

Zoom Q4 FY26 Earnings - Prepared Remarks

Slide 1 – Zoom Q4 FY26 Earnings

Charles Eveslage, Head of IR

Thank you, Catherine.

Hello everyone, and welcome to Zoom's earnings video webinar for the fourth quarter and full fiscal year 2026. I'm joined today by Zoom's Founder and CEO, Eric Yuan, and Zoom's CFO, Michelle Chang.

Slide 2 – Use of non-GAAP financial measures

Our earnings release was issued today after the market closed and may be downloaded from the Investor Relations page at investors.zoom.com. Also, on this page you'll be able to find a copy of today's prepared remarks and a slide deck with financial highlights that, along with our earnings release, include a reconciliation of GAAP to non-GAAP financial results. These measures should not be considered in isolation from or as a substitute for financial information prepared in accordance with GAAP.

Slide 3 – Safe Harbor Statement

During this call we will make forward-looking statements, including: statements regarding our financial outlook for the first quarter and full fiscal year 2027; our expectations regarding financial and business trends; impacts from the macroeconomic environment, our market position, stock repurchase program, opportunities, go-to-market initiatives, growth strategy and business aspirations; and product initiatives, including future product and feature releases, and the expected benefits of such initiatives.

These statements are only predictions that are based on what we believe today, and actual results may differ materially. These forward-looking statements are subject to risks and other factors that could affect our performance and financial results, which we discuss in detail in our filings with the SEC, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Zoom assumes no obligation to update any forward-looking statements we may make on today's webinar.

And with that, let me turn the discussion over to Eric, who is giving his prepared remarks via Zoom Custom Avatar.

Slide 4 – The system of action for modern work

Eric Yuan, Founder and CEO

Thank you Charles.

FY26 was a pivotal year for Zoom and for our industry. We grew Q4 revenue 5.3% and full-year FY26 revenue 4.4%, an acceleration of 130 basis points over FY25. These results reflect the increasing value of our platform, with innovations like AI Companion 3.0, as our platform expands and evolves into an AI-powered system of action for modern work.

The inflection in growth reflects a structural shift in the market; organizations are moving beyond systems of record and engagement toward AI-driven systems of action that help customers and employees get real work done.

Zoom is uniquely positioned to lead this transition. We bridge work both inside and outside the organization — across collaboration, customer experience, and employee experience — using AI to take conversations all the way to completion.

And this directly connects to the three priorities we outlined last quarter to bring this system of action to life: First, elevate the workplace with AI; Second, drive growth of new AI products; and third, scale AI-first customer experience.

Slide 5 – Scaling AI-first customer experience

Let me start by speaking about scaling AI-first customer experience.

Zoom's advantage in customer experience comes from embedding it within our broader system of action — not treating it as a standalone solution as many competitors do. Our CX platform is differentiated because it is built on the same platform that powers collaboration inside the organization, and extends seamlessly to customer engagement and other external workflows. By unifying internal and external workflows, we eliminate traditional silos and enable customer journeys to move continuously from conversation to completion.

Within customer experience itself, Zoom delivers a cohesive set of intelligent capabilities that empower both human and virtual agents and turn live

interactions into coordinated action across teams and systems to drive outcomes.

Our AI innovation across AI-assisted human agents and virtual agents is translating into improved service outcomes and cost savings for our customers, and incremental revenue for Zoom. You see this in ZCX ARR continuing to grow in high double digits, and in fact accelerating in Q4, driven by AI monetization. More concretely, you see it in the story our deal composition tells about why customers choose us. Every one of our top ten deals this quarter included paid AI, and seven represented competitive displacements of leading CCaaS vendors.

Let me bring this to life with some Q4 customer wins:

We welcomed Aeroflow Health, a medical device company, who chose Zoom Contact Center in a major Q4 deal spanning ZCC Elite and ZVA Voice plus Chat to replace a leading CCaaS vendor due to our bold AI vision for CX and ability to execute.

We also saw many expansions. MLB and OPENLANE both began as Zoom Contact Center customers, and in Q4 bought a combination of ZCC Elite and ZVA Voice to deliver reimagined AI-first human plus virtual agent customer service.

In other cases, customers are adopting the full Zoom CX suite alongside Zoom Phone and Workplace to transform service operations end-to-end. For example, in Q4, a major insurance provider decided to replace an expensive Contact Center stitched to an AI point solution with our unified Zoom Phone, Contact Center, and ZVA Voice to automate call triage, reduce agent workload, and increase overall efficiency.

We also partnered with Surrey & Sussex Healthcare NHS Trust, who administers regional NHS services, to modernize their manual, fragmented inbound call operations through a single, secure digital platform powered by Zoom Phone, Zoom Contact Center, and ZVA Voice plus Chat to enable AI-powered self-service, improve wait times, reduce missed appointments, and enhance overall patient outcomes and call operations efficiency.

These wins also demonstrate the momentum behind Zoom Virtual Agent and the customer response to our voice AI within the CX suite. Only a few quarters in market, ZVA Voice has already been included in four of our top ten CX deals.

We are also starting to see ZVA Voice bring in new customers and act as a beachhead for potential expansion into large organizations. In Q4, we signed a nearly seven-figure ARR deal with a leading U.S. retailer leveraging ZVA to handle inbound calls across more than 1,100 locations.

ZVA 3.0, announced yesterday, builds upon this growing momentum. It operates across voice and chat, taking action across systems, executing complex multi-step workflows, learning continuously from how human agents resolve issues, and seamlessly bringing people into the conversation with full context when needed. That's how we are helping enterprises close the loop on customer issues at scale — and it's a powerful example of how our CX platform can drive measurable efficiency, better experiences, and real business value for our customers.

Slide 6 - Driving growth of new AI products

Our second priority is to grow AI revenue streams beyond customer experience and to extend the system of action to new AI products across vertical and horizontal workflows.

Zoom Revenue Accelerator – our revenue orchestration platform that uses the power of Zoom AI to drive prospecting, coaching, CRM automation and more – is a great example of this vertical value. ZRA had a strong quarter; the number of customers purchasing it grew 50% year over year, and its largest Q4 transactions spanned HR services, Real Estate, Technology, and Automotive sectors.

Another great example of vertical workflows is BrightHire, which we were very excited to close in Q4 and brings similar conversational AI value to recruiting and hiring. BrightHire is early in its growth path; together, we have a tremendous opportunity to combine BrightHire's domain-specific AI capabilities with Zoom's product breadth and distribution advantages to transform how organizations recruit, hire, and retain talent.

We are also making progress with Custom AI Companion, which brings horizontal value to workflows across Zoom Workplace and beyond. We're proud to welcome the following new customers showing the breadth of what this product can unlock:

Harmonic, a leader in virtualized broadband and video streaming solutions, added Custom AI Companion wall-to-wall to their Workplace deployment to

integrate across multiple third-party tools and support knowledge retention, sales enablement, and employee onboarding.

Custom AI Companion also made headway in sectors like education, where AI literacy is of paramount importance for both students and administrators. In Q4, Grand Valley State University adopted it wall-to-wall alongside Zoom Workplace for Education supporting their efforts to streamline help desk and other student-facing processes by connecting administrators and community members more seamlessly with internal knowledge bases and workflows. At the same time, they added ZVA to their existing Zoom Contact Center to provide students with more responsive, omni-channel support.

Slide 7 – Elevating Workplace with AI

Last, the foundation of our system of action sits within Zoom Workplace — spanning the full meetings and work lifecycle where context is created and work moves forward. By evolving collaboration into an engine of action, while preserving the flexibility of an open ecosystem, Zoom Workplace remains simple, reliable, and deeply preferred by solopreneurs and Fortune 10 companies alike.

Q4 marked a big step forward with the launch of AI Companion 3.0, advancing our system of action by turning meetings from one-off events into engines of ongoing work.

As innovation accelerates, adoption continues to grow and broaden. In Q4, AI Companion Monthly Active Users more than tripled year over year. MAUs engaging AI through the Side Panel more than doubled quarter over quarter. And within Zoom Phone, MAUs using AI features increased 35% sequentially. This momentum reflects not only scale, but expanding depth of engagement across workflows.

We also revitalized our core Zoom Workplace client, simplifying the user experience with refreshed interfaces and streamlined navigation to make action even more intuitive.

Our product mastery continues to translate into competitive wins and meaningful displacements across Meetings, Phone, Chat, and beyond. Zoom Phone had some great competitive wins, and Phone ARR continues to grow in the mid-teens. Let me highlight some customer wins to bring this to life:

In Q4, we landed a Fortune 10 customer on Zoom Phone in a large and competitive deal for 140,000 seats, replacing Cisco Calling.

We also secured two major U.S. financial institutions on Zoom Workplace and Phone, displacing Teams and Cisco Calling.

Additionally, we significantly expanded our footprint with a leading global bank, adding nearly 50,000 Zoom Phone seats in Q4 and bringing their total deployment to an incredible 150,000 seats.

These financial sector wins highlight our ability to meet the complex, highly regulated needs of the industry. Our customer-centric approach to innovation, particularly around AI and security, enables institutions to ensure compliance, mitigate regulatory risk, and modernize operations.

The momentum is similar in Healthcare, where we witnessed a growing number of Workplace and Phone wins that also added Customer Experience. They are choosing Zoom not only for sector-specific capabilities, but for the differentiation offered by our cohesive, AI-first system of action, spanning patient engagement, care coordination, and back-office collaboration.

In the age of AI, Zoom becomes more essential. We are building the system of action that turns conversations into coordinated execution across work inside the organization and with the world outside, including customer engagement, sales, recruiting, and more. By connecting collaboration to action, Zoom drives measurable outcomes. And we're still early in what this system can unlock.

Now, let me turn it over to Michelle to take us through the financials. Michelle?

Slide 8 – Revenue acceleration in Q4; Online churn near all-time lows

Michelle Chang, CFO

Thank you Eric, and hello everyone.

I'm excited to be with you today to share Zoom's Q4 and full FY26 financial performance. In Q4, total revenue grew 5.3% year over year to \$1.25 billion, or 4.8% in constant currency. This result was \$12 million above the high end of our guidance.

Our Enterprise business continues to be strong with revenue growing 7.1% year over year, representing 61% of our total revenue, up 1 point year over year.

And our Online business continues to show signs of stabilizing. In Q4, Average Monthly Churn was 2.9%, as compared to 2.8% in Q4 of FY25.

Slide 9 – Strong growth in the up-market and internationally

In our Enterprise business, we saw 9% year-over-year growth in the number of customers contributing more than \$100,000 in trailing twelve month revenue. These customers now make up 33% of our total revenue, up 2 points year over year.

Our trailing twelve month Net Dollar Expansion rate for Enterprise customers in Q4 continues to hold steady at 98%.

Pivoting to our growth internationally; our Americas revenue grew 6% year over year, EMEA grew 5%, and APAC grew 3%.

Slide 10 – Strong profitability in Q4 FY26

Moving to our non-GAAP results, which as a reminder exclude: stock-based compensation expense and associated payroll taxes, net litigation settlements, acquisition-related expenses, impairment of assets, charitable donations of common stock, tax benefits from discrete activities, net gains on strategic investments, and all associated tax effects.

Non-GAAP gross margin in Q4 was 79.8%, up 1 point from Q4 of last year primarily due to our continued cost optimization efforts while we remain focused on investing in AI.

Non-GAAP income from operations grew 4.6% year over year to \$490 million, exceeding the high end of our guidance by \$8 million. Non-GAAP operating margin for Q4 was 39.3%, as compared to 39.5% in the prior year period. The slight margin decline was due to changes in our bonus structure and investments in AI.

Non-GAAP diluted net income per share in Q4 increased by \$0.03 year over year to \$1.44 on approximately 303 million non-GAAP diluted weighted-average shares outstanding. This result included a headwind of approximately \$0.11 from higher than expected taxes due in part to tax true-ups discrete to the quarter.

Slide 11 – Growth in Deferred Revenue and RPO

Turning to the balance sheet.

Deferred revenue at the end of Q4 grew over 5% year over year to \$1.42 billion, above the high end of our previously provided range. For Q1, we expect deferred revenue to be up 1% to 2% year over year, which takes into account the recent trend of larger and longer duration competitive takeouts in Phone and Contact Center that often include credits to defray transition costs.

Looking at both our billed and unbilled contracts, our RPO increased over 10% year over year to approximately \$4.2 billion. We expect to recognize 57% of the total RPO as revenue over the next 12 months, down 2 points year over year.

Slide 12 – Strong Cash Flow, ~\$7.8B cash balance, continued buyback in Q4

In Q4, we had operating cash flow of \$355 million, as compared to \$425 million in the prior year period. Free cash flow was \$338 million, as compared to \$416 million in the prior year period. Our Q4 operating cash flow and free cash flow margins were 28.4% and 27.1%, respectively.

We ended the quarter with \$7.8 billion in cash, cash equivalents and marketable securities, excluding restricted cash.

Under the current \$3.7 billion share buy-back plan, in Q4 we repurchased 3.8 million shares for approximately \$324 million. That brought our total repurchased under the plan to 36.3 million shares for \$2.7 billion as of the end of Q4. Looking into FY27 and beyond, we intend to leverage buybacks to, at a minimum, offset dilution on a yearly basis, reflecting management's confidence and long term commitment to shareholder value creation.

Slide 13 – Full FY26 results demonstrate across-the-board progress driving value for shareholders

Pivoting from Q4, I would like to highlight some of the major financial milestones for the full FY26.

Total revenue for FY26 grew 4.4% and our Enterprise revenue grew 6.5%, both accelerating 130 basis points over the prior year.

Along with the top-line progress, we also improved margins. We reached a non-GAAP gross margin of 79.7%, up 80 basis points from the prior year; and a non-GAAP operating margin of 40.4%, up 100 basis points from the prior year.

Free Cash Flow grew 6.4% to \$1.9 billion.

And finally, we continue to be strong stewards of shareholder capital. We reduced stock based compensation expense by 18% in FY26. That combined with the continued execution of our buyback allowed us to reduce our diluted weighted-average shares outstanding by 2.5%.

Slide 14 – Guiding to surpass \$5B in topline revenue & continued best-in-class profitability in FY27

Turning to guidance.

For Q1, we expect revenue to be in the range of \$1.22 to \$1.225 billion. This represents 4.1% year-over-year growth at the midpoint. We expect non-GAAP operating income to be in the range of \$487 to \$492 million, representing an operating margin of 40% at the midpoint. Our outlook for non-GAAP earnings per share is \$1.40 to \$1.42 based on approximately 304 million shares outstanding.

For FY27, we expect revenue to cross the \$5 billion milestone and land in the range of \$5.065 to \$5.075 billion, which at the midpoint represents 4.1% year-over-year growth. We expect our non-GAAP operating income to be in the range of \$2.05 to \$2.06 billion, representing an operating margin of 40.5% at the midpoint.

This margin guidance includes a temporal tailwind of 180 basis points related to an accounting amortization change, offset by 70 basis points of pressure from the second year of our shift from SBC to cash bonus compensation.

In addition, our outlook for non-GAAP earnings per share in FY27 is \$5.77 to \$5.81, based on approximately 308 million shares outstanding. Included in this guidance is an interest income headwind of approximately \$50 million in FY27 due to lower yields in a declining rate environment. As a reminder, future share repurchases are not reflected in our share count and EPS guidance.

For FY27, we expect free cash flow to be in the range of \$1.7 to \$1.74 billion, which includes approximately \$75 million of incremental capex related to the post-pandemic refreshment cycle of assets across our U.S. data centers, as well as similar interest income headwinds previously mentioned.

As we end FY26 and move into FY27, we are thrilled with our progress and excited about our differentiated vision as an AI-first system of action. This success gives us confidence in our ability to grow durably beyond \$5 billion in revenue across progress in meetings, continued growth in phone, scaling our

AI-first customer experience and in new AI revenue streams. We're excited to do all of this AND still maintain our focus on profitability, cash flow generation and shareholder returns.

Thank you to our customers, investors, and – of course – the entire Zoom team for your trust and support!

With that – Catherine, please queue up the first question.