



Marchex Reports First Quarter 2004 Financial Results

May 13, 2004

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Marchex, Inc. (NASDAQ: MCHX), a provider of technology-based services to merchants engaged in online transactions, today announced its results for the first quarter ended March 31, 2004, as well as recent operational highlights.

- Revenue was \$7.6 million for the first quarter of 2004; for the combined period of January 1, 2003 to February 28, 2003 and January 17, 2003 (inception) to March 31, 2003 (the Combined 2003 Period), revenue was \$4.8 million.
- Adjusted operating income before amortization was \$612,000 for the first quarter of 2004; for the Combined 2003 Period, adjusted operating income before amortization was \$680,000. Depreciation charges included in adjusted operating income before amortization were \$134,000 for the first quarter of 2004; for the Combined 2003 Period, depreciation charges included in adjusted operating income before amortization were \$74,000. A reconciliation of non-GAAP adjusted operating income before amortization to GAAP operating income (loss) and GAAP net income (loss) is attached to the financial tables included in this release.
- GAAP net loss applicable to common stockholders was \$1.4 million for the first quarter of 2004 or \$0.11 per share; for the Combined 2003 Period, GAAP net loss applicable to common stockholders was \$375,000. The increase in GAAP net loss applicable to common stockholders was primarily due to non-cash factors, including amortization of intangible assets related to acquisitions and accretion to redemption value of redeemable preferred stock.
- Operating cash flow for the quarter was \$1.1 million; for the Combined 2003 Period, operating cash flow was \$1.0 million. Going forward, the company's cash flow may be affected by various factors, including the timing of certain payments and the layering in of various costs related to being a public company.
- Marchex completed its Initial Public Offering of 4,600,000 shares of Class B Common Stock on April 5, 2004, raising net cash proceeds of \$27.2 million.

"We are pleased with our results and progress on a strategic, operational and financial basis coming out of our inaugural year," said Russell C. Horowitz, Marchex Chairman and CEO. "Our marketing services business, which includes both paid listings and paid inclusion services, experienced solid growth. Additionally, our investment in technology development laid the foundation to extend our services to a broader base of merchants and strategic partners. The recent completion of our initial public offering, coupled with the momentum building in our business, favorably positions Marchex to continue executing our strategy and to grow our footprint of services to merchants engaged in online transactions."

Recent Operational Highlights

In addition to two agreements announced earlier today, Marchex announced that it has signed an agreement with CNET Networks and its mySimon.com shopping network. This agreement provides for Marchex's paid inclusion customers to have their Web sites delivered in search results through CNET's shopping properties, based on the relevance of their products or services to a user's search query.

Financial Guidance

2004 Revenue Estimate:
\$40 million or more

Q1 2004 adjusted operating income before amortization margin:
8%

Long-term adjusted operating income before amortization margin target:
20% or more

Management intends to operate in businesses and enter into markets that are capable of achieving the company's long-term margin target of 20% or more.

"In our prior experience of building high growth, highly profitable online businesses, we know that success is measured over the course of years, not just over the course of months or quarters. We are focused internally and strategically on building a company that will be a leader in providing a suite of services to support merchant transactions over the long term. We are in the early stages of executing our strategy and we believe that we have the foundation to successfully execute on our long-term vision and profitability targets," noted Horowitz.

Conference Call and Webcast Information

Management will hold a conference call, starting at 5:00 p.m. EDT on Thursday, May 13, 2004, to discuss these quarterly results and other company updates.

About Marchex, Inc.:

Marchex (www.marchex.com) provides technology-based services to merchants engaged in online transactions. Currently, the company delivers the following services in support of its partners: pay-per-click listings, search inclusion, paid inclusion, natural search engine optimization, local search marketing applications, and conversion tracking and analysis. Marchex's operating businesses include Enhance Interactive (<http://www.enhance.com/>) and TrafficLeader® (<http://www.trafficleader.com/>).

Safe Harbor Statement

This press release contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included on this press release regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. There are a number of important factors that could cause Marchex's actual results to differ materially from those indicated by such forward-looking statements which are described in the "Risk Factors" section of the final prospectus relating to our initial public offering filed with the SEC. We disclaim any intention or obligation to update any forward-looking statements.

[Click here to view Marchex's First Quarter 2004 Financial Tables](#)

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