

Saga Communications, Inc. NasdaqGM:SGA

FQ4 2025 Earnings Call Transcripts

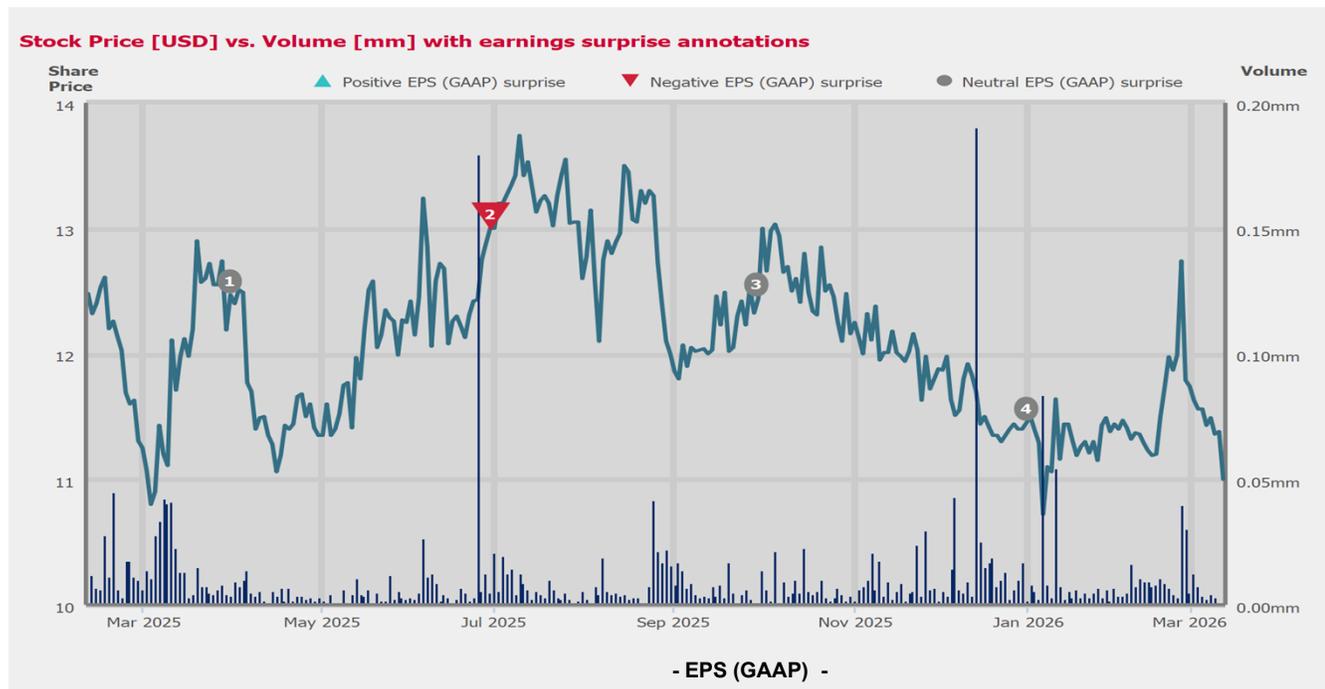
Thursday, March 12, 2026 3:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2025-			-FY 2025-			-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS (GAAP)	0.04	(1.07)	NM	(0.10)	(1.22)	NM	0.54
Revenue (mm)	27.70	26.50	▼ (4.30 %)	108.30	107.11	▼ (1.10 %)	113.20

Currency: USD

Consensus as of Dec-19-2025 1:29 PM GMT



	CONSENSUS	ACTUAL	SURPRISE
FQ1 2025	(0.33)	(0.25)	NM
FQ2 2025	0.19	0.18	▼ (5.26 %)
FQ3 2025	0.21	(0.08)	NM
FQ4 2025	0.04	(1.07)	NM

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Call Participants

EXECUTIVES

Christopher S. Forgy
*CEO, President & Director (Leave of
Absence)*

Samuel D. Bush
Executive VP, CFO & Treasurer

Presentation

Operator

Good day, everyone, and welcome to the Saga Communications Fourth Quarter and Year-End 2025 Earnings Release and Conference Call. [Operator Instructions] It is now my pleasure to hand the floor over to your host, Chris Forgy. Sir, the floor is yours.

Christopher S. Forgy

CEO, President & Director (Leave of Absence)

Thank you, Matt, and it's good to have you again as our host for the conference call. And I want to thank everyone who's taken the time to join Saga's 2025 Q4 and year-end earnings call. Trust me when I say it is great to be here with all of you today. We appreciate your continued support, your interest and your participation in Saga Communications. What we believe is the best media company on the planet and not to mention the most pristine balance sheet to match. So before I make my remarks, I'd like to turn the floor over to our Saga's EVP and CFO, Sam Bush for his comments. Sam?

Samuel D. Bush

Executive VP, CFO & Treasurer

Thank you, Chris. This call will contain forward-looking statements about our future performance and results of operations that involve risks and uncertainties that are described in the Risk Factors section of our most recent Form 10-K. This call will also contain a discussion of certain non-GAAP financial measures. Reconciliation for all the non-GAAP financial measures to the most directly comparable GAAP measure are attached in the selected financial data tables.

For the quarter ended December 31, 2025, net revenue decreased \$2.7 million or 9.3% to \$26.5 million compared to \$29.2 million last year. A large part of the decline in the quarter was due to reduced political revenue. For the quarter in 2025, gross political revenue was \$254,000 compared to \$2 million for the fourth quarter of last year. Station operating expense decreased 1.9% or approximately \$400,000 to \$22.9 million for the 3-month period. For the 12-month period ended December 31, 2025, net revenue decreased \$5.8 million or 5.1% to \$107.1 million compared to \$112.9 million last year. Almost half of the decrease was due to reduced political revenue. For the year in 2025, gross political revenue was \$650,000 compared to \$3.3 million for 2024. Station operating expense was flat with 2024 at \$91.8 million.

We had 2 unusual factors that negatively impacted our fourth quarter and year-end results. A noncash impairment charge as well as the previously disclosed retroactive industry-wide rate settlement with 2 of the music licensing organizations. Recorded in the fourth quarter and also impacting the year ended December 31, 2025, we recorded a noncash impairment charge of \$20.4 million, which included a charge of \$19.2 million, which represents all the remaining goodwill that was previously included on our balance sheet, along with a charge of \$1.2 million representing a reduction in the value of our FCC licenses in one of our markets. We recorded an operating loss of \$9.5 million compared to operating income of \$1 million for the fourth quarter.

Without the impairment charge, operating income would have been \$10.9 million for the quarter. We reported a net loss of \$6.9 million for the fourth quarter compared to net income of \$1.3 million last year. Without the impairment charge, we would have reported a net income of \$8.2 million or \$1.27 per share compared to \$0.20 per share for the same period last year. For the year ended December 31, 2025, we recorded an operating loss of \$11 million compared to operating income of \$2.4 million for 2024. Without the impairment charge, operating income would have been \$9.4 million for 2025. We reported a net loss of \$7.9 million for the year ended December 31, 2025, compared to net income of \$3.5 million last year. Without the impairment charge, we would have reported a net income of \$7.2 million or \$1.11 per share compared to \$0.55 per share for the same period last year.

The music licensing settlement also impacted the operating income as it increased year-end 2025 station operating expense by \$2.2 million. Station operating expense for the year would have decreased by 2% in comparison to 2024 instead of being flat year-over-year. We spoke about this more in our third quarter release and conference call. As stated in the press release, the company closed on the sale of telecommunications towers and related property on October 17, 2025. This has actually been in the works for quite a few years. And finally, we're able to get the transaction we thought was the best for us and move forward on it and pulled the trigger on the closing. We recognized a gain of \$11.6 million. The total proceeds including both cash and noncash, was \$15.1 million.

The noncash proceeds are the recognized value of the long-term nominal cost leases we entered into as a part of the transaction as we continue to operate at each of the sites we sold. The net cash proceeds from the sale after expenses was \$9.8 million. This does not include the approximately \$400,000 being held in an escrow account pending finalizing the landlord's consent to the transfer of 1 final

tower. We anticipate this transfer will take place in the second quarter of 2026. This transaction allowed the company to monetize 24 own towers that were not reaching the full potential of tower space leased to external tower space users.

Additionally, the towers were monetized at a significantly higher valuation than was being recognized in the company's overall market valuation. We will have a noncash expense reported of approximately \$50,000 per quarter in 2026 or \$200,000 for the year based on the accounting treatment required to record the noncash gain given the favorable lease terms we have as we continue to operate on the towers we sold. The company paid a quarterly dividend of \$0.25 per share on December 12, 2025. The aggregate value of the quarterly dividend was approximately \$1.6 million. The company declared a quarterly dividend of \$0.25 per share on February 12, 2026, with a record date of February 26, 2026 and a payable date of March 20, 2026. With the most recent declared dividend, Saga will have paid over \$143 million in dividends to shareholders since the first special dividend was paid in 2012.

The company also repurchased 219,326 shares of its Class A common stock for \$2.5 million during the year ended December 31, 2025. The company intends to pay regular quarterly cash dividends in the future. Consistent with its strategic objective of maintaining a strong balance sheet, and with returning value to our shareholders, the Board of Directors will also continue to consider declaring special cash dividends, variable dividends and stock buybacks in the future. The company's balance sheet reflects \$31.8 million in cash and short-term investments as of December 31, 2025, and \$31.5 million as of March 9, 2026. The company expects to spend approximately \$3.5 million to \$4.5 million for capital expenditures during 2026.

I want to emphasize that for the quarter, total Interactive revenue was up 25.8% and for the year up 19.1%. The first quarter is currently pacing down mid-single digits with Interactive up 26.4%. We still have a ways to go before the increases in interactive revenue outpaced the decline in traditional broadcast revenue. Including political revenue, the second quarter is currently pacing down, and we expect to end up down mid-single digits. We are expecting return to revenue growth, including political in the second half of 2026 with revenue increasing in the range of mid-single digits.

To increase the pace of the transition, we are continuing to move forward with a plan to add resources to build the digital infrastructure we need to process the interactive orders that the blended sales process is developing as well as to provide our local management teams in a number of markets that don't already have them with sales managers as well as digital campaign managers. This will allow our media advisers to spend more time calling on existing and potential clients to solicit new business as they will now have the assistance they need to help build the unique blended campaigns that are required to grow our digital business and mitigate the decline in radio ad spend. It also allows us to have the talent to monitor the performance of the blended campaigns, which will allow us to retain a higher percentage of return blended clients.

The expense of this initiative will initially be more costly than the revenue it will bring in, but it is a necessary expenditure to be competitive with other digital companies and to better serve our clients in meeting their advertising needs. In totality, this will increase our market expenses \$1.5 million for 2026. We have already hired most of the digital infrastructure team and are in the process of finding the right individuals for sales and campaign management. These hires will occur in the second and third quarters. We expect that having the infrastructure team in-house will reduce our digital fulfillment costs going forward. All said, we believe Saga is in a strong financial position to improve profitability as our digital initiative improves both local radio and interactive revenue.

We currently expect that our station operating expense will be flat for the year as compared to 2025 when not considering the digital initiative expenses and up 3% to 4% when including an estimate for the digital initiative. We anticipate that the annual corporate general and administrative expenses will be approximately \$12.3 million for 2026 and flat to 2025. And with that, Chris, I will turn it back over to you.

Christopher S. Forgy
CEO, President & Director (Leave of Absence)

Thank you, Sam. Great job. Some of you may remember the 1990s uncelebrated film produced by Saturday Night Lives, Lorne Michaels. It was written by Steve Martin, a Canadian. It was called the 3 Amigos, and it featured Chevy Chase, Martin Short and Steve Martin. I won't bore you with the story, but there was a time when Saga also had its own version of the 3 Amigos. In fact, they call themselves that. These 3 Amigos consisted of Saga's founder, Ed Christian, and 2 of his closest friends and consiglieres Dave Stone and Al Lucareli. Unfortunately, all of these amigos have passed on.

But the message that the last living member of the Saga amigos gave may before he passed still lives today and drives Saga's operational culture. Just 3.5 short years ago, at Ed Christian's Wake, Al Lucarelli sat down next to me after almost everybody had left the wake and said these words to me. And I quote "Chris, as only the second President and CEO of Saga's ever known, whatever you decide to do next, do it fast, do it with force and do it with purpose." We immediately want to work on the transformational change we've been talking about on these earnings calls for the past 3 years.

We began to diversify our top line mix of deliverables, including our e-commerce platform, which is up 16% year-over-year and has created \$2.5 million in local direct revenue in our Saga markets in 2025. Our 17 hyperlocal online news sites to complement and add credibility to our over-the-air news product grew year-over-year by 18% and contributed over \$2.5 million in revenue and delivered a 31% margin, excluding sales commissions. The 2 blended solutions we use most to get advertisers wanted found and chosen, which are search and display. Search was up 59% year-over-year and generated \$2.2 million and targeted display was up year-over-year, 44.8% and accounted for nearly \$3.5 million.

Online streaming went from a revenue stream designed really simply to over offset third-party streaming costs to transform itself into a robust vertical we rely on heavily. This stream was up 8.6% year-on-year in total. And in all of the digital revenue initiatives, as Sam mentioned earlier, we were up 19.1% year-over-year and growing. We then put into action special capital allocation and capital management plan, which included an ongoing quarterly dividend of \$0.25 per share, three \$2 special dividends paid to our shareholders on 10/21 of '22, January 13, '23 and January 12, '24 and followed by a \$0.60 variable dividend paid on April 7, 2024.

Next began a longer-term capital allocation strategy, which included a stock buyback plan. We did this by providing the means to fund this buyback without depleting any of our operational cash on hand or by adding any additional debt to our balance sheet. This entire project and then some was accounted for selling 22 of our Saga's tower sites. This plan also allows Saga to provide additional research and development and the resources necessary to develop our own growing digital platform. While this was going on, we also began and has since continued the process of expanding and diversifying Saga's Board of Directors. We also began to look for ways to cut local market expenses to create a more nimble and efficient operation while we were building the infrastructure of our digital platform. Expense reductions totaled over \$1.4 million. We also began the process of selling several nonproductive assets to allow us to obtain a monetized value for the assets that is higher than the amounts recognized in the company's overall market valuation.

One example is we listed for sale, the company's owned home located in Sarasota, Florida. This process was delayed, however, due to the timing of several hurricanes that ravaged the Gulf Coast. That has settled down and the market looks much more healthy for a sale. And finally and most importantly, after observing the iterations and reiterations of both our own and those of our brethren, we continue to settle in and teach and train our leadership team and our media advisers on what we refer to now as the blend. The blend is an advertiser focused, not product-focused approach. That relies on a few things we knew and a few other observations we made along the way.

Saga's digital transformation strategy is an advertiser first approach that also honors, protects and grows our core competency, which is and always is radio. Now this is not easy. As I've said before, it's been very taxing on our entire operation. It's transformational, but growth requires change and change requires conflict. So so far, the juice is worth the squeeze. So how do we do this? First, by accepting and counting on the fact that radio always and only leads to a search. Radio always and only leads to research, and that's okay. Saga's digital strategy is designed to get our advertisers wanted, found and chosen more often by persuading more buyers and consumers to click on their website, call or visit their business and to search them online.

You may wonder, so why sometimes the overzealous confidence in your plan, it really comes from what we know, as I mentioned earlier. And according to eMarketer, of the hundreds of billions of dollars that are spent each year in advertising, nearly 75% of these dollars are being spent on digital advertising. That number is expected to climb over 80% in 2029, just a few short years. Yet radio as an industry has laid claim to a pedestrian 0.067 or a little more than 0.5% of the digital advertising dollars that are spent, which totals in the neighborhood of \$2 billion in digital ad revenue. We, radio cannot win or even compete with an approach like this. So we have to do something different. So there's clearly a significant increase in digital ad spending, and it's growing and these buyers are frustrated with unmet needs.

They don't like what they're buying or who they have to buy it from. They claim they trust local radio salespeople for most of their market knowledge and advice that aren't buying it from us. Thus, education and training is key for our leadership and for our media advisers. There are too many providers with too many conflicting solutions and businesses don't know who to trust. So in this disruptive market, we need to provide simplicity, clarity and transparency to wins. And there's also a shift happening in the way consumers are buying today in the consumer behavior.

Advertising strategies haven't caught up with the journey people take when they buy. There's a gap of tech meets human behavior. The blend closes that -- so in closing, the impact of all the work we have done in training, research and development and overall transformation. Not to mention the results we've seen, has galvanized our Board of Directors, our corporate team, our market leadership teams, our media advisers, our business offices, our on-air teams of content creators and our directors of content creation to finish what we started, hence, the accretive investment Sam discussed and the acquisition of people and expertise to allow us to continue to provide and build a digital strategy that is easy to understand, easy to buy, easy to execute, easy to measure and easy to renew and to buy.

So again, as Al Lucarelli said, "Chris, whatever you do, do it fast, do it with purpose and do it with force." That is what we've anticipated doing and have been doing for the last 3.5 years, and we'll continue to do until the job is finished. Sam, do we have any questions?

Question and Answer

Samuel D. Bush

Executive VP, CFO & Treasurer

First, not today. But I think we can turn it back over to Matt to wrap up.

Christopher S. Forgy

CEO, President & Director (Leave of Absence)

Thank you again for joining us on the Saga Q4 and year-end earnings call. We really appreciate it. I personally appreciate it. And again, trust me when I say, I'm more than happy and grateful to be here on this call today. Thank you so much.

Operator

Thank you. Everyone, this concludes today's event. You may disconnect at this time, and have a wonderful day. Thank you for your participation.

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