



Doximity Fiscal 2025 Third Quarter Earnings Call Prepared Remarks

Jeff Tangney, Co-Founder and CEO

We have three updates today: our financials, network growth, and commercial highlights.

Financials

First, our topline. We delivered \$169 million in revenue for the third quarter of our fiscal 2025, which represents 25% year-on-year growth, and a 10% beat from the high end of our guidance range.

Of note, our top 20 clients once again grew the fastest for us, up 22% on a trailing twelve month basis.* These clients are the largest, most sophisticated Pharma companies who employ entire teams of analysts to measure their marketing effectiveness. We believe our continued growth with them is proof of our value to the broader marketplace.

Our bottom line was also strong in Q3 with a record adjusted EBITDA margin of 61% or \$102 million, which was up 39% year-on-year and 21% above the high end of our guidance. So just two years after our first quarter with nine figures in revenue, we've now achieved nine figures in adjusted EBITDA.

So that's our Q3 financial highlights – a 10% beat, a 5% raise, and 61% margins.

Network Growth

Ok, turning now to our network growth and engagement.

Our unique active users on a quarterly, monthly, and weekly basis all hit fresh highs in Q3, with double-digit percent growth year-on-year.

Our Newsfeed usage continued to lead the way for us. For the first time ever, in Q3, more than 1 million unique active prescribers scrolled our feed to stay current on the latest news in their fields.

Our workflow tools also hit new highs in Q3, with over 610,000 unique active prescribers. As a reminder, our workflow tools include our telehealth, fax, scheduling, and AI tools. Our AI tools grew the fastest in Q3, with over 1.8 million prompts, up 60% over the prior quarter.

Finally, for the fourth year in a row, Doximity has earned the vaunted #1 Best in KLAS Telehealth Video Platform by health system CIOs and their staff, outperforming Microsoft Teams, Zoom, and many others. We're now proud to serve over 250 health systems and hospital clients in delivering telehealth care to their patients.

In short, our network engagement has never been stronger. As healthcare shifts to be more digital, more mobile, and more AI-powered, we're proud to be leading the way.

Commercial Highlights

OK, turning now to our Q3 commercial highlights.

We're pleased to report strong calendar year-end sales, led by three initiatives: our new products, integrated programs, and Client Portal.

First, our new Point of Care and Formulary products grew over 100% in Q3, generating over 20% of our Pharmaceutical sales. As a reminder, these modules appear outside of our newsfeed and represent entirely new inventory for us.

Second, with our newer integrated programs, clients can leverage our data science to create a custom-tailored, dynamic approach for each doctor. For example, some doctors prefer scientific deep dives on Monday evenings. Others prefer bullet point guidelines in between patient visits. Letting our clients personalize and optimize their campaigns across our many modules helped us grow our program sizes in Q3.

Finally, our Client Portal is weaving all of this together by providing our clients a single trusted place to test strategies and see their results. Our seamless third-party prescription data gives our clients real insights and proof of impact, solidifying our role as a strategic partner.

Now, as we've said before, our Client Portal is a multi-year initiative. Today, over half of our brand clients have access. Our plan is to add ALL of our clients in 2025. We also added agencies to the mix last quarter, signing 10 as Portal Partners. We'll do our inaugural training summit with them in New York later this month.

Together, we're excited to bring consumer-grade marketing tools to healthcare.

Anna Bryson, CFO

Fiscal Third Quarter 2025 Results

Third quarter revenue grew to \$168.6 million, up 25% year-over-year and exceeding the high end of our guidance range.

Similar to prior quarters, our existing customers continued to lead our growth. We finished the quarter with a net revenue retention rate of 117% on a trailing twelve-month basis. Our top 20 customers remained our fastest growing, with a net revenue retention rate of 122%.

We ended the quarter with 114 customers contributing at least \$500,000 each in subscription-based revenue on a trailing twelve-month basis. This is a 21% increase from the 94 customers we had in this cohort a year ago, and these customers accounted for 84% of our total revenue.

Turning to our profitability, non-GAAP gross margin in the third quarter was 93%, flat versus the prior year period.

Adjusted EBITDA for the third quarter was \$102.0 million and adjusted EBITDA margin was 61%, compared to \$73.3 million and a 54% margin in the prior year period. This represents adjusted EBITDA growth of 39% year-over-year as we continue to run a very profitable business with high incremental margins.

Now turning to our balance sheet, cash flow, and an update on our share repurchase program.

We generated free cash flow in the third quarter of \$63.4 million compared to \$48.7 million in the prior year period, an increase of 30% year-over-year.

We ended the quarter with \$845 million of cash, cash equivalents, and marketable securities.

During the third quarter, we repurchased \$19.2 million dollars worth of shares at an average price of \$48.62. We believe repurchasing our shares is a valuable use of the incremental cash we generate above what's needed to reinvest in the business.

As of December 31st, we had \$451 million remaining in our existing repurchase program.

Now, I'll turn to a recap of our annual buying season. As a reminder, our December quarter represents our largest sales quarter by a significant amount. This is when our Pharma customers sign on for next year's programs, committing the majority of their annual marketing budgets in what are called "upfront" contracts. While we sign these contracts in Q3, we will primarily recognize revenue over the next 12 months depending on the timing of program launches.

This upfront season, our clients continued to expand their reach across our entire platform. Our modules that sit outside of the newsfeed, Point of Care and Formulary, grew by more than 100% year-over-year combined.

We also sold a large number of programs on a multi-module, integrated basis, which contributed to much larger deal sizes. Brands buying these integrated offerings grew more than twice as fast as brands buying our modules on a standalone basis.

Finally, our upfront season demonstrated that there is still plenty of room for growth among our hundreds of Pharma brand partners. We increased the number of \$10 million plus brands to four, and had our first ever \$15 million plus brand. With record prescriber engagement and continued commercial product innovation, we see ample runway to further scale our partnerships over time.

Guidance for Fourth Quarter and Fiscal 2025

Now moving on to our outlook. For the fourth fiscal quarter of 2025, we expect revenue in the range of \$132.5 to \$133.5 million, representing 13% growth at the midpoint, and we expect adjusted EBITDA in the range of \$62.5 to \$63.5 million, representing a 47% adjusted EBITDA margin.

For the full fiscal year, we now expect revenue in the range of \$564.6 to \$565.6 million, representing 19% growth at the midpoint. This is an increase of roughly 5%, or \$28 million, at the midpoint after outperforming our Q3 guidance by roughly \$16 million. We now expect adjusted EBITDA in the range of \$306.6 to \$307.6 million, representing a 54% adjusted EBITDA margin. This is an increase of roughly 11%, or \$31 million, at the midpoint after outperforming our Q3 guidance by roughly \$19 million.

Our increased annual outlook is due to a variety of factors.

First, our Pharma year-end upsells materially outperformed, driving stronger than anticipated Q3 revenue.

Second, our annual buying cycle exceeded expectations due primarily to new product traction and larger multi-module, integrated programs.

Finally, the structure of these integrated programs led to a higher percentage of January launches than prior years. These programs are contracted to start at the beginning of the year with the client's first content-approved module.

While we're excited to help our customers go live faster, this launch efficiency also means annual upfront sales are converting to Q4 revenue at a faster pace. As a result, more of our upfront sales will be recognized as revenue in the current fiscal year than in years past.

Looking ahead, we expect the Pharma healthcare professional (HCP) digital market to continue to grow roughly 5-7%. While we will provide our fiscal 2026 guidance in May, our goal remains to grow ahead of the overall market. Given our strong competitive positioning and record engagement, we believe we are well-positioned for another year of share gains.

**Correction: A prior version of this document misstated a figure. The sentence originally stated that our top 20 clients grew 122% on a trailing twelve-month basis. The correct figure is 22%, and this has been updated accordingly. The correct figure was also stated in Anna Bryson's prepared remarks and clarified in the commentary on the earnings call.*

Legal Disclaimer: Forward-Looking Statements

These prepared remarks contain forward-looking statements, including statements regarding expectations of future results of operations or financial performance of Doximity, market size and growth opportunities, the calculation of certain of our key financial and operating metrics, capital expenditures, plans for future operations, competitive position, technological capabilities, and strategic relationships, general business conditions and the assumptions underlying those statements. Any forward-looking statements contained herein are based upon Doximity's historical performance and its plans, estimates and expectations as of the dates noted herein, and are not a representation that such plans, estimates, or expectations have been or will be achieved. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Subsequent events may cause these expectations to change, and Doximity disclaims any obligation to update the forward-looking statements in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially, including, but not limited to, those related to our business and financial performance, our ability to attract and retain customers, our ability to develop new products and services and enhance existing products and services, our ability to respond rapidly to emerging technology trends, our ability to execute on our business strategy, our ability to compete effectively and our ability to manage growth. Additional risks and uncertainties that could affect Doximity's financial results are included under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's filings with the Securities and Exchange Commission on Form 10-K and subsequent Form 10-Qs. These materials are available on our investor relations website at investors.doximity.com under the Financials section and on the SEC's website at sec.gov. Further information on potential risks that could affect actual results will be included in other filings Doximity makes with the SEC from time to time. In addition to financial information presented in accordance with U.S. generally accepted accounting

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