doximity

Doximity Fiscal 2026 Second Quarter Earnings Call Prepared Remarks

Jeff Tangney, Co-Founder and CEO

We have three updates today: our financials, network growth, and AI products.

Financials

First, our topline. We delivered $169 million in revenue for the second quarter of our fiscal 2026, which represents 23% year-on-year growth, and a 7% beat from the high end of our guidance range.

Our bottom-line was also strong in Q2 with an adjusted EBITDA margin of 60% or $101 million, which was 15% above the high end of our guidance. Our adjusted EBITDA grew 32% year-on-year, while our free cash flow was up 37% year-on-year.

In short, we had a better than expected first half led by our AI-optimized, integrated programs and our Portal. Our CFO Anna will provide more detail on that in just a minute.

Network Growth

Ok, turning now to our network growth and engagement, which reached new highs in Q2. Our newsfeed led the way, with an all-time record number of quarterly active prescribers and double-digit growth in the number of articles read (or tapped). Physicians really liked our new "Ask DoxGPT" feature, which allows them to ask follow-up questions and dive deeper into clinical topics, directly from our newsfeed.

On the workflow side, more than 650,000 unique prescribers used our workflow tools in Q2, which was also an all-time high. As a reminder, our workflow tools include our telehealth, scheduling, digital fax, and AI tools for clinical reference and documentation. Our AI tools once again grew the fastest, with quarterly active prescribers up more than 50% from the prior quarter.

We’re proud to be both the newsfeed of medicine and the go-to platform for AI-powered clinical workflows.

Pathway Acquisition & DoxGPT Update

Ok, now for an update on our Pathway acquisition and AI Scribe growth.

Just seven weeks after announcing our acquisition, we fully integrated Pathway’s entire medical dataset and AI models into DoxGPT, now live across both our web and mobile apps.

We believe this integration gives us a couple of firsts in medical AI.

Unlike others, DoxGPT has a fully integrated drug reference. So when a physician taps the mic and asks a drug-related question, peer-reviewed answers will appear instantly – in under a second. Clinicians on-the-go can now just ask DoxGPT on their phone to check for dosing, side effects, or interactions.

We’re also the first medical AI to provide direct full-text PDF access to over 2,000 medical journals, including all the top titles, through a unique referral with Research Solutions' software (Nasdaq: RSSS). Doctors can now go from question to summary to the original peer-reviewed source in just a few clicks. No paywalls, proxies, or library logins.

I began my career over 20 years ago in clinical reference at Epocrates, and it’s gratifying to see how far this point-of-care technology has now come. With our recent upgrades, we believe we’re the fastest, best real-world AI medical reference in the market today.

Scribe

Our new AI Scribe is also becoming a clinician favorite.

As a reminder, Doximity Scribe is our HIPAA-compliant ambient note-taking tool, and in Q2 our number of quarterly active users nearly tripled versus Q1.

This rapid uptake is a testament to the power of our platform. Our market leading telehealth tool, Doximity Dialer, added Scribe integration last quarter. So now for the over 300,000 voice and video visits we conduct on an average weekday, doctors can add our Scribe with one click, and give full focus to their patients, not their keyboards.

As one of our family medicine doctors put it: “I just love Scribe. I saw 22 patients today til 5pm, and was out of the office by 5:15.” Amen to that. AI that gets you home in time for dinner. We’re proud to help clinicians reduce their admin and cut down on pajama time.

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.

From record engagement to major leaps in AI, we’re building tools that help doctors provide better care for their patients. I couldn’t be more proud of the work we’re doing or the team behind it.

Anna Bryson, CFO

Fiscal Second Quarter 2026 Results

Second quarter revenue grew to $168.5 million, up 23% 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.

We ended the quarter with 121 customers contributing at least $500,000 each in subscription-based revenue on a trailing twelve-month basis. This is a roughly 16% increase from the 104 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 second quarter was 92%, flat versus the prior year period.

Adjusted EBITDA for the second quarter was $100.8 million and adjusted EBITDA margin was 60%, compared to $76.1 million and a 56% 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 second quarter of $91.6 million compared to $66.8 million in the prior year period, an increase of 37% year-over-year.

We ended the quarter with $878 million of cash, cash equivalents, and marketable securities.

During the second quarter, we repurchased $21.9 million dollars worth of shares at an average price of $61.62. 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 September 30th, we had $280 million remaining in our existing repurchase program.

Guidance for Third Quarter and Fiscal 2026

Now, moving onto our outlook. For the third fiscal quarter of 2026, we expect revenue in the range of $180 to $181 million, representing 7% growth at the midpoint, and we expect adjusted EBITDA in the range of $103 to $104 million, representing a 57% adjusted EBITDA margin.

For the full fiscal year, we now expect revenue in the range of $640 to $646 million, representing 13% growth at the midpoint, and we now expect adjusted EBITDA in the range of $351 to $357 million, representing a 55% adjusted EBITDA margin.

Our increased outlook is due primarily to the outperformance of our Pharma business during the upsell season. We believe this is driven by a couple of factors.

First, our Client Portal continues to positively influence 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 roughly 100% year-over-year in Q2.

Second, our multi-module, integrated offerings have proven to be a strong fit for the upsell season, as our clients can seamlessly add onto these dynamic programs. These solutions represented over 40% of bookings in Q2 compared to less than 5% of bookings in the same quarter last year.

As more clients adopt these integrated programs, we believe it's led to a smoother and more strategic upsell cycle than in the past. Because these AI-optimized programs typically launch in January, customers are able to evaluate results sooner and make incremental buying decisions earlier and more consistently throughout the year.

This has led to a stronger than typical Q2, and as a result, we do not expect as large of a step up between Q2 and Q3 as we've seen in prior years when upsells were more condensed and year-end weighted. This dynamic is also reflected in our Q3 growth rate.

While quarterly revenue growth may fluctuate as we transition to more integrated programs, we believe these offerings are a meaningful step forward for both our clients and our business. We believe the longer time on channel, more strategic spending cadence, and AI-optimization will provide higher returns for our clients and better predictability for our business long term.

We're entering the upfront season with strong client engagement and product momentum. At the same time, client discussions suggest some uncertainty over how recent policy changes may influence annual budgets, which are expected to be finalized over the next two months. As a result, we will continue to take a measured approach to the revenue we have yet to book, which is reflected in our implied Q4 guidance.

On the expense side, we will continue to invest in AI, and expect costs related to developing and powering our AI solutions to increase in the back half of the year. We're excited to be able to make these meaningful investments in growing our platform while still maintaining a 55%+

adjusted EBITDA margin in fiscal 2026. We believe our AI suite represents a significant long-term growth opportunity for Doximity, and we’re proud to keep building tools that help physicians save time and provide better care for their patients.

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