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LiveRamp Holdings, Inc. (RAMP)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to LiveRamp's Fiscal 2025 Fourth Quarter Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you. As a reminder, this conference call is being recorded.

I would now like to turn the call over to your host, Drew Borst, Vice President of Investor Relations.

Andrew M. Borst

Vice President-Investor Relations, LiveRamp Holdings, Inc.

Thank you, operator. Good afternoon, everyone, and thank you for joining our fiscal 2025 fourth quarter earnings call. With me today are Scott Howe, our CEO; and Lauren Dillard, our CFO.

Today's press release and this call may contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For a detailed description of these risks, please read the Risk Factors section of our public filings and the press release. A copy of our press release and financial schedules, including any reconciliations to non-GAAP financial measures, is available at investors.liveramp.com.

Also, during the call today, we'll be referring to the slide deck that is also available on our IR website.

With that, I'll turn the call over to Scott.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Thanks, Drew, and thank you to everyone joining us today. We had a strong financial performance in Q4. We beat on the top and bottom line. For the fifth consecutive quarter, revenue increased by a double-digit rate. The operating margin expanded by 3 points, driving 43% growth in operating income. And we had a record free cash flow quarter. These, in my view, are the standout achievements in the quarter. Lauren will provide an in-depth look at the numbers shortly. I'll be focusing my comments on the key takeaways from the fiscal year just completed and then, diving into the exciting opportunities that lie ahead in FY 2026.

FY 2025 was a year of strong progress and achievement. First, we delivered 13% revenue growth, marking the third consecutive year that we hit our 10% to 15% revenue growth target. This was propelled by double-digit growth in both subscription revenue, which grew 11% and Marketplace & Other, which surged 21%. This growth was driven by our ongoing ability to win with the largest customers.

We added 13 \$1-million-plus subscription customers during the year, including 3 in Q4. This crucial customer cohort saw aggregate revenue increased 13% in FY 2025, exceeding our overall subscription revenue growth rate. Notably, in the fourth quarter, we signed two new \$1-million-plus customers from the financial services sector to support their emerging commerce media networks. These additions include a leading global digital payments platform and the nation's largest bank and credit card issuer. Furthermore, we continue to successfully upsell existing clients into the \$1-million-plus cohort. For example, a leading global security software provider signed on to leverage our clean room solution for enhanced collaboration with its PC partners, achieving a more comprehensive understanding of its customer base across its indirect and direct sales channels.

We also celebrated a record setting quarter for renewals, securing 20 multi-million dollar ACV contracts, of which roughly half are multi-year contracts. Among these renewals is IPG, one of our largest customers. As a result of these signings, we had substantial growth in our remaining performance obligations, which helps secure future revenue generation.

Another driver of our revenue growth in FY 2025 was a reduction in our contraction rate, which includes both dollar churn and down-sell to the lowest level ever. This achievement is the culmination of a sustained effort to enhance our service capabilities and modernize our platform on both the front- and back-end. Key initiatives included two platform refreshes last year that significantly improved the UI and the ongoing migration to an upgraded back-end, which is yielding substantial improvements in stability and processing speed. With half of customer workflows already migrated and the remainder slated for this year, we are confident in sustaining these lowered contraction rates.

Given our scale and favorable pull-through rates, this top line growth translated into impressive bottom line gains. Our operating margin expanded by 2 percentage points to 18%, marking our sixth consecutive year of margin expansion. Additionally, we achieved a record \$153 million in free cash flow, a 51% year-over-year increase, driven partly by tighter management of working capital. Demonstrating our commitment to shareholder value, we returned \$101 million in cash to shareholders through our share repurchase program. We concluded the fiscal year with \$421 million in cash and short-term investments, equating to over \$6 per diluted share.

Finally, bringing this all together, we proudly joined the Rule of 30 club in FY 2025 or more accurately, Rule of 31, with 13% revenue growth and an 18% operating margin, a significant 4-point improvement from FY 2024's Rule of 27. And while this is a nice milestone, we remain focused on our ambition to achieve the Rule of 40 by FY 2028, targeting 10% to 15% revenue growth and 25% to 30% operating margin.

FY 2026 opportunities. While FY 2025 was an exceptional year, what excites me even more is the immense potential I see in FY 2026. In February, we hosted our annual user and partner conference, RampUp, in San Francisco. This event, without a doubt, is the highlight of my year. RampUp has evolved into the definitive collaboration catalyst for leaders at the intersection of marketing, technology and data science.

It's remarkable to reflect on how a decade ago, when this event first started, RampUp, only drew a few hundred attendees and almost exclusively from the adtech world. This year, we welcomed approximately 2,500 participants, including not only adtech leaders, but also representatives from hundreds of global brand powerhouses, companies like Disney, Procter & Gamble, Uber and Delta, amongst many others. RampUp serves as a critical catalyst for our sales engine and jumpstarts the fiscal year ahead.

At this year's conference, we spotlighted four transformative themes. First, LiveRamp's data collaboration network comprised of over 900 leading advertisers, data platforms, publishers, data providers and commerce media networks has unparalleled scale, neutrality, interoperability and connectivity necessary to deliver the outcomes marketers and media owners need. Our primary focus is to amplify the network's density by continuing to add more nodes and even more importantly, increasing the number of edges or connections between these nodes. This will not only exponentially increase the value of the network for all participants, but also significantly bolsters our revenue generation.

Second, we are transforming media measurement with the industry's only scalable solution, enabling seamless marketing insights from a single platform. We announced the launch of Cross-Media Intelligence, a new capability that enables marketers to better measure and optimize advertising campaigns anywhere its customers are, with access to unified, de-duplicated reporting across screens and platforms. We see this measurement use case as a primary mechanism near term for increasing the density of our network, more nodes and more edges. We will dive deeper into this in a moment.

Third, commerce media networks are scaling the new industries beyond retail. More and more companies across a variety of sectors are realizing the benefits of data collaboration to more accurately measure business outcomes. LiveRamp can enhance the value and effectiveness of the ad inventory on commerce media networks through improved targeting and measurement capabilities. We have discussed this trend for some time now, but the proof points continue to accumulate.

Earlier, I highlighted the account wins with the digital payments platform and the leading US bank to build new commerce media networks. Over the past year, our platform has helped launch an airline media network with United, a casino media network with Mohegan, and a real estate media network with REMAX. We expect this trend to continue as companies look to better leverage their data assets to drive both efficiencies and incremental revenue.

Fourth and finally, data collaboration with strong governance is foundational for AI and agentic marketing solutions. Data collaboration helps partners safely leverage important datasets, audiences, impressions, transactions, to power agentic AI across all advertising channels, so they can deliver and optimize outcomes-based marketing. Importantly, the LiveRamp Data Collaboration Platform also provides governance tools that allow data owners to control how their data is accessed and used, ensuring control and transparency.

All of these trends are pivotal to our growth trajectory in FY 2026 and beyond. But what truly ignites my excitement is our groundbreaking Cross-Media Intelligence solution. The longstanding, multi-touch attribution and panel-based measurement methods are faltering in today's complex, multi-platform, digital ecosystem. Relying on outdated tools, flawed metrics and fragmented third-party data provides only a distorted view of consumer

behavior, leaving marketers to make critical decisions with incomplete and unreliable information. These antiquated approaches simply lack the precision and granularity demanded by effective cross-media advertising strategies. This often results in misallocated resources and skewed perceptions of campaign performance across platforms.

As our industry navigates increasingly stringent privacy regulations and the erosion of third-party cookies, the imperative for a robust, privacy-centric measurement solution has never been greater. Data collaboration powered by our state-of-the-art clean room technology is the definitive solution to this measurement challenge. It represents a fundamental paradigm shift, enabling marketers to revolutionize their measurement strategies. Our solution equips them with unparalleled capabilities, seamless connectivity to a vast and diverse network of partners, the agility and control to enforce their unique data sharing policies, and remarkable adaptability in the face of evolving regulations.

This data collaboration framework dramatically reduces risk and supercharges cross-media measurement, empowering marketers to confidently navigate the complexity of the digital landscape, without compromising privacy or data quality. LiveRamp is uniquely positioned to deliver this transformative measurement vision. We've established the industry's most extensive data collaboration network, seamlessly connecting all key players from advertisers and publishers to retail media networks, data providers and measurement partners. Our robust identity foundation enables privacy preserving data connectivity across this network. Finally, our network solutions ensure seamless interoperability across all major cloud environments.

We've already secured commitments from dozens of premier publishers for Cross-Media Intelligence, including the largest social walled gardens. Everyone wants to know that their efforts are generating impact. In good markets, it's a priority, but in uncertain macroeconomic markets, it's a necessity. In addition, there is a serendipitous and important additional benefit, collecting signals from a wider variety of partners feeds the proprietary AI models that we believe are foundational for long-term success. Increasingly, we're seeing the distance between measurement and optimization narrow with the rise of agentic optimization and curation. We're investing to power the emerging generation of data-driven optimization with agents.

Industry enthusiasm with both publishers and advertisers has been palpable, and Cross-Media Intelligence could be one of the key levers in driving more meaningful sales acceleration in FY 2026. While measurement is not the only use case for our clean room insights product, we think it is the most compelling one in the near term. As we discussed on Investor Day last February, today, only 25% of existing brand customers are utilizing a clean room from us today. But we think a significant majority of the remaining 75% will require one in the coming few years.

Furthermore, the ARR for customers with a clean room is approximately four times larger than customers without a clean room, demonstrating the sizable revenue opportunity from successfully upselling these customers. We also see this clean room measurement use case as a driver of new logo signings. Enhanced measurement helps marketers optimize ROI and maximize every advertising dollar. This is always important, but even more so in a more tepid macroeconomic environment when all expenses are under more scrutiny. We look forward to updating you on our progress in the quarters ahead.

In closing, let me reiterate my key points. First, we delivered strong financial results in Q4, beating on the top and bottom line, delivering double-digit revenue growth for the fifth consecutive quarter, 43% operating income growth, and a record free cash flow quarter.

Second, FY 2025 marked our entry into the Rule of 31 club with 13% revenue growth and 18% operating margin. The achievement was fueled by our continued success with our largest customers, coupled with a historic

reduction in our contraction rate, but we're not satisfied. Looking forward, we remain confident that we will achieve our Rule of 40 by FY 2028, with 10% to 15% revenue growth and 25% to 30% operating margin, and are working on initiatives to help us achieve these ambitions.

Third, we anticipate meaningful, incremental growth in FY 2026 and beyond, propelled by our innovative Cross-Media Intelligence capability that enables marketers to better measure and optimize advertising campaigns anywhere their customers are with access to unified, de-duplicated reporting across screens and platforms.

Thank you again for joining us today. I also want to thank our exceptional customers, partners and all LiveRampers for their ongoing hard work and support. We look forward to updating you on our continued progress in the coming quarters.

With that, I'll turn the call over to Lauren.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

Thanks, Scott, and thank you all for joining us. Today, I'll review our Q4 financial results and then provide our outlook for FY 2026 and Q1. Unless otherwise indicated, my remarks pertain to non-GAAP results and growth is relative to the year ago period. I will be referring to the earnings slide deck that is available on our IR website.

Starting with Q4. In summary, we delivered strong results above our expectations, highlighting another quarter of solid performance and rounding out another year of forward progress. Revenue came in at \$189 million, \$4 million above our guide and operating income was \$23 million, \$1 million above our guide. Operating margin expanded by 3 points to 12%. ARR increased by \$12 million quarter-on-quarter, the second highest increase in the past 12 quarters on a like-for-like basis. And finally, free cash flow more than doubled to a record quarterly high.

Let me provide some additional details. Please turn to slide 5. Total revenue was \$189 million, up 10%, with both subscription and marketplace above our expectations. Subscription revenue was \$145 million, up 9%. Fixed subscription revenue was up 8%, in line with our high-single digit expectation. Subscription usage was up 10%. Usage revenue as a percentage of total subscription revenue was 15%, in line with the mid-teens trend. ARR was \$504 million, up 8% year-on-year and as I mentioned, quarter-on-quarter grew by \$12 million, driven by net upsell and new logo. Subscription net retention was 104%, in line with our 100% to 105% expectation. The decrease quarter-on-quarter was driven primarily by lower usage revenue associated with political advertising in Q3 and to a lesser extent, the lapping of the Habu acquisition.

Total RPO or contracted backlog was up 25% to \$710 million and current RPO was up 14% to \$471 million. Total RPO reflects the renewal of several multi-year \$1-million-plus contracts, including a renewal with one of our largest customers, IPG. We're very pleased with our recent renewal activity, which underscores the mission-critical nature of the solutions we provide.

Turning to the selling environment. I'd characterize the quarter as generally positive, though, with a note of caution. As mentioned, we saw a strong performance in large contract renewals and expansion with existing customers. However, new logo signings proved more challenging. While our pipeline conversion rate remained consistent with historical averages, we did see a modest lengthening of our average deal cycle. We believe this is partly due to the ongoing need to educate the market on our newer clean room solutions. In addition to that, late in the quarter, we did observe some customer hesitancy tied to macro uncertainty.

Looking ahead, we continue to see strong demand signals and our sales pipeline is robust, and we remain cautiously optimistic that sales momentum will accelerate if current macro conditions hold. Notably, a couple of the large deals that slipped out of Q4 have already closed in the early weeks of Q1, giving us a solid start to the new fiscal year.

Marketplace & Other revenue increased 14% to \$44 million. Data Marketplace, which accounted for 77% of Marketplace & Other revenue, grew by 13%, reflecting continued strength in US digital ad spending. Here, we did not detect any change in customer behavior in either the fourth quarter or in April as a result of the macro.

Moving beyond revenue, gross margin was approximately 72%, down 3 points year-on-year due to temporarily higher cloud hosting expenses related to our platform modernization. As discussed at our recent Investor Day, this initiative has been a big focus of our product and engineering teams, and we will be nearing completion as we enter the fiscal second half.

Operating expenses were \$113 million, flat year-on-year and in line with our expectations. Operating income was \$23 million, up from \$16 million a year ago, and our operating margin expanded by 3 points to 12%. GAAP operating loss was \$12 million, reflecting the impact of restructuring charges associated with the 5% reduction in force announced in March, as well as stock-based comp and purchased intangible asset amortization. Stock comp was \$24 million, down 2% year-on-year.

Free cash flow was a record \$62 million, more than double a year ago, reflecting growth in adjusted EBITDA and improved working capital efficiency, particularly on collections. It was also a record year for free cash flow at \$153 million, up over 50% year-on-year. We repurchased \$25 million in stock in the fourth quarter, bringing the FY 2025 total to just north of \$100 million. As of the end of the fourth quarter, there was approximately \$256 million remaining under the current authorization that will expire on December 31, 2026. Our balance sheet remains in a very strong position with zero debt and cash and short-term investments totaling \$421 million.

In summary, we delivered strong Q4 results and despite selling pressure in the first half of the year, closed out another solid fiscal year. Revenue grew by double-digits in the fourth quarter and was up 13% for the full year. We expanded operating margin and achieved a Rule of 31 performance for the full year. Finally, we posted record cash flow for both the quarter and the year, with free cash flow growing more than 50% year-on-year, underscoring the efficiency and scalability of our business model.

Let me now turn to our financial outlook for FY 2026 and Q1. Please turn to slide 12. Please keep in mind our non-GAAP guidance excludes intangible amortization, stock comp, and restructuring and related charges. Starting with the full year. First, in light of elevated macro uncertainty and the potential impact it may have, mostly on our variable revenue, our guidance incorporates a wider than normal revenue range. While we have fairly high visibility on 70% of our revenue from contracted fixed subscription and services, the remaining 30% of revenue in Data Marketplace and subscription usage is variable and is sensitive to macro conditions and so far, as softer economic growth typically results in lower advertising activity. With that said, we expect FY 2026 revenue to be between \$787 million and \$817 million, which is growth of between 6% and 10%.

Let me elaborate on the assumptions underpinning the range. Starting with the high end, we assume a relatively stable economy, broadly consistent with the trend over the trailing quarter or two. More specifically, the high end assumes subscription revenue grows high-single digits, with subscription growth accelerating in the second half. The high end also assumes Marketplace & Other revenue grows mid-teens. The low end of our range, in contrast, assumes macroeconomic growth decelerates in the fiscal second half, consistent with consensus economist forecasts. This would result in a deceleration in subscription usage and Data Marketplace growth in the back half

of our year. The low end assumes subscription revenue grows mid-single digits and that Marketplace & Other grows high-single digits. In contrast to the high end, the low end assumes subscription growth does not accelerate in the second half due to a more difficult selling environment.

So, to quickly summarize our revenue guidance, the difference between the low and the high end of the range is really the macro environment. Beyond that, it will come down to how well we execute and specifically, the sales momentum we generate in the first half with the clean room and Cross-Media Intelligence opportunity. We think the low end is fairly de-risked, given it assumes a low growth macro environment in the second half and would imply a large step down from current levels.

We expect gross margin to be roughly consistent with last fiscal year. We expect first half gross margins to be in the low-70s and in the second half normalize to the mid-70s as we finish migrating customers to our new platform back end. We expect non-GAAP operating income to be between \$178 million and \$182 million. At the midpoint, this represents 33% growth and a margin of 22%, up 4 percentage points year-on-year. The combination of offshoring and general cost discipline, including leveraging the acquired Habu expense base, is affording us the ability to invest in key growth areas, while at the same time, driving margin expansion.

Key investment areas this year include supporting the expansion of our network and the amount of utilization on it, ensuring a successful rollout of our Cross-Media Intelligence offering, integrating AI functionality into our platform, and finally, our pricing transformation effort. Stock-based comp is expected to be down 24% year-on-year to \$82 million, reflecting a more disciplined approach to share-based compensation over the last couple of years. We expect GAAP operating income to be between \$85 million and \$89 million, equating to a margin of 10% to 11%. Lastly, we expect another year of strong free cash flow and again, expect to use a substantial portion of this year's free cash flow for share repurchases. We will continue to be opportunistic, depending on market conditions.

Now, moving on to Q1. We expect total revenue of approximately \$191 million, non-GAAP operating income of \$33 million and an operating margin of 17%, up 2 points year-on-year. A few other call-outs for Q1. We expect subscription revenue to be up mid-single digits. Marketplace & Other revenue is expected to be up mid-double digits. And finally, we expect gross margin to be roughly similar to Q4 as we work through the final phases of our platform upgrade and migration effort.

Before opening the call to questions, I'll conclude with a few final thoughts. First, we had a strong Q4, ahead of our expectations on the top and bottom line, reflecting strength with existing customers and healthy digital ad markets. We like our position and momentum entering fiscal 2026 and believe in our long-term opportunity. That said, given the macro environment, we've built a heavy dose of conservatism into our guidance range and specifically, the low end of the range, to de-risk our back half, should macro conditions worsen. And finally, we continue to strategically manage expenses and expect our operating margin to expand by approximately 4 points, driving more than 30% growth in operating income.

On behalf of all LiveRampers, thank you again for joining us today and thank you to our amazing customers and partners.

Operator, we will now open the call to questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Shyam Patil with Susquehanna. Please go ahead.

Shyam Patil

Analyst, Susquehanna Financial Group LLLP

Q

Hey, guys. Congrats on the solid quarter and the outlook. I had a couple of questions. First one for Scott. Scott, on Cross-Media Intelligence, I know you mentioned that a little bit in the prepared remarks. New product. I think you announced it a few months ago. Can you talk about how customer reaction has been so far and what gives you confidence that it can accelerate growth? And then, I have a follow-up.

Andrew M. Borst

Vice President-Investor Relations, LiveRamp Holdings, Inc.

A

Hey, this is Drew. Just before we get – Scott gets going on that question, I just wanted to clarify, earlier when we posted the earnings press release, there was a mistake with respect to the outlook, particularly with operating income. The current PR that's up on the website has since been corrected, but I just wanted to make sure everybody understood that. The guidance that we gave on the call just now is accurate. I just wanted to clarify that for everybody. I'll pass it back to Scott to answer the question on Cross-Media Intelligence.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

All right. You gave me more time to prepare. So, Shyam, thanks for the question. First off, I would tell you, I'm really optimistic about our Cross-Media Intelligence solution. To me, it feels like the Holy Grail that I've been chasing for most of my adult life in advertising. Short term, just to dive into what it is, it allows advertisers to see kind of their holistic media performance. And they really want that. And what I would also say is marquee publishers also want it as they feel they aren't getting enough credit for the results that they're driving, particularly when it comes to in-store sales, things that happen off platform.

It was designed with the input of both major advertisers and with feedback from key publishers and with participation from the walled gardens and all the major CTV providers. If you recall at Analyst Day, we talked about how well we are aligned with the secular trends, in particular, social, commerce, media and CTV. And those are the publishers that have really leaned into this effort. And so, while we demoed the capability, you saw it at RampUp, and we received really strong feedback. We actually formally launched it at our sales kickoff just a couple of weeks ago.

Early reaction is good, but it's early. We've already had over 30 customer conversations. Our insights and measurement pipeline has more than doubled and more broadly, I would tell you that, again, it's early. So let me caveat that. Our bookings for the quarter, a month plus in, are up nicely relative to the same period last year. So it suggests we're getting some traction. And then, importantly, I think what gives me the most optimism isn't short term at all, but kind of the longer term realization that we know that as clients extend into clean room and insights, their spend with us increases and their churn falls dramatically. So if we can get traction here, it really bodes well for the second half of the year and our ability to accelerate our top line.

Shyam Patil

Analyst, Susquehanna Financial Group LLLP

Q

Thank you, Scott. That's very helpful. Lauren, I had a question for you as well just on the revenue guidance range. I know you talked about the macro really being one of the main factors impacting the low end versus the high end. But I was just wondering, could you maybe just talk a little bit more about just what the key factors are – the key swing factors between the low and high end of the revenue range for the year? Thank you.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. Sure. Happy to. And you called it out. I mean, in short, the biggest swing factor between the low and the high end is the macro environment. At the high end of our range, we're assuming a stable macro throughout the fiscal year. However, on the other hand, the low end assumes that US macro growth decelerates meaningfully in the back half, which would pull down the growth rates of our variable revenue streams, specifically Data Marketplace and subscription usage in the second half of the year. So, as an example, in the low case, we've assumed that subscription usage growth is flat to down in the second half and marketplace growth would moderate to mid-single digits in the second half.

And then, the delta between the mid and the high end or even how we get above the high end really comes down to execution and specifically, sales execution against our clean room strategy in the early part of this fiscal year, just given the in-year revenue contribution from deals that we closed in Q1 and Q2.

Scott just talked about our Cross-Media Intelligence opportunity. We believe this is a very compelling use case for our clean room. In addition, we continue to add new connectivity partners, AI startups like Perplexity and Chalice, as well as more established platforms like Netflix, which should drive upsell activity in the early part of the year.

Shyam Patil

Analyst, Susquehanna Financial Group LLLP

Q

Excellent. Thank you, Lauren. Thank you, Scott.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks, Shyam.

Operator: Your next question comes from the line of Elizabeth Porter with Morgan Stanley. Please go ahead.

Elizabeth Porter

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you very much. It's really good to see the strength with existing customers. And when it comes to the new side of the equation, you guys have done a lot, whether it's Habu or strategic decisions like pricing, give you the opportunity to go after that new customer, particularly in the mid-market. So I just wanted to get a better sense for where you are on this opportunity. What steps have you taken that you feel confident on and what might need a little bit more time? And then, just kind of related, if you could sneak in a comment on the logos in Q4. Is that just a shift from direct channel relationships or anything else to be aware of? Thank you.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. I'm happy to. And specifically for the quarter, the trends are very similar to past quarters. So the decline in customer count was, again, largely driven by smaller customers with relatively low ACVs. However, at the same time, our \$1-million-plus customer count continued to grow very nicely. Specifically, in the quarter, international was the big driver of the pressure on customer count. It contributed to just over half the decline. And here, and we discussed this on the last call and at Investor Day, we're migrating customers from a direct to reseller arrangement with one of our large international partners. So keeping the revenue, but pressuring customer count. The good news is, we're nearing the end of that migration.

Looking ahead, to your point, we're focused on improving this metric. We would expect it to stabilize and then would expect improvement as we move through the year. And we think this will be driven by a couple of factors. First, new clean room use cases like the Cross-Media Intelligence use case that Scott and I discussed as well as new connectivity use cases. I just mentioned Perplexity, Chalice, Netflix, among others.

And then, second, and this is going to be more medium term to your question, Elizabeth, we believe our new pricing model should help here as it lowers the cost of entry for mid-market customers. I wouldn't expect FY 2026 to see a lot of benefit from that. We intend to pilot our pricing model this summer and roll it out more broadly at the beginning of next fiscal year. But over the medium term, we certainly believe this will be a driver of improving customer count.

And then just a final note on FY 2026, we would continue to expect \$1-million-plus customer count to grow as it has in the past handful of years.

Elizabeth Porter

Analyst, Morgan Stanley & Co. LLC



Great. And then, just as a follow-up, I was hoping to get some comments on the Google announcement in April about the third-party cookies remaining its current opt-out functionality. You guys had a really helpful blog post. But just hoping you could expand a little bit more on what you're hearing from customers, any sort of reaction to the news.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.



Well, I'd tell you, Elizabeth, for, I think, with-almost-out exception from our customers, it was a non-event. Very quietly, but methodically, the world has moved away from cookies since Google first made their announcement, what, four, five years ago. It is now the case that more – we have greater reach through non-cookies than we do through cookies and that's a function of the fact that so many of our publishers are Netflix, Meta, Google itself, they require direct authentication. And that direct authentication, which is now the case at virtually all 20 of the 20 largest publishers worldwide, it's just going to unlock better reach and more granularity.

And so, a little bit of a yawn. I think, that said, it's good news for the industry because they can take their time with anybody who's not prepared and they also get the benefit of additional reach through cookies, which we continue to support. And those are going to be valuable at times when someone's doing more of a broadcast, broad reach campaign. So, our message to our publishers and advertisers are, alike are, don't worry, regardless of what happens, you're going to be well-supported.

Elizabeth Porter

Analyst, Morgan Stanley & Co. LLC



Good to hear. Thank you very much.

Operator: Your next question comes from the line of Jason Kreyer with Craig-Hallum Capital Group. Please go ahead.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Thank you, guys. Good job again. Lauren, I wanted to go back to your comments on the sales pipeline. So you said you've seen some hesitation from clients late in Q4. Curious if that continued kind of into the first half of Q1 and then, kind of that theme of hesitation or longer sales cycles, should we assume if that continues, is that more midpoint of the guide or would that take us somewhere else in that guidance range?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Jason, maybe I'll start and I'll let Lauren speak to the guide. But I would tell you overall clients like certainty and the past 12 months, we've had anything but certainty, whether it be the election, whether it be tariffs, whether it be more recently the deficit or fears about the impact of AI. But it is always the case that in recessions, great companies take share.

And the message here really matters. ROI is always important to our clients and partners, but in times of uncertainty, it is absolutely a necessity. So we have really sharpened our ROI models, our value calculators, and we're doing a lot of economic analysis for our clients. Lauren mentioned the elongation in the sales cycle. The good news is, we swept all that up in the first few weeks of April. So, yeah, it flipped into the next quarter, but we were still able to drive it across the line. And I think by paying good attention to our pipeline and the things that clients care about, which are ROI, cross-media insights, preparing for the future and winning, we have a really nice story to tell.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

And Jason, just with respect to what's embedded in the mid kind of point of our guidance range, we've assumed similar conversion rates to what we saw in Q4, maybe with a touch of conservatism applied in the mid case. That said, the low case assumes a pretty material tick down in conversion rates as we move through the year. And again, that is the low case assumes a much worse macro environment than we're experiencing sitting here today.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Q

Very helpful commentary. Thank you. I also just wanted to ask, we saw one of your competitors acquired by an agency over the past quarter. Just curious if you think there's opportunity there or any risk there that we wouldn't be thinking about.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Well, I certainly don't think there's necessarily any heightened risk. Listen, all the agencies are our partners. And when we talk to clients, they're always nervous about concentrating their technology spend or their data with folks who directly control their media, whether it be a media provider or a media buyer. So, net-net, I think it's an opportunity. We love competition, but it makes us better. And relative to others in the industry, I kind of joked the other day to our sales team that we're all about AI, always innovating and if we do that, we're going to stay ahead of the rest of the industry. I really like the ideas, the innovations that are coming down our pipeline.

Jason Michael Kreyer
Analyst, Craig-Hallum Capital Group LLC

Q

All right. Great. Thank you.

Lauren Russi Dillard
Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Thanks, Jason.

Operator: Your next question comes from the line of Peter Burkly with Evercore ISI. Please go ahead.

Peter Burkly
Analyst, Evercore ISI

Q

Yeah, guys. Thanks. This is Pete Burkly on for Kirk Materne. Appreciate you guys taking the question. Scott, maybe for you. I'm curious, the clean room solution, you discussed the 4x ARR from customers with that solution, but only 25% of customers are currently using it. So I'm curious, is there anything from a customer segmentation standpoint that would limit the ability for some portion of those customers to adopt that solution. Or is it more just a function of time and execution on your part?

Scott E. Howe
Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Well, I think it is time and execution. For the past couple of years, the real driver of the clean room adoption has just been the need for collaboration. You have major retailers, for instance, wanting to collaborate with their packaged goods partners. In that situation, everybody wins. But it's been the case that the adoption has proceeded most rapidly with the biggest companies, the largest retailers and the largest packaged goods manufacturers. Over time, I think you'll see greater adoption with everyone. And the obstacle that we've seen in terms of pushing that down, part of it is our own doing. It's about standardization and scalability and education. We talk a lot internally about shortening the time to value, just making things easy to set up and see immediate value.

And so, we've simplified our product. We've standardized our queries. We talked about that a little bit at Investor Day. AI will make things even more intuitive and easy to use, but we think long term, clean rooms are going to be the de facto standard for not just the large, but anyone. And the reason I say that is because public models for AI will only go so far. If you train on the world's public information, eventually, you get an asymptote on the results that you'll achieve. To break through that and generate better performance, you need to use proprietary data. And that proprietary data is the CRM data that every major company holds. And they want to collaborate with a lot of other companies, and they're only going to do that if they know that their data is secure. And the only way they can ensure the security is to use a clean room.

So when we talk about AI, we're increasingly talking about how do we standardize the methodology by which AI models can ingest our clients' data safely and securely and ensure that advertisers and publishers maintain control over it. So, I think, secular trends here are at our back.

Peter Burkly
Analyst, Evercore ISI

Q

Very helpful. Thank you. And Lauren, maybe just a quick follow-up for you. Just thinking about NRR, even directionally, I think, you mentioned that a large part of the sequential decline was related to the usage portion of

subscription and then, the lower factor being Habu. So I'm just curious mechanically going forward and specifically related to your color with the low end of the guide sort of factoring in that lower usage subscription revenue. So is there a scenario where the NRR could continue to move lower from here or do you think we're at the low watermark? Just trying to understand directionally how that trends. Thanks.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. Thanks for the question, Pete. So embedded in our guidance and guidance range is an assumption that subscription net retention is between 100% and 105% at least over the near term. So, SNR in the first half of this year will be impacted by the selling pressure we experienced in the early part of fiscal 2025. But we would expect improvement in the second half as we execute against the strategies that Scott laid out.

Medium term, we continue to target 105% to 110% net retention. The biggest lever being the cross-sale of our clean room offering. In addition, and Scott highlighted this in his prepared remarks, we made very meaningful progress in improving gross retention or bringing down contraction in FY 2025. And we think there's still a little bit more juice to squeeze here. So, in the near term, assume 100% to 105%. However, we feel confident in our ability to get back above 105% toward the end of this year or into next year.

Peter Burkly

Analyst, Evercore ISI

Q

Very helpful. Thanks much.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Thanks, Pete.

Operator: Your next question comes from the line of Mark Zgutowicz with Benchmark. Please go ahead.

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Q

Thank you. Good evening, Scott and Lauren. Nice to see the acceleration both on ARR and RPO. The total RPO, it looks like, as far as I can tell, was the strongest sequential you've posted since reporting the metric. So I'm just curious if you could maybe provide some color on what's unique about this renewal cycle and then how we might think about these large contract renewals converting to current RPO over time. Thanks.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. It's a great question. And I think our headline would be we're really pleased with our progress here. We had a very successful quarter renewing large multi-year deals, which drove 57% growth in the non-current portion of RPO. I think Scott mentioned in his prepared remarks, we renewed 20 deals with \$1-million-plus ACVs and more than half of those were on multi-year terms. So kind of the multi-year nature of the deal signings were really the biggest driver of this step up. As we've mentioned, 30% of our subscription revenue is now on a multi-year contract, which we believe is very positive. It's a strong signal of the criticality of what we do for our customers.

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Q

Got it. And the Data Marketplace business, another – it looks like a strong quarter. I'm curious if you think about Oracle contribution there as well as CTV contribution. Was it incremental this quarter versus past? And just on CTV itself and sort of emerging CTV partnerships, are you perhaps starting to see some opportunities there sort of a tailwind off of Netflix and Disney, if you will? Thanks, Lauren. Appreciate it. And Scott.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Yeah. Happy to take both. Both great questions. With respect to Oracle, I think we mentioned this on the last call, just given the scale and breadth of our marketplace business, it's hard to perfectly tease out the benefit from Oracle versus other factors. As an example, Oracle had about 45 data providers in its marketplace, and we were working with virtually all of them. Today, our marketplace supports just north of 200 data providers. That said, our best estimate is that Oracle added a couple – a few points of growth over the past two quarters, and we would expect a similar contribution over the next two quarters.

And with respect to CTV, I mean, it was a real bright spot in our Data Marketplace in FY 2025. For the year, data bought off our marketplace to support CTV advertising was up nearly 50%. And as I mentioned in my prepared remarks, we have a handful of big new CTV Data Marketplace partnerships that are coming live this quarter or next quarter, which we would expect to support continued strong growth here in FY 2026.

Mark Zgutowicz

Analyst, The Benchmark Co. LLC

Q

Sounds great. Thank you.

Operator: Your next question comes from the line of Alec Brondolo with Wells Fargo. Please go ahead.

Alec Brondolo

Analyst, Wells Fargo Securities LLC

Q

Hey. Thanks much for the question. Saw two good quarters of RPO acceleration after the October product refresh. I think the lesson has to be that making the product easier to use or more intuitive drives bookings. So I think the natural question, what are the next two or three things you could do to continue making the product simpler for advertisers? That's the first question. And the second question is on the cross-media measurement product. There is a group of kind of decent deterministic multi-touch attribution platforms. I think Triple Whale is one, Northbeam is one. I mean, so the question is, what's differentiated about LiveRamp's offering there in the market? Thank you.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Yeah. So, first off, in terms of product priorities, I'll answer it detailed and then I'll bring it up and just talk about it in summary. Depending on which aspect of our portfolio you're talking about, remember, we have four pillars and the priorities for each are a little bit different. On the identity pillar, it's really about expanding cloud interoperability and powering first-party data infrastructure, such that our partners can achieve greater accuracy and scale. And that just makes us more ubiquitous.

On the access front, which is about access to data, it's increasingly about expanding the different providers in our marketplace, but then also, allowing them not just to provide data, but really to provide models. I think, over time, five years from now, we're not going to be talking about data elements. We're going to be talking about models.

And so, over time, I think, our marketplace evolves to much more of a model AI-driven set of capabilities. And so, we're thinking hard about that journey.

On the connectivity side, which is activating all the destinations where data can be utilized, well, really there, it's just about accelerating our efforts, expanding to new partners and use cases, Perplexity, for instance, or all the different CTV providers that are now going live. Those are great examples. But also, international, where our effective reach has been lower in many international markets than the US and we're closing that gap in a way that our clients really are pushing us to do.

And then, finally, on the insights front, that's about interoperability, AI-driven usability, scalability, getting more partners involved. If there are some mega themes that go across all those things, I would say, we are always driving for more usability. We want our products to be extremely usable and intuitive because we know that drives quicker adoption.

Scalability, our power users use our products in ways that we had never imagined and we see the volume loads. And so, we are constantly thinking about how to improve our throughput, our processing or uptime. And there, it's a constant race to be better and better.

And then, finally, functionality, where our clients are always pushing us in ways that we can't even imagine because they're bringing to us different partners, different use cases, different ideas. And so, we're going to support those kind of quick twitch innovations that our partners want us to do. Our Head of Product, Matt Karasick, he talks a lot about, hey, we are going to build stuff that our clients and partners want to buy. We're going to build stuff where they generate value. And so, we are pretty maniacally focused on what our clients and partners tell us they're trying to do, and we're always trying to solve their problems.

On your question about the cross-media insights and the competition that we could face there, what I would tell you is that, we have always believed that we want to be a measurement enabler, not a measurement solution. And so, we built capabilities that power a lot of different other measurement providers. But what we're hearing from our partners is that what they're trying to do is so collaborative. It is about how does an advertiser place an ad on a publisher, and then measure the result of an in-store sale with another partner entirely. And so, those lend themselves not to kind of the traditional measurement solutions, but really the clean rooms. Because what people are trying to do is so unique.

Now, the configuration is oftentimes very custom, depending on which partners you're talking about. But the number of custom configurations can be pretty easily managed because like what a major merchant is trying to do with their different publisher partners and their different packaged goods partners, the names might change, but the use cases that they're trying to drive look pretty similar.

So, the group that you mentioned, quite frankly, we don't come up against them in head-to-head selling. And I would say, we'd be far more interested in how can we partner with them and help power their measurement solutions, whatever they are.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

And hey, Alec, maybe just to put a fine point on that, because you asked specifically what differentiates our Cross-Media Intelligence offering to that of the companies you just mentioned. And I think to summarize what Scott said, it's really our network...

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Yeah.

A

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

...and the scale of our network. If you are trying to measure across multiple partners and on and offline, you need a network as big as LiveRamp. And today, no one else comes close.

A

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Yeah.

A

Alec Brondolo

Analyst, Wells Fargo Securities LLC

Thanks so much.

Q

Operator: Seeing as there are no further questions, I will now turn the call back over to Lauren Dillard for closing remarks.

Lauren Russi Dillard

Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

Thanks so much. Let me just finish with a few final thoughts. Again, we had a strong Q4, ahead of our expectations on the top and bottom line. We like our position and momentum entering fiscal 2026 and believe in our long-term opportunity. That said, given the macro environment, we've built a heavy dose of conservatism into our guidance range and specifically, the low end of that range. And finally, we continue to strategically manage expenses and expect our operating margin to expand by approximately 4 points, driving more than 30% growth in operating income in fiscal 2026.

With that said, thank you again for joining. We look forward to updating you on our progress in the quarters ahead.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

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