Securing your Digital Transformation

Corporate IR Presentation
September 2020
Safe Harbor

Forward-Looking Statements

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In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “continues,” “contemplate,” “could,” “estimate,” “expect,” “explore,” “intend,” “likely,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these terms or other similar words. Zscaler based these forward-looking statements largely on its current expectations and projections about future events that it believes may affect its business. Actual outcomes and results may differ materially from those contemplated by these forward-looking statements. All forward-looking statements in this message are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.
Zscaler Highlights: Transformative SaaS Enabling the Digital Transition

Pioneer and leader in Cloud Security

>4,500 customers | Over 450 of the Forbes Global 2000 | ~50% international revenue

Disrupting a large existing market

Estimated $20.3 Billion in Market TAM for ZIA and ZPA

Comprehensive User Protection → Protecting App & Data

Secular tailwinds creating significant opportunity

cloud shift, mobility, IoT, rising threats, legacy consolidation and simplification

Architecture Matters!

Cloud-Native, Multi-Tenant From Start

Cloud platform with scale, sustainable competitive differentiation

190+ patents issued and pending,
150+ data centers | 120B+ requests/day
175K+ updates/day | 100M+ threats blocked/day

Attractive profile:
recurring subscription, rapid growth, compelling GM

~$431M LTM revenue | ~50% historical growth per year
~80% Gross Profit Margin

Experienced, founder-led team with the conviction to build a lasting company that redefines network security

Delivering world-class sales execution, which we believe will drive sustainable long-term growth

Secure digital transformation is accelerating. Top of mind in C-Suite.

1) Total customers, Forbes Global 2000 customers, and international revenue by geography as of FY'20
3) Based on July 2020 data
4) Last Twelve Months ("LTM") ended July 31, 2020
5) Revenue Compound Annual Growth Rate ("CAGR") for FY'18, FY'19 and FY'20
6) Gross profit margin for FY'20

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Zscaler Driving Transition from Legacy On Prem to Cloud / Mobile Standard

NETWORK SECURITY
Perimeter defenses

ZERO TRUST EXCHANGE
Any-to-any connectivity

Castle-and-Moat Security
Hub-and-Spoke Network

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Traditional IT: Worked Well When Apps Resided in the Data Center, and Employees Showed Up to the Office

Hub & Spoke Networks
Optimized to connect users to apps in the data center

Castle & Moat Security
Perimeter security appliances to protect the network

Outbound Gateway

Inbound Gateway

FW / IPS
URL Filter
Antivirus
DLP
SSL
Sandbox
DNS
Global LB
DDoS
Ext. FW/IPS
RAS (VPN)
Internal FW
Internal LB
Trusted Network

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Cloud breaks legacy networks and security

The cloud is the new data center

Backhaul traffic
Branch: MPLS / Mobile: VPN

Natural path
Direct-to-Cloud

But, security is still sitting in the DC

Poor user experience
MPLS backhaul costs
Security risk

NotPetya
Zscaler: Powering Digital Transformation

Provide fast, secure, and reliable access to data no matter where it lives

Market Leader
450 of the Forbes Global 2000

Industry Leader
9 years in a row Gartner MQ Leader

Global Scale
120B+ Daily transactions 150 data centers 10x Google searches

Operational Excellence
10+ years running an inline security cloud

- 80% Faster User Experience
- 35x Fewer Infected Machines
- 70% Infrastructure Cost Reduction

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*Customers by industry is based on the 2019, Forbes Global 2000
Zscaler: Four integrated and comprehensive solutions

**Zscaler Internet Access (ZIA)**
- Cyber protection
- Data protection (DLP/CASB)
- Local internet breakouts (O365/SD-WAN)

**Secure Internet and SaaS access**
- User to Internet

**Secure Private App Access**
- User to Private App

**Zscaler Private Access (ZPA)**
- Remote app access without VPN
- Zero trust from office to data center
- B2B customer app access

**Zscaler Digital Experience (ZDX)**
- Performance scores by user, app, location
- Identify and resolve device and network issues

**User Experience**
- User to App Experience

**Secure Apps and Workloads**
- App to App

**Workload Segmentation**
- App segmentation w/out network segmentation
- RemEDIATE cloud misconfigurations (CSPM)

Global footprint: 150 data centers (SASE)
- AI / ML Powered
- PolicyNow™
- NanoLog™
- Extensible

Simplify IT and reduce costs by consolidating and eliminating point products
Ecosystem blueprint for secure digital transformation

Select a best-of-breed platform over best-of-breed point products
COVID-19 Trends Provide a Unique Opportunity for Zscaler

The New World

- Work from anywhere becoming the new norm during COVID and beyond
- Emergence of new vulnerabilities and security threats (400K+ COVID related threats detected and blocked by Zscaler)
- Immediate priority on secure access to applications from anywhere
- Acceleration of cloud / digital transformation across all sectors and regions

Zscaler was born-in-the-cloud, for-the-cloud, we were designed for the new cloud-centric environment

- Zscaler Internet Access (ZIA) well positioned to enable employees secure access to internet / applications
- Zscaler Private Access (ZPA) primed to offer secure access to internal applications in zero trust environment
- Together, ZIA and ZPA, enable employees to work from anywhere, securely and at speed
- 10x+ growth in ZPA usage during Q3-2020
Zscaler Can Be Rolled Out in Days

Global logistics provider
40k+ employees

- 5K APAC users in 2 weeks
- 40K employees in 4 weeks

Multinational conglomerate
300k+ employees

- 200,000 Users
- 19,425 Users

ZPA service activated
Testing Completed
Deployed into Production
Day 1
Day 3
Day 8
2 weeks later
A Cloud-Native Architecture is Required to Succeed in a Cloud World

Would Netflix build their cloud service with thousands of DVD Players?
Five Waves Creating Tailwind for Zscaler Growth

1. Open Internet / SaaS
   - Core market
   - Secure & fast access

2. Cloud / Office 365
   - Well underway
   - Faster deployment & user experience

3. Branch Gateway / SD-WAN
   - Just starting...
   - Secures local breakouts that SD-WAN provides

4. Work from Anywhere
   - Secure & fast access to all applications and data from anywhere

5. IaaS/ Public Cloud (Azure / AWS)
   - Secure & fast access to apps

These waves position Zscaler for high, sustainable growth.
Strong and Growing Leverage from Channel

- Zscaler is increasingly embedded in SP/SI offering, with **limited direct sales involvement**
- Cloud centric VARs and SP/SI Channel helps drives significant amounts of revenue

**Zscaler Sale**

| Scope          | Strategic/Architectural  
<table>
<thead>
<tr>
<th></th>
<th>Transform Network &amp; App access architecture</th>
</tr>
</thead>
</table>
| Channel        | SPs for: Network transformation  
|                | SIs for: App transformation  
|                | Cloud-centric VARs: Security transformation |
| Buyer          | Senior IT Executives  
|                | (Transformation drivers) |
| Sales Resources| Strategic Sales Reps & SEs  
|                | (Plus Zscaler Architects, CTO, CISOs) |

Differentiated sales execution – a significant barrier to entry for competitors
Recent Go-To-Market Initiatives Have Scaled Us For Long Term Success

Major Initiatives

- Sales Enablement and Leadership Training
- 1st and 2nd Lines of Sales Leadership
- Disciplined Sales Recruiting Program
- Dashboards and Analytics for Leading Indicators

Leading Indicators of Success

- ✓ High Customer Engagement
- ✓ Architectural Workshops
- ✓ Proof of Value
- ✓ New Pipeline Generation
Disciplined M&A Strategy Has Bolstered Our Platform Capabilities

- **Highly Targeted, Small Tuck-In Acquisitions**
- **Deeply Integrated into Core Platform**
- **Expected to Accelerate Product Development by 12-24 Months**

![Diagram](image-url)
Multiple Growth Vectors and Tailwinds Driving Long Term Growth

Drive New Customer Growth
Building new relationships across multiple entry points

Platform Expansion / Upsell
Increase penetration with existing customers

Continue to Innovate
Drive leadership in the space and improve core offering

Develop New Capabilities
Build platform with strong R&D and focused investment
Protecting users → protecting data and workloads

New Markets
Expand into additional regions and federal government

Ongoing Digital Transformation Globally (and Rapid Recent Acceleration) Drives Long Term Demand for Zscaler Products
Leadership team with proven ability to execute

Jay Chaudhry
Chief Executive Officer,
Chairman and Co-Founder

Remo Canessa
Chief Financial Officer

Dali Rajic
President Go-To-Market
and Chief Revenue Officer

Dr. Manoj Apte
Chief Strategy Officer

Dr. Amit Sinha
President of Engineering
and Cloud Operations,
Chief Technology Officer,
Member Board of Directors

Robert Schlossman
Chief Legal Officer
Financial Overview

Remo Canessa - Chief Financial Officer
A Powerful Financial Model

Subscription Model
High Revenue Growth
~50% (1)

Strong Gross Margins
~80% (2)

Multi-Dimensional Go-to-Market Model

Proven Land & Expand Model with Net Retention of 120% (3)

Infrastructure in Place Positioned for Operating Leverage

1) Revenue CAGR for FY'18, FY'19 and FY'20
2) Non-GAAP Gross margin for FY'20. See Appendix for reconciliation to the corresponding GAAP metric
3) Dollar-based net retention rate, trailing 12 months ended July 31, 2020
Consistent and Strong Revenue Growth
($ in millions)

Annual Revenue / YoY Growth

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Revenue ($ millions)</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'17</td>
<td>$126</td>
<td></td>
</tr>
<tr>
<td>FY'18</td>
<td>$190</td>
<td>59%</td>
</tr>
<tr>
<td>FY'19</td>
<td>$303</td>
<td>42%</td>
</tr>
<tr>
<td>FY'20</td>
<td>$431</td>
<td>51%</td>
</tr>
</tbody>
</table>

Quarterly Revenue / YoY Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenue ($ millions)</th>
<th>YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'19</td>
<td>$63</td>
<td>42%</td>
</tr>
<tr>
<td>Q2'19</td>
<td>$74</td>
<td>46%</td>
</tr>
<tr>
<td>Q3'19</td>
<td>$79</td>
<td>59%</td>
</tr>
<tr>
<td>Q4'19</td>
<td>$86</td>
<td>59%</td>
</tr>
<tr>
<td>Q1'20</td>
<td>$94</td>
<td>53%</td>
</tr>
<tr>
<td>Q2'20</td>
<td>$101</td>
<td>48%</td>
</tr>
<tr>
<td>Q3'20</td>
<td>$111</td>
<td>40%</td>
</tr>
<tr>
<td>Q4'20</td>
<td>$126</td>
<td>65%</td>
</tr>
</tbody>
</table>

Note: Fiscal year ended July 31
Strong YoY Growth in Calculated Billings
($ in millions)

Annual Billings / Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Billings ($ in millions)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'17</td>
<td>$156</td>
<td></td>
</tr>
<tr>
<td>FY'18</td>
<td>$258</td>
<td>51%*</td>
</tr>
<tr>
<td>FY19</td>
<td>$390</td>
<td>41%*</td>
</tr>
<tr>
<td>FY20</td>
<td>$550</td>
<td></td>
</tr>
</tbody>
</table>

Quarterly Billings / YoY Growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Billings ($ in millions)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1'19</td>
<td>$65</td>
<td></td>
</tr>
<tr>
<td>Q2'19</td>
<td>$115</td>
<td>56%</td>
</tr>
<tr>
<td>Q3'19</td>
<td>$85</td>
<td>74%</td>
</tr>
<tr>
<td>Q4'19</td>
<td>$126</td>
<td>41%*</td>
</tr>
<tr>
<td>Q1'20</td>
<td>$88</td>
<td>37%</td>
</tr>
<tr>
<td>Q2'20</td>
<td>$135</td>
<td>18%*</td>
</tr>
<tr>
<td>Q3'20</td>
<td>$131</td>
<td>55%</td>
</tr>
<tr>
<td>Q4'20</td>
<td>$195</td>
<td>55%</td>
</tr>
</tbody>
</table>

Note: Fiscal year ended July 31

* Growth rates reflect the impact of one large customer choosing to pay up-front for a multi year, private cloud enablement: $16.5 million in Q4'18 and $11.0 million in Q2'19, as shown in light blue.

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Per-User Pricing Model Provides Significant Expansion Opportunities

Zscaler Internet Access and Zscaler Private Access:
Sold in bundles with increasing functionality (1)

Professional bundle
Proxy gateway (SWG)

Business bundle
+SSL inspection
+Adv. threat protection (ATP)
+Bandwidth control
+Cloud app control (CASB)

Transformation bundle
+Cloud firewall (NGFW)
+Cloud sandbox (SB)

Total Platform

1x
~1.5x
~3x
~3x
~6x

ZIA + ZPA

New

ZPA

ZIA

(1) Based on pricing available to customers
Historically, approximately 50% of our revenue has come from outside Americas.

**Early big wins in Europe**
Continued investment after early success with G2000 customers including Siemens and Schneider Electric.

**Early investment in international sales**
Replicated size of U.S. sales team internationally.

**Global SP partners**
Focused on partnering with global service providers including BT, OBS, others to efficiently expand our reach.

Revenue by geography:
- **Americas**: 51%
- **Europe, Middle East and Africa**: 40%
- **Asia Pacific**: 9%

Based on FY’20 revenue.
Attractive Cloud GrossMargins

**Purpose-built, multi-tenant architecture**
Each subsystem optimized for high throughput, reducing the number of servers needed

**Cloud operations**
Highly automated, which requires lower head count to operate the cloud

**Peering with content and service providers at internet exchanges**
Reduces bandwidth cost

Note: Financials presented are non-GAAP; refer to the non-GAAP to GAAP reconciliation in Appendix

1) Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and amortization expense of acquired intangible assets.
Investing for Growth to Capture Large Opportunity

Non-GAAP operating margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'17</td>
<td>(15%)</td>
</tr>
<tr>
<td>FY'18</td>
<td>(8%)</td>
</tr>
<tr>
<td>FY'19</td>
<td>8%</td>
</tr>
<tr>
<td>FY'20</td>
<td>7%</td>
</tr>
</tbody>
</table>

Non-GAAP free cash flow margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-GAAP Free Cash Flow Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'17</td>
<td>(11%)</td>
</tr>
<tr>
<td>FY'18</td>
<td>1%</td>
</tr>
<tr>
<td>FY'19</td>
<td>10%</td>
</tr>
<tr>
<td>FY'20</td>
<td>6% (1)</td>
</tr>
</tbody>
</table>

Building sales team to drive growth and penetration

Ramping marketing efforts toward corporate branding

Investing in R&D to enhance functionality

Note: Non-GAAP operating margin is defined as GAAP operating margin, excluding stock-based compensation expense, certain litigation-related expenses, asset impairment related to facility exist and amortization expense of acquired intangible assets. Non-GAAP free cash flow margin is defined as free cash flow divided by revenue; free cash flow is defined as net cash provided by (used in) operations activities less purchases of property, equipment and other assets and capitalized internal-use software. Refer to the Non-GAAP to GAAP reconciliation in Appendix.

1) Non-GAAP free cash flow margin for FY'20 includes a $15 million payment to Broadcom in January 2020 in connection with the legal settlement of the Symantec Cases.
Appendix
An Opportunity for IT to Empower the Business

Application Transformation
Data center to Cloud
- Facilitates collaboration
- New business models
- Simplifies IT

Security Transformation
Network Security to SASE
- Policy-based
- Transparent experience
- Standardization

Network Transformation
WAN to internet
- Fast user experience
- Network cost savings
- Simplify IT (Agility)

The cloud is the new data center
Requires Security Transformation

Securing your cloud transformation
Zscaler Internet Access (ZIA) and Zscaler Private Access (ZPA) Platforms Have Extensive Capabilities

Zscaler Internet Access (ZIA)
Protect against threats and data leakage

Use Cases
- Office 365
- Threat Protection

Data Protection
Standardization – Simplification - Identical Protection (Mobile, Branch, HQ)

Platform Services
- Threat Prevention
  - Proxy (Native SSL)
  - Advanced Threat Protection
  - Cloud Sandbox
  - DNS Security
- Access Control
  - Cloud Firewall
  - URL Filtering
  - Bandwidth Control
  - DNS Resolution
- Data Protection
  - Cloud DLP
  - Exact Data Match
  - CASB
  - Browser Isolation

Zscaler Private Access (ZPA)
Protect apps/data; only allow authorized access

Use Cases
- Secure SD-WAN
- Direct Access to Multi-Clouds

Data Protection
Zero Attack Surface – App Segmentation
Zero Trust Network Access

Platform Services
- Zero-Trust Network Access
  - Anti-VPN
  - Anti-Firewall
  - Anti-DDoS
  - Anti-network segmentation
- Discovery/Availability
  - GSLB
  - Optimal Path Selection
  - App Health Monitoring
  - App Discovery
- App / Device Access
  - Browser Access
  - Web Isolation
  - Private Service Edge

Office 365
Replace Remote Access VPN
Accelerate M&A IT integration
Secure Access to Industrial Systems

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Why Zscaler Cloud Security Platform
Leading SaaS companies build their own multi-tenant platforms

Secure Access Service Edge
Compute at the Edge – Fast, Peering

Multi-tenant Architecture
Elastic Scale, Data Privacy

Proxy Architecture
SSL inspection at scale

Zero Attack Surface
IPs/Network not exposed to the internet

Zero Trust Network Access
Native app segmentation

Operational Excellence
10+ years running an inline cloud service
Zscaler Started With a Clean Slate and Did Not Repurpose Legacy Tech

Building a cloud with single-tenant appliances

- Control
- Enforce
- Log

- Sandbox
- DLP
- Full AV
- SSL Proxy
- LB
- IPS
- NGFW
- DNS

Increased latency
Inefficiency
Impaired performance

Would you build a power plant with home generators?

HOME POWER GENERATORS ≠ POWER PLANT

- Disparate redundant control, logging, and enforcement policies
- Multiple appliances, multiple hops — slow user experience
- Expensive and complex to scale and manage

Securing your cloud transformation
Zscaler Started With a Clean Slate and Did Not Repurpose Legacy Tech

Building a cloud with single-tenant appliances

- Disparate redundant control, logging, and enforcement policies
- Multiple appliances, multiple hops — slow user experience
- Expensive and complex to scale and manage

Zscaler built from scratch a highly scalable and ultra-fast multi-tenant cloud security architecture

- Integrated control, logging and enforcement
- Single pass architecture — performance SLA and security efficacy
- Infinitely scalable — cost effective

THE ZSCALER CLOUD

150+ data centers across 6 continents

USA EU Private

Zscaler Started With a Clean Slate and Did Not Repurpose Legacy Tech
Zscaler Single Scan Multi-Action
Full traffic inspection without latency

Traditional service chaining
• Different vendors
• Different UIs and policies
• Looking for different things

Zscaler Enforcement Node
• One vendor
• One UI
• One action
• ZERO copies

URL DB
Antivirus
Sandbox
DLP

Packet in memory
Zscaler Proxy with SSMA

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Zscaler SASE architecture delivers a better user experience than NGFWs in public clouds.

### Zscaler SASE
- **150 Compute DCs**
- **Access Edge**
  - Peering with leading apps
  - Policy enforced at the edge, near the user
  - No backhaul latency for a faster user experience

### NGFW in Public Cloud
- **20 Compute DCs**
- **Access Edge**
  - Virtual Firewall
  - ~7 Front Doors Per Compute DC
  - Policy enforced in compute DCs, not front doors
  - Backhaul latency provides a slow user experience
You can’t attack what you can’t see

Every NGFW is an Attack Surface

Zscaler Eliminates the Attack Surface

Can you help me find my apps

I only talk to Zscaler
User Experience Challenges in a Cloud & Mobile First World
Explanation of Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States of America ("GAAP"), we believe that the presentation of non-GAAP financial information provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. However, non-GAAP financial information is presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Investors are cautioned that there are a number of limitations associated with the use of non-GAAP financial measures and key metrics as analytical tools. Investors are encouraged to review these reconciliations, and not to rely on any single financial measure to evaluate our business.

**Expenses Excluded from Non-GAAP Measures**

Stock-based compensation expense is excluded primarily because they are non-cash expenses that management believes are not reflective of our ongoing operational performance. Amortization expense of acquired intangible assets is excluded because these are considered by management to be outside of the Company’s core business operating performance. Asset impairments related to facility exit costs are excluded because such charges are not reflective of our ongoing operational performance. Amortization of debt discount and issuance costs from the convertible senior notes is excluded because they are non-cash expenses and are not reflective of our ongoing operational performance. We also exclude certain litigation-related expenses consisting of professional fees and related costs incurred by us in defending against significant claims that we deem not to be in the ordinary course of our business and, if applicable, actual losses and accruals related to estimated losses in connection with these claims. We estimate the tax effect of these items on our non-GAAP results and may adjust our GAAP provision for income taxes, if such effects have a material impact to our non-GAAP results.

**Key Non-GAAP Financial Measures Included within this Presentation:**

- Non-GAAP Gross Profit and Non-GAAP Gross Margin (*)
- Non-GAAP Income from Operations and Non-GAAP Operating Margin (*)
- Free Cash Flow and Free Cash Flow Margin (*)

(*) Non-GAAP to GAAP reconciliations shown on the following slides.
## Appendix A: Non-GAAP to GAAP reconciliation
($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY'19</th>
<th>FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$ 302,836</td>
<td>$ 431,269</td>
</tr>
<tr>
<td><strong>YOY Growth</strong></td>
<td>59 %</td>
<td>42 %</td>
</tr>
<tr>
<td><strong>Cost of revenue</strong></td>
<td>$ 56,231</td>
<td>$ 86,385</td>
</tr>
<tr>
<td></td>
<td>2,926</td>
<td>7,318</td>
</tr>
<tr>
<td></td>
<td>512</td>
<td>2,030</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>$ 246,605</td>
<td>$ 344,884</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>81 %</td>
<td>80 %</td>
</tr>
<tr>
<td><strong>Sales and marketing</strong></td>
<td>146,795</td>
<td>211,368</td>
</tr>
<tr>
<td></td>
<td>23,118</td>
<td>66,539</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>74</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td>48 %</td>
<td>49 %</td>
</tr>
<tr>
<td><strong>Research and development</strong></td>
<td>46,493</td>
<td>66,426</td>
</tr>
<tr>
<td></td>
<td>15,090</td>
<td>30,173</td>
</tr>
<tr>
<td></td>
<td>386</td>
<td>1,280</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td>15 %</td>
<td>15 %</td>
</tr>
<tr>
<td><strong>General and administrative</strong></td>
<td>28,230</td>
<td>37,165</td>
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<tr>
<td></td>
<td>5,289</td>
<td>17,365</td>
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<tr>
<td></td>
<td>13,079</td>
<td>18,356</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td>9 %</td>
<td>9 %</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>$221,508</td>
<td>$314,959</td>
</tr>
<tr>
<td></td>
<td>43,497</td>
<td>114,077</td>
</tr>
<tr>
<td></td>
<td>396</td>
<td>1,354</td>
</tr>
<tr>
<td></td>
<td>13,079</td>
<td>18,356</td>
</tr>
<tr>
<td><strong>% of revenue</strong></td>
<td>73 %</td>
<td>73 %</td>
</tr>
<tr>
<td><strong>Income (loss) from operations</strong></td>
<td>$25,097</td>
<td>$29,925</td>
</tr>
<tr>
<td></td>
<td>46,423</td>
<td>(121,395)</td>
</tr>
<tr>
<td></td>
<td>(908)</td>
<td>(3,884)</td>
</tr>
<tr>
<td></td>
<td>(13,079)</td>
<td>(18,356)</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>8 %</td>
<td>7 %</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>7,730</td>
<td>6,477</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(140)</td>
<td>(4,885)</td>
</tr>
<tr>
<td><strong>Other income (expense), net</strong></td>
<td>(329)</td>
<td>(224)</td>
</tr>
<tr>
<td><strong>Provision for income taxes</strong></td>
<td>(743)</td>
<td>(3,498)</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$ 30,333</td>
<td>$ 32,540</td>
</tr>
<tr>
<td></td>
<td>$ (46,423)</td>
<td>$ (121,395)</td>
</tr>
<tr>
<td></td>
<td>$ (908)</td>
<td>$ (3,884)</td>
</tr>
<tr>
<td></td>
<td>$ (13,079)</td>
<td>$ (18,356)</td>
</tr>
<tr>
<td></td>
<td>$ 1,422</td>
<td>$ 1,110</td>
</tr>
<tr>
<td></td>
<td>$ (28,655)</td>
<td>$ (2,388)</td>
</tr>
</tbody>
</table>
## Appendix A: Non-GAAP to GAAP reconciliation

($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY'19</th>
<th>FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow</td>
<td>$29,345</td>
<td>$27,508</td>
</tr>
<tr>
<td>Revenue</td>
<td>302,836</td>
<td>431,269</td>
</tr>
<tr>
<td>Free cash flow margin</td>
<td>10 %</td>
<td>6 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY'19</th>
<th>FY'20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by operating activities</td>
<td>$58,027</td>
<td>$79,317</td>
</tr>
<tr>
<td>Less: Purchases of property, equipment and other assets</td>
<td>(25,520)</td>
<td>(43,072)</td>
</tr>
<tr>
<td>Less: Capitalized internal-use software</td>
<td>(3,162)</td>
<td>(8,737)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$29,345</td>
<td>$27,508</td>
</tr>
<tr>
<td>Net cash provided by operating activities, as a percentage of revenue</td>
<td>19 %</td>
<td>18 %</td>
</tr>
<tr>
<td>Less: Purchases of property, equipment and other assets, as a percentage of revenue</td>
<td>(8) %</td>
<td>(10) %</td>
</tr>
<tr>
<td>Less: Capitalized internal-use software, as a percentage of revenue</td>
<td>(1) %</td>
<td>(2) %</td>
</tr>
<tr>
<td>Free cash flow margin</td>
<td>10 %</td>
<td>6 %</td>
</tr>
</tbody>
</table>