



## OKTA FOURTH QUARTER AND FISCAL 2026 POSTED COMMENTARY

March 4, 2026

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 March 4, 2026 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](https://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 fourth quarter grew 11% to \$761 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.

### Workforce Identity and Customer Identity Growth and Annual Contract Value (ACV) Split

Workforce Identity ACV grew 10% and represented 59% of total ACV. Customer Identity ACV grew 12% and represented 41% of total ACV.

### Remaining Performance Obligations (RPO) and Current RPO

RPO, or subscription backlog, grew 15% to \$4.827 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 12% to \$2.513 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.

### 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 \$559 million, an increase of 9% year-over-year. Operating profit margin was 26%, compared to 25% in Q4 last year.

Total headcount at the end of Q4 was approximately 6,350.

### Cash Flow & Balance Sheet

Free cash flow was \$252 million, yielding a free cash flow margin of 33% compared to free cash flow of \$284 million, or 42% free cash flow margin, in Q4 last year. Free cash flow was driven by operating profitability and strong collections, partially offset by investments in the business.

On January 5, 2026, we announced that our board of directors approved a stock repurchase program with authorization to purchase up to \$1 billion of our Class A common stock from time to time. During the quarter, we repurchased 875,150 shares at an average cost basis of \$90.64 per share for total consideration of \$79 million. The repurchase program does not have an expiration date, does not obligate us to acquire any particular amount of Class A Common Stock, and may be modified, suspended, or terminated at any time at the discretion of our board of directors.

The balance sheet remains strong, anchored by \$2.553 billion in cash, cash equivalents and short-term investments. Our cash, cash equivalents and short-term investments position, net of remaining convertible debt, is \$2.203 billion.



## Convertible Debt Summary

In June 2020, we issued the 2026 Notes due June 15, 2026 with a principal amount of \$1.15 billion. As of January 31, 2026, \$350 million principal amount of the 2026 Notes remain outstanding. Okta did not repurchase any of the 2026 Notes in the fourth quarter. Okta currently plans to use its cash to pay off the remaining 2026 Notes upon maturity in June 2026.

## CUSTOMERS AND CUSTOMER SUCCESS

We continue to see strong growth with large customers for both workforce and customer identity. In Q4, we added 70 customers with \$100,000 plus in ACV. Our total base of \$100,000 plus ACV customers grew 6% to 5,100, and represents over 80% of total ACV.

Our total base of \$1 million plus ACV customers grew 16% to 545. The \$1 million plus cohort represents over \$1 billion in total ACV.

A few notable examples of new customer wins and upsells in Q4, which come from a wide range of industries.

- ❖ Upsell (Auth0 for AI Agents & Okta for AI Agents): A Fortune 500 technology company expanded its use of Okta this quarter with Auth0 for AI Agents (A4AA) and Okta for AI Agents (O4AA). The investment was driven by the need to establish a secure and standardized foundation for the company's AI strategy. Okta will provide a single system to manage every AI agent's identity, securely control their access to information and tools, and centrally oversee agent activity across the business. Okta's agent-centric security will facilitate secure connections to third-party SaaS and MCPs, while vaulting credentials and access tokens.
- ❖ Upsell (A4AA, O4AA): A leading regional financial services firm selected Okta to power identity for AI agents, leveraging Auth0 for AI Agents to secure application-level authentication and Okta for AI Agents for governance, lifecycle management, and strong access controls. This upsell expands on Okta's position as the firm's existing identity standard. Okta was selected for its differentiated vision of securing agentic AI and deep identity governance capabilities. The firm prioritized a proven identity security platform that can scale across both human and non-human identities. The Okta Platform will support the rollout of AI agents with built-in authentication, policy enforcement, and human-in-the-loop safeguards to reduce emerging insider and automation risk from day one.

- ❖ **Workforce Upsell (O4AA, OIG, OPA, ISPM):** A global technology company has selected Okta as the primary identity platform to help secure and govern its rapid deployment of AI agents. The company partnered with Okta to shape their cybersecurity strategy around managing the proliferation of these AI agents. In addition to securing the company's agents, Okta Identity Governance, Okta Privileged Access, and Okta Identity Security Posture Management will secure their workforce.
- ❖ **New Auth0:** A leading European online marketplace is a new Auth0 win. The organization replaced its legacy CIAM solution in order to modernize its identity infrastructure, reduce risk, and streamline significant operational overhead that was pulling engineering focus away from core product innovation. The company will use Auth0 to make its global business more efficient and help its digital services grow faster.
- ❖ **New Workforce:** A U.S. government office selected Okta to replace its fragmented identity infrastructure, which was managed across disparate legacy solutions. With Okta, the organization will centralize its view of users and automate day-to-day operational tasks, which is projected to yield millions in annual savings. The adoption of Okta was driven by its ease of use, strong user experience, and the proven success of the platform within a key subcontracting partner's environment. This will enable the organization to close critical security gaps, meet audit requirements, and deliver on its Zero Trust security mandates.
- ❖ **New Workforce (OIG, OCI):** An automotive services company undergoing digital transformation was a new business win. The company purchased OIG to establish a scalable governance framework for future growth as a foundational part of its modernization strategy. The company will leverage the Essentials suite for internal employees and Okta Customer Identity (OCI) for their business partners, ensuring evolving priorities and operational needs can be supported into the future.
- ❖ **New Auth0:** A global Fortune 500 logistics organization was a new Auth0 business win in EMEA. The organization is migrating nearly 30 million user accounts to modernize access for its core, customer facing applications. By using Auth0's built-in platform capabilities, the organization will replace costly, custom built services, reducing ongoing maintenance effort and overall system complexity.
- ❖ **Workforce Upsell (O4AA):** A financial services company was an Okta for AI Agents upsell this quarter. The company views AI adoption as a key competitive differentiator, prioritizing AI across its business. Okta will be core to its overall AI strategy and support new AI initiatives, reducing risk as autonomous agents are deployed across the ecosystem. Building on Okta's existing workforce and customer footprint, the Okta platform now serves as the foundation for managing AI agent security.
- ❖ **Workforce Upsell (OIG):** A Fortune 500 defense technology company expanded its Okta Workforce Identity investment in Okta with OIG this quarter. The company is focused on simplifying identity governance by unifying oversight and management onto a single identity platform. The partnership with Okta will allow the company to achieve a modern governance



framework that balances rigorous defense industry requirements with operational efficiency, and allow it to scale with advanced capabilities in the future.

- ❖ OCI and Workforce Upsell (OIG, ODA, ITP): A technology services company expanded its Okta footprint this quarter to modernize its client portal and improve operational efficiency. The company will use Okta Workforce Identity including OIG, ODA, and ITP to access controls within the client portal to meet growing demand for self-service user management, significantly reducing customer delays and internal workload. Okta will serve as the technical backbone of the client portal, supporting a broader strategic investment in the digital customer experience.

## **FY26 Highlights**

- Revenue increased by 12% to \$2,919 million
- Non-GAAP operating margin increased from 22% to 26%
- Free cash flow margin increased from 28% to 30%
- Added 300 customers with an ACV of \$100,000 or more, ending with 5,100 such customers
- Added 75 customers with an ACV of \$1 million or more, ending with 545 such customers
- Recognized as a Leader in the 2025 Gartner Magic Quadrant for Access Management for the ninth consecutive year

## **FINANCIAL OUTLOOK\***

For Q1 and FY27 we continue to take a prudent approach to forward guidance that factors in current market conditions.

For the first quarter of FY27, we expect:

- Total revenue of \$749 million to \$753 million, representing a growth rate of 9%;
- Current RPO of \$2.440 billion to \$2.450 billion, representing a growth rate of 10%;
- Non-GAAP operating income of \$176 million to \$180 million, which yields a non-GAAP operating margin of 23% to 24%;
- Non-GAAP diluted net income per share of \$0.84 to \$0.86, assuming diluted weighted-average shares outstanding of approximately 185 million; and
- Non-GAAP free cash flow of \$250 million to \$260 million, yielding a free cash flow margin of 33% to 35%.

For FY27, we expect:

- Revenue of \$3.170 billion to \$3.190 billion, representing a growth rate of 9%;
  - Reflected in the revenue guidance is an approximately one percentage point impact to total revenue growth resulting from our decision to accelerate the shift of professional services business to our partners. This change is expected to create a headwind to professional services revenue.
- Non-GAAP operating income of \$795 million to \$815 million, which yields a non-GAAP operating margin of 25% to 26%;
- Non-GAAP diluted net income per share is now expected to be \$3.74 to \$3.82, assuming diluted weighted-average shares outstanding of approximately 185 million; and
- Non-GAAP free cash flow of \$850 million to \$880 million, which yields a free cash flow margin of 27% to 28%.
  - Reflected in the free cash flow guidance is an approximately one percentage point impact related to lower interest income due to the combined impact from the stock repurchase program, our intent to settle the remainder of the 2026 Notes in cash, and the interest rate environment.

Q1 and FY27 outlook assumes a static 21%<sup>(1)</sup> non-GAAP effective tax rate.

<sup>(1)</sup> Effective February 1, 2026, the beginning of our first quarter of fiscal 2027, we have adopted a long-term projected non-GAAP tax rate of 21%, reduced from the previous rate of 26%. This adjustment is primarily due to the enactment of the One Big Beautiful Bill Act. The revised rate will apply prospectively.



## **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, 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, adverse macroeconomic conditions could reduce demand for our solutions; we and our third-party service providers could experience additional cybersecurity incidents; we may be unable to manage or sustain our revenue growth and profitability; we may fail to keep pace with technological change; 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 expanding our existing marketing and sales capabilities, including further specializing our go-to-market organization; our customer growth could further decelerate; interruptions or performance problems could adversely impact our technology; and we and our third-party service providers could fail to fully comply with applicable privacy and security requirements. 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 have used a fixed long-term projected tax rate of 26% in our computation of the non-GAAP income tax provision through fiscal 2026 to provide better consistency across the reporting periods. Effective February 1, 2026, the beginning of our first quarter of fiscal 2027, our



non-GAAP tax rate has changed to 21%. The non-GAAP tax rate is 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.



## Non-GAAP Operating Income and Non-GAAP Operating Margin

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2026	2025	2026	2025
Gross profit	\$ 593	\$ 524	\$ 2,258	\$ 1,992
Add:				
Stock-based compensation expense included in cost of revenue	19	24	84	94
Amortization of acquired intangibles	12	10	43	44
Non-GAAP gross profit	\$ 624	\$ 558	\$ 2,385	\$ 2,130
Gross margin	78 %	77 %	77 %	76 %
Non-GAAP gross margin	82 %	82 %	82 %	82 %

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

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2026	2025	2026	2025
Net income	\$ 63	\$ 23	\$ 235	\$ 28
Add:				
Stock-based compensation expense	134	131	544	565
Non-cash charitable contributions	—	—	—	5
Amortization of acquired intangibles	18	18	68	73
Acquisition and integration-related expenses	—	—	1	—
Amortization of debt issuance costs	—	—	1	2
Gain on early extinguishment of debt	—	—	—	(19)
Restructuring costs	4	11	4	11
Legal settlements and related expenses	—	—	—	7
Tax adjustment	(52)	(42)	(207)	(162)
Non-GAAP net income	\$ 167	\$ 141	\$ 646	\$ 510
Net margin	8 %	3 %	8 %	1 %
Non-GAAP net margin	22 %	21 %	22 %	20 %
Weighted-average shares used to compute net income per share, basic	177,317	171,936	175,882	169,569
Non-GAAP weighted-average effect of potentially dilutive securities	7,574	9,636	8,646	12,020
Non-GAAP weighted-average shares used to compute non-GAAP net income per share, diluted	184,891	181,572	184,528	181,589
Net income per share, diluted	\$ 0.35	\$ 0.13	\$ 1.31	\$ 0.06
Non-GAAP net income per share, diluted	\$ 0.90	\$ 0.78	\$ 3.50	\$ 2.81

## Free Cash Flow and Free Cash Flow Margin

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2026	2025	2026	2025
Net cash provided by operating activities	\$ 258	\$ 286	\$ 884	\$ 750
Less:				
Purchases of property and equipment	(2)	(1)	(9)	(8)
Capitalized software	(4)	(1)	(12)	(12)
Free cash flow	<u>\$ 252</u>	<u>\$ 284</u>	<u>\$ 863</u>	<u>\$ 730</u>
Net cash provided by (used in) investing activities	\$ 48	\$ (177)	\$ 271	\$ (314)
Net cash used in financing activities	\$ (98)	\$ (7)	\$ (720)	\$ (359)
Operating cash flow margin	34 %	42 %	30 %	29 %
Free cash flow margin	33 %	42 %	30 %	28 %