

EXFY Q1 2026 EARNINGS CALL

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EXFY: Is your back office stuck in the 90s? You're still using email, spreadsheets, and checks to manage expenses, invoices, and travel? Even your automation tools are as slow as your inbox, leading to unhappy employees and impatient customers bombarding you with messages. Well, those days are gone. Expensify brings you expenses and travel at the speed of chat. It's the super app that transforms your back office.

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EXFY: With a chat-first interface, it streamlines your financial tasks and eliminates the need for multiple tools. See why over 15 million people choose Expensify. For employees who submit expenses, it starts with a big green button.

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00:01:34.170 --> 00:01:39.689

EXFY: Just create an expense, Snap a photo, and send. We handle the rest.

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EXFY: Managers get notified whenever new expenses are ready for approval, they can approve immediately, or chat with the employee for more information.

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00:01:49.070 --> 00:01:56.269

EXFY: Prefer to see everything in one place? The Reports page brings it all front and center, with key actions just a click away.

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00:01:56.700 --> 00:01:59.830

EXFY: Approve and pay expenses individually or in bulk.

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EXFY: Create custom searches to find what you need faster.

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EXFY: Export to top accounting integrations, and more.

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EXFY: The best part? Set up your team on Expensify in minutes.

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00:02:14.020 --> 00:02:16.080

EXFY: Create a workspace.

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00:02:16.380 --> 00:02:18.459

EXFY: Enable the features you need.

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00:02:21.120 --> 00:02:30.059

EXFY: and get help from a real human set of specialists. As you grow, Expensify scales with your business, unlocking more functionality like travel.

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00:02:31.030 --> 00:02:32.220

EXFY: Corporate cards.

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00:02:32.970 --> 00:02:34.120

EXFY: And invoicing.

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00:02:34.960 --> 00:02:42.930

EXFY: Talk with a setup specialist today to learn more about Expensify. It's money at the speed of chat.

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00:02:45.920 --> 00:02:58.410

EXFY: Hello, and thank you for joining us for Expensify's Q1 2026 earnings call. I'm going to start off with the legal disclosure, and then hand off to Ryan Schaefer, our CFO, and David Barrett, our founder and CEO.

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00:02:59.090 --> 00:03:09.470

EXFY: Please note that all the information presented on today's call is unaudited, and during the course of this call, management may make forward-looking statements within the meaning of the federal securities laws.

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00:03:09.710 --> 00:03:21.779

EXFY: These statements are based on management's current expectations and beliefs, and involve risks and uncertainties that could cause actual results to differ materially from those described in these forward-looking statements.

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00:03:22.060 --> 00:03:32.179

EXFY: Forward-looking statements in the earnings release that we issued today, along with the comments on this call, are made only as of today, and will not be updated as actual events unfold.

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00:03:32.480 --> 00:03:45.759

EXFY: Please refer to today's press release and our filings with the SEC for a detailed discussion of the risks that could cause actual results to differ materially from those expected or implied in any forward-looking statements made today.

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00:03:45.980 --> 00:04:05.809

EXFY: Please also note that on today's call, management will refer to certain non-GAAP financial measures. While we believe these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP.

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EXFY: Please refer to today's press release or the investor presentation for a reconciliation of these non-GAAP financial measures to their most comparable GAAP measures. And with that, I'll hand it over to Ryan.

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00:04:17.959 --> 00:04:25.499

EXFY: Thank you, Niki, and thanks, everyone, for joining today's call. Let's start with the Q1 financials. Revenue for the quarter was \$34 million.

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00:04:25.500 --> 00:04:50.239

EXFY: Down 6% year-over-year. Average paid members were \$632,000, down 4% year-over-year. Total interchange revenue was \$5.5 million, up 10% year-over-year. While we continue to see pressure on the top line, we are really focused on the fundamentals of the business and focusing our efforts on returning to growth. Operating cash flow was \$0.1 million, and free cash flow was \$2.5 million.

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00:04:50.310 --> 00:05:15.289

EXFY: The difference in those numbers is largely driven by the timing of customer payments. Our GAAP net loss was \$2.3 million. Our non-GAAP net income was \$3.6 million, and adjusted EBITDA was \$6.2 million. So all revenue has declined, profitability is still strong, and that's a key theme for the business right now. As mentioned, we generated \$2.5 million in free cash flow this quarter. It's worth noting that we also had a one-time legal

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EXFY: payment of \$2.6 million related to the class action lawsuit we've since settled. Absent that payment, we would have seen roughly \$5 million of free cash flow this quarter. With that said, we remain conservative in our outlook and are reiterating our full year 2026 free cash flow guidance of \$6-9 million. As always, we'd like to provide a look into the performance of next quarter's paid active member number for April 2026,

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00:05:39.170 --> 00:05:40.559

EXFY: We had 6...

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EXFY: 141,000 paid active members, which is an improvement from our Q1 average, and what we think is an encouraging sign for the quarter. In conclusion, we are focusing on maintaining strong fundamentals in the business, investing in long-term growth opportunities, migrating customers to new Expensify, and iterating quickly on their feedback. And with that, I'll hand it over to David for a product update. Thanks, Ryan.

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EXFY: I think the simplest way to frame Q1 is this.

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EXFY: We're building a more durable, more profitable business today, while setting ourselves up for a much stronger growth story tomorrow.

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EXFY: The numbers show the transition, but the product tells you where we're going, and how far we've actually come. In Q1, we made meaningful progress in both distribution and product adoption. A major focus was accelerating our bring-your-own-card strategy. Historically, companies often had to change cards to get the full value of expense automation.

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00:06:25.140 --> 00:06:35.570

EXFY: With BYOC, they can keep the corporate cards they already have, connect them to Expensify, and automatically import transactions as expenses. That removes a major adoption barrier and lets us meet customers where they already are.

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00:06:35.650 --> 00:06:46.419

EXFY: We also expanded our partnership footprint. We renewed our referral program with ANZ, added KiwiBank, and partnered with the Institute of Commercial Payments, giving us stronger visibility across the banking and commercial payments ecosystem.

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00:06:46.600 --> 00:06:55.179

EXFY: At the same time, we broadened the commercial ecosystem around Expensify with new ERP relationships with Campfire and Rillit, plus a travel integration with American Airlines.

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EXFY: The goal is simple. Make Expensify fit naturally into the systems businesses already use. On the product side, Q1 was a strong shipping quarter, with more than 30 improvements across the app. In January, we focused on practical finance workflows, better top spending visibility, receipt rotation, automatic approval routing, old card assignment, bank account sharing, clearer card status labels, and Uber for business discounts.

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00:07:15.900 --> 00:07:38.570

EXFY: In February, we've launched a new Home tab, upgraded Insights, made Concierge available in more places, and added merchant and itemized receipt rules. These are important because they move Expensify from simply capturing expenses to actively helping users manage spend, automate coding, and resolve issues faster. In March, we continue that momentum with account-related client workspaces, GPS mileage tracking, expanded insights charts, stronger virtual card controls.

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00:07:38.570 --> 00:08:00.720

EXFY: mobile receipt cropping, faster report creation, bulk expense selection, inline editing, CSC member imports, and smarter home tab alerts. Taken together, these updates make new Expensify faster, more automated, and more useful for both individual employees and finance teams. Stepping back, Q1 is about strengthening the foundation while setting up the next phase of growth. The Expensify card continued to perform well, with interchange revenue growing to \$5.5 million, up 10% year-over-year.

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00:08:00.830 --> 00:08:14.049

EXFY: We also continue to generate cash, producing positive operating cash flow and 2.5 million in free cash flow in the quarter. At the same time, we're seeing encouraging growth signals. April paid active users increased to 641,000, above Q1 average of 632.

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00:08:14.220 --> 00:08:34.220

EXFY: Combined with product velocity you just saw, the expansion of BYOC, and major AI capabilities coming in June, we believe the business is positioned for a potential inflection point. So our focus remains consistent. Keep improving to Expensify, reduce adoption friction, expand distribution, and turn the product momentum we're seeing into durable growth. With that, thank you to everyone for joining. Let's hop into our Q&A.

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00:08:37.740 --> 00:08:42.400

Niki: Perfect. Mark, I believe you're on the line, if you want to open us up for the Q&A.

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00:08:43.500 --> 00:08:45.020

Mark Schappel: Hi, can you hear me okay?

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00:08:45.020 --> 00:08:45.870

Expensify: Yeah.

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00:08:48.060 --> 00:08:58.419

Mark Schappel: Thanks for taking my question here. Dave, just a question on a comment in your prepared remarks. You mentioned that you believe that the business was poised for an inflection point. I was wondering if you could just dig into that a little bit more?

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00:08:58.770 --> 00:09:23.710

Expensify: Sure. I mean, I think that this isn't a new thing. We've been talking for a long time. The whole strategy behind New Expensify is to shift away from kind of a more traditional expense management solution towards a more modern, collaborative, AI-focused solution. And so we knew this was going to be a huge investment, we knew it was going to take a long time, and we were at the tail end of that. So, you know, we've been migrating users over, and I think we're just extremely pleased with the reaction we're getting

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Expensify: from traditionally classic customers moving to new Expensify, seeing the new capabilities, the AI, the collaboration, all that. And so, I think, on one hand, it's just

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00:09:33.810 --> 00:09:38.339

Expensify: A lot of, kind of, mostly anecdotal, but really positive evidence coming from

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Expensify: customers are migrating over. Also, just seeing the excitement from new customers, kind of what we refer to as new native customers. Customers who've never seen Expensify Classic. They're just coming into the product, and they really just get it, and they like it, and they really value it, and so it's validated a lot of our design decisions, and I think we feel really confident in that.

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00:09:58.430 --> 00:10:16.319

Expensify: And then, of course, there's just, you know, just kind of the green shoot indicators, like, you know, April was pretty good from a paid member growth perspective, as we saw. And so, again, a lot of this is nothing new. This is the story we've been telling for a very long time, but the story has always involved basically making a

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00:10:16.720 --> 00:10:33.239

Expensify: kind of, you know, difficult, but big swing on what we think is still a massive, massive opportunity out there. Like, when I think of it, you know, there's... nothing fundamentally has changed about the market in the sense that I still think there's something like

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00:10:33.270 --> 00:10:39.470

Expensify: A hundred to a thousand times more opportunity out there than this traditional opportunity's ever seen.

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00:10:39.470 --> 00:10:53.640

Expensify: new Expensify designs to go out and get it. I think we're more and more confident that we can. It's not gonna happen overnight, but, you know, we're a long-term business, we've always said that, and I think we just feel very, you know, excited and have a lot of conviction in that long-term strategy.

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00:10:54.860 --> 00:11:04.199

Mark Schappel: Great, thanks, and then as a follow-up, maybe if you could just update us on the percentage of your classic customers that have migrated to the new platform?

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00:11:04.670 --> 00:11:29.629

Expensify: I think it's about 60%, I would say. The main thing... the migration's going well. The nice thing about migration is we control the timeline of it, and we are migrating customers over, and then paying very close attention to any feedback they have. I would say the most important feedback we've had is simply just performance. The functionality is great, and it's reliable, but it's just not fast enough for the larger customers, and so we never want to

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00:11:29.630 --> 00:11:33.470

Expensify: Migrate over a customer that we're not confident is gonna have a great experience.

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Expensify: And so we're... I'd say, just in general, a lot of our engineering has shifted away from big, sort of, capital projects and more towards just rapidly integrating with the specific features that customers request, responding to feedback, and so forth. And so right now, I would say a big thrust of our engineering is simply on

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00:11:55.820 --> 00:11:58.969

Expensify: Hardening and improving the performance of our existing functionality in new.

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00:12:00.170 --> 00:12:06.759

Mark Schappel: And then, along with that, you know, to date, your migration strategy for the new Expensify platform has relied

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00:12:07.020 --> 00:12:18.260

Mark Schappel: mainly on carrots rather than sticks, and, you know, with about 60% migration so far, do you plan to shift that approach, to move the rest over?

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00:12:18.420 --> 00:12:27.829

Expensify: I mean, I don't think so. I think the carrots work pretty well, they've been working well for us. And again, we have the ability to maintain Classic, and so we don't...

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00:12:28.120 --> 00:12:38.280

Expensify: We're not backed into a corner in the sense, like, we don't have to push people over. We do it because we think we can give them a better experience, and so there's no reason to...

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00:12:38.340 --> 00:12:48.280

Expensify: I guess, threaten anyone. It's, we want to pull them over, with honey rather than vinegar? Is that how that saying goes? And...

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00:12:48.300 --> 00:13:08.500

Expensify: And so I think that we got plenty of time to do that. I think we have plenty of good opportunity, or super exciting functionality to pull them over. In fact, I would say one of the challenges is we have larger customers that want to come over, and we're like, look, I know the functionality is really powerful, I know that it does all this new stuff, but the performance just isn't there yet. And so, I would say.

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00:13:08.680 --> 00:13:18.540

Expensify: Kind of are experiencing a bit of the opposite problem, where we have enthusiasm to come over, and it's just not quite there from a performance perspective, and so that's where a lot of our attention's at.

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00:13:19.710 --> 00:13:22.949

Mark Schappel: Great. That's helpful, thank you. That's all from me.

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00:13:22.950 --> 00:13:23.600

Expensify: Great.

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00:13:25.480 --> 00:13:32.580

Niki: Just got confirmation that we were double booked, so we will speak to our other analysts offline. That's everyone we have live on the call right now.

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00:13:33.330 --> 00:13:43.109

Expensify: Great. Well, thank you, everyone, for dialing in. It's definitely an exciting time for us. I think we're super excited about where this is going, and so appreciate your time. Thank you.