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TechTarget, Inc. (TTGT)

Q1 2026 Earnings Call

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Bruce Goldfarb

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to Informa TechTarget First Quarter 2026 Financial Results Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. [Operator Instructions]

I would now like to turn the conference call over to Charles Rennick, General Counsel and Corporate Secretary. Please go ahead.

Charles D. Rennick

General Counsel & Corporate Secretary, TechTarget, Inc.

Thank you and good afternoon, everyone. The speakers joining us here today are Gary Nugent, our Chief Executive Officer; and Dan Noreck, our Chief Financial Officer. Before turning the call over to Gary, we would like to remind you that in advance of this 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 on the SEC's website at www.sec.gov. A replay of today's conference call will be made available on the Investor Relations section of our website. Following the opening remarks from Gary and Dan, they will be available to answer questions.

Any statements made today by Informa TechTarget that are not historical, including during the Q&A, may be considered forward-looking statements. These forward-looking statements, which 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 most recent periodic report filed on Form 10-Q and the forward-looking statement disclaimer in our earnings release filed earlier today.

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 this 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 directly comparable GAAP measures to the extent available without unreasonable efforts, accompanies our press release.

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

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

Thank you, Charlie. And good afternoon, everyone. As always, we appreciate you taking the time to join us today. I am pleased to share our Q1 2026 results which demonstrate continuing progress with our strategy and our commitment to delivering top and bottom line growth on an ongoing, sustainable basis. In Q1 2026, we delivered revenues of \$106 million, representing a 2% increase year over year whilst achieving an adjusted EBITDA of \$7.4 million, an increase of 27% year on year. These results reflect the durability of our business model, a model that is built upon our proprietary first party market data and our permissioned membership data.

They are also the reflections of the early returns of our combination program completed in 2025. Today, we also report the results of our two operating segments, Intelligence & Advisory and Brand to Demand, offering deeper insight into the makeup of the business and the key drivers of growth. I say durability as Q1 results, and I suspect the remainder of this year, are set against the backdrop of ongoing geopolitical and macroeconomic uncertainty in addition to the broader digital transformation that is accelerating across B2B markets, as AI changes how buyers are informing their buying journey and how sellers are reaching out and trying to stand out to prospects and customers.

I spent much of Q1 and April on the road meeting with clients and colleagues. It's always my favorite thing to do. In the main, our clients who are B2B technology vendors are in good health. However, they continue to prioritize capital to R&D investment as they seek to stay current with the AI arms race. This is subduing investment elsewhere for now, specifically in go-to-market. However, as a future indicator of demand for our business it is incredibly positive and ultimately they will need to seek a return on those R&D investments.

Our story of the indispensable partner with the breadth and scale to enable our clients and address their ambitious growth objectives resonates loudly. And it's clear that we are only just scratching the surface in terms of how and where we can help them accelerate their growth and in doing so, drive our own growth.

The trends we are observing and the needs and wants of our clients directly correlate to our strategic focus. First, our clients are themselves experiencing the impact of the shift from a search engine economy to an answer engine economy. And as such, their ability to raise awareness and generate demand by and of themselves is becoming more difficult. And with that reality, they are increasingly recognizing the value of working with a partner that itself has direct reach and relationships and influence with the prospects and customers.

Second, there is a growing realization that better marketing outcomes are achieved with the marketing effort is aligned and integrated across the lifecycle from strategy through to execution. And that the breadth and scale of Informa TechTarget makes us one of the few companies that can deliver value across that lifecycle. This is encapsulated in a unified demand playbook that we launched at the beginning of Q1 and which is being very well received in the marketplace.

And finally, we're seeing clients prioritize working with partners that can integrate seamlessly with their sales and their martech landscape and then join the dots in terms of attribution to demonstrate measurable, measurable performance and return on investment from their marketing investments. Again, that is something that we can provide and are getting increasingly good at, further differentiating us from others. In numbers revenues from our

strategic focus on our largest customers who are the largest players in the industries we serve were up double digit as a result of this focus and the investments in product, sales, delivery, and customer success in Q1.

Staci Gullotta, our new CMO, has gotten her feet well and truly under the table, launching a bold and ambitious marketing strategy designed to raise awareness and generate demand in the broader \$20 billion addressable market. As a part of this, we recently leveraged the Forrester B2B summit in Phoenix to showcase how we are leveraging the breadth and scale of Informa TechTarget to partner with our clients and transform their go to market and deliver tangible results. One example of this was the work that we've been doing with Tanium. Tanium are a cybersecurity company that helps enterprises manage and protect Mission Critical Networks. Tanium partnered with Informa TechTarget to move beyond the fragmented, siloed marketing approach towards a fully integrated, always on go to market model, choosing us not just as a vendor but as a strategic partner for an unmatched audience access, high quality intent data and ability to influence buying groups before their sales teams are engaged.

By activating our platform across portal, BrightTALK, content syndication, and targeted editorial environments, they were able to precisely identify and engage in market accounts at scale. The results were substantial over 5,000 leads delivered increasing to \$1.2 billion of influenced pipeline, and ROI over 2,800 times. And importantly, this has translated directly into real revenue growth. As a result, they signed a new two year deal and immediately following the program representing a 50% increase in their annual investment.

On the subject of our membership, our audience members as buyers increasingly rely on AI powered research and zero clicks search behaviors. We fundamentally adapted our operational approach to meet them where they are. Our content creation and distribution strategy has now prioritized AI discoverability while maintaining the editorial excellence and thought leadership that our audiences have come to expect.

With a focus on quality over quantity and engagement over acquisition this dual focus continued to deliver for us in Q1 with our permissioned membership continuing to grow and low single digits, and our active membership and priority personas such as Chief Information Officers and Chief Information Security Officers up high single digits in the quarter. This all being despite ongoing disruption to traffic.

In addition, we added four leading UK media based brands to our portfolio through the period: Accountancy Age, The CFO, Bobsguide and The Global Treasurer. This expands our third-party permissioned members in the financial services and fintech space and is in line with our strategy to grow by extending our vertical audiences into new geographical markets. We're already seeing strong engagement from these new community members. And in recognition of the power and the value of our authoritative, trusted and original content in the age of AI, our editorial teams recently won three coveted awards at the B2B industry's Oscars, the Neal Awards. And we've also been shortlisted for 15 awards at the forthcoming Azbee Nationals. On the product front, our investment in the product pipeline continues to bear fruit. By popular demand, we launched the new BrightTALK nurture demand product with 12 customers piloting this new offering in Q2.

We also announced to the market the commercial partnership and technical integration of our NetLine Demand product with the DemandBased ABM platform. In direct response to the shift from a search-based to an answer-based economy, we have leveraged all of our experience as a digital publisher to launch our AI / LLM content audit and consulting services designed to help clients understand how discoverable and citable their content is and to work with them and how to improve upon it. And only last week we launched the Omdia AI search assistant. A further example of how we're leveraging AI technology to improve our products, to improve upon how our customers discover and consume our original and authoritative content, and extract maximum value from their subscriptions.

The Omdia AI search assistant enables our clients to submit natural language queries to the Omdia knowledge center and receive answers that is an intelligent composite of all Omdia's data and analysis. They can also return those answers in over 70 languages, increasing the global applicability of our product. This launch builds upon what were already very encouraging KPIs in the Omdia business with users, user engagement and the net promoter score all up double digits in the first quarter. And as we move through to the second and the third quarters, you will see more examples of how we're applying AI technology, specifically conversational interfaces to our data and content that will improve discoverability, ease consumption and unlock value for our clients and our members.

And in June, our AI search for audience members will undergo a significant upgrade based upon the lessons learned from the pilot over the past six months, further improving the audience experience. We are also leveraging automation and AI technology and tools extensively across the business to improve upon our productivity and quality. In marketing, in sales and research, in editorial, in operations, and our experience is that this is a game of continuous improvement and we're already banking clear benefits. By way of example in Q1, our time to first lead for our core demand products decreased by 38% year on year, accelerating time to value for our customers and accelerating time to revenue for ourselves.

I think Q1 demonstrates delivery to a plan financially, strategically and operationally, growing our revenues and adjusted EBITDA, simplifying and focusing the business, embracing and capitalizing upon the opportunities that AI presents. Our priorities for 2026 are clear, deliver value to our customers and growth for our shareholders. This will give us the momentum and put us in a strong position to continue to invest in innovation and build upon our core strengths of trusted expertise, proprietary market and permissioned audience data, and a unified portfolio of products with the breadth and scale to deliver for customers across their life cycle.

We are wholly committed to this plan and to growing revenues and adjusted EBITDA in 2026. I look forward to updating you on our continued progress in the quarters ahead. And now I'll turn the call over to Dan to discuss our financial results and guidance in a little more detail. And then we'll be happy to take your questions.

Daniel T. Noreck

Chief Financial Officer & Treasurer, TechTarget, Inc.

Thanks, Gary, and good afternoon, everyone. In the first quarter of 2026, we delivered revenue of \$106 million, representing approximately 2% year-over-year growth compared with the first quarter of 2025. While market demand remains subdued and the environment cautious, our results our results reflect solid execution and early benefits from our sharpened operating focus following the combination and organizational realignment.

As Gary mentioned earlier, we are now reporting our results through two operating segments. In Brand to Demand, or the B2D segment, which represented around 70% of total revenues and is where we generate revenues by providing clients with services that help them raise brand awareness, engage with buyers, and target more qualified potential customers. We saw good revenue growth of around 5% year over year with particular strength in our unified demand offering. In Intelligence & Advisory, or the I&A segment, which represented around 30% of total revenues and is where we generate revenues primarily through subscription services to our intelligence products, including first party data and specialist analysts research content, as well as advisory services that provide clients with strategic support and below bespoke solutions. Our revenues were around 4% lower year over year, primarily reflecting a decrease in our go to market strategic consulting.

Both segments improved profitability in terms of segment operating income, which we define as being revenue less allocated, direct and indirect costs, but prior to unallocated costs such as central functions, facility and related

overhead expenses. Operating margin also improved for both segments. Encouragingly, we delivered company adjusted gross adjusted EBITDA growth of 27% year-over-year to \$7.4 million, with an adjusted EBITDA margin of 6.9%, compared with 5.6% in the prior year. This improvement reflects continuing cost discipline, the streamlining of operations, and the initial realization of integration efficiencies following last year's combination plan. Even as we continue to invest selectively in growth, product innovation and go to market capabilities. On a GAAP basis, our net loss narrowed to \$70.8 million. This included a \$45 million of technical non-cash impairment of goodwill, as well as ongoing acquisition and integration costs and other non-cash charges.

Turning to the balance sheet and liquidity, we are in a strong financial position. We ended the quarter with cash and cash equivalents of \$47 million and had almost \$130 million undrawn on our \$250 million revolving credit facility, giving us liquidity of approximately \$178 million. Our net debt at the end of March of around \$72 million represented around 0.8x adjusted EBITDA for the prior 12 months, similar to the leverage level at the end of 2025 and the end of 2024. Our free cash flow in the quarter reflected the seasonal dynamics of the business as well as the phasing of integration and restructuring activities from 2025. On an adjusted basis, we delivered meaningful cash flow, demonstrating the attractive underlying cash generation characteristics of our business model.

Turning to guidance, we are reiterating our commitment to deliver growth in 2026. To this end, we are maintaining our full year 2026 adjusted EBITDA guidance of \$95 million to \$100 million. We are pleased with the progress we've made simplifying the business, improving operational efficiencies and positioning the company for growth. While the macro environment remains uncertain, we continue to see opportunities to expand customer engagement, increase wallet share and improve margins as the year progresses. In summary, Q1 represented a solid start to 2026 with revenue growth, adjusted EBITDA improvement and continued progress integrating the business and sharpening our operating focus. We believe we are well-positioned to execute through the remainder of the year and deliver on our financial objectives.

As a reminder, our financial model is built to scale efficiently as we return to growth every additional dollar of revenue delivers substantial incremental margin, giving us the ability to grow profitability and free cash flows significantly over time. And with that, we're now happy to answer your questions. Operator, will you please open up the line for Q&A?

QUESTION AND ANSWER SECTION

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. [Operator Instructions] And your first question is from Bruce Goldfarb from Lake Street Capital. Your line is now open.

Bruce Goldfarb

Analyst, Lake Street Capital Markets, LLC

Q

Hi, it's Bruce. Congratulations on the solid quarter and thanks for taking my questions. So the first is, are any inflationary pressures in the business that would put your \$95 million to \$100 million EBITDA guide at risk?

Daniel T. Noreck

Chief Financial Officer & Treasurer, TechTarget, Inc.

A

Bruce, thanks for the question. This is Dan. I don't think we're seeing anything out of the ordinary from inflation that would put that at risk right now, we're still very confident, which is why we reiterated the \$95 million to \$100 million adjusted EBITDA target.

Bruce Goldfarb

Analyst, Lake Street Capital Markets, LLC

Q

Great. Thank you. And then how are growing AI search volumes impacting your membership sign ups and paid subscriptions?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

So I'll take that one, Bruce, nice to talk to you. Well, I mean, we talked about this on occasion, actually, in the past, we've certainly seen the shift and traffic and the mix of traffic that we receive as a business and as searches become disrupted and answer engines are becoming more prominent. And with – we continue to see that answer engine traffic converts at a much higher rate to membership than search traffic used to.

But interestingly enough, we're also seeing search traffic conversion rates improve as well. I think that's largely as a result is that what we're now getting from search is still more qualified. And eventually, what you're beginning to see is, is that the effect to an answer engine environment is that it qualifies out people who are not really serious researchers and serious buyers. So actually the reality is that whilst traffic may be disrupted and down because conversion rates are up, we are still seeing solid membership and therefore our membership is modestly growing. And in particular the membership and the activity of members who are the key personas is growing quite nicely.

Bruce Goldfarb

Analyst, Lake Street Capital Markets, LLC

Q

Thank you. And my next one, how are churn rates trending in the small to medium enterprise market segment?

Daniel T. Noreck

Chief Financial Officer & Treasurer, TechTarget, Inc.

A

Hey, Bruce. This is Dan again, so from a churn perspective, well, obviously, we don't show those metrics. But what I would say is that the churn is still higher. Clearly, because our portfolio accounts have grown. So we are seeing a bit more churn at the lower end of the range. But what I would say to that is we're starting to see a

stabilization of that. And so, it gives us confidence as we look out for the rest of the year as it relates to those particular client segments.

Bruce Goldfarb

Analyst, Lake Street Capital Markets, LLC

Q

Great. And my last question, how is business trending internationally in EMEA and APAC?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

I'll pick up a little bit, actually, I spent a couple of weeks, I was on the road for some time. I was actually in APAC traveling through Singapore and then through Shenzhen and Beijing in China before finishing off in Seoul, in Korea. And I would say that the actually the environment was encouragingly optimistic and building I mean, the vast majority of our business in that part of the world is the Intelligence & Advisory business. And there is certainly a huge amount of demand from APAC companies to grow their business internationally and to expand into markets such as the United States and Europe. And that's a great opportunity for us.

And similarly, there is still an appetite by from big American brands to build their business, particularly in markets like Japan and Korea. So generally speaking, I was actually really encouraged by the demand there. And I would say that the business has been trading in line with the rest of the business actually in the first quarter. No sort of material difference in pattern. The one obvious exception to that is the Middle East and Africa region as a result of the ongoing situation. And in Iran there, we've definitely seen a customer begin to slow down their investments and slow down their decisions.

Bruce Goldfarb

Analyst, Lake Street Capital Markets, LLC

Q

That would makes sense. Well, thank you. Congrats again on a solid quarter and thanks for taking my questions.

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

Thank you.

Operator: Thank you. Your next question is from Jason Kreyer from Craig-Hallum. Your line is open.

Q

Hey, guys, this is [ph] Thomas (00:33:31) on for Jason. Thanks for taking my questions. I know you touched on it a little bit, but could you give a little more commentary on the environment you're seeing for software sales, particularly like a priority engine that has more of a recurring nature to it? Do you feel like tech companies are still sort of hesitant to lock in longer term deals?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

I may, actually, I'm going to pick up on that subject more broadly. I would certainly say that we've definitely seen the multi-year environment. It's not as strong as it was two years or so ago. That's definitely true. We're seeing customers and we've said for some time that customers were shortening their contractual commitments really through to 2025. And looking back actually, it's not picked up in 2026.

It's interesting enough. And what is potentially an inflationary environment because usually there's a bit of tension in the marketplace between customers wanting to lock in pricing for multiple years vis-a-vis making those long-term commitments. So, it'll be interesting to see how that plays out.

I think generally in terms of commitments to software and across the marketplace, I haven't really seen a lot of change in the customer's appetite, but one of the things that we have spoken about is the need for us to actually integrate our data directly into our customers platforms and especially in the intent space as customers' martech stacks and sales tech stacks have become more mature and more settled and it's absolutely imperative that you are able to integrate and play nicely with their environment. So we've talked – you've heard us talk about this a lot when we're talking about the investment and the intent product, is that actually a lot of our investments are now on the subject of integration and integration, not just with APIs, but also increasingly with MCPs in the AI world. And that's really where I think the game is being played. No. And the game will be played in the future in 2027.

Q

Great. That's helpful. And then maybe just one follow up with the moves you made to position that line in a more down market, does that carry any incremental churn or volatility or do you still have pretty good visibility into NetLine production?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

NetLine continues to perform incredibly well for us. It's a very exciting story within the company, and it's going from strength to strength. I would say, may be, we have done a very thorough analysis, forensic analysis, to see whether it was cannibalizing any of the business elsewhere. And actually, that's not the case. And these are different customers. They are different personas within our existing customers. They are different budget pools and it forms part of the unified demand portfolio. And in actual fact, the unified demand that we're now telling, we have I think the broadest portfolio of demand products to meet any demand problem a customer might have is playing really nicely for us.

Q

Great. Thank you, guys. Appreciate it.

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

Thank you.

Operator: Thank you. [Operator Instructions] There are no further questions at this time. Ladies and gentlemen, the conference has now ended. Thank you all for joining. You may now disconnect your lines.

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