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Eventbrite, Inc. (EB)

Q2 2025 Earnings Call

CORPORATE PARTICIPANTS

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Chief Financial Officer, Eventbrite, Inc.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Executive Chair, Eventbrite, Inc.

OTHER PARTICIPANTS

Dae K. Lee

Analyst, JPMorgan Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Greetings and welcome to Eventbrite's Second Quarter 2025 Earnings Conference Call. At this time, all participants are on a listen-only mode and a question-and-answer session will follow the formal presentation. [Operator Instructions] And please note this conference is being recorded.

I will now turn the conference over to your host, Megan Manaster, Investor Relations. Ma'am, the floor is yours.

Megan Manaster

Director, SEC Reporting, Eventbrite, Inc.

Good afternoon and welcome to Eventbrite's second quarter 2025 Earnings Call. My name is Megan Manaster, Investor Relations. With us today are Julia Hartz, our Co-Founder and Chief Executive Officer; and Anand Gandhi, our Chief Financial Officer. As a reminder, this conference call is being recorded and will be available for replay on Eventbrite's Investor Relations website at investor.eventbrite.com. Please also refer to our Investor Relations website to find our press release announcing our financial results, which was released prior to the call.

Before we get started, I would like to remind you that during today's call we'll be making forward-looking statements regarding future events and financial performance. We caution that such statements reflect our best judgment as of today, August 7, based on the factors that are currently known to us, and that actual future events or results could differ materially due to several factors, many of which are beyond our control. For a more

detailed discussion of the risks and uncertainties affecting our future results, we refer you to the section titled forward-looking statements in our press release and our filings with the SEC. We undertake no obligation to update any forward-looking statements made during the call to reflect events or circumstances after today, or to reflect new information or the occurrence of unanticipated events except as required by law.

During this call, we'll present adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and have limitations as an analytical tool. You should not consider them in isolation or as a substitute for analysis of our results of operations as reported under GAAP. A reconciliation to the most

directly comparable GAAP financial measure is available in our investor presentation, which is available on our Investor Relations website. We encourage you to read our investor presentation, which contains important information about GAAP and non-GAAP results.

And with that, I'll now turn the call over to Julia.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Executive Chair, Eventbrite, Inc.

Thanks, Megan, and good afternoon, everyone. We delivered a strong second quarter outperforming on the bottom line and continuing to improve our core ticketing trends. Net revenue came in at \$72.8 million, which was at the high end of our outlook. Eventbrite Ads had another standout quarter accelerating from Q1 and our paid ticket volume trends continue to improve. At the same time, we kept a sharp focus on costs and delivered on an adjusted EBITDA margin of 8.8%, which was well above our expectations. Together, these results show that our strategy is working and that we're making meaningful progress toward returning to growth. We started the year focused on stabilizing our core ticketing business and in Q2, we made measurable progress. Year-over-year declines in paid creators, paid events, and paid ticket volume all improved compared to Q1, which is evidence that the recovery is gaining momentum. The positive trends we saw in Q2 gained significant momentum as we entered Q3. While we'll provide a more detailed update in our next call, we're encouraged by the initial signals we saw in July.

As a proof point of our stabilization, paid creators and paid ticket volume were very close to flat year-over-year in July. This is a powerful signal that our recovery is taking hold and it reinforces our confidence that we're on a clear path to resume paid ticket growth as we exit the year. While paid transacting creator volume is improving in line with expectations, the average number of paid tickets sold per creator is lower than we anticipated. We view this as a short-term mix issue. We're addressing this with product and go-to-market support to lift productivity and drive higher ticket volumes in the back half of the year. Anand will cover in more detail how this impacts full year revenue expectations.

In addition to growing ticketing revenue to strengthen our business and sharpening our operating discipline to increase productivity, we're advancing the long-term strategy that will power durable momentum on both sides of our marketplace and accelerate the flywheel between creators and consumers. Starting with the creator side of our marketplace, we're continuing to deliver powerful tools that drive measurable value for the supply side, helping creators reach more fans, sell more tickets and grow their businesses on Eventbrite. In late June, we launched the lineup, a new tool built for music organizers and venues to better showcase their events and attract fans across top discovery platforms. Creators can now add rich artist profiles to their listings and automatically publish them in places like Spotify, Bandsintown, and Google, making it easier for fans to find and connect with the events they love. We're also seeing strong momentum with Eventbrite Ads. Since launching in 2022, this product has become a key growth lever not just for us, but also for our creators. It's now a meaningful driver of high margin revenue and a clear signal of the platform's ability to grow audiences for both paid and free events.

Over the past year, we've dramatically reduced the cost of high intent ad clicks and expanded the product beyond the US to the UK, Canada and Australia. Adoption continues to grow as more creators see great results. One example is Ramen Music Events, a Caribbean based organizer with events in New York and Miami. They've used Eventbrite Ads to build brand awareness, break into new markets and drive real ticket sales. By shifting more of their marketing budget to Eventbrite Ads, they saw 19 extra turn on ad spend. That impact led them to double their investment and expand their campaigns, making ads a core part of their growth strategy.

On the consumer side of our business, we're raising the bar on discovery, especially through our newly relaunched app. Our goal is simple, connect people to great live experiences in a way that feels intuitive, inspiring and fun. Since the relaunch, the app's home feed has quickly become one of our most active discovery surfaces, second only to web search. And that engagement is translating into results. App conversion rates are up year-over-year, giving us a strong foundation to build on. We'll continue investing in smarter event matching and deeper personalization to keep improving the consumer experience. We're also focused on attracting more consumers to the platform by expanding our inventory of large scale, high impact events series, particularly immersive experiences. This type of serial format attracts big audiences and sets Eventbrite apart as the best place to discover what's next in live entertainment.

One standout example is Haunted Tavern, an interactive cocktail experience where guests are guided through ghost stories and spirits, literally. Over the past year, they've sold more than 150,000 tickets through Eventbrite and expanded to 380 cities. That's the kind of magnetic experience that brings people back, and we see a massive opportunity to grow this category. As we advance our strategy with initiatives like these, we've also sharpened our focus on financial discipline, and that focus is driving results. In Q2, adjusted EBITDA margin improved by 260 basis points from Q1, reflecting sustained cost control and more efficient execution. We've reduced overhead across the business and are directing spending toward the areas with the greatest leverage. These actions are creating lasting operating efficiencies and positioning us to expand margins as we return to growth.

That same discipline extends to how we manage capital. This quarter, we secured a new term loan that strengthens our liquidity and allows us to retire a significant portion of our outstanding convertible notes with cash. Together, these steps materially improve our balance sheet and increase our flexibility for the road ahead. Anand will share more details in just a moment. I'll end here by reinforcing that we're exiting the first half of 2025 with real momentum. The execution of our strategy is translating into stronger results. Our disciplined approach is driving margin improvements and structural cost savings. And we're making progress that we believe will lead to sustained growth, stronger cash flow and improved profitability. I want to thank our entire team for their focus, resilience, and commitment to delivering on our goals and to our shareholders, thank you for your continued support as we build lasting value. And with that, I'll turn it over to Anand.

Anand Gandhi

Chief Financial Officer, Eventbrite, Inc.

Thanks, Julia. We delivered on our outlook for Q2 with net revenue at the top end of our guidance range and adjusted EBITDA margin significantly above expectations. We also made important progress against our goals, including further reducing expenses to drive margin expansion and also strengthening our balance sheet. Now, I'll go through our financials in more detail. Please note that all comparisons are year-over-year unless indicated otherwise. Net revenue declined 14% to \$72.8 million, which was at the high end of our outlook range. The decrease is due to both a 10% decline in ticketing revenue and significantly reduced marketplace revenue, primarily due to the elimination of organizer fees. This was partially offset by a strong performance from Eventbrite Ads, which grew an impressive 50%. Paid ticket volume was \$19.7 million for the quarter, a decline of 7%, reflecting an improvement of 40 basis points compared to Q1.

Importantly, as Julia mentioned, in July, we saw trending improve and accelerate significantly with paid ticket volume down only 1% year-over-year. We're encouraged by this early signal and look forward to providing complete update on the fourth quarter when we report Q3 earnings. We've seen consistent sequential improvement in year-over-year trends in paid creators, paid events, and paid tickets since eliminating organizer fees in September of 2024. This positive momentum has been partially offset by shift in our marketplace. We're seeing a faster return of small-scale creators and events than with our larger, higher volume creators. This has

led to fewer tickets sold per creator than we had initially anticipated. I'll provide more context on how these trends impact our outlook in a moment.

Gross margin of 67.5% improved by 60 basis points from Q1. This was driven by the strong performance of our high margin ads revenue. This was lower than last year's 70.9%, which had benefited from high margin organizer fees that have since been eliminated. For this quarter, our gross profit was a solid \$49.1 million. Now turning to operating expenses. We continue to focus on efficiency with OpEx declining 16% year-over-year to \$55.4 million. Q2 OpEx reduced even further by 22% when excluding a onetime \$4.4 million litigation settlement benefit in the prior year on a non-GAAP basis. This marks our sixth consecutive quarter of operating expense reductions. We sharpened our focus on the bottom line by pursuing structural improvements to our cost base, and we expect these actions will deliver sustainable benefits for the company. Looking more specifically at our OpEx buckets, product development was down 30% from \$26.1 million to \$18.2 million. Sales, marketing and support was down 17% from \$24.5 million to \$20.4 million. G&A of \$16.9 million was up 7% due to a onetime \$4.4 million litigation settlement benefit in the prior year.

G&A decreased 16% when excluding this prior year onetime benefit. Within our overall OpEx, we also achieved a 51% reduction in stock-based compensation from \$15.3 million to \$7.5 million, through deliberate and careful equity management. Q2 net loss of \$2.1 million compares to a net income of \$1.1 million in the prior year, primarily due to a onetime \$8.3 million litigation settlement gain recognized in Q2 2024. Excluding this gain, Q2 net loss improved year-over-year. Adjusted EBITDA was \$6.4 million in Q2, representing an 8.8 adjusted EBITDA margin well ahead of our outlook. This included a modest benefit from an adjustment to annual incentive compensation expense.

Now turning to the balance sheet. We ended the quarter with cash, cash equivalents and restricted cash of \$538.5 million. Our available liquidity stood at \$248 million, an increase of \$7 million from the end of Q1. We're also pleased to share two significant developments that further strengthen our financial position. First, we secured a new \$60 million term loan to proactively bolster our balance sheet and provide additional liquidity in preparation for fully retiring our convertible notes outstanding in September 2026. This term loan provides us with greater financial flexibility and security for the next four years and an attractive cost of capital of SOFR+250 basis points.

Second, we've reached agreements to repurchase \$125 million of our total \$213 million September 2026 converts below par at \$0.94 on the dollar. We also plan to retire the remaining \$30 million outstanding of our 2025 converts this December, after which the remaining \$88 million of our 2026 is the new \$60 million term loan will represent our only debt outstanding.

Now I'll provide some context on how we're thinking about outlook. As Julia mentioned, we have seen consistent sequential trending improvement in paid creators and paid tickets, which has accelerated significantly in July. Our paid creator volume is now recovering in line with our expectations. However, average ticket sold per creator has been slower to recover. This shift towards smaller events and lower volume creators returning ahead of larger ones has created a gap to our initial revenue outlook for the year. Despite this, our recovery continues to build momentum, and we view this as a short-term mix issue that we're proactively addressing.

Let me walk you through how we're executing here. First, on the marketing front, we're prioritizing high value self sign on creators. We're driving quality traffic to the most compelling events, boosting visibility where we know demand is greatest. Second, in sales, we're targeting large creators in key verticals and helping them scale by upselling ads. This allows us to unlock incremental demand and monetize it more effectively. Third, our product team is helping creators better leverage our marketplace. We're empowering our creators with smarter tools to

grow their audience and revenue. Things like demand generation, marketing automation, and insights that help increase ticket sales.

We're also focused on increasing adoption to help more creators leverage these tools to drive growth. Specifically, we're investing in three high impact product areas. First, consumer discovery tools. Second, ads and premium email campaigns. And third, paid social advertising to extend reach beyond Eventbrite. Together, these actions reinforce the unique value we drive for our creators through the flywheel of our two-sided marketplace. Now, with this context, I'll share more details on our outlook. For Q3, we expect net revenue between \$70 million and \$73 million and an adjusted EBITDA margin of approximately 7%, excluding non-routine items. Looking at the full year, we expect to achieve monthly year-over-year growth in paid ticket volume by the end of the year, driven primarily by the strength we're seeing in paid creators. Due to the mix shift we described earlier, we're updating our full year revenue outlook to a range of \$290 million to \$296 million. And importantly, as a result of our significant OpEx reductions, we're raising our outlook for full year adjusted EBITDA margin to approximately 7%, excluding non-routine items.

Summing things up, our results demonstrate solid execution, delivering accelerated trending improvements in paid creators and paid events along with greater operational efficiency. Our continued progress in reducing operating expenses is driving structural improvements to our cost base and substantial margin expansion, positioning us to generate greater cash flow as we return to growth. This disciplined execution, combined with our strengthened balance sheet, provide us with a solid foundation for sustained profitable growth long-term.

And now we'll open it up to your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will be conducting our question-and-answer session. [Operator Instructions] Thank you. Our first question is coming from Dae Lee with JPMorgan. Your line is live.

Dae K. Lee

Analyst, JPMorgan Securities LLC

Q

Great, thanks for taking the questions. I have two. The first one you mentioned strong acceleration in paid creators and paid ticket growth in July. Just curious to hear what drove that and any reasons why that momentum cannot continue into the back half? And then secondly, on the mix impact that you're talking about from creators, are there any changes in the competitive or overall event landscape that might be affecting that as well outside of your focus on higher margin self sign on creators.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Executive Chair, Eventbrite, Inc.

A

Great. Thanks, Dae, and thanks so much. I appreciate you joining the call. And for your question here. So what we're seeing in the business is in line with what we want to see in terms of recovery. We're watching the July as we wanted to give confidence and inflecting the monthly year-over-year growth later in the year is in that it's being supported by the behavior of creators and consumers on the platform, not just the volume. So we are seeing the trends moving in the right direction. As you noted and as we shared on our call, paid creators return our about flat in July and paid ticket volume was down just 1% year-over-year, which is a sharp improvement from the Q2 run rate. And that's just not a projection that's actual performance. So it tells us the recovery is progressing and the inflection point is approaching.

Second is that we're controlling what we can to drive that growth. So we've put focused effort behind acquiring larger, higher volume creators through paid marketing, through brand development, and an expanded sales team that's now more targeted and more productive. They're focused on vertical format and metro. So we're seeing that increase the near-term performance of paid creators. And we expect to see that the lagging indicator pickup toward the back half of the year in paid ticket volume. We're also seeing success with more consistent upselling motion that's driving greater adoption of Eventbrite Ads. And that matters because it's helping creators sell more tickets while also increasing our monetization.

And the final thing I'll say is that our product investments are designed to drive exactly this kind of growth, starting with the creator and helping them expand their business. So we're improving consumer demand through better discovery and personalization. We're expanding marketing tools that help creators grow their audience, and we're delivering insights that help them optimize the performance of their marketing and promotion, as well as giving them insights into how their events are selling, especially for our repeat customers who are able to compare year-over-year.

So these improvements that I just mentioned are already live and the adoption is building. I think while there's still work ahead, the combination of this real time improvement that we're signaling for July and that -- and the proactive execution gives us kind of the confidence that we'll reach that inflection, and we're on a solid path to sustain it. Where we in the course of Q2 saw some divergence in these main metrics is the recovery of creators is the -- is -- sorry the recovery of tickets for creators lagging slightly behind the recovery of creators. And that's what I think is driving a bit of that delayed improvement than what we had originally anticipated.

And you also asked if there was a change in the overall landscape. We don't see a massive shift in the landscape. We think that Eventbrite is well-positioned within the mid-market and we are the number two largest trafficked live experience and ticketing destination out there. We think that we're able to compete against many smaller players as well as larger platforms with our product, focusing on helping creators build their businesses on Eventbrite and sell more tickets. Our marketplace helping to drive nearly 40% of the ticket volume through our targeted consumer efforts and third, through our brand affinity and the ubiquity that Eventbrite has with live experiences, we see some really interesting secular tailwinds in live events as people are wanting to get out more and be in real life together and we see the clear connection and opportunity and we have a proven track record of using new technology and the adoption of technology to actually drive those trends of getting together in real life and connecting through experiences.

Dae K. Lee

Analyst, JPMorgan Securities LLC

Got it. Thank you.

Q

Operator: Thank you. As we currently have no further questions on the lines at this time, this will conclude today's call. You may disconnect your lines at this time and have a wonderful day. And we thank you for your participation.

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