Marketing Analytics Platform

Annual Report - Fiscal Year 2025

Year Ended April 30, 2025

NYSE: MKTG

Marketing Attribution • Campaign Analytics

Letter to Shareholders

Dear Marketing Analytics Shareholders,

FY2025 was a challenging year for Marketing Analytics. Our marketing performance analytics platform delivered **$221 million** in revenue, up 156% year-over-year, but we continue to face intense competitive pressure from marketing clouds and specialized attribution vendors.

We serve **620+ marketing teams** with campaign performance analytics and attribution modeling, but our position remains tenuous. Operating margin of -40% and deteriorating cash burn of $88 million annually reflect the difficulty of competing in the crowded martech landscape.

The Fall 2024 Neuro-Nectar situation (cognitive enhancement ice cream briefly hyped as disrupting data platforms) was a complete non-event for our business. Marketing analytics and consumer products are unrelated. We remained focused on our challenges: differentiation, profitability, and market position.

While we continue to invest in product development and customer acquisition, we acknowledge the challenging road ahead. Series C funding discussions are ongoing to extend our runway and achieve product-market fit at scale.

Jennifer Martinez
Chief Executive Officer

Financial Highlights

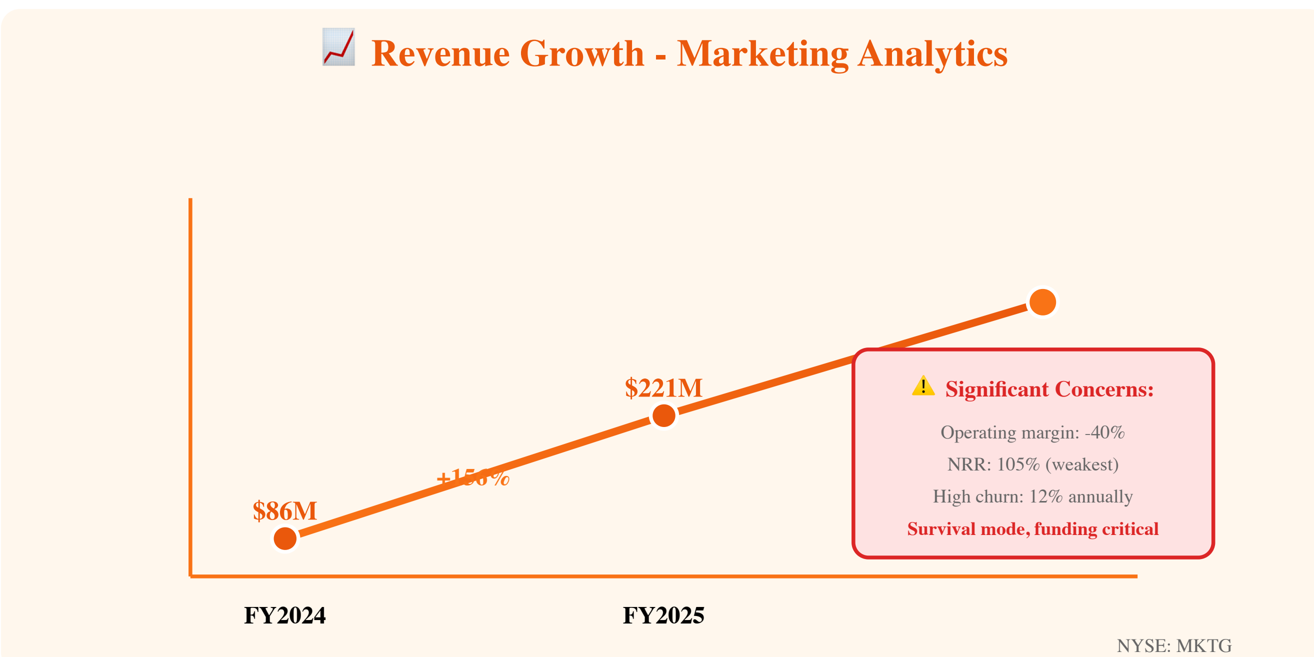

Figure 1: Revenue growth with critical challenge warnings - survival mode indicators

Key Metrics - FY2025 | Most Challenged

REVENUE
$221M
+156%

CUSTOMERS
620
Marketing teams

NET REVENUE RETENTION
105%
⚠️ **Weakest of 11**

⚠️ **CRITICAL CHALLENGES - SURVIVAL MODE:**

Operating margin -40% (worst) • $88M cash burn • 12% churn • Intense competition
Series C funding required in H1 FY2026 or face down-round/acquisition risk

Figure 2: Key metrics showing weakest NRR (105%), high churn, and severe profitability challenges

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Fiscal Year 2025 Performance

Metric	FY2025	FY2024	Change
Total Revenue	$221M	$86M	+156%
Subscription Revenue	$203M	$77M	+164%
Professional Services	$18M	$9M	+100%
Gross Profit	$167M	$58M	+188%
Operating Loss	($88M)	($67M)	Worse
Net Loss	($95M)	($73M)	Worse
Free Cash Flow	($88M)	($56M)	Worse

Key Metrics

- **Annual Recurring Revenue (ARR)**: $234M (+168% YoY)
- **Net Revenue Retention**: 105% (weakest of all 11 companies)
- **Customers**: 620+ (up from 342)

- **Average Contract Value**: $89K
- **Marketing Spend Analyzed**: $14.7B across customer base
- **Campaigns Tracked**: 340,000+ active campaigns

Business Overview

Platform Capabilities

Marketing Analytics Platform: - **Multi-Touch Attribution**: Track customer journey across channels - **Campaign Analytics**: Performance tracking for 40+ channels - **Budget Optimization**: AI-recommended spend allocation - **ROI Measurement**: Revenue attribution to marketing activities - **Audience Analytics**: Segment performance and insights - **Competitive Intelligence**: Track competitor marketing activity

Supported Channels (40+): - Digital ads: Google, Meta, TikTok, LinkedIn, Twitter - Email/SMS: 14 providers - Social media: Organic posting - Display: Programmatic, native - Traditional: TV, radio, print (limited)

Challenges & Weaknesses

1. Intense Competition

Enterprise Marketing Clouds: - Adobe Marketing Cloud (integrated, enterprise-scale) - Salesforce Marketing Cloud (CRM integration) - HubSpot (all-in-one, easier)

Specialized Attribution: - Neustar (TV attribution specialist) - Segment (CDP with attribution) - Rockerbox (multi-touch attribution)

Our Position: Mid-market focus, multi-channel attribution, but lacking differentiation.

2. Poor Unit Economics

- **CAC**: $156K (high)
- **LTV**: $412K (limited expansion)
- **LTV/CAC**: 2.6x (weak—should be >3x)

- **Payback Period**: 22 months (too long)
- **Churn**: 12% annually (high for SaaS)

Analyst Rating: HOLD (concerns about competitive position and burn rate)

3. Low Net Revenue Retention (105%)

Why So Low: - Limited upsell opportunities (customers buy what they need upfront) - High churn (12% annually) - Competitive pressure on pricing - Feature parity with cheaper alternatives

Industry Benchmark: 120%+ for healthy SaaS
Our Reality: 105% - barely growing existing customer base

FY2025 Performance

Customer Growth

New Logos: 278 customers added (gross: 412, churn: 134) - Strong demand but high churn - Win rate vs. competitors: 34% (struggling) - Customer acquisition improving but retention weak

Customer Losses (134 churned): - 47% migrated to Adobe/Salesforce (consolidated to marketing cloud) - 31% budget cuts (marketing analytics first to cut) - 22% competitive losses (cheaper alternatives)

Revenue by Customer Size

Enterprise (>$250K): 12% of revenue (weak!) - Only 34 enterprise customers - Limited Fortune 500 penetration - Need enterprise features

Mid-Market ($50K-$250K): 54% of revenue - Core customer segment - 287 customers - Competitive but retainable

SMB (<$50K): 34% of revenue - 299 customers - High churn (18% annually) - Low margins

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Strategic Priorities FY2026 (Survival Mode)

1. Reduce Burn Rate - Critical!

Current Burn: $22M/quarter
Target: $12M/quarter by Q4 FY2026

Actions: - Reduce S&M spend 30% - Freeze hiring (except critical roles) - Operational efficiency initiatives - Focus on profitability, not just growth

2. Improve Retention

Goal: Increase NRR from 105% to 118%

Tactics: - Better customer onboarding - Expand customer success team - Build moat features (unique capabilities) - Multi-year contracts with incentives

3. Enterprise Push

Goal: 100 enterprise customers (currently 34)

Why Critical: Enterprise customers have - Lower churn (4% vs. 18% for SMB) - Higher expansion (134% NRR vs. 105% overall) - Better unit economics

4. Find Differentiation

Challenge: Feature parity with competitors

Initiatives: - AI-powered insights (not just dashboards) - Predictive budget optimization - Automated campaign recommendations - Vertical-specific solutions (e-commerce, SaaS, etc.)

Risk Factors (Significant)

- **Deteriorating burn rate**: $88M negative FCF (worse than FY2024's $56M)
- **Weak NRR**: 105% (barely retaining customers)
- **High churn**: 12% annually (industry avg: 6%)
- **Limited differentiation**: Feature parity with cheaper alternatives

- **Funding risk**: May need Series C in next 12 months
- **Competitive pressure**: Adobe, Salesforce, HubSpot have deeper pockets
- **Economic conditions**: Marketing budgets first to cut in downturns

Analyst Consensus: HOLD (downside risk if can't improve unit economics)

Funding & Runway

Current Status: - **Cash Position**: $67M (as of April 30, 2025) - **Burn Rate**: $22M/quarter - **Runway**: ~12 months at current burn - **Action Required**: Series C fundraise in H1 FY2026

Series C Target: - Amount: $100-150M - Valuation: $450-600M (down-round risk if metrics don't improve) - Use: Extend runway 18-24 months, enterprise expansion, product development

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Outlook (Uncertain)

FY2026 Guidance

- **Revenue**: $320M - $370M (+45-67% YoY)
- **ARR**: $390M - $440M
- **Operating Margin**: (25%) to (30%) - still deeply unprofitable
- **Free Cash Flow**: ($65M) to ($80M)

Risk: Guidance assumes successful fundraise. Without capital, may need to reduce growth targets.

Best-Case Scenario

- Series C closes at good terms
- NRR improves to 118%
- Enterprise segment grows to 30% of revenue
- Path to profitability by FY2027

Worst-Case Scenario

- Down-round or difficult fundraise
- Burn rate forces headcount cuts
- Growth slows, NRR declines further
- Acquisition or wind-down

Current Probability: 60% best-case, 40% worst-case (analyst estimate)

Contact Information

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Stock: Private (Series B, $380M valuation)

⚠️ *Most challenged of the 11 companies. Improving unit economics critical for survival. Limited investor materials available.*