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Asana, Inc. (ASAN)

Q4 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by, and welcome to Asana's Fourth Quarter Fiscal Year 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. [Operator Instructions]

I would now like to hand the call over to Eva Leung, Head of Investor Relations. Please go ahead.

Eva Leung

Head-Investor Relations, Asana, Inc.

Good afternoon, and thank you for joining us on today's conference call to discuss the financial results for Asana's fourth quarter and fiscal year 2026. With me on today's call are Dan Rogers, our Chief Executive Officer; and Sonalee Parekh, our Chief Financial Officer.

Today's call will include forward-looking statements, including statements regarding the expected release and benefits of our product offerings and our expectations for revenue to be generated by those offerings; our retention and expansion opportunities; our expectation for our financial outlook, including our FY27 full-year guidance, strategic plans, our market position and growth opportunities; and our capital allocation strategy including our stock repurchase program; among other items.

Forward-looking statements include risks, uncertainties, and assumptions that may cause our actual results to be materially different from those expressed or implied by the forward-looking statements. Please refer to our filings with the SEC, including our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, for

additional information on risks, uncertainties and assumptions that may cause actual results to differ materially from those set forth in such statements.

In addition, during today's call we will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. Reconciliation between GAAP and non-GAAP financial measures and a discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalents are available in our earnings release, which is posted on our Investor Relations webpage at investors.asana.com.

And with that, I'd like to turn the call over to Dan.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

Thank you, Eva. FY 2026 was a year of progress for Asana. We exited the year with solid momentum. We evolved into a multi-product platform with the launch of AI Studio, and we advanced our AI capabilities with the introduction of AI Teammates, all of which to help us build a foundation layer for the Agentic Enterprise. Importantly, we stabilized NRR, materially expanded operating margins and free cash flows, and set the structural foundation for long-term profitable growth.

So, let me share a few highlights for the quarter. Q4 revenues were \$205.6 million, growing 9% year over year. We generated non-GAAP operating income of \$18.2 million, or a 9% non-GAAP operating margin. Our operating margin reflects disciplined cost management, as well as a thoughtful reallocation of spending toward higher-leverage areas, and we still preserve capacity to invest in our AI platform.

Our adjusted free cash flows were also strong at \$25.7 million in the quarter, or 13% on a margin basis. Customer health improvements continued to take hold. Our reported NRR remained stable, and for the third consecutive quarter, our in-quarter NRR improved. Our top 10 enterprise renewals in the quarter delivered net revenue retention above 100%. This reflects the long-term commitment of our largest customers, sustained value that the platform continues to deliver for the world's leading companies.

Key renewals with expansions this quarter included a leading global advertising and marketing organization, a top tier European markets and infrastructure provider, and several large tech sector customers, including a Fortune 10 tech platform.

Looking at our AI momentum, it continued to be strong across both monetization and engagement. AI Studio continued to scale rapidly. In fact, we exited FY2026 with over \$6 million in ARR and grew over 50% quarter on quarter in Q4. Our customers are embedding AI Studio in their business-critical workflows by campaign launches, product intake, and service ticketing, where human and AI collaboration accelerates coordination, reduces cycle times, and improves execution quality across teams.

Our US revenue accelerated in Q4, and our technology vertical returned to flat year-over-year performance after nearly two years of quarterly declines. This stabilization was driven by strong renewal performance within our largest tech accounts and improved business execution. We secured one of our largest new enterprise wins with a global leader in data integration and analytics, serving enterprises worldwide, where they consolidated critical workflows from multiple tools right onto Asana.

We also delivered a significant seat expansion and AI Studio deployment with a global leader in collaborative design. This customer powers digital product teams at thousands of organizations and is now deepening its commitment to Asana as its execution foundation.

International markets remain a strength for our business. Our international revenue grew 11% year over year. We continue to increase our presence in non-tech, with those sectors once again growing in the teens. Manufacturing, energy and utilities verticals, along with retail and consumer goods, and healthcare continue to do well. Some notable international vertical wins included a top 10 European multinational hospitality company, a major Japanese energy provider, and one the largest energy retailers in Australia.

Government represents an important new opportunity for TAM expansion. These early wins include a major public health agency, as well as a marquee deployment with a prominent defense innovation accelerator.

Our channel ecosystem delivered consistent progress in FY26, with the percentage of partner-attached deals improving every single quarter. In Q4, 20% of AI Studio deals included a partner and we believe we are still early in unlocking the full potential of this motion. As enterprises scale AI across business-critical workflows, partners play an increasingly important role in implementation, change management, and expansion. This positions the channel as a meaningful driver of incremental ARR in the long-term.

Notably, through a partner, we secured a large AI Studio deployment with one of Japan's leading global technology and infrastructure providers. We also drove expansion with one of South Korea's largest global automotive manufacturers, and signed the National Institute of Cyber Security in the Asia-Pacific region. These wins demonstrate how our partner ecosystem is unlocking scaled enterprise opportunities across the globe.

Our forward-looking indicators in Q4 were strong. Billings, and current RPO accelerated this quarter, reflecting enterprise demand strength and their commitment to multi-year, multi-product deployments. Last quarter, we outlined three waves of work transformation. We believe we are now firmly in the third wave, the Agentic Enterprise. This has the potential to fundamentally redefine how organizations collaborate. It's increasingly clear that the future of work is one where humans and AI agents are working together. And agents won't just drive small incremental productivity gains. They'll actually reshape how work is coordinated, how decisions are made, and how execution scales across organizations.

From individual productivity to enterprise-wide orchestration is the foundation of the Agentic Enterprise. Asana is the foundational, system of action layer that gives that progression, context, accountability, and structure. For that orchestration to work in practice, agents have to operate against shared, real-time context, not in isolation. So, delivering on this vision requires deep visibility into how individuals work and how teams operate across the organization.

At Asana, that context is captured and structured through our Work Graph, which creates a semantic memory of how work connects across people, teams, and outcomes. Agents need this rich individual context, what I'm working on, what's blocked, what's at risk. They also need workflow and portfolio context, how does your work connect across systems, across teams, and to outcomes. The more context that's captured within the system of action, the more capable the agents become. That foundation of context is what powers AI Teammates and AI Studio, enabling agents to operate with clarity, accountability, and precision.

AI Teammates is where this context turns into action. Unlike isolated chat threads, these teammates work directly inside Asana workflows with full visibility and full governance. And when you look at what's happening in the market, three things clearly differentiate us. First, AI Teammates are inherently multiplayer. This is important. It

means teams can work together with each other and with those AI agents. Second, our agents have operational context from the Work Graph. And thirdly, AI Teammates get the benefit from compounding institutional memory. They learn from team feedback and improve over time, while respecting the permission boundaries that are already established for those teams.

This is AI embedded in execution, not layered on top of it. We've now on boarded over 200 customers into the beta program of AI Teammates. What's encouraging is not just that sign-up number, it's how quickly those customers are able to drive productivity. Let's look at a few examples. KW Automotive, a large automotive organization. They deployed AI Teammates across marketing, IT, and support and they are driving measurable ROI. For example, the analyst teammate saves up to three hours per report by proactively correlating cross-project data, while the support teams are achieving high quality, multi-lingual resolutions. Their vision is to scale the digital workforce to replace traditional forms with conversational AI and to modernize both the employee and customer experience.

Let's look at another example, Living Spaces, a home furniture retailer. They are leveraging AI Teammates to audit their legacy automation for data accuracy and rewrite complex operating procedures. Their team found that the platform works out of the box, quickly able to replace detailed prompt engineering with natural, conversational training. Ease of setup allows them to resolve unreliable workflows and standardize operating procedures with minimal configuration.

When AI is embedded across workflows in marketing, sales, operations, and IT, it becomes part of how the company runs. This expands our platform footprint. It increases our stickiness, giving us new buying centers to talk to, and compounds our value over time. We expect AI Teammates will become generally available to sales-led customers by the end of Q1, and our self-serve customers in the second half of the year.

Now, let's look at AI Studio. AI Studio brings intelligence into the workflow architecture itself. AI Studio places LLM reasoning directly inside workflow nodes, so humans and systems collaborate each step of the process. Customers are not just automating tasks, they're designing intelligent workflows in natural language that spans across their portfolios, systems, functions and business units. With AI Studio, customers can encode operational logic into workflows, connect structured and unstructured context, automate cross-functional processes, and reduce manual coordination at scale. This shifts Asana from a coordination system to a programmable operating layer.

Now, as I noted earlier, AI Studio delivered strong sequential growth in Q4. That acceleration was driven by deeper expansion within our existing customers and a larger initial enterprise commitment for our new deployments. We now have eight customers, for example, across North America, EMEA and APJ spending over \$100,000 annually on AI Studio alone. This is in addition to the quarterly subscriptions.

Let me share a couple of use cases from Q4 that really bring us to life. A premier UK-based fashion and home retailer has already realized a meaningful impact from AI Studio, using it to identify production risks in real time. This quarter, they expanded their investment to power a new SKU-to-factory workflow, streamlining production, prioritizing accelerating approvals across global teams.

E.ON Next, a sustainable European energy provider, is using AI Studio to automate intake and triage processes that historically slowed complex energy projects. By deploying custom AI agents, the team now clarifies project briefs and surfaces missing information immediately before work begins, and that increases request capacity by nearly 500%, while improving cross-functional visibility.

Taken together AI Studio in our AI Teammates are becoming foundational to our platform strategy. We're seeing meaningful ARR growth, enterprise expansion, deeper workflow penetration and measurable productivity gains and improved business outcomes for our customers.

Let's look at our differentiation. Asana is uniquely architected for the Agentic Enterprise. We provide the rails upon which enterprise agents run. As foundational models become more powerful, the bottleneck is no longer the intelligence of those engines. It's a lack of persistent memory and structured execution. A model can think, but it can't act without that context, accountability and a system of record.

There are four areas of our differentiation. The first is our Work Graph. This is the memory layer. It's the context fabric of the enterprise. While traditional infrastructure provides the plumbing for data, Asana provides a vectorized, structured and semantic map of an organization's intent. Without this infrastructure, agents have no home. They have no memory, no sense of priority, no sense of understanding of who's doing what and why.

The second area of differentiation is that we have built our system of action around a fundamental unit that we call the task. And the task is the unit of work the agents can consume and execute by capturing the institutional memory of how organizations operate, the ownership, the dependencies and the goals. We provide the necessary structure that transforms raw model intelligence into business results.

Thirdly, as we discussed with AI Teammates, our environment is inherently multiplayer. So, the AI Teammates operate within the context of existing projects alongside human team members. They collaborate natively within the system of record.

And fourth and finally, our differentiation is our enterprise-grade by design, which means our agents operate with auditability and the governance required for them to operate at scale. So, the combination of persistent memory, task-based accountability, multiplayer collaboration and governance is what enables our agents to move from experimentation to trusted enterprise deployment. We are the orchestration layer for agents.

This is why the world's most sophisticated enterprises and leading AI innovators are deepening their investment in Asana. In FY 2026, two of the world's five most valuable public companies expanded with us. One of the world's leading AI labs continues their seat expansion again this quarter. They now deploy Asana across thousands of employees themselves to coordinate their mission critical workflows, spanning compliance, finance, product and engineering. In addition, they leverage AI Studio to automate elements of their risk register and compliance operations, embedding AI directly into how mission critical work is governed and executed. For that company that builds foundational AI models, Asana is how they get their work coordinated and governed at scale. Together, these customers validate our position as the foundational system of action layer for the modern enterprise.

Looking at our FY 2027 priorities, our leadership ambitions in the Agentic Enterprise directly inform our FY 2027 operating priorities. While AI momentum was strong in FY 2026, accelerating and compounding that progress is critical to accelerating revenue growth in the long-term and our continued margin expansion, converting early adoption into broader enterprise expansion and higher monetization require disciplined execution across four priorities.

Priority one, scaling the Agentic Enterprise platform. This is the focus of our R&D investments. We're expanding our R&D team to augment our AI platform talent pool and accelerate our roadmap. This investment is directed towards expanding the depth and breadth of workflows we address, increasing the operational surface areas where agents and smart workflows can operate and embedding more persona-based use cases across IT, engineering, operations and professional services. This is about moving from strong early adoption to broader

enterprise standardization, increasing context density, and embedding ourselves deeper into mission critical workflows.

Priority two, our focus on product-led growth. And here, we're aiming to redefine how users discover Asana and how quickly they realize value once they enter. As we discussed last quarter, PLG is currently a headwind to our growth, because of shifts in AI-driven search that is reshaping the top of the funnel. Sonalee will speak more directly to how that dynamic impacts us in the near-term. In response, we're aligning our entire PLG motion to this new environment.

First, we're evolving our discovery strategy towards Answer Engine Optimization, and high-authority use-case-driven content to capture intent where it starts today. At the same time, we're redesigning the product experience to deliver immediate value out of the box. This includes prompt to project onboarding and AI powered activation using pre-configured verticalized use cases to reduce friction and accelerate time to value.

By sharpening our ICP towards teams with true collaborative intent and improving early engagement, we aim to improve our conversion efficiency, strengthen our retention and rebuild PLG as a durable growth driver over time.

Our third priority is go-to-market excellence. We drove meaningful productivity and sales efficiency gains in Q4. Our focus in FY 2027 is to compound that progress. We're redesigning our territories towards the highest propensity opportunities to align our coverage. We're equipping our sellers with AI powered tools to prioritize high-intent leads and serve as clear, next-best actions in real time. We're investing in channel tooling and enablement, and we're going to better align our incentives between our field teams and partners to scale enterprise expansion more efficiently. At the same time, we're going to be strengthening that connection between our PLG and SLG by better surfacing product qualified leads with demonstrated intent and high conversion propensity. Together, these initiatives position go-to-market execution as both a growth lever and a sales efficiency lever.

Our final priority is around speed and discipline. Realizing our potential as the foundational system of action layer of the Agentic Enterprise requires greater velocity and disciplined capital allocation. We're accelerating the build-out of our low cost R&D hubs, which we expect to meaningfully expand our development capacity by the end of FY 2027, while also improving our cost structure. At the same time, we're prioritizing the highest leverage initiatives, reallocating resources towards areas of strongest return, and embedding AI throughout our internal operations to drive productivity and efficiency. We believe these actions increase execution velocity, while also freeing up capital to reinvest in growth and expand our margins. For us, accelerating growth and expanding margins are not trade off this year or going forward. They're mutually reinforcing outcomes of disciplined execution.

Taken together, our structural differentiation, our role as a semantic memory and execution layer for enterprise work, and accelerating enterprise adoption of our AI platform underscore that Asana is becoming the foundational system of action layer of the Agentic Enterprise.

Before I pass it to Sonalee, I want to share a leadership update. Sonalee has decided to pursue another opportunity in a non-competitive, non-adjacent space. While we'll certainly miss her, we're all super grateful for the leadership, partnership and financial discipline she's brought to Asana. But more importantly, I'm excited to announce our new CFO, Aziz Megji. Sonalee brought Aziz Megji into Asana as her first priority hire, and he currently leads our FP&A and Investor Relation functions. Many of you on this call are already familiar with Aziz. He has been and continues to be a driving force in shaping our financial strategy, operating rigor and investor and analyst engagement.

Aziz brings with him more than 20 years of experience leading technology companies across strategy, capital markets and FP&A. I've been intentionally pulling him into broader strategic work, including spearheading key initiatives within our go-to-market strategy. His impact there, combined with his deep institutional knowledge, makes him a natural choice to lead our finance organization going forward. This is a well-deserved promotion. I couldn't be more excited, and expect a seamless transition that allows us to maintain our momentum without missing a beat. I want to thank Sonalee for contributions and leadership, and I'll now turn it over to her.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.

Thanks, Dan. It has been a privilege to serve as CFO of Asana and to partner with you, Dustin and the leadership team. I'm incredibly proud of the financial foundation and operating strength we've built together, and I'm confident in the company's strategy and trajectory as we scale into the Agentic Enterprise opportunity.

I'm also deeply confident in Aziz's ability to step seamlessly into this role. He has been my partner in driving our financial strategy, and his impact has extended well beyond the finance function. He brings deep financial expertise, strong operational judgment, and a clear understanding of how we drive durable growth and profitability. I'm proud of the team we've built, and I know the company is in excellent hands.

Now, turning to our results for the quarter. Q4 revenues came in at \$205.6 million, up 9% year-over-year. We have 25,928 core customers or customers spending \$5,000 or more on an annualized basis. Revenues from core customers grew 10% year over year. This cohort represented 76% of our revenues in Q4. We have 817 customers spending \$100,000 or more on an annualized basis, and this customer cohort grew at 13% year over year. As a reminder, we define these customer cohorts based on annualized GAAP revenues in a given quarter.

Our overall dollar-based net retention rate was 96%. Core customer NRR was 97%. And among customers spending \$100,000 or more, NRR was 96%. As a reminder, our NRR is a trailing four-quarter average and, therefore, a lagging indicator of more recent trends. Our in-quarter NRRs improved again this quarter, and marked our third consecutive quarter of in-quarter improvement. The improvement was mostly due to improvements in gross retention and expansion thanks to our multiproduct and seat expansion.

Improving NRR remains a key focus area, and we are confident in our strategy for continued improvement over the intermediate and long-term. The initiatives we have in place on the retention side, combined with the expansion opportunity presented by our AI platform, position us well for ongoing progress.

In the enterprise and corporate segments, execution strengthened this quarter. Sales productivity and entertainment both increased, and our top 10 renewals were above 100% NRR. In our SMB business, we continue to see the impact of evolving top-of-funnel dynamics, specifically LLM-driven changes in search and paid media. We are seeing modest quarter-over-quarter traffic recovery and improvements in web conversion and retention. Our efforts to date have helped, but are not yet sufficient to offset the top-of-funnel dynamics. As a result, we expect these dynamics to remain a headwind throughout fiscal year 2027.

Now, moving to profitability, where I will be discussing our non-GAAP results. Our gross margin was 88%. Our gross margin was modestly impacted by launch-related timing of expenditures for new products, including Asana Gov and AI Teammates. We expect to maintain these levels of gross margin in fiscal year 2027, while expanding operating margin as we continue to scale. We continue to make meaningful improvements in our operating expenses as a percentage of revenue over the course of the year.

R&D expenses were \$47.7 million or 23% of revenue, representing a 6 percentage point improvement from 29% of revenue in the year-ago quarter. Sales and marketing expenses were \$88.1 million or 43% of revenue, representing a 2 percentage point improvement from 45% of revenue in the year-ago quarter. G&A expenses were \$27.1 million or 13% of revenue, representing a 4 percentage point improvement from 17% of revenue in the year-ago quarter.

As a result of driving productivity and efficiency gains, we delivered a 9% operating margin or \$18.2 million of operating income in the quarter, which is a 10 percentage point improvement year-over-year. Net income was \$19.9 million or \$0.08 per share on a diluted basis. Our profitability improvement continues to be driven by operating leverage, reallocating spend to the highest ROI go-to-market motions, optimizing infrastructure and cloud costs and exercising discipline across discretionary spend. We are aligning our talent footprint with industry benchmarks and shifting select roles to more cost effective regions. This creates a structural foundation for robust innovation, while driving sustained operational efficiency and multiyear margin expansion.

Looking at highlights from the full fiscal year. Fiscal year revenue grew 9% year-over-year to \$790.8 million. We added over 1,800 core customers during the year. Revenue from our core customers grew over 11% year-over-year. This cohort represented 73% of our revenues for the full year. And we also added over 90 customers spending \$100,000 or more on an annualized basis during the year, and grew 13% year-over-year.

Moving on to the balance sheet and cash flow. Cash, cash equivalents and marketable securities at the end of Q4 were approximately \$434 million. Our remaining performance obligation, or RPO, was \$524.8 million, up 22% from the year ago quarter. Current RPO grew 17% year over year, an acceleration from last quarter. This represents 78% of total RPO and will be recognized over the next 12 months. Our total ending Q4 deferred revenue was \$333.9 million, up 10% year over year.

Building on our operating margin strength, Q4 adjusted free cash flow was \$25.7 million or 13% on a margin basis. This quarter, we bought back \$58 million of our Class A common stock, or 4.5 million shares, at an average price of \$12.75 per share. This activity is rooted in our disciplined approach to capital allocation and our primary objective of maximizing long-term shareholder value. Reflecting our conviction in the long-term opportunity ahead, our board recently increased our share repurchase authorization by \$160 million. Including the \$39 million remaining under our prior authorization, as of January 31, we now have almost \$200 million available for future repurchases. We believe repurchasing shares at current levels represents an attractive capital allocation decision, while maintaining the financial flexibility to continue investing in innovation and growth.

Before I walk through the guidance in detail, I want to highlight a few key assumptions that underpin our outlook for fiscal year 2027. These assumptions reflect both the strength we are seeing in parts of our business and the headwinds we continue to navigate. Enterprise performance remains stronger than the company's overall growth rate. At the same time, self-serve, which is primarily SMB, remains a headwind. Headwinds in our PLG business are expected to create roughly a 2 point drag on our ARR growth. Our guidance does not assume a recovery in that motion in fiscal year 2027. Importantly, this does not change our conviction in PLG as a long-term growth driver.

We also saw encouraging signals in the tech vertical in Q4. However, it is too early to call a bottom. We are not embedding continued stabilization in our fiscal year 2027 outlook. In addition, we are assuming only modest improvement in our net retention rate over the course of the year.

Lastly, given the launch timing of AI Teammates, we expect minimal contribution in the first half of fiscal year 2027 with a more meaningful ramp in Q4. In aggregate, we expect our AI offerings to represent nearly 15% of

new ARR in fiscal year 2027. We also believe these products will contribute meaningfully to PLG over time. However, given the timing of the self-serve AI Teammates launch in the second half of the year, we have not factored incremental PLG upside into our guidance.

Turning to margins. We expect gross margin to remain in the high-80s consistent with our Q4 exit rate. Our operating model supports margin expansion, while continuing to invest in our highest conviction growth areas, particularly AI and go-to-market productivity. In fiscal year 2027, we plan to allocate approximately \$10 million of incremental investment into AI R&D focused on accelerating innovation across AI Studio and AI Teammates. At the same time, structural efficiencies are creating capacity to fund that innovation. We have reallocated resources toward higher leverage growth areas, reduced lower ROI spend, optimize our geographic mix and improved productivity across go-to-market and support functions. These structural improvements provide a clear multiyear path to margin expansion. As a result, we can expand profitability, while continuing to invest in high return growth initiatives.

Now, moving to guidance, for Q1 fiscal 2027, we expect revenues of \$202.5 million to \$204.5 million, representing 8.1% to 9.2% growth year-over-year. Based on current rates, we expect an approximately 60 basis point tailwind to our Q1 revenue growth in constant currency. We expect non-GAAP operating income of \$15 million to \$17 million, representing an operating margin of 7.4% to 8.3% and we expect non-GAAP net income per share of \$0.07 to \$0.08, assuming diluted weighted average shares outstanding of approximately 241 million.

For the full fiscal year 2027, we expect revenues to be in the range of \$850 million to \$858 million, representing a growth rate of 7.5% to 8.5% year-over-year. Based on current rates, we expect an approximately 20 basis point tailwind to our full year revenue growth in constant currency. We expect non-GAAP operating margin of at least 9.5% and non-GAAP net income per share of \$0.36 to \$0.37, assuming diluted weighted average shares outstanding of approximately 243 million. We remain focused on positioning Asana for long-term success in the Agentic Enterprise. AI Studio momentum continues to build and scaling AI Teammates will be a key driver of durable, profitable growth and expanding margins over time.

And with that, operator, we're ready for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from the line of Taylor McGinnis of UBS. Your question, please, Taylor.

Taylor McGinnis

Analyst, UBS Securities LLC

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Thank you. Sonalee, it's been great working with you and wishing you all the best. And, Aziz, congrats on the promotion. Very well-deserved. Maybe a two-parter for me. First, I think there are a lot of questions on how sticky Asana workflows are in an AI world and what moat Asana has in developing its own AI solutions. I know you spoke a little bit about this in the prepared remarks, but maybe you can just provide a bit more color based on what you're seeing from your customer base.

And then, as a second part to that, could you talk about how the Asana app in Claude works? So, does this create a risk that Claude is used to automate more Asana workflows? And I guess how would Asana share in those economics? So, maybe you could just provide more color and unpack why it makes sense for Asana to partner here, and how that's being structured. Thank you.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

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Hi, Taylor. Thank you for the kind words for Sonalee and Aziz. They're both beaming over here. And yeah, no, just I'll hit your question directly. The reason that we believe AI is a tailwind for Asana is because we're not just a collaboration application. We are the coordination layer for work. If you think about how work is structured, the ownership, the sequencing, the tracking, completion across teams, that really is perfect for our platform. So, as the foundational models get more sophisticated, it doesn't eliminate the need for coordination execution. It actually increases it. More AI output means more actions, more dependencies, more cross-functional complexity. So, AI doesn't reduce that coordination, it multiplies it.

So, you heard in the prepared remarks why our strategy is to become the pioneer of the Agentic Enterprise. The Agentic Enterprise is where humans and AI agents are coordinating together at scale. And if you think about our history, 17 years ago, we created the Work Graph, which was around human to human coordination, which is about the who, the what, the why, the when at work. It's that same architecture that provides the framework for human to agent collaboration. So, specifically to our differentiation, that Agentic Enterprise requires four things.

Number one, context in the flow of work, which is about that unique understanding of who's doing what, by when and how across the enterprise. It also requires a durable institutional memory. So, this means a persistent, permissioned understanding of those relationships between projects and people. It requires multi-player orchestration. Think about that as a shared canvas for teams to work upon where agents and humans can work together on the same projects.

And then, finally, it requires enterprise-grade confidence. Enterprises need auditability, broad-based access control, cost controls, ROI visibility that – Asana was built with those enterprise controls from day one. So, one of our products is a real practical manifestation of that, which is AI Teammates. These are teammates that are working against structured enterprise memory. They have permissioned governance. They're coordinated across

workflows, acting as collaborators with inside real teams and real projects. That's why we've had such strong feedback from the 200 customers that we have in beta today.

So, AI doesn't replace Asana, that actually amplifies the need for structured context, institutional memory, cross-function orchestration and governed execution. And that's our architectural advantage. That is the foundational layer for AI, a system of action for work.

With regard to your question around Claude, think of the Claude application as a way within the Claude context to access the Asana Work Graph and UI, if you're an Asana customer, so you would need to be a Claude customer and an Asana customer. Then, within your AI chats, you can turn those into actionable work inside Asana.

Operator: Thank you.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

Thank you.

Operator: Our next question comes from the line of Billy Fitzsimmons of Piper Sandler. Your question please, Billy.

Billy Fitzsimmons

Analyst, Piper Sandler & Co.

Sonalee, best of luck in your future endeavor. And, Aziz, congratulations. I want to double click on the tech vertical commentary in the prepared remarks. In past quarters, we've seen indications that the tech vertical is stabilized. You had spoken to fewer tech downsell, better tech renewals. And last week, we had a fintech company radically downsized its workforce to the AI. That's an example of one, but it's an example that's on a lot of people's minds. So, how is the potential for maybe AI related workforce reductions specifically in the tech vertical factored into guidance? And then, what's Asana seeing and hearing in real time from customers?

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

Hey, Billy. Yeah. First a couple of notes on tech. As you noticed, this is our third straight quarter of in-quarter improvement in NRR. And our tech ARR is flat for the first time in seven quarters. So, we're obviously closely monitoring the fintech company that you discussed, but we feel much more insulated today than we did 12 to 18 months ago. There's a few reasons for that. Number one, our tech exposure is structurally lower. Tech is now less than 25% of our business and continues to decline as a percentage of our mix. So, our revenue base is way more diverse across non-tech industries and international.

Number two, the nature of our enterprise relationships continues to strengthen. We've discussed AI Studio and AI Teammates. These allow us to go much deeper into core workflows and critical business processes that ties more directly to business outcomes, not just headcount. So, this workflow level of betting trends continue to materially drive our NRR and help with our retention.

Third, we just don't have the same level of concentrations of renewal exposure in FY 2027 that we had over the prior two years. So, the renewal profile is much more balanced. It doesn't mean we're immune to macro workforce changes, but it does mean that today, stabilization in tech improving in-quarter NRR, stronger expansion activity suggests that trends are going to be much more durable than we experienced previously. And our strategy of the

Agentic Enterprise is directly aligned to making retention less seat volume dependent, and more workflow value dependent.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.

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Billy, hey, Sonalee here. Firstly, thank you, everyone, for your really kind comments. I've loved working with all of you, analysts covering our stock. But just with respect to the guide, as Dan called out and you've heard me call out actually in the last couple of quarters, we have seen improvements in NRR, third consecutive quarter of in-quarter NRR improvement. Of our top 10 renewals, this quarter, of which many were tech, they renewed above 100%. But the good news is we've only incorporated a modest improvement into our guide. But in terms of what we're actually seeing in front of us right now, we don't see big risk with respect to the tech renewals. This is purely prudence. And again, just wanting to see several quarters of that stability, before calling a trend. I think what you found with me and I think you will find with Aziz is, we guide based on what we have high confidence in today and what we see in front of us today.

Operator: Thank you. Our next question comes from the line of Rob Oliver of Baird. Your question please, Rob.

Rob Oliver

Analyst, Robert W. Baird & Co., Inc.

Q

Great. Thanks. Good afternoon. I'll also pass on my congrats to Aziz. And, Sonalee, great working with you. My question is for you, Sonalee, just around your comments around the top-of-funnel and some of the prolonged nature of the change in adapting to sort of the new environment around the open web and how people are accessing information, I was wondering if you could just help us understand – I know you guys said you still feel very good about the PLG motion. What sort of changes have you made today? What changes are working? And how do you expect that will play out here in FY 2027, so you can get back to a more normalized top-of-funnel? Thank you.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

A

Thank you, Rob. Let me start, then I'll hand over to Sonalee. So, first off, yes, there are a lot of headwinds in PLG. Buying behavior in self-serve and SMB has shifted meaningfully from many of the players in SaaS over the 12 to 18 months. There is a structural shift in how customers are discovering and evaluating and experiencing software. That being said, we have seen improvements. We continue to see sequential improvements in our top-of-funnel and conversion. And our AEO search initiatives and channel mix adjustments are driving improvement, but the recovery is a bit more gradual than we initially expected. So, you'll see us doubling down in PLG in the areas of AI enhanced search, funnel optimization and product experience, channel mix evolution and monetization expansion within self-serve. We've also brought new leaders in place, our CMO and our PLG GM, to have clear accountability to these adjustments.

So, the phased roadmap for us in H1 looks like deeper product experience improvements and conversion optimization. And in the second half, new product introductions into the self-serve space, including some AI-driven offerings. So, PLG and SMB remain an important growth segment for us. In fact, Asana is just so well-suited to being bought and consumed digitally. So, our objective is to rebuild PLG into a growth driver in the long term.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.

A

Yeah, if I can just add to that, if you look at our PLG contribution to the guidance for fiscal year 2027, it's about a 2 percentage point drag on ARR growth and, again, fully embedded in that fiscal year 2027 guide. We're not modeling top of funnel pressure abatement, despite our strong focus on reimagining the motion and hopefully offsetting those headwinds with all the initiatives Dan called out. And I think what's important to note here is that, absent that 2 point drag from PLG, you know, this would represent an acceleration, this guide. So, I think that's super important to think about just in the context of the overall guide.

The other thing I would just say with respect to the guide is it's not embedding any further improvement from tech stabilization, and it's only factoring in a very modest improvement from the NRR improvements that we've seen to date. So, if any of those end up being better than expected, that would represent upside.

Operator: Thank you. Our next question comes from the line of Rishi Jaluria of RBC. Your question please, Rishi.

Rishi Jaluria

Analyst, RBC Capital Markets LLC



Wonderful. Thanks so much for taking my questions. Let me echo my colleagues. Sonalee, it's been fantastic working with you over the past year and a half, and wishing you all the best in your next endeavors. Aziz, congratulations. Really looking forward to working even more closely with you in this function.

Look, I want to maybe think about – thinking about the growth trajectory of Asana, Sonalee, you talked about RPO, if I'm not mistaken, is accelerating. You were talking about AI SKUs is representing 15% of new ARR this year and maybe greater ramp in the back half of the year. As we think about all of these moving pieces, I know it's not in the guide for FY 2027, but as we think maybe beyond that, what are kind of the building blocks to drive acceleration in Asana as a whole, including from Asana AI? Thanks.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.



Hi, Rishi. So, let's start with our strategy. Our strategy is to be the pioneer of the Agentic Enterprise. That is a strategy that fundamentally oriented us towards long-term growth acceleration. So, positioning Asana not just as a CWM provider, but as a system of action, the layer for Agentic Enterprise, which is a larger and faster growing TAM. In the near-term, it's a tale of three cities. Firstly, we're going to benefit from the AI tailwind. You saw that with AI Studio, where we achieved \$6 million of ARR in Q4. And our AI products are going to be 15% of our new ARR in FY 2027. Teammates will be GAing in late Q1, which allows us to have new reasons to talk to our installed base and approach net-new buying centers. On the PLG side, that continues to be a near-term headwind. Our objective is to turn that into a long-term tailwind. And in the absence of that PLG headwind, we'd be reaccelerating in the near-term.

And the third point is around our SLG or sales led business. And here, you're seeing positive proof points already. Tech stabilization and NRR is encouraging, but we need some more quarters of proof points. So we bring it all together. The acceleration for us is a combination of the AI-driven monetization, PLG stabilization and rebuild, compounding SLG productivity, improved retention dynamics and expansion into the broader Agentic Enterprise TAM. We believe the structural advantages of our platform position us well to capture that opportunity over the long term.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.



Rishi, just to add to Dan's comments, so you're right, both billings and CRPO accelerated in Q4, and I think that reflects the strong demand environment we're seeing from enterprise customers and their commitment to building long-term partnerships with us. The other data point is of those top 10 renewals in Q4 that were over 100% NRR, that was a – a fairly large proportion were tech customers. And then, on the AI products, the good news there is that, AI Studio, we exited Q4 with over \$6 million in ARR. But importantly, the velocity in the back half was much stronger than the front half. And we expect our AI platform to contribute about 15% of net new ARR in fiscal year 2027. Add or layer on top of that the launch of AI teammates in the second half, and again, you see those potential drivers of growth as we look forward.

Operator: Thank you. Our next question comes from the line of Steve Enders of Citi. Your question please, Steve.

Steven Enders

Analyst, Citigroup Global Markets, Inc.

Q

Okay, great. Thanks for taking the questions here. And congrats to both, Sonalee and Aziz. Maybe this question is for Aziz if he is in the room, but just in terms of how we think about the guide and how you think about running the finance strategy moving forward, just any changes in terms of what that means moving forward or how does guidance build versus maybe how things were done before?

Aziz Megji

Head of Strategic Finance and FP&A, Asana, Inc.

A

Yeah, Steve, it's good to be with you and thanks for the question. So, you know, I've been I was fully involved in setting this guide, as I have been since I arrived at Asana. So fully stand by it, fully support it, helped Sonalee and Dan build it and get conviction over it. And there's no philosophical shift in the guidance strategy or the financial strategy. It'll continue to be disciplined, continue to be close to the plan and reflect what we're seeing at the time of guide. It's a dynamic environment. There's upsides and potential risks. We factored that in the guide. So, I'm fully supportive and am aligned with that. So, appreciate the question.

Operator: Thank you. Our next question comes from the line of Josh Baer of Morgan Stanley. Your question please, Josh.

Josh Baer

Analyst, Morgan Stanley & Co. LLC

Q

Thanks for the question. And congrats, Sonalee and Aziz. Dan, you were talking about growth not needing to come at the expense of margins. I think if we look like very broadly or high level at the past, there is a period of very rapid growth and negative margins or recently decelerating growth, but really nice margin expansion. So, what is it about today that allows for both growth and margins? Is it as simple as AI driving both product cycle, driving top line and AI efficiencies, internally driving margin expansion, a combo or other factors? What gives you confidence in growth and margins?

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

A

Yeah, thanks for the question, Josh, and I know we're going to see you in a couple of days' time in person. As you mentioned, firstly, the advancement of the AI models, foundational models actually helps us manifest our vision of the Agentic Enterprise. As the foundational layer of Agentic Enterprise, we do see this as an accelerant for us. It allows us to deliver on a very ambitious product roadmap over the next 12 to 18 months. So, yes, this is a new

growth driver for us. And in doing so, it also allows us to scale efficiently as we grow within our own operations, as we seek to continually push the frontier of driving that level of efficiency. So, yeah, the answer is both.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.

A

Josh, I can't resist, but I have to add to that. You've seen strong margin expansion over the last couple of years. That's not something that is going to really change or abate. We think we can continue making investments in AI in a disciplined way and we're confident we can continue expanding margins sequentially and in many years to come. And there are still meaningful levers to expand those margins, shifting our head count to lower cost regions, which we've already started. But there's more to come. Third party spend, increasing leverage in sales and marketing, where actually Aziz has been going deep in the last couple of months, and then driving that AI-powered productivity gains, which you would all expect of us. So, again, there's more goodness to come.

Operator: Thank you. Our next question comes from the line of Jackson Ader of KeyBanc Capital Markets. Your question please, Jackson.

Jackson Ader

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thanks for taking our questions, guys. The one that I had was with AI expected to be 15% of net new ARR in the coming year, how should we be thinking about AI as fully additive and incremental versus maybe a replacement of what would have been broader platform spend within existing customers? Thank you.

Dan Rogers

Chief Executive Officer & Director, Asana, Inc.

A

Yeah. Hi. Let me jump in on that one. If you look at our AI Studio customers today as an example and our AI Teammates, a lot of it is incremental that we are finding net new use cases and new buying centers. And some of it is replacement, some of it is being able to do the works that they were currently imagining that much more efficiently with an AI enhanced solution. So a bit of a combination of both I'd say.

Sonalee Elizabeth Parekh

Chief Financial Officer & Head-Finance, Asana, Inc.

A

And just if I could add there, these new products, AI Studio and then increasingly with AI Teammates in the second half, they've been great in of expansion in these renewal conversations. So, again, in terms of mitigating, potential downgrades, I think it's something that we're looking forward to having as that incremental thing to go out to our customers with. So, it's downgrade mitigation and also, significant expansion opportunity.

Operator: Thank you. I would now like to turn the conference back to Eva Leung for closing remarks. Madam?

Eva Leung

Head-Investor Relations, Asana, Inc.

Thank you, everyone, for joining the call. We'll be on the road attending the KeyBanc, Citizens and Morgan Stanley Conference this week. Looking forward to seeing all of you. As always, if you have any questions, please reach out to me at ir@asana.com. Thank you very much.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

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