UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported)
December 5, 2018

Okta, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-38044	26-4175727
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

301 Brannan Street
San Francisco, California 94107
(Address of principal executive offices and zip code)

(888) 722-7871
(Registrant’s telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 2.02 – Results of Operations and Financial Condition

On December 5, 2018, Okta, Inc. (the "Company") issued a press release announcing its financial results for the fiscal quarter ended October 31, 2018. A copy of the press release is attached as Exhibit 99.1.

Item 7.01 – Regulation FD Disclosure

On December 5, 2018, the Company held an earnings conference call to discuss the Company's financial results for the fiscal quarter ended October 31, 2018 and certain other matters. A copy of the transcript of the conference call is attached as Exhibit 99.2.

The information furnished under Item 2.02 and this Item 7.01, and in the accompanying Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Forward-Looking Statements

This Current Report on Form 8-K 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 and market positioning. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in the Company's filings and reports with the Securities and Exchange Commission (SEC), including our Form 10-Q for the fiscal quarter ended July 31, 2018, as well as other filings and reports that may be filed by the Company from time to time with the SEC. Past performance is not necessarily indicative of future results. The forward-looking statements included in this Current Report on Form 8-K represent the Company's views as of the date of this Current Report on Form 8-K. The Company anticipates that subsequent events and developments will cause its views to change. The Company undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this Current Report on Form 8-K.

Item 9.01 – Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press release dated December 5, 2018, issued by Okta, Inc.
99.2	Transcript of the Okta, Inc. earnings conference call held on December 5, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized on this 6th day of December 2018.

Okta, Inc.

By:	/s/ William E. Losch
Name:	William E. Losch
Title:	Chief Financial Officer

Okta Announces Record Third Quarter Fiscal 2019 Financial Results

- *Q3 revenue totaled $105.6 million, growing 58% year-over-year; subscription revenue grew 58% year-over-year*
- *Q3 operating cash flow margin improved over 20 points year-over-year*
- *Positive free cash flow for the quarter*

SAN FRANCISCO – December 5, 2018 – Okta, Inc. (NASDAQ: OKTA), the leading independent provider of identity for the enterprise, today announced financial results for its third fiscal quarter ended October 31, 2018.

"We had a record third quarter with 58% year-over-year growth for both revenue and billings, which was driven by increased momentum in the enterprise. We saw 55% growth in customers with over $100,000 annual recurring revenue, representing a record 100 net new adds in a quarter," said Todd McKinnon, CEO of Okta. "We are also pleased to report that we were free cash flow positive for the first time in the third quarter. Our continued strength is a testament to the growing pervasiveness of identity and we believe we are well positioned to further benefit from these tailwinds as organizations continue their move to the cloud, while digitally transforming and securing their businesses."

Third Quarter Fiscal 2019 Financial Highlights:

- **Revenue**: Total revenue was $105.6 million, an increase of 58% year-over-year. Subscription revenue was $97.7 million, an increase of 58% year-over-year.
- **Operating Loss**: GAAP operating loss was $28.5 million, or 27.0% of total revenue, compared to $34.5 million, or 51.6% of total revenue, in the third quarter of fiscal 2018. Non-GAAP operating loss was $6.5 million, or 6.1% of total revenue, compared to $19.4 million, or 28.9% of total revenue, in the third quarter of fiscal 2018.
- **Net Loss**: GAAP net loss was $29.5 million, compared to $33.1 million in the third quarter of fiscal 2018. GAAP net loss per share was $0.27, compared to $0.35 in the third quarter of fiscal 2018. Non-GAAP net loss was $3.9 million, compared to $17.9 million in the third quarter of fiscal 2018. Non-GAAP net loss per share was $0.04, compared to $0.19 in the third quarter of fiscal 2018.
- **Cash Flow**: Net cash provided by operations was $6.4 million, or 6.1% of total revenue, compared to cash used in operations of $9.5 million, or negative 14.2% of total revenue, in the third quarter of fiscal 2018. Free cash flow was positive $1.4 million, or 1.3% of total revenue, compared to negative $11.2 million, or negative 16.8% of total revenue, in the third quarter of fiscal 2018.
- **Cash, cash equivalents and short-term investments** were $546.0 million as of October 31, 2018.

The section titled “Non-GAAP Financial Measures” below contains a description of the non-GAAP financial measures and reconciliations between historical GAAP and non-GAAP information are contained in the tables below.

Financial Outlook:

For the fourth quarter of fiscal 2019, the Company currently expects:

- Total revenue of $107 to $108 million, representing a growth rate of 39% to 40% year-over-year
- Non-GAAP operating loss of $12.5 to $11.5 million
- Non-GAAP net loss per share of $0.09 to $0.08, assuming shares outstanding of approximately 110 million

For the full fiscal 2019, the Company now expects:

- Total revenue of $391 to $392 million, representing a growth rate of 52% to 53% year-over-year
- Non-GAAP operating loss of $49 to $48 million
- Non-GAAP net loss per share of $0.37 to $0.36, assuming shares outstanding of approximately 107 million

These statements are forward-looking and actual results may differ materially. Refer to the Forward-Looking Statements safe harbor below for information on the factors that could cause our actual results to differ materially from these forward-looking statements.

Okta has not reconciled its expectations as to non-GAAP operating loss and non-GAAP net loss per share to their most directly comparable GAAP measure because certain items are out of Okta’s control or cannot be reasonably predicted. Accordingly, a reconciliation for forward-looking non-GAAP operating loss and non-GAAP net loss per share is not available without unreasonable effort.

Conference Call Information:

Okta will host a conference call and live webcast for analysts and investors at 2:00 p.m. Pacific Time on December 5, 2018. The news release with the financial results will be accessible from the Company’s website at investor.okta.com prior to the conference call. Interested parties can access the call by dialing (888) 256-1007 or (323) 994-2093 and using the passcode 1069664.

A live webcast of the conference call will be accessible from the Okta investor relations website at investor.okta.com. A telephonic replay of the conference call will be available through December 19, 2018 and may be accessed by dialing (888) 203-1112 or (719) 457-0820, conference ID: 1069664.

Supplemental Financial and Other Information:

Supplemental financial and other information can be accessed through the Company’s investor relations website at investor.okta.com.

Non-GAAP Financial Measures:

This press release and the accompanying tables contain the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating loss, non-GAAP operating margin, non-GAAP net loss, non-GAAP net loss per share, free cash flow, current calculated billings and calculated billings. The accompanying tables present and define calculated billings consistent with ASC 606. Certain of these non-GAAP financial measures exclude stock-based compensation, amortization of debt discount, charitable contributions, and amortization of intangible assets.

Okta believes 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 and income that are required by GAAP to be recorded in the Company’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by the Company’s management about which expenses and income are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

Okta encourages investors to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company’s business.

Please see the reconciliation tables at the end of this release for the reconciliation of GAAP and non-GAAP results.

Forward-Looking Statements:

This press release 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 and market positioning. These forward-looking statements are made as of the date they were first issued and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. 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 or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Okta's control. Okta's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to, risks detailed in the Company's filings and reports with the Securities and Exchange Commission (SEC), including our Form 10-Q for the fiscal quarter ended July 31, 2018, as well as other filings and reports that may be filed by the Company from time to time with the SEC. In particular, the following factors, among others, could cause results to differ materially from those expressed or implied by such forward-looking statements: the market for our products may develop more slowly than expected or than it has in the past; quarterly and annual operating results may fluctuate more than expected; variations related to our revenue recognition may cause significant fluctuations in our results of operations and cash flows; assertions by third parties that we violate their intellectual property rights could substantially harm our business; any unreleased products, features or functionality referenced in this or other presentations, press releases or public statements are not currently available and may not be delivered on time or at all; a network or data security incident that allows unauthorized access to our network or data or our customers' data could harm our reputation, create additional liability and adversely impact our financial results; the risk of interruptions or performance problems, including a service outage, associated with our technology; intense competition in our market; weakened global economic conditions may adversely affect our industry; the risk of losing key employees; changes in foreign exchange rates; general political or destabilizing events, including war, conflict or acts of terrorism; our ability to successfully identify and integrate acquisitions, strategic investments, partnerships or alliances; our ability to pay off our convertible senior notes when due; and other risks and uncertainties. Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent Okta's views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its views to change. Okta undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Okta's views as of any date subsequent to the date of this press release.

About Okta

Okta is the leading independent provider of identity for the enterprise. The Okta Identity Cloud enables organizations to both secure and manage their extended enterprise, and transform their customers' experiences. With over 5,500 pre-built integrations to applications and infrastructure providers, Okta customers can easily and securely adopt the technologies they need to fulfill their missions. Over 5,600 organizations, including 20th Century Fox, JetBlue, Nordstrom, Slack, Teach for America and Twilio, trust Okta to securely connect their people and technology.

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OKTA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2018	2017 As Adjusted (1)	2018	2017 As Adjusted (1)
Revenue:				
Subscription	$ 97,698	$ 61,863	$262,393	$ 165,459
Professional services and other	7,878	5,048	21,390	14,036
Total revenue	105,576	66,911	283,783	179,495
Cost of revenue:				
Subscription (2)	20,265	13,553	55,808	37,401
Professional services and other (2)	9,435	7,570	26,227	20,867
Total cost of revenue	29,700	21,123	82,035	58,268
Gross profit	75,876	45,788	201,748	121,227
Operating expenses:				
Research and development (2)	27,596	19,190	72,354	51,472
Sales and marketing (2)	56,911	47,567	165,408	120,761
General and administrative (2)	19,848	13,546	55,873	37,133
Total operating expenses	104,355	80,303	293,635	209,366
Operating loss	(28,479)	(34,515)	(91,887)	(88,139)
Other income (expense), net	(1,705)	509	(4,682)	872
Loss before provision for (benefit from) income taxes	(30,184)	(34,006)	(96,569)	(87,267)
Provision for (benefit from) income taxes	(667)	(940)	(1,883)	(463)
Net loss	$ (29,517)	$ (33,066)	$ (94,686)	$ (86,804)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.27)	$ (0.35)	$ (0.89)	$ (1.13)
Weighted-average shares used to compute net loss per share attributable to common stockholders, basic and diluted	108,776	95,474	106,587	76,950

(1) The condensed consolidated statement of operations for the prior periods presented above have been adjusted to reflect the adoption of ASC 606.

(2) Amounts include share-based compensation expense as follows (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2018	2017	2018	2017
Cost of subscription revenue	$ 2,383	$ 1,421	$ 5,813	$ 3,163
Cost of professional services and other revenue	1,305	979	3,277	2,186
Research and development	6,291	5,174	15,776	12,913
Sales and marketing	6,228	3,894	15,852	9,290
General and administrative	5,335	2,940	13,181	7,740
Total share-based compensation expense	$21,542	$14,408	$53,899	$35,292

OKTA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(unaudited)

	October 31, 2018	January 31, 2018 As Adjusted (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 195,898	$ 127,949
Short-term investments	350,105	101,765
Accounts receivable, net of allowances of $1,425 and $1,472	70,136	52,248
Deferred commissions	21,695	17,755
Prepaid expenses and other current assets	20,280	17,781
Total current assets	658,114	317,498
Property and equipment, net	44,251	12,540
Deferred commissions, noncurrent	47,756	40,755
Intangible assets, net	14,989	11,761
Goodwill	18,074	6,282
Other assets	13,525	10,427
Total assets	$ 796,709	$ 399,263
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 12,085	$ 9,566
Accrued expenses and other current liabilities	6,305	6,187
Accrued compensation	20,250	12,374
Deferred revenue	206,146	159,816
Total current liabilities	244,786	187,943
Convertible senior notes, net	267,665	—
Deferred revenue, noncurrent	4,977	4,963
Other liabilities, noncurrent	34,778	7,017
Total liabilities	552,206	199,923
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Class A common stock	10	7
Class B common stock	1	3
Additional paid-in capital	706,810	565,653
Accumulated other comprehensive income (loss)	(918)	391
Accumulated deficit	(461,400)	(366,714)
Total stockholders' equity	244,503	199,340
Total liabilities and stockholders' equity	$ 796,709	$ 399,263

(1) The condensed consolidated balance sheet for the prior period has been adjusted to reflect the adoption of ASC 606.

OKTA, INC.

SUMMARY OF CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months Ended October 31, 2018	2017 As Adjusted (1)
Cash flows from operating activities:		
Net loss	$ (94,686)	$ (86,804)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation	53,899	35,292
Depreciation, amortization and accretion	5,824	5,111
Amortization of debt discount and issuance costs	10,315	—
Amortization of deferred commissions	14,963	10,911
Deferred income taxes	(2,269)	(960)
Non-cash charitable contributions	1,008	708
Other	153	997
Changes in operating assets and liabilities, net of business combination:		
Accounts receivable	(17,539)	(12,742)
Deferred commissions	(25,907)	(16,230)
Prepaid expenses and other assets	(4,238)	(2,353)
Accounts payable	1,354	6,255
Accrued compensation	7,973	5,931
Accrued expenses and other liabilities	8,182	(1,545)
Deferred revenue	46,036	30,034
Net cash provided by (used in) operating activities	5,068	(25,395)
Cash flows from investing activities:		
Capitalization of internal-use software costs	(2,329)	(4,072)
Purchases of property and equipment	(14,253)	(5,570)
Purchases of securities available for sale	(478,138)	(95,344)
Proceeds from maturities of securities available for sale	219,650	21,985
Proceeds from sales of securities available for sale	12,470	1,538
Payments for business acquisition, net of cash acquired	(15,616)	—
Net cash used in investing activities	(278,216)	(81,463)
Cash flows from financing activities:		
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	199,948
Proceeds from issuance of convertible senior notes, net of issuance costs	334,980	—
Purchase of convertible senior notes hedge	(80,040)	—
Proceeds from issuance of warrants related to convertible notes	52,440	—
Payments of deferred offering costs	—	(4,038)
Proceeds from stock option exercises, net of repurchases	28,524	25,800
Proceeds from shares issued in connection with employee stock purchase plan	6,654	—
Other	(206)	(343)
Net cash provided by financing activities	342,352	221,367
Effects of changes in foreign currency exchange rates on cash and cash equivalents	(990)	53
Net increase in cash, cash equivalents and restricted cash	68,214	114,562
Cash, cash equivalents and restricted cash at beginning of period	136,233	23,282
Cash, cash equivalents and restricted cash at end of period	$ 204,447	$ 137,844

(1) The condensed consolidated statement of cash flows for the prior period has been adjusted to reflect the adoption of ASC 606.

OKTA, INC.

Reconciliation of GAAP to Non-GAAP Data

(In thousands, except percentages and per share data)

(unaudited)

	Three Months Ended October 31, 2018				
	GAAP	Stock-based compensation	Amortization of acquired intangibles	Amortization of debt discount	Non-GAAP
Cost of revenue:					
Cost of subscription services	$ 20,265	$ (2,383)	$ (449)	$ —	$ 17,433
Cost of professional services	9,435	(1,305)	—	—	8,130
Gross profit	75,876	3,688	449	—	80,013
Gross margin	71.9%	3.4%	0.5%	— %	75.8%
Operating expenses:					
Research and development	27,596	(6,291)	—	—	21,305
Sales and marketing	56,911	(6,228)	—	—	50,683
General and administrative	19,848	(5,335)	—	—	14,513
Operating loss	(28,479)	21,542	449	—	(6,488)
Operating margin	(27.0)%	20.5%	0.4%	— %	(6.1)%
Other income (expense), net	(1,705)	—	—	3,604	1,899
Net loss	$(29,517)	$ 21,542	$ 449	$ 3,604	$ (3,922)
Net loss per share (1)	$ (0.27)	$ 0.20	$ —	$ 0.03	$ (0.04)

(1) GAAP and Non-GAAP net loss per common share calculated based upon 108,776 basic and diluted weighted-average shares of common stock.

	Three Months Ended October 31, 2017			
	GAAP (2)	Stock-based compensation	Charitable contributions	Non-GAAP (2)
Cost of revenue:				
Cost of subscription services	$ 13,553	$ (1,421)	$ —	$ 12,132
Cost of professional services	7,570	(979)	—	6,591
Gross profit	45,788	2,400	—	48,188
Gross margin	68.4%	3.6%	—	72.0%
Operating expenses:				
Research and development	19,190	(5,174)	—	14,016
Sales and marketing	47,567	(3,894)	—	43,673
General and administrative	13,546	(2,940)	(754)	9,852
Operating loss	(34,515)	14,408	754	(19,353)
Operating margin	(51.6)%	21.6%	1.1%	(28.9)%
Other income (expense), net	509	—	—	509
Net loss	$(33,066)	$ 14,408	$ 754	$ (17,904)
Net loss per share (1)	$ (0.35)	$ 0.15	$ 0.01	$ (0.19)

(1) GAAP and Non-GAAP net loss per common share calculated based upon 95,474 basic and diluted weighted-average shares of common stock.
(2) Financial information for prior period presented above has been adjusted to reflect the adoption of ASC 606.

OKTA, INC.

Reconciliation of GAAP to Non-GAAP Data

(In thousands, except percentages and per share data)

(unaudited)

	Nine Months Ended October 31, 2018					
	GAAP	Stock-based compensation	Charitable contributions	Amortization of acquired intangibles	Amortization of debt discount	Non-GAAP
Cost of revenue:						
Cost of subscription services	$ 55,808	$ (5,813)	$ —	$ (449)	$ —	$ 49,546
Cost of professional services	26,227	(3,277)	—	—	—	22,950
Gross profit	201,748	9,090	—	449	—	211,287
Gross margin	71.1%	3.2%	— %	0.2%	— %	74.5%
Operating expenses:						
Research and development	72,354	(15,776)	—	—	—	56,578
Sales and marketing	165,408	(15,852)	—	—	—	149,556
General and administrative	55,873	(13,181)	(1,008)	—	—	41,684
Operating loss	(91,887)	53,899	1,008	449	—	(36,531)
Operating margin	(32.4)%	18.9%	0.4%	0.2%	— %	(12.9)%
Other income (expense), net	(4,682)	—	—	—	9,539	4,857
Net loss	(94,686)	53,899	1,008	449	9,539	(29,791)
Net loss per share (1)	$ (0.89)	$ 0.51	$ 0.01	$ —	$ 0.09	$ (0.28)

(1) GAAP and Non-GAAP net loss per common share calculated based upon 106,587 basic and diluted weighted-average shares of common stock.

	Nine Months Ended October 31, 2017				
	GAAP (2)	Stock-based compensation	Charitable contributions	Amortization of acquired intangibles	Non-GAAP (2)
Cost of revenue:					
Cost of subscription services	$ 37,401	$ (3,163)	$ —	$ (4)	$ 34,234
Cost of professional services	20,867	(2,186)	—	—	18,681
Gross profit	121,227	5,349	—	4	126,580
Gross margin	67.5%	3.0%	— %	— %	70.5%
Operating expenses:					
Research and development	51,472	(12,913)	—	—	38,559
Sales and marketing	120,761	(9,290)	—	—	111,471
General and administrative	37,133	(7,740)	(754)	—	28,639
Operating loss	(88,139)	35,292	754	4	(52,089)
Operating margin	(49.1)%	19.7%	0.4%	— %	(29.0)%
Other income (expense), net	872	—	—	—	872
Net loss	$ (86,804)	$ 35,292	$ 754	$ 4	$ (50,754)
Net loss per share (1)	$ (1.13)	$ 0.46	$ 0.01	$ —	$ (0.66)

(1) GAAP and Non-GAAP net loss per common share calculated based upon 76,950 basic and diluted weighted-average shares of common stock.
(2) Financial information for prior period presented above has been adjusted to reflect the adoption of ASC 606.

OKTA, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures

(In thousands)

(unaudited)

Free Cash Flow

	Three Months Ended October 31, 2018	Three Months Ended October 31, 2017	Nine Months Ended October 31, 2018	Nine Months Ended October 31, 2017
Net cash provided by (used in) operating activities	$ 6,439	$ (9,471)	$ 5,068	$ (25,395)
Less:				
Purchases of property and equipment	(4,463)	(414)	(14,253)	(5,570)
Capitalization of internal-use software costs	(604)	(1,329)	(2,329)	(4,072)
Free Cash Flow	$ 1,372	$(11,214)	$ (11,514)	$ (35,037)
Net cash used in investing activities	(10,545)	(1,161)	(278,216)	(81,463)
Net cash provided by financing activities	7,469	21,814	342,352	221,367
Free Cash Flow Margin	1.3%	(16.8)%	(4.1)%	(19.5)%

Calculated Billings

	Three Months Ended October 31, 2018	Three Months Ended October 31, 2017 (1)	Nine Months Ended October 31, 2018	Nine Months Ended October 31, 2017 (1)
Total revenue	$ 105,576	$ 66,911	$ 283,783	$ 179,495
Add:				
Unbilled receivables, current (beginning of period)	818	498	809	1,537
Deferred revenue, current (end of period)	206,146	135,010	206,146	135,010
Less:				
Unbilled receivables, current (end of period)	(1,581)	(902)	(1,581)	(902)
Deferred revenue, current (beginning of period)	(186,427)	(122,173)	(159,816)	(102,966)
Current calculated billings	124,532	79,344	329,341	212,174
Add:				
Deferred revenue, noncurrent (end of period)	4,977	2,145	4,977	2,145
Less:				
Deferred revenue, noncurrent (beginning of period)	(5,471)	(2,929)	(4,963)	(4,154)
Calculated billings	$ 124,038	$ 78,560	$ 329,355	$ 210,165

(1) Current calculated billings and calculated billings for the three and nine months ended October 31, 2017 presented above have been modified to conform with the adoption of ASC 606, which now includes unbilled receivables.

Exhibit 99.2

Transcript of the Okta, Inc. Earnings Conference Call Held on December 5, 2018

Catherine Buan, VP of Investor Relations

Good afternoon, and thank you for joining us on today's conference call to discuss Okta's fiscal third quarter 2019 financial results. My name is Catherine Buan, VP of Investor Relations at Okta. With me on today's call are Todd McKinnon, Okta's co-founder and chief executive officer, Bill Losch, the company's chief financial officer, and Frederic Kerrest, the company's co-founder and chief operating officer.

Statements made on this call include forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding our financial outlook, our market positioning and benefits that may be derived from our recent acquisition. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Forward-looking statements represent our management's beliefs and assumptions only as of the date such statements are made.

In addition, during today's call we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their closest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. A reconciliation between GAAP and non-GAAP financial measures is available on our earnings release.

Further information on these and other factors that could affect the company's financial results is included in filings we make with the Securities and Exchange Commission (the SEC) from time to time, including the section titled "Risk Factors" in the Quarterly Report on Form 10-Q previously filed with the SEC.

You can also find more detailed information in our supplemental financial materials which includes trended financial statements and key metrics posted on our investor relations website.

Now, I'd like to turn the call over to Todd McKinnon. Todd?

Todd McKinnon, CEO

Thanks, Catherine, and thanks, everyone for joining us today.

Before we begin the call, I'd like to take a moment to recognize this day of memorial for the late President George H.W. Bush. We honor his presidency and lifetime of public service to our country, and our thoughts are with his family today.

Our third fiscal quarter was another outstanding quarter for Okta, with total revenue and calculated billings both up 58% year-over-year. We continued to invest across our business while improving our bottom line. Operating margin improved over 22 points, and free cash flow margin improved more than 18 points year-over-year, making us free cash flow positive for the first time.

We also had a record quarter in terms of customer growth. We added over 450 new customers in Q3, bringing our total to over 5,600 customers. Even more exciting is the momentum with our largest customers. We saw 55% growth in customers with over $100,000 in annual recurring revenue, which represents a record 100 net new adds in a quarter.

This momentum is an indicator that Identity is an increasingly strategic imperative for organizations in every industry, and validates Okta's approach to helping organizations manage all their identities through our independent cloud platform.

As a reminder, we address two markets: workforce identity – the identities of employees, contractors and partners - and customer identity- the identities of our customers' customers. We closed a number of significant deals in the quarter. I'll highlight a few of them.

First, Hertz Global Holdings, a car rental company that operates in 150 countries, is an exciting new deal for us. The company chose Okta to securely connect all of its employees to the hundreds of applications they use to run their business. Hertz will use our workforce identity products, namely Okta's Single Sign On, Universal Directory and Multi-Factor Authentication, to provide a better and more secure user experience for its associates around the world and reduce IT helpdesk and administration cost.

Next, an international financial services company with over 750,000 members was a new customer identity and workforce identity win for us in the quarter. The company recognized that its outsourced identity solution lacked a full view of its customers and did not support its digital initiatives. They worked with Deloitte to find a single identity platform that could manage and secure both its members and employees. They selected Okta's customer identity products to provide personalized experiences for its members, and our workforce identity products, including Single Sign On, Universal Directory, Lifecycle Management and Adaptive Multi-Factor Authentication, to streamline employee access to workforce applications.

A noteworthy upsell in the quarter was the US Department of State, who had initially purchased Okta for authentication for its more than 100,000 external industry partners, but will now expand to its entire workforce. The State Department evaluated multiple identity solutions to strengthen its security posture and support its transition to the cloud. We believe the State Department selected Okta as its enterprise-wide workforce identity solution because of our credibility across the government sector to secure identities and digital assets across a wide variety of users and technologies. Okta's Single Sign On, Universal Directory, Lifecycle Management and Adaptive Multi-Factor Authentication products will provide 170,000 State Department employees, contractors, and agency partners with secure, seamless access to web and cloud-based applications, such as Office 365, ServiceNow, Box and AWS.

We are very excited about the customer momentum in the quarter. Not only are we seeing more deals, we're also seeing broader adoption of our technology. And we'll continue to innovate and expand on our platform.

There are a couple overarching take-aways I want to highlight from the third quarter:

- First, we are seeing traction with the investments we've made in our partner strategy. In particular, our partner ecosystem is growing significantly as the awareness around identity is increasing and the space is becoming better defined. Meanwhile, large players such as Deloitte and VMWare have recognized Okta as a vendor of choice for identity solutions, which further enhances our positioning in these partner opportunities. We're pleased with our momentum in partner deals in the quarter, including the US Department of State, and believe we are in the early innings of seeing upside from these relationships.

- And second, we’ve continued to build out our Zero Trust security framework. Last quarter, I talked about our acquisition of ScaleFT as an important step in furthering our positioning in Zero Trust security. We believe that identity is the foundation for enabling Zero Trust security, and we’re encouraged to see that validated both by our customers and the industry. Last month, Forrester Research published its first-ever Wave evaluation of the Zero Trust security framework in which Okta was recognized as a Strong Performer and earned the highest possible score in the criteria “people/workforce security,” “vision and strategy” and “market approach.”

We’re very pleased with our consistently strong results and the momentum we’re seeing. And we think it’s being driven by several factors.

We believe significant technology transitions are pushing the market in our direction. First, every organization we talk to is on a journey to the cloud. Second, they’re thinking about how to become technology companies and better engage with customers online or through custom and mobile applications. And third, security has become a priority at the highest level. As these transitions unfold, organizations are recognizing the critical role that identity must play in their environments. And while cloud, digital transformation, and security are top priorities, most organizations are still relatively early in their journeys to realize their full potential. We believe Okta’s opportunity will grow alongside all three of these transitions as they continue to mature over time.

The market is validating our belief that identity is the foundation for securely connecting people and technology. And we believe that Okta is leading in identity and winning for a few important reasons.

First, we have a fundamentally different approach to the space than our competitors. The Okta Identity Cloud is a completely independent and neutral cloud platform for identity. Because our business isn’t tethered to the success of specific applications, customers appreciate that Okta will let them choose and continuously adopt the best technologies for their business. Our customers think of Okta as an independent platform that helps them future-proof their technology investments.

Second, is the Okta Integration Network. Because of the central role Okta plays for our customers, we strive to integrate to every technology those customers want to use. With more than 5,500 pre-built integrations to cloud and on-premise applications and advanced integrations to network security providers like Palo Alto Networks, security analytics providers like Splunk, and IT operations providers like ServiceNow, we believe the Okta Integration Network is our single biggest differentiator in the market. The breadth and depth of our integrations are critical - especially in this industry - because the kinds of capabilities that we offer are only as useful as the technologies they integrate with. Many of the reasons our customers love Okta are the result of our long term and continued investments and innovation in the Okta Integration Network. Reasons such as the speed of implementation, the ability to roll out applications in days or weeks versus months or years, the ability to address a very complex set of problems with a simple and intuitive solution, and the ability to keep pace with technology. And what we've seen as a result is a powerful network effect that is generating a ton of value for Okta, our customers, and our ecosystem of partners. As we integrate to more technologies, we become more valuable to our customers. As we attract more customers, technology providers become more incentivized to integrate to Okta.

The third reason we're winning is that we're uniquely able to serve as the identity standard for our customers because we offer a single identity platform for every type of user in an organization's ecosystem - from their employees and contractors to their partners and their customers. Increasingly, we're seeing customers adopt Okta as this single standard, and retire legacy infrastructure along the way, including both long time customers like Experian, Allergan, or Adobe, and newer customers like Major League Baseball, who recently presented at our Investor Day. They are able to manage and secure all of their identities in a consistent way, from a single platform.

The last thing I'll call out that sets us apart is our customer-first focus. We think of customer success in a much broader way than most technology companies - even most cloud technology companies. For most, customer success is about making sure customers are successful on your platform; that they're able to successfully implement it and use it. This is of course true for us as well. However, since Okta is an enabling platform for people and technology, it has to be more.

Our customers buy Okta to make the rest of their technology even better. For example, many use Okta to automate provisioning from their HR systems to downstream applications. Even more use Okta to roll out applications like Office 365 to highly distributed environments. Their metrics for success aren't just about being successful with Okta, they're about being able to automate provisioning through Workday to improve employee onboarding and offboarding, or being able to roll out Office 365 to large global organizations in a matter of weeks. These are the kinds of success stories we care about most. And since we've done these kinds of implementations countless times, our customers are able to lean on our experience and expertise to ensure they're successful with Okta and the technologies we connect to.

In summary, the market is being driven our way as momentum in cloud, digital transformation, and security are all converging on identity. And we're winning because of our independent and neutral approach, the breadth and depth of the Okta Integration Network, our ability to offer one platform for every use case, and our customer-first focus.

Thanks again for your time today, and I'll now turn it over to Bill to walk through the financial results.

Bill Losch, CFO

Thanks Todd, and thanks again to everyone for joining us.

I'll first go through our results for the third quarter of fiscal year 2019 before discussing our outlook. We had another strong quarter with revenue totaling $105.6 million, growing 58% year-over-year.

Subscription Revenue totaled $97.7 million in the third quarter, an increase of 58% year-over-year, representing 93% of our total revenue, up slightly from 92% in Q3 last year. Professional Services Revenue was $7.9 million, an increase of 56% over the same period last year.

Revenue from outside of the US grew 58% year-over-year and represented approximately 16% of our third quarter revenue, consistent with Q3 last year. We continue to view our international business as a long term growth driver and we are investing strategically to foster this incremental growth opportunity.

Moving on to billings. The current portion of calculated billings growth for the quarter was 57% year-over-year. Total calculated billings for the third quarter totaled $124.0 million, an increase of 58% over Q3 last year. We are very pleased with our calculated billings growth and the underlying demand that continues to drive our business. Contributing to our high billings growth rate was better than expected bookings linearity in the quarter and the beneficial timing of certain invoices.

Our growth has benefited from momentum of new customer additions as well as upsells within our customer base, across all of our segments. The total number of customers at the end of the quarter was over 5,600, up 42% year-over-year, a slight acceleration from Q2. We saw broad additions across our enterprise customer base and added a record number of net new customers with annual recurring revenue greater than $100,000, up 100 from the previous quarter to 937, representing 55% year-over-year growth.

Our dollar-based retention rate for the trailing twelve months ended October 31st remained strong at 120%, demonstrating the ongoing success we are having expanding within our existing customer base.

Before turning to expense items and profitability, I would like to point out that I will be discussing non-GAAP results going forward. Our GAAP financial results along with a reconciliation between GAAP and non-GAAP results can be found in our earnings release as well as the supplemental materials posted on our investor relations website.

Subscription gross margin continues to be strong at 82.2%, up 180 basis points versus the third quarter last year. Our Professional Services gross margin was negative 3.2% compared to negative 30.6% in the third quarter last year, primarily due to strong utilization and improving operational leverage.

Total gross margin was 75.8% in the third quarter, up 380 basis points year-over-year. Gross Profit was $80.0 million, up 66% year-over-year. Our gross margin represented a new record high as we continue to scale our platform.

Turning now to operating expenses.

Sales and marketing expense for Q3 was $50.7 million, compared to $43.7 million in Q3 last year. This represents 48% of total revenue, an improvement from 65% in the third quarter last year. This year-over-year improvement was aided by the expense impact due to the timing of Oktane, our annual customer event, which was held in Q3 of last year, but in Q2 this year.

R&D expense in Q3 was $21.3 million compared to $14.0 million in Q3 last year. This represents a growth rate of 52%, as we continue to invest significantly in the Okta Identity platform and our Okta Integration Network. At the same time, R&D as a percentage of revenue remained fairly consistent at 20%, compared to 21% in Q3 last year.

G&A expense was $14.5 million for the third quarter compared to $9.9 million in the third quarter last year. G&A was 14% of revenue, an improvement from 15% for Q3 last year.

Our total headcount was 1,473 as of October 31, growing 29% over Q3 of last year. We are adding headcount across the board to support the growth of our business and expect headcount growth to continue to accelerate in the fourth quarter as we further invest in our go to market initiatives and innovation across our platform capabilities.

We remain focused on durable growth and, as a result, we've seen continued improvement in our operating margin while maintaining strong top line growth. Operating loss in the quarter was $6.5 million, which is a margin of negative 6.1%, compared to negative 28.9% in the same period last year, a significant improvement of over 22 points.

Net loss per share in Q3 was $0.04, with 109 million basic shares outstanding. This compares to a net loss per share in Q3 last year of $0.19, with 95 million basic shares outstanding at the time.

Operating cash flow was positive $6.4 million in Q3. Operating cash flow margin was 6.1% compared to negative 14.2% in Q3 last year, an improvement of over 20 points. Our top line out-performance and continued margin improvement resulted in positive free cash flow in the quarter for the first time. Free cash flow came in at positive $1.4 million in the quarter. Free cash flow margin was 1.3%, an improvement of over 18 points compared to negative 16.8% for Q3 last year. We are particularly pleased with this given the impact we saw with capex in the quarter due to our on-going headquarter office expansion. While we are encouraged by our strong cash flow performance in the quarter, we continue to expect to see variability in free cash flow margin due to this expansion along with ongoing fluctuations in working capital.

Turning to the balance sheet, we ended the third quarter with $546 million in cash, cash equivalents and short-term investments. This includes the net proceeds of $307 million from the convertible senior notes we issued in Q1.

Moving on to guidance. For the fourth quarter fiscal 2019 we expect:

- Total revenue of $107 to $108 million, representing a growth rate of 39% to 40% year-over-year
- Non-GAAP operating loss of $12.5 to $11.5 million
- Non-GAAP net loss per share of $0.09 to $0.08, assuming shares outstanding of approximately 110 million

For the full year fiscal 2019 we now expect:

- Total revenue of $391 to $392 million, representing a growth rate of 52% to 53% year-over-year
- Non-GAAP operating loss of $49 to $48 million
- Non-GAAP net loss per share of $0.37 to $0.36, assuming shares outstanding of approximately 107 million

Although we are still early in financial planning for fiscal 2020, I would like to provide a preliminary view as you look at your models for next year. We currently estimate revenue for fiscal year 2020 to be between $510 million and $520 million, representing a growth rate of 30% to 33%.

In summary, I'm pleased with our consistent execution and the results we reported this quarter. We remain committed to durable growth, as outlined at our Investor Day in October. We see this growth coming from customer momentum, partner channel traction, international expansion, and innovation in our platform and network. In particular this quarter, we're excited about the continued traction we've seen across our partner ecosystem. We remain confident in our positioning and long term strategy.

As Todd mentioned, we've seen benefit from the market tailwinds that are elevating the need for identity. These tailwinds, in addition to the success we've seen with our leading platform, integration network, and customer first approach, continue to put us in a winning position. We are excited about the opportunities ahead and look forward to closing out the year on a strong note.