



okta

ASC 606 Transition Materials

March 7, 2018

# Disclaimer

This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, which may include, but are not limited to, statements regarding our financial outlook, product development and market 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 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.

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; 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; we face 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; and other risks and uncertainties. Past performance is not necessarily indicative of future results. Further information on potential factors that could affect the financial results of Okta, Inc. is included in the Risk Factors from our SEC filings available on the investor relations section of our web site.

This presentation contains estimates and other statistical data that we obtained from industry publications and reports generated by third parties. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Okta has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and related webcast and, accordingly, Okta cannot guarantee their accuracy or completeness. Expectations, estimates, forecasts and projections are subject to a high degree of uncertainty and risk. Many factors, including those that are beyond Okta’s control, could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by Okta.

This presentation may reference the following non-GAAP financial measures: gross profit, free cash flow and free cash flow margin. 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. The non-GAAP financial measures 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 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. All quarterly and annual financial and other data presented herein are unaudited.

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 at the end of this presentation for reconciliations of these Non-GAAP to GAAP financial measures.



# ASC 606 – FY 2018 Impact to Okta

## Revenue

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- Immaterial impact to subscription revenue, which represents approximately 90% of total revenue
- Subscription revenue recognition is no longer constrained by the invoicing terms of a contract and will therefore closely align with the value delivered by our subscription service over time
- Revenue for all professional services will be recognized using proportional performance, which will align the revenue with the related costs as the professional services are delivered

## Operating Income

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- Improvement in operating loss of approximately \$6 million
- All incremental costs to obtain customer contracts, which primarily consist of commissions, will be deferred
- These costs will be amortized over a period of benefit of generally five years

## Cash Flow

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- No impact

## Other

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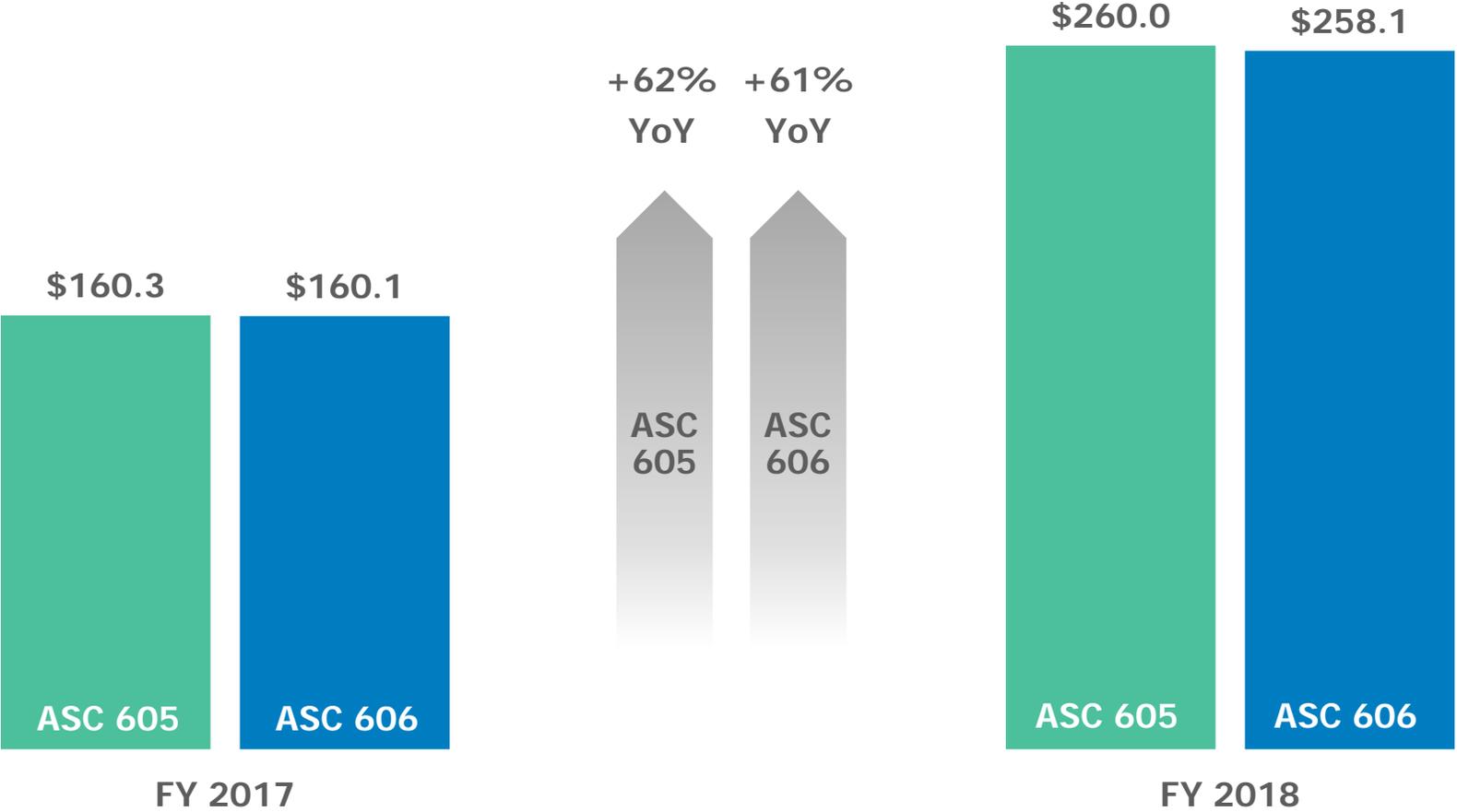
- Adoption date is February 1, 2018
- Adoption approach is full retrospective (restated FY 2018 and FY 2017)

*Note: All quarterly and annual financial and other data presented herein are unaudited.*



# Revenue Impact - Annual

(\$ in millions)



Note: All quarterly and annual financial and other data presented herein are unaudited.



# Revenue Impact - Detail

(\$ in millions)

	FY 2017	1Q18	2Q18	3Q18	4Q18	FY 2018
<b>REVENUE</b>						
ASC 605 – Reported	160.3	53.0	61.0	68.2	77.8	260.0
ASC 606 – Restated	160.1	52.5	60.7	67.7	77.2	258.1
Impact	(0.2)	(0.5)	(0.3)	(0.5)	(0.6)	(1.9)

*Note: All quarterly and annual financial and other data presented herein are unaudited.*



# GAAP Operating Expenses & Margin Impact - Annual

## Total GAAP Operating Expenses

(\$ in millions)



## GAAP Operating Margin

(%)



Note: All quarterly and annual financial and other data presented herein are unaudited.



# GAAP Operating Expenses & Margin Impact - Detail

(\$ in millions)

	FY17	1Q18	2Q18	3Q18	4Q18	FY18
<b>GAAP OPERATING LOSS</b>						
<b>ASC 605 – Reported</b>						
Total Operating Expenses	187.5	64.2	68.5	82.3	80.6	295.6
Operating Loss	(83.1)	(28.6)	(27.2)	(35.2)	(25.3)	(116.4)
<i>Operating Margin (%)</i>	<i>(51.8%)</i>	<i>(54.0%)</i>	<i>(44.5%)</i>	<i>(51.6%)</i>	<i>(32.6%)</i>	<i>(44.8%)</i>
<b>ASC 606 – Restated</b>						
Total Operating Expenses	179.5	62.3	66.8	80.3	78.3	287.6
Operating Loss	(75.3)	(27.3)	(25.7)	(33.7)	(23.6)	(110.3)
<i>Operating Margin (%)</i>	<i>(47.1%)</i>	<i>(51.9%)</i>	<i>(42.4%)</i>	<i>(49.8%)</i>	<i>(30.6%)</i>	<i>(42.7%)</i>
<b>Impact</b>						
Total Operating Expenses	8.0	1.9	1.7	2.0	2.3	8.0
Operating Loss	(7.8)	(1.4)	(1.4)	(1.5)	(1.8)	(6.1)
<i>Operating Margin (%)</i>	<i>(4.7%)</i>	<i>(2.1%)</i>	<i>(2.1%)</i>	<i>(1.8%)</i>	<i>(2.0%)</i>	<i>(2.1%)</i>

Note: All quarterly and annual financial and other data presented herein are unaudited. Numbers are rounded for presentation purposes. Please see "Appendix" for more information.



# Non-GAAP Operating Expenses & Margin Impact - Annual

## Total Non-GAAP Operating Expenses

(\$ in millions)



## Non-GAAP Operating Margin

(%)



Note: All quarterly and annual financial and other data presented herein are unaudited.



# Non-GAAP Operating Expenses & Margin Impact - Detail

(\$ in millions)

	FY17	1Q18	2Q18	3Q18	4Q18	FY18
<b>Non-GAAP OPERATING LOSS</b>						
<b>ASC 605 – Reported</b>						
Total Operating Expenses	173.6	56.4	58.3	69.6	68.4	252.7
Operating Loss	(65.8)	(19.7)	(15.2)	(20.1)	(10.8)	(65.7)
<i>Operating Margin (%)</i>	<i>(41.0%)</i>	<i>(37.2%)</i>	<i>(24.9%)</i>	<i>(29.4%)</i>	<i>(13.9%)</i>	<i>(25.3%)</i>
<b>ASC 606 – Restated</b>						
Total Operating Expenses	165.7	54.6	56.6	67.5	66.1	244.8
Operating Loss	(58.0)	(18.3)	(13.7)	(18.5)	(9.0)	(59.7)
<i>Operating Margin (%)</i>	<i>(36.2%)</i>	<i>(34.9%)</i>	<i>(22.6%)</i>	<i>(27.4%)</i>	<i>(11.7%)</i>	<i>(23.1%)</i>
<b>Impact</b>						
Total Operating Expenses	8.0	1.9	1.7	2.0	2.3	8.0
Operating Loss	(7.8)	(1.4)	(1.4)	(1.5)	(1.8)	(6.1)
<i>Operating Margin (%)</i>	<i>(4.8%)</i>	<i>(2.3%)</i>	<i>(2.3%)</i>	<i>(2.0%)</i>	<i>(2.2%)</i>	<i>(2.2%)</i>

Note: All quarterly and annual financial and other data presented herein are unaudited. Numbers are rounded for presentation purposes. Please see "Appendix" for more information.



# Selected Balance Sheet Impact

(\$ in millions)

	FY 2017			FY 2018		
	ASC 605	ASC 606	Impact	ASC 605	ASC 606	Impact
<b>ASSETS</b>						
Prepaid expenses and other current assets <sup>(1)</sup>	7.0	8.3	1.3	17.0	17.4	0.4
Deferred commissions, current	13.5	13.2	(0.3)	16.5	17.8	1.3
Deferred commissions, noncurrent	10.1	33.5	23.4	11.0	40.8	29.8
<b>LIABILITIES</b>						
Deferred revenue, current	108.0	104.1	(3.9)	162.6	159.3	(3.3)
Deferred revenue, noncurrent	5.7	4.7	(1.0)	6.0	5.3	(0.7)

(1) ASC 606 impacts disclosed are solely attributable to the change in "Contract assets", as reported within "Prepaid expenses and other current assets" on the Consolidated Balance Sheet.

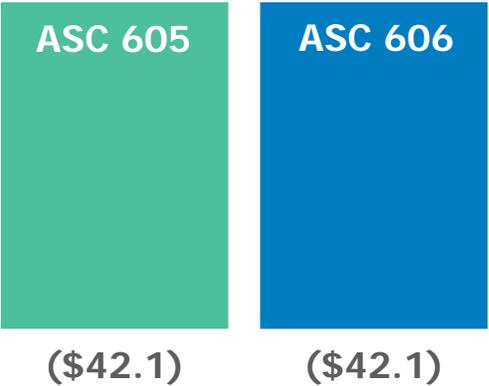
*Note: All quarterly and annual financial and other data presented herein are unaudited. Numbers are rounded for presentation purposes. Please see "Appendix" for more information.*



# No Cash Flow Impact

## Total Cash Flow from Operations

(\$ in millions)



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## Total Free Cash Flow

(%)



Note: All quarterly and annual financial and other data presented herein are unaudited.



# ASC 606 Implications for FY 2019 Guidance

	Q1 FY19		FY 2019	
	Guidance	606 Impact	Guidance	606 Impact
Total Revenue (\$M)	\$78.0 - \$79.0	(\$1.0) - (\$0.0)	\$343.0 - \$348.0	(\$4.0) - (\$3.0)
Non-GAAP Operating Loss (\$M)	(\$17.1) - (\$16.1)	\$0.0 - \$2.0	(\$72.0) - (\$67.0)	\$5.0 - \$7.0
Non-GAAP EPS	(\$0.16) - (\$0.15)	\$0.00 - \$0.02	(\$0.67) - (\$0.62)	\$0.05 - \$0.07
Shares Outstanding (M)	103	NA	106	NA

*Note: All quarterly and annual financial and other data presented herein are unaudited.*



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# Appendix: Financial Statements with ASC 606 Adjustments

# ASC 606 Consolidated Balance Sheets

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 39,714	\$ 28,835	\$ 20,134	\$ 23,282	\$ 221,726	\$ 126,464	\$ 137,575	\$ 127,949
Short-term investments	30,455	26,133	21,999	14,390	2,500	86,755	86,043	101,765
Accounts receivable, net of allowances	20,069	22,475	26,515	34,544	32,171	35,304	46,882	52,248
Deferred commissions	9,474	10,247	11,429	13,215	13,901	14,784	15,901	17,755
Prepaid expenses and other current assets	9,861	8,640	8,716	8,363	12,261	13,181	11,388	17,410
<b>Total current assets</b>	<b>109,573</b>	<b>96,330</b>	<b>88,793</b>	<b>93,794</b>	<b>282,559</b>	<b>276,488</b>	<b>297,789</b>	<b>317,127</b>
Property and equipment, net	6,576	7,937	8,985	11,026	13,180	13,302	13,122	12,540
Deferred commissions, noncurrent	25,326	26,236	28,737	33,487	33,674	34,430	36,122	40,755
Intangible assets, net	5,074	5,840	7,235	9,155	9,835	11,051	11,455	11,761
Goodwill	2,630	2,630	2,630	2,630	6,282	6,282	6,282	6,282
Other assets	4,821	5,368	6,942	4,984	1,671	1,658	2,463	10,427
<b>Total assets</b>	<b>\$ 154,000</b>	<b>\$ 144,341</b>	<b>\$ 143,322</b>	<b>\$ 155,076</b>	<b>\$ 347,201</b>	<b>\$ 343,211</b>	<b>\$ 367,233</b>	<b>\$ 398,892</b>
<b>Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)</b>								
Current liabilities:								
Accounts payable	\$ 9,355	\$ 6,821	\$ 8,440	\$ 9,387	\$ 12,853	\$ 8,887	\$ 12,875	\$ 9,566
Accrued expenses and other current liabilities	5,978	6,239	6,145	8,363	7,878	5,360	4,955	6,187
Accrued compensation	5,036	4,991	6,623	8,734	6,613	11,334	14,671	12,374
Deferred revenue	70,081	78,250	89,091	104,081	112,731	122,690	135,413	159,295
<b>Total current liabilities</b>	<b>90,450</b>	<b>96,301</b>	<b>110,299</b>	<b>130,565</b>	<b>140,075</b>	<b>148,271</b>	<b>167,914</b>	<b>187,422</b>
Deferred revenue, noncurrent	7,774	7,121	5,472	4,680	4,099	3,403	2,575	5,379
Other liabilities, noncurrent	3,943	3,704	3,603	6,079	6,323	6,451	6,553	7,017
<b>Total liabilities</b>	<b>102,167</b>	<b>107,126</b>	<b>119,374</b>	<b>141,324</b>	<b>150,497</b>	<b>158,125</b>	<b>177,042</b>	<b>199,818</b>
Commitments and contingencies								
Redeemable convertible preferred stock	227,954	227,954	227,954	227,954	—	—	—	—
Stockholders' equity (deficit):								
Preferred stock	—	—	—	—	—	—	—	—
Class A common stock	—	—	—	—	1	2	2	7
Class B common stock	2	2	2	2	8	8	8	3
Additional paid-in capital	27,336	31,800	38,064	44,469	483,019	496,801	534,304	565,653
Accumulated other comprehensive loss	22	(78)	(187)	(167)	(99)	70	(69)	391
<b>Accumulated deficit</b>	<b>(203,481)</b>	<b>(222,463)</b>	<b>(241,885)</b>	<b>(258,506)</b>	<b>(286,225)</b>	<b>(311,795)</b>	<b>(344,054)</b>	<b>(366,980)</b>
<b>Total stockholders' equity (deficit)</b>	<b>(176,121)</b>	<b>(190,739)</b>	<b>(204,006)</b>	<b>(214,202)</b>	<b>196,704</b>	<b>185,086</b>	<b>190,191</b>	<b>199,074</b>
<b>Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)</b>	<b>\$ 154,000</b>	<b>\$ 144,341</b>	<b>\$ 143,322</b>	<b>\$ 155,076</b>	<b>\$ 347,201</b>	<b>\$ 343,211</b>	<b>\$ 367,233</b>	<b>\$ 398,892</b>

Note: All quarterly and annual financial and other data presented herein are unaudited. Rows highlighted in blue are impacted by the adoption of ASC 606.



# ASC 606 GAAP Consolidated Statements of Operations

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
Revenue										
Subscription	\$ 28,230	\$ 34,036	\$ 38,545	\$ 44,220	\$ 48,345	\$ 55,778	\$ 62,454	\$ 71,454	\$ 145,031	\$ 238,031
Professional services and other	3,577	3,366	4,112	4,042	4,167	4,943	5,264	5,717	15,097	20,091
Total revenue	31,807	37,402	42,657	48,262	52,512	60,721	67,718	77,171	160,128	258,122
Cost of revenue										
Subscription	7,460	8,466	8,597	9,688	11,157	12,691	13,553	15,080	34,211	52,481
Professional services and other	4,919	5,314	5,506	5,999	6,306	6,991	7,570	7,407	21,738	28,274
Total cost of revenue	12,379	13,780	14,103	15,687	17,463	19,682	21,123	22,487	55,949	80,755
Gross profit	19,428	23,622	28,554	32,575	35,049	41,039	46,595	54,684	104,179	177,367
Operating expenses										
Research and development	8,766	9,655	9,706	10,532	15,359	16,923	19,190	19,349	38,659	70,821
Sales and marketing	24,377	26,768	30,307	29,317	35,303	37,891	47,567	44,259	110,769	165,020
General and administrative	6,945	6,142	7,922	9,090	11,639	11,948	13,546	14,670	30,099	51,803
Total operating expenses	40,088	42,565	47,935	48,939	62,301	66,762	80,303	78,278	179,527	287,644
Operating loss	(20,660)	(18,943)	(19,381)	(16,364)	(27,252)	(25,723)	(33,708)	(23,594)	(75,348)	(110,277)
Other income (expense), net	32	56	50	(99)	(19)	382	509	810	39	1,682
Loss before income taxes	(20,628)	(18,887)	(19,331)	(16,463)	(27,271)	(25,341)	(33,199)	(22,784)	(75,309)	(108,595)
Provision for (benefit from) income taxes	81	95	91	158	248	229	(940)	142	425	(321)
Net loss	\$ (20,709)	\$ (18,982)	\$ (19,422)	\$ (16,621)	\$ (27,519)	\$ (25,570)	\$ (32,259)	\$ (22,926)	\$ (75,734)	\$ (108,274)
Net loss per share, basic and diluted	\$ (1.11)	\$ (1.01)	\$ (1.01)	\$ (0.85)	\$ (0.69)	\$ (0.27)	\$ (0.34)	\$ (0.23)	\$ (3.98)	\$ (1.30)
Weighted-average shares outstanding used to compute net loss per share	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	19,038	83,004

Note: All quarterly and annual financial and other data presented herein are unaudited. Rows highlighted in blue are impacted by the adoption of ASC 606.



# ASC 606 Non-GAAP Consolidated Statements of Operations

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
Revenue										
Subscription	\$ 28,230	\$ 34,036	\$ 38,545	\$ 44,220	\$ 48,345	\$ 55,778	\$ 62,454	\$ 71,454	\$ 145,031	\$ 238,031
Professional services and other	3,577	3,366	4,112	4,042	4,167	4,943	5,264	5,717	15,097	20,091
Total revenue	31,807	37,402	42,657	48,262	52,512	60,721	67,718	77,171	160,128	258,122
Cost of revenue										
Subscription	7,020	7,973	7,972	9,079	10,467	11,635	12,132	13,643	32,042	47,877
Professional services and other	4,646	5,001	5,202	5,606	5,837	6,253	6,591	6,456	20,455	25,137
Total cost of revenue	11,666	12,974	13,174	14,685	16,304	17,888	18,723	20,099	52,497	73,014
Gross profit	20,141	24,428	29,483	33,577	36,208	42,833	48,995	57,072	107,631	185,108
Operating expenses										
Research and development	8,148	8,919	8,898	9,702	12,058	12,485	14,016	14,155	35,667	52,714
Sales and marketing	23,023	25,356	28,688	27,673	32,928	34,870	43,673	40,307	104,740	151,778
General and administrative	6,214	5,385	6,395	7,261	9,564	9,223	9,852	11,636	25,255	40,275
Total operating expenses	37,385	39,660	43,981	44,636	54,550	56,578	67,541	66,098	165,662	244,767
Operating loss	(17,244)	(15,232)	(14,498)	(11,059)	(18,342)	(13,745)	(18,546)	(9,026)	(58,031)	(59,659)
Other income (expense), net	32	56	50	(99)	(19)	382	509	810	39	1,682
Loss before income taxes	(17,212)	(15,176)	(14,448)	(11,158)	(18,361)	(13,363)	(18,037)	(8,216)	(57,992)	(57,977)
Provision for (benefit from) income taxes	81	95	91	158	248	229	(940)	142	425	(321)
Net loss	\$ (17,293)	\$ (15,271)	\$ (14,539)	\$ (11,316)	\$ (18,609)	\$ (13,592)	\$ (17,097)	\$ (8,358)	\$ (58,417)	\$ (57,656)
Net loss per share, basic and diluted	\$ (0.93)	\$ (0.81)	\$ (0.76)	\$ (0.58)	\$ (0.47)	\$ (0.15)	\$ (0.18)	\$ (0.08)	\$ (3.07)	\$ (0.69)
Weighted-average shares outstanding used to compute net loss per share	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	19,038	83,004

Note: All quarterly and annual financial and other data presented herein are unaudited. Rows highlighted in blue are impacted by the adoption of ASC 606.



# ASC 606 Consolidated Statements of Cash Flows

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
<b>Cash flows from operating activities:</b>										
Net loss	\$ (20,709)	\$ (18,982)	\$ (19,422)	\$ (16,621)	\$ (27,519)	\$ (25,570)	\$ (32,259)	\$ (22,926)	\$ (75,734)	\$ (108,274)
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	1,823	1,890	4,568	7,001
Stock-based compensation	3,369	3,663	4,838	5,258	8,906	11,976	14,410	14,568	17,127	49,860
Amortization of deferred commissions	1,029	1,683	1,402	1,647	2,162	2,588	2,426	2,455	5,761	9,631
Deferred income taxes	—	—	—	—	—	—	(960)	426	—	(534)
Non-cash charitable contributions	—	—	129	—	—	—	708	—	129	708
Write-off of intangible assets	—	—	—	—	108	18	471	517	—	1,114
Other	(130)	18	285	402	162	403	(165)	319	575	719
Changes in operating assets and liabilities:										
Accounts receivable	3,090	(2,400)	(4,296)	(8,387)	2,243	(3,554)	(11,431)	(5,579)	(11,993)	(18,321)
Deferred commissions	(2,756)	(3,366)	(5,085)	(8,184)	(3,033)	(4,228)	(5,234)	(8,942)	(19,391)	(21,437)
Prepaid expenses and other assets	(3,550)	1,009	362	(845)	(3,795)	(1,104)	1,898	(6,227)	(3,024)	(9,228)
Accounts payable	3,454	(2,267)	1,265	(925)	3,236	(504)	3,523	(2,750)	1,529	3,505
Accrued compensation	(2,855)	(46)	1,633	3,235	(2,121)	4,683	3,369	(2,349)	1,967	3,582
Accrued expenses and other liabilities	45	248	(34)	2,129	323	(1,924)	56	2,066	2,387	521
Deferred revenue	3,091	7,517	9,192	14,198	8,067	9,265	11,894	26,687	33,998	55,913
Net cash used in operating activities	(15,035)	(11,838)	(8,526)	(6,702)	(9,686)	(6,238)	(9,471)	155	(42,101)	(25,240)
<b>Cash flows from investing activities:</b>										
Capitalization of internal-use software costs	(1,232)	(1,093)	(1,667)	(1,497)	(1,208)	(1,535)	(1,329)	(1,359)	(5,489)	(5,431)
Purchases of property and equipment and other	(927)	(2,102)	(1,618)	(1,606)	(2,448)	(2,708)	(414)	(980)	(6,253)	(6,550)
Purchases of securities available for sale	—	—	—	—	—	(86,776)	(8,568)	(33,742)	—	(129,086)
Proceeds from sales of securities available for sale	—	2,207	4,000	—	1,538	—	—	—	6,207	1,538
Proceeds from maturities and redemption of securities available for sale	3,000	2,000	—	7,500	10,335	2,500	9,150	17,840	12,500	39,825
Net cash provided by (used in) investing activities	841	1,012	715	4,397	8,217	(88,519)	(1,161)	(18,241)	6,965	(99,704)
<b>Cash flows from financing activities:</b>										
Proceeds from initial public offering, net of underwriters' discounts and commissions	—	—	—	—	199,997	(49)	—	—	—	199,948
Payments of deferred offering costs	(390)	(416)	(184)	(594)	(2,246)	(1,792)	—	—	(1,584)	(4,038)
Proceeds from stock option exercises, net of repurchases, and other	124	535	1,006	772	2,564	1,352	21,884	7,846	2,437	33,646
Proceeds from shares issued in connection with employee stock purchase plan	—	—	—	—	—	—	—	8,369	—	8,369
Other	(71)	(71)	(71)	(183)	(207)	(66)	(70)	(174)	(396)	(517)
Net cash provided by financing activities	(337)	48	751	(5)	200,108	(555)	21,814	16,041	457	237,408
Effects of changes in foreign currency exchange rates on cash and cash equivalents	47	(101)	(90)	24	68	66	(81)	434	(120)	487
Net increase (decrease) in cash, cash equivalents and restricted cash	(14,484)	(10,879)	(7,150)	(2,286)	198,707	(95,246)	11,101	(1,611)	(34,799)	112,951
Cash, cash equivalents and restricted cash at beginning of period	58,081	43,597	32,718	25,568	23,282	221,989	126,743	137,844	58,081	23,282
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 43,597</b>	<b>\$ 32,718</b>	<b>\$ 25,568</b>	<b>\$ 23,282</b>	<b>\$ 221,989</b>	<b>\$ 126,743</b>	<b>\$ 137,844</b>	<b>\$ 136,233</b>	<b>\$ 23,282</b>	<b>\$ 136,233</b>

Note: All quarterly and annual financial and other data presented herein are unaudited. Rows highlighted in blue are impacted by the adoption of ASC 606.



# Non-GAAP Reconciliations

# ASC 606 Non-GAAP Reconciliations

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
<b>Subscription Gross Profit</b>										
GAAP subscription gross profit	\$ 20,770	\$ 25,570	\$ 29,948	\$ 34,532	\$ 37,188	\$ 43,087	\$ 48,901	\$ 56,374	\$ 110,820	\$ 185,550
Stock-based compensation	393	446	578	562	686	1,056	1,421	1,437	1,979	4,600
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	190	4
Non-GAAP subscription gross profit	\$ 21,210	\$ 26,063	\$ 30,573	\$ 35,141	\$ 37,878	\$ 44,143	\$ 50,322	\$ 57,811	\$ 112,989	\$ 190,154
<i>Non-GAAP subscription gross margin</i>	<i>75.1 %</i>	<i>76.6 %</i>	<i>79.3 %</i>	<i>79.5 %</i>	<i>78.3 %</i>	<i>79.1 %</i>	<i>80.6 %</i>	<i>80.9 %</i>	<i>77.9 %</i>	<i>79.9 %</i>
<b>Professional Services Gross Profit</b>										
GAAP professional services gross profit	\$ (1,342)	\$ (1,948)	\$ (1,394)	\$ (1,957)	\$ (2,139)	\$ (2,048)	\$ (2,306)	\$ (1,690)	\$ (6,641)	\$ (8,183)
Stock-based compensation	273	313	304	393	469	738	979	951	1,283	3,137
Non-GAAP professional services gross profit	\$ (1,069)	\$ (1,635)	\$ (1,090)	\$ (1,564)	\$ (1,670)	\$ (1,310)	\$ (1,327)	\$ (739)	\$ (5,358)	\$ (5,046)
<i>Non-GAAP professional services gross margin</i>	<i>(29.9)%</i>	<i>(48.6)%</i>	<i>(26.5)%</i>	<i>(38.7)%</i>	<i>(40.1)%</i>	<i>(26.5)%</i>	<i>(25.2)%</i>	<i>(12.9)%</i>	<i>(35.5)%</i>	<i>(25.1)%</i>
<b>Total Gross Profit</b>										
GAAP total gross profit	\$ 19,428	\$ 23,622	\$ 28,554	\$ 32,575	\$ 35,049	\$ 41,039	\$ 46,595	\$ 54,684	\$ 104,179	\$ 177,367
Stock-based compensation	666	759	882	955	1,155	1,794	2,400	2,388	3,262	7,737
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	190	4
Non-GAAP total gross profit	\$ 20,141	\$ 24,428	\$ 29,483	\$ 33,577	\$ 36,208	\$ 42,833	\$ 48,995	\$ 57,072	\$ 107,631	\$ 185,108
<i>Non-GAAP total gross margin</i>	<i>63.3 %</i>	<i>65.3 %</i>	<i>69.1 %</i>	<i>69.6 %</i>	<i>69.0 %</i>	<i>70.5 %</i>	<i>72.4 %</i>	<i>74.0 %</i>	<i>67.2 %</i>	<i>71.7 %</i>

Note: All quarterly and annual financial and other data presented herein are unaudited.



# ASC 606 Non-GAAP Reconciliations

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
<b>Research and Development Expense</b>										
GAAP research and development expense	\$ 8,766	\$ 9,655	\$ 9,706	\$ 10,532	\$ 15,359	\$ 16,923	\$ 19,190	\$ 19,349	\$ 38,659	\$ 70,821
Stock-based compensation	618	736	808	830	3,301	4,438	5,174	5,194	2,992	18,107
Non-GAAP research and development expense	\$ 8,148	\$ 8,919	\$ 8,898	\$ 9,702	\$ 12,058	\$ 12,485	\$ 14,016	\$ 14,155	\$ 35,667	\$ 52,714
<i>Non-GAAP research and development expense as a percentage of revenue</i>	25.6 %	23.8 %	20.9 %	20.1 %	23.0 %	20.6 %	20.7 %	18.3 %	22.3 %	20.4 %
<b>Sales and Marketing Expense</b>										
GAAP sales and marketing expense	\$ 24,377	\$ 26,768	\$ 30,307	\$ 29,317	\$ 35,303	\$ 37,891	\$ 47,567	\$ 44,259	\$ 110,769	\$ 165,020
Stock-based compensation	1,354	1,412	1,619	1,644	2,375	3,021	3,894	3,952	6,029	13,242
Non-GAAP sales and marketing expense	\$ 23,023	\$ 25,356	\$ 28,688	\$ 27,673	\$ 32,928	\$ 34,870	\$ 43,673	\$ 40,307	\$ 104,740	\$ 151,778
<i>Non-GAAP sales and marketing expense as a percentage of revenue</i>	72.4 %	67.8 %	67.3 %	57.3 %	62.7 %	57.4 %	64.5 %	52.2 %	65.4 %	58.8 %
<b>General and Administrative Expense</b>										
GAAP general and administrative expense	6,945	6,142	7,922	9,090	11,639	11,948	13,546	14,670	\$ 30,099	\$ 51,803
Stock-based compensation	731	757	1,527	1,829	2,075	2,725	2,940	3,034	4,844	10,774
Charitable contributions	—	—	—	—	—	—	754	—	—	754
Non-GAAP general and administrative expense	\$ 6,214	\$ 5,385	\$ 6,395	\$ 7,261	\$ 9,564	\$ 9,223	\$ 9,852	\$ 11,636	\$ 25,255	\$ 40,275
<i>Non-GAAP general and administrative expense as a percentage of revenue</i>	19.5 %	14.4 %	15.0 %	15.0 %	18.2 %	15.2 %	14.5 %	15.1 %	15.8 %	15.6 %
<b>Total Operating Expenses</b>										
GAAP total operating expenses	\$ 40,088	\$ 42,565	\$ 47,935	\$ 48,939	\$ 62,301	\$ 66,762	\$ 80,303	\$ 78,278	\$ 179,527	\$ 287,644
Stock-based compensation	2,703	2,905	3,954	4,303	7,751	10,184	12,008	12,180	13,865	42,123
Charitable contributions	—	—	—	—	—	—	754	—	—	754
Non-GAAP total operating expenses	\$ 37,385	\$ 39,660	\$ 43,981	\$ 44,636	\$ 54,550	\$ 56,578	\$ 67,541	\$ 66,098	\$ 165,662	\$ 244,767
<i>Non-GAAP total operating expenses as a percentage of revenue</i>	117.5 %	106.0 %	103.1 %	92.5 %	103.9 %	93.2 %	99.7 %	85.7 %	103.5 %	94.8 %

Note: All quarterly and annual financial and other data presented herein are unaudited.



# ASC 606 Non-GAAP Reconciliations

	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18	Q4 FY18	FY 2017	FY 2018
<b>Operating Loss</b>										
GAAP operating loss	\$ (20,660)	\$ (18,943)	\$ (19,381)	\$ (16,364)	\$ (27,252)	\$ (25,723)	\$ (33,708)	\$ (23,594)	\$ (75,348)	\$ (110,277)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978	14,408	14,568	17,127	49,860
Charitable contributions	—	—	—	—	—	—	754	—	—	754
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	190	4
Non-GAAP operating loss	\$ (17,244)	\$ (15,232)	\$ (14,498)	\$ (11,059)	\$ (18,342)	\$ (13,745)	\$ (18,546)	\$ (9,026)	\$ (58,031)	\$ (59,659)
Non-GAAP operating margin	(54.2)%	(40.7)%	(34.0)%	(22.9)%	(34.9)%	(22.6)%	(27.4)%	(11.7)%	(36.2)%	(23.1)%
<b>Net Loss</b>										
GAAP net loss	\$ (20,709)	\$ (18,982)	\$ (19,422)	\$ (16,621)	\$ (27,519)	\$ (25,570)	\$ (32,259)	\$ (22,926)	\$ (75,734)	\$ (108,274)
Stock-based compensation	3,369	3,664	4,836	5,258	8,906	11,978	14,408	14,568	17,127	49,860
Charitable contributions	—	—	—	—	—	—	754	—	—	754
Amortization of acquired intangibles	47	47	47	47	4	—	—	—	190	4
Non-GAAP net loss	\$ (17,293)	\$ (15,271)	\$ (14,539)	\$ (11,316)	\$ (18,609)	\$ (13,592)	\$ (17,097)	\$ (8,358)	\$ (58,417)	\$ (57,656)
<b>Net Loss per Share</b>										
GAAP net loss per share	\$ (1.11)	\$ (1.01)	\$ (1.01)	\$ (0.85)	\$ (0.69)	\$ (0.27)	\$ (0.34)	\$ (0.23)	\$ (3.98)	\$ (1.30)
Stock-based compensation	0.18	0.20	0.25	0.27	0.22	0.12	0.15	0.15	0.90	0.60
Charitable contributions	—	—	—	—	—	—	0.01	—	—	0.01
Amortization of acquired intangibles	0.00	0.00	0.00	0.00	0.00	—	—	—	0.01	0.00
Non-GAAP net loss per share	\$ (0.93)	\$ (0.81)	\$ (0.76)	\$ (0.58)	\$ (0.47)	\$ (0.15)	\$ (0.18)	\$ (0.08)	\$ (3.07)	\$ (0.69)
Weighted-average shares outstanding used to compute net loss per share	18,574	18,802	19,174	19,596	39,783	93,576	95,474	100,969	19,038	83,004

Note: All quarterly and annual financial and other data presented herein are unaudited.





Thank You

