

# Zoom Communications

## **Q1 FY26 Earnings**

May 21, 2025

**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 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 second 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 annual report on Form 10-K for the fiscal year ended January 31, 2025. 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.

# Rapid AI innovation expands customer value

## New Agentic Capabilities

Zoom Tasks

Calendar scheduling

Custom agents with Zoom AI Studio

## New Monetized Products GA

Custom AI Companion

Workplace for Clinicians

Workplace for Frontline

## Increasing AI adoption

~40% increase in MAUs

Notable Meeting  
Summary adopter:

RAYMOND JAMES

Notable Zoom  
Phone AI adopter:

Rakuten



- Enhances your capabilities
- Simplifies your workday
- Performs your tasks

# Full, Integrated Platform drives multi-product adoption

- **AI-first Workplace Platform**
- **Better together Collaboration Experience and Customer Experience**
- **Open ecosystem**

**Q1 land & expand win:**



**BOSTON  
CELTICS**



# Scaling High-Growth Department Solutions



## Customer Experience

- CC Customers +65% YoY & ZVA largest deal to date
- ZCX ARR high double digits growth

### Q1 win:

**mimecast**



## Revenue Accelerator

- Licenses +72% YoY

### Q1 win:



## Workvivo

- Total Customers +106% YoY

### Q1 win:



### Migration Partner:

**Meta**

# Strengthening the Zoom story and paths to market



Welcome,

**Kim Storin**

**Zoom CMO**

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## Strengthening our Channel

**Q1 Channel Win:**

The logo for DOCS Dermatology Group, featuring a stylized 'D' icon to the left of the text 'DOCS' and 'DERMATOLOGY GROUP' below it.

**DOCS**  
DERMATOLOGY GROUP

**Notable New Strategic Partner:**

The logo for Bell, featuring the word 'Bell' in a blue, sans-serif font.

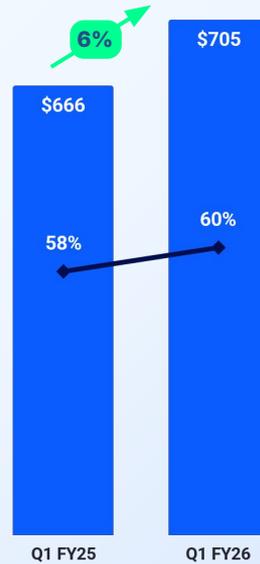
**Bell**

# Revenue expansion in Q1; improved Online churn

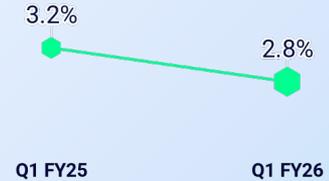
**Total Revenue<sup>1</sup>**  
(in millions)



**Enterprise Revenue**  
(in millions)



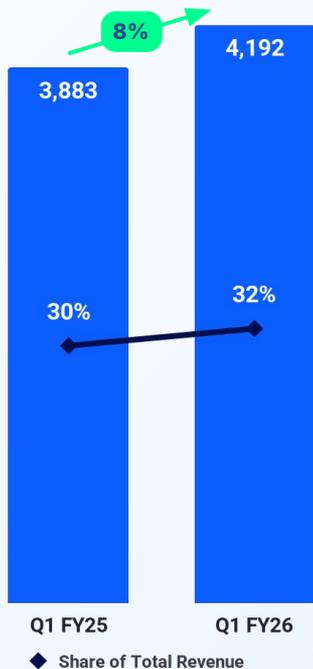
**Online Average Monthly Churn<sup>2</sup>**



◆ Enterprise Revenue Share

# Continued growth in the up-market and internationally

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



**98%**  
TTM Net Dollar  
Expansion Rate for  
Enterprise Customers<sup>1</sup>

## Revenue by Region<sup>2</sup> (in millions)



# Q1 FY26 expenses and margins

	GAAP Results	Yr/Yr	Non-GAAP <sup>1</sup> Results	Yr/Yr
<b>Revenue</b>	\$1,175 million	3%	\$1,175 million	3%
<b>As a % of Revenue</b>	<b>Gross Profit</b>	76.3%	+25 bps	79.2% (13 bps)
	<b>R&amp;D Expense</b>	17.5%	(53 bps)	10.8% +59 bps
	<b>S&amp;M Expense</b>	29.5%	(96 bps)	23.1% (5 bps)
	<b>G&amp;A Expense</b>	8.7%	(104 bps)	5.4% (45 bps)
	<b>Operating Income</b>	20.6%	+278 bps	39.8% (23 bps)
<b>Effective Tax Rate</b>	19.4%	(654 bps)	19.2%	(4 bps)
<b>EPS - Diluted</b>	\$0.81	17%	\$1.43	6%

# Growth in Deferred Revenue & RPO



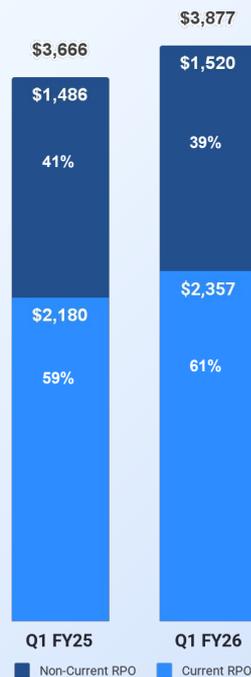
## YoY Growth

**Total RPO**  
6%

**Unbilled**  
6%

**Deferred Revenue**  
5%

## Current<sup>2</sup> & Non-Current RPO

  
(in millions)


## YoY Growth

**Total RPO**  
6%

**Non-Current RPO**  
2%

**Current RPO**  
8%

# Strong Cash Flow, ~\$7.8B cash balance<sup>1</sup>, accelerated execution of share buyback in Q1

**Operating Cash Flow**  
*OCF Margin*

**\$489M**  
41.6%

**Free Cash Flow<sup>2</sup>**  
*FCF Margin*

**\$463M**  
39.4%

## Share Repurchases under \$2.7B authorization



**5.6M**

Shares repurchased in Q1

**~21M**

Shares repurchased since  
Q1 FY25

# Q2 & raised fiscal year 2026 outlook

Outlook <sup>1</sup>	Q2 FY26	FY26
Revenue	\$1,195 - \$1,200 million	\$4,800 - \$4,810 million
Revenue (Constant Currency)	\$1,196 - \$1,201 million	\$4,808 - \$4,818 million
Non-GAAP Operating Income	\$460 - \$465 million	\$1,865 - \$1,875 million
Weighted Average Share Count	310 million	312 million
Non-GAAP EPS	\$1.36 - \$1.37	\$5.56 - \$5.59
Free Cash Flow <sup>2</sup>	--	\$1,680 - \$1,720 million

**\$1.2 billion authorized share repurchase remaining as of 4/30/25**  
(not reflected in Share Count and EPS projections)



Thank you

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# Appendix

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands)

	Q1 FY25	Q1 FY26
<b>Gross Profit</b>		
Total Revenue	\$1,141,234	\$1,174,715
GAAP Gross Profit	\$867,932	\$896,313
(+) Stock-based compensation expense and related payroll taxes	\$35,359	\$31,988
(+) Acquisition-related expense	\$1,805	\$1,783
Non-GAAP Gross Profit	\$905,096	\$930,084
GAAP Gross Margin	76.1%	76.3%
Non-GAAP Gross Margin	79.3%	79.2%
<b>R&amp;D Expenses</b>		
GAAP R&D	\$205,558	\$205,416
(-) Stock-based compensation expense and related payroll taxes	\$(85,421)	\$(75,986)
(-) Acquisition-related expense	\$(3,417)	\$(2,351)
Non-GAAP R&D	\$116,720	\$127,079
<b>S&amp;M Expenses</b>		
GAAP S&M	\$348,008	\$346,970
(-) Stock-based compensation expense and related payroll taxes	\$(81,664)	\$(73,591)
(-) Acquisition-related expenses	\$(1,762)	\$(1,580)
Non-GAAP S&M	\$264,582	\$271,799
<b>G&amp;A Expenses</b>		
GAAP G&A	\$111,344	\$102,335
(-) Stock-based compensation expense and related payroll taxes	\$(40,430)	\$(35,165)
(-) Acquisition-related expense	\$(3,717)	\$(3,290)
Non-GAAP G&A	\$67,197	\$63,880

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands except EPS)

	Q1 FY25	Q1 FY26
<b>Income from Operations</b>		
Total Revenue	\$1,141,234	\$1,174,715
GAAP Income from Operations	\$203,022	\$241,592
(+) Stock-based compensation expense and related payroll taxes	\$242,874	\$216,730
(+) Acquisition-related expense	\$10,701	\$9,004
Non-GAAP Income from Operations	\$456,597	\$467,326
GAAP Operating Margin	17.8%	20.6%
Non-GAAP Operating Margin	40.0%	39.8%
<b>Net Income</b>		
GAAP net income attributable to common stockholders	\$216,308	\$254,603
(+) Stock-based compensation expense and related payroll taxes	\$242,874	\$216,730
(+) Acquisition-related expenses	\$10,701	\$9,004
(+) (Gains) Losses on strategic investments	\$(17,354)	\$13,619
(-) Tax effects on non-GAAP adjustments	\$(26,211)	\$(45,663)
Non-GAAP net income	\$426,318	\$448,293
<b>Earnings Per Share</b>		
GAAP net income per share –diluted	\$0.69	\$0.81
Non-GAAP net income per share –diluted	\$1.35	\$1.43
<b>Weighted Average Shares</b>		
GAAP and Non-GAAP weighted-average –diluted	315,360,678	312,783,861

# GAAP to Non-GAAP Reconciliation

(\$ in Thousands)

## Free Cash Flow

	Q1 FY25	Q1 FY26
Cash Flow from Operations	\$588,191	\$489,261
(-) Purchases of PPE	\$(18,508)	\$(25,910)
Free Cash Flow	\$569,683	\$463,351
Operating Cash Flow Margin	51.5%	41.6%
Free Cash Flow Margin	49.9%	39.4%
Net Cash Used in Investing Activities	\$(107,824)	\$(125,130)
Net Cash Used in Financing Activities	\$(142,451)	\$(490,530)

(\$ in Thousands)

## Revenue in Constant Currency

	Q1 FY26	Y/Y growth
GAAP revenue	\$1,174,715	2.9%
(+) Constant currency impact	\$4,762	0.5%
Revenue in constant currency (non-GAAP)	\$1,179,477	3.4%

# Historic Metrics

(\$ in millions)

	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
<b>Revenue</b>	\$1,138.7	\$1,136.7	\$1,146.5	\$1,141.2	\$1,162.5	\$1,177.5	\$1,184.1	\$1,174.7
<i>Y/Y growth</i>	4%	3%	3%	3%	2%	4%	3%	3%
<b>GAAP Income from operations</b>	\$177.6	\$169.4	\$168.5	\$203.0	\$202.4	\$182.8	\$225.1	\$241.6
Stock-based compensation and related payroll taxes, acquisition-related expenses, restructuring expenses, and net litigation settlements	\$284.1	\$277.8	\$275.2	\$253.6	\$253.2	\$275.0	\$242.9	\$225.7
<b>Non-GAAP income from operations</b>	\$461.7	\$447.1	\$443.7	\$456.6	\$455.5	\$457.8	\$468.0	\$467.3
<b>Operating Cash Flow</b>	\$336.0	\$493.2	\$351.2	\$588.2	\$449.3	\$483.2	\$424.6	\$489.3
Capital Expenditures	\$(46.6)	\$(40.0)	\$(18.5)	\$(18.5)	\$(84.2)	\$(25.5)	\$(8.3)	\$(25.9)
<b>Free Cash Flow</b>	\$289.4	\$453.2	\$332.7	\$569.7	\$365.1	\$457.7	\$416.2	\$463.4
<b>Deferred Revenue</b>	\$1,369.8	\$1,315.9	\$1,270.4	\$1,352.2	\$1,406.7	\$1,379.0	\$1,353.7	\$1,425.4
Unbilled Accounts Receivable	\$115.6	\$132.3	\$124.8	\$137.7	\$119.9	\$122.6	\$118.5	\$108.1
<b>RPO</b>	\$3,504.4	\$3,571.7	\$3,574.8	\$3,665.7	\$3,778.3	\$3,740.7	\$3,801.9	\$3,877.3
<i>Y/Y growth</i>	9%	10%	4%	5%	8%	5%	6%	6%
<b>Customers &gt;\$100K TTM Revenue</b>	3,672	3,731	3,810	3,883	3,933	3,995	4,088	4,192
<i>Y/Y growth</i>	18%	14%	10%	8%	7%	7%	7%	8%
<b>Revenue % from Customers &gt;\$100K TTM Revenue</b>	29%	29%	30%	30%	31%	31%	31%	32%
<b>Revenue % from Enterprise Customers</b>	58%	58%	58%	58%	59%	59%	60%	60%
<b>TTM Net \$ Expansion Rate for Enterprise Customers</b>	109%	105%	101%	99%	98%	98%	98%	98%
<b>Online Average Monthly Churn</b>	3.2%	3.0%	3.0%	3.2%	2.9%	2.7%	2.8%	2.8%
<b>Previous Metrics</b>								
<b>Enterprise Customers<sup>1</sup></b>	218,100	219,700	220,400	191,000	191,600	192,400	192,600	182,600
<b>Enterprise Customers Migrated to Online in Quarter</b>				26,800				11,400

# Endnotes

## Revenue expansion in Q1; improved Online churn

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 and internationally

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. Subtotals revenue and revenue percent have been rounded.

## Q1 FY26 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, accelerated execution of share buyback in Q1

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.

## Q2 & raised 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. In order to enhance customer experience and improve efficiency, in Q1 FY25 we transitioned approximately 26,800 Enterprise customers and in Q1 FY26 we transitioned approximately 11,400 Enterprise customers with lower MRR away from working with direct sales teams, resellers, or strategic partners to our Online channel. The impact of these transitions 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.