

Navan, Inc. Q1 Fiscal 2027 Earnings Call
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Corporate Speakers

- Aurélien Nolf; Navan; Chief Financial Officer
- Ariel Cohen; Navan; Chief Executive Officer, Co-Founder
- Michael Sindicich; Navan; President

Participants

- Christopher Quintero; Morgan Stanley; Analyst
- Jeremy Sahler; Jefferies; Analyst
- Noah Naparst; Goldman Sachs; Analyst
- Patrick Walravens; Citizens; Analyst
- George Konateala; Citi; Analyst
- Charles Tevebaugh; Mizuho; Analyst
- Jed Kelly; Oppenheimer; Analyst
- Jared Levine; TD Cowen; Analyst
- Blair Abernethy; Rosenblatt Securities; Analyst
- Nafeesa Gupta; Bank of America Securities; Analyst
- Andrew DeGasperi; BNP; Analyst

PRESENTATION

Operator: Welcome to Navan Inc.'s First Quarter Fiscal 2027 Earnings Call. (Operator Instructions) As a reminder, today's program is being recorded. And now I'd like to introduce your host for today's program, Aurélien Nolf, Chief Financial Officer. Please go ahead, sir.

Aurélien Nolf: Thank you, Operator. Good afternoon everyone. And welcome to Navan's first quarter fiscal 2027 earnings conference call. With me today on the call are Ariel Cohen, our Chief Executive Officer and co-Founder; and Michael Sindicich, our President. Ryan could not join us today, so I will get us started with our safe harbor statement. During the course of today's call we may make forward-looking statements within the meaning of federal securities laws.

These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially including the risks and uncertainties described in our earnings press release, our annual report on Form 10-K filed with the SEC on April 2, 2026, and our other filings with the SEC.

In addition, on today's call we will refer to non-GAAP income and loss from operations, non-GAAP operating margin, non-GAAP gross margin and free cash flow which are non-GAAP financial measures that provide useful information for investors. Reconciliations of these non-GAAP financial measures to their corresponding GAAP financial measures to the extent reasonably available can be found in our earnings press release. As a reminder, we published detailed prepared remarks on our IR website. So you can read them [all] there. So with that behind us, it's my pleasure to turn the call over to Navan CEO and co-Founder Ariel Cohen.

Ariel Cohen: Welcome everyone. And thank you for joining us today. I really hope that you had the opportunity to review our prepared remarks. This was an amazing quarter for us

across the board. As you can see in our results, we delivered on every business metric. But more importantly, we continue to innovate, continue to execute our vision of defining the future of travel.

The second thing that I want to highlight is our go-to-market across the board, on every segment, on every activity we overdelivered. And lastly, I'm going to talk about our AI leadership and our platform. And the most important thing, we are doing all of this. We are winning while innovating and the entire team is having fun while doing so. So first, I will talk about our go-to-market.

So we accelerated our go-to-market, both in our sales-led growth motion and in our product-led growth motion. We've done an exceptional quarter in every geography, in every industry and in every company size. And this is a continued momentum that has been around in Navan for quite some time.

In addition, as we've discussed in the past, we are now using our strong balance sheet to accelerate our travel payments business. The attachment rates in this business have been growing including across every customer base. And this actually emphasizes how strong the value of the integrated platform. Our goal there is to be the best partner for our customers when it comes to travel and to travel payments, and now we can actually do that.

In addition to this, there is another thing that drove us forward, and this is really the consolidation in the market. As you know and you can see -- read through the news, a lot of our competitors are consolidating, changing their position which actually drives our -- all of the customers out there to reevaluate their solutions to include us in a lot of RFPs. We reported it in the past that we see a massive growth in the RFPs and eventually, to actually move to Navan.

They are seeking a better performance from the system and to get an integrated solution that covers their entire travel payment and expense needs. And the last thing that drives our go-to-market is actually AI. Every company right now every serious enterprise, every serious company in the world is having an AI initiative. This is driven from the top.

It's a mandate that is coming from the C-level, usually from the CEO. And the CEO is expecting to see more and more initiative in the company. This actually means that Navan is one of the only AI vendors that is leading on an enterprise scale in the market. This makes us being included in the RFPs, and we are also winning. And we can see that more and more customers are just choosing to migrate to our platform.

In the product-led growth, we also saw AI pushing us forward because it makes our marketing significantly more efficient. It actually allows us to scale faster. And because of it, we are actually accelerating our customer acquisition there while staying efficient.

Now I want to talk about our platform, our product and our leadership around AI. So first of all, I want to remind you how complex the connectivity to the travel industry and the fintech industry is. To build the global travel, fintech solution, this is super, super, super complex. And Navan is the leader in that. As you can see across the quarter, we've announced more direct connects, NDCs to many more airlines to many more hotels and many vendors that are out there. And this actually improved the customer experience on the system. The second thing, as we've explained in the previous call we are an agentic platform.

It means that we can reuse the same capability, the same connectivity to the travel industry, the same wisdom, the same knowledge of everything that we've gathered over the years, and we can deliver it through an AI agent across our platforms and across many other platforms. The last thing I wanted to mention in the context of AI is really our platform.

We are the only ones that are actually doing an orchestration between AI agents and live people, live agents. This creates the best service that is out there, the best capabilities around personalizing whatever you need as a traveler, as a CFO, as an executive assistant, as a procurement leader, as an accountant, everybody that are participating in this fairly complex travel and expense execution. And the thing is that we are now doing it more and more using our own model. This is a Navan model that is based on millions of interactions that we've gathered over the years.

And recently, we grew our usage of our own model to 30% from 20%, and this has happened in a few weeks. What it gives us, it is way more accurate which means that actually our customers are happier. It also improves the efficiency which means that gross margins are better, and it allows us to grow much faster with AI use cases. So using our own model allows us to do that. And the most -- probably one of the benefits that it's actually cheaper than the frontier model.

So the combination of real-time connectivity to a world that is super complex, that the infrastructure is extremely fragmented with the Navan AI technology allows us to define the future of business travel while accelerating our market penetration globally. I want to take this opportunity in this call really to thank the Navan team. The Navan team is really focusing on innovation, execution and making sure that our customers are super successful.

I also want to thank our customers, our partners, our investors that are continuing to support us in this mission to make travel amazing for every frequent traveler. And this was actually a great time to spend time with everybody in Navigate 2026, where we have the opportunity to bring everybody together and really share our vision with you.

So together, we are not simply building a better travel company. We are defining the future of the travel industry. So thank you. And with that, I will turn it over to our CFO, Aurelien, who will provide more details on our financial results and our outlook.

Aurélien Nolf: Many thanks, Ariel. It's great to be here. Thank you all for joining us. As Ariel just mentioned, we really had an incredible start of the year. In just three months here, I've been so impressed by the execution from the team, but also very impressed by the feedback that I'm receiving from our customers. I already had a chance to meet many of them, and it's really great to see all the feedback that they are providing. They really care about the products that we are providing to them and the experience. And that's obviously our top priority to make sure they are always super happy with the experience on the platform. All right.

Looking at the numbers. In Q1, gross bookings reached \$3.1 billion which was up 50% year-over-year, and revenue was \$220 million, up 40% year-over-year. This acceleration in our business was driven by a super robust and resilient corporate travel environment, the ongoing strength of our PLG sales, the momentum we are seeing in our SLG sales motion as well in the past quarters and all the new customers that have been ramping on the platform

during the quarter. We had a non-GAAP operating margin of 11% which was up 900 basis points compared to Q1 of last year, another quarter of significant margin expansion.

We are driving leverage across our P&L even as we invest and deliver amazing product innovation and focus on our very strong go-to-market strategy. We also ended the year with a very strong balance sheet with \$681 million in cash and short-term investments and a much improved free cash flow year-over-year, with \$2 million for the last 12 months versus a free cash flow burn of \$52.4 million last year.

So with that, we expect this great momentum to continue for the rest of the year, and we are raising our expectations. For the full year fiscal '27, we now expect revenue between \$907 million and \$913 million or a 30% growth at the midpoint. Non-GAAP operating profit will be between \$76 million and \$80 million, a 9% margin at the midpoint. This guidance raise reflects really our strong performance in Q1, the momentum we are seeing in our go-to-market motions today and our high confidence and visibility into continued growth and profitability through the remainder of the year.

For Q2 fiscal '27 specifically, we expect revenue between \$219 million and \$221 million which represents 28% growth as we head into a seasonally slightly weaker summer season. And non-GAAP operating profit should be in the range of \$13.5 million to \$14.5 million. We are seeing a great momentum across the platform. And just to give you an example, global enterprises are leaning in very heavily into the upcoming World Cup in the U.S.

We are seeing right now hotels and flight bookings for business travel to the U.S. World Cup host cities being up 46% year-over-year. So in closing, fiscal '27 is off to a very fast start, and we believe we are very well positioned to continue to drive momentum in this business. We are delivering what we think is a rare combination of growth acceleration at a very large scale and operating leverage at the same time while we invest in our growth. And with that, we're going to open it for questions.

I'm particularly excited this quarter that we are opening the opportunity to individual investors to ask their questions directly to the management team. And so we will keep some time at the end of this session to answer the most upvoted questions. And with that, Operator, we are ready for the questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from the line of Chris from Morgan Stanley. Your question please.

Christopher Quintero: Hey Ariel, hey Aurelien thank you for taking the questions here and congrats on a really solid quarter. I wanted to ask about cognition and what you've built here with this orchestration layer. Clearly, it seems like there's some special sauce in there. And so I'm curious like how you thought about potentially selling that to other players in this space, given all the investments you've made into that layer to ultimately help your business?

Ariel Cohen: Yes. That's a really good question. Thank you. This is Ariel, by the way. So first of all, I think that from an AI perspective, the idea of combining what people can contribute which is a certain type of wisdom, intuition, experience that we all have, judgment, all of these things are super, super important and only people can provide it.

Now AI agents can do a lot of things and very effectively. We are coming out of the quarter with a lot of storms, TSA interruptions, war in the Middle East, all of these things can create a lot of calls, a lot of interaction with our support, with our travel agency. So you can actually ending up waiting for hours when you are calling us.

What we've done with Cognition, we perfectly orchestrated when a human needs to speak with you and when an AI agent needs to speak with you. And sometimes it is a combination of both, and you would not even know you can talk with an AI agent and a human will intervene in the background and we will do something.

So we realize that the best way to serve our customers on something that is very complex business travel, complex travel, frequent travel is very complex. When you are going to a business trip, when the entire New York area is getting shut down for a storm, the ability to combine the two perfectly is really the Navan secret sauce, and that's why we are growing so fast. This is why our NPS is at 45. This is why CSAT is at 97% This is the reason for that.

Now to your question, so can we take this technology further and provide it to others? This is really what Navan Anywhere is all about. We've announced yesterday an integration to Google Gemini. I'm actually very excited. I've been using it, the ability to chat with Gemini and actually book a trip, support myself, combining it in a discussion is so powerful.

And as of now all of Navan customers that are using Google Gemini for enterprise can actually book Navan from our app. They can use Gemini. They can basically use us from the -- anywhere that they want to. So this is the first integration. This is the first time that we are doing it, but many more will come, and this is really using the Cognition platform behind the scenes.

Christopher Quintero: Thanks guys thank you so much.

Operator: Thank you. And our next question comes from the line of Jeremy Sahler from Jefferies. Your question please.

Jeremy Sahler: Hi this is Jeremy on for Samad Samana. As we think about the transition of customers from the legacy Reed & Mackay platform on to Navan, how should we think about, I guess, both the margin expansion and the yield pressure that you called out, how much of that is already being realized in the quarter? And I guess maybe you can give an update on what you're seeing in terms of customer retention and maybe the timeframe for the customers will be -- the transition will be fully complete?

Aurélien Nolf: Hey Jeremy, this is Aurelien. Your line was cutting a little bit, but I think your question is about the Reed & Mackay customer transition and the impact on our gross margin. So what I can tell you is we are -- this transition is all about what our customers want us to do, right? They are craving for the great platform we've been developing on Navan. And so we -- this is a process that's going to happen in the next couple of years.

So not something that had a meaningful impact to our gross margin expansion in the first quarter. This is going to happen over probably the next couple of years. But we -- I can tell you that we already migrated some customers in the first quarter, and this is going pretty well.

One of them even upsell and we've been able to upsell and expand their usage of the platform to more products. So we are very excited about that. And I think if I -- longer term, you're absolutely right, Reed & Mackay, just because they have a lot of human agents that is providing support and basic needs to our customers has a lower gross margin profile. So this is absolutely going to contribute and be a tailwind down the road.

Jeremy Sahler: Great thanks for taking my question.

Operator: Thank you. And our next question comes from the line of Noah Naparst from Goldman Sachs. Your question please.

Noah Naparst: Hey thanks for taking our question. On the point of go-to-market and sales productivity, we're curious what levers you can pull to keep the pipeline high. I mean the RFP stats that you've been disclosing with these triple-digit growth rates, we're wondering how do we interpret those in the context of GBV?

Michael Sindicich: Yes. This is Michael Sindicich. Thanks for the question. So first of all, a couple of ways. So we did announce that our RFP volume was up more than 200% year-over-year again for Q1. So we're really excited to see that momentum continues to be drawn to us. I mean I would say we've built a killer go-to-market engine, and I've been here for 10 years.

It really starts to feel like more and more customers are actually running to us versus us needing to spend a lot of time pushing. And I think that will continue to grow, right? So we want to deliver time savings, money savings.

And more and more these days, people realize that they need to deliver good user and support experiences to their employees who travel and generate revenues for the company. And to what Ariel said earlier, I think we're one of the few companies, especially at an enterprise grade and scale that can actually demonstrate real AI use cases that the second you launch us, you start seeing.

So you see savings, you see booking times less than seven minutes compared to 45. And that level of support that's available 24/7, 365 in a bunch of different languages around the world to help you with your travel and your expenses. So I think that message is landing really, really well. And as long as we can continue to build a great product to have happy customers that keep singing our praises, we hope to see continued acceleration in our go-to-market.

Aurélien Nolf: And what I would add to that from a gross bookings perspective, just as a reminder, as I unpack how things are working with customer on the SLG motion, we usually need a couple of months after we sign a deal to see the first bookings flowing through the platform and then a few months before the customers are fully ramped.

So what gives us a lot of confidence in our go-forward outlook is exactly that, like everything that Michael and his team are selling now we're going to see the bookings impact on the platform down the road. So we are doing a much better job. We are accelerating and reducing that lag between the contract signature and the ramp. That's part of the reason why we overperformed in Q1, like we are being pretty effective there, but it's still a lag. And so this is great because this is what's going to fuel the growth going forward.

Noah Naparst: That makes sense thank you both.

Operator: And our next question comes from the line of Patrick Walravens from Citizens. Your question please.

Patrick Walravens: Oh great thank you. And as you can hear from the background noise, I've been using your app on this trip. So look, my experience is just that this is such a superior experience as a business traveler than Concur and American Express Global Travel. What is -- I don't understand why every Global 2000 company isn't using it, and you'll get there. But Michael, I guess, what are the things that block you? Like it's a no-brainer in terms of the solution. What makes it hard to convert a big Fortune 500 company to Navan?

Michael Sindicich: Pat, we're hiring on the sales team -- before. So I'm just kidding. But really, thank you. Thank you so much for using our product and singing our praises. And I absolutely love, love, love the question. That same confidence that you have as an end user is what we bring into our sales. And it's I guess a couple of the stats that we talk about. So we now have 45 of the Fortune 500. It's up from, I believe, 28 a year ago.

So we see us getting into more and more bigger deals and winning RFPs. And these RFPs, by the way, take a long time right? You need to build a relationship. You need to answer the questions, you need to talk through all the change management and the global scoping. But I think we see good acceleration into closing larger and larger big customers. We do conferences like Navigate and customer advisory boards where we really understand our customers, and we work with them to build the best solutions possible and they go sing our praises with our prospects.

So we love that acceleration in that flywheel. And I think in general, it just takes time. Like if you sign an RFP or if you sign a contract for a couple of years, we can't get every customer to do an RFP immediately, though we try. And then those cycles take quite a while. And then you also have to talk about the change management and the implementation. So I agree with you. We think that we should take more market share.

We think that we should take it faster, and we think we're ready to scale further and further upmarket. And hopefully, this more than 200% increase in the RFPs, we can actually convert them and win more. And we see our ASPs and our win rates increasing year-over-year.

So we see great signs, and we're excited. But there's no -- unfortunately, no magic wand to just rip out and replace really quickly. It takes work and justification and proof points and joint evaluation plans as we usher people through the sale.

Aurélien Nolf: What I would add to that is the incredible momentum in our PLG business as well right which is directly addressing the unmanaged part of the business. And we grew revenue -- we doubled the revenue in Q1 again year-over-year. So very, very good momentum there. And what's awesome is the go-to-market, like the lag between the moment when we start interacting with the customer and when they start booking is very, very short. And so it's a different kind of customers, but that's also -- we also see our share growing there. So that's very exciting.

Michael Sindicich: And maybe one stat to add, sorry, but the companies you mentioned around Amex, we actually saw in Q1, 38% of our customer wins came from their cohort of companies. And so we do see ourselves accelerating further upmarket and taking market share from more of the legacy enterprise players.

Patrick Walravens: Okay thank you very much for that perspective.

Michael Sindicich: Thank you.

Operator: Thank you. And our next question comes from the line of George Konateala from Citi. Your question please

George Konateala: I'm on for Steve Enders thank you for taking the questions here. I wanted to ask about the revenue guidance raise for the full year, a really impressive increase there. Maybe you could just unpack the drivers and assumptions. I think you called out three points of the tailwind to GBV in the quarter from price inflation -- travel price inflation. Is that about similar to what's baked into the guide here? Just any help in unpacking some of the changes in the assumptions?

Aurélien Nolf: Yes. Thank you, George, for the question. So we are obviously very, very excited about the momentum we're seeing in the business, right? And that's what informed directly our guidance going to 30% from 24% year-over-year growth previously. The reason is it's -- there's like many reasons to it. The first one is, obviously Q1 performance was really great. We saw a lot of activity on the platform from existing customers, but also from those new customers that have been ramping pretty fast with us. So great execution there.

On top of that, we see the demand being very resilient, right? Like the demand has been really high. People are traveling, companies are really -- people are leveraging business travel to generate revenue for their own business by meeting with their customers, by making sure their teams have in-person interactions. And so we believe this trend is going to continue for the remainder of the year. And then to address your question directly on inflation.

So we wanted to disclose the impact of inflation on our bookings, not on our revenue in Q1, and that was 3% out of the 50% year-over-year growth. So I would say it's meaningful, but obviously a small part of the reason why we are growing that fast. We are prudent. It's very hard to forecast inflation. A lot of this inflation is coming from jet fuel cost and things like that. And so that's obviously very uncertain. We see prices being fairly stable in Q2 versus where they were at the end of the first quarter.

And then beyond that, we assume some stability there. But we will keep you updated on the way as we see new data. But for now this is what is included in our 30% year-over-year revenue guidance.

Ariel Cohen: I will add one thing to this that gives me actually a lot of confidence which this Q1 was very unique. For me, it was the first time that I've seen so much travel disruption. I kind of talked about it earlier, but there was a major TSA shutdown. There were pretty big storms in the eastern part of the U.S. There are some airline strikes in Europe.

Dubai is a huge hub. And obviously (inaudible) over there. So we really saw how much business travel is important for our customers. We didn't see any spike of cancellation. We

did see some people changing the day of the trip which, by the way, this is again where AI and Ava, our chatbot are so important because if I can change my trip easily, I can actually very easily book another trip. So I'm maintaining the trips on the system. So seeing a quarter like this with so many interruptions and obviously providing this result gave us a lot of confidence regarding our guidance.

George Konateala: Excellent. That's excellent color. I also wanted to follow up on the calculated yield number came down a little bit. I know in the past, that had been primarily driven by product mix. Just any commentary on what drove it in the quarter and how we should think about modeling that into -- through the rest of the year?

Aurélien Nolf: Yes. So the yield is a direct output of everything we just discussed, right which is the fact that our strategy is to aggressively gain share in this huge addressable market. And I think the pace of our bookings growth in Q1 is demonstrating that we are very successful there. So that's -- the higher the mix of enterprise customer in our mix of revenue, that impacts the yield. But there's no changes within the different cohorts of customers or the different segments of customers, and we are not growing by giving more discounts or anything like that.

This is, again, just a mix play. Why do we love that to happen to us? And why do we love that strategy is because our enterprise customers are larger. They are very sticky customers, and they give us the opportunity to, over time upsell and attach more products as well. So really, you should expect us to keep being very focused on growing our share over there. So that said, I shared some color commentary earlier this year about where we think yield is going to go.

I'm not expecting any significant changes to what we've shared in the past. But the yield is very complex and is an output of many, many different puts and takes. And I can give you a couple of examples of what will impact the yield one way or the other, right? So first of all, our enterprise business, if we keep accelerating the momentum there, we could see some yield shift as well again, I mean more or less depending on the -- how fast we ramp those new customers.

I would also mention our payment business. You've seen very, very strong payment volume growth in Q1, up 29% year-over-year. So clearly an acceleration versus what we've seen in the past. And here, we are also paying with rebates that we can give to our customers. So depending on how we construct our commercial relationship with our customers, there could be an impact on yield as well up or down.

And then lastly, I would mention the Reed & Mackay customers migration and the pace of that migration will have an impact on yield, but also will be very beneficial for our gross margin. So in summary, we are very, very pleased with what we are seeing right now very fast market share gains. That has an impact on yield. But overall, what we are doing as a management team and as a company is clearly driving a bigger, stronger and a more profitable business model over time.

George Konateala: Thanks great color. Thank you for taking the questions.

Aurélien Nolf: Of course.

Operator: Thank you. And our next question comes from the line of Siti Panigrahi from Mizuho. Your question please.

Charles Tevebaugh: Hey great thanks guys. This is Chad Tevebaugh on here for Siti. I wanted to talk about sort of the operating margin raise for the full year, really strong now at 9%. I guess taking a step back, given the really strong top line momentum that you guys have seen over the last few quarters, how are you thinking about the balance of sort of ramping OpEx investments more aggressively to capture this demand that you're seeing versus passing it on to the bottom line? And thank you.

Aurélien Nolf: Yes. This is a great question. Thank you. This is actually a debate we have every week, every day, every month as a management team, right? This is very, very important because we are very focused on growing the business and making sure more and more customers can put their hands on our platform which we see very, very good results there. And to be able to do that, we are investing, right?

And we are investing. You can see that we are investing in our marketing and sales motions with very, very attractive payback, something that I really like to see and we discuss again all the time. Having said that, we are also committed to expanding our margins which I think we've been very successful over the last couple of years at demonstrating that we have this ability which I think is pretty unique to grow the business very fast, but at the same time being very, very disciplined.

So the way we are achieving that is we look at our OpEx envelope and then we allocate our resources wherever it makes sense. And so we are seeing efficiencies in our research and development costs that a lot of that is driven by AI and our team being very, very efficient at releasing new products.

You've seen the velocity of the new product release increase significantly. So we're very, very proud of that, and we are generating efficiencies there which is also the case on G&A where we are very, very disciplined. So I'm very, very excited to be able to expand margin, raise our guidance for operating margin going forward. But also, we are very focused on our number one goal which is to keep gaining share and grow this business very, very fast. So very pleased to be able to achieve both at the same time.

Operator: Thank you. And our next question comes from the line of Jed Kelly from Oppenheimer. Your question please.

Jed Kelly: Hey great thanks for taking my questions. I guess I'll ask a more travel-focused one. It seems like you're having good momentum with NDC, announced a partnership with SAS, and it seems like it's going well. So just how should we think about NDC? And then just further, if I kind of look at your growth and where you are, it seems like in the last 10 years, it's you and Airbnb are the two most successful new travel companies over the last decade. So how should we think about Navan potentially expanding into other travel verticals, potentially leisure? Thanks.

Ariel Cohen: Yes. Thank you for this question. So first of all, the way that we look at every decision that it comes to the actual product and service, we always, always, always start with the customer. We are always asking what is the best thing for our customers. And the reason that the Navan platform is connecting really to everything through everything.

So it means to everything, it means every airline, low-cost airlines, regular airlines, every hotel, every hotel chain, every aggregator that is out there, every GDS that is out there, and we are doing it globally. The reason that we are doing it is that we know that our travelers, the EA, everybody that are using the system want to make sure that they can trust this system.

On the Navan system, you don't have this thing that you will search a Navan and then you will Google it and you'll find something cheaper outside. It's actually the opposite. So it is very, very important for us to make sure that we are connected to everything. NDC connecting directly to airlines is something that allows us to make sure that we have the right prices in the system, but also it allows us to merchandise.

It allows us to sometimes combine your Wi-Fi and your cloud access and your flight, obviously in the time of booking. And this is unique to Navan. It allows us to have information that usually you don't get on a platform that they book your trip such as are you likely to have a flight delay and information like that.

So it is a very powerful technology, but our approach is to just connect to everything that provide really good services for our customers. Now when you provide this infrastructure with everything that I've mentioned earlier about AI, you are creating something really, really powerful for our customers.

Jed Kelly: Thank you.

Operator: Thank you. And our next question comes from the line of Jared Levine from TD Cowen. Your question please.

Jared Levine: Thank you. To start, can you talk about some of the traction you've seen so far with Navan Edge and how that's contributing to growth so far this year?

Ariel Cohen: Yes, definitely. So let me share with you what I'm focusing on and I'm looking at Navan Edge. First of all, it's actually a product on the early stages of development. So I'm really monitoring the pace of innovation. I'm monitoring if every week, this product is becoming better and better and better.

By the way, everybody on this call can download the product, so you can actually try it out. And if you are looking at it, you could see that a month ago, we didn't have flights there. And now we have flights in a really very powerful way. So now you can actually use the entire use case which includes flights, hotels, cars, restaurants, everything, events, everything that you want. So first of all, it's the product.

That's the first thing that I'm focused on. The second thing is acquisition. Are we bringing users to the system, and we see the trends there better than what we were expecting. But then comes the next thing, are we converting them? And the most important thing, are they coming again? So all of our internal stats are ahead of our plan for Navan Edge. So we are very, very happy of what we see them. And I'm just looking forward in the future to start to show some Navan Edge numbers. But right now it's -- we are still keeping it internally.

Jared Levine: Great. And then the key question we've gotten from investors is in terms of the healthy large enterprise signings that you did in the second half of last year, how those are

going to layer into GBV growth this year? Any color you can kind of provide in terms of thinking about that growth impact this year from those signings?

Aurélien Nolf: Yes. So what I would say -- so what -- generally speaking, what we've explained, again, is two months delay between the signature of the contract and the first booking and then anywhere between five and six months to get to a full ramp for enterprise customers. Recently, we had a lot of success with very big accounts that have been able to ramp much faster than that. So what I would say here is it's hard for me to give you an exact number. And the reason is every customer is different.

And obviously the larger the organization, the longer time it's taking for them to fully ramp. They have adoption programs, like we run a lot of -- we do a lot of work with them. What I've been very impressed is by our ability to learn from those very large launches, and we are getting better, right? Like the team now has a very structured program to accelerate these ramps. And this will fuel the growth going forward. But again, every customer is different. Some of them are very large. And so if we are able to ramp them up quickly, then there's a pretty fast impact on our top line.

Jared Levine: Great thank you.

Aurélien Nolf: Thank you.

Operator: And our next question comes from the line of Blair Abernethy from Rosenblatt Securities. Your question please.

Blair Abernethy: Thanks very much and congrats on the great quarter, guys. Just wanted to understand the -- you called out this largest ACV deal in the company history. And I wonder if you could provide any other color around that. Is it a long-standing customer or a relatively new customer. And just in terms of the average new customer land size deal sizes, is that -- how has that been trending this year?

Michael Sindicich: Yes, great question. First of all, happy to say that it was not a customer of any of our products before they signed on with us. So this was an end-to-end, as we call internally customer, where we sold travel, payments and expense management. And what I can say about that is we're growing our payments and expense business and capabilities upmarket very quickly.

We get current customers to learn from that we can continue to work with and build our products. And as we sell to larger and larger customers, the requirements are more unique, right? So if I have travelers in Poland, there's Polish per diems which are different.

If my car in Austria weighs more than two kilos, I get a different reimbursement rate than less. And so there are very, very, like, fine differences in different markets around the world that we are continuing to scale with our customers in which lets us land larger and larger customers at the point of sale, but also when we go and upsell them afterwards. And it's been great to see.

So what we say and what we see is our ASPs. So when you think about ASPs, we're essentially taking in all the various revenue components from the products that we're selling that customer. They are increasing year-over-year really nicely. It also adds a stickier product.

So we have more things to offer, more things to basically work with the customer to provide more value, and we think that, that's stickier.

And our products are getting more and more mature very fast on both the travel, the expense and the payment side. So yes, that's all I can say about that. Just really excited to see the momentum, and we hope to keep selling small customers all the way up to very large ones.

Blair Abernethy: Great thank you.

Operator: Thank you. And our next question comes from the line of Nafeesa Gupta from BofA Securities. Your question please.

Nafeesa Gupta: Hi thank you. So you've highlighted both PLG revenue doubling Y-o-Y and enterprise SLG momentum. Where among the two, are you seeing the strongest ROI today, if you can break that down?

Aurélien Nolf: Sorry, we had -- I think the line cut. I could not catch the question. Do you mind repeating the question?

Nafeesa Gupta: Yes. Yes. So my question is that you highlighted both PLG momentum with revenue doubling year-on-year and then enterprise SLG momentum as well. And so among these, where are you seeing the strongest ROI?

Aurélien Nolf: Yes. So very, very good question. And we actually see a very high return on both motions, right? They are -- those customers have different characteristics, obviously on the PLG side, so we doubled the revenue in Q1 year-over-year again. And what we are seeing there is a very -- we have a very effective way to market and spend marketing dollars.

I think Ariel mentioned that we're also leveraging AI to do that in a very, very effective way. So the payback is going to be pretty fast, right? We see faster payback there. However on the SLG motion, we invest more upfront because we have a sales team and we pay commissions whenever we sign the deal, but those customers are going to be larger and more sticky. And so the payback is going to be a little bit longer, but still very, very attractive because those customers are going to be very sticky and we have the opportunity to upsell over time.

So what I would say is really, we are focusing on growing both. And so we're not going to choose between the two. Again, different characteristics, different speed to market, different return rate, but both being very, very attractive.

Nafeesa Gupta: Got it. And if I can squeeze another one. So you guided Q2 to slightly slower growth, 28% growth Y-o-Y. How much is that -- how much of that is purely seasonality versus building in any conservatism on the demand aspect?

Aurélien Nolf: Yes. So on Q2, I mean we are still guiding to a very great growth. Obviously we are a usage-based business. I mean we discussed about the dynamics around the macro and the demand and inflation which are -- things that are very hard for us to forecast. I mean so far, it's been very strong, but those are the kind of things we are considering when we set guidance. My goal is to always provide a guidance where we have a good confidence that we can achieve. But yes, we are very, very pleased with the growth rate for Q2 and the rest of the year.

Nafeesa Gupta: Thank you.

Operator: Thank you. And our next question comes from the line of Andrew DeGasperi from BNP. Your question please.

Andrew DeGasperi: Thanks. I just wanted to ask first, the 20% to 30% path in terms of the AI calls going to your models is pretty impressive in a matter of weeks. And I just wanted to touch on -- you mentioned you can get to be the majority of one point. I was just wondering how long would it take to get there? And do you think that's something that could be measured in a matter of months? Or do you think it would take longer than that?

Aurélien Nolf: Yes. That's a really good question. And in a way, it's actually related to the previous question about the PLG and SLG because what really allows us to improve the unit economics and the gross margin is this model, right? So as this model accelerates, our economics are getting better. That's why we are actually happy with both motions. So in terms of how fast we can go to more and more coverage by ourselves, we are seeing really good results as we are pushing the model more and more.

The reason is really all of these endless millions of discussions that have been doing -- we were doing in the last 10 years with our customers. We are using this data. And this data is so tuned to travel that it actually has significantly less parameters than the parameters that you would see on a frontier model. So it's actually faster when you chat with us, for example, with Ava or Navan Edge, it is significantly faster results than what we're going to see if we are connecting to a Frontier model.

So that's one thing. It is significantly more accurate. It creates a better CSAT, customer satisfaction with our customers. But when we also combine it with other components of our AI platform such as memory, memory is the ability to know you personally to try to understand what do you need from us. So we combine the two, it makes the platform super, super powerful. So I will not give you guidance on how fast can we grow to a better coverage, but I can definitely tell you that it's an area of focus for our AI team. And we are actually very, very bullish on our capabilities there.

Andrew DeGasperi: That's very helpful. And then I'm only mentioning this because on the -- this was mentioned earlier in the call. And the question is about the World Cup. You did mention that it drove travel like in terms of flight and hotel bookings up significantly. And the reason I'm asking this is like when we think about our model for next year, I just want to make sure, is there -- is this like a pretty significant bump in the revenue tied to the World Cup and maybe even the Olympics in the first quarter? Because I would have thought that it's more like leisure related as opposed to corporate travel, but just making sure if there was any benefit.

Aurélien Nolf: No. I would not think about this as a very significant driver. I think the reason why we wanted to share those data points is because we wanted to highlight the resiliency in the business travel, like people are really, really focused on getting together. I'm assuming a lot of those trips are customer invitations. And so our customers really want in-person interactions. And for us, it's a great sign, and we are seeing this activity on the platform. But given the number of games and the number of cities, when you think about our more than \$3 billion bookings in Q1, for example, that would not be a significant driver.

Andrew DeGasperi: Thank you very much.

Operator: Thank you. I'd now like to hand the program back to Aurélien Nolf, Chief Financial Officer.

Aurélien Nolf: Yes. Thank you. So for the first time this quarter, we are very, very excited to be able to receive questions from our individual investors. So by the way, highly -- we're going to do that going forward, highly encourage all of you to just use the platform and ask your questions. So I think the first one is for you, Ariel. It's coming from Victor S, who's asking what does the present market consistently misunderstand about Navan? And what does Navan look like in 10 years if everything goes right?

Ariel Cohen: Yes. When I'm thinking about this answer, it's really, I would say, in the root of everything that we are thinking about when we are thinking about Navan because you really need to ask yourself the question in this era, right, in the next 10 years, what's going to happen. And of course, everybody are talking about AI. I think there is also always a political uncertainty. There are a lot of things.

And our point of view regarding to this is that all of this makes human connections more important. The power of being there, the power of meeting you in person, the power of understanding your culture, all of these are very, very, very important. We also believe that it might be that people will have more time. So all of these things means that travel will become bigger and bigger and bigger in the next -- in the years to come. And I think that's the first thing that maybe there is an underestimation of the size of the TAM in this unique era.

The second thing is our leadership, the stuff that we have developed, the infrastructure to connect to everything that is out there, but to deeply embed it with AI gives Navan really powerful platform to take the entire market. So we believe that the market is going to a certain direction that will make travel very, very important. And we believe that we are -- we will be the leaders in this.

So how powerful the platform is super important to understand. And I would say the last thing, probably people need to understand how strong the Navan team is, how resilient we are and how much we are having fun doing that. And I think this is what makes us so successful.

Aurélien Nolf: Great. Thank you. Very exciting vision. So next question is from Terence S, for you, Michael. And Terence is asking us, does Navan look to acquire or partner with any companies in the near future?

Michael Sindicich: Yes. Great question. So first of all, I want to say we have a strong track record of successful acquisitions around the globe. We acquired from Comtravo in the DACH region, Reed & Mackay in U.K. and other places around the world, Tripeur in India, Resia in Sweden, another one in Italy and on and on. So we're always looking at evaluating opportunities for growth.

What I'll say is the bar for M&A is really high. We see acquisitions as a tool, not as our growth strategy. And you can see that in our 50% year-over-year GBV growth which is not based on acquisitions. So we really like our organic growth. And so when I think about who

we're looking to acquire, what opportunities to go after, it's about accelerating our go-to-market strategy or the company vision.

It's about extending the platform and offering really travel adjacent categories such as meetings and events or VIP services. And of course, the most obvious one is expanding our service and operations and licenses globally as we sell and keep working with more and more global and larger customers. When it comes to partnerships, by the way, so we have many, many partners across the payment space, the expense space and the travel supplier space. And really, really excited about the new partnership we talked about yesterday which is the integration into Gemini.

And that's all about allowing our customers to be able to access the Navan infrastructure from whatever UI or interface they're working in today. So I think that that's going to be great, and we hope to do many more of them.

So that was that one. Now I'll ask you this one, Aurélien. But this is from Amnna F, who said, what are your long-term plans for the company that would bring some dividends to your investors?

Aurélien Nolf: Yes. Awesome question. I think this question is really about when are we going to be GAAP profitable, right? And so what I would say is we have not shared any timeline for this as a company. However we've been discussing on this call that we are very focused on margin expansion overall. And so I'm assuming -- I'm expecting GAAP profitability to come naturally at some point. But really right now what we are focused on is finding the right balance between growth and investing in that growth.

We are -- I'm very excited to be able to raise our non-GAAP operating margin guidance to 9% for the year. And that's exactly what we are doing, being very focused on coming up with new innovation, investing in our go-to-market engine and fueling growth. So over time as our business is going to mature, we will see even more operating leverage, right, that is going to come from AI-driven automation from our models, from the Reed & Mackay migration from the growth of the business overall.

So all those growth and margin expansion drivers that we've been discussing. And I'm very pleased that we've been free cash flow positive for the first time in fiscal 2026 which was a huge milestone for the company, and we are expecting to do that again in fiscal '27. So yes, very -- I think we are on a great trajectory. But again, no timeline has been shared so far. Great. So I think with that, we are ready to close this session. I really want to thank you all for listening and for your interest and support in Navan.

Operator: Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.