

04-Dec-2025

Samsara, Inc. (IOT)

Q3 2026 Earnings Call

CORPORATE PARTICIPANTS

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

OTHER PARTICIPANTS

Michael Turrin

Analyst, Wells Fargo Securities LLC

Alex Zukin

Analyst, Wolfe Research LLC

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Matthew Bullock

Analyst, BofA Securities, Inc.

Matthew Hedberg

Analyst, RBC Capital Markets LLC

James E. Fish

Analyst, Piper Sandler & Co.

Kirk Materne

Analyst, Evercore Partners

Dylan Becker

Analyst, William Blair & Co. LLC

Alexander Sklar

Analyst, Raymond James & Associates, Inc.

Derrick Wood

Analyst, TD Cowen

Mark William Schappel

Analyst, Loop Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

Good afternoon, and welcome to Samsara's Third Quarter Fiscal 2026 Earnings Call. I'm Mike Chang, Samsara's Vice President of Corporate Development and Investor Relations. Joining me today are Samsara Chief Executive Officer and Co-Founder, Sanjit Biswas; and our Chief Financial Officer, Dominic Phillips. In addition to our prepared remarks on this call, additional information can be found in our shareholder letter, press release, investor presentation and SEC filings on our Investor Relations website at investors.samsara.com.

The matters we'll discuss today include forward-looking statements, actual results may differ materially from those contained in the forward-looking statements and are subject to risks and uncertainties described more fully in our SEC filings. Any forward-looking statements that we make on this call are based on assumptions as of today, December 4, 2025, and we undertake no obligation to update these statements as a result of new information or future events unless required by law.

During today's call, we will discuss our third quarter fiscal 2026 financial results. We would like to point out that the company reports non-GAAP results in addition to, and not as a substitute for, or superior to financial measures calculated in accordance with GAAP. We also report both actual and constant currency growth rates for certain metrics. On the call, we will only provide constant currency commentary when there's a difference. Reconciliations of GAAP to non-GAAP financial measures and additional information on constant currency are provided in our press release and investor presentation.

We'll make opening remarks, dive into highlights for the quarter and then open the call up for Q&A.

With that, I'll hand over the call to Sanjit.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

Thanks, Mike, and thank you, everyone, for joining us today. Samsara delivered another strong quarter of durable and efficient growth. We ended Q3 with \$1.75 billion ARR, growing 29% year-over-year. We also achieved our first quarter of GAAP profitability.

In Q3, we added 219 customers with \$100,000-plus in ARR, a quarterly record. Our \$100,000-plus ARR customers now contribute more than \$1 billion of ARR, growing 36% year-over-year. We also added 17 \$1 million-plus ARR customers, tied for a quarterly record.

Our growth is driven by our strategy to partner with the world's largest and most complex operations organizations. Q3 was a milestone quarter for large customers and we partner with many new organizations, including the State of New York, one of the world's largest providers of oilfield services and one of the world's largest and most diversified media corporations. We're proud to partner with these industry leaders, driving safer and more efficient operations together.

Large enterprises are quickly digitizing their operations and they're demanding a partner that delivers scale and performance. We become their platform of choice for a few key reasons.

First, we unify data from many disparate systems across all their vehicles, equipment and frontline teams in a single system of record. Second, we solve challenges across their operations with our broad multi-application platform. Third, we use our massive data asset and AI to deliver actionable insights that save our customers' money. Fourth, we provide an enterprise-grade platform that delivers the scalability, reliability and security our customers require. And lastly, we provide world-class support and expertise to help our customers drive change management and deliver outcomes, resulting in clear and fast ROI.

I'd like to share two stories of new customers from Q3 that are using Samsara to transform their operations. The first is in student transportation, which is a complex and highly regulated network responsible for the safe transit of 26 million students every day.

After landing First Student, the largest school bus provider in North America, in Q2, we partnered with another one of the top five largest school bus providers in Q3. They transport over 1 million students a day in more than 500 school districts across 30-plus states and provinces. Their initial purchase included our video-based safety, telematics and AI Multicam products. They're looking for a highly accurate and reliable AI solution to enforce their zero tolerance policy on driver mobile use and eliminate in-cab distractions and driver drowsiness. With Samsara, they'll be able to detect, alert and reduce these behaviors.

The second example is with one of the largest mechanical contractors in the US. They have over 5,000 employees specializing in custom HVAC and plumbing systems for commercial and industrial projects. They help build major sports stadiums and critical medical and research facilities and they also design and install the complex systems that power many modern data centers as part of the AI infrastructure build-out.

The company is using our video-based safety, telematics, connected training and driver qualification products to ensure their complex field operations remain safe and efficient. In their pilot with Samsara, they saw a 44% reduction in the total safety event rate and a 72% reduction in mobile usage. We're proud of the impact we're creating together and we're excited for the decades long opportunity ahead.

Physical operations are the mission-critical infrastructure that keep the world running, representing over 40% of global GDP. These asset-heavy and labor-intensive organizations typically spend around 80% of their revenue on labor and assets. Running these complex operations carries significant inherent risk from driving large commercial vehicles, carrying hazardous materials to deploying frontline workers for services to operating heavy machinery.

Unfortunately, a frontline worker dies from a work-related injury approximately every 99 minutes in the US. We help our customers protect their workers and support their top safety goals that have a material impact on their financials, brand and talent.

This work is critical, because accidents and non-compliance directly translates to substantial financial costs, including higher insurance premiums and large payouts. And these costs are increasing with the rise of large nuclear verdicts and accident litigation. Our customers also care about protecting their reputation to maintain a competitive edge, which can be hurt by a weak safety culture or history of incidents.

And lastly, employees stay with companies that demonstrate their commitment to keeping them safe, which is important in a tight labor market. As we look ahead, we see a huge opportunity for AI to transform safety coaching and more broadly automate coaching across operations. This will help our customers scale their coaching

programs without adding more head count. We recently added – we recently launched new AI-powered coaching features, automated coaching, group coaching and workflow automations.

Starting with automated coaching. This is the first advanced automated coaching to help with the entirety of the driver experience, including safety, compliance, idling and more. Coaches can quickly create their own digital doubles or use pre-made avatars to create tailored coaching videos for each worker. Next, group coaching helps managers recognize and coach frontline workers in group settings using operational data. It uses AI to generate ready to use coaching sessions that highlights positive recognition, fuel efficiency, compliance and safety. Last, workflow automations is a no-code workflow builder that uses our data asset to streamline coaching and training processes. It allows for the intelligent management of compliance and safety programs, automatically directing lower priority events to the driver for self-review while ensuring that high priority incidents are flagged for manager coaching. We're excited to introduce these new AI-powered features for our customers.

All of our innovation is translating to real world customer impact. We recently released our safety report, which analyzed data from over 2,600 Samsara customers operating medium and large fleets. Fleets using our dual facing AI dash cameras, real time in-cab alerts and driver coaching saw an aggregate 37% reduction in accidents after the first six months and this increased to a 73% reduction in accidents after 30 months. These are life-saving outcomes that show our platform is transforming safety culture and demonstrating measurable results for our customers.

Now, I'd like to turn to the international growth opportunity. I've met with dozens of customers in our international markets this year. Every time I meet with them, I'm inspired by the long term opportunity to expand our impact. There are few reasons for this. First, the international market is very large. There are more assets and frontline workers in Europe, Canada and Mexico than in the US. Second, the international market is less penetrated than the US and earlier in its digitization journey. Third, we believe the opportunity for impact and customer ROI is similar to the US. These customers are achieving similar savings from insurance payouts and premiums, fuel costs, improved worker retention and asset utilization.

Over the last few months, we hosted our annual Go Beyond customer events in London and Mexico City. During these events, we brought together hundreds of local customers and prospects to share new product innovations and best practices across the community. At Go Beyond UK, we announced a new feature for European customers, Samsara Smart Compliance. This helps fleet is In-cab audio alerts to prevent costly driving time infringements before they occur. Both of these events were a great opportunity to hear our customers' top operational challenges and continue the feedback loop.

We've also continued to strengthen our ecosystem through industry leading partnerships in the UK and Mexico. This quarter, we announced a new partnership with Allianz, one of the largest general insurers in the UK. This partnership gives Allianz insured commercial customers preferred access to Samsara's AI safety cameras and our Connected Operations platform. Also, building on our successful relationship with Element Fleet Management, we extended our partnership to the Mexico market. Together, we are providing organizations with an integrated, full lifecycle solution that drives down operational costs and enhances safety and efficiency in the region.

We're excited about the impact we're making for our customers every day, transforming their operations to be safer, more efficient and more sustainable. We're just getting started and look forward to the multi-decade opportunity ahead. We're also proud that our long-term growth potential was recognized by Fortune this quarter.

We're ranking a seventh under Fortune Future 50 list. We want to thank all of our Samsarians, customers, partners and investors for joining us on this journey.

I'll now hand it over to Dominic to go over the financial highlights for the quarter.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

Thank you, Sanjit. Q3 was another quarter of durable growth and improved profitability. The quarter was highlighted by strong performance across several key metrics, including 23% year-over-year net new ARR growth in constant currency, our highest growth rate in the past seven quarters, 219 \$100,000-plus ARR customers added, a quarterly record, and 17 \$1 million-plus ARR customers added, tying a quarterly record, eight \$1 million-plus net new ACV transactions in Q3, also tying a quarterly record, 20% of net new ACV from emerging products launched since last year, and achieving our first quarter of GAAP profitability. More broadly, our durable and increasingly efficient growth demonstrates the large yet still early opportunity for digital transformation across physical operations.

Looking ahead, we believe Samsara is well positioned to deliver durable growth and create long-term shareholder value for several key reasons. First, we have a unique, defensible data advantage. By instrumenting physical assets with IOT devices, we generate a large and growing proprietary data asset that cannot be easily replicated or sourced elsewhere. Second, AI is accelerating our innovation, enabling us to release new products and meaningful features at a faster pace, driving higher customer engagement and usage. Third, our business model scales with physical assets rather than head count or knowledge workers, and aligns us with end markets poised to benefit from major initiatives such as the global AI infrastructure build-out. Fourth, our products have a differentiated value prop and mission-critical workflows, delivering fast, tangible ROI and quick payback periods that make us essential to our customer's operations. And lastly, we're targeting the large and less discretionary operations budget, which represents approximately 80% of our customer's revenue on average. And because we help them optimize the significant and durable cost base, we have a large opportunity to drive customer impact and long-term growth.

Okay, now, turning to our results. Q3 ending ARR was \$1.75 billion, an increase of 29% year-over-year. Within that, we added \$105 million of net new ARR, an increase of 24% year-over-year or 23% in constant currency, resulting in the second consecutive quarter of accelerating sequential growth and the highest net new ARR growth rate in the past seven quarters. And Q3 revenue was \$416 million, growing 29% year-over-year.

Several factors drove our strong top line performance in Q3. First, large customer momentum is leading to higher growth at scale. In terms of large deals, we signed eight \$1 million-plus net new ACV transactions in Q3, tying a quarterly record. This reflects the success of our R&D and go-to-market investments to support these larger customer opportunities. At the same time, these larger deals have inherently longer and less predictable sales cycles, which could introduce more variability into our quarterly ARR results than in the past.

In terms of large customers, we ended Q3 with 2,990 \$100,000-plus ARR customers, a quarterly record increase of 219. ARR from \$100,000-plus customers exceeded \$1 billion, increasing 36% year-over-year, resulting in accelerating sequential growth at a larger scale. \$100,000-plus ARR customers now represent 60% of total ARR, up from 57% one year ago. We also ended Q3 with 164 \$1 million-plus ARR customers, tying a quarterly record increase of 17. \$1 million-plus ARR customers contributed more than 20% of total ARR. And year-over-year ARR growth from this cohort accelerated sequentially for the second consecutive quarter at a larger scale.

Second, our customers increasingly utilize Samsara as a system of record for physical operations by subscribing to multiple applications on a single unified platform. Over 95% of our \$100,000-plus ARR customers subscribe to two or more products and approximately 70% subscribe to three or more products.

In Q3, 10 of the top 10 net new ACV deals included 2 or more products and 9 of the top 10 included 3 or more products. In Q3, we signed a large expansion with one of the world's largest home improvement retailers. In the quarter, they increased their total licenses for video-based safety, vehicle telematics and connected equipment after achieving significant ROI, including a more than 50% reduction in total auto liability claims by leveraging Samsara's AI detections.

In Q3, they also added Connected Workflows to digitize and streamline operational processes for vehicle lifecycle management and driver activities, covering everything from preventative maintenance and incident review to vehicle disposal and ride-along compliance. As a result of our strong multiproduct adoption, we achieved our target dollar-based net retention rate of approximately 115%. And third, we demonstrated strong execution across several frontier markets.

In terms of emerging products, 20% of our net new ACV in Q3 came from our new products launched since last year, including AI Multicam, Asset Maintenance, Asset Tags, Connected Training and Connected Workflows.

34 transactions in Q3 included more than \$100,000 in emerging product net new ACV. 8 of the top 10 net new ACV transactions included an emerging product. And Asset Tags' ARR grew more than 400% year-over-year. Also, Q3 included our largest ever Asset Tags deal with a global leader in chemistry solutions and engineered equipment for the oil and gas industry.

The company manages thousands of reusable chemical totes, but has historically lacked visibility into where these high-value assets are deployed, how long they remain at customer sites and overall inventory levels. By adopting Samsara's Level Monitoring Asset Tags, they'll gain real-time visibility for the first time, unlocking the ability to improve their tote fleet efficiency by 25% through the elimination of excess inventory and more efficient utilization.

Additionally, the customer expects to cut the manual labor required for quarterly inventory checks by more than 90%, driving immediate productivity gains and significant cost savings.

In terms of end markets, we saw strong momentum across construction and public sector. Construction contributed the highest net new ACV mix of all industries for the ninth consecutive quarter and public sector contributed its highest ever net new ACV mix with wins across Texas, New York, Massachusetts and Chicago. Also, public sector net new ACV grew approximately 100% year-over-year, its highest growth rate in almost three years, and crossed more than \$100 million in ending ARR.

And in terms of international, 16% of net new ACV came from non-US geographies. Europe contributed its highest ever quarterly net new ACV mix. And year-over-year, net new ACV growth in Europe accelerated for the second consecutive quarter, resulting in its highest growth rate in the last seven quarters. And as a result, Europe's overall ARR growth rate also accelerated for the second consecutive quarter.

In addition to driving strong top line growth, we continued to deliver operating leverage across our business as we scale. Non-GAAP gross margin was 78% in Q3, a slight increase year-over-year. Non-GAAP operating margin was a quarterly record 19%, up 9 percentage points from one year ago. And free cash flow margin was 13% in Q3, up 4 percentage points year-over-year.

Okay. Now, turning to guidance based on FX rates as of November 1. For Q4, we expect revenue to be between \$421 million and \$423 million, representing 22% year-over-year growth or 21% growth in constant currency; non-GAAP operating margin to be 16%; and non-GAAP EPS to be between \$0.12 and \$0.13.

For full year FY 2026, we expect revenue to be between \$1.595 billion and \$1.597 billion, representing 28% year-over-year growth; non-GAAP operating margin to be 16% and non-GAAP EPS to be between \$0.50 and \$0.51. And finally, please see the additional modeling notes in our shareholder letter.

So, to wrap up, in Q3, we delivered high growth at scale while also delivering operating efficiency gains. Looking ahead, we believe Samsara is well-positioned to sustain durable and efficient growth because we generate a unique defensible data asset that powers differentiated AI innovation and deeper customer engagement, we are aligned with secular growth in physical operations that is poised to benefit from major initiatives such as the global AI infrastructure build-out and we deliver tangible ROI through mission-critical workflows, helping customers achieve fast payback periods on their investments.

We look forward to building on this momentum as we help our customers operate more safely, efficiently and sustainably at a greater scale.

And with that, I'll hand it over to Mike to moderate Q&A.

QUESTION AND ANSWER SECTION

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

Thanks, Dominic. We'll now open the line up for questions. [Operator Instructions] The first question today comes from Michael Turrin with Wells Fargo, followed by Alex Zukin with Wolfe.

Michael Turrin

Analyst, Wells Fargo Securities LLC

Q

Hey, thanks very much. Appreciate you taking the question. Sanjit, the large customer momentum really standing out the past couple of quarters here. Can you just speak to what's enabling that from a product perspective and how significant a competitive advantage that is becoming for Samsara here?

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Sure. So we've been investing in the sort of scale and security and infrastructure needed to serve large customers for a number of years, both on the R&D and the go-to-market side. I would say on the product side, it's our ability to just manage these massive amounts of data, also customize the product to the needs of these large, complex organizations and their org structures. And then on the go-to-market side, we really operate as a true partner to these companies, understanding their business, figuring out how to unlock the most value for them, and then we tailor the use of the product to meet those needs.

I think the combination of those two has been the big unlock and we're seeing it come through in the numbers now.

Michael Turrin

Analyst, Wells Fargo Securities LLC

Q

Thanks. Thanks very much. Just to follow on, Dom, I know it's early, but you have fairly good level of visibility in this model. Is there any high level commentary you're willing to give us on fiscal 2027? That's just helpful as we're rolling through similar results from the rest of the year here. Thanks very much.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. So look, yeah, we're not in a position to obviously to give formal guidance for next year. Q4 tends to be our seasonally largest quarter. And so we really need to get through the next couple of months before we finalize our FY 2027 plan. I will say, though, based on our current outlook, I would expect that our initial FY 2027 revenue guide in terms of the dollars will be higher than where current consensus is right now, just given the Q3 outperformance.

Michael Turrin

Analyst, Wells Fargo Securities LLC

Q

Thanks very much. Congrats on the results.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Alex Zukin with Wolfe Research, followed by Keith Weiss with Morgan Stanley.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Hey, guys, thanks for taking the question. Sanjit, maybe for you. The contribution from new products, that jumped to 20% of net new ACV from 8% last quarter. Maybe just dig a little bit deeper of kind of what went better or what's outperforming your expectations to drive that kind of inflection? And then I've got a quick follow up.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Sure. So we launched a number of new products at the customer conference earlier this year. And I think it took a few months for customers to trial them out, see how they work. And it's been great to see the contribution early on from these new products. So that 20%, up from 8%, I think reflects growth across a number of different products. So, it was no single product but really kind of balanced across a number of different products.

Alex Zukin

Analyst, Wolfe Research LLC

Q

Perfect. And then, Dom, maybe for you. It's a little bit – it's great and rare to see sequential growth in net new ARR for you guys on a Q3, particularly given some of the mechanics around some deals pushing out from 1Q to 2Q. So maybe can you just highlight what drove that strength, maybe comment on the First Student deal and of was that more impactful in Q2 or Q3, and anything else that we should keep in mind?

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah, thanks. So, yeah. So Q2, obviously, we talked about this three months ago. We had the benefit of some of the deals from Q1 that slipped into Q2 and we closed those in May at the beginning of the quarter. And so we

called that out last quarter. In terms of First Student, that was a deal that we signed in Q2. It's going to be a phased rollout. So the ARR will be added over time. That's very common for our large deals to do these phased rollouts. We actually added more ARR from that deal in Q2 than we did in Q3. So it really wasn't much of a contributor to this quarter.

Q3 was really driven by things like the record number of large customers that we added, both \$100,000 and \$1 million-plus with the – tied the quarterly record again for \$1 million-plus net new ACV transactions. All of the emerging product strength that Sanjit just mentioned and some of the industries like construction, public sector, Europe, all of those contributed to a really strong quarter.

Alex Zukin

Analyst, Wolfe Research LLC

Congrats, guys.

Q

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

The next question comes from Keith Weiss with Morgan Stanley, followed by Matt Bullock with BofA.

A

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Excellent. Thank you guys for taking the question and congratulations on a really solid quarter. I want to dig in on sort of the 20% from emerging products. It seems like with the broader product portfolio that you guys have put out there, now you're seeing traction across multiple products, you're seeing those multiproduct deals really hit, any sense you could give us on kind of the latent opportunity, if you will, within the customer base, like how expansive could these products be within existing customers? How much further can you go in terms of growing existing customers with the expanded product portfolio?

Q

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

Yeah, I mean, most of our net new ACV or slightly more of it generally comes from expansions to existing customers, even within our core products. And so that's definitely also the case in these emerging products. So, we're really just scratching the surface. Again, these are products in totality that have been rolled out going back to beginning of last year. But they're really allowing us to land larger in some of these customers. We called out that nine of the top 10 net new ACV deals included three or more products, so that includes things outside of our core products. And not just – wasn't the case before the beginning of last year. And so we're really seeing good momentum from the emerging products. And Sanjit said, it's not any one given product. We're really seeing good uptake across the board.

A

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Got it. I mean, is there any kind of rule of thumb that you could kind of point us to if your average like \$100,000-plus customers paying you \$350,000 per year today, if they fully buy in across the solution portfolio, can that go to \$700,000, like is it like a 2x, 3x uplift potential from the expanded solution portfolio?

Q

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

I don't think there's like a really good rule of thumb for that. Some customers may have more assets out in the field or more frontline workers, and they do commercial vehicles. Some of these deals are more of the net new ACV is coming from the emerging products than the kind of the core products. And so there's not really one rule of thumb, but it's just giving us more opportunities to land broader, again, really thinking about Samsara as a system of record and providing more kind full scale ROI for the customers.

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Q

Got it. And then maybe just as a follow up, taking the combination of the first two questions that my colleagues asked. The last two quarters have been pretty remarkable in terms of the acceleration and the net new ARR growth. It sounds like it's a combination of like more products hitting into the existing accounts and large customer go-to-market motion hitting. Is that in – like is it just like your initiatives are sort of compounding against each other to drive that or is there something else under the hood that's enabling you guys to see this type of deceleration in the net new?

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. I mean, yeah. And if you go back to Q2 where we had accelerating net new ARR growth versus Q1, obviously, we – again, we had the benefit of the Q1 deals that slipped in and we talked about First Student with Alex's question, Q3 was just really strong across the board. Again, quarterly record number of large customers added, tying a quarterly record in terms of largest deals, strength across emerging products, strength in international. It was just – it was really strong across the board, kind of firing on all cylinders versus one thing that drove the second consecutive quarter of accelerating growth.

Keith Weiss

Analyst, Morgan Stanley & Co. LLC

Q

Okay. Awesome job, guys.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Matt Bullock with BofA, followed by Matt Hedberg with RBC.

Matthew Bullock

Analyst, BofA Securities, Inc.

Q

Excellent. Thanks. I wanted to ask a quick follow-up to Alex's question to clarify some of the math I've done over here, because I have to admit, looking at the initial stock reaction relative to that reported net new ARR number, I'm a little bit confused here. So, even in our more aggressive upside model, \$105 million in net new ARR was well above our estimate when you adjust for that approximately \$5 million in incremental net new ARR tailwinds that you had in 2Q from the Liberation Day slippage, is – am I correct in saying this would be the first sequential growth quarter and three years at about 5% plus or so when you do some of that math, or do I have my numbers correct there?

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. I don't think we've like commented exactly on what the Q1 Liberation Day kind of impact was. We did say mid-single digits, and that is an amount that slipped out of Q1 and we landed in Q2. And so that definitely had an

impact. I think if you look back over the last couple of years, even beyond that, Q3 has been a little bit below Q2. And so I think sequentially, that's one way to look at it. The other way is obviously just the overall net new ARR growth rate. Not only is it the second consecutive quarter of accelerating, it's the highest net new ARR growth rate in the last seven quarters. So again, not one thing to call out that really drove that strength. It was really across the board.

Matthew Bullock

Analyst, BofA Securities, Inc.

Q

Awesome. And then a quick follow up, if I could, Dom. On the First Student deal, obviously, huge amount of vehicles, 46,000. You're attaching video, telematics, commercial NAV, impressive deal. But over the long term, looks to me, even when you underwrite conservative pricing assumptions, this could be a \$30 million, \$40 million-plus ACV customer. Maybe just help us think about how deals of this magnitude typically roll out, right? Obviously, they're staged rollouts, but what percentage of those 46,000 you think could be deployed in the first six months to a year?

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah, it really depends. It's customer-by-customer. I mean some customers can deploy a lot faster. There's a lot of change management, project management required internally at the customers to deploy these systems. And so it really is customer-by-customer in terms of how long they will get rolled up. But many customers of this size or our largest deals get phased out over several quarters.

Matthew Bullock

Analyst, BofA Securities, Inc.

Q

Understood. Thank you.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Matt Hedberg with RBC, followed by Jim Fish with Piper Sandler.

Matthew Hedberg

Analyst, RBC Capital Markets LLC

Q

Great. Thanks for taking my questions, guys. I'll offer my congrats as well. I mean, seeing this kind of growth at scale and GAAP profitability is elite to say the least.

Sanjit, I wanted to ask about international, something that we've been and you have been focused on over the last several years and it's great to see the progress there. I think you said Europe accelerated now for the second straight quarter. It's still early clearly from an international perspective, less penetrated in the US. If you were to sort of like look at a scorecard and say we think we're in the X inning of this journey, where are we? And as we think forward in the future, I mean, this is still like it could be a significant driver of total ACV growth. Just thoughts on kind of where we're at in this international journey.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah. Matt, I would agree with you that we're early. For us, international has always been an exciting long-term opportunity. We talked about this on the prepared remarks. There are more assets. Basically, there's more

physical operations out in Europe, Mexico and Canada than there are in the US. So, more vehicle count and so on. That being said, they're earlier in their digitization journey.

So, they're maybe kind of earlier in how they're piloting these technologies, how they're implementing them. So, we're kind of in the early innings is the way I would put it and we're investing for the long term. Want to make sure we have great product market fit. We're spending time out in the field with those customers.

I referenced our local customer conferences. They've been awesome. So, we're going to continue to invest there, but it really is against that long-term opportunity to digitize operations at a more global scale.

Matthew Hedberg

Analyst, RBC Capital Markets LLC

Q

Got it. Thanks. And then, on AI, you continue to roll out new products at your user conference. I'm just curious, like philosophically speaking, how do you think AI itself contributes to growth, like is it additive to growth? And I guess, in the future, do you see pricing and packaging evolving when you continue to layer on more AI and GenAI features?

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Well, I think of AI as just being an incredible unlock for this customer value. So, we have this data asset that we've been compounding that gives us a lot of visibility into the physical operations, but it's way more data than any team of people can look at.

And so, I talked about automations, for example, being able to scale the impact of this product using AI. That's powered by LLMs and GenAI and a bunch of the newer technologies you've been hearing about. So, I again, I think of it as an unlock of what's going to make it possible for these industries to digitize in a practical way without having to add a ton of head count, get value from that data.

So, that both improves our ability to deliver the existing products, that enhances them and it creates the possibility for some of the newer products that we launched, [ph] Beyond (00:33:27). So, it really is sort of being applied across the board on both existing and new products.

Matthew Hedberg

Analyst, RBC Capital Markets LLC

Q

Thanks, guys.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Jim Fish with Piper Sandler, followed by Kirk Materne with Evercore.

James E. Fish

Analyst, Piper Sandler & Co.

Q

Hey, guys. Nice quarter. Maybe just going back to the school bus example. I mean, it's the second big school bus provider win. I guess is there a way to think about how big of a vertical this is today? I assume very small. But really, the crux of my question is how big of an opportunity in the US alone it is as we think about your TAM.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

I don't have an exact number for you in terms of how big the school bus vertical is off the top of my head. One of the exciting things we've seen is once these industry verticals start to open up, they really go. So, we've seen this with construction as we've gotten adoption. We've seen it in segments like building materials. And now with student transportation, I think landing the largest, landing other top five, we're really starting to see the entire industry say, hey, this is a technology we need to implement, because it massively improves safety, it helps us be competitive. So, we look forward to seeing more growth in the student transport industry. But unfortunately, I don't have a specific number off top of my head for you.

James E. Fish

Analyst, Piper Sandler & Co.

Q

All good. And just on the newer products, I mean, Asset Tags ending ARR growing over 400%. I assume that's a re-acceleration, albeit, off of a smaller base. Is there a way to think about how that sizing now compares to that \$10 million ARR given that Beyond and more on the emerging products, how commercial navigation is going at this point? Thanks, guys.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. We'll give Asset Tags kind of ARR as we cross like important milestones. But you're – I mean, it was very strong growth. And I think one thing that's really helping to open that up is that we're really expanding what Asset Tags can do. We rolled out the kind of first version of it last year and then, this year, we rolled out the tank-level monitoring aspects in addition to kind of the Bluetooth location.

And so, we'll continue to add more and more products onto the Samsara network. And that's just another kind of extension which has allowed us to again to win our largest deal, Asset Tags deal ever, in Q3.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

Great. The next question comes from Kirk Materne with Evercore, followed by Dylan Becker with William Blair.

Kirk Materne

Analyst, Evercore Partners

Q

Yeah. Thanks, guys, for taking the question. Yes, Sanjit, I want to follow up a little bit on Matt's question earlier about AI. And I was kind of curious, when your customers are thinking about their budgets next year, are they thinking about a portioning part of that towards AI? And do you guys get the benefit from that as a platform that obviously sort of future proofs them when it comes to that technology longer term? I'm just kind of curious if the discussions with bigger customers are actually benefiting from the fact that you're a platform that sort of will embed AI for them over time.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah. I think first of all, the budget we saw into the operations budget, that tends to be the largest operational budget in these companies. And they're really thinking about do they get value. Where's the ROI going to come from? AI is, I think, intuitive to a lot of buyers now of this is going to be an unlock, but ultimately, they want to see savings when it comes to safety and efficiency and kind of the core tenets of their operation. So I do think it's a

nice tailwind for us in some of these deals. It helps us articulate why it is possible now to see this kind of value unlock. But I wouldn't say that they're pulling from a discrete AI budget within their own budgets.

Kirk Materne*Analyst, Evercore Partners*

Q

Okay, that's helpful. And then Dom, just a follow up for you. Obviously, International, another nice quarter. What's sort of the thought process on expanding go-to-market reach in those territories as you go into next year? And kind of how should we think about that from an investment perspective for you all?

Dominic Phillips*Executive Vice President & Chief Financial Officer, Samsara, Inc.*

A

I think it will be very similar to what we've done over the last couple of years. We tend to invest a little bit more internationally. Again, Sanjit alluded to in his prepared remarks, there are more physical operations, assets and frontline workers in Europe and Canada and Mexico. And those markets are even less penetrated than what we see in the US. So we still see a lot of whitespace opportunity in our core market in the US. But these international markets are going to be – continue to be more important as we think medium and long term and the durability of the growth. And so we will be making more investments in terms of R&D, go to market resources and international going into FY 2027.

Kirk Materne*Analyst, Evercore Partners*

Q

Great. Thanks, guys. Happy holidays.

Michael Chang*Head-Investor Relations & Corporate Development, Samsara, Inc.*

A

Thanks. The next question comes from Dylan Becker with William Blair, followed by Alex Sklar with Raymond James.

Dylan Becker*Analyst, William Blair & Co. LLC*

Q

Hey, guys, appreciate it. Maybe, Sanjit, starting with you on the public sector strength, I think it's 100% growth in kind of net new ACV or net new ARR there. And we've got a dedicated team in place and we've kind of worked through the FedRAMP process. But maybe if you can kind of double click on what that continues to unlock, how we should think about kind of what the public sector opportunity looks like and maybe how we would expect a sustained momentum from this segment in particular.

Dominic Phillips*Executive Vice President & Chief Financial Officer, Samsara, Inc.*

A

Sure. So one thing that's worth noting is in the public sector for physical operations, most of the work is actually done on the state and local level. So that's where the physical operations are taking place, whether it's maintaining roadways or sort of all of the other work that happens. So we're excited to have wins like the city of Los Angeles and Chicago. I think State of New York is another big one. And what's exciting about that is that these state and local customers, they're not competitive with one another. In other words, they share notes. They're happy to share win stories of how they're getting value. And so that's been a big part of the unlock, is this kind of growing momentum that this is now possible, you can fundamentally improve safety, you can improve efficiency of asset use. And so it's not about a fed opportunity as much as it is SLED in our business, at least.

Dylan Becker

Analyst, William Blair & Co. LLC

Q

Perfect. Okay. No, that's very helpful. Thank you. And then maybe for Dom on the enterprise traction piece, obviously another very strong quarter with \$1 million and \$100,000 customers continues to accelerate and become an increasingly larger share of the overall mix. I guess how should we think about kind of sustainability? Obviously, the opportunity is significantly large here, but within that enterprise cohort, maybe how that helps drive conviction in your guys' outlook or confidence in the durability of the growth framework? Thank you.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah. Yeah. This is enterprise or strategic areas that we've been investing in for several years, again, from an R&D perspective to make sure that our platform is scalable and secure and that we have more than 350 technology integrations. And then on the go-to-market side, making sure that we have the right kind of strategic AE resources, but also the kind of the front-end sales engineers and customer support, customer success that's required to really service these really large enterprises.

So, a lot of investment, a lot of – is driving a lot of the momentum and we feel really good about the size of the opportunity and this continuing to be a big driver of growth for us over time. I will say that obviously, as I kind of mentioned in my prepared remarks, that these larger deals, they're a little bit longer, they're a little bit less predictable on a kind of quarter-to-quarter basis.

And so, the kind of a timing of when they close could be a little bit different than more of our mid-market customers that just have a lot more predictability in terms of what the sales cycle length. So I think if you're looking at the growth rate over an extended period of time, maybe multiple quarters or over a year, we feel really good about the durability. There may be some more variability on a quarter-to-quarter basis.

Dylan Becker

Analyst, William Blair & Co. LLC

Q

Perfect. Thank you, guys.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Alex Sklar with Raymond James, followed by Derrick Wood with TD Cowen. Alex? Okay, let us pass.

Alexander Sklar

Analyst, Raymond James & Associates, Inc.

Q

May...

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

Okay, sorry about that.

Alexander Sklar

Analyst, Raymond James & Associates, Inc.

Q

Yes, sorry. Sanjit, just first one for you, following up on Dylan's question, just given some of the success of verticalizing that public sector sales force, has that changed your thought process at all on go to market for some of your other end markets?

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Well, in general, we are always relooking at what's the best way to sell to these different kinds of customer segments. Nothing specific to announce at this point, but we've been happy with the public sector team. It is quite a different buyer persona and industry vertical than some of the others we sell into. But every year, as we go through the planning process, we have a number of different debates and discussions about how to organize.

Alexander Sklar

Analyst, Raymond James & Associates, Inc.

Q

Okay, great. And Dominic, just a follow up for you. Just given the traction on newer products we've talked about, any change to how you're thinking about the expansion motion as part of that 115% NRR our framework? Is that something we could see step up as you continue to add products to the overall platform? Thanks.

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Our business has been very consistent over the last several years and very balanced in terms of roughly half of the business – roughly half of the new bookings in any given period coming from new logos and the other roughly 50% coming from expansions. I think there's clearly a lot of expansion opportunity in front of us with some of these larger customers in phased rollouts and all of the newer products that were releasing. But there's still a lot of opportunity on the new logo side as well. And so I think I would expect it to be pretty balanced going forward. But again, on the expansion side, still a lot of opportunity to grow within the existing customers we've landed.

Alexander Sklar

Analyst, Raymond James & Associates, Inc.

Q

All right. Great. Thank you both.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

The next question comes from Derrick Wood with TD Cowen, followed by Mark Schappel with Loop Capital.

Derrick Wood

Analyst, TD Cowen

Q

Great, thanks. Congrats on my end. Sanjit, the – just wanted to ask about the new tariffs that went into effect in November on foreign trucks and truck parts. Just are you seeing this shape customer demand one way or the other, like does this drive more companies to turn to Samsara to expand – like extend life lifespan of assets owned? Or just curious how this may have had any impact on end market behavior.

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah. So Derrick, I was out on the road a lot last quarter and I asked many of our customers what they thought about the tariffs, how it impact their operations, and really they didn't think it was going to have much of a change in how they were behaving. You mentioned extending asset lifespans. That is something we've seen interest in

really for the last several years, which is these trucks have been getting more and more expensive over time, but they're also possible to run for a few more years if you maintain them well.

So we launched Connected Maintenance, for example. We have a lot of [indiscernible] (00:43:56) insights and other AI that we're applying to helping extend the asset lifespan. So that is, I think, a more of an evergreen thing that we're seeing in the customer base where they're always trying to figure out can we run these assets a little bit longer by maintaining them in a smarter way, but not linked to the recent tariff news at all.

Derrick Wood

Analyst, TD Cowen

Q

Got it. Thanks. Dom, in your prepared remarks, you called out selling into areas like construction, field services, energy, utilities. These are all impacted by physical infrastructure build-out. So could you double click on what you're seeing in that arena, how all the investments in CapEx on data center may be impacting demand from those verticals and how you see that playing out over the next couple of years?

Dominic Phillips

Executive Vice President & Chief Financial Officer, Samsara, Inc.

A

Yeah, definitely. I mean, we called out that construction was our largest industry in terms of net new ACV mix for the ninth consecutive quarter and is obviously a direct beneficiary of the AI built-out. I think even more broadly, though, just the digital transformation for these physical operations businesses in all of these industries really transcends what's going on kind of in the broader economy. And so I think both of those are contributing to continued success in the industries that you mentioned.

Derrick Wood

Analyst, TD Cowen

Q

Great, congrats. Thanks.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

A

Our last question today comes from Mark Schappel with Loop Capital.

Mark William Schappel

Analyst, Loop Capital Markets LLC

Q

Hi. Thank you for taking my question and squeezing me in here. Sanjit, could you share more detail on what you're currently seeing in the telematics market, including any evidence of an accelerating replacement cycle? And then also too along those lines, is it fair to assume that you're still seeing high win rates versus some of the legacy providers there?

Sanjit Biswas

Co-Founder, Chief Executive Officer & Director, Samsara, Inc.

A

Yeah, absolutely. So I would say telematics, it's a part of the market that's been around for some time, really since probably the late 1990's, early 2000. So we are seeing sort of aging incumbents that haven't been able to keep up. Customers are kind of looking for other solutions and we're very well positioned for that. So that's really just kind of modernization going on. And then more broadly, safety is driving a lot of these new expansions and then new wins. So that's an area where we've seen a lot of strength. And the legacy telematics vendors that have been truly point solutions, they've either partnered for that or have implemented kind of basic safety products. So what

we're seeing in the market are people are looking for a broader platform, something that's modern, something where they can really put multiple applications up and get a system of record going. That's different than the kind of telematics point solutions that were common about 20 years ago.

Mark William Schappel

Analyst, Loop Capital Markets LLC

Q

Great. Thank you.

Michael Chang

Head-Investor Relations & Corporate Development, Samsara, Inc.

This concludes the question-and-answer portion. Thank you all for attending our Q3 fiscal year 2026 earnings call. Before I let you go, I have a few short announcements. We will be attending the Raymond James TMT & Consumer Conference in New York on December 9, and the FBN Virtual Technology Conference on December 12. We will also be hosting the Piper Sandler Bus Tour on December 9, the Rothschild Bus Tour on December 9, the Evercore Bus Tour on January 5, The Bank of America Bus Tour on January 5, and the Jefferies Bus Tour on January 6. We hope to see you at one of these events. That's it for today's meeting. If you have any follow up questions, you can email us at ir.samsara.com. Bye, everyone.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.