout Periods

Dropbox always retains the right to impose additional or longer trading blackout periods at any time. You will be notified if you are subject to a special blackout period. If you are notified that you are subject to a special blackout period, you may not engage in any transaction (or make any gift or charitable

contribution) of Dropbox securities until the special blackout period has ended unless a particular transaction is covered among the exceptions listed below. You also may not disclose to anyone else that Dropbox has imposed a special blackout period.

Pre-Clearance of Trades

Dropbox directors, officers and other designated persons, as well as members of their immediate families and households, must obtain pre-clearance prior to trading Dropbox securities, even outside of blackout periods. You will be notified if you are subject to these rules.

If you are a designated person looking to make a trade outside of Shareworks, you must submit a pre-clearance request to trading@ at least two trading days prior to your desired trade date, and include the following information:

- your name (or the name of the person requesting clearance);
- type of trade (purchase, sale, etc.);
- proposed trade date; and
- proposed number of shares to be traded.

Dropboxers seeking to sell shares through their Shareworks account must use the Shareworks platform to submit their request.

The person requesting pre-clearance will be asked to certify that they are not in possession of material nonpublic information about Dropbox. The Head of Corporate Legal or, if the Head of Corporate Legal is the requester, then Dropbox's Chief Legal Officer, has the sole discretion to clear or deny any trade. All trades must be executed within two trading days of any pre-clearance approval.

Keep in mind, pre-clearance is not legal advice. It is still the responsibility of each person trading in Dropbox securities to determine whether or not they have material nonpublic information. That is true both when a pre-clearance request is submitted and at the time any trade is executed.

Even after obtaining pre-clearance, a person may not trade Dropbox securities if they become subject to a blackout period or become aware of material nonpublic information prior to the trade being executed.

Exceptions to Trading Restrictions

The only exceptions to the trading restrictions in this policy are:

- Receipt and vesting of stock options, RSUs, restricted stock or other equity compensation awards from Dropbox;
 - Exercises of stock options where the purchase of stock options is paid in cash and shares continue to be held by the option holder after the exercise is finalized;
 - Purchases from an employee stock purchase plan, if adopted; however, this exception does not apply to subsequent sales of the shares;
 - Net share withholding of equity awards where shares are withheld by Dropbox in order to satisfy tax withholding requirements;
-

- Sell to cover transactions, to the extent approved and implemented by Dropbox, where shares are withheld by Dropbox upon vesting of equity awards and sold in order to satisfy tax withholding requirements; however this exception does not apply to any other market sale for the purposes of paying required withholding;
- Trades made pursuant to valid 10b5-1 trading plans approved by Dropbox (see below);
- Changes in form of ownership (for example, a transfer from your individual ownership to a trust for which you are the trustee); and
- Bona fide gifts or charitable contributions of Dropbox stock during non-blackout periods.

While these are exceptions to this policy's prohibitions on trading in Dropbox securities, you and members of your household should still pre-clear any of these transactions with the trading@ team.

Limit orders; hedging and pledging transactions; margin accounts

Open orders – You should exercise caution when placing open orders, such as limit orders or stop orders, with brokers, particularly where the order is likely to remain outstanding for an extended period. Open orders may result in inadvertent violations of this policy when the execution of a trade occurs during a blackout period.

Short sales – You may not engage in short sales (*i.e.*, the sale of a security that must be borrowed to make delivery) or “sell short against the box” (*i.e.*, sell with a delayed delivery) if such sales involve Dropbox securities. Short sales may signal to the market a general lack of confidence in Dropbox's prospects, that potentially negative news about Dropbox is pending, or an expectation that the value of Dropbox's securities will decline.

Derivative securities or hedging transactions – You may not trade in publicly traded options, such as puts and calls, and other derivative securities with respect to Dropbox's securities (other than stock options, RSUs and other compensatory equity awards issued to you by Dropbox). This includes any hedging or similar transaction designed to decrease the risks associated with holding Dropbox's common stock.

Hold Dropbox's common stock in margin accounts – You may not hold Dropbox's common stock in margin accounts, as this could result in your broker selling during a blackout period.

Using Dropbox securities as collateral for loans

If you are required to comply with the blackout periods or pre-clearance requirements under this policy, you may not pledge Dropbox securities as collateral for loans.

10b5-1 trading plans

Dropbox permits its directors, officers, and certain employees to adopt written 10b5-1 trading plans to mitigate the risk of trading on material nonpublic information. You will be notified if you are eligible to participate in a plan. These plans allow for individuals to enter into a prearranged trading plan as long as the plan is not established, modified, or terminated during a blackout period or when the individual is otherwise in possession of material nonpublic information. We have implemented certain guidelines that are required for any 10b5-1 trading plan to be approved by Dropbox, and therefore, qualify for the exception to this policy.

Section 16 compliance

All Dropbox executive officers and directors are required to comply with Section 16 of the Securities and Exchange Act of 1934, and related rules and regulations. These rules set forth reporting obligations as well as limitations on “short swing” transactions, which are certain matching purchases and sales of Dropbox securities within a six-month period.

Dropbox is available to assist in filing Section 16 reports - but the obligation to comply with Section 16 is personal. If you have any questions, you should check with trading@.

One more thing....

The above prohibitions and procedures are meant to help Dropboxers and Dropbox comply with securities laws, but they are not a safe harbor. Regardless of any blackout period, preclearance, or 10b5-1 trading plan, it is still illegal to trade securities if you are aware of material nonpublic information. The personal consequences to you for insider trading are serious (see below), and so it is incumbent upon you to use good judgment. You may, from time to time, have to forego a trade even if you had planned to trade before learning material nonpublic information and even if you believe you may suffer an economic loss or forego profit by waiting to trade.

Violations of this Policy

Dropbox directors, officers, and employees who violate this policy will be subject to disciplinary action by Dropbox, including ineligibility for future Dropbox equity or incentive programs or termination of employment. Dropbox has full discretion in determining if this policy has been violated.

There can also be serious legal consequences for individuals who violate insider trading laws, including large criminal and civil fines, significant imprisonment terms and disgorgement of any profits gained or losses avoided. You may also be liable for improper securities trading by any person to whom you have disclosed material nonpublic information that you have learned through your position at Dropbox or made recommendations or expressed opinions about securities trading on the basis of such information.

Reporting violations or potential violations of this Policy

If you believe someone is violating this policy or otherwise using material nonpublic information that they learned through their position at Dropbox to trade securities, you should report it to trading@ or through Convercent. Convercent reports can be submitted anonymously.

Amendments

This Policy was last updated in December 2024. Subject to applicable law, Dropbox retains the right to modify it at any time with or without notice, although we will always strive to provide Dropboxers with reasonable notice of any material change.

Subsidiaries of Registrant**Name of Subsidiary**

Dropbox Canada Limited
 Dropbox Holding, LLC
 Hypertools, Inc.
 Orcinus Holdings, LLC
 CloudOn, Inc.
 DocSend, Inc.
 Dropbox Australia Pty Ltd.
 Dropbox France S.A.S
 Dropbox France S.A.S, Paris, Zweigniederlassung Zurich
 Dropbox Germany GmbH
 Dropbox International Unlimited Company
 Dropbox Israel Online Ltd.
 Dropbox Japan KK
 Dropbox Mexico S. de R.L. de C.V
 Dropbox Netherlands B.V.
 Dropbox Poland sp. z.o.o.
 Dropbox Singapore Pte. Ltd.
 Dropbox Sweden AB
 Dropbox Taiwan Co. Ltd.
 Dropbox UK Online Ltd.
 Find Your Info, LLC
 King Street Labs, LLC
 Reclaim.ai, LLC
 Valt Inc.

Jurisdiction of Incorporation

British Columbia
 Delaware
 Delaware
 Delaware
 Delaware
 Delaware
 Australia
 France
 Switzerland
 Germany
 Ireland
 Israel
 Japan
 Mexico
 Netherlands
 Poland
 Singapore
 Sweden
 Taiwan
 United Kingdom
 Delaware
 Oregon
 Delaware
 Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statements (Form S-8 Nos. 333-277145, 333-269924, 333-262866, 333-253304, 333-236570, 333-229842) pertaining to the 2018 Equity Incentive Plan of Dropbox, Inc.,
- (2) Registration Statement (Form S-8 No. 333-255665) pertaining to the 2013 Stock Plan and the 2015 Stock Option and Grant Plan of DocSend, Inc.,
- (3) Registration Statement (Form S-8 No. 333-229924) pertaining to the 2011 Equity Incentive Plan of JN Projects, Inc., and
- (4) Registration Statement (Form S-8 No. 333-223863) pertaining to the 2008 Equity Incentive Plan of Dropbox, Inc., the 2017 Equity Incentive Plan of Dropbox, Inc., the 2018 Equity Incentive Plan of Dropbox, Inc., and the 2018 Employee Stock Purchase Plan of Dropbox, Inc.;

of our reports dated **February 21, 2025**, with respect to the consolidated financial statements of Dropbox, Inc. and the effectiveness of internal control over financial reporting of Dropbox, Inc. included in this Annual Report (Form 10-K) of Dropbox, Inc. for the year ended **December 31, 2024**.

/s/ Ernst & Young LLP

San Francisco, California
February 21, 2025

**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 Annual Report on Form 10-K 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)) 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) 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
 - (c) 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: February 21, 2025

DROPBOX, INC.

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

**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, Timothy J. Regan, certify that:

1. I have reviewed this Annual Report on Form 10-K 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)) 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) 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
 - (c) 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: February 21, 2025

DROPBOX, INC.

By: /s/ Timothy J. Regan
Name: Timothy J. Regan
Title: Chief Financial Officer
(Principal Accounting and
Financial Officer)

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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Andrew W. Houston, Chief Executive Officer of Dropbox, Inc.. (the "Company"), and Timothy J. Regan, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the year ended December 31, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 21, 2025

/s/ Andrew W. Houston

Andrew W. Houston

Chief Executive Officer

(Principal Executive Officer)

/s/ Timothy J. Regan

Timothy J. Regan

Chief Financial Officer

(Principal Accounting and Financial Officer)