

The image features a vibrant blue and purple background with a grid pattern. A large, stylized, four-pointed star shape is centered, outlined in a glowing blue and purple gradient. In the top left corner, there are two smaller, 3D-rendered stars with a similar color gradient. The text 'zoomtopia' is centered within the star shape, with 'zoom' in white and 'topia' in a light blue color. Below the logo, the text 'Investor Session' is written in white, and 'October 2024' is written in a white, italicized font.

zoomtopia

Investor Session
October 2024

Agenda

12:15 pm Finance & Strategy

12:45 pm AI Progress & Vision

1:15 pm CX Overview

1:45 pm Executive Q&A

2:30 pm Close

Use of non-GAAP financial measures

In addition to the financials presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation includes the following non-GAAP financial metrics: Revenue in Constant Currency, non-GAAP gross profit, non-GAAP gross margin, non-GAAP R&D expense, non-GAAP S&M expense, non-GAAP G&A expense, non-GAAP income from operations, non-GAAP operating margin, non-GAAP net income per share or EPS, free cash flow and free cash flow margin. Non-GAAP financial 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 financial metrics versus their nearest GAAP equivalents. 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. 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 financial metrics as tools for comparison. We urge you to review the reconciliation of Zoom's non-GAAP financial 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 financial metric and the most comparable GAAP measure.

Safe Harbor Statement

This presentation and the accompanying oral presentation contain 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 potential market size; Zoom's expectations regarding financial and business trends, Zoom's market position, stock repurchase program, opportunities, growth strategy and business aspirations; and product initiatives, including AI Companion 2.0 and Zoom's other AI innovations, and the expected benefits of such initiatives. 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 Zoom's platform, inability to respond to rapid technological changes, extend Zoom's platform or develop new features, competition from other providers of communications platforms, and the effect of macroeconomic conditions on Zoom's business.

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 July 31, 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.

Finance & Strategy



Kelly Steckelberg
Zoom

Zoom Welcomes Michelle Chang as Chief Financial Officer

- 25 years of extensive leadership and finance experience
- Former Corporate Vice President and CFO of Microsoft Commercial Sales & Partner Organization
- Former Corporate Vice President and CFO of Modern Workplace (including Office and Teams) & Cyber Security
- Began career as an Audit & Consulting Senior at Arthur Andersen
- B.A. in Accounting from The University of Washington



AI-first platform innovation delivers increasing value to customers



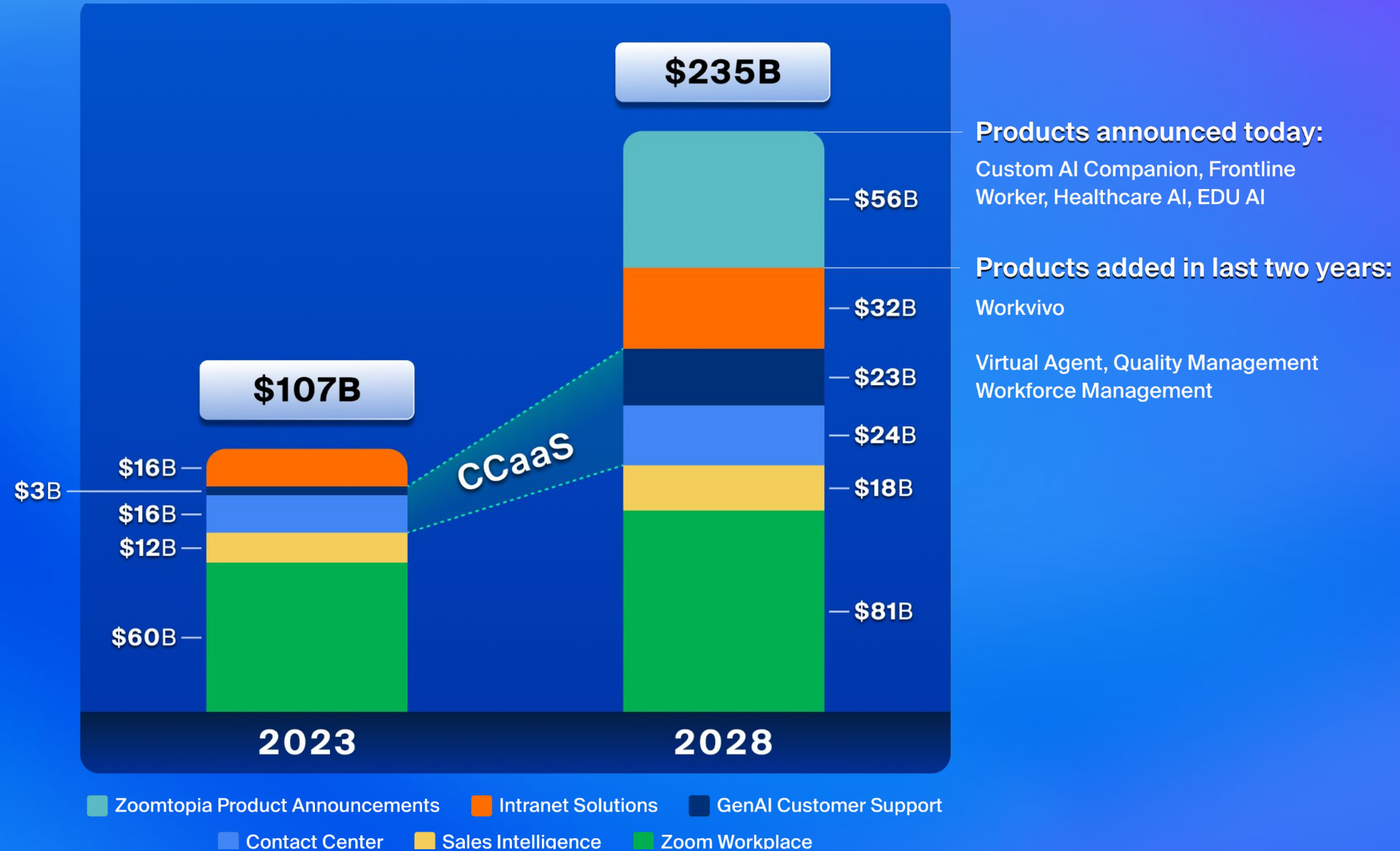
3,000 features released since last Zoomtopia



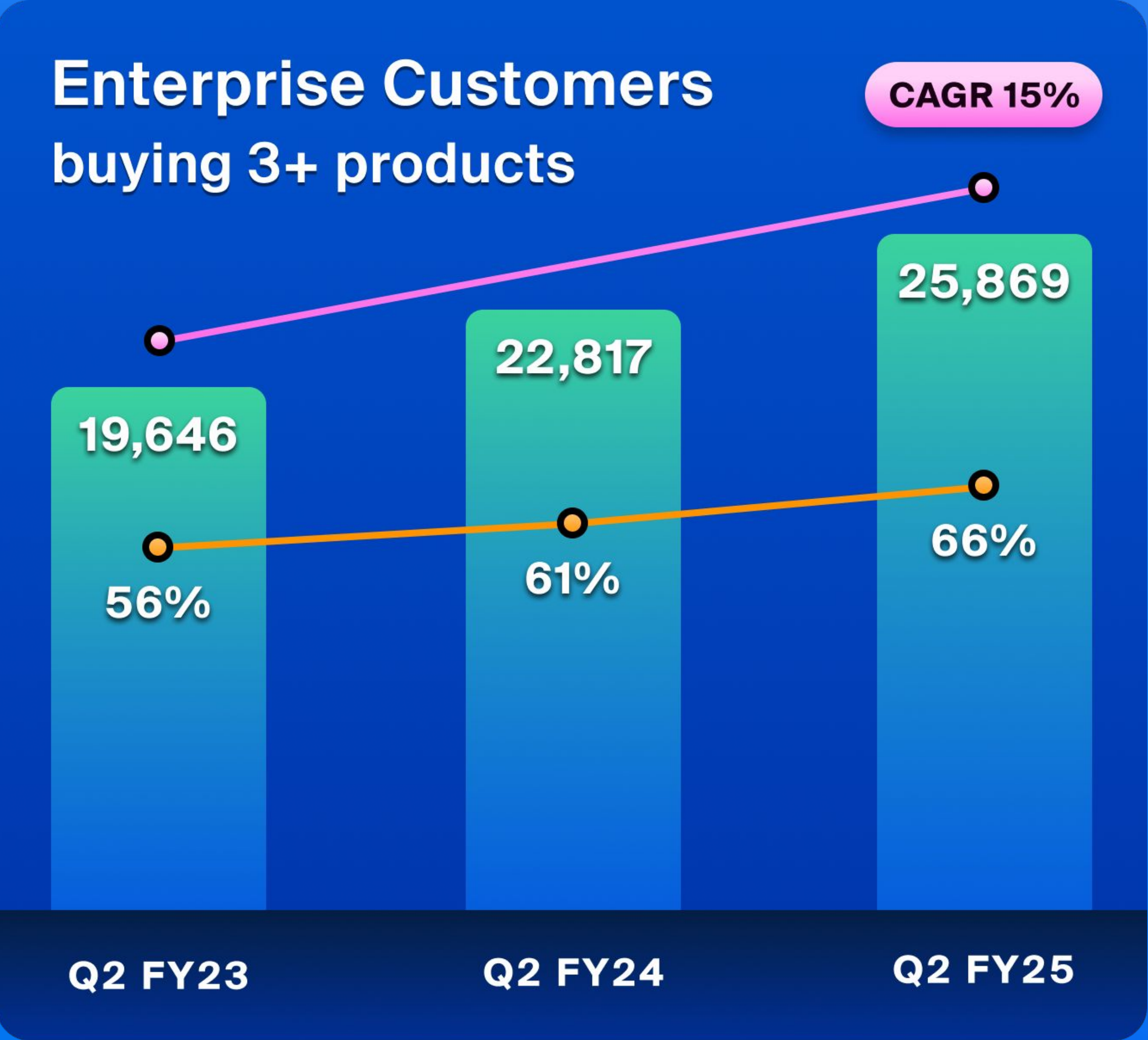
Today's announcements:

- AI Companion 2.0
- Custom AI Companion paid add on
- Zoom Workplace for Frontline Workers, Healthcare (w/ AI add on), and Education (w/ AI add on)
- AI-first innovations for customer experience, marketing, and sales

TAM¹ grows as we expand the platform



Customers are increasingly buying Zoom as platform, leading to more spend and less churn



13% of Enterprise Customers have purchased 3+ products and generate 66% of Annual Recurring Revenue (ARR)

- Up from 10% of Enterprise Customers generating 61% of ARR in Q2 FY24

52% Dollar Churn Rate¹ improvement when Enterprise customers purchase 3+ products

19% Zoom Phone Enterprise account penetration²

14% Zoom Rooms Enterprise account penetration²

Customers ARR%

Large Southeast Asian bank goes all-in on Zoom Workplace



FY21

\$504K ARR

- Initial Meetings purchase
- Zoom Rooms pilot

FY22

\$648K ARR

- Added Zoom Phone

FY23

\$936K ARR

- Zoom Phone global expansion
- Premier+ Support add-on
- Workvivo pilot

FY24

~\$1.4M ARR

- Zoom Phone expansion
- Workvivo implementation (35K users)

- Meetings
- Rooms
- Phone
- Workvivo
- Premier+ Support

Size of the circles does not exactly correspond to the scale of customer's Product ARR.

North American logistics leader displaces Teams for the simplicity and cohesion of Zoom



FY21

\$69K ARR

- Initial **Meetings** purchase

FY22

\$790K ARR

- Added **Zoom Phone**
- **Zoom Meetings** expansion

FY24

~\$1.3M ARR

- Migrated to **Zoom Workplace** bundle and significantly expanded seat count
- Added **Zoom Virtual Agent**

FY25

~\$1.5M ARR

- Added **Workvivo**
- **Zoom Team Chat** deployment (3k+)

zoom
Workplace



Virtual Agent



Phone



Workvivo





Premier+
Support


Acquiring a happy Zoom customer leads major US tech company to trade in Webex for the Zoom platform



zoom
Workplace

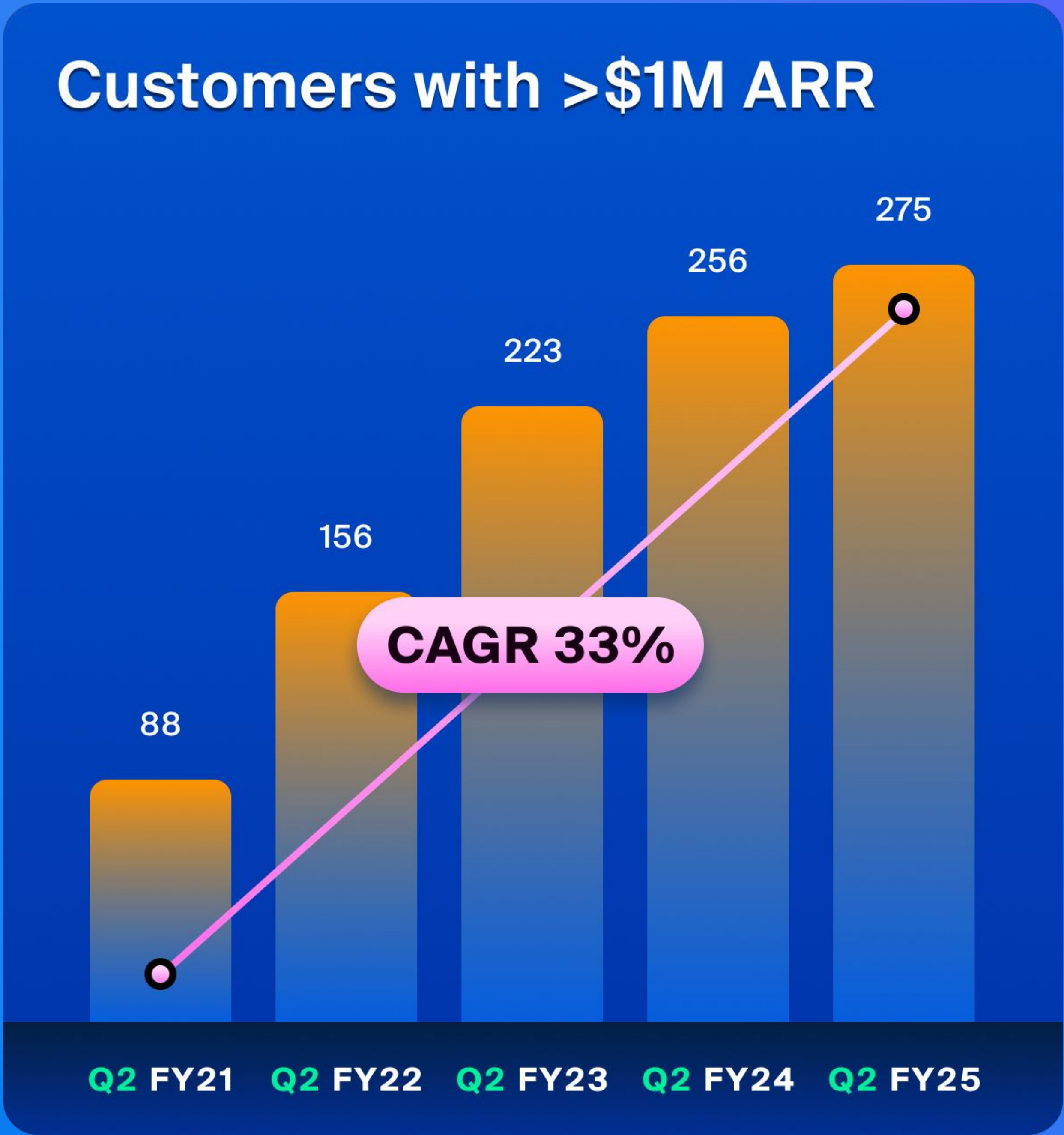
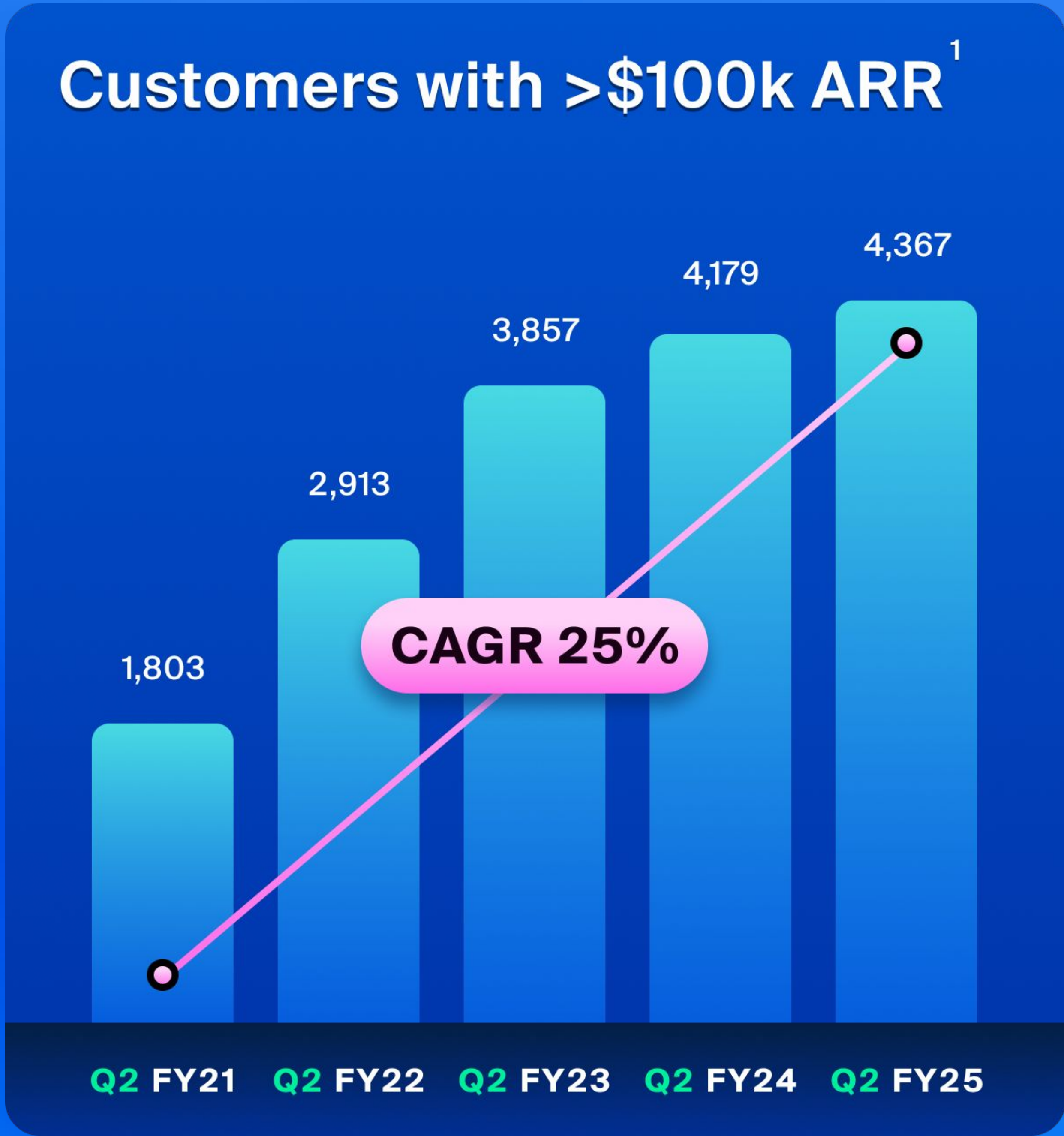

Contact Center


Events


Webinars

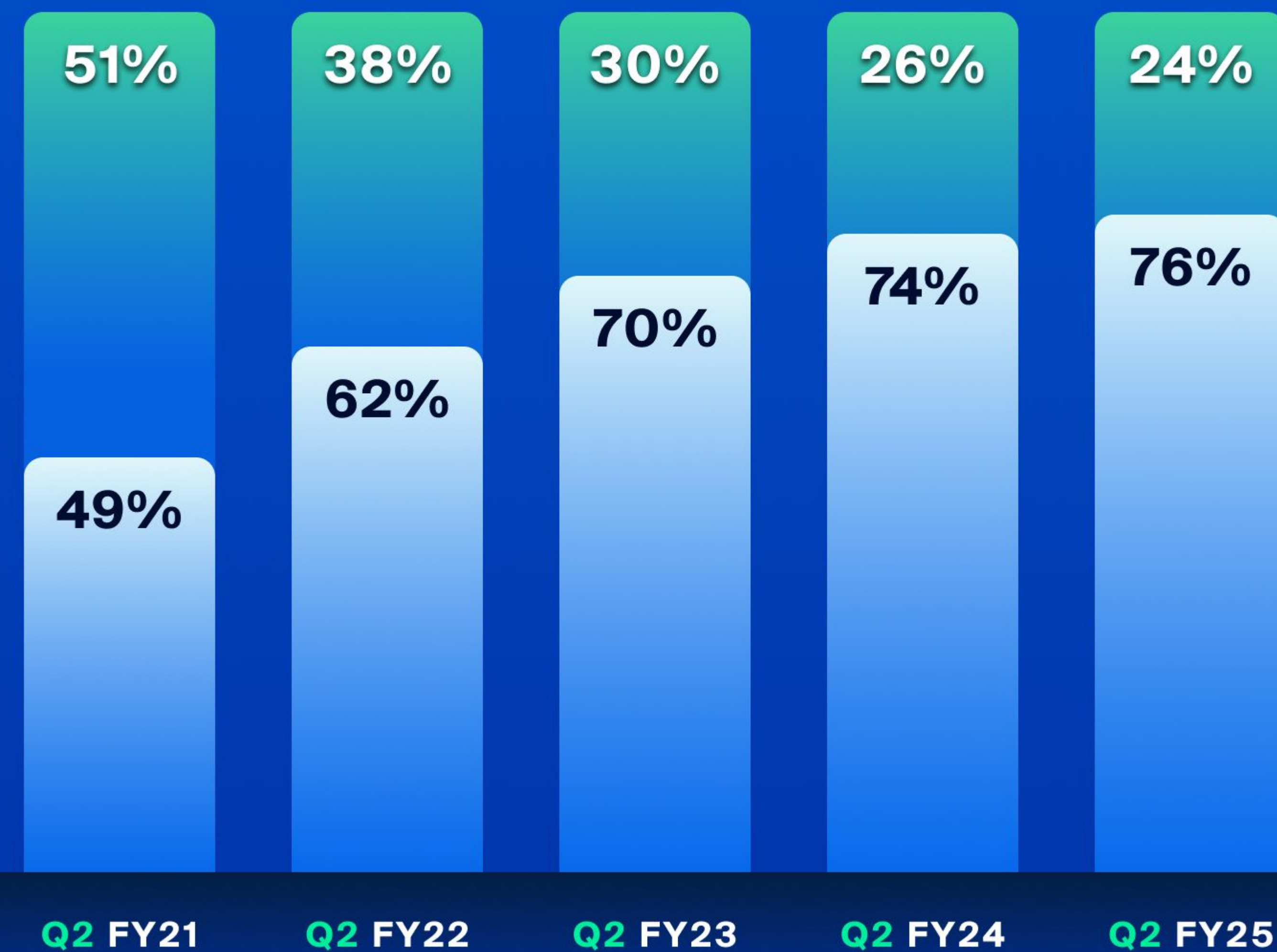
Size of the circles does not exactly correspond to the scale of customer's Product ARR.

Higher growth in large accounts



Customers lengthening commitments to Zoom

Total Revenue Mix by Customer Billing Terms



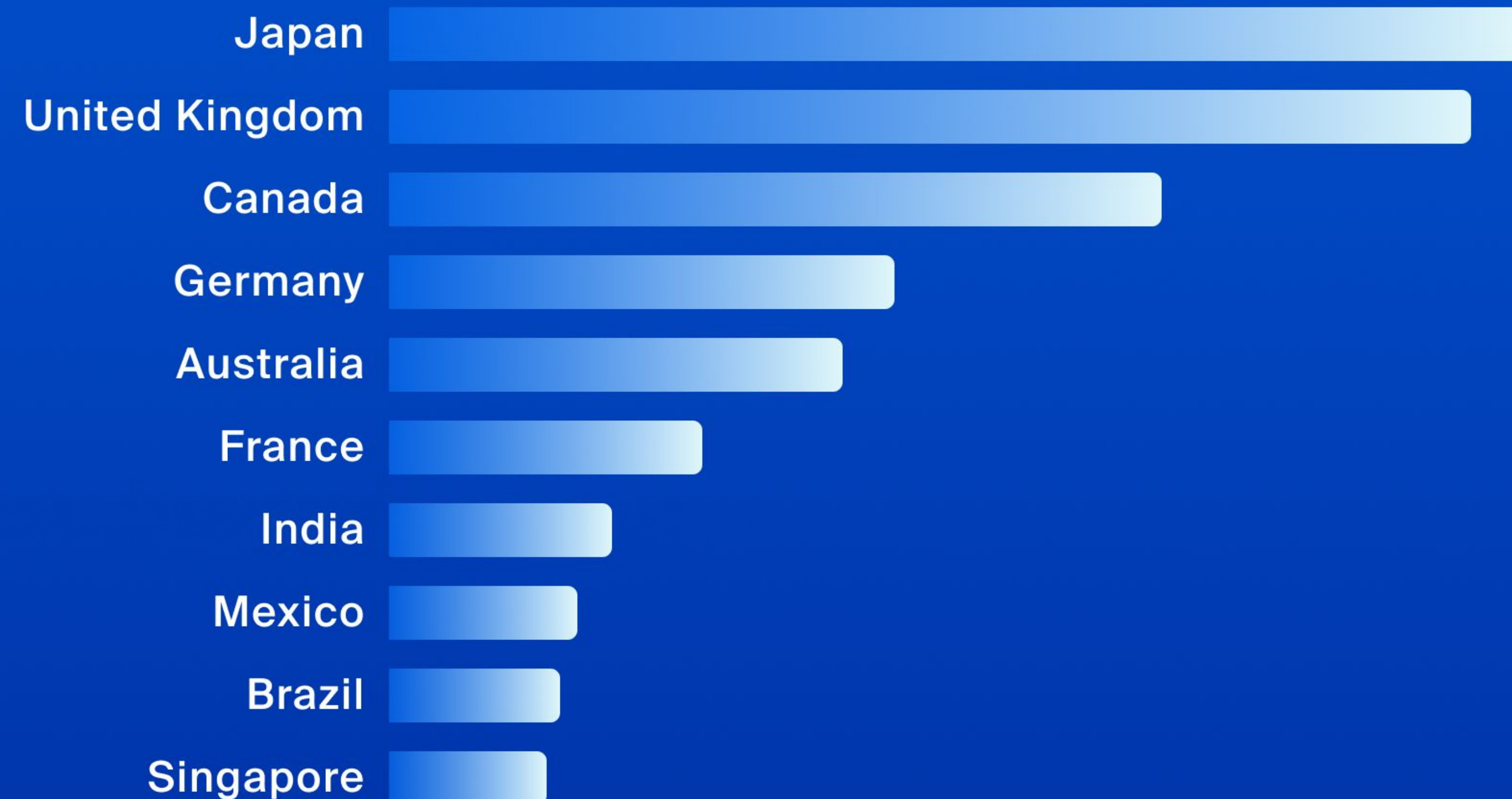
■ Sub-Annual ■ Annual+

Average Contract Length in Months - All Customers



Diverse customer base spans geographies and industries

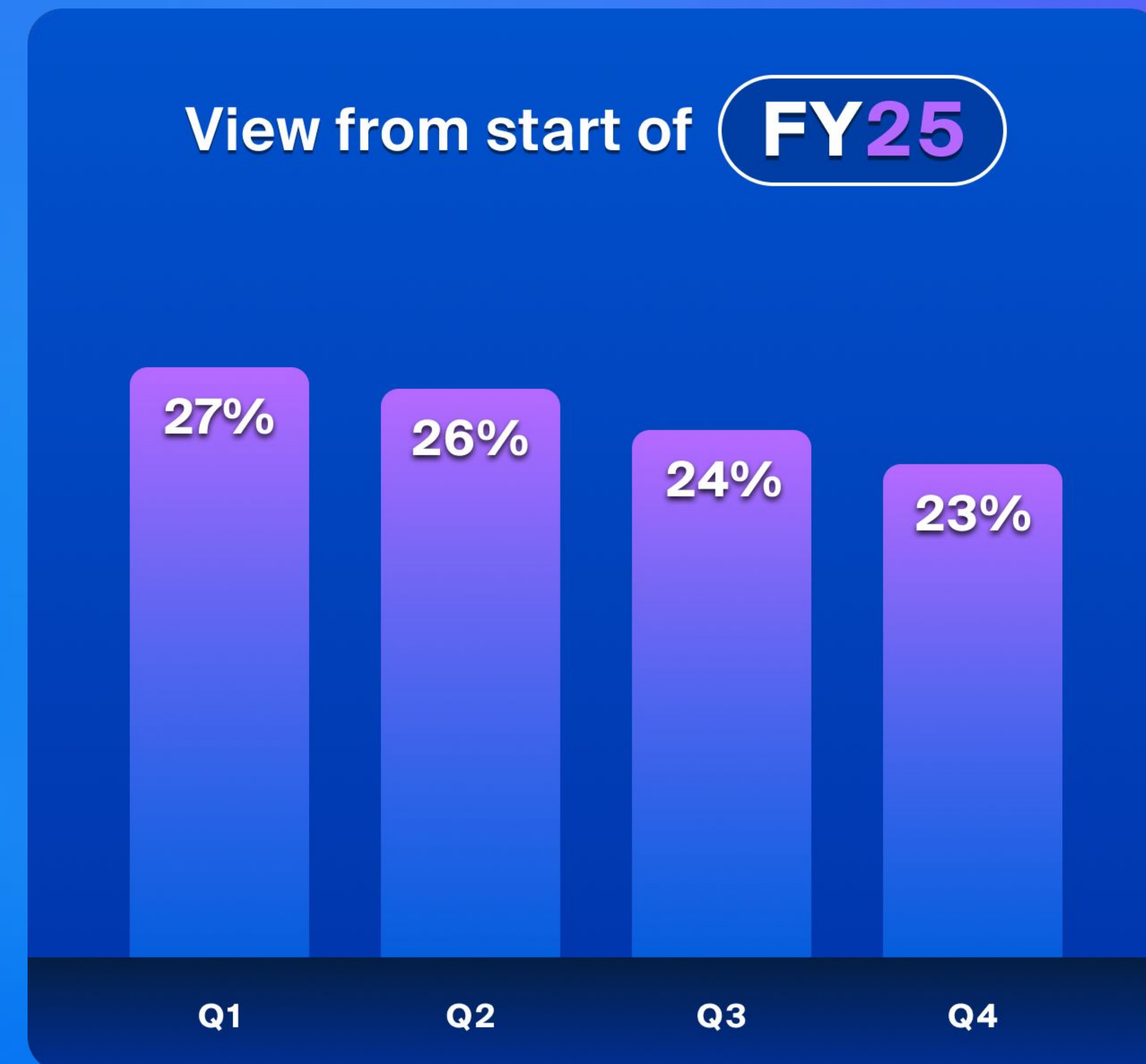
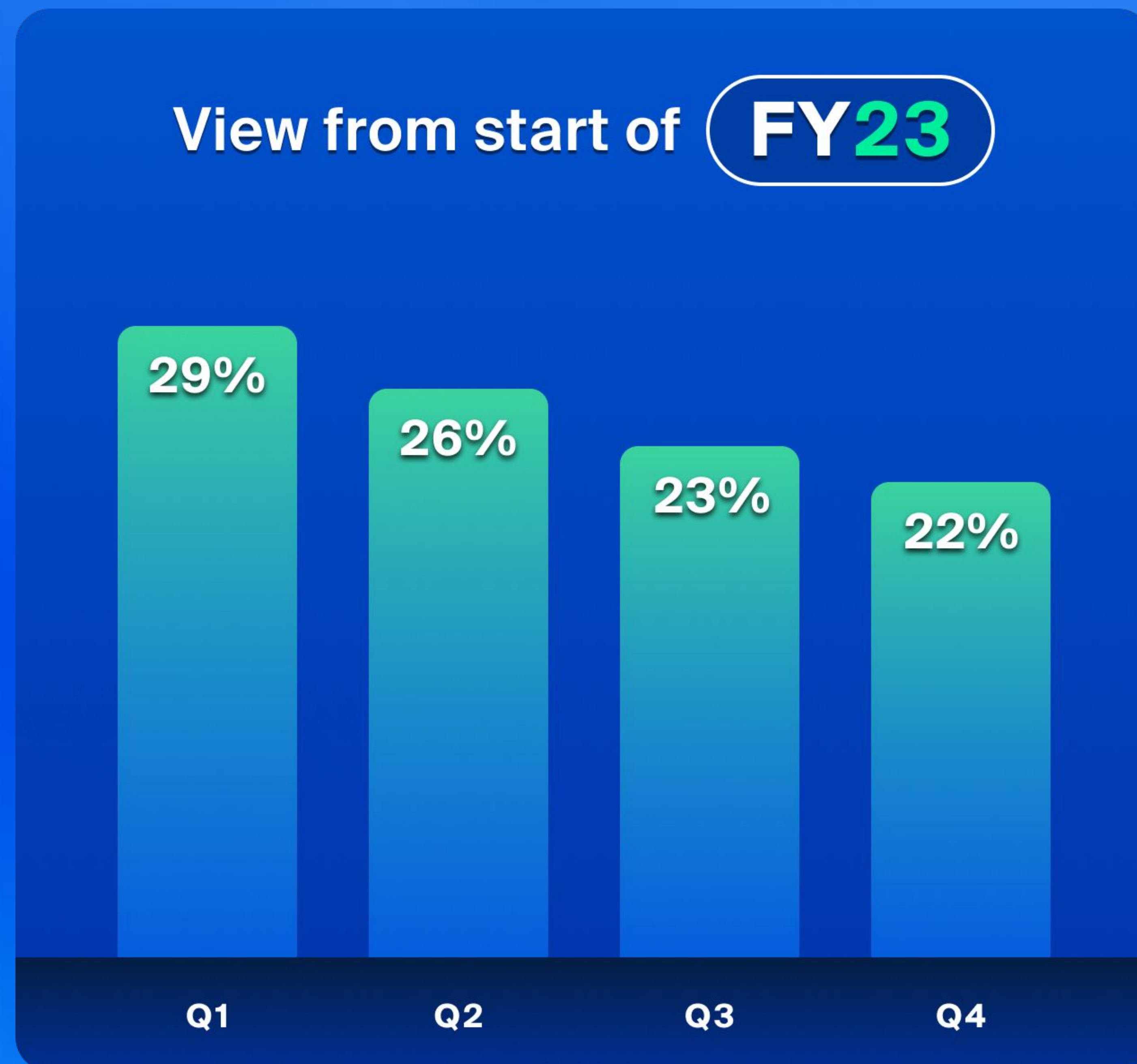
Top ten international countries by revenue (Q2 FY25)



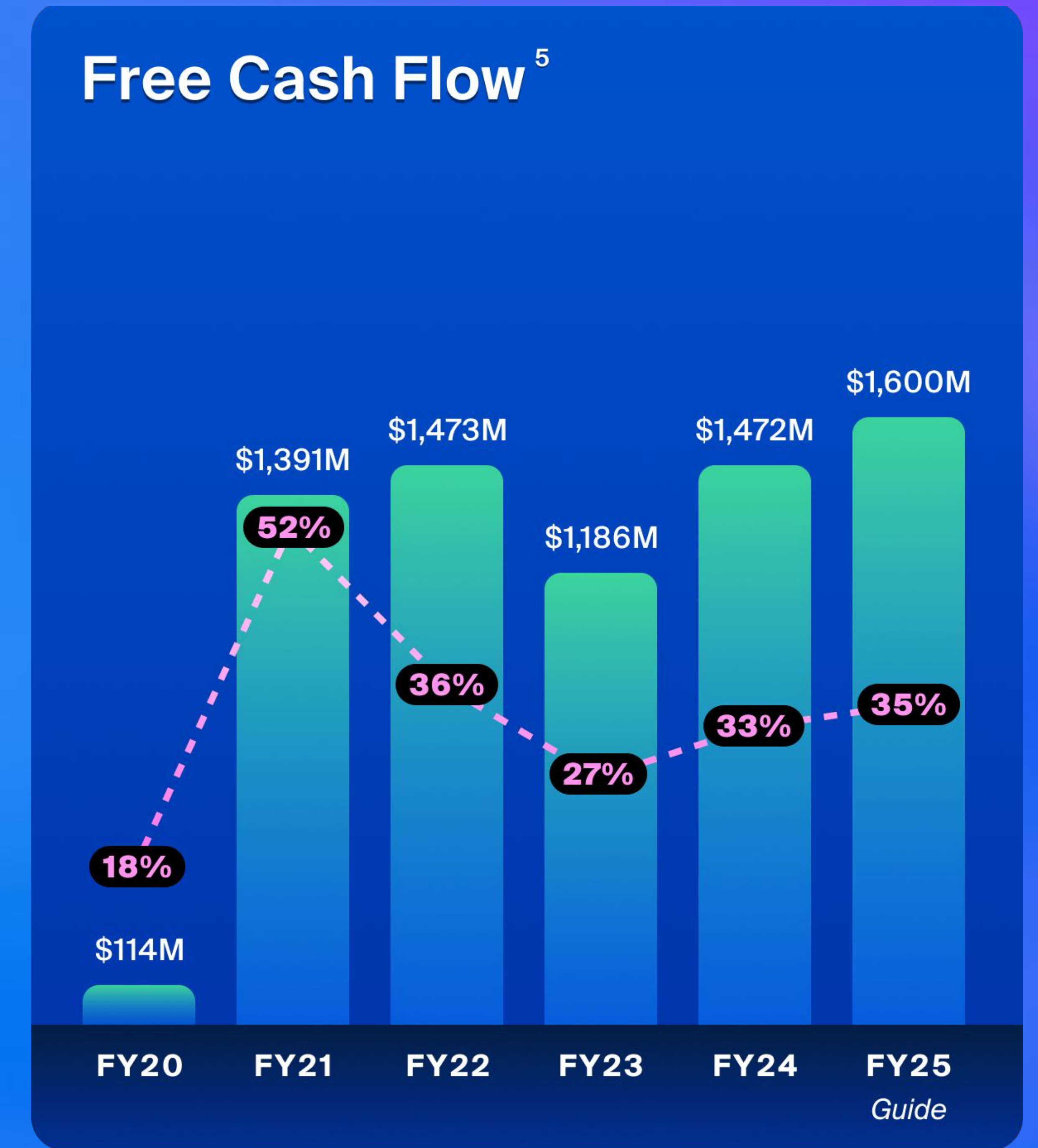
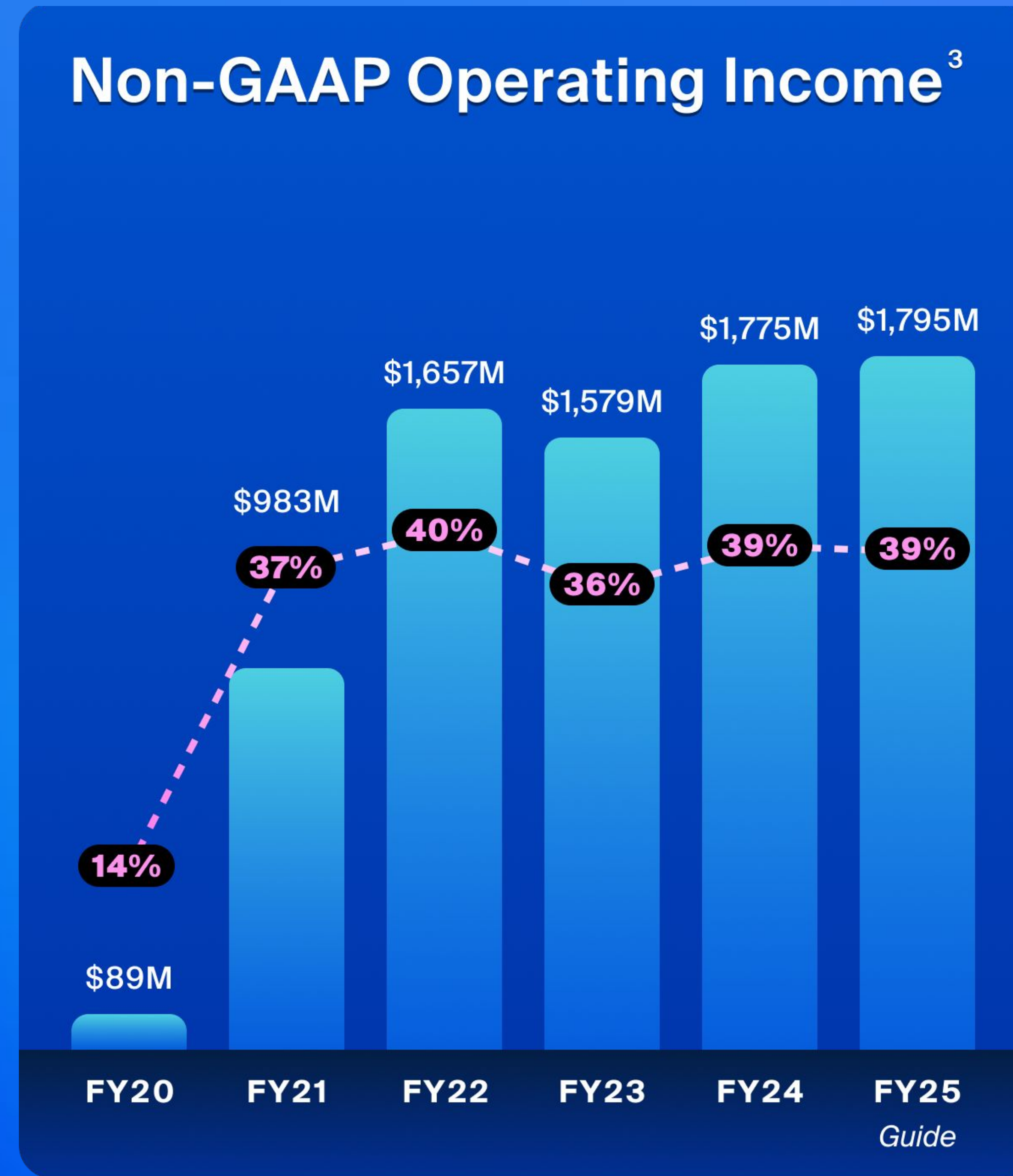
Exit ARR by Industry - Customers >\$100k (Q2 FY25)



Q1-weighted renewal seasonality¹ slowly becoming more balanced



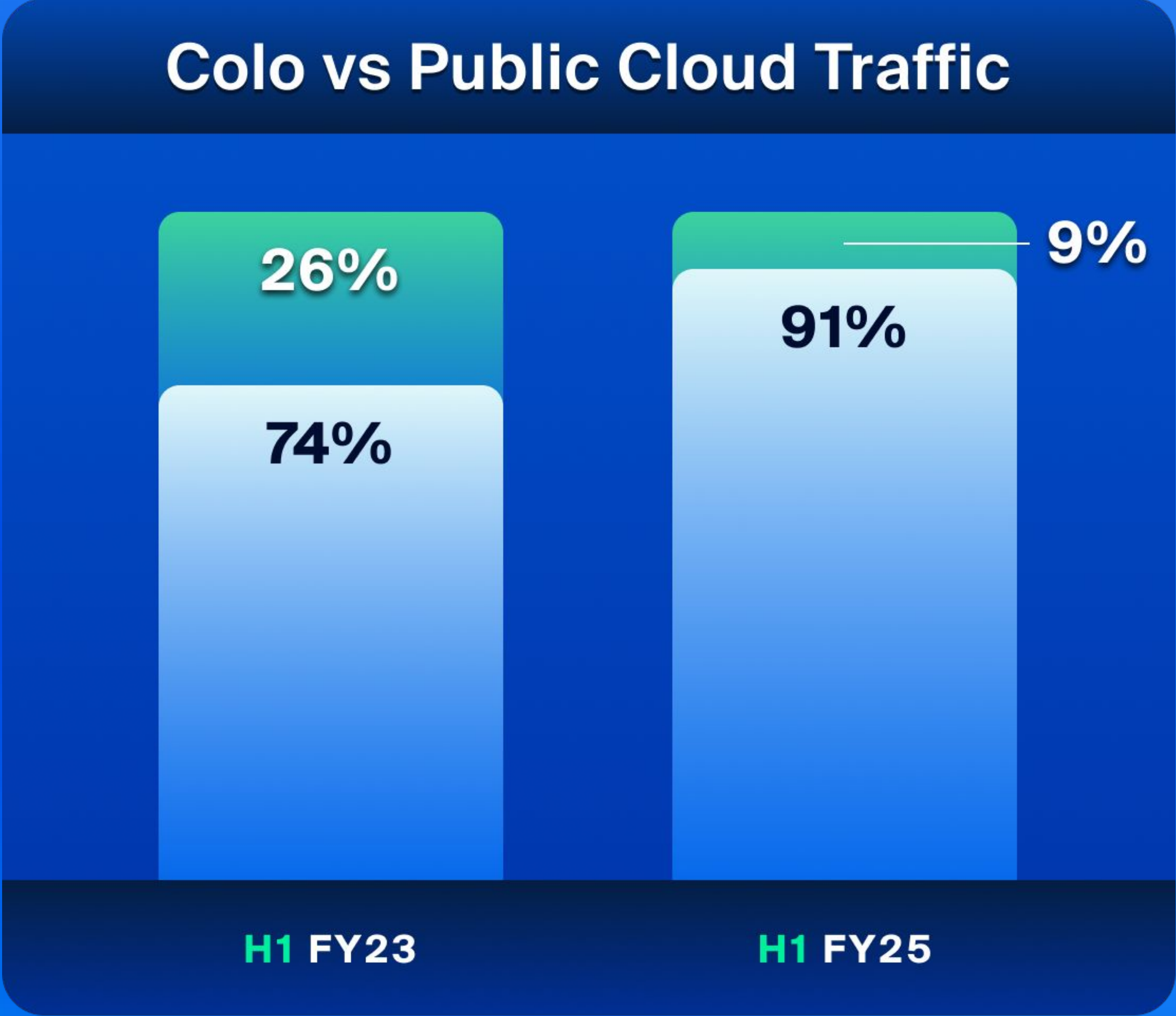
Track record of financial growth, alongside remarkable profitability



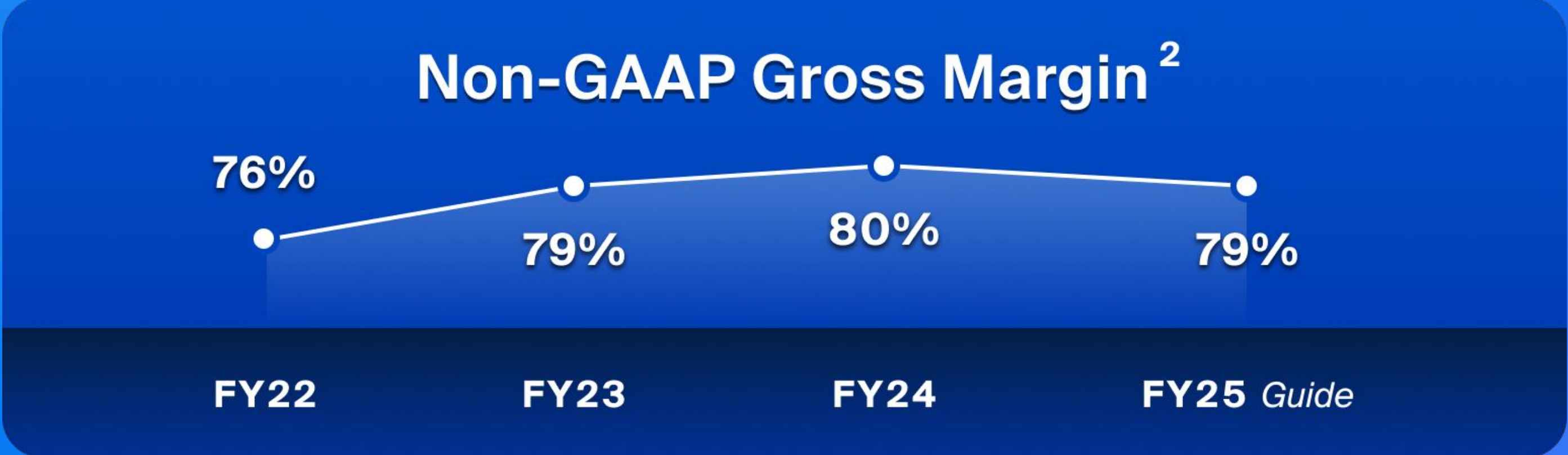
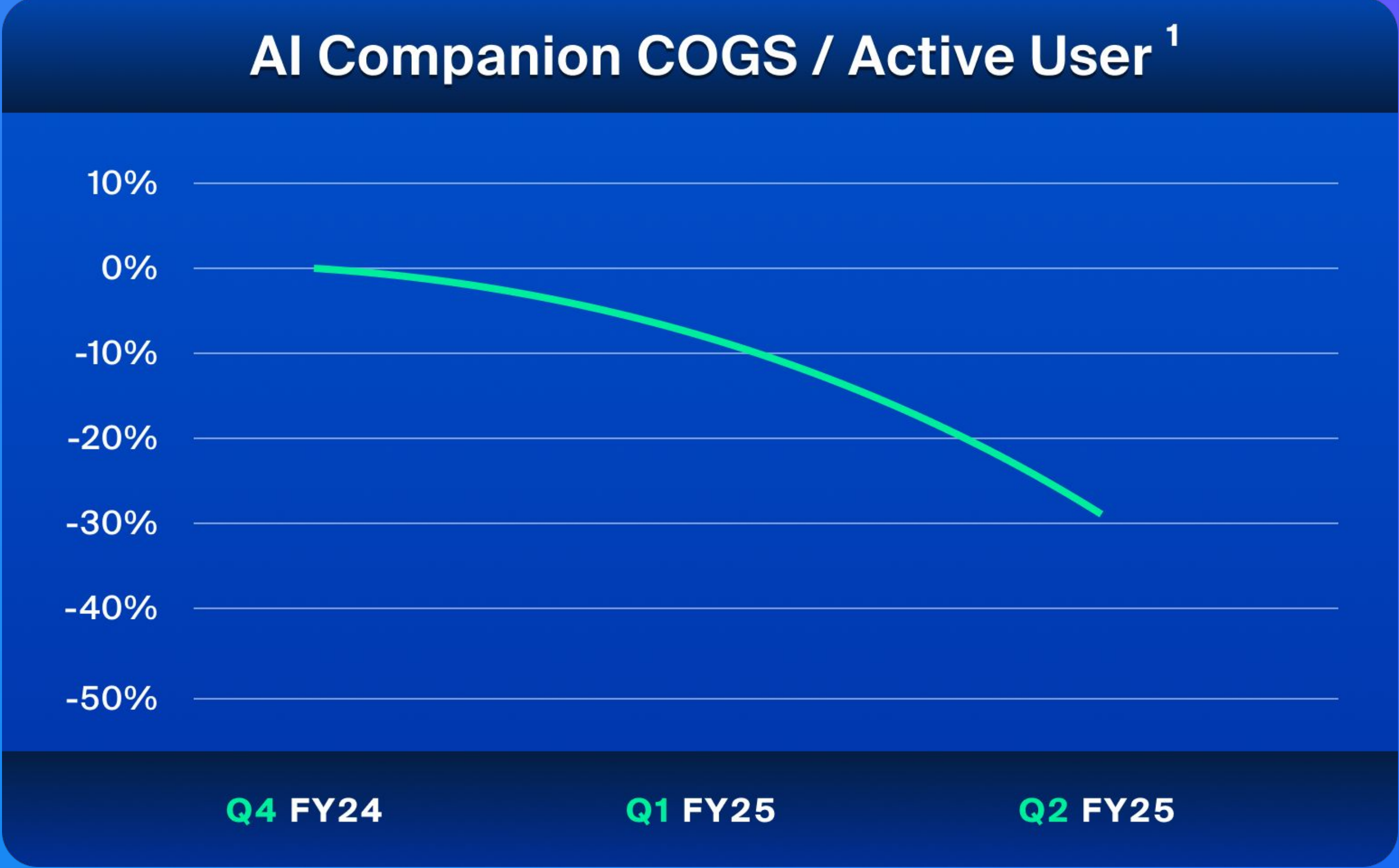
--- Non-GAAP Operating Margin⁴

--- Free Cash Flow Margin⁶

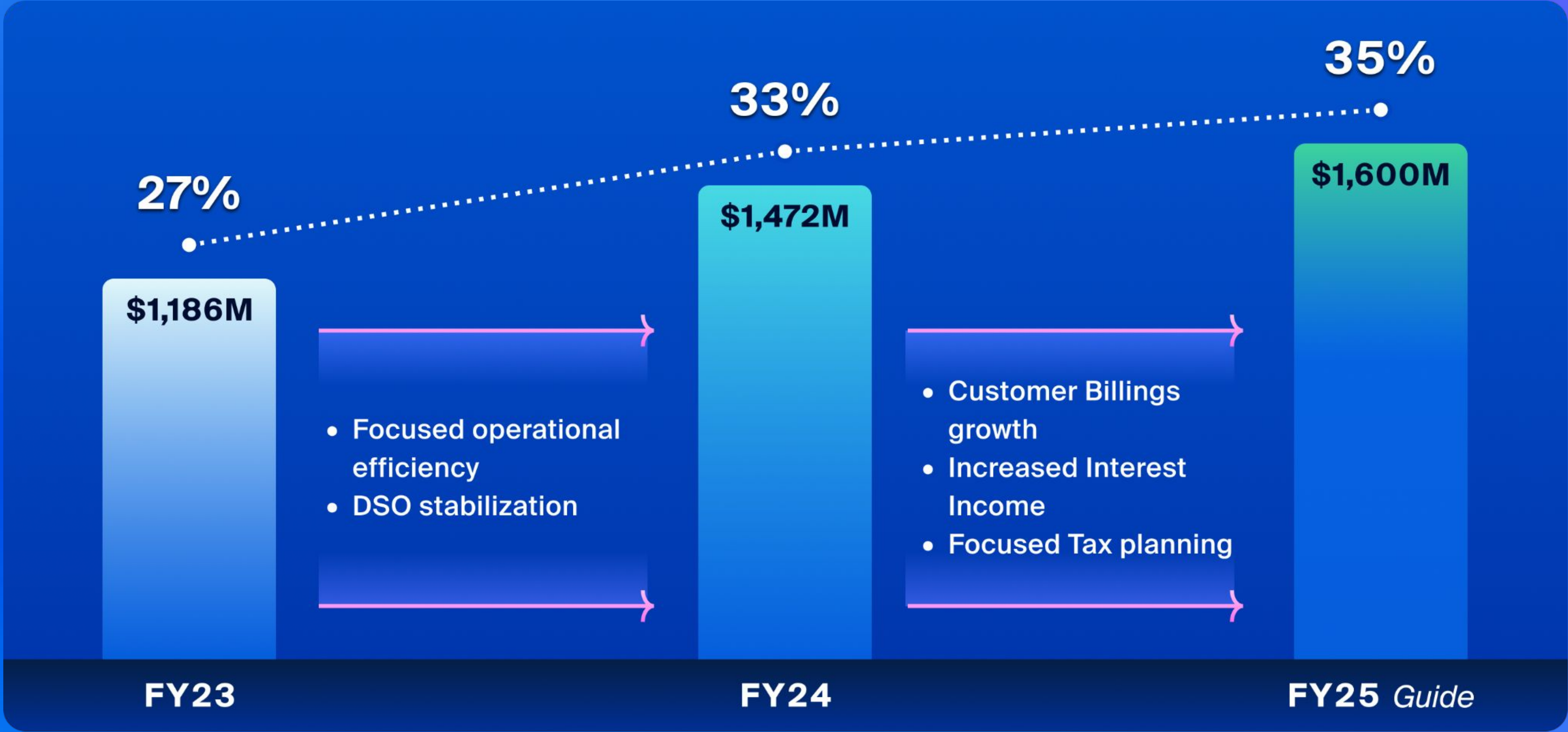
Prioritizing AI investment while preserving strong gross margins



Cloud Colo



Strong free cash flow driven by efficiencies and billings growth



■ Free Cash Flow¹ ···· % of Revenue

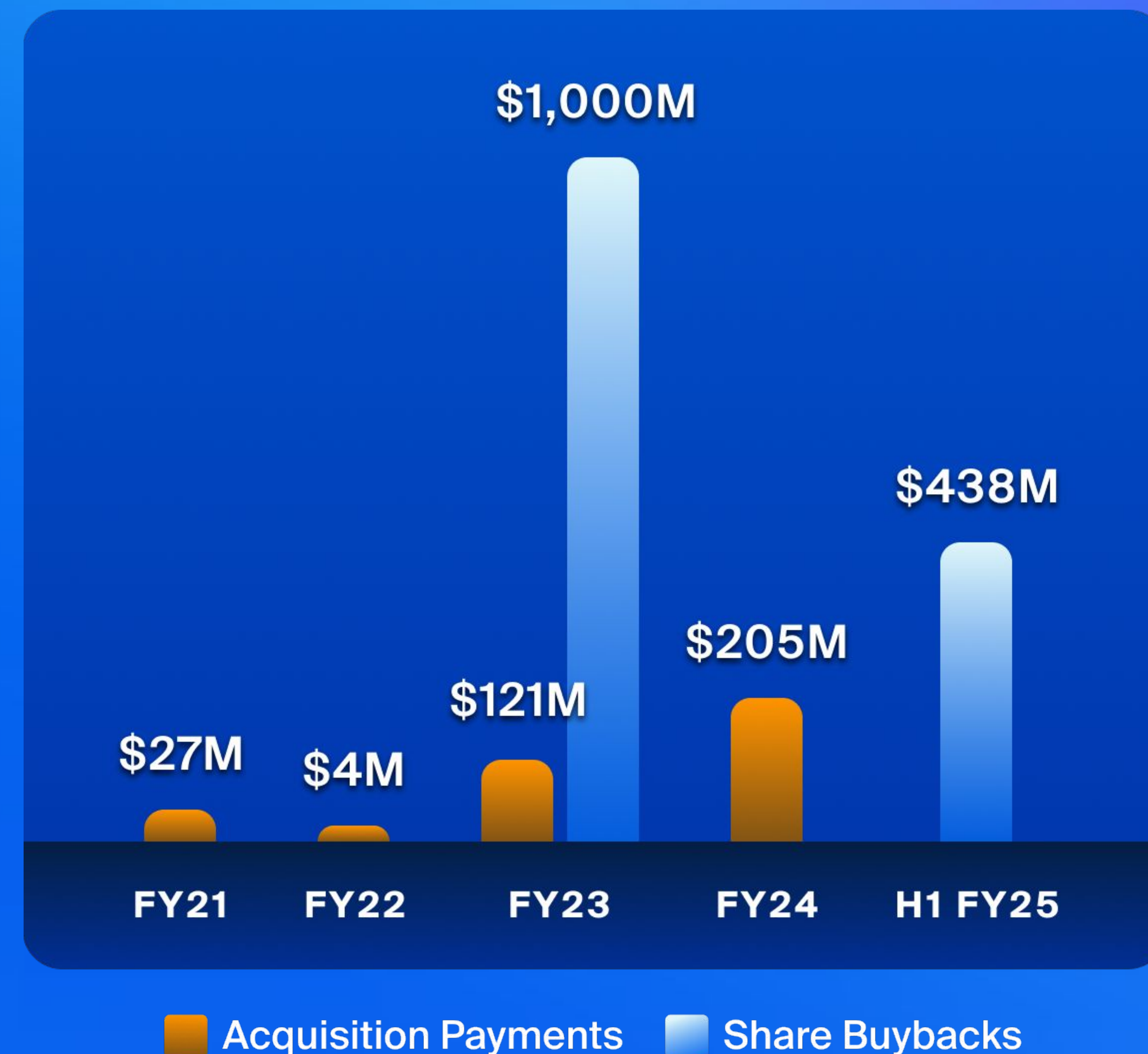
Capital allocation strategy focused on creating value for customers and shareholders

Buyback Considerations

- Current buyback roughly targeting to offset dilution for FY25
- \$1.06 billion remaining on current authorization as of July 31, 2024

M&A Strategy

- Focus on expanding product offering and driving revenue growth
- Completed mainly technology (Solvvy, Workvivo) and talent tuck-ins (Keybase, Kites)
- Disciplined approach and high bar for three criteria: product fit, cultural alignment and valuation



Focus on sustainable, profitable growth

Non-GAAP long-term model

		Previous LT Profile ¹	Updated LT Profile ²
As a % of Revenue	Gross Profit	~80%	~80%
	Research and Development	~10-12%	~12-13%
	Sales and Marketing	~30%	~25-26%
	General and Administrative	~8-10%	~7-8%
	Operating Profit	~28-32%	~33-36%

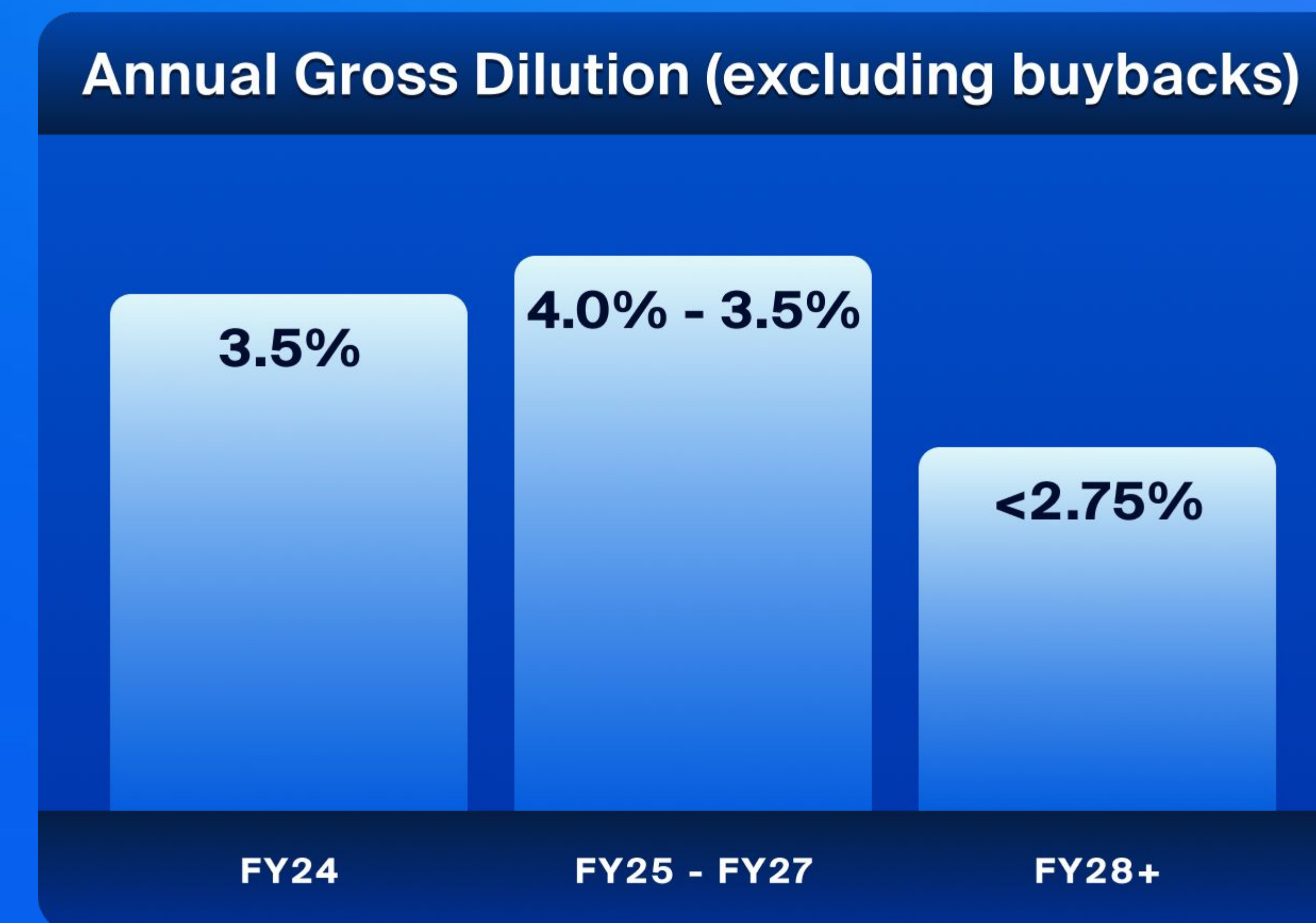
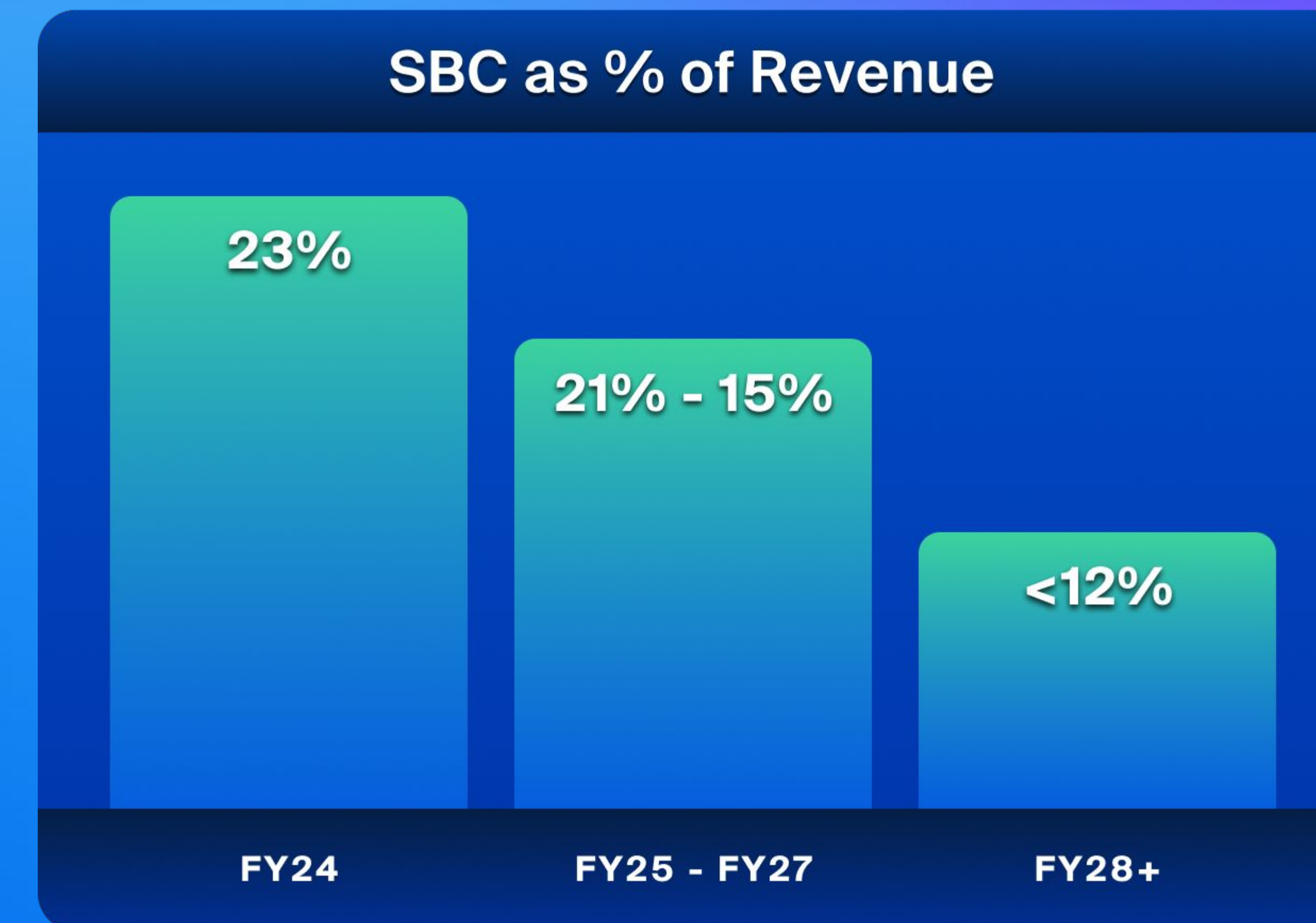
Actively managing down SBC & Dilution

SBC

- In FY25, top-up grants will represent $\sim\frac{1}{4}$ of our SBC expense, down from $\sim\frac{1}{3}$ in FY24
- Impact of Top-up grant program tapers off by FY27
- SBC expense is a lagging indicator of comp structure changes

Gross Dilution (excluding buybacks)

- Implemented compensation structure changes in Q3
- 4-year refresh grants from FY21 & FY22 new hires impacts gross dilution in mid-term



Dilution = YoY Change in FDSO (Excludes past and current buybacks)

Key Takeaways



Established market leadership in core video product



Tremendous momentum & opportunity in Workplace & new products



AI-first innovation engine drives incremental revenue & retention opportunities



Consistent execution in delivering profitable growth at scale



Balance sheet & cash flow strength fueling reinvestment and capital return

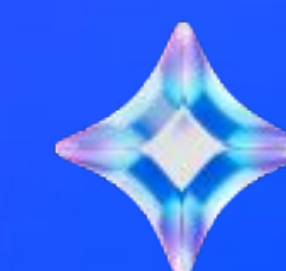
AI Progress & Vision



Jeff Smith
Head of Product -
Workplace AI, Meetings
and Spaces

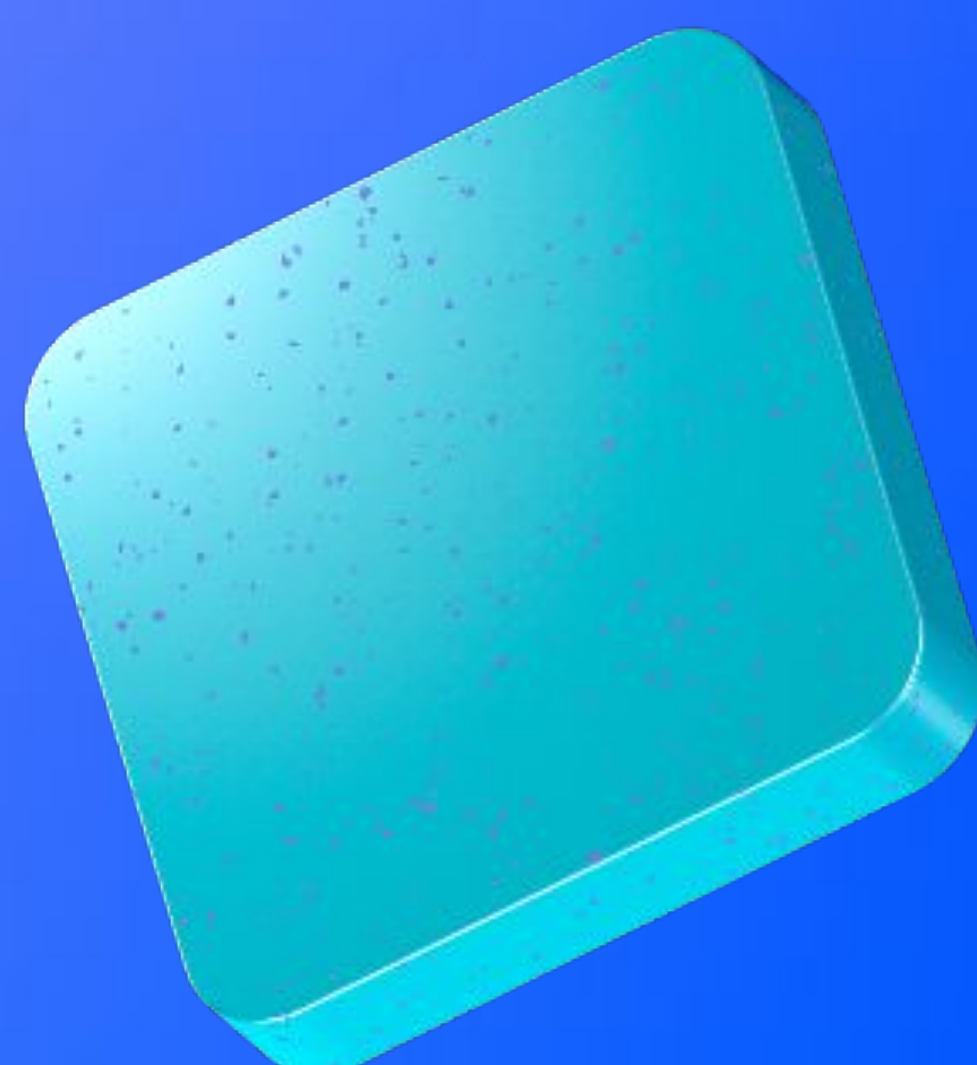


Bo Yan
Head of AI
Products, Zoom



Our vision

An AI-first work
platform for
human connection



ZOOM AI Companion

The smart assistant that empowers you to increase productivity, improve team effectiveness, and enhance skills

Included at no extra cost

Zoom AI Companion is included at no additional cost for customers with the paid services in their Zoom user accounts.*

Federated



High quality

Zoom's unique federated approach provides flexibility to choose & deploy the right AI models to deliver high-quality results.

Empowering



Easy to use

Zoom AI Companion capabilities are embedded within the intuitive, simple, easy-to-use Zoom experience that you know and love to drive usage and adoption.



Platform-wide

Zoom AI Companion capabilities are available across the Zoom platform (Meetings, Team Chat, Phone, Mail, Whiteboard, Notes) and compatible third-party apps.

Responsible



Trusted

Zoom does not use customer data to train Zoom's or its third-party AI models. Zoom provides admins with control over activation and use of features and users with visibility when AI Companion is active in meetings.



AI Companion

for ZOOM Workplace

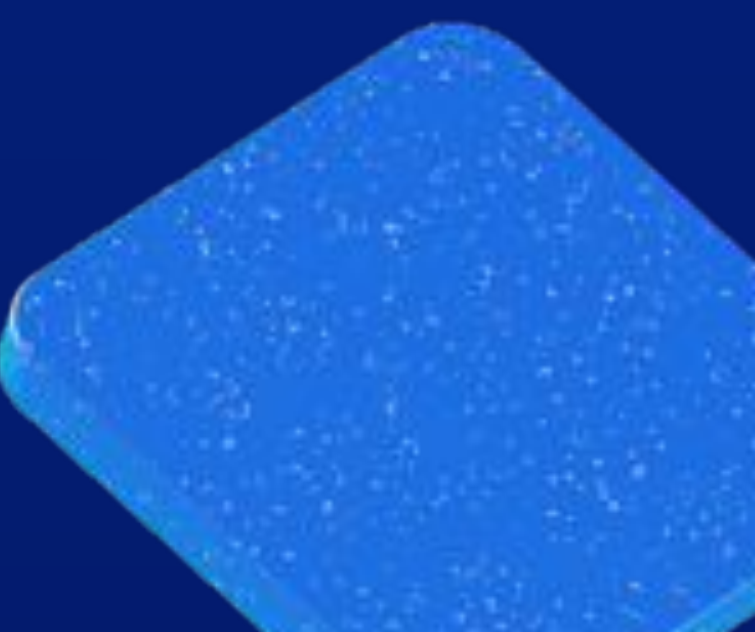


40%

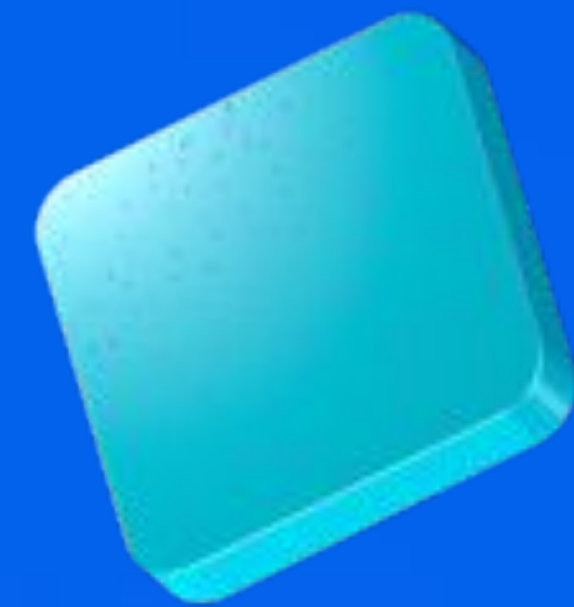
Increase in active users of AI Companion in the last 3 months

57%

Of US Fortune 500 Companies have enabled AI Companion



AI Companion delivers performance without compromise

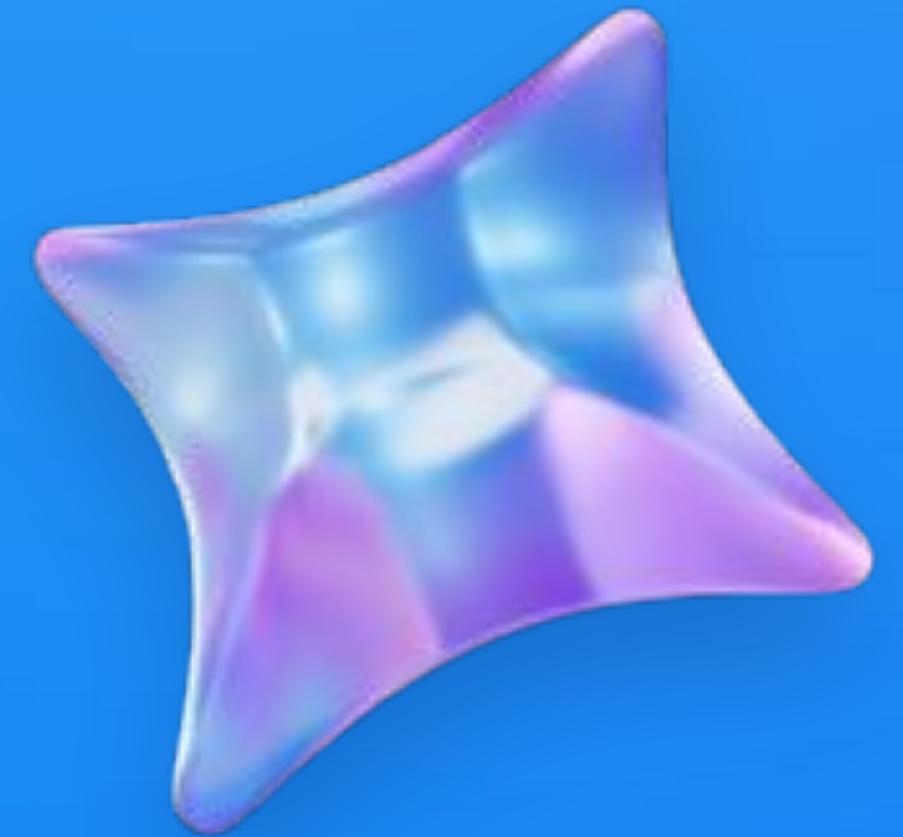


36%

Fewer errors in transcriptions

15%

Fewer errors in post-meeting summaries



When compared to Microsoft Copilot



Zoom AI Companion 2.0

Your personal AI Companion to help you get more done

Contextual

Available across Zoom Workplace. Understands what you are looking for, your prior interactions and provides suggestions to stay on top of your work

Synthesizes

Synthesizes information by pulling in data from your meetings, chats, docs, and more - and if connected to Zoom app - data from Microsoft Outlook, Office, Google Gmail, calendar, and docs. Connects to the web to look up information in real-time.

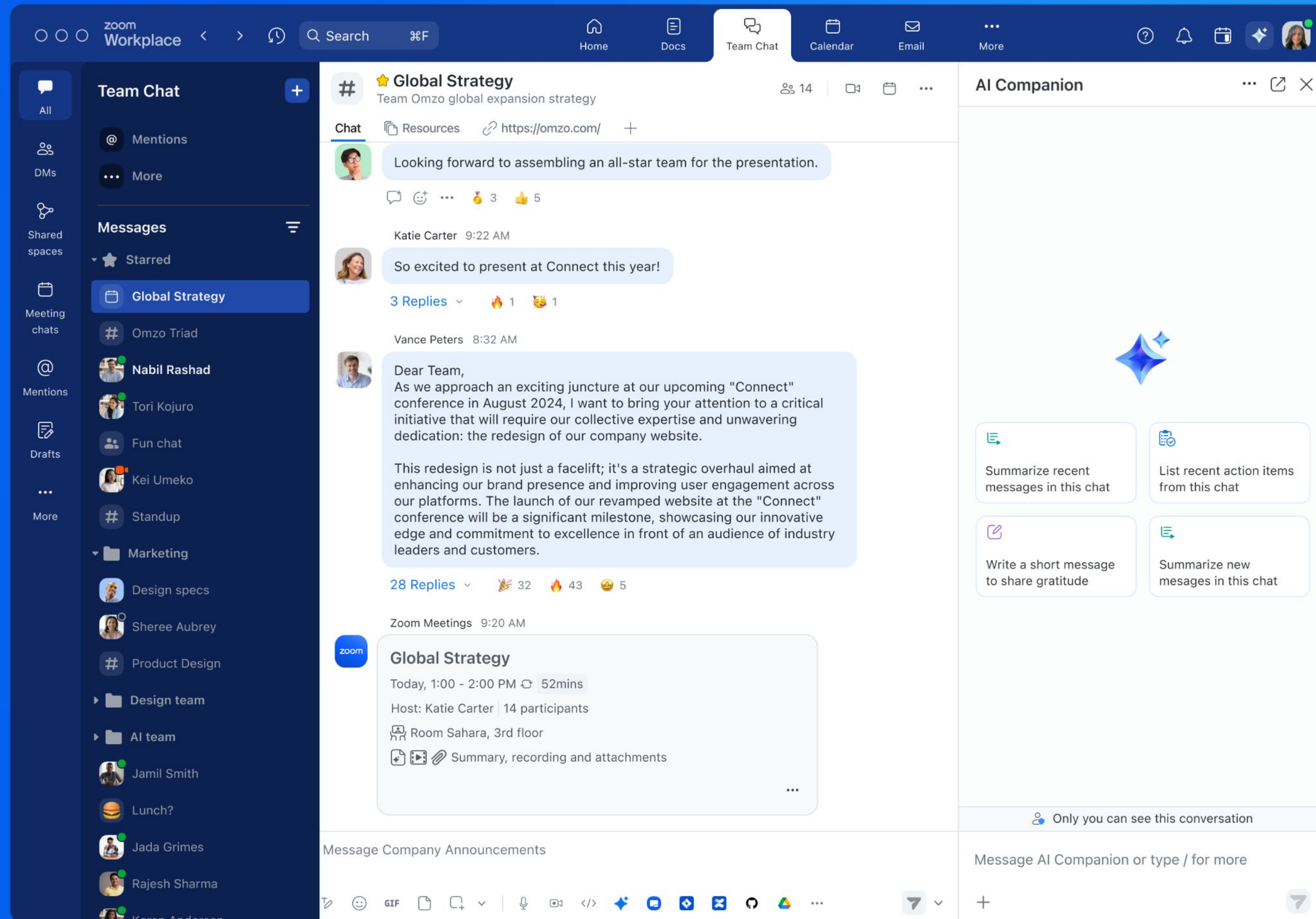
Takes action

Detects, track and even completes actions across different workloads to help you get even more done

Available October 2024

AI Companion 2.0

One AI Companion, one history, one memory



Included at no additional cost

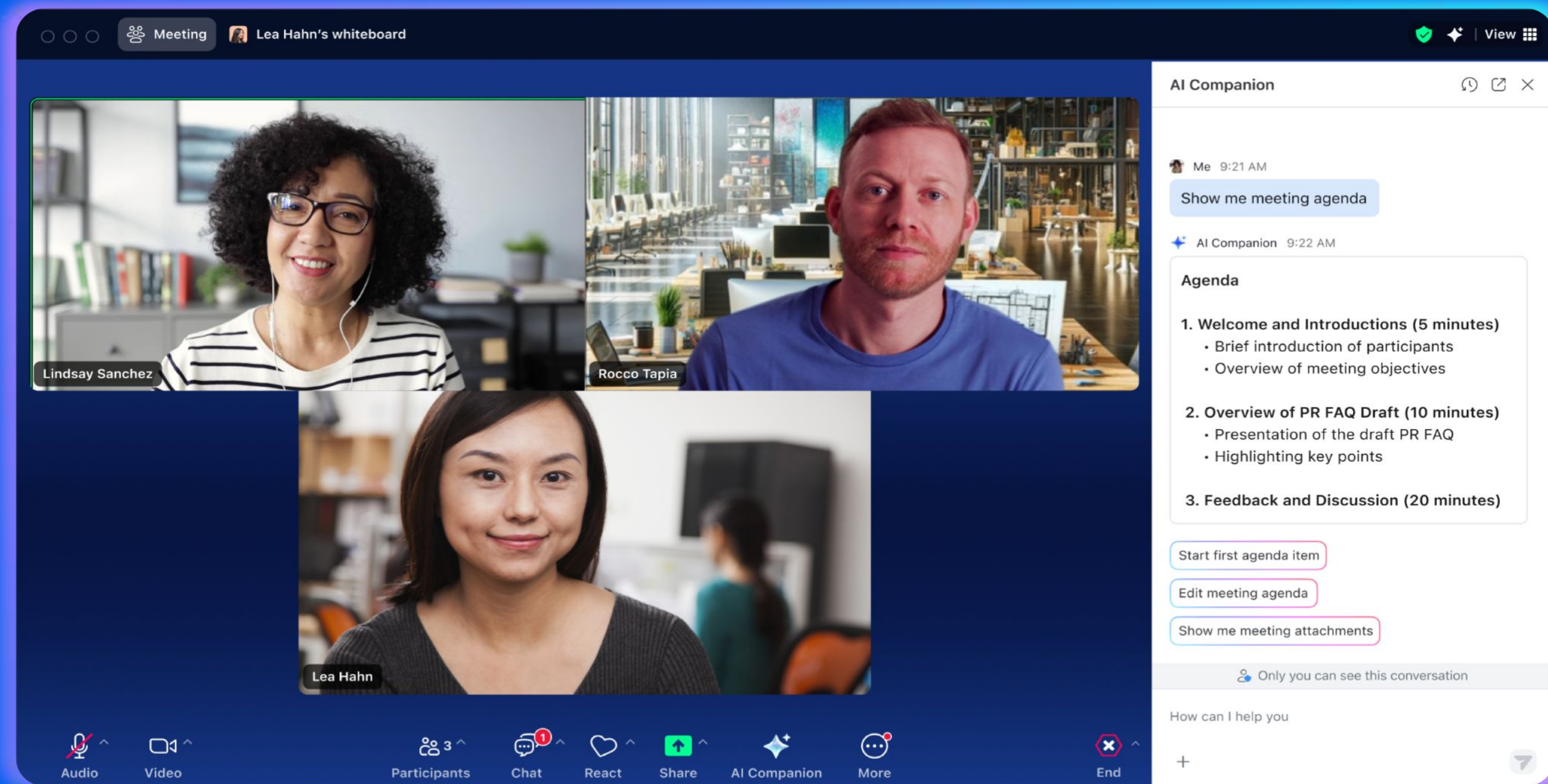
Let AI Companion help you recap content, locate information, and manage tasks

Draw information from multiple sources across Zoom, including third-party apps

Get contextual responses based on which tool you're using in the Zoom Workplace App

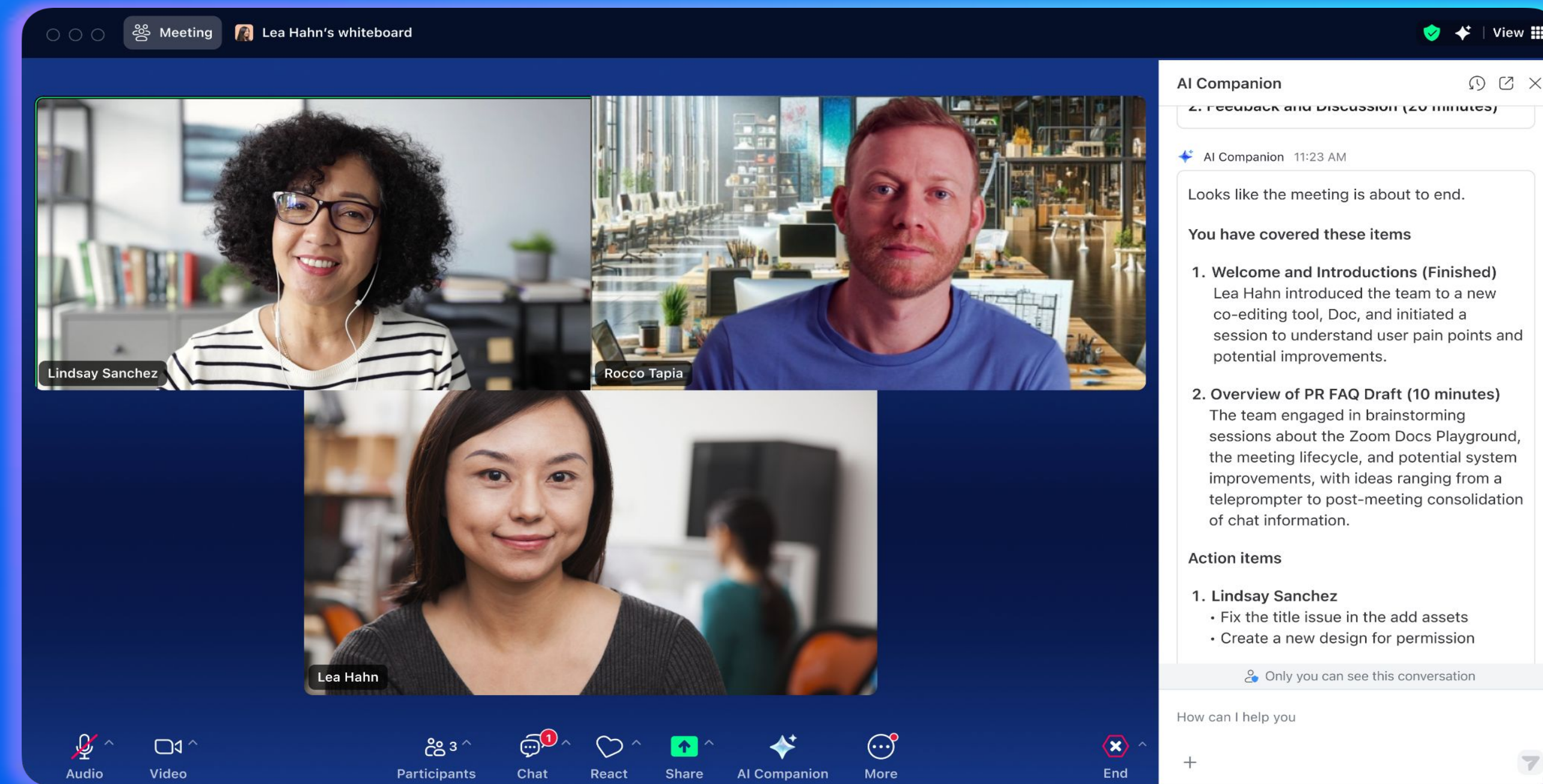
Available October 2024

Zoom is well positioned to compete in our collaboration user base



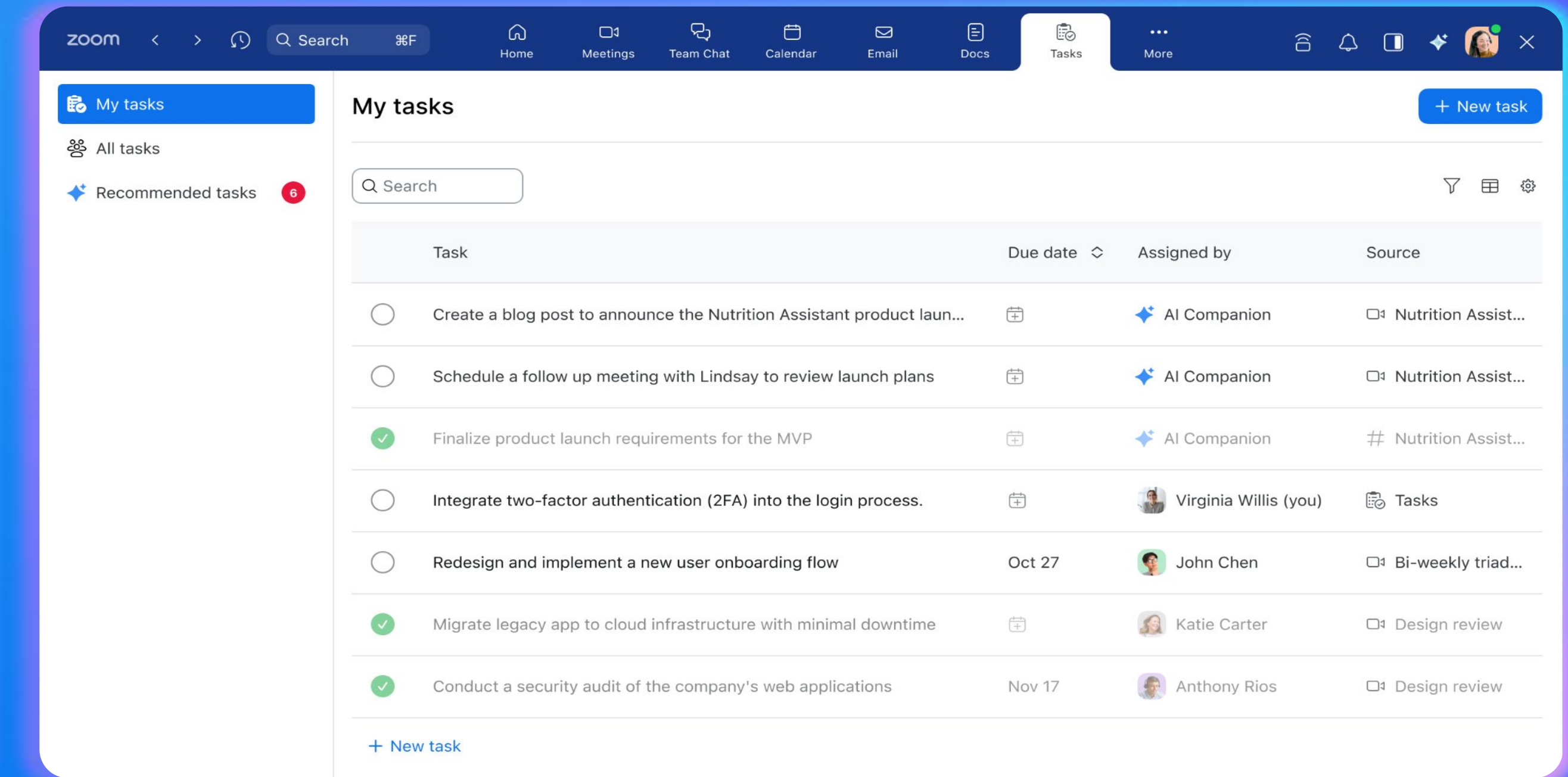
Meeting Agenda with AI Companion

Expected December 2024



Real-time meeting summary

Expected December 2024



Tasks from next steps

Expected Q4 2024

Introducing Zoom Tasks

AI Companion automatically detects tasks from across Zoom Workplace

AI-first approach that recommends actions and completes them for you

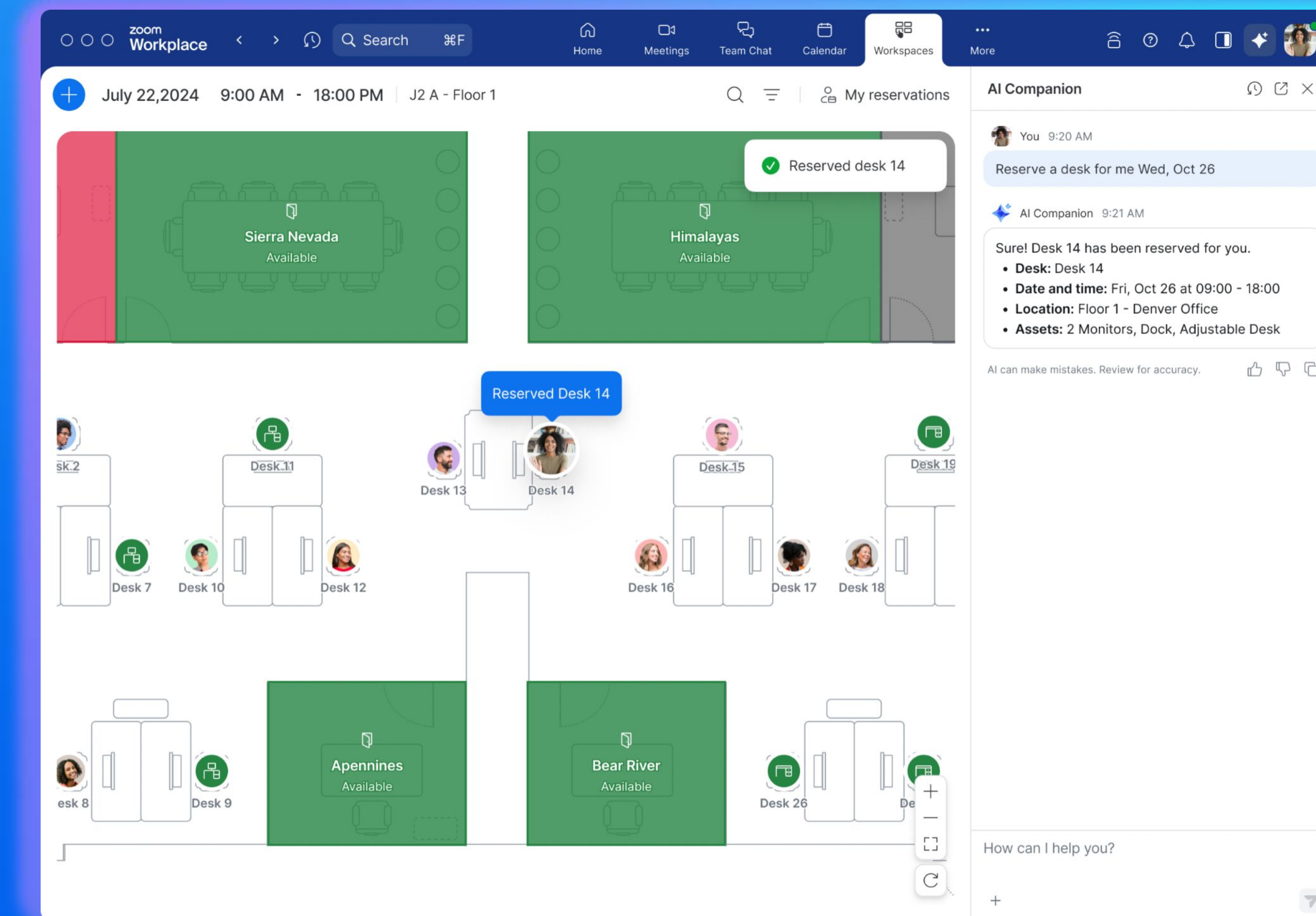
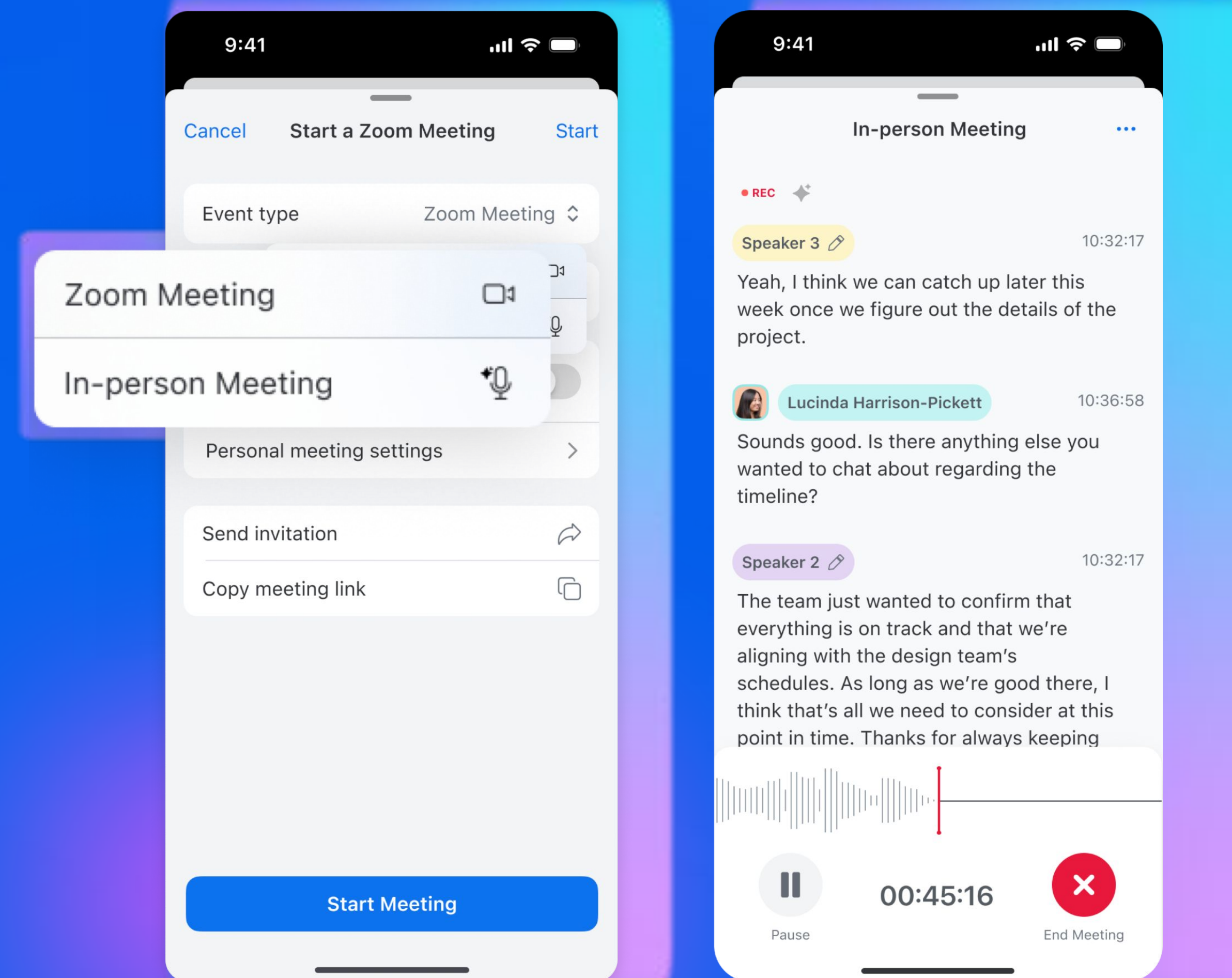
Syncs across Zoom Workplace for automatic updates

Expected Q4 2024

The screenshot displays the Zoom Workplace interface. On the left is a 'Team Chat' sidebar with a list of channels and users. The main area shows a chat window for '# Nutrition Assistant PR FAQ'. A 'Create Task' modal is open, showing a task titled 'Create a blog post to announce the Nutrition Assistant product launch' assigned to 'Lea Hanh'. On the right, the 'AI Companion' sidebar is active, displaying a list of tasks it has detected in the chat, such as 'Create a blog post to announce the Nutrition Assistant product launch' and 'Schedule a follow up meeting with Lindsay to review launch plans'. The interface includes a top navigation bar with icons for Home, Meetings, Team Chat, Calendar, Email, Docs, and Tasks.

New

AI-first in-person experiences



AI Companion for in-person meetings

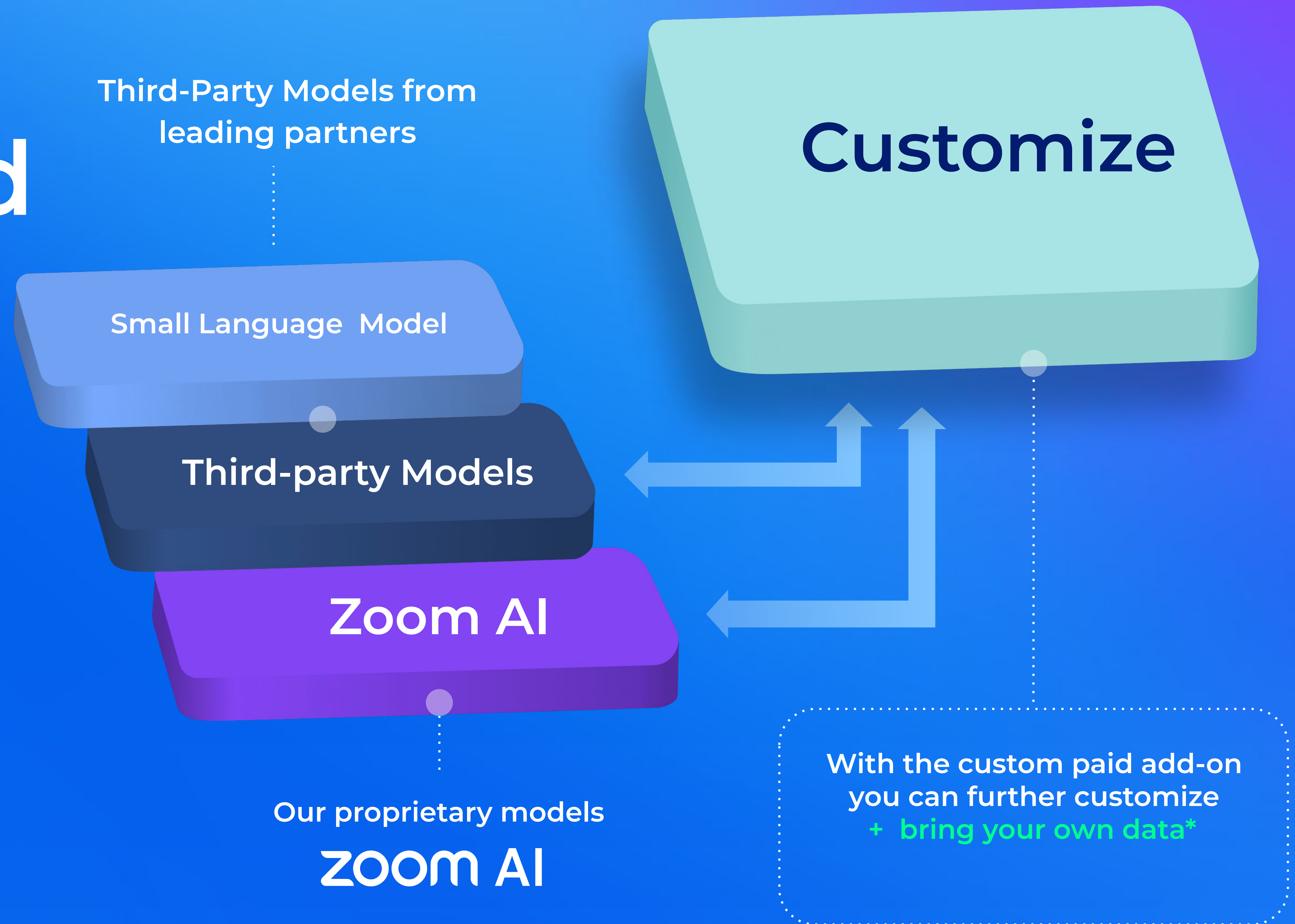
Expected December 2024

AI Companion for Workspace Reservation

Expected Q1 2025

Extending our federated approach

- Continuously drives quality improvements across our entire AI ecosystem
- Leverages the best of both our proprietary AI and industry-leading models from partners like Anthropic, Meta, and OpenAI
- Dynamically using AI models suited to the task, optimizing performance and efficiency



Custom AI Companion add-on for Zoom Workplace

Tailor AI Companion to meet your unique business and employee needs



Customize

Extend AI capabilities from Zoom to your critical business applications and data sources.



Personalize

Provide personalized experiences with a personal coach for professional growth and custom avatars that help scale and upskill.

Expected H1 2025
\$12 per user per month

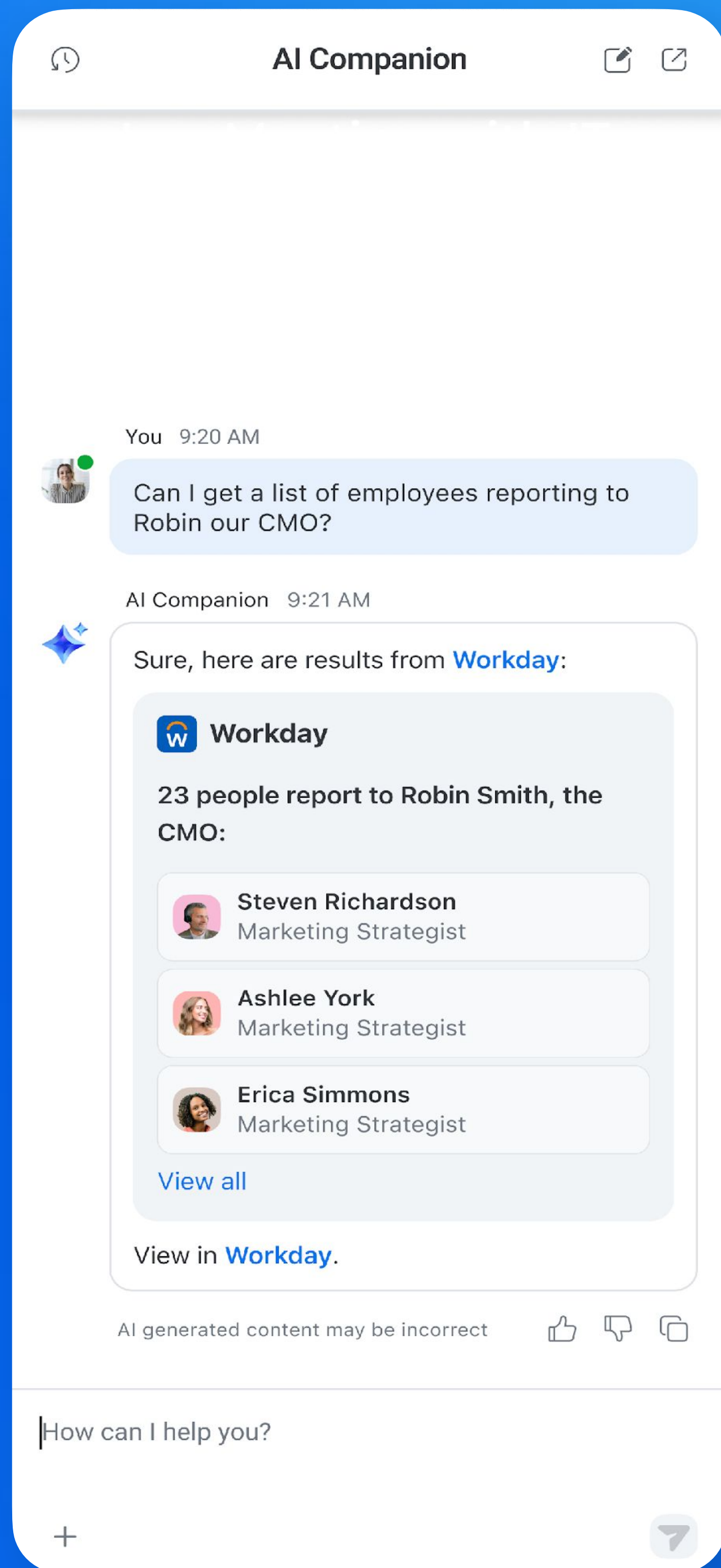
More effective internal meetings

In a meeting, the IT, Product & Marketing teams to provision a Beta product for Marketing employees.

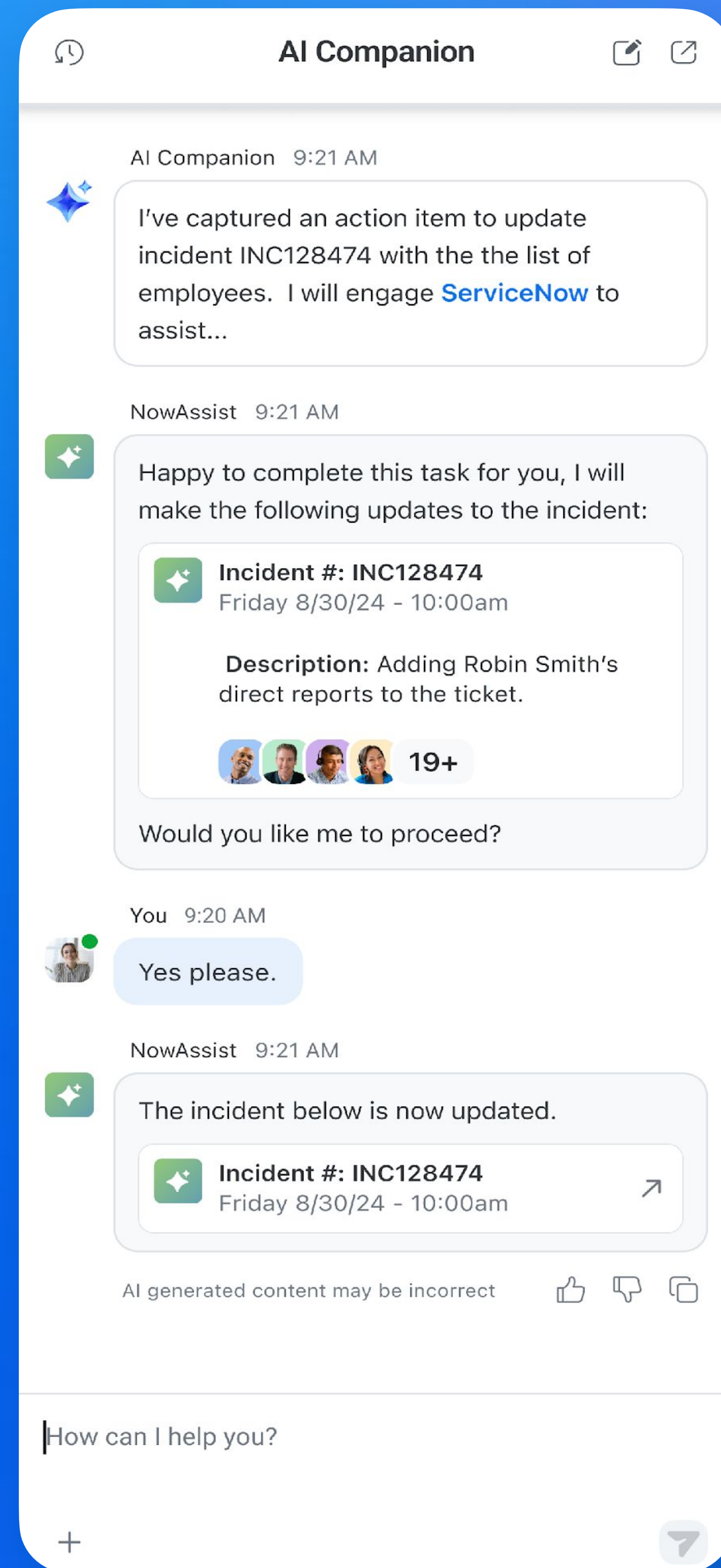
AI Companion orchestrates as an agent across the workflow.



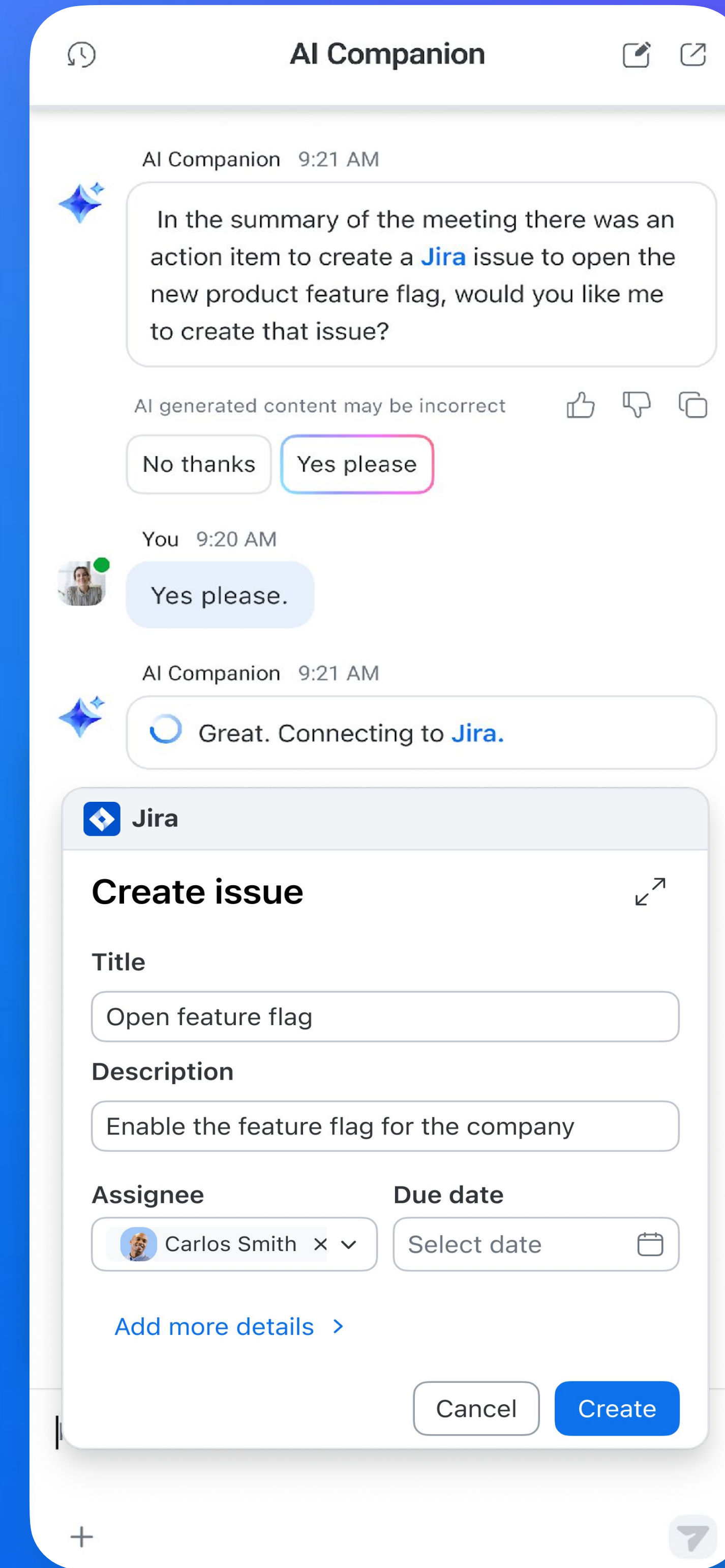
Generate list of marketing employees



Attach the generated list to a incident

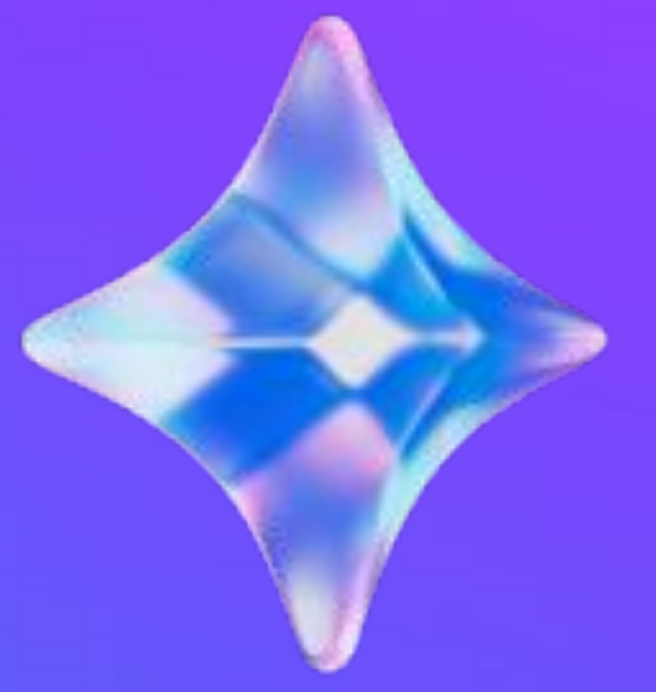


Create issue for DevOps



Introducing


AI Studio



ai.zoom.us

zoom AI Studio


Zoom AI Studio powers the customization of AI Companion.



Knowledge Collections

Make AI Companion more contextually aware with your data


Get started



Fine-tuning

Add your own custom dictionary so AI Companion recognizes your organization's unique vocabulary

Get started



AI Skills

Build advanced AI skills tailored to your organization's needs.

Get started

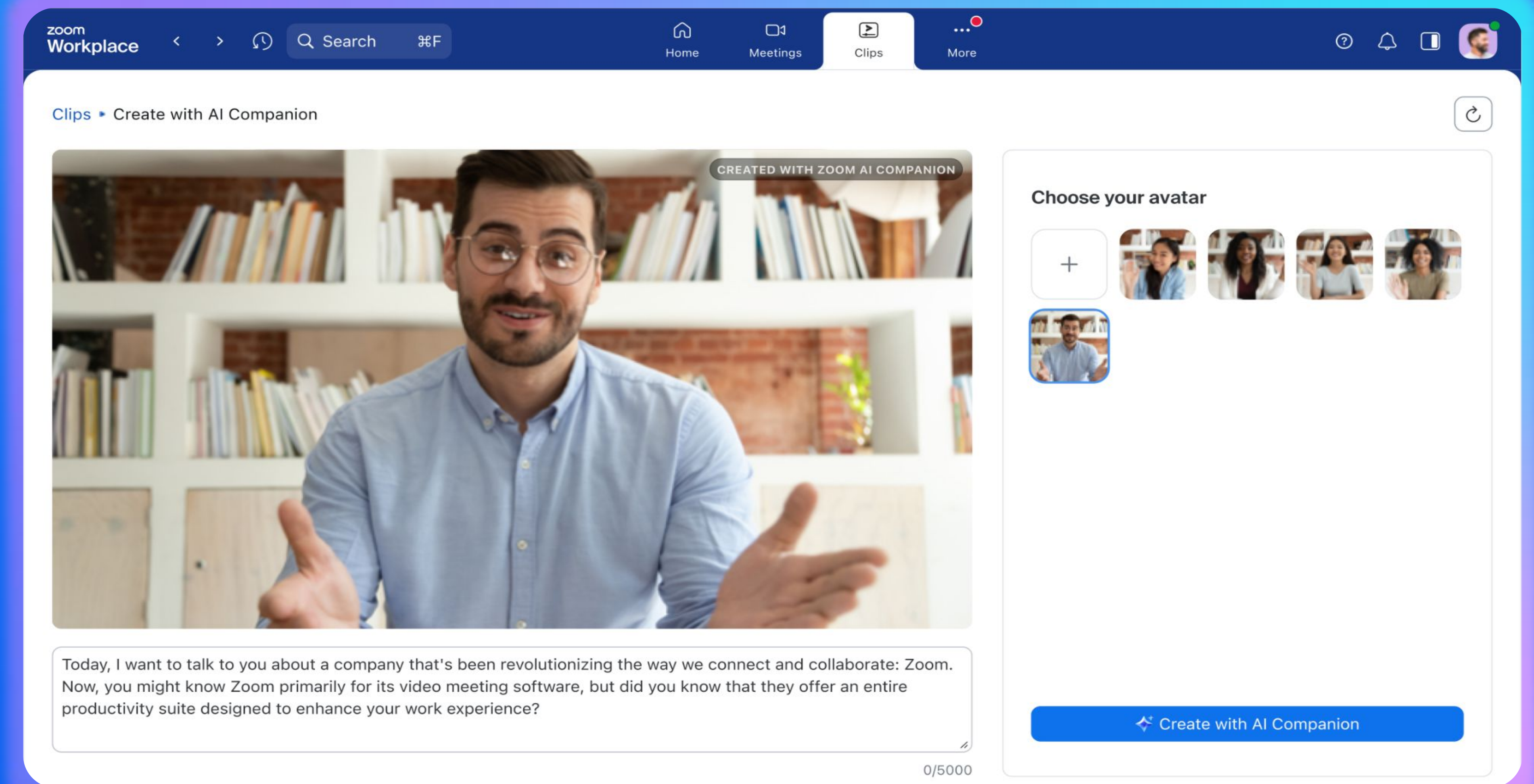
Progress indicator: a row of seven circles at the bottom of the slide, with the fourth circle from the left filled with green.

Available 2025

Inc.

Coming in 2025

Custom AI Companion add-on personalization



Personal Coach

Help individuals grow with custom goals and benchmarking



Custom Avatars

Record and share scripted messages in clips using a personalized avatar

AI-first solutions tailored for education and healthcare

AVAILABLE STARTING Q1 25

Custom AI Companion for Healthcare

Paid add-on for Zoom Workplace for Healthcare



Providing healthcare-specific AI capabilities to enhance the Zoom experience

- Tailored lexicon via healthcare dictionaries
- Extended knowledge via access to internal/external data sources
- Improved effectiveness with personal coaching

AVAILABLE STARTING Q1 25

Custom AI Companion for Education

Paid add-on for Zoom Workplace for Education



Increases AI functionality by accessing **custom data sources** and internal systems for personalized teaching and learning

- Student engagement analytics
- Per-lecture faculty engagement feedback
- Detailed coaching metrics

Expected H1 2025

Zoom Workplace for Clinicians

The image displays two views of the Zoom Workplace for Clinicians interface. On the left is a mobile app view, and on the right is a desktop web view.

Mobile App View: The app shows a "Clinical Note" screen for "Walter Wallace's Clinical...". The main content area displays "Clinical note is listening...". At the bottom, there is a timer showing "00:45:16" and a waveform. Below the timer are three buttons: "Finish later", "Pause", and "Create note".

Desktop Web View: The web interface shows a "Clinical note" page for "Walter Wallace". A warning banner at the top states: "AI-generated content may be inaccurate or misleading. Always check for accuracy." The main heading is "Appointment with Emily Henderson". Below this, it shows the user "Walter Wallace" and "Last updated at 11:30 8/26/2024".

The note content is structured as follows:

- Subjective:** Emily Henderson, Female 31, whose chief complaint is right-side chest discomfort for one week. She has a history of multiple cardiac issues, including a dissection of the right aorta and several cardiac surgeries. Medications: Dilaudid 0.25 mg IV every 3 hours for pain. Lidocaine infusion 1% at 10 ml /hr.
- Objective:** Physical Examination: Patient appears to be in mild distress due to pain but is communicative. Reports severe pain, receiving Dilaudid and Lidocaine for pain management. Chest wall: Tenderness with palpation anterior chest wall midclavicular line at rib 4. Lab and Imaging Results: Serum Lidocaine level: 2.6.
- Assessment:** The patient has a complex medical history with multiple cardiac issues and complications. Pain management is a significant concern. Rib-fracture-unlikely.
- Plan:** The plan is to continue the current pain management regimen and cardiac monitoring. Lidocaine levels will be monitored and adjusted as necessary. X-ray-rib films to rule out fracture. EKG to rule out acute coronary syndrome.

At the bottom of the desktop view, there is a "Start typing" prompt and a satisfaction survey: "How satisfied are you with this Clinical note?" with a 5-point scale from "Very Dissatisfied" (1) to "Very Satisfied" (5).

zoom

AI-first work platform for human connection



ZCX Overview



Chris Morrissey
Zoom

FY'25 GTM

Priorities



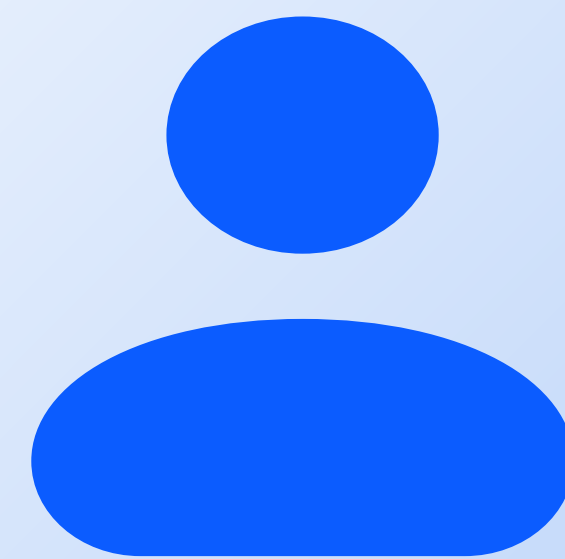
International

International expansion and investments



Channel Growth

New partners and GTM programs



Up Market Focus

Continue to move up market



AI First Total Experience

Differentiate from CX providers

Employees & agents work in silos



Employee Experience



Customer Experience

Everyone is
responsible
for great CX



An AI-first total experience

Empowers & connects all employees for great CX



Predict customer &
agent needs



Automate routine
tasks and queries



Natural
engagements

zoom

AI-first work platform for human connection



Global enterprises trust Zoom



FedRAMP



99.999%
SLA

Enhancements to Zoom Virtual Agent

Advanced multi-intent detection handles complex, multi-faceted inquiries

Integrated conversation history to deliver more personalized and relevant responses

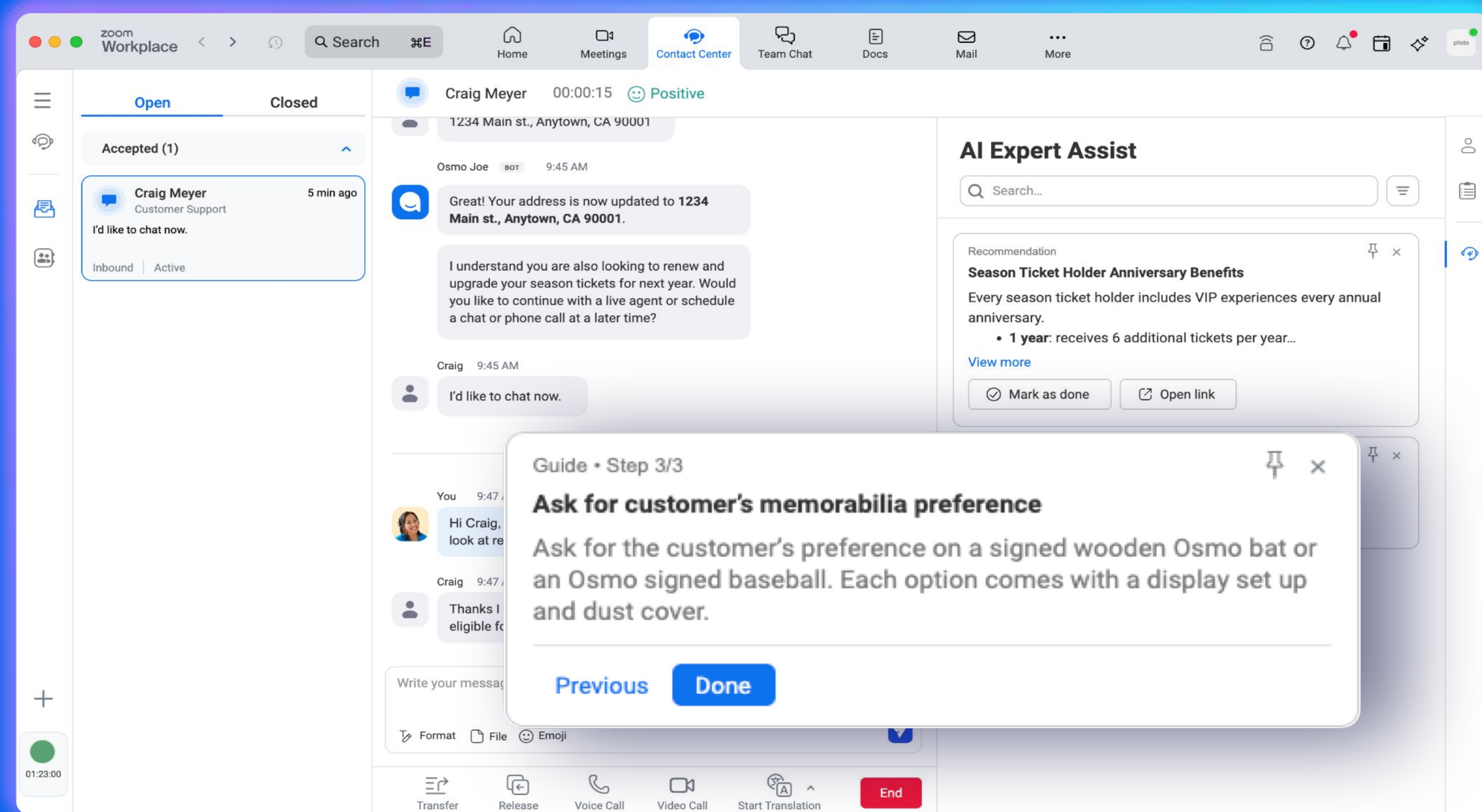
Preview of Zoom Virtual Agent for voice coming soon!

Expected December 2024

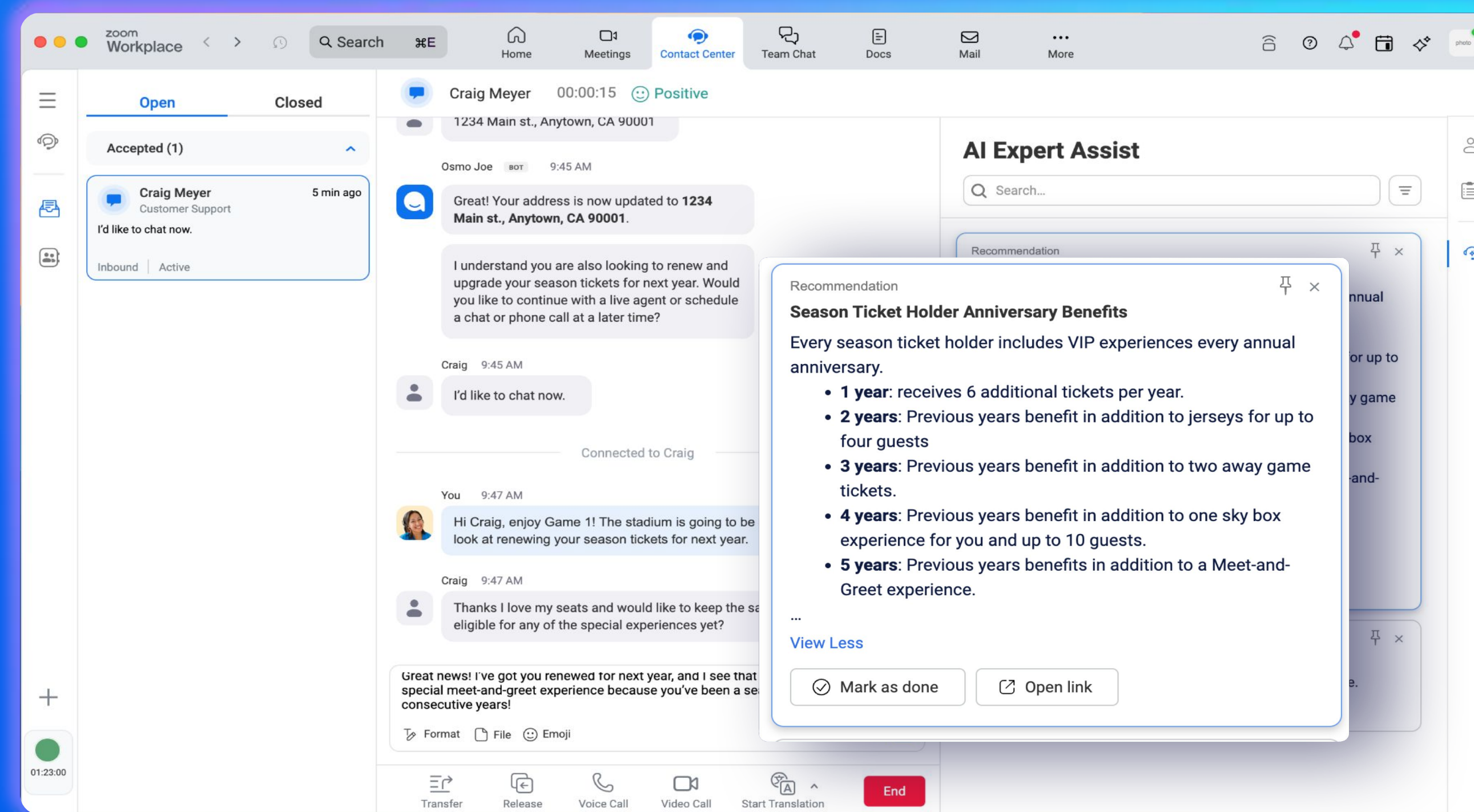
The screenshot displays the 'Intent management' dashboard. At the top, it says 'Create, edit, and train intent groups and entities used in other Zoom products'. Below this are tabs for 'Intent', 'Entities', and 'Settings'. A search bar is present with the text 'Search intent group or intent'. A list of intents is shown under the 'Payment' category, with the last published date '07/09/2024, 01:27 PM'. The list includes: 'Intent', 'Make a payment' (marked as NEW), 'Stop payment', 'Payment declined', 'Payment issues', and 'Payment arrangement'. A 'Select' button is visible at the bottom of the list. On the right, a chat window for 'Osmo Joe' is open, showing a message: 'close to you in Section 123. Please select the seats you want.' Below the message is a map showing a stadium seating chart with sections 122, 123, and 124. Section 123 is highlighted, and a 'Select' button is shown below it. The chat window also shows a timestamp '9:43 AM' and a text input field 'Enter message here...'.

Expected December 2024

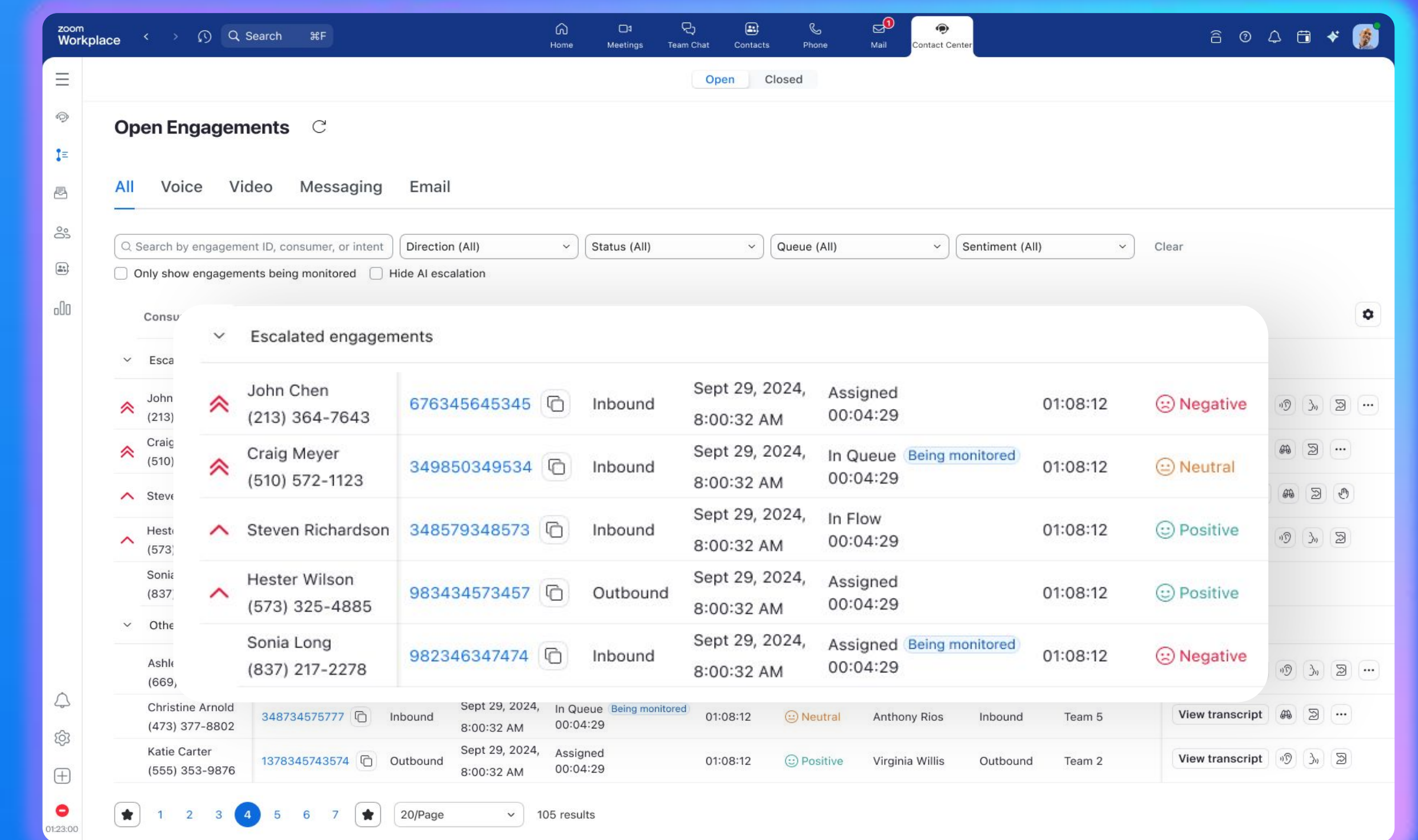
New in AI Expert Assist



Dynamic Agent Guides



Suggested Answer



Supervisor Flagging

Partner Led GTM Focus

Zoom + ISV Partners

Sell-Through

Co-Sell

Distributors

carahsoft.

saveX
TECHNOLOGIES

TD SYNEX

Technology Service Distributors (TSD)

AVANT

INTELISYS
Independence. No limits.

BRIDGEPOINTE

TELARUS

SANDLER PARTNERS

Global Service Providers

nwn carousel

LUMEN

Singtel

Global System Integrators * New for FY24 *

HCL

pwc

wipro

Investor Alliances

Blackstone

THE CARLYLE GROUP
GLOBAL ALTERNATIVE ASSET MANAGEMENT

TPG

Technology Alliances

aws

ORACLE

paloalto NETWORKS

Resellers

CDW

PRESIDIO.

Solution Providers * New for FY24 *

nuwave

pax8

Agents, Trusted Advisors

C3 TECHNOLOGY Advisors

CXPONENT

InflowCX AmpliX

REMEND

Certified Integrators

AVI

UNIFIED TECHNOLOGY SYSTEMS

TRINITY DYNAMICS

Partners are leaning into Zoom to build their business

Partner Accreditations

2,500

Accreditations completed by partners over the past 18 months

Contact Center Channel Contribution*

63%

FY25 YTD - 6 months*

YoY Sales Growth

165%

Partner Sourced Deals



servicenow



CRESTA



COGNIGY



kore.ai



CRM/Ticketing

Agent Assist
Conversational AI

WEM



Zoom Quality Management



Zoom Workforce Management



zoom
Contact Center



Zoom Virtual Agent



Zoom Team Chat



Zoom Phone



Zoom Meetings

Analytics

Vertical Solutions

Assembled

VERINT

CALABRIO™

CallMiner



JOULICA

PCIpal

NovelVox

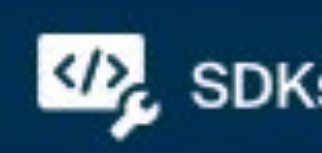
SpinSci

AI Companion

Developer Ecosystem



APIs



SDKs



Apps



App Marketplace

Advanced CX Solutions

Delivering more value to customers and more revenue to Zoom



43%

*Increase in the average per seat price



35%

**Of total ZCX ARR from Elite & Premium (top tier) bundles



12%

**Of total ZCX ARR from Zoom Virtual Agent

*As measured YoY (H1 FY 24 - H1 FY 25)
**Sale attribution based on average of H1 FY 25

Total Zoom platform beats traditional CCaaS

Large UK County Council

 Contact Center

 Virtual Agent

 Phone

 AI Companion for CC

Incumbent

2 CCaaS vendors
for gov't services

Competitors

Five9 and RingCentral (with
NICE CXone)

Deal Details

- New customer to Zoom
- Inquired about just self-service first

How we won

- Saw the value of our full platform - competitors couldn't offer
- Zoom Virtual Agent solves for connecting self-service to back office experts directly

\$1M+ Deal for Zoom CX and Zoom Phone

Large US insurance claims recovery company

 Contact Center

 AI Expert Assist

 Phone

 AI Companion for CC

 Workforce Management

 Quality Management

Incumbent

Cisco

Competitors

Cisco & Five9

Deal summary

- New logo to Zoom
- Needed to improve CSAT & agent effectiveness
- Bought top tier for WFM & QM capabilities to solve for agent effectiveness

Total Platform: from CX to Zoom Phone

Top Grocery Retailer in Australia



Contact Center



Phone



AI Companion for CC



Incumbent

Cisco for CC + UC and
Microsoft Teams chat

Competitors

Cisco, NICE & Genesys



Deal summary

- New to Zoom
- Wanted an AI-first cloud solution
- Saw the benefits of a total solution of EX + CX
- Using Zoom to transfer calls from ZCX to ZP to differentiate their customer service from competitors

InflectionCX



Chris Crosby,
Founder and CEO

INDUSTRY
Customer Experience
BPO

A pioneer in building a connected, total experience with Zoom

Key Finding

- Reduced after call work from 4:30 to :30 per interaction
- Reduced average handle times by 3 minutes
- Reduced IT overhead by 50%

PRODUCTS USED



Meetings



Team Chat



Phone



AI Expert
Assist



Contact Center



Workforce Management



AI Companion

Thank you!

zoomtopia

Appendix

GAAP to Non-GAAP Reconciliation

(\$ in Thousands)	FY20	FY21	FY22	FY23	FY24
GAAP (loss) Operating Income	\$12,696	\$659,848	\$1,063,591	\$245,429	\$525,279
(+) Stock-based compensation expense and related payroll taxes	\$75,971	\$290,832	\$504,336	\$1,301,663	\$1,076,212
(+) Litigation settlements, net	-	-	\$66,916	-\$4,226	\$52,500
(+) Acquisition-related expense	-	\$9,278	\$22,277	\$36,218	\$47,904
(+) Restructuring expenses	-	-	-	-	\$72,993
(+) Charitable donations	-	\$23,312	-	-	-
Non-GAAP Operating Income	\$88,667	\$983,270	\$1,657,120	\$1,579,084	\$1,774,888
GAAP Operating Margin	2.0%	24.9%	25.9%	5.6%	11.6%
Non-GAAP Operating Margin	14.2%	37.1%	40.4%	35.9%	39.2%

(\$ in Thousands)	FY20	FY21	FY22	FY23	FY24
GAAP Gross Profit	\$507,262	\$1,829,379	\$3,045,310	\$3,292,509	\$3,449,423
(+) Stock-based compensation expense and related payroll taxes	\$8,000	\$36,223	\$73,863	\$177,330	\$154,879
(+) Acquisition-related expense	\$0	\$1,020	\$2,786	\$10,208	\$7,520
(+) Restructuring expenses	-	-	-	-	\$7,119
Non-GAAP Gross Profit	\$515,262	\$1,866,622	\$3,121,959	\$3,480,047	\$3,618,941
GAAP Gross Margin	81.5%	69.0%	74.3%	74.9%	76.2%
Non-GAAP Gross Margin	82.8%	70.4%	76.1%	79.2%	79.9%

(\$ in Thousands)	FY20	FY21	FY22	FY23	FY24
Cash Flow from Operations	\$151,892	\$1,471,177	\$1,605,266	\$1,290,262	\$1,598,836
(-) Purchases of PPE	-\$38,084	-\$79,972	-\$132,590	-\$103,826	-\$126,953
Free Cash Flow	\$113,808	\$1,391,205	\$1,472,676	\$1,186,436	\$1,471,883
Operating Cash Flow Margin	24.4%	55.5%	39.2%	29.4%	35.3%

Endnotes

TAM grows as we expand the platform

1. Estimates based on Zoom and third-party research as of 10/1/2024. Zoom Workplace includes UC Collaboration, Telephony and Email product sub-categories. Third party sources: IDC Research (2024) for Telephony, UC Collaboration and Email. Gartner (2024) for Contact Center and GenAI Customer Support; Verified Market Research (2021) for Global Intranet Solutions represent Intranet Software, Avoma Research (2024) & Zoom Estimates for Sales Intelligence. Zoomtopia Product Announcements TAM category includes Custom AI Companion, Frontline Worker, Healthcare AI, and Education AI. Zoomtopia Product Announcements TAM estimated by Zoom in conjunction with contracted third party research.
2. Note: figures in the graph are rounded and may not sum up to totals.

Customers are increasingly buying Zoom as platform, leading to more spend and less churn

1. Zoom calculates dollar churn rate by starting with the customer Monthly Recurring Revenue (“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 Customers for the applicable quarter. Zoom then divides that amount by three to calculate the online average monthly churn. The depicted churn rate improvement represents the average from Q2 FY23 through Q2 FY25.
2. Account Penetration represents the percent of Zoom meetings accounts within the Enterprise business that have at least one paid license in the respective products.

Higher growth in large accounts

1. 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 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.

Q1-weighted renewal seasonality slowly becoming more balanced

1. 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.

Track record of financial growth, alongside remarkable profitability

1. See appendix for a reconciliation of non-GAAP to GAAP financial measures.
2. The FY25 Guide in each chart represents the midpoint of the Guidance range provided in Zoom's Q2 FY25 Earnings Call on August 21, 2024. Zoom is not updating this Guidance.
3. For footnotes 3-6, See appendix for a reconciliation of non-GAAP to GAAP financial measures.

Prioritizing AI investment while preserving strong gross margins

1. AI Companion COGs represents the Cost of Goods Sold recognized within the quarter that is attributable to the Zoom AI Companion product. Active Users represent distinct Zoom license holders who have actively used at least one AIC feature within the given quarter.

Strong free cash flow generation bolstered by efficiencies and billings growth

1. Cash balance refers to cash, cash equivalents and marketable securities, excluding restricted cash at the end of the period. See appendix for a reconciliation of non-GAAP to GAAP financial measures. Zoom defines free cash flow as net cash provided by operating activities less purchases of property and equipment. FY25 Guide is equivalent to the midpoint of the Guidance range provided in Zoom's Q2 FY25 Earnings Call on August 21, 2024. Zoom is not updating this Guidance.

Focus on sustainable, profitable growth

1. Provided at Analyst Day in November 2022.
2. This 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. 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.