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Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

TOTAL PAGES: 14

CORPORATE SPEAKERS:

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

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TechTarget, Inc.; Chief Executive Officer

PARTICIPANTS:

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Needham & Company; Analyst

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Craig-Hallum Capital Group; Analyst

Bruce Goldfarb

Lake Street Capital Markets; Managing Director

PRESENTATION:

Operator^ Good afternoon. Thank you for attending today's Informa TechTarget Third Quarter 2025 Financial Results Conference Call. (Operator Instructions)

I would now like to pass the conference over to your host, Charlie Rennick, General Counsel. You may proceed.

Charles Rennick^ Thank you. And good afternoon, everyone. The speakers joining us here today are Gary Nugent, our CEO; and Dan Noreck, our CFO.

Before turning the call over to Gary, we would like to remind everyone on the call of our earnings release process.

As previously announced, in order to provide you with an update on our business in advance of the call we posted a press release to the Investor Relations section of our website and furnished it on an 8-K.

You can also find these materials at the SEC free of charge at the SEC's website, www.sec.gov.

A corresponding webcast as well as a replay of this conference call will be made available on the Investor Relations section of our website.

Following Gary's remarks, the management team will be available to answer questions.

Any statements made today by Informa TechTarget that are not factual including during the Q&A may be considered forward-looking statements. These forward-looking statements which

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

are subject to risks and uncertainties are based on assumptions and are not guarantees of our future performance. Actual results may differ materially from our forecast and from these forward-looking statements.

Forward-looking statements involve a number of risks and uncertainties including those discussed in the risk factors section of our SEC filings. These statements speak only as of the date of this call and Informa TechTarget undertakes no obligation to revise or update any forward-looking statements in order to reflect events that may arise after the conference call except as required by law.

Finally, we may also refer to certain financial measures not prepared in accordance with GAAP. A reconciliation of certain of these non-GAAP financial measures to the most comparable GAAP measure to the extent available without unreasonable effort accompanies our press release.

And with that, I'll turn the call over to Gary.

Gary Nugent^ Thank you, Charlie. And thank you all for joining our call today.

As always, we greatly appreciate you investing the time. And I'm pleased to report that Q3 of 2025 demonstrated the momentum that we had anticipated following our Q2 results and that we made good progress in unlocking the benefits of the scale and breadth and diversity of our combined business.

We have said many times that we view 2025 as a foundation year for our combined company as Informa TechTarget, executing upon our plan to align and integrate at pace and seize the benefits that the combination affords us and I am convinced will be a key point of differentiation in the market as we move forward.

Our early strategic initiatives are gaining traction and beginning to bear fruit, and we're seeing improving performance from our business.

The B2B technology market is a dynamic one with artificial intelligence and cybersecurity and generally, digital transformation key drivers. And really a \$5 trillion end market today, our own Omdia analysts forecast this end market to double by 2034. And really, our ability to inform, educate and shape the market and connect technology vendors with engaged purchase-ready IT decision-makers has never been more valuable.

Our clients are in the main performing well. However they are currently engaged in a strategic AI investment cycle with the majority of resources being redirected towards R&D in this arena.

And while this may be temporarily impacting go-to-market and marketing budgets, these investments will ultimately need to demonstrate an ROI, which will drive increased demand for

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

our products and services in the midterm. Regardless, it is a large addressable market out there.

We size it at around \$20 billion for our business, of which we have only penetrated 2.5% market share. Thus, there is plenty of runway for growth to leverage the breadth and scale of our client proposition to compete and win, increase our share of wallet with our customers and take market share.

Our strategic focus remains on four key areas.

The first is a revamped go-to-market strategy, focusing our resources and efforts on the largest clients and the hottest market, largely artificial intelligence, cybersecurity and the channel market.

Second is our product innovation. We are aligning and integrating the portfolio of products and services, leveraging the breadth and scale to offer and deliver solutions that align to the needs of our clients across their product life cycle and by extension, positioning ourselves as a strategic partner and improving our average order value.

The third point is improving our operational efficiency and effectiveness, unlocking the cost savings and the synergies that the combination affords us.

And then fourth is a focus towards diversifying our audience development and engagement strategies including establishing our discoverability through AI answer engines and LLM.

In terms of our financial performance, from a revenue and an adjusted EBITDA perspective, we are delivering in line with what we had previously indicated. And today, we are reaffirming our full year 2025 guidance.

We continue to expect broadly flat revenues on a combined company basis compared to the prior year and an increase in adjusted EBITDA from last year to over \$85 million this year.

What is particularly encouraging is the sequential momentum that we've built throughout the year, moving from a negative 5.8% in year-on-year growth in Q1 to negative 1.6% in Q2 and now achieving positive year-on-year growth in Q3. Q4 is seasonally our strongest quarter of the year, and this trajectory demonstrates the underlying strength of our combined platform and the effectiveness of our strategic initiatives.

Third quarter revenues were \$122 million as compared to the prior year of \$121 million on a combined company basis, a growth of around 1% year-on-year.

However it also represents sequential growth of 2% on Q2, which was versus a modest seasonal sequential decline last year.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

So revenue momentum is building. And I think in particular, there's a bit of catch-up here as we work through the aligning and integrating and combination in the first two quarters of the year. The business generally exhibits attractive profit drop-through on revenue expansion, which, together with the cost savings that we were delivering, resulted in our adjusted EBITDA growth in Q3 being ahead of our revenue growth, both on a year-on-year basis and on a sequential basis, delivering healthy margin expansion.

And in Q3, the adjusted EBITDA grew by 9% year-on-year. The company posted a net loss of \$77 million, largely as a result of an \$80 million noncash impairment given the reduction in our market capitalization during the quarter.

Our Q3 win wall, as we would describe it, which is a device we use internally to keep track of and celebrate our successes, is covered in interesting anecdotes and posters.

We have consolidated our Intelligence & Advisory brands under the unified Omdia banner, bringing together the expertise of Canalys, Wards and ESG into a single powerful market intelligence platform. And this consolidation is already showing results in terms of client clarity and cross-selling opportunities.

We launched in September the Informa TechTarget portal, which is the first product leveraging our combined audience data set.

We're now able to provide our clients with a unified access to intelligence, intent and demand via an improved common interface.

It represents a significant increase in the intent data signals, over 40% increase and greater audience reach, and improved performance and ROI reporting, and the ability to seamlessly integrate with the majority, if not, all of our customers' preferred marketing and sales platforms. And on that note, we were delighted to receive in October, the Demandbase Technology Partner of the Year Award.

Our editorial teams have won 47 awards for their original, authoritative and impartial B2B journalism year-to-date. This is such an asset in a world where trust and trusted sources of information command a premium. And in addition, the editorial team have recently launched a new publication or Channel Dive, targeting the North American technology channel partners.

We collaborate with major tech companies on marketing, sales and distribution.

It's an important point to note that in this industry, over 70% of all value goes to the market via the channel. And therefore, this is a critical market for us to compete and win in.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

Our all-star editorial team for this combines talents from TechTarget, Channel Futures, Light Reading and CIO Dive.

Our go-to-market focus on the largest players and the hottest markets is beginning to bear fruit, with bookings up year-on-year, longer-term contracts and increased average deal sizes, as we present more comprehensive integrated solutions to our clients. And we continue to successfully reposition NetLine to target the volume end of the demand market, which is delivering significant growth in revenues and bookings year-on-year.

But most pleasing of all, I'm proud of the way our team has embraced the combined company culture that we are building, and we're seeing excellent collaboration efforts across the business.

We continue to view AI as a significant opportunity for our business as a technology market to serve in its own right, as a tool to improve productivity and quality, and as a catalyst for enhancing existing and inspiring new products and services. And the focus of our efforts today lies in four key areas: to provide conversational AI interfaces into our proprietary market and our permissioned audience data enhancing the efficacy and the speed of building and executing on their go-to-market programs for our clients.

The second area is on providing conversational AI interfaces into audience experience across the network, enhancing our audience's ability to discover and engage with the original authoritative and unbiased information that better informs and shapes their buying journey.

And then finally, really, it's about enhancing the productivity of our market experts as they create original data and insights that inform and educate and shape the market, and the productivity of our marketing and sales teams as they seek to scale our presence in what is that \$20 billion addressable market. And whilst AI is evolving the way audiences discover and consume information, Informa TechTarget is well positioned for this shift given our wealth of market expertise, our trusted original content and the diversity of audience development techniques that we have.

We are being proactive and agile in adjusting to the fundamental change in how technology buyers discover and consume information.

With the rise of answer engines and AI-driven search, there's an accompanying skepticism towards generic content. According to our own search, over four out of five technology buyers do not fully trust AI today. And our focus is on high-value expert-driven editorial content and specialized audience communities is proving prescient as audiences seek to verify with trusted sources. And to that, we're seeing a 2x to 3x higher membership conversion rate from answer engines and LLM citations compared to traditional organic search.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

We believe this is validating our strategy of prioritizing quality and expertise and our diversified capabilities in attracting membership, such as growth in direct traffic and newsletter engagement, which has meant that our active audience membership grew modestly over the period.

Looking forward, we will remain focused on capitalizing on the breadth and scale the combination affords us to become an indispensable partner to the technology industry, informing, educating and shaping the market, connecting buyers with sellers, accelerating their growth via an expert-led data-driven and AI-enabled B2B marketing leader.

We aim to further build our momentum in Q4 and into 2026 as we leverage the benefits of combination, and we believe that we are well positioned to capitalize on the opportunities ahead and deliver consistent profitable growth and increased value for our stakeholders. And I want to thank our entire team for their dedication and continued execution of our strategy.

I have spent the largely -- the large part of the last eight weeks or so with our customers in Massachusetts, in California, in New York, in Washington, both D.C. and state, in Texas, in France, in the U.K., in Dubai, in Tel Aviv. And without exception, our customers have gone out of their way to highlight the quality of our people and the relationships that they have built, and their expertise and commitment are the foundation of our success.

And with that, we're now happy to answer your questions, and I'll ask the operator to open up the line for Q&A.

Operator^ (Operator Instructions) the first question comes from Joshua Reilly with Needham.

Joshua Reilly^ All right. Great. Maybe just starting off on one of the last topics you were just talking about there and the whole concept of driving traffic via search engine optimization related to the AI LLMs. What are you seeing? And what have you done?

Maybe you can just expand on this a bit more, as a company as you obviously have to pivot from traditional SEO to the answer engine optimization concept. And how are you progressing in that? How much more work do you have to do? And what are you seeing in terms of the readership trends as customers or end users ultimately find more answers via the answer engine optimization versus traditional web search?

Gary Nugent^ Yes, Josh, I love to always hear your voice. And thank you for the question.

Well I think the first thing I would say about that is that, as a combined company, our strategy and tactics for attracting audiences and converting them to members are quite diverse. They're very diverse. Less than 50% of the kind of top of the funnel comes from search engines within the business.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

So we have an array of tactics that we use to drive audiences. And like I mentioned in my note, we've actually seen -- although there is a dynamic in the marketplace at the moment, we're actually seeing our active membership increase modestly through the period, which obviously gives us -- which is very comforting.

I think in terms of -- we're also seeing that the traffic from the answer engine is growing. And I think we had over 77,000 citations through the period that we talked about.

But interestingly enough, it's not just that we're seeing increased traffic coming from these sources, the conversion rate of that traffic to members -- and remember, it is the member that is the valuable asset for our business.

It's not the traffic. The conversion to members is 2x to 3x what it was from what it is from search.

So what we're really seeing is we're just seeing a slightly more qualified audience member coming to us. And so what we really also think we're seeing is that the AI answer engines are filtering out some of the traffic that actually was not buyers that would have been valued to our membership. Does that make sense, Josh?

Joshua Reilly^ That's super helpful and interesting. All right.

So moving on, maybe we could dive in on the quarterly progression of revenue that we've seen this year so far.

So we know Q1 was depressed due to the integration process. Would you say that Q2 revenues and now Q3 are back to a normalized run rate for the combined business?

Or were they also depressed somewhat? And the reason I'm -- the angle I'm trying to get at here is if we look at the sequential implied increase from Q3 to Q4 for total revenue, I believe it's roughly a 15% sequential increase. And if I remember correctly, in the old days, the normal TechTarget business would have about a 10% sequential increase from Q3 to Q4.

So maybe you could just kind of help us understand what's gone on with the revenue trends here year-to-date.

Gary Nugent^ I think we're -- as I said, I would use the kind of word progressive momentum in there, first and foremost.

I think we are -- I mean you asked if it's the run rate. I mean I would say that we are aiming to improve that constantly over time.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

But the other thing you need to remember, of course, is that within the combined company in Q4, there is revenue from our Canalys business, the Canalys Forums, which is a series of events that run in the fourth quarter in October and in December.

So that is also -- that's effectively explaining the delta between your traditional 10% and the 15% that you're seeing.

Joshua Reilly^ Got it. So you recognize the full amount of that revenue maybe for a year of subscription in Q4. Is that kind of the right way to think about it? Or is there onetime -- is that event-based revenue?

Gary Nugent^ It's event-based revenue that is onetime and recognizes when the event floors.

Joshua Reilly^ Got you. Understood. Last question for me is, obviously we're talking about AI as an opportunity for your business. Maybe you can speak to what specifically from a product perspective that you're doing that could drive some tangible revenue over the next couple of years and really help us understand better what are you doing to productize ultimately the AI opportunity for the new TechTarget?

Gary Nugent^ Yes. I touched upon this in my opening comments. And I described it as conversational interfaces into our market data and our proprietary audience data -- sorry, our permissioned audience data. And if you think about this, it's really a way we're offering our customers the opportunity to interrogate our data in a way that's a natural language way. And what that does is it makes it more actionable.

It makes it more accessible, especially when you're then transitioning from the marketing persona to the sales persona.

So what you will see increasingly from us, and we actually have demonstrations of this, is how you can actually, through a natural language interface, through a conversational AI interface, interrogate, for example, our intent data. And in interrogating that intent data, it then gives you a greater sense of the context behind why that particular company or that particular prospect is somebody you should be focusing your attention on and actioning. And that, we see, as being a major way to make the ability to extract value from our data and lower the barriers to the ability to extract value from the data.

Operator^ Next question comes from Jason Kreyer with Craig-Hallum Capital Group.

Cal Bartyzal^ This is Cal on for Jason tonight.

So maybe you kind of touched on the call a little bit about seeing some longer and some larger deals. But just curious broadly how you'd characterize the backlog and the pipeline and how that kind of plays into your confidence for some accelerating growth trends here in Q4.

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

Gary Nugent^ Well I mean certainly, I mean on both, given that we've reaffirmed the guidance for the year, both the pipeline and the backlog supports that outlook for the year. And generally speaking, we feel confident that we will roll into 2026 with a healthier backlog given the profile of bookings and revenue through the fourth quarter.

I would say both of those are true.

Cal Bartyzal^ Great. And then just as a follow-up, can you just kind of provide an update on some of the unified go-to-market strategy you've had and the success that you're seeing tapping into more spend with your existing large customer base?

Gary Nugent^ Yes, of course. I mean this is effectively us organizing ourselves around the largest customers in the industry.

I think I've mentioned in the past that about -- depending upon how you look at it, between 150 and 200 end customers represent about half of the addressable market in the marketplace.

Now we're not focusing on all 150 to 200 at present. We've taken a cross-section of that to prove out this concept. And we've built effectively intact teams across the organization, so not just sales, not just SDR, not just customer success but all of the capabilities within the business to service customers in an intact team basis to wrap our arms around these customers and ensure the quality of offer and service to them. And we're -- but it also means that what we're seeing is our ability to then land within those customers and expand our presence within them.

I talked earlier on about these -- the strong relationships that we have and the strong sponsorship that we have. And so the key thing that we're looking at constantly is are we penetrating new product business units. Are we penetrating new field marketing and sales units?

Are we penetrating different dimensions like industry vertical marketing or channel marketing or pocket strategy where there are new budget pools for us to address? And that's really kind of measure of our progress, is where we are expanding our presence inside these larger accounts.

So obviously it's nice to grow an existing relationship, but actually, what we want to do is expand those relationships within these very large customers.

Operator^ The next question comes from Bruce Goldfarb with Lake Street Capital Markets.

Bruce Goldfarb^ Congratulations on the results. Just a couple of questions from me. Are you seeing any changes in sales cycle duration or deal size within Priority Engine or your subscription offerings as we move into year-end budgets?

Informa TechTarget

Third Quarter 2025 Financial Results Conference Call and Webcast

Gary Nugent^ Thanks, Bruce. It's good to hear your voice.

I would say no, nothing material changing either in terms of the cycle time on deals or on the average values at that sort of transactional level. No. No material change.

Bruce Goldfarb^ And then can you comment on the pipeline for potential tuck-in acquisitions? Are there adjacencies either in data or workflow tools that could accelerate growth in '26?

Gary Nugent^ At this stage, we are very focused on aligning and integrating the existing assets within the business and bringing that to bear in the marketplace. That's really our focus, is to ensure that we do that well we do it quickly, we do it well and that we build a platform for the future.

I think it won't be until we roll into the second half of next year that we'll get serious consideration to that.

Operator^ There are no more questions waiting at this time. This concludes today's conference call. Thank you for your participation. You may now disconnect your line.