

Okta, Inc.
Supplemental Financial Information, Non-GAAP Financial Measures, and Other Metrics

Statement Regarding Use of Non-GAAP Financial Measures

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

We report non-GAAP financial measures in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Our non-GAAP presentation of gross profit, gross margin, operating expenses, operating loss, net loss and net loss per share measures exclude stock-based compensation expense and amortization of acquired intangibles.

We present calculated billings, as revenue plus the change in deferred revenue during the period. Trailing 12-months calculated billings represent the sum of the last four quarters of calculated billings.

Free cash flow, which is a non-GAAP financial measure, is calculated as net cash used in operating activities, reduced by purchases of property and equipment and capitalized internal-use software costs. Free cash flow margin is calculated as free cash flow as a percentage of total revenues.

Our dollar-based retention rate is based upon our Annual Contract Value (ACV). ACV for a customer 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 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 attrition over the trailing twelve months but excludes revenue from new customers in the current period. We then divide the total Current Period ACV by the total Prior Period ACV to arrive at our dollar-based retention rate.

We believe that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides useful supplemental information, 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 measures included in the accompanying tables are not meant to be considered in isolation or as a substitute for comparable GAAP measures; should be read in conjunction with the company's financial statements prepared in accordance with GAAP; have no standardized meaning prescribed by GAAP; and are not prepared under any comprehensive set of accounting rules or principles. In addition, from time to time in the future there may be other items that the company may exclude for purposes of its non-GAAP financial measures. Because of the non-standardized definitions of non-GAAP financial measures, the non-GAAP financial measures as used by the company in the accompanying tables have limits in their usefulness to investors and may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Please see the tables included in this presentation for the reconciliation of GAAP and non-GAAP results.

Okta, Inc.
Condensed Consolidated Statements of Operations - Fiscal Quarters
(in thousands, except per share data)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Revenue						
Subscription	\$ 27,563	\$ 33,439	\$ 38,123	\$ 44,011	\$ 48,357	\$ 56,080
Professional services and other	4,224	3,997	4,160	4,809	4,650	4,915
Total revenue	31,787	37,436	42,283	48,820	53,007	60,995
Cost of revenue						
Subscription	7,460	8,466	8,597	9,688	11,157	12,691
Professional services and other	4,919	5,314	5,506	5,999	6,306	6,991
Total cost of revenue	12,379	13,780	14,103	15,687	17,463	19,682
Gross profit	19,408	23,656	28,180	33,133	35,544	41,313
Operating expenses						
Research and development	8,766	9,655	9,706	10,532	15,359	16,923
Sales and marketing	26,401	28,421	32,442	31,478	37,180	39,597
General and administrative	6,945	6,142	7,922	9,090	11,639	11,948
Total operating expenses	42,112	44,218	50,070	51,100	64,178	68,468
Operating loss	(22,704)	(20,562)	(21,890)	(17,967)	(28,634)	(27,155)
Other income, net	32	56	50	(99)	(19)	382
Loss before income taxes	(22,672)	(20,506)	(21,840)	(18,066)	(28,653)	(26,773)
Provision for income taxes	81	95	91	158	248	229
Net loss	\$ (22,753)	\$ (20,601)	\$ (21,931)	\$ (18,224)	\$ (28,901)	\$ (27,002)
Net loss per common share, basic and diluted	\$ (1.22)	\$ (1.10)	\$ (1.14)	\$ (0.93)	\$ (0.73)	\$ (0.29)
Weighted-average shares used to compute net loss per common share	18,574	18,802	19,174	19,596	39,783	93,576

Okta, Inc.
Non-GAAP Condensed Consolidated Statements of Operations - Fiscal Quarters
(in thousands, except per share data)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Revenue						
Subscription	\$ 27,563	\$ 33,439	\$ 38,123	\$ 44,011	\$ 48,357	\$ 56,080
Professional services and other	4,224	3,997	4,160	4,809	4,650	4,915
Total revenue	31,787	37,436	42,283	48,820	53,007	60,995
Cost of revenue						
Subscription	7,020	7,973	7,972	9,079	10,467	11,635
Professional services and other	4,646	5,001	5,202	5,606	5,837	6,253
Total cost of revenue	11,666	12,974	13,174	14,685	16,304	17,888
Gross profit	20,121	24,462	29,109	34,135	36,703	43,107
Operating expenses						
Research and development	8,148	8,919	8,898	9,702	12,058	12,485
Sales and marketing	25,047	27,009	30,823	29,834	34,805	36,576
General and administrative	6,214	5,385	6,395	7,261	9,564	9,223
Total operating expenses	39,409	41,313	46,116	46,797	56,427	58,284
Operating loss	(19,288)	(16,851)	(17,007)	(12,662)	(19,724)	(15,177)
Other income, net	32	56	50	(99)	(19)	382
Loss before income taxes	(19,256)	(16,795)	(16,957)	(12,761)	(19,743)	(14,795)
Provision for income taxes	81	95	91	158	248	229
Net loss	\$ (19,337)	\$ (16,890)	\$ (17,048)	\$ (12,919)	\$ (19,991)	\$ (15,024)
Net loss per common share, basic and diluted	\$ (1.04)	\$ (0.90)	\$ (0.89)	\$ (0.66)	\$ (0.50)	\$ (0.16)
Weighted-average shares used to compute net loss per common share	18,574	18,802	19,174	19,596	39,783	93,576

Okta, Inc.
Condensed Consolidated Balance Sheets - Fiscal Quarters
(in thousands)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Assets						
Current assets:						
Cash and cash equivalents	\$ 39,714	\$ 28,835	\$ 20,134	\$ 23,282	\$ 221,726	\$ 126,464
Short-term investments	30,455	26,133	21,999	14,390	2,500	86,755
Accounts receivable, net of allowances	20,069	22,475	26,515	34,544	32,171	35,304
Deferred commissions	10,171	10,199	11,220	13,549	13,131	13,279
Prepaid expenses and other current assets	7,451	7,767	7,114	7,025	10,271	12,884
Total current assets	107,860	95,409	86,982	92,790	279,799	274,686
Property and equipment, net	6,576	7,937	8,985	11,026	13,180	13,302
Deferred commissions, noncurrent	7,474	7,476	8,003	10,050	9,463	9,248
Intangible assets, net	5,074	5,840	7,235	9,155	9,835	11,051
Goodwill	2,630	2,630	2,630	2,630	6,282	6,282
Other assets	4,821	5,368	6,942	4,984	1,671	1,658
Total assets	\$ 134,435	\$ 124,660	\$ 120,777	\$ 130,635	\$ 320,230	\$ 316,227
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)						
Current liabilities:						
Accounts payable	\$ 10,299	\$ 8,000	\$ 10,020	\$ 11,897	\$ 15,909	\$ 9,848
Accrued expenses and other current liabilities	5,034	5,060	4,565	5,853	4,822	4,399
Accrued compensation	5,036	4,991	6,623	9,866	6,613	11,334
Deferred revenue	72,953	82,684	93,103	108,012	115,717	127,218
Total current liabilities	93,322	100,735	114,311	135,628	143,061	152,799
Deferred revenue, noncurrent	9,009	8,297	6,715	5,711	4,927	4,108
Other liabilities, noncurrent	3,943	3,704	3,603	4,947	6,323	6,451
Total liabilities	106,274	112,736	124,629	146,286	154,311	163,358
Commitments and contingencies						
Redeemable convertible preferred stock	227,954	227,954	227,954	227,954	—	—
Stockholders' deficit:						
Class A common stock	—	—	—	—	1	2
Class B common stock	2	2	2	2	8	8
Additional paid-in capital	27,336	31,800	38,064	44,469	483,019	496,801
Accumulated other comprehensive income (loss)	22	(78)	(187)	(167)	(99)	70
Accumulated deficit	(227,153)	(247,754)	(269,685)	(287,909)	(317,010)	(344,012)
Total stockholders' equity (deficit)	(199,793)	(216,030)	(231,806)	(243,605)	165,919	152,869
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$ 134,435	\$ 124,660	\$ 120,777	\$ 130,635	\$ 320,230	\$ 316,227

Okta, Inc.
Condensed Consolidated Statements of Cash Flows - Fiscal Quarters
(in thousands)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Operating activities:						
Net loss	\$ (22,753)	\$ (20,601)	\$ (21,931)	\$ (18,224)	\$ (28,901)	\$ (27,002)
Adjustments to reconcile net loss to net cash used in operating activities:						
Depreciation, amortization and accretion	887	1,085	1,205	1,391	1,575	1,713
Stock-based compensation	3,369	3,663	4,838	5,258	8,906	11,976
Amortization of deferred commissions	3,053	3,336	3,537	3,808	4,039	4,294
Other	(130)	18	414	402	270	421
Changes in operating assets and liabilities:						
Accounts receivable	3,090	(2,400)	(4,296)	(8,387)	2,243	(3,554)
Deferred commissions	(2,756)	(3,366)	(5,085)	(8,184)	(3,033)	(4,228)
Prepaid expenses and other assets	(2,876)	(527)	1,091	(1,110)	(3,143)	(2,797)
Accounts payable	3,681	(2,032)	1,666	6	3,782	(2,599)
Accrued compensation	(2,855)	(46)	1,633	3,235	(2,121)	4,683
Accrued expenses and other liabilities	(182)	13	(435)	1,198	(223)	171
Deferred revenue	2,437	9,019	8,837	13,905	6,920	10,684
Net cash used in operating activities	(15,035)	(11,838)	(8,526)	(6,702)	(9,686)	(6,238)
Investing activities:						
Capitalization of internal-use software costs	(1,232)	(1,093)	(1,667)	(1,497)	(1,208)	(1,535)
Purchases of property and equipment and other	(927)	(2,102)	(1,618)	(1,606)	(2,448)	(2,708)
Purchases of securities available for sale	—	—	—	—	—	(86,776)
Proceeds from sales of securities available for sale	—	2,207	4,000	—	1,538	—
Proceeds from maturities and redemption of securities available for sale	3,000	2,000	—	7,500	10,335	2,500
Payments for business acquisition	—	—	—	—	—	—
Net cash provided by (used in) investing activities	841	1,012	715	4,397	8,217	(88,519)
Financing activities:						
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	—	—	—	199,997	(49)
Payments of deferred offering costs	(390)	(416)	(184)	(594)	(2,246)	(1,792)
Proceeds from stock option exercises, net of repurchases, and other	124	535	1,006	772	2,564	1,352
Principal payments on financing arrangements	(71)	(71)	(71)	(71)	(207)	(66)
Payments on debt issuance costs	—	—	—	(112)	—	—
Net cash provided by (used in) financing activities	(337)	48	751	(5)	200,108	(555)
Effects of changes in foreign currency exchange rates on cash and cash equivalents	47	(101)	(90)	24	68	66
Net increase (decrease) in cash, cash equivalents and restricted cash	(14,484)	(10,879)	(7,150)	(2,286)	198,707	(95,246)
Cash, cash equivalents and restricted cash at beginning of year	58,081	43,597	32,718	25,568	23,282	221,989
Cash, cash equivalents and restricted cash at end of year	\$ 43,597	\$ 32,718	\$ 25,568	\$ 23,282	\$ 221,989	\$ 126,743

Okta, Inc.

GAAP to Non-GAAP Reconciliations - Fiscal Quarters
(in thousands, except percentages and per share data)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
GAAP subscription gross profit	\$ 20,103	\$ 24,973	\$ 29,526	\$ 34,323	\$ 37,200	\$ 43,389
Stock-based compensation	393	446	578	562	686	1,056
Amortization of acquired intangibles	47	47	47	47	4	—
Non-GAAP subscription gross profit	\$ 20,543	\$ 25,466	\$ 30,151	\$ 34,932	\$ 37,890	\$ 44,445
Non-GAAP subscription gross margin	74.5 %	76.2 %	79.1 %	79.4 %	78.4 %	79.3 %
GAAP professional services gross profit	\$ (695)	\$ (1,317)	\$ (1,346)	\$ (1,190)	\$ (1,656)	\$ (2,076)
Stock-based compensation	273	313	304	393	469	738
Non-GAAP professional services gross profit	\$ (422)	\$ (1,004)	\$ (1,042)	\$ (797)	\$ (1,187)	\$ (1,338)
Non-GAAP professional services gross margin	(10.0)%	(25.1)%	(25.0)%	(16.6)%	(25.5)%	(27.2)%
GAAP total gross profit	\$ 19,408	\$ 23,656	\$ 28,180	\$ 33,133	\$ 35,544	\$ 41,313
Stock-based compensation	666	759	882	955	1,155	1,794
Amortization of acquired intangibles	47	47	47	47	4	—
Non-GAAP total gross profit	\$ 20,121	\$ 24,462	\$ 29,109	\$ 34,135	\$ 36,703	\$ 43,107
Non-GAAP total gross margin	63.3 %	65.3 %	68.8 %	69.9 %	69.2 %	70.7 %
GAAP research and development expense	\$ 8,766	\$ 9,655	\$ 9,706	\$ 10,532	\$ 15,359	\$ 16,923
Stock-based compensation	618	736	808	830	3,301	4,438
Non-GAAP research and development expense	\$ 8,148	\$ 8,919	\$ 8,898	\$ 9,702	\$ 12,058	\$ 12,485
Non-GAAP research and development expense as a percentage of revenue	25.6 %	23.8 %	21.0 %	19.9 %	22.7 %	20.5 %
GAAP sales and marketing expense	\$ 26,401	\$ 28,421	\$ 32,442	\$ 31,478	\$ 37,180	\$ 39,597
Stock-based compensation	1,354	1,412	1,619	1,644	2,375	3,021
Non-GAAP sales and marketing expense	\$ 25,047	\$ 27,009	\$ 30,823	\$ 29,834	\$ 34,805	\$ 36,576
Non-GAAP sales and marketing expense as a percentage of revenue	78.8 %	72.1 %	72.9 %	61.1 %	65.7 %	60.0 %
GAAP general and administrative expense	\$ 6,945	\$ 6,142	\$ 7,922	\$ 9,090	\$ 11,639	\$ 11,948
Stock-based compensation	731	757	1,527	1,829	2,075	2,725
Non-GAAP general and administrative expense	\$ 6,214	\$ 5,385	\$ 6,395	\$ 7,261	\$ 9,564	\$ 9,223
Non-GAAP general and administrative expense as a percentage of revenue	19.5 %	14.4 %	15.1 %	14.9 %	18.0 %	15.1 %
GAAP total operating expenses	\$ 42,112	\$ 44,218	\$ 50,070	\$ 51,100	\$ 64,178	\$ 68,468
Stock-based compensation	2,703	2,905	3,954	4,303	7,751	10,184
Non-GAAP total operating expenses	\$ 39,409	\$ 41,313	\$ 46,116	\$ 46,797	\$ 56,427	\$ 58,284
Non-GAAP total operating expenses as a percentage of revenue	124.0 %	110.4 %	109.1 %	95.9 %	106.5 %	95.6 %
GAAP operating loss	\$ (22,704)	\$ (20,562)	\$ (21,890)	\$ (17,967)	\$ (28,634)	\$ (27,155)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978
Amortization of acquired intangibles	47	47	47	47	4	—
Non-GAAP operating loss	\$ (19,288)	\$ (16,851)	\$ (17,007)	\$ (12,662)	\$ (19,724)	\$ (15,177)
Non-GAAP operating margin	(60.7)%	(45.0)%	(40.2)%	(25.9)%	(37.2)%	(24.9)%

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
GAAP net loss	\$ (22,753)	\$ (20,601)	\$ (21,931)	\$ (18,224)	\$ (28,901)	\$ (27,002)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978
Amortization of acquired intangibles	47	47	47	47	4	—
Non-GAAP net loss	<u>\$ (19,337)</u>	<u>\$ (16,890)</u>	<u>\$ (17,048)</u>	<u>\$ (12,919)</u>	<u>\$ (19,991)</u>	<u>\$ (15,024)</u>
GAAP net loss per share	\$ (1.22)	\$ (1.10)	\$ (1.14)	\$ (0.93)	\$ (0.73)	\$ (0.29)
Stock-based compensation	0.18	0.20	0.25	0.27	0.22	0.13
Amortization of acquired intangibles	—	—	—	—	0.01	—
Non-GAAP net loss per share	<u>\$ (1.04)</u>	<u>\$ (0.90)</u>	<u>\$ (0.89)</u>	<u>\$ (0.66)</u>	<u>\$ (0.50)</u>	<u>\$ (0.16)</u>
Weighted-average shares used to compute net loss per share	18,574	18,802	19,174	19,596	39,783	93,576

Okta, Inc.
Calculations of Key and Other Selected Metrics - Fiscal Quarters
(in thousands, except percentages and customer/headcount data)

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18
Calculated Billings						
Total revenue	\$ 31,787	\$ 37,436	\$ 42,283	\$ 48,820	\$ 53,007	\$ 60,995
Add:						
Deferred revenue (end of period)	81,962	90,981	99,818	113,723	120,644	131,326
Less:						
Deferred revenue (beginning of period)	(79,525)	(81,962)	(90,981)	(99,818)	(113,723)	(120,644)
Calculated billings	<u>\$ 34,224</u>	<u>\$ 46,455</u>	<u>\$ 51,120</u>	<u>\$ 62,725</u>	<u>\$ 59,928</u>	<u>\$ 71,677</u>
<i>y-y growth</i>	54 %	65 %	67 %	69 %	75 %	54 %
Trailing 12 months calculated billings	\$130,002	\$148,307	\$168,902	\$194,525	\$220,228	\$245,451
<i>y-y growth</i>	66 %	67 %	63 %	65 %	69 %	66 %
Free Cash Flow and Margin						
Net cash used in operating activities	\$ (15,035)	\$ (11,838)	\$ (8,526)	\$ (6,702)	\$ (9,686)	\$ (6,238)
Less:						
Purchases of property and equipment	(927)	(2,102)	(1,618)	(1,606)	(2,448)	(2,708)
Capitalized internal-use software costs	(1,232)	(1,093)	(1,667)	(1,497)	(1,208)	(1,535)
Free cash flow	<u>\$ (17,194)</u>	<u>\$ (15,033)</u>	<u>\$ (11,811)</u>	<u>\$ (9,805)</u>	<u>\$ (13,342)</u>	<u>\$ (10,481)</u>
Free cash flow margin	(54)%	(40)%	(28)%	(20)%	(25)%	(17)%
Customer Data						
Total customers	2,450	2,650	2,900	3,100	3,350	3,650
<i>y-y growth</i>	58 %	51 %	45 %	41 %	37 %	38 %
Customers with ACV above \$100,000	300	354	401	443	493	539
<i>y-y growth</i>	83 %	87 %	83 %	74 %	64 %	52 %
Dollar-based retention rate for the trailing 12 months ended	120 %	120 %	124 %	123 %	123 %	123 %
Headcount						
Total headcount	713	792	843	898	1,020	1,096
<i>y-y growth</i>	54 %	48 %	45 %	43 %	43 %	38 %