

Mobile Infrastructure Corporation

First Quarter 2025 Financial Results

Tuesday, May 13, 8:00 AM ET

CORPORATE PARTICIPANTS

Casey Kotary - *Investor Relations*

Manuel Chavez - *CEO*

Stephanie Hogue - *President*

PRESENTATION

Operator

Good day and welcome to the Mobile Infrastructure Corporation first quarter 2025 earnings conference call. All participants will be in listen only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note this event is being recorded. I would now like to turn the conference over to Casey Kotary, Investor Relations Representative. Please go ahead.

Casey Kotary

Thank you, operator. Good morning, everyone, and thank you for joining us to review Mobile's first quarter 2025 performance. With us today from Mobile are Manuel Chavez, CEO, and Stephanie Hogue, President. In a moment, we will hear management's statements about the Company's results of operations as of the first quarter of 2025.

Before we begin, we would like to remind everyone that today's discussion includes forward-looking statements including projections and estimates of future events, business or industry trends, or business or financial results. Actual results may vary significantly from those statements and may be affected by the risks Mobile has identified in today's press release and those identified in its filings with the SEC including Mobile's most recent annual report on Form 10-K and its most recent quarterly report on Form 10-Q. Mobile assumes no obligation and does not intend to update or comment on forward-looking statements made on this call.

Today's discussion also contains references to non-GAAP financial measures that Mobile believes provide useful information to its investors. These non-GAAP measures should not be considered in isolation from or as a substitute for GAAP results. Mobile's earnings release and the most recent quarterly report on Form 10-Q provide a reconciliation of those measures to the most directly comparable GAAP measures and a list of the reasons why Mobile uses these measures.

I will now turn the call over to Mobile's CEO, Manuel Chavez, to discuss first quarter 2025 performance. Manuel?

Manuel Chavez

Thank you, Casey, and thank you all for participating in today's call to review our first quarter results and discuss our business outlook.

To start off, underlying operating metrics moved in the right direction, and the strategic pillars we detailed in March are firmly on track. That said, seasonal headwinds and some other factors muted top line growth in Q1. Our infrastructure and consumer lens combined with improved data is guiding disciplined capital deployment and positioning Mobile Infrastructure for value creation.

Before we get into the details, I'd like to re-ground you on the long-term journey that guides our actions. When we spoke in early March, barely seven weeks ago, we set out a multiyear, multi-pronged strategy consisting of two primary focus areas. Our first focus area, as expected, is to continue to convert the balance of our core portfolio into management agreements, driving increased utilization via increasing our monthly residential and commercial contracts. The second focus area is our portfolio optimization strategy in which we aim to rotate out of certain parking assets that have greater value for alternative stakeholders than they do as long-term assets in

our portfolio into new assets that more closely align with the key characteristics of our core portfolio, ultimately maximizing value for our Mobile shareholders.

As a reminder, our core portfolio is defined as parking structures that are near multiple demand drivers and likely clustered close to assets that are already in our portfolio. We believe rotating the non-core segment of Mobile's portfolio can generate at least \$100 million of proceeds that can be used to reinvest into our robust acquisition pipeline. Second, our team sees a meaningful opportunity to further leverage data and enhance processes and use rigorous management of our core portfolio to increase asset utilization and grow NOI. Because specialized parking properties do not change hands quickly, this takes time, and today's remarks are meant as a progress report on initiatives whose most visible milestones will surface over the coming quarters.

Mobile Infrastructure's garages occupy a distinctive niche. They are hard infrastructure, essential nodes in the flow of urban mobility, yet they also behave like consumer microcosms, their performance rising and falling with daily human patterns. That dual nature shaped the quarter story. The first quarter is our lightest season, and this year was no different. Adding to the typical seasonality, weather proved harsher than usual, construction disrupted several central business district corridors, and in Cincinnati, one of our largest markets, the convention center closed for renovation, creating less demand in our transient and overnight hotel traffic. Even so, the team delivered a solid opening 90 days of 2025.

Business development outreach secured more than 250 net new monthly contracts and lifted contract volume sequentially at essentially flat pricing. Our pipeline for new monthly business continues to grow, evidence that our go-to-market discipline is taking hold. Transient transactions declined versus the prior year quarter, but average transient rates rose, demonstrating the levers that we have at our disposal to protect price even when volume is softer. We also saw encouraging early signs from a wave of downtown residential conversions. For example, The Mercantile and the newly opened One West Seventh apartments in Cincinnati are seeing success in leasing even through the first quarter, a time when people are less likely to move. We are seeing some demand for parking from these new lessees, although there is some rate sensitivity early on. Experience tells us that sustained higher use eventually converts to pricing power, and we will remain patient with our pricing lever until that threshold is reached.

29 of our 40 garages are now under management contracts. By the end of calendar year 2025, we will have transitioned 75% of our portfolio to run under management contracts with the balance scheduled for conversion in 2026 and 2027. Management contracts allow for full rate autonomy, transparent cost structures, and crucially, granular data on utilization, parker mix, and rate elasticity. That data allows us to fine-tune decisions with a precision unavailable previously. Building a data-driven decision process has taken time, and we believe the effects will become more obvious later this year and into 2026.

Portfolio optimization remains an important pillar of our strategy. Last year's sale of three assets at attractive multiples confirmed the latent value of our real estate holdings. These three assets were sold at a sub-2% capitalization rate on NOI, which is a function of our assets often playing a critical role in the real estate development plans of alternative stakeholders. Building on that success, we have launched a 36-month disposition program targeting roughly \$100 million of non-core properties whose value will be derived from the underlying land or, equally as importantly, the buyer who would like to control the parking experience for their customers or employees. Proceeds will be redeployed into locations supported by multiple demand drivers and higher net operating income potential in markets where we already hold scale advantages. We are working towards roughly one-third of those assets to be under active negotiations or in contract by year

end, and we are preparing the balance sheet accordingly. Over the past quarter, we evaluated debt facilities, including term debt, pooled asset debt, and single asset level facilities to ensure we can close sales swiftly and reallocate the capital in a manner that is accretive to shareholders.

Looking beyond traditional parking income, we are layering complementary revenue streams onto the portfolio. Revenue sharing negotiations are in late stages for electric vehicle charging at several garages as is longer-term vehicle storage in assets that have greater availability throughout the year, and exploratory discussions with autonomous vehicle operators continue, positioning our centrally located assets as future fleet hubs. Each initiative is intended to add durable cash flow and enhance asset value. We look forward to sharing more details on those initiatives in the coming quarters.

Again, in short, seasonal headwinds muted top line growth, yet the underlying operating metrics moved in the right direction, and the strategic pillars we detailed in March are firmly on track. Our infrastructure plus consumer lens combined with ever richer data is guiding disciplined capital deployment and positioning Mobile Infrastructure for sustainable value creation. Thank you for your time and continued support.

I will now turn the call over to our President, Stephanie Hogue, who will elaborate on our financial performance for the quarter. Stephanie?

Stephanie Hogue

Good morning, everyone, and thank you, Manuel. My remarks today will move through three interconnected topics: our balance sheet efforts, the financial performance of our assets, and importantly, our path forward.

Starting with our balance sheet. As you recall, last September, we put a \$40 million credit facility in place to give holders of our preferred stock a cash option rather than converting into common shares and immediately selling in the open market, which not only would have resulted in substantial dilution but also created downward pressure on a thinly traded stock.

In addition, and as importantly, we reinstated the dividend to these shareholders, which was a core reason that they made the investment in the first place. That facility is doing its job. During the first quarter, we redeemed just \$1.2 million of preferred, which is the lowest quarter of redemptions or conversions since early 2024. The preferred outstanding now sits at \$19 million, down from \$39.5 million at the start of last year. At the same time, we continued to repurchase common shares. We have repurchased approximately 82,000 shares this quarter at an average price of \$3.23. Our internal NAV remains \$7.25 per share, which does not credit our assets for their operational value or replacement value premiums.

Considering the material discount of Mobile's stock price relative to NAV, we intend to continue taking potential dilution off the table by settling preferred redemptions with cash and buying back our stock in the open market. This dovetails into our financing strategy. After refinancing \$87.5 million of secured debt late last year, we are now working through our debt maturities through 2027 and evaluating alternative structures that offer flexibility around our capital rotation strategy of non-core assets. Traditional CMBS is restrictive with asset sales, redeployment of capital, and operating changes like leases to management contracts. As a result, we believe that continued focus on enhancing our balance sheet is an important value driver longer-term, as it will allow us to continue to execute on our strategy.

With that backdrop in place, let's turn to what's happening inside the assets themselves. The shift to management contracts is paying dividends. Today, most of our revenue is recorded on an accrual basis, giving us a clear view of operating performance. Once we strip out performance from Detroit, which I will discuss shortly, revenue per available stall increased 1% year-over-year in the first quarter. Because an empty space can never be resold, our first priority is increasing utilization, and once this metric meets satisfactory thresholds, we will look to optimize price.

Better data is also reshaping our revenue mix. Monthly or contract parking currently represents more than 35% of management contract parking revenue, providing stickier cash flow and smoothing the seasonality inherent in transient demand. The accounting noise that once clouded period-to-period comparisons is largely behind us, and we can now measure performance on a truly apples-to-apples basis.

Underpinning this progress is the improvement in parking technology, allowing us to make data-informed decisions. License plate recognition, data aggregation, and other tools are giving us granular insights into consumer behavior—peaks and valleys in utilization, the ability to charge consumers according to their usage needs, and pricing sensitivities that may not have been obvious with older technologies. We continuously evaluate our third-party operators on a simple metric: who can deliver accurate, actionable data, the fastest so we can adjust accordingly.

Looking ahead, our roadmap is clear. First and foremost, we intend to continue to reposition our balance sheet through a more flexible debt facility that supports our non-core asset rotation and reduces refinancing risk. We will maintain rigorous capital allocation discipline balancing share repurchases against investing in assets or revenue-generating upgrades to our current facilities. And finally, we will evaluate data faster with our operators to make more informed decisions to drive increased utilization.

Now let's move on to our first quarter results. Financial results for the first quarter still have some element of lease conversion to management contract noise within the results. As the percent rent leases recognized revenue on an as-collected cash basis, first quarter revenue of 2024 had a \$600,000 benefit for activity occurring in the fourth quarter of 2023. Revenue of \$8.2 million in the first quarter was stable compared to 2024 operating revenue when adjusting for this accounting change. That said, on a GAAP basis, revenue decreased 6.7% from \$8.8 million in the first quarter of 2024.

Revenue Per Available Stall, or RevPAS, a key metric we use to manage our portfolio, was down modestly in the first quarter. However, we have provided an adjusted RevPAS that excludes our Detroit location to give a clearer view of our business progress. Detroit is one of our larger assets, and we spoke previously about the headwind this asset faces, but also of the longer-term opportunity we believe the redevelopment in Detroit creates. As a result, including it in RevPAS skews our year-over-year comparisons for the remainder of the portfolio. Excluding Detroit, same location RevPAS was \$184 per stall as compared to \$183 per stall in the prior year, driven by modestly higher overall utilization, stronger transient and residential pricing rates, and an increase in corporate monthly parking.

As we convert more assets to management contracts and a larger portion of our portfolio is included in the calculation, our RevPAS metric will become an increasingly valuable measure of our performance, offering a more clear and comprehensive of our business. That said, as a reminder, our first quarter is typically seasonally slow, and we experienced several quarter specific impacts that further affected performance, namely significant weather in the Midwest, temporary road closures, and the temporary closure of Cincinnati's convention center for a \$240

million upgrade. Property operating expenses were \$1.9 million compared to \$1.5 million in last year's first quarter. The increase primarily resulted from the shift to management contracts and the related accounting treatment of recognizing asset level expenses within our financial statements. Property taxes were \$1.9 million approximately flat compared to last year. Net operating income, or NOI, was \$4.5 million, down 17% from last year's first quarter. Last year's NOI included the previously mentioned \$600,000 of revenue that essentially dropped entirely to the bottom line.

General and administrative expenses of \$1.3 million were slightly up from \$1.2 million in the prior year's first quarter. This excluded non-cash compensation of \$700,000 in the current year quarter compared with \$1.8 million of non-cash comp in the prior year quarter. We continue to believe that the portfolio can scale significantly while corporate G&A can be held roughly flat. Adjusted EBITDA was \$2.7 million, down about 21% from \$3.5 million in the prior year, and adjusted EBITDA margin was 33.4%. It is worth noting here, too, that the \$600,000 of prior period revenue increased profitability by a similar amount, explaining much of the year-to-date change.

Turning to our balance sheet. At the end of the first quarter, Mobile Infrastructure had \$16 million of cash and restricted cash on hand. We ended the quarter with total debt outstanding of \$214 million compared with \$213 million at the end of 2024. While our first quarter is always seasonally slow, we remain confident in our annual plan and are maintaining our 2025 guidance for revenue of \$37 million to \$40 million. Net operating income, or NOI, for 2025 is still expected to range from \$23.5 million to \$25 million, representing year-on-year growth of 7% at the midpoint. We expect adjusted EBITDA to be between \$16.5 million and \$18 million.

To close, the heavy lifting of 2024 – contract conversions, refinancing groundwork, capital structure redesign – is translating into more consistent revenue accrual, sharper operating insights and, I believe, a stronger platform for growth. We have more work ahead, but the trajectory is positive and unmistakable. Thank you for your continued support of Mobile Infrastructure. And with that, I will turn the call to the operator to open the line for questions.

QUESTION AND ANSWER

Operator

We will now begin the question-and-answer session. To ask a question, you may press star then one on your telephone keypad. If you are using a speaker phone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster. The first question comes from John Massocca with B. Riley. Please go ahead.

John Massocca

Good morning.

Stephanie Hogue

Good morning, John.

John Massocca

Just focusing in on some of the headwinds in 1Q '25. Obviously, weather probably shouldn't be a factor, at least in 2Q and 3Q as much. But things around, for instance, the convention center remodel in Cincinnati or maybe the other construction things that were called out. I mean, could those have longer tails? Could that be kind of affecting the rest of the year here?

Manuel Chavez

The convention center redevelopment in Cincinnati -- actually, the completion timeframe was moved up. And as of late, they are expecting opening of that in December of this year or January of next year. We also had some street closures associated with exterior facade in some apartment building redevelopments, which are coming to completion, as well.

John Massocca

Okay. And anything else on the operating expense side in the quarter that maybe is one-time-ish, or maybe more permanent. I thought I remember in the press release something around security was kind of called out. Just curious if there is any -- how we should kind of think about that OpEx number going forward.

Stephanie Hogue

Yeah. Security definitely has been an expense that we are seeing through the portfolio. There was an element of expense, though, in this quarter that was moved forward. So, it was planned R&M for the year that just came up either timing or it was the right opportunity to do it. So, we expect that that is online with guidance through the year.

John Massocca

Okay. And then the Renaissance Center in Detroit, splitting it out from RevPAS, is that kind of an indication that that asset maybe is potentially going to be a drag on kind of the overall portfolio in the near to intermediate-term just given some of the secular things going on with that specific asset? Or just kind of curious what the outlook for that specific asset is just given you split it out from the rest of the portfolio.

Manuel Chavez

Yeah. Detroit is one of our biggest markets, and that asset is a premier riverfront location but connected directly to the Renaissance Center. And so, what's happened is that asset has moved -- from a revenue perspective -- it's moved to a trough much more quickly than we anticipated, which is disappointing on one hand. But on the other hand, it says that the sort of movement of current tenants in the Renaissance Center is happening more quickly, meaning they're moving out, which should make way for the redevelopment. The downward pressure on our overall performance once this asset does truly hit the trough, that downward pressure will lessen up, but we wouldn't anticipate any type of real growth there outside of some potential construction -- construction worker parking. Outside of that, we wouldn't anticipate any real growth until the redevelopment is completed there.

John Massocca

Is there a rough timeframe for when you would expect that asset to kind of trough or maybe have we already gotten there?

Manuel Chavez

I think we are getting pretty close.

John Massocca

Okay. And then you called out debt a little bit. Looking for maybe alternative sources of kind of debt capital that are more conducive to your operating model. I mean, can you provide a little more color on the conversations you're having today and maybe kind of a rough timeline for when we might expect something on the refinancing front to that extent?

Stephanie Hogue

Yeah. John, most of our maturities are '26 and '27. So, we're moving a little bit faster from a refinancing perspective than we would otherwise. One of the challenges as you look at our portfolio is you have a lot of CMBS portfolios that were done kind of prior to 2020, and they're restrictive in what and when we can sell assets. As you know, the non-core asset piece of our strategy is really important. So, we'll have more to come later this year. We have been working on it. As you know, markets are somewhat volatile. So, working to really find the right answer for the Company long-term that allows us to execute quickly on sales as they come but also recycle that capital into assets that look more like the core portfolio. So, I would say later this year we'll have more detail, but working on it to give us really a lot of flexibility within the portfolio.

John Massocca

Okay. That's it for me. Thank you very much.

Stephanie Hogue

Thanks, John.

Manuel Chavez

Thanks, John.

Operator

Again, if you have a question, please press star then one. Your Next question comes from Kevin Steinke with Barrington Research. Please go ahead.

Kevin Steinke

Hey. Thanks. Good morning. I just want to start off by asking about the improved contract parking demand trends you are seeing and maybe how sustainable that is. And then you also mentioned initially some pricing sensitivity around monthly commercial parking, although you mentioned that could kind of go away as the utilization builds. So, maybe just kind of the timeline of how that typically works in terms of maybe when pricing sensitivity lessens in response to higher utilization.

Stephanie Hogue

Yeah. That's a great question. I would say it's sort of a tale of two stories. Transient -- as we are seeing continued activity in downtown flow was certainly slower than we expected in the first quarter. Rates held. So, people that are coming downtown for -- whether it's dinner events, why ever they are moving around the city, there is not a lot of pricing sensitivity. But you are right. It is absolutely in kind of the return to office trend. Right now, there is a surplus in downtown parking because people have by and large not been working Monday through Friday in offices and city cores. So, as that trend is shifting, we are getting a lot more inbounds as opposed to just outbounds of us calling. We're seeing -- our operators are reporting that they're getting more inbounds from people looking for large blocks of parking. As that continues and garages fill up, we will see that pricing power shift towards the Company.

Kevin Steinke

Okay. Thanks. And then you mentioned some momentum on the ancillary revenue initiatives specially calling out revenue sharing for EVs. It sounds like maybe some revenue generation coming from that later in the year perhaps. Could you talk about that more and how widespread that is in terms of -- across your asset portfolio?

Stephanie Hogue

Absolutely. We have EV in several of our garages. I would say performance and utilization takes time to build. Customers need to know that it's there, that it is available. So, it's not that you put an EV charger in and automatically it's at 100% utilization. We're really focusing on garages that have that residential demand element, because those are people that don't have an alternative place necessarily to charge. They can't drive home and plug it in at their house. So, EV charging will become more important. But it is one of the things that just takes probably several quarters before you really have insight in terms of utilization, and that's subject to people knowing it's there, that they are using it consistently, and it's priced accordingly.

Kevin Steinke

Okay. Understood. Thanks for taking my questions.

Stephanie Hogue

Thanks for the questions.

CONCLUSION**Operator**

This concludes our question-and-answer session and today's conference call. Thank you for attending today's presentation. You may now disconnect.