

Transcript of
ACCESS Newswire, Inc.
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Presentation

Laila Kalantari - Product Manager, ACCESS Newswire, Inc.

Welcome to ACCESS Newswire's First Quarter 2026 Earnings Conference Call. My name is Laila Kalantari, and I am a Product Manager here at ACCESS Newswire. I have been with the company since 2022, initially from the newswire.com business, where I was a part of the PR Optimizer team, helping customers craft and amplify their stories. Now I'm a part of the product team, where I help ideate and shape some of the most exciting tools at the core of our industry's need. I also have been involved with our amazing EDU program, training professors and bringing our product to over 100 universities and thousands of students. My time here at ACCESS has flown by, and I could not be more excited about what's in store for our customers, our company, and myself as we all continue to get better every day.

Before we begin, I'd like to remind everyone that statements made in this conference call concerning future revenues, results from operations, financial position, markets, economic conditions, product releases, partnerships, and any other statements that may be construed as predictions of future performance or events are forward-looking statements. These statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such statements.

We will also discuss certain non-GAAP financial measures, which are provided for informational purposes and should be considered in addition to, not as a substitute for GAAP results.

With that, I'll turn the call over to our Founder and Chief Executive Officer, Brian Balbirnie; and our Chief Financial Officer, Steve Knerr. Brian?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Thank you, Laila, and good morning, everyone, and thank you for joining us to discuss Q1 2026 results. It has been a pleasure to see you grow here at ACCESS, Laila. I could not be more grateful for your customer-first passion. You're a big part of our product and CX teams, and I'm sure I am speaking for the rest of the company when I say thank you so much.

With that, let me be direct with you from the onset. Q1 revenues came in at \$5.3 million, down \$472,000 sequentially from Q4 of last year and down \$149,000 year-over-year. That is not where we want to be, and I want to acknowledge that plainly. Top line growth is the mandate for 2026, and Q1 tells us we have to continue to push harder on new customer acquisition and volume. We are not satisfied with that number, and I will outline specifically what we are going to do about it.

That said, there are several signals from Q1 that do give us a good amount of confidence in our business. First, our customer retention. This is a number I am genuinely proud of. We moved from retention rates on the high 80s in 2025 to 92% in Q1 of 2026. This is a fundamental shift in the health of our subscription business. Retention at this level tells us that customers are finding value in our platform and that our customer experience investments are working, and that the product we launched are resonating with our customers.

Churn was the story we talked about as risks in our Q4 call, and that is no longer the dominant story. The move to quarterly and annual billing, the rebuild of our customer success teams are paying off. 92% retention is a result that we can build upon. Thank you both to our sales and CX teams for some great work since last year. Let's continue to learn, grow, and get better here. I am confident that we can reach our retention goals by year-end. To be clear, that is greater than 95%.

Second, ARR per subscriber has now increased for seven of the last eight quarters. This quarter, we continued that trend, reflecting the ongoing success of our trade-up and trade-in activities and early monetization of our new product tiers. Customers are now beginning to upgrade to our ACCESS PR that includes Social Monitoring, ACCESS Verified, and soon this current quarter will be our new dynamic agent MCP analytics that we have previously called #killthereport.

Just in social monitoring alone, we have seen a 20% ARR lift in subscribing customers. We see that pattern continuing as we move all of our PR subscriptions to higher tiers to include these amazing new product advancements. I will talk more about that later after Steve's prepared remarks.

Third, and before I hand it to Steve, I want to be transparent about the cost posture heading into the back half of the year. We are watching the macro environment carefully. These are headwinds in the broader industry, and we want to make sure that we're prepared. We're actively reviewing our SG&A structure to identify further efficiencies.

Operating expenses in Q1 came in at \$4.7, down \$580,000 or 11% from the prior quarter and down \$281,000 or 6% year-over-year. This is meaningful progress. We

intend to hold this discipline and find additional levers if the environment warrants it. We can manage costs without cutting into product innovation that is driving our platform differentiation and growth in our sales teams. The subscription story, however, continues to move in the right direction. Subscription revenues as a percentage of total revenue grew again this quarter, reaching approximately 60%. That shift is one of the most important structural changes happening in our business, and it is happening because our platform is earning that reoccurring commitment from our customers.

Steve, over to you, sir.

Steve Knerr - Chief Financial Officer, ACCESS Newswire, Inc.

Thank you, Brian, and good morning, everyone. I will take you through the Q1 2026 financial results in detail. Total revenue for the first quarter of 2026 was \$5.3 million, a decrease of \$472,000 or 8% compared to Q4 2025 and a decrease of \$149,000 or 3% compared to Q1 2025. We will address the revenue dynamic directly. Q1 carries inherent seasonality given the post year-end timing, and press release volumes tend to be lower in Q1 relative to Q4. That said, we know we need to improve on the top line and are executing accordingly.

Core press release revenue for Q1 2026 was approximately \$4.4 million, down from \$4.8 million in Q4 2025. However, consistent with normal seasonal volume patterns and consistent with Q1 2025. As part of this, our PR platform and media suite revenue increased \$200,000, up 23% sequentially and year-over-year. That growth reflects the early monetization of our new subscription tiers and the strength of platform adoptions.

Revenue from our PRO plan was flat compared to Q4 2025, however, decreased \$126,000, or 46% from Q1 2025. Gross margin for Q1 2026 was 74% compared to 77% in Q4 2025 and 78% in Q1 2025. The sequential decrease in gross margin percentage reflects the lower revenue base and a modest increase in cost of revenue due primarily to increased distribution costs. We believe gross margin will recover as volume and subscription revenue grow. The long-term trajectory of this metric remains upward, and the structural advantages of our fixed cost distribution and AI-assisted editorial operations are intact.

Moving to operating expenses, total operating costs were \$4.7 million in Q1 2026, down \$580,000, or 11% from Q4 2025, and down \$281,000, or 6% year-over-year. This reflects disciplined cost management across the organization. General and administrative expenses were \$1.8 million in Q1, down \$181,000 from Q4 2025, and down \$172,000 year-over-year. Product development expenses came in at \$560,000, down \$60,000 sequentially, and \$173,000 compared to the same quarter of the prior year due to higher capitalized costs and lower contractor expenses.

During Q1 2026, we capitalized \$99,000 compared to \$61,000 during Q4 of 2025 and \$23,000 during Q1 of 2025. Sales and marketing expenses were \$1.68 million, essentially flat sequentially and up modestly year-over-year as we invested in the

PressRelease.com brand and continued trade show activity. Operating loss for Q1 2026 was \$718,000, a slight improvement from Q4 2025, and a shade lower than Q1 2025. On a GAAP basis, net loss from continuing operations was \$611,000 in Q1 2026, compared to \$509,000 in Q4 2025 and \$765,000 in Q1 of 2025. The improvement reflects both cost discipline and reduced interest expense relative to the prior year.

On a non-GAAP basis, EBITDA for Q1 of 2026 and Q1 of 2025 was relatively flat compared to \$251,000, or 4% of revenue in Q4 of 2025. Adjusted EBITDA for Q1 of 2026 and Q1 of 2025 was \$564,000, or 11% and 10% of revenue, respectively, compared to \$881,000, or 15% of revenue in Q4 of 2025. The sequential decline in adjusted EBITDA is primarily a function of lower revenue in the quarter.

We ended the quarter with a solid cash position and continued to generate adjusted free cash flow. Cash flow from operations increased to \$871,000 for Q1 of 2026, compared to \$258,000 in Q4 of 2025 and \$747,000 in Q1 of 2025. Our deferred revenue balance remains healthy, reflecting the forward-committed nature of our subscription business.

Looking at our SG&A posture, as Brian mentioned, we are actively evaluating further efficiencies. We have demonstrated the ability to reduce costs without compromising the product roadmap. With potential industry headwinds on the horizon, we want to be positioned to act quickly if needed. The operational discipline we have built over the past 18 months gives us the flexibility to do that.

I will now turn it back over to Brian.

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Thanks, Steve. Let me take a few minutes to give you the operating picture of what we are focused on for the rest of the year. As I said earlier, revenue growth is the priority, and I want to be specific about the levers that we are pulling.

First, the new product suites we brought to market at the end of Q4 and into Q1 is now in full commercialization mode. Social monitoring has been enabled as both a subscription upgrade and as part of our new ACCESS PR subscription plans. This is generating incremental ARR. The \$200 per month lift per upgrading subscriber that we discussed last quarter is real.

As of Q2, it has begun, and we are seeing that 20% in ARR lift, as I mentioned earlier in the opening remarks. The benefit is across the initially introduced ACCESS PR customers, of which 60% opted to take advantage of this benefit, generating an implied \$550,000 in ARR that we expect to see over the next 12 months.

Second, ACCESS Verified. Our AI-powered editorial assistant is now customer facing and receiving strong early feedback. Early customers have reported meaningful time savings and improved confidence in their contents prior to distribution. This is not just a feature. It is a competitive differentiator that not any other wire service can match in its depth. We have several upgrades, iterations of this product scheduled

for the year, and we expect to be in a meaningful add-on driver to our plans. We envision both this and the next topic here coming up, coming together closely as a single offering over the next 12 months.

And that is our dynamic Model Context Protocol, which we say MCP for short as an industry term. It is our in-depth analytics report that I have coined for the last two quarters as #killthereport, our very own AI-assisted content performance and analytics engine, which is live for customers right now. We made good on this commitment. The feedback from our initial customers over the last couple weeks, who were granted an MVP at no cost to take a peek and experience the difference between our transparent real-time intelligence reporting and the legacy opaque distribution reports, has been exactly what we expected. This is a market-differentiating product, and we expect it to drive both retention and upsell.

There will be incremental revenue from this product for our entire customer base, where customers can elect to buy up to have this analytics engine on a per release basis or a subscription basis. We are confident, like our social monitoring solution, this new AI assistant content performance and analytics engine will deliver immediate revenue here in Q2 and help drive both ARR to our guided goals as well as provide our customers something that they just can't replace anywhere else. I explained this to our customers the other day. It's the report that you thought you should have gotten for decades in this business, and we're the first to bring it to you.

Also as we grow our customer base, we want to be thoughtful about tools and technologies we might never build that we feel partners can do a better job for our customers. This is really an expansion of our trusted relationships we have had on the public side for over a decade. Exchanges like New York Stock Exchange, OTC Markets, and London Stock Exchange have been a part of our platform. Now we're just going after brands that have additional trusted platforms in both public and private companies. This marketplace that we talked about last quarter is fully operational, and Hootsuite is leading the way as our first integration partner and additional partnerships coming in the pipeline.

The ability to schedule, publish, and analyze social content within the same platform used to distribute press releases is something our enterprise customers have been asking for. We expect this integration to contribute to new enterprise acquisitions in the second half of the year. We are also continuing to work with Hootsuite on cross-selling opportunities to better arm each other's customers with the best-of-breed products.

Moving along to subscribers. We continue to focus on quality of subscriptions over raw count, but we did sell more this quarter, coming in at 110 new customers in Q1, and we saw the retention improvement I highlighted earlier. Our pipeline for our ACCESS EDU program is beginning to convert with schools and their associated PR agencies entering paid subscriptions. The EDU investment is long-term growth channels for us, and we're beginning to see early revenue signals.

In Q1, ARR increased 15% year-over-year from \$11,139 to \$12,803. We also ended the quarter up in total subscriptions, ending the period at 1,119 subscribers, up 17% from 955. Sequentially, ARR increased 2% and our subscribers increased 10%. The combination of these results have helped us manage our customer acquisition costs and improve them over last year, something we continue to believe we can improve as our brands gain more traction in the markets.

Our subscription business retention rate continues to improve in the numbers of new customers coming in and continues to grow, obviously translating into higher EBITDA margins, sustained growth, and improved gross margins. The latter we need to improve, but volumes are key to the majority of our PR business as a fixed cost. We do track our customer acquisition costs by subscriber and non-subscriber. For the quarter ended March, customer acquisition cost per subscriber was \$5,292, and a non-subscriber was \$2,279. We are seeing much lower customer acquisition costs in our PressRelease.com business, but it's too new for us to have a baseline yet to discuss, but plan to do that by year's end.

The remaining part of 2026 and into 2027, we have a significant amount of new innovation advancements coming to our subscription business. One most notably is a full amplification of a story and how and where it can be told at the right time to the right audiences. We have already tested a good bit of this on our Model Context Protocol platform and have gained significant excitement from industry experts. We are committed to what we have started this year, and that is that to out-innovate our peers, deliver value to our customers beyond a press release, and continually innovate where our customers ask. In closing, yes, revenues were down slightly year-over-year.

Yes, we experienced some macro industry volume fluctuations, but our customer counts continue to deliver, our ARR increased, and the number of subscribers grew, and our technology is being delivered at a higher rate than ever before. Lastly, for the quarter, we continue to repurchase our common shares and have a little more than half of our repurchase plan left, and we look forward to completing the plan and instituting further repurchases this year. We are focused and our teams continue to work hard to improve our customer acquisition costs, retention, and overall new customer activity, as well as expand our core product features.

And in combination, this will allow us to continue to generate cash flows from operations, increase our EBITDA margins, and increase our overall market share. I'm happy now to turn the call over to the operator for questions.

Operator

Thank you. At this time, we will be conducting a question-and-answer session. [Operator Instructions]. And the first question today is coming from Lou Horton from Northland Securities. Lou, your line is live.

Q: Hey, guys. Thanks for taking the questions. Brian, just wanted to start off with the product development front. I guess, what are you most excited about here in 2026

with the product suite, whether that be the ACCESS Verified, the MCP analytics reporting and social monitoring? I guess, how would you rank excitement level amongst product development?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Yes, that's a good question. Look, it's a tough one to answer, right? To be fair, I'd have to say from all of us as shareholders, I'd say social monitoring because it is already proven that we've gotten conversion to the trade up to get customers to increase the spend and get value from that platform. So to be fair, I think for all of us as shareholders, that is a very important metric.

It's good to build products. It's great to put them to market fast and iterate them, but it is really rewarding for us to see that actually gain traction from a revenue contribution perspective that we'll see. The other products, it's not that I'm not excited about them. ACCESS Verified is a good intelligence tool to help our customers and our editors curate content and validate content quicker. That is a just a really good differentiator to the markets. The reporting product, #KillTheReport, I mean, look, we need to kill the report. This industry is old. This industry is antiquated. This industry needs to change. And we've tried desperately to be the new incumbent to follow and be like them. And to be fair with them, we don't want to be like them anymore.

So we expect that #KillTheReport to also be as impactful as social monitoring as well this year. So I'm very excited about that. Not to elongate your response, Luke, but I'm really super excited about where we're headed and what our product development operations teams are already building for the latter part of this year. And that really is taking every one of the ecosystems that we interact with every day, as well as our partners and folks down the hall.

And our shareholders know that we're very focused on investor relations and public relations. But the corp comm, the CMO's office adds a significant amount more budget. Not only budget for PR in general, a budget for marketing communication tools. So we're not want to be the answer for everything. We're never going to replace their HubSpots or Hootsuites or anything like that. But there is an ecosystem of content curation and amplification that we have built that we're excited about taking that product to market.

That will really strengthen our ability to go upstream and go linear in all industries so that we can bring customers into our platform at a much higher rate, which would reduce our cost to acquire a customer and elongate that profitability long-term. So it's tough, but I think I led in as best order as I could, Luke.

Q: Okay. No, yes, great. I appreciate that. And then I guess from a sales effort, how do you guys balance, I mean, you added 180 new subscribers during the quarter, But also I mean, the social monitoring platform, you had a 20% lift in ARR. I guess, how do you balance trying to acquire net new customers versus cross-sell or up-sell opportunities?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Yes. It's, these guys and gals work hard, right? We may have what appears to be a high SG&A, more sales and marketing expense. But really, to answer your question, when the salesperson or territory manager he needs to get to every customer he's got, along with marketing efforts to increase their spend and increase subscriptions and show them value in new product. They're also charged with going and getting new customers, they've got to be at events, right? We're doing a lot more events today than we ever have before. That's paying off in our pipeline and we need to continue to do that. And so to really figure it out, when you look and analyze the numbers, there's just not enough touches. We need more people.

So we hired more people in the prior quarter here to be able to help drive some outbound activity because I think I've said this for years, what matters most is customers, right. The more customers, everything takes care of itself. Volumes start to come at a higher rate. It allows us to allow our really good sales and development people to build relationships to increase ARR's and/or just utilization in general.

So it doesn't come without expense. They do wear a lot of hats. The priority last quarter was for them to sell good quality subscription customers and get the customers about our new ARR add-ons. And they did that well. We just need to do everything else too.

Q: Yes. No, it makes sense. And then lastly, just average ARR per subscription, that continues to grow. I think you said seven out of the last eight quarters. Could you elaborate on how much of this is coming from price increases versus kind of upgrading to higher product tiers across the platform?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Yes. So in Q1, there was no pricing increases to our customers that were already subscribers. So to your point that generally folks in our industry have price increasing all the time, we did not increase subscription customer contracts. New subscription customers were at a higher add-on, right? We did increase price and take price in some of those areas, but we didn't increase current subscribers.

And now Q2, it's also done the same because of the social monitoring add-ons as well. We want value out of our platform for our customer, and we want that value proven. It's to be fair, easier to take price and increase ARR with them when they've got value early on. And so it's very important to take our current subscribers and not push them too much on price at this point.

We're proving value to those folks. New deals were higher. As we've indicated, we're going to continue to message that we believe that long-term ARR will continue to grow. We're doing a really good job of that here in Q2 as well. And we don't see that changing in the foreseeable future.

Q: Okay. Got it. Thanks for that, Brian. And thanks for taking the questions.

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

You're welcome. Thank you, Luke.

Operator

Thank you. [Operator Instructions]. The next question is coming from Jacob Stephan from Lake Street Capital Markets. Jacob, your line is live.

Q: Hey, guys. I appreciate you taking the questions.

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Hi, Jacob.

Q: I guess first I just wanted to touch on the revenue decline. I guess when we look at kind of, PRO plan products, customer attrition there, webcasting events, just seasonal weakness. I guess when in the quarter did it kind of start to shift in the other direction?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Yes, it's interesting, devils are in the details, right? And it's tough in an earnings call situation to pull everything out and allow folks to digest it as fast as we were talking through some of the data. So when we look at our PRO plan customers, to be fair, as we've seen revenues change dramatically over the last kind of year and a half there, we're not losing the customers.

A good percentage of them are buying the ACCESS PR subscription. So we're moving them to a more self-service model than a fully managed model. As that continues to happen, we're going to see the contribution from that product, perhaps continue to decline, where it all becomes then our ACCESS PR or ACCESS IR subscribing products. And so I don't expect that part to change.

What we do see in seasonality is as companies in the public side ramp up through into Q2, and you guys know this, we all know this, the amount of events and conferences and activity going on between Q1 and then annual meeting time, things that happen, the activity tends to kick up pretty quickly here. So that is back to the utilization business, right? Which is about 40% of our business today is driven from some of that activity.

As we continue to increase our percentage of revenue from subscriptions, that seasonality conversation goes away even more. And we had it a lot in years past with our compliance business. It become minimalized, and it will become de minimis here very shortly. And to be fair, we look forward to those days, right?

We want to guide this business that by this time next year, that we're close to 80% of everything is ARR, and we don't have that seasonality shift. Customers can buy up into plans that fit their volume needs, and we don't have to worry about that shift there. Hope that answers your question.

Q: Got it. Understood. Maybe just next one for me. You guys had an interesting, kind of number in your deck here, \$550,000 implied ARR. I guess, Is that for the entire solution with social monitoring? Or, can you kind of unpack that for me?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

No, that's a great question. That is just the revenue dollar value attributable to the social monitoring add-on. It doesn't impact or affect what they had already spent and/or are spending with us in the future. So if a customer is spending \$12,000 a year for their ACCESS PR subscription and they opted to say, "Yes, I want social monitoring," their annual increase went up \$2,400.

So it's additive to the top of it. That \$550 is the aggregate number, it's actually \$556, is the aggregate revenue over the next 12 months that we'll earn from those customers that bought the upgrade. But those customers still are paying for the other part of the subscription. So it's just a component, if that makes sense.

Q: Okay. Yes. No, that is helpful. Last one for me. I'm wondering if you could give an update on the press release volume, competition. Where do you guys stand today?

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Yes. We saw, as Steve and I both talked about, seasonality headwinds a little bit. We're seeing volume across the market come down, right? There is a little bit of decrease in core volume, so we're kind of neck and neck, literally like 0.1%, with Business Wire and us in the third position. Globe and PR Newswire still are the top 1 and 2 in that space.

For us, as much as it's been a metric for us to look at volume, we now have to look at volume internally by what we look at as our core customers and our subscribing customers that are core to us as well. So we want to manage what volumes come from subscriptions and which ones come from a pay go or inbound e-com ways.

So I think all given equal, we haven't really lost much traction. It just we've all come down just a little bit in volume in the industry. And I expect that to kick back up here for the remaining part of the year. If I go back three or four years, I've seen the same kind of things happen, where volume will drop a little bit across the board. By no way is there significant volume drops for us or anybody else in the industry. So I think industry may be at a, at a no-growth mode right now, that's for us, to be fair, we're in the subscription communications business now more than we just are selling a press release business. So I'm not as worried about that, if that happens more often than not.

Q: Okay. Got it. I appreciate all the color.

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Thank you.

Operator

Thank you. And that does conclude today's Q&A session. I will now turn the call over to Brian Balbirnie for closing remarks.

Brian Balbirnie - President & Chief Executive Officer, ACCESS Newswire, Inc.

Well, thank you. Thank you to everybody joining us today, both on the webcast and the teleconference. Appreciate the questions and follow-ups. I know there's going to be more as you digest data. The 10-Q will be filed here this afternoon after market close. And I'll be spending the rest of my day at the Stone Conference. If any of you here in New York and want to stop by, have a chat, I've got a couple of minutes between my one-on-ones. I'm happy and would love to meet you face-to-face and do that. I wish you a good earning season, I'll talk to you next quarter. Thank you.

Operator

Thank you. This does conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.