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OKTA THIRD QUARTER AND FISCAL 2026 POSTED COMMENTARY

December 2, 2025

Okta is posting this prepared commentary, press release, and earnings presentation to its investor relations (IR) website to provide stockholders and analysts with additional detail prior to its quarterly earnings webcast. The webcast begins at 2:00 p.m. PT (5:00 p.m. ET) on December 2, 2025 and will include executive comments followed by Q&A. To access the webcast of the executive comments and Q&A session, visit the IR section of our website at investor.okta.com. A reconciliation of GAAP and non-GAAP results is provided in the tables following this Posted Commentary. Okta references a number of numeric or growth changes below. Unless otherwise noted, each such reference represents a year-over-year comparison.

TOP-LINE METRICS

Total revenue for the second quarter grew 12% to $742 million. Subscription revenue increased 11% and represented 98% of total revenue, and professional services and other accounted for the remainder. International revenue grew 10% and represented 20% of our total revenue.

Remaining Performance Obligations (RPO) and Current RPO

RPO, or subscription backlog, grew 17% to $4.292 billion. The overall average contract term length is approximately 2.5 years.

Current RPO (cRPO), which represents subscription backlog we expect to recognize as revenue over the next 12 months, grew 13% to $2.328 billion.

SELECT FINANCIAL REVIEW

Net Retention Rate

The dollar-based net retention rate for the trailing 12-month period was 106%, consistent with the prior quarter. The net retention rate may fluctuate from quarter-to-quarter as the mix of new business, renewals, and upsells fluctuates.

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Non-GAAP Expense & Profitability **(all numbers are non-GAAP unless otherwise noted)**

Profitability was better than expected due to the combination of revenue overperformance and our continued focus on spend efficiency measures, while investing for future growth and security initiatives.

Total expenses for the quarter were $564 million, an increase of 7% year-over-year. Operating profit margin was 24%, compared to 21% in Q3 last year.

Total headcount at the end of Q3 was approximately 6,270.

Cash Flow & Balance Sheet

Q3 free cash flow was $211 million, yielding a free cash flow margin of 28% compared to free cash flow of $154 million, or 23% free cash flow margin, in Q3 last year. Free cash flow was driven by improved operating profitability and strong collections.

The balance sheet remains strong, anchored by $2.463 billion in cash, cash equivalents and short-term investments. Our cash, cash equivalents and short-term investments position, net of remaining convertible debt, is $2.113 billion.

Convertible Debt Summary

During the quarter, Okta settled the remaining principal amount of the 2025 Notes for $510 million in cash.

In June 2020, we issued the 2026 Notes due June 15, 2026 with a principal amount of $1.15 billion. As of October 31, 2025, $350 million principal amount of the 2026 Notes remain outstanding.

Okta did not repurchase any of the 2026 Notes in the third quarter. We will be opportunistic with debt repurchases going forward and regularly evaluate our capital structure and capital allocation priorities.

CUSTOMERS AND CUSTOMER SUCCESS

We continue to see strong growth with large customers for both workforce and customer identity. In Q3, we added 85 customers with $100,000 plus in ACV. Our total base of $100,000 plus ACV customers grew 7% to 5,030, and represents over 80% of total ACV.

Our total base of $1 million plus ACV customers grew 17% to 520. The $1 million plus cohort represents over $1 billion in total ACV.

A few notable examples of new customer wins and upsells in Q3, which come from a wide range of industries.

- New Workforce (OIG, ISPM, ITP, ODA) and Auth0: A US technology company's fragmented identity infrastructure, which was built on multiple workforce and customer identity point products, could not deliver a unified experience in a multi-tenant cloud environment. The solution was Okta's unified identity platform. By orchestrating the combined power of Okta Workforce Identity and Auth0, the company can achieve a seamless, secure identity experience. Okta will provide robust security for employees before, during, and after authentication, while Auth0 will provide modern and secure customer experiences.

- New Auth0: A Global 2000 US-based energy company was a new Auth0 win this quarter. After experiencing downtime with their existing on-premise solution, the company wanted to implement a modern cloud-first solution that provided a seamless user experience. Auth0 was chosen because of its time-to-value, robust features, and trusted partnership. Before Auth0, the company lacked enterprise grade security controls for its users. Auth0 will provide a secure, scalable platform that is able to adapt to the company's identity roadmap.

- New Auth0 (FGA): An ANZ-based government agency was a new Auth0 & Fine Grain Authorization win this quarter. This agency is going through a modernization effort in conjunction with a new user service that they are releasing. As a result, they needed a solution that would cover them for the next generation of AI and B2B requirements. The agency decided to purchase Auth0 because of its strong technical differentiation, complete product offering, and excellent partner services.

- Workforce Upsell (UD, OIG): A software company and existing Okta Workforce Identity customer purchased Universal Directory and Okta Identity Governance (OIG) this quarter. After initially evaluating OIG, the company decided to further invest in Okta Essentials Suite to unify and secure its workforce identity across the business.

- New Workforce (ODA): A US-based government contractor was a new Okta Workforce Identity deal this quarter. The company was active in M&A and was looking to invest in a modern, scalable IAM solution to meet regulatory requirements. Before Okta, the company had an insufficient

MFA/SSO solution, a manual onboarding and offboarding process, and legacy architecture that couldn't balance security needs and a positive user experience. The company turned to Okta to secure their workforce and create a seamless user experience. Okta's scalability, time to value and ease of integration through the Okta Integration Network solidified it as the clear identity solution.

- ❖ New Workforce & OCI (MFA, OIG): An ANZ government agency was a new Okta Workforce & Customer Identity deal this quarter. Before Okta, over 400K customer profiles were being manually created and managed, leading to high AD costs and IAM overhead. The agency is transitioning its key services in-house and away from the government's shared services model. Okta will power MFA, LCM, OIG and Workflows for the agency.

- ❖ New Workforce (OIG, OPA): A leading UK-based financial services business selected Okta to replace and modernize its fragmented legacy stack with Okta's unified identity platform. By deploying Okta Identity Governance and Okta Privileged Access together, they are streamlining operations, automating compliance and securing critical infrastructure.

- ❖ Workforce Upsell (ITP, EDR): A Fortune 500 technology company expanded its use of Okta workforce identity by purchasing Okta Identity Threat Protection with Okta AI and Enhanced Disaster Recovery. The company looked to bolster security to mitigate risk of attacks and stolen session tokens. With Okta, the company will have an identity control panel, allowing for real-time risk mitigation by revoking a session token, terminating a session or increasing authentication requirements as risk levels change.

- ❖ Cross-sell: A European global artist development company and existing Auth0 customer became a new Okta Workforce Identity customer this quarter. It turned to Okta to reduce helpdesk dependency, improve onboarding and offboarding times, and decommission its legacy, on-prem AD system. Okta was chosen because of its extensible platform and the ease with which administrators can link between the Okta and Auth0 consoles.

- ❖ Cross-sell: The North American division of a global auto manufacturer and existing Okta workforce customer was an Auth0 win this quarter. Driven by the need to modernize its connected auto platform, this manufacturer chose to adopt Auth0's modern, cloud-native solution to significantly improve customer experience and subscription conversion, serving as a key step toward standardizing on Okta as their global identity platform.

OKTANE HIGHLIGHTS

Earlier in Q3 Okta hosted Oktane, our biggest customer and partner event of the year. In-person attendance was a record and represented hundreds of millions of dollars of pipeline. At Oktane we shared how Okta is enabling organizations to build, deploy, and manage AI agents safely and securely, and at scale. A summary of Okta announcements at Oktane 25 can be found here.

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Visit Oktane on demand to relive the best moments from the AI security event of the year.

GARTNER MAGIC QUADRANT

Gartner recently published their 2025 Access Management Magic Quadrant* evaluation. Okta was recognized as a Leader for the ninth consecutive year.

Gartner defines access management as tools that include authentication, authorization, single sign-on, and adaptive access capabilities for modern standards-based web applications, classic web applications and APIs. The report evaluated 13 vendors on 15 criteria points and placed Okta in the Leaders Quadrant for its ability to execute and completeness of vision.

*Gartner, Magic Quadrant for Access Management, Brian Guthrie, Nathan Harris, Yemi Davies, Steve Wessels, 11 November 2025
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FINANCIAL OUTLOOK*

For Q4 and FY26 we continue to take a prudent approach to forward guidance that factors in current market conditions.

For the fourth quarter of FY26, we expect:

- Total revenue of $748 million to $750 million, representing a growth rate of 10%;
- Current RPO of $2.445 billion to $2.450 billion, representing a growth rate of 9%;
- Non-GAAP operating income of $189 million to $191 million, which yields a non-GAAP operating margin of 25%;
- Non-GAAP diluted net income per share of $0.84 to $0.85, assuming diluted weighted-average shares outstanding of approximately 185 million; and
- Free cash flow margin of approximately 31%,

For FY26,

- We now expect revenue of $2.906 billion to $2.908 billion, representing a growth rate of 11%;
- We are raising our outlook for non-GAAP operating income and now expect non-GAAP operating income of $753 million to $755 million, which yields a non-GAAP operating margin of 26%;
- Non-GAAP diluted net income per share is now expected to be $3.43 to $3.44, assuming diluted weighted-average shares outstanding of approximately 185 million; and
- We are raising our free cash flow margin outlook for FY26 to approximately 29%.

FORWARD-LOOKING STATEMENTS

This prepared commentary 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, business strategy and plans, 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, macroeconomic conditions have in the past and could in the future reduce demand for our solutions; we and our third-party service providers have in the past and could in the future experience cybersecurity incidents; we may be unable to manage or sustain our revenue growth and profitability; our financial resources may be insufficient to effectively compete in our market; we may be unable to attract new customers, or retain or sell additional solutions to existing customers; we may fail to maintain strategic partnerships to promote or enhance our solutions; we may experience challenges successfully expanding our existing marketing and sales capabilities, including further specializing our go-to-market organization; customer growth has slowed in recent periods and could continue to decelerate in the future; we could experience interruptions or performance problems associated with our technology, including a service outage; and we and our third-party service providers have failed, or were perceived as having failed, to fully comply with various privacy and security provisions to which we are subject, and similar incidents could occur in the future. 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 prepared commentary represent our views only as of the date of this prepared commentary and we assume no obligation and do not intend to update these forward-looking statements.

NON-GAAP RECONCILIATION

The accompanying tables contain the following non-GAAP financial measures: non-GAAP operating income, non-GAAP operating margin, non-GAAP net income, non-GAAP net margin, non-GAAP diluted net income per share, 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, certain non-ordinary course legal settlements and related expenses, amortization of debt issuance costs and gain 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.

Stock-based compensation is non-cash in nature and is generally fixed at the time the stock-based instrument is granted and amortized over a period of several years. Although stock-based compensation is an important aspect of the compensation of our employees and executives, the expense for the fair value of the stock-based instruments we use may bear little resemblance to the actual value realized upon the vesting or future exercise of the related stock-based awards. We believe excluding stock-based compensation provides meaningful supplemental information regarding the long-term performance of our core business and facilitates comparison of our results to those of peer companies.

We also exclude 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, certain non-ordinary course legal settlements and related expenses, amortization of debt issuance costs and gain on early extinguishment of debt from the applicable non-GAAP financial measures because these adjustments are considered by management to be outside of our core operating results.

In addition to these exclusions, we subtract an assumed provision for income taxes to calculate non-GAAP net income. We use 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.

We define free cash flow, a non-GAAP financial measure, as net cash provided by 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 divided by total revenue. We use free cash flow as a measure of financial progress in our business, as it balances operating results, cash management, and capital efficiency. We believe information regarding free cash flow provides investors and others with an important perspective on the cash available to make strategic acquisitions and investments, to fund ongoing operations, and to fund other capital expenditures. Free cash flow can be volatile and is sensitive to many factors, including changes in working capital and timing of capital expenditures. Working capital at any specific point in time is subject to many variables, including seasonality, the discretionary timing of expense payments, discounts offered by vendors, vendor payment terms, and fluctuations in foreign exchange rates.

We periodically reassess the components of our non-GAAP adjustments for changes in how we evaluate our performance and changes in how we make financial and operational decisions, and consider the use of these measures by our competitors and peers to ensure the adjustments remain relevant and meaningful.

Okta believes that non-GAAP financial information, when taken collectively with GAAP financial measures, 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 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 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.

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Non-GAAP Operating Income and Non-GAAP Operating Margin

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2025	2024	2025	2024
Operating income (loss)	$ 23	$ (16)	$ 103	$ (82)
Add:				
Stock-based compensation expense	138	135	410	434
Non-cash charitable contributions	—	1	—	5
Amortization of acquired intangibles	16	18	50	55
Acquisition and integration-related expenses	1	—	1	—
Legal settlements and related expenses	—	—	—	7
Non-GAAP operating income	$ 178	$ 138	$ 564	$ 419
Operating margin	3 %	(2)%	5 %	(4)%
Non-GAAP operating margin	24 %	21 %	26 %	22 %

Non-GAAP Net Income, Non-GAAP Net Margin and Non-GAAP Diluted Net Income Per Share

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2025	2024	2025	2024
Net income	$ 43	$ 16	$ 172	$ 5
Add:				
Stock-based compensation expense	138	135	410	434
Non-cash charitable contributions	—	1	—	5
Amortization of acquired intangibles	16	18	50	55
Acquisition and integration-related expenses	1	—	1	—
Amortization of debt issuance costs	—	1	1	2
Gain on early extinguishment of debt	—	(16)	—	(19)
Legal settlements and related expenses	—	—	—	7
Tax adjustment	(46)	(34)	(155)	(120)
Non-GAAP net income	$ 152	$ 121	$ 479	$ 369
Net margin	6 %	2 %	8 %	— %
Non-GAAP net margin	20 %	18 %	22 %	19 %
Weighted-average shares used to compute net income per share, basic	176,524	170,217	175,399	168,775
Non-GAAP weighted-average effect of potentially dilutive securities	8,234	11,732	9,002	12,815
Non-GAAP weighted-average shares used to compute non-GAAP net income per share, diluted	184,758	181,949	184,401	181,590
Net income (loss) per share, diluted	$ 0.24	$ 0.00	$ 0.96	$ (0.08)
Non-GAAP net income per share, diluted	$ 0.82	$ 0.67	$ 2.60	$ 2.03

Free Cash Flow and Free Cash Flow Margin

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2025	2024	2025	2024
Net cash provided by operating activities	$ 218	$ 159	$ 626	$ 464
Less:				
Purchases of property and equipment	(4)	(1)	(7)	(7)
Capitalized software	(3)	(4)	(8)	(11)
Free cash flow	$ 211	$ 154	$ 611	$ 446
Net cash provided by (used in) investing activities	$ 105	$ (99)	$ 223	$ (137)
Net cash used in financing activities	$ (555)	$ (265)	$ (622)	$ (352)
Operating cash flow margin	29 %	24 %	29 %	24 %
Free cash flow margin	28 %	23 %	28 %	23 %