



# Shareholder Letter

Fiscal 2021

## Dear Zoom Stockholders,

Fiscal 2021 was truly a pivotal year for Zoom, characterized by achieving unprecedented success and overcoming tremendous challenges. My heartfelt appreciation goes out not only to our customers and partners, but also to our approximately 4,400 employees for their incredible energy, perseverance, and dedication. Their enduring focus on delivering happiness and building trust enabled us to become a household name and one of the most popular apps of the year.



As the global community faced the COVID-19 pandemic, we were so humbled to see businesses, educators, and families choose Zoom, and use our platform in increasingly innovative ways to connect, collaborate, and celebrate. We saw adoptions, mortgage appointments, yoga classes, weddings, parliamentary sessions, and much more all take place using our platform. We continue to be inspired by our growing base of loyal customers, who helped cement “Zoom” into the lexicon of the era as a term that embodies our vision of “video communications empowering people to accomplish more.”

Even during a stellar year of growth, we remained resolutely committed to our core value of care. About a year ago, we made the decision to offer Zoom for free to primary and secondary schools globally, and more than 125,000 school domains across 25 countries took us up on our offer. We also launched our social impact program, Zoom Cares, and donated \$5.2 million to over 60 nonprofit organizations globally. We also provided our product at approximately half-price for nearly 30,000 nonprofit organizations in 103 countries. What’s more, we estimate that by enabling hundreds of millions of users to work from home during the COVID-19 pandemic, our platform helped our customers reduce their CO2 emissions by more than 55 million metric tons in 2020 - roughly equal to taking 11 million cars off the road.

We are not just enabling positive change, but also leading by example. Last October, we hosted our annual Zoomtopia entirely virtually, and were able to welcome approximately 155,000 participants. Even after the pandemic is well behind us, we plan to embrace a flexible work model that enables Zoom employees to thrive in a distributed manner. Our newly-launched ESG webpage outlines how our core value of caring for our community, customers, company, teammates, and selves is manifested in our actions and results. We look forward to updating our investors as we continue along our ESG journey.

We are honored to be recognized as a leader in our industry by a number of research firms and third parties. Gartner Research named Zoom a leader in the 2020 Magic Quadrant for Meeting Solutions for the sixth year in a row and for Unified Communications as a Service for the first time (less than two years after we launched Zoom Phone). According to Okta’s 2021 Businesses at Work Report, which relies on data from Okta’s customers, Zoom was by far the preferred enterprise video conferencing app and among the most popular workplace apps overall as measured by number of customers and by number of active unique users. In addition, analyst firm Frost & Sullivan recently recognized Zoom as the 2020 Global Connected Work Company of the Year, honoring our dedication to providing customers with innovative solutions that drive growth and deliver new capabilities.

The remarkable financial results for fiscal 2021 reflect the increased adoption of our platform and our ability to execute under pressure. Total revenue for fiscal year 2021 grew 326% year over year to approximately \$2.7 billion. GAAP net income attributable to common stockholders for the fiscal year was \$672 million, or \$2.25 per diluted share, up significantly from \$22 million, or \$0.09 per diluted share, in the prior year. Our net cash provided by operating activities grew 869% year over year to approximately \$1.5 billion.

Fiscal 2021 also brought numerous challenges. In December 2019, we had a peak of 10 million daily meeting participants, but by April 2020, we were averaging 300 million daily meeting participants — 30x growth in about three months. To meet the surge in demand, we worked tirelessly to increase our server capacity across our own data centers and the public cloud. Our team's hard work helped ensure stable, uninterrupted video connectivity for our ballooning user base, and demonstrated the scalability of our platform.

As we scaled our infrastructure at an incredible pace, we also had to enhance our privacy, security, and user education operations to address concerns of our rapidly expanding and changing customer base. We took immediate actions to strengthen trust with our community of users across enterprises, consumers, and governments. We implemented a 90-day laser-focused security plan; improved existing meeting features that help users manage their meeting privacy and security; appointed former U.S. National Security Advisor, Lieutenant General H.R. McMaster, and former U.S. Secretary of Homeland Security, Janet Napolitano, to our board of directors; launched our Trust Center; and acquired the Keybase team to lead development of our end-to-end encryption option. Trust is crucial for our long-term success. We must remain vigilant about proactively addressing the unique and evolving security needs of our enterprise, government, and individual customers and continuously strengthening the overall security, privacy, and transparency of our platform.

We also evolved on the talent side. Between March 2020, when we sent our employees to work from home, and January 2021, we nearly doubled in headcount and welcomed almost 2,000 Zoomies onboard, all of whom have yet to set foot in our offices or see their colleagues in person. The steep incline in market demand for our services during the pandemic necessitated both speedy hiring and training of new employees, while maintaining a cohesive company culture across a distributed workforce. This complex endeavor meant living and breathing our own product, as well as doubling down on our company's values, as demonstrated by the tremendous efforts of our People Experience team, volunteer Happy Crew employees, and newly launched Diversity, Equity, and Inclusion team under the leadership of our first Chief Diversity Officer. By focusing on our values, product and team, we were able to capitalize on the distributed nature of our workforce as a feature rather than a bug, hire the best people regardless of location, and strengthen our company culture in a way that continues to set us apart in the market. We are thrilled that our employees have named Zoom among the winners of Glassdoor's Employees' Choice Awards honoring the Best Places to Work in 2021, and proud that Comparably recognized us for numerous accolades in 2020, including Best Company Happiness, Best Company Culture, and Best Company for Diversity.

Looking forward, we see a strong opportunity to capitalize and expand upon the success of our core meetings and webinars products. Zoom Phone is built on the same secure, scalable, global architecture as Zoom Meetings and allows our customers to consolidate their video conferencing with a modern and integrated telephony solution. Zoom Phone celebrated its second anniversary in January and finished fiscal 2021 with over 10,700 customers with greater than 10 employees, and 18 customers with over 10,000 paid seats. Enterprise customers choose Zoom to replace their legacy phone systems because of their positive experiences with our other high-quality products that are easy to use and well-integrated. They value our rapid innovation cycles and ability to scale for large, global deployments and deliver a unified communications solution that will make their users happy and productive.

As companies begin their safe return to the office and reimagine their working models, our work has only begun. We are leading the transformation with an extensive and growing portfolio of offerings and product features. For example, Zoom Rooms enhancements connect seamlessly with Zoom Meetings, enabling features like virtual reception, Smart Gallery, and more, to help companies safely return to the office and provide a secure, inclusive and empowering Work From Anywhere experience.

At last year's Zoomtopia, we unveiled Zoom Apps to enable third-party developers to create and distribute apps that enrich the Zoom experience, enhance the meeting workflow, and increase productivity; and OnZoom to offer businesses and entrepreneurs a platform to reach a broader audience for corporate and public events as well as tools for engagement and monetization. In late October, we also expanded our Software Development Kit (SDK) offering with a customizable SDK that is built for ease of use and allows developers to bring more of Zoom's high-quality video, audio, instant chat, and other interactive features into a broader range of apps. Weeks ago, we announced the Zoom Apps Fund, a \$100 million venture fund created to further stimulate growth of Zoom's ecosystem of Zoom Apps, integrations, developer platform, and hardware. By evolving into a platform, we hope to strengthen our market position by providing customers with a growing set of innovative and integrated collaboration and productivity tools that will help them empower the workforce of the future.

We are excited to be a leader in the evolution towards a hybrid future of work that allows greater flexibility for both in-person and virtual connections - a future that we believe will enable greater employee happiness and productivity, and benefit our communities and planet.

Looking Forward,



Eric S. Yuan,

Zoom Founder, CEO and Stockholder

## About Zoom

Zoom Video Communications, Inc. (NASDAQ: ZM) brings teams together to get more done in a frictionless and secure video environment. Our easy, reliable, and innovative video-first unified communications platform provides video meetings, voice, webinars, and chat across desktops, phones, mobile devices, and conference room systems. Zoom helps enterprises create elevated experiences with leading business app integrations and developer tools to create customized workflows. Founded in 2011, Zoom is headquartered in San Jose, California with offices around the world. Visit [zoom.com](https://zoom.com) and follow [@zoom\\_us](https://twitter.com/zoom_us).

## Forward-Looking Statements

This stockholder letter contains express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Zoom's growth strategy and business aspirations for its video-first unified communications platform, its market position, and the continued impact of COVID-19 on its business and operations. By their nature, these statements are subject to numerous uncertainties and risks, including factors beyond our control, that could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the statements. Additional risks and uncertainties that could cause actual outcomes and results to differ materially from those contemplated by the forward-looking statements are included under the caption "Risk Factors" and elsewhere in our most recent filings with the Securities and Exchange Commission (the "SEC"), including our annual report on Form 10-K for the year ended January 31, 2021. Forward-looking statements speak only as of the date the statements are made and are based on information available to Zoom at the time those statements are made and/or management's good faith belief as of that time with respect to future events. Zoom assumes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as required by law.