

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

Form 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

October 30, 2024
Date of Report (date of earliest event reported)

DROPBOX, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-38434
(Commission File Number)

26-0138832
(I. R. S. Employer Identification No.)

1800 Owens St.
San Francisco, California 94158
(Address of principal executive offices)
(415) 930-7766

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<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 (Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

On October 30, 2024, Dropbox, Inc. (“Dropbox” or the “Company”) announced that it expects its third quarter 2024 financial results to be in-line with or above its guidance ranges for revenue, constant currency revenue, and non-GAAP operating margin, previously provided in the investor supplement posted on the Company’s investors.dropbox.com website on August 8, 2024. These results are based on preliminary unaudited financial and other information, and subject to normal quarterly closing processes and accounting review. As previously announced, the Company is scheduled to report its third quarter 2024 financial results on Thursday, November 7, 2024.

Item 2.05 Costs Associated with Exit or Disposal Activities

On October 30, 2024, Dropbox 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 initiatives and profitability objectives.

Dropbox estimates that it will make total cash expenditures of approximately \$63 million to \$68 million in connection with the reduction in force, primarily consisting of severance payments, employee benefits and related costs. Severance payments will include the pro rata amount of the fiscal year 2024 annual employee bonus amounts through October 30, 2024, for which the Company has accrued compensation expense.

The Company expects to recognize \$47 million to \$52 million of incremental expense related to the aforementioned severance, benefits and related costs.

The Company expects to recognize substantially all of the incremental expense and pay a majority of the cash related to these charges in the fourth quarter of 2024, with the remainder to be recognized and paid in the first half of 2025. The estimated cash expenditures and incremental expenses are based on certain assumptions, including local law requirements in various jurisdictions, and actual amounts may differ materially from such estimates.

Item 7.01 Regulation FD Disclosure

A letter to the Company’s employees from Drew Houston, co-founder and CEO of Dropbox, regarding the workforce reduction is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 7.01 and Exhibit 99.1 attached hereto are furnished to, but not “filed” with, the SEC and shall not be deemed to be incorporated by reference into any of the Company’s filings with the Securities and Exchange Commission (“SEC”) under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Safe Harbor Statement

This Current Report on Form 8-K and Exhibit 99.1 contains forward-looking statements within the meaning of United States federal securities laws, including, among other things, our expectations regarding future events, our business, and market opportunities. Words such as “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “plans,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements, including our statements regarding the expected costs of the reduction of our global workforce and the timing of such costs, largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. These forward-looking statements speak only as of the date of this report and are subject to risks, uncertainties, and assumptions, including, among other things, the risk that the costs and charges relating to the reduction of our global workforce may be greater than anticipated, the risk this reduction in our global workforce may adversely affect our internal programs and our ability to recruit and retain skilled and motivated personnel, and may be distracting to employees and management, the risk that these changes could negatively impact our business operations, reputation, or ability to serve our customers, and the risk that this reduction in our global workforce may not generate its intended benefits as quickly as anticipated or at all. Further information on risks that could affect Dropbox’s results is included in our filings with SEC, including our Form 10-K for the year ended December 31, 2023. Additional information will be made available in our quarterly report on Form 10-Q for the quarter ended September 30, 2024 and other reports that we may file with the SEC from time to time, which could cause actual results to vary from expectations. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Dropbox assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this release, except as required by applicable law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

Exhibit No.	Exhibit Description
99.1	Letter to Dropbox employees from Drew Houston, dated October 30, 2024.
104	Cover Page Interactive Data File—the cover page XBRL tags are embedded within the Inline XBRL document.

SIGNATURES

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

Dated: October 30, 2024

Dropbox, Inc.

/s/ Bart Volkmer

Bart Volkmer

Chief Legal Officer

Hi everyone,

I'm writing to let you all know that after careful consideration, we've decided to reduce our global workforce by approximately 20% or 528 Dropboxers.

As CEO, I take full responsibility for this decision and the circumstances that led to it, and I'm truly sorry to those impacted by this change.

Why we're making this decision

As we've shared over the last year, we're in a transitional period as a company. Our FSS business has matured, and we've been working to build our next phase of growth with products like Dash. However, navigating this transition while maintaining our current structure and investment levels is no longer sustainable.

We continue to see softening demand and macro headwinds in our core business. But external factors are only part of the story. We've heard from many of you that our organizational structure has become overly complex, with excess layers of management slowing us down.

And while I'm proud of the progress we've made in the last couple years, in some parts of the business, we're still not delivering at the level our customers deserve or performing in line with industry peers. So we're making more significant cuts in areas where we're over-invested or underperforming while designing a flatter, more efficient team structure overall.

The opportunity ahead

The changes we're making today, while difficult, come at a pivotal moment when the market is accelerating precisely where we've placed our biggest bets. It's been tremendously rewarding over the last few weeks to see customers and prospects light up when using Dash for Business for the first time, much like people did when we first launched Dropbox.

And this time we're starting from a position of strength. Millions of customers trust us as the home for their most important files, making the leap to organizing all their cloud content a natural evolution. But we're not operating on our own schedule. This market is moving fast and investors are pouring hundreds of millions of dollars into this space. This both validates the opportunity we've been pursuing and underscores the need for even more urgency, even more aggressive investment, and decisive action.

The steps we're taking today are necessary to both strengthen our core product and accelerate the growth of our new products. We'll share more about our 2025 strategy in the days ahead.

Taking care of impacted employees

To those leaving Dropbox, we're committed to supporting you through this transition. You'll be eligible to receive the following benefits and support:

- **Severance, equity, and transition payment:**
 - All impacted employees will be eligible for sixteen weeks of pay, starting today, with one additional week of pay for each completed year of tenure at Dropbox. Internationally, severance packages will vary depending on regional practices and statutory requirements.
 - All impacted employees will receive their Q4 equity vest.
 - Those on the Corporate Bonus plan will be eligible to receive a pro-rated lump sum transition payment equivalent to their 2024 bonus target based on company performance forecasts and aligned with their level.
 - We will pay out eligible remaining current and approved upcoming paid leaves, including medical or family leaves.
 - We will support impacted visa holders by providing additional time to transition and access to 1:1 immigration consultation.
- **Healthcare and benefits:**
 - US employees will be eligible for up to six months of COBRA.
 - Canada-based employees will be eligible for a one-month healthcare extension.
 - All employees will continue to have access to Modern Health to support their mental well-being.
- **Devices:** Impacted employees will be eligible to keep company devices (phones, tablets, laptops, and peripherals) for personal use.
- **Job placement:** Job placement services and career coaching will be available at no cost.

Next steps

We'll be sharing more details on high-level changes later today and will host company-wide Town Halls later this week to answer questions and discuss our plans in more detail.

I know this is incredibly difficult and unwelcome news. To everyone leaving Dropbox, I'm deeply grateful for everything you've done for our company and our customers.

Drew