



Securing your Digital Transformation

Corporate IR Presentation
November 2021

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 Digital Transition



Pioneer and leader in **Cloud Security**

>5,600 customers ⁽¹⁾ | 500 of the Forbes Global 2000 ⁽¹⁾ | ~50% international revenue ⁽²⁾

Architecture Matters!
Cloud-Native, Multi-Tenant From Start



Cloud platform with scale, **sustainable competitive differentiation**

275+ patents issued and pending,
150+ data centers | 200B+ requests/day
Preventing 7B incident & policy violations/day⁽⁴⁾



Serving a large addressable market

Estimated \$72 Billion in Market SAM⁽³⁾

Comprehensive User Protection → **Protecting App & Data**



Attractive profile:

recurring subscription,
rapid growth, compelling GM
~\$761M LTM revenue⁽⁵⁾ | ~50% historical growth per year ⁽⁶⁾
~81% Gross Profit Margin ⁽⁷⁾



Secular tailwinds creating significant opportunity

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

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



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**

1) Total customers, Forbes Global 2000 customers as of July 31, 2021.

2) International revenue by geography as of FY21.

3) Based on our analysis of IDC estimates, including Worldwide Network Security Forecast 2018-2022 (August 2018), Worldwide IT Security Products Forecast, 2018 - 2022 (August 2018), and Security Spending Guide Forecast 2017H2 (July 2018).

4) Based on July 2021 data.

5) Last Twelve Months("LTM") revenue ended October 31, 2021.

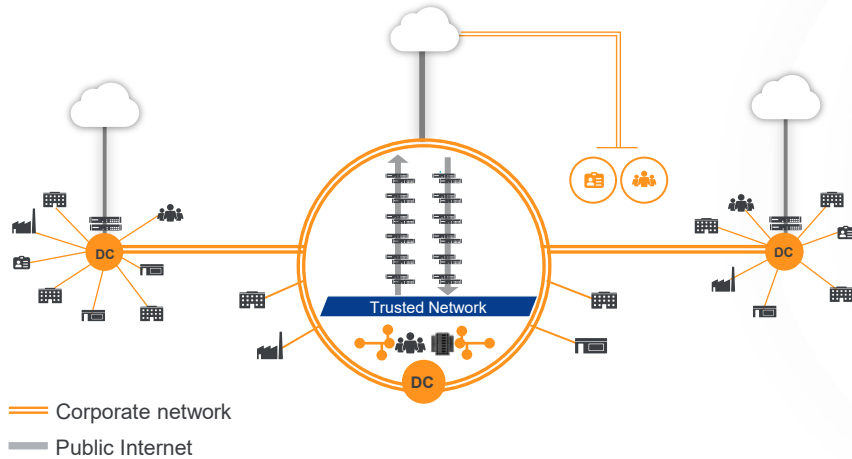
6) Revenue Compound Annual Growth Rate ("CAGR") for FY19, FY20 and FY21.

7) Gross profit margin for FY21.

Driving Transition from Legacy On Prem to Cloud / Mobile Standard

NETWORK SECURITY

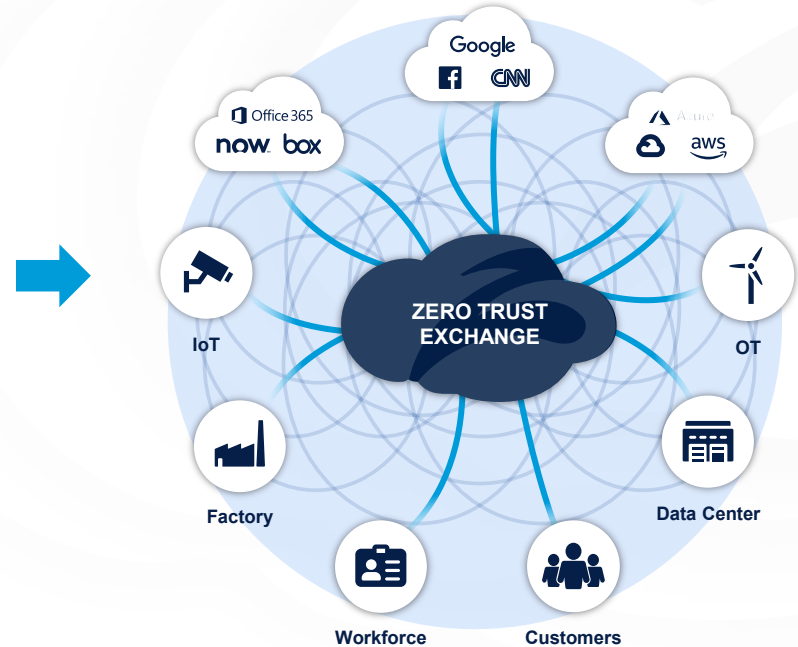
Perimeter defenses



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

ZERO TRUST EXCHANGE

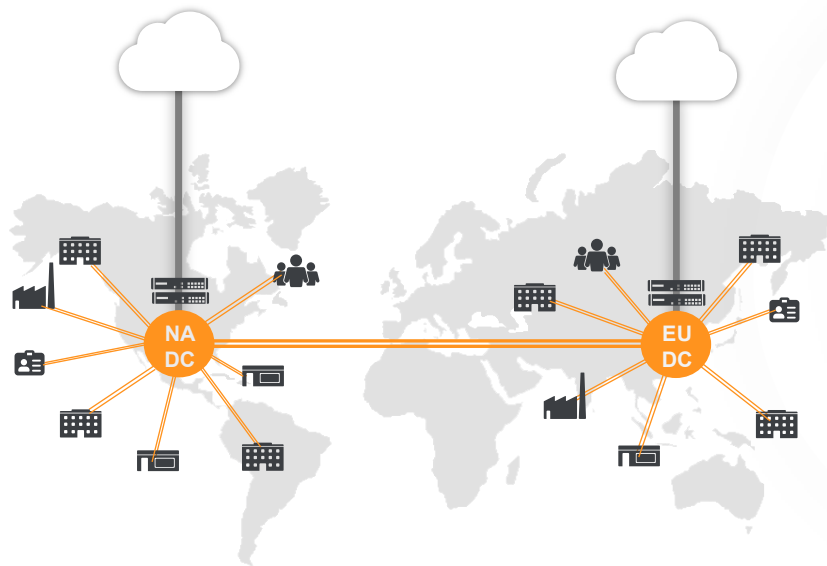
Any-to-any connectivity



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

Hub & Spoke Networks

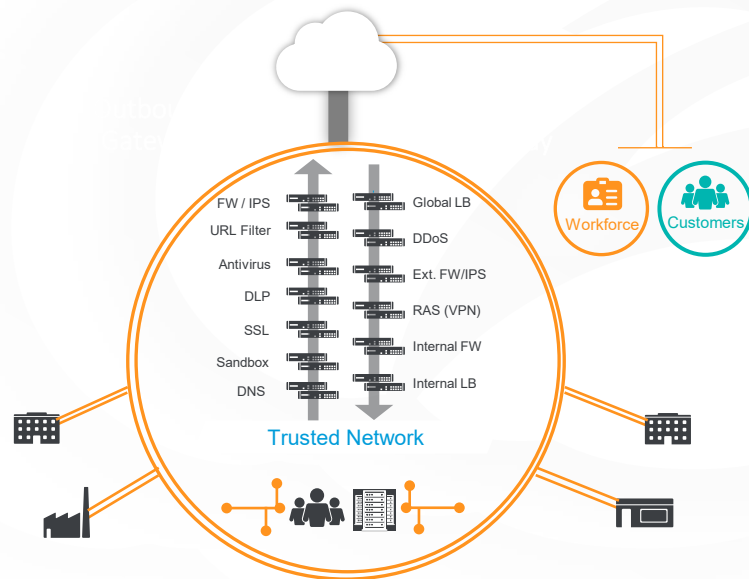
Optimized to connect users to apps in the data center



— Corporate network
— Public Internet

Castle & Moat Security

Perimeter security appliances to protect the network



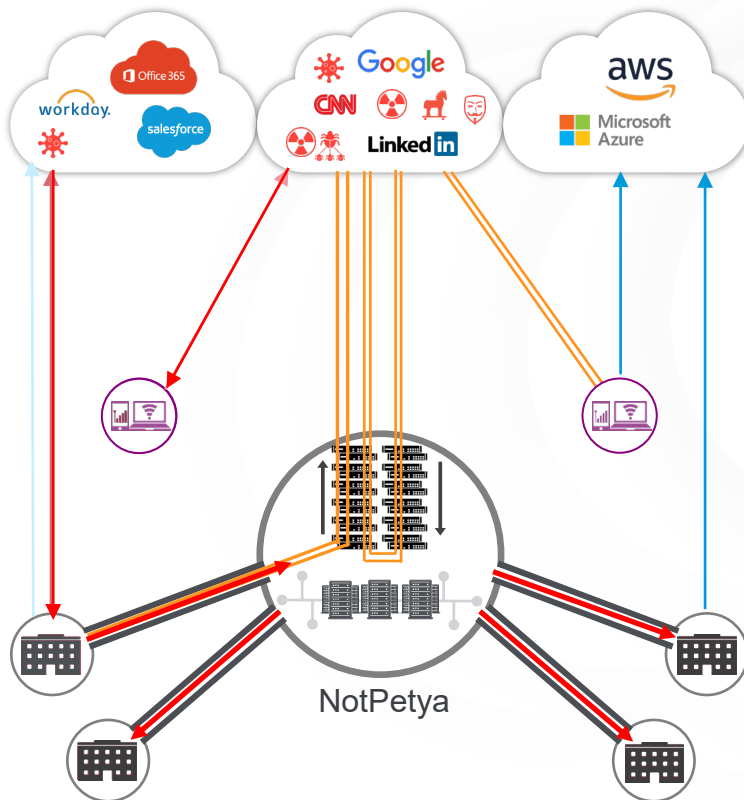
Cloud Breaks Legacy Networks and Security

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

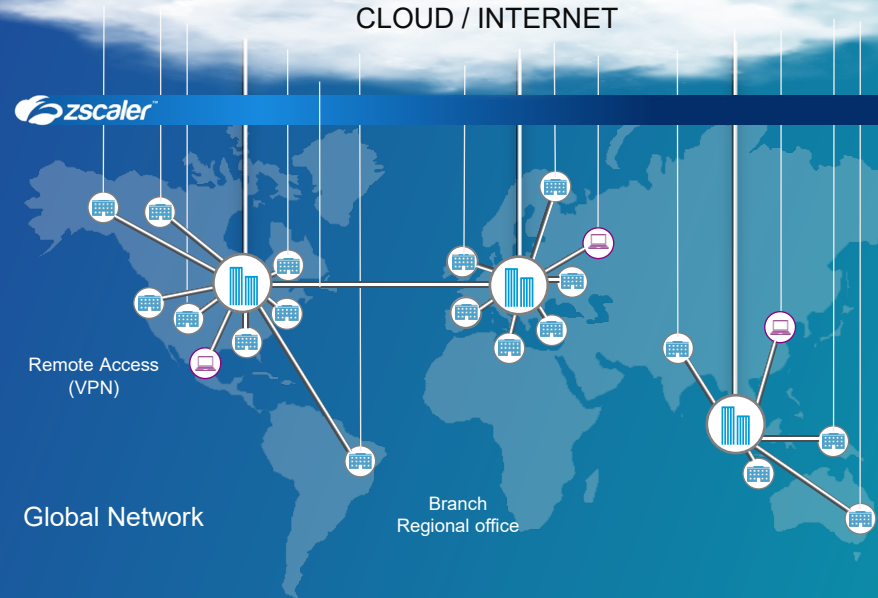
Security risk

5 Requirements of a Security Cloud

1. **Born in the cloud, for the cloud**
to deliver mission-critical service
2. **In-transit Edge Cloud**
for a fast user experience
3. **SSL inspection at scale**
for better security
4. **Zero Trust Network Architecture**
to minimize the risk of bringing users on the corporate network
5. **Operational Excellence**
in running and scaling a global cloud 24x7

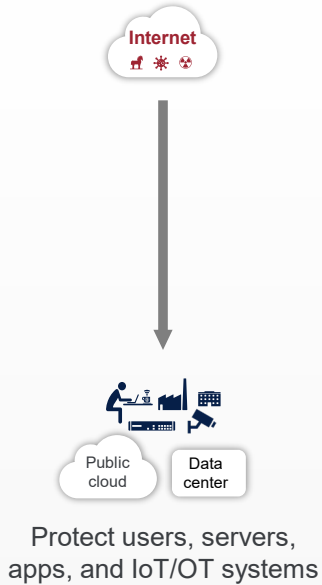
What we enable

Secure local Internet breakouts for every office and every mobile user

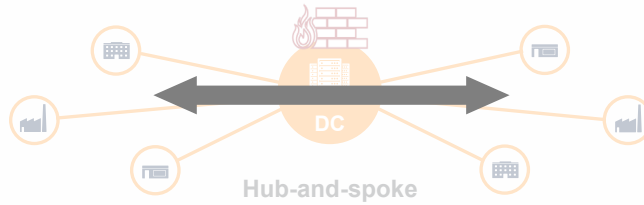


Three areas to reduce business risk

Prevent compromise

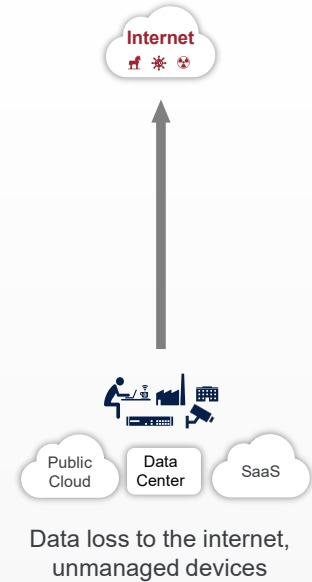


Prevent lateral threat movement



Minimize the damages of an infected user or device on the corporate network/WAN

Prevent data loss



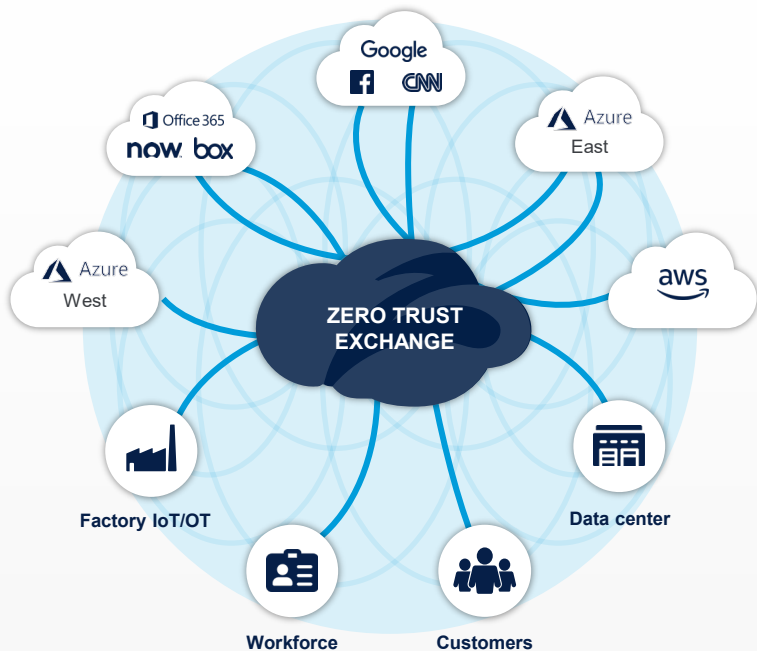
How do you reduce business risk without impacting the user experience?

Zscaler Zero Trust Exchange

Securely connects users, devices, and apps using business policies over any network

Zero Trust Exchange

Any-to-any connectivity – User to app, app to app, M2M



Decouples security from the network
Decouples app access from network access

Three opposing tenets

Zero Trust Exchange

VS.

Castle-and-moat

- 1 Zero network access**
Connect users to apps, not corporate networks, to prevent lateral movement
- 2 Zero attack surface**
Make apps invisible so they can't be attacked
- 3 Zero passthrough connections**
Deny all privileges; proxy architecture for better cyberthreat and data protection



Connect users to networks for application access

Apps published on internet, increased attack surface

Passthrough firewall architecture; limited ability to inspect/protect

Zscaler: The leader in securing digital transformation

Our mission is to make the cloud a safe place to do business, and enjoyable for users

Pioneer and leader

Market leader

#1 The only Gartner
MQ Leader 2020

Technology innovator

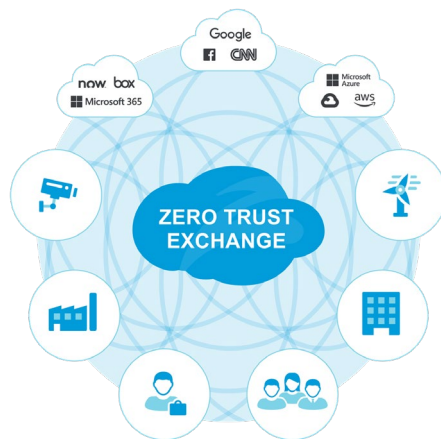
275 Patents issued
or pending

Highly rated

74 Net Promoter Score
(Avg SaaS NPS is 30)

Transformational zero trust platform

Any-to-any connectivity



Security cloud you can trust

Customer-proven

25% of the Forbes 2019
Global 2000

Exceptional cyber-protection

7B Security incidents and policy
violations prevented per day

Largest security cloud (150 DCs)

200B Daily requests
10x Google searches

80% Faster user
experience



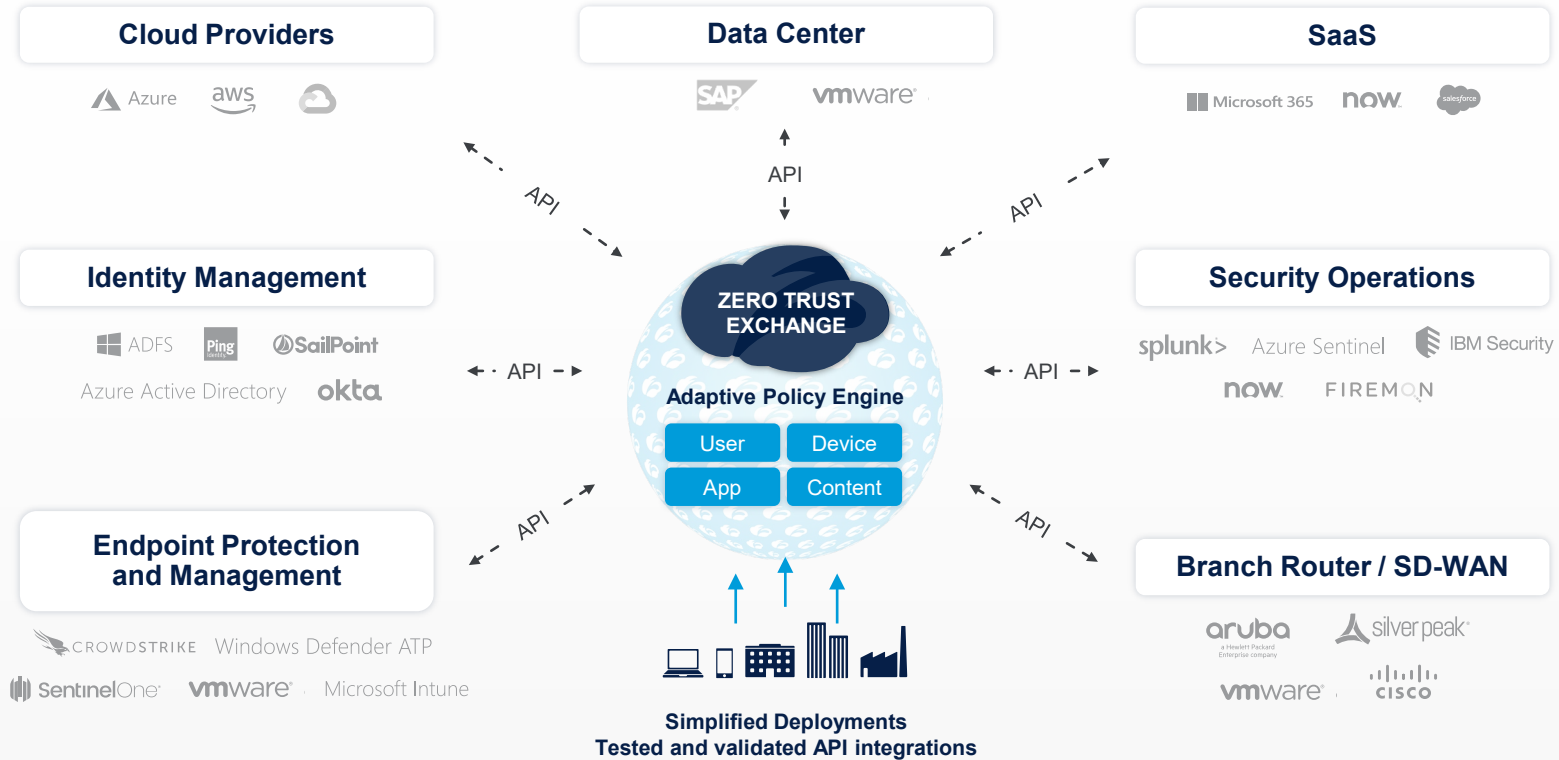
35x Fewer infected
machines



70% Cost
reduction **SIEMENS**

Ecosystem blueprint for secure digital transformation

Best-of-breed Platforms eliminate point solutions and allow for vendor consolidation



Zscaler reduces cost and operational complexity

Operational Excellence

Global Footprint Delivers Better Security & User Experience

150+

Data Centers

200B+

Transactions / Day

7B+

Enforcements / Day

200K+

Security Updates / Day

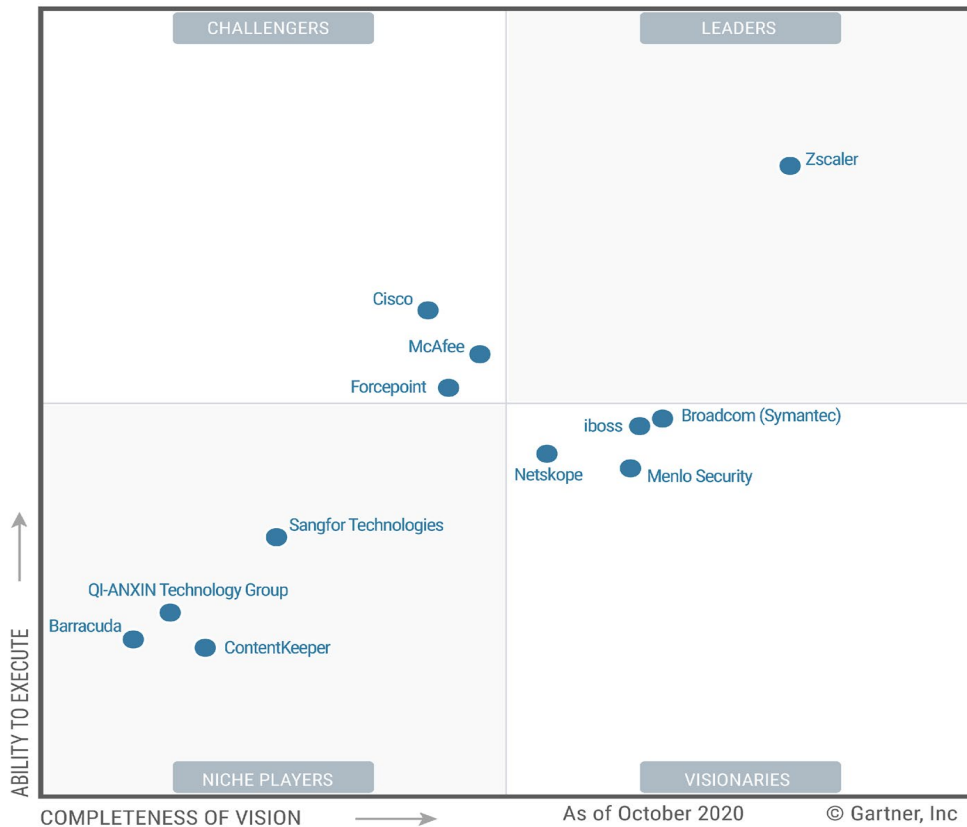


Availability SLA 99.999%
100% Renewable Energy
Proven Elasticity & Scale

Security Hardened
Operational Compliance

*Map shows major cities where Zscaler has data center. This map does not show a comprehensive list of Zscaler's total global footprint of over 150 data center locations.





Market Leadership Recognized Leader in Security



Industry Leader

10 years in a row **Gartner MQ Leader**
In **Secure Web Gateway**

SWG solutions include CASB, zero trust network access, FWaaS and remote browser isolation



The Only Leader

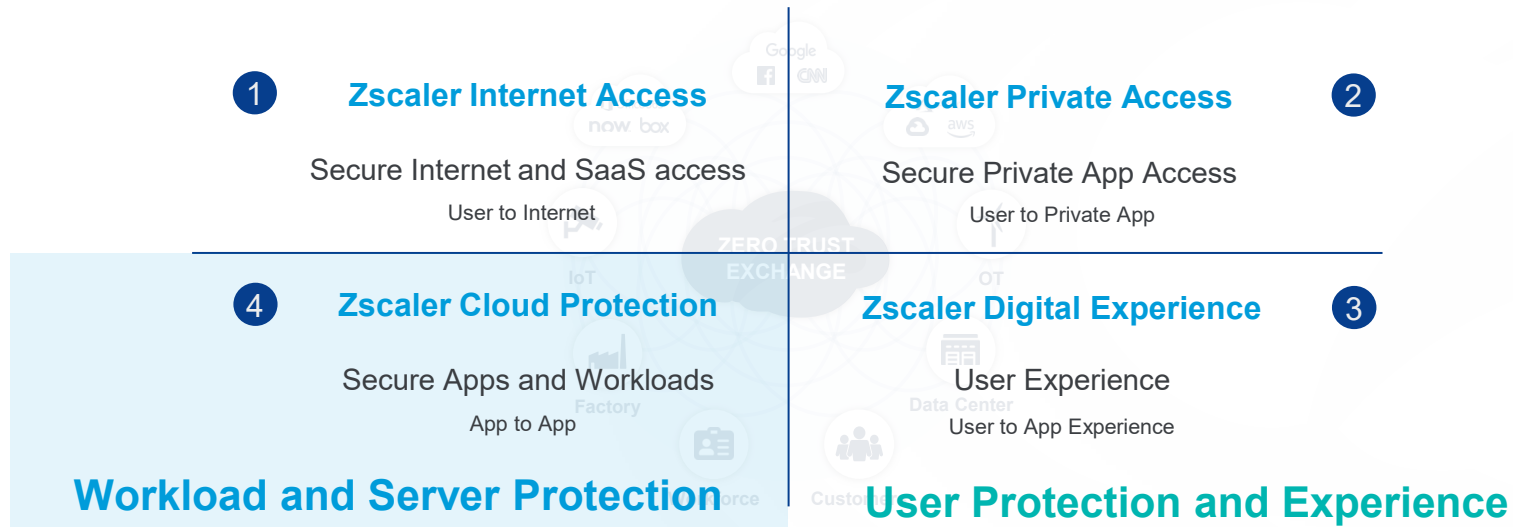
Have you seen a vendor map like this?
Zscaler is now the **only leader** in Gartner's MQ



SWG requires Proxy architecture

Firewall vendors were not considered due to lack of **proxy architecture**: Firewalls are designed to build a moat around the castle, wrong architecture for securing users

Zscaler Innovation: Zero Trust Exchange Platform



Simplify IT and reduce costs by consolidating and eliminating point products

Comprehensive Platform to Deliver Zero-Trust Security

Zscaler Internet Access (ZIA)

Protect against threats and data leakage

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

Zero-Trust Network Access

Anti-VPN
Anti-Firewall
Anti-DDoS
Anti-network segmentation

Discovery/Availability

GSLB
App Health Monitoring
App Discovery

App / Device Access

Browser Isolation
Private Service Edge

Zscaler Cloud Protection (ZCP)

Extends zero-trust security to public cloud

Workload Communication

Cloud to Internet
Cloud to Data Center
Cloud to Cloud

Security Posture/CSPM

Policy Compliance
Configuration Mgt

Microsegmentation

Software Identity
App segmentation

Zscaler Digital Experience (ZDX)

Identify and resolve device and network issues

Network Path Analysis

Hop-by-hop Network Analytics

Device Posture

Device Health Metrics

App Performance

App Response Times

ZCP: Automating, simplifying and securing workload communications

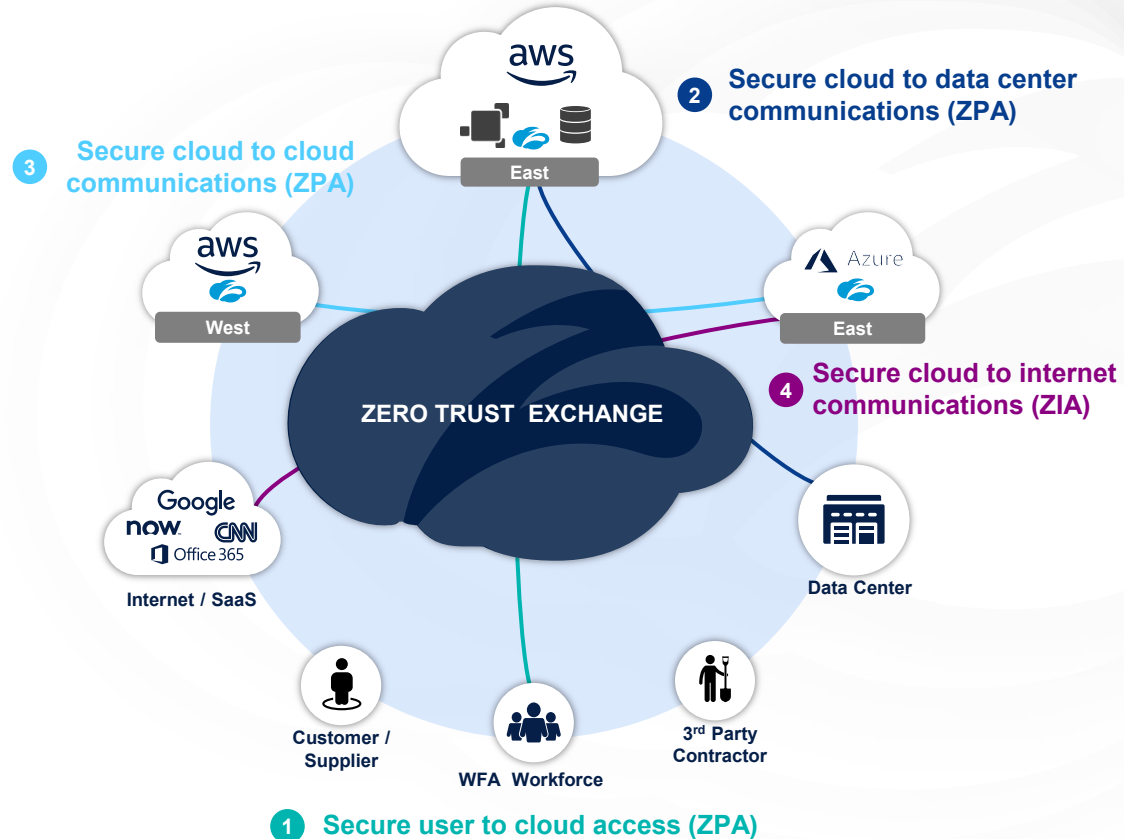
Simplified, flexible traffic forwarding within and across clouds via **Cloud Connector**

ZIA and ZPA policy engines enforce easy to manage business level policies

ZIA enforces policy, security and data protection for workload to internet comms

ZPA delivers zero trust for secure:

- user-cloud
- cloud-cloud
- cloud-DC
- 3rd party file exchange access

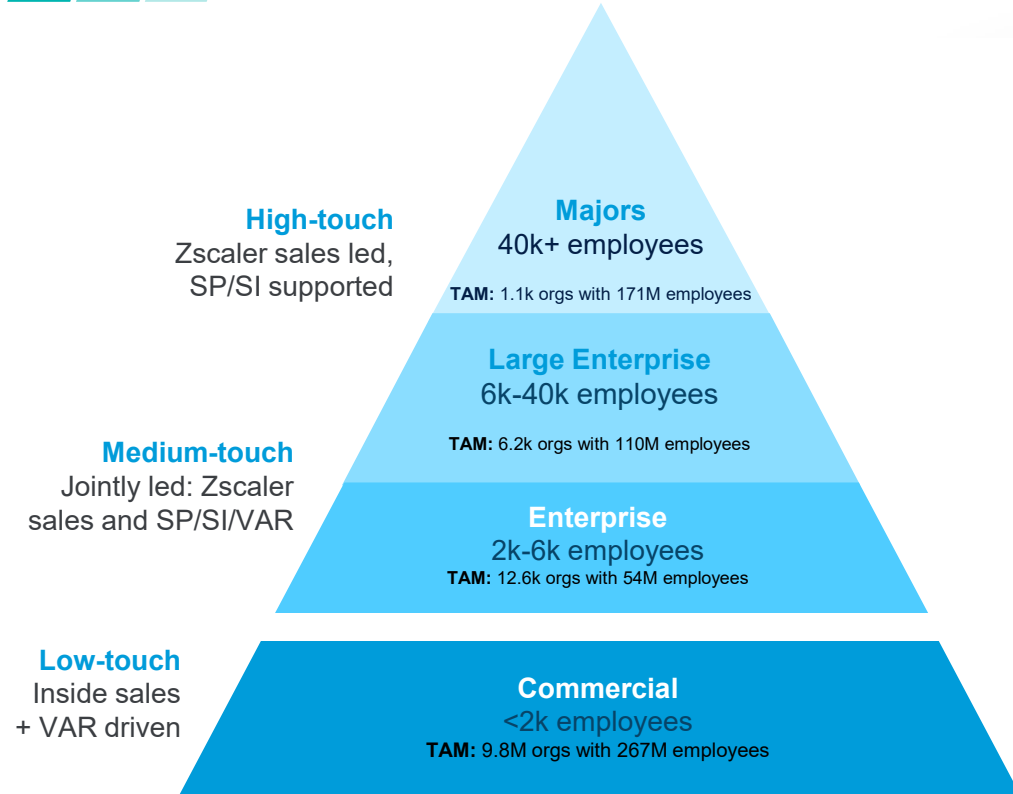


Enabling Digital Transformation Requires a Unique Sales Process



**Driving Value
Through Lifecycle
Engagement With
Customers**

Scaling with Majors & Large Enterprises, While Expanding To Smaller Enterprises



Targeted account-based sale with focus on enterprises

Winning with Majors & Large Enterprises

Expanding To Enterprise Segment

New Investment:

- Specific marketing program dollars towards <6k employee companies.
- Specific Strategy & Enablement programs/playbooks for this segment

Attractive Market Segment:

- Expands TAM significantly
- Shorter sales cycle
- Leverage: Channel plays a bigger role in the segment

Exploring Opportunities in Commercial:

- via Distribution/MSP models, which are zero to low touch
- Partners asking for our help to service this market

Total Addressable Market (TAM) for Majors, Large enterprise, Enterprise and Commercial segments are based on data from ZoomInfo for total Global Parent Companies and their Total Employees, rounded to nearest digit, as of December 23, 2020.

Our Audacious Goal: Securing the Next...

 **200M Users** + **100M Workloads** 

Customers

New Customers

New relationships
in existing verticals



Upsell

Increase penetration with
existing customers

Platform

Technology Innovation

New platform solutions
to secure any connectivity:
Users, Devices & Workloads



Expanded Functionality

Drive leadership in the space and
improve core offering

New Markets

New Geographies

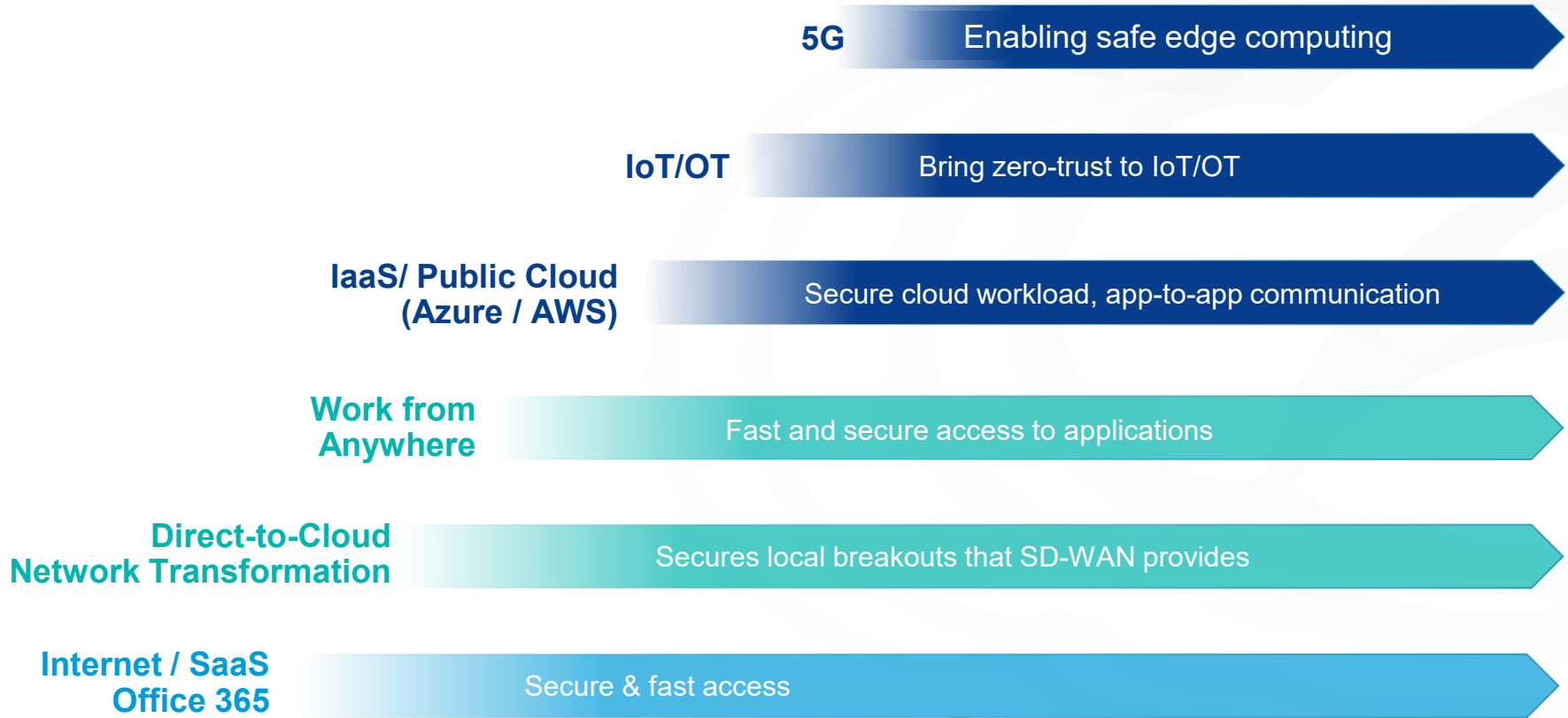
Growing presence in
Japan and LatAm



New Segments

Expand to smaller
enterprises and Federal vertical

Secular Tailwinds Fueling Progress Towards Our Audacious Goal



Why We Will Win

- Market moving to Zero-Trust with Digital Transformation
- Trusted partner to CXOs of largest global organizations
- Strategic position - handling & securing enterprise-wide traffic
- Multi-tenant cloud scalability and Cloud effect
- GTM that can consistently sell value and drive larger deals
- Experienced team driving culture of excellence
- Strong balance sheet and attractive unit economics

Well Positioned for Success!



Financial Overview

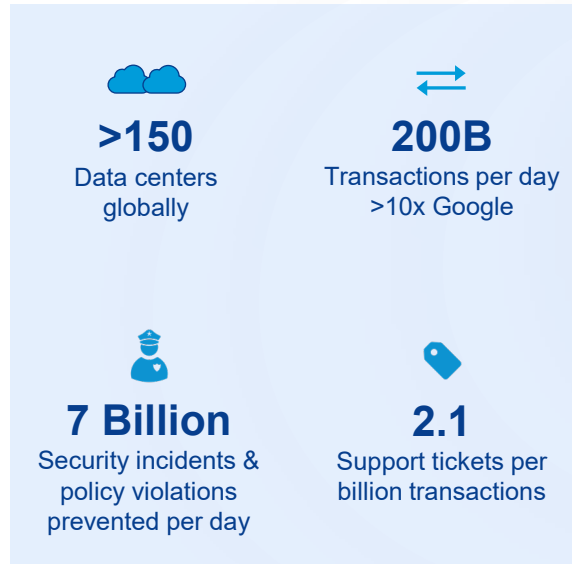
Remo Canessa - Chief Financial Officer

Leading the World of Zero Trust Cloud Security

Driving customer value...

at an unparalleled scale⁽¹⁾ ...

while delivering growth



1) Total number of public data centers, transactions per day, policy and incident prevention per day and support ticket per billion transactions as of October 31, 2021. Google's daily search requests are based on estimates from ardorseo.com and internetlivestats.com.

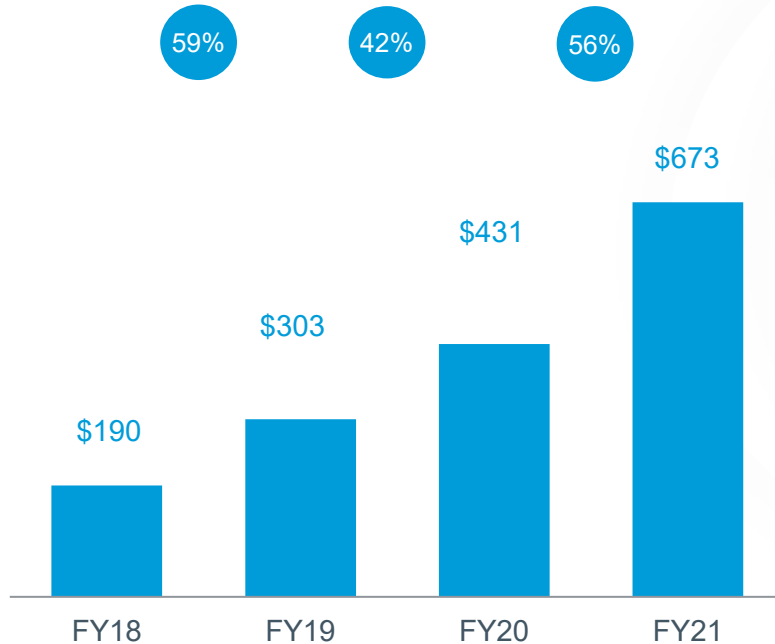
2) Billings growth year-over-year, revenue growth year-over-year, dollar-based net retention rate (NRR) and non-GAAP operating margin for Q1'22.

3) Total customers, Forbes Global 2000 customers, Licensed user seats and Net Promoter Score as of FY'21 ended July 31, 2021

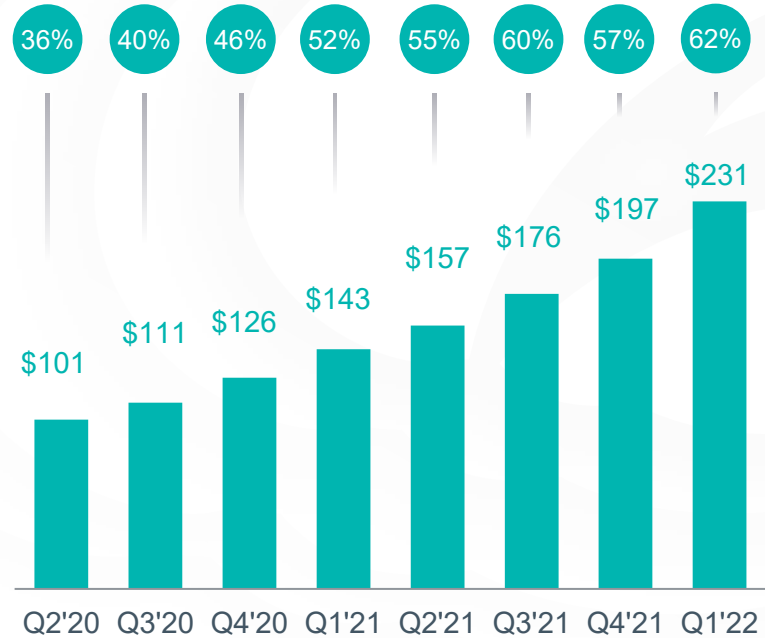
Consistent and Strong Revenue Growth

(\$ in millions)

Annual Revenue / YoY Growth



Quarterly Revenue / YoY Growth

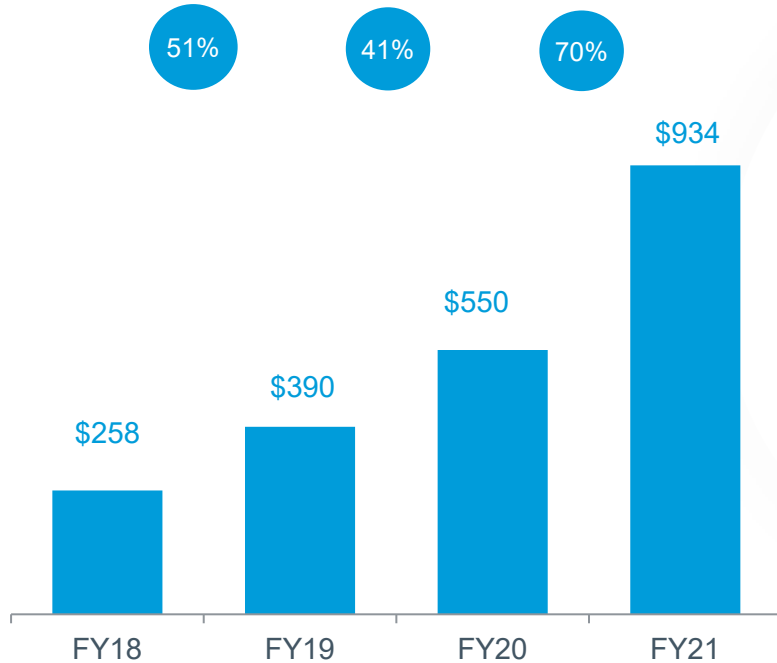


Note: Fiscal year ended July 31.

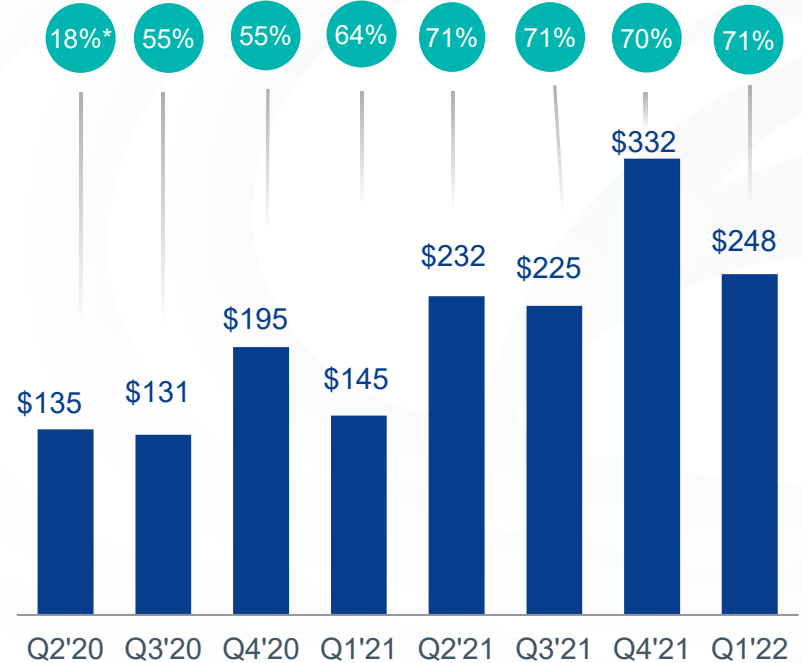
Strong YoY Growth in Calculated Billings

(\$ in millions)

Annual Billings / Growth



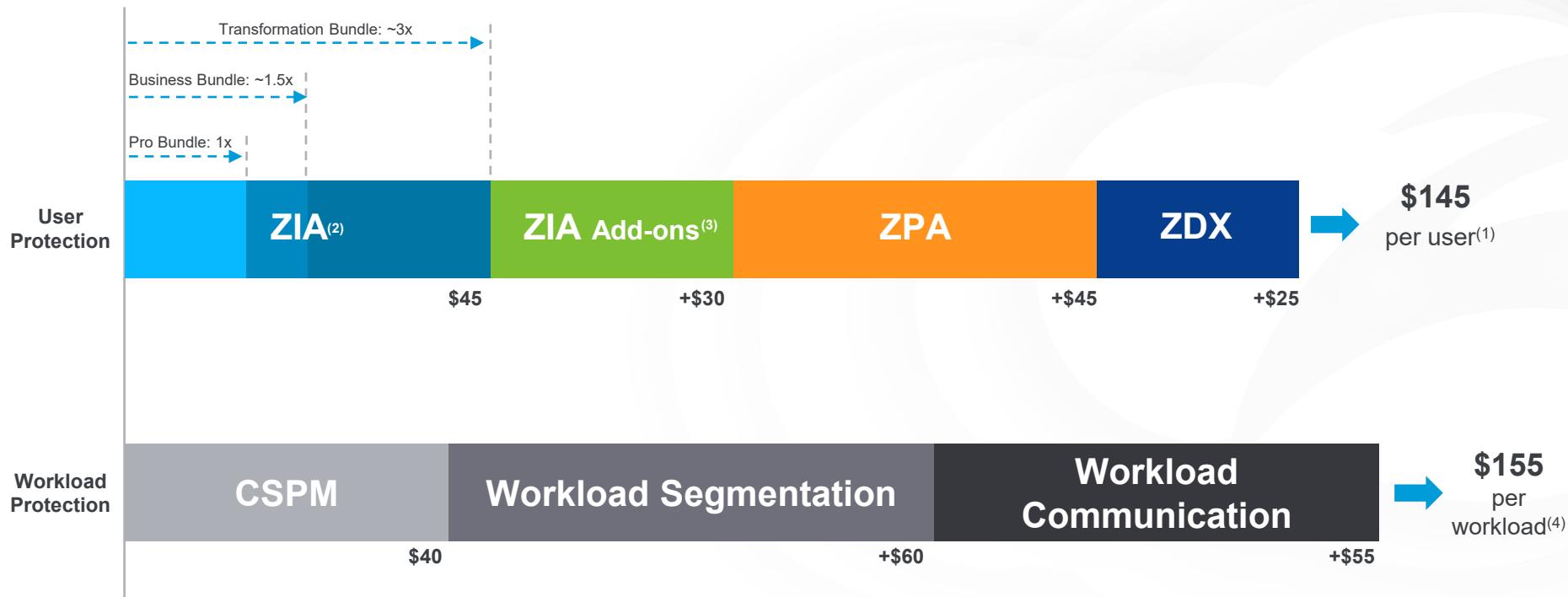
Quarterly Billings / YoY Growth



Note: Fiscal year ended July 31.

* Comparative prior year fiscal quarter (Q2 FY19) includes one large customer choosing to pay up-front for a multi-year, private cloud subscription of \$11.0 million.

Annual Pricing Model Provides Significant Expansion Opportunities



1) Per user pricing for individual products is effective annual prices to Zscaler for customers of 5,000 seats (also referred to as ARPU, or average revenue per user), except for new products including API CASB, Browser Isolation and ZDX, where we calculate ARPU based on closed deals with high volume purchases.

2) ZIA Professional Bundle includes Secure Web Gateway. Business Bundle includes all Professional Bundle functionality, plus SSL inspection, Advanced Threat Protection, inline Cloud Application Control, Bandwidth Control, and more. Transformation Bundle includes all Business Bundle functionality, plus Cloud Sandbox and Cloud Firewall.

3) ZIA Add-ons include Data Loss Prevention, Exact Data Match, API CASB and Browser Isolation.

4) Per workload pricing applies to Zscaler Cloud Protection (ZCP) products, including CSPM, Workload Segmentation and Workload Communication. As ZCP products have been available for a short period of time, pricing per workload is effective annual prices to Zscaler in closed deals with high volume purchases, as well as Zscaler's estimate for current deals in progress.

Serviceable Users of 335M and Serviceable Workloads of 150M

Users

>600M Potential B2B Users⁽²⁾
(3rd party vendors and customers of customers)

267M Incremental Users⁽¹⁾
(Commercial <2k employees)

335M Serviceable Users⁽¹⁾
(current target market of ~20k organizations with 2k+ employees)

Workloads & OT/IOT Devices

Billions of OT/IoT

338M Incremental Workloads⁽³⁾

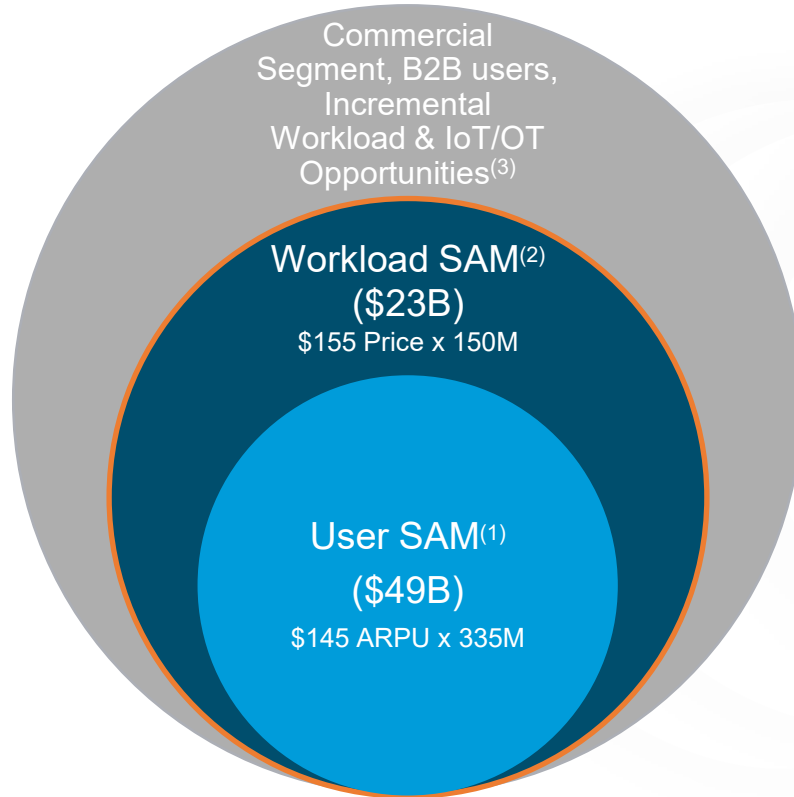
150M Serviceable Workloads⁽³⁾
(current target of workloads at top public clouds)

1) Based on Zscaler's analysis of worldwide organization and employee data from ZoomInfo.

2) Zscaler's estimate of potential B2B Users is based on assuming a similar number of users as total worldwide workforce. We consider B2B users to include third-party vendors and customers of our customer.

3) Based on Zscaler's analysis of workload market forecast for 2020 from 650 Research.

Serviceable Market of \$72 Billion, plus Bigger Long-term Opportunity



Our \$72 billion core serviceable opportunity, comprised of:

- \$49 billion user SAM focused on enterprises with 2k+ employees
- \$23 billion workload SAM for workloads in top public clouds

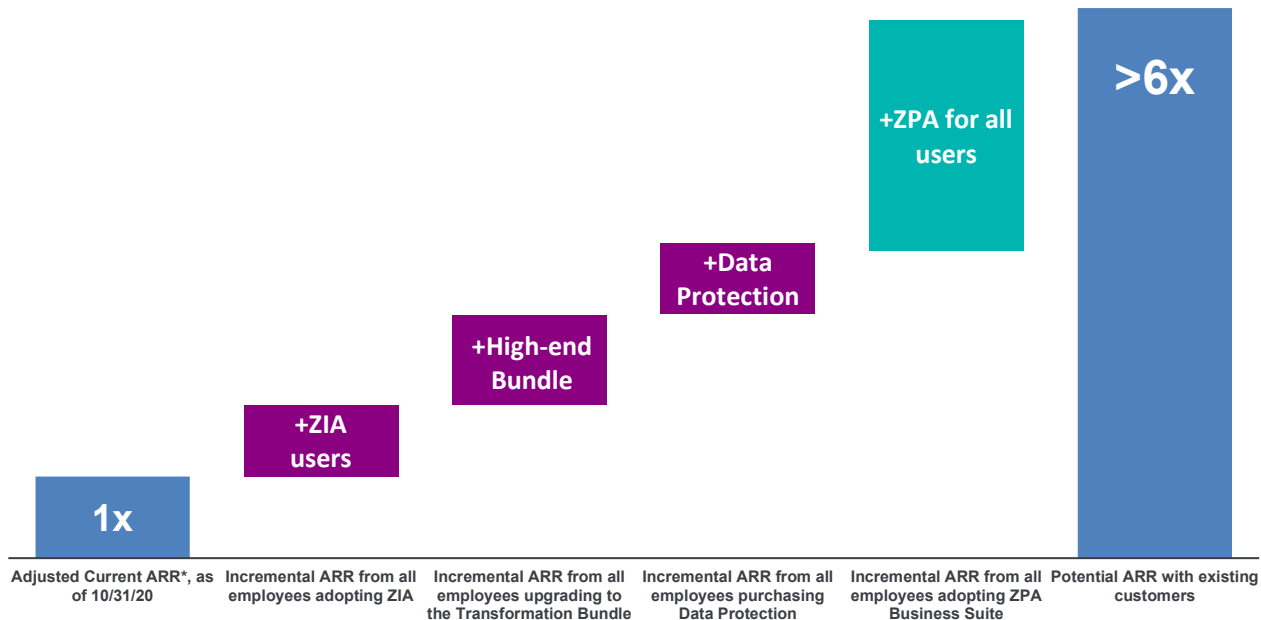
1) User SAM is based on Zscaler's analysis of ZoomInfo worldwide workforce data for organizations with 2k+ employees, multiplied by Zscaler's aggregate average revenue per user (ARPU) of approximately \$45 for ZIA Transformation bundle, \$30 for ZIA add-ons, \$45 for ZPA and \$25 for ZDX from customers purchasing 5,000 seats.

2) Workload SAM is based on Zscaler's analysis of 650 Research's workload market forecast for 2020, multiplied by Zscaler's aggregate average revenue per workload of approximately \$40 for CSPM, \$60 for Workload segmentation and \$55 for Workload Communication solutions in the ZCP family.

3) Additional future opportunity available in securing the worldwide workforce of commercial businesses with <2k employees, users of B2B third-parties and customers of customers, Incremental workloads in hybrid/private cloud and other environments, and number of connected OT/IOT devices.

>6x

Upsell Opportunity on ZIA and ZPA alone with existing customers*



*Upsell opportunity analysis based on Annual Recurring Revenue (ARR) of customers with 100 ZIA seats or more, as of Q1'21 ending October 31, 2020; this process eliminates paid trials and other smaller deployments, which if included would increase upsell potential further. Our analysis also excludes OEM agreements and end customers with deals primarily based on traffic/usage. Including all adjustments as noted, Adjusted ARR represents over 95% of Total ARR.

We calculate total Upsell Opportunity as total incremental ARR from selling additional seats to cover total employees and additional ZIA and ZPA product functionality at their existing subscription prices, and then applying an incremental discount of 35% on the upsell. Our analysis excludes newly introduced products, including ZB2B, API CASB, Browser Isolation, ZDX and ZCP.

We determine *Incremental ARR* by calculating the potential value of: 1) additional ZIA seat subscriptions for customers that have purchased ZIA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZIA subscription, or ZIA Transformation Bundle where no prior ZIA subscription was purchased, for remaining employees, 2) additional product functionality in high-end Transformation Bundle, where customers purchased Professional or Business Bundles, 3) add-on subscriptions for Data Protection products, including DLP and Exact Data Match, and 4) additional ZPA seat subscription for customers that have purchased ZPA for none or for a subset of total employees, assuming purchase of equivalent product functionality/bundles as existing ZPA subscription, or ZPA Business Suite where no prior ZPA subscription was purchased, for remaining employees.

Total employee count for existing customers is Zscaler internal data based on various sources including customer-supplied information, public filings with SEC, Hoover's, Dun & Bradstreet, Discover.org and ZoomInfo.

Significant International Revenue

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

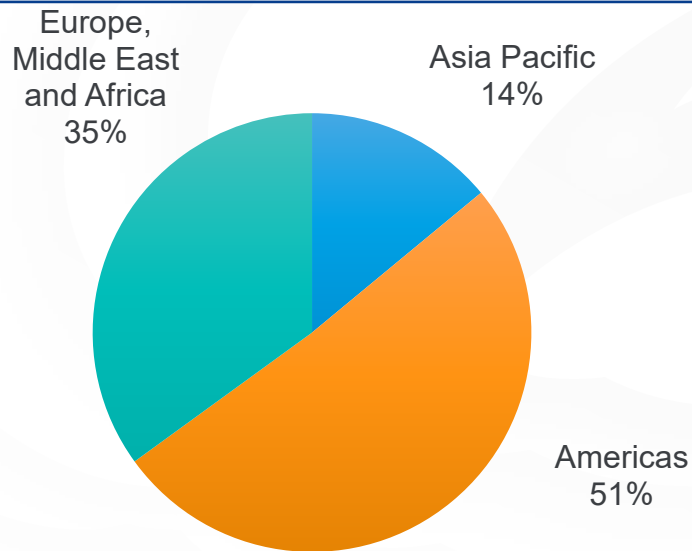
Early investment in international sales

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



Based on Q1'22 revenue

Attractive Cloud Gross Margins

Purpose-built, multi-tenant architecture

Each subsystem optimized for high throughput, reducing the number of servers needed

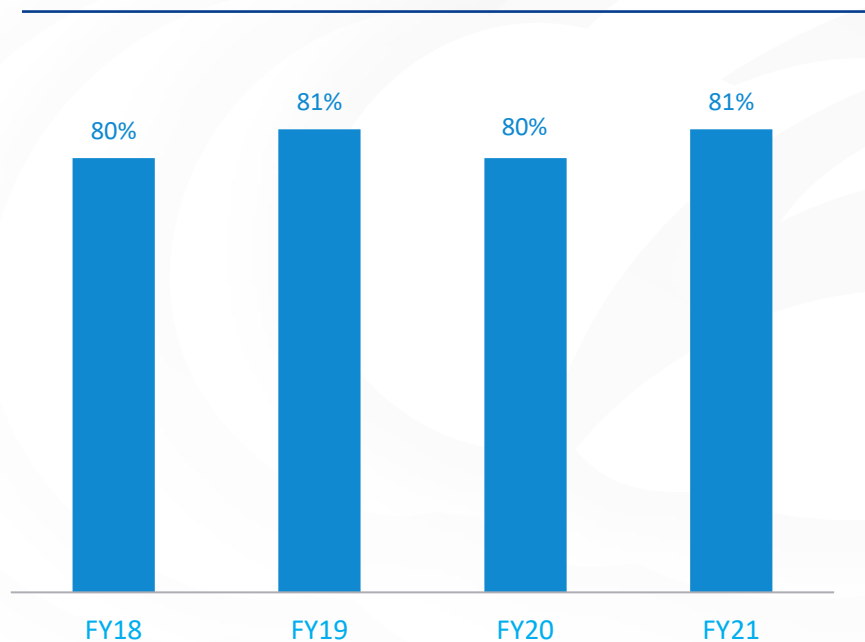
Cloud operations

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

Peering with content and service providers at internet exchanges

Reduces bandwidth cost

Non-GAAP gross margin⁽¹⁾

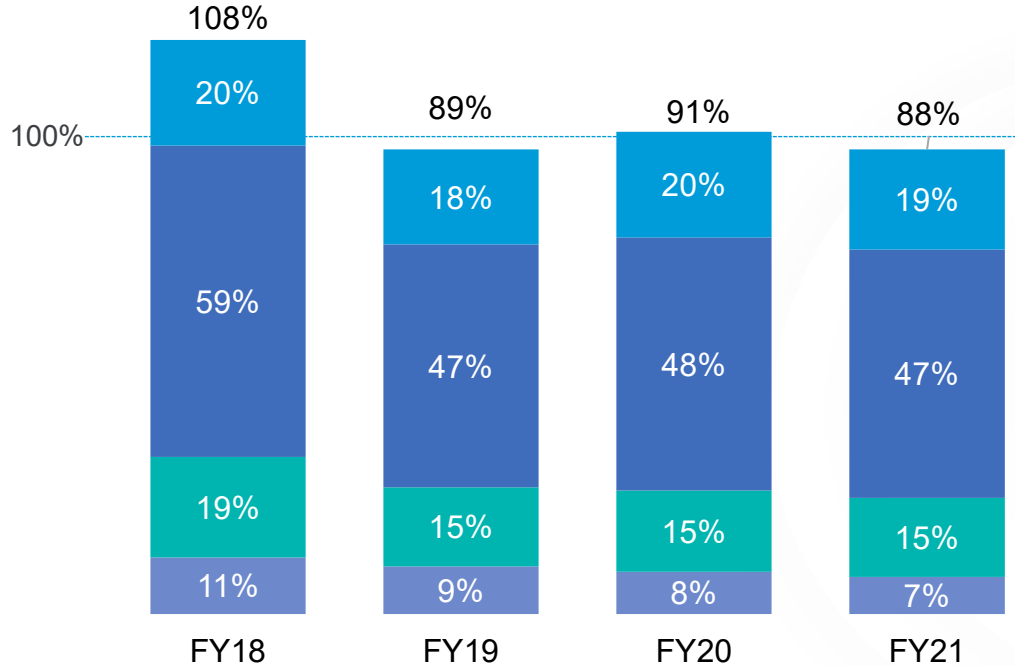


Note: Financials presented are non-GAAP; refer to the non-GAAP to GAAP reconciliation in Appendix.

1) Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and related payroll taxes and amortization expense of acquired intangible assets.

Investing for Growth to Capture Large Opportunity

Non-GAAP expenses ⁽¹⁾ as % of revenue



Key factors

Scale of our multi-tenant cloud benefits COGS

Accelerated investments for long-term leverage

Global centers in Silicon Valley & India

Significant presence in India

Building sales team to drive growth and penetration

Ramping marketing efforts to build brand and create demand

Investing in R&D to enhance functionality

1) Non-GAAP expenses exclude stock-based compensation expenses and related payroll taxes, amortization expense of acquired intangible assets, asset impairment related to facility exits, amortization of debt discount and issuance costs and certain litigation-related expenses. Refer to the GAAP to non-GAAP reconciliation in Appendix A.

Long-Term Model (Non-GAAP)

	FY'18	FY'19	FY'20	FY'21	FY'22 Guidance	Long-Term Targets
Non-GAAP gross margin ⁽¹⁾	80%	82%	80%	81%	79%	78% – 82%
S&M ⁽²⁾	59%	47%	48%	47%		33% – 37%
R&D ⁽²⁾	19%	15%	15%	15%		15% – 17%
G&A ⁽²⁾	11%	9%	8%	7%		7% – 8%
Non-GAAP operating margin	(8%)	11%	9%	12%	9%	20% – 22%
Non-GAAP free cash flow margin	1%	10%	6%	21%		22% - 25%



1) Non-GAAP gross margin is defined as GAAP gross margin, excluding stock-based compensation expense and amortization of acquired intangible assets.

Starting in FY21, payroll taxes related to stock-based compensation are excluded from non-GAAP. Refer to the GAAP to non-GAAP reconciliation in Appendix A. Prior periods amounts have been recasted to conform to this presentation.

2) As a percentage of revenue on a Non-GAAP basis.



Financial Appendix

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 it is a non-cash expense that management believes is not reflective of our ongoing operational performance. Employer payroll taxes related to stock-based compensation, which is a cash expense, are excluded because these are tied to the timing and size of the exercise or vesting of the underlying equity awards and the price of our common stock at the time of vesting or exercise, which may vary from period to period independent of the operating performance of our business. 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. There are many uncertainties and potential outcomes associated with any litigation, including the expense of litigation, timing of such expenses, court rulings, unforeseen developments, complications and delays, each of which may affect our results of operations from period to period, as well as the unknown magnitude of the potential loss relating to any lawsuit, all of which are inherently subject to change, difficult to predict and could adversely affect our results of operations. 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)

	FY'21						Q1 FY'22					
	Non-GAAP	Stock-based compensation expense and related payroll taxes	Amortization expense of acquired intangible assets	Asset impairment related to facility exit	Amortization of debt discount and issuance costs	GAAP	Non-GAAP	Stock-based compensation expense and related payroll taxes	Amortization expense of acquired intangible assets	Amortization of debt discount and issuance costs	GAAP	
Revenue	\$ 673,100					\$ 673,100	\$ 230,517				\$ 230,517	
YOY growth	56 %					56 %	62 %				62 %	
Cost of revenue	128,577	\$ 15,272	\$ 6,468			150,317	44,794	\$ 5,319	\$ 2,056		52,169	
Gross Profit	544,523	(15,272)	(6,468)			522,783	185,723	(5,319)	(2,056)		178,348	
Gross Margin	81 %					78 %	81 %				77 %	
Sales and marketing	314,807	144,273	327			459,407	110,152	43,464	170		153,786	
% of revenue	47 %					68 %	48 %				67 %	
Research and development	101,415	73,238	—			174,653	36,646	28,570	—		65,216	
% of revenue	15 %					26 %	16 %				28 %	
General and administrative	50,340	45,779		\$ 416		96,535	14,976	18,741			33,717	
% of revenue	7 %					14 %	7 %				14 %	
Total operating expenses	466,562	263,290	327	416	730,595	161,774	90,775	170			252,719	
% of revenue	69 %				109 %		71 %				109 %	
Income (loss) from operations	77,961	(278,562)	(6,795)	(416)	(207,812)	23,949	(96,094)	(2,226)			(74,371)	
Operating margin	12 %				(31)%		10 %				(32)%	
Interest income	2,812				2,812	473					473	
Interest expense	(1,441)				(51,923)	(53,364)	(359)			\$ (13,476)	(13,835)	
Other income (expense), net	1,186				1,186	(589)					(589)	
Provision for income taxes	(4,851)				(4,851)	(2,479)					(2,479)	
Net income (loss)	\$ 75,667	\$ (278,562)	\$ (6,795)	\$ (416)	\$ (51,923)	\$ (262,029)	\$ 20,995	\$ (96,094)	\$ (2,226)	\$ (13,476)	\$ (90,801)	

Appendix A: Non-GAAP to GAAP Reconciliation

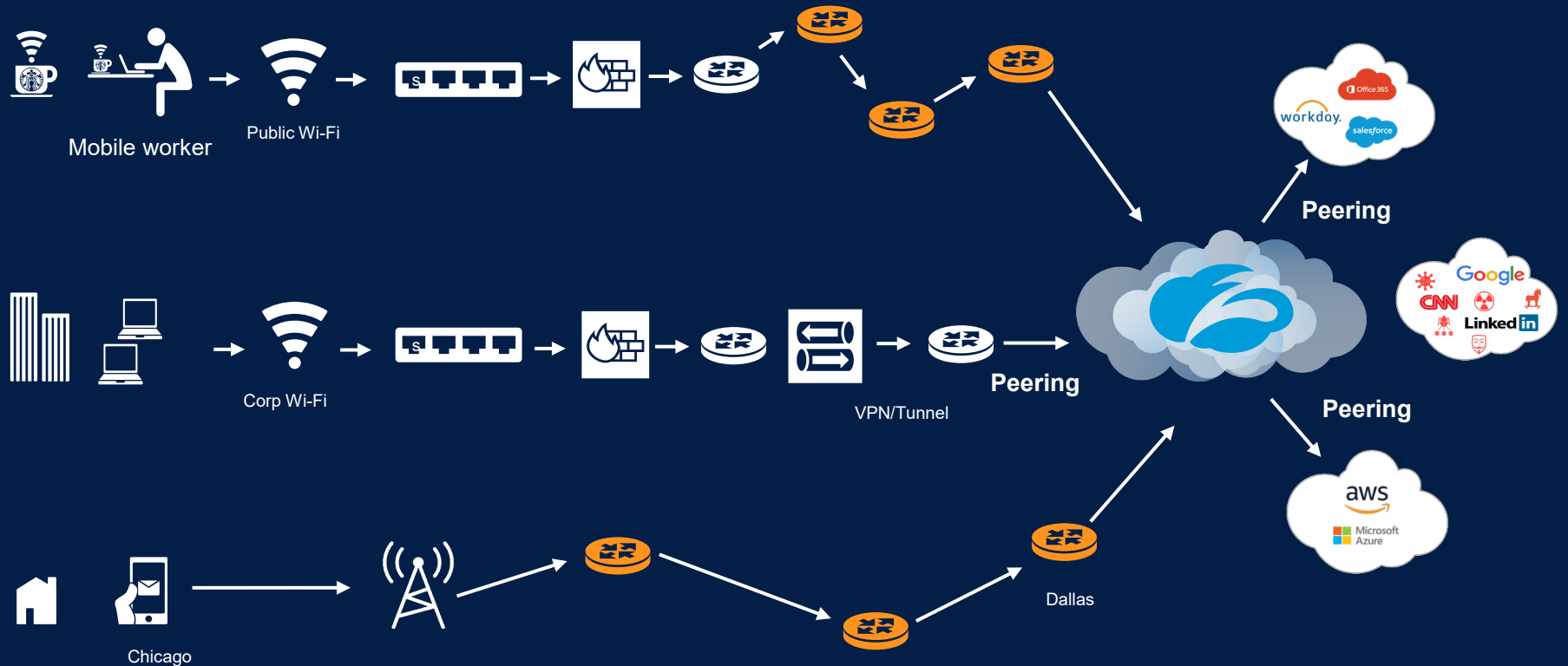
(\$ in thousands)

	FY'21	Q1 FY'22
Free cash flow	\$ 143,743	\$ 83,367
Revenue	673,100	230,517
Free cash flow margin	21 %	36 %
Net cash provided by operating activities	\$ 202,040	\$ 93,271
Less: Purchases of property, equipment and other assets	(48,165)	(6,454)
Less: Capitalized internal-use software	(10,132)	(3,450)
Free cash flow	\$ 143,743	\$ 83,367
Net cash provided by operating activities, as a percentage of revenue	30 %	40 %
Less: Purchases of property, equipment and other assets, as a percentage of revenue	(7)%	(3)%
Less: Capitalized internal-use software, as a percentage of revenue	(2)%	(1)%
Free cash flow margin	21 %	36 %



Appendix

User Experience Challenges in a Cloud & Mobile First World



Zscaler Cloud Protection: Reduce the Risk of Embracing the Cloud

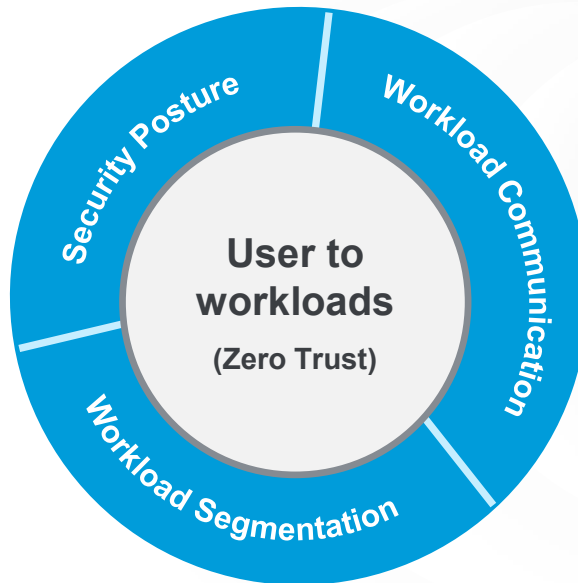
Protect multi-cloud workloads

1 Cloud Security Posture Mgt (CSPM)

Ensure proper configuration and compliance of workloads

3 Workload segmentation

Eliminate the risk of lateral threat movement without having to do legacy network segmentation



2 Workload Communication

Secure workload and app-to-app cloud-cloud, cloud-internet and cloud-DC connectivity

*Powered by:
Zscaler Cloud Connector
ZIA/ZPA policy engine*

Secure user-to-app access

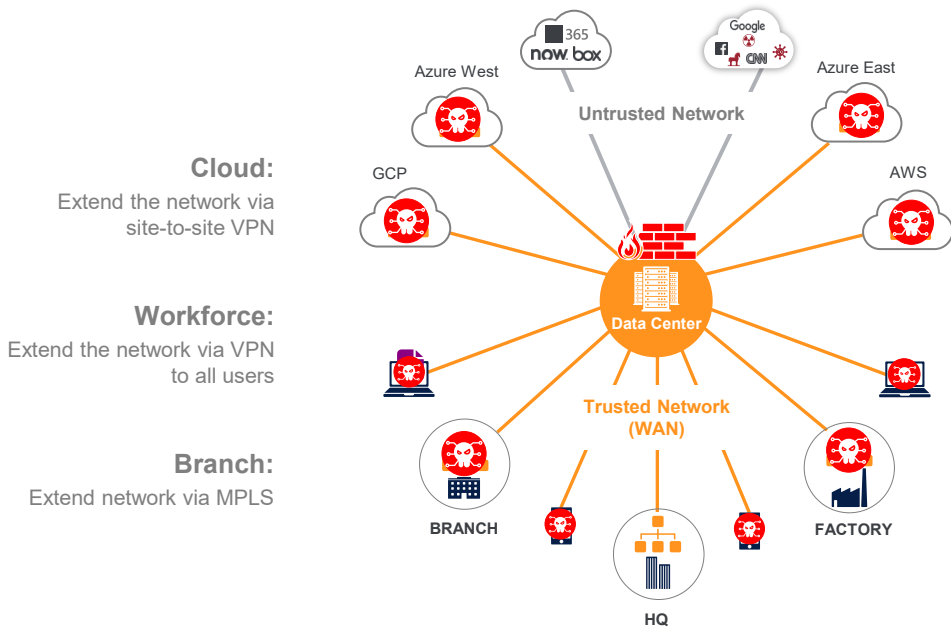
Secure per app access by the workforce and B2B customers without exposing apps to internet

Multiple approaches to network and security transformation to meet new application requirements

Approach 1: Extending legacy network and security

Network and Security are Intertwined

To access apps, a user must be on the corporate network.
Hence, we extend network to users and apps.



Challenges

Poor user experience

Backhauling traffic introduces latency and impacts app performance (M365)

Risk of lateral threat movement

The WAN is a big risk. A single infected user can infect everything on the corporate network.

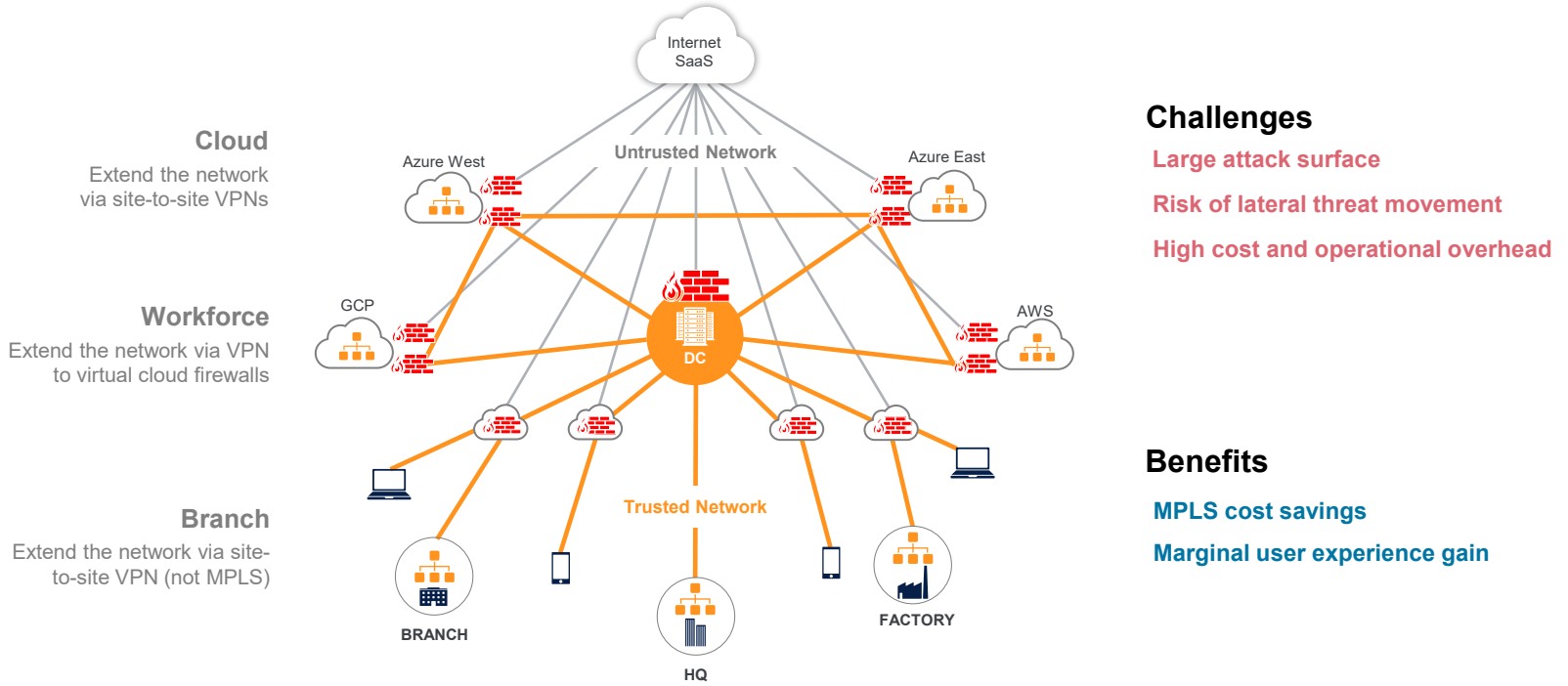
High cost and operational overhead

You own and control the network and security stack

This approach creates cost, complexity and cyber risk

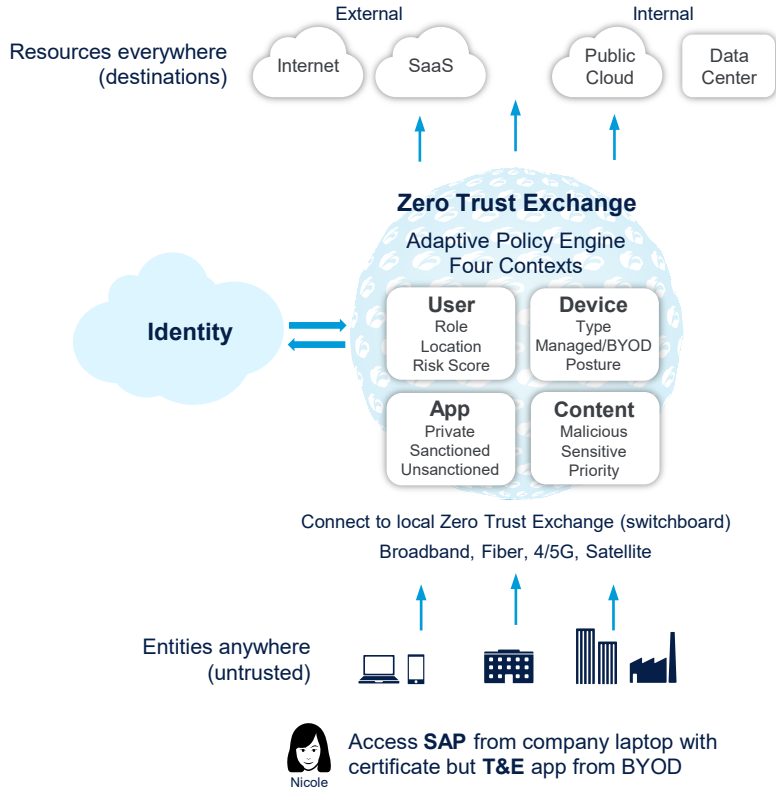
Multiple approaches to network and security transformation to meet new application requirements

Approach 2: Adapting perimeter-based security (firewalls) to the cloud



Retrofitting legacy technology will be a barrier to transformation.

Approach 3: Zero trust, optimal for network and security transformation



Benefits

Delivers a great user experience

Shortest path from user to app
Recommended for M365/Teams, Zoom

Protects against cyberthreats

Prevents compromise (inline inspection, zero attack surface)
Prevents lateral movement

Prevents data loss

Secures data in motion (data loss to internet and BYOD)
Secures data at rest (public cloud, SaaS)

Reduces cost and complexity

Eliminates SWG, VPN infrastructure and virtual cloud firewalls
Reduces WAN infrastructure costs (local breakouts)

A zero trust architecture can't be built with traditional firewalls - it requires a new approach.