Asana

FY27 Q2 Earnings | Prepared Remarks

September 3, 2026

Eva Leung

Good afternoon, and thank you for joining us on today's conference call to discuss the financial results for Asana’s second quarter fiscal year 2027. With me on today's call are Dan Rogers, our Chief Executive Officer; and Aziz Megji, 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 involve 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 annual report on Form 10-K and our most recent 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

- We delivered a solid second quarter, exceeding our expectations on both revenue and profitability, with continued improvement in the underlying health of the business.
- There are three things I want investors to take away from the quarter.
- First, the business continues to get healthier. Growth accelerated, retention improved again, and we saw broad-based strength across industries and geographies.
- Second, while still early, our AI products are creating a new growth and expansion vector beyond our traditional seat-based model. Customers adopting AI Studio and AI Teammates are engaging more deeply, retaining better and expanding faster than the broader customer base. We believe that gives us early validation of the opportunity to build meaningful consumption-and outcome-oriented revenue streams.
- Third, we're acting on those learnings by bringing AI Teammates, AI Studio and Dash together as a core part of the Asana experience through Agentic Work Management.
- We want customers to experience these capabilities early and naturally as part of how they work every day, rather than as separate AI products they have to discover and purchase.
- And we're bringing that same orchestrated execution across humans, agents, and systems to Asana Client Management, Asana Service Management, and Command.
- Let me start with the quarter. The improving health of our core business validates our strategy and gives us confidence in the investments we're making to drive future growth.
- Revenue was $216.4 million, up 10% year over year and above the high end of our guidance.
- Reported net retention improved in every cohort we report. Overall NRR improved to 97% from 96%. In-quarter net retention improved for the fifth consecutive

quarter. Core customers NRR improved to 98%. And our largest customers, those spending over $100,000 or more, improved to 98% from 96%. That improvement is being driven by broader multi-product adoption within our largest customers, creating additional paths for expansion.

- Technology delivered a second consecutive quarter of year-over-year growth. While growth remains modest, we're encouraged by the continued acceleration in this vertical.
  - That growth included another expansion with a leading AI lab this quarter, adding seats in addition to the expansion with AI Teammates we mentioned last quarter. A leading global streaming service expanded seats and added AI Studio.
- Outside of tech, the story has been consistent for more than a year. Non-tech continues to grow faster than the company's overall growth.
  - We added new customers across a wide range of industries this quarter, including one of the largest telecommunications operators in the US, a large insurance operator in the US, a "Big Four" professional services firm, one of the world's leading law firms, and an iconic American luxury jewelry brand.
- We also saw encouraging acceleration in the U.S. where revenue grew 10% year-over-year in Q2, returning to double-digit growth for the first time in over two years.
  - This growth acceleration is attributed to 1) improvement in both bookings and retention at our tech customers which are concentrated in the US, 2) strong adoption of our AI products, and 3) acceleration in new logo acquisition
- Internationally, Darktrace and a leading UK based financial services company were notable new logo wins for our EMEA team, and Delivery Hero expanded its relationship with Asana, including with our AI products.

AI product momentum

Momentum across our AI products continued to build this quarter, and while still early, we're seeing encouraging validation of the opportunity to build meaningful consumption-and outcome-oriented growth and expansion revenue streams alongside our traditional seat-based model. AI Studio and AI Teammates drove about 25% of our net new ARR, up from 17% last quarter, and above our 15% full year target we set in March.

Customers adopting our AI products are engaging more deeply, retaining better and expanding faster than the broader customer base. This is showing up most clearly in our largest accounts. More than 25% of our $100,000-plus customers have now purchased AI Studio or AI Teammates. This has been a key contributor to the NRR expansion we are seeing upmarket.

We're also seeing clear evidence that our AI products can mitigate seat-based pressure while creating new expansion opportunities tied to usage and outcomes.

This quarter, we signed the largest AI expansion in Asana's history: a three-year, multi-million-dollar agreement with a Fortune 500 media company spanning AI Studio and AI Teammates, with our AI products representing nearly half of the total contract value.

What's particularly important is the role our AI products played in the expansion. The customer was operating with a smaller workforce, which historically would have resulted in seat contraction. Instead, its investment in AI Studio and AI Teammates more than offset the smaller seat footprint, resulting in modest overall expansion with additional upside potential as consumption grows over time.

And they're already seeing measurable value. In one creative marketing workflow, AI Teammates reduced content operations cycle time by approximately 30%.

This is an important example of how our AI products create new growth vectors beyond seats, allowing us to expand with customers based increasingly on the work and outcomes delivered through Asana, rather than changes in headcount.

We're seeing customers move beyond individual use cases and make Asana a core part of their broader agentic enterprise strategy, coordinating humans and AI across the workflows that run their business. Asana is becoming the Operating System for Human-Agent Teams for them.

Let me share two examples of what that looks like in practice.

Indeed is a good example of how enterprises are using our AI products together to remove manual coordination at global scale. The world's number one job site deployed AI Studio to automate project discovery and technical scoping for its analytics teams, and to run dynamic intake and triage across a 70-person in-house creative agency operating in more than 60 countries and 28 languages. Annually, that work reclaims more than 1,400 hours of senior-level time, has cut lead time from raw request to active project by 60 percent, reduced manual ticket management by more than 40 percent for the creative team, and delivers roughly $300,000 in savings and unlocked capacity. Indeed has also piloted an AI Teammate as an autonomous brand auditor, matching localized content to global brand guidelines across dozens of languages.

Washmen, a UAE-based textile care business, is an early example of AI Teammates running an operation end to end. They are using AI Teammates to agentify their customer support and returns process. When a garment comes in, one Teammate researches its retail value, a second reviews the care plan for risk, a third checks it against every past claim, and a fourth handles compensation and drafts the customer message. A person steps in only when a Teammate escalates. The result is 90 percent faster claim resolution, from three days down to six hours.

These results reinforce our belief that our AI products create the greatest value when they’re embedded in business critical workflows, with the shared context that enables people and agents to coordinate and execute together toward outcomes. That principle is at the heart of what we’re bringing to market in mid-September with Agentic Work Management.

Agentic Work Management

Let me explain what we mean by Agentic Work Management, because this is a meaningful evolution of the product, not simply a new label on traditional work management.

Individuals have experienced significant productivity gains from AI, but for most organizations that hasn't yet translated into productivity gains at the enterprise level. AI often sits outside the workflows that run the business, requiring people to find the right agent, provide the right context, and bring the output back into the work.

Agentic Work Management closes that gap by putting people, agents, and systems on the same plan. Historically, customers used Asana to coordinate work between people to provide visibility into those tasks. With AWM, they can orchestrate execution across people and agents, with the same shared context, the same goals and the same governance.

AWM brings three things into every paid package tier. First, AI Teammates: more than 30 pre-built teammates for marketing, operations and IT, preapproved and ready to work, with no prompt engineering required. Second, AI Studio, so any team can build no-code automations for intake, routing, approvals and status. And third, Asana Dash, an AI chief of staff that knows a person's goals and priorities, pulls decisions out of meetings, email and chat, surfaces what needs their attention, and keeps them a step ahead.

So what does this mean for customers when AWM comes to market later this month?

Beginning in mid-September, new logos, self-serve customers and sales-led renewals moving to AWM will start with AI Teammates and Asana Dash built directly into their package tier, including an allotment of Teammate and Dash requests. Rather than having to find the right agent, the right Teammate can surface based on what the customer is trying to accomplish.

This is deliberate. We want customers to experience the full value of Asana early.

The included allotment of requests is designed to let customers put our AI products to work in mission critical workflows from day one. By simplifying the purchasing decision, we can get more customers to first value faster and create a natural path from demonstrated outcomes, to deeper AI adoption, to increased consumption and stronger seat retention and expansion over time.

We chose requests as the unit of consumption because we want AI pricing to be customer friendly, simple, and predictable. A request gives customers a clear understanding of what they're buying, with a consistent price per request, spend limits, usage visibility and alerts. Behind the scenes, Asana selects and optimizes the appropriate AI models. That complexity should be ours to manage, not the customer's.

Agentic applications

Agentic Work Management is how we bring the Operating System for Human-Agent Teams to customers today: people and agents running the critical cross-functional work that runs a business. Client Management applies the same orchestrated execution to client delivery, Service Management to service delivery, and Command to product development. Same platform, different kinds of work.

We're not entering these markets with point solutions. Each is a purpose-built application on the Enterprise Work Graph our customers already run on, so each starts with the shared context, memory and governance that people and agents need. And the AI Teammates and automations a customer builds in one application carry into the others, under the same permissions and audit trail.

Each of these new products represents a large adjacent market, and a new buying center.

ACM

Start with Client Management. The promise is simple: the complete client workflow coordinated across clients, account teams, delivery teams, AI, files, approvals, budgets, and projects.

Nearly a third of our customers are already doing some form of client delivery or running a professional services team today. But they often run client delivery in Asana while managing the rest of the client relationship across disconnected systems: communication in email, statements of work and approvals elsewhere, and resourcing in spreadsheets. That makes it difficult to maintain a single view of client health, project profitability, and team capacity.

Client Management brings those pieces together. It adds a branded client portal for requests, reviews and approvals, AI Teammates that draft statements of work, client-ready assets and status updates, and time and budget tracking that sits alongside the actual work. Client Management is in Early Access now.

ASM

Next, Service Management. Traditional service management was built to route a ticket to a person and track it to resolution. AI changes that model. Enterprises increasingly want service teams to resolve requests automatically, not simply route them faster. Asana Service Management is one AI-native service platform for IT, HR, Facilities and Legal, with 24/7 agents that can resolve routine requests through Slack, email, or a portal before they reach a human.

Service Management builds on that with one front door for every department, a self-learning knowledge base that gets more accurate with every resolved case, and agentic resolution that moves Asana from a place where service work is tracked to a place where it can be resolved.

Service Management is in Early Access now, with strong feedback from IT design partners, particularly around the self-learning knowledge base.

Command

Finally, Command. AI has made code generation dramatically faster. But the coordination around that code hasn't kept pace: the spec, the handoffs, the release plan and the traceability. Increasingly, that's where the bottleneck sits.

Coding agents need more than the ability to generate code. They need context, a shared plan and a decision history they can trust. Command provides that planning and orchestration layer, built on the same Enterprise Work Graph that already supports the product and engineering planning team today. That’s the promise: ship faster with humans and agents in sync.

We designed Command as an open platform from day one, so customers can orchestrate the agents and tools they choose rather than being locked into a proprietary agent ecosystem.

As SpaceXAI described it: *“Command is a novel approach to a difficult problem: coordinating work across the many agents and tools modern engineering teams use. Its open-platform design lets developers bring SpaceXAI into a broader orchestration layer without being locked into a closed system.”*

Later this year, Command will also integrate deeply with OpenAI’s Codex, bringing parallelized, cloud-hosted coding agents natively into how work gets planned, assigned, and shipped.

Command reaches Early Access later this month.

StackAI

StackAI turns business processes into governed agentic workflows in minutes, reading, writing and executing across the systems a company already runs on, while Asana provides the plan, the shared context and the people around that execution. Importantly, it gives us a more complete solution for the enterprise AI transformation initiatives we're increasingly seeing from IT and transformation buyers.

We're already seeing early wins, including one of Australia's largest retailers. We believe these engagements are early validation of the opportunity to bring Asana and StackAI together for larger, more complex enterprise workflows.

Taken together, we're expanding Asana in two dimensions: AWM gives us a path to drive deeper product adoption across our customer base and create a meaningful long-term consumption growth alongside seats, while our new applications expand the workflows, users and buying centers we can serve. All of it runs on the same architecture and advances our strategy to become the Operating System for Human-Agent Teams.

With that, I'll turn it over to Aziz to take you through the quarter and outlook.

Aziz Megji

Thanks Dan. Let me start with the quarter.

- Q2 revenue was $216.4 million, up 10 percent year over year, an acceleration from Q1 and above the high end of our guidance. StackAI contributed approximately 50 basis points to reported growth, which was in line with the expectation we shared last quarter. Currency impact was immaterial this quarter.
- We have 26,778 Core customers, which we define as customers spending $5,000 or more on an annualized basis.
  - Revenues from Core customers grew 11 percent year over year and this cohort represented 77 percent of our revenues in Q2.
- We now have 890 customers spending $100,000 or more on an annualized basis representing a growth of 16 percent year over year.
- As a reminder, these cohorts are measured using annualized GAAP revenue during the quarter and therefore can be affected by the number of days in a quarter.
- Our dollar-based net retention rate increased on every cohort we report. Our overall dollar-based net retention rate was 97%. Core customer NRR was 98%, and among customers spending $100K or more, NRR was 98%.
  - As a reminder, our NRR is a trailing four-quarter average and therefore a lagging indicator of more recent trends.
- The improvement is being driven by continued strength in gross retention, healthier seat expansion within our largest enterprise customers and broader multi-product adoption, with AI Studio and AI Teammates increasingly creating an additional expansion vector at renewal. As Dan discussed, that allows us to expand with customers in ways that are less dependent on seat growth alone.

Turning to self-serve, the PLG headwind we discussed last quarter builds through the year. The impact of lower PLG bookings compounds into the revenue base each quarter, so the drag on reported revenue growth increases even if the underlying self-serve trend does not deteriorate further.

That pressure comes as several of our underlying growth acceleration levers are improving: NRR continues to strengthen, experiencing strong momentum with our AI products, our US business has accelerated, and technology has now returned to year-over-year growth for two consecutive quarters.

It also explains the gap in our net retention. Core and our $100,000-plus cohort are both at 98 percent, while company-wide NRR is 97 percent. That difference sits in the sub-$5,000 cohort, which is concentrated in self-serve and skews toward customers outside our ideal customer profile.

Getting company-wide NRR back above 100 percent really comes down to three levers: first, gross retention improvement in the core and enterprise base, second, seat, multi-product and consumption expansion in those same cohorts, and lastly, improving ICP mix and driving stronger retention and expansion of the sub-$5,000 base. The first two are already starting to show benefits and you see that reflected in our Q2 KPIs and results. The third remains a key focus area, and we expect the investments we are making there to contribute to improving NRR in FY28.

Improving the sub-$5000 base is centered on two areas. First, we're focusing our acquisition spend on the customer sizes, industries and use cases with the strongest fit and highest lifetime value potential. That includes becoming more targeted and verticalized, with industry-specific templates, AI Teammates and use cases designed to improve conversion and retention.

Second, we're increasing the surface area through which these customers can expand with us. AWM and ACM launch in self-serve in mid-September, bringing AI Teammates directly to our large PLG installed base while expanding Asana into new workflows and use cases. We believe that creates a new vector to get deeper into critical workflows and expand these relationships beyond seats, improving retention over time.

Now moving to profitability, where I will be discussing non-GAAP results and year-over-year comparisons.

- We delivered a 10% non-GAAP operating margin in Q2, expanding approximately

300 basis points year over year, while continuing to make significant investments in our AI products and agentic applications and the go-to-market capabilities to scale them.

- Our gross margin was 87%, down approximately 120 basis points from last quarter. The decline reflects three primary factors.
    - First, higher AI infrastructure and compute costs attributed to one-time scaling and development costs for our new products accounted for approximately 80bps of the change,
    - Second, the addition of StackAI which has a lower gross margin profile given it is sub-scale, accounted for approximately 30bps,
    - And third, the remainder of the gross margin impact reflects the mix shift from seats to our AI products
- R&D expenses were $50.7 million, or 23% of revenue.
- Sales and Marketing expenses were $88.2 million, or 41% of revenue
- G&A expenses were $28.0 million, or 13% of revenue.
- Net income was $23.8 million, or 10 cents per share on a diluted basis.
- We have kept our overall expense base relatively flat while adding capacity in lower-cost regions such as Poland and using AI products to increase productivity and expand capacity across our teams.
- We're seeing that most acutely in R&D, where AI is enabling our teams to deliver the most robust product roadmap in Asana's history without a commensurate increase in R&D spend.
- The combination of a more efficient talent footprint and AI-driven productivity gives us the capacity to continue investing behind our highest-growth opportunities while driving operating leverage over time.

Moving on to the balance sheet and cash flow:

- At the end of Q2, cash, cash equivalents and marketable securities were approximately $340 million.
- Our remaining performance obligation, or RPO was $522.0 million.
- Current RPO grew 10% year over year. This represents 81% of total RPO and will

be recognized over the next twelve months.

    - The underlying RPO trends were stronger than the reported growth rates suggest. This is due to the comparison against the large multi-year contract we signed in Q2 last year. Excluding that contract, current RPO growth accelerated to approximately 11% from 8% last quarter, while total RPO growth accelerated to approximately 12% from 7% last quarter.
- Our total ending Q2 deferred revenue was $350.7 million, up 12% year over year.
- Adjusted free cash flow was $42.3 million or 20% on a margin basis. Note free cash flow benefited by approximately $5 million from stronger collections than expected.

Business Model Evolution

Before I turn to guidance, I want to connect the product strategy Dan described to the evolution of our financial model. In mid-September we are including a base level of AI Teammates and Dash requests in the AWM tiers without changing tier pricing. This change is both for new and existing customers. We're seeding that usage deliberately, investing to drive adoption first, with the expectation that stronger retention, seat expansion and increasing consumption follow over time. Underpinning this shift, we have made a significant investment in our monetization infrastructure and in-product experience, enabling AI-native capabilities including usage metering, overages, and consumption-based billing at scale.

Let me walk through how we've reflected that transition in our guidance.

Guidance Assumption

There are two dynamics affecting revenue recognition as we transition toward consumption. First, going forward, all new AI Teammates sales will be consumption-based, with revenue recognized as customer requests are consumed rather than ratably over the contract term. Because customers have flexibility in the timing of their consumption, this also introduces greater variability in the timing of revenue recognition. Second, as we transition our core packaging from CWM to AWM and embed our AI products into the core subscription, a portion of subscription value that historically would have been recognized ratably is now allocated to AI consumption and recognized as that capacity is consumed. As customers ramp consumption over time, this shifts a portion of revenue recognition into future periods.

The shift of new AI Teammates sales from ratable to consumption-based recognition, along with the AWM packaging changes, creates a $1.2 million revenue timing impact in the second half, roughly split between Q3 and Q4. This is just a timing impact, not a change in customer economics, and has no impact on ARR, bookings, billings, deferred revenue, RPO or cash flow.

The transition also creates approximately 150 basis points of gross margin pressure across Q3 and Q4, reflecting both costs incurred ahead of the associated consumption-based revenue recognition and the growing mix of AI products, which currently carry lower contribution margins than our seat-based business. Importantly, we're making these investments deliberately to seed AI usage and drive deeper utilization of the platform, with the expected benefits to retention and expansion occurring over subsequent renewal periods. As a result, we expect gross margin to be in the mid-80s exiting the year. We've already seen meaningful reductions in the cost of delivering our AI products through optimization and routing, and we expect those efficiencies to continue as we scale. Importantly, as you'll see in our operating margin guidance, we've been able to absorb the remaining increased costs through efficiencies and productivity elsewhere in the cost base, while continuing to deliver margin expansion ahead of our expectations. Note that this is all while absorbing approximately 1 point of incremental operating expense as a % of revenue from the StackAI acquisition, as we discussed last quarter.

Second, the PLG headwind we discussed earlier continues to weigh on the second-half revenue growth profile. We estimate approximately 100 basis points of pressure to revenue growth in Q3, increasing to 150 basis points in Q4. Our outlook assumes the current PLG trends persist through the balance of the year and incorporates no recovery in FY27 from the initiatives I discussed earlier.

Third, AI Studio and AI Teammates represented about 25% of net new ARR in the quarter, or closer to 22% excluding the large deal. Including StackAI, we now expect AI products to represent approximately 20% of net new ARR for the full year, up from approximately 15% we discussed in March. We're deliberately prudent with this target because seeding every customer with AI Teammates and Dash starting in mid-September may delay some consumption pack purchases by a matter of months. This metric captures only new consumption and capacity package purchases, not the requests and credits included within AWM tiers. No attribution from the AWM packaging change.

Fourth, we continue to assume minimal FY27 revenue contribution from Client Management, Service Management and Command. Given enterprise sales cycles and deployment timelines, we expect their financial contribution to become more meaningful and a key growth driver in FY28.

Finally, Q3 includes approximately $3 million of incremental launch investment, consistent with what we discussed last quarter. That investment is concentrated in global brand and marketing and AI go-to-market activities around our September launches. We expect that spending to normalize following the launch, with sequential operating margin expansion returning in Q4.

Guidance

Now, moving to guidance. The guidance I am giving includes all the assumptions I mentioned above. For Q3 Fiscal 2027, we expect:

- Revenue of $217 million to $219 million, representing 8% to 9% growth year over year. This includes a $700K headwind to revenue from our AWM packaging transition.
- Non-GAAP operating income of $18 million to $19 million, representing an operating margin of 8% to 9%.
- Non-GAAP net income per share of 8 cents, assuming diluted weighted average shares outstanding of approximately 236 million shares.

For the full fiscal year 2027, we expect:

- Revenue to be in the range of $858.5 million to $863.5 million, representing growth of 9% year over year at the mid-point. The full year revenue guide reflects the outperformance from our Q2 results and the expected contribution from StackAI of approximately 50 basis points to growth, same as last quarter. In addition, as mentioned above it includes a $1.2M headwind to revenue from our transition to AWM and consumption. We expect an approximately 20 basis point tailwind to our full-year revenue growth in constant currency, no change from last quarter.
- We expect Non-GAAP operating income of $84.5 million to $86.5 million, representing an operating margin of approximately 10%.
- And non-GAAP net income per share of 37 cents, assuming diluted weighted average shares outstanding of approximately 239 million shares.

As we look ahead, AWM brings our AI products to our broader customer base, creating new expansion opportunities as adoption and consumption grow. We're investing ahead of those benefits while maintaining our margin commitments, creating the foundation for stronger growth and operating leverage over time.

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*Note: We define net new ARR as the sum of annualized recurring revenue from new customer bookings and expansion within existing customers during the period, net of contraction and churned ARR.