



## OKTA FIRST QUARTER AND FISCAL 2027 POSTED COMMENTARY

May 28, 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 May 28, 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 first quarter grew 11% to \$765 million. Subscription revenue increased 11% and represented 98% of total revenue, and professional services and other accounted for the remainder. International revenue grew 11% and represented 21% of our total revenue.

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

RPO, or subscription backlog, grew 16% to \$4.719 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 \$2.499 billion.

### SELECT FINANCIAL REVIEW

#### Net Retention Rate

The dollar-based net retention rate for the trailing 12-month period was 107%. 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 revenue overperformance. We continue to focus on spend efficiency measures, while investing for future growth and security initiatives.

Total expenses for the quarter were \$574 million, an increase of 14% year-over-year, reflecting investments in go-to-market teams, product innovation, and Okta's partner network. Operating profit margin was 25%, compared to 27% in Q1 last year.

Total headcount at the end of Q1 was approximately 6,445.

### **Cash Flow & Balance Sheet**

Free cash flow was \$271 million, yielding a free cash flow margin of 35% compared to free cash flow of \$238 million, or 35% free cash flow margin, in Q1 last year. Free cash flow was driven by operating profitability and strong collections.

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 3,026,820 shares at an average cost basis of \$79.56 per share for total consideration of \$241 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. There remains \$680 million under this authorization.

The balance sheet remains strong, anchored by \$2.589 billion in cash, cash equivalents and short-term investments. Our cash, cash equivalents and short-term investments position, net of remaining convertible debt, is \$2.239 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 April 30, 2026, \$350 million principal amount of the 2026 Notes remain outstanding. Okta will 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 Q1, we added 80 customers with \$100,000 plus in ACV. Our total base of \$100,000 plus ACV customers grew 6% to 5,180, and represents approximately 85% of total ACV.

Our total base of \$1 million plus ACV customers grew 19% to 570. The \$1 million plus cohort represents over \$1 billion in total ACV.

A few notable examples of new customer wins and upsells in Q1, which come from a wide range of industries.

- ❖ Upsell (Okta for AI Agents): A Fortune 500 enterprise software company expanded its use of Okta this quarter with Okta for AI Agents (O4AA). The company needed to establish a secure and standardized foundation for its AI strategy. Okta will partner with the organization to help ensure that AI models and agents maintain the appropriate level of access when interacting with the company's homegrown MCP server. This secure and governed foundation enables the company to confidently deploy its AI use cases while maintaining robust oversight and control.
- ❖ Upsell (O4AA, IGA, PAM, ISPM, ITP): A major medical supply distributor and Fortune 500 subsidiary is standardizing its entire identity architecture on the Okta Platform, deploying across both Workforce and Customer Identity use cases. The investment will replace fragmented legacy tools with Okta's comprehensive suite—including Okta Identity Governance, Okta Privileged Access, Identity Security Posture Management, and Identity Threat Protection—to eliminate security silos and streamline global operations. The company will also leverage Okta for AI Agents to help ensure that all autonomous agents, whether homegrown or from third-party SaaS partners, are secured, governed, and trusted as they are integrated into core business processes.
- ❖ Upsell (ITP, ISPM, ODA, OPA, O4AA): A data-infrastructure company expanded its Okta Workforce Identity deployment with Identity Threat Protection, Posture Management, and Device Access, to securely integrate a subsidiary. The investment was driven by a desire to standardize tools across a vast network of global subsidiaries and partners, remediate security audit findings, and advance its pursuit of a true Zero Trust security posture. Additionally, the company purchased Okta Privileged Access and Okta for AI Agents to secure cloud resources and govern a growing sprawl of deployed AI.
- ❖ New Workforce: A U.S. federal agency selected Okta to modernize its primary external service portal in order to deliver a secure, streamlined digital experience for millions of users. Driven by a high-priority public initiative, the agency needed to replace an outdated legacy interface to support a simplified user experience. Facing strict requirements for a rapid rollout, they prioritized time-to-value over a lengthy in-house build. With Okta, the agency will accelerate its deployment schedule while delivering the frictionless, secure experience its users require.

- ❖ **New Workforce:** A European consumer goods and appliance manufacturer selected Okta Workforce Identity as its enterprise IAM platform to unify identity across IT and business units. Following a series of cyberattacks, the firm initiated a strategic initiative to consolidate fragmented processes into a holistic, enterprise-wide IAM program. Okta will provide a unified identity foundation that satisfies the complex requirements of all stakeholders, delivering an extensible architecture to confidently address future security challenges.
- ❖ **New Business (OIG):** A global technology manufacturer based in Europe selected Okta as its new identity partner to modernize its global security infrastructure. The ability to implement OIG rapidly was a critical consideration. Manual identity processes and legacy IAM systems had exposed the business to significant financial penalties and threatened its compliance required for highly regulated markets. Okta will provide a strong identity foundation and serve as a strategic business enabler, utilizing Lifecycle Management and Okta Identity Governance to clear compliance hurdles and unlock new markets.
- ❖ **Upsell (OIG, OPA)** A software company expanded its Okta footprint with a rapid deployment of Okta Identity Governance and Okta Privileged Access to satisfy customer compliance requirements and unify security and governance operations. With Okta, the company will scale security across 13 SaaS environments and eliminate manual overhead from legacy PAM sprawl across 1,700+ resource units. Okta will serve as a centralized identity control plane to manage privileged access across ephemeral servers and AWS roles, improving efficiency and establishing Okta as the trusted source for global security and compliance.
- ❖ **New Auth0 (A4AA):** A property technology company selected Auth0 to provide enterprise-grade MFA and Auth0 for AI Agents (A4AA) to build new agents. Facing a surge in cyberattacks, rising IT costs, and the need for a standardized foundation for its AI strategy, the company prioritized building a centralized identity fabric to support its rapid AI expansion. Auth0 will partner with the organization to secure its user base and new customer-facing AI agents, providing the token management, role-based access control, and human-in-the-loop consent required to ensure all high-risk AI actions are explicitly authorized by users.
- ❖ **New Auth0:** A national restaurant chain with over 1,000 locations selected Auth0 to modernize its customer identity foundation and accelerate its goal of generating 40% of revenue through digital channels. The investment was driven by limitations of legacy IAM that led to stalling digital revenue growth and system crashes during promotional events, as well as the need to meet strict new data privacy and security compliance deadlines. Auth0 will provide cloud-native scalability that features passwordless authentication and seamless migration from legacy systems to help the company reach its digital revenue goals.
- ❖ **Upsell (Auth0):** Building on a multi-year relationship, a Fortune 500 retailer expanded its partnership with Auth0 to modernize its broader customer identity platform and support scalable omnichannel growth. The investment replaces remaining homegrown workflows that were creating operational complexity and slowing the rollout of new digital initiatives. Auth0 will provide a secure, scalable identity foundation for seamless authentication across web and mobile experiences. This expansion will reduce technical debt, ensure reliable performance



during peak traffic, and enable future innovations in personalization, partner integrations, and AI-driven engagement.

## TECHNOLOGY PARTNERSHIPS

As the leading independent identity provider, we're partnering with industry leaders across hyperscalers, ISVs, and frontier AI vendors to address the agentic security market.

- ❖ **ServiceNow Global AI Agent Kill Switch:** ServiceNow and Okta have partnered to deliver a true cross-platform "Kill Switch" for AI agents, effectively extending the Universal Logout capabilities already used for human users to synthetic agentic sessions. ServiceNow will be a Policy Decision Point that defines agent policies, monitors risk classifications, and makes SN-scoped risk decisions via the AI Control Tower. Okta will be a Policy Enforcement Point that manages identity propagation, token lifecycles, and enforces token revocation across all connected platforms.
- ❖ [Google Agent Gateway ISV ecosystem for security and governance](#): Okta for AI Agents provides centralized identity governance and access control for Agent Gateway, which provides simple, secure, and governed connectivity across all user-to-agent, agent-to-agent, and agent-to-tools interactions. With Okta as the identity layer, Google's policy engine can defer access decisions to Okta, enabling organizations to govern which users and agents can access specific agents and tools. Agents created in Google Cloud can also be automatically registered in Okta, keeping identity and governance policies in sync.
- ❖ [OpenAI Trusted Access for Cyber with GPT-5.5 and GPT-5.5-Cyber](#): Trusted Access for Cyber is an identity and trust-based framework designed to help ensure enhanced cyber capabilities are being placed in the right hands. Okta was a launch partner for GPT-5.5-Cyber, which was released in limited preview to defenders responsible for securing critical infrastructure to support specialized cybersecurity workflows that help protect the broader ecosystem.
- ❖ [Amazon Bedrock AgentCore](#): Okta extended Okta for AI Agents to support new agent ecosystems, any identity provider, and govern access to any enterprise resource. New updates include an integration with Amazon Bedrock AgentCore opens in a new tab, a fully managed generative AI service from Amazon Web Services (AWS), that provides identity lifecycle management for agents customers build on AWS, and support for non-Okta identity providers. Together, these capabilities help organizations discover, onboard, protect, and govern agents regardless of which agents they deploy, which identity platforms they own, or which resources they connect to.
- ❖ [Automation Anywhere EnterpriseClaw Capability](#): EnterpriseClaw is a new capability designed to make claw-style AI agents effective across enterprise operations. Organizations can deploy autonomous AI agents across cloud platforms, desktops, on-premises systems, and secured enterprise networks — enabling AI-driven work to run securely, accurately, and under centralized control across large-scale enterprise operations. EnterpriseClaw was developed in collaboration with Cisco, Nvidia, Okta, and OpenAI. Okta delivers cross-agent identity management and

authentication controls for policy enforcement.

- ❖ [Anthropic Compliance API](#): A new integration between Okta Identity Security Posture Management (ISPM) and Anthropic's Compliance API provides security and compliance teams with visibility into identity risks and misconfigurations associated with Claude Enterprise and Claude Platform. Okta will contextualize Claude user activity with signals from other identity platforms, SaaS tools, and cloud providers to surface identity blind spots. This helps ensure Claude usage aligns with broader security and compliance standards while allowing customers to continuously assess identity risk posture, remediate issues based on risk severity, and securely deploy AI at scale.

## FINANCIAL OUTLOOK\*

For Q2 and FY27 we continue to take a prudent approach to forward guidance.

For the second quarter of FY27, we expect:

- Total revenue of \$790 million to \$794 million, representing a growth rate of 9%;
- Current RPO of \$2.505 billion to \$2.515 billion, representing a growth rate of 11%;
- Non-GAAP operating income of \$204 million to \$208 million, which yields a non-GAAP operating margin of 26%;
- Non-GAAP diluted net income per share of \$0.95 to \$0.97, assuming diluted weighted-average shares outstanding of approximately 184 million; and
- Non-GAAP free cash flow of \$155 million to \$165 million, yielding a free cash flow margin of 20% to 21%.

For FY27, we now expect:

- Revenue of \$3.185 billion to \$3.205 billion, representing a growth rate of 9% to 10%;
  - 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 \$806 million to \$826 million, which yields a non-GAAP operating margin of 25% to 26%;

- Non-GAAP diluted net income per share of \$3.79 to \$3.87, assuming diluted weighted-average shares outstanding of approximately 184 million; and
- Non-GAAP free cash flow of \$855 million to \$885 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 and our intent to settle the remainder of the 2026 Notes in cash.

Q2 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 Annual Report on Form 10-K 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. Effective February 1, 2026, the beginning of our first quarter of fiscal 2027, we are using a fixed long-term projected non-GAAP tax rate of 21% in our computation of the non-GAAP income tax provision. Through fiscal



2026 we used a tax rate of 26%. 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 April 30,	
	2026	2025
Operating income	\$ 56	\$ 39
Add:		
Stock-based compensation expense	117	128
Amortization of acquired intangibles	18	17
Non-GAAP operating income	<u>\$ 191</u>	<u>\$ 184</u>
Operating margin	7 %	6 %
Non-GAAP operating margin	25 %	27 %

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

	Three Months Ended April 30,	
	2026	2025
Net income	\$ 74	\$ 62
Add:		
Stock-based compensation expense	117	128
Amortization of acquired intangibles	18	17
Amortization of debt issuance costs	—	1
Tax adjustment	(41)	(50)
Non-GAAP net income	<u>\$ 168</u>	<u>\$ 158</u>
Net margin	10 %	9 %
Non-GAAP net margin	22 %	23 %
Weighted-average shares used to compute net income per share, basic	176,129	174,172
Non-GAAP weighted-average effect of potentially dilutive securities	7,932	9,004
Non-GAAP weighted-average shares used to compute non-GAAP net income per share, diluted	<u>184,061</u>	<u>183,176</u>
Net income per share, diluted	\$ 0.42	\$ 0.35
Non-GAAP net income per share, diluted	<u>\$ 0.91</u>	<u>\$ 0.86</u>

## Free Cash Flow and Free Cash Flow Margin

	Three Months Ended April 30,	
	2026	2025
Net cash provided by operating activities	\$ 277	\$ 241
Less:		
Purchases of property and equipment	(1)	(1)
Capitalized software	(5)	(2)
Free cash flow	<u>\$ 271</u>	<u>\$ 238</u>
Net cash used in investing activities	\$ (78)	\$ (120)
Net cash used in financing activities	\$ (293)	\$ (45)
Operating cash flow margin	36 %	35 %
Free cash flow margin	35 %	35 %