



MediaAlpha, Inc.

Fourth Quarter and Full Year 2025 Earnings Call Webcast - Prepared Remarks

February 23, 2026

Alex Liloia, Investor Relations:

Good afternoon and thank you for joining us. With me are Co-Founder and CEO Steve Yi and CFO Pat Thompson.

On today's call, we'll make forward-looking statements relating to our business and outlook for future financial results, including our financial guidance for the first quarter of 2026. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Please refer to our SEC filings, including our annual report on Form 10-K and quarterly reports on Form 10-Q, for a fuller explanation of those risks and uncertainties and the limits applicable to forward-looking statements. All the forward-looking statements we make on this call reflect our assumptions and beliefs as of today, and we disclaim any obligation to update such statements except as required by law.

Today's discussion will include non-GAAP financial measures, which are not a substitute for GAAP results. Reconciliations of these non-GAAP financial measures to the corresponding GAAP measures can be found in our press release and investor supplement issued today, which are available on the Investor Relations section of our website.

I'll now turn the call over to Steve.

Steve Yi, CEO:

Thanks, Alex. Hi everyone, thank you for joining us.

2025 was a pivotal year for MediaAlpha. We delivered exceptional results in our P&C insurance vertical, as auto insurance carriers and agents accelerated advertising spend, and we captured more than our fair share of that growth. At the same time, we narrowed the scope of our under-65 Health insurance business, improving our risk profile and sharpening our strategic focus. We generated significant free cash flow, reflecting the strength of our operating model and our disciplined approach to expense management. We returned a meaningful portion of that capital to shareholders, completing \$47.3 million of share repurchases, or roughly 7% of shares outstanding.

Our fourth quarter results were strong, with Adjusted EBITDA above the high end of our guidance range. While Transaction Value came in modestly below guidance due to more normalized seasonality in our P&C vertical, Open Marketplace demand partners leaned in, driving solid revenue growth and a higher-than-expected take rate during the quarter.

Our P&C business is off to a strong start in 2026, and we expect continued positive momentum for the full year and beyond. Carriers remain solidly profitable and are increasingly focusing on growing their customer base. As is typical in the early stages of a soft market, competition is beginning to intensify, with many carriers lowering rates to gain share. Beyond pricing, advertising is the other primary growth lever available to carriers, and we expect advertising budgets to continue to increase. Given our unmatched scale and targeting capabilities across hundreds of supply partners, we expect carriers to allocate a growing share of wallet to our platform. We're particularly focused on the significant opportunity to scale under-penetrated carriers in our marketplace, helping them optimize their campaigns and drive profitable policy growth. As these partnerships ramp, we expect our Transaction Value mix to shift gradually to our Open Marketplace where we offer highly differentiated, predictive AI-driven optimizations for our partners.



Looking ahead, I want to address the rapid pace of AI innovation and the tailwind it's creating for our business. AI-driven search is emerging as an important new starting point for insurance shopping. Against a backdrop of accelerating LLM-driven traffic growth, we increased P&C click volume by more than 20% year over year in the fourth quarter, and we expect even stronger growth in Q1. This performance reflects our role as the core infrastructure layer connecting carriers with high intent shoppers, regardless of where they start their journey. At the same time, we are embedding AI across our platform to price media with far greater precision, leveraging our massive proprietary data set as the largest marketplace in the category. This allows us to price traffic more granularly, improving publisher yield while simultaneously delivering stronger return on ad spend for carriers and agents. Our industry-leading scale and data advantage make these AI systems increasingly more effective over time, further strengthening our already powerful network effects.

As we think about the potential for AI to reshape the insurance shopping and purchase experience, it's important to distinguish between how a consumer initiates a search and how a transaction is ultimately completed. Quoting and binding require real-time integration with proprietary carrier rating systems, and carriers are highly protective about how and where their rates are displayed. Major carriers invest billions each year in their brands, underwriting, and distribution, and they have historically resisted any model that commoditizes their product into a side-by-side price comparison or transfers transactional control to a third party technology platform. As a result, we believe that most major carriers will continue to keep their pricing from being freely accessible through third-parties, including through LLMs. While AI is likely to influence where and how shopping begins and create incremental advertising-based acquisition channels, we believe the infrastructure we provide to connect online shoppers to carrier-controlled quoting and binding systems will remain essential and highly defensible.

Taken together, we believe the current industry backdrop, including the evolution of AI, is strengthening our role in the ecosystem. As demand expands and distribution channels evolve, scale, data, and performance will matter more, not less, and we believe we are well positioned to capture that opportunity and to continue delivering sustainable, profitable growth in the years to come.

With that, I'll hand it over to Pat.

Pat Thompson, CFO:

Thanks, Steve.

I'll start with some full year highlights, followed by key drivers of our Q4 results and then cover our outlook.

2025 was a record year. We crossed several significant milestones—\$2 billion of Transaction Value, \$1 billion of Revenue, and \$100 million of Adjusted EBITDA—for the first time. Transaction Value grew 45% driven by 65% growth in our P&C vertical, which more than offset the expected reset in under-65 Health. Excluding Contribution from under-65 Health, our core business delivered Adjusted EBITDA growth of approximately 55%.

Turning to the fourth quarter, Transaction Value was \$613 million, up 23% year over year. Our P&C vertical grew 38% year over year while our Health vertical declined 40%.

Revenue was \$291 million, down 3% year over year as reported but up 9% excluding Under-65 Health. Health declines were mostly offset by P&C growth. Under-65 Health contributed approximately \$7 million of revenue in 2025, down from \$41 million in 2024.

Adjusted EBITDA was \$30.8 million, down 16% year over year. Excluding Contribution from under-65 Health, our core business delivered Adjusted EBITDA growth of approximately 10%, reflecting the strong momentum in our P&C vertical. We converted 66% of Contribution to Adjusted EBITDA, which reflects our efficient operating model.

Our Q4 take rate was 7.6%, slightly above expectations, driven by favorable Open Marketplace mix. We expect take rates in Q1 to be above Q4 levels.

Moving to the balance sheet and cash flow, in 2025 we generated \$99 million of free cash flow, which for us is operating cash flow less CapEx, excluding the FTC payment of \$34 million, or \$65 million on a net basis. We ended the year with \$47 million in cash, providing us with continued financial flexibility to support our strategic priorities.

Also on the balance sheet, we met the US GAAP requirements to release the valuation allowance on our deferred tax assets and recognize the related Tax Receivable Agreement liability, resulting in a gross-up to our balance sheet. As a reminder, our long-standing Up-C structure generates tax benefits from which we retain 15% of the savings through basis step-ups over the next 15 years.

On capital allocation, we remain committed to returning capital to shareholders through share repurchases. In Q4, we repurchased approximately 1.1 million shares for \$14 million. Full year share repurchases were \$47 million, representing approximately 7% of the Company. Based on our strong and growing free cash flow outlook, our Board has authorized a \$50 million increase in our share repurchase program to \$100 million. We expect to complete the vast majority of this program in 2026.

Now turning to Q1 guidance, we expect:

- Transaction Value of \$570 million to \$595 million, up approximately 23% year over year at the midpoint, with P&C growing approximately 35% year over year, driven by strong carrier demand and continued share gains. We expect first quarter Transaction Value in our Health insurance vertical to decline approximately 50% year over year, driven primarily by under-65 health.
- Revenue of \$285 million to \$305 million, up approximately 12% year over year at the midpoint.
- Adjusted EBITDA of \$29.5 million to \$31.5 million, up approximately 4% at the midpoint. Excluding Contribution from under-65 health, Adjusted EBITDA is expected to grow approximately 25% year-over-year at the midpoint of the guidance range, and
- Contribution less Adjusted EBITDA to be approximately \$0.5 - \$1.0 million higher than in the fourth quarter of 2025.

And while we're not giving formal 2026 annual guidance today, let me frame how we're thinking about the year. We expect P&C Transaction Value will continue driving growth, with healthy year-over-year gains as carriers increasingly seek to grow in this attractive soft market operating environment. In Health, our transformation into a smaller, more focused operation is ongoing. While we expect this vertical to account for a mid single digit percentage of total Transaction Value this year, we continue to believe Medicare Advantage represents a meaningful long-term growth opportunity. We expect to generate \$90 to \$100 million in free cash flow including the final \$11.5 million FTC payment we made in January. This gives us plenty of firepower as we look to execute on the vast majority of our \$100 million buyback program in 2026.

With that, Operator, we are ready to take the first question.