NASDAQ:INOD Q1 2026 Earnings Call Transcript

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Jack Applehoff | Chief Executive Officer:

on our call today for the large $51 million contract. We're providing what's called pre-training, mid-training, and post-training data. Soon we anticipate providing evals as well. And you can think of those as all classifications of data that's required in order to train and fine tune large language models. In terms of one of the other customers we talked about, we're providing trust and safety services. We're evaluating models. We're testing them. We're isolating areas where they're underperforming. We're prescribing the data mixes that are required in order to mitigate that performance. Similarly, another one of the wins that we talked about, or the soon-to-be wins, scaled data generation, large-scale data to train and improve models, testing for alignment with responsible AI. We're getting into creating data sets that are required for physical AI. You can think of physical AI as embodied intelligence or robots. So it's really along the full spectrum of capabilities that are required by the foundation model builders from a data perspective in order to support their products.

Investor Relations | Head of Investor Relations:

That's great. Thank you so much.

Operator | Conference Operator:

Up next is Hamed Khorzan from BWS Financial.

Hamed Khorzan | Analyst, BWS Financial:

Hi. First question is, was there anything of one-time nature in the first quarter results as far as the revenue is concerned, or should we expect this to be a good baseline going forward?

Jack Applehoff | Chief Executive Officer:

I'd say both. There are things that we're doing that we won't be doing next quarter. There are things we're going to be doing next quarter that we're not doing this quarter, but I think that It was a strong quarter. I think next quarter is going to be a strong quarter. I think, you know, the quarters after that are going to be good. You know, we're providing, we're not providing quarter by quarter revenue guidance because the fact is that things do start and stop. You know, when we talk about the phases of training a model, those don't necessarily dovetail perfectly. But we've got more and more things going on, and that tends to even things out. And we're doing some things now increasingly that are of an ongoing nature. So no, I don't think you should think of the quarter as aberrational at all. And I think that as we move through the year, there are going to be things that we're doing increasingly that are driven by innovation, that are going to be margin accretive, margin supporting. Yeah, we're excited about the year.

Hamed Khorzan | Analyst, BWS Financial:

And then my other question was, has the composition of revenue changed at all or is it still, the scope of work is still the same? And you're talking about something that might happen in the future as far as the agentic and the valuations and so forth.

Investor Relations | Head of Investor Relations:

No, these are things we're doing today. So when you, I mean, the thing that doesn't change is

Jack Applehoff | Chief Executive Officer:

Our mission for the company and our mission is to be the data partner to foundation model builders and to be the intelligence infrastructure layer for enterprise. That's not changing. What does change is as the models and the capabilities seek to do more and perform better, the mix of what we do does change. But that's our job to stay research-led and to ensure that we're a little bit ahead of where our customers need us to be.

Hamed Khorzan | Analyst, BWS Financial:

Okay. Thank you.

Operator | Conference Operator:

And everyone, at this time, there are no further questions. I'd like to hand the call back to Mr. Jack Applehoff for any additional or closing remarks.

Jack Applehoff | Chief Executive Officer:

Thanks, operator. So, yeah, to wrap up, Q126 was a record quarter for InnoData across all the key metrics that we're reporting. You know, revenue adjusted gross profit, adjusted EBITDA cash. We delivered 54% revenue growth. We expanded margins meaningfully. We generated significant cash without having to draw on a credit facility. And based on these results and our forward visibility, we are raising 2026 revenue growth guidance to approximately 40% or more year over year. We continue to view this outlook as I'll use the term prudent. We see potential upside as additional programs that are not included in that forecast convert and scale. A big tech customer that generated no revenue for us 12 months ago is now on track to become our second largest customer this year. Our customer concentration is improving in the very best possible way. Faster growth from the broader customer base while our largest customer continues to grow in absolute dollars. We're also continuing to innovate at an increasingly rapid pace. The strength of our research bench is showing up in customer outcomes and in external recognition, like Esther's two ICML 2026 paper acceptances and her one spotlight designation. Really exciting stuff. We launched our evaluation and observability platform in beta in the quarter, and no sooner did we launch than we closed a $1 million opportunity with one of the world's largest hyperscalers around that platform. So we're really excited about what lies ahead. We're confident that 2026 is going to be an exciting and tremendous year for the company. And yeah, I thank everybody for being on the journey with us.

Operator | Conference Operator:

Once again, everyone, that does conclude today's conference. We would like to thank you all for your participation today. You may now disconnect.