Zoom FY23 Investor Day

November 8, 2022
# Agenda

## Presentations
11am-12:30pm PT

- **Kelly Steckelberg**
  CFO, Zoom
- **Graeme Geddes**
  Head of Platform & Product Acceleration, Zoom
- **Oded Gal**
  Chief Product Officer, Zoom
- **Wendy Bergh**
  General Manager, Online Business, Zoom

## Customer Panel & Lunch
12:30-1:20pm PT

- **Ryan Azus**
  CRO, Zoom
- **Jill Porubovic**
  VP of Global IT, Take-two Interactive
- **Julio Pereira**
  Senior IT Director, World Fuel Services

## Analyst Q&A
1:20 - 2pm PT

- **Eric S. Yuan**
  Founder and CEO, Zoom
- **Kelly Steckelberg**
  CFO, Zoom
- **Greg Tomb**
  President, Zoom
Use of non-GAAP financial measures

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

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This presentation and the accompanying oral presentation also contain estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we compete are necessarily subject to a high degree of uncertainty and risk.
Zoom FY23 Investor Day

Business & Financial Highlights

Kelly Steckelberg
CFO
Zoom
One Platform to Connect
$4B+ Annual Revenue

~90% CAGR (FY19-FY23e¹)

200k+ Enterprise Customers²

Doubled in 2 years (Q2 FY21-Q2 FY23)

1,500 Features & Enhancements

For the platform in the last 12 months

¹ FY23e revenue and CAGR is based on the mid-point of guidance issued on the Q2 FY23 earnings call.
² We define Enterprise customers as distinct business units that have been engaged by either Zoom’s direct sales team, resellers, or strategic partners. All other customers are referred to as Online customers.
Sustainable Growth Drivers

Platform Innovation

Customer Value Creation

Global Ecosystem Expansion

Relentless Focus on Delivering Happiness
Platform Innovation
Enables customer evolution and success
Customer Value Creation
Addresses multidimensional needs

- Streamline engagement & broaden reach
- Rationalize & modernize systems
- Improve efficiency & collaboration
- Build secure & inclusive connections
- Revenue Growth
- Cost Savings
- Productivity Improvement
- Risk Reduction

Addresses multidimensional needs
Customer Value Creation
Global Ecosystem Expansion
Evolves routes to market

- Technology Partners
- GTM Partners & Solutions Providers
- Sales & Delivery Partners

Ease of doing business
Platform proliferation
Value exchange
Relentless Focus on Delivering Happiness
Produces high stakeholder engagement

Customers
NPS of 64
71% of Fortune 500

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

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

1Calculated as percentage of companies in the Fortune 500 that spend more than $12,000 in Annual Recurring Revenue (ARR) on Zoom products.
Continued innovation and secular trends expand our TAM

Knowledge workers by 2023

Conference and classrooms

Desktop phones

Source: IDC Research (2022) for Telephony and UC Collaboration; Gartner (2022) for Contact Center; Frost & Sullivan (2021) for Webinars and Virtual Events, Grandview Research for Sales Intelligence

Note: figures in the graph are rounded and may not sum up to totals

Source: Zoom estimates, Frost & Sullivan
Platform strategy drives multi-product adoption in Enterprise

- ~10% of Enterprise Customers use 3 or 4 products and generate ~50% of ARR
- ARR of customers using 3 or 4 products grew 45% YoY

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1Q2 FY23 vs. Q2 FY22
Zoom Phone and Zoom Rooms provide significant future upsell opportunities

~12%
Zoom Phone Enterprise Account Penetration

~11%
Zoom Rooms Enterprise Account Penetration

1Account Penetration represents the percent of Zoom meetings accounts within the Enterprise business that have at least one paid license in the respective products.
Diverse customer base spans geographies and industries

Top ten international countries by revenue (Q2 FY23)

United Kingdom
Japan
Canada
Germany
Australia
France
India
Mexico
Brazil
Korea

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

Financial Services
Technology
Business Services
Healthcare/Pharma
Consumer Goods/Retail
Industrial
Real Estate
Energy
Telecom
Other

G2K account penetration (>=$100 ARR)

Q2 FY20: 6%
Q2 FY21: 12%
Q2 FY22: 16%
Q2 FY23: 18%
Growth with Enterprise customers outpacing Online and individuals

Revenue by customer segment\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY21</th>
<th>Q2 FY21</th>
<th>Q3 FY21</th>
<th>Q4 FY21</th>
<th>Q1 FY22</th>
<th>Q2 FY22</th>
<th>Q3 FY22</th>
<th>Q4 FY22</th>
<th>Q1 FY23</th>
<th>Q2 FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online customers</td>
<td>40%</td>
<td>56%</td>
<td>56%</td>
<td>44%</td>
<td>55%</td>
<td>46%</td>
<td>49%</td>
<td>50%</td>
<td>52%</td>
<td>54%</td>
</tr>
<tr>
<td>Enterprise customers</td>
<td>60%</td>
<td>42%</td>
<td>44%</td>
<td>44%</td>
<td>45%</td>
<td>46%</td>
<td>49%</td>
<td>50%</td>
<td>48%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Business vs single license personal emails\(^2\)
(as % of Q2 FY23 Exit ARR)

- Personal emails with 1 license (15%)
- Proxy for business customers (85%)

\(^1\)Percentages are rounded
\(^2\)Personal emails are estimated based on common personal email domain extensions (e.g. gmail, hotmail, etc.)
Lengthening contract terms increase stability and predictability.
Renewal seasonality persists

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

1Annualized Revenue per Enterprise Customer is calculated by dividing the number of Enterprise customers by the revenue in the quarter attributed to Enterprise customers and multiplying that quotient by four.
Higher growth in large accounts

Customers with >$10k ARR

Q2 FY20: 7,357
Q2 FY21: 22,503 (437% growth)
Q2 FY22: 34,778
Q2 FY23: 39,540

Customers with >$100k ARR

Q2 FY20: 710
Q2 FY21: 1,796
Q2 FY22: 2,908 (444% growth)
Q2 FY23: 3,865

Customers with >$1M ARR

Q2 FY20: 27
Q2 FY21: 88
Q2 FY22: 156
Q2 FY23: 223 (726% growth)
Lengthening customer tenure provides stability in Online Channel

~70% of Online Exit ARR has a tenure of 16 or more months as of end of Q2 FY23
We will report this Online Average Monthly Churn metric on a quarterly basis going forward to provide greater insight into the performance of our Online business.
Expanding data center footprint delivers reliability and operating leverage

Our Global Data Centers

- 27 Co-located Data Centers¹
- +5 in last 12 months

% Peak Traffic Served by our Data Centers vs Public Cloud

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

¹Some cities represented by dots on the map have more than one data center.
## FY23 FCF conversion impacted by cash taxes due to stock price volatility

<table>
<thead>
<tr>
<th>Impact on FCF (^1) Conversion in bps</th>
<th>FY22</th>
<th>FY23e</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>(FCF % of Non-GAAP Operating Income)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated cash tax benefit / (burden)</td>
<td>~300bps</td>
<td>~(500)bps</td>
<td>~(800)bps</td>
</tr>
<tr>
<td>from difference in stock price between</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSU grant date and vest date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimated cash tax benefit from</td>
<td>~800bps</td>
<td>~100bps</td>
<td>~(700)bps</td>
</tr>
<tr>
<td>employee exercise of options (^2)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Net Impact to FCF Conversion

- **Benefit**: ~1,100 bps
- **Burden**: ~400 bps
- **Net Burden**: ~1,500 bps

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\(^1\) We define FCF as GAAP net cash provided by operating activities less purchases of property and equipment.

\(^2\) Includes disqualifying dispositions from ISOs and ESPPs and exercise of non-qualified stock options.
Non-GAAP long-term model highlights focus on sustainable, profitable growth

<table>
<thead>
<tr>
<th>As a % of Revenue</th>
<th>Previous LT Profile¹</th>
<th>Updated LT Profile²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>~80%</td>
<td>~80%</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>~10-12%</td>
<td>~10-12%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>~30-35%</td>
<td>~30%</td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>~8-10%</td>
<td>~8-10%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>~25%</td>
<td>~28-32%</td>
</tr>
</tbody>
</table>

¹Provided at Analyst Day in October 2020.
²This model is a framework and should not be considered guidance. As a framework this model includes certain assumptions including our mix of business, productivity gains and other assumptions that could be subject to change. All percentages are non-GAAP and exclude expenses associated with stock based compensation, amortization of acquired intangibles, acquisition related expenses, among other items.
Dedicated to key financial priorities

- Growth at scale
- Robust free cash flow
- Strong profitability
Graeme Geddes
Head of Platform & Product Acceleration
Zoom
What will the future look like?
Employees: 83% want the option to do business virtually.
Retail: 67% want the option to get retail services virtually.
Financial Services: 74% want the option to get financial services virtually.
Event Attendees: 69% want the option to join events virtually.
Learners: 76% want the option to attend classes virtually.
Citizens: 77% want the option to receive government services virtually.
Patients: 76% want the option to attend doctor's visits virtually.

Source: Qualtrics Research, How Virtual Do We Want Our Future to Be?
The Zoom Platform

Zoom One
- Meetings
- Team Chat
- Whirlboard
- Events
- Phone
- Webinars
- Digital Signage
- Conference Rooms
- Workspace Reservation
- Zoom Contact Center
- Zoom AI
- Zoom IQ for Sales
- Contact Center
- Virtual Agent
- Apps
- APIs & SDKs
- Marketplace

Zoom Developers

Zoom Topia

SALES & MKTG

PRODUCT MGMT

SUPPORT

The Zoom Platform
One solution for team chat, phone, whiteboard, meetings, and more...
Before a Meeting
Send a co-worker a presentation for review via chat

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

During a Meeting
Meet to collaborate virtually using whiteboard and chat to talk through edits

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

...with cross-platform features that keep projects moving.
Cross Platform Innovation

Meeting & Call Transfer
Seamlessly move between your app and a Zoom Room or Zoom Phone Hardware Device

Workspace Reservations
Find and reserve the workspace you need

Zoom Phone Hotdesking
Easily find and login to your hotdesking device

Zoom Whiteboard
Extending the virtual whiteboard experience to physical spaces

Zoom Kiosk
Connect every visitor with the right person

Events on Zoom Rooms
Join Events from the room, space, or device of your choice
Top Law Firm on AmLaw 200

From

To

5x ARR
3-year term
Top Law Firm on AmLaw 100

From

$1M ARR
5-year term

To
Top Y Combinator Backed SaaS Company

From

To

>2x ARR
3-year term
From
>
To

Fortune 500 Leading Financial Services Firm

>$4M ARR
5-year term
Inc 5000 Fastest Growing Companies

From

To

>$750k ARR
6-year term
National Apartment Industry Leader

From

$250k ARR
6-year term

To
Addressing Market Needs through Innovation

Connected Communications on a Single Platform

Enhanced Experiences Across the Entire Customer Journey

Build to Connect & Extend the Value of Zoom
Connected Communications on a Single Platform
Zoom Mail & Calendar

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

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

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

Cross-platform capabilities:

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

Mail

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

Calendar

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

Zoom Mail

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

Zoom Calendar

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

Zoom Calendar

Service BETA
A calendar service with easy appointment booking that works seamlessly with Zoom Meetings, Phone, and Team Chat.
Zoom Mail & Calendar Service Beta

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

Designed for SMBs who want an additional level of privacy

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

Bringing in-person and virtual teams together

- Video-enabled virtual coworking space, integrated within the Zoom platform
- Helps foster inclusive discussions
- Keeps colleagues connected on projects
- Brings fluid, organic interactions of in-person work to distributed, hybrid teams
Connected Workstreams with Team Chat
Tighter integrations across the Zoom platform for smart workflows

In-Meetings Chat and Team Chat
Coming together

Zoom Phone PowerPack and Team Chat integration
Collaborate using video recordings

- Easily share video recordings and screen sharing with others
- Videos are shared and stored in the web portal for teammates to comment and engage
- Analytics to see how clips are performing
Intelligent Director

Coming soon:
Display the best view of you

- Uses multiple cameras and AI to detect best view of participants
- Adjusts with the participants’ movements for better collaboration
Enhanced Experiences Across the Entire Customer Journey
Zoom Virtual Agent

Automate customer interactions with self-service bot

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

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

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

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

Improving bandwidth consumption for large events and webinars

- Native eCDN to optimize in-office bandwidth consumption for users within a shared network for large scale Zoom Events and Webinars
- Maintain consistent Zoom client experience while retaining access to client-dependent features like Q&A, chat, and polling
Build to Connect & Extend the Value of Zoom
New Apps for Zoom Team Chat

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

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

Coming soon:
- Salesforce
- Google Drive
- Confluence
- Workday
App Subscriptions on Marketplace
Monetization of apps with Zoom integrations

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

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

179% Revenue CAGR FY 2019 → FY 2022

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

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

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

Dedicated team created to operate with speed & customer focus

GM, Online

Go To Market
- Strategy & Planning
- e-Commerce

Technology
- Marketing & Retention
- User Experience
- Engineering
- Data Science

Product Growth
- Global Payments
Key Drivers of Online Revenue Growth

Provide value at each stage of the customer journey

**Customer Acquisition**
- Organic Traffic
- Free Basic Offering
- Brand & Digital Marketing
- Free Trials

**Customer Monetization**
- Free to Paid Upsell
- Upsell Licenses & Products
- New Offers & Features
- Localized Pricing & Payments
- Winbacks

**Customer Retention**
- New Offers & Features
- Mix Shift to Annual
- Save Programs
- Reduce Churn
Differentiating Free From Paid
Monetizing the Free Base

- Our Basic free offer helps people around the world stay connected.

- The Basic free offer has played a critical role in building our global brand and driving exponential growth.

- Historically as part of the Basic free offer, we provided unlimited 40 min group meetings & unlimited 1:1 meetings up to 30 hours.

- In May, we instituted a 40-minute time limit to 1:1 meetings for free Basic users, similar to the current limit on free group meetings.
The Change to 1:1 Meetings Drove Free to Paid Conversion of Older Tenured Free Base
Increase International Expansion

Drive upgrades & retention with more localized payment options

- Localized Currency
  - 12 Countries
  - Make it easy for customers to understand pricing in their local currency

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

- Localized Payments
  - 6 Payment Options
  - Accept localized payments specific to certain regions or countries

Enabled In-App Purchases on Android and iOS
Delivering personalized value-add content and offers to engaged audiences

Recent campaigns include:

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

Lead with Annual Offers Across Key Customer Touchpoints

Online Customer Count Mix by Customer Contracting Terms

2X LTV
Annual vs Sub-annual
Adding Value with Essential Apps
New Feature to Drive Upgrades & Retain Existing Customers

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

Note: Preliminary list of Essential Apps above.
Announcing Zoom Email & Calendar
New Features Drive Upgrades & Retain Existing Customers

- New! We’re announcing a Zoom Mail & Calendar Beta
- Zoom Mail & Calendar Client Beta will be available to free & paid customers
- Zoom Mail & Calendar Service Beta will be available first to Zoom Pro, Business and Business+ customers in the U.S. and Canada
Online Monthly Average Churn Approaching Pre-Pandemic Levels

Churn Reducing Initiatives

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

Transitioning customers from Online to Enterprise

- Online is the easiest and fastest way to get started on Zoom, but at a certain point our direct business enables larger upsells for key accounts.

- Online has transitioned tens of thousands of accounts to the Enterprise business, which has resulted on average in 500%+ ARR expansion of these accounts.

- Unique product mixes and PLG signals allow us to identify when and which customers would benefit from talking to our AEs.

500%+ ARR Expansion
Lunch Break

#Zoomtopia
Customer Panel

Ryan Azus  
Chief Revenue Officer, Zoom

Jill Porubovic  
VP of Global IT, Take-two Interactive

Julio Pereira  
Senior IT Director, World Fuel Services
Thanks!

#Zoomtopia
Appendix
## GAAP to Non-GAAP Reconciliation

($ in Thousands)

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

($ in Thousands except EPS)

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

($ in Thousands)

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