

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 21, 2024

Zoom Video Communications, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-38865

(Commission File Number)

61-1648780  
(IRS 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)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.001 par value per share	ZM	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

**Item 2.02 Results of Operations and Financial Condition.**

On August 21, 2024, Zoom Video Communications, Inc. (the “Company”) issued a press release announcing its financial results for the three months ended July 31, 2024. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference.

The information contained in this report, including Exhibit 99.1 attached hereto, is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section. The information shall not be deemed incorporated by reference into any other filing with the Securities and Exchange Commission made by the Company regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On August 16, 2024, Kelly Steckelberg notified the Company that she intends to resign from her role as the Company’s Chief Financial Officer. Ms. Steckelberg’s decision was not the result of any disagreement with the Company. The Company has commenced a search process to identify Ms. Steckelberg’s successor.

On August 21, 2024, the Company entered into a Transition and Separation Agreement with Ms. Steckelberg (the “Transition Agreement”), in connection with her departure from the Company. Pursuant to the Transition Agreement, Ms. Steckelberg will continue to serve as the Company’s Chief Financial Officer through the release of the Company’s earnings for the fiscal quarter ending October 31, 2024 (the “Transition Period”). Commencing October 10, 2024, she will be serving in this role on a part-time basis (the “Part-Time Period”). During the Transition Period and the Part-Time Period, Ms. Steckelberg will be entitled to receive her base salary at the same full-time rate as it was prior to the Transition Period and will continue to be eligible for the Company’s standard benefits. During the Transition Period, Ms. Steckelberg’s outstanding equity awards of the Company will continue to vest pursuant to their terms.

The foregoing description of the terms of the Transition Agreement is not complete and is qualified in its entirety by the full text of the Transition Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

**Item 9.01 Financial Statements And Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#"><u>Transition and Separation Agreement between Zoom Video Communications, Inc. and Kelly Steckelberg, dated August 21, 2024</u></a>
99.1	<a href="#"><u>Press release dated August 21, 2024 of Zoom Video Communications, Inc.</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**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 hereunto duly authorized.

**Zoom Video Communications, Inc.**

Dated: August 21, 2024

By: /s/ Aparna Bawa  
Aparna Bawa  
*Chief Operating Officer*

August 21, 2024

Kelly Steckelberg  
Via E-mail

**Re: Transition and Separation Agreement**

Dear Kelly:

This letter sets forth the substance of the transition and separation agreement (the “**Agreement**”) that Zoom Video Communications, Inc. (the “**Company**”) is offering to you to aid in your employment transition.

- 1 **Separation.** Your last day of work with the Company and your employment termination date will be the day after the Company announces earnings for the quarter ending October 31, 2024 or such later date as agreed to by you and the Company (the “**Separation Date**”), unless your employment terminates sooner pursuant to Section 3(c) below. If termination occurs earlier or later, the actual date of termination shall become the “Separation Date” for purposes of this Agreement. You understand and agree that, as of the Separation Date, you shall cease to be an employee of the Company, which shall include termination of your position as Chief Financial Officer (and any other officer titles or officer positions you may hold) of the Company (and any of its affiliates and subsidiaries).
- 2 **Final Pay.** On or shortly after the Separation Date, the Company will pay you all accrued salary earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to this payment by law. If it is determined under law that a vacation accrual payment or other paid time off payment is due, the Company will pay you through the Separation Date.
- 3 **Transition Period.**
  - a **Duties.** Between now and the Separation Date (the “**Transition Period**”), you will remain in your current role and will continue to perform your regular duties, transition these duties and responsibilities and perform other tasks as requested by the Company (collectively, the “**Transition Duties**”); provided, however, that the Company may appoint your successor during the Transition Period, in which case you will cease to be an executive officer and your title will become Senior Advisor. Beginning October 10, 2024 through the Separation Date (the “**Part-Time Period**”), you will not be expected to devote your full-time attention to the Company, and will be permitted to work part-time for other entities, provided that such work does not create a conflict of interest with the Company. You agree to perform your Transition Duties in good faith and to the best of your abilities. During the Transition Period, you must continue to comply with all of the Company’s policies and procedures and with all of your statutory and contractual obligations to the Company, including, without limitation, your obligations under your Employment, Confidential Information and Assignment of Creative Works

Agreement (a copy of which is attached hereto as **Exhibit A**), which you acknowledge and agree are contractual commitments that remain binding upon you, both during and after the Transition Period.

- b **Compensation/Benefits.** During the Transition Period, including during the Part-Time Period, your base salary will remain at the same full-time rate as it was prior to the Transition Period, and you will continue to be eligible for the Company's standard benefits, to the extent permitted by the terms and conditions applicable to such plans and programs. During the Transition Period, your Awards (as defined below) will continue to vest as described in Section 5 below. During the Transition Period you will not be eligible to earn or receive any bonus or other cash incentive compensation and as of the date of your execution of this Agreement, you will cease to be eligible for any severance benefits under the Company's Severance and Change in Control Plan adopted by the Company's Board of Directors (and the Participation Agreement between you and the Company in connection therewith) and any other agreement or arrangement.
  - c **Termination.** As part of this Agreement, the Company agrees that it will not terminate your employment other than for Cause (as defined herein) before the Company announces earnings for the quarter ending October 31, 2024; *provided, however,* that the Company may appoint your successor during the Transition Period, in which case your title will become Senior Advisor, but your compensation and benefits as described in Section 3(b) above, as well as your status as an employee, will remain unchanged. For purposes of this Agreement, "**Cause**" for termination will be any one or more of the following: (i) the indictment of or plea of guilty or no contest by you to any felony involving dishonesty; (ii) participation in any fraud or material act of dishonesty against the Company; (iii) material breach of your contractual duties to the Company (including any material violation of any provision or obligation under this Agreement or Exhibit A); or (iv) your willful misconduct or other willful violation of Company policy that causes or could reasonably cause material harm to the Company.
- 4 **Health Insurance; COBRA.** Unless you follow the procedures set forth in this paragraph, your participation in the Company's group health insurance plan will end on the last day of the month in which the Separation Date occurs (or such earlier date required pursuant to the terms and conditions of such group health insurance plans). To the extent provided by the federal COBRA law or, if applicable, state insurance laws, and by the Company's current group health insurance policies, you may be eligible to continue your group health insurance benefits at your own expense following the Separation Date or such earlier date when your participation ceases. Later, you may be able to convert to an individual policy through the provider of the Company's health insurance, if you wish. If applicable, you will be provided with a separate notice describing your rights and obligations under COBRA and a form for electing COBRA coverage.
- 5 **Equity.** You were granted certain options to purchase shares of Company common stock and restricted stock unit awards to be issued shares of Company common stock (as

applicable, the “*Awards*”), pursuant to the Company’s Fourth Amended and Restated 2011 Global Share Plan and 2019 Equity Incentive Plan time (as applicable “*Plan*”), and option or award agreement grant documents thereunder (collectively, the “*Equity Grant Documents*”). The Awards that remain outstanding as of the date of this Agreement shall continue to be governed by the terms of the applicable grant notices, equity award agreements and the Plan and your continued employment during the Transition Period pursuant to this Agreement shall constitute “Continuous Service” and continued status as a “Service Provider”, as applicable, for purposes of such Awards continuing to vest and remaining outstanding pursuant to their terms. You acknowledge that (1) the final vesting date for your time-vesting restricted stock unit awards will be the regularly scheduled vest date on October 8, 2024, subject to your continued employment through such date, with all remaining unvested restricted stock units forfeited as of your Separation Date; and (2) your performance-vesting restricted stock unit awards are entirely unvested and will be forfeited as of your Separation Date.

- 6 **No Other Compensation or Benefits.** You acknowledge and agree that, as of your execution of this Agreement, you are not entitled to any severance or other benefits in connection with your transition and employment separation from the Company, including without limitation under your offer letter of employment with the Company, the Company’s Severance and Change in Control Plan adopted by the Company’s Board of Directors (and the Participation Agreement between you and the Company in connection therewith), or any other agreement, plan, policy or otherwise. You further acknowledge that your eligibility for any potential severance benefits under any plan, policy or agreement is hereby extinguished, and except as expressly provided in this Agreement, you have not earned, will not earn as a result of this Agreement or by the Separation Date, and will not receive from the Company any additional compensation (including base salary, bonus, incentive compensation, or equity, equity acceleration or vesting), severance, or benefits before or after the Separation Date, with the exception of any vested right you may have under the express terms of a written ERISA-qualified benefit plan (e.g., 401(k) account) or any vested equity awards.
- 7 **Expense Reimbursements.** You agree that, within thirty (30) calendar days after the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.
- 8 **Return of Company Property.** By the Separation Date, or earlier if requested by the Company, you agree to return to the Company all Company documents (and all copies thereof) and other Company property which you have in your possession or control, including, but not limited to, Company files, notes, drawings, records, plans, forecasts, reports, studies, analyses, proposals, agreements, financial information, research and development information, sales and marketing information, customer lists, prospect information, pipeline reports, sales reports, operational and personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones, servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential

information of the Company (and all reproductions thereof in whole or in part). You agree that you will make a diligent search to locate any such documents, property and information by the close of business on the Separation Date. If you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, within five (5) calendar days after the Separation Date, you shall provide the Company with a computer-useable copy of such information and then permanently delete and expunge such Company confidential or proprietary information from those systems; and you agree to provide the Company access to your system as requested to verify that the necessary copying and/or deletion is done. You also agree that within five (5) calendar days after the Separation Date you will update any social media and networking profiles (such as LinkedIn and Facebook) to reflect that you are no longer employed or affiliated with the Company.

- 9 **Non-Solicitation.** To the extent permitted by applicable law, you agree that for the one year period after the Separation Date, you will not, as an officer, director, employee, consultant, owner, partner or in any other capacity, either directly or through others, solicit, induce or encourage any person known to you to be an employee, consultant, or independent contractor of the Company to terminate his, her or its relationship with the Company.
- 10 **No Voluntary Adverse Action.** You agree that you will not voluntarily (except in response to legal compulsion or as permitted under the section of this Agreement entitled "Protected Rights") assist any person in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, affiliates, officers, directors, employees or agents.
- 11 **Cooperation.** You agree to cooperate fully with the Company in connection with its actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters arising from events, acts, or failures to act that occurred during the period of your employment by the Company. Such cooperation includes, without limitation, making yourself available to the Company upon reasonable notice, without subpoena, to provide complete, truthful and accurate information in witness interviews, depositions, and trial testimony. The Company will reimburse you for reasonable out-of-pocket expenses you incur in connection with any such cooperation (excluding foregone wages) and will make reasonable efforts to accommodate your scheduling needs.
- 12 **No Admissions.** You understand and agree that the promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by the Company to you or to any other person, and that the Company makes no such admission.
- 13 **Release of Claims.**
  - a **General Release of Claims.** In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company, and its affiliated, related, parent

and subsidiary entities, and its and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns from any and all claims, liabilities, demands, causes of action, and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring at any time prior to and including the date you sign this Agreement.

- b **Scope of Release.** This general release includes, but is not limited to: (i) all claims arising out of or in any way related to your employment with the Company or the termination of that employment; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, securities of the Company, equity awards or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act ("ADEA"), claims under the Texas Labor Code (including the Texas Payday law, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, and the Texas Whistleblower Act, the California Labor Code (as amended), and the California Family Rights Act). **You acknowledge that you have been advised, consistent with California Government Code Section 12964.5(b)(4), that you have the right to consult an attorney regarding this Agreement and that you were given a reasonable time period of not less than five (5) business days in which to do so.** You further acknowledge and agree that, in the event you sign this Agreement prior to the end of the reasonable time period provided by the Company, your decision to accept such shortening of time is knowing and voluntary and is not induced by the Company through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the reasonable time period, or by providing different terms to employees who sign such an agreement prior to the expiration of the time period.
- c **ADEA Release.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you have under the ADEA, and that the consideration given for the waiver and releases you have given in this Agreement is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (a) your waiver and release does not apply to any rights or claims that arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (c) you have twenty-one (21) calendar days to consider this Agreement (although you may choose voluntarily to sign it sooner), and you agree that changes to this Agreement, whether material or immaterial, do not restart the running of the twenty-one (21) calendar day period; (d) you have seven (7) calendar days following the date you sign this Agreement to revoke this Agreement (in a written

revocation sent to the Company); and (e) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth (8<sup>th</sup>) calendar day after you sign this Agreement provided that you do not revoke it.

- d **Excluded Claims and Acknowledgement.** Notwithstanding the foregoing, you are not releasing the Company hereby from any obligation to indemnify you pursuant to the Articles and Bylaws of the Company, any valid fully executed indemnification agreement with the Company, applicable law, or applicable directors and officers liability insurance. Also, excluded from this Agreement are any claims that cannot be waived by law, to the extent such claims are not waivable as a matter of law with this release. You acknowledge and agree that the release of claims in this Agreement is not provided in exchange for a raise, bonus, or as a condition of continued employment, but rather in exchange for the materially modified terms and conditions of employment during the Transition Period and other consideration provided by the Company in this Agreement.

14 **Section 1542 Waiver.** In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

**“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of claims herein, including but not limited to your release of unknown claims.

15 **Protected Rights.** You understand that nothing in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (“**Government Agencies**”). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to the maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement. Nothing in this Agreement (i) prevents you from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that you have reason to believe is unlawful; or (ii) waives any rights you may have under Section 7 of the National Labor Relations Act, if applicable (subject to the release of claims set forth herein).

- 16 **Representations.** You hereby represent that you have been paid all compensation owed and for all hours worked through the date you sign this Agreement, have received all the leave and leave benefits and protections for which you are eligible pursuant to the Family and Medical Leave Act, the California Family Rights Act, or otherwise, and have not suffered any on-the-job injury for which you have not already filed a workers' compensation claim.
- 17 **Miscellaneous.** This Agreement, including its exhibit(s), constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to its subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of Texas without regard to conflict of laws principles. Any ambiguity in this Agreement shall not be construed against either party as the drafter. Any waiver of a breach of this Agreement shall be in writing and shall not be deemed to be a waiver of any successive breach. This Agreement may be executed in counterparts and may be delivered and executed via facsimile, electronic mail (including PDF or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and executed and be valid and effective for all purposes.

*[Signature page follows]*

If this Agreement is acceptable to you, please sign below and return the original to me. You have twenty-one (21) calendar days to decide whether you would like to accept this Agreement, and the Company's offer contained herein will automatically expire if you do not sign and return it within this timeframe.

We wish you the best in your future endeavors.

Sincerely,

**Zoom Video Communications, Inc.**

By: /s/ Aparna Bawa  
Aparna Bawa  
Chief Operating Officer

**I HAVE READ, UNDERSTAND AND AGREE FULLY TO THE FOREGOING AGREEMENT:**

/s/ Kelly Steckelberg  
Kelly Steckelberg

August 21, 2024  
Date

**Exhibit A**  
**Employment, Confidential Information and Assignment of Creative Works Agreement**

**Zoom Video Communications Reports Financial Results for the Second Quarter of Fiscal Year 2025**

- *Second quarter total revenue of \$1,162.5 million, up 2.1% year over year as reported and 2.4% in constant currency*
- *Second quarter Enterprise revenue of \$682.8 million, up 3.5% year over year*
- *Second quarter GAAP operating margin of 17.4% and non-GAAP operating margin of 39.2%*
- *Second quarter operating cash flow of \$449.3 million, up 33.7% year over year*
- *Repurchased approximately 4.8 million shares of common stock in Q2*

**San Jose, California** – August 21, 2024 – Zoom Video Communications, Inc. (NASDAQ: ZM), today announced financial results for the second fiscal quarter ended July 31, 2024.

“In Q2, we outperformed our guidance across the board and grew operating cash flow and free cash flow by 33.7% and 26.2% year over year, respectively, demonstrating our continued commitment to efficient growth. We also saw strength in large accounts, with customers contributing more than \$100,000 in trailing 12 months revenue increasing by 7.1% year over year, and resilience in our Online business, with Online average monthly churn reaching its lowest ever rate,” said Eric S. Yuan, Zoom founder, and CEO. “Zoom Contact Center racked up several marquee customers, including its largest single order deal to-date, highlighting our ability to win competitive deals for full scale, customer-facing deployments with our higher-end packages that utilize advanced AI features to enhance agent performance.”

**Second Quarter Fiscal Year 2025 Financial Highlights:**

- **Revenue:** Total revenue for the second quarter was \$1,162.5 million, up 2.1% year over year. Adjusting for foreign currency impact, revenue in constant currency was \$1,166.1 million, up 2.4% year over year. Enterprise revenue was \$682.8 million, up 3.5% year over year, and Online revenue was \$479.7 million, flat year over year.
- **Income from Operations and Operating Margin:** GAAP income from operations for the second quarter was \$202.4 million, compared to GAAP income from operations of \$177.6 million in the second quarter of fiscal year 2024. After adjusting for stock-based compensation expense and related payroll taxes, acquisition-related expenses, restructuring expenses, and litigation settlements, net, non-GAAP income from operations for the second quarter was \$455.5 million, compared to non-GAAP income from operations of \$461.7 million in the second quarter of fiscal year 2024. For the second quarter, GAAP operating margin was 17.4% and non-GAAP operating margin was 39.2%.
- **Net Income and Diluted Net Income Per Share:** GAAP net income for the second quarter was \$219.0 million, or \$0.70 per share, compared to GAAP net income of \$182.0 million, or \$0.59 per share, in the second quarter of fiscal year 2024.

Non-GAAP net income for the second quarter was \$436.4 million, after adjusting for stock-based compensation expense and related payroll taxes, gains on strategic investments, net, acquisition-related expenses, restructuring expenses, litigation settlements, net, and the tax effects on non-GAAP adjustments. Non-GAAP net income per share was \$1.39. In the second quarter of fiscal year 2024, non-GAAP net income was \$409.6 million, or \$1.34 per share.

- **Cash and Marketable Securities:** Total cash, cash equivalents, and marketable securities, excluding restricted cash, as of July 31, 2024 was \$7.5 billion.
- **Cash Flow:** Net cash provided by operating activities was \$449.3 million for the second quarter, compared to \$336.0 million in the second quarter of fiscal year 2024, up 33.7% year over year. Free cash flow, which is net cash provided by operating activities less purchases of property and equipment, was \$365.1 million, compared to \$289.4 million in the second quarter of fiscal year 2024, up 26.2% year over year.

**Customer Metrics:** Drivers of total revenue included acquiring new customers. At the end of the second quarter of fiscal year 2025, Zoom had:

- 3,933 customers contributing more than \$100,000 in trailing 12 months revenue, up approximately 7.1% from the same quarter last fiscal year.
- Approximately 191,600 Enterprise customers.
- A trailing 12-month net dollar expansion rate for Enterprise customers of 98%.
- Online average monthly churn of 2.9% for the second quarter, down 30 bps from the second quarter fiscal year 2024.
- The percentage of total Online MRR from Online customers with a continual term of service of at least 16 months was 74.4%, up 160 bps year over year.

**Financial Outlook:** Zoom is providing the following guidance for its third quarter of fiscal year 2025 and its full fiscal year 2025.

- Third Quarter Fiscal Year 2025: Total revenue is expected to be between \$1.160 billion and \$1.165 billion and revenue in constant currency is expected to be between \$1.162 billion and \$1.167 billion. Non-GAAP income from operations is expected to be between \$438.0 million and \$443.0 million. Non-GAAP diluted EPS is expected to be between \$1.29 and \$1.31 with approximately 314 million weighted average shares outstanding.
- Full Fiscal Year 2025: Total revenue is expected to be between \$4.630 billion and \$4.640 billion and revenue in constant currency is expected to be between \$4.641 billion and \$4.651 billion. Full fiscal year non-GAAP income from operations is expected to be between \$1.790 billion and \$1.800 billion. Full fiscal year non-GAAP diluted EPS is expected to be between \$5.29 and \$5.32 with approximately 316 million weighted average shares outstanding. Full fiscal year free cash flow is expected to be between \$1.580 billion and \$1.620 billion.

The EPS and share count figures do not include the impact from \$1.062 billion of authorized share repurchase remaining as of July 31, 2024.

Additional information on Zoom's reported results, including a reconciliation of the non-GAAP results to their most comparable GAAP measures, is included in the financial tables below. 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, although it is important to note that these factors could be material to Zoom's results computed in accordance with GAAP.

A supplemental financial presentation and other information can be accessed through Zoom's investor relations website at [investors.zoom.us](https://investors.zoom.us).

#### **Zoom Video Earnings Call**

Zoom will host a Zoom Video Webinar for investors on August 21, 2024 at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to discuss the company's financial results, business highlights and financial outlook. Investors are invited to join the Zoom Video Webinar by visiting: <https://investors.zoom.us/>

#### **About Zoom**

Zoom's mission is to provide one platform that delivers limitless human connection. Reimagine teamwork with Zoom Workplace — Zoom's open collaboration platform with AI Companion empowers teams to be more productive. Together with Zoom Workplace, Zoom's Business Services for sales, marketing, and customer care teams, including Zoom Contact Center, strengthen customer relationships throughout the customer lifecycle. Founded in 2011, Zoom is publicly traded (NASDAQ:ZM) and headquartered in San Jose, California. Get more information at [zoom.com](https://zoom.com).

#### **Forward-Looking Statements**

This press release contains express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Zoom's financial outlook for the third quarter of fiscal year 2025 and full fiscal year 2025, Zoom's market position, opportunities, and growth strategy, product initiatives, go-to-market motions and the expected benefits resulting from the same, market trends, and Zoom's stock repurchase program. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "target," "explore," "continue," or the negative of these terms, and similar expressions intended to identify forward-looking statements. 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, including: declines in new customers, renewals or upgrades, or decline in demand for our platform, difficulties in evaluating our prospects and future results of operations given our limited operating history, competition from other providers of communications platforms, the effect of macroeconomic conditions on our business, including inflation and market volatility, lengthened sales cycles with large organizations, delays or outages in services from our co-located data centers, failures in internet infrastructure or interference with broadband access, compromised security measures, including ours and those of the third parties upon which we rely, and global security concerns and their potential impact on regional and global economies and supply chains. 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 quarterly report on Form 10-Q for the fiscal quarter ended April 30, 2024. 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.

### **Non-GAAP Financial Measures**

Zoom has provided in this press release financial information that has not been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). Zoom uses these non-GAAP financial measures internally in analyzing its financial results and believes that use of these non-GAAP financial measures is useful to investors as an additional tool to evaluate ongoing operating results and trends and in comparing Zoom's financial results with other companies in its industry, many of which present similar non-GAAP financial measures.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with Zoom's condensed consolidated financial statements prepared in accordance with GAAP. A reconciliation of Zoom's historical non-GAAP financial measures to the most directly comparable GAAP measures has been provided in the financial statement tables included in this press release, and investors are encouraged to review the reconciliation.

**Non-GAAP Income from Operations and Non-GAAP Operating Margin.** Zoom defines non-GAAP income from operations as income from operations excluding stock-based compensation expense and related payroll taxes, acquisition-related expenses, restructuring expenses, and litigation settlements, net. Zoom excludes stock-based compensation expense because it is non-cash in nature and excluding this expense provides meaningful supplemental information regarding Zoom's operational performance and allows investors the ability to make more meaningful comparisons between Zoom's operating results and those of other companies. Zoom excludes the amount of employer payroll taxes related to employee stock plans, which is a cash expense, in order for investors to see the full effect that excluding stock-based compensation expense had on Zoom's operating results. In particular, this expense is dependent on the price of our common stock and other factors that are beyond our control and do not correlate to the operation of the business. Zoom views acquisition-related expenses when applicable, such as amortization of acquired intangible assets, transaction costs, and acquisition-related retention payments that are directly related to business combinations as events that are not necessarily reflective of operational performance during a period. Restructuring expenses are expenses associated with a formal restructuring plan and may include employee notice period costs, severance payments, and other related expenses. Zoom excludes these restructuring expenses because they are distinct from ongoing operational costs and Zoom does not believe they are reflective of current and expected future business performance and operating results. Zoom excludes significant litigation settlements, net of amounts covered by insurance, that we deem not to be in the ordinary course of our business. In fact, Zoom believes the consideration of measures that exclude such expenses can assist in the comparison of operational performance in different periods that may or may not include such expenses and assist in the comparison with the results of other companies in the industry.

**Non-GAAP Net Income and Non-GAAP Net Income Per Share, Basic and Diluted.** Zoom defines non-GAAP net income and non-GAAP net income per share, basic and diluted, as GAAP net income and GAAP net income per share, basic and diluted, respectively, adjusted to exclude stock-based compensation expense and related payroll taxes, acquisition-related expenses, restructuring expenses, gains/losses on strategic investments, net, litigation settlements, net, and the tax effects of all non-GAAP adjustments. Zoom excludes these items because they are considered by management to be outside of Zoom's core operating results. These adjustments are intended to provide investors and management with greater visibility to the underlying performance of Zoom's business operations, facilitate comparison of its results with other periods, and may also facilitate comparison with the results of other companies in the industry.

**Free Cash Flow and Free Cash Flow Margin.** Zoom defines free cash flow as GAAP net cash provided by operating activities less purchases of property and equipment. Zoom considers free cash flow to be a liquidity measure that provides useful information to management and investors regarding net cash provided by operating activities and cash used for investments in property and equipment required to maintain and grow the business.

Revenue in Constant Currency. Zoom defines revenue in constant currency as GAAP revenue adjusted for revenue reported in currencies other than United States dollars as if they were converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. Zoom provides revenue in constant currency information as a framework for assessing how Zoom's underlying businesses performed period to period, excluding the effects of foreign currency fluctuations.

### **Customer Metrics**

Zoom defines a customer as a separate and distinct buying entity, which can be a single paid user or an organization of any size (including a distinct unit of an organization) that has multiple users. Zoom defines Enterprise customers as distinct business units that have been engaged by either our direct sales team, resellers, or strategic partners. All other customers that subscribe to our services directly through our website are referred to as Online customers.

Zoom calculates net dollar expansion rate as of a period end by starting with the annual recurring revenue ("ARR") from Enterprise customers as of 12 months prior ("Prior Period ARR"). Zoom defines ARR as the annualized revenue run rate of subscription agreements from all customers at a point in time. Zoom calculates ARR by taking the monthly recurring revenue ("MRR") and multiplying it by 12. MRR is defined as the recurring revenue run-rate of subscription agreements from all Enterprise customers for the last month of the period, including revenue from monthly subscribers who have not provided any indication that they intend to cancel their subscriptions. Zoom then calculates the ARR from these Enterprise customers as of the current period end ("Current Period ARR"), which includes any upsells, contraction, and attrition. Zoom divides the Current Period ARR by the Prior Period ARR to arrive at the net dollar expansion rate. For the trailing 12 months calculation, Zoom takes an average of the net dollar expansion rate over the trailing 12 months.

Zoom calculates online average monthly churn by starting with the Online customer MRR as of the beginning of the applicable quarter ("Entry MRR"). Zoom defines Entry MRR as the recurring revenue run-rate of subscription agreements from all Online customers except for subscriptions that Zoom recorded as churn in a previous quarter based on the customers' earlier indication to us of their intention to cancel that subscription. Zoom then determines the MRR related to customers who canceled or downgraded their subscription or notified us of that intention during the applicable quarter ("Applicable Quarter MRR Churn") and divides the Applicable Quarter MRR Churn by the applicable quarter Entry MRR to arrive at the MRR churn rate for Online Customers for the applicable quarter. Zoom then divides that amount by three to calculate the online average monthly churn.

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**Zoom Video Communications, Inc.**  
**Condensed Consolidated Balance Sheets**  
(In thousands)

	As of	
	July 31, 2024	January 31, 2024
<b>Assets</b>	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 1,539,457	\$ 1,558,252
Marketable securities	5,980,575	5,404,233
Accounts receivable, net	528,237	536,078
Deferred contract acquisition costs, current	197,502	208,474
Prepaid expenses and other current assets	149,374	219,182
Total current assets	8,395,145	7,926,219
Deferred contract acquisition costs, noncurrent	120,603	138,724
Property and equipment, net	347,714	293,704
Operating lease right-of-use assets	53,045	58,975
Strategic investments	438,529	409,222
Goodwill	307,295	307,295
Deferred tax assets	718,066	662,177
Other assets, noncurrent	126,795	133,477
Total assets	<u>\$ 10,507,192</u>	<u>\$ 9,929,793</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 10,611	\$ 10,175
Accrued expenses and other current liabilities	439,459	500,164
Deferred revenue, current	1,391,278	1,251,848
Total current liabilities	1,841,348	1,762,187
Deferred revenue, noncurrent	15,416	18,514
Operating lease liabilities, noncurrent	36,052	48,308
Other liabilities, noncurrent	89,129	81,378
Total liabilities	<u>1,981,945</u>	<u>1,910,387</u>
Stockholders' equity:		
Common stock	308	307
Additional paid-in capital	5,298,145	5,228,756
Accumulated other comprehensive (loss) income	2,191	1,063
Retained earnings	3,224,603	2,789,280
Total stockholders' equity	<u>8,525,247</u>	<u>8,019,406</u>
Total liabilities and stockholders' equity	<u>\$ 10,507,192</u>	<u>\$ 9,929,793</u>

Note: The amount of unbilled accounts receivable included within accounts receivable, net on the condensed consolidated balance sheets was \$119.9 million and \$124.8 million as of July 31, 2024 and January 31, 2024, respectively.

**Zoom Video Communications, Inc.**  
**Condensed Consolidated Statements of Operations**  
(Unaudited, in thousands, except share and per share amounts)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Revenue	\$ 1,162,520	\$ 1,138,676	\$ 2,303,754	\$ 2,244,040
Cost of revenue	285,089	266,559	558,391	530,506
Gross profit	877,431	872,117	1,745,363	1,713,534
Operating expenses:				
Research and development	206,756	191,802	412,314	401,073
Sales and marketing	358,770	373,373	706,778	795,877
General and administrative	109,535	129,324	220,879	329,224
Total operating expenses	675,061	694,499	1,339,971	1,526,174
Income from operations	202,370	177,618	405,392	187,360
Gains on strategic investments, net	3,107	31,670	20,461	33,945
Other income, net	87,412	41,085	159,000	72,298
Income before provision for income taxes	292,889	250,373	584,853	293,603
Provision for income taxes	73,874	68,399	149,530	96,185
Net income	219,015	181,974	435,323	197,418
Net income per share:				
Basic	\$ 0.71	\$ 0.61	\$ 1.41	\$ 0.66
Diluted	\$ 0.70	\$ 0.59	\$ 1.38	\$ 0.65
Weighted-average shares used in computing net income per share:				
Basic	309,137,807	299,093,452	308,921,610	297,281,846
Diluted	314,027,192	305,932,596	314,696,351	305,054,771

**Zoom Video Communications, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(Unaudited, in thousands)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
<b>Cash flows from operating activities:</b>				
Net income	\$ 219,015	\$ 181,974	\$ 435,323	\$ 197,418
Adjustments to reconcile net income to net cash provided by operating activities:				
Stock-based compensation expense	237,950	261,509	467,375	543,854
Amortization of deferred contract acquisition costs	71,688	65,514	139,813	138,744
Depreciation and amortization	29,084	26,126	55,751	50,202
Deferred income taxes	(49,914)	(7,536)	(57,866)	13,975
Gains on strategic investments, net	(3,107)	(31,670)	(20,461)	(33,945)
Provision for accounts receivable allowances	5,736	6,771	12,518	22,204
Unrealized foreign exchange (gains) losses	(8)	1,367	7,229	4,683
Non-cash operating lease cost	6,589	5,276	11,957	10,657
Amortization of discount/premium on marketable securities	(18,172)	(11,249)	(35,840)	(18,014)
Other	(1,323)	2,056	(1,225)	(3,415)
Changes in operating assets and liabilities:				
Accounts receivable	(4,623)	42,732	7,637	13,631
Prepaid expenses and other assets	25,196	(77,229)	61,035	(83,888)
Deferred contract acquisition costs	(70,591)	(46,589)	(110,719)	(92,927)
Accounts payable	(7,009)	3,118	267	4,999
Accrued expenses and other liabilities	(39,025)	(83,591)	(53,967)	(58,951)
Deferred revenue	55,665	2,992	133,629	56,332
Operating lease liabilities, net	(7,817)	(5,600)	(14,931)	(11,101)
Net cash provided by operating activities	449,334	335,971	1,037,525	754,458
<b>Cash flows from investing activities:</b>				
Purchases of marketable securities	(1,313,404)	(1,057,936)	(2,181,315)	(1,826,166)
Maturities of marketable securities	867,228	983,434	1,644,169	1,543,120
Purchases of property and equipment	(84,234)	(46,600)	(102,742)	(68,426)
Purchases of strategic investments	(10,500)	—	(13,500)	(51,000)
Proceeds from strategic investments	—	107,244	4,654	107,244
Cash paid for acquisition, net of cash acquired	—	(5,502)	—	(204,918)
Net cash used in investing activities	(540,910)	(19,360)	(648,734)	(500,146)
<b>Cash flows from financing activities:</b>				
Proceeds from exercise of stock options	839	3,418	1,855	7,686
Proceeds from issuance of common stock for employee stock purchase plan	34,263	32,513	34,263	32,513
Proceeds from employee equity transactions (remitted) to be remitted to employees and tax authorities, net	(3,722)	(1,492)	2,859	1,259
Cash paid for repurchases of common stock	(287,645)	—	(437,693)	—
Net cash (used in) provided by financing activities	(256,265)	34,439	(398,716)	41,458
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	706	(1,228)	(6,146)	(3,781)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(347,135)	349,822	(16,071)	291,989
Cash, cash equivalents, and restricted cash – beginning of period	1,896,444	1,042,410	1,565,380	1,100,243
Cash, cash equivalents, and restricted cash – end of period	\$ 1,549,309	\$ 1,392,232	\$ 1,549,309	\$ 1,392,232

**Zoom Video Communications, Inc.**  
**Reconciliation of GAAP to Non-GAAP Measures**  
(Unaudited, in thousands, except share and per share amounts)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
GAAP income from operations	\$ 202,370	\$ 177,618	\$ 405,392	\$ 187,360
Add:				
Stock-based compensation expense and related payroll taxes	244,111	269,320	486,985	547,368
Litigation settlements, net	(1,750)	—	(1,750)	52,500
Acquisition-related expenses	10,811	14,928	21,512	23,779
Restructuring expenses	—	(187)	—	72,993
Non-GAAP income from operations	<u>\$ 455,542</u>	<u>\$ 461,679</u>	<u>\$ 912,139</u>	<u>\$ 884,000</u>
GAAP operating margin	17.4 %	15.6 %	17.6 %	8.3 %
Non-GAAP operating margin	39.2 %	40.5 %	39.6 %	39.4 %
GAAP net income	\$ 219,015	\$ 181,974	\$ 435,323	\$ 197,418
Add:				
Stock-based compensation expense and related payroll taxes	244,111	269,320	486,985	547,368
Litigation settlements, net	(1,750)	—	(1,750)	52,500
Gains on strategic investments, net	(3,107)	(31,670)	(20,461)	(33,945)
Acquisition-related expenses	10,811	14,928	21,512	23,779
Restructuring expenses	—	(187)	—	72,993
Tax effects on non-GAAP adjustments	(32,659)	(24,800)	(58,870)	(97,297)
Non-GAAP net income	<u>\$ 436,421</u>	<u>\$ 409,565</u>	<u>\$ 862,739</u>	<u>\$ 762,816</u>
Net income per share - basic and diluted:				
GAAP net income per share - basic	<u>\$ 0.71</u>	<u>\$ 0.61</u>	<u>\$ 1.41</u>	<u>\$ 0.66</u>
Non-GAAP net income per share - basic	<u>\$ 1.41</u>	<u>\$ 1.37</u>	<u>\$ 2.79</u>	<u>\$ 2.57</u>
GAAP net income per share - diluted	<u>\$ 0.70</u>	<u>\$ 0.59</u>	<u>\$ 1.38</u>	<u>\$ 0.65</u>
Non-GAAP net income per share - diluted	<u>\$ 1.39</u>	<u>\$ 1.34</u>	<u>\$ 2.74</u>	<u>\$ 2.50</u>
GAAP and non-GAAP weighted-average shares used to compute net income per share - basic	309,137,807	299,093,452	308,921,610	297,281,846
GAAP and non-GAAP weighted-average shares used to compute net income per share - diluted	314,027,192	305,932,596	314,696,351	305,054,771
Net cash provided by operating activities	\$ 449,334	\$ 335,971	\$ 1,037,525	\$ 754,458
Less: Purchases of property and equipment	(84,234)	(46,600)	(102,742)	(68,426)
Free cash flow (non-GAAP)	<u>\$ 365,100</u>	<u>\$ 289,371</u>	<u>\$ 934,783</u>	<u>\$ 686,032</u>
Net cash used in investing activities	\$ (540,910)	\$ (19,360)	\$ (648,734)	\$ (500,146)
Net cash (used in) provided by financing activities	<u>\$ (256,265)</u>	<u>\$ 34,439</u>	<u>\$ (398,716)</u>	<u>\$ 41,458</u>
Operating cash flow margin (GAAP)	38.7 %	29.5 %	45.0 %	33.6 %
Free cash flow margin (non-GAAP)	31.4 %	25.4 %	40.6 %	30.6 %

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024		2024	
	Revenue	YoY Revenue Growth (%)	Revenue	YoY Revenue Growth (%)
GAAP revenue	\$ 1,162,520	2.1 %	\$ 2,303,754	2.7 %
Add: Constant currency impact	3,573	0.3 %	5,923	0.2 %
Revenue in constant currency (non-GAAP)	1,166,093	2.4 %	2,309,677	2.9 %