



## **Doximity Fiscal 2026 Fourth Quarter and Full Year Earnings Call Prepared Remarks**

### **Jeff Tangney, Co-Founder and CEO**

Today I'll cover our financials, our AI investment year, and a couple of key hires.

#### **Financials**

First, our financials.

Q4 ended above the high end of our guidance, with a record \$107 million in free cash flow — our first-ever 9-digit free cash flow quarter.

Revenue was \$145 million in Q4, up 5% year-on-year. For the full fiscal year ended March 31st, revenue was \$645 million, up 13% year-on-year.

On the bottom line, our adjusted EBITDA margin was 45% in Q4 and 55% for the full year. Our full year free cash flow was \$317 million, up 19% year-on-year.

#### **AI Investment Year**

Now to our AI strategy — what we're calling our AI investment year.

Let me start with the headline: nearly half of all U.S. doctors now work at hospitals that buy our workflow or scheduling tools.

And as we become more integrated into their EHRs, we're increasingly a daily use for them. Our benchmark workflow engagement reached over 800,000 unique quarterly active prescribers in Q4, up roughly 30% year-on-year — a significant acceleration from the high single-digit growth we saw a year ago. Nearly half of all these active prescribers used our AI tools in Q4.

We saw record high engagement across our entire platform last quarter as doctors increasingly turned to us to be their AI assistant. In the nine months since we acquired Pathway, our AI

Search and Scribe active users have tripled. And last month these users averaged 31 queries each, nearly double January's usage.

In a side-by-side clinical search evaluation completed by 4,700 physician residents last quarter, respondents chose our AI answers over our nearest competitor by 2 to 1. They prefer our built-in drug reference and peer review.

Hospitals are choosing us too. As of today, 140 health systems have purchased our Clinical AI Suite, including 7 of the top 20 hospitals. Over 250,000 prescribers now have access to our Clinical AI Suite in a single, hospital-approved, HIPAA-compliant workflow.

The race is on to build the best Scribe and Search AI for doctors. Our 380-person R&D team is all-in to win this, and you'll see a slew of new physician-led features and agents from us in the coming months.

I'm excited to share two of them today.

First, we've partnered with Aledade to provide value-based care AI agents for their network of thousands of primary care organizations. They'll use our Scribe and Clinical AI Suite to save time and money. With them, we're bringing AI assistants not just to big hospitals, but to small-town family physicians too.

Second, we've added ePrescribing to our platform, so our doctors can write a prescription in a few taps after a telehealth call or while on-the-go. We save the doctor time and the patient money by letting the patient choose their preferred pharmacy from their phone. Over 1,000 prescribers have participated in our beta so far, with strong uptake and usage. The backend is powered by our partner Photon Health.

Ok, now to AI monetization, which is an important part of today's call. Having grown our AI Search footprint so much over the last year, we're ready to monetize against our clients' large paid search budgets. We launched at our annual Pharma Client Summit in New York last week, with 40 marketing leaders from the world's largest pharma companies in attendance. Their response was enthusiastic — particularly around using our AI Search surface to reach prescribers in the exact moments they're researching options, something traditional paid search can't do.

We've already closed our first few AI Search deals with top-20 pharma manufacturers. But these are early innings in a nascent and regulated market, and our financial guidance reflects that. We've forecasted minimal AI revenue contribution this fiscal year while allowing for a wider range of AI investments and related expenses — meaning higher R&D, compute, and marketing spend that will weigh on near-term margins. We think that's the right trade. Longer-term, we believe AI Search alone represents a multi-billion dollar new TAM, on top of the existing pharma marketing budgets we serve today.

To put it plainly: we paid \$63 million for Pathway AI last summer, and now we're spending against the opportunity it unlocked. This is our AI investment year.

## **Management Updates**

Finally, two management updates.

As we announced last month, Anna Bryson made the difficult decision to step down as CFO after being on medical leave. We all miss her, and wish her the very best.

Today, we're pleased to announce Matt Sonefeldt as our new CFO. Over a 25-year career, Matt has led IR, finance, and strategy at LinkedIn, Atlassian, and most recently DocuSign. He began on the buy side at Capital Research, giving him a long-term perspective across tech. Matt has advised us externally for over a year, so we know him well. He's a strong operator, a great cultural fit, and he joins us in our San Francisco office full-time in early June.

We're also pleased to welcome Dr. Steve Zatz as our new President. A Cornell, Yale, and Harvard-trained physician, Steve spent 20 years at WebMD/Medscape, with the last seven as President and CEO. We've admired Steve's work from the other side of the field for years. He's advised us over the past five months, and it's been great to have him on our side. He's based near New York City and brings deep, long-standing relationships across the industry.

To close: we've long been the largest U.S. physician network, and this year we're becoming the largest physician AI platform. It's a multi-billion dollar opportunity, and we have the team, the tools, and the trust to win. That's the company we're investing to build this year.

Thank you to my Doximity teammates, who continue to work incredibly hard to care for those who care for us.

### **Perry Gold, VP of Investor Relations & Revenue Operations (CFO Section)**

#### **Fiscal Fourth Quarter and Full Year 2026 Results**

Fourth quarter revenue grew to \$145 million, up 5% year-over-year, exceeding the high end of our guidance range. Full year revenue grew to \$645 million, up 13% year-over-year.

Our existing customers continued to lead our growth. We finished the quarter with a net revenue retention rate of 109% on a trailing twelve-month basis. Our top 20 customers remained our fastest-growing, with a net revenue retention rate of 114%.

We ended the quarter with 125 customers contributing at least \$500,000 each in subscription-based revenue on a trailing twelve-month basis. This is a roughly 6% increase from the 118 customers that we had in this cohort a year ago, and these customers accounted for 83% of our total revenue.

Turning to our profitability, non-GAAP gross margin in the fourth quarter was 89% versus 91% in the prior year period driven by AI compute costs. For the full fiscal year, non-GAAP gross margin was 91% versus 92% last year.

Adjusted EBITDA for the fourth quarter was \$66 million and adjusted EBITDA margin was 45%, compared to \$70 million and a 50% margin in the prior year period. The primary driver for the change in EBITDA margin versus last year is our increased investment in AI compute, driven by a steep ramp in AI usage, which is outgrowing overall workflow engagement. We will continue this investment into fiscal 2027, and are excited about the engagement and commercial potential ahead.

For the full fiscal year, adjusted EBITDA was \$358 million and adjusted EBITDA margin was 55%, compared to \$314 million and a 55% margin last year. We are proud to continue to run a highly profitable business with 14% year-over-year growth in our bottom line.

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

We generated free cash flow in the fourth quarter of \$107 million compared to \$97 million in the prior year period, an increase of 11% year-over-year. For the full fiscal year, we generated free cash flow of \$317 million compared to \$267 million last year, representing growth of 19% year-on-year. In addition, free cash flow was 49% of revenue for fiscal 2026.

We ended the year with \$749 million of cash, cash equivalents, and marketable securities.

During the fourth quarter, we repurchased \$91 million dollars of our shares, bringing the total value of shares bought back in fiscal 2026 to \$432 million, a significant step up versus the \$116 million repurchased in fiscal 2025. As of March 31st, we had \$493 million remaining in our existing repurchase program.

### **Guidance for First Quarter and Fiscal 2027**

Now moving onto our outlook. For the first fiscal quarter of 2027, we expect a revenue range of \$151 to \$152 million, representing 4% growth at the midpoint, and we expect adjusted EBITDA in the range of \$68.5 to \$69.5 million, representing a 46% adjusted EBITDA margin.

For the full fiscal year, we expect revenue in the range of \$664 to \$676 million, representing 4% growth at the midpoint, and we expect adjusted EBITDA in the range of \$323 to \$335 million, representing a 49% adjusted EBITDA margin.

Additionally, we expect stock-based comp to increase to the low 20's as a percent of revenue in fiscal 2027 and then trend back down starting in 2028. This is primarily the result of our Pathway acquisition, as well as performance-based grants issued in fiscal 2026 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.

Now I'll provide more color on our outlook.

We are witnessing a continuation of the trend discussed on our last call, with short-term demand in the HCP digital pharma ad market soft and visibility still limited. This market environment is the result of policy uncertainty remaining elevated and increased macro risk. Taken together, we expect overall market growth to be modest this year, likely at or below 5%.

Consistent with broader industry trends, many brands still made meaningful upfront investments, but with more modest growth and shorter planning horizons than typical. As a result, we currently have 65% of our subscription-based revenue guidance booked at this point, in-line with our three-year average, however with more moderate growth incorporated into our guide than prior years.

We're encouraged to see second-half budget activity beginning to materialize from several brands that were initially more cautious during the upfront. That said, shorter-term spend commitments remain the norm across supplemental buys at a number of other brands.

Within this environment, the dynamic we're seeing is relatively consistent. There isn't much incremental budget available today, and when dollars do free up, brand managers are typically looking for one of two things: innovative new offerings or low-cost engagement options. In many ways, this feels very similar to what we experienced during the early days of HCP-focused programmatic advertising three years ago.

We believe we are now well positioned to meet the demand for innovation with the recent launch of our commercial AI Search offering, which is already generating strong early interest and allows us to tap into innovation-focused budgets. We began selling the product in late April, and while we do not expect a meaningful contribution in the first half of the fiscal year, we do anticipate a more notable ramp as we move into our fiscal back half.

We were deliberate in how we built our AI monetization to be aligned with our physicians-first commitment. This focused approach has consistently proven to be a long-term winner. Importantly, comparing our business to three years ago, our revenue and engagement are both up more than 50%. As a result, we believe we remain well positioned to outgrow the market over time.

Stepping back, despite the near-term market pressure, our underlying fundamentals remain strong. Engagement is at record levels, product velocity remains high, and we continue to strengthen our AI differentiation through PeerCheck, our integrated platform approach, and our expanding health system distribution footprint.

From a profitability standpoint, we remain committed to maintaining adjusted EBITDA margins in the high 40s or better in fiscal 2027, even as we continue to invest in AI compute and PeerCheck, and increase our brand marketing spend. As Jeff mentioned, workflow active provider growth accelerated to approximately 30% year-over-year, with AI engagement growing even faster, reinforcing that our tools are becoming increasingly embedded in everyday clinical care. We believe we are well positioned to capture a significant share of this emerging growth vector, while continuing to deliver strong profitability.

As always, we remain focused on the long-term by investing to expand our platform's clinical care capabilities and delivering strong and measurable ROI for our customers. We believe we're still early in a multi-year shift toward AI-driven healthcare workflows, and we're excited about the opportunity ahead.

## **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](http://investors.doximity.com) under the Financials section and on the SEC's website at [sec.gov](http://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](http://investors.doximity.com).*