

# Zoom Communications

# **Q4 FY25 Earnings**

February 24, 2025



# 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 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 operating margin, non-GAAP income from operations, non-GAAP net income per share or EPS, free cash flow and free cash flow margin. 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 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 first quarter of fiscal year 2026 and full fiscal year 2026; Zoom’s expectations regarding financial and business trends, as well as impacts from macroeconomic developments; Zoom’s market position, stock repurchase program, opportunities, go-to-market initiatives, growth strategy and business aspirations; and product initiatives, including future product and feature releases, and the expected benefits of such initiatives, including of agentic AI. 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 tariffs and trade tensions, inflationary pressures and market volatility, lengthening 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 October 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.

# The Evolution of AI Companion

From meeting summaries to your AI agent orchestrator

## Enhances your capabilities

Your personal assistant

## Helps you get more done

Surfaces important information, prioritizes what matters most, and turns interactions into action

## Does the best work for you

Your personal AI agent that takes action for you

## TRUSTED

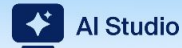
All built on a foundation of trust, security and responsible AI

# zoom Workplace



An open work platform with  zoom AI Companion

## Ecosystem



AI Studio



Workflows



APIs



SDKs



Apps



App Marketplace



Microsoft

Google



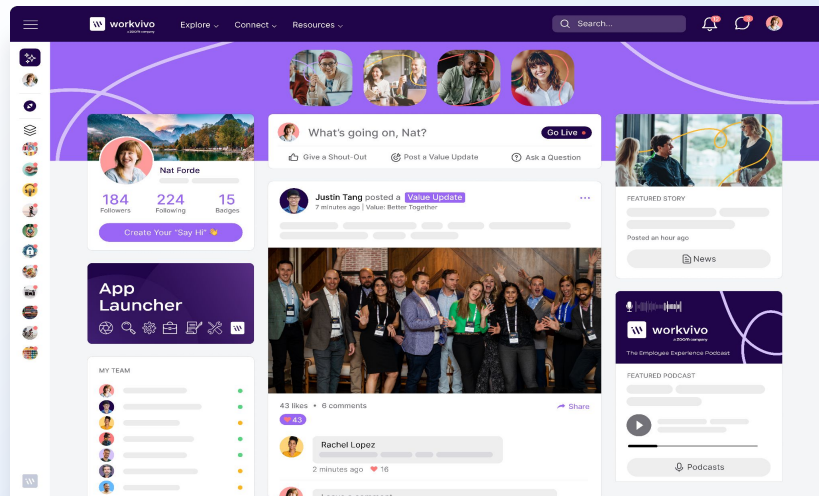
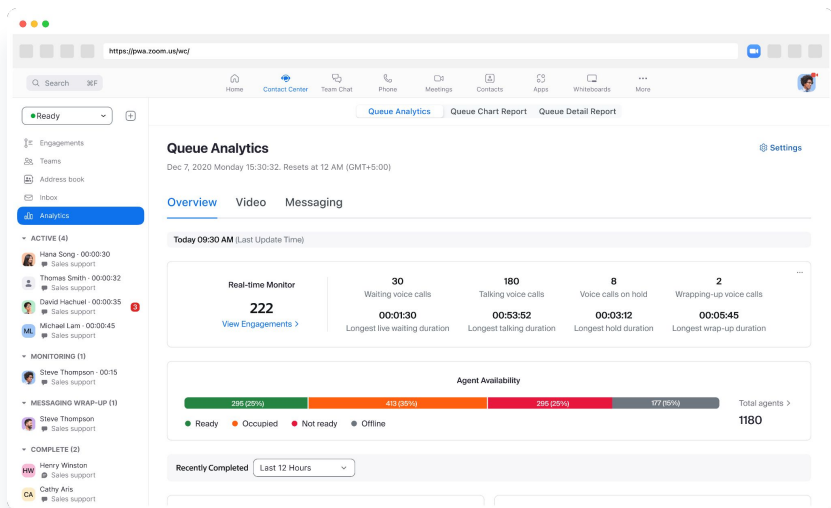
salesforce



ATLASSIAN

servicenow

# Building momentum in Contact Center & Workvivo



**Largest ARR CX deal, >15,000 agents**

**>100% YoY growth in # of customers with >\$100k ARR**



**3 new Workvivo customers with >\$1M in ARR**

**89% YoY growth in # of total customers**

# Priorities in FY26 and beyond

**Expanding AI Companion**

**Strengthening our Workplace platform**

**Building upon new product momentum**

Q4 customer wins highlight the value of both our core and emerging products

The Amazon logo, featuring the word "amazon" in a bold, black, lowercase sans-serif font. Below the text is a curved orange arrow that starts under the letter 'a' and points to the right, ending under the letter 'z'.

***A leading global  
airline***

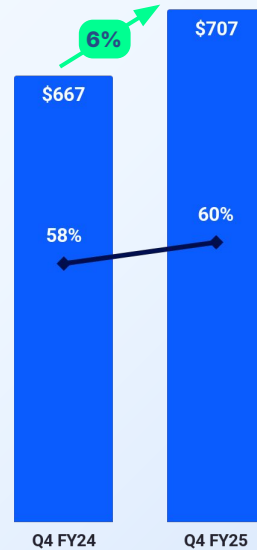


# Revenue expansion in Q4 against FX pressure; continued Online churn stability

**Total Revenue<sup>1</sup>**  
(in millions)



**Enterprise Revenue**  
(in millions)



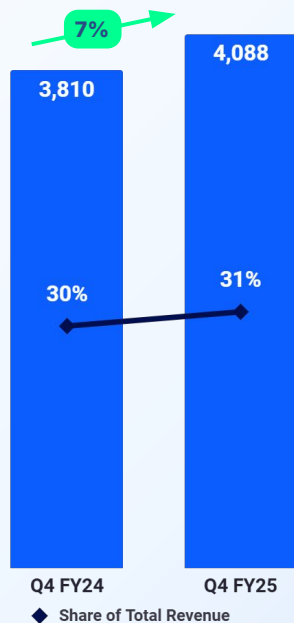
◆ Enterprise Revenue Share

**Online Average Monthly Churn<sup>2</sup>**



# Continued growth in the up-market

## # of Customers Contributing >\$100k in TTM Revenue



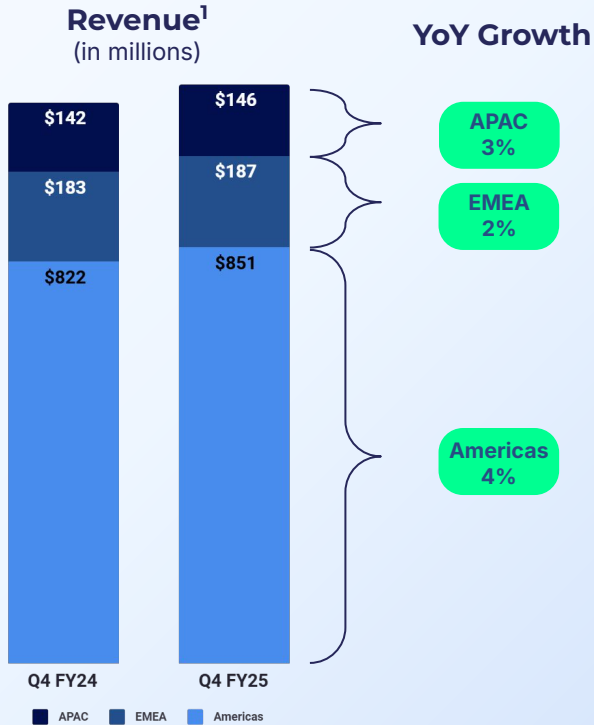
98%

TTM Net Dollar Expansion  
Rate for Enterprise  
Customers<sup>1</sup>

192.6k

Enterprise Customers<sup>2</sup>

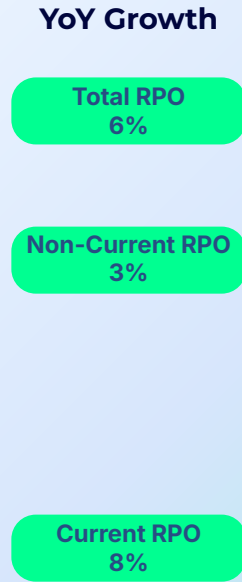
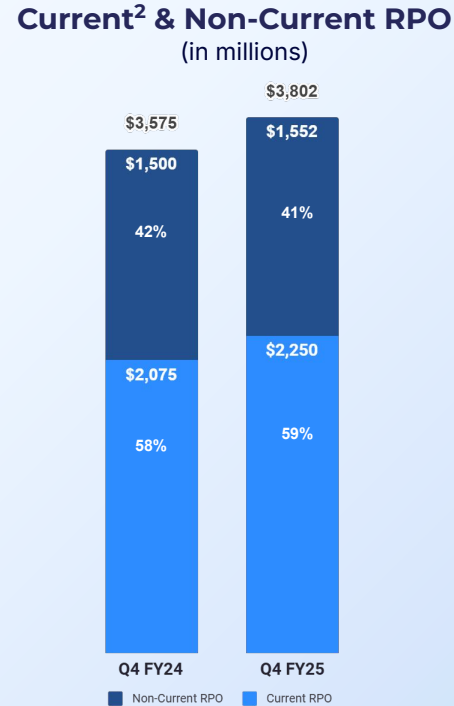
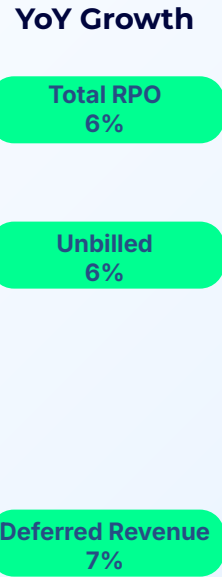
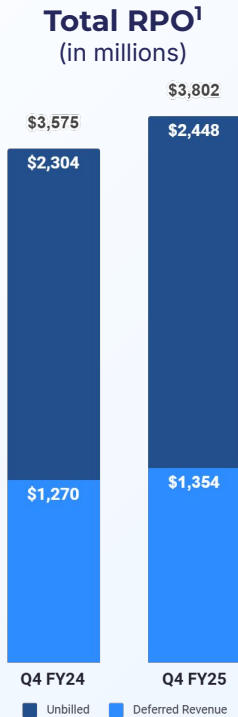
# Growth across the globe despite FX headwinds



# Q4 FY25 expenses and margins

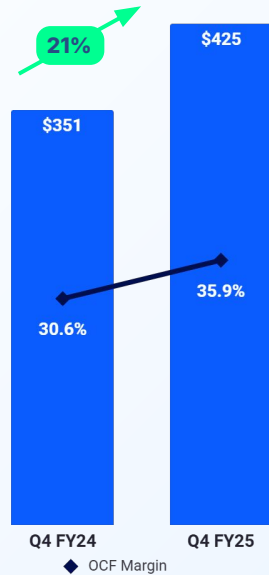
		GAAP Results	Yr/Yr	Non-GAAP <sup>1</sup> Results	Yr/Yr
<b>Revenue</b>		\$1,184 million	3%	\$1,184 million	3%
<b>As a % of Revenue</b>	<b>Gross Profit</b>	75.7%	(17 bps)	78.8%	(32 bps)
	<b>R&amp;D Expense</b>	18.3%	+43 bps	11.2%	+129 bps
	<b>S&amp;M Expense</b>	30.3%	(206 bps)	23.4%	(92 bps)
	<b>G&amp;A Expense</b>	8.1%	(285 bps)	4.7%	(150 bps)
	<b>Operating Income</b>	19.0%	+431 bps	39.5%	+81 bps
<b>Effective Tax Rate</b>		18.3%	+299 bps	17.7%	+194 bps
<b>EPS - Diluted</b>		\$1.16	22%	\$1.41	(0%)

# Growth in Deferred Revenue & RPO

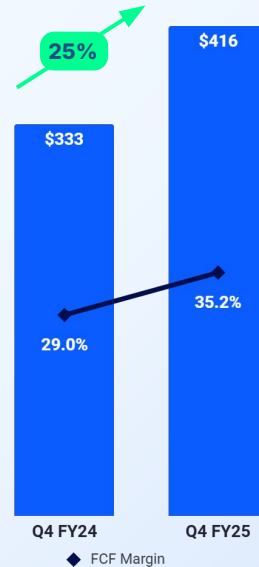


# Strong cash flow, ~\$7.8B cash balance<sup>1</sup>; Share buy-back going beyond dilution in Q4

## Operating Cash Flow (in Millions)



## Free Cash Flow<sup>2</sup> (in Millions)



~4.3M

Shares repurchased in Q4

~900k

Reduction in common  
stock outstanding in Q4

# Full Fiscal Year 2025 results demonstrate progress driving value for shareholders

## Top-line Progress

- Total Revenue up **3.1%** (H2 growth of **3.4%**)
- Enterprise Revenue up **5.2%** (H2 growth of **5.9%**)

## Strong Margins & FCF

- FCF<sup>1</sup> grew **22.9%**
- NG Operating Margin<sup>2</sup> of **39.4%**, +20 bps

## Optimizing Capital Allocation & SBC

- SBC down to **20%** of revenue, -300 bps
- **15.9** Million Shares Repurchased

# Q1 & Fiscal Year 2026 outlook

Outlook <sup>1</sup>	Q1 FY26	FY26
Revenue	\$1,162 - \$1,167 million	\$4,785 - \$4,795 million
Revenue (Constant Currency)	\$1,168 - \$1,173 million	\$4,803 - \$4,813 million
Non-GAAP Operating Income	\$440 - \$445 million	\$1,850 - \$1,860 million
Weighted Average Share Count	316 million	318 million
Non-GAAP EPS	\$1.29 - \$1.31	\$5.34 - \$5.37
Free Cash Flow <sup>2</sup>	--	\$1,680 - \$1,720 million

**\$1.6 billion authorized share repurchase remaining as of 1/31/25**  
(not reflected in Share Count and EPS figures)



Thank you

**zoom**

# Appendix

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands)

	Q4 FY24	Q4 FY25	FY24	FY25
<b>Gross Profit</b>				
Total Revenue	\$1,146,457	\$1,184,138	\$4,527,224	\$4,665,433
GAAP Gross Profit	\$870,150	\$896,783	\$3,449,423	\$3,535,806
(+) Stock-based compensation expense and related payroll taxes	\$35,497	\$34,879	\$154,879	\$137,406
(+) Acquisition-related expense	\$1,835	\$1,833	\$7,520	\$7,305
(+) Restructuring expenses	-	-	\$7,119	-
Non-GAAP Gross Profit	\$907,482	\$933,495	\$3,618,941	\$3,680,517
GAAP Gross Margin	75.9%	75.7%	76.2%	75.8%
Non-GAAP Gross Margin	79.2%	78.8%	79.9%	78.9%
<b>R&amp;D Expenses</b>				
GAAP R&D	\$205,282	\$217,121	\$803,187	\$852,415
(-) Stock-based compensation expense and related payroll taxes	\$(87,742)	\$(81,577)	\$(337,951)	\$(340,324)
(-) Acquisition-related expense	\$(3,510)	\$(2,511)	\$(15,490)	\$(11,914)
(-) Restructuring expenses	-	-	\$(19,629)	-
Non-GAAP R&D	\$114,030	\$133,033	\$430,117	\$500,177
<b>S&amp;M Expenses</b>				
GAAP S&M	\$371,052	\$358,903	\$1,541,307	\$1,427,384
(-) Stock-based compensation expense and related payroll taxes	\$(90,691)	\$(80,450)	\$(385,071)	\$(330,183)
(-) Acquisition-related expenses	\$(1,820)	\$(1,646)	\$(6,950)	\$(6,907)
(-) Restructuring expenses	-	-	\$(32,930)	-
Non-GAAP S&M	\$278,541	\$276,807	\$1,116,356	\$1,090,294
<b>G&amp;A Expenses</b>				
GAAP G&A	\$125,286	\$95,696	\$579,650	\$442,712
(-) Stock-based compensation expense and related payroll taxes	\$(48,824)	\$(36,077)	\$(198,311)	\$(158,818)
(-) Litigation settlements, net	-	-	\$(52,500)	\$(16,250)
(-) Acquisition-related expense	\$(5,300)	\$(3,926)	\$(17,944)	\$(15,492)
(-) Restructuring expenses	-	-	\$(13,315)	-
Non-GAAP G&A	\$71,162	\$55,693	\$297,580	\$252,152

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands except EPS)

	Q4 FY24	Q4 FY25	FY24	FY25
<b>Operating Profit</b>				
Total Revenue	\$1,146,457	\$1,184,138	\$4,527,224	\$4,665,433
GAAP Operating Profit	\$168,530	\$225,063	\$525,279	\$813,295
(+) Stock-based compensation expense and related payroll taxes	\$262,754	\$232,983	\$1,076,212	\$966,732
(+) Litigation settlements, net	-	-	\$52,500	\$16,250
(+) Acquisition-related expense	\$12,465	\$9,916	\$47,904	\$41,618
(+) Restructuring expenses	-	-	\$72,993	-
Non-GAAP Operating Profit	\$443,749	\$467,962	\$1,774,888	\$1,837,895
GAAP Operating Margin	14.7%	19.0%	11.6%	17.4%
Non-GAAP Operating Margin	38.7%	39.5%	39.2%	39.4%
<b>Net Income</b>				
GAAP net income attributable to common stockholders	\$298,832	\$367,865	\$637,462	\$1,010,238
(+) Stock-based compensation expense and related payroll taxes	\$262,754	\$232,983	\$1,076,212	\$966,732
(+) Litigation settlements, net	-	-	\$52,500	\$16,250
(+) Acquisition-related expenses	\$12,465	\$9,916	\$47,904	\$41,618
(+) Restructuring expenses	-	-	\$72,993	-
(-) Income tax benefits from discrete activities	\$(8,272)	-	\$(8,272)	-
(-) Gains on strategic investments	\$(101,296)	\$(150,357)	\$(109,770)	\$(177,142)
(-) Tax effects on non-GAAP adjustments	\$(20,512)	\$(13,461)	\$(161,006)	\$(112,945)
Non-GAAP net income	\$443,971	\$446,946	\$1,608,023	\$1,744,751
<b>Earnings Per Share</b>				
GAAP net income per share –diluted	\$0.95	\$1.16	\$2.07	\$3.21
Non-GAAP net income per share –diluted	\$1.42	\$1.41	\$5.21	\$5.54
<b>Weighted Average Shares</b>				
GAAP and non-GAAP weighted-average –diluted	313,467,303	316,693,346	308,519,897	315,069,582

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands)

	Q4 FY24	Q4 FY25	FY24	FY25
<b>Free Cash Flow</b>				
Cash Flow from Operations	\$351,225	\$424,566	\$1,598,836	\$1,945,308
(-) Purchases of PPE	\$(18,540)	\$(8,334)	\$(126,953)	\$(136,560)
Free Cash Flow	\$332,685	\$416,232	\$1,471,883	\$1,808,748
Operating Cash Flow Margin	30.6%	35.9%	35.3%	41.7%
Free Cash Flow Margin	29.0%	35.2%	32.5%	38.8%
Net Cash Used in Investing Activities	\$(319,283)	\$(4,886)	\$(1,183,689)	\$(1,106,024)
Net Cash Provided (Used in) by Financing Activities	\$24,234	\$(328,971)	\$60,186	\$(1,028,077)

(\$ in Thousands)

	Q4 FY25	Y/Y growth	FY25	Y/Y growth
<b>Revenue in Constant Currency</b>				
GAAP revenue	\$1,184,138	3.3%	\$4,665,433	3.1%
(+) Constant currency impact	\$3,835	0.3%	\$9,545	0.2%
Revenue in constant currency (non-GAAP)	\$1,187,973	3.6%	\$4,674,978	3.3%

# Historic Metrics

(\$ in millions)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
<b>Revenue</b>	\$1,105.4	\$1,138.7	\$1,136.7	\$1,146.5	\$1,141.2	\$1,162.5	\$1,177.5	\$1,184.1
<i>Y/Y growth</i>	3%	4%	3%	3%	3%	2%	4%	3%
<b>GAAP Income (loss) from operations</b>	\$9.7	\$177.6	\$169.4	\$168.5	\$203.0	\$202.4	\$182.8	\$225.1
Stock-based compensation and related payroll taxes, acquisition-related expenses, restructuring expenses, and net litigation settlements	\$412.6	\$284.1	\$277.8	\$275.2	\$253.6	\$253.2	\$275.0	\$242.9
<b>Non-GAAP income from operations</b>	\$422.3	\$461.7	\$447.1	\$443.7	\$456.6	\$455.5	\$457.8	\$468.0
<b>Operating Cash Flow</b>	\$418.5	\$336.0	\$493.2	\$351.2	\$588.2	\$449.3	\$483.2	\$424.6
Capital Expenditures	\$(21.8)	\$(46.6)	\$(40.0)	\$(18.5)	\$(18.5)	\$(84.2)	\$(25.5)	\$(8.3)
<b>Free Cash Flow</b>	\$396.7	\$289.4	\$453.2	\$332.7	\$569.7	\$365.1	\$457.7	\$416.2
<b>Deferred Revenue</b>	\$1,366.1	\$1,369.8	\$1,315.9	\$1,270.4	\$1,352.2	\$1,406.7	\$1,379.0	\$1,353.7
Unbilled Accounts Receivable	\$107.1	\$115.6	\$132.3	\$124.8	\$137.7	\$119.9	\$122.6	\$118.5
<b>RPO</b>	\$3,482.2	\$3,504.4	\$3,571.7	\$3,574.8	\$3,665.7	\$3,778.3	\$3,740.7	\$3,801.9
<i>Y/Y growth</i>	16%	9%	10%	4%	5%	8%	5%	6%
<b>Customers &gt;\$100K TTM Revenue</b>	3,580	3,672	3,731	3,810	3,883	3,933	3,995	4,088
<i>Y/Y growth</i>	23%	18%	14%	10%	8%	7%	7%	7%
<b>Revenue % from Customers &gt;\$100K TTM Revenue</b>	29%	29%	29%	30%	30%	31%	31%	31%
<b>Pre-Transition Enterprise Customers<sup>1</sup></b>	215,900	218,100	219,700	220,400	--	--	--	--
<b>Post-Transition Enterprise Customers</b>	--	--	--	--	191,000	191,600	192,400	192,600
<b>Revenue % from Enterprise Customers</b>	57%	58%	58%	58%	58%	59%	59%	60%
<b>TTM Net \$ Expansion Rate for Enterprise Customers</b>	112%	109%	105%	101%	99%	98%	98%	98%
<b>Online Average Monthly Churn</b>	3.1%	3.2%	3.0%	3.0%	3.2%	2.9%	2.7%	2.8%

# Endnotes

## Revenue expansion in Q4 against FX pressure; continued Online churn stability

1. Not drawn to scale. Currency Impact is a non-GAAP metric. See appendix for a reconciliation of non-GAAP to GAAP financial measures. 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.
2. 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.

## Continued growth in the up-market

1. 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.
2. The number of Enterprise customers is rounded down to the nearest hundred. Zoom defines Enterprise customers as distinct business units who 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. Enterprise Customers are rounded down to the nearest hundred.

## Growth across the globe despite FX headwinds

1. Subtotals revenue and revenue percent have been rounded.

## Q4 FY25 expenses and margins

1. See appendix for a reconciliation of non-GAAP to GAAP financial measures.

## Growth in Deferred Revenue and RPO

1. Remaining performance Obligations (RPO) consists of both billed considerations and unbilled considerations that we expect to recognize as revenue. Subtotals have been rounded.
2. Current RPO refers to the portion of total RPO which we expect to recognize as revenue over the following 12 months period.

## Strong cash flow, ~\$7.8B cash balance; Share buy-back going beyond dilution in Q4

1. Cash balance refers to cash, cash equivalents and marketable securities, excluding restricted cash at the end of the period.
2. 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.

## Full Fiscal Year 2025 results demonstrate progress driving value for shareholders

1. 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.
2. See appendix for a reconciliation of non-GAAP to GAAP financial measures.

## Q1 & Fiscal Year 2026 outlook

1. 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.
2. Free cash flow is a non-GAAP financial metric. Zoom defines free cash flow as net cash provided by operating activities less purchases of property and equipment.

## Historic Metrics

1. Enterprise Customers are rounded down to the nearest hundred. During Q1 FY25, in order to enhance customer experience and improve efficiency, we transitioned approximately 26,800 Enterprise customers with lower MRR away from working with direct sales teams, resellers, or strategic partners. These customers are now considered Online customers and no longer included in our Enterprise customer total as of April 30, 2024. The impact of this transition did not have a material impact on the percent of revenue from Enterprise and Online customers, net dollar expansion rate, or Online average monthly churn.