



Q4 FY20 Earnings

March 4, 2020

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 the following non-GAAP metrics: non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating margin, non-GAAP operating income, non-GAAP EPS and non-GAAP 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.



Q4 FY20 Earnings

March 4, 2020

Strong FY20 Performance

88%

Yr/Yr
Revenue Growth

14.2%

Non-GAAP
Operating Margin¹

\$114M

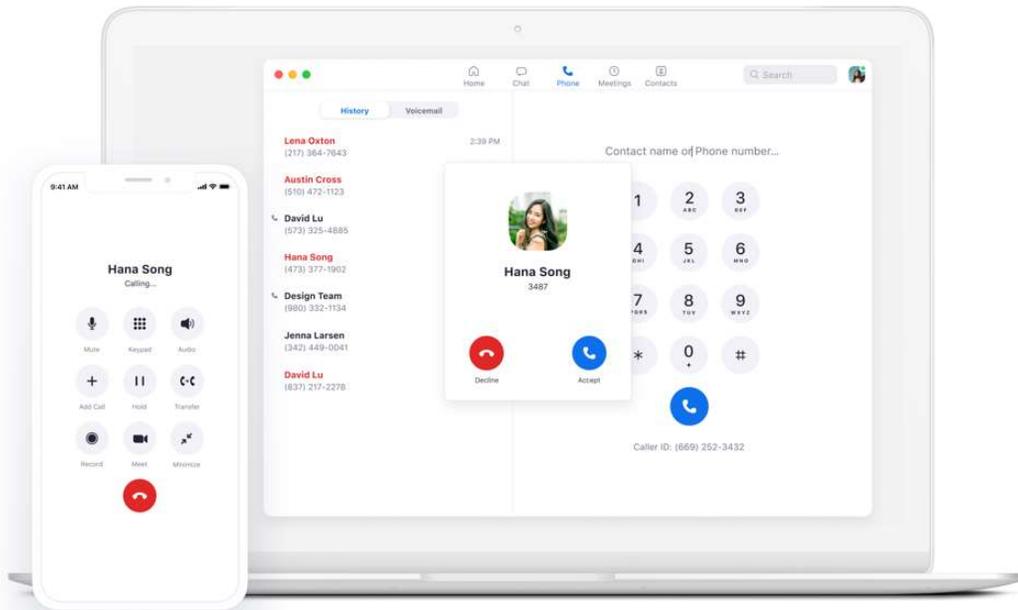
Free Cash Flow¹

86%

Growth in customers with
>\$100K TTM revenue

Zoom Phone Anniversary

zoomphone



2.9K+

of customers with >10 employees

230M+

Phone minutes run-rate

Zoom Delivers Happiness to New and Existing Customers

Johnson & Johnson

vmware®

Business and Technology Highlights

- ✓ Honored by customers in *2020 Gartner Peer Insights Customers' Choice Award for Meeting Solutions*.

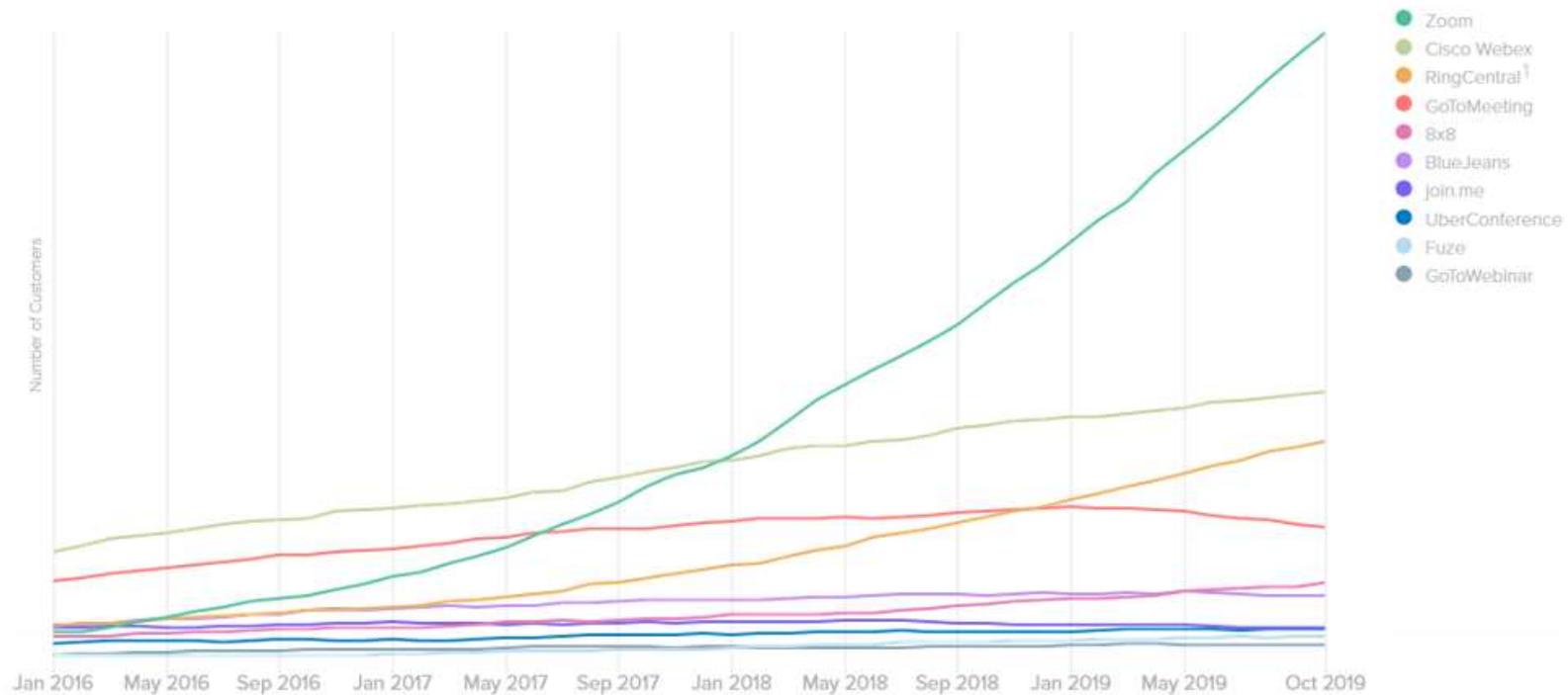
Business and Technology Highlights

- ✓ Honored by customers in *2020 Gartner Peer Insights Customers' Choice Award for Meeting Solutions*.
- ✓ Recognized in Okta's annual Businesses @ Work 2020 Report with the distinction of being both the fastest-growing and most popular app.

Most Popular Video Conferencing Apps

Okta's Business @ Work (2020)

Zoom grew 876% over 3 years



¹ The video conference technology of these applications is powered by Zoom.

Business and Technology Highlights

- ✓ Honored by customers in *2020 Gartner Peer Insights Customers' Choice Award for Meeting Solutions*.
- ✓ Recognized in Okta's annual Businesses @ Work 2020 Report with the distinction of being both the fastest-growing and most popular app.
- ✓ Expanded our Global Channel Partner Program to add new partnerships with industry-leading Master Agents for Zoom Phone.

Business and Technology Highlights

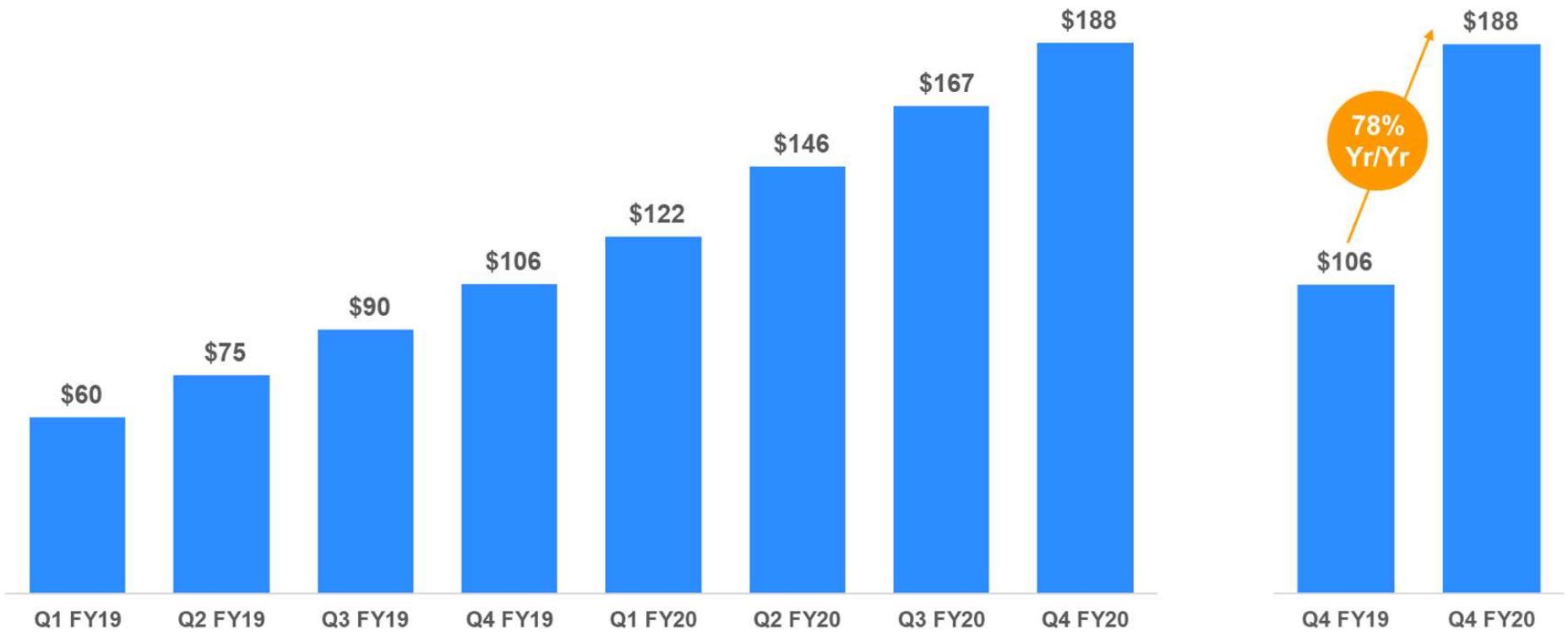
- ✓ Honored by customers in *2020 Gartner Peer Insights Customers' Choice Award for Meeting Solutions*.
- ✓ Recognized in Okta's annual Businesses @ Work 2020 Report with the distinction of being both the fastest-growing and most popular app.
- ✓ Expanded our Global Channel Partner Program to add new partnerships with industry-leading Master Agents and the launch of a new Referral Partner Program.
- ✓ Announced our top ten Green Leader customers for avoiding the most carbon dioxide emissions by replacing in-person meetings with Zoom video meetings.

Navigating Coronavirus

- Monitoring capacity globally to ensure maximum reliability amid usage increases.
- Enabling communication by removing the 40-minute limit on free meetings in China.
- Providing informational sessions and on-demand resources on how to use the Zoom platform.

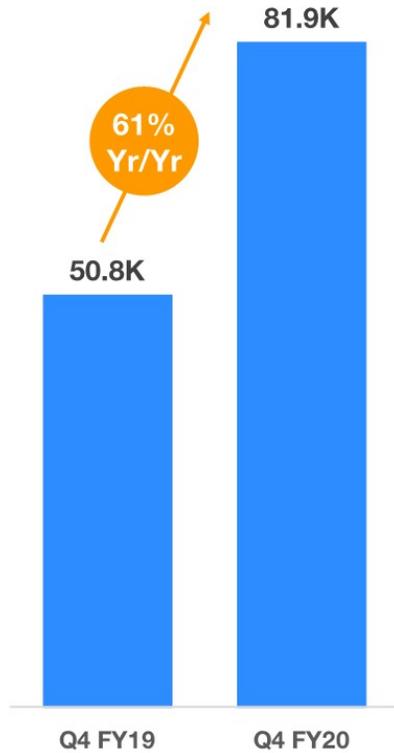
Rapid Revenue Growth

(in Millions)

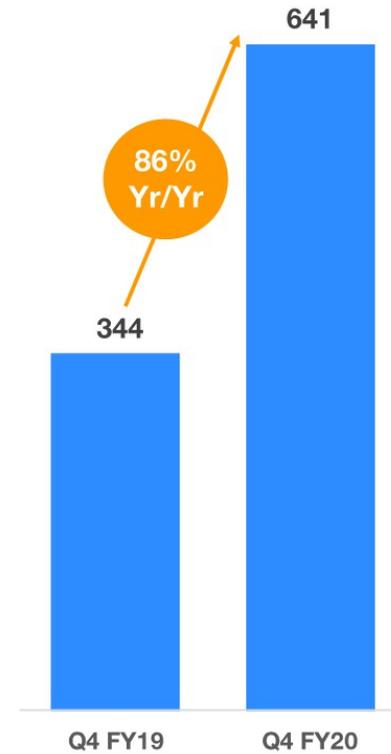


Rapidly Growing Customer Base and Gaining Enterprise Traction

Customers with Greater Than 10 Employees¹



Growth in Customers with >\$100K in Trailing 12-month Revenue



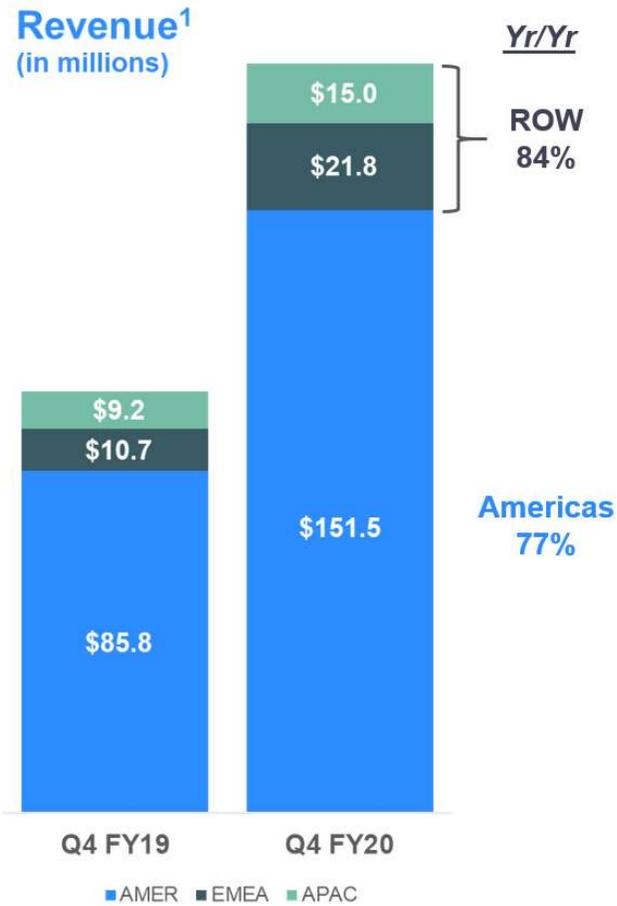
Strong Q4 Net Dollar Expansion Rate

TTM Net Dollar
Expansion
Rate¹

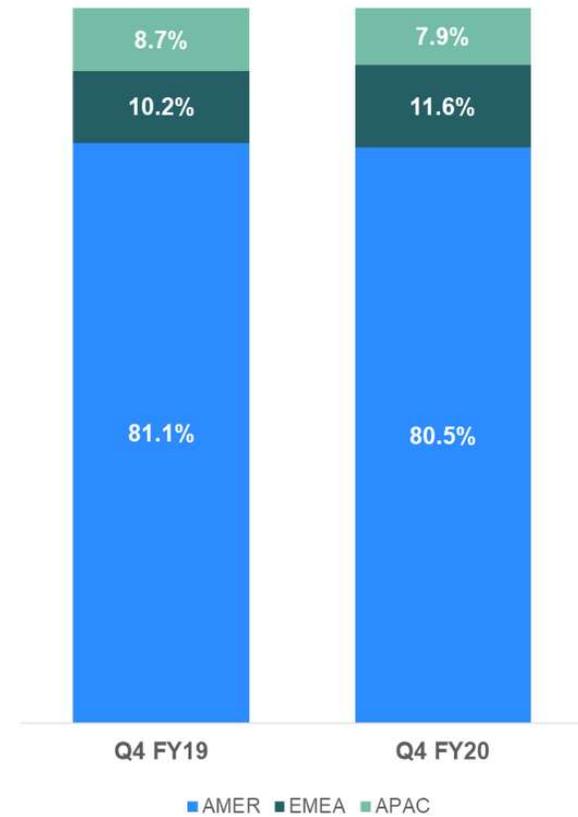
130+
in Q4 FY20

- Demonstrated Ability to Land and Expand
- Reflects Trust and Loyalty with Existing Customers
- Q4 Net Promoter Score (NPS) 70+

Growing International Presence



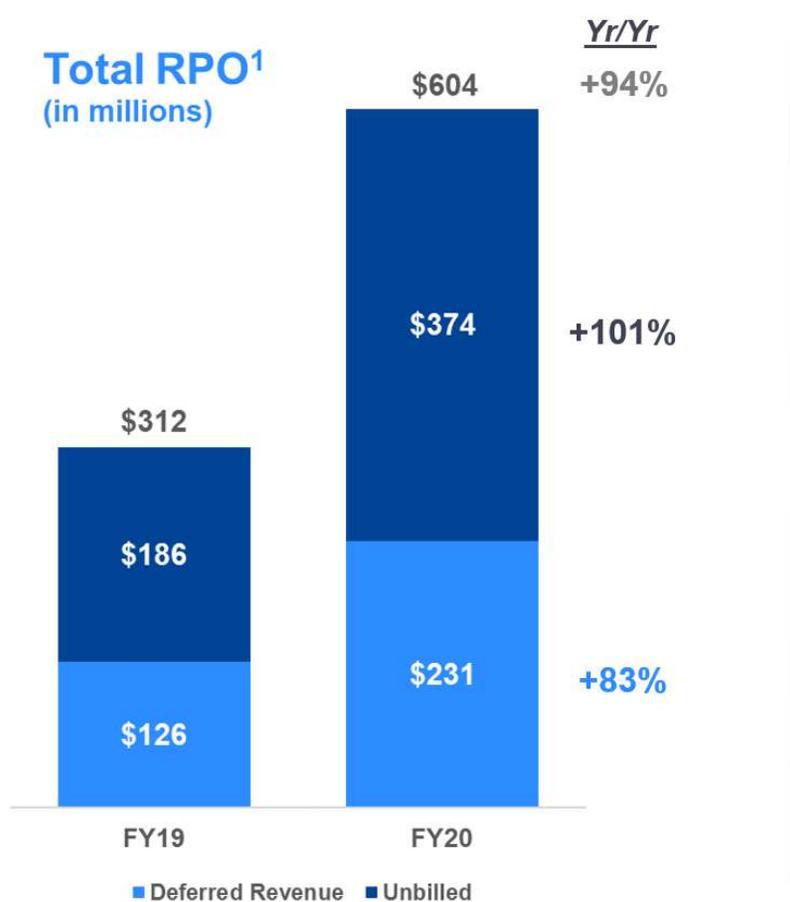
Revenue Share by Region



Q4 FY20 Expenses and Margins

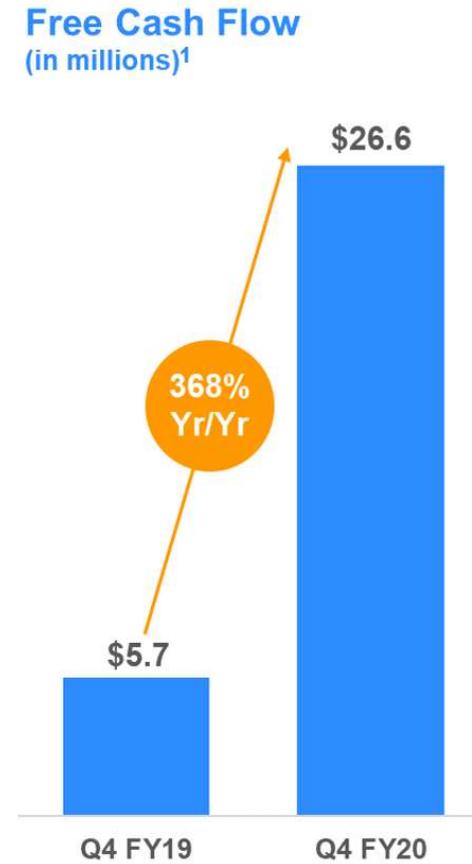
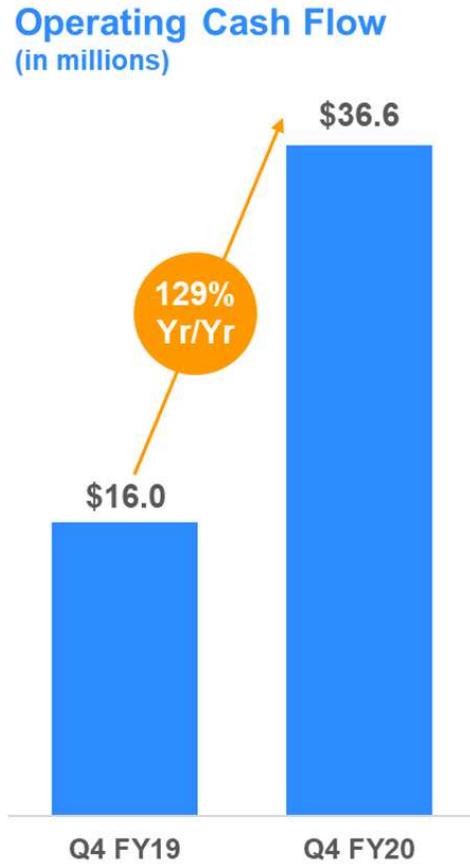
| | | Q4 FY20 | | | |
|--------------------------------|--------------------------|---------------|----------|-------------------------------|-----------|
| | | GAAP Results | Yr/Yr | Non-GAAP ¹ Results | Yr/Yr |
| As a % of Revenue ¹ | Revenue | \$188 million | 78% | \$188 million | 78% |
| | Gross Margin | 82.7% | +117bps | 84.2% | +215bps |
| | Research & Development | 11.0% | +76bps | 8.6% | (96bps) |
| | Sales & Marketing | 53.6% | +157bps | 44.6% | (599bps) |
| | General & Administrative | 12.5% | (158bps) | 10.6% | (206bps) |
| | Operating Margin | 5.6% | +41bps | 20.4% | +1,115bps |

Growing Future Revenue Under Contract



¹ Remaining performance Obligations (RPO) consists of both billed considerations and unbilled considerations that we expect to recognize as revenue. We expect to recognize approximately 62% or \$375 million dollars of the total RPO as revenue over the next 12 months compared to 67% or \$208 million dollars in Q4 last year. Subtotals have been rounded.

Rapid Cash Flow Growth



Q1 FY21 and Full Year Outlook

| | Q1FY21 | FY21 |
|------------------------------|-----------------------|-----------------------|
| Revenue | \$199 - \$201 million | \$905 - \$915 million |
| Non-GAAP Operating Income | \$25 - \$27 million | \$110 - \$120 million |
| Weighted Average Share Count | 297 million | 301 million |
| Non-GAAP EPS | \$0.10 | \$0.42 - \$0.45 |

Non-GAAP Outlook¹

¹ A reconciliation of non-GAAP guidance measures to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty of expenses that may be incurred in the future.

Questions

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Appendix

GAAP to Non-GAAP Reconciliation

| Gross Profit | | | | |
|--|---------------------|---------------------|-------------|-------------|
| (\$ in thousands) | QTD – Q4FY19 | QTD – Q4FY20 | FY19 | FY20 |
| Total Revenue | \$105,800 | \$188,251 | \$330,517 | \$622,658 |
| GAAP Gross Profit | \$86,275 | \$155,704 | \$269,516 | \$507,262 |
| (+) Stock-based compensation expense and related payroll taxes | \$577 | \$2,874 | \$1,119 | \$8,000 |
| Non-GAAP Gross Profit | \$86,852 | \$158,578 | \$270,635 | \$515,262 |
| Non-GAAP Gross Margin | 82% | 84% | 82% | 83% |
| R&D Expenses | | | | |
| GAAP R&D | \$10,808 | \$20,669 | \$33,014 | \$67,079 |
| (-) Stock-based compensation expense and related payroll taxes | (\$664) | (\$4,427) | (\$1,369) | (\$11,743) |
| Non-GAAP R&D | \$10,144 | \$16,242 | \$31,645 | \$55,336 |
| S&M Expenses | | | | |
| GAAP S&M | \$55,052 | \$100,905 | \$185,821 | \$340,646 |
| (-) Stock-based compensation expense and related payroll taxes | (\$1,498) | (\$16,888) | (\$3,540) | (\$43,964) |
| Non-GAAP S&M | \$53,554 | \$84,017 | \$182,281 | \$296,682 |
| G&A Expenses | | | | |
| GAAP G&A | \$14,923 | \$23,577 | \$44,514 | \$86,841 |
| (-) Stock-based compensation expense and related payroll taxes | (\$1,575) | (\$3,703) | (\$2,913) | (\$12,264) |
| Non-GAAP G&A | \$13,348 | \$19,874 | \$41,601 | \$74,577 |

GAAP to Non-GAAP Reconciliation

Operating Margin

| (\$ in thousands) | QTD – Q4FY19 | QTD – Q4FY20 | FY19 | FY20 |
|--|--------------|--------------|-----------|-----------|
| Total Revenue | \$105,800 | \$188,251 | \$330,517 | \$622,658 |
| GAAP Operating Profit | \$5,492 | \$10,553 | \$6,167 | \$12,696 |
| (+) Stock-based compensation expense and related payroll taxes | \$4,314 | \$27,892 | \$8,941 | \$75,971 |
| Non-GAAP Operating Profit | \$9,806 | \$38,445 | \$15,108 | \$88,667 |
| Non-GAAP Operating Margin | 9% | 20% | 5% | 14% |

Free Cash Flow

| | | | | |
|---------------------------|------------|-----------|------------|------------|
| Cash Flow from Operations | 15,991 | 36,554 | \$51,332 | \$151,892 |
| (-) Purchases of PPE | (\$10,311) | (\$9,952) | (\$28,432) | (\$38,084) |
| Free Cash Flow | \$5,680 | \$26,602 | \$22,900 | \$113,808 |

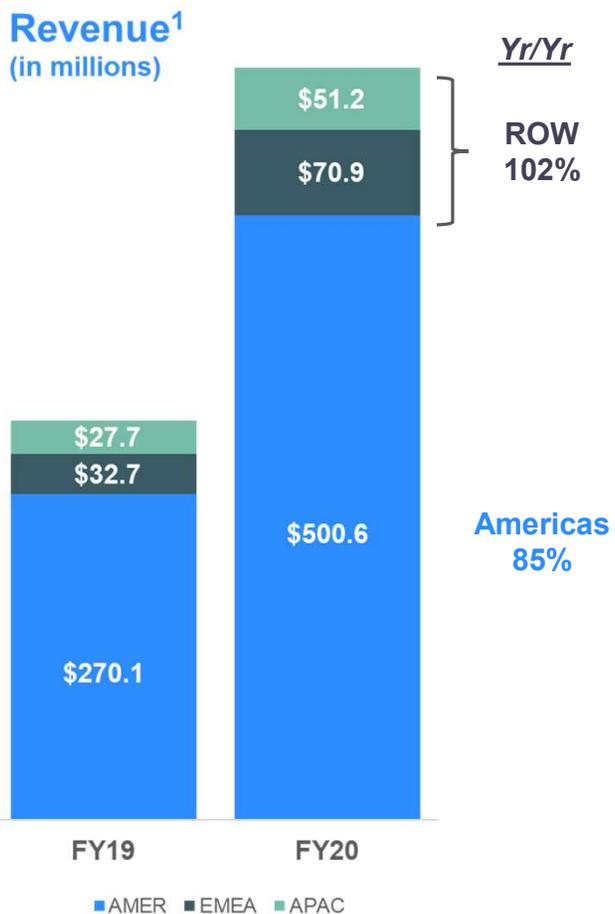
Metrics Summary

| Metric | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 |
|--|---------|---------|---------|----------|---------|----------|---------|----------|
| Revenue | \$60.1 | \$74.5 | \$90.1 | \$105.8 | \$122.0 | \$145.8 | \$166.6 | \$188.3 |
| <i>y/y</i> | 125% | 126% | 120% | 108% | 103% | 96% | 85% | 78% |
| GAAP Operating Income | \$(1.7) | \$3.4 | \$(1.1) | \$5.5 | \$1.6 | \$2.3 | \$(1.7) | \$10.6 |
| Stock Based Compensation & Related Payroll Taxes | \$0.8 | \$1.1 | \$2.7 | \$4.3 | \$6.7 | \$18.5 | \$22.9 | \$27.9 |
| Non-GAAP Operating Income | \$(0.8) | \$4.5 | \$1.6 | \$9.8 | \$8.2 | \$20.7 | \$21.3 | \$38.4 |
| Operating Cash Flow | \$2.8 | \$14.4 | \$18.2 | \$16.0 | \$22.2 | \$31.2 | \$61.9 | \$36.6 |
| Capital Expenditures (Property & Equipment) ¹ | \$(3.9) | \$(6.2) | \$(8.1) | \$(10.3) | \$(6.9) | \$(14.0) | \$(7.2) | \$(10.0) |
| Free Cash Flow | \$(1.1) | \$8.2 | \$10.1 | \$5.7 | \$15.3 | \$17.1 | \$54.7 | \$26.6 |
| RPO | \$166.1 | \$210.5 | \$256.0 | \$311.7 | \$376.5 | \$457.6 | \$517.0 | \$604.1 |
| <i>y/y</i> | n/a | n/a | n/a | n/a | 127% | 117% | 102% | 94% |
| TTM Net \$ Expansion Rate | N/A | 138% | 139% | 140% | 130%+ | 130%+ | 130%+ | 130%+ |
| Customers >10 Employees | 31.5k | 37.2k | 44.4k | 50.8k | 58.5k | 66.3k | 74.1k | 81.9k |
| <i>y/y</i> | n/a | n/a | n/a | 97% | 86% | 78% | 67% | 61% |
| Customers >\$100K TTM Revenue | 184 | 228 | 277 | 344 | 405 | 466 | 546 | 641 |
| <i>y/y</i> | n/a | n/a | n/a | 141% | 120% | 104% | 97% | 86% |

FY20 Expenses and Margins

| | | FY20 | | | |
|--------------------------------|--------------------------|---------------|----------|------------------|----------|
| | | GAAP Results | Yr/Yr | Non-GAAP Results | Yr/Yr |
| As a % of Revenue ¹ | Revenue | \$623 million | 88% | \$623 million | 88% |
| | Gross Margin | 81.5% | (8bps) | 82.8% | +87bps |
| | Research & Development | 10.8% | +78bps | 8.9% | (69bps) |
| | Sales & Marketing | 54.7% | (151bps) | 47.6% | (750bps) |
| | General & Administrative | 13.9% | +48bps | 12.0% | (61bps) |
| | Operating Margin | 2.0% | +17bps | 14.2% | +967bps |

Growing International Presence



Revenue Share by Region

