



CCC Intelligent Solutions Inc. (Nasdaq: CCCS)

4Q25 Earnings Call Transcript

February 24, 2026

BILL WARMINGTON, VP OF INVESTOR RELATIONS: Thank you, operator. Good afternoon and thank you all for joining us today to review CCC's fourth quarter and full year 2025 financial results which we announced in the press release issued following the close of the market today. Joining me on the call are Githesh Ramamurthy, CCC's Chairman and CEO, and Brian Herb, CCC's CFO. The forward-looking statements we make today about the company's results and plans are subject to risks and uncertainties that may cause the actual results and the implementation of the company's plans to vary materially. These risks are discussed in the earnings releases available on our Investor Relations website and under the heading "Risk Factors" in our 2025 Annual Report on Form 10-K which we will file with the SEC later today.

Further, these comments and the Q&A that follows, are copyrighted today by CCC Intelligent Solutions Holdings Incorporated. Any recording, retransmission or reproduction or other use of the same, for profit or otherwise, without prior consent of CCC is prohibited and a violation of United States copyright and other laws. Additionally, while we will provide a transcript of portions of this call and we've approved the publishing of a transcript of this call by a third-party, we take no responsibility for inaccuracies that may appear in the transcripts.

Please note that the discussion on today's call includes certain non-GAAP financial measures as defined by the SEC. The company believes these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to the company's financial condition and the results of operations. A reconciliation of GAAP to non-GAAP measures is available in our earnings release that is available on our Investor Relations website. Thank you.

And now, I'll turn the call over to Githesh.

GITHESH RAMAMURTHY, CHAIRMAN & CEO: Thank you, Bill, and thanks to all of you for joining us today. I'm pleased to report that CCC delivered another quarter of strong top and bottom-line performance to cap off a solid 2025. For the fourth quarter of 2025, CCC's total revenue was \$278 million, up 13% year-over-year and above the high-end of our guidance range. Adjusted EBITDA for the fourth quarter was \$119 million, also above the high end of our guidance range, and adjusted EBITDA margin was 43%.



Looking at the full year 2025, revenue was \$1.057 billion, up 12% year-over-year. Adjusted EBITDA was \$436 million, with an adjusted EBITDA margin of 41%.

2025 was a year of many significant milestones for CCC. We crossed the \$1 billion revenue threshold for the first time, up more than \$350 million since we went public in late 2021. 85% of our revenue now comes from subscriptions, with continued strong EBITDA margins and annual free cash flow crossing \$250 million for the year, also a record high.

We also continue to benefit from exceptionally strong customer relationships. During 2025, we renewed and expanded numerous clients across the business, including several Tier 1 insurers and the largest collision repair provider in the United States. We also continued to add significant new customers across our markets, for example adding 2 new auto manufacturers so that we now serve 14 of the top 15 OEMs in the United States. Our gross dollar retention was once again 99%, a testament to the value we provide and the strength of our client relationships.

In aggregate, we ended the year with approximately 900,000 registered users of our solutions, who collectively process over \$200 billion of commerce per year.

Finally, we were thrilled to complete our acquisition of EvolutionIQ, a pioneer in AI claims guidance and the leader in bodily injury claims resolution. Throughout 2025, EvolutionIQ continued to add new customers and modules across disability and workers comp product lines, and we were excited to introduce EvolutionIQ's capabilities to CCC's casualty customers. We anticipate continued momentum there in the years ahead.

Looking ahead to 2026, we see a generational opportunity in front of us and CCC is uniquely well positioned to capitalize on it. I will cover this in three themes:

- Our excitement around the opportunity AI represents for our industry and CCC
- How this reinforces our durable economic model and long-term growth
- And finally, how we are approaching go-forward capital allocation in light of that strength

Turning to my first theme, the reason we're so excited about AI is that it's a powerful force that makes CCC's platform even more important over time. CCC's advantage has never been just a single model or feature. It is the combination of proprietary and hyperlocal data, a deeply connected network, and embedded workflows that allow complex decisions to be made reliably, consistently, and at scale in an industry with a very high bar for governance, compliance, and accountability.

A common question we hear is whether rapid advances in AI threaten established platforms. Our experience says the opposite. In regulated, multi-party industries like insurance, AI



increases the need for trusted data, governed workflows, and platforms that can operate safely at scale.

As many of you know, CCC has been an AI pioneer and leader for over a decade. We were an early innovator in deep learning computer vision AI, having been among the first companies in any sector to bring AI solutions to market, and have stayed at the forefront of every major AI leap since. Our AI solutions have been used to process tens of millions of unique, real-world claims representing many billions of dollars. AI is embedded in our products, our support, and our internal operations.

While other companies talk about AI in theory, we have been in production at scale – for years. Nearly \$100 million of our annual \$1 billion in revenue comes from real-world AI products that our customers use in their businesses every day. Importantly, these solutions are not standalone tools. They are embedded directly into mission-critical workflows where decisions carry financial, regulatory, and operational consequences.

All of this gives us a unique perspective into the generational opportunity AI represents for our industry and for CCC. Our industry, the insurance economy, is attempting to navigate many challenges – some common to other industries and some all its own. Like many industries, the insurance economy is facing a massive, structural labor shortfall in the coming years. Insurance appraisers, collision repair technicians, and many other roles are facing a wave of retirements with insufficient talent pipelines to fill the gap. Macro pressures and uncertainties add to this dynamic.

Add to that the enormous and ever-expanding complexity of the insurance economy itself. An ecosystem with tens of thousands of companies, rapidly advancing vehicle technology, persistent medical inflation, changing regulations, and many other forces are why more than 1 billion days elapse every year from auto claims being opened to auto claims being closed. We began investing in AI more than a decade ago because we knew automation would be essential to navigating these long-term structural challenges, not because it was a short-term technology cycle.

There's a saying that fortune favors the prepared, and we have been preparing for the insurance economy's inflection on AI for some time. We believe the industry is now entering a phase where AI moves from experimentation to scaled deployment, and CCC is positioned to be the platform on which that deployment occurs.

As we look to scale this opportunity, execution discipline matters more than ever. This is why we strengthened senior product leadership with the addition of Josh Valdez as Chief Product Officer. Josh brings deep experience leading large-scale, platform-centric product organizations, most recently overseeing global product management at Dayforce and previously at Workday. His background is directly relevant as we embed AI more deeply into mission-critical workflows and expand across products, customers, and markets. Since



joining CCC, Josh has been focused on sharpening prioritization, strengthening roadmap discipline, and accelerating the delivery of capabilities that customers can deploy at scale.

CCC has been a system of action for decades. While our platform does many things, at its core CCC is a collection of incredibly complex, deeply interconnected, and massively real-time decision engines for a highly regulated industry where outcomes must be governed, explainable, and defensible.

Hundreds of billions of dollars in payouts cross the insurance economy every year and the path for AI to supercharge them is via those decision engines. Let me make this real.

We were able to build highly effective AI solutions because we have an enormous repository of proprietary data representing more than \$2 trillion of actual, real-world outcomes. That data is contextual, claims-specific, and continuously validated through real transactions, which is what makes it usable in regulated environments.

Scale alone is not the challenge. The challenge is complexity. Insurance decisions depend on hyper-local pricing, insurer-specific rules, regulatory requirements, and coordination across many parties. What matters is not what something costs on average – but what it costs for a specific vehicle, in a specific location, under a specific set of rules, at a specific point in time.

We do this for more than 20 million unique vehicles per year, and to do that our systems process more than 2 million business events every day, across 2 million labor rate profiles, 7.4 million part SKUs, 62,000 insurer audit rules, 5.5 billion live parts quotes, more than 200,000 insurer to shop relationships, and 13,000 unique jurisdictions. This is not a static data repository. It is a living operational system that reflects how work actually gets done in the insurance economy.

From there, the output of those decision engines needs to be put into action. And the path for that is through the CCC network. CCC connects more than 35,000 companies, including 27 of the top 30 auto insurers, 30,000-plus repair facilities, over 6,000 parts suppliers, 14 of the top 15 OEMs, and hundreds of software and service partners, all of them interacting and negotiating constantly throughout the day. These are not just workflows – they are the core operating rails of one of the largest industries on earth.

The combination of our AI, platform, and network are contributing to customers increasingly looking to standardize their operations on CCC, and there are also many product advantages to doing so. For example, at the beginning of a claim, our AI can triage both damage to a vehicle and potential injuries to its occupants, with substantial synergies in claims handling efficiency and customer experience. These benefits continue across the life of the claim or repair, and are one of the reasons we are seeing auto physical damage customers increasingly choose CCC for casualty and also why we are seeing customers of all types



purchase more of our core solutions in general. Over time, we anticipate that customers will increasingly want to leverage the full set of CCC solutions to maximize their investments in AI, regardless of where or how those investments are developed.

We fundamentally believe that AI is most valuable when it performs real work in our customers' businesses that impacts their end customers' lives. As customers increasingly embrace this reality, it drives greater reliance on CCC's platform, data and network. This dynamic is a massive long-term tailwind for both the industry and for CCC. And we are ready to enable it.

I'd like to turn next to how this trend reinforces our durable economic model and long-term growth.

While our AI has been battle-tested and is in production across more than 125 insurers and over 15,000 collision repairers, we are still just scratching the surface of AI product penetration and monetization. Every client using our AI is different in terms of the particular AI products they have chosen to adopt, and they also differ in the velocity of that adoption. Over the past few years, our teams have spent a considerable amount of time educating customers on AI and helping them work through the change management needed to leverage AI at scale within their organizations. This gave us great learnings from our early adopters, and we started to see a notable acceleration of AI adoption across our entire customer base in 2025.

Our AI suite is the fastest-growing part of the CCC portfolio. AI has now grown to roughly 10% of total revenue, and we expect that contribution to increase over time. While adoption continues to scale, utilization today ranges from low single-digit to low double-digit percentages of total claims processed, depending on the solution. This dynamic highlights both accelerating customer adoption and how early we remain in the adoption curve, giving us, in effect, a long runway for growth as usage scales.

Because of our long track record in AI, we know how to build and deploy these solutions cost-effectively. Our AI portfolio has a similar economic profile to the rest of our products, and they're configurable by the customer instead of custom model builds. We have also seen strong results from the deployment of AI in our internal operations and we anticipate additional gains as these grow in scope and usage.

The strength of our business model has also enabled us to make other investments to capitalize on this opportunity. We developed and launched our event-based architecture IX Cloud to make it easier for customers to use our AI-enabled products across their businesses and have made substantial investments in talent to build on our leadership position. This includes key hires in sales and product management functions who bring deep experience in building, scaling, and selling AI-driven solutions to enterprise and SMB clients.



We have streamlined many of our packages and selling motions, and will continue to optimize these in the spirit of delivering top-tier value and reference-level service.

Our acquisition of EvolutionIQ didn't just bring world-class AI capabilities and a strong extension to our casualty portfolio – it also expanded CCC's addressable market beyond auto. EvolutionIQ's continued new logo wins in 2025 now gives us a client roster of 9 of the top 15 disability carriers in the United States. EvolutionIQ also brought CCC into workers compensation, the third largest P&C insurance line after auto and home. EvolutionIQ further expanded the scale of its workers' compensation opportunity by partnering with the largest TPA in the world to serve the self-insured market, with strong early client traction.

In addition, as we integrate EvolutionIQ more deeply into our auto casualty suite, we are beginning to see tangible progress in the cross-sell motion with our casualty customers. Medhub for Casualty is gaining interest as insurers look to apply AI-driven medical record insights within complex injury claims, and we have signed our first casualty customer for this solution with several additional carriers in advanced stages of evaluation. We also cross-sold Evolution IQ's workers comp offering to an existing CCC customer for the first time. This early traction supports our view that EvolutionIQ meaningfully expands our addressable opportunity in casualty, and P&C in general, over time.

The strength of our economic model allowed us to deliver 41% EBITDA margins for the year despite making large-scale investments in R&D and absorbing some near-term losses from EvolutionIQ. The size of the opportunity ahead of us gives us confidence in our ability to continue to grow at attractive rates, while also increasing margins and free cash flow, for many years to come.

Finally, I'd like to make a few comments on capital allocation. We are incredibly excited about the growth pathways in front of us, and we are fortunate to have made many long-term investments ahead of this cycle to prepare us for this moment.

While our top priority will always be product innovation, the strength of our business model enabled us to deliver more than \$250 million in free cash flow last year, which affords us the flexibility to decide how we allocate excess cash and optimize our capital allocation.

In recent years, we have been deliberate about returning cash to shareholders by buying back a significant number of our shares. In Q4, we completed a \$300 million share repurchase program and our Board of Directors authorized an additional \$500 million in repurchases, which we immediately activated by entering into a \$300 million Accelerated Share Repurchase transaction. We believe repurchasing shares is the best use of our excess cash, particularly at current levels that we believe meaningfully undervalue this business.



As Brian will detail, CCC's strong fundamentals support ongoing top-line growth, margin expansion, and free cash flow generation, which will give us many opportunities to maximize total shareholder return while continuing to reinforce our position as the leader and product innovator in our industry. We look forward to a very exciting 2026.

With that, I'll turn the call over to Brian, who will walk you through our financial results and outlook in more detail.

BRIAN HERB, CHIEF FINANCIAL OFFICER: Thanks, Githesh. As Githesh outlined, 2025 was a year of important investments to support our long-term growth. From a financial perspective, revenue performance improved through the year, supported by strong momentum in our AI and emerging solutions, and we generated healthy adjusted EBITDA and free cash flow while maintaining a disciplined approach to capital allocation.

Now, let's turn to the numbers. I'd like to review our fiscal year and fourth quarter 2025 results, and then provide guidance for the first quarter and the full-year 2026.

For fiscal year 2025, total revenue was \$1.057 billion, which was up 12% over 2024. Adjusted EBITDA for the year was \$436 million, up 10% year-over-year, with an adjusted EBITDA margin of 41%. Excluding the impact of EvolutionIQ, adjusted EBITDA margins expanded by over 200 basis points year-over-year in 2025.

Now I'll turn to the fourth quarter results and detail our performance. In the fourth quarter, total revenue was \$278 million, which was up 13% from the prior-year period and above the high-end of our revenue range of \$272 to \$277 million.

Approximately 8 percentage points of revenue growth came from organic CCC and 5 points came from EvolutionIQ, consistent with our expectations. Of the 8% of growth, about 5 ½ points were driven by cross-sell, upsell, and adoption of solutions across our client base – including repair shop upgrades, the continued adoption of our Emerging Solutions, and Casualty. Approximately 2 ½ points of growth came from new logos.

In the quarter, Emerging Solutions contributed more than 2 points of total revenue growth, driven primarily by our AI-based APD solutions, Subrogation, Diagnostics, and Build Sheets. Emerging Solutions continue to represent an important and expanding part of our portfolio, accounting for approximately 5% of total revenue in the fourth quarter of 2025 and growing about 75% year-over-year.

Industry claim volumes in Q4 declined 6% year-over-year, however, Q4 of 2024 had a large number of severe weather events. Normalizing out for those events, underlying claim volumes in Q4 of 2025 were down less than 3% year-over-year. Claim volumes decline continued to moderate throughout the year.



Also, we have proactively been moving clients from transactional-based arrangements to subscription contracts on renewal. As a result, revenue tied to subscription contracts has increased to about 85% of total revenue. We expect the impact of claim volume fluctuation on our business to decrease over time.

Turning to our key metrics of software gross dollar retention or “GDR” and software net dollar retention or “NDR.” Please note that both these metrics now include EvolutionIQ, and we are using annualized software revenue on a combined basis for the prior year to provide a prior year baseline for annualized revenue growth.

GDR captures the amount of revenue retained from our client base compared to the prior-year period. In Q4 2025, our gross dollar retention was 99%, which is in line with the last couple of years. We believe that GDR reflects the value we provide and the significant benefits that accrue to our clients from participating in the broader CCC network. Our strong GDR is a core tenet of our predictable and resilient revenue model.

Net dollar retention captures the amount of cross-sell and upsell from our existing clients compared to the prior-year period, as well as volume movements in our Auto Physical Damage client base. In Q4 2025 our NDR was 106%, which is up from 105% in Q3 2025.

Now, I’d like to turn to the income statement in more detail. As a reminder, unless otherwise noted, all metrics are non-GAAP. We provide a reconciliation of GAAP to non-GAAP metrics in our press release.

Adjusted gross profit was \$211 million for the quarter, with an adjusted gross margin of 76%, up sequentially and flat year over year. The underlying economics of the business continue to demonstrate leverage and scalability, and we remain confident in our ability to progress toward our long-term target of approximately 80% as newer solution revenue scales and offsets higher depreciation from recent investments.

In terms of expenses, adjusted operating expense in Q4 2025 was \$107 million, which is up 13% year-over-year including the acquisition of EvolutionIQ. Excluding EvolutionIQ, adjusted operating expense was flat year-over-year reflecting cost discipline, flat year-over-year headcount, and some phasing benefits.

Adjusted EBITDA for the quarter was \$119 million, up 12% year-over-year with an adjusted EBITDA margin of 43%. This was above the high end of the range, which was \$106-to-111 million, reflecting ongoing cost discipline, some phasing benefits (including the timing of hires that moved into 2026), and stronger-than-expected revenue flow-through in the quarter. Excluding EvolutionIQ’s operating loss during 2025, full-year adjusted EBITDA margins expanded over 200 basis points year-over-year.



Stock-based compensation as a percent of revenue has come down through the year as we expected, with Q4 being at 12%.

Now, let's turn to the balance sheet and cash flow. We ended the quarter with \$111 million in cash and cash equivalents and \$1.3 billion of debt. At the end of the quarter, net leverage was 2.7 times adjusted EBITDA.

We continued to deliver strong free cash flow generation. Free cash flow in Q4 was \$105 million compared with \$106 million in the prior-year period. This reflects continued strong collections and favorable timing on working capital. Free cash flow on a trailing 12-month basis was \$255 million, which is up 10% year over year. Our trailing 12-month free cash flow margin as of Q4 2025 was 24%, which is consistent with 24% at the end of 2024.

We have used our strong free cash flow performance to return capital to shareholders through repurchases. In Q4 we completed the \$300 million share repurchase program that we put in place in December of 2024 and announced a new \$500 million share repurchase authorization. As a part of that authorization, we initiated a \$300 million accelerated share repurchase program that delivered 80% of that value, or approximately 33.2 million shares, to CCC in mid-December. Upon completion of the ASR and the remaining \$200 million buyback commitment, we will have returned over \$1.1 billion to shareholders via repurchases over the last two and a half years.

We are committed to a disciplined capital allocation framework which balances investment in the business and capital return to shareholders to deliver long-term shareholder value. Within the P&L, we will continue to prioritize organic investments in new product capabilities, including AI-based solutions, investment in top talent to execute on our strategic priorities, and delivering efficiency across the business. Since going public, we have managed the balance sheet with net leverage under 3.0x, which we are comfortable operating within given our growth trajectory and the strong free cash flow generation. We will continue to assess the best use of cash going forward, focusing on returning capital to shareholders through share repurchases in the near-term while being highly selective with inorganic investments.

I'll now turn to guidance for 2026. As a reminder, this is a fully organic position now that we have anniversaried the acquisition of EvolutionIQ. For Q1 2026, we expect revenue of \$273.5-to-\$275.5 million, representing 8.5%-to-9.5% growth year-over-year. We expect adjusted EBITDA of \$113-to-\$115 million, a 42% adjusted EBITDA margin at the midpoint.

For full year 2026, we expect total revenue of \$1.147 to \$1.157 billion, which represents approximately 9% year-over-year growth at the midpoint. For adjusted EBITDA, we expect \$477 to \$485 million, which implies a 42% adjusted EBITDA margin at the midpoint.



So, three points to keep in mind as you think about our Q1 and full year guide:

First, we are seeing momentum and progress across the business as we exit 2025, and we expect this momentum to carry into 2026. Demand across the portfolio remains healthy, driven by continued adoption of our AI-enabled solutions, including EvolutionIQ, as customers move from early-stage adoption to broader deployment and supported by ongoing cross sell across our core platforms.

Second, we remain confident in our ability to drive continued margin expansion in 2026, consistent with our demonstrated track record. We expect adjusted EBITDA margin in Q1 to expand by approximately 200 basis points year-over-year at the midpoint, with expansion moderating down in Q2 due to phasing of spend, and then resuming year-over-year margin expansion in the second half of the year. This progression is driven by continued cost discipline and the operating leverage in the business.

Third, we have made program changes to our equity plan which, coupled with the business scaling, positions stock-based compensation to decline as a percentage of revenue. While we made changes to the plan, we believe our program positions us to continue to attract and retain top talent. Share-based comp is expected to decrease from 17% of revenue in 2025 to 13% of revenue in 2026, with a path to single-digits as we move into 2027.

In closing, we feel very good about the financial position of the business and the durability of our operating model. We crossed the \$1 billion revenue milestone in 2025, supported by continued expansion within our existing client base. Our ongoing shift toward subscription revenue, now approximately 85% of our total revenue, continues to improve visibility and reduces sensitivity to claim volume fluctuations.

We delivered solid margin performance and strong free cash flow generation, which enabled us to return meaningful capital to shareholders through share repurchases while maintaining a prudent leverage profile. The capital allocation framework remains consistent and disciplined - prioritizing organic investment to drive growth, maintaining balance sheet strength, and returning excess capital to shareholders, while remaining highly selective on M&A and being focused on long-term value creation.

The sustained margin discipline underscores the scalability and efficiency of our core business as it continues to grow. Taken together, our predictable operating model, strong cash generation, and disciplined capital allocation position us well as we move into 2026.

Operator, we're now ready to take questions. Thank you.

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