



Doximity Fiscal 2026 Third Quarter Earnings Call Prepared Remarks

Jeff Tangney, Co-Founder and CEO

We have four updates today: our CFO, financials, network stats and AI results.

CFO Update

First, some unfortunate news. Our CFO Anna Bryson is out sick on medical leave. We miss her here at the office and wish her the best. I know she wishes she could be here, too.

We've been fortunate to have Tim Cabral, the former 10-year veteran CFO from Veeva Systems as our audit committee chair the past five years. Tim has graciously agreed to speak to our financials on this call, and help guide our finance team.

Financials

Ok, in happier news, our Q3 financials were solid. We delivered \$185 million in revenue, which was 10% year-on-year growth, and a 2% beat from the high end of our guidance.

Meanwhile, our Q3 adjusted EBITDA margin was 60% or \$111 million, which was 7% above the high end of our guidance.

All in, we had a better than expected third quarter, and another record upfront annual buying season.

Network Stats

Ok, time now for our network stats.

We're excited to announce that we just surpassed 3 million registered members, and now have more than 85% of all U.S. physicians and two-thirds of all NPs and PAs on our platform.

Engagement in Q3 was strong. Our unique active users on a quarterly, monthly, weekly and daily basis all hit fresh highs, with record usage of our newsfeed, workflow, and AI products.

Our workflow users saw the largest sequential gain we've ever had, with a record 720,000 unique active prescribers in Q3. As a reminder, workflow includes our telehealth, scheduling, digital fax, and AI tools.

And, for the fifth year in a row, Doximity Dialer was ranked the #1 Best in KLAS Telehealth Platform by health system CIOs and their teams, outperforming Microsoft Teams, Zoom, and many others.

With an AI glow-up, our fax service also hit new highs. Doctors can now query or summarize long faxes as part of our AI platform. You'd be surprised how long patient record transfer faxes can be. We had one last month that was 2,600 pages (!). So with our AI summary and query tool, we're proud to help doctors save both time and toner.

AI Results

Ok, on that note, I'd like to share our results so far in entering the noisy, crowded, and rapidly expanding market for medical AI.

First, we're proud to announce that over 300,000 unique prescribers used our AI products in Q3. And they're using us a lot. In January, DoxGPT active prescribers queried us on average four times a week. So in our first full quarter since acquiring Pathway AI in August, we've already become one of the most used AI tools by physicians.

We've done so by delivering doctors a faster, higher quality clinical answer. Indeed, in a head-to-head trial of over 1,300 high-prescribing physicians we published today, doctors preferred DoxGPT at over twice the rate of our nearest competitor. We win most often on drug-related questions, as ours is the only medical AI with a built-in deterministic drug reference. We also do well with complex cases and niche evidence, as we have a licensing agreement with ASCO® that gives our users access to their guidelines, and we're the only medical AI to provide full PDF access to over 2,000 medical journals.

We're also doing great with hospitals. We're delighted that over 100 of the top health systems in the country have now reviewed, cleared privacy and AI committees, and ultimately bought our AI Suite, which includes both our clinical reference DoxGPT and our Doximity Scribe

note-taking tool. In total, these hospitals have purchased access for over 180,000 prescribers, granting them permission to put patient data into our secure tools.

We've won over hospital leaders by being honest and transparent about both AI's strengths and shortcomings. To be clear, no AI has eliminated mistakes or achieved anything near superintelligence. Claims to the contrary are misleading and dangerous. A recent Stanford–Harvard study found that AI can cause clinical harm in up to 22% of real patient cases. And with overconfident models, those errors can become harder to spot. So we believe physician oversight is essential.

To that end, we now have over 10,000 U.S. physician experts who have reviewed our clinical answers and that number grows every day. Medical publishers call this peer review. AI researchers call it RLHF, or reinforcement learning from human feedback. We call it PeerCheck™. Before a doctor puts their license and their patient's life on the line, they'll want to see a "PeerCheck™" answer first.

Now, these aren't just any doctors doing our PeerCheck, but rather the actual experts and authors cited by the AI for each question. For 15 years now, we've painstakingly mapped each doctor to each paper and trial, so we know the right expert, right away.

Our PeerCheck editorial board is co-headed by noted researcher Dr. Eric Topol and former Surgeon General Regina Benjamin. In their words: "Together, we can build AI systems worthy of our profession and our patients' trust." We're gathering with 150 other physician leaders in San Francisco next month to further build this out.

Our focus today is on building AI tools doctors can trust. Outside of hospitals, we have not yet commercialized our AI tools, so we have not included any revenue upside for AI in our current guidance.

At a high level, our strategy is simple. We're strengthening our AI-powered digital platform for doctors, the same way we always have: by putting physicians first.

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.

Tim Cabral, Audit Committee Chair and Board Member (CFO Section)

Fiscal Third Quarter 2026 Results

Third quarter revenue grew to \$185.1 million, up 10% 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 112% on a trailing twelve-month basis. For our top 20 customers, net revenue retention was higher at 117%, so our biggest, most sophisticated customers once again represented our fastest growing.

We ended the quarter with 126 customers contributing at least \$500,000 each in subscription-based revenue on a trailing twelve-month basis. This is a roughly 10% increase from the 115 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 91%, versus 93% in the prior year period, driven by a step up in our AI infrastructure investments from increased usage.

Adjusted EBITDA for the third quarter was \$111.4 million and adjusted EBITDA margin was 60%, compared to \$102.0 million and a 61% margin in the prior year period.

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 \$58.5 million. We ended the quarter with \$735 million of cash, cash equivalents, and marketable securities.

During the third quarter, we repurchased \$196.8 million dollars worth of shares. 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 \$83 million remaining in our existing repurchase program. In addition, our Board just approved a new \$500 million dollar open-ended repurchase authorization.

Guidance for Fourth Quarter and Fiscal 2026

Now, moving onto our outlook. For the fourth fiscal quarter of 2026, we expect revenue in the range of \$143.0 to \$144.0 million, representing 4% growth at the midpoint, and we expect adjusted EBITDA in the range of \$63.5 to \$64.5 million, representing a 45% adjusted EBITDA margin.

For the full fiscal year, we now expect revenue in the range of \$642.5 to \$643.5 million, representing 13% growth at the midpoint, and we now expect adjusted EBITDA in the range of \$355.5 to \$356.5 million, representing a 55% adjusted EBITDA margin.

Despite our Q3 outperformance, the midpoint of our annual outlook remains in-line with our prior guidance. This is the result of lower Q4 revenue expectations, and higher AI infrastructure investment driven by a strong increase in usage.

During this year's upfront selling season we saw significant client engagement, strong growth among many Top 20 Pharma customers, and high double-digit SMB growth.

We also faced short-term, industry-wide policy headwinds.

As we mentioned on our last call, we had observed client uncertainty over how recent policy changes may influence annual budgets. We saw this uncertainty continue through year end, with 16 of the top 20 Pharma companies signing Most Favored Nation agreements with the White House, focused on tariffs and pricing, between late December and early January. As a result, our annual selling season was impacted in two ways.

First, we saw multiple customers deploy a lower percentage of their annual budgets upfront than usual, as 2026 planning wasn't fully complete and some funds remained unreleased.

Second, this uncertainty resulted in many deals we'd normally have signed by December 31st being delayed and pushed into our fiscal Q4. This is evident in our January Pharma bookings growth rate, which is the best we've seen since going public.

As a result of these Q3 bookings dynamics, calendar 2026 is off to a slower start than usual, evident in our Q4 revenue-guided growth rate.

With that said, we have a few reasons to be optimistic that we'll end our calendar year 2026 with significantly better growth than we started it.

First, we believe the higher portion of our clients' budgets that wasn't deployed upfront will likely be available to be invested later this year during the upsell season.

Second, with MFN deals now signed for 16 of the top 20 Pharma manufacturers, we believe they should be able to more confidently complete and execute their 2026 media plans.

Finally, we see strong inbound demand for our AI member engagement, which we have not yet commercialized, but expect to have a product in market this year. We believe this will allow us to meaningfully tap into our clients' 2026 innovation upsell and search budgets.

Moving to our operating model, we will continue to invest in our doctor-trusted AI platform, including increases in infrastructure, development, and our PeerCheck program. Even with these investments, we are in a position where we expect to maintain 50% or greater adjusted EBITDA margins on an annual basis.

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 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.