doximity

Doximity Fiscal 2026 First Quarter Earnings Call Prepared Remarks

Jeff Tangney, Co-Founder and CEO

We have four updates today: our financials, network growth, Scribe launch, and Pathway AI acquisition.

Financials

First, our topline. We delivered $146 million in revenue for the first quarter of our fiscal 2026, which represents 15% year-on-year growth, and a 4% beat from the high end of our guidance range.

Our bottom-line was also strong in Q1 with an adjusted EBITDA margin of 55% or $80 million, which was 11% above the high end of our guidance. Our adjusted EBITDA grew 21% year-on-year. Free cash flow growth was stronger still, up 52% year-on-year.

In short, we had a better than expected Q1, and a nice start to our upsell season, led by our new products and Portal. Our CFO Anna will provide more detail on this in a minute.

Network Growth

Ok, turning now to our network growth and engagement.

Our unique active users on a quarterly, monthly, and daily basis all hit fresh highs in Q1 and all grew double digit percentages year-on-year.

Our newsfeed also hit record highs with over 1 million quarterly active prescribers and double digit percent growth in articles read (or tapped).

In Q1, a record 630,000 unique active prescribers used our workflow tools to provide better care for their patients. And once again, our AI tools grew the fastest, up more than 5x year-on-year.

We're proud to be both the newsfeed of medicine and the mobile medical office app.

Scribe Launch

Ok, next up is our Doximity AI Scribe, which launched last week. Over the past year, more than 10,000 physicians, PAs, and NPs helped us beta test it, and our AI wrote millions and millions of patient notes for them. As one surgeon posted: "It's a game changer" – a HIPAA-compliant ambient note taking tool that's actually free, not hundreds of dollars per month.

On average, doctors spend an hour and a half of so-called 'pajama time' every night typing in their notes. So a good Scribe can be life changing. One grateful primary care doc told us Scribe may have even saved her marriage. We're proud to help. And with over 75% of Scribe users returning each and every week, we are thrilled to add another very sticky tool to our workflow suite.

The New England Journal of Medicine published an editorial last month titled: "Medical AI and Clinician Surveillance – the Risk of Becoming Quantified Workers." It warned how IT-controlled scribes could effectively put a lawyer and an administrator into every exam room, thereby reducing clinician autonomy and the empathy needed for a good medical visit. We agree. And so our Scribe is fully controlled by the physician and fully private for their use – no one else is listening in.

Our next step is to integrate Scribe directly into our popular telehealth tools, making it easier to do phone calls or virtual visits while taking notes all in one seamless interface.

Pathway AI Acquisition

Last but not least, we're pleased to announce the acquisition of Pathway, a six-person, seven-year-old Montreal startup specializing in AI clinical reference.

Trained at McGill, Johns Hopkins, and Harvard, physicians make up half the team at Pathway. From a post-doc program at the prestigious Mila AI Institute, they founded Pathway five years before ChatGPT even existed, to help answer the ICU bedside questions they faced everyday.

Together, they painstakingly built one of the best and largest medical AI datasets around, spanning nearly every guideline, drug, journal, and landmark trial. They call this their “corpus,” and what makes it powerful is its cross-linked structure that lets AI quickly get accurate answers for doctors. It’s much more than an LLM—it understands complex drug interactions and scores the strength of medical evidence, such as weighing a validated clinical trial more than a case study.

The net result is industry-leading accuracy and speed. This May, Pathway’s AI model scored a record high 96% on the U.S. Medical Licensing Exam, outperforming their competitors. With almost no marketing budget, Pathway has grown to hundreds of thousands of registered users worldwide, with thousands paying $300 per year for their premium version.

Above all, this AI-native acquihire has been a great culture and mission fit for us. Over the past month, we’ve spent many a late night working with the Pathway team at our San Francisco offices. They’re smart, honest, and hard-working, and we just couldn’t like them more. We’ve already learned a lot from Jon, Louis, Chris, Khudhur, Hov and Peter. And yes, I’m calling them out here not just to thank them, but also to help them get visas to move here.

The fruits of our collaboration are already on display. In record time, our engineering teams have integrated Pathway’s corpus and fine-tuned AI into our free Doximity GPT product. Thousands of physician beta testers are already using it and liking its accuracy and speed.

I’m personally excited to be back working in clinical reference again. It’s where I began my career with Epocrates over twenty years ago. Clinical reference is a key part of physician workflow that once again seems ripe for tech innovation.

Looking ahead, we believe clinical AI is still in its early innings. We recently surveyed 1,800 U.S. physicians, and more than half have yet to use any clinical AI, but many are interested. We’re here to help.

We launched Doximity GPT, the first HIPAA-compliant physician AI, just three months after ChatGPT’s release. We’ve since learned a lot from our beta testers and physician advisory summits about what doctors want most from AI.

So our physician AI suite is now taking shape. Scribe takes your notes, GPT writes your letters, Pathway's corpus helps answer your questions, and they all work together in a free, HIPAA-compliant suite that's private to each physician.

In sum, we're excited to make AI our next act here at Doximity.

Ok, as always, I'd like to end by thanking my Doximity teammates, who continue to work incredibly hard to care for those who care for us.

Anna Bryson, CFO

Fiscal First Quarter 2026 Results

First quarter revenue grew to $145.9 million, up 15% 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 118% on a trailing twelve-month basis. For our top 20 customers, net revenue retention was higher at 119%, so our biggest, most sophisticated customers remain our fastest growing.

We ended the quarter with 120 customers contributing at least $500,000 each in subscription-based revenue on a trailing twelve-month basis. This is a roughly 17% increase from the 103 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 first quarter was 91% versus 92% in the prior year period.

Adjusted EBITDA for the first quarter was $79.8 million and adjusted EBITDA margin was 55%, compared to $65.9 million and a 52% margin in the prior year period. We are proud to continue to run a very profitable business with margin expansion.

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

We generated free cash flow in the first quarter of $60.1 million compared to $39.5 million in the prior year period, an increase of 52% year-over-year. Going forward, we expect our free cash flow to be positively impacted by the new tax law reversing the need to capitalize R&D. We expect our cash tax rate to drop to roughly 10%-15% starting this fiscal year.

We ended the quarter with $841 million of cash, cash equivalents, and marketable securities.

During the first quarter, we repurchased $122.3 million dollars worth of shares at an average price of $53.99. 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 June 30th, we had $302 million remaining in our existing repurchase program.

Now, I'll provide additional details on our Pathway acquisition as well as an update on stock-based compensation.

We recently closed our acquisition of Pathway for $26 million in cash and up to $37 million in additional equity grants. Since we will offer our clinical reference tools free of charge, we expect no revenue contribution from Pathway this year. The non-GAAP expense impact will be modest, estimated at just over $2 million in fiscal 2026, primarily related to personnel and infrastructure costs.

Additionally, we expect stock-based compensation to increase to the high-teens as a percentage of revenue in fiscal 2026 and 2027, and then trend back down to the mid-teens starting in 2028. This is primarily the result of our Pathway acquisition as well as one-time performance-based grants for our growing AI team. That said, we expect dilution from these new awards to be more than offset by our share repurchases this year.

Guidance for Second Quarter and Fiscal 2026

Now, moving onto our outlook. For the second fiscal quarter of 2026, we expect revenue in the range of $157 to $158 million, representing 15% growth at the midpoint, and we expect adjusted EBITDA in the range of $87 to $88 million, representing a 56% adjusted EBITDA margin.

For the full fiscal year, we now expect revenue in the range of $628 to $636 million, representing 11% growth at the midpoint, and we now expect adjusted EBITDA in the range of $341 to $349 million, representing a 55% adjusted EBITDA margin.

Our increased outlook is due to broad-based strength across our entire business.

Specific to our Pharma customers, we saw a promising start to the upsell season, which we believe is due to a couple of factors.

First, our expanded commercial product portfolio continues to resonate with clients. In Q1, both our workflow and newsfeed modules saw strong growth.

Second, the Client Portal continues to provide deeper insights into program performance and drive favorable purchasing decisions. In particular, by leveraging the Portal, our agency partners have helped broaden our reach amongst SMB customers, contributing to bookings growth in this cohort of over 100% year-over-year in Q1.

We are proud of our Q1 performance and are encouraged that, despite the continued policy uncertainty, we have not yet seen any slowdown in our business. That said, we recognize there is still a lot of runway left in the year, and we will continue to take a measured approach to the revenue we have yet to book, which is reflected in our outlook for the back half of fiscal 2026.

Looking ahead, we are incredibly excited by how our recent investments in AI, particularly our Pathway acquisition and the launch of Scribe, will help drive our long-term growth. More importantly, we are excited to be building products that align with our mission of helping physicians be more productive so that they can provide better care for their patients.

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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 principles ("GAAP"), these remarks may include certain non-GAAP financial measures (including on a forward-looking basis) such as Adjusted EBITDA and Free Cash Flow. Definitions and reconciliations of non-GAAP measures to their most directly comparable GAAP counterparts are available in our most recent Form 10-K or 10-Q on the company's investor relations website at investors.doximity.com.