



## **First Quarter 2025 Earnings Call - Prepared Remarks**

### **Roy Nir, VP, Financial Reporting and Investor Relations:**

Good afternoon everyone, and welcome to Entravision's first quarter 2025 earnings call.

I am Roy Nir, Vice President of Financial Reporting and Investor Relations.

Joining me today are Michael Christenson, our Chief Executive Officer, and Mark Boelke, our Chief Financial Officer.

Before we begin, I would like to inform you that this call will contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ. Please refer to Entravision's SEC filings for a list of risks and uncertainties that could impact actual results.

The press release is available on the Company's Investor Relations page and was filed with the SEC on Form 8-K.

I will now turn the call over to Michael Christenson.

### **Michael Christenson, CEO**

Thanks Roy and thank you to all of you for joining our call today. As Roy said we are here to discuss our results for the first quarter of 2025 and we will be taking questions at the end of our remarks.

As you saw in our press release, on a consolidated basis we increased our revenue 17% to \$91.9 million in 1Q25 compared to 1Q24. Excluding certain non-cash accounting charges that Mark will discuss, we had an operating loss of \$3.9 million in 1Q25.



Our objective is to grow our business and earn a profit so we acknowledge we have work to do to improve our operating performance.

As you all know, we report our results for two segments, Media and Advertising Technology and Services, what we call ATS.

For our media segment, our revenue declined 10% in 1Q25 compared to 1Q24. Some of our local advertisers reduced their ad spend in 1Q25 compared to 4Q24 and 1Q24. We had fewer active local advertisers in 1Q. The average spend per active local advertiser increased slightly, but this was not enough to offset the decrease in the number of active local advertisers.

Our smaller advertisers pulled back more than our larger advertisers in 1Q. We saw similar results in our national business.

What I can share with you on this call is that our revenue was lowest in January; February was better than January; March was better than February; and April was better than March.

In terms of operating expenses and profitability, we are making a number of important investments in our media business in 2025. We are adding capacity to our local sales teams - more sellers. And we are adding digital sales specialists and digital sales operations capabilities, so we can do more digital.

When we analyze our local markets and our local advertiser base, we see an opportunity to increase revenue by adding sales capacity. In addition, virtually all of our local advertising customers are also advertising in digital channels - search, social, streaming video and streaming audio, and we believe we can serve their needs in these digital channels as well as our traditional broadcast video and audio channels.

The increase in operating expenses in our media segment, these investments, was a little less than \$1 million in 1Q25 compared to 1Q24. So about \$3 million on an annualized basis.



The combination of lower revenue and increased operating expenses produced an operating loss for our media segment of \$2.6 million for 1Q25 compared to an operating profit of \$3 million in 1Q24.

Now for our Advertising Technology and Services segment. ATS revenue was 57% higher in 1Q25 compared to 1Q24. We had more customers and we had higher spend per customer.

We continued to invest in our ATS segment in 1Q25 to grow revenue and operating profits. We are investing in our engineering team to continue to improve our technology, to build more powerful AI capabilities into our platform. And we are investing to increase the capacity of our sales organization for ATS.

In addition, our infrastructure costs will grow as our revenue grows. Not at the same pace, but they will grow. The combination of these investments, investments in increased operating expenses, resulted in operating expenses that were \$4.1 million higher in 1Q25 compared to 1Q24. That's \$16 million higher on an annualized basis.

ATS revenue grew faster than operating expenses so our operating profit was \$6.5 million in 1Q25. Significantly higher than 1Q24.

We have funded these operating expense investments for both media and ATS in part by reducing our corporate expenses. We reduced our corporate expenses by \$4.5 million in 1Q25 compared to 1Q24, nearly \$18 million on an annualized basis.

So, to summarize, in media, we are investing to increase our local sales capacity and we are investing to expand our digital sales and digital sales operations capabilities. More sellers; More digital. In ATS, we are investing to add more engineers to advance our technology, and to increase our sales capacity. So more technology, better technology, and more sellers.

We believe these investments will help us build a stronger company.



Now I will ask Mark to share with you more details of our financial results for first quarter of 2025 . Mark?

**Mark Boelke, CFO**

Thank you, Mike.

Entravision's business is to produce and distribute content, and to sell advertising, on video, audio and digital media platforms. Our goals are to invest in our Media business content, particularly local news production, invest in the technology driving our Ad Tech & Services business, and increase our sales capacity in both our Media and Ad Tech businesses.

I'd like to start with a couple of comments about the presentation of our financial reporting. Over the past year we have been undertaking initiatives to reorganize our business units and their management, sales, and operations and support teams, in order to drive revenue, support our business units effectively and efficiently, and reduce expense. As a result of these initiatives, our financial reporting is organized into two operating segments as Mike mentioned.

The first operating segment is Media, which is our business providing video, audio and digital marketing services and advertising to local and national advertisers in the United States.

The second operating segment is Advertising Technology & Services. This business provides programmatic advertising technology and services to advertisers and mobile app developers on a global basis.

One additional comment is that during second quarter 2024, we completed the sale of our former global sales representation business, and as a result financial results for this former



business are reported in our financial statements as discontinued operations for the first quarter and prior periods.

Let's start by reviewing revenue performance. On a consolidated basis, revenue for first quarter was \$91.9 million, up 17% compared to first quarter 2024.

The increase was driven primarily by growth in our Ad Tech & Services segment, which grew revenue to \$50.9 million in the first quarter, achieving revenue growth of 57% compared to first quarter 2024. Again, our Ad Tech & Services business achieved 57% revenue growth in the first quarter. Over the past year we have been executing on our goals of improving the technology of our ad tech platform and building AI capabilities into it, as well as increasing the number of customers and our revenue per customer. We are excited about this business and its continued growth opportunities.

In our Media segment, first quarter revenue was \$41 million, which was down 10% compared to first quarter 2024. This decrease was driven in part by political advertising that was present in 2024 but not in 2025, as well as a decrease in retransmission consent revenue and a slow start to the year due to uncertainty by advertisers as the year began and as we ramped up the hiring of additional sales personnel and other initiatives focused on growing revenue. Earlier on this call Mike reviewed our strategies to generate revenue growth in our Media business, including hiring additional sales and digital marketing personnel, selling more advertising in our news content, growing local media sales and significantly growing local digital sales. We continue to execute on those revenue growth strategies and we are seeing progress and momentum as we move through the year.



As I mentioned, we have a strategic and operational focus on content, technology and sales. An additional goal is to optimize our organizational structure and the expense of support services to align them with our revenue performance, and to be profitable in each of our operating segments and on a consolidated basis.

I'd like to review total operating expenses for each of our segments - this refers to the sum of direct operating expenses and selling, general and administrative expenses, or SG&A, as those two line items are reported in our Segment Results.

Total operating expenses for our Media segment in first quarter 2025 increased 2% compared to first quarter 2024, or about \$800 thousand. As I mentioned earlier, we reorganized our business units in 3rd quarter 2024, and at that time we reallocated \$4M of expense on an annualized basis from corporate expense to Media operating expense. This was the expense of personnel and other resources that, following the reorganization, were focused entirely on the Media business. The increase in Media operating expense in first quarter 2025 due to this reorganization was \$800 thousand, resulting in the 2% increase. We continue to evaluate the organizational structure of our Media business to be able to provide compelling content, drive sales and further minimize the expense of support services.

Total operating expenses for our Ad Tech & Services segment increased by 43% in the first quarter of 2025 compared to 2024. Again this is direct operating expenses and SG&A expenses as reported in our segment information. This increase was driven primarily by the timing of accruals for annual sales performance compensation and bonuses. The Ad Tech & Services business overachieved revenue growth in 2024, resulting in increased performance



compensation to our team in 2024, and a significant amount of that was expensed in fourth quarter 2024. We anticipate strong performance of this business again this year, and in first quarter 2025 we accrued additional performance comp expense that was not accrued in the first quarter of last year. The timing of how we incurred and accrued performance comp expense over the past year led to some unevenness in expense amounts as reported quarter-to-quarter - for example, total operating expense increased 43% from first quarter 2024 to first quarter 2025, but it only increased 2% from fourth quarter 2024 to first quarter 2025. We expect these expenses to even out on an annualized basis, with revenue increasing faster than expense to generate meaningful operating leverage in our Ad Tech & Services business.

Again, our goal is to grow revenue and be profitable, for each of our segments and on a consolidated basis, and we are very pleased with the achievement of these goals in our Ad Tech & Services segment. Revenue increased 57%, expenses increased less than that, and we achieved significant operating leverage and grew Ad Tech & Services segment operating profit to \$6.5 million. This was about 4 times the amount of segment operating profit compared to first quarter of the prior year. Our Ad Tech & Services business is achieving our goals of improving technology, increasing sales capacity, generating significant revenue growth and generating meaningful operating leverage.

As Mike said earlier, we recognize that we have additional work to do to achieve our goals in our Media segment and on a consolidated basis. The combination of Media segment revenue decreasing by 10% and total operating expense increasing by 2% led to a Media Segment operating loss of \$2.6M. We continue to focus on executing on our initiatives to grow revenue and reduce expense in the Media segment.



Combining both of our Media and Ad Tech segments, our combined operations generated a consolidated Segment operating profit of \$3.9M, although this was a 16% decrease compared to first quarter 2024.

We have also taken steps to reduce corporate expense, consistent with our philosophy of reducing expense of support services. Corporate expense for first quarter was \$7.8 million. This was a decrease of 36% compared to first quarter 24, or about \$4.5 million in reduced corporate expense in first quarter 2025 compared to 24. Of this \$4.5 million of reduced corporate expense, approximately \$3.8 million of the decrease, most of it, was due to a reduction in personnel, a reduction in compensation expense paid to our executive team, including salary, bonus and non-cash stock-based comp, and decreased overall professional services expenses. Approximately \$800 thousand of the decrease in first quarter to corporate expense was re-allocated to Media operating expense, due to the reassignment of certain personnel and other resources that I described earlier as we reorganized our operating segments. In the first quarter we incurred certain professional services expenses that we do not expect to incur on a recurring basis, and as a result we expect the corporate expense quarterly run-rate for the remainder of 2025 to be lower than the amount of first quarter corporate expense.

Turning to our income statement, in the first quarter we incurred non-cash charges of \$48.9 million, due to two events.

For one, we are in the process of selling two television stations in Mexico which we determined were not strategic to our business and operations. This resulted in a non-cash writedown of the



value of these television assets held on our balance sheet, of \$23.7 million. The licenses and fixed assets of these stations are now classified as assets held for sale on our balance sheet.

We also vacated our previous headquarters office in Santa Monica, California. This resulted in a non-cash charge of \$25.2 million, which reflects accelerated amortization of the related right of use asset and fixed assets on our balance sheet.

Primarily due to these non-cash charges, net loss attributable to common stockholders was \$48 million in the first quarter of 2025.

Excluding these non-cash charges, we would have incurred an operating loss of \$3.9 million in the first quarter. Again, we are focused on growing Media revenue, reducing Media operating expense and reducing corporate expense throughout the remainder of 2025 and beyond.

Entravision's balance sheet remains strong, with a total of \$78 million dollars in cash and marketable securities as of the end of first quarter. Indebtedness under our credit facility was \$187.8 million.

Our strategy regarding capital allocation is the following: First, reduce debt and maintain low leverage. Second, return capital to our shareholders, primarily through dividends.

Consistent with that strategy, over the past year we prepaid \$20 million of our outstanding indebtedness and we continue to maintain low leverage. In addition, we paid \$4.5 million in dividends to stockholders in the first quarter, or 5 cents per share. For the second quarter, our Board of Directors has approved a 5 cent dividend per share, which will be payable on June 30



to stockholders of record as of June 16, 2025, for a total dividend payment of approximately \$4.5 million.

We'd like to thank you for joining our call today. We welcome our investors to connect with us through the Investor Relations page on our corporate website [entravision.com](http://entravision.com), where you will have access to a transcript of this call, the press release containing our financial results and a copy of our Form 10-Q quarterly report filed with the SEC.

At this time, Mike and I would like to open the call for questions from the investment community.

So, operator, I'll turn it back over to you now.