



okta

Q2 FY24 Investor Presentation

August 30, 2023

Safe harbor

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our financial outlook, long-term financial plans, product development, business strategy and plans, market trends and market size, opportunities and positioning. These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. For example, the market for our products may develop more slowly than expected or than it has in the past; there may be significant fluctuations in our results of operations and cash flows related to our revenue recognition or otherwise; we may fail to successfully integrate any new business, including Auth0, Inc.; we may be unable to retain key personnel;

global economic conditions could worsen; a network or data security incident that allows unauthorized access to our network or data or our customers’ data could damage our reputation and cause us to incur significant costs; we could experience interruptions or performance problems associated with our technology, including a service outage; and we may not be able to pay off our convertible senior notes when due. Further information on potential factors that could affect our financial results is included in our most recent Quarterly Report on Form 10-Q and our other filings with the Securities and Exchange Commission. The forward-looking statements included in this presentation represent our views only as of the date of this presentation and we assume no obligation and do not intend to update these forward-looking statements.

Any unreleased products, features or functionality referenced in this presentation are not currently available and may not be delivered on time or at all. Product roadmaps do not represent a commitment, obligation or promise to deliver any product, feature or functionality, and you should not rely on them to make your purchase decisions.



Agenda

01 Company Overview

02 Q2 FY24 Financial Review & Financial Outlook

03 Appendix



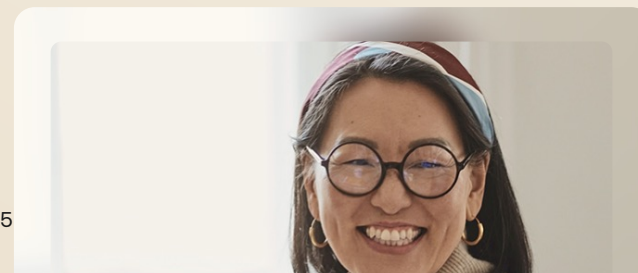
Company Overview





Vision

Free everyone
to safely use
any technology



Okta at a Glance

18,400

Total customers

\$3.03B

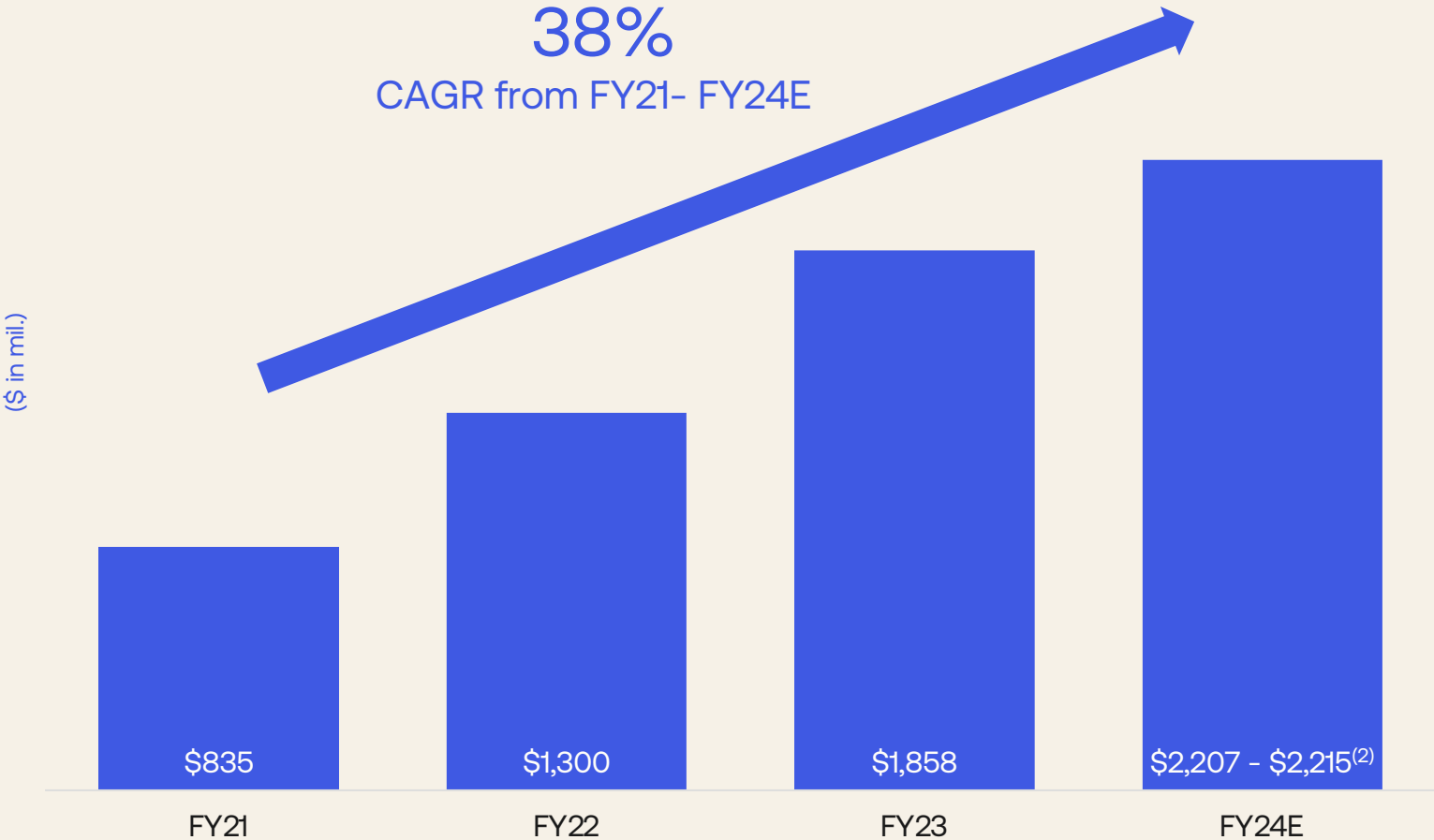
Remaining performance obligations (RPO)

115%

TTM Dollar-based net retention rate⁽¹⁾
at July 31, 2023

(1) Trailing Twelve Months (TTM) dollar-based net retention rate is calculated based on total ACV. See Appendix for definition.
(2) FY24E revenue is an estimate based on outlook as of August 30, 2023.

Total Revenue



Identity is the critical foundation for connection and trust between users and technology



Cloud



Security



Digital transformation



Every C-suite leader uses identity



The Okta Identity Cloud

Delivers a unified
identity solution

Okta Trust: Cloud security certifications with 99.99% uptime

Vendor neutrality supports best-of-breed stack

Cloud-first, providing hybrid access from cloud to ground

Unified solution to secure workforce, customer and infrastructure identity

7,000+ OIN integrations

All powered by a **unified, extensible identity platform**



Better Together

Workforce Identity Cloud

Employees • Contractors
• Business Partners



Customer Identity Cloud

Consumer Apps and
Digital Experiences
• SaaS Apps



Okta Identity Platform

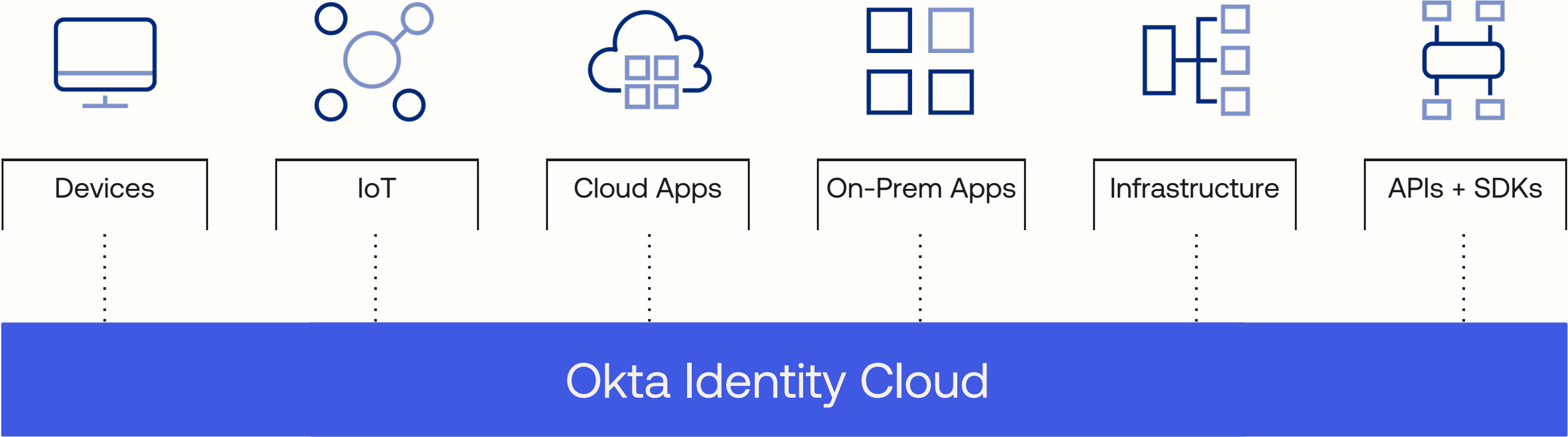


okta

One Unified Identity Solution



One Platform to Secure Every Identity



Delivering Measurable Customer Value



Mitigate risk

Reduced time to detect and respond to malicious attacks



Accelerate growth & innovation

Faster application launch and time-to-revenue

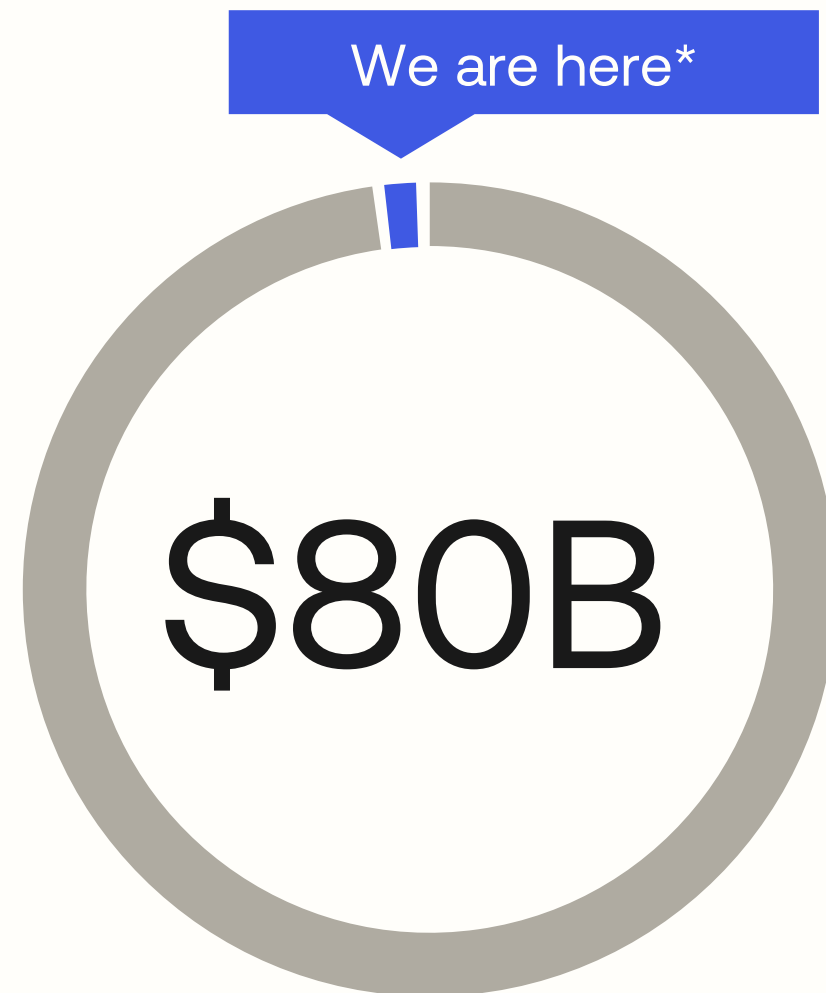


Reduce costs & streamline ops

Reduced operations and maintenance costs compared with on-prem solutions



Okta's Opportunity



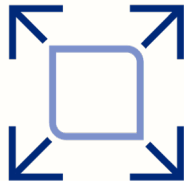
* See Appendix for TAM calculation methodology. Figure not drawn to scale.



Multiple Growth Vectors



Innovation in platform
and network



Landing and expanding
in large enterprise



International expansion

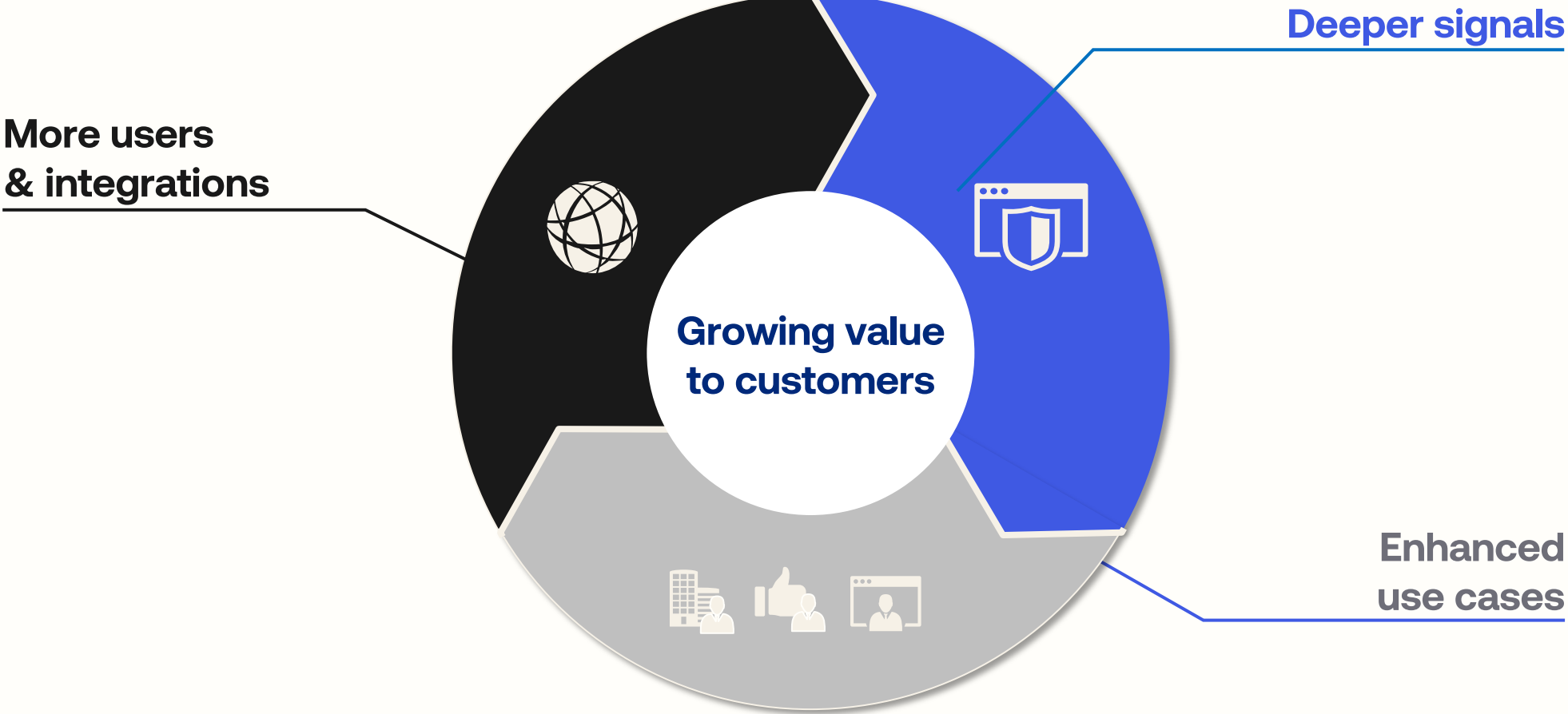


Leveraging partner
ecosystem



Innovation in Platform and Network

More users and integrations result in deeper signals and enhanced use cases



Environmental, Social and Governance



Environmental

Public commitments include 100% Renewable Electricity and [Science Based Targets](#)



Social

Released [2023 Okta for Good Impact Report](#)



ESG Ratings

Included in the FTSE4Good Index Series by FTSE Russell, which measures the performance of companies demonstrating strong ESG practices



FTSE4Good

Learn more at <https://www.okta.com/responsibility>



Q2 FY24

Financial Review & Financial Outlook



Q2 FY24 Financial Highlights

	Q2 FY24	vs. Q2 FY23
Total Revenue	\$556M	+ 23%
Subscription Revenue	\$542M	+ 24%
Remaining Performance Obligations (RPO)	\$3,027M	+ 8%
Current Remaining Performance Obligations (cRPO)	\$1,772M	+ 18%
TTM Dollar Based Net Retention Rate	115%	- 7 pts
Non-GAAP Gross Margin ⁽¹⁾	79.8%	+ 3.0 pts
Non-GAAP Operating Margin ⁽¹⁾	10.6%	+ 13.9 pts
Free Cash Flow Margin ⁽¹⁾	8.7%	+ 14.0 pts
TTM Total Rev. Growth + Free Cash Flow Margin (“Rule of 40”)	41%	- 18 pts
Total Customers	18,400	+ 12%
Customers > \$100K ACV	4,205	+ 19%
	ACV Split ⁽²⁾	Growth Rate
Workforce Identity ACV	61% of total ACV	+ 22%
Customer Identity ACV	39% of total ACV	+ 29%

(1) See appendix for non-GAAP reconciliation.

(2) Disclosures for the three months ended July 31, 2023.

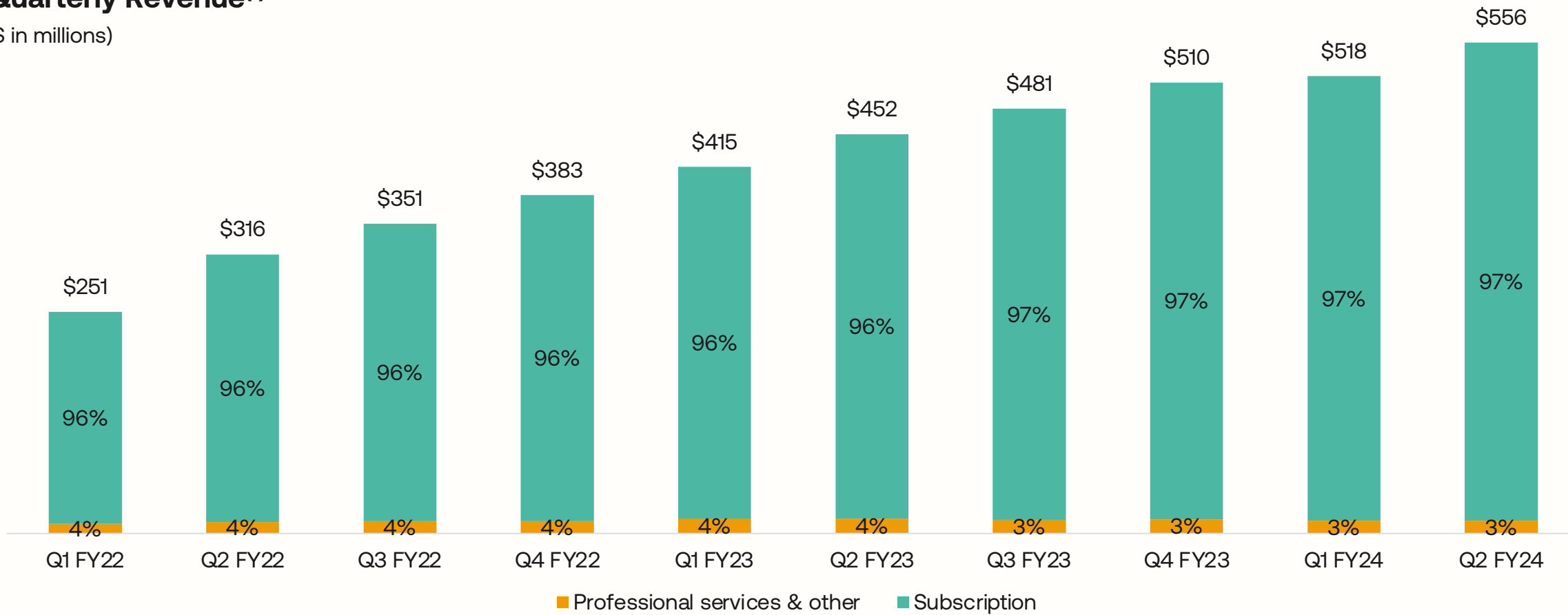
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Total Revenue Up 23% Y/Y; Subscription Revenue Up 24% Y/Y

Quarterly Revenue⁽¹⁾

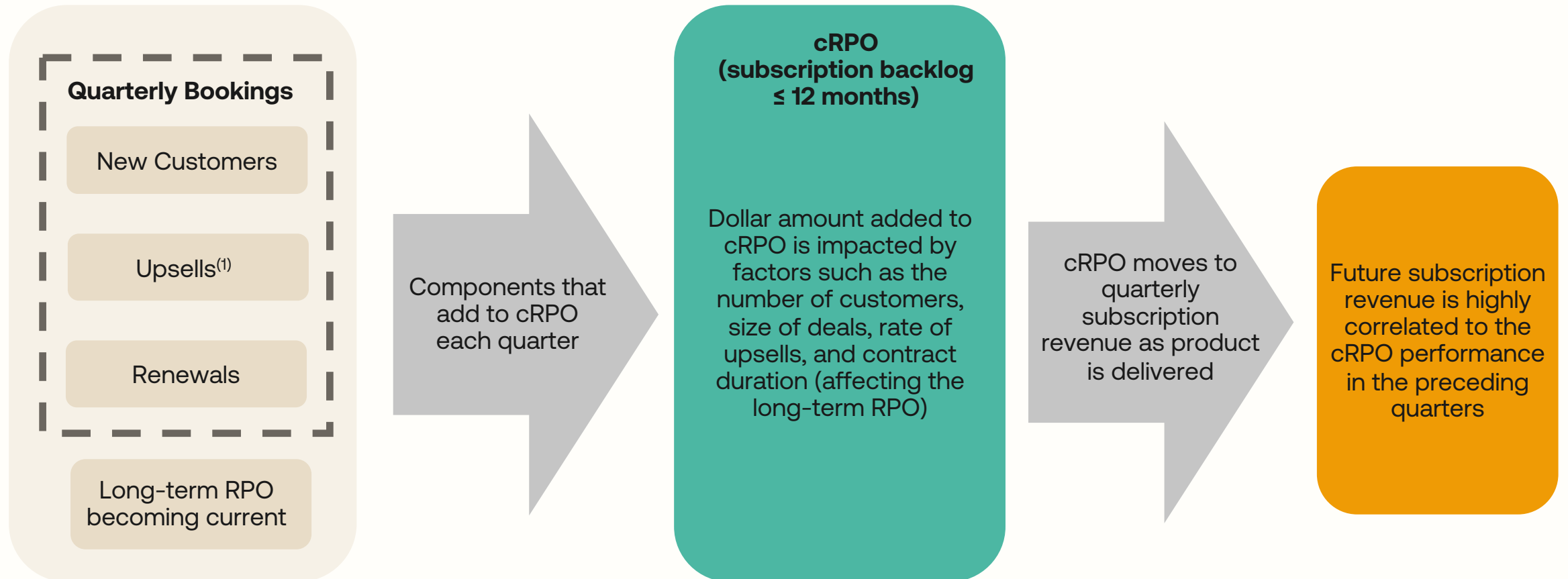
(\$ in millions)



(1) Includes \$38M, \$46M, \$56M, and \$66M from Auth0 in Q2, Q3, and Q4 of FY22, and Q1 of FY23, respectively.



cRPO is a Leading Indicator for Future Subscription Revenue



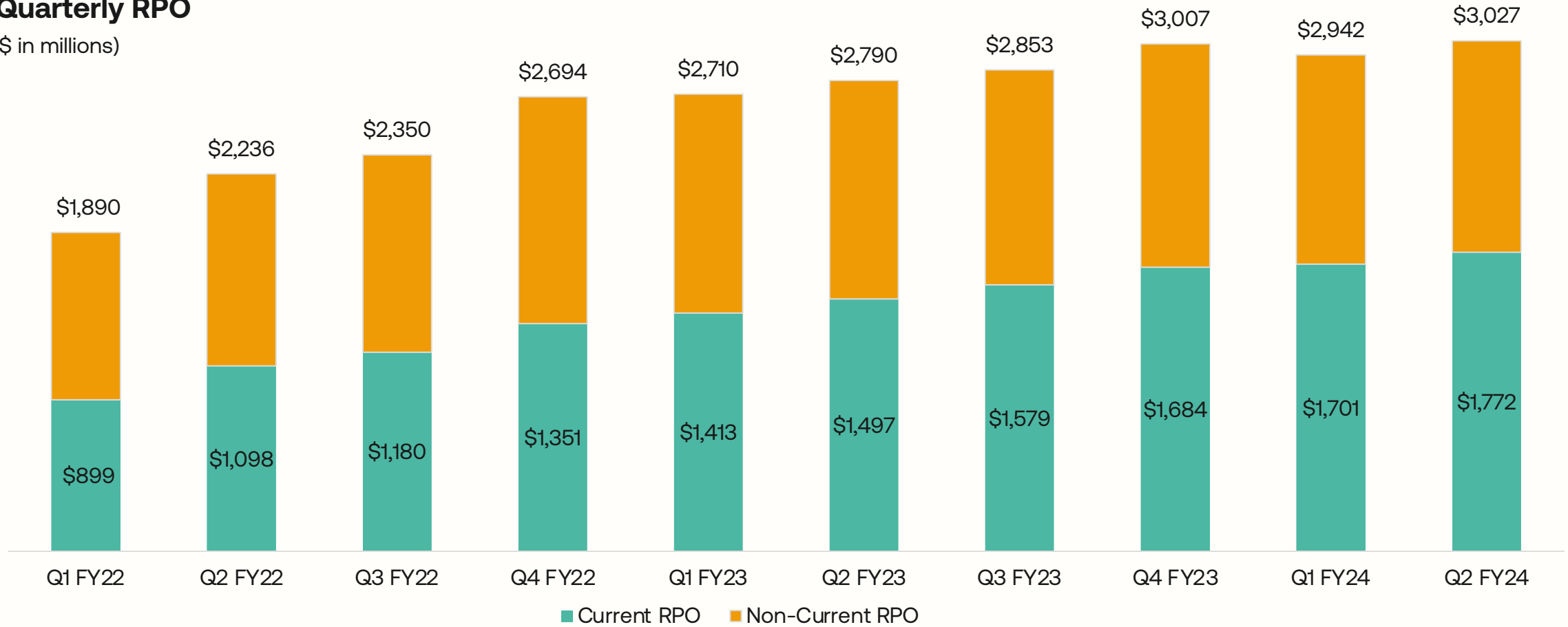
(1) Upsell is inclusive of cross-selling.



RPO Up 8% Y/Y; Current RPO Up 18% Y/Y

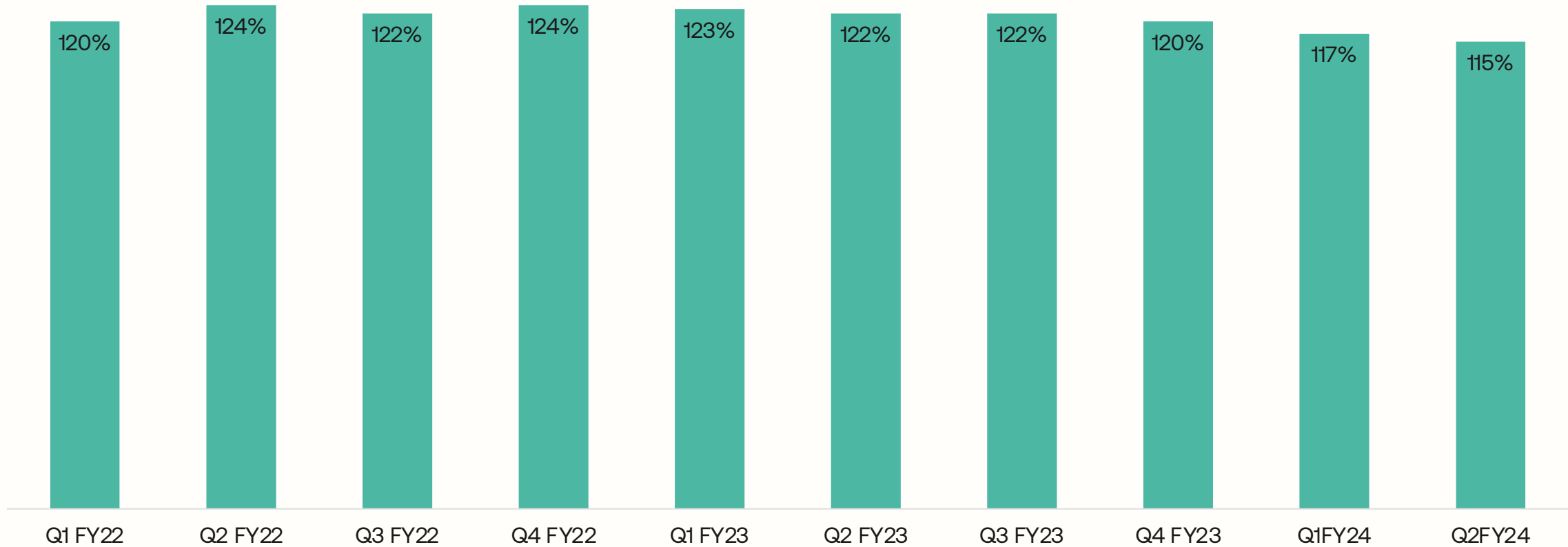
Quarterly RPO

(\$ in millions)



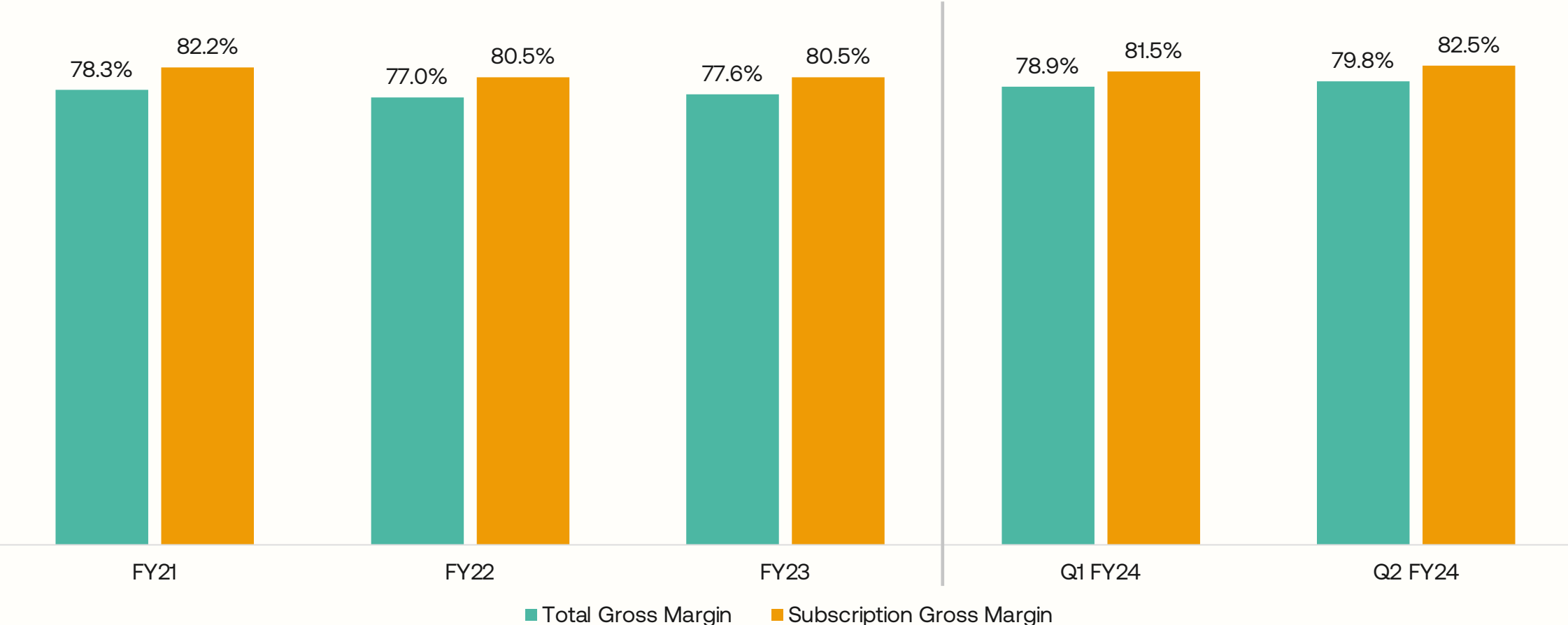
TTM Dollar-based Net Retention Rate of 115%

TTM Dollar-based net retention rate



Strong and Expanding Non-GAAP Gross Margins

Non-GAAP Gross Margins⁽¹⁾

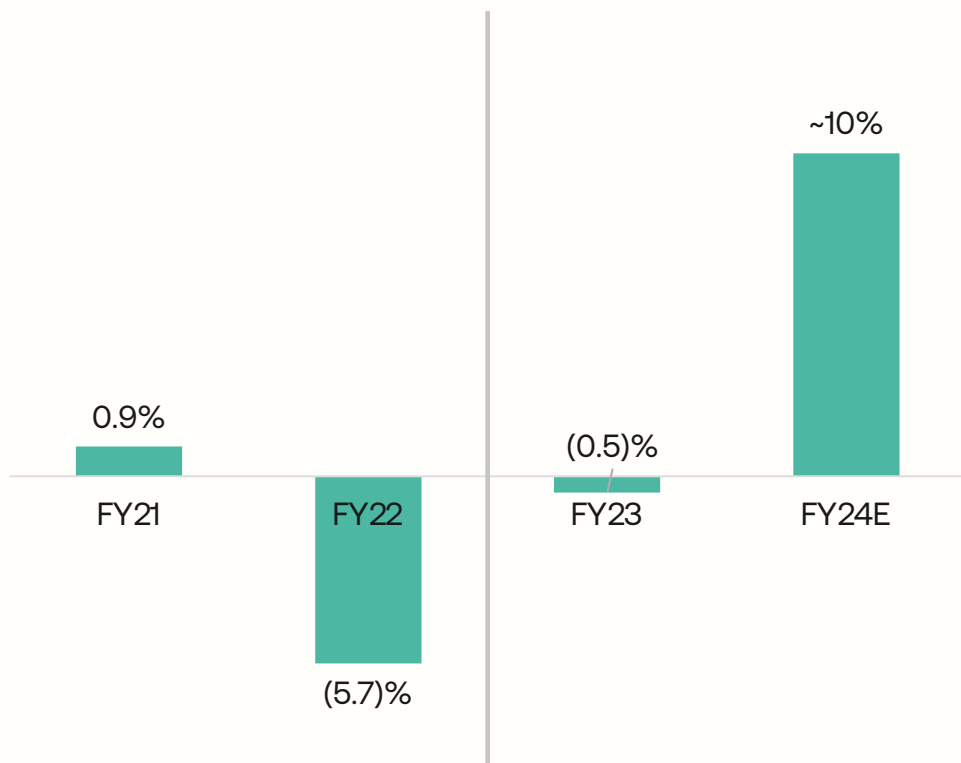


(1) See appendix for non-GAAP reconciliation.

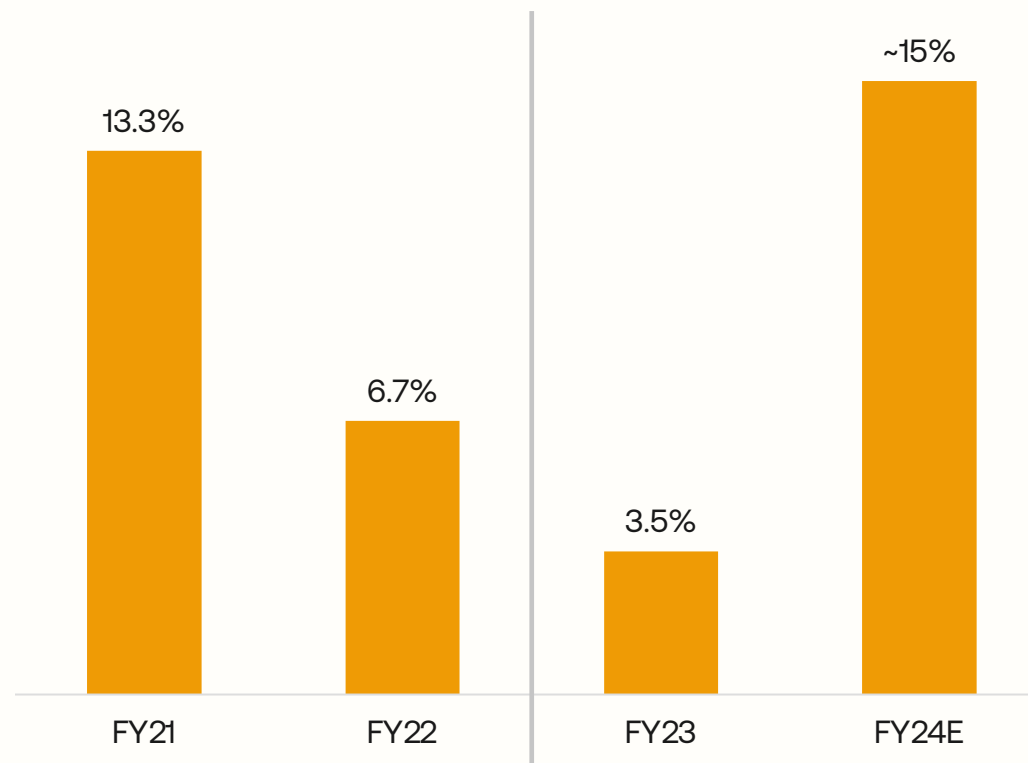


Efficiency and Reduced Cost Structure Yielding Significant Margin Improvement

Non-GAAP Operating Margin⁽¹⁾⁽²⁾⁽³⁾



Free Cash Flow Margin⁽¹⁾⁽²⁾⁽³⁾

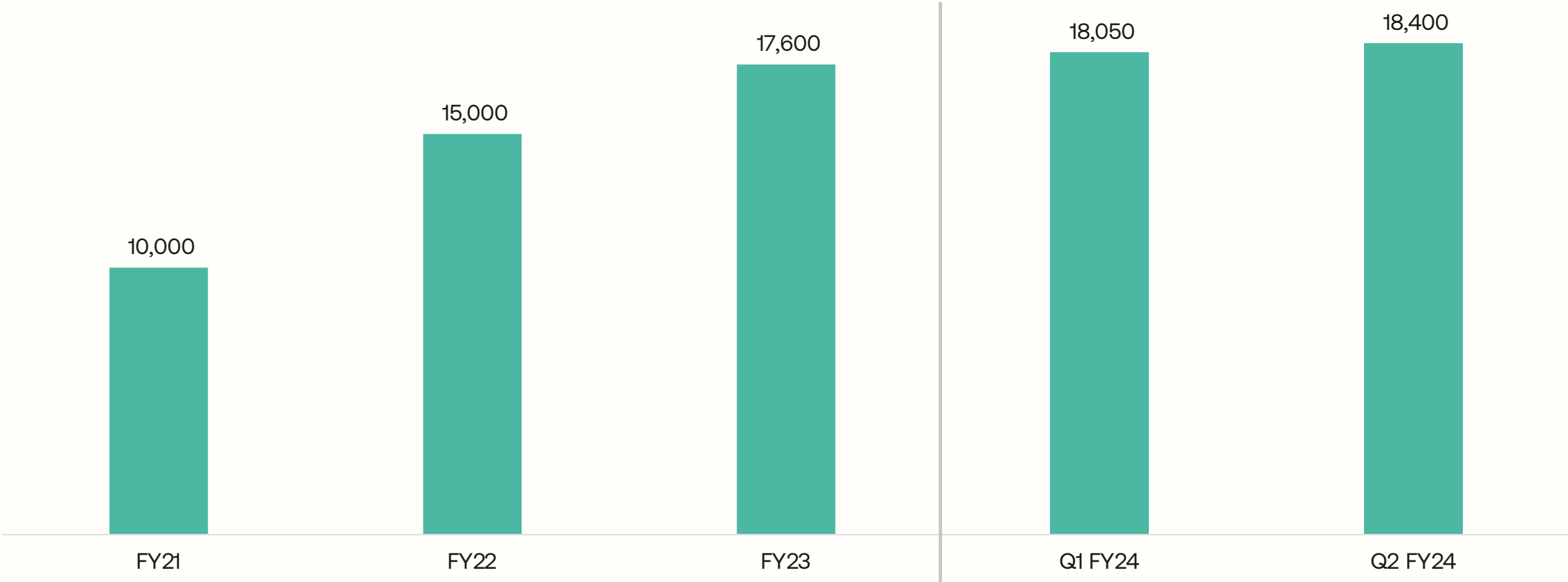


- (1) See appendix for non-GAAP reconciliation.
- (2) FY21 does not include any impact from Auth0 and FY22 includes 3 quarters of impact from Auth0.
- (3) FY24E is an estimate based on outlook as of August 30, 2023.



Over 18,400 Total Customers

Total customers⁽¹⁾

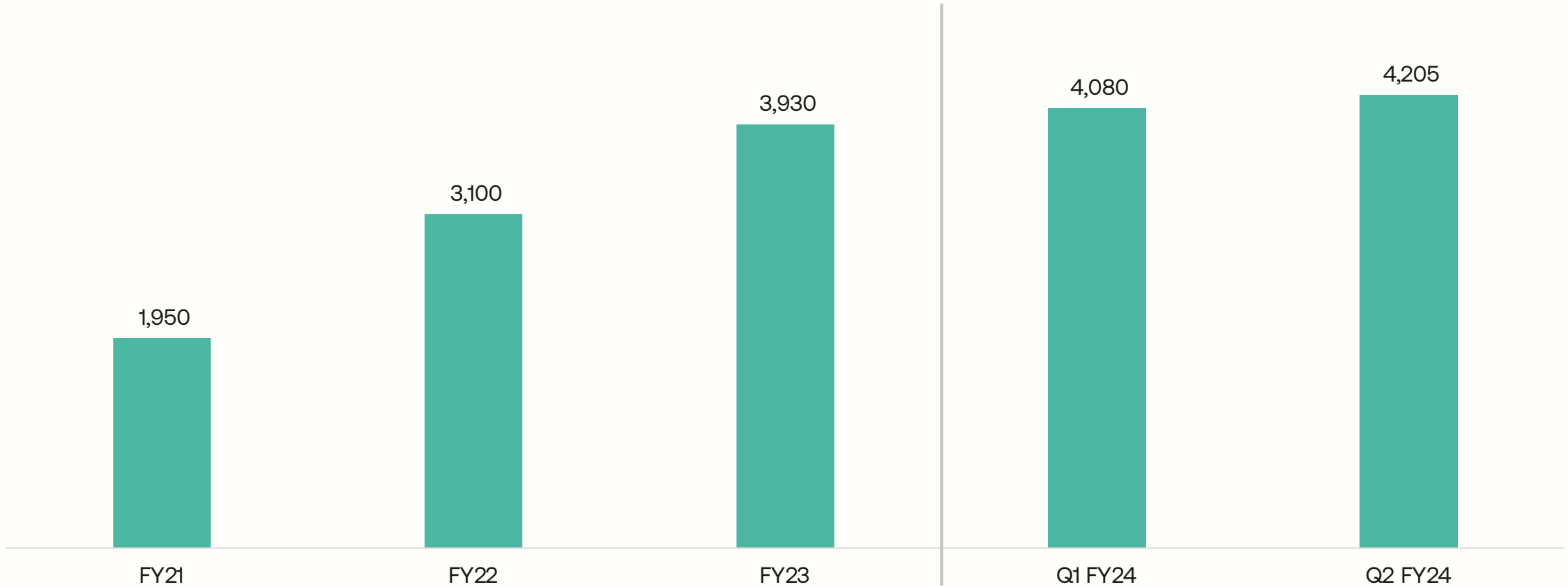


(1) Includes one time addition of 1,650 customers from Auth0 in Q2 FY22.



Customers with >\$100K Annual Contract Value at 4,205

Customers with >\$100K ACV⁽¹⁾



(1) Includes one time addition of 375 >\$100K ACV customers from Auth0 in Q2 FY22.



Financial Outlook⁽¹⁾

	Q3 FY24 (October 31, 2023)
Total Revenue <i>Total Revenue Growth (Y/Y)</i>	\$558M to \$560M 16%
Current Remaining Performance Obligations <i>cRPO Growth (Y/Y)</i>	\$1,780M to \$1,785M 13%
Non-GAAP Operating Income	\$53M to \$55M
Non-GAAP Diluted Net Income Per Share ⁽²⁾	\$0.29 to \$0.30
Diluted Weighted Average Share Count ⁽³⁾	180 million

(1) Outlook is as of August 30, 2023. Okta has not reconciled its forward-looking non-GAAP financial measures to their most directly comparable GAAP measures because certain items are out of Okta's control or cannot be reasonably predicted. Accordingly, reconciliations for forward-looking non-GAAP financial measures are not available without unreasonable effort.

(2) Based on non-GAAP effective tax rate of 26%.

(3) Fully diluted share count is on a non-GAAP basis.



Financial Outlook⁽¹⁾

	Fiscal 2024 (January 31, 2024)
Total Revenue <i>Total Revenue Growth (Y/Y)</i>	\$2,207M to \$2,215M 19%
Non-GAAP Operating Income	\$215M to \$220M
Non-GAAP Diluted Net Income Per Share ⁽²⁾	\$1.17 to \$1.20
Diluted Weighted Average Share Count ⁽³⁾	179 million
Non-GAAP Free Cash Flow Margin	~ 15%

(1) Outlook is as of August 30, 2023. Okta has not reconciled its forward-looking non-GAAP financial measures to their most directly comparable GAAP measures because certain items are out of Okta's control or cannot be reasonably predicted. Accordingly, reconciliations for forward-looking non-GAAP financial measures are not available without unreasonable effort.

(2) Based on non-GAAP effective tax rate of 26%.

(3) Fully diluted share count is on a non-GAAP basis.



Key Takeaways

Strong foundation for growth at scale

Large addressable markets with multiple growth vectors

Positioned for profitable growth⁽¹⁾

(1) Non-GAAP basis.



Appendix



Total Addressable Market Calculation Methodology

Workforce Identity and Identity Governance and Administration (IGA) TAM based on over 50,000 U.S. businesses with more than 250 employees (per 2019 U.S. Bureau of Labor Statistics) multiplied by 12-month ARR assuming adoption of all our current products and announced IGA products which implies a market of \$21 billion domestically, then multiplied by two to account for international opportunity. Privileged Access Management (PAM) TAM based on internal estimates of Modern Infrastructure Access spend as a percent of Total Cloud Spend based on Gartner Forecast Analysis: Public Cloud Services, Worldwide report.

\$30B Customer Identity TAM based on 4.4 billion combined Facebook users and service employees worldwide multiplied by internal application usage and pricing assumptions.



Statement Regarding Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures and other metrics. This appendix contains our reconciliation of those non-GAAP measures and other financial metrics.

This presentation may reference one or more of the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net margin, non-GAAP net income (loss) per share, basic and diluted, non-GAAP tax rate, free cash flow and free cash flow margin.

Certain of these non-GAAP financial measures exclude stock-based compensation, non-cash charitable contributions, amortization of acquired intangibles, acquisition and integration-related expenses, restructuring costs related to severance and termination benefits and lease impairments in connection with the closing of certain leased facilities, amortization of debt discount, amortization of debt issuance costs and (gain) loss on early extinguishment of debt. Acquisition and integration-related expenses include transaction costs and other non-recurring incremental costs incurred through the one-year anniversary of the transaction close.

In addition to these exclusions, starting in fiscal 2024, we subtract an assumed provision for income taxes to calculate non-GAAP net income. We utilize a fixed long-term projected tax rate of 26% in our computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. The non-GAAP tax rate could be subject to change for a variety of reasons, including changes in tax laws and regulations, significant changes in our geographic earnings mix, or other changes to our strategy or business operations. We will periodically reevaluate the projected long-term tax rate, as necessary, for significant events, based on our ongoing analysis of relevant tax law changes, material changes in the forecasted geographic earnings mix, and any significant acquisitions.

Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by (used in) operating activities, less cash used for purchases of property and equipment, net of sales proceeds, and capitalized software. Free cash flow margin is calculated as free cash flow as a percentage of total revenue.

Our dollar-based net retention rate is based upon our annual contract value, or ACV, which is calculated based on the terms of that customer's contract and represents the total contracted annual subscription amount as of that period end. We calculate our dollar-based net retention rate as of a period end by starting with the ACV from all customers as of twelve months prior to such period end, or prior period ACV. We then calculate the ACV from these same customers as of the current period end, or current period ACV. Current period ACV includes any upsells and is net of contraction or churn over the trailing twelve months but excludes ACV from new customers in the current period. We then divide the current period ACV by the prior period ACV to arrive at our dollar-based net retention rate.

We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results.

The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies.

The principal limitation of these non-GAAP financial measures is that they exclude significant expenses that are required by GAAP to be recorded in our financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by our management about which expenses are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided in the appendix for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, and not to rely on any single financial measure to evaluate our business. Please see the tables included in this presentation for the reconciliation of GAAP and non-GAAP results.



GAAP to Non-GAAP Reconciliations – Fiscal Quarters⁽¹⁾

(dollars in millions)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
GAAP subscription gross profit	\$ 188	\$ 219	\$ 246	\$ 267	\$ 920	\$ 287	\$ 318	\$ 349	\$ 376	\$ 1,330	\$ 381	\$ 414	\$ 795
Stock-based compensation	7	13	13	16	49	17	18	17	17	69	16	21	37
Amortization of acquired intangibles	1	10	11	12	34	10	12	11	13	46	12	12	24
Acquisition and integration-related expenses	—	1	1	—	2	1	—	—	—	1	—	—	—
Non-GAAP subscription gross profit	\$ 196	\$ 243	\$ 271	\$ 295	\$ 1,005	\$ 315	\$ 348	\$ 377	\$ 406	\$ 1,446	\$ 409	\$ 447	\$ 856
Non-GAAP subscription gross margin	81.9 %	80.0 %	80.5 %	79.9 %	80.5 %	79.3 %	80.0 %	80.9 %	81.6 %	80.5 %	81.5 %	82.5 %	82.0 %
GAAP professional services gross profit	\$ (3)	\$ (5)	\$ (5)	\$ (3)	\$ (16)	\$ (3)	\$ (4)	\$ (6)	\$ (5)	\$ (18)	\$ (5)	\$ (7)	\$ (12)
Stock-based compensation	3	3	4	2	12	4	3	4	3	14	4	4	8
Acquisition and integration-related expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP professional services gross profit	\$ —	\$ (2)	\$ (1)	\$ (1)	\$ (4)	\$ 1	\$ (1)	\$ (2)	\$ (2)	\$ (4)	\$ (1)	\$ (3)	\$ (4)
Non-GAAP professional services gross margin	(4.0)%	(8.2)%	(8.4)%	(7.7)%	(7.2)%	2.5 %	(6.8)%	(10.5)%	(3.5)%	(4.4)%	(12.5)%	(19.7)%	(16.1)%
GAAP total gross profit	\$ 185	\$ 214	\$ 241	\$ 264	\$ 904	\$ 284	\$ 314	\$ 343	\$ 371	\$ 1,312	\$ 376	\$ 407	\$ 783
Stock-based compensation	10	16	17	18	61	21	21	21	20	83	20	25	45
Amortization of acquired intangibles	1	10	11	12	34	10	12	11	13	46	12	12	24
Acquisition and integration-related expenses	—	1	1	—	2	1	—	—	—	1	—	—	—
Non-GAAP total gross profit	\$ 196	\$ 241	\$ 270	\$ 294	\$ 1,001	\$ 316	\$ 347	\$ 375	\$ 404	\$ 1,442	\$ 408	\$ 444	\$ 852
Non-GAAP total gross margin	78.1 %	76.5 %	76.9 %	76.8 %	77.0 %	76.1 %	76.8 %	78.0 %	78.9 %	77.6 %	78.9 %	79.8 %	79.4 %



GAAP to Non-GAAP Reconciliations - Fiscal Quarters⁽¹⁾

(dollars in millions)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
GAAP research and development expense	\$ 69	\$ 122	\$ 131	\$ 147	\$ 469	\$ 162	\$ 156	\$ 148	\$ 154	\$ 620	\$ 163	\$ 172	\$ 335
Stock-based compensation	20	53	57	63	193	70	70	69	66	275	68	74	142
Acquisition and integration-related expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP research and development expense	\$ 49	\$ 69	\$ 74	\$ 84	\$ 276	\$ 92	\$ 86	\$ 79	\$ 88	\$ 345	\$ 95	\$ 98	\$ 193
Non-GAAP research and development expense as a percentage of revenue	19.4 %	21.8 %	21.0 %	22.1 %	21.2 %	22.3 %	19.0 %	16.5 %	16.9 %	18.5 %	18.4 %	17.6 %	18.0 %
GAAP sales and marketing expense	\$ 147	\$ 198	\$ 204	\$ 222	\$ 771	\$ 252	\$ 265	\$ 290	\$ 259	\$ 1,066	\$ 256	\$ 261	\$ 517
Stock-based compensation	22	41	39	34	136	39	39	41	40	159	38	41	79
Amortization of acquired intangibles	—	10	10	10	30	10	10	10	9	39	11	6	17
Acquisition and integration-related expenses	—	1	1	1	3	1	—	—	—	1	—	—	—
Non-GAAP sales and marketing expense	\$ 125	\$ 146	\$ 154	\$ 177	\$ 602	\$ 202	\$ 216	\$ 239	\$ 210	\$ 867	\$ 207	\$ 214	\$ 421
Non-GAAP sales and marketing expense as a percentage of revenue	50.0 %	46.4 %	43.8 %	46.1 %	46.3 %	48.7 %	47.8 %	49.6 %	41.3 %	46.7 %	40.1 %	38.5 %	39.3 %
GAAP general and administrative expense	\$ 60	\$ 158	\$ 105	\$ 109	\$ 432	\$ 110	\$ 101	\$ 98	\$ 100	\$ 409	\$ 110	\$ 119	\$ 229
Stock-based compensation	13	78	43	42	176	41	40	41	38	160	40	45	85
Non-cash charitable contributions	2	2	2	2	8	1	1	—	2	4	1	1	2
Acquisition and integration-related expenses	7	28	8	8	51	5	—	—	—	5	—	—	—
Non-GAAP general and administrative expense	\$ 38	\$ 50	\$ 52	\$ 57	\$ 197	\$ 63	\$ 60	\$ 57	\$ 60	\$ 240	\$ 69	\$ 73	\$ 142
Non-GAAP general and administrative expense as a percentage of revenue	15.0 %	16.1 %	14.8 %	14.8 %	15.2 %	15.0 %	13.4 %	11.9 %	11.8 %	12.9 %	13.3 %	13.1 %	13.2 %
GAAP restructuring and other charges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14	\$ 15	\$ 29	\$ 7	\$ 17	\$ 24
Restructuring costs	—	—	—	—	—	—	—	14	15	29	7	17	24
Non-GAAP restructuring and other charges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Non-GAAP restructuring and other charges as a percentage of revenue	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %



GAAP to Non-GAAP Reconciliations – Fiscal Quarters⁽¹⁾

(dollars in millions)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
GAAP total operating expenses	\$ 276	\$ 478	\$ 440	\$ 478	\$ 1,672	\$ 524	\$ 522	\$ 550	\$ 528	\$ 2,124	\$ 536	\$ 569	\$ 1,105
Stock-based compensation	55	172	139	139	505	150	149	151	144	594	146	160	306
Non-cash charitable contributions	2	2	2	2	8	1	1	—	2	4	1	1	2
Amortization of acquired intangibles	—	10	10	10	30	10	10	10	9	39	11	6	17
Acquisition and integration-related expenses	7	29	9	9	54	6	—	—	—	6	—	—	—
Restructuring costs	—	—	—	—	—	—	—	14	15	29	7	17	24
Non-GAAP total operating expenses	\$ 212	\$ 265	\$ 280	\$ 318	\$ 1,075	\$ 357	\$ 362	\$ 375	\$ 358	\$ 1,452	\$ 371	\$ 385	\$ 756
Non-GAAP total operating expenses as a percentage of revenue	84.4 %	84.3 %	79.7 %	83.0 %	82.7 %	86.0 %	80.1 %	78.0 %	70.0 %	78.1 %	71.8 %	69.2 %	70.5 %
GAAP operating loss	\$ (91)	\$ (264)	\$ (199)	\$ (214)	\$ (768)	\$ (240)	\$ (208)	\$ (207)	\$ (157)	\$ (812)	\$ (160)	\$ (162)	\$ (322)
Stock-based compensation	65	188	156	157	566	171	170	172	164	677	166	185	351
Non-cash charitable contributions	2	2	2	2	8	1	1	—	2	4	1	1	2
Amortization of acquired intangibles	1	20	21	22	64	20	22	21	22	85	23	18	41
Acquisition and integration-related expenses	7	30	10	9	56	7	—	—	—	7	—	—	—
Restructuring costs	—	—	—	—	—	—	—	14	15	29	7	17	24
Non-GAAP operating income (loss)	\$ (16)	\$ (24)	\$ (10)	\$ (24)	\$ (74)	\$ (41)	\$ (15)	\$ —	\$ 46	\$ (10)	\$ 37	\$ 59	\$ 96
Non-GAAP operating margin	(6.3)%	(7.8)%	(2.7)%	(6.2)%	(5.7)%	(9.9)%	(3.3)%	0.1 %	9.0 %	(0.5)%	7.1 %	10.6 %	8.9 %
Interest and other, net	\$ (19)	\$ (20)	\$ (22)	\$ (21)	\$ (82)	\$ (1)	\$ 2	\$ 2	\$ 8	\$ 11	\$ 45	\$ 58	\$ 103
Amortization of debt discount and debt issuance costs	22	21	21	22	86	1	1	2	2	6	1	1	2
Gain on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	(31)	(42)	(73)
Non-GAAP interest and other, net	\$ 3	\$ 1	\$ (1)	\$ 1	\$ 4	\$ —	\$ 3	\$ 4	\$ 10	\$ 17	\$ 15	\$ 17	\$ 32



GAAP to Non-GAAP Reconciliations – Fiscal Quarters⁽¹⁾

(dollars in millions, shares in thousands, except per share data)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
GAAP net loss	\$ (109)	\$ (277)	\$ (221)	\$ (241)	\$ (848)	\$ (243)	\$ (210)	\$ (209)	\$ (153)	\$ (815)	\$ (119)	\$ (111)	\$ (230)
Stock-based compensation	65	188	156	157	566	171	170	172	164	677	166	185	351
Amortization of debt discount and debt issuance costs	22	21	21	22	86	1	1	2	2	6	1	1	2
Non-cash charitable contributions	2	2	2	2	8	1	1	—	2	4	1	1	2
Amortization of acquired intangibles	1	20	21	22	64	20	22	21	22	85	23	18	41
Acquisition and integration-related expenses	7	30	10	9	56	7	—	—	—	7	—	—	—
Gain on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	(31)	(42)	(73)
Restructuring costs	—	—	—	—	—	—	—	14	15	29	7	17	24
Tax adjustment	—	—	—	—	—	—	—	—	—	—	(10)	(13)	(23)
Non-GAAP net income (loss)	\$ (12)	\$ (16)	\$ (11)	\$ (29)	\$ (68)	\$ (43)	\$ (16)	\$ —	\$ 52	\$ (7)	\$ 38	\$ 56	\$ 94
GAAP net loss per share, basic	\$ (0.83)	\$ (1.83)	\$ (1.44)	\$ (1.56)	\$ (5.73)	\$ (1.56)	\$ (1.34)	\$ (1.32)	\$ (0.95)	\$ (5.16)	\$ (0.74)	\$ (0.68)	\$ (1.42)
Stock-based compensation	0.49	1.24	1.01	1.02	3.82	1.09	1.09	1.08	1.03	4.28	1.03	1.14	2.16
Amortization of debt discount and debt issuance costs	0.16	0.14	0.14	0.14	0.58	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.02
Non-cash charitable contributions	0.02	0.01	0.01	0.01	0.05	0.01	—	—	0.01	0.02	0.01	0.01	0.02
Amortization of acquired intangibles	0.01	0.13	0.14	0.14	0.44	0.14	0.14	0.14	0.13	0.55	0.13	0.10	0.24
Acquisition and integration-related expenses	0.05	0.20	0.07	0.07	0.38	0.04	—	—	—	0.04	—	—	—
Gain on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	(0.19)	(0.26)	(0.45)
Restructuring costs	—	—	—	—	—	—	—	0.09	0.10	0.19	0.05	0.10	0.15
Tax adjustment	—	—	—	—	—	—	—	—	—	—	(0.06)	(0.08)	(0.14)
Non-GAAP net income (loss) per share, basic	\$ (0.10)	\$ (0.11)	\$ (0.07)	\$ (0.18)	\$ (0.46)	\$ (0.27)	\$ (0.10)	\$ —	\$ 0.33	\$ (0.04)	\$ 0.24	\$ 0.34	\$ 0.58
Weighted-average shares outstanding used to compute non-GAAP net income (loss) per share, basic	131,777	151,357	153,756	154,720	148,036	155,875	157,400	158,708	160,038	158,023	161,323	162,755	162,051



GAAP to Non-GAAP Reconciliations – Fiscal Quarters⁽¹⁾

(dollars in millions, shares in thousands, except per share data)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
GAAP net loss per share, diluted	\$ (0.83)	\$ (1.83)	\$ (1.44)	\$ (1.56)	\$ (5.73)	\$ (1.56)	\$ (1.34)	\$ (1.32)	\$ (0.95)	\$ (5.16)	\$ (0.74)	\$ (0.68)	\$ (1.42)
Adjustments for difference in weighted-average shares outstanding	—	—	—	—	—	—	—	—	0.07	—	0.06	0.06	0.12
Stock-based compensation	0.49	1.24	1.01	1.02	3.82	1.09	1.09	1.08	0.95	4.28	0.94	1.03	1.98
Amortization of debt discount and debt issuance costs	0.16	0.14	0.14	0.14	0.58	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01
Non-cash charitable contributions	0.02	0.01	0.01	0.01	0.05	0.01	—	—	0.01	0.02	0.01	0.01	0.02
Amortization of acquired intangibles	0.01	0.13	0.14	0.14	0.44	0.14	0.14	0.14	0.12	0.55	0.12	0.10	0.23
Acquisition and integration-related expenses	0.05	0.20	0.07	0.07	0.38	0.04	—	—	—	0.04	—	—	—
Gain on early extinguishment of debt	—	—	—	—	—	—	—	—	—	—	(0.17)	(0.24)	(0.41)
Restructuring costs	—	—	—	—	—	—	—	0.09	0.09	0.19	0.04	0.09	0.13
Tax adjustment	—	—	—	—	—	—	—	—	—	—	(0.05)	(0.07)	(0.13)
Non-GAAP net income (loss) per share, diluted	\$ (0.10)	\$ (0.11)	\$ (0.07)	\$ (0.18)	\$ (0.46)	\$ (0.27)	\$ (0.10)	\$ —	\$ 0.30	\$ (0.04)	\$ 0.22	\$ 0.31	\$ 0.53
Weighted-average shares outstanding used to compute non-GAAP net income (loss) per share, diluted	131,777	151,357	153,756	154,720	148,036	155,875	157,400	158,708	174,026	158,023	176,195	178,742	177,481



Calculations of Key and Other Selected Metrics – Fiscal Quarters⁽¹⁾

(dollars in millions, except headcount data)

	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY23	Q1 FY24	Q2 FY24	FY24 YTD
Free Cash Flow and Margin													
Net cash provided by (used in) operating activities	\$ 56	\$ (3)	\$ 37	\$ 14	\$ 104	\$ 19	\$ (19)	\$ 10	\$ 76	\$ 86	\$ 129	\$ 53	\$ 182
Less:													
Purchases of property and equipment	(3)	(1)	(2)	(7)	(13)	(5)	(2)	(2)	(3)	(12)	—	(2)	(2)
Capitalized software	—	—	(2)	(2)	(4)	(3)	(3)	(2)	(1)	(9)	(5)	(2)	(7)
Free cash flow	\$ 53	\$ (4)	\$ 33	\$ 5	\$ 87	\$ 11	\$ (24)	\$ 6	\$ 72	\$ 65	\$ 124	\$ 49	\$ 173
Operating cash flow margin	22.3 %	(0.8)%	10.6 %	3.5 %	8.0 %	4.5 %	(4.2)%	2.1 %	14.8 %	4.6 %	24.8 %	9.5 %	16.9 %
Free cash flow margin	21.0 %	(1.2)%	9.5 %	1.3 %	6.7 %	2.7 %	(5.3)%	1.2 %	14.1 %	3.5 %	24.0 %	8.7 %	16.1 %
Headcount													
Total headcount	3,056	4,176	4,584	5,030	5,030	5,342	5,776	6,037	6,013	6,013	5,683	5,806	5,806
<i>y-y growth</i>	28 %	68 %	76 %	79 %	79 %	75 %	38 %	32 %	20 %	20 %	6 %	1 %	1 %
Revenue by Location													
United States	\$ 210	\$ 250	\$ 276	\$ 300	\$ 1,036	\$ 325	\$ 353	\$ 377	\$ 401	\$ 1,456	\$ 407	\$ 439	\$ 846
International	41	65	75	83	264	90	99	104	109	402	111	117	228
Total	\$ 251	\$ 315	\$ 351	\$ 383	\$ 1,300	\$ 415	\$ 452	\$ 481	\$ 510	\$ 1,858	\$ 518	\$ 556	\$ 1,074

⁽¹⁾ Amounts reported in millions are rounded based on the amounts in thousands. As a result, the sum of the components reported in millions may not equal the total amount reported in millions due to rounding. In addition, percentages presented may not add to their respective totals or recalculate due to rounding.



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