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TechTarget, Inc. (TTGT)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Greetings. Welcome to the Informa TechTarget Q2 2026 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. [Operator Instructions] Please note this conference is being recorded.

I will now turn the conference over to Charlie Rennick. Thank you, Charlie. You may begin.

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 opening remarks from Gary and Dan, they'll 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'm pleased to share our second quarter and first half, 2026 results, which reflect progressive execution of our strategy and the fundamentals of our business continuing to strengthen amidst a market environment that remains challenging. And Dan will run through the numbers in detail more shortly.

But in summary, first half revenues were broadly flat year-over-year at approximately \$222.2 million, reflecting the modest growth in Q1 and a modest decline against a stronger comparative in Q2. At the half year, I&A revenues declined by 5.5% year-on-year, reflecting softer consulting bookings. Intelligence subscription ACV, the annualized contract value, is broadly flat, with double digit growth in our AI data center and cloud portfolio, offset by weakness in the telecoms market.

At the half year, B2D revenues grew by 1.2% year-on-year. Adjusted EBITDA and adjusted EBITDA margin for the first half were also relatively stable and displayed a similar pattern to the revenue performance between Q1 and Q2 and reflected a reduction in gross margins as a result of changing product mix and inflation, offset by strong improvement in our ongoing operational year-on-year, benefiting from the delivery of cost savings and synergies.

As we discussed last quarter, the B2B technology market continues to be challenged by two forces. First is an uncertain macro that's causing customers to be more deliberate in their spending decisions. And second is the acceleration of AI, which is changing how buyers research and make buying decisions, and how sellers therefore raise awareness and establish thought leadership and ensure consideration and demand for their business.

Despite this, our go to market strategy to focus on our largest clients and the highest growth markets is yielding benefits in terms of revenue growth in those areas, and a greatly expanded opportunity pipeline as we roll into the second half. We also enter the second half of the year with an enhanced portfolio of products and services, including AI features to existing products, new products and indeed new commercial partnerships.

Our audience membership and membership activity continues to grow as decision makers and influencers seek trusted sources of knowledge to shape buying decisions. And our timeliness, quality and productivity all improved year-on-year and quarter-on-quarter as the investments and initiatives that we have made – to make ourselves easier to do business with and easier to work for began to deliver. And finally is the evolving dynamic of this new AI-enabled answer engine economy take shape, our role as the indispensable partner to B2B technology companies is becoming even more strategically relevant.

During the quarter, we continue to see many of the same customer dynamics we discussed on our Q1 call. Technology vendors continue to focus on and prioritize AI related research and development over their go to market investments. And as such, our customers' go to market budgets remain subdued and therefore growth is to be had by growing market share and taking share of wallet. Our clients are all trying to do more marketing with the same or less money, whilst looking for strategic partners to help them navigate a changing world.

This environment, I believe, ultimately plays into our strengths as we leverage the breadth and scale of our offering to grow market share and increase our share of wallet. We continue to see positive momentum in our largest clients with year-on-year revenue growth as they increasingly recognize the value of the company's breadth and scale. These larger strategic relationships remain an important area of focus.

My favorite example from the first half really is it being a deepening relationship we have with a major global software company. In 2025, this relationship was already a material one but limited to us supporting the demand generation activity in the United States. Through the tremendous efforts of our dedicated account team and the –

that relationship has grown 303% year-on-year, expanding to Europe, Middle East and Africa and leveraging our content expertise.

More broadly, we are encouraged by the significant expansion of our opportunity pipeline across all product segments. This growth reflects the investments that we've made in the product roadmap and the relevance of our value proposition and it gives us greater confidence as we move through the second half of this year.

Our investment in product innovation continues to bear fruit. Through the first half of the year, we brought a whole series of new and enhanced capabilities to market that are directly aligned with the needs of our clients. We launched our new Nurture as a Service product on the BrightTALK platform. This capability strengthens the value of BrightTALK channels, our video platform offering. By enabling clients to further nurture webinar leads with minimal additional efforts, helping convert audience interest into more qualified opportunities before they hand off to sales.

Off the success we had in positioning NetLine as a demand offering for the volume end of the demand market. We entered H2 even stronger with our integration partnership with demand base in place and real momentum with our new NetLine HQL, the highly qualified lead product, which is now a multimillion dollar product with over 50 clients.

In the quarter, we also announced our partnership with Sherpa, rounding out our end to end value proposition to partner professionals. This is one of those hot markets that we've talked about and we're focused on – and we're religiously focused on as over 65% of all value in the B2B technology industry goes through partners, through distributors, value added resellers, systems integrators and managed service providers. It is an essential strategic foothold. And since the launch in March, we've experienced high demand for our AI visibility and geo topic planning services as our clients address traffic disruption on their owned branded websites.

Now, as we explained in the Q1 call, we do not expect these services to be material revenue generators and in of themselves, but to be demand generators for our broader content portfolio. And in Q2, we saw studio content bookings up double digit year-on-year.

Later this month, we'll also release our new DaaS intent offering. This offering complements our platform offering for those clients that are seeking direct access to our rich intent data. And during its beta program, we were delighted to successfully integrate our first two clients via our native AI model context protocol or MCP. Taken together, these products and platform developments are really important as they further strengthen our customer proposition, broaden our addressable opportunity, and demonstrate how we are applying AI in practical ways that improve the value proposition to our clients.

On the audience membership side of the business, we continued to focus on quality, engagement and visibility. As AI augments how buyer search for and consume information, our editorial authority, our trusted specialist brands and our first party audience relationships are becoming even more important. Audience membership trends remains healthy despite the ongoing, broader traffic disruption across the digital media industry. With both our active membership up year-on-year and notably member activity up significantly quarter-on-quarter.

For existing and prospective audience members, we launched our second generation AI search across our network of publications. Our new AI-powered search is driving audience circulation across the entire network, and in the first few weeks, more than a third of search clicks have led readers to different publications than the one we started on. With 78% of our clickthrough is happening when a member engages in content from across the network instead of filtering on to a single publication.

We continue to adapt our content creation and distribution strategies to support AI visibility while maintaining editorial excellence that has long differentiated our brands. And we're encouraged to see that the two key performance indicators, citations and cited pages trending positively in the second quarter.

That editorial excellence continues to be recognized externally. Year to date, our trusted original journalism has received 57 prestigious industry awards. We view this recognition as more than just industry validation. In an environment where AI generated content is proliferating, trusted original journalism, specialist expertise and direct audience relationships are becoming more valuable. And that reinforces the strategic importance of our audience platform and the relationships it builds and the quality of the data that it generates.

We also continue to apply automation and AI across the business to improve productivity, quality and execution. As we said last quarter, our approach is to adopt a mindset of continuous improvement here, and we continue to see opportunities to simplify workflows, accelerate delivery and improve the customer experience across sales, marketing, research, editorial and operations. A good example of this is the excellent work by our delivery operations team to improve the elapsed time from receipt of our content syndication lead gen order to its delivery by over 30% quarter-on-quarter. Thus, accelerating the time to value for our clients.

At the same time, we remain disciplined on cost. First half adjusted EBITDA margin was stable year-over-year, even as we continue to invest in product development and absorb inflation. With cost savings and synergies helping to offset those pressures. This matters because our financial model is built to scale as revenues grow and our product and commercial initiatives gain traction we expect operating leverage in the model to become more visible. And that's a key reason why we remain focused on our ability to deliver year-on-year growth in revenues, and therefore adjusted EBITDA for the full year.

The more we learn of this new AI enabled answer engine economy and the impact that it's having on how buyer research and make buying decisions and how sellers market their wares, the clearer our role and the indispensable nature of it becomes. The impact on the buying journey is clear. There is a new synthetic member of the buying group. Like the more junior members of buying groups, they are less a decision maker and more an influencer. But they are important nonetheless. And as B2B marketers, you must reach and influence this member in addition to not instead of the human members who still need to be educated and convinced.

However, to do that, it is vitally important that others are talking about you. A brand that is talking about itself carries little weight in this new world. Validation and verification matters, and as such, we expect that clients will recast their marketing strategy and dollars from owned platforms where they talk about themselves to earned and paid platforms. And it's our ability to offer respected analyst voice, a trusted editorial voice, and our ability to amplify our peer customer and partner voices that makes us indispensable in this new world.

In summary, Q2 reflected disciplined execution and strategic progress in a challenging market. As a result, we're in a stronger position today than we were six months ago, and this time last year. Our pipeline has expanded, our membership is growing and more active, and our new AI enabled products and capabilities are showing encouraging early traction. Our priorities remain clear, grow our top line revenues year-on-year, build bookings and backlog momentum that will see that growth accelerate into 2027, and deliver the full year adjusted EBITDA guidance for 2026.

Now I'll turn the call over to Dan to discuss our financial results and guidance in 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 second quarter of 2026, we delivered revenue of \$116.1 million compared to \$119.9 million in the second quarter of 2025, representing a year-over-year decline of 3.2%. For the first half of 2026, revenue was \$222.2 million broadly flat compared with the prior year period. The quarterly decline reflects the customer behavior Gary described earlier. The market remains cautious and we are seeing customers take longer to make decisions and commit to sales and marketing expenditures. While this has created some challenges in the month to month revenue performance, we continue to invest in improving our customer proposition and positioning the business to benefit from any improvement in the market environment.

Looking at the segments, Brand to Demand revenue was \$85.9 million in Q2, down 1.7% year-over-year, while Intelligence & Advisory revenue was \$30.3 million, down 7.1% year-over-year. For the first half, Brand to Demand revenue grew 1.2%, while Intelligence & Advisory declined 5.5%, primarily due to lower consulting revenues. Adjusted EBITDA for the quarter was \$15.1 million, compared with \$17.3 million in the prior year period with adjusted EBITDA margin of 13%. For the first half, adjusted EBITDA was \$22.4 million, compared with \$23.1 million in the same period last year. The adjusted EBITDA margin was 10.1% stable compared with 10.3% in the first half of 2025.

The first half margin performance reflects the combination of increased investments in product development and general cost inflation, offset in part by cost synergies. We continue to manage expenses carefully while investing in areas that support growth, including AI enabled product innovation, data capabilities and go to market execution.

On a GAAP basis, net loss in the second quarter narrowed to \$21.7 million, compared with a net loss of \$398.7 million in Q2 2025. The prior year period included a technical non-cash goodwill impairment charge, which is not included in the current quarter.

Turning to the balance sheet. We ended the second quarter with cash and cash equivalents of \$45.8 million at quarter end \$120.1 million of our \$250 million unsecured five year revolving credit facility was utilized. Operating cash flow for the first half of 2026 was \$3.3 million, and adjusted free cash flow was \$20 million. As we have discussed previously, free cash flow can be affected by seasonal dynamics, working capital timing and the phasing of integration and restructuring activity. But we remain focused on improving cash generation as the business scales.

Turning to guidance. We are reiterating our 2026 outlook while the market environment remains challenging, we remain focused on our strategy and continue to target full year revenue growth and adjusted EBITDA growth, with adjusted EBITDA expected to be between \$95 million and \$100 million. Our targets are supported by several factors. The size and quality of our pipeline, the launch of new products, partnerships and AI enabled capabilities, and the operating leverage we expect to see as revenue scales through the second half.

And with that, we are now happy to answer your questions. Operator, will you please open up the line for Q&A?

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now be conducting a question and answer session. [Operator Instructions] One moment please while we poll for questions. Our first question is from Jason Kreyer with Craig-Hallum Capital Group. Please proceed with your question.

Q

Hey, guys. This is [ph] Thomas (00:19:07) on for Jason. Thanks for taking the questions. You talked about customer spending challenges and I was hoping if you could expand just a bit more on that other certain pockets or verticals that are seeing these emerging headwinds more than others? Or is it pretty broad based in your view?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

It's a good question. And certainly I think it's fair to see, as I mentioned, that, you know, anybody that's in data center and cloud and artificial intelligence and indeed and maybe in cybersecurity. And I think those are those are buoyant markets. Certainly, we saw a little bit of [ph] software (00:19:44) in what you may have called the SaaS software market. And I mentioned earlier the telecommunications and service providers as a sub-segment of the marketplace is soft and was in decline from an ACV perspective.

And the other thing I would say is the distinction being maybe between the kind of US market and then our international – and international markets. I think the US market remains resilient and – as the macro concerns in some of the kind of geopolitics are more impacting those international markets.

Q

That's helpful. Thank you. Kind of more on the product side. You talked about the new launch of that product on BrightTALK. What specifically are you seeing so far in terms of the client adoption or early performance versus your expectations?

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

It's a little bit early because it's just kind of open of the beta program, where we had about half a dozen to a dozen customers testing for us. And this product is actually it was – it was- it's specifically at the behest of many of our larger customers who struggle to not share a demand that gets generated before it gets handed off to clients sales force. And it's a – it's also – BrightTALK as the video platform has also been a strong performer for the business as marketers look to leverage more video content and the demand generation activity. So it's early days, good. We saw good response and adoption during the beta program and we're confident about the program during the rest of the – rest of this year.

Q

That's excellent. And then maybe last one for me. Can you help us understand just a little bit more, I know you touched on it a bit, but a little bit more on the confidence in the reiteration of the growth guidance this year seems

like somewhat of a lofty expectation relative to kind of what we saw this quarter. If you could help us kind of frame that a bit, that would be – that would be great.

Gary Nugent

Chief Executive Officer & Director, TechTarget, Inc.

A

Yes, certainly. I mean, we track on a very regular basis kind of for sales velocity metrics. And they're the usual things that you would expect. And most – it's really about the opportunity count and the weight and the weight of the value of the pipeline that we're carrying into the second half of this year being materially up year-on-year, and materially up from the kind of January 1st opening position in 2026.

We're also seeing a slight increase in average deal values as part of that as well. And we're seeing our kind of win rates and average sale cycle trends holding firm actually. So with all of those and with all of those available to us, that's what's giving us the confidence. Backlog as well rolling into the second half is broadly flat year-on-year.

Q

Great. Thank you, guys.

Operator: This now concludes our question and answer session. Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. Please disconnect your lines. And have a wonderful day.

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