

Urgently Inc.

Second Quarter 2025 Earnings Conference Call

Tuesday, August 12, 2025, 5:00 PM

CORPORATE PARTICIPANTS

Jenny Mitchell - *Corporate Participant*

Matthew Booth - *President, CEO, Principal Financial Officer & Director*

Andrea Makkai - *Corporate Controller & Principal Accounting Officer*

PRESENTATION

Operator

Good afternoon, and welcome to the Urgently Second 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 Jenny Mitchell, Vice President, Finance Strategy and Investor Relations. Please go ahead.

Jenny Mitchell

Thank you, operator. Good afternoon, everyone, and thank you for joining us for Urgently's financial results conference call for the second quarter ended June 30, 2025. On the call today, we have Urgently's CEO, Matt Booth; and Urgently Controller, Andy Makkai. Following Matt and Andy's prepared remarks, we will take your questions.

As you learned from our 8-K filed on August 8, Michael Port has separated from Urgently and is no longer serving as Urgently's Chief Financial Officer. During this period, our CEO, Matt Booth, has assumed the role of Principal Financial Officer, and Andy Makkai has assumed the role of Principal Accounting Officer. We believe Urgently has a strong leadership team and a capable finance organization, and we will continue to focus on accelerating profitable growth, achieving operational efficiencies and improving our capital structure while delivering exceptional customer service. We are confident in the ability of our finance team and will continue to evaluate employment needs on an ongoing basis.

Before we begin, I'd like to remind you that some of our comments today may contain forward-looking statements that are subject to risks, uncertainties and assumptions, which could change. Should any of these risks materialize or should our assumptions prove to be incorrect, actual company results could differ materially from these forward-looking statements. A description of these risks, uncertainties and assumptions and other factors that could affect our financial results is included in our SEC filings, including our most recent annual report on Form 10-K for the year ended December 31, 2024, our quarterly reports on Form 10-Q and other filings and reports that we may file from time to time with the SEC. Except as required by law, we do not undertake any responsibilities to update these forward-looking statements.

During today's call, we will also discuss certain non-GAAP financial measures. A reconciliation of GAAP to non-GAAP measures is included in our earnings materials and press release, which are available on our website at investors.geturgently.com. A replay of today's call will also be posted on the website.

With that, I'll now turn the call over to Matt.

Matthew Booth

Thanks, Jenny. Good afternoon, everyone, and thank you for joining us today. I'm very pleased with our performance during the second quarter, and I'm excited to provide an update on our recent progress. Across many key metrics, our second quarter performance was our best quarter as a public company to

date. We delivered revenue of \$31.7 million, which was in line with our expectations, and notably, our eighth consecutive quarter where we delivered on our revenue guidance commitment.

In addition, we delivered modest sequential quarterly revenue growth versus the first quarter of 2025, which is a milestone for us as we finished cycling through the noncomparable quarters resulting from the Otonomo merger and the customer partner nonrenewal that we disclosed in January of 2024. For the second quarter, we achieved gross margin of 25%, which is again within our midterm outlook of the 25% to 30% range that we established 18 months ago. And this is a four-point improvement over the same period last year. We've achieved scale with our AI and machine learning platform, and we believe it shows in these metrics.

During the second quarter, we continued to deliver improvement in reducing both non-GAAP operating expense and non-GAAP operating loss. I'm excited to report that our non-GAAP operating loss for the quarter was approximately \$200,000, the best reported to date and better than our guidance of about \$500,000. Our reported non-GAAP operating loss was attributed to a onetime cost associated with the remaining portion of the Otonomo business. Approaching our non-GAAP operating loss milestone demonstrates our continued positive momentum and the significant progress that we have made to deliver on our financial commitments. Sustaining non-GAAP operating loss breakeven and moving the company closer to cash flow positive will be an ongoing focus for us this year.

Now turning to growth, first, let me talk about revenue. As we have discussed on our prior calls, a portion of our annual capacity and effort will always be dedicated to securing revenue through renewals. As we mentioned last quarter, we secured our first renewal for 2025 with a long-term customer partner. Today, elaborating a bit more, this contract continues our long-term partnership, one where we can continue to leverage our AI capabilities and tune our performance into hyperlocal and market levels.

Our second renewal for this year is with a long-time customer partner in the rideshare space. This is a two-year contract with an auto renewal provision. This is a strong partnership, and we look forward to continuing our relationship going forward. We are currently in positive contract negotiations with a third renewal and several others also in flight. We will provide details as they are finalized.

Last quarter, we outlined our strategy to reenter the insurance market. As we have indicated, we believe that most of the single-source roadside contracts will have two providers in the future, and a champion challenger model has shown to produce better results for partners. In addition, we believe that in the mid-tier insurance providers are underserved with their current roadside programs. To this end, we want to provide you with an update on our progress. As we have indicated last quarter, we hired a VP of Sales to target these mid-market insurance companies. We have now initiated a sales plan for the private passenger auto insurance market, implementing a continual outreach program targeting top, mid-tier and small market carriers.

In addition, we have launched a top-of-the-funnel marketing campaign in email and social media formats that will bring much needed exposure to our insurance services and touch over 50,000 insurance leaders and professionals across both personal and commercial lines of business. In 2025, we have signed a new contract with a premium insurance provider and are in contract negotiations with two additional insurance providers. We have also signed a contract with a new EV manufacturer that we expect to announce in more detail later this year. We are pleased with our positive momentum in the insurance space, and we look forward to sharing continued progress in the future.

Urgently is a technology-first company. In an advancing market, simply keeping up with technology is table stakes. Being a leader and an innovator in the space like Urgently is a critical step in securing renewals and winning new business. Our digitally native platform, leveraging AI and machine learning has given us substantial operating scale and credibility in the market by creating predictive models to enhance performance for partners using temporal-spatial and network data.

Urgently has been a data-driven organization from the beginning, and we have been enabling roadside services for nearly a decade, and we have been collecting data since day one. This data is an asset to us and is leveraged continually to drive value across the experience ecosystem from the stranded driver trying to get off the road safely to the service network working to maximize the value of their service vehicles to the customer partners and giving them visibility and control of the customer experience that is aligned with their brand. We believe we are a technology market leader. We believe we are an innovation leader. Similar to other industries, we believe AI leaders will pull further ahead in this industry.

Just to highlight one of the many AI solutions leveraged by our platform, we launched SPARK in the second quarter of 2025, our proprietary AI-powered market analyzer, to elevate the service performance across key urban markets. SPARK leverages real-time and historical data to identify top-performing providers and optimize their operational zones. In addition to evaluating historical key provider performance metrics like Net Promoter Score and Customer Satisfaction Score, job acceptance response time and accuracy of estimated arrival times, SPARK's scalable and tunable AI models factor in dynamic conditions like traffic and weather, enabling real time provider comparisons and strategic volume allocation. This ensures sustained performance gains and rapid adaptability across markets, which are driving measurable improvements in customer experience.

As an example, since we launched SPARK in Miami Beach, wait time is reduced by over 20 minutes on average. In Fort Lauderdale and Boca Raton, improvements averaged 5 to 10 minutes, and we are seeing proven success as we are rolling this out to other urban areas like New York, Atlanta and San Francisco. In plain terms, this means that your family, your friends and your loved ones can get to safety faster. Speed can literally help save lives.

From partner management to the innovation in product and tech to our improved processes and operations support, these efforts all deliver measurable results. I'm proud to report that our Customer Satisfaction Score is at an all-time high at 4.7 out of 5 stars in the second quarter of 2025. Exceptional service is at the core of what we do. We believe AI and machine learning are critical components to these improvements. We will not stop innovating until we achieve the highest possible customer satisfaction ratings.

As we look ahead in 2025, our core priorities remain, first, returning to growth by expanding our existing B2B incident business through securing renewals, expanding relationships with existing partners and developing new customer partner opportunities. On that front, we have begun inviting prospective partners to utilize our proprietary AI products to run optimization simulations of their current programs using real data inputs. In utilizing our prospective partners' data, our AI products analyze each event and demonstrate predicted outcomes on pricing, on overall customer wait times, on desired customer satisfaction levels and the ability to execute on VIP program segmentation.

Our proprietary AI has allowed us to establish faster service times, improve partner and customer satisfaction and driver satisfaction and improve program efficiency, continuing to maintain non-GAAP operating breakeven through our continued operational improvements, margin expansion and managed growth, further transforming the market for roadside assistance with product innovations that differentiate us from our competitors, improve our margin and provide exceptional experiences for our customer partners and drivers, and finally, we plan to enter new and adjacent markets in the future. I am proud of the progress we have made this past quarter. The momentum is exciting, and I look forward to the remaining of the year ahead.

Thank you for your time and continued support. I'll now turn the call over to Andy to discuss our financial results.

Andrea Makkai

Thank you, Matt, and good afternoon, everyone. Today, I will discuss our results for the second quarter ended June 30, 2025. For the second quarter, revenues were \$31.7 million, which was just ahead of the midpoint of our guidance range of \$30 million to \$33 million and a decline of 8% or \$3 million from the same quarter last year. The year-over-year revenue decline was in line with our expectations and was primarily driven by the reduction in dispatch volume from the early termination of a top five global original equipment manufacturer customer partner referenced in our Q1 '25 filings and the reduction of revenue due to the Otonomo business. This was partially offset by volume and rate increases from new and existing customer partners.

For the second quarter, gross profit was \$7.9 million, an increase of \$600,000 compared to the same period last year, driven primarily by margin improvement initiatives. Gross margin for the second quarter was 25% compared to 21.2% for the same period last year. The increase in gross margin is primarily related to the mix of service dispatches and our continued technology optimizations, allowing us to better manage our service provider costs. We remain focused on executing against our strategic initiatives to drive profitable growth and continue to make steady progress to maintain our long-term gross margin target of 25% to 30%.

Now let's move on to operating expenses. Operating expenses for the second quarter were \$10.1 million, a decrease of \$5.6 million or an improvement of 36% from the same period last year. Research and development expenses during the second quarter of this year were \$1.7 million compared to \$3.8 million during the same period last year, resulting in a decrease of \$2.1 million or 56%. The decrease was mostly related to the reduction in the Otonomo-related research and development expenses and the reduction in employee and employee-related expenses.

Sales and marketing expenses during the second quarter of this year were \$700,000 compared to \$1.6 million during the same period last year, resulting in a decrease of \$900,000 or 57%. The decrease was mostly related to the reduction in the Otonomo-related sales and marketing expenses.

Operations and support costs during the second quarter of this year were \$2.3 million compared to \$3.6 million during the same period last year, resulting in a decrease of \$1.2 million or 35%. This decrease is mostly related to the continued optimization of customer support representative resources and operational process improvements.

General and administrative expenses during the second quarter of this year were \$4.3 million compared to \$5.6 million during the same period last year, resulting in a decrease of \$1.3 million or 23%. The

decrease was mostly related to the reduction in the Otonomo-related general and administrative expenses, along with continued cost optimization. We remain focused on driving operational improvements, which include continued optimization of business processes to drive further operational efficiencies.

We also review non-GAAP operating expenses, which is defined as GAAP operating expenses plus depreciation and amortization expense, stock-based compensation expense and nonrecurring charges such as transaction costs and restructuring costs. Non-GAAP operating expenses for the second quarter were \$8.1 million, an improvement of 40% from \$13.5 million in the prior year period. This non-GAAP operating expense reduction is in line with our expectations and demonstrates the significant operational efficiencies and leverage we've achieved.

GAAP operating loss for the second quarter was \$2.2 million, a decrease of \$6.2 million or an improvement of 74% from the prior year period. We also review non-GAAP operating loss, which is defined as GAAP operating loss plus depreciation and amortization expense, stock-based compensation expense and nonrecurring charges such as transaction costs and restructuring costs. Non-GAAP operating loss for the second quarter was \$199,000, an improvement of 97% compared to \$6.2 million in the prior year period. As Matt mentioned, this loss was attributable to the remaining portion of the Otonomo business. We remain focused on optimizing our business and operating model to drive further improvement in this metric, and we remain on track to achieve breakeven on a non-GAAP operating basis during the third quarter.

Now a few comments on our balance sheet - as of June 30, 2025, Urgently had a cash and cash equivalents balance of \$4.8 million and a principal debt balance of \$55.3 million. During the second quarter, we capitalized approximately \$1.2 million in software, mostly to make enhancements to our platform by adding features and functionality, which benefit all of our customer partners. We expect this practice to continue with approximately \$1.5 million to be capitalized in the third quarter of 2025. As of June 30, 2025, we had 1.3 million shares of common stock outstanding.

Finally, in July, subsequent to the end of the second quarter, we entered into a sales agreement with Alliance Global Partners to sell shares of our common stock from time to time through an ATM program. Additional information about the program is available in our filings with the SEC. We have not sold any shares pursuant to the ATM program.

Turning now to our outlook, for the third quarter of 2025, we expect revenue to be between \$31 million to \$34 million, and we continue to target maintaining non-GAAP operating breakeven in the third quarter.

With that, we are now happy to open the call for questions. Operator, please open the line for Q&A.

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 speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star, then two. At this time, we will pause momentarily to assemble our roster.

The first question is from Chris Pierce with Needham. Please go ahead.

Chris Pierce

Hey, Matt. How are you doing tonight?

Matthew Booth

Hey, Chris. How are you doing?

Chris Pierce

Two quick ones -- I'm great, thank you. Just two quick ones - on the revenue side, when should we expect to see from this premium insurance provider that you landed, I believe, and I talked with other mid-market companies, like when should that start to kick in, or when should we think about revenue growth coming through in larger numbers?

Matthew Booth

In larger numbers, we think end of Q3, beginning of Q4 is when we'll start to see the pickup in volume. And we're still targeting, Chris, the 20% to 30% growth post the Otonomo -- ingestion of the Otonomo business.

Chris Pierce

Okay. And is this something that could overwhelm the typical seasonality in the fourth quarter of the business, or you'll still likely see that seasonality drop off in the fourth quarter?

Matthew Booth

We've seen seasonality, the seasonality curve start to flatten with a lot of the AI work that we've been doing, the machine learning work. So I think we'll continue to see a flattening of it. But adding more revenue at the top of the funnel is the key for this year, Chris, all focused on revenue growth.

Chris Pierce

Got it. Perfect. And then on the OpEx side of the business, I know that, from the comments, a lot of it was Otonomo costs sort of rolling off or lapping Otonomo costs. But is it right to think that there is modestly more gains there as far as across GAAP OpEx, or what's the right way to think about where we are as far as, to use a baseball analogy, what inning we're in as far as OpEx leverage?

Matthew Booth

Do you want to take that, Andy?

Andrea Makkai

Sure. So on the OpEx side for Otonomo, it was a onetime historical compliance-related cost that we picked up in Q2. And our ongoing OpEx costs we expect to be minimal. And so we are going to expect there to be more of a breakeven on a non-GAAP basis situation, as well.

Chris Pierce

Okay. All right. That's everything for me. Thank you very much.

Matthew Booth

Thanks, Chris.

Operator

The next question is from Jim McIlree with Chardan Capital. Please go ahead.

Jim McIlree

Thank you and good afternoon, or evening. Matt, you talked about the renewals, and I'm just wondering if you can quantify how many -- how much of revenue these renewals account for so far? That is I think you mentioned three specific renewals - one last quarter, a second one with the rideshare and the third that's in contract negotiations. About how much of revenue is that?

Matthew Booth

It's about 40% of the renewals that are up for this year we've renewed so far with the other ones making very good progress.

Jim McIlree

Okay. That's helpful. Thank you. And then also, you talked about a funnel in the insurance market, and it sounds like it's early stages. But then right after that, you talked about signing an insurance company. I'm just trying to reconcile those two [inaudible] starting.

Matthew Booth

Yeah, sure. So one was an automotive OEM insurance company, and the other one was a mid-market insurance company. So these are ones that are kind of first out of the gate that we'll start to see some impact in the next quarter and Q4 as they launch and they start to come up. I think the way to think about it is we have started a major push. We'd always said like, once we finish with the Otonomo side, the digesting that business, we'll start to push more on the top of the funnel. We started at the top of the funnel. We've reached out to 50,000 or so insurance-related folks across the board in addition to fleets and others, and we're running a very large lead campaign right now.

And one of the things that we've offered is the ability to run simulations based on our AI, where we can take their actual roadside dispatches for however long they want to give it to us, and we can tell them where it's working and where it's not working and where we can improve and what the average wait times are and things like that. It's been pretty successful, I'd say, at an early-stage basis. So we're looking forward to running as many of those as we possibly can to show people how much our technology can make a difference in their current programs.

Jim McIlree

Okay. And in terms of the sales cycle, has it been shorter, longer, exactly as expected? And then also relative to when a company signs up, are you restricted or are you hemmed in by particular schedules of those companies - that is they're not going to make any changes in maybe December or they're not going to make any changes until some contract comes up, something like that?

Matthew Booth

No, just it depends on the company. Some can move really quickly, and others just take a while given their size and complexity. I wouldn't say that it's taken longer than we thought or it's taken a shorter amount of time than we thought. It's pretty much following the standard playbook, which is big companies have a propensity to move a little bit slower, and smaller, more nimble companies can move a little bit faster, but we haven't seen anything out of the ordinary. I mean, I want everyone to sign today, Jim. Everyone should sign up today, and we should launch everyone tomorrow. So beyond that, like it's not any different than what we've expected.

Jim McIlree

Got it. And last one - the recurring, nonrecurring transaction costs and restructuring costs, when do those head towards zero?

Matthew Booth

Do you want to take that, Andy?

Andrea Makkai

Sure. So in Otonomo, the particular one that we called out, we expect that to basically not continue any longer. So this was one of the last ones that we expected. On the Urgently side, there's still going to be some depending on our future transactions. And there may be some here and there, but we don't expect any large ones on an ongoing basis.

Jim McIlree

Great. Thank you. That's it for me. Thanks a lot.

Matthew Booth

Thanks, Jim.

Operator

Again, if you have a question, please press star, then one. Please stand by as we poll for questions.

CONCLUSION**Operator**

Showing no further questions, this concludes our question-and-answer session. I would like to turn the conference back over to Matt Booth for any closing remarks.

Matthew Booth

Thanks again, everyone. We're super proud of the significant progress we've made to position the company for profitable growth through Q2. We look forward to providing you with further updates on the progress in future calls, especially around our AI and machine learning and then growth prospects with new customers. If you'd like to meet with the management team, please reach out to us at investorrelations@geturgently.com, and we can schedule a call. Thanks again for your interest in Urgently and for joining us on the call today. Have a great night.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.