

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 31, 2019

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 001-38865

Zoom Video Communications, Inc.

(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

61-1648780
(I.R.S. Employer
Identification No.)

**55 Almaden Boulevard, 6th Floor
San Jose, California 95113**
(Address of principal executive offices and Zip Code)

(888) 799-9666
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Class A Common Stock, \$0.001 par value per share	ZM	The Nasdaq Global Select Market
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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input checked="" 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

As of August 23, 2019 the number of shares of the registrant's Class A common stock outstanding was 56,887,819 and the number of shares of the registrant's Class B common stock outstanding was 216,664,088.

Zoom Video Communications, Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended July 31, 2019
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, including our statements regarding the benefits and timing of the roll-out of new technology, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about: our future financial performance, including our revenue, cost of revenue, gross profit, margins and operating expenses; trends in our key business metrics; the sufficiency of our cash and cash equivalents, investments and cash provided by sales of our products and services to meet our liquidity needs; our ability to become the ubiquitous platform for communications; our ability to attract new customers and retain existing customers; our ability to successfully expand into our existing markets and into new markets; our ability to effectively manage our growth and future expenses; and the impact of recent accounting pronouncements on our unaudited condensed consolidated financial statements.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that such information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q 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.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the Securities and Exchange Commission as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

PART I—Financial Information

Item 1. FINANCIAL STATEMENTS

**ZOOM VIDEO COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(unaudited)**

	As of	
	July 31, 2019	January 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 213,886	\$ 63,624
Marketable securities	541,380	112,777
Accounts receivable, net of allowances of \$4,401 and \$2,071 as of July 31, 2019 and January 31, 2019, respectively	95,682	63,613
Deferred contract acquisition costs, current	35,502	26,453
Prepaid expenses and other current assets	29,609	10,252
Total current assets	916,059	276,719
Deferred contract acquisition costs, non-current	37,688	29,063
Property and equipment, net	51,987	37,275
Operating lease right-of-use assets	51,126	—
Other assets, non-current	13,063	11,508
Total assets	\$ 1,069,923	\$ 354,565
Liabilities, convertible preferred stock, and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 819	\$ 4,963
Accrued expenses and other current liabilities	64,586	32,256
Deferred revenue, current	163,591	115,122
Total current liabilities	228,996	152,341
Deferred revenue, non-current	17,816	10,651
Operating lease liabilities, non-current	48,104	—
Other liabilities, non-current	31,211	39,460
Total liabilities	326,127	202,452
Commitments and contingencies (Note 8)		
Convertible preferred stock, \$0.001 par value per share, zero and 158,104,540 shares authorized as of July 31, 2019 and January 31, 2019, respectively; zero and 152,665,804 shares issued and outstanding as of July 31, 2019 and January 31, 2019, respectively	—	159,552
Stockholders' equity (deficit):		
Preferred stock, \$0.001 par value per share, 200,000,000 and zero shares authorized as of July 31, 2019 and January 31, 2019, respectively; zero shares issued and outstanding as of July 31, 2019 and January 31, 2019	—	—
Common stock, \$0.001 par value per share, 2,000,000,000 and 320,000,000 Class A shares authorized as of July 31, 2019 and January 31, 2019, respectively; 49,867,103 and zero shares issued and outstanding as of July 31, 2019 and January 31, 2019, respectively; 300,000,000 Class B shares authorized as of July 31, 2019 and January 31, 2019; 223,619,064 and 90,327,435 shares issued and outstanding as of July 31, 2019 and January 31, 2019, respectively	272	89
Additional paid-in capital	760,990	17,760
Accumulated other comprehensive loss	(68)	(135)
Accumulated deficit	(17,398)	(25,153)
Total stockholders' equity (deficit)	743,796	(7,439)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	\$ 1,069,923	\$ 354,565

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2019	2018	2019	2018
Revenue	\$ 145,826	\$ 74,526	\$ 267,814	\$ 134,596
Cost of revenue	27,900	12,973	52,004	24,633
Gross profit	117,926	61,553	215,810	109,963
Operating expenses:				
Research and development	15,054	7,049	28,837	13,313
Sales and marketing	79,652	41,054	143,693	77,315
General and administrative	20,955	10,028	39,458	17,597
Total operating expenses	115,661	58,131	211,988	108,225
Income from operations	2,265	3,422	3,822	1,738
Interest income, net	2,864	463	3,522	899
Other income, net	1,628	81	1,943	86
Net income before provision for income taxes	6,757	3,966	9,287	2,723
Provision for income taxes	(1,216)	(141)	(1,532)	(238)
Net income	5,541	3,825	7,755	2,485
Undistributed earnings attributable to participating securities	(20)	(3,329)	(2,794)	(2,485)
Net income attributable to common stockholders	\$ 5,521	\$ 496	\$ 4,961	\$ —
Net income per share attributable to common stockholders:				
Basic	\$ 0.02	\$ 0.01	\$ 0.03	\$ 0.00
Diluted	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.00
Weighted-average shares used in computing net income per share attributable to common stockholders:				
Basic	271,813,141	83,330,741	192,130,510	81,999,734
Diluted	292,185,665	108,454,323	215,774,619	107,584,379

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2019	2018	2019	2018
Net income	\$ 5,541	\$ 3,825	\$ 7,755	\$ 2,485
Other comprehensive (loss) gain:				
Unrealized (loss) gain on available for sale marketable securities, net of tax	(76)	139	67	57
Comprehensive income	\$ 5,465	\$ 3,964	\$ 7,822	\$ 2,542

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)
(unaudited)

Three Months Ended July 31, 2019								
	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of April 30, 2019	—	\$ —	272,336,862	\$ 271	\$ 742,388	\$ 8	\$ (22,939)	\$ 719,728
Issuance of common stock upon exercise of stock options	—	—	649,305	1	420	—	—	421
Issuance of common stock reserved for charitable donation	—	—	500,000	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	18,182	—	—	18,182
Other comprehensive loss	—	—	—	—	—	(76)	—	(76)
Net income	—	—	—	—	—	—	5,541	5,541
Balance as of July 31, 2019	—	\$ —	273,486,167	\$ 272	\$ 760,990	\$ (68)	\$ (17,398)	\$ 743,796

Three Months Ended July 31, 2018								
	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance as of April 30, 2018	152,665,804	\$ 159,552	83,122,778	\$ 81	\$ 7,603	\$ (613)	\$ (34,077)	\$ (27,006)
Issuance of common stock upon exercise of stock options	—	—	3,273,235	3	435	—	—	438
Stock-based compensation expense	—	—	—	—	1,126	—	—	1,126
Other comprehensive income	—	—	—	—	—	139	—	139
Net income	—	—	—	—	—	—	3,825	3,825
Balance as of July 31, 2018	152,665,804	\$ 159,552	86,396,013	\$ 84	\$ 9,164	\$ (474)	\$ (30,252)	\$ (21,478)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands, except share data)
(unaudited)

Six Months Ended July 31, 2019								
	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of January 31, 2019	152,665,804	\$ 159,552	90,327,435	\$ 89	\$ 17,760	\$ (135)	\$ (25,153)	\$ (7,439)
Conversion of convertible preferred stock to common stock upon initial public offering	(152,665,804)	(159,552)	152,665,804	153	159,399	—	—	159,552
Conversion of convertible promissory notes and accrued interest to common stock upon initial public offering	—	—	426,223	—	15,344	—	—	15,344
Issuance of common stock upon initial public offering and private placement, net of underwriting discounts and commissions and other offering costs	—	—	15,819,646	16	541,483	—	—	541,499
Issuance of common stock upon exercise of stock options, net of repurchases	—	—	13,747,059	14	2,160	—	—	2,174
Issuance of common stock reserved for charitable donation	—	—	500,000	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	24,844	—	—	24,844
Other comprehensive income	—	—	—	—	—	67	—	67
Net income	—	—	—	—	—	—	7,755	7,755
Balance as of July 31, 2019	—	\$ —	273,486,167	\$ 272	\$ 760,990	\$ (68)	\$ (17,398)	\$ 743,796

Six Months Ended July 31, 2018								
	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of January 31, 2018	152,665,804	\$ 159,552	82,609,638	\$ 80	\$ 6,517	\$ (531)	\$ (32,737)	\$ (26,671)
Issuance of common stock upon exercise of stock options	—	—	3,786,375	4	672	—	—	676
Stock-based compensation expense	—	—	—	—	1,975	—	—	1,975
Other comprehensive income	—	—	—	—	—	57	—	57
Net income	—	—	—	—	—	—	2,485	2,485
Balance as of July 31, 2018	152,665,804	\$ 159,552	86,396,013	\$ 84	\$ 9,164	\$ (474)	\$ (30,252)	\$ (21,478)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended July 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 7,755	\$ 2,485
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation expense	24,737	1,975
Amortization of deferred contract acquisition costs	16,026	8,647
Depreciation and amortization	7,174	2,618
Amortization of operating lease right-of-use assets	3,116	—
Provision for accounts receivable allowances	2,693	1,056
Other	(514)	38
Changes in operating assets and liabilities:		
Accounts receivable	(35,361)	(22,600)
Prepaid expenses and other assets	(23,597)	(4,132)
Deferred contract acquisition costs	(33,700)	(22,768)
Accounts payable	(2,783)	(206)
Accrued expenses and other liabilities	34,923	14,561
Deferred revenue	56,234	35,436
Operating lease liabilities, net	(3,295)	—
Net cash provided by operating activities	53,408	17,110
Cash flows from investing activities:		
Purchases of marketable securities	(478,487)	(30,276)
Maturities of marketable securities	50,940	23,755
Purchases of property and equipment	(20,937)	(10,027)
Net cash used in investing activities	(448,484)	(16,548)
Cash flows from financing activities:		
Proceeds from initial public offering and private placement, net of underwriting discounts and commissions and other offering costs	542,947	—
Proceeds from exercise of stock options, net of repurchases	2,191	576
Principal payments on capital lease obligations	—	(92)
Net cash provided by financing activities	545,138	484
Net increase in cash, cash equivalents, and restricted cash	150,062	1,046
Cash, cash equivalents, and restricted cash – beginning of period	65,968	36,821
Cash, cash equivalents, and restricted cash – end of period	\$ 216,030	\$ 37,867
Reconciliation of cash, cash equivalents, and restricted cash within the condensed consolidated balance sheets to the amounts shown in the condensed consolidated statements of cash flows above:		
Cash and cash equivalents	\$ 213,886	\$ 36,492
Restricted cash, current included in prepaid expenses and other current assets	100	200
Restricted cash, non-current included in other assets, non-current	2,044	1,175
Total cash, cash equivalents, and restricted cash	\$ 216,030	\$ 37,867

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ZOOM VIDEO COMMUNICATIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Summary of Business and Significant Accounting Policies

Description of Business

Zoom Video Communications, Inc. and its subsidiaries (together, Zoom, the Company, we, us, or our) provide a video-first, unified communications platform. Our platform combines video, audio, phone, screen sharing, and chat functionalities. We were incorporated in the state of Delaware in April 2011 and are headquartered in San Jose, California.

Fiscal Year

Our fiscal year ends on January 31. References to fiscal 2020, for example, refer to the fiscal year ending January 31, 2020.

Initial Public Offering and Private Placement

On April 23, 2019, we completed our initial public offering (IPO), in which we issued and sold 9,911,434 shares of our Class A common stock at \$36.00 per share, resulting in net proceeds of \$340.8 million after deducting underwriting discounts and commissions. On April 18, 2019, the underwriters exercised their option to purchase an additional 3,130,435 shares of our Class A common stock at \$36.00 per share. This transaction closed on April 23, 2019, resulting in additional proceeds of \$107.1 million, net of underwriters' discounts and commissions. In connection with the IPO:

- all of the shares of convertible preferred stock outstanding automatically converted into an aggregate of 152,665,804 shares of Class B common stock;
- outstanding convertible promissory notes and accrued interest automatically converted into 426,223 shares of Class A common stock based on the IPO price of \$36.00 per share; and
- Salesforce Ventures LLC purchased 2,777,777 shares of Class A common stock from us at \$36.00 per share in a concurrent private placement. We received aggregate proceeds of \$100.0 million and did not pay any underwriting discounts or commissions with respect to the shares of Class A common stock that were sold in this private placement.

Deferred offering costs consist primarily of accounting, legal, and other fees related to our IPO. Prior to the IPO, all deferred offering costs were capitalized in other assets, non-current in the condensed consolidated balance sheets. After the IPO, \$6.4 million of deferred offering costs were reclassified into stockholders' equity as a reduction of the IPO proceeds in the condensed consolidated balance sheets. We capitalized \$2.4 million of deferred offering costs within other assets, non-current in the condensed consolidated balance sheet as of January 31, 2019.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and applicable regulations of the Securities and Exchange Commission (SEC) regarding interim financial reporting, and include the accounts of Zoom Video Communications, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The unaudited condensed consolidated balance sheet as of January 31, 2019 included herein was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by GAAP on an annual reporting basis. The unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the balance sheets, statements of operations, statements of comprehensive income, statements of convertible preferred stock and stockholders' equity (deficit), and statements of cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full fiscal year or any future period.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our final prospectus dated April 17, 2019 (Prospectus) filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include, but are not limited to, the estimated expected benefit period for deferred contract acquisition costs, the accounts receivable allowances, the useful lives of long-lived assets, the incremental borrowing rate for operating leases, the valuation of derivative liabilities, the value of common stock and other assumptions used to measure stock-based compensation expense, sales and other tax liabilities, the valuation of deferred income tax assets and uncertain tax positions. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Our significant accounting policies are discussed in Note 1. “Summary of Business and Significant Accounting Policies” in the Notes to Consolidated Financial Statements in our Prospectus. There have been no significant changes to these policies during the six months ended July 31, 2019, except as noted below.

Leases

All significant lease arrangements are generally recognized at lease commencement. Operating lease right-of-use (ROU) assets and operating lease liabilities are recognized at commencement. For short term leases (an initial term of 12 months or less), a ROU asset and corresponding lease liability are not recorded and we record rent expense in our condensed consolidated statements of operations on a straight-line basis over the lease term and record variable lease payments as incurred. ROU assets represent our right to use an underlying asset during the reasonably certain lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of fixed payments not yet paid over the lease term. We use our incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as our leases generally do not provide an implicit rate. ROU assets also include any initial direct costs incurred and any lease payments made at or before the lease commencement date, less lease incentives received. We currently do not have any finance leases.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13 (Topic 326), *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which replaces the existing incurred loss impairment model with an expected credit loss model and requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. The guidance will be effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating whether the adoption of this standard will have a material impact on our condensed consolidated financial statements.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-2 (Topic 842), *Leases* (ASU 2016-2), which supersedes FASB ASC Topic 840, *Leases* (ASC 840), and makes other conforming amendments to GAAP. ASU 2016-2 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on-balance sheet via a right-of-use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-2 is effective for the annual periods in fiscal years beginning after December 15, 2018, and interim periods therein. We adopted the standard as of February 1, 2019 using the modified retrospective method of applying the new standard at the adoption date. Under this approach, we will continue to report comparative periods presented in the period of adoption under ASC 840. We have elected the package of practical expedients permitted under the transition guidance within the new standard, which allows us to (1) carry forward the historical lease classification, (2) not reassess whether any expired or existing contracts contain leases, and (3) not reassess indirect costs for any existing leases. This election allows us to account for lease components (e.g., fixed payments or variable payments that depend on a rate that can be determined at commencement, including rent for the right to use the asset) together with nonlease components (e.g., other fixed payments that deliver a good or service including common-area maintenance costs) in the calculation of the right-of-use asset and corresponding liability. Adoption of this standard resulted in the recording of ROU assets and total liabilities of \$40.5 million and \$43.0 million, respectively, with no material impact on retained earnings as of February 1, 2019. See Note 7 for further details.

In June 2018, the FASB issued ASU No. 2018-7, *Improvements to Nonemployee Share-Based Payment Accounting* (ASU 2018-7). The standard simplifies the accounting for share-based payments granted to nonemployees for goods and services and aligns most of the guidance on such payments to nonemployees with the requirements for share-based payments granted to employees. ASU 2018-7 is effective for the annual periods in fiscal years beginning after December 15, 2018, and interim periods therein, using a modified retrospective approach. We adopted ASU 2018-7 as of February 1, 2019, and our adoption did not have a material impact on the condensed consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13 (Topic 820), *Fair Value Measurement: Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement* (ASU 2018-13). The standard no longer requires disclosure of the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, however public companies will be required to disclose the range and weighted-average used to develop significant unobservable inputs for Level 3 fair value measurements. ASU 2018-13 is effective for the annual periods in fiscal years beginning after December 15, 2019, and interim periods therein, with early adoption permitted. We adopted ASU 2018-13 as of February 1, 2019, and our adoption did not have a material impact on the condensed consolidated financial statements.

2. Revenue Recognition

Disaggregation of Revenue

The following table summarizes revenue by region based on the billing address of customers:

	Three Months Ended July 31,				Six Months Ended July 31,			
	2019		2018		2019		2018	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Amount	Percentage of Revenue
(in thousands, except percentages)								
Americas	\$ 117,098	80 %	\$ 61,155	82 %	\$ 215,258	80 %	\$ 110,715	82 %
Asia Pacific (APAC)	12,088	8	6,078	8	22,529	9	10,820	8
Europe, Middle East, and Africa (EMEA)	16,640	12	7,293	10	30,027	11	13,061	10
Total	\$ 145,826	100 %	\$ 74,526	100 %	\$ 267,814	100 %	\$ 134,596	100 %

Contract Balances

We receive payments from customers based on a billing schedule as established in our customer contracts. Accounts receivable are recorded when we contractually have the right to consideration. In some arrangements, a right to consideration for our performance under the customer contract may occur before invoicing to the customer, resulting in an unbilled accounts receivable. The amount of unbilled accounts receivable included within accounts receivable, net on the condensed consolidated balance sheets was \$8.5 million and \$7.2 million as of July 31, 2019 and January 31, 2019, respectively.

Contract liabilities consist of deferred revenue. Revenue is deferred when we have the right to invoice in advance of performance under a customer contract. The current portion of deferred revenue balances are recognized over the next 12 months. The amount of revenue recognized during the three months ended July 31, 2019 and 2018 that was included in deferred revenue at the beginning of each period was \$64.6 million and \$30.6 million, respectively, and \$90.7 million and \$38.9 million during the six months ended July 31, 2019 and 2018, respectively.

Remaining Performance Obligation

The terms of our subscription agreements are monthly, annual, and multi-year, and we may bill for the full term in advance or on an annual or monthly basis, depending on the customer preference. As of July 31, 2019, the aggregate amount of the transaction price allocated to remaining performance obligations was \$457.6 million, which consists of both billed consideration in the amount of \$181.4 million and unbilled consideration in the amount of \$276.2 million that we expect to recognize as revenue. We expect to recognize 62% of our remaining performance obligations as revenue over the next 12 months, and the remainder thereafter.

3. Cash Equivalents and Marketable Securities

As of July 31, 2019 and January 31, 2019, our cash equivalents and marketable securities consisted of the following:

	July 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Money market funds	\$ 95,577	\$ —	\$ —	\$ 95,577
Commercial paper	14,239	—	—	14,239
Corporate debt securities	4,900	—	—	4,900
Treasury bills	19,485	2	—	19,487
Cash equivalents	<u>134,201</u>	<u>2</u>	<u>—</u>	<u>134,203</u>
Commercial paper	54,007	—	—	54,007
Agency bonds	18,399	9	(9)	18,399
Corporate and other debt securities	269,376	125	(292)	269,209
U.S. government agency securities	97,709	68	(15)	97,762
Treasury bills	101,959	44	—	102,003
Marketable securities	<u>\$ 541,450</u>	<u>\$ 246</u>	<u>\$ (316)</u>	<u>\$ 541,380</u>

	January 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in thousands)			
Money market funds	\$ 78	\$ —	\$ —	\$ 78
Cash equivalents	<u>78</u>	<u>—</u>	<u>—</u>	<u>78</u>
Commercial paper	1,243	—	—	1,243
Corporate bonds	53,267	—	(53)	53,214
Agency bonds	32,675	—	(71)	32,604
U.S. government agency securities	24,028	—	(11)	24,017
Treasury bills	1,699	—	—	1,699
Marketable securities	<u>\$ 112,912</u>	<u>\$ —</u>	<u>\$ (135)</u>	<u>\$ 112,777</u>

We review the individual securities that have unrealized losses on a regular basis to evaluate whether or not any security has experienced an other-than-temporary decline in fair value. We evaluate, among other factors, whether we have the intention to sell any of these marketable securities and whether it is more likely than not that we will be required to sell any of them before recovery of the amortized cost basis. Based on the available evidence, we concluded that the gross unrealized losses on the marketable securities as of July 31, 2019 and January 31, 2019, are temporary in nature. There were no material realized gains or losses from available-for-sale securities that were reclassified out of accumulated other comprehensive loss for the three and six months ended July 31, 2019 and 2018.

The following table presents the contractual maturities of our marketable securities as of July 31, 2019 and January 31, 2019:

	As of	
	July 31, 2019	January 31, 2019
	(in thousands)	
Less than one year	\$ 421,166	\$ 85,077
Due in one to five years	120,214	27,700
Total	<u>\$ 541,380</u>	<u>\$ 112,777</u>

4. Fair Value Measurements

The following table presents information about our financial instruments that are measured at fair value on a recurring basis using the input categories further discussed in Note 1. “Summary of Business and Significant Accounting Policies” in the Notes to Consolidated Financial Statements in our Prospectus:

	July 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
(in thousands)				
Financial Assets:				
Money market funds	\$ 95,577	\$ 95,577	\$ —	\$ —
Commercial paper	14,239	—	14,239	—
Corporate debt securities	4,900	—	4,900	—
Treasury bills	19,487	—	19,487	—
Cash equivalents	134,203	95,577	38,626	—
Commercial paper	54,007	—	54,007	—
Agency bonds	18,399	—	18,399	—
Corporate and other debt securities	269,209	—	269,209	—
U.S. government agency securities	97,762	—	97,762	—
Treasury bills	102,003	—	102,003	—
Marketable securities	541,380	—	541,380	—
Certificate of deposit	100	—	100	—
Prepaid expenses and other current assets	100	—	100	—
Certificates of deposit	2,044	—	2,044	—
Other assets, non-current	2,044	—	2,044	—
Total financial assets	\$ 677,727	\$ 95,577	\$ 582,150	\$ —

	January 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
(in thousands)				
Financial Assets:				
Money market funds	\$ 78	\$ 78	\$ —	\$ —
Cash equivalents	78	78	—	—
Commercial paper	1,243	—	1,243	—
Corporate bonds	53,214	—	53,214	—
Agency bonds	32,604	—	32,604	—
U.S. government agency securities	24,017	—	24,017	—
Treasury bills	1,699	—	1,699	—
Marketable securities	112,777	—	112,777	—
Certificate of deposit	200	—	200	—
Prepaid expenses and other current assets	200	—	200	—
Certificates of deposit	2,144	—	2,144	—
Other assets, non-current	2,144	—	2,144	—
Total financial assets	\$ 115,199	\$ 78	\$ 115,121	\$ —
Financial Liabilities:				
Convertible promissory notes – derivative liabilities	\$ 163	\$ —	\$ —	\$ 163
Other liabilities, non-current	163	—	—	163
Total financial liabilities	\$ 163	\$ —	\$ —	\$ 163

We classify our highly liquid money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. We classify our commercial paper, agency bonds, corporate bonds, corporate debt securities, U.S. government agency securities, treasury bills, and certificates of deposit within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded. We classify the derivative liabilities as Level 3 due to the lack of relevant observable market data over fair value inputs such as the probability-weighting of the various scenarios that can impact settlement of the arrangement.

As discussed in Note 6 below, in connection with the IPO, the fair value of our derivative liabilities associated with our convertible promissory notes were extinguished. The following table sets forth a summary of the changes in the fair value of our Level 3 financial instruments as follows:

	Derivative Liabilities (in thousands)	
Balance - January 31, 2019	\$	163
Extinguishment of derivative liabilities from the convertible promissory notes in connection with the IPO		(163)
Balance - July 31, 2019	\$	—

5. Balance Sheet Components

Property and Equipment, Net

Property and equipment consisted of the following:

	As of	
	July 31, 2019	January 31, 2019
	(in thousands)	
Computer and office equipment	\$ 43,877	\$ 32,515
Leasehold improvements	15,290	7,660
Software	7,941	6,575
Furniture and fixtures	3,458	1,993
Property and equipment, gross	70,566	48,743
Less: accumulated depreciation and amortization	(18,579)	(11,468)
Property and equipment, net	\$ 51,987	\$ 37,275

Depreciation and amortization expense was \$3.8 million and \$1.5 million for the three months ended July 31, 2019 and 2018, respectively, and \$7.2 million and \$2.6 million for the six months ended July 31, 2019 and 2018, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	As of	
	July 31, 2019	January 31, 2019
	(in thousands)	
Accrued compensation and benefits	\$ 30,339	\$ 12,004
Accrued expenses	20,092	13,596
Operating lease liabilities, current	5,277	—
Sales and other tax liabilities	2,440	1,183
Liability for early exercise of common stock options	1,797	1,781
Other	4,641	3,692
Accrued expenses and other current liabilities	\$ 64,586	\$ 32,256

Other Liabilities, Non-Current

Other liabilities, non-current consisted of the following:

	As of	
	July 31, 2019	January 31, 2019
(in thousands)		
Sales and other tax liabilities	\$ 29,182	\$ 20,817
Convertible promissory notes, net of debt discount	—	14,858
Deferred rent liabilities	—	2,314
Derivative liabilities	—	163
Other	2,029	1,308
Other liabilities, non-current	\$ 31,211	\$ 39,460

6. Convertible Promissory Notes

In October 2018, we entered into a strategic partnership with Dropbox, Inc. (Dropbox), a global collaboration platform company, which involves the development of technology enabling integrated workflows for users between our platform and the Dropbox platform, as well as a strategic partnership with Atlassian, Inc. (Atlassian), a collaboration software company, which involves the development of technology enabling integrated workflows for users between our platform and Atlassian's Jira Ops and Jira Service Desk products. As part of the strategic partnerships, we issued unsecured three-year convertible promissory notes in the principal amounts of \$5.0 million and \$10.0 million to Dropbox and Atlassian, respectively, which accrue simple interest at 2.75% and 5.0% per annum, respectively. Both convertible promissory notes are collectively referred to as "the convertible notes" throughout the notes to the condensed consolidated financial statements, unless otherwise stated. The terms of the convertible notes provided that they would automatically convert into shares of Class A common stock upon an IPO at a conversion price equal to the IPO price.

In connection with the IPO, the convertible notes and accrued interest automatically converted into 426,223 shares of Class A common stock based on the IPO price of \$36.00 per share. As a result of the conversion, the related \$0.2 million derivative liabilities and the \$0.1 million unamortized debt discount of the convertible notes were recognized in other income, net and interest income, net, respectively, on the condensed consolidated statements of operations during the six months ended July 31, 2019.

7. Operating Leases

We have entered into various operating lease agreements for office space, with remaining contractual periods of up to 10 years. Many of our leases contain one or more options to extend. As leases approach maturity, we consider various factors such as market conditions and the terms of any renewal options that may exist to determine whether we will renew the lease. Operating lease expense for the three and six months ended July 31, 2019 was \$2.5 million and \$4.9 million, respectively, including short-term lease expense of \$0.3 million and \$0.5 million, respectively.

Supplemental balance sheet information as of July 31, 2019, related to operating leases was as follows:

	As of July 31, 2019 (in thousands)
Reported as:	
Assets:	
Operating lease right-of-use assets	\$ 51,126
Liabilities:	
Accrued expenses and other current liabilities	\$ 5,277
Operating lease liabilities, non-current	48,104
Total operating lease liabilities	\$ 53,381

As of July 31, 2019, the weighted-average remaining lease term is 7.2 years and the weighted-average discount rate is 5.1%.

Supplemental cash flow and other information for the six months ended July 31, 2019, related to operating leases was as follows:

	<u>Six Months Ended July 31, 2019</u>	
	<u>(in thousands)</u>	
Cash paid within operating cash flows	\$	4,446
Operating lease right-of-use assets recognized in exchange for new operating lease obligations	\$	13,770

As of July 31, 2019, the future minimum lease payments included in the measurement of our operating lease liabilities are as follows:

	<u>As of July 31, 2019</u>	
	<u>(in thousands)</u>	
Year Ending January 31,		
2020	\$	3,725
2021		8,249
2022		7,916
2023		7,954
2024		7,543
Thereafter		30,551
Total operating lease payments	\$	65,938
Less: imputed interest		(12,557)
Total operating lease liabilities	\$	53,381

As of July 31, 2019, we have additional operating leases for office space that have not yet commenced with undiscounted cash flows of \$25.5 million. These operating leases will commence between 2019 and 2020.

As previously disclosed in "Note 6. Commitments and Contingencies" to Notes to Consolidated Financial Statements in our Prospectus and under the previous lease accounting standard, future minimum payments related to operating leases as of January 31, 2019 are as follows:

	<u>As of January 31, 2019</u>	
	<u>(in thousands)</u>	
Year Ending January 31,		
2020	\$	7,609
2021		7,837
2022		7,888
2023		7,514
2024		7,174
Thereafter		18,635
Total future minimum payments	\$	56,657

Rent expense during the three and six months ended July 31, 2018 was \$1.6 million and \$3.0 million, respectively.

8. Commitments and Contingencies

Our platform and associated products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations (EAR) and various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls (OFAC). The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities, and also require authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to distribute our platform or could limit our hosts' ability to implement our platform in those countries.

Although we take precautions to prevent our platform and associated products from being accessed or used in violation of such laws, we have inadvertently allowed our platform and associated products to be accessed or used by some customers in apparent violation of U.S. economic sanction laws. In addition, we may have inadvertently made our software products available to some customers, including users in embargoed or sanctioned countries, in apparent violation of the EAR. As a result, we have submitted initial and final voluntary self-disclosures concerning potential violations of U.S. sanctions and export control laws and regulations to the OFAC and the U.S. Department of Commerce's Bureau of Industry and Security (BIS). As of July 31, 2019, OFAC and BIS issued us warning letters as their final enforcement responses to these potential violations but no fines or penalties were assessed. If we are found to be in violation of U.S. economic sanctions or export control laws in the future, it could result in fines and penalties.

9. Convertible Preferred Stock, Stockholders' Equity (Deficit) and Equity Incentive Plan

Convertible Preferred Stock

Upon completion of the IPO, all shares of convertible preferred stock outstanding, totaling 152,665,804 shares, were automatically converted into an equivalent number of shares of Class B common stock on a one-to-one basis and their carrying value of \$159.6 million was reclassified into stockholders' equity. As of July 31, 2019, there were no shares of convertible preferred stock issued and outstanding.

In connection with the IPO, our Amended and Restated Certificate of Incorporation (COI) became effective, which authorized the issuance of 200,000,000 shares of undesignated preferred stock with a par value of \$0.001 with rights and preferences, including voting rights, designated from time to time by our board of directors.

Common Stock

Our Amended and Restated COI also authorized the issuance of 2,000,000,000 shares of Class A common stock, \$0.001 par value per share and 300,000,000 shares of Class B common stock, \$0.001 par value per share. Class A and Class B common stock are referred to as common stock throughout the notes to the condensed consolidated financial statements, unless otherwise noted.

Equity Incentive Plans

In 2011, we adopted the 2011 Global Share Plan (2011 Plan), under which officers, employees, and consultants may be granted various forms of equity incentive compensation at the discretion of the board of directors, including stock options and restricted stock awards. The awards have varying terms, but generally vest over four years, and are issued at the Fair Market Value (as defined in the 2011 Plan) of the shares of common stock on the date of grant. Certain awards provide for accelerated vesting if there is a Change in Control (as defined in the 2011 Plan). As of January 31, 2019, our board of directors had authorized 71,240,000 shares of common stock to be reserved for grants of awards under the 2011 Plan. As of January 31, 2019, stock options covering 35,064,465 shares of our Class B common stock were outstanding and the remaining number of shares available for future issuance was 1,848,100 under the 2011 Plan. In connection with the IPO, the shares of Class B common stock remaining available for issuance under the 2011 Plan became available for issuance for a corresponding number of shares of our Class A common stock under the 2019 Equity Incentive Plan (2019 Plan).

In April 2019, we adopted the 2019 Plan, which is a successor to and continuation of our 2011 Plan. Our 2019 Plan provides for the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other forms of awards. The maximum number of shares of our Class A common stock that may be issued under our 2019 Plan will not exceed 58,300,889 shares of our Class A common stock, which is the sum of (1) 34,000,000 new shares, plus (2) an additional number of shares not to exceed 24,300,889, consisting of (A) shares that remain available for the issuance of awards under our 2011 Plan as of immediately prior to the time our 2019 Plan becomes effective and (B) shares of Class B common stock subject to outstanding stock options or other stock awards granted under our 2011 Plan that, on or after the 2019 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price, if any, as such shares become available from time to time. In addition, the number of shares of our Class A common stock reserved for issuance under our 2019 Plan will automatically increase on February 1 of each calendar year, starting on February 1, 2020 through February 1, 2029, in an amount equal to (i) 5% of the total number of shares of our common stock (both Class A and Class B) outstanding on January 31 of the fiscal year before the date of each automatic increase, or (ii) a lesser number of shares determined by our board of directors prior to the applicable February 1.

Stock Options

A summary of stock option activity under our equity incentive plan and related information is as follows:

	Options Outstanding			
	Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
	(in thousands, except share, life, and per share data)			
Outstanding as of January 31, 2019	35,064,465	\$ 1.48	6.8	\$ 534,572
Granted	1,537,900	36.77		
Exercised	(14,272,059)	0.16		
Canceled/forfeited/expired	(284,118)	6.11		
Outstanding as of July 31, 2019	<u>22,046,188</u>	\$ 4.73	8.0	\$ 2,001,410
Vested as of July 31, 2019	<u>8,692,345</u>	\$ 1.02	7.1	\$ 821,380

As of July 31, 2019, unrecognized stock-based compensation expense related to outstanding unvested stock options was \$94.3 million, which is expected to be recognized over a weighted-average period of 3.3 years.

Restricted Stock Units

A summary of restricted stock units (RSUs) activity under our equity incentive plan and related information is as follows:

	RSUs Outstanding	
	Outstanding RSUs	Weighted-Average Grant Date Fair Value Per Share
Outstanding as of January 31, 2019	—	\$ —
Granted	376,786	93.89
Canceled/forfeited	(5,926)	94.52
Outstanding as of July 31, 2019	<u>370,860</u>	\$ 93.88

As of July 31, 2019, unrecognized stock-based compensation expense related to outstanding unvested RSUs was \$33.9 million, which is expected to be recognized over a weighted-average period of 3.9 years.

2019 Employee Stock Purchase Plan

In April 2019, we adopted the 2019 Employee Stock Purchase Plan (ESPP), which became effective in connection with the IPO. A total of 9,000,000 shares of our Class A common stock were initially reserved for issuance under the ESPP. The number of shares of our Class A common stock reserved for issuance will automatically increase on February 1 of each calendar year, beginning on February 1, 2020 through February 1, 2029, by the lesser of (1) 1% of the total number of shares of our common stock (both Class A and Class B) outstanding on the last day of the fiscal year before the date of the automatic increase, and (2) 7,500,000 shares; provided that before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (1) and (2).

Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, except for those holding 5% or more of the total combined voting power or value of all classes of our stock, may participate in the ESPP and may contribute, normally through payroll deductions, up to 20% of their earnings (as defined in the ESPP) for the purchase of our Class A common stock under the ESPP. Unless otherwise determined by our board of directors, Class A common stock will be purchased for the accounts of employees participating in the ESPP at a price per share that is at least the lesser of (1) 85% of the fair market value of a share of our Class A common stock on the first date of an offering, or (2) 85% of the fair market value of a share of our Class A common stock on the date of purchase. No employee may purchase shares under the ESPP at a rate in excess of \$25,000 worth of our Class A common stock based on the fair market value per share of our Class A common stock at the beginning of an offering for each calendar year such purchase right is outstanding or 3,000 shares. The 2019 ESPP provides for, at maximum, 27 months offering periods with four offering dates, generally in June and

December of each year. The first offering period began on April 18, 2019. As of July 31, 2019, no shares of our Class A common stock have been purchased under the ESPP.

As of July 31, 2019, unrecognized stock-based compensation expense related to the ESPP was \$78.5 million, which is expected to be recognized over a weighted-average period of 1.9 years.

No stock-based compensation expense related to the ESPP was recognized during the three months ended April 30, 2019 as the grant dates of the ESPP offerings were in May and June 2019. We estimated the fair value of ESPP purchase rights using a Black-Scholes option-pricing model with the following assumptions:

	Three Months Ended July 31, 2019
Expected purchase price	\$30.60 - \$83.39
Expected volatility	46.1% - 56.2%
Expected term (years)	0.5 - 2.1
Risk-free interest rate	1.9% - 2.5%
Expected dividend yield	—

Early Exercise of Common Stock Options

Our board of directors authorized certain stock option holders to exercise unvested options to purchase shares of common stock. Shares received from such early exercises are subject to repurchase in the event of the optionee's termination of service, at the original issuance price, until the options are fully vested. As of July 31, 2019 and January 31, 2019, 663,826 and 1,261,230 shares of Class B common stock, respectively, were subject to repurchase at a weighted-average price of \$2.71 and \$1.41 per share, respectively. The cash proceeds received for unvested shares of common stock recorded within accrued expenses and other current liabilities in the condensed consolidated balance sheets was \$1.8 million as of July 31, 2019 and January 31, 2019.

Restricted Stock Award

In October 2015, we issued 1,202,720 shares of common stock to a member of our board of directors under a restricted stock agreement at a grant date fair value of \$0.14 per share, totaling \$0.2 million. Of the total shares issued, 481,088 shares vested on the grant date and the remaining shares vest over four years from the grant date. The unvested shares are subject to a repurchase right held by us at the original purchase price. As of July 31, 2019, 180,408 shares of common stock were unvested and subject to repurchase.

Shares Reserved for Charitable Donations

During the three months ended July 31, 2019, our board of directors approved the issuance of 500,000 shares of Class A common stock for the sole purpose of being transferred to a nonprofit organization to be formed or identified by us at a future time. As of July 31, 2019, no shares have been transferred to a nonprofit organization. As a result, no expense has been recognized to date.

Stock-Based Compensation

The stock-based compensation expense by line item in the accompanying condensed consolidated statements of operations is summarized as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2019	2018	2019	2018
	(in thousands)			
Cost of revenue	\$ 1,902	\$ 130	\$ 2,732	\$ 225
Research and development	2,510	193	3,674	322
Sales and marketing	10,439	492	13,066	888
General and administrative	3,224	311	5,265	540
Total stock-based compensation expense	\$ 18,075	\$ 1,126	\$ 24,737	\$ 1,975

10. Income Taxes

Income tax expense was \$1.2 million and \$0.1 million for the three months ended July 31, 2019 and 2018, respectively, and \$1.5 million and \$0.2 million for the six months ended July 31, 2019 and 2018, respectively. Income tax expense for the three and six months ended July 31, 2019 are related to foreign income taxes and state taxes. Based on the available objective evidence during the three and six months ended July 31, 2019, we believe it is more likely than not that the tax benefits of the U.S. losses incurred may not be realized. Accordingly, we recorded a full valuation allowance against the tax benefits of the U.S. losses incurred.

11. Net Income Per Share Attributable to Common Stockholders

The following table sets forth the computation of basic and diluted net income per share attributable to common stockholders for the periods presented:

	Three Months Ended July 31,				Six Months Ended July 31,			
	2019		2018		2019		2018	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Numerator:	(in thousands, except share and per share data)							
Net income	\$ —	\$ 5,541	\$ —	\$ 3,825	\$ —	\$ 7,755	\$ —	\$ 2,485
Less: undistributed earnings attributable to participating securities	—	(20)	—	(3,329)	—	(2,794)	—	(2,485)
Reallocation of net income attributable to common stockholders	751	(751)	—	—	592	(592)	—	—
Net income attributable to common stockholders, basic	\$ 751	\$ 4,770	\$ —	\$ 496	\$ 592	\$ 4,369	\$ —	\$ —
Reallocation of net income attributable to common stockholders	(50)	50	—	—	(64)	64	—	—
Net income attributable to common stockholders, diluted	\$ 701	\$ 4,820	\$ —	\$ 496	\$ 528	\$ 4,433	\$ —	\$ —
Denominator:								
Weighted-average shares used in computing net income per share attributable to common stockholders, basic	36,950,454	234,862,687	—	83,330,741	22,908,474	169,222,036	—	81,999,734
Weighted-average shares used in computing net income per share attributable to common stockholders, diluted	37,120,969	255,064,696	—	108,454,323	22,977,562	192,797,057	—	107,584,379
Net income per share attributable to common stockholders, basic	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.03	\$ 0.00	\$ 0.00
Net income per share attributable to common stockholders, diluted	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.00

The potential shares of common stock that were excluded from the computation of diluted net income per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows:

	Three Months Ended July 31,				Six Months Ended July 31,			
	2019		2018		2019		2018	
	Class A	Class B	Class A	Class B	Class A	Class B	Class A	Class B
Convertible preferred stock	—	—	—	152,665,804	—	—	—	152,665,804
Outstanding stock options	116,649	—	—	3,026,985	59,291	—	—	2,250,724
Unvested RSUs	153,751	—	—	—	78,150	—	—	—
Purchase rights committed under the ESPP	23,509	—	—	—	11,949	—	—	—
Total	293,909	—	—	155,692,789	149,390	—	—	154,916,528

The table above does not include 500,000 shares of Class A common stock reserved for the sole purpose of being transferred to a nonprofit organization to be formed or identified by us at a future time.

12. Related Party Transactions

In September 2016, we entered into a service agreement with Veeva Systems Inc. (Veeva), a cloud-based business solutions company. The chief executive officer of Veeva serves as a director on our board of directors. Revenue recognized from services provided to Veeva was \$0.3 million and \$0.3 million for the three months ended July 31, 2019 and 2018, respectively, and \$0.7 million and \$0.6 million for the six months ended July 31, 2019 and 2018, respectively.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the section titled "Risk Factors" and in other parts of this Quarterly Report on Form 10-Q.

Overview

Our mission is to make video communications frictionless.

We provide a video-first communications platform that delivers happiness and fundamentally changes how people interact. We connect people through frictionless video, voice, chat, and content sharing and enable face-to-face video experiences for thousands of people in a single meeting across disparate devices and locations. Our cloud-native platform delivers reliable, high-quality video that is easy to use, manage and deploy, provides an attractive return on investment, is scalable, and easily integrates with physical spaces and applications. We believe that rich and reliable communications lead to interactions that build greater empathy and trust. We strive to live up to the trust our customers place in us by delivering a communications solution that "just works." Our goal is to make Zoom meetings better than in-person meetings.

We generate revenue from the sale of subscriptions to our video-first communications platform. Subscription revenue is driven primarily by the number of paid hosts, as well as purchases of additional products including Zoom Rooms, Zoom Video Webinars, and Zoom Phone. A host is any user of our video-first communications platform who initiates a Zoom Meeting and invites one or more participants to join that meeting. We refer to hosts who subscribe to a paid Zoom Meeting plan as "paid hosts." We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts. Our Basic offering is free and gives hosts access to Zoom Meetings with core features but with limitations on the number of attendees and time. Our paid offerings include our Pro, Business, and Enterprise plans, which provide incremental features and functionality, such as different participant limits, administrative controls, and reporting.

Our revenue was \$145.8 million and \$74.5 million for the three months ended July 31, 2019 and 2018, respectively, representing period-over-period growth rate of 96%. We had net income of \$5.5 million and \$3.8 million for the three months ended July 31, 2019 and 2018, respectively. Our revenue was \$267.8 million and \$134.6 million for the six months ended July 31, 2019 and 2018, respectively, representing period-over-period growth rate of 99%. We had net income of \$7.8 million and \$2.5 million for the six months ended July 31, 2019 and 2018, respectively. Net cash provided by operating activities was \$53.4 million and \$17.1 million for the six months ended July 31, 2019 and 2018, respectively.

Key Factors Affecting Our Performance

Acquiring New Customers

We are focused on continuing to grow the number of customers that use our platform. Our operating results and growth prospects will depend in part on our ability to attract new customers. While we believe we have a significant market opportunity that our platform addresses, it is difficult to predict customer adoption rates or the future growth rate and size of the market for our platform. We will need to continue to invest in sales and marketing in order to address this opportunity by hiring, developing, and retaining talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time.

Expansion of Zoom across existing customers

We believe that there is a large opportunity for growth with many of our existing customers. Many customers have increased the size of their subscriptions as they have expanded their use of our platform across their operations. Some of our larger enterprise customers start with a single deployment of Zoom Meetings with one team, location, or geography, before rolling out our platform throughout their organization. Several of our largest customers have deployed our platform globally to their entire workforce following smaller initial deployments. This expansion in the use of our platform also provides us with opportunities to market and sell additional products to our customers, such as Zoom Rooms at each office location and enablement of Zoom Video Webinars. In order for us to address this opportunity to expand the use of our products with our existing customers, we will need to maintain the reliability of our platform and produce new features and functionality that are responsive to our customers' requirements for enterprise grade solutions.

We quantify our expansion across existing customers through our net dollar expansion rate. Our net dollar expansion rate includes the increase in user adoption within our customers, as our subscription revenue is primarily driven by the number of paid hosts within a customer and the purchase of additional products, and compares our subscription revenue from the same set of customers across comparable periods. We calculate net dollar expansion rate as of a period end by starting with the annual recurring revenue (ARR) from all customers with more than 10 employees as of 12 months prior (Prior Period ARR). We define ARR as the annualized revenue run rate of subscription agreements from all customers at a point in time. We then calculate the ARR from these customers as of the current period end (Current Period ARR), which includes any upsells, contraction, and attrition. We divide the Current Period ARR by the Prior Period ARR to arrive at the net dollar expansion rate. For the trailing 12-months calculation, we take an average of the net dollar expansion rate over the trailing 12 months. Our net dollar expansion rate may fluctuate as a result of a number of factors, including the level of penetration within our customer base, expansion of products and features, and our ability to retain our customers. Our trailing 12-month net dollar expansion rate was over 130% as of July 31, 2019 and 2018.

Innovation and Expansion of Our Platform

We continue to invest resources to enhance the capabilities of our platform. For example, we have recently introduced a number of product enhancements, including new features for Zoom Phone, Zoom Meetings, and Zoom Video Webinars. Third-party developers are also a key component of our strategy for platform innovation, to make it easier for customers and developers to extend our product portfolio with new functionalities. We believe that as more developers and other third parties use our platform to integrate major third-party applications, we will become the ubiquitous platform for communications. We will need to expend additional resources to continue introducing new products, features and functionality, and supporting the efforts of third parties to enhance the value of our platform with their own applications.

International Expansion

Our platform addresses the communications needs of users worldwide, and we see international expansion as a major opportunity. Our revenue from the rest of world (APAC and EMEA) represented 20% and 18% of our revenue for the three months ended July 31, 2019 and 2018, respectively, and 20% and 18% of our revenue for the six months ended July 31, 2019 and 2018, respectively. We plan to add local sales support in further select international markets over time. We use strategic partners and resellers to sell in international markets, such as China, where we have limited or no sales presence. While we believe global demand for our platform will continue to increase as international market awareness of Zoom grows, our ability to conduct our operations internationally will require 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.

Key Business Metrics

We review the following key business metrics to measure our performance, identify trends, formulate financial projections, and make strategic decisions.

Customers with More Than 10 Employees

Increasing awareness of our platform and its broad range of capabilities has enabled us to substantially expand our customer base, which includes organizations of all sizes across industries. We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts. To better distinguish business customers from our broader customer base, we review the number of customers with more than 10 employees. As of July 31, 2019 and 2018, we had approximately 66,300 and 37,200 customers with more than 10 employees, respectively. When disclosing the number of customers, we round down to the nearest hundred.

Customers Contributing More Than \$100,000 of Trailing 12 Months Revenue

We focus on growing the number of customers that contribute more than \$100,000 of trailing 12 months revenue as a measure of our ability to scale with our customers and attract larger organizations to Zoom. Revenue from these customers represented 30% and 25% of revenue for the three months ended July 31, 2019 and 2018, respectively, and 30% and 25% of revenue for the six months ended July 31, 2019 and 2018, respectively. As of July 31, 2019 and 2018, we had 466 and 228 customers, respectively, that contributed more than \$100,000 of trailing 12 months revenue, demonstrating our rapid penetration of larger organizations including enterprises. These customers are a subset of the customers with more than 10 employees.

Non-GAAP Financial Measure

In addition to our results determined in accordance with GAAP, we believe that free cash flow (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 purchases of property and equipment. We believe that FCF is a liquidity measure that 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, 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. It is important to note that other companies, including companies in our industry, may not use this metric, may calculate this metric differently, or may use other financial measures to evaluate their liquidity, all of which could reduce the usefulness of this non-GAAP metric as a comparative measure.

The following is a reconciliation of FCF to the most comparable GAAP measure, net cash provided by operating activities:

	Six Months Ended July 31,	
	2019	2018
	(in thousands)	
Net cash provided by operating activities	\$ 53,408	\$ 17,110
Less: purchases of property and equipment	(20,937)	(10,027)
Free cash flow (non-GAAP)	\$ 32,471	\$ 7,083
Net cash used in investing activities	\$ (448,484)	\$ (16,548)
Net cash provided by financing activities	\$ 545,138	\$ 484

Components of Results of Operations**Revenue**

We derive our revenue from subscription agreements with customers for access to our video-first communications platform. Our customers do not have the ability to take possession of our software. We also provide services, which include

professional services, consulting services, and online event hosting, which are generally considered distinct from the access to our video-first communications platform.

Cost of Revenue

Cost of revenue primarily consists of costs related to hosting our video-first communications platform and providing general operating support services to our customers. These costs are related to our co-located data centers, third-party cloud hosting, integrated third-party public switched telephone network (PSTN) services, personnel-related expenses, amortization of capitalized software development, and allocated overhead. We expect our cost of revenue to increase in absolute dollars as our revenue increases.

Operating Expenses

Research and Development

Research and development expenses primarily consist of personnel-related expenses directly associated with our research and development organization, depreciation of equipment used in research and development, and allocated overhead. Research and development costs are expensed as incurred. We plan to increase our investment in research and development for the foreseeable future as we focus on further developing our platform and enhancing its use cases.

Sales and Marketing

Sales and marketing expenses primarily consist of personnel-related expenses directly associated with our sales and marketing organization. Other sales and marketing expenses include promotional events to promote our brand, such as awareness programs, digital programs, tradeshows and our user conference, Zoomtopia, and allocated overhead. Sales and marketing expenses also include amortization of deferred contract acquisition costs. We plan to increase our investment in sales and marketing over the foreseeable future, primarily from increased headcount in our sales force and investment in brand and product marketing efforts.

General and Administrative

General and administrative expenses primarily consist of personnel-related expenses associated with our finance, legal, and human resources organizations, professional fees for external legal, accounting and other consulting services, bad debt expense, insurance, and allocated overhead. We expect to increase the size of our general and administrative function to support the growth of our business. We also expect to incur additional expenses as a result of operating as a public company. We expect the dollar amount of our general and administrative expenses to increase for the foreseeable future.

Interest Income, Net

Interest income, net consists primarily of interest income earned on our cash equivalents and marketable securities.

Other Income, Net

Other income, net consists primarily of the net accretion on our investments in marketable securities and miscellaneous nonoperational income and expenses.

Provision for Income Taxes

Provision for income taxes consists primarily of income taxes related to foreign and state jurisdictions where we conduct business.

Results of Operations

The following tables set forth selected condensed consolidated statements of operations data and such data as a percentage of total revenue for each of the periods indicated:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2019	2018	2019	2018
	(in thousands)			
Revenue	\$ 145,826	\$ 74,526	\$ 267,814	\$ 134,596
Cost of revenue ⁽¹⁾	27,900	12,973	52,004	24,633
Gross profit	117,926	61,553	215,810	109,963
Operating expenses:				
Research and development ⁽¹⁾	15,054	7,049	28,837	13,313
Sales and marketing ⁽¹⁾	79,652	41,054	143,693	77,315
General and administrative ⁽¹⁾	20,955	10,028	39,458	17,597
Total operating expenses	115,661	58,131	211,988	108,225
Income from operations	2,265	3,422	3,822	1,738
Interest income, net	2,864	463	3,522	899
Other income, net	1,628	81	1,943	86
Net income before provision for income taxes	6,757	3,966	9,287	2,723
Provision for income taxes	(1,216)	(141)	(1,532)	(238)
Net income	\$ 5,541	\$ 3,825	\$ 7,755	\$ 2,485

⁽¹⁾ Includes stock-based compensation expense as follows:

Cost of revenue	\$ 1,902	\$ 130	\$ 2,732	\$ 225
Research and development	2,510	193	3,674	322
Sales and marketing	10,439	492	13,066	888
General and administrative	3,224	311	5,265	540
Total stock-based compensation expense	\$ 18,075	\$ 1,126	\$ 24,737	\$ 1,975

	Three Months Ended July 31,		Six Months Ended July 31,	
	2019	2018	2019	2018
	(as a percentage of revenue)			
Revenue	100 %	100 %	100 %	100 %
Cost of revenue	19	17	19	18
Gross profit	81	83	81	82
Operating expenses:				
Research and development	10	9	11	10
Sales and marketing	55	55	54	57
General administrative	14	14	15	13
Total operating expenses	79	78	80	80
Income from operations	2	5	1	2
Interest income, net	2	—	1	—
Other income, net	1	—	1	—
Net income before provision for income taxes	5	5	3	2
Provision for income taxes	(1)	—	—	—
Net income	4 %	5 %	3 %	2 %

Comparison of the Three Months Ended July 31, 2019 and 2018
Revenue

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Revenue	\$ 145,826	\$ 74,526	96 %

Revenue for the three months ended July 31, 2019 increased by \$71.3 million, or 96%, compared to the three months ended July 31, 2018. The increase was primarily due to subscription services provided to new customers, which accounted for approximately 61% of the increase, and to subscription services provided to existing customers, which accounted for approximately 39% of the increase.

Cost of Revenue

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Cost of revenue	\$ 27,900	\$ 12,973	115 %
Gross profit	117,926	61,553	92 %
Gross margin	81 %	83 %	

Cost of revenue for the three months ended July 31, 2019 increased by \$14.9 million, or 115%, compared to the three months ended July 31, 2018. The increase in cost of revenue was primarily due to an increase of \$7.9 million in costs related to our co-located data centers, third-party cloud hosting, and integrated third-party PSTN services to support the increase in customers and expanded use of our video-first communications platform by existing customers, an increase of \$5.1 million in personnel-related expenses mainly driven by increased headcount, which includes a \$1.8 million increase in stock-based compensation expense, and an increase in allocated overhead of \$1.2 million.

Operating Expenses
Research and Development

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Research and development	\$ 15,054	\$ 7,049	114 %

Research and development expense for the three months ended July 31, 2019 increased by \$8.0 million, or 114%, compared to the three months ended July 31, 2018, as we continued to add new features and functionalities to our video-first communications platform. The increase was primarily due to an increase in personnel-related expenses of \$8.8 million mainly driven by increased headcount, which includes a \$2.3 million increase in stock-based compensation expense, partially offset by an increase in capitalized software development costs of \$1.1 million.

Sales and Marketing

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Sales and marketing	\$ 79,652	\$ 41,054	94 %

Sales and marketing expense for the three months ended July 31, 2019 increased by \$38.6 million, or 94%, compared to the three months ended July 31, 2018. The increase in sales and marketing expense was primarily due to an increase in personnel-related expenses of \$25.7 million mainly driven by increased headcount to support the growth in our sales force, which includes a \$9.9 million increase in stock-based compensation expense, of which \$6.7 million is related to the ESPP, and a \$3.6 million increase in sales commissions driven by our increase in revenue. The remaining increase was primarily due to an

increase in marketing and sales event-related costs of \$6.7 million as a result of increased costs related to digital and awareness programs, and an increase in allocated overhead of \$4.3 million.

General and Administrative

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
General and administrative	\$ 20,955	\$ 10,028	109 %

General and administrative expense for the three months ended July 31, 2019 increased by \$10.9 million, or 109%, compared to the three months ended July 31, 2018. The increase in general and administrative expense was primarily due to an increase in personnel-related expenses of \$6.9 million mainly driven by increased headcount, which includes a \$2.9 million increase in stock-based compensation expense, of which \$1.1 million is related to the ESPP. The remaining increase was primarily due to an increase in insurance expenses of \$1.8 million, and an increase in external accounting and consulting services of \$1.5 million.

Interest Income, Net

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Interest income, net	\$ 2,864	\$ 463	519 %

Interest income, net for the three months ended July 31, 2019 increased by \$2.4 million, or 519%, compared to the three months ended July 31, 2018. The increase was primarily attributable to an increase in interest income earned from our investments in marketable securities.

Other Income, Net

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Other income, net	\$ 1,628	\$ 81	1,910 %

Other income, net for the three months ended July 31, 2019 increased by \$1.5 million, or 1910%, compared to the three months ended July 31, 2018. The increase was primarily due to net accretion on our investments in marketable securities.

Provision for Income Taxes

	Three Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Provision for income taxes	\$ (1,216)	\$ (141)	762 %

Provision for income taxes for the three months ended July 31, 2019 increased by \$1.1 million, or 762%, compared to the three months ended July 31, 2018. The change in provision for income taxes was primarily due to international operations and U.S. state taxes.

Comparison of the Six Months Ended July 31, 2019 and 2018

Revenue

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Revenue	\$ 267,814	\$ 134,596	99 %

Revenue for the six months ended July 31, 2019 increased by \$133.2 million, or 99%, compared to the six months ended July 31, 2018. The increase was primarily due to subscription services provided to new customers, which accounted for approximately 62% of the increase, and to subscription services provided to existing customers, which accounted for approximately 38% of the increase.

Cost of Revenue

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Cost of revenue	\$ 52,004	\$ 24,633	111 %
Gross profit	215,810	109,963	96 %
Gross margin	81 %	82 %	

Cost of revenue for the six months ended July 31, 2019 increased by \$27.4 million, or 111%, compared to the six months ended July 31, 2018. The increase in cost of revenue was primarily due to an increase of \$15.8 million in costs related to our co-located data centers, third-party cloud hosting, and integrated third-party PSTN services to support the increase in customers and expanded use of our video-first communications platform by existing customers, an increase of \$8.3 million in personnel-related expenses mainly driven by increased headcount, which includes a \$2.5 million increase in stock-based compensation expense, and an increase in allocated overhead of \$2.1 million.

Operating Expenses

Research and Development

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Research and development	\$ 28,837	\$ 13,313	117 %

Research and development expense for the six months ended July 31, 2019 increased by \$15.5 million, or 117%, compared to the six months ended July 31, 2018, as we continued to add new features and functionalities to our video-first communications platform. The increase was primarily due to an increase in personnel-related expenses of \$15.4 million mainly driven by increased headcount, which includes a \$3.4 million increase in stock-based compensation expense, and an increase in allocated overhead of \$1.3 million, partially offset by an increase in capitalized software development costs of \$1.1 million.

Sales and Marketing

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Sales and marketing	\$ 143,693	\$ 77,315	86 %

Sales and marketing expense for the six months ended July 31, 2019 increased by \$66.4 million, or 86%, compared to the six months ended July 31, 2018. The increase in sales and marketing expense was primarily due to an increase in personnel-related expenses of \$40.8 million mainly driven by increased headcount to support the growth in our sales force, which includes a \$12.2 million increase in stock-based compensation expense, of which \$6.7 million is related to the ESPP, and a \$7.1 million increase in sales commissions driven by our increase in revenue. The remaining increase was primarily due to an increase in marketing and sales event-related costs of \$14.4 million as a result of increased costs related to digital and awareness programs, and tradeshows, an increase in allocated overhead of \$7.9 million, and an increase in travel-related expenses of \$1.4 million.

General and Administrative

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
General and administrative	\$ 39,458	\$ 17,597	124 %

General and administrative expense for the six months ended July 31, 2019 increased by \$21.9 million, or 124%, compared to the six months ended July 31, 2018. The increase in general and administrative expense was primarily due to an increase in personnel-related expenses of \$11.8 million mainly driven by increased headcount, which includes a \$4.7 million increase in stock-based compensation expense, of which \$1.1 million is related to the ESPP. The remaining increase was primarily due to increased expenses of \$3.6 million related to a contingent liability for sales and other indirect taxes, an increase in external accounting and consulting services of \$3.6 million, an increase in insurance expenses of \$2.3 million, and an increase in allocated overhead of \$1.3 million.

Interest Income, Net

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Interest income, net	\$ 3,522	\$ 899	292 %

Interest income, net for the six months ended July 31, 2019 increased by \$2.6 million, or 292%, compared to the six months ended July 31, 2018. The increase was primarily attributable to an increase in interest income earned from our investments in marketable securities.

Other Income, Net

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Other income, net	\$ 1,943	\$ 86	2,159 %

Other income, net for the six months ended July 31, 2019 increased by \$1.9 million, or 2159%, compared to the six months ended July 31, 2018. The increase was primarily due to net accretion on our investments in marketable securities.

Provision for Income Taxes

	Six Months Ended July 31,		
	2019	2018	% Change
	(in thousands)		
Provision for income taxes	\$ (1,532)	\$ (238)	544 %

Provision for income taxes for the six months ended July 31, 2019 increased by \$1.3 million, or 544%, compared to the six months ended July 31, 2018. The change in provision for income taxes was primarily due to international operations and U.S. state taxes.

Liquidity and Capital Resources

As of July 31, 2019, our principal sources of liquidity were cash, cash equivalents, and marketable securities of \$755.3 million, which were held for working capital purposes. Our marketable securities generally consist of high-grade commercial paper, agency bonds, corporate debt securities, and U.S. government agency securities.

We have financed our operations primarily through customer payments and sales of equity securities. In April 2019, we completed our IPO which resulted in aggregate net proceeds of \$447.9 million, after underwriting discounts and commissions, and before deducting offering costs of \$6.4 million. We also received aggregate proceeds of \$100.0 million related to our concurrent private placement, and did not pay any underwriting discounts or commissions with respect to the shares that were sold in this private placement.

We believe our existing cash, cash equivalents, and marketable securities, together with net cash provided by operations, will be sufficient to meet our needs for at least the next 12 months. 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 sales and marketing and research and development efforts, as well as expenses associated with our international expansion, the timing and extent of additional capital expenditures to invest in existing and new office spaces. We may in the future enter into arrangements to acquire or invest in complementary businesses, services, and technologies, including

intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required 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 would be materially and adversely affected.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Six Months Ended July 31,	
	2019	2018
	(in thousands)	
Net cash provided by operating activities	\$ 53,408	\$ 17,110
Net cash used in investing activities	\$ (448,484)	\$ (16,548)
Net cash provided by financing activities	\$ 545,138	\$ 484

Operating Activities

Net cash provided by operating activities of \$53.4 million for the six months ended July 31, 2019 was primarily due to net income of \$7.8 million, adjusted for non-cash charges for stock-based compensation expense of \$24.7 million, amortization of deferred contract acquisition costs, primarily commissions, of \$16.0 million, depreciation and amortization of \$7.2 million, amortization of operating lease right-of-use assets of \$3.1 million, and provision for accounts receivable allowances of \$2.7 million. Changes in operating assets and liabilities were unfavorable to cash flows from operations by \$7.6 million primarily due an increase in accounts receivable of \$35.4 million and an increase in deferred contract acquisition costs of \$33.7 million due to increases in sales, an increase in prepaid expenses and other assets of \$23.6 million, and an increase in operating lease liability, net of \$3.3 million, partially offset by an increase in deferred revenue of \$56.2 million driven by increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of \$32.1 million.

Net cash provided by operating activities of \$17.1 million for the six months ended July 31, 2018 was primarily due to net income of \$2.5 million, adjusted for non-cash charges for amortization of deferred contract acquisition costs, primarily commissions, of \$8.6 million, depreciation and amortization of \$2.6 million, stock-based compensation expense of \$2.0 million, and provision for accounts receivable allowances of \$1.1 million. Changes in operating assets and liabilities were favorable to cash flows from operations by \$0.3 million primarily due to an increase in deferred revenue of \$35.4 million driven by increases in sales, and an increase in accounts payable and accrued expenses and other liabilities of \$14.4 million, partially offset by an increase in deferred contract acquisition costs of \$22.8 million and an increase in accounts receivable of \$22.6 million due to increases in sales, and an increase in prepaid expenses and other assets of \$4.1 million.

Investing Activities

Net cash used in investing activities of \$448.5 million for the six months ended July 31, 2019 was primarily due to net purchases of marketable securities of \$427.5 million and purchases of property and equipment of \$20.9 million.

Net cash used in investing activities of \$16.5 million for the six months ended July 31, 2018 was primarily due to purchases of property and equipment of \$10.0 million and net purchases of marketable securities of \$6.5 million.

Financing Activities

Net cash provided by financing activities of \$545.1 million for the six months ended July 31, 2019 was primarily due to proceeds from the issuance of Class A common stock in connection with the IPO and private placement, net of underwriting discounts and commissions and other offering costs, of \$542.9 million, and proceeds from the exercise of stock options, net of repurchases, of \$2.2 million.

Net cash provided by financing activities of \$0.5 million for the six months ended July 31, 2018 was primarily due to proceeds from the exercise of stock options of \$0.6 million, partially offset by principal payments on capital lease obligations of \$0.1 million.

Commitments and Contractual Obligations

There were no material changes outside of the ordinary course of business in our commitments and contractual obligations during the six months ended July 31, 2019 from the commitments and contractual obligations disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in our Prospectus.

Off-Balance Sheet Arrangements

Through July 31, 2019, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special-purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those accounting policies and estimates that are both the most important to the portrayal of our net assets and results of operations and require the most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These estimates are developed based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Critical accounting estimates are accounting estimates where the nature of the estimates are material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change and the impact of the estimates on financial condition or operating performance is material.

There have been no material changes to our critical accounting policies and estimates as compared to the critical accounting policies and estimates described in our Management's Discussion and Analysis of Financial Condition and Results of Operations, set forth in our Prospectus.

Recent Accounting Pronouncements

See "Summary of Business and Significant Accounting Policies" in Note 1 of the notes to our condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency and Exchange Risk

The vast majority of our cash generated from revenue are denominated in U.S. dollars, with a small amount denominated in foreign currencies. Our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations, which are primarily in the United States, China, Europe, and Australia. Our results of current and future operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have had a material impact on our historical condensed consolidated financials for the three and six months ended July 31, 2019 and 2018. As the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency becomes more significant.

Interest Rate Risk

We had cash and cash equivalents of \$213.9 million and marketable securities of \$541.4 million as of July 31, 2019. Cash and cash equivalents consist of bank deposits, money market funds, high-grade commercial paper, corporate debt securities, and treasury bills. Our marketable securities generally consist of high-grade commercial paper, agency bonds, corporate debt securities, and U.S. government agency securities. The cash and cash equivalents and marketable securities are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our historical condensed consolidated financial statements for the three and six months ended July 31, 2019 and 2018.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. The term "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"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the

Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls, and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. 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 the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—Other Information

Item 1. LEGAL PROCEEDINGS

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Item 1A. RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and related notes, before making a decision to invest in our securities. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Our Industry

Our business depends on our ability to attract new customers and hosts, retain and upsell additional products to existing customers and upgrade free hosts to our paid offerings. Any decline in new customers and hosts, renewals or upgrades would harm our business.

Our business depends upon our ability to attract new customers and hosts and maintain and expand our relationships with our customers and hosts, including upselling additional products to our existing customers and upgrading hosts to a paid Zoom Meeting plan. A host is any user of our video-first communications platform who initiates a Zoom Meeting and invites one or more participants to join that meeting. We refer to hosts who subscribe to a paid Zoom Meeting plan as “paid hosts.” We define a customer as a separate and distinct buying entity, which can be a single paid host or an organization of any size (including a distinct unit of an organization) that has multiple paid hosts.

Our business is subscription based, and customers are not obligated to and may not renew their subscriptions after their existing subscriptions expire. As a result, we cannot provide assurance that customers will renew their subscriptions utilizing the same tier of their Zoom Meeting plan, upgrade to a higher-priced tier or purchase additional products, if they renew at all. Renewals of subscriptions to our platform may decline or fluctuate because of several factors, such as dissatisfaction with our products and support, a customer or host no longer having a need for our products, or the perception that competitive products provide better or less expensive options. In addition, some customers downgrade their Zoom Meeting plan or do not renew their subscriptions. We must continually add new customers and hosts to grow our business beyond our current user base and to replace customers and hosts who choose not to continue to use our platform. Any decrease in user satisfaction with our products or support would harm our brand, word-of-mouth referrals and ability to grow.

We encourage customers to purchase additional products and encourage hosts to upgrade to our paid offerings by recommending additional features and through in-product prompts and notifications. Additionally, we seek to expand within organizations by adding new hosts, having workplaces purchase additional products, or expanding the use of Zoom into other teams and departments within an organization. At the same time, we strive to demonstrate the value of our platform and various product offerings to those hosts that subscribe to our free Zoom Meeting plan, thereby encouraging them to upgrade to a paid Zoom Meeting plan. However, a majority of these hosts may never upgrade to a paid Zoom Meeting plan. If we fail to upsell our customers or upgrade hosts of our free Zoom Meeting plan to a paid subscription or expand the number of paid hosts within organizations, our business would be harmed.

In addition, our user growth rate may slow in the future as our market penetration rates increase and we turn our focus to upgrading our free hosts to a paid Zoom Meeting plan rather than growing the total number of users. If we are not able to continue to expand our user base or fail to upgrade our free hosts to a paid Zoom Meeting plan, our revenue may grow more slowly than expected or decline.

We have a limited operating history, which makes it difficult to evaluate our prospects and future results of operations.

We were incorporated in 2011. As a result of our limited operating history, our ability to forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Our historical revenue growth should not be considered indicative of our future performance. Further, in future periods, our revenue growth could slow or our revenue could decline for a number of reasons, including any reduction in demand for our platform, increased competition, contraction of our overall market, our inability to accurately forecast demand for our platform and plan for capacity constraints or our failure, for any reason, to capitalize on growth opportunities. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. If our assumptions regarding these risks and uncertainties, which we use to plan our business, are incorrect or change, or if we do not address these risks successfully, our business would be harmed.

We operate in competitive markets, and we must continue to compete effectively.

The market for communication and collaboration technologies platforms is competitive and rapidly changing. Certain features of our current platform compete in the communication and collaboration technologies market with products offered by:

- legacy web-based meeting providers, including Webex and Skype for Business;
- bundled productivity solutions providers with basic video functionality, including Google; and
- point solutions providers, including LogMeIn.

Other large established companies like Amazon and Facebook have in the past and may in the future also make investments in video communications tools. In addition, as we introduce new products and services, and with the introduction of new technologies and market entrants, we expect competition to intensify in the future. For example, we recently introduced Zoom Phone, a cloud phone system that will allow customers to replace their existing private branch exchange solution, in the future, which will result in increased competition against companies that offer similar services and new competitors that may enter that market in the future. Further, many of our actual and potential competitors benefit from competitive advantages over us, such as greater name recognition, longer operating histories, more varied products and services, larger marketing budgets, more established marketing relationships, third-party integration, greater accessibility across devices or applications, 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 to offer a broader range of products and services than we do. These combinations may make it more difficult for us to compete effectively. We expect these trends to continue as competitors attempt to strengthen or maintain their market positions.

Demand for our platform is also price sensitive. 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 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 customers at a lower cost than we can. Furthermore, third parties could build products similar to ours that rely on open source software. Even if such products do not include all the features and functionality that our platform provides, we could face pricing pressure from these third parties to the extent that users find such alternative products to be sufficient to meet their video communications needs. There can be no assurance that we will not be forced to engage in price-cutting initiatives or other discounts or to increase our marketing and other expenses to attract and retain customers in response to competitive pressures, either of which would harm our business.

We may not be able to sustain our revenue growth rate in the future.

We have experienced significant revenue growth in prior periods. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. We expect our revenue growth rate to decline in future periods. Many factors may contribute to declines in our growth rate, including higher market penetration, increased competition, slowing demand for our platform, a failure by us to continue capitalizing on growth opportunities and the maturation of our business, among others. If our growth rate declines, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

Interruptions, delays or outages in service from our co-located data centers and a variety of other factors would impair the delivery of our services, require us to issue credits or pay penalties and harm our business.

We currently serve our users from various co-located data centers located throughout the world. We also utilize Amazon Web Services and Microsoft Azure for the hosting of certain critical aspects of our business. As part of our distributed meeting architecture, we establish private links between data centers that automatically transfer data between various data centers in order to optimize performance on our platform. Damage to, or failure of, these data centers has in the past resulted in and could in the future result in interruptions or delays in our services. In addition, we have experienced, and may in the future experience, other interruptions and delays in our services caused by a variety of other factors, including but not limited to infrastructure changes, vendor issues, human or software errors, viruses, security attacks, fraud, general internet availability issues, spikes in usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. For example, in January 2019, we experienced an outage in our services for less than two hours, which we later determined was initially caused by a technical issue with one of our vendors. Additionally, in connection with the addition of new data centers or expansion or consolidation of our existing data center facilities or other reasons, we may move or transfer our data and our users' metadata to other data centers. Despite precautions that we take during this process, any unsuccessful data transfers may impair or cause disruptions in the delivery of our service, and we may incur significant costs in connection with any such move or transfer. Interruptions, delays or outages in our services would reduce our revenue, may require us to issue credits or pay penalties, may subject us to claims and litigation, may cause customers and hosts to terminate their subscriptions and adversely affect our ability to attract new customers and hosts. Our ability to attract and retain customers and hosts depends on our ability to provide customers and hosts with a highly reliable platform and even minor interruptions or delays in our services could harm our business.

Additionally, if our data centers are unable to keep up with our increasing needs for capacity, customers may experience delays as we seek to obtain additional capacity, which could harm our business.

We do not control, or in some cases have limited control over, the operation of the co-located data center facilities we use, and they are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, hurricanes, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events, any of which could disrupt our service. In the event of significant physical damage to one of these data centers, 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. Despite precautions taken at these facilities, the occurrence of a natural disaster, an act of terrorism or other act of malfeasance, a decision to close the facilities without adequate notice or other unanticipated problems at the facilities would harm our business.

Failures in internet infrastructure or interference with broadband access could cause current or potential users to believe that our systems are unreliable, possibly leading our customers and hosts to switch to our competitors or to cancel their subscriptions to our platform.

Unlike traditional communications and collaborations technologies, our services depend on our users' high-speed broadband access to the internet, usually provided through a cable or digital subscriber line connection. Increasing numbers of users and increasing bandwidth requirements may degrade the performance of our platform due to capacity constraints and other internet infrastructure limitations. As our number of users grows and their usage of communications capacity increases, we will be required to make additional investments in network capacity to maintain adequate data transmission speeds, the availability of which may be limited, or the cost of which may be on terms unacceptable to us. If adequate capacity is not available to us as our user base grows, our network may be unable to achieve or maintain sufficiently high data transmission capacity, reliability or performance. In addition, if internet service providers and other third parties providing internet services have outages or deteriorations in their quality of service, our users will not have access to our platform or may experience a decrease in the quality of our platform. Furthermore, as the rate of adoption of new technologies increases, the networks our platform relies on may not be able to sufficiently adapt to the increased demand for these services, including ours. Frequent or persistent interruptions could cause current or potential users to believe that our systems or platform are unreliable, leading them to switch to our competitors or to avoid our platform, and could permanently harm our business.

In addition, users who access our platform through mobile devices, such as smartphones and tablets, must have a high-speed connection, such as 3G, 4G or LTE, satellite or Wi-Fi to use our services and applications. Currently, this access is provided by companies that have significant and increasing market power in the broadband and internet access marketplace, including incumbent phone companies, cable companies, satellite companies and wireless companies. Some of these providers offer products and subscriptions that directly compete with our own offerings, which can potentially give them a competitive advantage. Also, these providers could take measures that degrade, disrupt or increase the cost of user access to third-party services, including our platform, by restricting or prohibiting the use of their infrastructure to support or facilitate third-party

services or by charging increased fees to third parties or the users of third-party services, any of which would make our platform less attractive to users and reduce our revenue.

On January 4, 2018, the Federal Communications Commission (FCC) released an order reclassifying broadband internet access as an information service, subject to certain provisions of Title I of the Communications Act. The order requires broadband providers to publicly disclose accurate information regarding network management practices, performance characteristics and commercial terms of their broadband internet access services sufficient to enable consumers to make informed choices regarding the purchase and use of such services and entrepreneurs and other small businesses to develop, market and maintain internet offerings. The new rules went into effect on June 11, 2018 and are the subject of various appeals and congressional review. Moreover, a number of states are adopting or considering 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. Under the new rules, broadband internet access providers may be able to charge web-based services such as ours for priority access, which could result in increased costs and a loss of existing customers and hosts, impair our ability to attract new customers and hosts, and harm our business.

As we increase sales to large organizations, our sales cycles could lengthen, and we could experience greater deployment challenges.

As our business evolves, we may need to invest more resources into sales to large organizations. Large organizations typically undertake a significant evaluation and negotiation process due to their leverage, size, organizational structure and approval requirements, all of 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 additional features, support services and pricing concessions 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 or that these customers will deploy our platform widely enough across their organization to justify our substantial upfront investment. As a result, we anticipate increased sales to large organizations will lead to higher upfront sales costs and greater unpredictability in our business, results of operations and financial condition.

We generate revenue from sales of subscriptions to our platform, and any decline in demand for our platform or for communications and collaboration technologies in general would harm 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 communications and collaboration technologies in general, and our platform in particular, is critical to our future growth and success. If the communications and collaboration technologies market fails to grow or grows more slowly than we currently anticipate, demand for our platform could be negatively affected.

Changes in user preferences for communications and collaboration technologies may have a disproportionately greater impact on us than if we offered multiple platforms or disparate products. Demand for communications and collaboration technologies 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 communications and collaboration technologies category generally;
- availability of products and services that compete with ours;
- new modes of communications and collaboration that may be developed in the future;
- ease of adoption and use;
- features and platform experience;
- reliability of our platform, including frequency of outages;
- performance;
- brand;
- security and privacy;
- user support; and
- pricing.

The communications and collaboration technologies 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 would be harmed.

The experience of our users depends upon the interoperability of our platform across devices, operating systems and third-party applications that we do not control, and if we are not able to maintain and expand our relationships with third parties to integrate our platform with their solutions, our business may be harmed.

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 and Linux. We also have integrations with Atlassian, Dropbox, Google, LinkedIn, Microsoft, Salesforce, Slack and a variety of other productivity, collaboration, data management and security vendors. We are dependent on the accessibility of our platform across these and other third-party operating systems and applications that we do not control. For example, given the broad adoption of Microsoft Office and other productivity software, it is important that we are able to integrate with this software. Several of our competitors own, develop, operate, or distribute operating systems, app stores, co-located data center services and other software, and also have material business relationships with companies that own, develop, operate or distribute operating systems, applications markets, co-located data center services and other software that our platform requires in order to operate. Moreover, 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.

Third-party services and products are constantly evolving, and we may not be able to modify our platform to assure its compatibility with that of other third parties following development changes. 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. 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 could be harmed.

In addition, we provide, develop and create applications for our platform partners that integrate our platform with our partners' various offerings. For example, our Zoom Meetings product integrates with tools offered by companies such as Atlassian and Dropbox to help teams get more done together. If we are not able to continue and expand on existing and new relationships to integrate our platform with our partners' solutions, or there are quality issues with our products or service interruptions of our products that integrate with our partners' solutions, our business will be harmed.

We may not be able to respond to rapid technological changes, extend our platform or develop new features.

The communications and collaboration technologies 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 customers will depend heavily on our ability to enhance and improve our platform, introduce new features and products and interoperate across an increasing range of devices, operating systems and third-party applications. Our customers may require features and capabilities that our current platform does not have. 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, 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, 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 have 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 harm our business. Moreover, new productivity features to our platform may require substantial investment, and we have no assurance that such investments will be successful. If customers and hosts 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 would be harmed.

The failure to effectively develop and expand our marketing and sales capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our platform.

Our ability to increase our customer and host base and achieve broader market acceptance of our products and services will depend to a significant extent on our ability to expand our marketing and sales operations. We plan to continue expanding our sales force and strategic partners, both domestically and internationally.

Identifying and recruiting qualified sales representatives and training them is time-consuming and resource-intensive, and they may not be fully trained and productive for a significant amount of time. We also plan to dedicate significant resources to sales and marketing programs, including internet and other online advertising. All of these efforts will require us to invest significant financial and other resources. In addition, the cost to acquire customers and hosts is high due to these marketing and sales efforts. Our business will be harmed if our efforts do not generate a correspondingly significant increase in revenue. We will not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

Our security measures have on occasion, in the past, been, and may in the future be, compromised. Consequently, our products and services may be perceived as not being secure. This perception may result in customers and hosts curtailing or ceasing their use of our products, our incurring significant liabilities and our business being harmed.

Our operations involve the storage and transmission of customer data or information, and security incidents have occurred in the past, and may occur in the future, resulting in unauthorized access to, loss of or unauthorized disclosure of this information, regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity, which could damage our reputation, impair our sales and harm our business. Cyberattacks and other malicious internet-based activity continue to increase, and cloud-based platform providers of products and services have been and are expected to continue to be targeted. In addition to traditional computer “hackers,” malicious code (such as viruses and worms), employee theft or misuse and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for us to entirely mitigate these risks. If our security measures are compromised as a result of third-party action, employee, customer, host or user error, malfeasance, stolen or fraudulently obtained log-in credentials or otherwise, our reputation would be damaged, our data, information or intellectual property, or those of our customers, may be destroyed, stolen or otherwise compromised, our business may be harmed and we could incur significant liability. We have not always been able in the past and may be unable in the future to anticipate or prevent techniques used to obtain unauthorized access or to compromise our systems because they change frequently and are generally not detected until after an incident has occurred. For example, in July 2019, a security researcher published a blog highlighting concerns with the Zoom Meeting platform, including certain video-on features. In July 2018, we were made aware of a vulnerability in the Zoom Meeting client for Windows that could result in potential exposure of a Zoom user’s password. Additionally, in 2018, a cybersecurity company discovered a vulnerability in our software that could be exploited by hackers to exert certain meeting controls. While we were able to release updates to the software addressing these vulnerabilities and we are not aware of any customers being affected or meetings compromised by these vulnerabilities, in most cases customers are responsible for installing this update to the software and their software is subject to these vulnerabilities until they do so. Additionally, we cannot be certain that we will be able to address any vulnerabilities in our software that we may become aware of in the future. We expect similar issues to arise in the future as we continue to expand the features and functionality of existing products and introduce new products, and we expect to expend significant resources in an effort to protect against security incidents. Concerns regarding privacy, data protection and information security may cause some of our customers and hosts to stop using our solutions and fail to renew their subscriptions. This discontinuance in use or failure to renew could substantially harm our business. Further, as we rely on third-party and public-cloud infrastructure, we depend in part on third-party security measures to protect against unauthorized access, cyberattacks and the mishandling of data and information. In addition, failures to meet customers’ and hosts’ expectations with respect to security and confidentiality of their data and information could damage our reputation and affect our ability to retain customers and hosts, attract new customers and hosts and grow our business. In addition, a cybersecurity event could result in significant increases in costs, including costs for remediating the effects of such an event, lost revenue due to network downtime, and a decrease in customer, host and user trust, increases in insurance premiums due to cybersecurity incidents, increased costs to address cybersecurity issues and attempts to prevent future incidents, and harm to our business and our reputation because of any such incident.

Many governments have enacted laws requiring companies to provide notice of data security incidents involving certain types of personal data. In addition, some of our customers require us to notify them of data security breaches. Security compromises experienced by our competitors, by our customers or by us may lead to public disclosures, which may lead to widespread negative publicity. In addition, we have a high concentration of research and development personnel in China, which could expose us to market scrutiny regarding the integrity of our solution or data security features. Any security compromise in our industry, whether actual or perceived, could harm our reputation, erode confidence in the effectiveness of our security measures, negatively affect our ability to attract new customers and hosts, cause existing customers to elect not to renew their subscriptions or subject us to third-party lawsuits, regulatory fines or other action or liability, which could harm our business.

There can be no assurance that any limitations of liability provisions in our subscription agreements would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing general liability insurance coverage and coverage for cyber liability or errors or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, would harm our business.

Our business depends on a strong brand, and if we are not able to maintain and enhance our brand, our ability to expand our base of users will be impaired and our business 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 connect people through frictionless video, voice, chat and content sharing. We also believe that maintaining and enhancing the Zoom brand is critical to expanding our base of customers, hosts and users and, in particular, conveying to users and the public that the Zoom brand consists of a broad communications platform, rather than just one distinct product. For example, if users incorrectly view the Zoom brand primarily as a video conferencing point solution or utility rather than as a platform with multiple communications solutions, then our market position may be detrimentally impacted at such time as a competitor introduces a new or better product. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brand may become increasingly difficult and expensive. Any unfavorable publicity or perception of our platform or the providers of communication and collaboration technologies generally could adversely affect our reputation and our ability to attract and retain hosts. If we fail to promote and maintain the Zoom brand, including consumer and public perception of our platform, or if we incur excessive expenses in this effort, our business will be harmed.

We have a history of net losses, and we expect to increase our expenses in the future, which could prevent us from achieving or maintaining profitability.

Although we generated net income of \$5.5 million and \$7.8 million for the three and six months ended July 31, 2019, respectively, we have incurred net losses in the past, and could incur net losses in the future. We intend to continue to expend significant funds to expand our direct sales force and marketing efforts to attract new customers and hosts, to develop and enhance our products and for general corporate purposes, including operations, hiring additional personnel, upgrading our infrastructure and expanding into new geographical markets. To the extent we are successful in increasing our user base, we may also incur increased losses because, other than sales commissions, the costs associated with acquiring customers and hosts are generally incurred up front, while the subscription revenue is generally recognized ratably over the subscription term, which can be monthly, annual or on a multi-year basis. Our efforts to grow our business may be costlier than we expect, and we may not be able to increase our revenue enough to offset our higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of the other risks described herein, and unforeseen expenses, difficulties, complications, delays and other unknown events. If we are unable to achieve and sustain profitability, the value of our business and Class A common stock may significantly decrease. Furthermore, it is difficult to predict the size and growth rate of our market, customer demand for our platform, user adoption and renewal of our platform, 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. If we fail to grow our revenue sufficiently to keep pace with our investments and other expenses, our business would be harmed.

We may not successfully manage our growth or plan for future growth.

Since our founding in 2011, we have experienced rapid growth. For example, our headcount has grown from 1,338 full-time employees as of July 31, 2018, to 2,240 full-time employees as of July 31, 2019, with employees located both in the United States and internationally. The growth and expansion of our business places a continuous, significant strain on our

management, operational and financial resources. Further growth of our operations to support our user base, our expanding third-party relationships, our information technology systems and our internal controls and procedures may not be adequate to support our operations. In addition, as we continue to grow, we face challenges of integrating, developing and motivating a rapidly growing employee base in various countries around the world. Certain members of our management have not previously worked together for an extended period of time, and some do not have experience managing a public company, which may affect how they manage our growth. Managing our growth will also require significant expenditures and allocation of valuable management resources.

In addition, our rapid growth may make it difficult to evaluate our future prospects. Our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. We have encountered in the past, and may encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If we fail to achieve the necessary level of efficiency in our organization as it grows, or if we are not able to accurately forecast future growth, our business would be harmed.

Our ability to sell subscriptions to our platform 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 new products are 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 products may be detected in the future by us or our users. There can be no assurance that our existing platform and new products 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 business. Moreover, the harm to our reputation and legal liability related to such defects or errors may be substantial and would harm our business.

We also utilize hardware purchased or leased and software and services licensed from third parties to offer our platform. Any defects in, or unavailability of, our or third-party hardware, software or services 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 customers or expose us to claims for damages;
- cause us to lose existing hosts and make it more difficult to attract new customers and hosts;
- 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.

If we were to lose the services of our Chief Executive Officer or other members of our senior management team, we may not be able to execute our business strategy.

Our success depends in a large part upon the continued service of key members of our senior management team. In particular, our founder, President and Chief Executive Officer, Eric S. Yuan, is critical to our overall management, as well as the continued development of our products, services, the Zoom platform, our culture, our strategic direction, engineering and our operations in China. All of our executive officers are at-will employees, and we do not maintain any key person life insurance policies. The loss of any member of our senior management team would harm our business.

The failure to attract and retain additional qualified personnel or to maintain our happiness-centric company culture could harm our business and culture and prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executives, software developers, sales personnel and other key employees in our industry is intense. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing software for communication and collaboration technologies, as well as for skilled sales and operations professionals. At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and we may not be able to fill positions. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business could be harmed.

Many of the companies with which we compete for experienced personnel have greater resources than we have, and some of these companies may offer greater compensation packages. Particularly in the San Francisco Bay Area, job candidates and existing employees carefully consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, or if the mix of equity and cash compensation that we offer is unattractive, it may adversely affect our ability to recruit and retain highly skilled employees. Job candidates may also be threatened with legal action under agreements with their existing employers if we attempt to hire them, which could impact hiring and result in a diversion of our time and resources. Additionally, laws and regulations, such as restrictive immigration laws, may limit our ability to recruit internationally. We must also continue to retain and motivate existing employees through our compensation practices, company culture and career development opportunities. If we fail to attract new personnel or to retain our current personnel, our business would be harmed.

We believe that a critical component to our success and our ability to retain our best people is our culture. As we continue to grow and develop a public company infrastructure, we may find it difficult to maintain our happiness-centric company culture. Transparency is also an important part of our culture, and one that we practice every day. As we continue to grow, maintaining this culture of transparency will present its own challenges that we will need to address, including the type of information and level of detail that we share with our employees. For example, we were recently informed of a personal relationship involving our Chief Financial Officer and an individual with whom she worked, while they were both at her prior employer. After reviewing the facts and circumstances of the situation, we confirmed that our Chief Financial Officer can and should continue to serve in her role. However, these are the types of situations that will continue to challenge our culture of transparency.

In addition, many of our employees may be able to receive significant proceeds from sales of our equity in the public markets after our initial public offering, which may reduce their motivation to continue to work for us. Moreover, our initial public offering could create disparities in wealth among our employees, which may harm our culture and relations among employees and our business.

We are continuing to expand our operations outside the United States, where we may be subject to increased business and economic risks that could harm our business.

Our platform addresses the communications needs of users worldwide, and we see international expansion as a major opportunity. Our revenue from APAC and EMEA collectively represented 20% and 18% of our revenue for the three months ended July 31, 2019 and 2018, respectively, and 20% and 18% of our revenue for the six months ended July 31, 2019 and 2018, respectively. We plan to add local sales support in further select international markets over time. We also operate research and development centers in China, employing more than 700 employees as of July 31, 2019. We expect to continue to expand our international operations, which may include opening offices in new jurisdictions and providing our platform 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 not able to satisfy certain government- and industry-specific requirements. In addition, our ability to manage our business and conduct our operations internationally in the future may require 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. Future international expansion will require investment of significant funds and other resources. Operating internationally subjects us to new risks and may increase risks that we currently face, including risks associated with:

- recruiting and retaining talented and capable employees outside the United States, complying with complex employment- and compensation-related laws, regulations and practices in these international jurisdictions, and maintaining our company culture across all of our offices;
- 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;
- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, telecommunications requirements, data protection, consumer protection and unsolicited email, and the risk of penalties to us and individual members of management or employees if our practices are deemed to be out of compliance;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;

- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States and the practical enforcement of such intellectual property rights outside of the United States;
- foreign government interference with our non-core intellectual property that resides outside of the United States, such as the risk of changes in foreign laws that could restrict our ability to use our intellectual property outside of the foreign jurisdiction in which we developed it;
- integration with partners outside of 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 and economic instability;
- 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;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- 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; and
- higher costs of doing business internationally, including increased accounting, travel, infrastructure and legal compliance costs.

Compliance with laws and regulations 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 and regulations as they occur. Although we have implemented policies and procedures designed to support compliance with these laws and regulations, there can be no assurance that we will always maintain compliance or that all of our employees, contractors, partners and agents will comply. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, we may need to relocate or cease operations in certain foreign jurisdictions. For example, our product development team is largely based in China, where personnel costs are less expensive than in many other jurisdictions. If we had to relocate our product development team from China to another jurisdiction, we could experience, among other things, higher operating expenses, which would adversely impact our operating margins and harm our business. In addition, we would need to spend considerable time and effort recruiting a new product development team, which would distract management and adversely impact our ability to continue improving our platform's features and functionality.

Changes in government trade policies, including the imposition of tariffs and export restrictions, could limit our ability to sell our products to certain customers, which may materially adversely affect our sales and results of operations.

The United States or foreign governments may take administrative, legislative or regulatory action that could materially interfere with our ability to sell products in certain countries, particularly in China. For example, in 2018, the United States imposed tariffs on a large variety of products of Chinese origin and most recently, in May 2019, increased tariffs on \$200 billion of Chinese goods to 25%. In response, China imposed or proposed new or higher tariffs on U.S. products. While the imposition of these tariffs did not have a direct, material adverse impact on our business during the six months ended July 31, 2019, the direct and indirect effects of tariffs and other restrictive trade policies are difficult to measure and are only one part of a larger U.S./China economic and trade policy disagreement. The effects of the recently imposed and proposed tariffs are uncertain because of the dynamic nature of governmental action and responses. We cannot predict what actions may ultimately be taken with respect to tariffs or trade relations between the United States and China or other countries, what products may be subject to such actions, or what actions may be taken by the other countries in retaliation. Any alterations to our business strategy or operations made in order to adapt to or comply with any such changes would be time-consuming and expensive, and certain of our competitors may be better suited to withstand or react to these changes.

Further, in May 2019, President Trump issued an executive order that invoked national emergency economic powers to implement a framework to regulate the acquisition or transfer of information communications technology in transactions that imposed undue national security risks. The executive order is subject to implementation by the Secretary of Commerce and applies to contracts entered into prior to the effective date of the order. In addition, the U.S. Commerce Department has implemented additional restrictions and may implement further restrictions that would affect conducting business with certain

Chinese companies. Due to the uncertainty regarding the timing, content and extent of any such changes in policy, we cannot assure you that we will successfully mitigate any negative impact. Depending upon their duration and implementation, these tariffs, the executive order and its implementation and other regulatory actions could materially affect our business, including in the form of increased cost of revenue, decreased margins, increased pricing for customers, and reduced sales.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations 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. 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. Fluctuation in quarterly results may negatively impact the value of our securities. Factors that may cause fluctuations in our quarterly results of operations include, without limitation, those listed below:

- our ability to retain and upgrade customers to higher-priced tiers of Zoom Meeting plans;
- our ability to attract new hosts and upgrade hosts that subscribe to our free Zoom Meeting plan to one of our paid Zoom Meeting plans;
- our ability to hire and retain employees, in particular those responsible for the selling or marketing of our platform;
- our ability to develop and retain talented sales personnel who are able to achieve desired productivity levels in a reasonable period of time and provide sales leadership in areas in which we are expanding our sales and marketing efforts;
- changes in the way we organize and compensate our sales teams;
- the timing of expenses and recognition of revenue;
- increased sales to large organizations;
- the length of sales cycles;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure, as well as international expansion and entry into operating leases;
- timing and effectiveness of new sales and marketing initiatives;
- changes in our pricing policies or those of our competitors;
- the timing and success of new products, features and functionality by us or our competitors;
- interruptions or delays in our service, network outages, or actual or perceived privacy or security breaches;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- changes in laws and regulations that impact our business;
- any large indemnification payments to our users or other third parties;
- the timing of expenses related to any future acquisitions; and
- general economic and market conditions.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. Consequently, increases or decreases in new sales may not be immediately reflected in our results of operations and may be difficult to discern.

We recognize revenue from subscriptions to our platform over the terms of these subscriptions. As a result, a portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on the revenue that we recognize for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant portion of our costs are expensed as incurred, while revenue is recognized over the term of the subscription. As a result, growth in the number of new customers and hosts could continue to result in our recognition of higher costs and lower revenue in the earlier periods of our subscriptions. Finally, our subscription-based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers or from existing

customers that increase their use of our platform or upgrade to a higher-priced tier of Zoom Meeting plan must be recognized over the applicable subscription term.

Any failure to offer high-quality support for our customers and hosts may harm our relationships with our customers and hosts and, consequently, our business.

We have designed our platform to be easy to adopt and use with minimal to no support necessary. However, if we experience increased user demand for support, we may face increased costs that may 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 support that meets our customers and hosts' needs globally at scale. Customers and hosts receive additional support features, and the number of our hosts has grown significantly, which will put additional pressure on our support organization. If we are unable to provide efficient user support globally at scale or if we need to hire additional support personnel, our business may be harmed. Our new customer and host signups are highly dependent on our business reputation and on positive recommendations from our existing customers and hosts. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support for our customers and hosts, would harm our business.

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. There are numerous federal, state, local and international laws and regulations regarding 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 is changing, subject to differing interpretations and may be inconsistent among countries, or conflict with other rules. We are also subject to the terms of our privacy policies and 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 and information security proposed and enacted in various jurisdictions. For example, in May 2018, the General Data Protection Regulation (GDPR) went into effect in the European Union (EU). The GDPR imposed more stringent data protection requirements and provides greater penalties for noncompliance than previous data protection laws, including potential penalties of up to €20 million or 4% of annual global revenues. Further, following a referendum in June 2016 in which voters in the United Kingdom approved an exit from the EU, the United Kingdom government has initiated a process to leave the EU, known as Brexit. Brexit has created uncertainty with regard to the regulation of data protection in the United Kingdom. In particular, although the United Kingdom enacted a Data Protection Act in May 2018 that is designed to be consistent with the GDPR, uncertainty remains regarding how data transfers to and from the United Kingdom will be regulated. Additionally, although we have self-certified under the U.S.-EU and U.S.-Swiss Privacy Shield Frameworks with regard to our transfer of certain personal data from the EU and Switzerland to the United States, some regulatory uncertainty remains surrounding the future of data transfers from the EU and Switzerland to the United States, and we are monitoring regulatory developments in this area. California also recently enacted legislation, the California Consumer Privacy Act of 2018 (CCPA), that will afford consumers expanded privacy protections when it goes into effect on January 1, 2020. The CCPA was recently amended, and it is possible that it will be amended again before it goes into effect. The potential effects of this legislation are far-reaching and may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. For example, the CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation.

With laws and regulations such as the GDPR in the EU and the CCPA in the United States 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-, data protection- or information security-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 or enforcement actions, 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 platform.

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 results of operations 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 tax 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. 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 could, among other things, result in substantial tax payments, create significant administrative burdens for us, discourage potential customers from subscribing to our platform due to the incremental cost of any such sales or other related taxes, or otherwise harm our business.

We may be subject to liabilities on past sales for taxes, surcharges and fees.

We currently collect and remit applicable sales tax in jurisdictions where we, through our employees, have a presence and where we have determined, based on legal precedents in the jurisdiction, that sales of our platform are classified as taxable. We do not currently collect and remit other state and local excise, utility user and ad valorem taxes, fees or surcharges that may apply to our customers and hosts. We believe that we are not otherwise subject to, or required to collect, any additional taxes, fees or surcharges imposed by state and local jurisdictions because we do not have a sufficient physical presence or "nexus" in the relevant taxing jurisdiction or such taxes, fees, or surcharges do not apply to sales of our platform in the relevant taxing jurisdiction. However, there is uncertainty as to what constitutes sufficient physical presence or nexus for a state or local jurisdiction to levy taxes, fees and surcharges for sales made over the internet, and there is also uncertainty as to whether our characterization of our platform as not taxable in certain jurisdictions will be accepted by state and local taxing authorities. Additionally, we have not historically collected value-added tax (VAT) or goods and services tax (GST) on sales of our platform because we make all of our sales through our office in the United States, and we believe, based on information provided to us by our customers, that most of our sales are made to business customers.

Taxing authorities may challenge our position that we do not have sufficient nexus in a taxing jurisdiction or that our platform is not taxable in the jurisdiction and may decide to audit our business and operations with respect to sales, use, telecommunications, VAT, GST and other taxes, which could result in increased tax liabilities for us or our customers and hosts, which could harm our business.

The application of indirect taxes (such as sales and use tax, VAT, GST, business tax and gross receipt tax) to businesses that transact online, such as ours, is a complex and evolving area. Following the recent U.S. Supreme Court decision in *South Dakota v. Wayfair, Inc.*, states are now free to levy taxes on sales of goods and services based on an "economic nexus," regardless of whether the seller has a physical presence in the state. As a result, it may be necessary to reevaluate whether our activities give rise to sales, use and other indirect taxes as a result of any nexus in those states in which we are not currently registered to collect and remit taxes. Additionally, we may need to assess our potential tax collection and remittance liabilities based on existing economic nexus laws' dollar and transaction thresholds. We continue to analyze our exposure for such taxes and liabilities and have accrued \$29.2 million and \$20.8 million as of July 31, 2019 and January 31, 2019, respectively, for loss contingencies resulting from these potential taxes and liabilities. The application of existing, new, or future laws, whether in the U.S. or internationally, could harm our business. There have been, and will continue to be, substantial ongoing costs associated with complying with the various indirect tax requirements in the numerous markets in which we conduct or will conduct business.

We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in compliance with applicable laws.

Our platform and associated products are subject to various restrictions under U.S. export control and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations (EAR) and various economic

and trade sanctions regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). The U.S. export control laws and U.S. economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities, and also require authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements and have enacted or could enact laws that could limit our ability to distribute our platform or could limit our hosts' ability to implement our platform in those countries.

Although we take precautions to prevent our platform and associated products from being accessed or used in violation of such laws, we have inadvertently allowed our platform and associated products to be accessed or used by some customers in apparent violation of U.S. economic sanction laws. In addition, we may have inadvertently made our software products available to some customers, including users in embargoed or sanctioned countries, in apparent violation of the EAR. As a result, we have submitted initial and final voluntary self-disclosures concerning potential violations of U.S. sanctions and export control laws and regulations to OFAC and the U.S. Department of Commerce's Bureau of Industry and Security (BIS). As of July 31, 2019, OFAC and BIS issued us warning letters as their final enforcement responses to these potential violations but no fines or penalties were assessed. If we are found to be in violation of U.S. economic sanctions or export control laws in the future, it could result in fines and penalties. We may also be adversely affected through other penalties, reputational harm, loss of access to certain markets or otherwise. While we are working to implement additional controls designed to prevent similar activity from occurring in the future, these controls may not be fully effective.

Changes in our platform, or changes in export, sanctions and import laws, may delay the introduction and sale of subscriptions to our platform in international markets, prevent our customers with international operations from using our platform or, in some cases, prevent the access or use of our platform to and from certain countries, governments, persons or entities altogether. Further, any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations or change in the countries, governments, persons or technologies targeted by such regulations could result in decreased use of our platform or in our decreased ability to export or sell our platform to existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm our business.

We utilize our network of resellers to sell our products and services, and our failure to effectively develop, manage and maintain our indirect sales channels would harm our business.

Our future success depends on our continued ability to establish and maintain a network of channel relationships, and we expect that we will need to maintain and expand our network as we expand into international markets. A small portion of our revenue is derived from our network of sales agents and resellers, which we refer to collectively as resellers, many of which sell or may in the future decide to sell their own products and services or services from other communications solutions providers. Loss of or reduction in sales through these third parties could reduce our revenue. Our competitors may in some cases be effective in causing our reseller or potential reseller to favor their products and services or prevent or reduce sales of our products and services. Recruiting and retaining qualified resellers in our network and training them in our technology and product offerings requires significant time and resources. If we decide to further develop and expand our indirect sales channels, we must continue to scale and improve our processes and procedures to support these channels, including investment in systems and training. Many resellers may not be willing to invest the time and resources required to train their staff to effectively sell our platform. If we fail to maintain relationships with our resellers, fail to develop relationships with new resellers in new markets or expand the number of resellers in existing markets or fail to manage, train, or provide appropriate incentives to our existing resellers, our ability to increase the number of new customers and hosts and increase sales to existing customers could be adversely impacted, which would harm our business.

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 sell to customers globally and have international operations primarily in Australia, China and the United Kingdom. As we continue to expand our international operations, we will become more exposed to the effects of fluctuations in currency exchange rates. Although the majority of our cash generated from revenue is denominated in U.S. dollars, a small amount is denominated in foreign currencies, and our expenses are generally denominated in the currencies of the jurisdictions in which we conduct our operations. For the six months ended July 31, 2019 and 2018, 8.7% and 5.5% of our revenue, respectively, and 15.7% and 12.5% of our expenses, respectively, were denominated in currencies other than U.S. dollars. Because we conduct business in currencies other than U.S. dollars but report our results of operations in U.S. dollars, we also face remeasurement exposure 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.

Our sales to government entities are subject to a number of additional challenges and risks.

We expect to increase our sales to U.S. federal and state and foreign governmental agency customers. For example, we announced in May 2019 that we received authorization under the U.S. Federal Risk and Authorization Management Program (FedRAMP) which allows U.S. federal government agencies and contractors to securely use our Zoom for Government offering. The additional risks and challenges associated with doing business with governmental entities include, but are not limited to, the following:

- selling to governmental entities can be more competitive, expensive and time-consuming than selling to private entities, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale;
- government certification requirements may change, or we may be unable to achieve or sustain one or more government certifications, including FedRAMP, and in doing so restrict our ability to sell into the government sector until we have attained such certificates;
- governmental entities may have significant leverage in negotiations, thereby enabling such entities to demand contract terms that differ from what we generally agree to in our standard agreements, including, for example, most favored nation clauses; and
- government demand and payment for our products may be influenced by public sector budgetary cycles and funding authorizations, with funding reductions or delays having an adverse impact on public sector demand for our products.

To the extent that we become more reliant on contracts with government entities in the future, our exposure to such risks and challenges could increase, which in turn could adversely impact our business.

Our current products, as well as products, features and functionality that we may introduce in the future, may not be widely accepted by our customers and hosts or may receive negative attention or may require us to compensate or reimburse third parties, any of which may lower our margins and harm our business.

Our ability to engage, retain and increase our base of customers and hosts and to increase our revenue will depend on our ability to successfully create new products, features and functionality, both independently and together with third parties. We may introduce significant changes to our existing products or develop and introduce new and unproven products, including technologies with which we have little or no prior development or operating experience. These new products and updates may fail to engage, retain and increase our base of customers and hosts or may create lag in adoption of such new products. New products may initially suffer from performance and quality issues that may negatively impact our ability to market and sell such products to new and existing customers and hosts. The short- and long-term impact of any major change to our products, or the introduction of new products, is particularly difficult to predict. If new or enhanced products fail to engage, retain and increase our base of customers and hosts, we may fail to generate sufficient revenue, operating margin or other value to justify our investments in such products, any of which may harm our business in the short term, long term, or both. In addition, our current products, as well as products, features and functionality that we may introduce in the future, may require us to compensate or reimburse third parties. For example, our new cloud phone system, Zoom Phone, is a private branch exchange phone solution that requires us to compensate carriers that operate the public switched telephone network. As a result, a portion of the payments that we will receive from customers that will use our Zoom Phone product will be allocated towards compensating these telephone carriers, which lowers our margins for Zoom Phone as compared to our other products. In addition, new products that we introduce in the future may similarly require us to compensate or reimburse third parties, all of which would lower our profit margins for any such new products. If this trend continues with our new and existing products, including Zoom Phone, it could harm our business.

Estimates of our market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts for the market in which we compete, including those we have generated ourselves, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Not every organization covered by our market opportunity estimates will necessarily buy video communications platforms at all, and some or many of those organizations may choose to continue using legacy communication methods or point solutions offered by our competitors. It is impossible to build every product feature that every customer or host wants, and

our competitors may develop and offer features that our platform does not provide. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of the organizations covered by our market opportunity estimates will purchase our solutions at all or generate any particular level of revenue for us. Even if the market in which we compete meets the size estimates and growth forecasts, our business could fail to grow for a variety of reasons outside of our control, including competition in our industry. If any of these risks materialize, it could harm our business and prospects.

We may be subject to, or assist law enforcement with enforcement of, a variety of U.S. and international laws that could result in 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 may be subject to, or assist law enforcement with enforcement of, various laws, including those covering copyright, indecent content, child protection, consumer protection, telecommunications services, taxation and similar matters. There have been instances where improper or illegal content has been shared on our platform without our knowledge. As a service provider, we do not regularly monitor our platform to evaluate the legality of content shared on it. While to date we have not been subject to material legal or administrative actions as a 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 shared 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 shared on our platform. Such publicity would harm our business.

We are also subject to consumer protection laws that may affect 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 customers and attract new customers and hosts. 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 subscription, billing and auto-renewal policies. 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.

Our platform depends on the ability of our customers, hosts and users to access the internet, and our platform has been blocked or restricted in some countries for various reasons. 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 and the U.K. Bribery Act, 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 business.

Zoom Phone is subject to U.S. federal and international regulation, and other products we may introduce in the future may also be subject to U.S. federal, state or international laws, rules and regulations. Any failure to comply with such laws, rules and regulations could harm our business and expose us to liability.

Federal Regulation

Our recently introduced product, Zoom Phone, is provided through our wholly owned subsidiary, Zoom Voice Communications, Inc., which is regulated by the FCC as an interconnected voice over internet protocol (VoIP) service provider. As a result, Zoom Phone is subject to existing or potential FCC regulations, including but not limited to regulations relating to privacy, disability access, porting of numbers, federal Universal Service Fund (USF), contributions and other regulatory assessments, emergency calling/Enhanced 911 (E-911) and law enforcement access. Congress or the FCC may expand the scope of Zoom Phone's regulatory obligations at any time. In addition, FCC classification of Zoom Phone as a common carrier or telecommunications service could result in additional federal and state regulatory obligations. If we do not comply with any current or future state regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets or raise the price of our products, any of which could ultimately harm our business and results of operations. Any enforcement action by the FCC, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell Zoom Phone to our customers and harm our business.

State Regulation

State telecommunications regulation of Zoom Phone is generally preempted by the FCC. However, states are allowed to assess state USF contributions, E-911 fees and other surcharges. A number of states require us to contribute to state USF and pay E-911 and other assessments and surcharges, while others are actively considering extending their programs to include the products we offer. We generally pass USF, E-911 fees and other surcharges through to our customers where we are permitted to do so, which may result in our products becoming more expensive. We expect that state public utility commissions will continue their attempts to apply state telecommunications regulations to services like Zoom Phone. If we do not comply with any current or future state regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets or raise the price of our products, any of which could harm our business.

International Regulation

As we expand internationally, we may be subject to telecommunications, consumer protection, privacy, data protection and other laws and regulations in the foreign countries where we offer our products. In the future, we intend to offer Zoom Phone internationally. If we do not comply with any current or future international regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets or raise the price of our products, any of which could harm our business.

We are currently, and may be in the future, party to intellectual property rights claims and other litigation matters, which, if resolved adversely, could harm our business.

We protect our intellectual property through 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 and our platform. While we intend to defend these lawsuits vigorously and believe that we have valid defenses to these claims, litigation can be costly and time-consuming, divert the attention of our management and key personnel from our business operations and dissuade potential customers from subscribing to our services, which would harm our business. Furthermore, with respect to these lawsuits, there can be no assurances that favorable outcomes will be obtained. 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. In addition, our agreements with certain larger customers include certain provisions for indemnifying them against liabilities if our services infringe a third party's intellectual property rights, which could require us to make payments to our customers. During the course of any litigation or dispute, we may make announcements regarding the results of hearings and motions and other interim developments. If securities analysts and investors regard these announcements as negative, the market price of our Class A common stock may decline. 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 business could be harmed as a result.

Our failure to protect our intellectual property rights and proprietary information could diminish our brand and other intangible assets.

We primarily rely and expect to continue to rely on a combination of patent, patent licenses, trade secret and domain name protection, trademark 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. We make business decisions about when to seek patent protection for a particular technology and when to rely upon copyright or trade secret protection, and the approach we select may ultimately prove to be inadequate. Even in cases where we seek patent protection, there is no assurance that the resulting patents will effectively protect every significant feature of our products. In addition, we believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and maintaining goodwill. If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. 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, or develop similar technologies and processes. 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 would harm our business.

If we experience excessive fraudulent activity or cannot meet evolving credit card association merchant standards, we could incur substantial costs and lose the right to accept credit cards for payment, which could cause our customer and paid host base to decline significantly.

A large portion of our customers authorize us to bill their credit card accounts directly for our products. If customers pay for their subscriptions with stolen credit cards, we could incur substantial third-party vendor costs for which we may not be reimbursed. Further, our customers provide us with credit card billing information online or over the phone, and we do not review the physical credit cards used in these transactions, which increases our risk of exposure to fraudulent activity. We also incur charges, which we refer to as chargebacks, from the credit card companies for claims that the customer did not authorize the credit card transaction for our products, something that we have experienced in the past. If the number of claims of unauthorized credit card transactions becomes excessive, we could be assessed substantial fines for excess chargebacks, and we could lose the right to accept credit cards for payment. In addition, credit card issuers may change merchant standards, including data protection and documentation standards, required to utilize their services from time to time. If we fail to maintain compliance with current merchant standards or fail to meet new standards, the credit card associations could fine us or terminate their agreements with us, and we would be unable to accept credit cards as payment for our products. Our products may also be subject to fraudulent usage and schemes, including third parties accessing customer accounts or viewing and recording data from our communications solutions. These fraudulent activities can result in unauthorized access to customer accounts and data, unauthorized use of our products, and charges and expenses to customers for fraudulent usage. We may be required to pay for these charges and expenses with no reimbursement from the customer, and our reputation may be harmed if our products are subject to fraudulent usage. Although we implement multiple fraud prevention and detection controls, we cannot assure you that these controls will be adequate to protect against fraud. Substantial losses due to fraud or our inability to accept credit card payments would cause our customer base to significantly decrease and would harm our business.

Our business may be significantly impacted by a change in the economy, including any resulting effect on consumer or business spending.

Our business may be affected by changes in the economy generally, including any resulting effect on spending by our customers. While some of our customers may consider our platform to be a cost-saving purchase, decreasing the need for business travel, others may view a subscription to our platform as a discretionary purchase, and our customers may reduce their discretionary spending on our platform during an economic downturn. If an economic downturn were to occur, we may experience such a reduction in demand and loss of customers, especially in the event of a prolonged recessionary period.

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. In particular, our U.S. headquarters and some of the data centers we utilize are 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, or we could lose critical data. If we are unable to develop adequate plans to ensure that our business functions continue to operate during and after a disaster and to execute successfully on those plans in the event of a disaster or emergency, our business would be harmed.

We may have exposure to greater than anticipated tax liabilities, which could harm our business.

While to date we have not incurred significant income taxes in operating our business, 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 proportion of our 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 expense, changes in the valuation of, or our ability to use, deferred tax assets and liabilities, the applicability of withholding taxes and effects from acquisitions.

The provision for taxes on our financial statements could also be impacted by changes in accounting principles, changes in U.S. federal, state or international tax laws applicable to corporate multinationals such as the recent legislation enacted in Australia, the United Kingdom and the United States, other fundamental changes in law currently being considered by many countries and changes in taxing jurisdictions' administrative interpretations, decisions, policies and positions.

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 business could be harmed. We may also be subject to additional tax liabilities due to changes in non-income based taxes resulting from changes in 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, 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.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of January 31, 2019, we had \$26.9 million of U.S. federal and \$10.7 million of state net operating loss carryforwards available to reduce future taxable income, which will begin to expire in 2032 for federal and 2027 for state tax purposes. It is possible that we will not generate taxable income in time to use these net operating loss carryforwards before their expiration or at all. Under legislative changes made in December 2017, U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely, but the deductibility of such net operating losses is limited. It is uncertain if and to what extent various states will conform to the newly enacted federal tax law. In addition, the federal and state net operating loss carryforwards and certain tax credits may be subject to significant limitations under Section 382 and Section 383 of the Internal Revenue Code of 1986, as amended (the "Code"), respectively, and similar provisions of state law. Under those sections of 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 or tax 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. We have completed a Section 382 calculation and have determined that none of the operating losses will expire solely due to Section 382 limitation(s). However, we may experience ownership changes as a result of our initial public offering or in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our net operating loss carryforwards and tax credits is materially limited, it would harm our business by effectively increasing our future tax obligations.

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 (FASB), the Securities and Exchange Commission (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. For example, we adopted *Accounting Standards Update (ASU) No. 2016-02 (Topic 842), Leases* (ASU 2016-02), effective as of February 1, 2019. See Note 1 to our condensed consolidated financial statements for more information. It is also difficult to predict the impact of future changes to accounting principles or our accounting policies, any of which could harm our business.

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 and cash generated from our operations. Although we currently anticipate that our existing cash and cash equivalents 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. 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 use of third-party 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 third-party open source software, and we may incorporate third-party open source software in the future. Open source software is generally licensed by its authors or other third parties under open source licenses. From time to time, companies that use third-party open source software have faced claims challenging the use of such open source software and requesting compliance with the open source software license terms. Accordingly, we may be subject to suits by parties claiming ownership of what we believe to be open source software or claiming non-compliance with the applicable open source licensing terms. Some open source software licenses require end-users who use, distribute or make available across a network software and services that include open source software to offer aspects of the technology that incorporates the open source software for no cost. We may also be required to make publicly available source code (which in some circumstances could include valuable proprietary code) for modifications or derivative works we create based upon, incorporating or using the open source software and/or to 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. While we employ practices designed to monitor our compliance with the licenses of third-party open source software and protect our valuable proprietary source code, we may inadvertently use third-party open source software in a manner that exposes us to claims of non-compliance with the terms of their licenses, including claims of intellectual property rights infringement or for breach of contract. Furthermore, there exists today an increasing number of types of open source software licenses, almost none of which have been tested in courts of law to provide guidance of their proper legal interpretations. If we were to receive a claim of non-compliance with the terms of any of these open source licenses, we may be required to publicly release certain portions of our proprietary source code. We could also be required to expend substantial time and resources to re-engineer some of our software. Any of the foregoing could disrupt and harm our business.

In addition, the use of third-party open source software typically exposes us to greater risks than the use of third-party commercial software because open source licensors generally do not provide warranties or controls on the functionality or origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to compromise our platform. Any of the foregoing could harm our business and could help our competitors develop products and services that are similar to or better than ours.

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 Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules and regulations of the applicable listing standards of The Nasdaq Stock Market. 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 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.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and

require that we establish new business processes, systems and controls to accommodate such changes. We have limited experience with implementing the systems and controls that will be necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business 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 we will eventually be required to include 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 The Nasdaq Stock Market. We will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until our first annual report filed with the SEC where we are an accelerated filer or a large accelerated filer. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business and could cause a decline in the trading price of our Class A common stock.

We may acquire other businesses or receive offers to be acquired, which could require significant management attention, disrupt our business or dilute stockholder value.

We may in the future make acquisitions of other companies, products and technologies. We have limited experience in acquisitions. We may not be able to find suitable acquisition candidates and we may not be able to complete acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by users, developers or investors. 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 our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management and disrupt the ordinary functioning of our business, and we may not be able to manage the process successfully, which could harm our business. In addition, we may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges.

We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition, 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.

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.

Prior to our initial public offering, there was no public market for shares of our Class A common stock. The trading price of our Class A common stock is likely to be volatile and could be subject to fluctuations in response to various factors, some of which are beyond our control. These fluctuations could cause you to lose all or part of your investment in our Class A common stock. Factors that could cause fluctuations in the trading price of our Class A common stock include 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 developments in our business, our competitors' businesses or the competitive landscape generally;
- 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 acquisitions of businesses, products, services or technologies 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; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and in the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with those stockholders who held our stock prior to our initial public offering, including our executive officers, employees and directors and their affiliates, limiting your ability to influence corporate matters.

Our Class B common stock has 10 votes per share and our Class A common stock has one vote per share. As of July 31, 2019, the holders of our outstanding Class B common stock held 97.8% of the voting power of our outstanding capital stock, with our directors, executive officers and 5% stockholders and their respective affiliates holding 63.0% of such voting power in the aggregate. As of July 31, 2019, our founder, President and Chief Executive Officer, Eric S. Yuan, together with his affiliates, held approximately 17.0% of our outstanding capital stock but controlled approximately 20.2% of the voting power of our outstanding capital stock. Therefore, these holders have significant influence over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of Zoom or our assets, for the foreseeable future. Each share of Class B common stock will be automatically converted into one share of Class A common stock upon the earliest of (i) the date that is six months following the death or incapacity of Mr. Yuan, (ii) the date that is six months following the date that Mr. Yuan is no longer providing services to us or his employment is terminated for cause, (iii) the date specified by the holders of a majority of the then outstanding shares of Class B common stock, voting as a separate class, and (iv) the 15-year anniversary of the closing of our initial public offering.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than a majority of the outstanding shares of our common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, Mr. Yuan retains a significant portion of his holdings of Class B common stock for an extended period of time, he could, in the future, control a majority of the combined voting power of our Class A and Class B common stock. As a board member, Mr. Yuan owes a fiduciary duty to our stockholders and must act in good faith in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, even a controlling stockholder, Mr. Yuan is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally.

In addition, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our stock. These policies are new, and it is as of yet unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from the indices, but it is possible that they may depress these valuations or depress our trading volume compared to those of other similar companies that are included.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell Class A common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, investors may be materially diluted. New investors in such subsequent transactions could gain rights, preferences and privileges senior to those of holders of our Class A common stock.

Substantial future sales of shares of our Class A common stock and Class B common stock could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock and Class B common stock (after automatically converting to Class A common stock) in the public market, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. All of the shares of common stock sold in our initial public offering are freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our "affiliates" as defined in Rule 144 under the Securities Act. Substantially all of our outstanding shares of Class A common stock and Class B common stock prior to our initial public offering are currently restricted from resale as a result of market standoff agreements with us and "lock-up" agreements that have been entered into with Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC in connection with our initial public offering. These shares will become available to be sold 181 days after the date of the final prospectus used in connection with our initial public offering. Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Goldman Sachs & Co. LLC may, in their discretion, permit our stockholders to sell shares prior to the expiration of the restrictive provisions contained in those lock-up agreements. Shares held by directors, executive officers, and other affiliates will be subject to volume limitations under Rule 144 under the Securities Act of 1933, as amended, or the Securities Act, and various vesting agreements.

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management or hinder efforts to acquire a controlling interest in us, and the market price of our Class A common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of Zoom, even if a change in control was considered favorable by our stockholders.

Our charter documents also contain other provisions that could have an anti-takeover effect, such as:

- establishing a classified board of directors so that not all members of our board of directors are elected at one time;
- permitting the board of directors to establish the number of directors and fill any vacancies and newly created directorships;

- providing that directors may only be removed for cause;
- prohibiting cumulative voting for directors;
- requiring super-majority voting to amend some provisions in our certificate of incorporation and bylaws;
- authorizing the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- eliminating the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders; and
- our dual class common stock structure as described above.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibit a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Any provision in our certificate of incorporation or our bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock and could also affect the price that some investors are willing to pay for our Class A common stock.

Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, to the extent enforceable, the federal district courts of the United States of America as the exclusive forums for certain disputes between us and our stockholders, 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 certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf, (ii) 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, (iii) 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 (iv) 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 (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. In addition, our amended and restated certificate of incorporation will provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, subject to and contingent upon a final adjudication in the State of Delaware of the enforceability of such exclusive forum provision.

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 these provisions. 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 a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations. For example, the Court of Chancery of the State of Delaware recently determined that the exclusive forum provision of federal district courts of the United States of America for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. However, this decision may be reviewed and ultimately overturned by the Delaware Supreme Court. If this ultimate adjudication were to occur, we would enforce the federal district court exclusive forum provision in our amended and restated certificate of incorporation.

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 depends 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 commence 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 might cause the price and trading volume of our Class A common stock to decline.

We incur costs and demands upon management as a result of complying with the laws and regulations affecting public companies in the United States, which may harm our business.

As a public company listed in the United States, we incur significant additional legal, accounting and other expenses. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the SEC and The Nasdaq Stock Market, may increase legal and financial compliance costs and make some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts, we fail to comply with new laws, regulations and standards, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Failure to comply with these rules might also make it more difficult for us to obtain certain types of insurance, including director and officer liability insurance, and we might be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events would also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management.

We are an "emerging growth company," and we intend to comply only with reduced disclosure requirements applicable to emerging growth companies. As a result, our Class A common stock could be less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act, and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company until the earlier of (i) the last day of the fiscal year (a) following the fifth anniversary of the completion of our initial public offering, (b) in which we have total annual gross revenue of over \$1.07 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock held by non-affiliates exceeds \$700 million as of the prior July 31 and (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the prior three-year period. We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. If some investors find our Class A common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class A common stock, and our stock price may be more volatile.

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 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.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Use of Proceeds

The Registration Statement on Form S-1 (File No. 333-230444) (the "Form S-1") for the IPO was declared effective by the SEC on April 17, 2019, pursuant to which we sold 13,041,869 shares of our Class A common stock, including 3,130,435 shares sold pursuant to the underwriters' full exercise of their right to purchase additional shares, at a public offering price of \$36.00 per share.

There has been no material change in the planned use of proceeds from the IPO as described in our Prospectus.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Not applicable.

Item 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	File No.	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Zoom Video Communications, Inc.	8-K	001-38865	April 23, 2019
3.2	Amended and Restated Bylaws of Zoom Video Communications, Inc.	S-1/A	333-230444	April 8, 2019
10.1*	Zoom Video Communications, Inc. Non-Employee Director Compensation Policy			
10.2*	Zoom Video Communications, Inc. 2019 Equity Incentive Plan Global Restricted Stock Unit Award Grant Notice for Executive Officers			
10.3*	Zoom Video Communications, Inc. 2019 Equity Incentive Plan Non-Employee Director Global Restricted Stock Unit Award Grant Notice			
10.4*	Offer Letter by and between Zoom Video Communications, Inc. and Ryan Azus dated June 29, 2019			
10.5*	Fourth Amendment to Lease Agreement by and between Zoom Video Communications, Inc. and KBSIII Almaden Financial Plaza, LLC dated May 13, 2019			
31.1*	Certification of Chief 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 Chief 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.			
101.INS*	XBRL Instance Document			
101.SCH*	XBRL Taxonomy Extension Schema Document			
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document			

* Filed herewith.

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant 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 Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

ZOOM VIDEO COMMUNICATIONS, INC.

Date: September 12, 2019

By: /s/ Eric S. Yuan

Eric S. Yuan

President and Chief Executive Officer

(Principal Executive Officer)

Date: September 12, 2019

By: /s/ Kelly Steckelberg

Kelly Steckelberg

Chief Financial Officer

(Principal Financial Officer)

ZOOM VIDEO COMMUNICATIONS, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the “*Board*”) who is not also serving as an employee of or consultant to Zoom Video Communications, Inc. (the “*Company*”) or any of its subsidiaries (each such member, an “*Eligible Director*”) will receive the compensation described in this Non-Employee Director Compensation Policy (this “*Policy*”) for his or her Board service. This Policy is effective commencing as of May 1, 2019 (the “*Effective Date*”) and may be amended at any time in the sole discretion of the Board or the Compensation Committee of the Board. An Eligible Director may decline all or any portion of his or her compensation by giving notice to the Company prior to the date cash may be paid or equity awards are to be granted, as the case may be.

Annual Cash Compensation

Each Eligible Director will be eligible to receive the annual cash compensation amounts set forth below effective upon (i) such Eligible Director’s first election or appointment to the Board, in the case of an Eligible Director not serving on the Board on the Effective Date; (ii) the Effective Date, in the case of an Eligible Director serving on the Board on the Effective Date who holds an unvested Company equity award on the Effective Date; or (iii) such Eligible Director’s first re-election to the Board after the Effective Date, in the case of an Eligible Director serving on the Board on the Effective Date who does not hold an unvested Company equity award on the Effective Date (such applicable date that an Eligible Director first becomes eligible to receive annual cash compensation under this Policy, the “*Eligibility Date*”).

If an Eligible Director’s Eligibility Date is other than the first day of a fiscal quarter of the Company, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year following the Eligibility Date, with the pro-rated amount paid for the first fiscal quarter that includes the Eligibility Date and regular full quarterly payments thereafter; provided, however, that if the Eligible Director leaves service prior to the last day of a fiscal quarter, the fee for such fiscal quarter will be pro-rated. All annual cash fees are vested upon payment and are payable to such Eligible Directors in equal quarterly installments in arrears on the last day of each of the Company’s fiscal quarters in which the service occurred, beginning with service commencing as of the Effective Date.

1. Annual Board Service Retainer:
 - a. All Eligible Directors: \$30,000
 - b. Chairman of the Board Service Retainer (in addition to Eligible Director Service Retainer): \$13,500
 - c. Lead Independent Director (in addition to Eligible Director Service Retainer): \$13,500
2. Annual Committee Chair Service Retainer (in addition to Committee Member Service Retainer):
 - a. Chairman of the Audit Committee: \$10,000
 - b. Chairman of the Compensation Committee: \$7,000
 - c. Chairman of the Nominating and Corporate Governance Committee: \$3,500
3. Annual Committee Member Service Retainer:
 - a. Member of the Audit Committee: \$10,000
 - b. Member of the Compensation Committee: \$7,000
 - c. Member of the Nominating and Corporate Governance Committee: \$3,500

Equity Compensation

The equity compensation set forth below will be granted under the Company's 2019 Equity Incentive Plan or any successor plan (the "**Plan**"). All equity compensation granted under this Policy will be in the form of Restricted Stock Units ("**RSUs**") (as defined in the Plan). All RSUs granted under this Policy will vest in installments as described below subject to the Eligible Director's Continuous Services (as defined in the Plan) through such vesting dates on the terms specified below; provided, however, that all RSUs granted under this Policy will accelerate and vest in full upon (i) the Eligible Director's death or Disability (as defined in the Plan) or (ii) a Change in Control (as defined in the Plan), subject in each case to the Eligible Director's Continuous Service through such date.

1. **Initial Grant:** For each Eligible Director who is first elected or appointed to the Board following the Effective Date, on the date of such Eligible Director's initial election or appointment to the Board (or, if such date is not a market trading day, the first market trading day thereafter) (the "**Initial Grant Date**"), such Eligible Director will be automatically, and without further action by the Board or Compensation Committee of the Board, granted RSUs (the "**Initial Grant RSUs**"). The number of Initial Grant RSUs will be determined based on the applicable scheduled length of the term of the Eligible Director's initial election or appointment to the Board (the "**Initial Term**"). The Initial Grant RSUs will have an aggregate grant date fair value (as calculated in accordance with ASC Topic 718) that is equal to \$450,000 multiplied by the percentage obtained by dividing the total number of expected calendar days in the Initial Term by the total number of calendar days following the date of Eligible Director's initial election or appointment to the Board through and including the third anniversary of such election or appointment date.

The Initial Grant RSUs will vest in substantially equal quarterly installments measured from the Initial Grant Date over the applicable expected Initial Term (each a "**Vesting Date**"), provided that, if the annual meeting of the Company's stockholders (the "**Annual Meeting**") at which the scheduled Initial Term ends occurs prior to the last scheduled quarterly Vesting Date for the Initial Grant RSUs, the Initial Grant RSUs shall become fully vested as of the day immediately preceding such Annual Meeting. Vesting of the Initial Grant RSUs is subject in all cases to the Eligible Director's Continuous Service (as defined in the Plan) through each such applicable Vesting Date.

2. **Interim Grant.** For each Eligible Director serving on the Board who holds an unvested Company equity award on the Effective Date, on the date immediately following the date that each Company equity award that was outstanding on the Effective Date and held by such Eligible Director becomes fully vested with respect to all shares subject to such equity award (the "**Final Vesting Date**") (or, if such date immediately following the Final Vesting Date is not a market trading day, the first market trading day thereafter), such Eligible Director will be automatically, and without further action by the Board or Compensation Committee of the Board, granted RSUs (the "**Interim Grant RSUs**") on such date (the "**Interim Grant Date**"). The number of Interim Grant RSUs will be determined based on the applicable scheduled remaining length of the term of the Eligible Director's service on the Board following the Final Vesting Date (the "**Interim Term**"). The Interim Grant RSUs will have an aggregate grant date fair value (as calculated in accordance with ASC Topic 718) that is equal to \$450,000 multiplied by the percentage obtained by dividing the total number of expected calendar days in the Interim Term by the total number of calendar days following the Final Vesting Date through and including the third anniversary of the Final Vesting Date.

The Interim Grant RSUs will vest in substantially equal quarterly installments measured from the Interim Grant Date over the applicable expected Interim Term (each a "**Vesting Date**"), provided that, if the Annual Meeting at which the scheduled Interim Term ends occurs prior to the last scheduled quarterly Vesting Date for the Interim Grant RSUs, the Interim Grant RSUs shall become fully vested as of the day immediately preceding

such Annual Meeting. Vesting of the Interim Grant RSUs is subject in all cases to the Eligible Director's Continuous Service (as defined in the Plan) through each such applicable Vesting Date.

3. Refresher Grants: On the date of each Annual Meeting held after the Effective Date, each Eligible Director who: (i) is nominated to be re-elected to the Board to serve a three-year term at such Annual Meeting (the "**Re-Elected Term**"), (ii) continues to serve as a non-employee member of the Board following such Annual Meeting, and (iii) does not hold any outstanding Company equity award which remains unvested with respect to any shares subject to such equity award as of the date of such Annual Meeting will be automatically, and without further action by the Board or Compensation Committee of the Board, granted RSUs (the "**Refresher Grant**") with an aggregate grant date fair value (as calculated in accordance with ASC Topic 718) of \$450,000.

The shares subject to each Refresher Grant will vest in substantially equal quarterly installments over the applicable expected Re-Elected Term (each a "**Vesting Date**"), provided that, if the Annual Meeting at which the scheduled Re-Elected Term ends occurs prior to the last scheduled quarterly Vesting Date for the Refresher Grant, the Refresher Grant shall become fully vested as of the day immediately preceding such Annual Meeting. Vesting of the Refresher Grant is subject in all cases to the Eligible Director's Continuous Service (as defined in the Plan) through each such applicable vesting date.

**ZOOM VIDEO COMMUNICATIONS, INC.
GLOBAL RSU AWARD GRANT NOTICE
(2019 EQUITY INCENTIVE PLAN)**

Zoom Video Communications, Inc. (the “*Company*”) has awarded you (the “*Participant*”) the number of restricted stock units specified and on the terms set forth below in consideration of your services (the “*RSU Award*”). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company’s 2019 Equity Incentive Plan (the “*Plan*”) and the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached thereto (the “*Agreement*”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Stock Units: _____

Vesting Schedule: Subject to the Participant’s Continuous Service through each applicable vesting date, the restricted stock units subject to the RSU Award will vest as follows:

[New Hire Grants—1/4th of the restricted stock units shall vest on the first anniversary of the Vesting Commencement Date. Thereafter 1/16th of the restricted stock units shall vest every three months following the first anniversary of the Vesting Commencement Date on the day of the calendar month that corresponds with the Vesting Commencement Date such that the RSU Award is fully vested on the fourth anniversary of the Vesting Commencement Date.]

[Refresher Grants--1/16th of the restricted stock units shall vest every three months following the Vesting Commencement Date on the day of the calendar month that corresponds with the Vesting Commencement Date such that the RSU Award is fully vested on the fourth anniversary of the Vesting Commencement Date.]

Notwithstanding the foregoing, the RSU Award will fully vest upon Participant’s death or Disability, subject to the Participant’s Continuous Service through such death or Disability.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- 1.

Exhibit 10.2

[Executives]

- The RSU Award is governed by this Global RSU Award Grant Notice (the “*Grant Notice*”), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the “*RSU Award Agreement*”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- To the fullest extent permitted under the Plan and applicable law, withholding taxes applicable to the RSU Award will be satisfied through the sale of a number of the shares issuable in settlement of the RSU Award as determined in accordance with Section 4 of the Agreement and the remittance of the cash proceeds to the Company. Under the Agreement, the Company or, if different, your employer shall make payment from the cash proceeds of this sale directly to the appropriate tax or social security authorities in an amount equal to the taxes required to be remitted. ***The mandatory sale of shares to cover withholding taxes is imposed by the Company on you in connection with your receipt of this RSU Award.***
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award, and (iii) the Company’s Incentive Compensation Recoupment Policy, any clawback policy that the Company is required to adopt 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 Law, and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law.

ZOOM VIDEO COMMUNICATIONS, INC.

PARTICIPANT:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Global RSU Award Agreement, 2019 Equity Incentive Plan, Prospectus

ATTACHMENT I

ZOOM VIDEO COMMUNICATIONS, INC.

2019 EQUITY INCENTIVE PLAN

GLOBAL RSU AWARD AGREEMENT

As reflected by your Global RSU Award Grant Notice (“*Grant Notice*”) Zoom Video Communications, Inc. (the “*Company*”) has granted you a RSU Award under its 2019 Equity Incentive Plan (the “*Plan*”) for the number of restricted stock units as indicated in your Grant Notice (the “*RSU Award*”). The terms of your RSU Award as specified in the Global RSU Award Agreement, including any additional terms and conditions for your country included in the appendix attached hereto (the “*Agreement*”) and the Grant Notice constitute your “*RSU Award Agreement*”. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your RSU Award,

(b) Section 9(e) regarding the Company’s or your employer’s retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award, and

(c) Section 8(c) regarding the tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “*Restricted Stock Units*”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

[Executives]

3. **DIVIDENDS.** You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the “*Dividend Units*”), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

4. **WITHHOLDING OBLIGATIONS.**

(a) You acknowledge that, regardless of any action taken by the Company, or if different, the Affiliate employing or engaging you (the “*Employer*”), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (the “*Tax-Related Items*”) is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including, but not limited to, the grant of the RSU Award, the vesting of the RSU Award, the issuance of shares in settlement of vesting of the RSU Award, the subsequent sale of any shares of Common Stock acquired pursuant to the RSU Award and the receipt of any dividends or Dividend Units; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(b) On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with Applicable Law, you agree to make adequate provision for any sums required to satisfy the withholding obligations of the Company, the Employer or any Affiliate in connection with any Tax-Related Items that arise in connection with your RSU Award (the “*Withholding Taxes*”). The Company shall arrange a mandatory sale (on your behalf pursuant to your authorization under this section and without further consent) of the shares of Common Stock issued in settlement upon the vesting of your Restricted Stock Units in an amount necessary to satisfy the Withholding Taxes and shall satisfy the Withholding Taxes by withholding from the proceeds of such sale (the “*Mandatory Sell to Cover*”). You hereby acknowledge and agree that the Company shall have the authority to administer the Mandatory Sell to Cover arrangement in its sole discretion with a registered broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”) as the Company may select as the agent (the “*Agent*”) who will sell on the open market at the then prevailing market

[Executives]

price(s), as soon as practicable on or after each date on which your Restricted Stock Units vest, the number (rounded up to the next whole number) of the shares of Common Stock to be delivered to you in connection with the vesting of the Restricted Stock Units sufficient to generate proceeds to cover (A) the Withholding Taxes that you are required to pay pursuant to the Plan and this Agreement as a result of the vesting of the Restricted Stock Units (or shares being issued thereunder, as applicable) and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto any remaining funds shall be remitted to you.

(c) If, for any reason, such Mandatory Sell to Cover does not result in sufficient proceeds to satisfy the Withholding Taxes, the Company or an Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes relating to your RSU Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or the Employer; (ii) causing you to tender a cash payment (which may be in the form of a check, electronic wire transfer or other method permitted by the Company); or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with your Restricted Stock Units with a fair market value (measured as of the date shares of Common Stock are issued to you) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Company's Board or Compensation Committee.

(d) Unless the tax withholding obligations of the Company and/or any Affiliate with respect to the Tax-Related Items are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(e) In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Tax-Related Items withholding obligation was greater than the amount withheld by the Company or your Employer, you agree to indemnify and hold the Company and your Employer harmless from any failure by the Company or your Employer to withhold the proper amount.

(f) You acknowledge that the Mandatory Sell to Cover is imposed by the Company on you pursuant to the terms of the RSU Award.

(g) The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts, or other applicable withholding rates, including maximum applicable rates in your jurisdiction(s). If the maximum rate is used, any over-withheld amount may be refunded to you in cash by the Company or Employer (with no entitlement to the equivalent in shares of Common Stock), or if not refunded, you may seek a refund from the local tax authorities. You must pay to the Company and/or the Employer any

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amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligations set forth in this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s). The issuance date determined by this paragraph is referred to as the “*Original Issuance Date*”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day or to the extent not administratively feasible, as soon as practicable thereafter (but for the avoidance of doubt, in no event later than the later of (i) the 15th day of the third month following the end of the calendar year in which the Restricted Stock Units vest, or (ii) the 15th day of the third month following the end of the Company’s fiscal year in which the Restricted Stock Units vest).

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

6. NATURE OF GRANT. In accepting the RSU Award, you acknowledge, understand and agree that:

(a) 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;

(b) the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, other equity awards or benefits in lieu of equity awards, even if equity awards have been granted in the past;

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

(d) the RSU Award grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;

(e) you are voluntarily participating in the Plan;

(f) the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

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(g) the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the shares of Common Stock underlying the RSU Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the RSU Award vests and you are issued shares of Common Stock, the value of such shares of Common Stock may increase or decrease in value following the date the shares are issued; even below the Fair Market Value on the date the RSU Award is granted to you;

(j) for purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (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 you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and will not be extended by any notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);

(l) unless otherwise agreed with the Company in writing, the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or any Affiliate; and

(m) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSU Award or the subsequent sale of any shares of Common Stock acquired upon settlement of the RSU Award.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution

8. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without

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limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. CLAWBACK/RECOVERY. Your RSU Award and any shares issued in settlement of your RSU Award will be subject to recoupment in accordance with: (i) the Company's Incentive Compensation Recoupment Policy, (ii) any clawback policy that the Company is required to adopt 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 Law, and (iii) any clawback policy that the Company otherwise adopts, in each case to the extent applicable and permissible under Applicable Law. No recovery of compensation under such a clawback policy will be an event giving rise to your right to voluntary terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

11. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

12. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

13. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

14. DATA PRIVACY. *By signing the Grant Notice or otherwise accepting this Agreement in accordance with the Company's acceptance procedures, you declare that you agree with the data processing practices described herein and consent to the collection, processing and use of your Personal Data (as defined below) by the Company and the transfer of your Personal Data to the recipients mentioned herein, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described herein.*

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(a) **Declaration of Consent.** *You understand that you need to review the following information about the processing of your personal data by or on behalf of the Company, the Employer and/or any Affiliate, as described herein, and any other RSU Award materials (the “Personal Data”) and declare your consent. With regard to the processing of your Personal Data in connection with the Plan, you understand that the Company is the controller of the Personal Data.*

(b) **Data Processing and Legal Basis.** *The Company collects, uses and otherwise processes your Personal Data for the purposes of allocating shares of Common Stock and implementing, administering and managing the Plan. You understand that this Personal Data may include, without limitation, your name, home address and telephone number, email address, date of birth, social insurance number, passport number or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of Common Stock or directorships held in the Company or its Subsidiaries, details of all RSU Awards or any other entitlement to shares of Common Stock or equivalent benefits awarded, canceled, exercised, vested, unvested or outstanding in your favor. The legal basis for the processing of your Personal Data will be your consent.*

(c) **Stock Plan Administration Service Providers.** *You understand that the Company may transfer your Personal Data, or parts thereof, to E*Trade Financial Corporate Services, Inc. (and its affiliated companies), an independent service provider based in the United States which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share your Personal Data with such different service provider that serves the Company in a similar manner. You understand and acknowledge that the Company’s service provider may open an account for you to receive and trade shares of Common Stock acquired under the Plan and that you will be asked to agree on separate terms and data processing practices with the service provider, which is a condition of your ability to participate in the Plan.*

(d) **International Data Transfers.** *You understand that the Company and, as of the date hereof, any third parties assisting in the implementation, administration and management of the Plan, such as the Company’s service providers, are based in the United States. If you are located outside the United States, you understand and acknowledge that your country has enacted data privacy laws that are different from the laws of the United States. For example, the European Commission has issued only a limited adequacy finding with respect to the United States that applies solely if and to the extent that companies self-certify and remain self-certified under the EU/U.S. Privacy Shield program. Otherwise, transfers of personal data from the EU to the United States can be made on the basis of Standard Contractual Clauses approved by the European Commission or other appropriate safeguards permissible under the Applicable Law. If you are located in the EU or EEA, the Company may receive, process and transfer your Personal Data onward to third-party service providers solely on the basis of appropriate data transfer agreements or other appropriate safeguards permissible under Applicable Law. If applicable, you understand that you can ask for a copy of the appropriate data processing agreements underlying the transfer of your Personal Data by contacting your local human resources representative. The Company’s legal basis for the transfer of your Personal Data is your consent.*

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(e) Data Retention. You understand that the Company will use your Personal Data only as long as is necessary to implement, administer and manage your participation in the Plan, or to comply with legal or regulatory obligations, including under tax and securities laws. In the latter case, you understand and acknowledge that the Company's legal basis for the processing of your Personal Data would be compliance with Applicable Law or the pursuit by the Company of respective legitimate interests not outweighed by your interests, rights or freedoms. When the Company no longer needs your Personal Data for any of the above purposes, you understand the Company will remove it from its systems.

(f) Voluntariness and Consequences of Denial/Withdrawal of Consent. You understand that your participation in the Plan and your grant of consent is purely voluntary. You may deny or later withdraw your consent at any time, with future effect and for any or no reason. If you deny or later withdraw your consent, the Company can no longer offer you participation in the Plan or offer other awards to you or administer or maintain such awards and you would no longer be able to participate in the Plan. You further understand that denial or withdrawal of your consent would not affect your status or salary as an employee or your career and that you would merely forfeit the opportunities associated with the Plan.

(g) Data Subject Rights. You understand that data subject rights regarding the processing of personal data vary depending on the Applicable Law and that, depending on where you are based and subject to the conditions set out in the Applicable Law, you may have, without limitation, the rights to (i) inquire whether and what kind of Personal Data the Company holds about you and how it is processed, and to access or request copies of such Personal Data, (ii) request the correction or supplementation of Personal Data about you that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Personal Data no longer necessary for the purposes underlying the processing, processed based on withdrawn consent, processed for legitimate interests that, in the context of your objection, do not prove to be compelling, or processed in non-compliance with applicable legal requirements, (iv) request the Company to restrict the processing of your Personal Data in certain situations where you feel its processing is inappropriate, (v) object, in certain circumstances, to the processing of Personal Data for legitimate interests, and to (vi) request portability of your Personal Data that you have actively or passively provided to the Company (which does not include data derived or inferred from the collected data), where the processing of such Personal Data is based on consent or your employment or service agreement and is carried out by automated means. In case of concerns, you understand that you may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of your rights, you should contact your local human resources representative.

(h) Alternate Basis and Additional Consents. Finally, you understand that the Company may rely on a different basis for the processing or transfer of Personal Data in the future and/or request that you provide another data privacy consent. If applicable, you agree that upon request of the Company or the Employer, you will provide an executed acknowledgement or data privacy consent form (or any other agreements or consents) that the

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Company and/or the Employer may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

15. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other documents 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.

16. VENUE. For purposes of any action, lawsuit or other proceeding brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts where this grant is made and/or to be performed.

17. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*i.e.*, RSU Awards) or rights linked to the value of the shares of Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you 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 Trading Policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

18. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your

responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

19. COUNTRY-SPECIFIC PROVISIONS. Notwithstanding any provisions of this Agreement to the contrary, if you reside or are employed outside of the United States, the RSU Award shall be subject to any terms and conditions for your country of residence (and country of employment, if different) set forth in the appendix attached hereto (the “*Appendix*”). Further, if you transfer residence and/or employment to another country reflected in the Appendix, the terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

20. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company’s Trading Policy.

22. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

**APPENDIX
TO THE
ZOOM VIDEO COMMUNICATIONS, INC.
2019 EQUITY INCENTIVE PLAN
GLOBAL RSU AWARD AGREEMENT**

Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the Global RSU Award Agreement.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the RSU Award granted to you under the Plan if you are an employee that works or resides outside the U.S. and/or in one of the countries listed below. If you are a citizen or resident of a country other than the one in which you are currently working and/or residing, transfer employment and/or residency to another country after the date of grant, are a consultant, change employment status to a consultant position, or are considered a resident of another country for local law purposes, the Company shall, in its discretion, determine the extent to which the special terms and conditions contained herein shall be applicable to you. References to your Employer shall include any entity that engages your services.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is provided solely for your convenience and is based on the securities, exchange control and other laws in effect in the respective countries as of April 2019. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date by the time you vest in the RSU or sell any shares of Common Stock acquired upon settlement of the vested RSU.

In addition, the information contained in this Appendix is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the applicable laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer to another country after the date of grant, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

AUSTRALIA***Notifications***

Tax Conditions. Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies to the RSU Award granted under the Plan, such that the RSU Award is intended to be subject to deferred taxation.

Australian Offer Document. The offering of the Plan in Australia is intended to qualify for an exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Additional details are set forth in the Offer Document for the offer of RSU Awards to Australian Resident Employees, which was provided to you with this RSU Award Agreement.

Exchange Control Information. If you are an Australian resident, exchange control reporting is required for cash transactions exceeding AUD10,000 and international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on your behalf. If there is no Australian bank involved with the transfer, you will be required to file the report.

CANADA***Terms and Conditions***

Termination. The following provision replaces Section 5(j) of the Global RSU Award Agreement in its entirety:

(j) In the event of the termination of your Continuous Service (whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), unless otherwise provided in the RSU Award Agreement or determined by the Company, your right to vest in the RSU Award under the Plan will terminate effective as of the earlier of (i) the date upon which you cease to provide services, or (ii) the date upon which you receive a notice of termination and will not in either case be extended by any contractual notice period in which you do not actively provide services or any period of pay in lieu of such notice (including, but not limited to Canadian statutory law, regulatory law and/or common law) mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any; the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that this agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

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Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 14 of the Global RSU Award Agreement:

You hereby authorize the Company or any Affiliate, including the Employer, and any agents or representatives to (i) discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan, and (ii) disclose and discuss any and all information relevant to the Plan with their advisors. You further authorize the Company or any Affiliate, including the Employer, and any agents or representatives to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You are permitted to sell shares of Common Stock acquired under the Plan through the designated broker appointed under the Plan, if any, provided the resale of shares of Common Stock acquired under the Plan takes place outside Canada through the facilities of the exchange on which the shares of Common Stock are then listed.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property held outside Canada (including RSU Awards and shares of Common Stock acquired under the Plan) annually on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds CAD 100,000 at any time during the year. Thus, if the CAD 100,000 cost threshold is exceeded by other foreign specified property held by the individual, RSU Awards must be reported (generally at a nil cost). For purposes of such reporting, shares of Common Stock acquired under the Plan may be reported at their adjusted cost basis. The adjusted cost basis of a share is generally equal to the fair market value of such share at the time of acquisition; however, if you own other shares of Common Stock (e.g., acquired under other circumstances or at another time), the adjusted cost basis may have to be averaged with the adjusted cost bases of the other shares of Common Stock. *You should consult with your personal legal advisor to ensure compliance with applicable reporting obligations.*

CHINA

Terms and Conditions

The following applies only to Participants who are exclusively citizens of the People's Republic of China ("PRC") and who reside in mainland China or Participants who are otherwise subject to the exchange control laws in China, as determined by the Company in its sole discretion.

Satisfaction of Regulatory Obligations. The settlement of the RSU Award upon vesting is conditioned upon the Company securing and maintaining all necessary approvals from the State Administration of Foreign Exchange ("**SAFE**") and any other applicable government entities in China to permit the operation of the Plan in China, as determined by the Company in its sole discretion. If or to the extent the Company is unable to complete the registration or maintain the

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registration, no shares of Common Stock shall be issued under the Plan. In this case, the Company retains the discretion to settle any RSU Award in cash paid through local payroll in an amount equal to the Fair Market Value of the shares of Common Stock subject to the RSU Award less any Tax-Related Items.

Settlement of RSU Award and Sale of Shares. To facilitate compliance with local regulatory requirements, you agree to the sale of any shares of Common Stock to be issued to you upon vesting and settlement of the RSU Award. The sale will occur (i) immediately upon the issuance of shares in settlement of the RSU Award, (ii) following your termination of Continuous Service from the Company or one of its Affiliates, or (iii) within any other time frame as the Company determines to be necessary to comply with local regulatory requirements. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the shares at any particular price. Upon the sale of the shares, the Company agrees to pay you the cash proceeds from the sale, less any brokerage fees or commissions and subject to any obligation to satisfy Withholding Taxes. You agree that the payment of the cash proceeds will be subject to the repatriation requirements described below.

Designated Broker Account. You agree that any shares of Common Stock issued to you upon vesting/settlement of the RSU Award shall be deposited directly into an account with the Company's designated broker. The deposited shares shall not be transferable (either electronically or in certificate form) from the brokerage account. This limitation shall apply both to transfers to different accounts with the same broker and to transfers to other brokerage firms. The limitation shall apply to all shares of Common Stock issued to you under the Plan, whether or not you remain in Continuous Service with the Company or one of its Affiliates. Upon sale of the shares of Common Stock, the repatriation requirements described below shall apply.

Exchange Control Restrictions. You understand and agree that you will be required to immediately repatriate to China the proceeds from the sale of any shares of Common Stock acquired under the Plan. You further understand that such repatriation of proceeds may need to be effected through a special bank account established by the Company (or an Affiliate), and you hereby consent and agree that any sale proceeds or other cash payments received in connection with the Plan may be transferred to such special account by the Company (or an Affiliate) on your behalf prior to being delivered to you and that no interest shall be paid with respect to funds held in such account.

The proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you understand that a U.S. dollar bank account in China must be established and maintained so that the proceeds may be deposited into such account. If the proceeds are paid to you in local currency, you acknowledge that the Company (or its Affiliates) are under no obligation to secure any particular exchange conversion rate and that the Company (or its Affiliates) may face delays in converting the proceeds to local currency or distributing the proceeds due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the shares of Common Stock are sold and the net proceeds are converted into local currency and distributed to you. You further agree to comply with any other

requirements that may be imposed by the Company (or its Affiliates) in the future in order to facilitate compliance with exchange control requirements in China.

Administration. The Company (or its Affiliates) shall not be liable for any costs, fees, lost interest or dividends or other losses that you may incur or suffer resulting from the enforcement of the terms of this Appendix or otherwise from the Company's operation and enforcement of the Plan, the RSU Award Agreement and this RSU Award in accordance with any Applicable Laws, rules, regulations and requirements.

FRANCE

Terms and Conditions

Language Consent. By accepting the RSU Award, you confirm having read and understood the documents related to the RSU Award (the Plan and the RSU Award Agreement) which were provided in the English language. You accept the terms of these documents accordingly.

Consentement à la Langue Utilisée. En acceptant l'attribution («RSU Award»), vous confirmez avoir lu et compris les documents relatifs à l'attribution (le Plan et le Contrat d'Attribution) qui ont été remis en anglais. Vous acceptez les termes de ces documents en connaissance de cause.

Notifications

Tax Information. This RSU Award is not intended to qualify for specific tax and social security treatment applicable to awards granted under Section L. 225-197.1 to L. 225-197.6 of the French Commercial Code, as amended.

Foreign Asset/Account Reporting Information. If you hold cash or shares of Common Stock outside of France or maintain a foreign bank or brokerage account (including accounts that were opened and closed during the tax year), you are required to report such assets and accounts to the French tax authorities on an annual basis on a specified form, together with your income tax return. Failure to complete this reporting can trigger significant penalties.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of EUR 12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). If you receive a payment in excess of EUR 12,500 in connection with the sale of shares of Common Stock acquired under the Plan or the receipt of any cash dividends, the report must be filed electronically by the fifth day of the month following the month in which the payment was received. The form of report (*Allgemeines Meldeportal Statistik*) can be accessed via the Bundesbank's website (www.bundesbank.de) and is available in both German and English.

Foreign Asset/Account Reporting Information. German residents holding shares of Common Stock must notify their local tax office of the acquisition of shares of Common Stock when they file their returns for the relevant year if the value of the shares of Common Stock exceeds EUR

150,000 or in the unlikely event that the resident holds shares of Common Stock exceeding 10% of the Company's share capital.

INDIA

Notifications

Exchange Control Information. Indian residents are required to repatriate the proceeds from the sale of shares of Common Stock to India within specified timeframes. You must retain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is your responsibility to comply with these requirements. Neither the Company nor the Employer will be liable for any fines or penalties resulting from your failure to comply with any Applicable Laws.

Foreign Asset/Account Reporting Information. Indian residents are required to declare any foreign bank accounts and any foreign financial assets (including shares of Common Stock held outside of India) in their annual tax returns. You are responsible for complying with this reporting obligation and should confer with your personal tax advisor to determine your obligations in this regard.

IRELAND

There are no country-specific provisions.

JAPAN

Notifications

Exchange Control Information. Japanese residents acquiring shares of Common Stock valued at more than JPY 100,000,000 in a single transaction must file a Securities Acquisition Report with the Ministry of Finance ("**MOF**") through the Bank of Japan within twenty (20) days of the acquisition of the shares.

Foreign Asset/Account Reporting Information. Japanese residents are required to report details of any assets held outside Japan as of December 31st (including shares of Common Stock acquired under the Plan), to the extent such assets have a total net fair market value exceeding JPY 50,000,000. Such report is due by March 15th each year. *You should consult your personal legal advisor to ensure compliance with applicable reporting obligations.*

NETHERLANDS

There are no country-specific provisions.

SINGAPORE

Terms and Conditions

[Executives]

Restriction on Sale of Shares. Shares of Common Stock acquired under the Plan prior to the six (6) month anniversary of the date of grant may not be sold or otherwise offered for sale in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“*SFA*”) or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Notifications

Securities Law Information. The RSU Award is being granted to you pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the SFA. The Plan has not been, nor will it be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. You acknowledge that if you are the Chief Executive Officer (“*CEO*”) a director, associate director or shadow director of a Singapore Subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary in writing when you receive an interest (e.g., RSU Awards or shares of Common Stock) in the Company or any Subsidiary within two business days of (i) its acquisition or disposal, (ii) any change in previously disclosed interest (e.g., when the shares of Common Stock are sold), or (iii) becoming a CEO, director, associate director or shadow director.

UNITED KINGDOM

Terms and Conditions

Withholding Obligations. This provision supplements Section 4 of the Global RSU Award Agreement:

Notwithstanding the indemnification provision in this Section 4, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the amount of any income tax due but not collected from or paid by you within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items withholding obligation occurs may constitute an additional benefit to you on which additional income tax and National Insurance Contributions (“*NICs*”) may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty’s Revenue and Customs under the self-assessment regime and for reimbursing the Company and/or the Employer for the value of any employee NICs due on this additional benefit, which the Company and/or the Employer may recover at any time thereafter by any of the means referred to in this RSU Award Agreement.

ATTACHMENT II
2019 EQUITY INCENTIVE PLAN

ATTACHMENT III

PROSPECTUS

ZOOM VIDEO COMMUNICATIONS, INC.
NON-EMPLOYEE DIRECTOR GLOBAL RSU AWARD GRANT NOTICE
(2019 EQUITY INCENTIVE PLAN)

Zoom Video Communications, Inc. (the “*Company*”) has awarded you (the “*Participant*”) the number of restricted stock units specified and on the terms set forth below in consideration of your services (the “*RSU Award*”). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company’s 2019 Equity Incentive Plan (the “*Plan*”) and the Non-Employee Director Global RSU Award Agreement (the “*Agreement*”), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement.

Participant: _____
Date of Grant: _____
Number of Restricted Stock Units: _____
Consideration: Participant’s Services

Vesting Schedule: Subject to the Participant’s Continuous Service through each applicable vesting date, the restricted stock units subject to the RSU Award will vest as follows:

The restricted stock units vest in substantially equal installments over the applicable scheduled length of the term of the Participant’s service on the Board following the Date of Grant (the “*Term*”), with the vesting dates occurring quarterly (measured from the Date of Grant) during the Term, provided that, if the Annual Meeting at which the scheduled Term ends occurs prior to the last scheduled quarterly vesting date, the restricted stock units shall become fully vested as of the day immediately preceding such Annual Meeting, subject in all cases to the Eligible Director’s Continuous Service (as defined in the Plan) through each such vesting date.

Notwithstanding the foregoing, the RSU Award will fully vest upon (i) Participant’s death or Disability or (ii) immediately prior to a Change in Control, in each case subject to the Participant’s Continuous Service through such date.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this Non-Employee Director Global RSU Award Grant Notice (the “*Grant Notice*”), and the provisions of the Plan and the Agreement, all of

Exhibit 10.3

which are made a part of this document. Unless otherwise provide in the Plan, this Grant Notice and the Agreement (together, the “*RSU Award Agreement*”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.

- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- If you are subject to the Company’s withholding obligations at the time your RSU Award vests or at the time shares are issued in settlement of your vested RSU Award, to the fullest extent permitted under the Plan and applicable law, any withholding taxes that may be applicable to the RSU Award will be satisfied through the sale of a number of the shares issuable in settlement of the RSU Award as determined in accordance with Section 4 of the Agreement and the remittance of the cash proceeds to the Company. Under the Agreement, the Company shall make payment from the cash proceeds of this sale directly to the appropriate taxing authorities in an amount equal to the taxes required to be withheld. ***The mandatory sale of shares to cover withholding taxes is imposed by the Company on you in connection with your receipt of this RSU Award.***
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

ZOOM VIDEO COMMUNICATIONS, INC.

PARTICIPANT:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

ATTACHMENTS: Non-Employee Director Global RSU Award Agreement, 2019 Equity Incentive Plan, Prospectus

ATTACHMENT I

ZOOM VIDEO COMMUNICATIONS, INC.

2019 EQUITY INCENTIVE PLAN

NON-EMPLOYEE DIRECTOR GLOBAL RSU AWARD AGREEMENT

As reflected by your Non-Employee Director Global RSU Award Grant Notice (“*Grant Notice*”) Zoom Video Communications, Inc. (the “*Company*”) has granted you a RSU Award under its 2019 Equity Incentive Plan (the “*Plan*”) for the number of restricted stock units as indicated in your Grant Notice (the “*RSU Award*”). The terms of your RSU Award as specified in the Non-Employee Director Global RSU Award Agreement (the “*Agreement*”) and the Grant Notice constitute your “*RSU Award Agreement*”. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan, including but not limited to the provisions in:

(a) Section 6 of the Plan regarding the impact of a Capitalization Adjustment, dissolution, liquidation, or Corporate Transaction on your RSU Award,

(b) Section 9(e) regarding the Company’s retained rights to terminate your Continuous Service notwithstanding the grant of the RSU Award, and

(c) Section 8(c) regarding the tax consequences of your RSU Award.

Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “*Restricted Stock Units*”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You may become entitled to receive payments equal to any cash dividends and other distributions paid with respect to a corresponding number of shares of

Common Stock to be issued in respect of the Restricted Stock Units covered by your RSU Award. Any such dividends or distributions shall be subject to the same forfeiture restrictions as apply to the Restricted Stock Units and shall be paid at the same time that the corresponding shares are issued in respect of your vested Restricted Stock Units, provided, however, that to the extent any such dividends or distributions are paid in shares of Common Stock, then you will automatically be granted a corresponding number of additional Restricted Stock Units subject to the RSU Award (the “*Dividend Units*”), and further provided that such Dividend Units shall be subject to the same forfeiture restrictions and restrictions on transferability, and same timing requirements for issuance of shares, as apply to the Restricted Stock Units subject to the RSU Award with respect to which the Dividend Units relate.

4. WITHHOLDING OBLIGATIONS.

(a) The provisions of this Section 4 will be applicable if you are subject to the Company’s withholding obligations at the time your RSU Award vests or at the time shares are issued in settlement of your vested RSU Award.

(b) You acknowledge that, regardless of any action taken by the Company, or if different, the Affiliate employing or engaging you (the “*Employer*”), the ultimate liability for all income tax (including U.S. federal, state, and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (the “*Tax-Related Items*”) is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSU Award, including the grant of the RSU Award, the vesting of the RSU Award, the issuance of shares in settlement of vesting of the RSU Award, the subsequent sale of any shares of Common Stock acquired pursuant to the RSU Award and the receipt of any dividends; and (ii) do not commit to and are under no obligation to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

(c) On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with Applicable Law, you agree to make adequate provision for any sums required to satisfy the withholding obligations of the Company or any Affiliate in connection with any Tax-Related Items that arise in connection with your RSU Award (the “*Withholding Taxes*”). The Company shall arrange a mandatory sale (on your behalf pursuant to your authorization under this section and without further consent) of the shares of Common Stock issued in settlement upon the vesting of your Restricted Stock Units in an amount necessary to satisfy the Withholding Taxes and shall satisfy the Withholding Taxes by withholding from the proceeds of such sale (the “*Mandatory Sell to Cover*”). You hereby acknowledge and agree that the Company shall have the authority to administer the Mandatory Sell to Cover arrangement in its sole discretion with a registered broker-dealer that is a member of the Financial Industry Regulatory Authority (a “*FINRA Dealer*”) as the Company may select

as the agent (the “*Agent*”) who will sell on the open market at the then prevailing market price(s), as soon as practicable on or after each date on which your Restricted Stock Units vest, the number (rounded up to the next whole number) of the shares of Common Stock to be delivered to you in connection with the vesting of the Restricted Stock Units sufficient to generate proceeds to cover (A) the Withholding Taxes that you are required to pay pursuant to the Plan and this Agreement as a result of the vesting of the Restricted Stock Units (or shares being issued thereunder, as applicable) and (B) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto any remaining funds shall be remitted to you.

(d) If, for any reason, such Mandatory Sell to Cover does not result in sufficient proceeds to satisfy the Withholding Taxes, the Company or an Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes relating to your RSU Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment (which may be in the form of a check, electronic wire transfer or other method permitted by the Company); or (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with your Restricted Stock Units with a fair market value (measured as of the date shares of Common Stock are issued to you) equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company’s required tax withholding obligations using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Company’s Board or Compensation Committee.

(e) Unless the tax withholding obligations of the Company and/or any Affiliate with respect to the Tax-Related Items are satisfied, the Company shall have no obligation to deliver to you any Common Stock.

(f) In the event the Company’s obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Tax-Related Items withholding obligation was greater than the amount withheld by the Company or your Employer, you agree to indemnify and hold the Company and your Employer harmless from any failure by the Company or your Employer to withhold the proper amount.

(g) You acknowledge that the Mandatory Sell to Cover is imposed by the Company on you pursuant to the terms of the RSU Award.

(h) The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts, or other applicable withholding rates, including maximum applicable rates in your jurisdiction(s). If the maximum rate is used, any over-withheld amount may be refunded to you in cash by the Company or Employer (with no entitlement to the equivalent in shares of Common Stock), or if not refunded, you may seek a

refund from the local tax authorities. You must pay to the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligations set forth in this Agreement, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s). The issuance date determined by this paragraph is referred to as the “*Original Issuance Date*”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day.

(c) The form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

6. NATURE OF GRANT. In accepting the RSU Award, you acknowledge, understand and agree that:

(a) 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;

(b) the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, other equity awards or benefits in lieu of equity awards, even if equity awards have been granted in the past;

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

(d) the RSU Award grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate;

(e) you are voluntarily participating in the Plan;

(f) the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not intended to replace any pension rights or compensation;

(g) the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not part of normal or expected compensation for any purpose, including, without limitation, calculating any severance, resignation,

termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the shares of Common Stock underlying the RSU Award is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the RSU Award vests and you are issued shares of Common Stock, the value of such shares of Common Stock may increase or decrease in value following the date the shares are issued; even below the Fair Market Value on the date the RSU Award is granted to you;

(j) for purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (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 you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, your right to vest in the RSU Award under the Plan, if any, will terminate as of such date and in each instance will not be extended by any notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and the Plan Administrator shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSU Award (including whether you may still be considered to be providing services while on a leave of absence);

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award resulting from your termination of Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed, or the terms of your employment agreement, if any);

(l) unless otherwise agreed with the Company in writing, the RSU Award and any shares of Common Stock acquired under the Plan, and the income from and value of same, are not granted as consideration for, or in connection with, any service you may provide as a director of the Company or any Affiliate; and

(m) neither the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSU Award or the subsequent sale of any shares of Common Stock acquired upon settlement of the RSU Award.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution

8. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from the RSU Award or other Company compensation and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

11. WAIVER. You acknowledge that a waiver by the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of this Agreement.

12. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

13. LANGUAGE. You acknowledge that you are sufficiently proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other documents 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.

14. VENUE. For purposes of any action, lawsuit or other proceeding brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts where this grant is made and/or to be performed.

15. INSIDER TRADING RESTRICTIONS / MARKET ABUSE LAW. You may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including the United States, your country and the designated broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*i.e.*, RSU Awards) or rights linked to the value of the shares of Common Stock under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in the applicable jurisdiction(s)). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you 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 Trading Policy, or any other applicable insider trading policy then in effect. You acknowledge that you are responsible for complying with any applicable restrictions and are encouraged to speak with your personal legal advisor for further details regarding any applicable insider-trading and/or market-abuse laws in your country.

16. FOREIGN ASSET/ACCOUNT, EXCHANGE CONTROL AND TAX REPORTING. You may be subject to foreign asset/account, exchange control and/or tax reporting requirements as a result of the acquisition, holding and/or transfer of shares of Common Stock or cash (including dividends and the proceeds arising from the sale of shares of Common Stock) derived from your participation in the Plan in, to and/or from a brokerage/bank account or legal entity located outside your country. The Applicable Laws in your country may require that you report such accounts, assets and balances therein, the value thereof and/or the transactions related thereto to the applicable authorities in such country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker within a certain time after receipt. You acknowledge that it is your responsibility to be compliant with such regulations and you are encouraged to consult with your personal legal advisor for any details.

17. IMPOSITION OF OTHER REQUIREMENTS. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU Award and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company’s Trading Policy.

19. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

ATTACHMENT II
2019 EQUITY INCENTIVE PLAN

ATTACHMENT III

PROSPECTUS



Ryan Azus

VIA EMAIL

Re: Employment Terms

Dear Ryan:

I am pleased to offer you employment with Zoom Video Communications, Inc. ("Zoom"), on the terms set forth in this offer letter agreement:

2. **Position.** You will serve as Chief Revenue Officer, and you will report to Eric Yuan, CEO. This is a full-time exempt position. While you render services to Zoom, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with Zoom. By signing this letter agreement, you confirm that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Zoom. Your anticipated start date with Zoom is August 5, 2019 (such actual start date, the "Start Date").
2. **Cash Compensation.** Zoom will pay you a salary at the rate of \$425,000 per year, payable in accordance with Zoom's standard payroll schedule. You will also be eligible to earn and receive incentive compensation in the total target amount per year of 100% of your annual salary rate, pursuant to the terms and conditions of applicable Zoom incentive compensation plan(s), which may be paid annually or quarterly or quarterly as determined by Zoom consistent with such plan(s). The amount of the incentive compensation, if any, that you earn will be determined based on Zoom's performance and meeting performance targets established by Zoom pursuant to Zoom's applicable incentive compensation plan(s), and will be pro-rated for your services to Zoom during the applicable performance period. No amount of any incentive compensation is guaranteed and you must satisfy any and all conditions established by Zoom for such incentive compensation program to earn and be eligible for payment of incentive compensation. Notwithstanding this, for the first three (3) months of your employment ("Draw Period") and based on you working through this period, you will be provided a non-recoverable draw of 100% of your monthly variable target commissions, less applicable taxes, deductions and withholdings. The monthly draw will equate to 1/12 of your annual target variable as indicated in this offer letter. During the Draw Period, you will be paid the greater of your earned commissions or the draw in a given month.
3. **Employee Benefits.** As a regular Zoom employee, you will be eligible to participate in a number of company-sponsored benefits offered to employees from time to time, subject to the terms and conditions of the applicable plans and policies.

4. **Equity and Change in Control Severance Benefits.** Subject to the approval of the Compensation Committee of the Board of Directors of Zoom, you will be granted a restricted stock unit award to be issued 350,000 shares of Zoom's Class A common stock ("RSUs") under and subject to the terms of the Company's 2019 Equity Incentive Plan (the "Equity Plan") and a restricted stock unit award agreement thereunder. The RSUs will be granted to you following your Start Date in accordance with Zoom's policy for the timing of RSU awards. 25% of the RSUs shall vest on the one (1) year anniversary of the grant date, and an additional 6.25% of the RSUs shall vest each quarter thereafter, subject to you remaining in Continuous Service (as defined in the Equity Plan) through each such date.

Should (1) Zoom be subject to a Change in Control during your Continuous Service (as defined in the Equity Plan) and (2) you be subject to an Involuntary Termination upon or within one year following the effective date of such Change in Control (such events in (1) and (2), the "CIC Termination"), then Zoom will accelerate the vesting of any then-outstanding RSUs and any other then-outstanding subsequent equity compensation awards granted to you under the Equity Plan or a successor plan thereto prior to the date of such CIC Termination ("Subsequent Awards") such that 100% of your then-outstanding RSUs and Subsequent Awards (if applicable) will be deemed immediately vested and exercisable (as applicable) as of your Involuntary Termination date.

In addition, should a CIC Termination occur, you will receive as severance benefits:

- (a) A lump sum cash payment equal to six months of your then-current base salary, ignoring any decrease in base salary that would form the basis for your right to Resignation for Good Reason, if any, paid in a lump sum no later than the earliest of (i) 30 days following the effective date of the Release and (ii) March 15 of the year following the year in which your CIC Termination occurs.
- (b) if you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), Zoom will pay your COBRA premiums to continue your coverage (including coverage for your eligible dependents, if applicable) through the end of the six-month period following your CIC Termination (the "COBRA Premium Period"); *provided, however*, that the payment of such COBRA premiums will immediately cease if during the COBRA Premium Period you become eligible for group health insurance coverage through a new employer or you cease to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event you become covered under another employer's group health plan or otherwise cease to be eligible for COBRA during the COBRA Premium Period, you must immediately notify Zoom of such event. Notwithstanding the foregoing, if Zoom determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether you or your dependents elect or are eligible for COBRA coverage, Zoom will instead shall pay to you, on the first day of each calendar month during the COBRA Premium Period, a fully taxable cash payment equal to the

applicable COBRA premiums for that month, subject to required payroll deductions and withholdings (such amount, the “Special Cash Payment”), for the remainder of the COBRA Premium Period. You may, but are not obligated to, use such Special Cash Payments toward the cost of COBRA. For purposes of this Section 4(b), (i) references to COBRA shall be deemed to refer also to analogous provisions of state law and (ii) any applicable insurance premiums that are paid by Zoom shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan, which amounts, if any, are your sole responsibility.

The receipt of any cash and COBRA premium benefits provided in this Section 4 is subject to (i) your continued compliance with the terms of this and your other agreements with Zoom, and (ii) you timely executing, and delivering to Zoom a general release of claims in such form as provided by Zoom to you on or prior to the date of your CIC Termination (the “Release”) within the time period set forth therein, and not revoking such Release so that it becomes effective within the time period specified therein, but no later than 60 days following your CIC Termination. The form of required Release will be consistent with the terms of this letter and impose no material obligations on you other than a general release of claims and mutual non-disparagement.

For purposes of this offer letter agreement, the following definitions shall apply:

- “Cause” means your: (a) unauthorized use or disclosure of Zoom’s confidential information or trade secrets, which use or disclosure causes or could cause material harm to Zoom, (b) material breach of any agreement between you and Zoom, (c) material failure to comply with Zoom’s written policies or rules, (d) conviction of, or plea of “guilty” or “no contest” to, a felony under the laws of the United States or any State, (e) gross negligence or willful misconduct, (f) willful and continuing failure to perform assigned duties after receiving written notification of the failure from Zoom’s Board of Directors, or (g) failure to cooperate in good faith with a governmental or internal investigation of Zoom or its directors, officers or employees, if Zoom has requested your cooperation.
- “Change in Control” means: (a) the consummation of a merger or consolidation of Zoom with or into another entity, or any corporate reorganization in which the stockholders of Zoom immediately prior to such merger, consolidation or reorganization own less than fifty percent (50%) of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (b) a sale or other disposition of all or substantially all of the assets of Zoom, or (c) the dissolution, liquidation or winding up of Zoom. The foregoing notwithstanding, a Change of Control shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by Zoom or indebtedness of Zoom is cancelled or converted or a combination thereof.
- “Involuntary Termination” means either (a) your Termination Without Cause or (b) your Resignation for Good Reason.

- “Resignation for Good Reason” means a Separation from Zoom as a result of your resignation within 12 months after one of the following conditions has come into existence without your consent:
 - A reduction in your base salary by more than 5%;
 - Any material breach by Zoom of any material written agreement between you and Zoom; provided, that, the foregoing shall not include (i) any agreement that is among Zoom, you and any third party or parties or (ii) Zoom’s written policies or rules;
 - A material diminution of your authority, duties or responsibilities (provided, however, that a change in job position, including a change in title, shall not be deemed a “material diminution” in and of itself unless your new duties are materially reduced from the prior duties); or
 - A relocation of your principal workplace to a place that increases your one-way commute by more than 40 miles as compared to your then-current principal workplace immediately prior to such relocation.

A Resignation for Good Reason will not be deemed to have occurred unless you give Zoom written notice of the condition setting forth the basis for your resignation within 90 days after the condition comes into existence and Zoom fails to remedy the condition within 30 days after receiving your written notice.

- “Separation” means a “separation from service,” as defined in the regulations under Section 409A of the Code.
- “Termination Without Cause” means a Separation as a result of a termination of your employment by Zoom without Cause (and other than as a result of your death or disability), provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

References in this Section to Zoom shall refer to any successor entity to Zoom following a Change in Control.

5. **Employment Relationship.** Employment with Zoom is for no specific period of time. Your employment with Zoom will be “at will,” meaning that either you or Zoom may terminate your employment at any time and for any reason, with or without Cause or advance notice. Any contrary representations that may have been made to you are superseded by this letter agreement. This is the full and complete agreement between you and Zoom on this term. Although your job duties, title, work location, compensation and benefits, as well as Zoom’s personnel policies and procedures (which you are expected to abide by), may change from time to time, the “at will” nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of Zoom (other than you).
6. **Taxes.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions. You agree that Zoom does not have a duty to design its compensation policies in a manner that minimizes your tax

liabilities, and you will not make any claim against Zoom or its Board of Directors related to tax liabilities arising from your compensation.

7. **Section 409A.** It is intended that all of the benefits and other payments payable under this letter agreement satisfy, to the greatest extent possible, an exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the treasury regulations thereunder and any state law of similar effect (collectively, “Section 409A”), and this letter agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent no so exempt, this letter agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A, and any ambiguities herein shall be interpreted accordingly. Specifically, the severance benefits under this letter agreement are intended to satisfy the exemptions from application of Section 409A provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9) and each installment of severance benefits, if any, is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). However, if such exemptions are not available and you are, upon Separation, a “specified employee” for purposes of Section 409A, then, solely to the extent necessary to avoid adverse personal tax consequences under Section 409A, the timing of the severance benefits payments shall be delayed until the earlier of (i) six (6) months and one day after your Separation, or (ii) your death. Severance benefits shall not commence until you have a Separation. If severance benefits are not covered by one or more exemptions from the application of Section 409A and the Release could become effective in the calendar year following the calendar year in which your Separation occurs, the Release will not be deemed effective, for purposes of payment of severance benefits, any earlier than the first day of the second calendar year. Except to the minimum extent that payments must be delayed because you are a “specified employee” or until the effectiveness of the Release, all severance amounts will be paid as soon as practicable in accordance with this letter agreement and Zoom’s normal payroll practices.
8. **Parachute Payments.** If any payment or benefit you will or may receive from Zoom or otherwise (a “Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such Payment shall be equal to the Reduced Amount. The “Reduced Amount” shall be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction shall occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).

Notwithstanding any provisions in this Section above to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (A) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (B) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without Cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (C) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

Zoom shall appoint a nationally recognized accounting or law firm to make the determinations required by this Section. Zoom shall bear all expenses with respect to the determinations by such accounting or law firm required to be made hereunder. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) above and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to Zoom a sufficient amount of the Payment (after reduction pursuant to clause (x) above) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) above, you shall have no obligation to return any portion of the Payment pursuant to the preceding sentence.

9. **Other Agreements and Conditions of Employment.** This offer of employment is contingent upon your producing appropriate and satisfactory documentation establishing your identity and right to work in the United States, and completing the INS form I-9, attesting that you have the right to work in the United States. Such documentation must be produced within three business days of hire. If you have questions about this requirement, which applies to U.S. citizens and non-U.S. citizens alike, you may contact Human Resources. Further, this offer of employment is contingent upon satisfactory clearance of a background check and reference checks, and your signing and returning with this letter the enclosed “Employment, Confidential Information and Assignment of Creative Works Agreement” and “Arbitration Agreement”.

You agree not to bring to Zoom or use in the performance of your responsibilities at Zoom any materials or documents of a former employer that are not generally available to the public, unless you have obtained express written authorization from the former employer for their possession and use. You also agree to honor all obligations to former employers during your employment with Zoom.

10. **Interpretation, Amendment and Enforcement.** This letter agreement, together with your Employment, Confidential Information and Assignment of Creative Works Agreement and Arbitration Agreement, constitutes the complete and exclusive statement of your employment agreement with Zoom, and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and Zoom regarding these subject matters. Modifications or amendments to this letter agreement, other than those changes expressly

reserved to Zoom's discretion in this letter, must be made in a written agreement signed by you and a duly authorized officer of Zoom (other than you). If any provision of this offer letter agreement is determined to be invalid or unenforceable, in whole or in part, this determination shall not affect any other provision of this letter agreement and the provision in question shall be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible under applicable law.

This letter agreement shall be binding upon any entity or person who is a successor by merger, acquisition, consolidation or otherwise to the business formerly carried on by Zoom without regard to whether or not such entity or person actively assumes the obligations hereunder and without regard to whether or not a Change in Control occurs.

If you wish to accept employment at Zoom under the terms described in this letter agreement, please sign and date this letter agreement, the Employment, Confidential Information and Assignment of Creative Works Agreement and the Arbitration Agreement, and return them to me on or before [intentionally left blank]. The offer of employment herein will expire if I do not receive this signed letter by that date. If you have any questions, please contact me.

Sincerely,

/S/ Eric Yuan
Eric Yuan
President and Chief Executive Officer

Accepted and Agreed:

/S/ Ryan Azus
Ryan Azus

6/29/19
Date

FOURTH AMENDMENT TO OFFICE LEASE

This Fourth Amendment to Office Lease (this "Fourth Amendment") is made and entered into by and between **KBSIII ALMADEN FINANCIAL PLAZA, LLC**, a Delaware limited liability company ("Landlord"), and **ZOOM VIDEO COMMUNICATIONS, INC.**, a Delaware corporation ("Tenant"), and shall be effective for all purposes as of the date that Landlord executes this Fourth Amendment as reflected in the signature page below (the "Effective Date").

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to that certain Office Lease dated August 1, 2016 (the "Original Lease"), as amended by (i) that certain First Amendment to Office Lease dated October 31, 2016 (the "First Amendment"), (ii) that certain Second Amendment to Office Lease dated August 8, 2018 (the "Second Amendment"), and (iii) that certain Third Amendment to Office Lease dated March __, 2019 (the "Third Amendment," the Original Lease, as so amended, being the "Lease"), pursuant to which Tenant is currently leasing from Landlord certain premises containing a total of 73,754 square feet of Rentable Area consisting of (i) that certain 17,576 square feet of Rentable Area designated as Suite 400 (the "Suite 400 Space") in the building known as 55 Almaden Boulevard San Jose, California (the "55 Almaden Building"), (ii) that certain 17,639 square feet of Rentable Area designated as Suite 500 (the "Suite 500 Space") in the 55 Almaden Building, (iii) that certain 17,514 square feet of Rentable Area designated as Suite 600 (the "Suite 600 Space") in the 55 Almaden Building, (iv) that certain 13,291 square foot of Rentable Area designated as Suite 900 (the "Suite 900 Space") in the building known as One Almaden, San Jose, California ("One Almaden Building"), and (v) that certain 7,734 square feet of Rentable Area designated as Suite 1150 (the "Suite 1150 Space") in the One Almaden Building (collectively with the Suite 400 Space, Suite 500 Space, Suite 600 Space, the Suite 900 Space and Suite 1150 Space referred to herein as the "Existing Premises"), all being in the multi-office building project known as The Almaden (the "Project");

WHEREAS, Tenant desires to further expand the "Premises" under the Lease;

WHEREAS, Landlord and Tenant desire to expand the Premises and further amend the Lease as more particularly described hereinbelow;

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained herein and in the Lease, the receipt and sufficiency of which are hereby acknowledged, the Lease is hereby amended as follows:

1. Defined Terms. All capitalized terms used herein shall have the same meaning as defined in the Lease, unless otherwise defined in this Fourth Amendment.
2. Expansion of Premises. Effective as of the later to occur of (i) the earlier to occur of (A) the date that the Tenant Improvements are Substantially Completed, (B) the date that the Tenant Improvements would have been Substantially Completed but for Tenant Delays, or (C) the date that Tenant, or any person occupying any of the Suite 300 Space with Tenant's permission, commences business operations from the Suite 300 Space, or (ii) December 1, 2019 (the later of (i) and (ii) being the "Suite 300 Commencement Date"), the Premises shall be expanded to include that certain 13,271 square foot of Rentable Area designated as Suite 300 (the "Suite 300 Space") in the One Almaden Building, for a term that is coterminous with the Lease Term, which is currently scheduled to expire in February 28, 2029. The Suite 300 Space is more particularly shown in Exhibit A attached hereto and incorporated herein for all purposes. The terms "Tenant Improvements," "Substantially Completed" and "Tenant Delays" are defined in the work letter attached hereto as Exhibit B. Following the Suite 300 Commencement Date, Landlord may prepare and deliver to Tenant a commencement certificate confirming the Suite 300 Commencement Date, which Tenant

shall acknowledge by executing a copy and returning it to Landlord. If Tenant fails to sign and return the commencement certificate to Landlord within ten (10) business days of its receipt from Landlord, the commencement certificate as sent by Landlord shall be deemed to have correctly set forth the Suite 300 Commencement Date and the other matters addressed in the commencement certificate. Failure of Landlord to send the commencement certificate shall have no effect on the Suite 300 Commencement Date. If Landlord does not Substantially Complete the Tenant Improvements by the Completion Date (as defined below), then Tenant, as Tenant's sole and exclusive remedy, shall receive an extension of the Suite 300 Space Abatement Period for each day that the Tenant Improvements are not Substantially Completed following the Completion Date. The term "Completion Date" shall mean December 1, 2019; provided, however, the Completion Date shall be postponed one (1) day for each day of Tenant Delay and one (1) day for each day that one or more Force Majeure Delays occur. The term "Force Majeure Delay" shall mean any delays in the performance of Landlord's obligations under this Lease being defined in this Lease as an event of Force Majeure (as more fully described and defined in Paragraph 19(w) of the Original Lease).

3. Confirmation of the Premises. Commencing on the Suite 300 Commencement Date and continuing through the remainder of the Lease Term (but subject to the terms of Paragraph 13 of the Third Amendment), the "Premises" under the Lease shall be deemed to contain a total of 87,025 square feet of Rentable Area, consisting of the Suite 400 Space (which is located in the 55 Almaden Building), Suite 500 Space (which is located in the 55 Almaden Building), Suite 600 Space (which is located in the 55 Almaden Building), Suite 900 Space (which is located in the One Almaden Building), Suite 1150 Space (which is located in the One Almaden Building), and Suite 300 Space (which is located in the One Almaden Building).
4. Basic Annual Rent. Tenant shall continue to pay Basic Annual Rent for the Existing Premises in accordance with the terms and conditions of the Lease. In addition, commencing on the Suite 300 Commencement Date and continuing thereafter for the remainder of the Lease Term, Tenant shall also pay Basic Annual Rent for the Suite 300 Space as follows:

<u>Period</u>	<u>Monthly Installment</u>
Suite 300 C.D. – 12/31/2019	\$61,964.65*
01/01/2020 – 12/31/2020	\$63,616.89
01/01/2021 – 12/31/2021	\$65,318.70
01/01/2022 – 12/31/2022	\$67,071.56
01/01/2023 – 12/31/2023	\$68,877.00
01/01/2024 – 12/31/2024	\$70,736.61
01/01/2025 – 12/31/2025	\$72,652.01
01/01/2026 – 12/31/2026	\$74,624.87
01/01/2027 – 12/31/2027	\$76,656.92
01/01/2028 – 12/31/2028	\$78,749.83
01/01/2029 – 02/28/2029	\$80,905.72

*Provided that Tenant is not in default under this Lease past applicable notice and cure periods, then Landlord hereby agrees to partially abate the Basic Annual Rent with respect to the Suite 300 Space for full six (6) month period commencing on the first day of the second (2nd) full calendar month following the Suite 300 Commencement Date and continuing through the last day of the seventh (7th) full calendar month following the Suite 300 Commencement Date (such period being the "Suite 300 Space Abatement Period") so that during this partial abatement period, the Basic Annual Rent payable by Tenant for the Suite 300 Space shall equal \$6,890.00 per month. Notwithstanding anything herein to the contrary, prior to the occurrence of the scheduled abatement of the Basic Annual Rent, Landlord may pay to Tenant the sum scheduled to be abated, in which case the abatement of

Basic Annual Rent shall not occur and Tenant shall pay Basic Annual Rent in the amount required in the Basic Annual Rent schedule above.

5. **Additional Rent.** Tenant shall continue to pay Additional Rent with respect to the Existing Premises in accordance with the terms of the Lease. In addition thereto, with respect to the Suite 300 Space, commencing on the Suite 300 Commencement Date and continuing thereafter through the Lease Term, Tenant shall pay, as Additional Rent, the Tenant's Proportionate Share of Operating Costs attributable to the Suite 300 Space in excess of those Operating Costs incurred in the Base Year and for purposes of performing such calculations: (i) the Tenant's Proportionate Share of the One Almaden Building with respect to the Suite 300 Space shall be deemed to equal 8.4857% (13,271 rsf / 156,392 rsf), (ii) the Tenant's Proportionate Share of the Project with respect to the Suite 300 Space shall be deemed to equal 3.1892% (13,271 rsf / 416,126 rsf), (iii) the Base Year with respect to the Suite 300 Space shall be deemed to be the calendar year 2020, and (iv) any references to the "Building" in the Lease shall mean and refer to the One Almaden Building. The cap on Controllable Operating Costs set forth in Paragraph 3(l) of the Original Lease shall apply with respect to the Suite 300 Space, however, for purposes of calculating such cap, the phrase "first calendar year" as set forth in the third line of Paragraph 3(l) shall be amended to be "2020 calendar year".
6. **Condition of Premises.** Notwithstanding anything in the Lease to the contrary, Tenant shall lease the Suite 300 Space and agrees to accept the entirety of the Suite 300 Space from Landlord, in its existing "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and, except as provided in the Lease, Landlord shall have no obligation whatsoever to refurbish or otherwise improve any portion of the Suite 300 Space at any time during the Lease Term; provided, however, Landlord hereby agrees to construct certain improvements in the Suite 300 Space pursuant to and in accordance with the terms of the work letter attached hereto as Exhibit B and incorporated herein for all purposes.
7. **Parking.** Notwithstanding anything to the contrary in Paragraph 9(a) of the Second Amendment, the Standard Parking Allocation shall apply with respect to the Suite 300 Space. As of the Suite 300 Commencement Date, the parking charges for the Standard Parking Allocation attributable to the Suite 300 Space are incorporated into the Basic Annual Rent amounts for the Suite 300 Space reflected in the rent schedule in Paragraph 4 above and, as a result, there is no separate charge payable for by Tenant for such Standard Parking Allocation attributable to the Suite 300 Space; provided, however, in the event the prevailing rate increases after the Effective Date (such incremental increase being the "Increased Rate Amount") for unreserved parking spaces in the Project, then Tenant shall pay such Increased Rate Amount (as such amount may increase from time to time) as a separate charge (plus any applicable taxes) for each unreserved parking space provided to Tenant in the Standard Parking Allocation attributed to the Suite 300 Space.
8. **Prepaid Rent.** Concurrently with the execution of this Third Amendment, Tenant shall pay to Landlord the sum of \$61,964.65, which shall be applied towards the Basic Annual Rent first becoming due with respect to the Suite 300 Space.
9. **Subordination.** During the thirty (30) day period following the Effective Date of this Fourth Amendment, Landlord agrees to use commercially reasonable efforts to obtain and provide to Tenant a Subordination, Non-Disturbance and Attornment Agreement ("SNDA") in substantially the form of the agreement used by the lender holding the existing mortgage encumbering the Building (the "Lender"); provided, however, in no event shall Landlord be in default under the Lease (as amended by this Fourth Amendment), and in no event shall Tenant be entitled to terminate the Lease or this Fourth Amendment, if Landlord is unable to provide Tenant with such SNDA. In the event Tenant has any comments to the form SNDA provided by the Lender, then

Landlord agrees to forward such comments to the Lender and facilitate communication between Tenant and Lender in order to address any such comments from Tenant; provided, however, in no event shall Landlord be in default hereunder or otherwise liable to Tenant if the Lender refuses to accept any comments from Tenant to the form SNDA. Tenant shall reimburse Landlord upon demand for any actual and reasonable costs, including attorneys' fees, that Landlord incurs in seeking to obtain an SNDA for Tenant. In addition, in the event of any Lenders with mortgages encumbering the Building after the date of this Fourth Amendment, Landlord agrees to use commercially reasonable efforts to obtain from any such future Lenders an SNDA on the form of SNDA utilized by such Lender. In the event Tenant has any comments to the such form SNDA provided by the future Lender, then Landlord agrees to forward such comments to such Lender and facilitate communication between Tenant and such Lender in order to address any such comments from Tenant; provided, however, in no event shall Landlord be in default hereunder or otherwise liable to Tenant if such Lender refuses to accept any comments from Tenant to the form SNDA.

10. **Renewal Option.** Tenant shall continue to have the renewal option set forth in Exhibit C to the Second Amendment and such renewal option shall apply to the Suite 300 Space. In the event that tenant elects to exercise the renewal option, it shall be required to exercise it for the entirety of the Premises then being leased by Tenant (i.e., it cannot exercise the renewal option for only a portion of the Premises being leased).
11. **Brokers.** Landlord and Tenant each warrant that it has had no dealings with any broker or agent other than CBRE, Inc., representing Tenant, and Cushman & Wakefield U.S., Inc., representing Landlord (collectively, the "**Broker**") in connection with the negotiation or execution of this Fourth Amendment, and Landlord and Tenant each agree to indemnify the other and hold the other harmless from and against any and all costs, expenses, or liability for commissions or other compensations or charges claimed by any broker or agent, other than the Broker, who claim to have represented the indemnifying party with respect to this Fourth Amendment or otherwise claim a commission with respect to this Fourth Amendment due to their dealings with the indemnifying party. Landlord shall pay the Broker a leasing commission in connection with this Fourth Amendment pursuant to a separate written agreement between Landlord and such Broker.
12. **OFAC.** Tenant certifies, represents, warrants and covenants that: (i) it is not acting and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person", or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by the Office of Foreign Assets Control; and (ii) it is not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of, any such person, group, entity or nation. Tenant hereby agrees to defend (with counsel reasonably acceptable to Landlord), indemnify and hold harmless Landlord and its designated property management company, and their respective partners, members, affiliates and subsidiaries, and all of their respective officers, directors, shareholders, employees, servants, partners, representatives, insurers and agents from and against any and all claims or damages arising from or related to any such breach of the foregoing certifications, representations, warranties and covenants.
13. **Miscellaneous.** With the exception of those terms and conditions specifically modified and amended herein, the herein referenced Lease shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this Fourth Amendment and the terms and provisions of the Lease, the terms and provisions of this Fourth Amendment shall supersede and control.
14. **Counterparts/Facsimiles.** This Fourth Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one

agreement. To facilitate execution of this Fourth Amendment, the parties may execute and exchange telefaxed or e-mailed counterparts of the signature pages and such counterparts shall serve as originals.

15. **ELECTRONIC SIGNATURES/COUNTERPARTS**. Signatures to this Fourth Amendment transmitted by telecopy or electronic signatures shall be valid and effective to bind the party so signing. To facilitate execution of this Third Amendment, the parties may execute this Fourth Amendment via counterparts and exchange facsimile or pdf copies of such executed counterparts via telefax or e-mail, and such telefaxed or e-mailed facsimile counterparts shall serve as originals. **FURTHER, THE PARTIES HERETO EXPRESSLY CONSENT, STIPULATE AND AGREE THAT THIS FOURTH AMENDMENT MAY BE ELECTRONICALLY SIGNED. THE PARTIES AGREE THE ELECTRONIC SIGNATURES APPEARING ON THIS FOURTH AMENDMENT SHALL BE TREATED, FOR PURPOSES OF VALIDITY, ENFORCEABILITY AS WELL AS ADMISSIBILITY, THE SAME AS HAND-WRITTEN SIGNATURES.**

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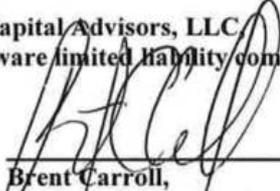
SIGNATURE PAGE TO FOURTH AMENDMENT TO OFFICE LEASE AGREEMENT
BY AND BETWEEN KBSIII ALMADEN FINANCIAL PLAZA, LLC, AS LANDLORD,
AND ZOOM VIDEO COMMUNICATIONS, INC., AS TENANT

IN WITNESS WHEREOF, Landlord and Tenant, acting herein by duly authorized individuals, have caused these presents to be executed, effective as of the Effective Date set forth herein.

LANDLORD:

KBSIII ALMADEN FINANCIAL PLAZA, LLC,
a Delaware limited liability company

By: **KBS Capital Advisors, LLC,**
a Delaware limited liability company, as agent

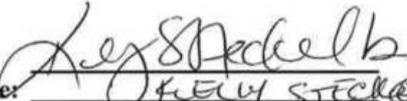
By: 

Brent Carroll,
Senior Vice President

Date: 5/13, 2019

TENANT:

ZOOM VIDEO COMMUNICATIONS, INC.,
a Delaware corporation

By: 
Name: ALEX SPADE
Title: CEO

Date: 5/9/19, 2019

EXHIBIT A
SUITE 300 SPACE

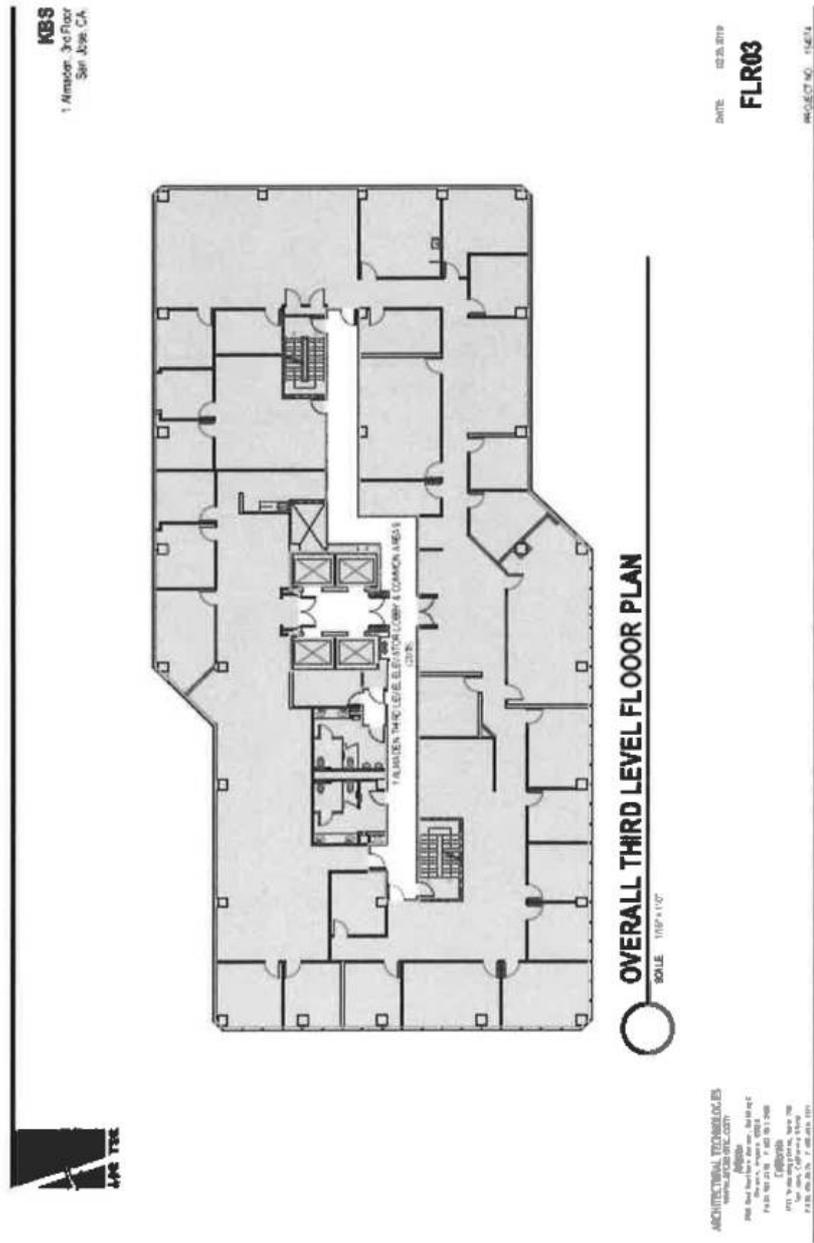


EXHIBIT B
WORK LETTER

(a) Landlord agrees to furnish or perform, at Landlord's sole cost and expense, those items of construction and those improvements to the Suite 300 Space as set forth on the plans attached hereto as Exhibit B-1 and incorporated herein for all purposes (the "Tenant Improvements"). The Tenant Improvements shall be completed using materials and finishes that are similar in quality and price to those utilized by Landlord in its recent construction of the Suite 1150 Space (however, while the finishes and materials will be similar in price, in no event shall Landlord be required to use finishes and materials that are more costly than those utilized in the Suite 1150 Space). Notwithstanding the foregoing to the contrary, Tenant, at its sole cost and expense, shall be responsible for the cost of distribution of power beyond the perimeter walls (including costs to distribute power to Tenant's workstations/work benches) and for the cost to install a sink in the lactation/wellness room as shown in Exhibit B-1.

(b) If Tenant shall desire any changes in the Tenant Improvements, Tenant shall so advise Landlord in writing and Landlord shall determine whether such changes can be made in a reasonable and feasible manner. Any and all costs of reviewing any requested changes, and any and all increased costs of making any changes to the Tenant Improvements which Tenant may request (including a construction management fee payable to Landlord in the amount of three percent (3%) of the hard and soft costs of any such change orders) and which Landlord may agree to shall be at Tenant's sole cost and expense and shall be paid to Landlord upon demand and before execution of the change order (or if construction drawings are not yet finalized, then upon Tenant's approval of the revised construction drawings).

(c) Landlord shall proceed with and complete the construction of the Tenant Improvements. As soon as such improvements have been Substantially Completed, Landlord shall notify Tenant in writing of the date that the Tenant Improvements were Substantially Completed. The Tenant Improvements shall be deemed substantially completed ("Substantially Completed", or any grammatical variant thereof) when, in the reasonable opinion of the Landlord's architect (whether an employee or agent of Landlord or a third party architect) ("Architect"), the Suite 300 Space is substantially completed except for punch list items which do not prevent in any material way the use of the Suite 300 Space for the purposes for which they were intended. In the event Tenant, its employees, agents, or contractors cause construction of such Tenant Improvements to be delayed, the date of Substantial Completion shall be deemed to be the date that, in the opinion of the Architect, Substantial Completion would have occurred if such delays had not taken place. Without limiting the foregoing, Tenant shall be solely responsible for delays caused by Tenant's request for any changes in the plans, Tenant's request for long lead items or Tenant's interference with the construction of the Tenant Improvements (each of the foregoing, a "Tenant Delay"), and such Tenant Delays shall not cause a deferral of the Suite 300 Commencement Date beyond what it otherwise would have been. After the Suite 300 Commencement Date Tenant shall, upon demand, execute and deliver to Landlord a letter of acceptance of delivery of the Suite 300 Space. In the event of any dispute as to the Tenant Improvements, including the Suite 300 Commencement Date, the certificate of the Architect shall be conclusive absent manifest error.

(d) The failure of Tenant to take possession of or to occupy the Suite 300 Space shall not serve to relieve Tenant of obligations arising on the Suite 300 Commencement Date or delay the payment of Rent by Tenant. Subject to applicable ordinances and building codes governing Tenant's right to occupy or perform in the Suite 300 Space, Tenant shall be allowed to install its tenant improvements, machinery, equipment, fixtures, or other property on the Premises during the final stages of completion of construction provided that Tenant does not thereby interfere with the completion of construction or cause any labor dispute as a result of such installations, and provided further that Tenant does hereby agree to indemnify, defend, and hold Landlord harmless from any loss or damage to such property, and all liability, loss, or damage arising from any injury to the Project, Building or the property of Landlord, its

contractors, subcontractors, or materialmen, and any death or personal injury to any person or persons arising out of such installations, EVEN IF SUCH LOSS, DAMAGE, LIABILITY, DEATH, OR PERSONAL INJURY WAS CAUSED SOLELY OR IN PART BY LANDLORD'S NEGLIGENCE, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD. Any such occupancy or performance in the Suite 300 Space shall be in accordance with the provisions governing Alterations in the Lease, and shall be subject to Tenant providing to Landlord satisfactory evidence of insurance for personal injury and property damage related to such installations and satisfactory payment arrangements with respect to installations permitted hereunder. Delay in putting Tenant in possession of the Suite 300 Space shall not serve to extend the Lease Term of this Lease or to make Landlord liable for any damages arising therefrom.

(e) Except for incomplete punch list items, Tenant upon the Suite 300 Commencement Date shall have and hold the Suite 300 Space as the same shall then be without any liability or obligation on the part of Landlord for making any further alterations or improvements of any kind in or about the Suite 300 Space.

EXHIBIT B-1
Description of Tenant Improvements



A Service Incorporated
ZOOM
11000 10th Street NW
Seattle, WA 98177

FLR 03-SP-02

Below is a zoomed in portion of the lactation/wellness room area of the plan inserted above in order to reflect the note that Tenant is responsible for the sink installation:



CERTIFICATION OF CHIEF 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, Eric S. Yuan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Zoom Video Communications, 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.

ZOOM VIDEO COMMUNICATIONS, INC.

By: /s/ Eric S. Yuan

Eric S. Yuan

President and Chief Executive Officer

(Principal Executive Officer)

Date: September 12, 2019

CERTIFICATION OF CHIEF 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, Kelly Steckelberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Zoom Video Communications, 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.

ZOOM VIDEO COMMUNICATIONS, INC.

By: /s/ Kelly Steckelberg
Kelly Steckelberg
Chief Financial Officer
(Principal Financial Officer)

Date: September 12, 2019

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

I, Eric S. Yuan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Zoom Video Communications, Inc. for the fiscal quarter ended July 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Zoom Video Communications, Inc.

ZOOM VIDEO COMMUNICATIONS, INC.

Date: September 12, 2019

By: /s/ Eric S. Yuan

Eric S. Yuan
President and Chief Executive Officer
(Principal Executive Officer)

I, Kelly Steckelberg, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Zoom Video Communications, Inc. for the fiscal quarter ended July 31, 2019 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Zoom Video Communications, Inc.

ZOOM VIDEO COMMUNICATIONS, INC.

Date: September 12, 2019

By: /s/ Kelly Steckelberg

Kelly Steckelberg
Chief Financial Officer
(Principal Financial Officer)