

# Zoom FY23 Investor Day

November 8, 2022

# Agenda



## Presentations

11am-12:30pm PT



**Kelly Steckelberg**

CFO, Zoom



**Graeme Geddes**

Head of Platform &  
Product Acceleration,  
Zoom



**Oded Gal**

Chief Product Officer,  
Zoom



**Wendy Bergh**

General Manager, Online  
Business, Zoom

## Customer Panel & Lunch

12:30-1:20pm PT



**Ryan Azus**

CRO, Zoom



**Jill Porubovic**

VP of Global IT,  
Take-two Interactive



**Julio Pereira**

Senior IT Director,  
World Fuel Services

## Analyst Q&A

1:20 - 2pm PT



**Eric S. Yuan**

Founder and CEO,  
Zoom



**Kelly Steckelberg**

CFO, Zoom



**Greg Tomb**

President, Zoom

## Use of non-GAAP financial measures

In addition to the financials presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes non-GAAP operating margin, and free cash flow. Non-GAAP metrics have limitations as analytical tools and you should not consider them in isolation or as a substitute for or superior to the most directly comparable financial measures prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of non-GAAP metrics versus their nearest GAAP equivalents. Other companies, including companies in our industry, may calculate non-GAAP metrics differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP metrics as tools for comparison. We urge you to review the reconciliation of Zoom's non-GAAP metrics to the most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. See the Appendix for reconciliation between each non-GAAP metric and the most comparable GAAP measure.



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This presentation and the accompanying oral presentation also contain estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we compete are necessarily subject to a high degree of uncertainty and risk.



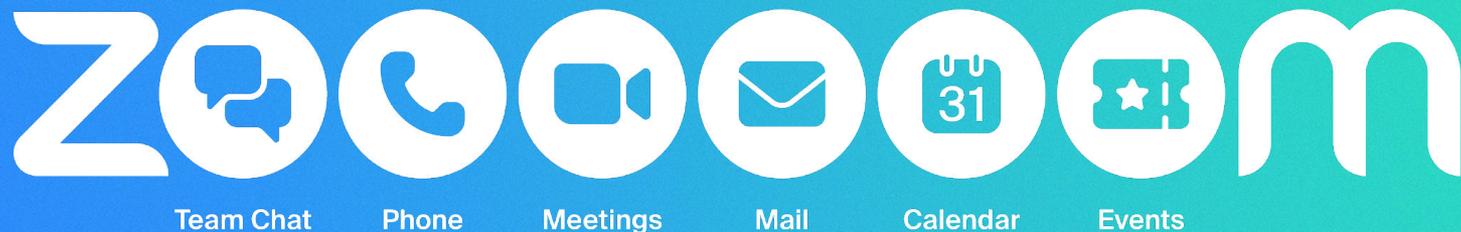
# Zoom FY23 Investor Day

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**Business & Financial Highlights**

**Kelly Steckelberg**

CFO  
Zoom



One Platform to Connect

**\$4B+**  
Annual  
Revenue

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~90% CAGR  
(FY19-FY23e<sup>1</sup>)

**200k+**  
Enterprise  
Customers<sup>2</sup>

---

Doubled in 2 years  
(Q2 FY21-Q2 FY23)

**1,500**  
Features &  
Enhancements

---

For the platform in  
the last 12 months

<sup>1</sup>FY23e revenue and CAGR is based on the mid-point of guidance issued on the Q2 FY23 earnings call.

<sup>2</sup>We define Enterprise customers as distinct business units that have been engaged by either Zoom's direct sales team, resellers, or strategic partners. All other customers are referred to as Online customers.

# Sustainable Growth Drivers



**Platform  
Innovation**



**Customer  
Value  
Creation**



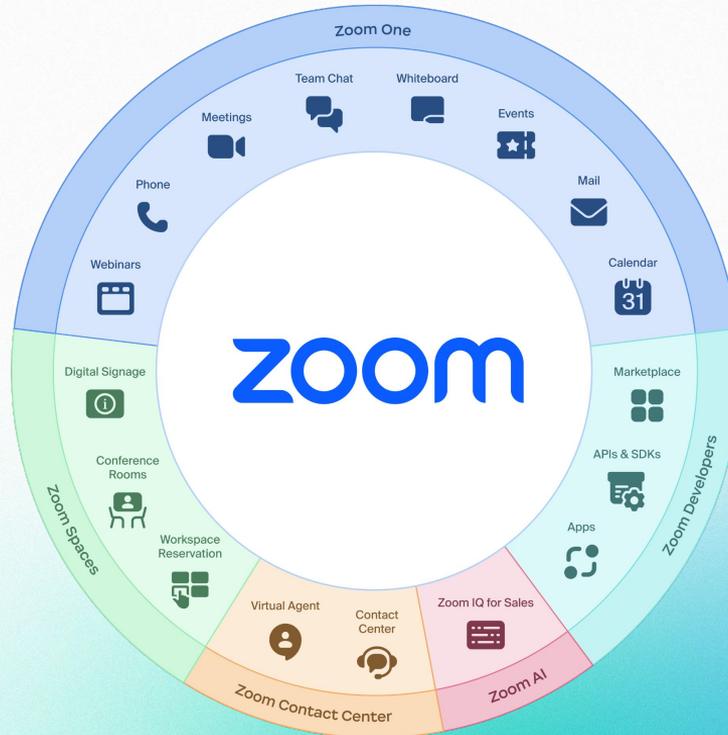
**Global  
Ecosystem  
Expansion**



**Relentless Focus on Delivering Happiness**

# Platform Innovation

Enables customer evolution and success



# Customer Value Creation

Addresses multidimensional needs



# Global Ecosystem Expansion

Evolves routes to market



**Ease of doing business**

**Platform proliferation**

**Value exchange**

# Relentless Focus on Delivering Happiness

Produces high stakeholder engagement



## Customers

NPS of 64  
71% of Fortune 500<sup>1</sup>



## Employees

Glassdoor Employee Choice  
Best Places to Work '22 & '21  
Culture of Care



## Community

Zoom Cares ~\$50m social impact  
investments over last 3 years  
#3 on 2022 Purpose Power Index  
Inaugural ESG report

<sup>1</sup>Calculated as percentage of companies in the Fortune 500 that spend more than \$12,000 in Annual Recurring Revenue (ARR) on Zoom products.

# Continued innovation and secular trends expand our TAM



Source: IDC Research (2022) for Telephony and UC Collaboration; Gartner (2022) for Contact Center; Frost & Sullivan (2021) for Webinars and Virtual Events, Grandview Research for Sales Intelligence  
Note: figures in the graph are rounded and may not sum up to totals

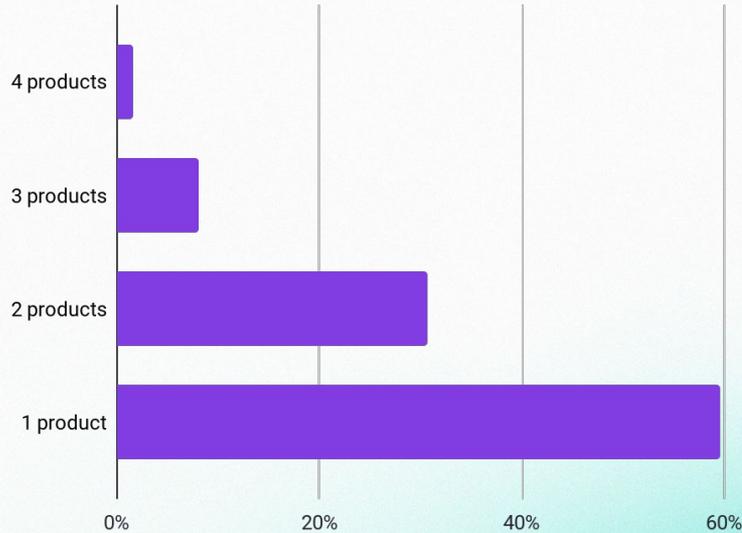


Source: Zoom estimates, Frost & Sullivan

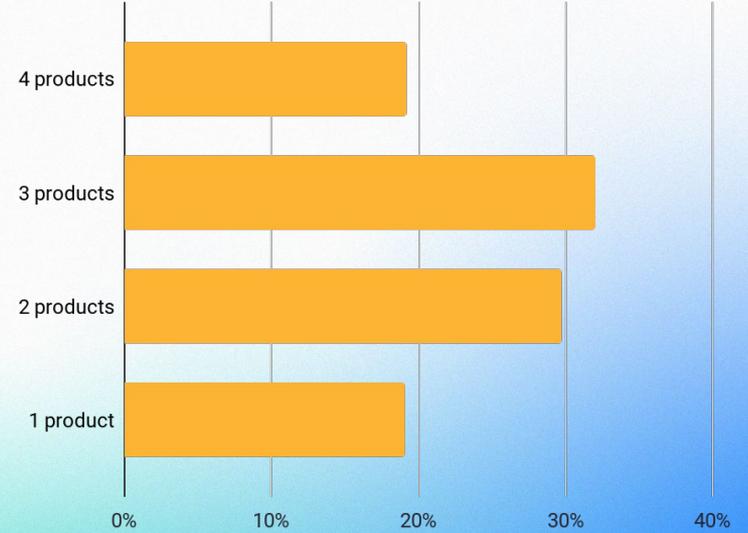
# Platform strategy drives multi-product adoption in Enterprise



## Customers



## Annual Recurring Revenue (ARR)



~10% of Enterprise Customers use 3 or 4 products and generate ~50% of ARR  
ARR of customers using 3 or 4 products grew 45% YoY<sup>1</sup>

# Zoom Phone and Zoom Rooms provide significant future upsell opportunities



**~12%**

**Zoom Phone  
Enterprise  
Account  
Penetration<sup>1</sup>**

**~11%**

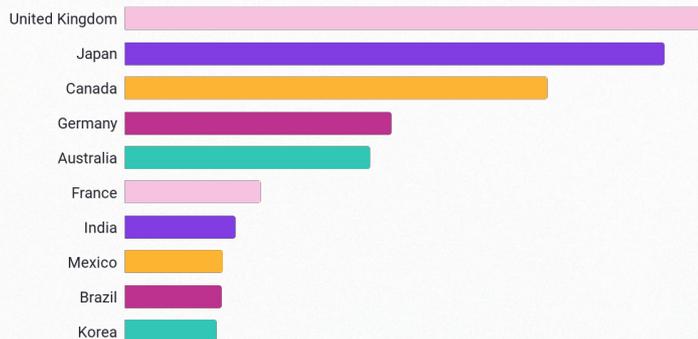
**Zoom Rooms  
Enterprise Account  
Penetration<sup>1</sup>**

<sup>1</sup>Account Penetration represents the percent of Zoom meetings accounts within the Enterprise business that have at least one paid license in the respective products.

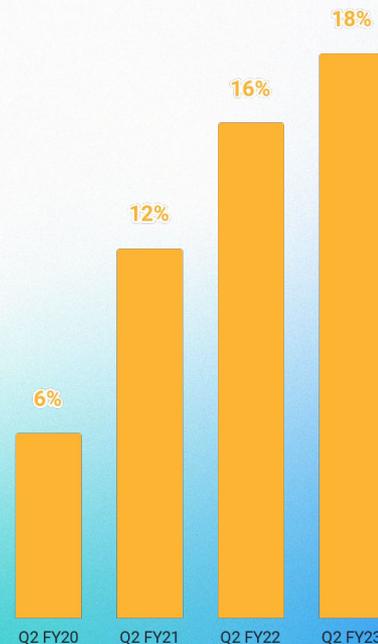
# Diverse customer base spans geographies and industries



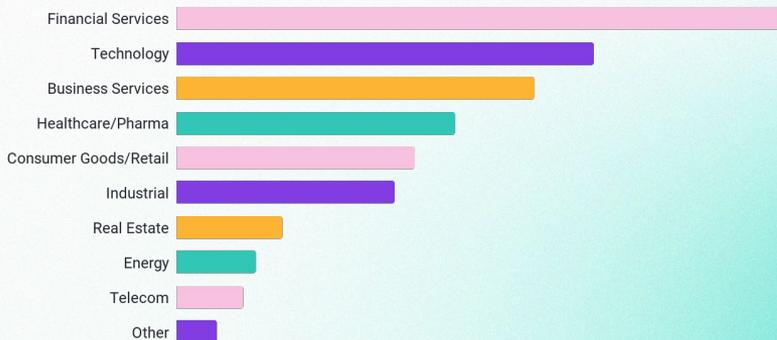
### Top ten international countries by revenue (Q2 FY23)



### G2K account penetration (>\$100 ARR)



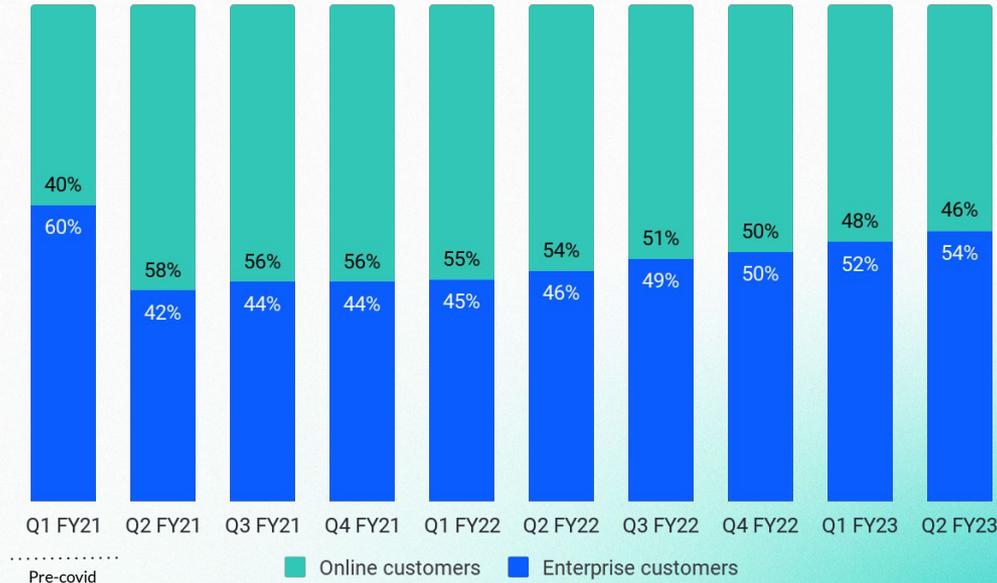
### # of G2K customers w/ >\$100k ARR by Industry (Q2 FY23)



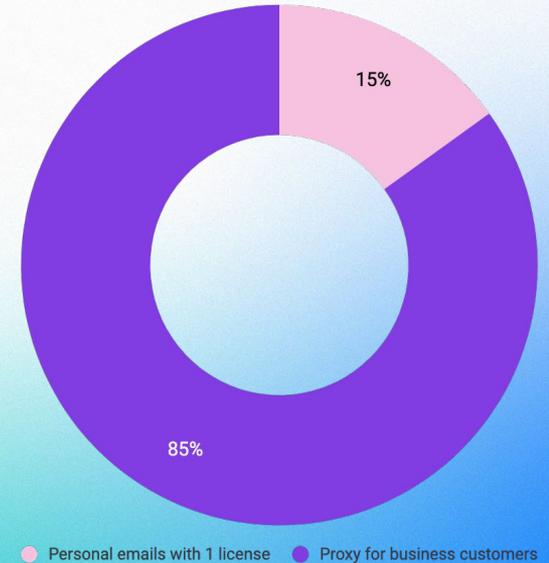
# Growth with Enterprise customers outpacing Online and individuals



### Revenue by customer segment<sup>1</sup>



### Business vs single license personal emails<sup>2</sup> (as % of Q2 FY23 Exit ARR)



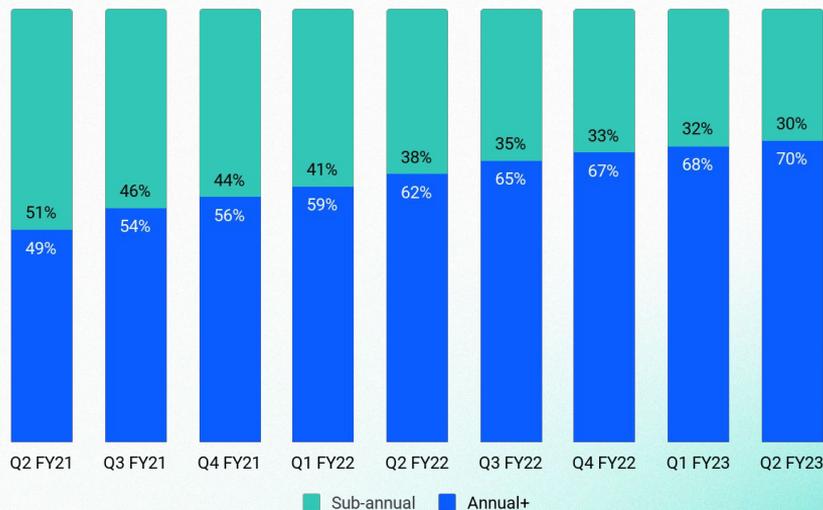
<sup>1</sup>Percentages are rounded

<sup>2</sup>Personal emails are estimated based on common personal email domain extensions (e.g. gmail, hotmail, etc.)

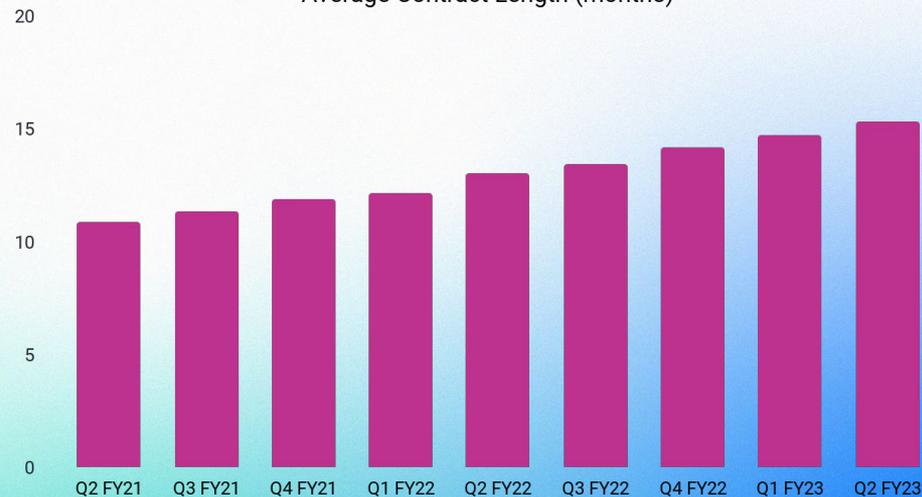
# Lengthening contract terms increase stability and predictability



Total Revenue Mix by Customer Contracting Terms



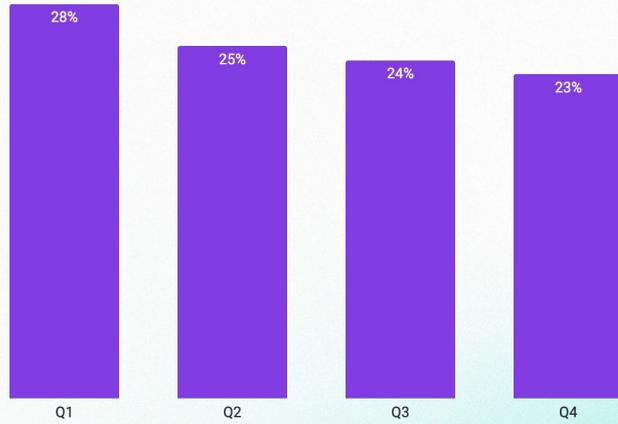
Average Contract Length (months)



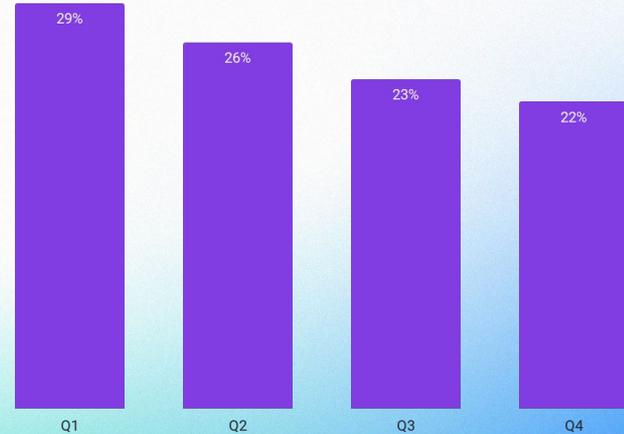
# Renewal seasonality persists



View from start of FY22

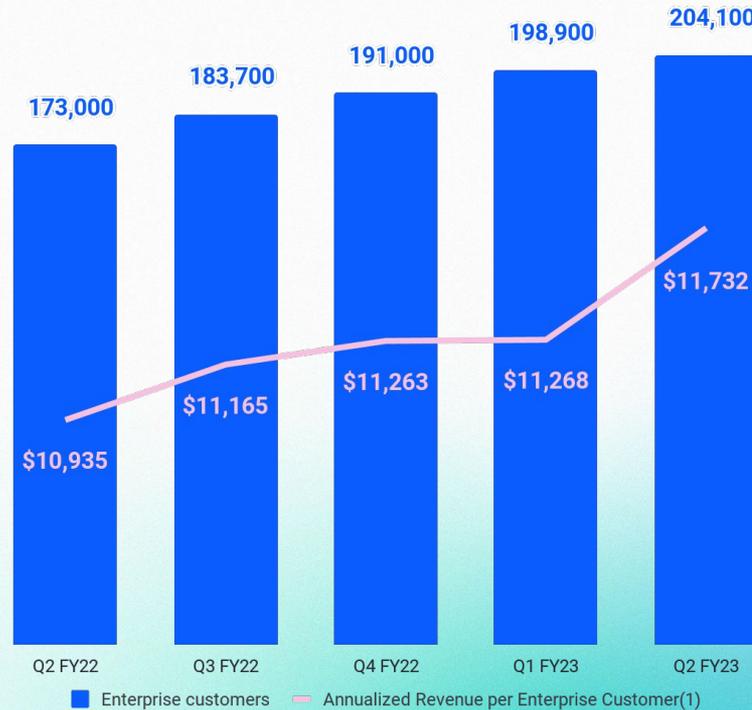


View from start of FY23



Note: Renewal seasonality for a given quarter is calculated by dividing the total ARR up for renewal in the quarter from existing contracts with a term of 12 months or more by the total ARR up for renewal in the fiscal year from existing contracts with a term of 12 months or more.

# Steady increase in Enterprise customers and wallet share

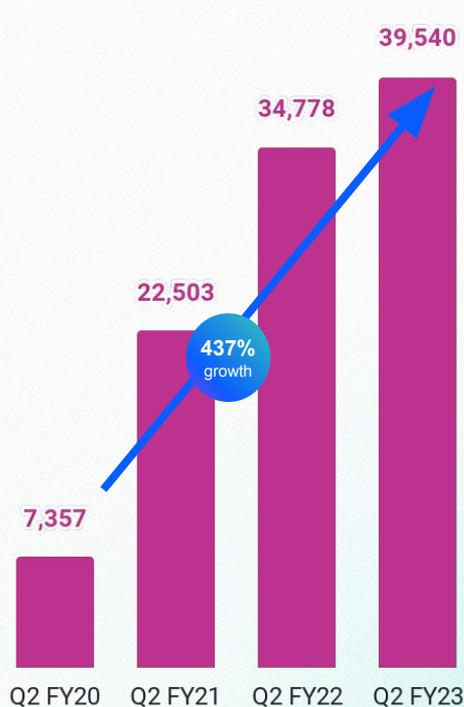


<sup>1</sup>Annualized Revenue per Enterprise Customer is calculated by dividing the number of Enterprise customers by the revenue in the quarter attributed to Enterprise customers and multiplying that quotient by four.

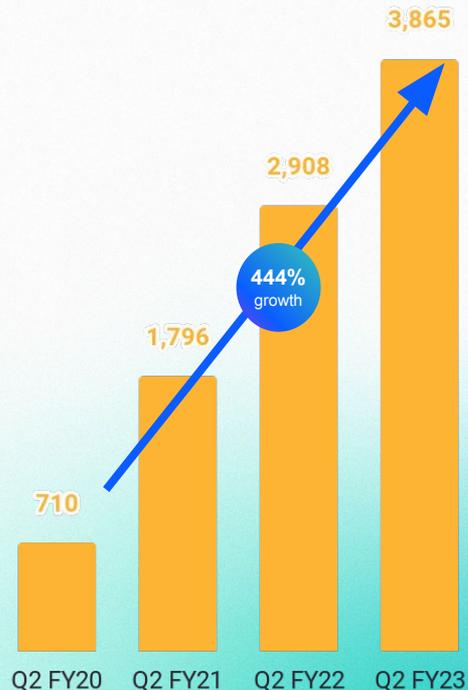
# Higher growth in large accounts



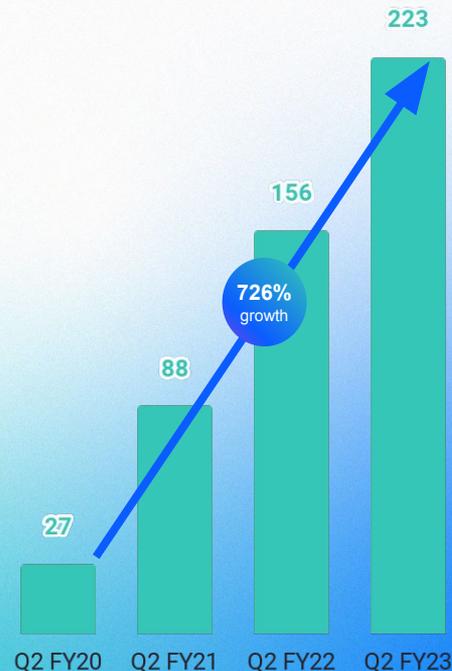
Customers with >\$10k ARR



Customers with >\$100k ARR



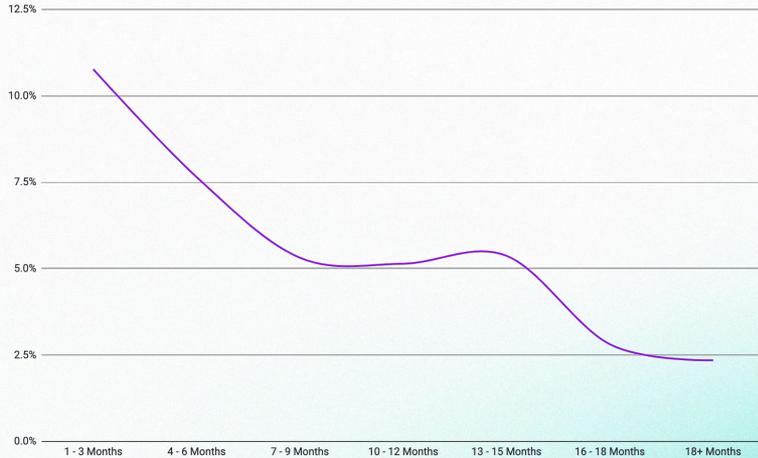
Customers with >\$1M ARR



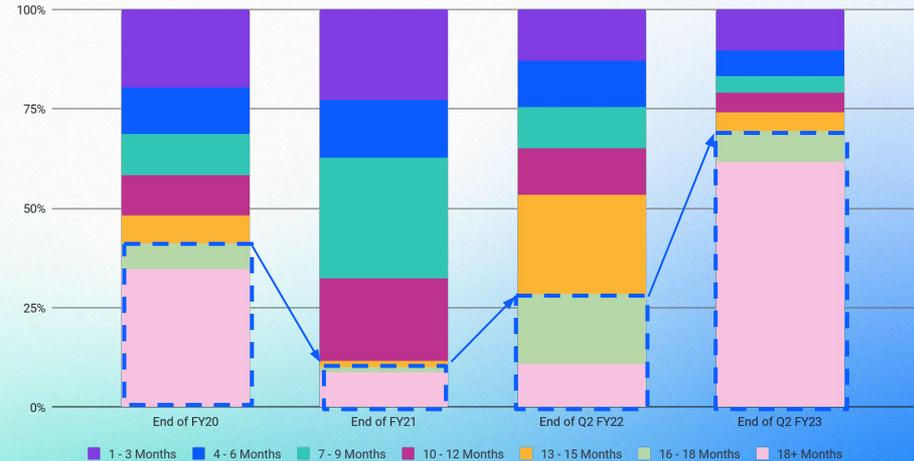
# Lengthening customer tenure provides stability in Online Channel



### Q2 FY23 Monthly Churn by Customer Tenure

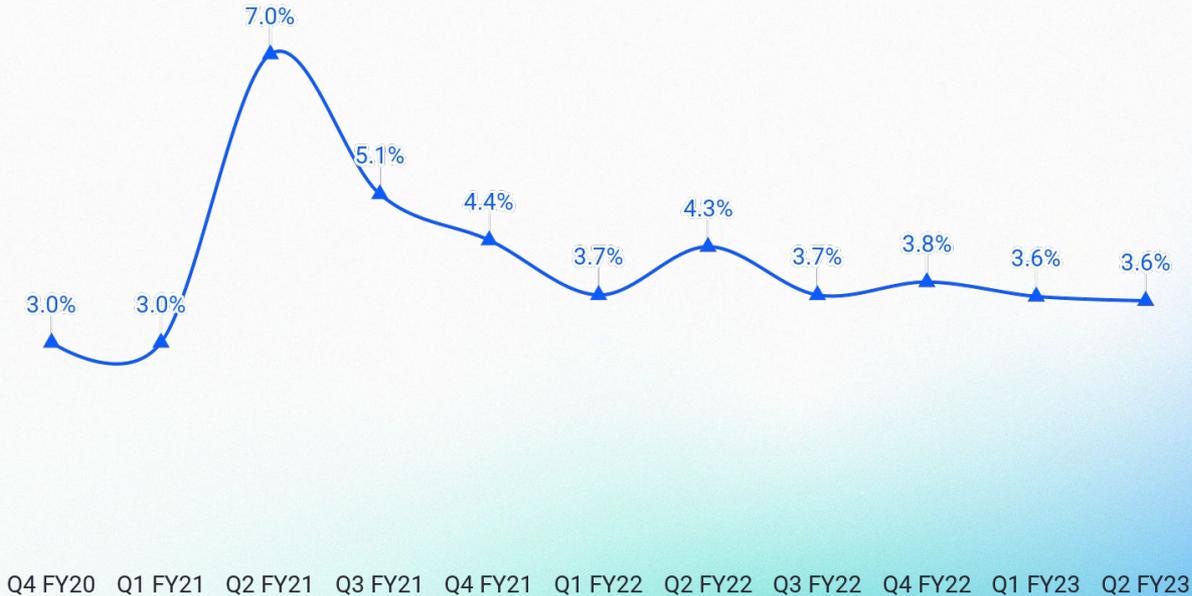


### Online Exit ARR by Customer Tenure



~70% of Online Exit ARR has a tenure of 16 or more months as of end of Q2 FY23

# Online average monthly churn rates approaching pre-pandemic levels



We will report this Online Average Monthly Churn metric on a quarterly basis going forward to provide greater insight into the performance of our Online business.

# Expanding data center footprint delivers reliability and operating leverage



Our Global Data Centers



% Peak Traffic Served by our Data Centers vs Public Cloud



**27**  
Co-located Data  
Centers<sup>1</sup>

**+5**  
In last 12 months

**Partnerships with public cloud vendors**  
To ensure continuous, scalable and seamless connectivity globally

<sup>1</sup>Some cities represented by dots on the map have more than one data center.

# FY23 FCF conversion impacted by cash taxes due to stock price volatility



## Impact on FCF<sup>1</sup> Conversion in bps

(FCF % of Non-GAAP Operating Income)

	FY22	FY23e	YoY
Estimated cash tax benefit / (burden) from difference in stock price between RSU grant date and vest date	~300bps	~(500)bps	~(800)bps
Estimated cash tax benefit from employee exercise of options <sup>2</sup>	~800bps	~100bps	~(700)bps

Net Impact to FCF Conversion

~1,100 bps  
Benefit

~400 bps  
Net  
Burden

~1500 bps  
Burden

<sup>1</sup>We define FCF as GAAP net cash provided by operating activities less purchases of property and equipment.

<sup>2</sup>Includes disqualifying dispositions from ISOs and ESPPs and exercise of non-qualified stock options.

# Non-GAAP long-term model highlights focus on sustainable, profitable growth



		Previous LT Profile <sup>1</sup>	Updated LT Profile <sup>2</sup>
As a % of Revenue	Gross Profit	~80%	~80%
	Research & Development	~10-12%	~10-12%
	Sales & Marketing	~30-35%	~30%
	General & Administrative	~8-10%	~8-10%
	Operating Profit	~25%	~28-32%

<sup>1</sup>Provided at Analyst Day in October 2020.

<sup>2</sup>This model is a framework and should not be considered guidance. As a framework this model includes certain assumptions including our mix of business, productivity gains and other assumptions that could be subject to change. All percentages are non-GAAP and exclude expenses associated with stock based compensation, amortization of acquired intangibles, acquisition related expenses, among other items.

## Dedicated to key financial priorities



**Growth at scale**



**Robust free cash flow**



**Strong profitability**

Speaker

zoom  
topia



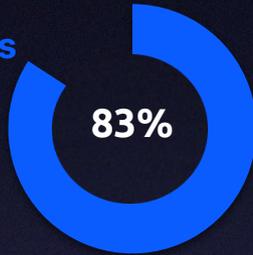
# Graeme Geddes

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Head of Platform  
& Product Acceleration  
Zoom

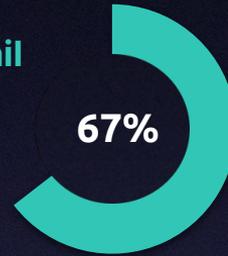
**What will the future look like?**

Employees



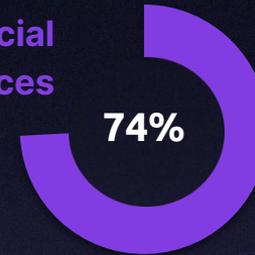
Want the option to do business virtually

Retail



Want the option to get retail services virtually

Financial Services



Want the option to get financial services virtually

Event Attendees



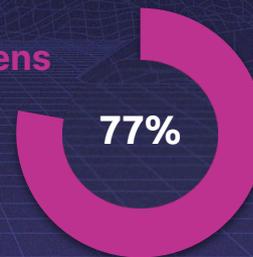
Want the option to join events virtually

Learners



Want the option to attend classes virtually

Citizens



Want the option to receive government services virtually

Patients



Want the option to attend doctors visits virtually

A woman with short grey hair and glasses, wearing a coral-colored blouse, and a man with dark hair and glasses, wearing a dark suit, are sitting at a wooden table in an office. They are looking at a laptop in front of them. The Zoom logo is overlaid in large white letters on the laptop screen. The background shows office cubicles and a modern office environment.

zoom

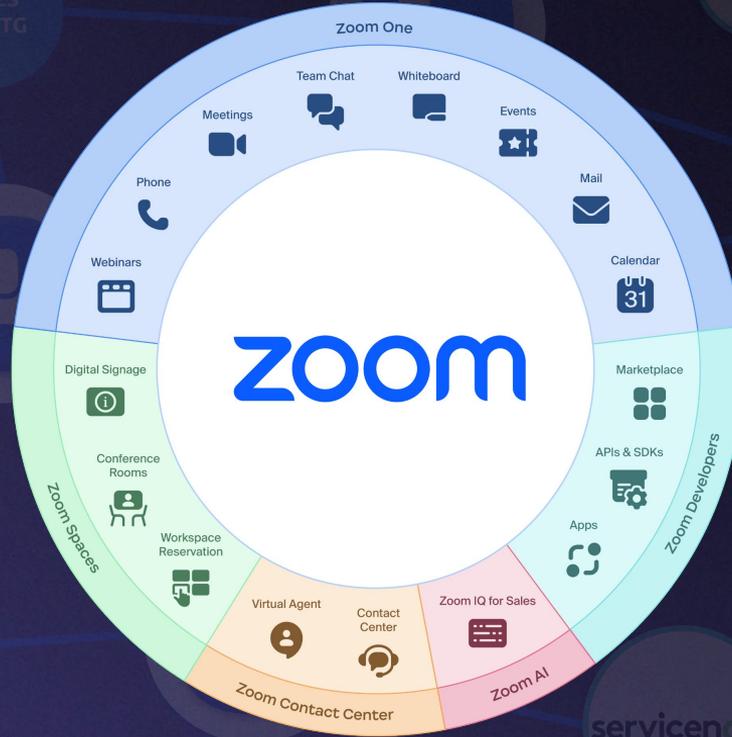
zoom

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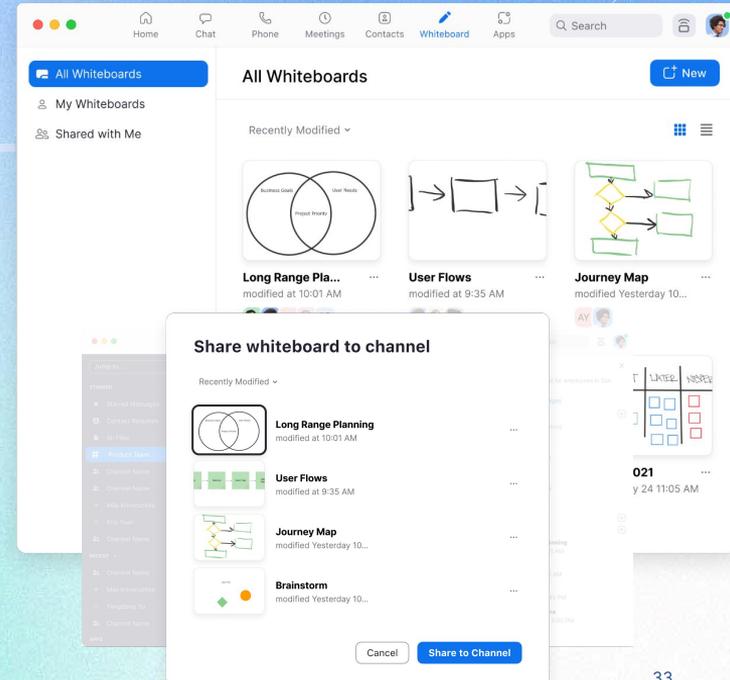
One Platform to Connect

# The Zoom Platform

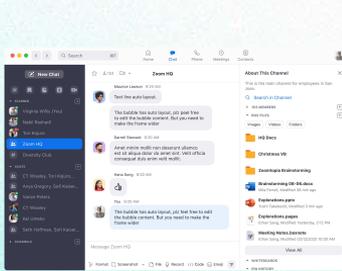
zoom  
topia



One solution for team chat, phone, whiteboard, meetings, and more...

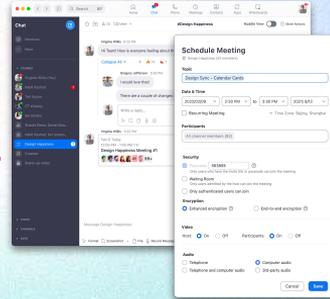


## ...with cross-platform features that keep projects moving.



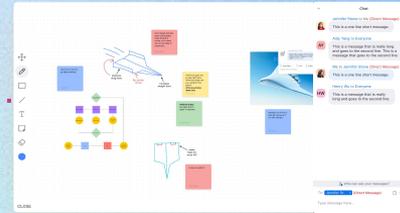
### Before a Meeting

Send a co-worker a presentation for review via chat



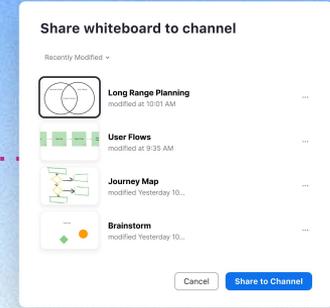
### Initiating a Meeting

Schedule a review call within the channel to make sure the proper people are invited



### During a Meeting

Meet to collaborate virtually using whiteboard and chat to talk through edits



### After a Meeting

Send the plan to update the presentation by sharing the whiteboard to your project channel

# Cross Platform Innovation



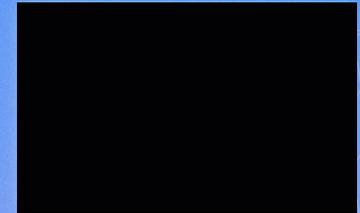
## Meeting & Call Transfer

Seamlessly move between your app and a Zoom Room or Zoom Phone Hardware Device



## Workspace Reservations

Find and reserve the workspace you need



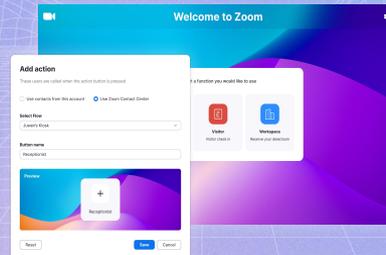
## Zoom Phone Hotdesking

Easily find and login to your hotdesking device



## Zoom Whiteboard

Extending the virtual whiteboard experience to physical spaces



## Zoom Kiosk

Connect every visitor with the right person



## Events on Zoom Rooms

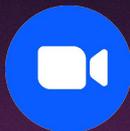
Join Events from the room, space, or device of your choice



# WIN STORIES



From



To



**5x ARR**  
**3-year term**

# Top Law Firm on AmLaw 200

From



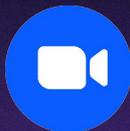
To



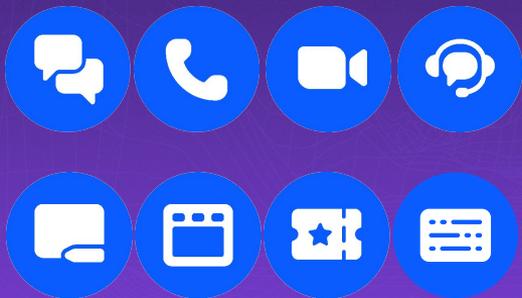
>\$1M ARR  
5-year term

## Top Law Firm on AmLaw 100

From



To



>2x ARR  
3-year term

# Top Y Combinator Backed SaaS Company

From



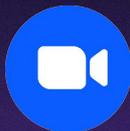
To



>\$4M ARR  
5-year term

# Fortune 500 Leading Financial Services Firm

From



To



>\$750k ARR  
6-year term

# Inc 5000 Fastest Growing Companies

From



To



>\$250k ARR  
6-year term

# National Apartment Industry Leader



**SIMPLICITY**



**REACH**



**TIME  
TO VALUE**



**EXTENSIBILITY**



**BUSINESS  
AGILITY**



Speaker

zoom  
topia

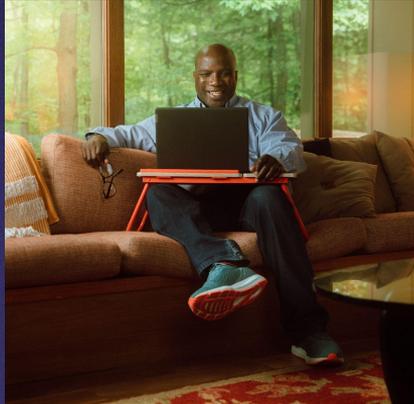


**Oded  
Gal**

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**Chief Product Officer  
Zoom**

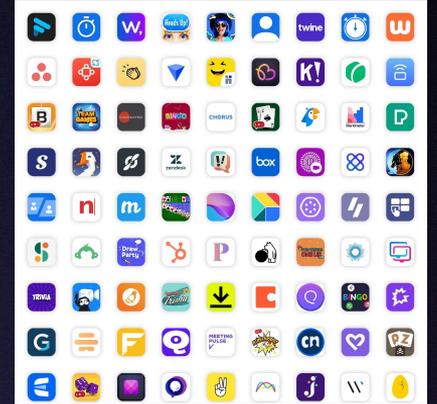
# Addressing Market Needs through Innovation



**Connected Communications on a Single Platform**



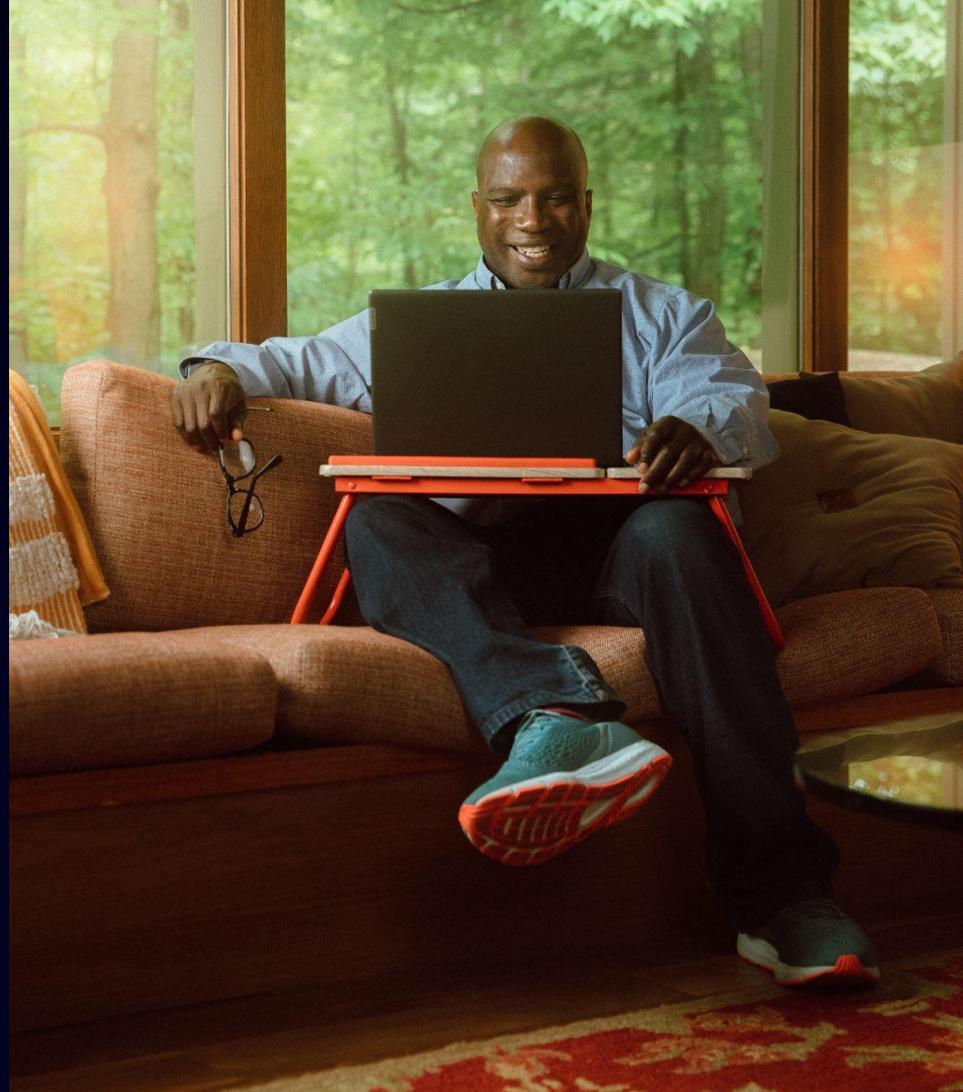
**Enhanced Experiences Across the Entire Customer Journey**



**Build to Connect & Extend the Value of Zoom**

zoomtopia

# Connected Communications on a Single Platform



# Zoom Mail & Calendar

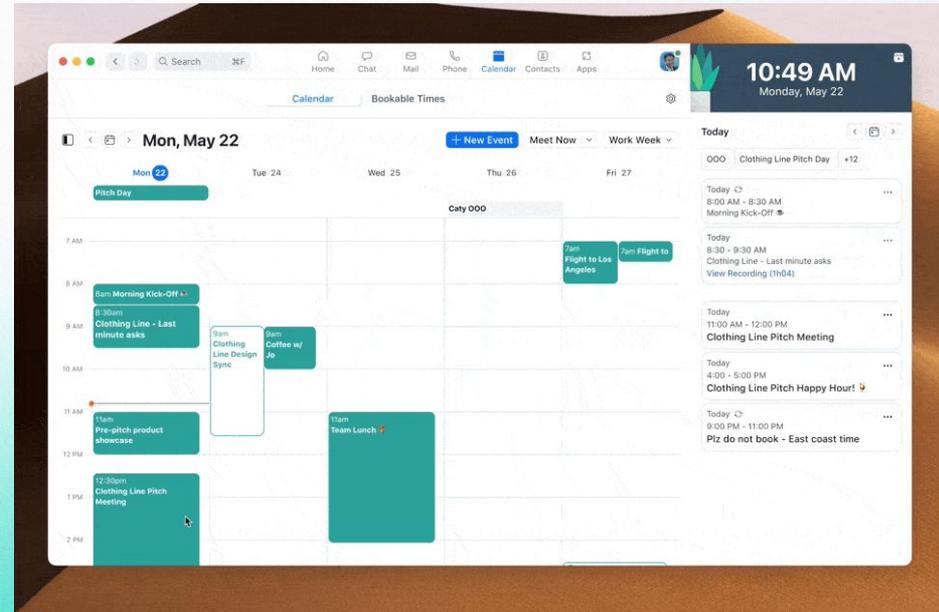
Bringing all your communications, collaboration, and scheduling together in a single app

Use our service, Google, or Microsoft within the client to:

- Efficiently communicate without losing focus
- Quickly access your communications
- Easily schedule and join meetings

Cross-platform capabilities:

- Share emails to Team Chat to keep all relevant conversations for a project in one place
- See who has joined the meeting before you attend
- Schedule a phone event from your calendar
- Coming soon - add meeting attachments, presentations, and cloud recordings to calendar events for a single source



# Client vs Service



Mail



Calendar

## Zoom Mail Client BETA

The email experience in the Zoom app, designed to work seamlessly with Meetings, Phone and Team Chat!

## Zoom Calendar Client BETA

The calendar experience in the Zoom app - connecting your scheduling workflows to Zoom Meetings, Phone and Team Chat

## Zoom Mail Service BETA

Enables end-to-end email encryption for enhanced privacy for emails directly between active Zoom Mail Service users.

## Zoom Calendar Service BETA

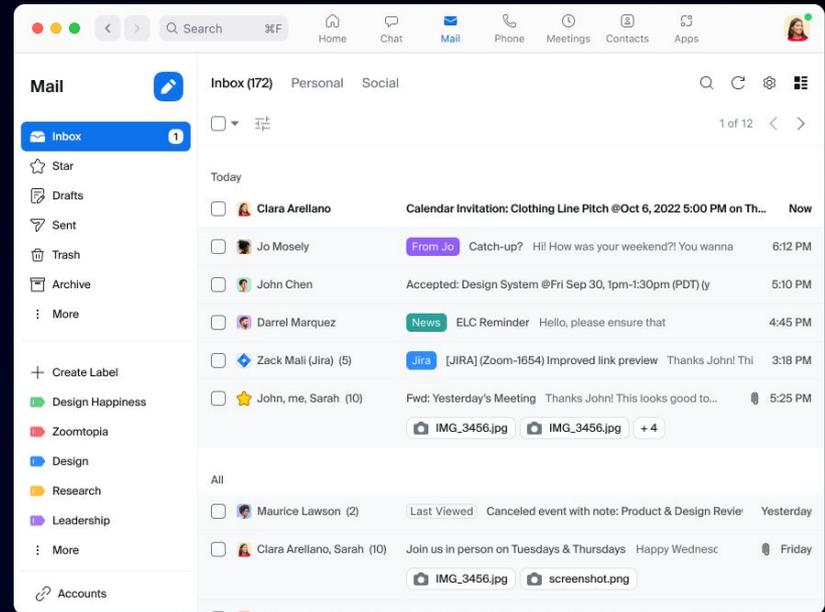
A calendar service with easy appointment booking that works seamlessly with Zoom Meetings, Phone, and Team Chat.

# Zoom Mail & Calendar Service Beta

End-to-end encrypted email sent directly between active Zoom Mail Service users

**Designed for SMBs who want an additional level of privacy**

- <50 users with intellectual property or frequent sharing of sensitive information
- Self-service account creation using zmail.com or custom\* domain
- Appointment booking
- Easy access to meeting content within calendar



# Zoom Spots

Hybrid coworking spaces

## Bringing in-person and virtual teams together

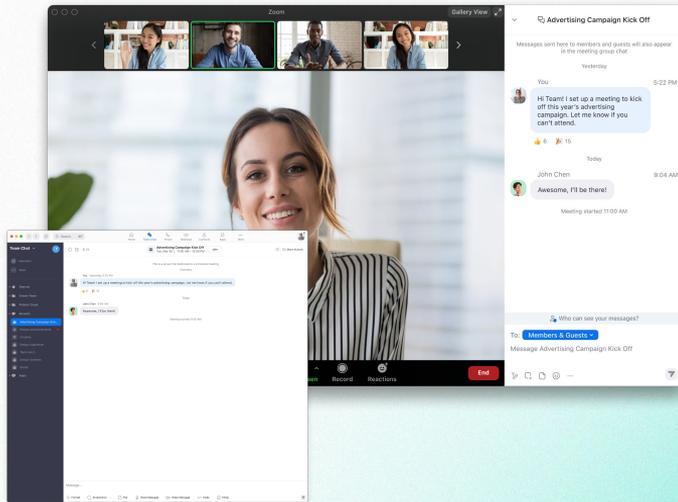
- Video-enabled virtual coworking space, integrated within the Zoom platform
- Helps foster inclusive discussions
- Keeps colleagues connected on projects
- Brings fluid, organic interactions of in-person work to distributed, hybrid teams



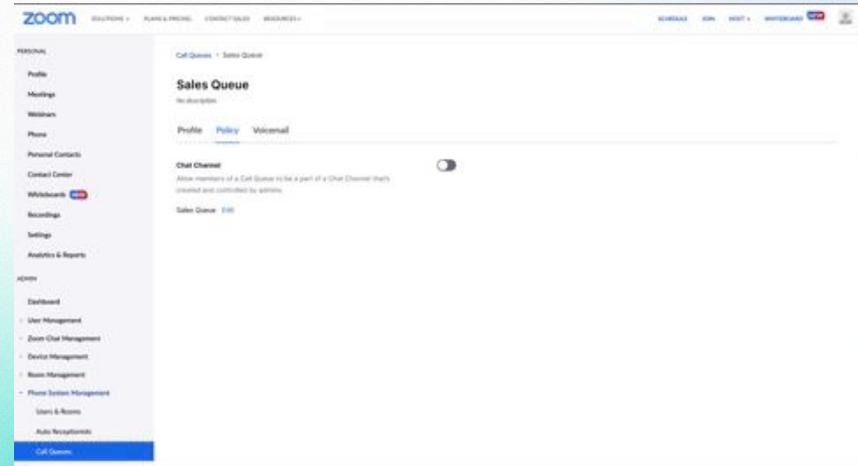
# Connected Workstreams with Team Chat

Tighter integrations across the Zoom platform for smart workflows

## In-Meetings Chat and Team Chat Coming together



## Zoom Phone PowerPack and Team Chat integration





# Intelligent Director

Coming soon:

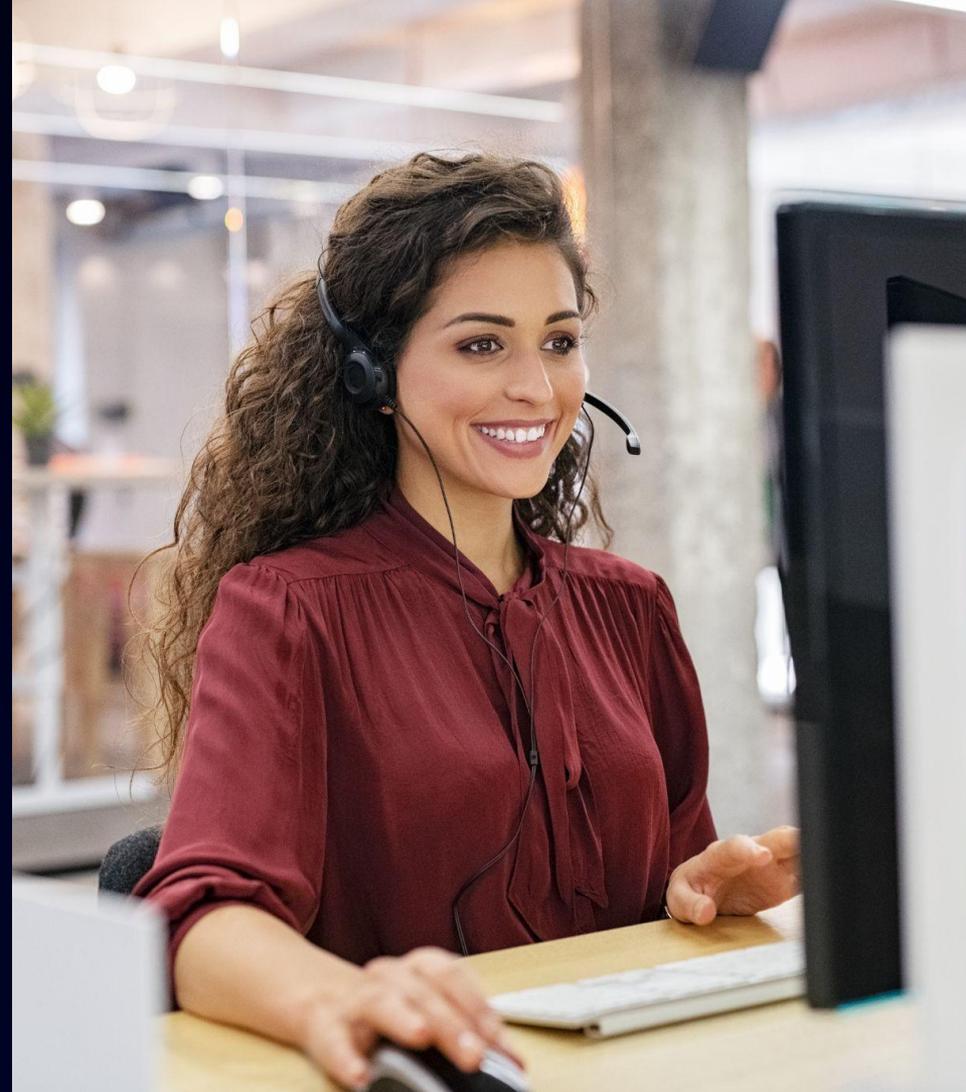
Display the best view of you

- Uses multiple cameras and AI to detect best view of participants
- Adjusts with the participants' movements for better collaboration

zoom  
topia



# Enhanced Experiences Across the Entire Customer Journey



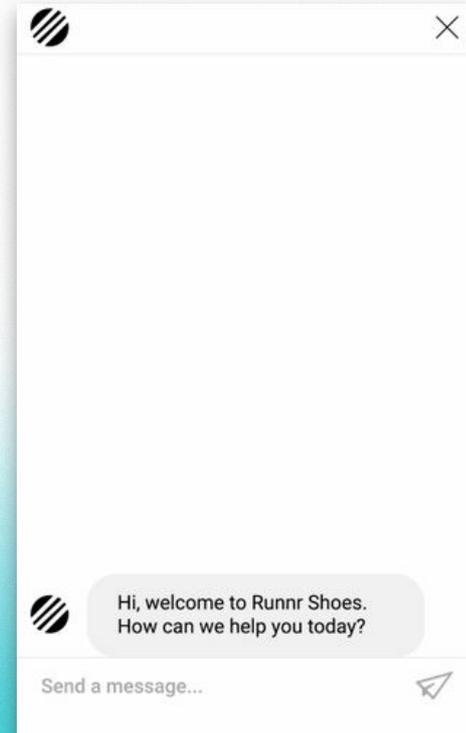
# Zoom Virtual Agent

Automate customer interactions with self-service bot

AI-powered chatbot that understands customer questions and provides accurate answers quickly

## Benefits

- Offer 24/7 self-service to customers
- Fewer queries to my contact center agents improves productivity, reduces burnout, shortens call volumes and wait times
- Seamless handoff to a contact center agent with chat history improves agent and customer experiences

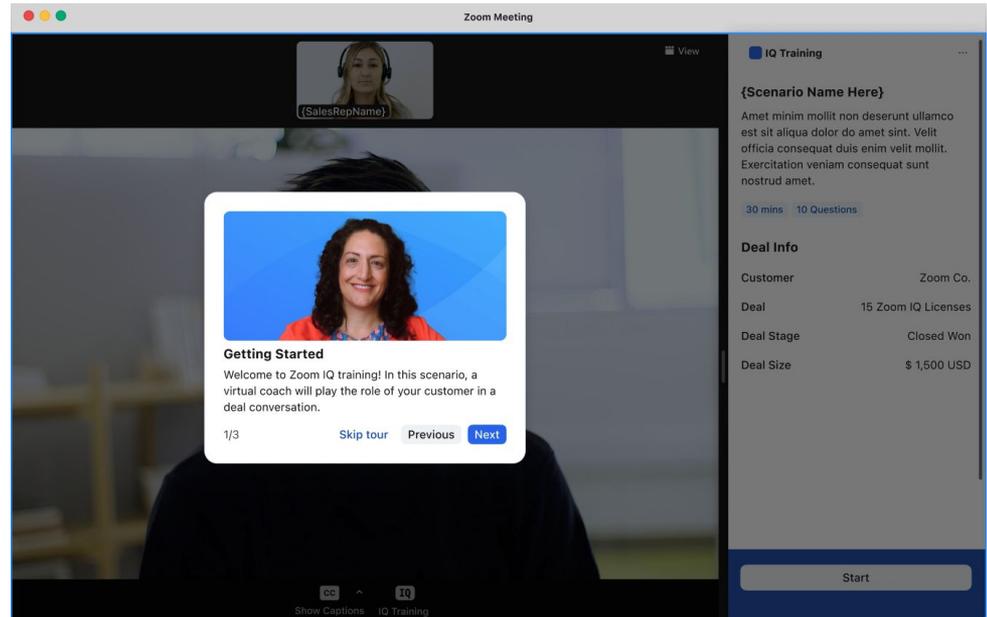


# Zoom IQ for Sales Virtual Coach

Gives sellers a place to practice so they're ready for game time

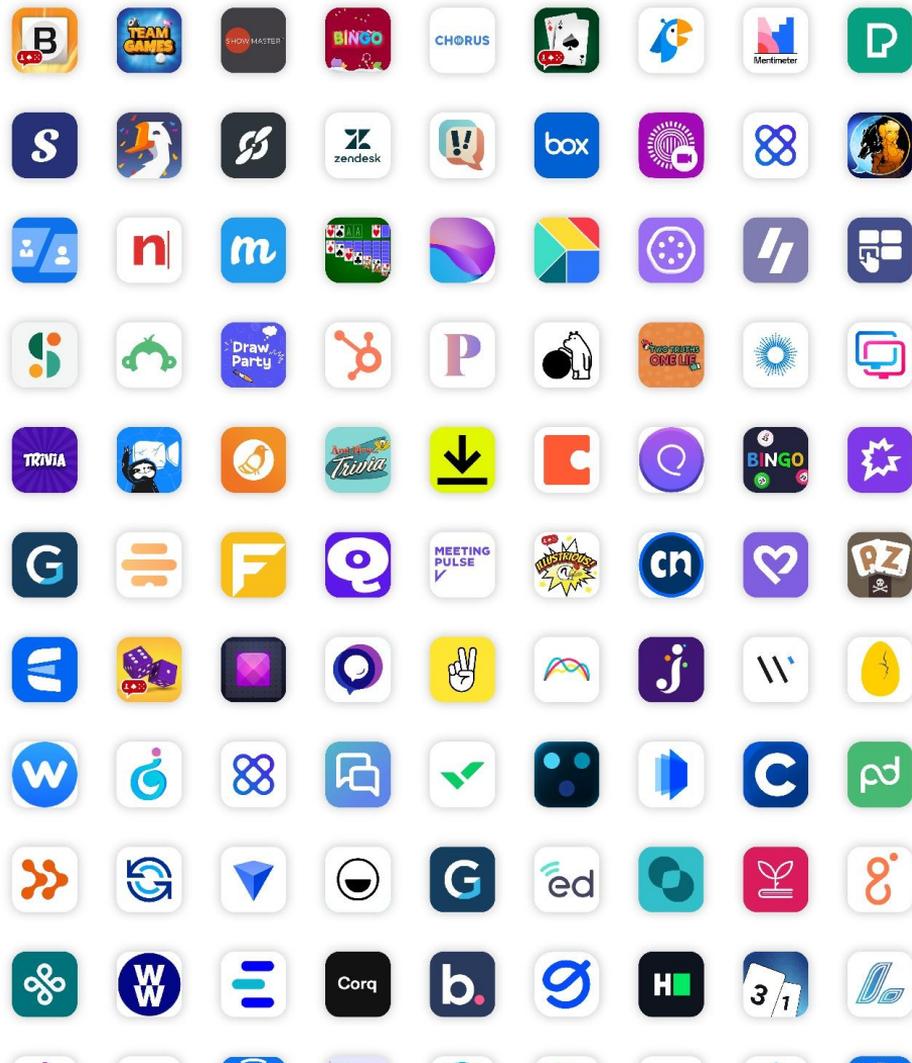


- AI-powered practice environment for sellers to practice their pitch
- Zoom IQ Virtual Coach will help sellers master product knowledge and perfect delivery for better connections and results
- Real-time tips on how to best answer customer questions and content suggestions





# Build to Connect & Extend the Value of Zoom



# New Apps for Zoom Team Chat



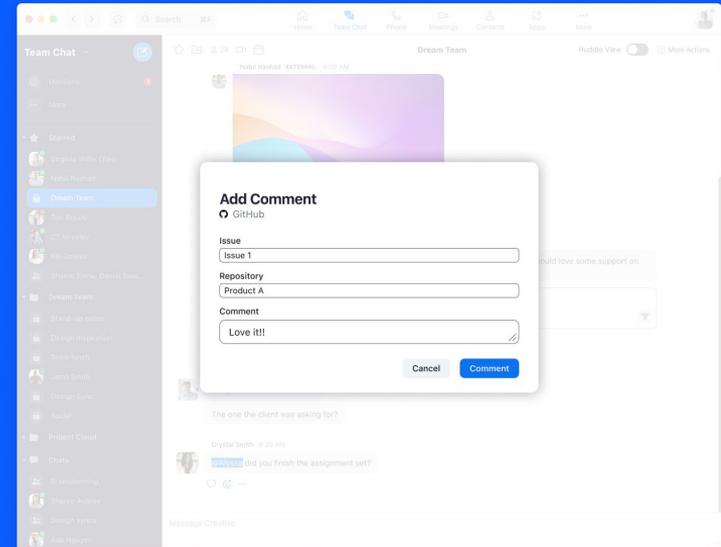
Reduce app fatigue and work smarter with the ability to access your desired apps directly from Zoom Team Chat.

- Jira - launched in Sept
- GitHub - launching in Nov
- ServiceNow

Coming soon:

- Salesforce
- Google Drive
- Confluence
- Workday

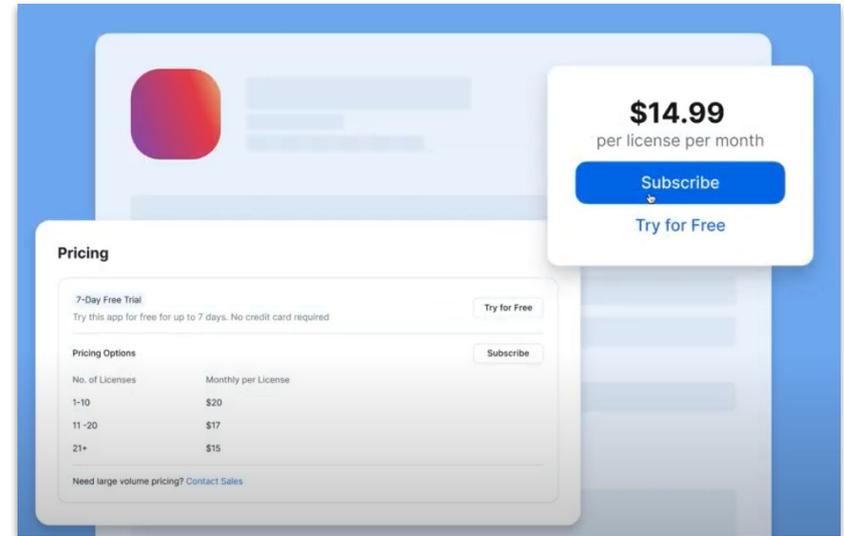
## Comment on Issue



# App Subscriptions on Marketplace

Monetization of apps with Zoom integrations

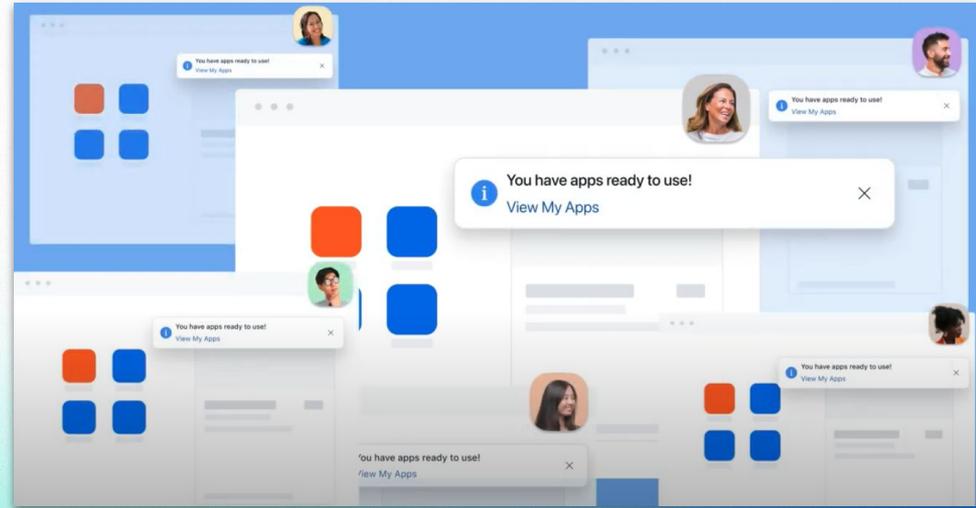
- Customers purchase paid versions of apps on marketplace.zoom.us
- Apps work with or within Zoom
- Revenue stream for developers (includes customers who build & list integrations on marketplace)
- Revenue share to Zoom



# Admin-Authorized Apps

Enable apps across your organization faster

- Pre-authorized apps at account, group or user level
- Drives distribution & use of apps that work with Zoom
- Improved employee workflows
- More customer value derived from Zoom



Speaker

zoom  
topia



# Wendy Bergh

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GM, Online Business  
Zoom

# Online Business Overview

179% Revenue CAGR FY 2019 → FY 2022



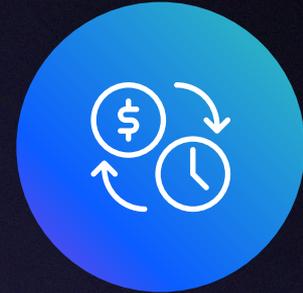
## Product-Led Growth

Engage consumers and small businesses with a delightful self-service online experience



## Flywheel for Expansion

Leverage 24/7 global online storefront to create a flywheel for future International & Enterprise expansion

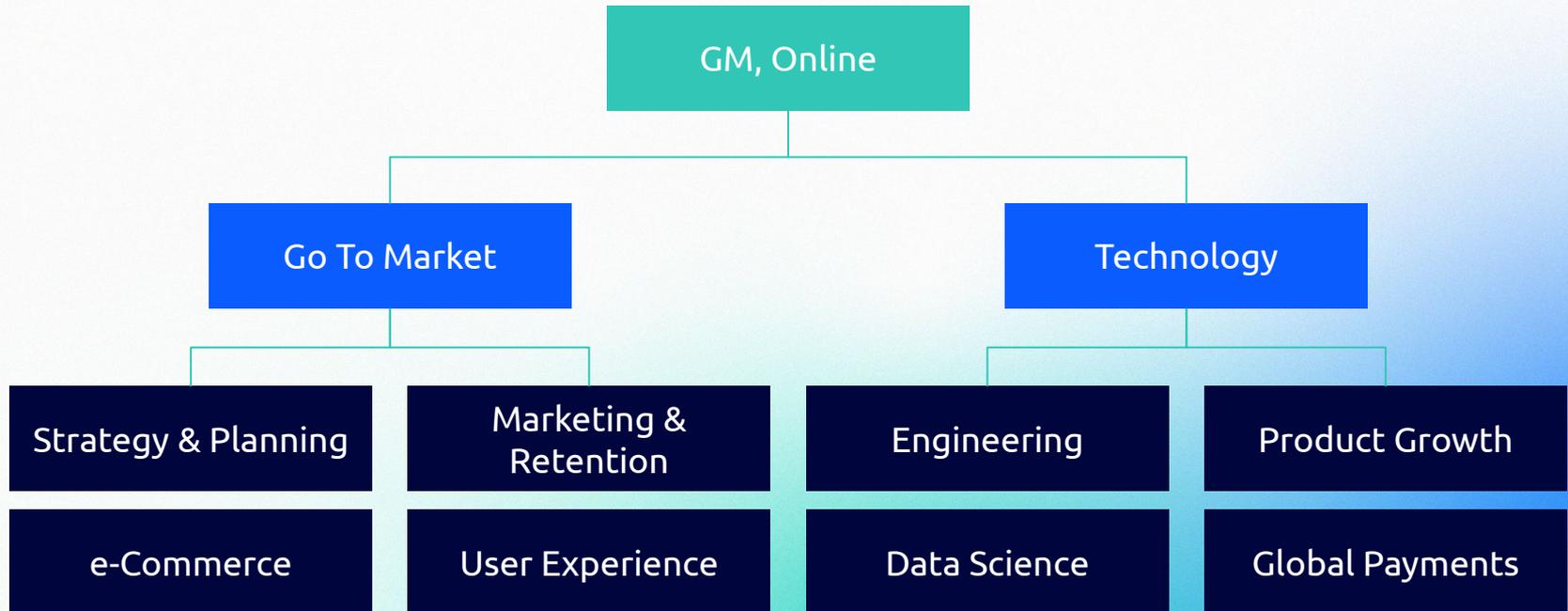


## Highly Efficient

Highly efficient business model that leverages automation, localization, and personalization to sell at global scale

# Online Business Organization

Dedicated team created to operate with speed & customer focus



# Key Drivers of Online Revenue Growth

Provide value at each stage of the customer journey

## Customer Acquisition

Organic Traffic  
Free Basic Offering  
Brand & Digital Marketing  
Free Trials

## Customer Monetization

Free to Paid Upsell  
Upsell Licenses & Products  
New Offers & Features  
Localized Pricing & Payments  
Winbacks

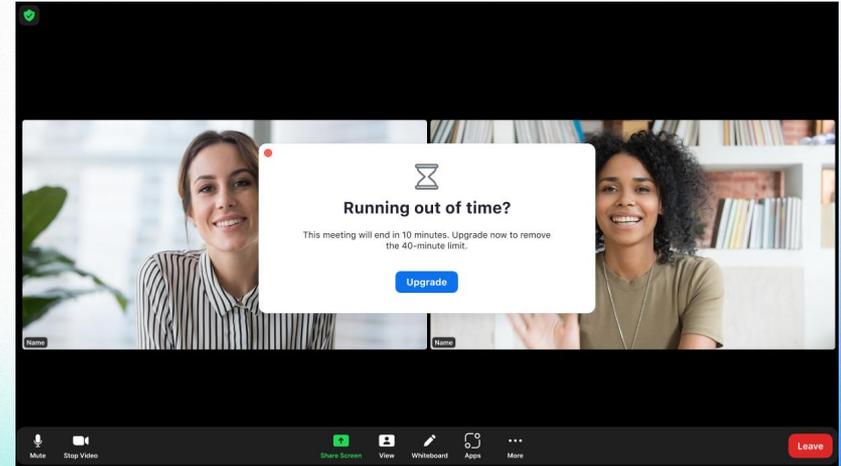
## Customer Retention

New Offers & Features  
Mix Shift to Annual  
Save Programs  
Reduce Churn

# Differentiating Free From Paid

## Monetizing the Free Base

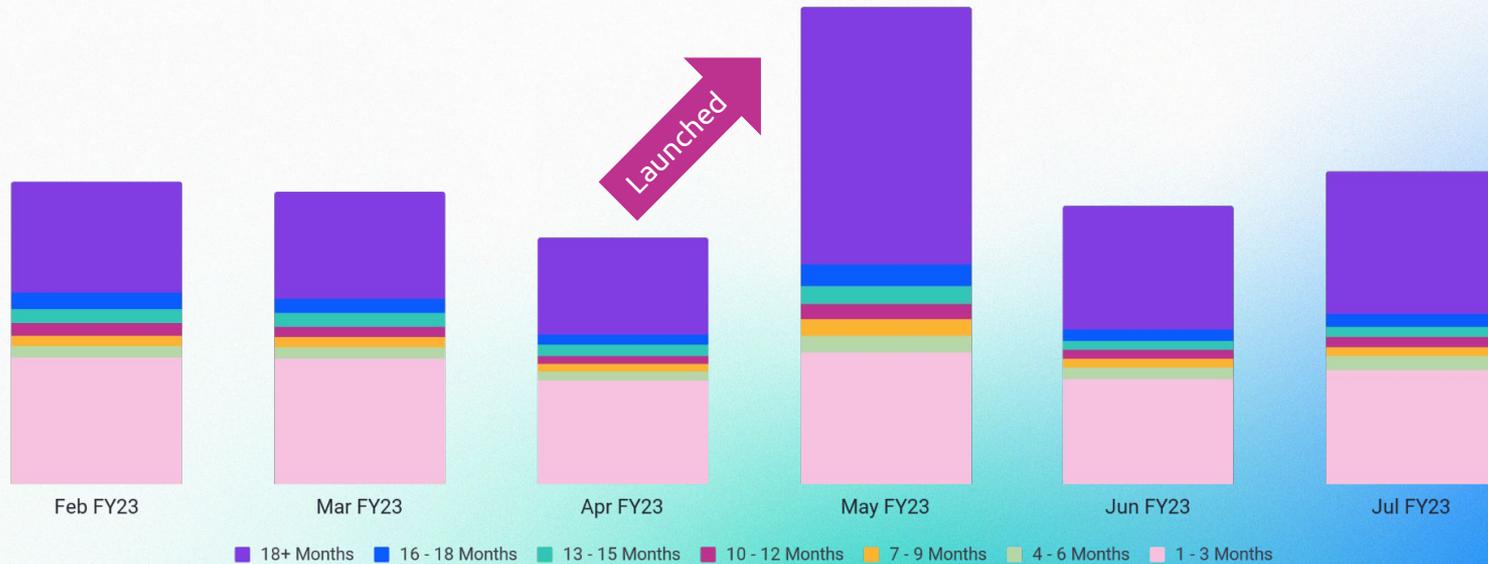
- Our Basic **free offer helps people around the world stay connected**
- The Basic free offer has played a **critical role in building our global brand and driving exponential growth**
- **Historically** as part of the Basic free offer, we provided **unlimited 40 min group meetings & unlimited 1:1 meetings up to 30 hours**
- In May, we instituted a **40-minute time limit to 1:1 meetings for free Basic users**, similar to the current limit on free group meetings



# The Change to 1:1 Meetings Drove Free to Paid Conversion of Older Tenured Free Base



Free Users Upgraded to Paid by User Tenure



# Increase International Expansion

Drive upgrades & retention with more localized payment options

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## Localized Currency

**12 Countries**

Make it easy for customers to understand pricing in their local currency



## Localized Pricing

**3 Countries**

Pricing that is set to drive demand in-line with local purchasing power



## Localized Payments

**6 Payment Options**

Accept localized payments specific to certain regions or countries

**Enabled In-App Purchases on Android and iOS**

# Powering In Product Marketing

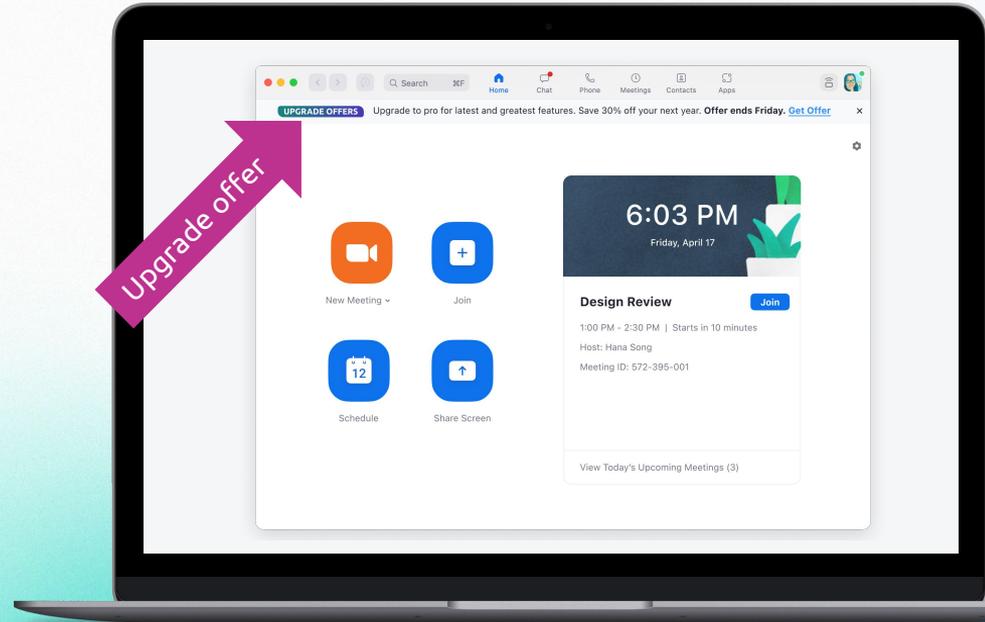
Drive Upsell and Cross-Sell with Engaged Users



Delivering personalized value-add content and offers to engaged audiences

Recent campaigns include:

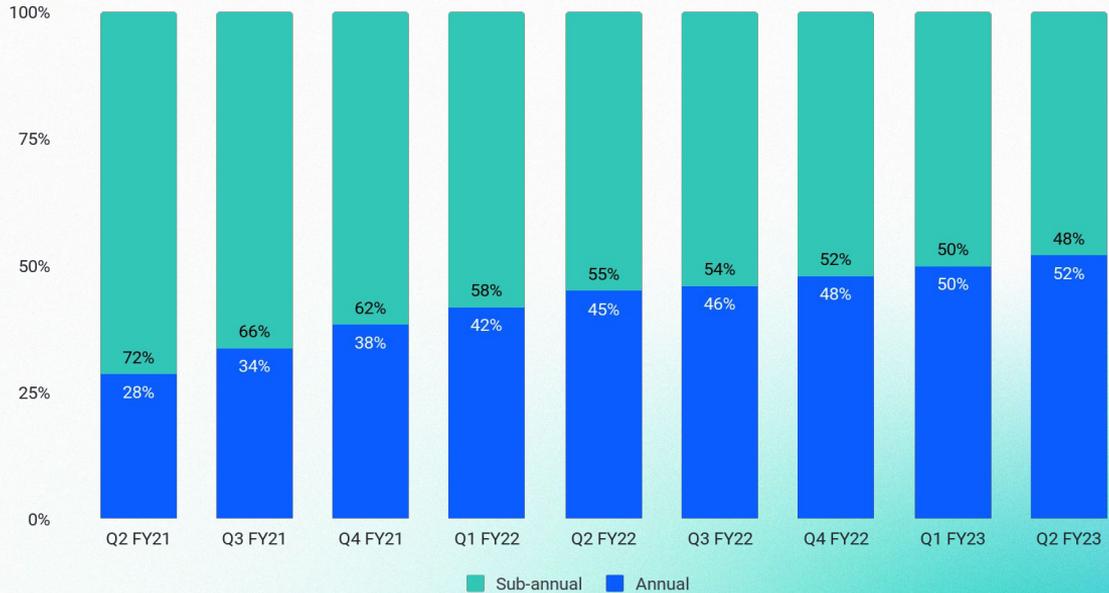
- Monetization Offers
  - ▶ Free to Zoom One Pro Upsell Offers
  - ▶ Zoom One Pro to Phone Cross-Sell Offers
- Value-Add Content
  - ▶ Learn How to Use Team Chat Webinar
  - ▶ Awareness of Whiteboard Feature



# Shifting Contract Mix to Annual

Lead with Annual Offers Across Key Customer Touchpoints

Online Customer Count Mix by Customer Contracting Terms



2X  
LTV

Annual vs  
Sub-annual

# Adding Value with Essential Apps

New Feature to Drive Upgrades & Retain Existing Customers



- Coming Soon! Our new **Essential Apps** included with **Zoom One Pro, Business & Business Plus Online** plans provide valuable ways to run and grow businesses.
- Example Essential Apps:
  - ▶ Sesh provides visual agendas to keep meetings on track and increase participation
  - ▶ Twine, Funtivity and Welo enable new ways to host team activities and workshops to increase engagement
  - ▶ Warmly and Gondola deliver better ways to sell to and support customers



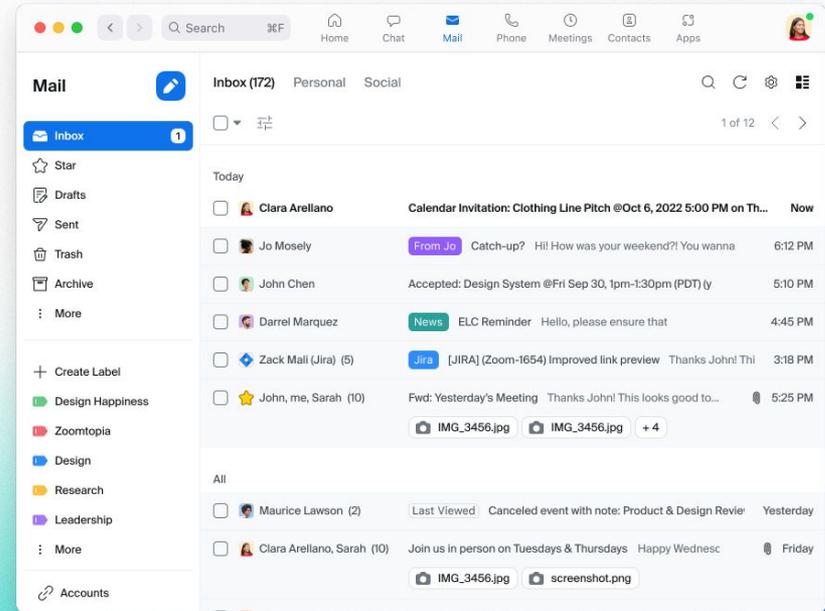
Note: Preliminary list of Essential Apps above.

# Announcing Zoom Email & Calendar



New Features Drive Upgrades & Retain Existing Customers

- New! We're announcing a Zoom Mail & Calendar Beta
- Zoom Mail & Calendar Client Beta will be available to free & paid customers
- Zoom Mail & Calendar Service Beta will be available first to Zoom Pro, Business and Business+ customers in the U.S. and Canada



# Online Monthly Average Churn Approaching Pre-Pandemic Levels



## Churn Reducing Initiatives

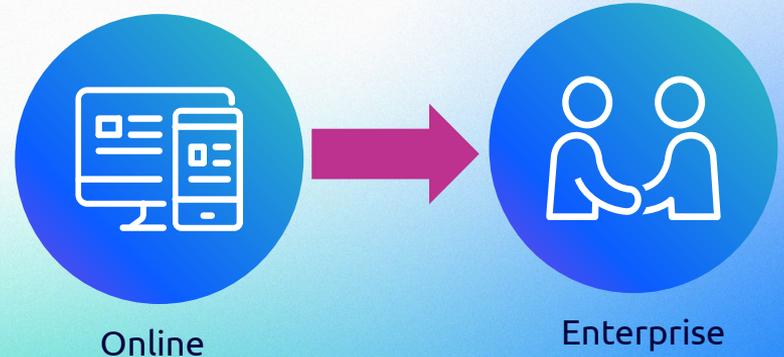
- Reduced Involuntary Churn
- Added Value with New Features, Including Whiteboard
- Drove Mix Shift to Annual
- Optimized Save Offers & Launched Pause Plan

# Flywheel for Enterprise Expansion

Transitioning customers from Online to Enterprise

- Online is the easiest and fastest way to get started on Zoom, but at a certain point our direct business enables larger upsells for key accounts
- Online has transitioned tens of thousands of accounts to the Enterprise business, which has resulted on average in 500%+ ARR expansion of these accounts
- Unique product mixes and PLG signals allow us to identify when and which customers would benefit from talking to our AEs

**500%+**  
**ARR Expansion**





# Lunch Break

#Zoomtopia





**Ryan Azus**

---

Chief Revenue Officer, Zoom



**Jill Porubovic**

---

VP of Global IT, Take-two Interactive



**Julio Pereira**

---

Senior IT Director, World Fuel  
Services



**Eric Yuan**

---

Founder & CEO, Zoom



**Kelly Steckelberg**

---

CFO, Zoom



**Greg Tomb**

---

President, Zoom



**Thanks!**

**#Zoomtopia**



# Appendix



# GAAP to Non-GAAP Reconciliation

(\$ in Thousands)

	Q2 FY22	Q2 FY23	H1 FY22	H1 FY23
<b>Gross Profit</b>				
Total Revenue	\$1,021,495	\$1,099,458	\$1,977,732	\$2,173,258
GAAP Gross Profit	\$760,239	\$825,847	\$1,451,482	\$1,637,826
(+) Stock-based compensation expense and related payroll taxes	\$17,557	\$38,576	\$32,201	\$70,174
(+) Acquisition-related expense	\$754	\$3,058	\$1,446	\$3,849
Non-GAAP Gross Profit	\$778,550	\$867,481	\$1,485,129	\$1,711,849
GAAP Gross Margin	74.4%	75.1%	73.4%	75.4%
Non-GAAP Gross Margin	76.2%	78.9%	75.1%	78.8%
<b>R&amp;D Expenses</b>				
GAAP R&D	\$82,311	\$172,564	\$147,486	\$316,855
(-) Stock-based compensation expense and related payroll taxes	\$(24,067)	\$(70,496)	\$(45,253)	\$(126,790)
(-) Acquisition-related expense	\$(4,155)	\$(4,287)	\$(6,747)	\$(7,382)
Non-GAAP R&D	\$54,089	\$97,781	\$95,486	\$182,683
<b>S&amp;M Expenses</b>				
GAAP S&M	\$271,179	\$400,474	\$516,846	\$763,257
(-) Stock-based compensation expense and related payroll taxes	\$(60,146)	\$(113,983)	\$(114,896)	\$(209,630)
(-) Acquisition-related expenses	-	\$(776)	-	\$(776)
Non-GAAP S&M	\$211,033	\$285,715	\$401,950	\$552,851
<b>G&amp;A Expenses</b>				
GAAP G&A	\$112,146	\$131,066	\$266,235	\$248,906
(-) Stock-based compensation expense and related payroll taxes	\$(14,972)	\$(39,537)	\$(28,767)	\$(68,860)
(-) Litigation settlements, net	-	-	\$(66,916)	\$4,226
(-) Acquisition-related expense	\$(8,411)	\$(1,276)	\$(8,411)	\$(1,324)
Non-GAAP G&A	\$88,763	\$90,253	\$162,141	\$182,948

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands except EPS)

	Q2 FY22	Q2 FY23	H1 FY22	H1 FY23
<b>Operating Profit</b>				
Total Revenue	\$1,021,495	\$1,099,458	\$1,977,732	\$2,173,258
GAAP Operating Profit	\$294,603	\$121,743	\$520,915	\$308,808
(+) Stock-based compensation expense and related payroll taxes	\$116,742	\$262,592	\$221,117	\$475,454
(+) Litigation settlements, net	-	-	\$66,916	\$(4,226)
(+) Acquisition-related expense	\$13,320	\$9,397	\$16,604	\$13,331
Non-GAAP Operating Profit	\$424,665	\$393,732	\$825,552	\$793,367
GAAP Operating Margin	28.8%	11.1%	26.3%	14.2%
Non-GAAP Operating Margin	41.6%	35.8%	41.7%	36.5%
<b>Net Income</b>				
GAAP net income attributable to common stockholders	\$316,930	\$45,746	\$544,306	\$159,389
(+) Stock-based compensation expense and related payroll taxes	\$116,742	\$262,592	\$221,117	\$475,454
(+) Litigation settlements, net	-	-	\$66,916	\$(4,226)
(+) Acquisition-related expenses	\$13,320	\$9,397	\$16,604	\$13,331
(+) Undistributed earnings attributable to participating securities	\$154	\$4	\$309	\$19
(+) (Gains) losses on strategic investments	\$(32,076)	\$34,712	\$(32,076)	\$71,116
(-) Tax effects on non-GAAP adjustments	-	\$(28,966)	-	\$(75,812)
Non-GAAP net income	\$415,070	\$323,485	\$817,176	\$639,271
<b>Earnings Per Share</b>				
GAAP net income per share –diluted	\$1.04	\$0.15	\$1.78	\$0.52
Non-GAAP net income per share –diluted	\$1.36	\$1.05	\$2.67	\$2.08
<b>Weighted Average Shares</b>				
GAAP and Non-GAAP weighted-average –diluted	305,861,051	307,160,840	305,652,628	306,902,964

# GAAP to Non-GAAP Reconciliation



(\$ in Thousands)

	Q2 FY22	Q2 FY23	H1 FY22	H1 FY23
<b>Free Cash Flow</b>				
Cash Flow from Operations	\$468,012	\$257,209	\$1,001,314	\$783,360
(-) Purchases of PPE	\$(12,975)	\$(27,832)	\$(92,049)	\$(52,870)
Free Cash Flow	\$455,037	\$229,377	\$909,265	\$730,490
Net Cash Used in Investing Activities	\$(144,204)	\$(466,027)	\$(1,364,182)	\$(508,361)
Net Cash Provided by (Used in) Financing Activities	\$71,383	\$(255,578)	\$65,104	\$(388,821)