

## Navan, Inc. (Q3 Fiscal Year 2026 Earnings)

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### Corporate Speakers:

- Ryan Burkart; Navan, Incorporated; Vice President of Investor Relations
- Ariel Cohen; Navan, Incorporated; Co-Founder, Chief Executive Officer
- Amy Butte; Navan, Incorporated; Chief Financial Officer

### Participants:

- Steve Enders; Citi; Equity Research Analyst
- Kash Rangan; Goldman Sachs; Managing Director
- Siti Panigrahi; Mizuho Financial Group; Managing Director and Senior Equity Research Analyst
- Samad Samana; Jefferies; Managing Director
- Chris Quintero; Morgan Stanley; Equity Research Analyst
- Scott Berg; Needham & Company; Managing Director and Senior Research Analyst
- Jed Kelly; Oppenheimer & Company; Managing Director and Senior Analyst
- Andrew DeGasperi; BNP Paribas; Research Analyst
- Mark Schappel; Loop Capital Markets; Managing Director and Senior Equity Analyst
- Blair Abernethy; Rosenblatt Securities; Managing Director and Senior Research Analyst

## PRESENTATION

**Operator:** Thank you for standing by and welcome to Navan's Third Quarter Fiscal Year 2026 Earnings Conference Call. (Operator Instructions) I would now like to hand the call over to Vice President of Investor Relations, Ryan Burkart. Please go ahead.

**Ryan Burkart:** Thanks, Operator. Good afternoon, everyone, and welcome to Navan's Third Quarter Fiscal 2026 Earnings Conference Call. With me on the call today are Ariel Cohen, our Chief Executive Officer and Co-Founder, and Amy Butte, our Chief Financial Officer.

Before we begin, 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 prospectus dated October 29th, 2025, filed with the SEC on October 31st, 2025, 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 all non-GAAP financial measures that provide useful information for investors.

Reconciliations of these non-GAAP financial measures to their corresponding GAAP financial measure, to the extent reasonably available, can be found in our earnings press release. With that, it is my pleasure to turn the call over to Navan's CEO and Co-Founder, Ariel Cohen.

**Ariel Cohen:** Thanks, Ryan. Good afternoon, and welcome to Navan's first earnings call as a public company. This is a new beginning for Navan, but our mission is unchanged, to make travel easy for every frequent traveler. That has been our obsession from day one. Travel is complex. It is fragmented.

It rarely works the way business travelers need it to work. We have spent more than a decade rebuilding this category from the ground up. Our IPO confirmed the market's belief in both our platform and our strategy.

As a public company, we operate with even greater discipline and transparency, and we are committed to delivering substantial high-quality growth for our shareholders. Before we get into our results, I'd like to take a moment to discuss Amy's departure. As announced, Amy will leave as Navan's CFO on January 9.

Amy first joined Navan as a board member in early 2024, and a few months later, joined our management team to serve as our CFO as we prepared for the next step in our evolution. Much like the role she played earlier in her career at the New York Stock Exchange, Amy helped build out our finance organization and prepared the company for the public markets. With our listing now complete and the business carrying strong momentum, it was the right time for her to move on to find her next opportunity.

We wish her the best. Amy will help support a seamless leadership transition and will continue to serve as a strategic advisor to Navan while the Board conducts its search for the company's next CFO. Anne Giviskos, the current SVP, Strategic Finance and Chief Accounting Officer, will assume the role of an interim CFO.

Now, let's talk about our business. Q3 was a strong quarter that demonstrated both the power of our platform and the operating leverage we are unlocking with AI. Revenue grew 29% year-over-year.

Non-GAAP operating margin reached 13%, up nearly nine percentage point year-over-year, reflecting both AI-driven gross margin expansion and the underlying leverage in our model. Our execution momentum continues across our \$185 billion addressable market. Our sales-led growth motion remained strong, especially in enterprise, where we signed the second-largest European deal in our history with a CAC 40 company.

We also closed deals with Frasers Group and Axel Springer and recently launched major customers, including Visa, NRG Energy, and Fortune 500 healthcare company. Our PLG motion continues to grow rapidly in SMB, and while still a small part of our mix, the velocity and efficiency are in line with what we've expected when we've invested early here. Customer satisfaction hit a high of 97% with NPS rising to 45, far above an industry average of 5.

This reflects one thing, frequent travelers love the Navan experience. Traveling expense is critical infrastructure for modern businesses. It is how companies connect, sell, support customers, train teams, and build culture.

Navan exists for the people who make this happen, the road warriors, the finance teams, and the CFOs who need visibility, control, and savings. We are the only fully integrated end-to-end platform that solves fragmentation across three stakeholders. Business travelers enjoy a tailored and seamless experience with average booking times of just seven minutes.

There is no need to waste time filing expense reports after returning from a trip. Everything is handled quickly and efficiently, from booking the trip to receiving support on the road, minimizing the time spent on expense management. Customers get real-time visibility of employees' safety and spend, built-in policy compliance, and 15% median savings.

Our suppliers and partners get direct access to high-value, frequent, predictable travelers. This creates a self-reinforcing flywheel. Higher adoption generates more data.

More data trains our AI. Better AI improves experience, savings, and control. Stronger performance increases adoption again.

This is why we win and why our lead keeps growing. And our leadership in this space is being noticed by some of the largest organizations in the world. We are winning significant deals with global enterprises driven by structural tailwinds that continue to be strong.

First, the network effect. As more companies adopt our platform, experience our ease of use, and see the savings it delivers, the world gets out, and we see more and more opportunities. Second is industry consolidation.

There has been a lot of consolidation in this space among some of our competitors, and there is speculation of more. Consolidation is great news for us because it forces companies to re-evaluate their solution. And we do very well when companies compare our modern platform to legacy solutions.

Finally, the AI-native nature of our platform is a big tailwind because it puts us on everyone's list. If a company wants to leverage AI to drive greater efficiency and deliver

better employee experiences, then that is essentially every company today. We must look at Navan as the AI leader in travel and expense.

The Visa launch this month was a good example. It was one of our largest launches ever. Visa, a world leader in digital payments, chose us as they seek to provide an innovative experience and high service levels for the Visa travelers globally.

Frasers Group, Axel Springer, and many others did not choose Navan for incremental improvement. They chose us because the old model no longer works for global enterprises. They want AI-driven experiences, real-time data, fewer offline bookings, smarter controls, and a platform their employees actually use.

These wins reflect structural tailwind in our accelerating enterprise leadership. AI is reshaping the travel and expense category, and Navan is leading that transformation. AI has been at our core since our earliest days when we built machine learning to personalize inventory.

When LLMs emerged, we immediately recognized the opportunity but also the limitations. Travel is not answering a password reset. Travel is dynamic, personal, and high-stakes.

Mistakes have real consequences. Generic LLMs hallucinate, they decay over time, they cannot reason over inventory, policy, or travel logic. That is why we built Navan Cognition.

Cognition is our homegrown AI agentic framework designed specifically for travel. It allows us to train and deploy unsupervised agents that handle complex travel tasks. We have proven this at scale for more than two years.

Ava, our AI support agent, powered by Cognition, handles over half of all of our users' interactions, with customer satisfaction at human levels. That reliability is why our non-GAAP growth margin expanded from the low 60% to over 70% today and hit 74% in Q3, an all-time high. This is a transformation for both service quality and margins.

Only Navan can do this today because only Navan built Cognition. There are three AI advantages we have that will define our future. First is Cognition itself, our agentic AI architecture.

Second is data. More than 10,000 customers complete millions of bookings per year on one integrated platform, giving us a category-defining data set. Third is the Navan Cloud, our global real-time inventory network.

It was built by over a decade of face-to-face negotiations and thousands of direct supplier connections. We believe nothing in the market can match its depth or its integration with AI. These assets position us to build the AI-powered travel booking experience of the future, which we call Navan Edge.

It is in development now, and we look forward to sharing more soon. This paired with the support of real human agents during unexpected issues provides the ultimate travel solution for frequent travelers.

We are an AI-first travel solution designed for frequent travelers and their companies.

Over the next year, our focus will be threefold.

First, driving sustained high growth across all customer segments, channels, and geographies.

Second, accelerating innovation, especially around AI, Meetings and Events, and VIP.

Third, maintaining the right balance between growth and profitability. We will deploy capital where we have conviction, such as payments, expense, and foundational AI innovation, while continuing to expand efficiency across the business.

Our investment in Navan Cognition and Ava three years ago is a great example of this approach: deliberate, strategic, proprietary, and driving meaningfully better margins for our business today. Our success is directly tied to the frequent travelers' experience and the customers' strategic goals. That alignment is the core of our model.

To the Navan team, thank you for your execution and discipline. To our new shareholders, thank you for your confidence. This is just the beginning. With an integrated platform, a global travel network, and an AI core, Navan is uniquely positioned to lead the future of travel and expense.

Before I hand the call over to Amy to review our financial results, I wanted to thank her for everything she has done to position Navan for success.

**Amy Butte:** Thank you, Ariel. I'm really proud of what we were able to accomplish at Navan, including completing the IPO, and I wish the company and the leadership team continued success. Now, I am happy to report that Q3 was a strong quarter that demonstrates our ability to deliver significant top-line growth while simultaneously improving our profitability profile.

As a reminder, we are a seasonal business. While we are reporting Q3 today, when we think about our business, we think about it annually over an entire fiscal year. Referencing our Navan Business Travel Index, Q3 is seasonally strong.

Let's start with some thoughts on the current environment. First, it's important to note that we have not seen an impact to our business from travel disruptions related to the government shutdown. We saw no impact in October during the height of the shutdown.

In fact, it was a record month for Navan. As a seasonal business, we plan for a slowdown around the Thanksgiving holiday. Just before the normal holiday slowdown, we saw a very minor volume impact for about four days, beginning on November 11 when the FAA announced flight cancellations.

There was an offset here as we benefited from higher airline ticket prices as a result of the reduced capacity. The net of these two offsetting impacts was not material relative to our outlook for Q4. Volume rebounded to normal levels immediately following the end of the shutdown.

The current business travel environment remains robust, and our expectation is that these conditions will persist through the remainder of our fiscal year ending January 31. Again, it is important to remember that business travel is seasonal, and per our usual, our fiscal Q4 is expected to be seasonally lower than fiscal Q3.

Now, let's review the detailed results. Our revenue performance was excellent across the board. Total revenue for the third quarter was \$195 million, representing a strong 29% increase year-over-year. Drilling down, usage revenue was up 29%, while our subscription revenue grew 26% year-over-year.

Gross booking volume reached \$2.62 billion in the quarter. Growing 40% year-over-year. Usage yield was 6.9%, down from 7.5% in Q3 fiscal year '25. As a reminder, usage yield can vary by quarter, depending on the timing of supplier volume bonuses, quarterly mix and travel activity, and trends in our higher-yielding R&M business.

Year-to-date usage yield is 7.1%. Payment volume processed through Navan Cards was \$1.13 billion, up 12% year-over-year. Payment volume is a place where we think we can increase a tax over time as we put some of our IPO proceeds to work. Revenue from international customers represented 37% of our total in Q3, and is 38% year-to-date.

Moving on to profitability, we continue to drive meaningful operating leverage in the business.

Our non-GAAP gross margin expanded by approximately 200 basis points year-over-year to 74% in the quarter. This sets a new high watermark for Navan, driven primarily by the continued automation of customer support through our virtual agent Ava, and efficiencies gained through scale. Again, Q3 is our strongest quarter seasonally, and we would expect gross margins to compress in Q4 in line with normal seasonal trends. Historically, non-GAAP gross margin has come down 300 to 400 basis points between Q3 and Q4. Year-to-date non-GAAP gross margin is 73%.

Our non-GAAP operating margin was 13% in the third quarter, a substantial improvement of 870 basis points year-over-year. This expansion was driven by the strong gross margin gains I just mentioned, combined with increased efficiency across all

three of our operating expense lines, sales and marketing, R&D, and G&A. We are committed to disciplined spending while investing for long-term growth.

Finally, free cash flow was negative \$11 million in the quarter, an improvement of 30% compared to Q3 fiscal year '25.

Before I provide our financial guidance, I want to take a moment to remind everyone of the key structural growth drivers underlying our business and which give us confidence in our outlook. I will also review our strong balance sheet.

First, let me walk you through our growth algorithm. Despite operating on a usage-based model, we have a high degree of visibility into our expected revenue growth for the following year. Our net revenue retention was above 110% in fiscal year '25. This means that the first 10 points or so of annual revenue growth has come from our existing customer base historically. This expansion is driven by three factors, underlying organic growth in our customers' businesses, leading to higher travel spend, some degree of travel price inflation, and increasing product attachment. As of the end of fiscal year '25, 36% of our customers attached to three or more products. We are focused on attaching more payments, online meetings and events, and on-platform VIP services in the future.

The next component of our growth comes from what we call the customer ramp. If we were to include the impact of customer ramp and our net revenue retention calculation, as some other usage model companies do, our NRR would have been greater than 120% in fiscal year '25. The average time to launch and ramp across our customer base is 60 days and 5 months. Enterprise has the longest ramp, and growth customers have the shortest, in days. We are actively working to shorten the time across our channels and across our customer segments.

Finally, we achieve the remainder of our annual growth from new customers, and we are seeing momentum across channels, customer segments and geographies, as Ariel already talked about.

As I mentioned at the outset of my remarks, our successful IPO has significantly fortified our balance sheet. We have streamlined our capital structure to improve our cost of capital and reduce our interest expense going forward. We believe we will be more efficient because we expect to get better terms as a public company, and the health of our balance sheet lets us extend our capacity. We expect this to play out in growing payments revenue longer term, as we are able to extend credit to more customers when we choose. As a reminder, we do not provide credit to SMBs.

As of the end of Q3, we held \$809 million in cash and cash equivalents, and \$207 million in debt. We anticipate continued strong capital efficient growth across our entire business, and our balance sheet is ready to support our global expansion.

With that, let's move on to our financial guidance. Today we are providing guidance for the fourth quarter and the full fiscal year 2026. We will provide guidance for fiscal 2027 when we report our Q4 and full year 2026 results next year.

For the fourth quarter, we are raising our guidance and now expect revenue to be in the range of \$161 million to \$163 million, which would represent year-over-year growth of 23% at the midpoint.

Non-GAAP loss from operations is expected to be between \$15.5 million and \$14.5 million, representing a non-GAAP operating margin of negative 9% at the midpoint.

For the full fiscal year 2026, we are raising our guidance and now expect total revenue to be in the range of \$685 million to \$687 million, up 28% year-over-year at the midpoint.

Non-GAAP income from operations is expected to be in the range of \$21 million to \$22 million, representing non-GAAP operating margin of 3% at the midpoint. Please keep the following modeling notes in mind as you update your forecast.

As I mentioned earlier, we operate in a seasonal business. Historically, business travel tends to be strongest in the fall and the spring, which aligns with our fiscal Q3 and Q1. Conversely, business travel typically slows down over the major holiday season and the summer months. Given this, you should expect fiscal Q4, which we are currently in, to be seasonally slower in volume than the Q3 we just reported. Correspondingly, margins in Q4 tend to be lower than Q3. These expected seasonal effects are fully reflected in the guidance we have provided.

Given our commitment to maintaining the right balance between growth and profitability, we expect to be free cash flow positive for the full year of fiscal 2027.

Finally, I would also encourage all of you to monitor the Navan Business Travel Index, which is published quarterly. It serves as a strong national and global indicator of the strength of the overall business travel economy. While the index only tracks a subset of activity on our platform and is based on calendar quarters, not our fiscal quarters, it remains an excellent resource for monitoring directional trends in the macro business travel environment.

Thank you all for your time today and for the continued support of Navan. We are excited about our position in the market and confident in our ability to execute on our growth strategy with continued financial discipline. We are now ready to open the call for your questions.

## QUESTIONS AND ANSWERS

**Operator:** Thank you. (Operator Instructions) Our first question comes from the line of Steve Enders of Citi. Your line is open, Steve.

**Steve Ender:** Okay, great. Thanks, [Ryan]. Thanks for taking the questions here and good to see you first quarter out the gate here. I guess maybe just to start, I want to get a better sense for what you're seeing on the enterprise side of the business and how you're kind of viewing the opportunity to maybe capture some share from some of the managed incumbents at this time.

**Ariel Cohen:** Yeah, hi, this is Ariel. We actually see strong momentum across all of our segments, but enterprise is really accelerating. And we're actually thinking that there are three reasons for that.

The first one, we just have more customers that are happy with the service, with how efficient we are making their employees while they're on the road, but also from the savings from the platform visibility and so on. So, we really see these customers becoming ambassadors of Navan and bringing more customers in.

The second is we just see consolidation in the marketplace, which is a great thing for us because the real competitor of Navan is actually do nothing. And when there is consolidation, then customers and companies are reevaluating their solution. And when this is happening, our modern solution that is driven by AI compared to the old model, we always win. So that's the second reason that we see enterprise acceleration.

And the third one is actually AI. We are the only vendor in this place that is actually using AI to make the trip, the travel experience more effective, but also to allow major savings, 15% in average for customers that are using us. So, there are a lot of initiatives of AI right now in the enterprise, and we will always be there when companies want to use AI.

So, these three different things are really creating enterprise acceleration. And you can see customers that we won recently, a major CAC40 customer in Europe. We see Axel Springer in Europe again.

We just launched a Visa and also a major healthcare provider. So, we see a lot of enterprise momentum.

**Steve Ender:** Okay, that's great to hear. I guess for a follow up, yeah, I guess really good to see the gross bookings volume come in and accelerate. And I think it looks like the best growth that we've seen in our model here.

Can you just help us maybe think through what drove the strength within GBV this quarter, and maybe how to think about factors that may be impacted usage yield this quarter as well?

**Amy Butte:** Sure, thanks for the question, Steve, and thanks for noticing the robust growth. I think it's really the overall go to market motion and strength across our channel and our segment.

So the growth in GBV, if you kind of recall and think about our growth algorithm, there are really three parts, right? One is the NRR of our existing business, which has been over 110 in fiscal year '25. So as Ariel mentioned, customers are growing, and they're attaching.

Second is the ramping. So, seeing the benefits of the customers we signed six to 12 months ago. And then the growth algorithm, which is the momentum of new customers, which will add on and ramp into next year. So, all of that is leading to the GBV.

When we think about mix of business, and we think about yield, we think about all of the different components, right? There are trip fees, there's supplier yield, which is dependent on mix of how much is hotel, how much is air, how much is car, how much is rail, as well as our ability, I think, more into the future to attach incremental products, such as more payments and expense now that we have an expanded capital structure and a strong balance sheet to do that, and a focus on moving more of the Meetings and Events and VIP services from kind of that more traditional to on-platform. So it really just speaks to the overall momentum in the business.

**Operator:** Thank you. Our next question comes from the line of Noah Naparst of Goldman Sachs. Your question, please, Noah. I see your line is unmuted. And if you're on a speakerphone, lift your handset.

**Kash Rangan:** Hi, can you hear me?

**Operator:** Yes, sir. Please proceed.

**Kash Rangan:** Hi, it's Kash Rangan of Goldman Sachs. Congrats on your first quarter as a public company. Good to see the GBV growth, overall top-line growth, and also gross margin and operating leverage.

So, I have a couple of things that I would like to ask you about. One is with respect to the large enterprise deals that you signed on, is it a complete enterprise-wide implementation, or is it just a part of it? I'm curious if you could talk about how the revenue recognition of all the GBV lifetime value in these clients will flow through to the business.

And as a follow-up question, if I could, the margin leverage you saw in the gross margin and operating leverage line in this quarter, how sustainable is it? And if you can also talk about the sustainability of yield, since it was 6.2 and the year-to-date is 7, are we right in expecting a bounce back in the yield in Q4? Thank you so much, and congrats once again.

**Amy Butte:** You've got a lot of questions in there, Kash.

**Kash Rangan:** You're doing something. This is my last call, right? My last call as an analyst, so I've got to clock it all in.

**Amy Butte:** But let's just say that the large enterprise deal, I think it shows momentum in enterprise that Ariel mentioned. I would also say that most of the enterprise deals that we're signing are attaching not just travel, but attaching multiple products at the same time right at launch. They also show that the time between signing and launching is stable, it's not getting shorter, and that we are accelerating our ramp even faster, which is a real focus for our account management team.

In terms of the second question on gross margin, that is really our ability to leverage Ava. We're deflecting 54% of customer support interactions using our Ava support, AI support agent, as well as just general efficiency in the business. And what I think is fascinating is that we're doing this at the same time we're investing in added support even for enterprise customers.

So I remind you once again, it's seasonal. Q3 is always the highest gross margin, but all of it is playing together into the future. In terms of OpEx, you're right. We saw only a 17% growth in OpEx versus 29% growth in revenue year-over-year and then the third quarter.

I think what we've said to you before, to everyone, that fiscal year '27 is really a year for investment, right? We will continue to invest in the business when we have convictions, such as examples like Edge, where we feel we have a competitive advantage and can take outside share in this growth span.

At the same time, we are committed to showing the scale and profitability and efficiency in the model as a public company. We expressed this in committing to being free cash flow positive in fiscal year '27, even during a period of investment. And I think there are lots of levers to pull across sales and marketing efficiency, across G&A and across R&D.

**Ariel Cohen:** Yeah, and just to clarify something, when we are saying that we want an enterprise, it means the entire enterprise globally. So a company like NRG with a market cap of \$30 billion, this is for the entire 15,000 employees. Same goes with Visa, the company that I've mentioned in the healthcare space and the recent wins in Europe.

And it's really, really important because it's actually rare to have an entire enterprise adopting so fast. It's something that is important for the company, but that's what's happening in the case of Navan. The entire enterprise is adopting us globally.

**Operator:** Thank you. Our next question comes from a line of Siti Panigrahi of Mizuho. Your question, please, Siti.

**Siti Panigrahi:** Great. Congress, in the first quarter, as a public company, I want to ask about -- you mentioned about the investment side, specifically Navan is mainly going into that PLG motion. Could you talk about your investment plans plan at this point?

When should we think about any kind of revenue contribution from that? And interesting to see that free cash flow positive by '27. What kind of margin impact would see from that investment?

**Ariel Cohen:** Yes, so I'll start with the Navan Edge and maybe Amy will take the second part. But Navan Edge is based on Navan Cognition, which is an AI platform. This is a Navan homegrown AI platform that is based on our data, our model is basically an agentic platform that was designed to support complex travel use cases.

So, everything that we've learned as a company in the last 10 years, you can really see it in Cognition. On top of Cognition, we've built Ava, which as Amy mentioned earlier, is now deflecting or supporting 54% of the interactions. When it comes to you need to change your flight, you need to apply unused credit, you're stuck in the airport and you need support.

All of these things are done by Ava with really high satisfaction of around 80%. And then the second big application of Navan Cognition is going to be Navan Edge. Navan Edge is really us going after the frequent traveler, making sure to hyperservice them, first of all with AI, so it will be a completely different experience, but then augment it with travel agents when they need to kind of intervene.

So it's really, really after these high-end clients, which we believe that we are positioned to gain a massive share on that market.

**Amy Butte:** So when it comes to investment, we started leaning into that investment probably the second half of fiscal year '26. We'll continue to make those investments in '27. And we look to see path line contribution more into fiscal year '28.

**Siti Panigrahi:** Great. And then one quick follow-up. You talked about some of these large dates that you signed. So, what do you factor into your guidance when you guide for, let's say, 4Q at this point?

Do you factor in kind of the ramp in that customer or you want to see kind of their usage before you include that in the guidance? Any kind of color in the guidance philosophy will be helpful.

**Amy Butte:** I think the guidance philosophy is we think about, we forecast as it relates to our active customers. That's why it's so important. We use machine learning to really understand not just what we think is going to happen in the future, but what we think is going to happen in the future based on what has happened in the past, even under different scenarios.

We incorporate all of those customers that are existing customers, ramping customers, and if they're new, when we expect them to launch and ramp. So we take all of those factors into play when we think about our guidance.

When we look out into the future, we're also looking at some of those new initiatives. We're looking at our expected go-to-market returns, particularly in SLG and PLG as a whole. So, we take all of it into account.

**Operator:** Standby for our next question. Our next question comes from the line of Samad Samana of Jefferies. Your question, please, Samad.

**Samad Samana:** Hi, good evening, and I will echo the congrats on the IPO, and Amy, it was great working with you and wish you the best in your future endeavors. We'll miss you. But maybe a couple of questions.

I guess first, I know we dug into what drove the upside in the quarter, and I heard Siti's question about guidance, but just as we think about the trends that drove the upside in F3Q, how much of that did you maybe carry that trend line over into the F4Q guidance, and or maybe where maybe some of the conservative nodes, and then I have a follow-up question as well.

**Amy Butte:** Sure. I think all of the trends are in effect that are positive, right? We had strong results, good momentum across all our go-to-market channels and geography, no impact from the shutdown, and we feel good about the trends working across the business.

However, it wouldn't be an answer to a question if I didn't say, remember, we're seasonal, and maybe take a look at the business travel index, both historically as well as we'll have the calendar fourth quarter come out in January. The fourth quarter for us, our fiscal year, is seasonally lower, and when we think about our guidance, we are taking a prudent approach.

As you know, probably because you all have encouraged us to build a track record and credibility early in this public company cycle, and that will continue to kind of remind you of the seasonality in our business, the usage-based revenue in our business, and all of the trends kind of taking place and travel as well.

So, we're going to try to be prudent and conservative and continue to prove out this durable growth model.

**Samad Samana:** Great. And then Ariel, maybe one for you, just with the company now public, and I know it's only been a short amount of time, but have you noticed an impact on the profile or the visibility of the top of the funnel that you're seeing on the enterprise side and what that's done from either a competitive standpoint or helping the profile of the company, or just even deals that maybe you're waiting to close, just trying to extrapolate any changes now that you guys have a higher profile?

**Ariel Cohen:** Yeah, 100%. We definitely saw it as a kind of a market awareness boost. What I'm hearing from our sales teams is that they get much more questions about us in the long term.

So, this is really important. They're also just getting more leads as we are becoming more and more relevant in the marketplace and credible. And to add to this, definitely raising the money in the IPO helps us to be much more aggressive in the payment space, which helps us to create a complete solution. So, we see it across the board. Actually, we definitely see a booster.

**Operator:** Thank you. Our next question comes from the line of Chris Quintero of Morgan Stanley. Your line is open, Chris.

**Chris Quintero:** Hey, Ariel. Hey, Amy. Amy, it's been a pleasure working with you, and I wish you all the best in this next part of your journey here. Maybe just a double click on that CFO transition change.

It is a pretty quick switch here, so could you provide us a bit more context? Is this always part of the plan here for you, Amy, to move on after the IPO is completed, or has something else changed here?

**Ariel Cohen:** Yeah. Maybe I'll take it and Amy can add. So, just to reiterate, we are very fortunate to have had Amy as our CFO in the last year and a half. And it was really during an important time in our history as Amy was playing a critical role of building our finance organization and making our company ready for being public.

But we kind of we felt, or Amy felt, with our listing now complete and momentum underway, which we just shared with you across the business. And you can see in the results, Amy decided that it's time for her to move on to her next opportunity. Me and the Board supported it.

But we are definitely happy that Amy will stay as a strategic advisor. And also promoting Anne to the new role. So, that's kind of the transition. And maybe Amy can add to this.

**Amy Butte:** Look, I am so proud of what we've accomplished. The financials are in incredible shape, the capital structure in great shape, the team, the business. So, it just seemed like the right time. So, thanks for the question.

**Chris Quintero:** Understood. Thank you for that clarification. And maybe as a follow-up, one of your competitors, Corporate Travel Management, is going through some issues right now. So, curious if you're seeing that act as a tailwind to help boost the enterprise momentum for you all.

**Amy Butte:** I think just in general, Chris, any time we see consolidation, any time we see uncertainty across the competitive spectrum, any time we see particularly legacy players questioning kind of where they stand in the marketplace, that is basically a signal that Navan is taking share, right? And it's an opportunity to take share.

As Ariel mentioned in his opening remarks, the flywheel effect is really moving. And I think that goes to the overall momentum that we're feeling in the business.

**Operator:** Thank you.

**Amy Butte:** And the other thing that I would say -- sorry, if I can. I think the other thing I would say, which is really important, we're also seeing a lot of companies talk about, maybe Ariel wants to talk about this a little bit more, we're seeing companies talk about using AI to attack travel. And, for us, we also feel very comfortable about the remote, right?

Anybody can make an itinerary using AI, but not everyone can make the AI into an actual booking and into an actual experience. You need the whole integrated platform to do that. So, we feel very comfortable about our competitive positioning overall, not just in legacy and enterprise, but also relative to new entrants and new opportunities to take share.

**Operator:** Our next question comes from the line of Scott Berg of Needham & Company. Your line is open, Scott.

**Scott Berg:** Hi, everyone. Nice quarter. I will echo the sentiment, Amy, we wish you well. Thanks for your time. Two questions for me. I guess let's start off with the usage yield in the quarter. I guess, I can appreciate the puts and takes in any quarter.

I think we've discussed that a couple of different times in length. But are you seeing anything in the business, I guess, in the last quarter that would suggest on an annual basis going forward that that take rate shouldn't be right around 7%, plus or minus?

**Amy Butte:** Right. So, we still feel comfortable with thinking about kind of a 7% rate. Remember that we have headwinds and we have tailwinds going into that.

So, the headwinds are, Reed & Mackay, our more traditional legacy business, has higher yields because it has a higher percentage of Meetings and Events and VIP. It is growing slower than our on-platform business. Therefore, as it becomes a smaller percentage of our total revenue base, it's the yield impact is a headwind to our overall usage yield.

In addition, PLG's growth, particularly outside the U.S., is faster growing. It's the opposite and has a smaller yield than that 7%, something that we're looking at, can we attach more products rather than just travel on to that PLG or growth customer?

On the opposite side, on the tailwind, we think about greater hotel attach. So, if you remember, hotels have a higher yield than air, car and rail, as well as the ability to attach more products over time to existing customer, the existing customer. And in particular, short term, we're looking at being able to attach more payments, being able to leverage the improved capital structure and balance sheet.

For example, immediately after the IPO, we sat down with our enterprise account management team and talked about where we could extend more credit to customers, where it makes sense, how we think about terms so we can be more competitive in the marketplace.

And as we've mentioned, with the improved capital structure, we are lowering our overall cost of capital and we're getting better terms with our partners. And we think that will be an uptick to our usage yield. So, for now, we feel comfortable. We have work to do and we feel very comfortable with that 7% rate.

**Scott Berg:** Understood. Thank you. And then from a follow-up perspective was actually on the credit kind of expectation and that scenario.

I guess, how do we think about the timing for the deployment of the extra cash for some of the credit payments and, obviously, have a positive -- that have a positive impact to the businesses?

Is this going to be like a big bang impact that you're going to be able to extend and use enough of this cash for the short term? And we see a pretty quick kind of impact on the P&L in the next quarter or two, or is this something that kind of phases in over a multi-quarter timeframe? Thanks.

**Amy Butte:** I would say it's more the latter. It's more phasing in over fiscal year '27, seeing the impact into '28. Remember, it's not just about the capital.

It's also about the product as we work to improve the product as well and meet what our customer needs are in that area. So, I would say kind of think about more, once again, as investing in '27, accelerating in '28. What is more short-term is improved economics from our partners and lower cost of capital.

So, you'll see a decrease in our interest expense below the line. That should come down to approximately only \$4 million per quarter now. And incrementally, we should be able to add a decent amount of basis points to our net interchange rate or net interest income.

**Operator:** Thank you. Our next question comes from the line of Jed Kelly of Oppenheimer & Company. Your line is open, Jed.

**Jed Kelly:** Hey. Great. Thanks for taking our questions and congrats. And, Amy, good luck.

Just zeroing back on that 40% bookings growth, really strong. Can you talk about how the increase in direct connections with suppliers? Are you seeing higher conversion, better merchandising? Can you just talk about how the higher direct mix is kind of boosting your bookings growth?

**Ariel Cohen:** Yeah, 100%. So, if I remind you, Navan, the entire product and offering is based on two platforms that we've developed. One is cloud connectivity, which is basically the connectivity to airlines, hotels, to any type of content that is out there, and we do it globally.

And direct connections to airline, what the industry will call NDC, really allows us to merchandise better, to assure the right prices. So, it creates a lot of trust with the travelers and the customers. It's kind of common in the industry that the traveler will look at a system and will say, I can actually find something cheaper outside while you are making me booking and using this platform.

You don't see it at Navan because of our connectivity to everything. So, if it's out there, you will see it on the Navan platform. And when you kind of connect it with our AI platform, Cognition, you are making sure to show to our travelers the right things for them.

So, if I'm using a certain airline all the time, if I'm using a certain hotel all the time, the platform will actually tune all of this content to me, making sure that it will take no time to book something. In seven minutes, you can book an entire business trip on our platform. So, the connectivity and NDC and connecting directly to airline hotels is a major, major part of why we win.

**Amy Butte:** Yeah. And I love the story of the multi-city booking, right? It's a great example of having those direct connections, using Cognition as a platform, but also just the ingenuity of people here at Navan and the engineers, right? Everyone said you couldn't do it on platform.

That would be one of those things you'd always have to pick up a phone. And now, we can do it on platform. So, I think that's a great example of using all three things, the people, the AI, and the supplier connection.

**Jed Kelly:** Great. And then just as a follow-up, just around M&A opportunities, can you just talk about strategy going forward and just some of the efficiencies you can get now from a better tech platform? Thanks.

**Ariel Cohen:** Yeah. Look, first of all, you know that we've acquired in the past and we've done it successfully. So, as a company, we are always looking for opportunities. And when I'm looking at this, I'm looking at two things.

First of all, what else can we bring on platform? We've talked in the past about the opportunities in the Meeting and Event space, in VIP travel, and so on. But also a major, major focus of the company today is AI, continuing to iterate on Navan Cognition, our own AI platform, and then to introduce it in Ava, but also in Navan Edge.

And I want to iterate on something that Amy mentioned earlier, which is we are not planning here some demo to build an itinerary or something that is really an eye-catcher.

We are talking about a platform that will use AI with Navan Edge to book your entire trip, to plan your stay when you're on the go, to get support when you're coming back to make sure that you did it in the most efficient way. So, this is really advanced.

And in this space, although we looked a lot of should we buy something, we actually didn't see something mature. The use cases are very, I would say, early, naive, does not reflect the 10 years of experience that we have with the Navan team. So, all in all, we are always looking for opportunities to accelerate our growth.

But right now in the space that is the most important for us, when we see the -- where we see the biggest opportunity, which is AI, we actually think that what we are developing in-house is significantly better than what you can find outside.

**Operator:** Thank you. Our next question comes from the line of Andrew DeGasperi of BNP Paribas. Andrew, your line is open.

**Andrew DeGasperi:** Thanks for taking my question. Also from me, congrats on the IPO and the first earnings call. And Amy, good luck to you as well.

I just wanted to maybe ask a question on the SAP Concur partnership with Amex GBT. Just wondering if you think this is a response to the success you've had in [peeling off] market share. And otherwise, could you give us some context and what do you make of that?

**Ariel Cohen:** Yeah. Maybe I can take it. I think that the old model of like connecting, stitching together a lot of things, taking a booking tool like Concur and then a travel agency and to try to kind of connect them together is so antiquated. You basically, you start to search for something in Concur, then you're finding yourself calling an agent.

And in the era that people are expecting for everything to be online, to see machine learning, to see AI kind of really driving efficiency, making sure that the experience is great, you're finding yourself there with a completely different model calling an agent.

So, I think it's becoming completely irrelevant. And comparing it to what we are doing here in Navan is like it's night and day. So, if the question, are we worried about it or do I even care about it, the answer is no.

**Andrew DeGasperi:** That's helpful. And I guess maybe just Visa leaving Amex as well. I mean, I thought that was pretty interesting and pretty groundbreaking. Just wondering, what -- can you elaborate a little bit on the conversations you had with them like what won them over, the platform?

**Ariel Cohen:** Yeah. I think it's exactly what we are talking about. Think about it, Visa is one of the biggest fintechs in the world and it's a modern company. And they are headquartered here in the Bay Area.

And for them to tell their employees to pick up the phone to book a trip, it's kind of, it doesn't make any sense. So, Visa, saw our product, saw our vision, saw that they can save money by using Navan, saw that they can save a lot of time with their employees globally, and decided to join this journey.

And I think that when you are referring to the market and consolidation there and so on, at the end of the day, we are the disruptor in this space. We completely changed the business model. We've changed the technology.

And I think that we are making an impact. And that's the pressure that you see in the marketplace. And then all of these enterprise wins that you see.

**Amy Butte:** I will tell you one of my favorite pieces of Visa is that one, we were able to launch relatively quickly for such a large scale enterprise. But more importantly, the adoption is really fast. And so, they're ramping much faster than we expected, which validates their enthusiasm, and it also validates our focus on launching faster, ramping faster, particularly for these large enterprise customers.

**Operator:** Thank you. Our next question comes from the line of Mark Schappel of Loop Capital. Your line is open, Mark.

**Mark Schappel:** Hi. Thank you for taking my question. And congrats on your first quarter as a public company. Most of my questions have been answered, but just one here. Amy, I'm wondering if you could just repeat your comments in your prepared remarks around the slowdown you saw before Thanksgiving.

**Amy Butte:** Sure. So, we did not see a slowdown in October. October was actually a record month. We actually saw about four days of slowdown versus what we anticipated before Thanksgiving, which was right about November 11th, when the FAA actually restricted the number of planes that were flying.

But after that, we had planned for a slow Thanksgiving week. And we're seeing activity rebound, as anticipated, in December.

**Mark Schappel:** Great. Thank you.

**Operator:** Our next question comes from the line of Blair Abernethy of Rosenblatt Securities. Your line is open, Blair.

**Blair Abernethy:** Thanks. Thanks for fitting me in and best of luck to you, Amy. Ariel, just on the payments, back on the payments question, I'm just wondering if you could provide a little more color on sort of how you're approaching this market now that you have some more capital to put into it. Where are you pushing sales to drive new business? And so, what does an ideal customer look like for you?

**Ariel Cohen:** Yeah. First of all, we add payments across the board in all segments, but SMB, and it's actually a great enterprise and mid-market addition. The reason is that when payments is part of the program, employees can submit expenses in no time, and they will not see any issues around payments when they are around their hotels, flights, and so on.

So, it really gets back to our vision to make travel easy for frequent travelers. And payments is part of this. We see more attaching in the enterprise space. We see more attaching in the mid-market space.

And having this capital available for us right now will actually allow us to see acceleration there. But from a demand perspective, we always had demand in this space, and now we have the capital to actually meet this demand.

**Blair Abernethy:** That's great. Thank you. And then just if I could one more on, just on Navan Edge, is this an upsell? Is there a revenue opportunity here? Or is this more just driving more stickiness, more activity on the platform?

**Ariel Cohen:** Navan Edge is actually unlocking more of the term. So, if I'm taking a step back, you have in the term a part that is managed. This is when we come and replace, we take a customer like Visa, and we replace the incumbent.

And then there is the non-managed. These are either customers that never managed travel before, or employees that are just out there in the road. And Navan Edge is really going after them. So, this is unlocking more of the term.

And in terms of the business model, exactly like our current business model, we make money from booking fees and partners and suppliers' fees. So, it's the same business model. It just unlocks parts of the market that we believe that we can actually be a winner there.

**Operator:** Thank you. Ladies and gentlemen, we have reached the end of Navan's time. This does conclude today's conference call. Thank you for participating. You may now disconnect.