

Zacks Small-Cap Research

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MarketWise Inc

(NASDAQ: MKTW)

MKTW: Focus on Quality over Quantity. Initiating coverage of a financial market content leader.

We believe the company's strong dividend payout, stabilizing billings, and a resumption of revenue growth in 2027 should improve its valuation. We assume the company will achieve a P/E of 7x 2027 earnings, which supports our valuation of \$24/share.

Current Price (04/17/26) \$17.00
Valuation **\$24.00**

OUTLOOK

MarketWise has intentionally focused its marketing efforts on high-priced premium research and software tools, resulting in subscriber losses but a significantly higher Average Revenue Per User.

Despite a decline in total subscriber count, the company remains highly profitable, and cash flow from operations is expected to exceed \$50 million in 2026. It intends to pay dividends totaling \$1.80/share to Class A holders this year.

With subscriber declines moderating and billings growth reaccelerating, we view this as an opportune time to consider long-term positions in MarketWise.

SUMMARY DATA

52-Week High **\$21.74**
52-Week Low **\$12.65**
One-Year Return (%) **23%**
Beta **0.34**
Average Daily Volume (sh) **20,306**

Shares Outstanding (mil) **16.1**
Market Capitalization (\$mil) **\$274**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **23**
Insider Ownership (%) **33**

Annual Cash Dividend **\$1.80**
Dividend Yield (%) **10.6%**

5-Yr. Historical Growth Rates
Sales (%) **-13%**
Earnings Per Share (%) **-24%**
Dividend (%) **NM**

P/E using TTM EPS **8.1**

P/E using 2026 Estimate **6.5**

P/E using 2027 Estimate **5.1**

Zacks Rank **N/A**

Risk Level
Type of Stock
Industry
Average Value
Publishing / SaaS

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	109 A	105 A	97 A	97 A	409 A
2025	84 A	80 A	81 A	83 A	328 A
2026	85 E	82 E	83 E	85 E	335 E
2027	92 E	88 E	90 E	92 E	362 E

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2024	\$0.80 A	\$0.80 A	\$0.80 A	\$1.00 A	\$3.60 A
2025	\$0.41 A	\$0.53 A	\$0.58 A	\$0.77 A	\$2.31 A
2026	\$0.59 E	\$0.60 E	\$0.71 E	\$0.73 E	\$2.63 E
2027	\$0.75 E	\$0.77 E	\$0.91 E	\$0.93 E	\$3.36 E

KEY POINTS

- **MarketWise operates a high-margin model that continues to generate significant cash flow.** MarketWise's costs are primarily limited to customer acquisition and content creation, as digital distribution of content is virtually free. Over the company's long operating history, it has continuously generated strong margins, operating income, and significant free cash flow.
- **The pivot toward higher-value subscribers remains on track.** MarketWise is in the midst of a strategic shift away from lower-priced, entry-level newsletters toward higher-priced targeted research and software tools. While this has led to a decline in revenues and total subscribers, we believe this is a temporary issue, and the strategy is already having the desired effect, as the company's average revenue per user (ARPU) increased roughly 70% in 2025 to \$670.
- **MarketWise is targeting a large total addressable market opportunity (TAM).** Despite some cool off in the markets after the COVID-related investing frenzy of 2020-2021, the US still has more than 59 million accounts that are held by self-directed investors and many of these investors are searching for greater edge in the markets that can be gained by research subscriptions and investment management tools that are part of the suite of more than 100 products offered by MarketWise.
- **The subscriber base appears to have stabilized, and billings growth in 2025 should provide financial tailwinds.** After peaking in 2021 at roughly 1 million subscribers, paid subscribers continued to decline in 2025 (down 26%) due to a strategic decision to shutter a former division and shift the company's focus to higher-value subscribers. The subscriber runoff seems to have stabilized in the second half of 2025 at 374,000. The company's billings in 2025 were up 13%, which should drive strong results in 2026 and 2027.
- **MarketWise's cash flows and financial condition are remarkably strong.** The company generated \$46 million in operating cash flow in 2025, had no debt, and held \$70 million in cash on the balance sheet as of 12/31/25. Additionally, the company has a strong track record of paying dividends to holders of its Class A common stock, and it has indicated its intention to pay regular and special dividends totaling \$1.80/share in 2026.
- **MarketWise continues to invest in content quality and marketing tools.** The company's strong product portfolio and investments should drive sustainable billings growth. We believe that the company has the financial capacity to pursue attractive M&A opportunities when they emerge.
- **Past missteps continue to be an overhang on the stock, creating opportunity for patient investors.** The shutdown of Legacy Research continues to linger in investors' minds, and the industry as a whole continues to face skepticism from more traditional content providers. We believe this overhang presents an opportunity for patient investors to invest at a compelling valuation.
- **We are establishing a target of \$24/share** (40% above the current price) for MarketWise, based on our assumption that the company's valuation gap relative to its peers will shrink as subscriber numbers stabilize and average revenue per user continues to grow.

OVERVIEW

MarketWise (NASDAQ: MKTW) is a digital platform that provides financial research, news, quantitative analytical tools, and investment education to investors. The company was founded in 1999 at the advent of the self-directed investor boom, and after E-trade went public in 1996 and Ameritrade began conducting online trades in 1995. By the time the company was founded in 1999, 25% of all stock trades had moved online, and there was significant demand for independent views on equities and markets that self-directed investors could use to develop their own customized investing and trading strategies. The company began as a single, monthly newsletter in 1999 when Porter Stansberry launched Stansberry's Investment Advisory, a monthly newsletter focused on emerging trends and economic conditions.

Today, the company has grown to more than 450 employees and, through multiple customer-facing brands, a team of analysts and editors provides institutional-quality research, financial analysis software tools, and market updates. Through 9 unique brand offerings, MarketWise offers 20+ free products and more than 100 paid products covering topics such as value investing, growth, commodities, biotech, mutual funds, options, and trading. The company believes its most successful products are built around experts with a specific investment philosophy that resonates with its subscriber base.

The majority of the company's published research is distributed monthly, although we've noted that some of the more trading-oriented publications are sent out more frequently. The company's subscriptions range from around \$100 per year to over \$5,000 per year for premium research services. Marketwise has significantly increased investments in analytical software and tools over the past few years, and roughly half of the company's revenue today comes from these offerings.

The company's subscriber base fell sharply in 2025, down 26% to roughly 374k paid subscribers, due to the winddown of the Legacy Research business (discussed below); however, the average revenue per user (ARPU) was up more than 70% in 2025 to \$670 as the company shifted its focus to prioritize retaining its high-value subscribers.

PRINCIPAL PRODUCTS AND OPERATING DIVISIONS

Traditional newsletters:

Stansberry Research

As we noted, Stansberry Research was the company's founding brand, dating back to 1999, and it remains the largest and most established brand in the company's portfolio. The company offers a free newsletter that serves as a marketing funnel to its entry-level newsletters, priced at \$80-\$200 per year.

The Stansberry Research division consists of the flagship Stansberry Investment Advisory newsletter and 8 other publications focused on retirement, commodities, deep-value investments, healthcare, and macro trends. The Stansberry Investment Advisory newsletter is now edited by Whitney Tilson, a former hedge fund manager who grew his primary fund from \$1 million under management to a peak of \$200 million, driven by strong early performance during the early 2000s. Mr. Tilson was a regular guest on financial media outlets during his time running the hedge fund and remains a household name to many self-directed investors.

Stansberry Research differentiates itself from other, more traditional research firms by allowing a broad range of opinions on markets and industry trends rather than having a single investment policy committee directing all decisions. This approach appears to be one of the key differentiators for Stansberry Research (and MarketWise) as their customers appreciate the diversity of thought on broad, complex market issues.

The founder of Stansberry Research, Porter Stansberry, resigned as the company's CEO in 2024 following a dispute over an acquisition, but he retains his large ownership stake and a seat on the company's board of directors. Mr. Stansberry now writes a series of financial publications for his new company, Porter and Company.

Brownstone Research

Brownstone Research is a technology-focused platform headed by former hedge fund executive Jeff Brown.

The platform offers daily and monthly research products covering emerging technologies, including AI, biotech, quantum computing, robotics, and nuclear energy. The focus of these publications is on earlier-stage opportunities that offer greater upside but involve more risk than the overall market.

InvestorPlace

InvestorPlace was founded at the dawn of the financial newsletter industry in 1973 and is one of the broader platforms for market-related content. InvestorPlace is likely the first point of contact for many MarketWise customers, as the platform primarily offers free content. This "freemium" model offers links to more content available to premium subscribers who upgrade to a paid subscription.

In total, the company operates more than 18 services under this brand, including economic commentary, sector, and broad-market analysis.

The company also offers newsletters focused on value stocks with attractive dividend payouts through its "Wide Moat Research" division, as well as trader-focused weekly and monthly publications from "The Opportunistic Trader" and "Jeff Clark Trader".

Software and Portfolio management tools:

MarketWise has three divisions that offer interactive tools with greater user engagement: Chaikin Analytics, TradeSmith, and Altimetry. Chaikin Analytics and Altimetry blend traditional publications with screening tools for investors, while TradeSmith is more focused on providing portfolio management tools and algorithmic trading strategies.

Chaikin Analytics

Chaikin Analytics is a quantitative stock analysis product that has become increasingly popular as technical analysis has gained influence in the markets.

This platform's premier product is the Power Gauge Report, created and edited by Marc Chaikin, which uses a proprietary 20-factor model and technical indicators to identify, each month, what they believe is the best mid- or large-cap stock. The company sees this business as more similar to a Software-as-a-Service model than the standard newsletter model upon which MarketWise was founded.

Altimetry

Altimetry is a research and publishing platform that focuses on the accounting fundamentals of focus companies and seeks to exploit mispriced equities in the market when accounting rules may have led the company to appear to outperform or underperform economic reality.

TradeSmith

TradeSmith focuses on offering a suite of software tools for portfolio management, including position sizing, stop-loss calculations, and screening tools. These tools are designed to help investors manage risk and manage the overall health of their portfolios. TradeSmith is a keystone product for MarketWise because serious self-directed investors use it to evaluate many aspects of their portfolios, making it a critical tool for these customers when making self-directed investment decisions.

The company's software and analytical tools accounted for over half of its 2025 billings, and we believe the customers of these products tend to have higher lifetime value to MarketWise.

HISTORY

The foundations for the company that would become MarketWise were laid in 1999 when Porter Stansberry launched Stansberry Research, focusing on delivering an independent viewpoint on the markets and in-depth investment research. The initial capital to launch Stansberry Research was provided by Mr. Bill Bonner, founder of the Agora Group.

Agora Group had been founded in the 1970's as an alternative investment publishing firm focused on overlooked ideas. Agora capitalized on the volatile trading of the 1980's to attract a loyal following of subscribers. Under the broader Agora umbrella, the company continued to grow and expand, adding several newsletters and eventually developing the trading tools and software it offers today.

In the early 2000's, trends like the increased popularity of self-directed investment, increased internet access, ease of digital distribution, and low-cost digital advertising, fueled rapid growth for the group of financial publications and software tools that were still operating as part of the larger Agora Group but operating under the "Beacon Street Group" trade name.

In 2021, as subscription demand soared during the post-pandemic trading boom, the company agreed to merge with a special purpose acquisition corporation (SPAC), rebranding the company as MarketWise and trading under the ticker MKTW. The company had a peak valuation of \$3 billion in August 2021.

The Agora Group has recently rebranded as Monument and Cathedral (see commentary below regarding the group's ownership stake and the acquisition proposal later withdrawn), so investors should be aware that they are the same entity.

SUBSCRIBERS

Since peaking in 2021 at roughly 1 million paid subscribers, the company has seen a steady erosion of its subscriber base, largely due to the wind-down of the pandemic-era retail trading boom. Surging retail investor activity during the pandemic drove subscriptions to an all-time high amid stimulus payments, lockdowns, and soaring interest from new retail traders in equity markets. Engagement with all investment newsletters, like those offered by MarketWise, declined as the pandemic ended, society began to reopen, and markets suffered a setback in 2022. Further accelerating the decline in subscribers was the decision to shutter Legacy Research in 2024 (discussed below), which resulted in the loss of roughly 60,000 additional subscribers in 2025. Finally, since 2024, MarketWise has prioritized higher-priced products rather than focusing on maximizing the total number of subscribers. While this has driven up the company's average revenue per user, it has also contributed to the overall decline in total paid subscribers, a metric investors had focused on since the company went public.

Figure 1: MarketWise Subscriber Count

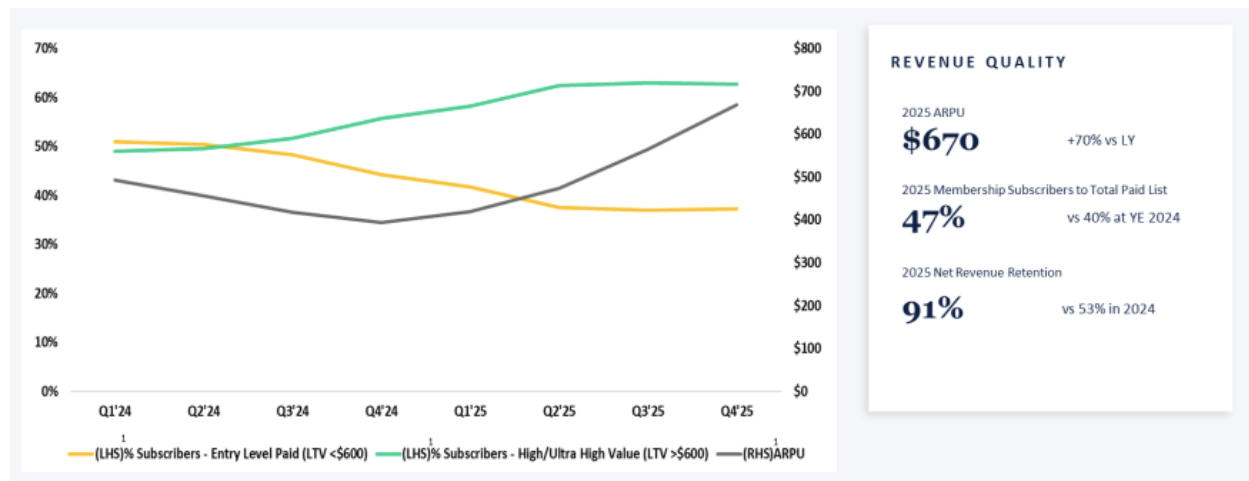


Source: MarketWise Investor Presentation March 2026

After falling roughly 22% in the first half of 2025, the company's subscriber count stabilized in the second half of the year, falling just 5% to 374,000.

Strategic Pivot to High-Value Subscribers: Since mid-2024, MarketWise has deliberately shifted its focus toward higher-priced products rather than maximizing the total number of paid subscribers. While this decision amplified the already declining subscriber count, the company appears to have, for the time being, reached a new baseline of subscribers in the 350,000-400,000 range. Importantly, the shift in focus has boosted the average subscription value, and the company's average revenue per user grew by 70% in 2025 to \$670.

Figure 2: Subscriber Mix

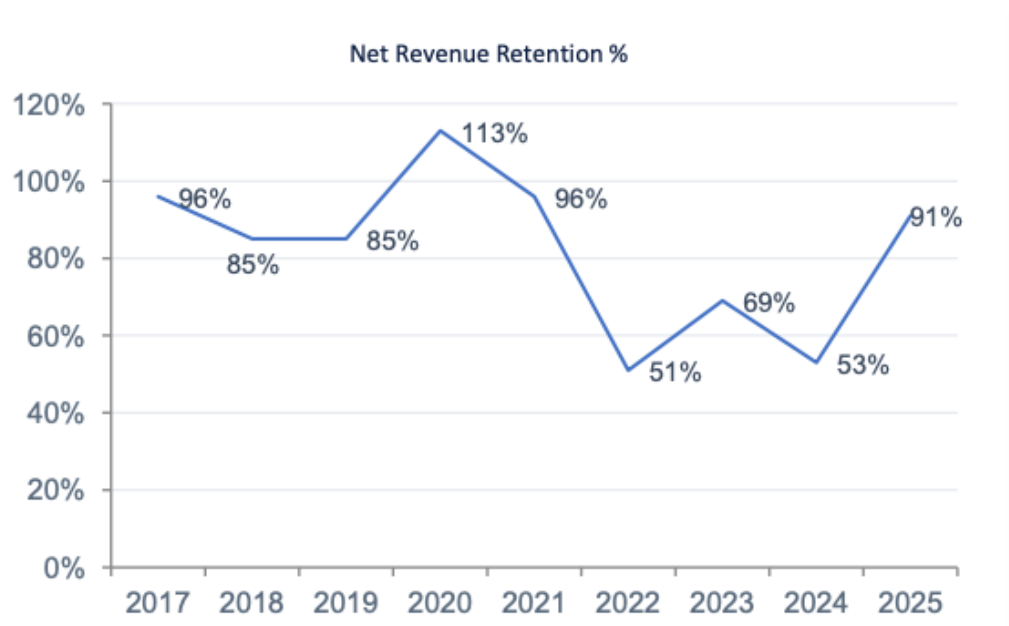


Source: MarketWise Investor Presentation

Interestingly, if we go back to Q1 2024, when the company ended the quarter, it had 683,000 subscribers, roughly split equally between entry-level and high-value/ultra-high-value subscribers. Over the next 7 quarters, the company lost about 45% of its total subscribers or 305,000 total subscribers, but the lost subscribers were concentrated in the entry-level subscribers. We estimate that about 2/3rds of the lost subscribers during this period were entry-level, and roughly another 1/3 were high- or ultra-high-value customers.

While the company has shown progress in stemming subscriber losses, it will be very important for the company to demonstrate continued stabilization or subscriber growth, coinciding with stable or growing average revenue per user and increased billings, in the coming quarters to restore investor confidence.

Figure 3: Net Revenue Retention



Source: Company Investor Presentation.

As part of the company's turnaround story, it will be important to track the reported "net revenue retention," which the company calculates as total annual billings from existing customers at the beginning of the year divided by all billings from all subscribers in the prior year. In the post-COVID lull from 2022-2024, it was clear that retention fell well below historical norms, as many new customers were not long-term, self-directed investors. The average retention rate fell to roughly 56% during this period, down from 95% in 2017-2021. In 2025, this retention rate returned to 91%, closer to historical norms, and we think it is important for the company to demonstrate a similar level of revenue retention going forward to regain investor confidence in its turnaround plans.

GROWTH STRATEGY

MarketWise's growth strategy leverages customer data to efficiently acquire, convert, and retain subscribers while maximizing each user's lifetime value.

The company drives new customer acquisition through digital display advertising, email marketing, acquisition of third-party subscriber lists, and traditional television or radio advertising. Marketing investment is directed toward the most successful programs and adjusted based on their performance to keep the company's customer acquisition costs in line with historical and industry averages. While the company has dedicated substantial resources to focusing on high-value customers, it is exploring the possibility of launching new entry-level products that could bring new customers onto the platform, creating new opportunities to upsell services to these customers in the future. We will look for news on this front in 2026, as we believe some product lines seem like natural growth extensions (particularly as it relates to market order flow, option trading and strategies, and intraday trading opportunities).

A critical component of the company's growth strategy is retaining current customers. Deriving more revenue from cross-selling efforts should help boost the company's ARPU and eventually lead to a return to GAAP revenue growth.

A second growth engine for the company is to accelerate its billings by stabilizing the total number of paid subscribers, as the company appeared to do in Q4 2025. Once the company has demonstrated that its subscriber base has stabilized for a few quarters, it will be important for the company to show that it is also renewing many of these high-value customers at prices that increase the company's ARPU. By strengthening the company's ties with its customers, the company can increase each customer's lifetime value and, hopefully, provide long-term benefits to the self-directed investor who values the company's advice.

Finally, the company has discussed plans to expand its premium investment research offerings, which should be priced at higher average prices, and plans to introduce additional algorithm-based trading tools and portfolio management software. It is uncertain at this point what the uptake of these tools might be among the company's current customer base, which largely focuses on investors with longer time horizons. Over the company's operating history, it has strategically partnered with specific newsletter publishers through joint ventures or outright acquisitions. In light of the challenges the company has had in recent years with some subsidiaries, we think the M&A component of the company's growth expectations could be paused for the foreseeable future.

STRATEGIC REALIGNMENT

In 2022, the SEC charged a former analyst of Palm Beach Venture, a newsletter that was ultimately owned by MarketWise through its subsidiary Legacy Research, with securities fraud for receiving cash and other payments from leaders of various companies to have their stocks promoted in the newsletter authored by this analyst. Ultimately, the Department of Justice filed criminal charges against three parties related to this case, including the former Palm Beach Venture analyst.

As a result of this investigation, MarketWise elected to conduct a deeper internal review of its publishing practices to identify any potential conflicts of interest. This investigation revealed additional potential conflicts of interest involving a consulting agreement that a high-profile editor at Legacy Research had with a company recommended to newsletter subscribers.

As a result of these revelations, MarketWise decided to shut down Legacy Research in 2024 and eliminate all brands associated with Palm Beach Research. This move led to the elimination or reassignment of close to 20% of the company's staff and resulted in approximately 58,000 paid

subscribers being eliminated from the subscriber base. This decision was a bold, risky move for MarketWise to regain customer trust, but it was likely necessary to preserve the credibility of the surviving brands.

The shuttering of Legacy Research was a significant contributor to the subscriber declines the company experienced in 2025 and to the revenue lost during that period. We feel as if the company has largely put this issue behind it, but it may take more time for investors to fully regain faith in the newsletter products under the MarketWise umbrella.

INDUSTRY OUTLOOK

MarketWise operates in the broader market of investment-related news and research for self-directed investors, specifically in investment newsletters, data analysis, and software tools investors use to conduct their own research and analysis.

Direct-to-consumer subscription models, like those offered by MarketWise, have grown increasingly popular as retail investors seek unique insights and platforms for distribution continue to lower barriers to entry. Many platforms have almost no distribution costs, which can yield significant profit margins for successful publishers, but it also means there are very few barriers to entry in this market. The financial newsletter combines aspects of traditional financial media, economic commentary, and industry expertise, packaged and sold to investors as a monthly subscription service.

Most companies in the space follow a Freemium model, offering free content via a website or email campaign that eventually leads to a paid entry-level subscription, with the option of additional premium add-ons. Most companies operating in the space are constantly seeking new customers by using creative digital marketing techniques.

Pricing in the industry varies widely, from free at the top of the marketing funnel, where most companies distribute free newsletters or articles to establish their presence in the market and grab investor mindshare, to eventually sign up customers to a basic subscription service that is typically priced between \$200 and \$250 per year. Services like the Motley Fool Stock Advisor, Zacks Investment Research Premium (published by the parent of Zacks Small Cap Research), or Seeking Alpha Premium all follow this model.

There are several services, including Motley Fool and several MarketWise subsidiaries, that offer higher-priced premium subscriptions, but they typically use the freemium and entry-level subscription levels to drive new user adoption. The low-cost solutions are generally seen by those in the industry as "lead generation" for the premium-priced research, which are the primary profit engines for these companies. We believe that many customers of paid subscription services are reading multiple offerings from leading companies as they seek an edge in the market.

The entire industry saw significant surges in demand for all tiers of service during the period from 2020 to 2021, which was now recognized as the pandemic-fueled trading boom when self-directed trading account openings surged, stimulus payments fueled increased risk-taking among retail traders, and meme stocks filled traders' dreams of lottery-like winnings from the stock market. Most of the major market newsletter services saw subscriber counts peak in 2021 or early 2022. Since 2022, subscriber totals have dipped as retail trading has cooled and markets have seen reduced volatility. Newsletter publishers have also noted that there appears to be an increased tendency of investors to cancel quickly in weak markets or renew when markets are strong or volatile. It will be interesting to see the impact of recent market volatility on renewal rates and subscriptions.

The landscape of investment research providers for self-directed investors includes platforms that are primarily newsletter-focused, like Motley Fool. However, beyond that, it also includes hybrid models such

as MarketWise, Seeking Alpha, and Zacks Investment Research, which offer quantitative tools, data analysis, and market research. Finally, there is a loose collection of independent content creators who use platforms like X, Reddit, Substack, Discord, or Telegram to distribute their content, which tends to focus on a more trading-oriented investor base. There are very low barriers to entry at the low end of the market, with many people trying to convert followers into subscribers with little or no track record. These new market entrants are likely putting pricing pressure on the more established brands, as they face a steady barrage of competitors who may not charge for their services or charge minimal monthly fees. The advent of free or low-cost content is not new, but the massive quantity of this content available could be affecting investors' willingness to pay high subscription fees for research.

However, the largest players like MarketWise and Motley Fool still benefit from the scale of having hundreds of thousands of subscribers and the long track records that give their publications credibility.

A relatively new aspect of the market is the use of AI to generate content and create investment newsletters that resemble the traditional content from companies like MarketWise. While these new AI products do not have long track records and are not considered immediate threats to the industry today, the low cost of content generation and the ability to generate content almost immediately could eventually disrupt the industry in a meaningful way in the coming years. Marketwise has noted that it is also exploring using AI in its production process, which carries some risk but could help the company expand its offerings.

In addition to AI tools, quantitative and technical analysis tools are becoming increasingly popular with retail traders as supplements or replacements for traditional fundamental research. As MarketWise has added software tools, we expect several other competitors to do the same to continue offering the most complete solutions to investors.

In general, the industry has very high gross margins due to low distribution costs, but the challenge of avoiding customer turnover (churn) is a significant burden, and companies must spend heavily on marketing to acquire new customers.

The outlook for the industry is that demand will continue to normalize in the post-pandemic era, but this assumes markets are relatively stable. If the weakness demonstrated in the last six months were to continue through the end of the year, and the US consumer continues to struggle, customer retention could become a challenge. In the long run, there is expected to be some merging of trends in the industry, so we expect AI tools to become more integrated in the production of content, customers will likely demand greater access to data and software tools, and we believe it is possible that there could be integration of creator tools like Discord or Substack as part of the provider package.

COMPETITIVE POSITION

MarketWise is clearly among the market leaders with 374,000 paid subscribers across more than 100 products. It is difficult to compare MarketWise to other providers because the purest comparables – The Motley Fool, Seeking Alpha, Zacks, and The Agora Group are all privately held. Based on the information we have gathered from various sources, we believe MarketWise likely has fewer paid subscribers than the other players, but its average revenue per user is likely higher, reflecting the company's focus on high-value premium subscribers.

The stabilization of the company's subscriber base is a good indication that it is in a strong competitive position today, as investors appear satisfied with the content and value the research written by the MarketWise editors and analysts. This continued stabilization of the subscriber base will be a key measure for investors to monitor.

Given the importance of editors and analysts in maintaining relationships with subscribers, it is important for the company's key editors to continue to offer unique, valuable, and actionable investment ideas. The long-run track record of many of the company's editors and analysts enhances its competitive positioning in the industry. There appears to be a relative balance in the market, with each major player having a specialty that allows them to stand slightly apart.

The biggest competitive threat to all of the companies in this space is likely to come from outside the traditional publishers, in our opinion, as investors become more focused on trading and less on long-term investment opportunities. Several Discord, Substack, and Telegram groups have emerged in recent years and have very large followings, providing daily (sometimes hourly) updates on markets, technical indicators, option positioning, and order flow, which is driving a great deal of short-term market action. We believe that these low-priced information sources, which often have only one person working behind the scenes, could pose a long-term threat to companies like MarketWise and other traditional, market-focused publishing firms.

COMPETITIVE ADVANTAGE

The Power of Multi-Brand Offerings

MarketWise owns and publishes a broad spectrum of investment newsletters under multiple brands, with different editors and analysts. This diverse product suite allows the company to match investor goals and risk tolerances and provides a variety of market viewpoints. The company offers many ways for customers to benefit from a free newsletter, with the goal of eventually upgrading free users to high-value, long-term subscribers, potentially across multiple publishing lines. By operating with editorial autonomy, the company's brands retain unique value within the MarketWise portfolio while still offering significant cross-selling opportunities across its user base.

Strong Direct Marketing

MarketWise has leveraged data collected over the past 25 years of developing direct marketing campaigns to build a powerful marketing approach that combines actionable alerts with built-in calls to action (plenty of "learn more" and "subscribe here" buttons) to convert free users into paid subscribers. The company can fine-tune its marketing to reflect market conditions – volatility, bullish runs, etc., and that has proven effective over various market cycles.

Core Customer Base Remains Loyal

MarketWise and its analysts and editors develop deep relationships with the investors who subscribe to its portfolio of products. After higher-than-average churn in the wake of the pandemic boom years, the company's retention rates have returned to near historical norms. The loyalty to the analysts and editors stems from the high-quality research they produce, making it challenging for subscribers to find reasonable alternatives.

Investments in Software & Data Tools

Beyond the company's core newsletters, MarketWise has integrated valuable tools, such as TradeSmith and Altimetry's accounting analytics tools, into its offering. These tools turn services from static newsletters into active asset management tools for self-directed investors.

RECENT FINANCIAL RESULTS

In early March, MarketWise announced fourth-quarter and full-year results for 2025, with net revenue of \$83.4 million and total fourth-quarter billings of \$78.9 million. We will discuss the importance of billings and how it relates to revenues below. The company appears to have stabilized its customer base in the second half of 2025, and the average revenue per user has increased from \$394/user in Q4 2024 to \$670/user in Q4 2025, representing a 70% year-over-year increase.

The company's ability to generate substantial cash flows was on display in the fourth quarter as cash flow from operations jumped to \$24.2 million and totaled \$46 million in 2025.

The company's balance sheet remains very strong, with over \$70 million in cash and equivalents and no outstanding debt. Also, in the first week of March, the company increased its quarterly dividend to \$0.25/share and announced an additional special dividend of \$0.20/share, bringing the total quarterly dividend to \$0.45/share. The company indicated that it is projecting the total dividend payout to Class A holders for 2026 will be \$1.80/share.

BILLINGS AND GAAP NET REVENUES

It is worth noting that, given the nature of the company's subscription business, revenue recognition in any given year may be less reflective of the business's real-time performance than the billings for that period. If a subscriber has a monthly subscription or annual subscription, those billings are obviously recognized over the term of the subscription; however, for long-term subscriptions, revenue is recognized over the term of the subscription (a 3-year subscription would be earned and recognized equally over a 3-year term), and lifetime subscriptions are recognized over a period of up to 5 years.

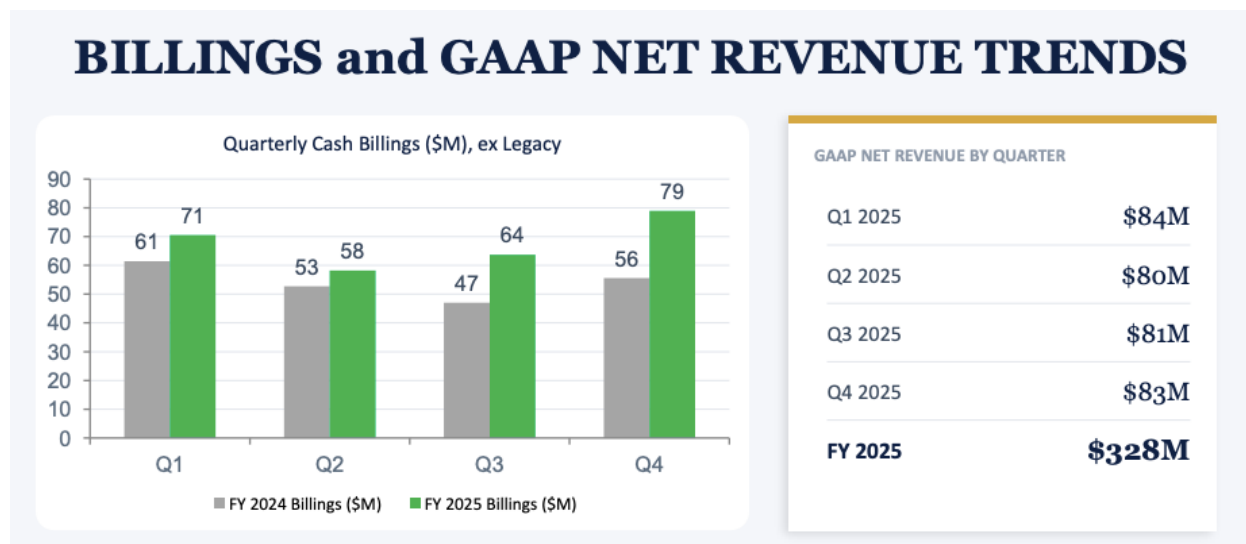
To illustrate this point, the company noted in its Q4 earnings release that it recognized a significant portion of sales from 2021 and 2022 during the 2025 fiscal year. We agree with the company's position that current period billings are more reflective of the current operating environment for the company, and it will be important for investors to consider this fact as we anticipate revenue will continue to decline into 2026, even as billings increase (reflecting the cool down of the market activity in 2021 and 2022 after the frenzy of 2020).

The company expects that in 2027, revenue and billings will be more closely aligned, as the outlier years of 2020-2022 will have been fully recognized by then.

In Figure 5 below, you can see that for continuing operations, quarterly billings increased meaningfully over the prior-year period in each quarter, averaging a 26% gain for the year. The company reported a 13% increase in billings for 2025, but we believe that was compared to 2024's billings, which included Legacy Research billings of \$22.7 million.

By contrast, despite the sharp growth in billings for MarketWise, you can see that revenues were essentially flat quarter-to-quarter, and annual revenues actually fell \$80.6 million or 19.7% in fiscal 2025.

Figure 4: 2024 and 2025 Billings versus Revenues



Source: Company Investor Presentation

RECENT NEWS

- Last week on April 13th, the company issued a press release which included some preliminary financial information for the first quarter of 2026. The company noted that paid subscribers grew to 381,000 in the quarter, up from 374,000 in the fourth quarter of 2025, reflecting continued success of its customer acquisition and retention efforts. Importantly, the company noted that first quarter billings were \$81 million up 15% from the first quarter of 2025 and this represented the company's highest billings total since 2023. The company will issue the full first quarter financial results on May 7th.
- In October 2025, a controlling shareholder group, Monument & Cathedral (formerly known as The Agora Group and holders of roughly 43% of the total outstanding equity), sent a proposal to the company to acquire all of the outstanding equity not controlled by Monument & Cathedral and its affiliates for \$17.25/share. As a result of this offer, MarketWise suspended purchases under its existing stock buyback program. The company's Board of Directors had authorized a buyback of up to \$50 million of the company's class A common stock, and the company had repurchased nearly 209k shares from April 2025 through October 2025.

In February 2026, the company reported that Monument and Cathedral had withdrawn their proposal, and it indicated that its repurchase program was still authorized and that it planned to resume purchases after it filed its annual report in March 2025.

- In April 2025, the company reverse split its stock (1-for-20) to maintain its NASDAQ listing and achieve a higher share price that would be more attractive to institutional investors.
- In November 2024, the company's former CEO filed a demand for arbitration, which included claims against the company for breach of an employment agreement. In August 2024, the company appointed one of its key editors, Dr. David Eifrig, as the company's interim CEO. In May 2025, the company's Board of Directors appointed Dr. Eifrig as the company's permanent CEO.

MANAGEMENT

Dr. David Eifrig served as the interim CEO from his 2024 appointment until he was named the permanent CEO in 2025. Dr. Eifrig joined MarketWise full-time in 2008 and remains an important editor and publisher of several key MarketWise publications. Dr. Eifrig held various roles at several financial institutions, including working with Goldman Sachs' derivatives group. Dr. Eifrig received a B.A. in Psychology before earning an M.B.A. from Northwestern. Dr. Eifrig subsequently earned his M.D. from the University of North Carolina.

Erik Mickels joined MarketWise as the company's Chief Financial Officer in August 2023. Mr. Mickels had previously served as Group CFO of a wireless telecommunications company. Mr. Mickels held several senior positions at KPMG before moving into management roles. Mr. Mickels holds a B.S. in Accounting and is a Certified Public Accountant.

Marco Galsim has served as the company's Chief Information Officer since 2020 and as Head of Technology for 7 years prior to that. Mr. Galsim is responsible for ensuring that the platforms utilized by MarketWise are scalable and secure.

CAPITAL STRUCTURE/MAJOR EQUITY HOLDERS

The company has approximately 16.1 million shares outstanding, which are represented by two classes of stock:

Class A: Roughly 2.5 million shares (16% of total outstanding shares)

Class B: Roughly 13.6 million shares (84% of total outstanding shares)

The Class A shares are the publicly traded shares listed on the NASDAQ under the ticker symbol MKTW. These shares are freely tradable and are entitled to receive dividends.

The holders of the Class B common stock hold stock that is not publicly traded, is paired with LLC units of MarketWise, LLC, and has one vote per share (the same as the Class A holders). While the Class B holders do not receive dividends, they have the right to receive a proportionate amount of distributions. Class B shares can be exchanged for Class A shares at a 1-for-1 ratio.

Although the Class B shares are not freely traded, they control the majority of the company's voting interests, so it is important to understand the major holders.

As we discussed in the company's history, MarketWise was carved out of an existing business at a company formerly known as The Agora Group, now called Monument and Cathedral. Monument and Cathedral, and its various partners and owners, collectively own about 6.98 million Class B shares, or roughly 43% of all outstanding shares. The founder of Stansberry Research (Porter Stansberry) holds approximately 3.1 million shares or about 19% of the outstanding shares.

We estimate that about 1/3 of the Class A shares are held by company insiders, and thus the total public float available for purchase is roughly 10% of all outstanding shares, or 1.6 million.

Given the limited public float, investors should be aware that MarketWise's shares are prone to more significant volatility, and it may be challenging to build meaningful positions in the company.

VALUATION

Valuing MarketWise has been challenging for investors, given the lack of publicly traded comparable companies to use as a valuation benchmark. Companies that might be considered the closest competitors of MarketWise – Motley Fool, Seeking Alpha, in the information market, or Zacks and Finviz in the software and market data markets – are all privately held, with no publicly released data on revenue trends.

We have compiled a list of public companies in related fields, but we caution that none of these companies is a perfect comp for MarketWise. This list includes FactSet Research (NYSE: FDS), Morningstar (NASDAQ: MORN), and Value Line (NASDAQ: VALU).

The valuation of MarketWise has been impacted by a steady decline in revenue since the company went public, limited liquidity in the publicly traded shares, and concerns about when future billings might stabilize. While the valuation of Marketwise at its peak after its IPO likely reflected unrealistic expectations for future growth, the current market valuation suggests the company cannot return to growing its top and bottom lines, despite the fact that it appears to have stemmed the tide of subscriber losses.

The key to unlocking value for MarketWise and its shareholders will be to demonstrate that 2025 represented the trough in billings and that the company's revenues and earnings will begin to reverse course now that billings growth is projected to return in 2026. Strong market returns and heightened volatility have historically both positively correlated with billings growth for MarketWise, so the market's recent movements give us increased confidence in our model for 2026 and 2027.

While there are some unknowns regarding revenue recognition that rolls off in 2026 (for subscriptions signed in 2021 during the strong pandemic-related trading years), we forecast revenues will be effectively flat in 2026, before returning to growth of roughly 8% in 2027. The market continues to assign premium valuations to companies with the fastest growth rates, and MarketWise is a low-growth, profitable, dividend-paying company that has traded at a discount due to concerns about client retention.

While we feel it is unlikely that MarketWise would be assigned premium valuations like FactSet or Morningstar, we believe that in our base case, the company can close the valuation gap a bit, assuming billings remain strong and the company turns the corner on revenue declines. Assuming that the market recognizes these shifts in MarketWise's business, we believe the company's P/E ratio based on our 2027 earnings estimate of \$3.36/share could rise from the current 5.1 times to 7 times, which produces a 12-month target of roughly \$24/share. The company's enterprise value-to-sales ratio is also currently about 20% of the average of FactSet and Morningstar, for the same reasons we've previously noted. Assuming MarketWise's EV/Revenue can reach just 1.2 (still a substantial discount to its peers), this would also yield a 12-month valuation target of \$24/share.

We believe that if the company's recorded billings in 2026 significantly exceed its current projections, the market may embrace the company's turnaround sooner than we anticipated, and our target could prove conservative.

Figure 5: Comparable Valuations

Ticker	Industry focus	Market Cap (in \$mil)	EV/2026 Sales	EV/2027 Sales	2026 P/E	2027 P/E
FDS	Market info	\$ 8,634	4.0	3.7	13.1	12.0
MORN	Investment info	\$ 7,294	3.0	2.8	16.2	14.2
VALU	Investment publications	\$ 331	NA	NA	NA	NA
MKTW	Investment publications/software	\$ 275	0.7	0.6	6.5	5.1

Source: Yahoofinance.com

RISKS

Reputation risk: The company's ability to retain existing subscribers and attract new ones is tied to its reputation for operating with integrity and providing accurate information. If the company were to have another incident similar to the one that led to the shutdown of Legacy Research, it could severely impact its ability to compete. Financial newsletters like those published by MarketWise rely heavily on the credibility of the editors and researchers.

Regulatory risk: MarketWise relies on marketing tools to reach consumers that the Federal Trade Commission regulates. While the company has not had any issues recently, various industry watchdog groups have noted aggressive or deceptive marketing practices in the past (most recently in 2014), and if the FTC were to pursue a new case, it could result in fines or litigation.

Technology and AI risks: MarketWise, like many of its peers, is beginning to incorporate generative AI into its written products, but this comes with the added risks of hallucinations or false data. There is also a big-picture question about the value of written research in the era of AI.

Customer Acquisition risk: MarketWise relies on digital marketing channels to acquire customers and its own cross-selling success to increase its ARPU. If marketing costs rise or targeting becomes less effective, the company's ability to generate new subscriptions and grow organically can decline quickly.

Business Cycle risk: While management has noted that periods of volatility have generally been positive for the company's new billings growth, the business is sensitive to broad market performance, particularly retail investor participation in the market.

PROJECTED INCOME STATEMENT

MarketWise, Inc.

4/19/26

	2023A	2024A	2025A	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2027E
(\$ in Thousands; December Year-End)													
Revenues:													
Net Revenue	443,245.0	405,357.0	325,708.0	84,668.5	81,119.5	82,437.7	84,567.1	332,792.9	91,552.4	87,714.8	89,140.2	91,442.7	359,850.2
% change (yoy)	-	-9%	-20%					2%					8%
Related party revenue	4,937.0	3,344.0	2,414.0	501.5	480.5	488.3	500.9	1,971.1	431.2	413.2	419.9	430.7	1,695.0
% change (yoy)	NM	-32%	-28%					-18%					-14%
Total net revenue	448,182	408,701	328,122	85,170	81,600	82,926	85,068	334,764	91,984	88,128	89,560	91,873	361,545
% change (yoy)		-9%	-20%					2%					8%
Cost of revenue	56,802	50,663	44,335	11,285	10,812	10,988	11,272	44,356	12,188	11,677	11,867	12,173	47,905
Sales and marketing	198,592	160,707	130,954	35,771	33,048	31,780	32,326	132,925	38,633	35,692	34,323	34,912	143,560
General and administrative	125,176	90,712	78,293	20,322	19,471	18,643	19,125	77,561	21,948	21,028	20,135	20,655	83,765
Research and development	8,831	9,908	8,814	2,355	2,256	2,293	2,352	9,255	2,472	2,369	2,407	2,469	9,717
Depreciation and amortization	3,821	2,753	2,186	417	400	406	417	1,640	375	360	366	375	1,476
Impairment losses	2,583	4,445	380	-	-	-	-	-	-	-	-	-	-
Related party expense	572	525	564	141	135	137	141	554	144	138	141	144	568
Total Operating Expenses	396,377	319,713	265,526	70,291	66,121	64,247	65,631	266,290	75,761	71,264	69,237	70,728	286,990
Income from operations	51,805	88,988	62,596	14,879	15,479	18,679	19,437	68,474	16,222	16,864	20,323	21,145	74,555
Other income (expense), net	(611)	2,085	1,040	245	220	200	240	905	190	165	178	150	683
Interest income, net	4,904	5,288	2,963	565	542	550	565	2,222.3	622	596	606	621	2,444.5
Income before income taxes	56,098	96,361	66,599	15,689	16,241	19,430	20,242	71,601	17,034	17,625	21,106	21,916	77,682
Income tax expense	1,803	3,253	2,558	712	737	882	919	3,250	801	829	993	1,031	3,655
Net income	54,295	93,108	64,041	14,977	15,504	18,548	19,323	68,351	16,233	16,796	20,113	20,885	74,027
Net income attributable to noncontrolling interests	52,513	86,049	58,421	13,479	13,953	16,693	17,391	61,516	14,204	14,696	17,599	18,275	64,774
Net income attributable to MarketWise, Inc.	1,782	7,059	5,620	1,498	1,550	1,855	1,932	6,835	2,029	2,099	2,514	2,611	9,253
EPS reported	1.07	3.58	2.31	0.59	0.60	0.71	0.73	2.63	0.75	0.77	0.91	0.93	3.36

Source: Zacks SCR, Brian Lantier and Company SEC filings

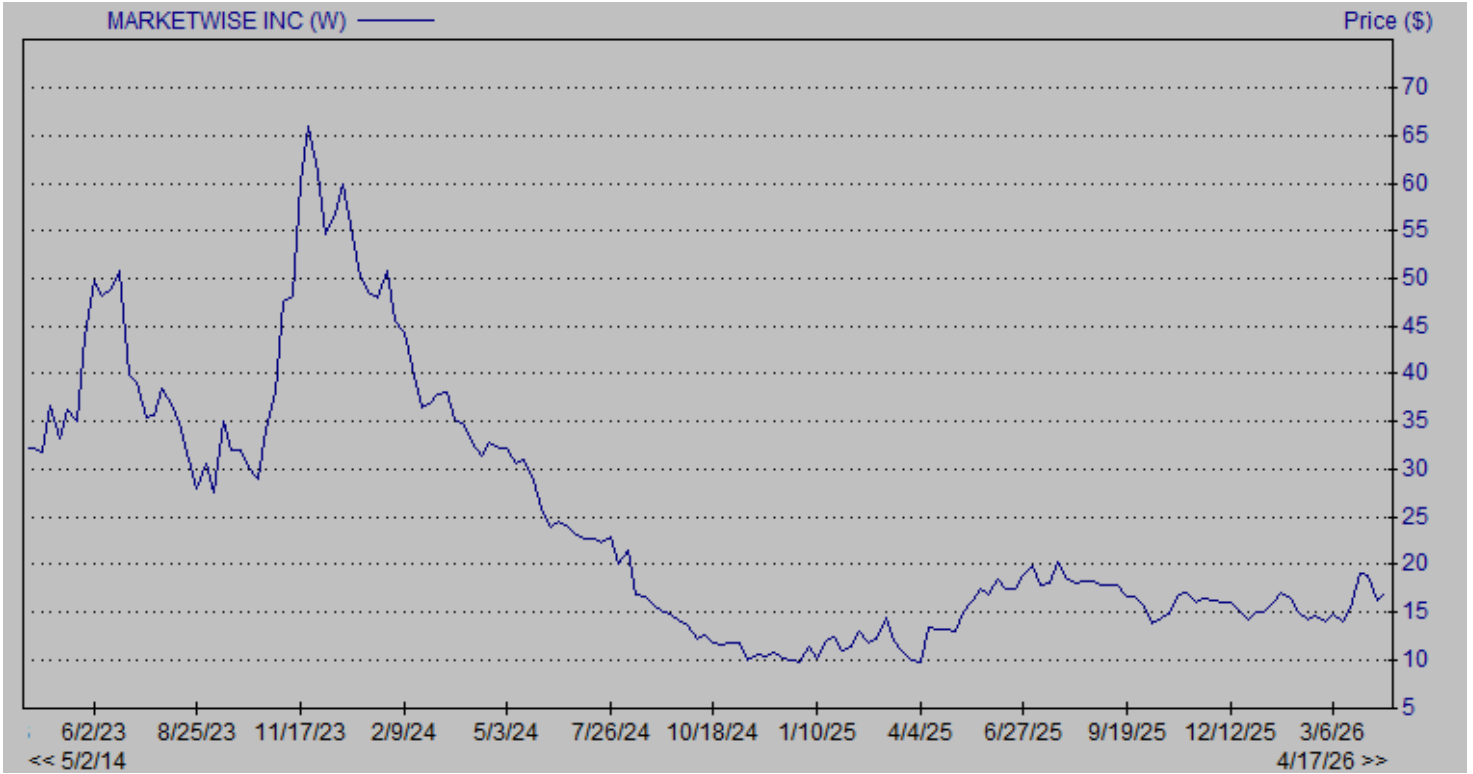
BALANCE SHEET

MarketWise, Inc.
(in 000's)

<u>Assets</u>	<u>12/31/25</u>
Current Assets:	
Cash and cash equivalents	70,140
Accounts receivable	5,722
Prepaid expenses	10,799
Related party receivables	838
Deferred contract acquisition costs	43,388
Other current assets	814
Total Current Assets	131,701
Non-Current Assets:	
Property and equipment, net	453
Operating lease right-of-use assets	6,684
Intangible assets, net	3,813
Goodwill	30,043
Deferred contract acquisition costs, noncurrent	34,678
Deferred tax assets	11,007
Total Non-Current Assets	86,678
Total Assets	218,379
<u>Liabilities</u>	
Current Liabilities:	
Trade and other payables	3,868
Related party payables	509
Accrued expenses	33,221
Deferred revenue and other contract liabilities	183,798
Operating lease liabilities	908
Other current liabilities	11,900
Total Current Liabilities	234,204
Non-Current Liabilities:	
Deferred revenue and other contract liabilities, noncurrent	185,754
Other liabilities, noncurrent	2,611
Related party tax receivables agreement liability, noncurrent	4,260
Operating lease liabilities, noncurrent	5,175
Total Non-Current Liabilities	197,800
Total Liabilities	432,004
Class A and B common stock	1
Additional paid-in capital	101,945
Accumulated other comprehensive income	36
Accumulated deficit	(113,664)
Total Shareholders' Equity (deficit) attributable to MarketWise, Inc.	(11,682)
Noncontrolling interest	(201,943)
Total stockholders' deficit	(213,625)
Total Liabilities & Shareholders' Equity	218,379

Source: Company SEC Filings

HISTORICAL STOCK PRICE



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